

Position Statement

Oppose
House Environment & Transportation
Committee
3/10/2026

House Bill 1494 – Electricity and Retail Gas Supply - Customer Choice, Consumer Protection, and Green Power (Retail Energy Modernization and Consumer Choice Act)

Baltimore Gas and Electric Company (BGE) **opposes** House Bill 1494 – *Electricity and Retail Gas Supply – Customer Choice, Consumer Protection, and Green Power (Retail Energy Modernization and Consumer Choice Act)*. HB 1494 seeks to introduce new retail electricity and gas products offered by third party suppliers, including time of use rates and aggregation options. BGE supports retail choice as a tool to enhance customer affordability; however, appropriate guardrails are necessary to ensure consumer protection and to avoid shifting the costs of utility billing system upgrades onto ratepayers.

HB 1494 would require utilities to implement or expand utility consolidated billing and the Purchase of Receivables for certain retail electric and gas supply products. Implementing these requirements would necessitate extensive redesign of utility billing systems, customer information systems, and financial settlement processes. These changes are not incidental and would require significant planning, development, testing, and coordination with retail suppliers and regulators.

As drafted, HB 1494 would require utilities to redesign billing platforms to incorporate third party supplier charges, track purchased receivables, apply discounts, allocate customer payments, and manage remittances to suppliers for a specific subset of customers for which BGE is unable to differentiate from other residential customers. Customer information systems will require substantial modification to support new enrollment data requirements, revised billing determinants, enhanced dispute resolution processes, and expanded supplier related customer service functions. In addition, utilities would need to implement complex settlement and accounting systems to track receivable purchases, bad debt exposure, reconciliation, and regulatory reporting obligations for this new subset of customers.

Utility consolidated billing (UCB) may provide administrative convenience for competitive suppliers; however, mandating its availability for a specific set of customers without explicit statutory cost recovery provisions would improperly shift financial and operational risk from unregulated suppliers to regulated utilities and their ratepayers. Following the enactment of Senate Bill 1 during the 2024 General Assembly session, which prohibited utilities from purchasing supplier receivables for residential customers, retail suppliers requested that the Commission require utilities to offer a UCB option without receivables purchase. The Commission declined to impose such a requirement, recognizing both the substantial costs associated with reprogramming utility billing systems and the uncertainty surrounding the future of residential retail choice given the other provisions of Senate Bill 1. Absent a clear statutory directive requiring retail suppliers to fully fund all implementation and ongoing administrative costs associated with any UCB framework, any such mandate would result in the inappropriate socialization of costs across all distribution customers. This concern is not theoretical:

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,300 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

BGE has already invested more than \$12 million to develop a Supplier Consolidated Billing platform that was never implemented due to the lack of supplier participation and the absence of supplier developed systems capable of interfacing with the utility's billing infrastructure.

The Commission has appropriately allowed residential retail choice to continue under the existing dual billing framework, under which third party suppliers bill customers directly for supply services while utilities bill customers only for regulated delivery charges. BGE supports maintaining this structure because it promotes transparency and accountability for customers. When utilities issue consolidated bills that include third party supplier charges, customers frequently and unknowingly attribute all charges on the bill to the utility, including supplier pricing, contract terms, and marketing practices that are beyond the utility's control. This misperception increases customer confusion and complaint volumes directed at utilities, creating unwarranted administrative and reputational burdens. Preserving dual billing ensures that customers clearly understand which entity is responsible for each charge, reduces confusion, and maintains appropriate oversight and accountability for third party suppliers.

HB 1494 also presents significant operational challenges because BGE does not currently have the system capability to identify or validate the specific characteristics of supplier products that may be eligible for Purchase of Receivables under the bill. BGE has no reliable mechanism at enrollment or billing to determine whether a supplier's product includes time varying rates, emissions related attributes, bundled services, or other qualifying features described in the legislation. Without entirely new system logic, data standards, and market protocols, BGE would be unable to distinguish qualifying from non-qualifying enrollments. Developing and implementing such selective eligibility controls would require fundamental and costly changes to enrollment transactions, billing logic, and customer information systems that do not exist today.

The bill raises additional and particularly complex challenges for retail gas supply. Current gas consolidated billing frameworks typically permit suppliers to provide a single rate per billing cycle. HB 1494 appears to allow rate structures that vary within a billing period based on therm usage, which would require changes to Maryland gas market standards, XML schemas, and billing system functionality that are not currently available. The bill also contemplates bundled gas products combined with emissions reducing services or certificates. Under existing consolidated billing structures, utilities cannot purchase receivables for non-commodity products, and there is no system capability to differentiate or bill such bundled components. Supporting these products would require new charge types, bill presentation logic, settlement rules, and additional market standard revisions.

These system upgrades, administrative changes, and ongoing operational requirements necessary to comply with House Bill 1494 would represent significant capital and operating expenditures for BGE, including software development, vendor costs, testing, supplier coordination, expanded customer service functions, and ongoing financial administration. Because billing systems and customer service operations are part of regulated utility services, these costs would ultimately be recovered through distribution rates. As a result, all customers would bear these costs, including those who do not participate in retail supply programs and do not receive any direct benefit from the expanded consolidated billing and Purchase of Receivables framework.

For these reasons, BGE respectfully requests an **UNFAVORABLE** report on House Bill 1494.