

MARYLAND REGISTER

Proposed Action on Regulations

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|--------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------|
| Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations | Date Filed with AELR Committee | TO BE COMPLETED BY DSD |
| | 10/14/2021 | Date Filed with Division of State Documents |
| | | Document Number |
| | | Date of Publication in MD Register |

1. Desired date of publication in Maryland Register: 11/19/2021

2. COMAR Codification

Title Subtitle Chapter Regulation

| | | | |
|----|----|----|----------------------|
| 20 | 54 | 01 | 02 |
| 20 | 54 | 02 | 01, .02, .07 and .08 |
| 20 | 54 | 03 | 01, .03, and .05 |

3. Name of Promulgating Authority

Public Service Commission

4. Name of Regulations Coordinator

Tonya L Johnson

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|-------------|--------------|-----------------|
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5. Name of Person to Call About this Document

Andrew S. Johnston

Telephone No.

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6. Check applicable items:

New Regulations

Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: April 29, 2021.

Repeal of Existing Regulations

Recodification

Incorporation by Reference of Documents Requiring DSD Approval

Reproposal of Substantively Different Text:

: Md. R
(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

Yes No

8. Incorporation by Reference

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by H. Robert Erwin, General Counsel, (telephone #410-767-8039) on October 14, 2021. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Andrew S. Johnston

Title

Executive Secretary

Telephone No.

410-767-8067

Date

October 14, 2021

**Title 20
PUBLIC SERVICE COMMISSION**

Subtitle 54 GAS SUPPLIERS

20.54.01 General Provisions

Subtitle 54 GAS SUPPLIERS

20.54.02 Administrative Provisions

Subtitle 54 GAS SUPPLIERS

20.54.03 Gas Supplier License Requirements

Authority: Public Utilities Article, §§2-113, 2-121, 5-101, 7-507, 7-511 and 7-601—7-606, Annotated Code of Maryland

Notice of Proposed Action

□

The Maryland Public Service Commission proposes to (1) Amend Regulation .02 under COMAR 20.54.01 General Provisions; (2) Amend Regulations .01, .02, .07 and .08 under COMAR 20.54.02 Administrative Provisions; and (3) Amend Regulations .01, .03 and .05 under COMAR 20.54.03 Gas Supplier License Requirements.

This action was considered by the Maryland Public Service Commission at a scheduled rule-making (RM 70) meeting held on March 10, 2021, notice of which was given under General Provisions Article, §3-302, Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to (1) Adopt regulations governing the licensing of electricity suppliers authorized to perform supplier consolidated billing by including gas suppliers who provide supplier consolidated billing in the definition of gas supplier and define supplier consolidated billing; (2) Adopt regulations governing the licensing of electricity suppliers authorized to perform supplier consolidated billing by requiring: (a) A separate gas supplier license for those who provide supplier consolidated billing; (b) That an applicant for a license to provide supplier consolidated billing certify that the applicant will comply with all statutes and regulatory requirements applicable to utility and supplier billing and charges; (c) That an applicant will maintain call center operations, a complaint resolution process, an ongoing quality assurance program that documents the accuracy of customer bills; and (d) Additional proof of financial integrity; and (3) Adopt regulations governing the licensing of gas suppliers authorized to perform supplier consolidated billing by specifying: (a) Additional material changes requiring updates in the case of supplier consolidated billers; (b) When the initial bond or prepayment must be updated; and

(c) A consolidated biller's obligation in the event that that type of billing ceases to be offered generally or to a specific customer.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact.

The implementation of supplier consolidated billing will have a cost impact on Maryland customers of the Washington Gas Company and Baltimore Gas and Electric Company (Gas Division) in order that the named utilities may upgrade their IT systems to enable supplier consolidated billing. These costs will either be recovered from the retail gas suppliers or Maryland gas customers. If costs are recovered from retail gas suppliers, then the cost of the program may not be borne entirely by rate payers since the supplier may choose not to pass the cost of the program onto customers in order to offer more competitive rates. If costs are recovered directly from customers, then there will be approximately \$6.45 million in costs plus unknown cost for a return and customer education.

