Constellation

February 26, 2026

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

RE: Senate Bill 749: Residential Retail Customer and Retail Electricity Suppliers - Definition and Alterations

Constellation is a leading competitive energy supplier that serves over 2 million residential, public-sector, and business customers—including about 75% of the Fortune 100, pairing energy supply with customizable products and sustainability solutions to help customers meet cost and environmental goals. In Maryland, Constellation has always been an active participant in the state's competitive supply landscape and has emphasized customer value through offerings like innovative plan designs—such as time-of-use concepts that can leverage Maryland's smart-meter investments—and cleaner-power options, including emissions-free products and services.

Background

The Maryland General Assembly successfully restructured energy supply in 1999 after significant stakeholder engagement. Maryland competitive market legislative policy is very clear: (1) establish customer choice and (2) create competitive retail electricity supply and electricity supply services markets, along with deregulating generation, supply, and pricing, providing economic benefits to all customers. The existence of a competitive marketplace and allowing customer choice in Maryland has provided cost savings for consumers and millions of customers have chosen a retail supply offer since the market opened to competition. In short, competitive retail markets deliver the best outcomes for all consumers.

The Public Utility Article (PUA) and Code of Maryland Regulations (COMAR) fully authorize the Maryland Public Service Commission (PSC) to oversee consumer protections. The PSC has well-established authority, jurisdiction, and tools it needs under current law and COMAR to deter suppliers from deceptive practices. It has fully exercised this authority and broad discretion to address issues with suppliers, assess fines and revoke licenses and there is nothing preventing the PSC from doing the same going forward.

Eliminate Price Regulation

As currently drafted, SB 749 eliminates the existing 12-month trailing price cap but unfortunately replaces it with a price cap at the utility Standard Offer Service (SOS) rate on the date of agreement with the customer. No other product in the competitive marketplace is price regulated. Regulation of product pricing has directly led to the elimination of customer choice in the competitive marketplace in a very short time. As many informed stakeholders argued 2 years ago during SB1, price caps do not work and simply result in the elimination of the market and customer choice – all of which has been proven true and accurate. Prior to SB1, peak residential electric shopping was at almost 350,000 customers or ~ 15% of the total eligible customer class. Today, predictably, that number is almost zero. In fact, on February 17, 2026, Baltimore Gas & Electric (BGE) reported that no residential customers purchased competitive electricity supply during January. So, we're officially at zero in the BGE service territory when BGE had almost 200,000 shopping residential customers as of December 2023.

Furthermore, restrictions on product prices remove incentives for innovation within our industry. The competitive supply market inherently promotes innovation in the areas of energy efficiency, energy and demand reductions, and electric vehicle charging to promote electrification. Competitive supplier products are not equivalent or comparable to plain vanilla utility default service, so such pricing comparisons yield no value and are misleading.

While we strongly believe that price caps of any kind are unnecessary and detrimental, if there is to be regulation of competitive market pricing, then it should at least be forward-looking. Historic prices are not indicative or determinative of future prices. The current SOS price is similarly irrelevant to a fixed-price long-term contract that will insulate a customer from the risk of future fluctuations and volatility in market pricing. A price cap based on current or historic SOS prices also is disconnected from the actual expenses incurred by competitive electric suppliers to provide the products that protect customers from changing market conditions over the term of the contract.

If Maryland adopts any retail supply price limitation for the competitive electric market, that limitation should be forward-looking and market-based, because competitive suppliers manage customer price certainty through forward hedging in liquid wholesale markets. Suppliers must procure and hedge energy for future delivery periods to lock in costs and reduce volatility for customers, so an appropriate cap should also be anchored to these same forward market fundamentals. Accordingly, any cap should be set as a transparent, objectively verifiable formula tied to forward prices available for hedging — the sum of (i) the forward wholesale energy price for the applicable delivery period, plus (ii) the non-energy components of the applicable Standard Offer Service rate, plus (iii) $0.03 per kWh — so that the cap aligns with how suppliers procure and hedge supply, preserves the ability to manage risk and lower costs over time, and avoids distorting competition through lagging, inapplicable or artificial price signals.

Eliminate Contract Term Limitations

SB 749 seeks to retain and continue the unnecessary 12-month term contract limitation from SB1. This type of restriction is contrary to consumer protection, arbitrary and not in the public interest because customers prefer the <u>*option*</u> of choosing longer-term products and the stability and predictability it offers. It does not help customers to restrict product duration when many homeowners and businesses place significant value on long-term price protection to properly budget their energy expenses and avoid volatile pricing. Prior to SB1, a Maryland customer could lock in a rate for up to 36 months, while the utility rate for electricity continues to change several times each year. These restrictions on what products customers can buy contradict the results of surveys on what consumers want. Unrestricted choice gives consumers access to a market where they can pick the best product and service to suit their needs. In competitive markets, customers have consistently benefited from longer-term plans, avoiding market run-ups due to increasing fuel prices and other price impacts.

Restore Utility Consolidated Billing (UCB)

SB 749 includes modifications that *authorize* suppliers to use UCB but do not *obligate* utilities to provide such service. Permissive use of UCB is a step in the right direction, but if the utility is not required to offer UCB, there will likely be little to no practical benefit to consumers because suppliers cannot rely on a billing platform that may never be made available. Experience in other competitive markets demonstrates that a Purchase of Receivable (POR) program is not a prerequisite for effective UCB as several utilities in multiple states already provide a UCB solution while leaving receivables risk with the supplier (i.e., UCB without POR). Accordingly, if the policy goal is to preserve a workable, customer-friendly billing mechanism that supports retail choice, the legislation should treat UCB as essential market infrastructure and ensure utilities actually provide it—rather than merely permitting it.

