



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

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE

January 25, 2024

NRG Energy, Inc. (“NRG”) submits these comments in **opposition** to **SB 1 – Electricity and Gas – Regulation and Consumer Protection**.

NRG is the leading essential home services company powered by its customer-focused strategy, strong balance sheet, and comprehensive sustainability framework. A Fortune 500 company, NRG brings the power of energy to millions of North American customers. Our family of brands help people, organizations and businesses achieve their goals by leveraging decades of market expertise to deliver tailored energy solutions. Our retail brands serve more than six million customers across North America, including here in Maryland, where NRG owns seven companies that are licensed by the Public Service Commission to serve retail customers.

Maryland de-monopolized the supply of electricity and gas two decades ago. Today, almost 600,000 electric and gas customers choose to buy their energy supply from competitive suppliers. All told, energy purchases from the competitive market amount to 41% of the state’s total peak electricity demand, and slightly more than half of the natural gas used by Marylanders.

That would all change for the worse if Senate Bill 1 were adopted. Rather than provide consumer protections, SB 1 would effectively eliminate choice for most Maryland customers.

The re-monopolization of the energy sector would be a huge mistake. By shopping, a Maryland customer can green up his supply—increasing from 34.4% renewable electricity content that required by Maryland’s Renewable Portfolio Standard (RPS) – to ensuring that their usage is 100% matched to renewable or emissions-free energy. That’s a premium product, and it sometimes comes at a premium price. Last month, I gladly paid about 1 cent per kilowatt-hour more than the utility’s “Standard Offer Service” rate for my all-green product. SB1 would outlaw that choice by capping prices.

Or consider that today, a Maryland customer can lock in a rate for 18, 24, or even 36 months—even while her utility’s rate for electricity changes several times each year, and her utility’s gas price changes monthly. Again, the legislation would outlaw her choice for long term budget certainty by limiting contracts to 12 months maximum, and then preventing her from automatically renewing that contract.

SB1 would even prevent customers from shopping even if their only desire was to obtain savings. The law caps the price of plans shopping customers can buy at the 12-month *historical* average of utility pricing. But that’s a misleading data point. Consider the situation right now. Pepco’s current Standard Offer rate is 12 cents/kwh. However, the price cap would be Pepco’s historical average rate of 9.9 cents/kwh. Bizarrely, SB1 would prohibit customers from shopping for a 12-month-long contract for 10 cents/kwh, even though it would save them 17% off the current utility price—and protect them from future utility rate spikes.

These kind of complex, nonsensical restrictions of what products customers can buy are directly contrary to the point of retail choice in the first place: to allow the customer to choose without a monopoly or government playing gatekeeper.

The legislation also would make it practically impossible to run a retail energy business. SB1 would outlaw paying a commission to a salesperson for the sales she makes. It would require individual salespeople to be licensed and demonstrate to the regulator “proof of financial integrity” or, if they didn’t have a big enough bank account, to post a bond.

If these were the rules of the road across the economy, there’d be no cellular plans or newspaper subscriptions, no video streaming or retail banking services. Notably, SB1 wouldn’t impose these regulations on the monopoly utilities, who would be free to market their supply service.

Enacting SB1 would be a gigantic misstep, one that customers overwhelmingly oppose. In polling last month, 79% of Maryland voters supported the current customer-choice law. Taking away customers’ choices runs into strong opposition across racial, geographic, and partisan lines.

Like all industries, the competitive retail energy market has some bad actors. However, it is important to recognize that complaints against competitive retailers historically have been very low, and while they did tick up slightly in early 2023, have fallen – not increased – in the last year. Importantly, the legislature has already taken steps to ensure good conduct in the marketplace. In 2020, the legislature passed a law requiring the PSC to implement a training course for energy salespeople. It also passed a law restricting the kinds of products that customers receiving energy assistance can choose, thus protecting the most financially challenged Marylanders.

SB1 would permanently end customer choice in the energy space and for that reason NRG urges the Committee to give SB 1 an **unfavorable** report.

