



SENATE BILL 1 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE January 25, 2024

Bakey Energy Consulting submits these comments in **opposition** to **SB 1 – Electricity and Gas – Regulation and Consumer Protection**.

Bakey Energy Consulting is an energy consulting/brokering firm providing large industrial and commercial customers with recommendations on energy procurement, cogeneration, solar analytics, and energy audits to save on energy costs. My firm monitors the market conditions every day and looks for opportunities to buy power below default prices of the utility. I also advise customers on the type of products to purchase. I have been guiding customers since competition started in PA in 1997, and in Maryland, New Jersey and Delaware in 1999. Deregulation allows for electricity suppliers to build and hire hundreds of professionals who could provide customers with choice beyond a fixed price. Under regulated tariffs, customers could only buy one product from their utility and it was very restrictive on when they could use the product or else pay steep demand charges. With competition, customers could also for the first time sell back into the grid any load that they could make available at a competitive price and not a utility mandated price.

Bakey Energy Consulting opposes SB1 because it would end my client's ability to procure their energy supply in a way that helps us maintain their competitiveness and meet their budgetary needs. In fact, when prices were low, my client locked in contracts that were far below the markets experienced in 2008, 2014, and 2022. Had they not done this, they would have had to shut down operations and lay off the workforce. They are competing with both national companies that have lower energy costs or international companies that do.

More specifically, the bill outlaws the very products and services that my client's company relies upon to power businesses. It limits their ability to secure supply offers longer than 12 months. It restricts the way those products can be priced by artificially capping prices at the 12 month historical average SOS rate. It bans variable pricing which has proven that outperforms fixed prices for the last 20 years.

Clients who are forced to buy at an average SOS rate will lose their ability to remain competitive as they cannot use the forward markets to lock in low prices. Only a few years

ago, prices were so low that my clients locked in 3 to 5 year Agreements that are well below current market prices and thus make their product much more competitive in the marketplace. In addition, clients now have the ability to buy fixed price products during the most volatile months in the market such as December, January, February, June, July, and August and float the remaining months resulting in overall costs that are .5 to 1.5 c/kWh cheaper than forward market prices or default rates.

Why assume that the utility can purchase power cheaper than suppliers, customers, consultants and brokers who do it every day. In fact, most suppliers hire third parties to run default auctions because they don't have the inhouse expertise to do it themselves. Since the process is riddled with red-tape and lengthy lead times for procurement, they lose opportunities to buy at the best times. If customers had to rely on SOS rates, they would end up paying much more than they could procure by themselves on their own time schedule and not the utilities.

Why are you trying to put the Genie back in the bottle? Competition has been thriving for more than 20 years in Maryland and customers enjoying the benefits of lower costs and increased competition for their business. What reason are you doing this? This Bill seems like there are personal agendas that don't match the customer's wishes for competition. This Bill does not address any facts or statistics to substantiate restricting competition in Maryland.

In conclusion, SB1 would significantly harm my business and my client's and effectively end customer choice for my Maryland clients. I would lose income and my clients and for that reason Bakey Energy Consulting urges the Committee to give SB 1 an **unfavorable** report.

Bakey Energy Consulting
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