While there will be costs for retail gas suppliers to participate in supplier consolidated billing, this will be the choice of each of the two retail gas suppliers. Additionally, a supplier may or may not recover the costs from customers since their rates must be set competitively to attract customers. Therefore, their costs are not included within the analysis. The economic impact provided is for the entire supplier consolidated billing program and is not for any one part of the supplier consolidated billing regulation.

| II. Types of Economic Impact. | Revenue (R+/R-) | Magnitude |
|-------------------------------------------------|-------------------------|-------------|
| | Expenditure (E+/E-) | |
| A. On issuing agency: | NONE | |
| B. On other State agencies: | NONE | |
| C. On local governments: | NONE | |
| | Benefit (+) Cost (-) | Magnitude |
| D. On regulated industries or trade groups: (-) | | \$6,450,000 |
| E. On other industries or trade groups: | NONE | |
| F. Direct and indirect effects on public: | NONE | |

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A. Issuing agency will review and approve applications submitted by suppliers to receive license to provide supplier consolidated billing. Issuing agency will handle

customer complaints, enforcement actions, and other market monitoring efforts, but this is not anticipated to increase costs.

B. There is no anticipated action necessary for another State agency for the implementation and operations of supplier consolidated billing.

C. There is no anticipated action necessary for local governments for the implementation and operation of supplier consolidated billing.

D. Both utilities have provided high level estimates for the cost of implementing supplier consolidated billing. BGE estimates it will cost approximately \$2.45 million (32 percent of \$7.64 million in total). WGL has estimated a \$4 million cost. Both utilities have indicated that these are rough estimates of costs and that these estimates are subject to change as the technical requirements are developed and implemented. WGL indicated there may be additional costs to include interruptible customers. There will also be additional costs for customer education that are not included within the estimate. Additionally, some part of the costs will include a return for the utility, which has not been estimated at this time.

E. Retail Gas Suppliers who wish to provide supplier consolidated billing will need to comply with the State and Commission rules to provide bills with regulated gas charges to customers. This is assumed to be a cost of doing business and would have had to be provided to comply with State and Commission rules to provide retail gas supply in combination with utility charges. Additionally, suppliers may choose to participate in the program. Therefore, there are no quantified benefits or costs for this category.

F. Customers of the named gas companies will have the ability to receive a bill from a retail supplier that includes utility charges. This will have some intangible incremental benefit to customers who chose to use this service by allowing the supplier to have a direct relationship with the customer. The ratepaying public will likely have to pay part or all of the projected \$6.45 million and unspecified costs for a return and customer education discussed above.

Economic Impact on Small Businesses

The proposed action has a meaningful economic impact on small business. An analysis of this economic impact follows.

There is an unquantified benefit for small business customers who chose to start receiving a consolidated bill from a gas supplier instead of the utility for gas service. Not all small business customers will use this service, so to the extent the costs to implement supplier consolidated billing are socialized across all customers, these customers will experience costs for a service they are choosing not to use.

If the costs for regulated utilities to implement supplier consolidated billing is billed through utility rates, there will be a cost to all customers, not just small businesses. This means small businesses will have to pay a portion of the \$6.45 million. The allocation of these costs to small businesses will be determined by the Commission and has not been determined at this time.

No small business will be obligated to pay a supplier's costs for implementing supplier consolidated billing. A supplier may try to recover these costs through the supplier's gas contracts with small business customers. The resulting gas prices from the suppliers could be higher or lower than the small business customer pays today. These are costs that the small business has volunteered to pay through signing a contract with the third party supplier.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Andrew S. Johnston, Executive Secretary, Maryland Public Service Commission, 6 St. Paul Street, 16th Floor, Baltimore, Maryland 21202, or call 410-767-8067, or email to , or fax to 410-333-6495. Comments will be accepted through December 20, 2021. A public hearing has not been scheduled.

Economic Impact Statement Part C

- A. Fiscal Year in which regulations will become effective: FY 2022
- B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?
Yes
- C. If 'yes', state whether general, special (exact name), or federal funds will be used:
Special Fund – The Public Utility Regulation Fund
- D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:
- E. If these regulations have no economic impact under Part A, indicate reason briefly:
- F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.
- G. Small Business Worksheet:

Attached Document:

Title 20 PUBLIC SERVICE COMMISSION

Subtitle 54 GAS SUPPLIERS

Chapter 01 General Provisions

.02 Definitions.

- A. (text unchanged)

B. Terms Defined.

(1)—(8) (text unchanged)

(9) Gas Supplier.

(a) "Gas supplier" means a licensed person that:

(i) (text unchanged)

(ii) Purchases, brokers, arranges, or markets, *including by means of supplier consolidated billing*, gas or gas supply services for sale to a retail gas customer.

(b)—(c) (text unchanged)

(10)—(13) (text unchanged)

(14) "*Supplier consolidated billing*" or "*SCB*" means a form of competitive billing service in which a gas or electricity supplier authorized by the Commission to render a bill to a retail gas or electric customer that includes both the supplier charges and the gas or electric company's regulated charges.

Chapter 02 Administrative Provisions

.01 Gas Supplier License Required.

