



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

Re: Senate Bill 749: Residential Retail Customer and Retail Electricity Suppliers – Definition and Alterations - UNFAVORABLE

February 24, 2026

Dear Chairman Feldman, Vice Chair Kagan, and Committee Members:

On behalf of its membership, the Retail Energy Supply Association (RESA) submits this written testimony in opposition to *Senate Bill 749: Residential Retail Customer and Retail Electricity Suppliers – Definition and Alterations*.

Founded in 1990 and headquartered in Harrisburg, Pennsylvania, RESA is a nonprofit trade association representing its members, many of whom were active participants in Maryland's electricity and natural gas competitive markets before the passage of *Senate Bill 1*.

RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable, and customer-oriented competitive retail energy markets. Several RESA member companies are licensed by the Maryland Public Service Commission (PSC) to serve the State's residential, commercial, and industrial customers.

RESA firmly believes that all customers should be afforded the right to choose an energy supplier and to choose the products and services that meet their own unique needs. [According to a recent survey by Patrick Gonzales](#) on behalf of this organization, Maryland residents share this view.

RESA's Legislative Reforms to Revive Maryland's Retail Energy Supply Marketplace

1.) Full Repeal of the Price Cap Provision

Price caps force suppliers to compete against backward-looking prices instead of on a forward price basis. Past prices are not a good predictor of the future. The financial risks associated with the price cap can deter new suppliers from entering the market – as a result, few options for consumers and push more customers into potentially more volatile utility default rates over time.

The law passed in 2024 was intended to protect consumers from high prices has created an environment where retail suppliers cannot operate profitably, particularly when wholesale costs, driven by high demand, are soaring.

Why is it difficult for retail energy suppliers to cap prices to a 12-month trailing average?

When wholesale prices rise, a cap based on a lower historical average would force suppliers to sell energy to customers at a loss. The result exposes suppliers to significant financial risk and has led many to exit the market, particularly during periods of rising or volatile wholesale prices.

Suppliers purchase electricity and gas from wholesale markets, where prices are driven by current supply and demand, fuel costs (like natural gas), and future market expectations. **A price cap based on a historical 12-month average (past prices) is backward looking. It is disconnected from the supplier's current and future wholesale-market costs. The financial risks associated with the price cap deter new suppliers from entering the market.**

A primary way suppliers manage price volatility is by “hedging” (buying energy in advance). A rigid, *backward-looking price cap* undermines the benefits of hedging and forward procurement, making it harder for suppliers to manage future costs and offer price stability. This can result in fewer options for consumers and may push more customers onto potentially more volatile utility default rates over time.

Essentially, the legislation intended to protect consumers from high prices has created an environment where customers have no options to lock in price stability to protect themselves against future rising prices.

2.) Expand the Term of Supplier Contracts

The law also limits contracts to a maximum of 12 months, preventing suppliers from offering long-term, stable pricing that could hedge against short-term price volatility. Many residential customers with long-term, fixed-rate supplier contracts would be saving on their current electric bills, but for the law passed in 2024.

3.) Reinstate Utility Consolidated Billing

The Maryland Public Service Commission (PSC) went beyond the requirements of SB1. SB1 required the elimination of the Purchase of Receivables (POR) program for *residential* electric and gas customers under Utility Consolidated Billing (UCB) on January 1, 2025, by legislative mandate. Instead, the PSC eliminated UCB entirely as a billing option.

Since the beginning of retail choice in Maryland, the regulated utilities have acted as a "billing agent" for third-party suppliers, billing the customer for both delivery and supply. POR was adopted in 2008 to level the playing field between utility and supplier receivables and to foster more choices for consumers. POR treated utility and supplier receivables equally. A customer who did not pay their bill would be disconnected for non-payment – a long standing practice to protect all rate payers by limiting their exposure to utility bad debt.

During the PSC’s proceeding to implement this provision of SB1, the utilities said the only way they could provide UCB without POR was to incur costs to modify their billing systems – systems that previously provided UCB without POR.

The utilities and the Office of People’s Counsel (OPC) wanted the suppliers to pay *all* implementation costs for a non-POR residential UCB. The PSC determined that the utilities were not required to provide non-POR UCB, and the suppliers were unwilling to pay for the implementation costs

because they couldn't offer products given the SB1 price caps - *Why pay for a billing system you're never going to use?*

RESA filed three separate motions asking for a seamless transition to a non-POR UCB for residential customers. In the end, the PSC determined that utilities no longer guarantee payment to suppliers for residential supply charges, and dual billing would be instituted as the primary interim method for residential customers. Customers will now receive two separate bills: one from the utility for delivery and one from the third-party supplier for energy supply. The PSC's ruling forced suppliers to manage their own credit risks and collections.

