

KUMAR P. BARVE
CHAIR

FREDERICK H. HOOVER, JR.
BONNIE A. SUCHMAN
ODOGWU OBI LINTON
RYAN C. MCLEAN



PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 749 - Information – Residential Retail Customer and Retail Electricity Suppliers - Definition and Alterations

Dear Chair Feldman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for SB 749. The bill makes changes to Maryland energy retail choice statute to: a) create a definition and an exception for a “residential retail customer”; b) modify the non-green power electric supplier price cap; c) authorize the use of utility consolidated billing without purchase of receivables; and 4) alter green power pricing provisions. The Commission has been supportive of ongoing discussions about retail choice reform and submits this testimony to provide context for some of the considerations of this bill, as well as identify potential concerns that may prevent the bill from being implemented as intended.

First, the Commission notes that providing a broad definition of “residential retail customer” and an equally broad exception to that definition may lead to unintended consequences. The definition may bring master-metered customers within the confines of the statute’s residential protections, likely exceeding the intent of the legislation. On the other hand, the exemption would exclude current residential customers that run small businesses from their homes from being considered a “residential retail customer.” The effect would be that certain customers who otherwise have residential usage - including tutoring service providers, childcare providers, and accountancy firms - would be vulnerable to commercial rates and excluded from the statute’s residential consumer protections.¹

Additionally, SB 749 modifies the retail supply price cap for electric suppliers, from the trailing 12-month average to the standard offer service (“SOS”) rate in the respective utility service territory, as of the date of the customer agreement. There may be obstacles to implementing this

¹ The Commission anticipates that a typical residential customer would have challenges navigating the commercial contract landscape. When retail choice reform was previously adopted by the General Assembly, commercial and industrial customers were exempt because these customers tend to have the sophistication and expertise to enter into long-term supply contracts that 1) tend to be higher than default service; 2) incorporate demand charges; and 3) rely on purchase of receivables. The Commission, in its normal regulatory proceedings, has not been convinced that business activity run from a home is sufficient to overcome evidence of residential use.

provision as written. In the event a utility's default rate is updated a few days before the rate actually goes into effect for the month, for example, a supplier may have previously believed they were below the default rate price cap in making good faith offers to customers but may end up running afoul of it. In prior Commission proceedings, suppliers noted that they would need at least 2-3 weeks advance notice of the default rate in order to make a legitimate offer under the price cap. Setting a price cap at the prior month's default SOS rate may be a better option, as it creates certainty of the full rate without the risk of adjustment. Notwithstanding this disclaimer, the Commission is amenable to this modification.

The legislation also authorizes suppliers to use consolidated billing without purchase of receivables ("POR"). In early 2025, the Commission, in alignment with prohibitions introduced by prior retail choice reform legislation, curtailed the POR arrangement between suppliers and utilities for new and renewing retail supply contracts. The Commission required suppliers and utilities to convene throughout 2025 to develop a non-POR consolidated billing mechanism, while concurrently advising that dual billing was the only feasible method to bill customers until a new non-POR mechanism was established. After approximately 3 workgroup meetings, suppliers ceased attendance and eventual resolution of billing questions has since been stalled.

The Commission remains concerned that, without sustained interest from suppliers, utilities will be obligated to invest in a new billing system that suppliers and customers will not benefit from. The Commission advises that since 2019, supplier consolidated billing (SCB) has been an option for retail suppliers within the State to bill customers outside of a POR scheme. In 2024, however, after no suppliers showed interest in testing SCB systems for their eventual rollout, the Commission paused SCB implementation to mitigate additional ratepayer cost-recovery risk. To date, utilities have incurred up to \$22 million in rate-based assets to develop viable SCB systems for suppliers who, ultimately, have not used them.

Although the Commission has minimal concerns about reviving efforts to determine a non-POR UCB mechanism, using SCB as a cautionary tale, the Commission advises the Committee that without sustained participation by suppliers, utilities may be required to build out systems that may ultimately be unused and will require ratepayers to recover the costs.

The sole green power provision modified in the legislation excludes from Commission consideration the state where power was generated. Removing the ability for the Commission to consider the state where the energy is generated could allow suppliers to procure non-PJM energy and market it as "green," and the Commission would not be able to substantiate that claim, if the energy is not generated or retired, generally, within PJM.

Finally, the Commission recommends that any provisions applying solely to electric suppliers, including the price cap and the authorization of utility consolidated billing should also be applied to gas suppliers to ensure market parity and to avoid retail customer confusion.

Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this informational testimony.
(signature follows)

Sincerely,

A handwritten signature in blue ink, appearing to read "Kumar", with a stylized flourish at the end.

Kumar P. Barve
Chair, Maryland Public Service Commission