A. (text unchanged)

B. *A person is limited by the terms of the license issued by the Commission.*

[B.]C. A license grant under this subtitle is valid unless *suspended or* revoked by the Commission.

[C.]D. (text unchanged)

.02 Application Requirements.

A. (text unchanged)

B. The application shall contain at least the following information:

(1)—(3) (text unchanged)

(4) [A statement] *Proof* of financial integrity;

(5)—(9) (text unchanged)

(10) *A statement confirming that the applicant will not offer or provide supplier consolidated billing absent Commission licensing that authorizes the provision of supplier consolidated billing.*

C. *In addition to the requirements of §§A and B of this regulation, an applicant seeking to provide supplier consolidated billing shall, at a minimum, provide the following:*

(1) *Certification that the applicant will comply with all laws and regulatory requirements for Maryland bills that contain regulated utility charges and retail energy charges.*

(2) *Certification that the applicant will comply with all applicable statutes and regulatory requirements and maintain the following minimum functions:*

(a) *Call center operations;*

(b) *Complaint resolution process; and*

(c) *Billing, credit, and collection procedures.*

(3) *Certification that the applicant will coordinate with the gas company to exchange information and data using Statewide uniform transactions and standards approved by the Commission before engaging in supplier consolidated billing in the gas company's service territory;*

(4) *Proof of an ongoing quality assurance process that documents the accuracy of customer bills; and*

(5) *Such additional information as the Commission may require.*

D. *A licensed gas supplier that seeks to perform supplier consolidated billing shall apply to amend its authority under the terms of this subtitle.*

.07 Classification of Information.

A. An applicant may designate answers or documents proprietary or confidential[.] *only if there is a valid legal or factual basis supporting the designation.*

B.—D. (text unchanged)

.08 Financial Integrity.

A.—B. (text unchanged)

C. *A supplier seeking to be licensed to provide supplier consolidated billing shall provide and maintain bonding or financial guarantees with the Commission in the amount of \$500,000.*

(1) *The total financial guarantee required under this regulation may include the bond or other form of financial guarantee submitted as proof of financial integrity under §A of this regulation.*

(2) *A supplier seeking to be licensed to provide supplier consolidated billing services or providing supplier consolidated billing services may petition the Commission to lower the total bonding or financial guarantee requirement of \$500,000.*

[C.]D. [The] Any bond required under §A or §C of this regulation shall at a minimum:

(1)—(4) (text unchanged)

[D.]E. [The] Any bond required under §A or §C of this regulation shall be obtained from a company licensed in the State to write surety types of insurance.

[E.]F. In the event a letter of guarantee or other financial instrument is required under §A or §C of this regulation, the guarantor shall submit a balance sheet and income statement to the Commission.

Chapter 03 Gas Supplier License Requirements

.01 Licensee's Updated Information.

A. Within 30 days of a material change, a licensed gas supplier shall:

(1) Update or supplement the information required in the application under COMAR 20.54.02.02 B(1), (4), (5), and (8); and COMAR 20.54.02.02C;

(2) A supplier providing supplier consolidated billing shall, in addition to §A(1) of this regulation, also update or supplement the following material changes:

(a) The transfer of the conduct of supplier consolidated billing services from the supplier to a third party agent;

(b) The transfer of supplier consolidated billing services from one third party agent to another third party agent; or

(c) The cancellation of the bond or collateral guaranteeing protection of customers participating in supplier consolidated billing required under COMAR 20.54.02.08C.

[(2)](3) (text unchanged)

B.—C. (text unchanged)

.03 Requirement — Collection of Prepayment or Deposit.

A.—B. (text unchanged)

C. Six months after the posting of the initial bond[,] or when the amount of deposits or prepayments exceed the initial bond required by this regulation, which ever is earlier, a gas supplier shall:

(1)—(3) (text unchanged)

D.—F. (text unchanged)

.05 Gas Supplier License — Cessation of Business.

A. A licensee shall provide 60 days prior written notice to the Commission of an intention to cease providing service in the State to all customers:

(1) In a specified gas company service area; [or]

(2) Within a specified customer class[.] ; or

(3) A specified type of billing.

B. (text unchanged)

C. If a supplier ceases providing a particular type of billing service, notice to customers, at a minimum, shall specify the following:

(1) That the supplier shall no longer provide the specific type of billing service to customers in the State, service territory, or to a customer class, as applicable;

(2) The billing method to which the customer will be subject after the supplier ceases to offer the current billing method it was providing;

(3) The date on which the customer's current billing service will cease and the new billing service will begin; and

(4) If the supplier that is ceasing a specific type of billing service intends to retain a customer on a different billing model, the supplier shall follow COMAR 20.59.05.06.