4.) Streamline Energy Vendor and Salesperson Licensing Requirements and Remove Prohibitions on Standard Methods for Sales Compensation

SB 1 required licensure of Energy Vendors and Energy Salespersons following a process similar to the licensure of Energy Suppliers. SB 1 also prohibited commissions-based pay for sales of energy supply products.

Energy Vendors and individual Energy Salespersons are now required to follow a license application process that may take a year or longer. SB 1 requires Energy Suppliers seeking to serve residential customers to reapply for a license. A large number of those suppliers were required by the PSC to file those applications in March/April 2025. Nearly one year later, the PSC has yet to act on the vast majority of those license applications. Requiring an individual seeking employment in the energy space to wait for nearly a year for a license to be granted is untenable and unnecessary. The same is true for an individual vendor. The process for licensure of Energy Vendors needs to be streamlined such that an Energy Vendor is granted a license within a reasonable timeframe such as 45 days.

Energy Salespersons should only be required to file a simple registration with the PSC if they work on behalf of a licensed Energy Vendor or Energy Supplier. Requiring each individual Energy Salesperson to obtain a license is overly burdensome and duplicative when the licensed Energy Vendor or Energy Supplier will ultimately be responsible for compliance of the Energy Salespersons marketing on their behalf.

The prohibition on commission-based pay in SB1 is overreaching and inconsistent with standard methods of sales compensation in all industries. No other industry prohibits commission-based pay for sales and retail energy supply should be no different.

5.) Clarification Regarding Residential and Commercial Customers

When the Maryland General Assembly re-regulated the retail energy supplier industry in 2024, the law was intended solely to impose pricing and other supply contract prohibitions and limitations on the sale of residential electricity and natural gas supply offered by a licensed residential supplier.

In the market today, there are commercial customers that, according to the utilities, have residential meters. These accounts include schools, colleges, churches, marinas, and others. The utility has coded these accounts as residential; however, they are served under a commercial customer name, on a commercial contract, and support the business of the commercial customer. These are clearly commercial accounts that are miscoded as residential.

RESA and other retail suppliers filed a request for clarification from the PSC on November 20, 2024. They petitioned the PSC to treat an account categorized by a utility as residential but operated as a business as non-residential and therefore excluded from the provisions of Senate Bill 1 (2024).

Under PSC’s Order No. 91463, they agreed that whether a customer should be classified as residential or non-residential is determined by each utility’s Commission-approved tariff. Despite the PSC expressly stating that they would not “inject itself into this issue”, they ruled that, for compliance purposes with SB1(2024), “a customer classified as residential by the utility is a residential customer.”

For SB1 (2024) compliance, the statute reflects the Legislature’s intention that these commercial accounts were not intended to be included under the legislative umbrella of the law. Yet the PSC deemed them to be so. To correct this regulatory error, a clear definition must be adopted by legislation.

6.) Removal of Price Caps on Green Products

While it is reasonable for the renewable content of voluntary renewable products to be legislatively mandated, suppliers should be afforded flexibility to contract with a wide variety of renewable resources the power purchase agreements, renewable energy credits or other instruments. Placing a market-wide cap on pricing of voluntary renewable products or requiring PSC approval of individual supplier voluntary renewable products is untenable and limits consumer choice.

Therefore, the removal the price cap set by the PSC on all voluntary renewable products as well as the restrictions placed on voluntary renewable products for residential customers are necessary.

Retail Energy Supply in Maryland

Maryland’s competitive energy marketplace has existed since the enactment of the Electric Customer Choice & Competition Act of 1999. As of November 2023, 13% of residential customers were served by retail electricity suppliers.¹ From 2008 to 2023, the number of residential customers statewide increased by over 439%.² **Over 303,000 Maryland households received electricity from a competitive supplier in 2023.**³

The following year, Annapolis enacted *Senate Bill 1 entitled, “Electricity & Gas – Retail Supply – Regulation and Consumer Protection* - a priority bill led by the legislative leadership in the General Assembly, attempting to strengthen consumer protection standards.” Senate Bill 1 took effect on January 1, 2025, and within less than one year, competitive retail choice for residential customers in Maryland is all but extinct.

