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March 6, 2026

HB 974: Electricity and Gas – Retail Supply (Freedom From Monopolies Act)

Committee: Environment and Transportation

Position: Oppose

Southern Maryland Electric Cooperative (SMECO), a member-owned electric cooperative and not-for-profit organization based in Hughesville that provides electricity to more than 180,000 member accounts in Charles, St. Mary's, Calvert and southern Prince George's County, opposes HB 974.

HB 974 seeks to undo important and necessary reform in Maryland's retail energy marketplace and will result in ratepayers in Southern Maryland and across the state paying more for their electricity. The passage of SB 1 in 2024 set up a regulatory framework that protected ratepayers by requiring retail suppliers to meet or offer their electricity products at or below a utility's Standard Offer Service (SOS) rate. For far too long, retail electricity suppliers were charging SMECO members rates that far exceeded SOS and resulted in overpayments of more than \$3.6 million in 2023; \$3.08 million in 2022 and more than \$3 million in 2021. Keep in mind that SMECO had less than 3 percent of residential households signed up with an alternative supplier.

During the extensive debate over SB 1 two years ago, SMECO and other Maryland utilities never advocated retail suppliers to stop offering products to residential ratepayers. Rather, retail suppliers were going to be held to a higher standard in their marketing practices, variable contracts and prices. Another necessary reform was that the regulated utilities would no longer be responsible for carrying the bad debt when a customer on alternative supply defaulted on payment.

All these reforms were necessary to help protect ratepayers – many of whom were signed up with retail suppliers unknowingly – from paying electricity rates that were double or triple the amount of a utility's SOS rate. Unfortunately, the passage of SB 1 led to retail suppliers pulling out of the Maryland market.

We understand the sponsor's intent with this bill, but HB 974 would be a step back in consumer protection by eliminating the requirement that retail suppliers offer electricity at or below SOS prices.

SMECO is not opposed to competition from retail suppliers for electricity. We are extremely proud of our managed portfolio approach to power purchasing that has resulted in stable, competitively priced electricity.

There is no guarantee that the backward steps taken in HB 974 would result in retail suppliers coming back into the residential market in Maryland, and therefore, we respectfully ask for an UNFAVORABLE report on HB 974.

