



HOUSE BILL 561 – ELECTRIC INDUSTRY – COMMUNITY CHOICE ENERGY

UNFAVORABLE

HOUSE ECONOMIC MATTERS COMMITTEE

February 13, 2020

NRG Energy, Inc. (“NRG”) submits these comments in **opposition** to **HB 561 – Electric Industry – Community Choice Energy**.

NRG is a Fortune 500 company, delivering customer focused solutions for managing electricity, while enhancing energy choice and working towards a sustainable energy future. We put customers at the center of everything we do. We create value by generating electricity and serving more than 3 million residential and commercial customers through our portfolio of retail electricity brands – including here in Maryland, where NRG owns four companies that are licensed by the Public Service Commission to serve retail customers. These companies offer customers a range of products ranging from cash back rewards and loyalty points, to charitable giving and 100% renewable electricity.

The competitive market has driven the development of renewable resources and enabled consumers to choose to go green with their energy supply – and many customers are making that choice. As one example, one of NRG’s retail companies, Green Mountain Energy Company, pioneered renewable energy for mass market customers. Green Mountain was the first retail supplier in the country to offer green power products to residential customers and has offered renewable options to mass market customers longer than any other retail supplier. In fact, demand for renewable energy by Green Mountain customers led to the first utility scale wind power project in the Eastern U.S. – right here in PJM – the Green Mountain Energy Wind Farm in Garrett PA in 2000. We like to think we started the renewables revolution and we are certainly committed to seeing the adoption of renewable resources grow.

NRG opposes HB 561 because rather than facilitating customer choice, it reduces the choices available to Maryland’s residential and small commercial customers by enabling local governments to: 1) establish new monopolies whereby counties and municipalities become the default supplier of electricity to all residential and small commercial customers in their jurisdictions, 2) make the electricity shopping decisions, including choosing the electricity supplier and generation resources on behalf of all customers in their jurisdictions, and 3) make it potentially cost prohibitive for customers to leave and exercise their right to choose their own electricity supplier or the electricity products or services they desire.

More specifically, HB 561:

- Replaces individual customer choice with *government* choice. Enabling county or municipal governments to make decisions that today every Maryland customer is empowered to make is not real competition or a true retail market.
- Puts local government officials and their consultants in the position to choose the supplier and/or the generation sources, determine the costs and rates to be passed on to aggregated customers, and decide on the rights and responsibilities of aggregated customers.
- Results in fewer options for customers, as one monopoly (the local distribution company) is substituted by another (the winning aggregation supplier), with new shopping restrictions that do not exist in today's market.
- Masks the identity of the electricity supplier selected to serve the aggregated customers by requiring the utility bill to reflect the local government aggregator as the supplier.
 - Local government aggregators will not be required to obtain a license to supply electricity in Maryland.
 - The retail supplier selected to serve these aggregated customers are prohibited from billing them.
- Allows local governments to impose potentially significant fees on customers who want to leave the aggregation program and exercise their right to choose another supplier. This is particularly problematic because customers will not be required to affirmatively choose to join the aggregation in the first place – they will be put on this service by default.
 - Because these local government aggregators will be empowered to own generation or contract directly with generation resources, they will have strong incentives to prevent customers from leaving the aggregation – as they will need the revenues from the sale of electricity to pay for those commitments.
 - Customers in the aggregation will be forced to take on the financial risk associated with the generation contracted by the local government – a situation the legislature eliminated when it restructured the electricity market in 1999 and required generation resource shareholders to take on this risk.
- Requires customers to *opt-out* of being included in the aggregation, which means that these customers could be locked into receiving service they did not choose and prevented from leaving that service for another supplier that offers products and pricing that better meet their needs and desires.
 - In fact, the only way to avoid being placed in the aggregation by default is for the Customers to take affirmative action to choose another supplier or to specifically choose SOS – which is currently the default service supply option available to all consumers who take no action to choose a supplier. Local government aggregators effectively become the new default service provider.
 - Even shopping customers whose contracts end and are not automatically renewed will default to the aggregation unless they 1) provide *written notice* to the county or municipality to opt-out, 2) contract with another supplier, or 3)

affirmatively choose SOS. In other words, customers must act to *avoid* the aggregation.

- Requires utility standard offer service customers to pick up the bill for delinquent accounts served by the local government aggregations.

In short, HB 561 is a bad deal for Maryland consumers.

Thank you for the opportunity to share our perspective on HB 561 and for the above reasons NRG urges the Committee give the bill an **unfavorable** report.

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