The 2026 budget analysis released by the Maryland Department of Legislative Services (DLS) for the Maryland PSC shows the total percentage of all eligible Maryland utility customer accounts enrolled with third-party retail electric suppliers. **Based on PSC’s data, the DLS analysis shows a third-party retail electric supplier enrollment was 5.5% as of October 2025 – a drop from 13.9% from 2024.** Moreover, on February 17, 2026 Baltimore Gas & Electric filed a report with the PSC showing that the total electricity supplied to residential customers in its service territory is zero as of January 31st.

¹ Public Service Commission of Maryland, “*Report to the Governor and the Maryland General Assembly on the Status of Standard Offer Service, the Development of Competition, and the Transition of Standard Offer Service to Default Service*”, Page 4, January 5, 2024.

² PSC of Maryland, “*Report to the Governor and the Maryland General Assembly on the Status of Standard Offer Service, the Development of Competition, and the Transition of Standard Offer Service to Default Service*”, Page 4, January 5, 2024.

³ PSC of Maryland, “*Report to the Governor and the Maryland General Assembly on the Status of Standard Offer Service, the Development of Competition, and the Transition of Standard Offer Service to Default Service*”, Page 4, January 5, 2024.

Consumer Protection & Existing Tools on Supplier Enforcement Before the Enactment of SB1 (2024)

Since the adoption of retail choice in 1999, RESA's advocacy both at the PSC and the legislature to further develop the competitive market has consistently supported consumer protection and industry accountability.

The PSC has well-established authority, jurisdiction, and the tools necessary under current law(s) and COMAR to deter, penalize, or remove suppliers who participate in deceptive practices. The PSC has exercised its authority and broad discretion in the past to address any ongoing supplier issues, impose fines, and/or revoke licenses.

- Under Public Utilities Article (PUA) §§7-507(a) and 7 603(a), the Commission is authorized to grant licenses to electricity and natural gas suppliers.
- Pursuant to PUA §7-507(e) and 7-603(b), the Commission is also authorized to adopt regulations or issue orders to protect retail electric and natural gas consumers from anticompetitive and abusive practices and ensure that customers have “adequate and accurate” information to enable customers to make informed choices regarding retail energy suppliers.
- PUA §7-507 and §7-603 give the Commission the power to revoke or suspend licenses of suppliers and impose a civil penalty.
- Under PUA §13-201, issue a cease-and-desist order under PUA §13-208, and other remedies,
- Title 20, Subtitles 53 and 59 of the Code of Maryland Regulations (COMAR) offer regulations governing pre-enrollment, enrollment, transfers of service, and non-residential and residential consumer protections.

[RESA's own principles](#) include a strict compliance policy with federal and state laws and advocate for fair and transparent business practices. The organization encourages all retail suppliers, its members, and retail energy suppliers serving Maryland to monitor business and sales activities and proactively report any concerns to the PSC's Consumer Affairs Division (CAD).

The CAD is the department within the PSC responsible for investigating and resolving complaints by Maryland ratepayers against regulated companies in accordance with applicable laws, regulations, and tariffs.

As RESA testified in 2024, the statutory and regulatory authority afforded to the PSC, along with the *Maximum Enforcement Initiative* instituted in 2023 under former PSC Chairman Jason Stanek, were proven and effective enforcement mechanisms against chronic and intentional third-party retail supply offenders. As a result, PSC's Consumer Affairs Divisions' supplier complaint intake numbers “returned to levels at or below its historic average.”⁴

