



January 25, 2024

112 West Street
Annapolis, MD 21401

FAVORABLE WITH AMENDMENTS - Senate Bill 1- Electricity and Gas - Retail Supply - Regulation and Consumer Protection

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support with amendments **Senate Bill 1- Electricity and Gas - Retail Supply - Regulation and Consumer Protection**. Senate Bill 1 strengthens the standards in Maryland's retail electricity market, protecting customers from companies that use deceptive marketing practices, provides greater transparency to customers, and gives the Public Service Commission (PSC) expanded tools to investigate complaints from customers.

Pepco and Delmarva Power are committed to our customers, delivering safe and reliable power to our 852,000 Maryland customers for more than 125 years. Affordable and reliable electric service is a public health and safety necessity that impacts all communities. Senate Bill 1 provides additional regulations, consumer protections and transparency for third party suppliers. These additional protections will not only provide invaluable protections for our most vulnerable customers who may have been susceptible to predatory practices, but also allow for additional transparency for customers who have elected to use standard offer of service (SOS) or those who elect to use a third-party supplier. Pepco and Delmarva Power believe that more consumer education and protections, like the licensing requirement in *Senate Bill 1*, are needed to help ensure customers better understand the products they are purchasing.

Senate Bill 1 requires electric companies to submit a report to the PSC that outlines information pertaining to rates for customers using SOS or a third-party supplier within each electric utilities service territory. Pepco and Delmarva Power currently have some of the information that is outlined in the legislation, however, third party supplier rate information should be provided by the third party suppliers. It also should be noted that in December of 2024, supplier consolidated billing (SCB) will become available for third party suppliers in Maryland. Implementing SCB will create a mechanism that allows for customers to receive a single bill from their supplier inclusive of all applicable charges rather than an inclusive bill from Pepco or Delmarva Power. This new change means that Pepco and Delmarva Power will no longer have access to the information requested for third party suppliers. The regulations for supplier consolidated billing were considered as part of a rulemaking process at the PSC (RM70).

This legislation would also eliminate the Purchase of Receivables (POR) provision that is currently in state law. Currently under POR, a utility buys the receivable from a supplier less a discount intended to recover prudently incurred costs arising from the purchase of supplier receivables. The utility is then responsible for collection of the receivable.

The POR mechanism removes natural incentives that retail suppliers would otherwise have, to follow prudent credit practices in obtaining customers and ensuring full and timely payment for those customers. Eliminating POR provides the appropriate signals to suppliers to utilize good business practices. As a robust marketplace exists in Maryland for retail energy suppliers, there is no longer a need for POR to provide market-wide risk mitigation to the retail supplier community. The opportunity for retail suppliers to sell receivables can still occur, at the discretion of the supplier, but through companies tailored to provide that financial service rather than having regulated utilities continue to fill that role.

Pepco and Delmarva Power support Senate Bill 1 with amendments and we look forward to continuing conversations with the bill sponsors and stakeholders involved.

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