



An Exelon Company

Position Statement

OPPOSE
House Economic Matters
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Public Utilities – Transitional and Default Electric Service – Implementation

Baltimore Gas and Electric Company (BGE) opposes House Bill 1327 - *Public Utilities – Transitional and Default Electric Service – Implementation*. Effective October 1, 2023, House Bill 1327 would dismantle Standard Offer Service (SOS) in Maryland and replace SOS with a default service that prohibits utility participation; reduces Public Service Commission oversight; effectively results in slamming for all utility customers; and fails to protect customers from energy market price volatility. To date, Texas is the only state that has compromised consumer protections in this way.

For approximately two decades now, Maryland customers have had a choice in their energy suppliers. If no choice is made, customers are supplied by the Standard Offer Service. Utilities provide the SOS under the full regulatory scrutiny of the Public Service Commission. The result is a service that provides stable rates at a fixed contracted price and avoids price spikes, even as energy markets experience volatility due to extreme weather or other shortage conditions.

The aggregate effect of customer choice and SOS is a competitive market designed to benefit Marylanders: customers may shop for competitive supply when the market offers favorable terms but can revert to SOS for stable rates and the associated consumer protections, at their discretion.

House Bill 1327 unnecessarily overhauls the SOS and reduces customer choice by barring utilities from providing supply to customers who do not choose a third-party supplier. In addition, this legislation exposes Marylanders who do not shop for competitive supply to the full volatility of the energy markets without adequate consumer protections. The bill also “slams” utility customers by assigning them to a retail supplier without their affirmative consent, a move that will almost certainly engender high customer dissatisfaction and confusion.

Under the bill, the transition to Default Service would occur over a three-year period, beginning in October 2023. After the transitional period:

- Obligations to provide fixed price service to the most vulnerable low-income residential customers expire;
- Commitments to offer at least one low-income assistance program end; and
- Public Service Commission jurisdiction over the prices paid by customers for generation supply is limited to granting retail supplier licenses.

The Default Service proposed in House Bill 1327 is particularly worrisome, because it exposes customers to variable, real-time, hourly pricing which shifts significant risks to customers compared to the fixed price of SOS service. Further, this bill envisions

dividing utility service territories into Competitive Assignment Groups, which could establish multiple Default Service providers in a single utility service territory. The introduction of various alternative providers of Default Service would inject confusion and informational complexity for customers who may not know who their Default Service supplier is, or customer who believe they are shopping for competitive supply when they are not.

The current structure in Maryland has worked well for many years now. Customers have the option to shop for and receive competitive supply offers from third party suppliers. Customers can also choose Standard Offer Service, which offers pricing stability. This legislation would expose customers to significant market risks without adequate consumer protections and without any demonstration that customers in Maryland would benefit from such a drastic change.

For these reasons, BGE opposes HB 1327 and respectfully requests an unfavorable committee report.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 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 leading competitive energy provider.