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OPPOSE – HB 1327

**HB 1327 – Public Utilities – Transitional and Default Electric Service - Implementation
House Economic Matters Committee
Thursday, March 4, 2021**

Unfavorable

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 270,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery and Washington Counties). FirstEnergy is dedicated to safety, reliability and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland and New York.

Potomac Edison requests an Unfavorable report on HB 1327 for the following reasons.

- Standard Offer Service (SOS) will be materially altered without a full investigation and vetting by all stakeholders.
- The current SOS process provides a safe and reliable supply of generation for customers that do not elect to shop.
- Non-shopping retail customers will be forcibly assigned to non-utility suppliers i.e., legislative slamming.
- A common, public source of a price to compare from which customers can transparently price competitive offerings would be eliminated.
- Maryland businesses and residents will no longer receive the protection of having a standard offer service supply option, regulated by the Maryland Public Service Commission (PSC), made available to them by Maryland electric utilities. As spelled out on page 19 of HB 1327, medium and large Maryland businesses would lose SOS as of July 1, 2021, and residents and small businesses would have it taken from them on October 1, 2023.
- As reflected in the December Electric-Choice-Enrollment report on the Maryland Public Service Commission's website as to February 11, 2021 overall, customer choice in Maryland is strong.

- Excluding SMECO, almost 50% of the total peak load is currently shopping (43% for Potomac Edison). For the entire C&I load, shopping is at almost 80% (77% for Potomac Edison).
- Shopping in the residential market is significantly less at 20% overall (11% for Potomac Edison), however this is not a function of a poorly designed SOS process. Instead it is a function of residential customers being costlier for suppliers to acquire and is generally not as lucrative a competitive market segment as C&I customers. If competitive retail suppliers really want to serve this customer segment, they need to provide more cost effective and innovative products to attract these customers to shop, which is the purpose of customer choice.
- Eliminating SOS in its current form eliminates a choice for consumers who affirmatively choose not to shop and instead prefer to receive service from their electric utility company.
- This legislation disrupts the collaboratively designed (PSC Staff, OPC, competitive retail suppliers, competitive wholesale suppliers, trade groups, customer groups, utilities) and successful SOS process and is not demonstrated to be a better (or even the same) outcome.
- The bill aligns with the financial motivations of retail suppliers that want to fix something that does not need to be fixed. It eliminates competition as opposed to fostering it and without proof of concept, sets the stage for less transparency, PSC oversight and higher prices for non-shopping customers due to fewer choices.

For the above reasons, Potomac Edison respectfully request an **Unfavorable** vote on HB 1327.