Maryland's retail electricity market has long relied on UCB as the primary, customer-facing billing mechanism supporting competitive supply. In a UCB structure, the utility issues a single bill that includes both regulated distribution charges and competitive supplier generation charges. In the wake of the Commission's actions implementing SB 1, the Commission has determined that, as of January 1, 2026, Maryland utilities are no longer required to provide any residential UCB service. This outcome eliminated the practical ability of suppliers to serve residential customers and undermines the operation of a competitive marketplace.

1) Utilities should be obligated to provide UCB because billing is essential market infrastructure—not a "supplier convenience"

A functional retail choice market requires that customers can enroll, receive service, and pay in a way that is comprehensible and workable at scale. Billing is the central interface between customers and the electric system. Utilities already maintain the metering, usage data, bill presentment, payment processing, and customer account systems needed to issue a single, consolidated invoice. Those systems are monopoly infrastructure which customers have paid for; suppliers cannot replicate this infrastructure and send their own bill to customers without costly and unnecessary duplication, customer confusion, and significant market attrition.

Requiring utilities to provide UCB therefore aligns with the basic premise of a competitive retail model: the utility continues to perform the natural monopoly functions (delivery and customer account infrastructure), while competitive entities innovate on supply products and services. Eliminating UCB prevents a competitive market from operating without a key platform function that only utilities can efficiently provide. Continuation of UCB is one of the most important actions to maintain a stable, competitive, and sustainable residential market.

2) Customers strongly prefer one bill; dual billing predictably increases confusion, complaints, and cancellations

In a dual billing scenario, the customer receives two monthly bills – one from the supplier and one from the utility. Customers do not want dual billing and are confused by it. Dual billing at the residential level is unviable, driven in large part by customer preference for the convenience of receiving and paying only one bill, and the confusion caused by the receipt of two energy-related invoices each month. This is not an abstract concern—when customers receive two bills, they may pay one and inadvertently miss the other or not understand that they must pay both. This triggers late fees, arrears, and service issues that they attribute to the supplier relationship. The predictable result is higher complaint volume and diminished customer experience—contrary to the consumer-protection objectives.

3) Suppliers need UCB to provide service in a competitive marketplace because most cannot operationalize dual billing at scale

Dual billing requires suppliers to build complex billing engines, integrate interval/usage data, handle payment posting, manage budget billing interactions, coordinate arrears and bill adjustments, and maintain customer support workflows that utilities already operate. This duplication of services is entirely unnecessary and inefficient, especially considering that customers have already paid for the utility's billing system.

Obligating utilities to provide UCB is essential to preserve meaningful customer choice and a functioning competitive retail electricity market in Maryland. UCB is not merely a billing preference; it is core market infrastructure that only utilities can provide efficiently. Eliminating UCB (or making it permissive) will lead to customer confusion, drive supplier exits, and dismantle competition.

Create Exemptions for Products That Advance Maryland's Clean Energy Objectives

There is a clear path forward. The Senate can modernize its energy framework by carving out Demand Response programs and value-added products from the restrictive provisions of current law. This would be consistent with language introduced in Delegate Jeff Long's House Bill 1494. These solutions would empower consumers and support the state's energy goals:

- **Demand Response Solutions**: Fixed-rate energy plans with SmartMeter insights, whole-home battery options, and participation in Maryland's Demand Response market. During peak events, stored energy can be dispatched, helping to stabilize the grid and potentially lower market prices.
- **Virtual Power Plant (VPP) Integration**: Networks of home energy devices—batteries, EV chargers, smart appliances—can work together to enhance grid reliability and reduce costs for ratepayers.
- **Value-Added Products**: Emission Free Energy Certificates (EFECS), time-of-use plans to encourage EV adoption and reduce peak demand, and incentives for smart home investments. These options leverage Maryland's SmartMeter infrastructure and support local jobs and clean energy generation.

Maryland's climate strategy depends on economy-wide electrification and the expanded use of zero-carbon resources to meet the State's ambitious greenhouse-gas reduction goals. Accordingly, the exemption would apply only to retail products sold to Maryland customers that deliver emissions-free electricity or help reduce emissions—such as (i) time-of-use (TOU) plans that encourage off-peak electric-vehicle charging, (ii) products incorporating emissions free energy certificates (EFECs) and (iii) bundled offerings that incorporate distributed energy resources (DER). This focused amendment would enable innovative supplier products that accelerate EV adoption and electrification, support efficient grid use, and strengthen Maryland's leadership in achieving its climate goals.

Conclusion

Constellation supports consumer protection in the competitive market, and SB 749 includes some aspects that are workable towards that goal, but there are also provisions that do little to protect customers and much more to take away choice from consumers. We hope to work with the committee to resolve these concerns and have a bill that truly reflects strong protection for Maryland consumers, while also protecting their right to choose. Constellation will continue to be a constructive partner to find fair solutions and uphold industry accountability so long as those solutions do not eliminate the competitive market and consumer choice in Maryland. Choice and competition are vital to delivering innovation, economic benefits, consumer value, and a clean energy future to the citizens of Maryland.

Respectfully,

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