

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1224
Economic Matters

(Delegate Lierman, *et al.*)

Electricity and Gas – Energy Suppliers – Assisted Customers

This bill prohibits a retail electricity or gas supplier from knowingly enrolling a residential customer with, or submitting an enrollment to change a customer to, a competitive supplier if the customer has received specified utility bill assistance within the past 12 months. Relatedly, a retail customer is considered to have chosen standard offer service (SOS) if they have received such assistance. The prohibition is effective beginning November 1, 2020, and applies to customers who have received specified financial assistance from the Department of Human Services (DHS) or participated in any assistance program authorized by the Public Service Commission (PSC). The electric or gas company, as applicable, is responsible for verifying the information prior to enrollment and at the time of each competitive supply contract renewal. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: Special and federal fund expenditures for DHS *may* increase in total by \$177,000 in FY 2021 and by \$77,000 annually thereafter, as discussed below. The bill does not otherwise materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Meaningful.

Analysis

Current Law/Background: The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland. The resulting system of customer choice allows the customer to purchase electricity from a competitive supplier

or to continue receiving electricity under SOS. Default SOS electric service is provided by a customer's *electric company* (e.g., Baltimore Gas and Electric Company or Pepco). Competitive electric supply is provided by competitive *electricity suppliers*. In either case, the electric company delivers the electricity and recovers the costs for delivery through distribution rates. Gas supply and delivery are similarly restructured, with gas suppliers and gas companies.

For more information on competitive supply, see a 2018 [report](#) on the competitive retail electricity and gas markets in Maryland conducted on behalf of the Office of People's Counsel.

According to PSC's late 2019 monthly customer choice enrollment reports, about 19% of residential customers are served by electricity suppliers (customers of the four large investor-owned utilities and the Southern Maryland Electric Cooperative). A similar percentage of residential customers are served by gas suppliers (customers of Baltimore Gas and Electric and Washington Gas).

Energy Assistance

The Office of Home Energy Programs (OHEP) within DHS administers two energy assistance programs for residential customers using local administering agencies, including local departments of social services, in each county and Baltimore City. These programs are (1) the Maryland Energy Assistance Program (MEAP) funded by the federal Low-Income Home Energy Assistance Program, which provides bill payment assistance, crisis assistance, and furnace repair/replacement for a variety of heating sources and (2) the Electric Universal Service Program (EUSP), funded from a ratepayer surcharge and an allocation of revenue from the Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions, which provides both bill payment and arrearage assistance to electric customers. About 64,000 households are enrolled in MEAP and about 70,000 households are enrolled in EUSP.

State Expenditures: DHS advises that the bill requires the department to modify its energy assistance program application documents as well as implement an educational campaign so as to not discourage program applicants. DHS estimates these costs to be \$177,000 in fiscal 2021 and \$77,000 annually thereafter, paid for with special funds (40%) and federal funds (60%). The Department of Legislative Services cannot independently verify these costs and notes that the bill does not specifically require an educational campaign. Therefore, special and federal fund expenditures for DHS *may* increase by those amounts beginning in fiscal 2021. The bill does not otherwise materially affect State finances or operations.

Small Business Effect: Electricity and gas suppliers are prohibited from enrolling and serving customers who have received financial assistance from OHEP or a PSC-authorized program in the preceding 12 months. As such, the bill precludes small suppliers from serving a portion of their potential market and requires additional verification procedures at the time of contract enrollment and renewal.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 685 (Senator Washington, *et al.*) - Finance.

Information Source(s): Public Service Commission; Office of People's Counsel; Department of Human Services; Department of Legislative Services

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rh/lgc

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