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Legislative District 43
Baltimore City

Education, Health, and
Environmental Affairs Committee

Chair
Joint Committee on Ending
Homelessness

Chair
Joint Committee on Children,
Youth, and Families



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**TESTIMONY IN SUPPORT OF SB31
Electricity and Gas - Energy Suppliers – Supply Offers**

Finance Committee

February 2, 2021

Dear Madame Chair, Vice Chair Feldman and members of the Finance Committee,

SB31 would maximize the efficiency of the limited state energy assistance budget, while protecting low-income households from undue financial harm due to high third-party energy supplier charges.

SB31 offers an option that allows deregulated suppliers to continue to sell to households on energy assistance, but ensures that they charge the same, or even lower, rates as the regulated utility for customers on Maryland Office of Home Energy Program (OHEP). A fiscally responsible bill that ensures Retail Choice's benefits got to our most financially vulnerable families.

The Problems:

- 1) Wasted ratepayer and taxpayer money.
 - 2) Diluting energy assistance benefits.
 - 3) PSC does not regulate pricing, only MDGA can.
- Federal electricity data showed that on average Maryland households paid 15-26% more when they switched to a third-party electricity supplier, almost \$416 million more from 2014 to 2019. We still have no state reporting for gas premiums, just estimates.
 - There is ample evidence and data that low-income households are disproportionately harmed by third-party supply options and that their electricity costs are far higher than Standard Offer Service. 110 BGE OHEP accounts from my district paid \$650 more per year for deregulated energy as compared to BGE, the regulated utility.
 - Ironically, this also means that much of the energy assistance from rate payers and private sources meant to reduce the burden of energy bills for low-income households, is wasted on paying inflated bills and instead goes to out-of-state, third party energy suppliers.

- Massachusetts, Connecticut, Illinois, and New York, where data is available, have released reports that make clear that low-income households are not only paying higher rates than residential customers as a whole, but that low-income households are disproportionately enrolled with third-party energy suppliers. These states have all either banned, or capped, the deregulated energy rates for their energy assistance families.
- Yearly estimate of the amount Maryland wastes: \$10,000,000 to \$15,000,000 for about 30,000 electric OHEP clients and 20,000 gas clients.

Facts about Energy Assistance:

- 372,000 households in Maryland qualify for Office of Home Energy Programs (OHEP) - up to - 175% of the federal poverty level.
- “OHEP” is under Department of Human Services. OHEP processes applications and sends grants to utility companies to help low-income households pay down utility bills.
- 97,000 households receive OHEP energy assistance grants per year: about 25% of eligible households.
- OHEP’s FY2018 budget was \$82M and came from three sources: Regional Greenhouse Fund contribution (RGGI taxpayer funds), a surcharge all MD rate payers pay into, and federal grant funds called LIHEAP.
- OHEP households have very low-income -- about \$16,000 per household income per year with average utility bills of about \$1,500 per year.
- Evidence collected for the Abell Report and Southern Maryland Electric Coop (SMECO) reported that OHEP clients enrolled with third-party energy suppliers paid about \$500 - \$600 more per year than their regulated utility after enrolling with suppliers.

The bottom line -- deregulated, third party energy supplier price premiums are a misuse of public monies and undermines the intent of energy assistance.

Thank you and I ask you for a favorable report on SB31.

In Partnership,

A handwritten signature in blue ink, appearing to read "Mary Washington".

Mary Washington, Baltimore City, District 43