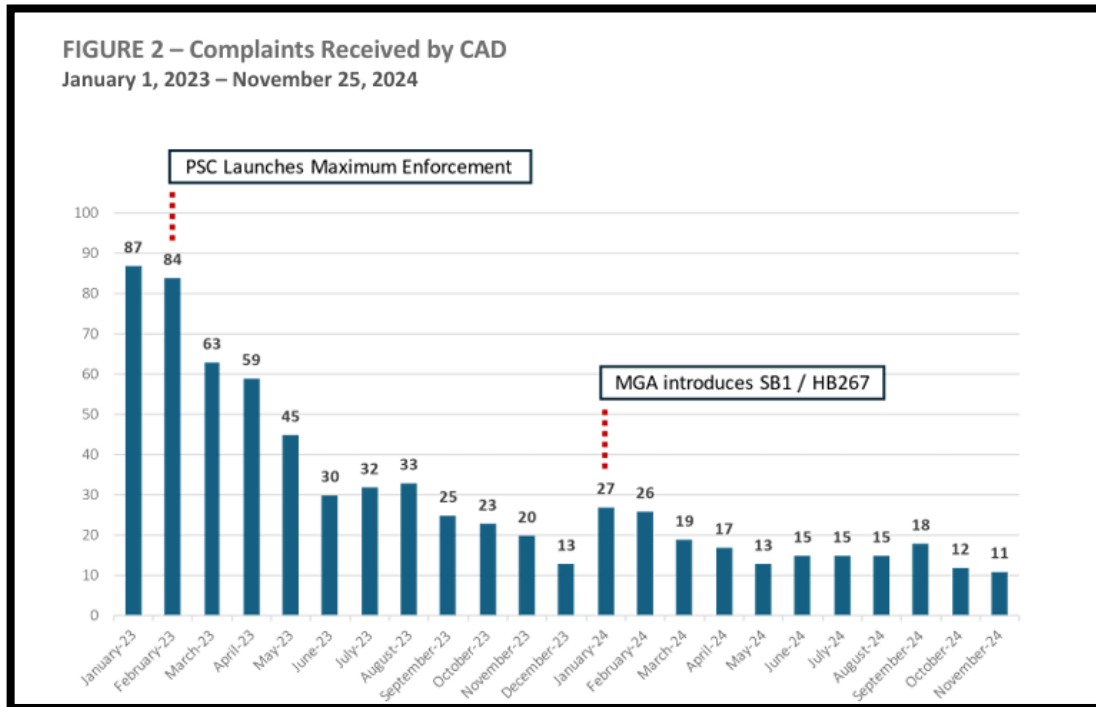
According to the data included in PSC's November 2023 report, there was a **61% decrease** in complaints against suppliers between Quarter 1 of the 2023 calendar year and Quarter 3. In addition,

⁴ PSC of Maryland, “Report on Enforcement Actions Taken Between Calendar Years 2010 and 2022”, Page 10, November 1, 2023.

a reported **82% decrease** in complaints among the three suppliers that incurred the most between Quarter 1 and Quarter 3 (2023).

The following year, the PSC submitted its report to the state legislature on December 1, 2024, covering actions taken by the Commission in enforcement matters involving third-party retail energy suppliers (“suppliers”) in response to prohibited marketing practices from 2010 to 2023.

This report stated, “[W]hen the Commission launched its multi-division Maximum Enforcement initiative in response to an influx of complaints against suppliers on February 1, 2023, supplier complaints **decreased 85%**, comparing complaints in the first month of that year to the last.” The report further illustrates that since peaking in January 2023, complaints against suppliers have declined.



The graph (above), which contains PSC’s November 2023 report, shows complaints against suppliers declined before the introduction of SB1(2024) and remained comparably “low” afterwards.

This information substantiates that enforcement, non-compliance remediation, and educational outreach were working to reduce customer complaints and, more importantly, maintain accountability on energy retail suppliers in the Maryland marketplace – even before the introduction and eventual enactment of Senate Bill 1 (2024).

Lawmakers may have laudably believed that Senate Bill 1 was a “consumer protection measure, first and foremost” and that it merely legislated “additional guardrails” to protect their constituents from deceptive practices by some bad actors. However, as RESA foretold in its testimony on SB1, the ramifications triggered an immediate chain reaction that made it difficult, if not impossible, for suppliers to conduct business in a viable and competitive manner. Left with few alternatives, suppliers vacated Maryland’s marketplace – thus depriving residents of a competitive marketplace and viable options to find alternative products and prices to shop. In fact, during the Commission meeting on June 4, 2025, a striking admission from PSC staff underscored the crisis with the chilling statement: “There is really no residential supply market at this point.”