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MARYLAND'S LIGHTED PATH FORWARD:

Poll: Nearly four of five Marylanders favor the current law that allows for energy choice

ANNAPOLIS, MD (January 9, 2024) – Advocates for true retail energy competition are empowered by the results of a recent statewide poll, in which 79 percent of Maryland consumers support the current law allowing consumers to purchase their electricity supply from their utility company or a licensed electricity supplier. Marylanders strongly favor maintaining energy choice because it allows for freedom to choose a provider and shop around, prevents a monopoly on electricity supply, and invites competition, which leads to lower prices.

The poll was conducted from December 6-11 by Normington, Petts & Associates, a prominent independent polling firm located in Washington, DC. The poll's margin of error was plus or minus 4.0 percentage points. [Click here for a copy of the poll results and the polling memo.](#)

"Energy choice is very popular among Maryland voters," said Jill Normington, partner, Normington Petts. "Two-thirds of Maryland voters (66%) oppose repealing the current law in Maryland that allows consumers to choose their electricity supplier. The vast majority of Maryland voters—regardless of location, sex, age, or race—oppose repealing the existing energy choice law. Voters aged 45-59 (72%) and men (70%) are some of the strongest opponents of repealing energy choice."

The key findings of the poll include:

- 79% of Marylanders favor the current law that allows for energy choice.

- Support for energy choice was consistent across age, regional, and party identification demographic groups. College graduates and Marylanders between the ages of 45 and 59 were more supportive of energy choice.
- 82% of Marylanders favor a competitive market after learning about reasons for maintaining energy choice.
- 66% of Marylanders oppose repealing the current law in Maryland that allows consumers to choose their electricity supplier. Repealing energy choice has strong opposition in Baltimore City, Montgomery County, and Prince George's County. Additionally, Maryland voters overwhelmingly oppose repealing energy choice, regardless of party identification.
- After hearing arguments for and against repealing energy choice, opposition to repealing the law increases from 66% to 70%, with 39% strongly opposing the repeal of energy choice. Voters over 60, voters with household incomes below \$50,000, Black voters, and White voters show some of the highest increases in opposition to repeal.
- 61% of Marylanders are less likely to vote for policymakers who vote to repeal the current law that gives consumers energy choice - a finding consistent among a majority of voters in every demographic group. Men, voters aged 45-59, White voters, and Democrats are the most likely to say they would be less likely to support a Maryland legislator who voted to repeal energy choice after hearing arguments on the issue.
- 64% of Marylanders find the idea of purchasing electricity supply from a retail provider appealing.

Maryland voters see a range of reasons for keeping energy choice, among them:

- 87% of Marylanders want the freedom to choose an energy provider and shop around.
- 75% of Marylanders do not want a monopoly on electricity supply.
- 73% of Marylanders favor choice because competition means lower prices.
- 72% of Marylanders do not want all utility companies to act like BGE, which wants to raise electricity bills by 30% a month in 2024.
- 60% of Marylanders believe choice will help the state meet its clean energy goals.

The poll's findings come as advocates for energy reform are expanding efforts to advance the benefits of true competition while dispelling misinformation from proponents of Maryland's aging power monopoly. Currently, about 80 percent of Maryland energy consumers are stuck in a default relationship with their local utility and, in most cases, are unaware they have the right to choose among other providers.

In addition to the proven benefits to the consumer, a truly competitive retail environment - one in which consumers can shop for and choose among renewable energy sources - is increasingly regarded as crucial to Governor Wes Moore's plans to reduce 60 percent of greenhouse gas emissions by 2030 and achieve net-zero emissions by 2045.

"Energy choice is steadfastly popular," said Normington. "A majority of voters are aware of the law (68%) and oppose repealing it (66%). Arguments against energy choice fail to sway public opinion, underscoring the profound support it has among Maryland voters. Repealing

the current law is a detriment not only to voters, but also the elected officials by whom they are represented.”
