



Senate Bill 1
Electricity and Gas - Retail Supply – Regulation and Consumer Protection

OPPOSED

Senate Energy, Education, and the Environment Committee

January 24, 2024

EFW, Inc. submits these comments in **opposition** to **SB 1 - Electricity and Gas - Retail Supply – Regulation and Consumer Protection**.

EFW, Inc. is a Maryland company established in 2016, located in Ellicott City, Maryland. We are energy managers, clean generation developer, owners, and operators of clean and efficient power production assets in PJM and NYISO. We specialize in PJM energy markets, natural gas markets, renewable energy markets, renewable and low carbon power asset operations, project finance, and wholesale energy purchasing for large consumers. We have extensive experience in commodity energy markets, and retail delivery in many States and ISOs. Our clients are well-informed and make use of a variety of contract types, terms, direct generation purchases, etc. to effectively control costs, and SB 1, as proposed would deny them and us access to the wide range of energy market choices available.

We have reviewed HB 267, which is cross filed with SB 1 referenced above. We are opposed to this Bill as it is drafted. It goes well beyond consumer protection, which the title does not indicate. It will raise all consumer energy costs (residential and commercial), is anti-competitive, and anti-education. This Bill appears to be, functionally, attempting to re-regulate energy markets under the guise of consumer protection, and will result in overall job loss in Maryland.

The Bill proposes additional licensing requirements that are, likely, onerous and costly, which all customers will ultimately pay those costs either through increased taxes and fees or through higher energy supply prices. We are strong proponents of consumer protection in energy and other markets, and believe that individuals who act disingenuously should be held accountable. Regulation in this market may be more appropriately structured in a similar fashion to financial securities regulations with similar penalties. Perhaps, such a reworking of the regulatory portion of the Bill may be a consideration.

The Bill, as proposed, sets quantitative limits on both prices and contract terms offered by retail electric and natural gas suppliers that have no market basis. Artificial limits, such as these, will result in higher energy consumer price offerings in falling markets and no price offerings in rising markets; note that over 2/3 of most users' electric and natural gas costs are commodity market driven. Additionally, the Bill would disallow variable pricing of any kind, which will, likely raise overall prices significantly. For example, this proposed Bill would confiscate my choice to buy something longer than a 1-year contract. Personally, I just entered into 5-year contracts for electricity and natural gas at my home and office because of my market pricing view. This is my choice, and taking away my choice in the name of customer protection is not any protection, at all. Furthermore, the Bill appears to be applicable to all energy consumers, residential and commercial. The largest consumers have for over twenty years, often with my guidance, used various



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forms of fixed and variable rate, multi-year contract terms to control costs, quite effectively. In some cases, our clients purchased cogeneration fuel for a decade to lock in very low delivered electric costs. This Bill would eliminate such choices and products, which the State and many County governments and school systems use; thus, raising their costs.

The Bill does little to, specifically, address, consumer education. Pennsylvania has a strong consumer education platform at www.PApowerswitch.com that is regularly updated and provides basic consumer education, while Maryland's website is dysfunctional (crashes often), and does not provide any useful, regularly updated information that helps smaller customers make educated choices. Markets control energy costs, and market education is the key to helping smaller consumers avoid unscrupulous energy marketers and spot unrealistic offers, not limiting what people can buy; that's a personal choice. If people choose not to participate in markets, then that's a particular person's or company's prerogative, but not a reason to eliminate that choice from others. It's notable that the nature of Standard Offer Service (SOS) for electricity is based on persistent futures market purchasing, which has a bias over actual PJM market prices of about 15%, so it is not, necessarily a good alternative for long-term purchasing. Also, notable is that natural gas SOS rates are determined in a diametrically opposed manner; that's totally inconsistent with electric SOS rates.

Finally, the Bill allows for the PSC to have a utility build new electric generation. This would not be an economic choice, as non-utility power generators are far more efficient than utilities at building and operating generation resource. There would never have been stranded costs when Maryland, and other States, transitioned to deregulated markets if utilities were more cost-effective at owning and operating power generation. This has nothing to do with consumer protection. There are many jobs associated with the competitive power markets that would be lost.

We ask that this Bill be rejected in its current form and the issues contained in the Bill be addressed separately for effective discussion and debate. Thank you for your consideration of our comments.

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