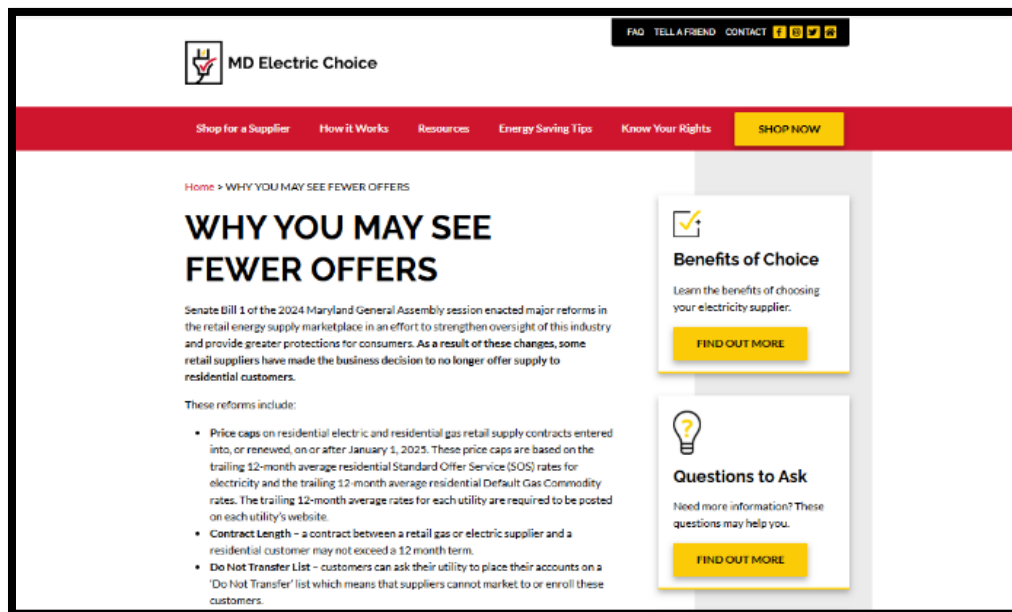
The lack of residential energy choice in Maryland is so bleak that PSC staff issued a data request to retail energy suppliers seeking suppliers' views on a "path forward" in the fostering of a "stable, competitive, and sustainable residential retail energy market in Maryland."

Last October, *Energy Choice Matters* reported the PSC staff sought suppliers' opinions of specific market barriers and mechanisms, in addition to broader questions.⁵ [According to the article](#), "The number of residential customers served by retail electric suppliers in Maryland has fallen from 303,000 as of January 2024 to 81,000 as of August 2025."

[Under a section titled "A Path Forward", PSC Staff asked suppliers: "From your perspective, what is the single most important action that Staff could recommend to the Commission in order to foster a stable, competitive, and sustainable residential retail energy market in Maryland?"](#) Staff also asked suppliers to rank the following Senate Bill 1 reforms as barriers to the supplier's participation in the Maryland residential market (with 1 being the most significant barrier):

- *The price cap is based on the trailing 12-month utility average default commodity service rate.*
- *A 12-month contract term limit.*
- *The elimination of Purchase of Receivables (POR).*
- *The cost of the interim dual billing system.*
- *The individual energy salesperson and energy vendor licensing requirements.*

At the time of this written testimony, the PSC has yet to release staff data publicly, nor has the Commission or Chairman taken an official position on the survey or the information collected. Nonetheless, some of these barriers have already been identified on the [Maryland Energy Choice](#) homepage.



(Above) The Maryland Energy Choice website dedicates an entire page to explaining to Maryland residents why they may see fewer retail energy suppliers in the marketplace.

⁵ *Energy Choice Matters*, "PSC Staff, In Essentially Shuttered Retail Market, Apparently Issue Data Request to Retail Suppliers Seeking Views On 'Path Forward' to Stable, Competitive, & Sustainable Market; Barriers; Billing Fees to Bring Back UCB", Paul Ring, October 31, 2025.

The webpage states:

*“Senate Bill 1 of the 2024 Maryland General Assembly session enacted major reforms in the retail energy supply marketplace in an effort to strengthen oversight of this industry and provide greater protections for consumers. **As a result of these changes, some retail suppliers have made the business decision to no longer offer supply to residential customers.**”*

The page expressly cites the very same provisions of the law that PSC staff requested suppliers last fall to rank in their data survey – the same provisions that RESA and other industry suppliers testified before the General Assembly would cripple competitive choice in Maryland in 2024.

Conclusion

It cannot be overstated that the impetus driving this legislation (and other reform bills in the House Chamber) was not data surveys, reports, or even the retail energy supply industry – it was the citizens of the State of Maryland demanding change. Legislators sought our position on reforms to bring some of our members back into Maryland’s marketplace; RESA has shared these recommendations in this letter, as well as in person at great length preceding this hearing.

Last month, Gonzales Research and Media Services released a Maryland Statewide poll which showed voters are increasingly focused on rising energy costs and strongly support policies that preserve retail energy choice and competition in the State. The polling research concluded that **77% of Marylanders agree that the State should allow true competition in retail energy.** The most surprising finding from the polls showed that **38% of Marylanders would consider leaving the State if energy bills and other costs continue to increase.**

RESA reaffirms its strong belief that consumer protection and market health are not mutually exclusive. A regulatory framework that fosters both accountability and viability is not only possible, but also essential. Let Maryland be a signal, not a roadmap. If we stifle competition and choice in the marketplace, we extinguish innovation and, in doing so, inadvertently raise costs and reduce options for everyone.

Sincerely yours,



Tracy McCormick
Executive Director