

January 25, 2024

To: Chair Feldman and Members of the Senate Education, Energy and the Environment Committee

Subject: SB01 - Electricity and Gas - Retail Supply - Regulation and Consumer Protection

Position: **Oppose**

Dear Chair Feldman and Members of the Committee,

WGL Energy opposes Senate Bill 01.

For more than 25 years, WGL Energy has been providing a full spectrum of competitive energy solutions, including electricity, natural gas, renewable energy, and environmentally friendly energy technology solutions for residential, government, commercial, industrial, and small business customers throughout Maryland. We believe this bill would reduce the energy supply industry's overall ability to continue providing variety of market-based energy solutions to customers in Maryland.

WGL Energy strongly supports and advocates for a dynamic Maryland energy economy that safeguards the consumer protection rights of all Maryland residents, including customers of Maryland utilities and, in many cases, customers of licensed retail suppliers who contract for competitive electricity and natural gas supply. These rights are firmly established in existing consumer protection laws and implementing regulations, having been adopted as a result of past rulemakings that involved the presentation of data, arguments, and facts by various stakeholders, including Commission Staff, the Office of Peoples Counsel ("OPC"), consumer groups, utilities, and retail suppliers. While these regulations underwent thorough vetting before the Commission, we continue to advocate for new rules to meet the evolution of Maryland's energy market based on facts and evidence.

Unfortunately, this bill does not accomplish that. In fact, most provisions in this bill are not about consumer protection. Instead, this bill seems to force retail energy suppliers into operating more like the state's regulated utilities but without any of the guaranteed financial protections these monopolies enjoy. Further, tinkering in the market in this way reduces Maryland's overall competitive advantage.

In Maryland, energy customers, spanning both residential and non-residential sectors, including large, small commercial and industrial businesses, federal, state, and local government agencies, experience distinct market advantages due to the driving force of a competitive retail market, offering tangible benefits and translating into value for taxpayers. These customers have the flexibility to customize energy products incorporating time-of-use, short/long-term renewable generation, and billing customization. Approximately 75% of the non-residential base load in Maryland opts for choice over Standard Offer Service (SOS), leveraging competitive energy markets to select the most advantageous price, term, and product tailored to their business needs.

A shift in these laws would impact retail supply customers and extend its ramifications to every taxpayer. Altering the choice structure in Maryland would undermine competition and directly escalate the cost of conducting business in the state. According to the U.S. News and World Reports, Maryland ranks 39th out of 50 states for competitive energy pricing. Choice is critical to making Maryland competitive for non-commercial customers through various retail market options. What initially started as a consumer

protection bill could potentially complicate the energy landscape for residents, business owners, and government agencies beyond the bill's initially stated intent.

### Keeping Choice in the Renewable Market

SB01 would restrict the kinds of renewable energy products available to Maryland consumers by restricting the kinds of Renewable Energy Credits (RECs) available to them. Consumers would no longer be able to choose a national wind or solar product, and instead would only have the option to purchase PJM based products. Why take these options away from customers?

Both residential and non-residential entities actively participate in an emerging renewable market because of a broad spectrum of products retail choice can offer. Across the United States, and here in Maryland, corporations are adopting sustainability as part of their mission. Participation in the retail market demonstrates their commitment to achieving renewable energy goals. Offering multiple renewable products to Maryland consumers supports individual Environmental, Social, and Governance (ESG) commitments, varying in cost and allowing consumers to choose based on their preferences to support national, regional, and international renewable generation. The development of renewable energy and renewable energy credit products within competitive markets should continue to evolve freely. It should be noted that the Fiscal Note for this bill says, "Additional restrictions on electricity supply prices may result in upward pressure on energy bills for commercial customers, including the State government, local governments, and many small businesses." And that "Other restrictions may limit marketplace participation more generally and reduce competition."

Through choice, consumers are seeing broad benefits, whether they choose to participate in energy choice or not, as indicated by the recent report of the National Renewable Energy Lab. Consumers in the United States and the European Union have seen the introduction of innovative energy products and services that were once unimaginable. A competitive retail market is indispensable for supporting the anticipated benefits of retail market reform in the transition to renewable energy.

Today, companies and local governments are prioritizing environmental, social, and governance factors to create value and goodwill with consumers and citizens. For corporations, a robust ESG proposition correlates with higher equity returns and a reduction in downside risk. And, key components of the existing retail market structure are also forming the basis for developing Community Aggregation programs.

Retail choice with a strong consumer protection component is what Maryland needs to drive efficiency improvements in electricity generation and retail electricity services at competitive prices. Competition within retail services enhances the competitive positions of non-utility generators, providing more market opportunities and reducing electricity supply costs for end-use customers. The competitive generators are identified and rewarded in the organized generation supply markets overseen by FERC and operated by PJM. Eliminating retail energy competition would leave Maryland consumers without the benefits of a competitive market that leverages technology and enables efficient investments.

For all these reasons, we ask for an unfavorable report on SB01.