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PUBLIC SERVICE COMMISSION

Chair Marc Korman
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: HB 1442 - Information - Community Choice Aggregation Pilot Program – Definition, Application, and Workgroup - Modifications

Dear Chair Korman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for HB 1442. The bill would modify current law that defines what counties and which electric companies can participate in a Community Choice Aggregation (“CCA”) Pilot Program. It would expand this single-jurisdiction pilot into a statewide program accessible to all 23 Maryland counties and Baltimore City. Below, the Commission provides background information on the current CCA Pilot and outlines necessary considerations for the implementation of an expansion of the program.

The current CCA Pilot Program was enacted into law in 2021 by HB 768. The statutory language limits the program to Montgomery County, effectively designating that county as the pilot. It also limits the program design to customers served by Investor-Owned Utilities (IOUs). The Commission initiated Public Conference 54 (PC54) in 2021 to establish the Work Group required by the statute, leading to the adoption of final regulations (COMAR 20.63) on January 10, 2024.

Montgomery County originally expressed its intention to initiate formation of the pilot CCA by the end of 2023 with service to customers anticipated by October 2024.¹ However, those implementation dates were delayed. The Montgomery County Council approved a local bill enabling the County to proceed with developing the CCA in October 2025.² The County is now (presumably) developing the planning documents required by statute and by COMAR 20.63 to file with the Commission to begin formation of the CCA, with date of service to customers unknown. This is the pilot’s current status.

The enacting statutory language for the CCA Pilot Program requires the Commission to report to the General Assembly on its status and effectiveness at the conclusion of the pilot program,

¹ See *Montgomery County, Maryland’s Comments on Staff’s Report of the 2022 Procurement Improvement Process*, Public Conference 54, pg. 2 (Sept. 2, 2022).

² https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=47789.

currently set for April 2031. In its evaluation, the Commission is directed to consider: 1) the program's costs and benefits; 2) incremental costs borne by customers not a part of the CCA as a result of the program; and 3) mechanisms that could be utilized to hold non-CCA customers harmless from incremental costs resulting from the CCA. Because Montgomery County's CCA has not yet entered even the first phase of planning before the Commission, the Commission cannot currently offer any insights into these considerations. Further, the value of any conclusions within the statute's original timeframe may be limited due to the program's delayed implementation.

HB 1442 would allow any Maryland county or Baltimore City to participate in the CCA Pilot Program process and implement their own respective CCA programs before the original pilot is in place, and thus before any study has been completed on the efficacy of the original pilot. It would require the Commission to restart the CCA Work Group and implement a new rulemaking to revise COMAR 20.63 without the benefit of lessons learned from Montgomery County's program.

Additionally, if enough counties choose to utilize a CCA it would create a risk of instability to the supply price paid by residential customers in Maryland. Within the current pilot proceedings, the Commission and other stakeholders have been focused on how to address the potential impact of the CCA on the procurement and planning of Standard Offer Service (SOS) for customers that are not a part of the CCA. A CCA—or multiple CCAs in a service area—may cause utilities to lose significant SOS load. Uncertainty related to this load shifting could result in a need to purchase energy on the spot market until CCA enrollments stabilize.³ This could potentially increase prices for all customers, including those not participating in the CCA.

Ultimately, the impact of HB 1442 on customers is unknown. The legislation allows the counties to directly participate in the commodity markets on behalf of their constituents, and how this impacts those rates will be determined by their procurement practices. Corollarily, this will impact counties and customers who ultimately chose not to form a CCA or participate in a CCA. It is unlikely that effective procedures can be developed to "mitigate any risk to SOS customers" from customers migrating to or from a CCA as required by § 7-510.3(u)(9) if several CCAs are formed throughout the State. This is something that would need to be addressed in a final report from the Commission on the current pilot.

If HB 1442 goes forward the Commission recommends that the legislature consider delaying the effective date of any pilot expansion until after Montgomery County's CCA is operational and can be studied to inform its optimization.

³ Load uncertainty could be caused by a failed or delayed CCA start, requiring more customers to remain on SOS than anticipated by a utility when purchasing its SOS contracts; or by a mass migration to a CCA that might cause the need for emergency utility procurements.

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

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