

Support with Amendment
Education, Energy, and the
Environment
2/29/2024

Senate Bill 959 - Electricity – Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act

Baltimore Gas and Electric Company (BGE) supports with amendments *Senate Bill 959 – Electricity – Tariffs, Distributed Energy Resources, and Electric Distribution System Support Services (Distributed Renewable Integration and Vehicle Electrification (DRIVE) Act*. Senate Bill 959 requires the Maryland Public Service Commission (Commission), on or before December 31, 2025, to adopt a transition plan requiring each electric company to transition each customer to a time-of-use (TOU) tariff rate by September 1, 2028.

Energy companies know when stress on the grid will be at its highest. To ensure all customers can be served, generation companies need to ensure that power plants are operational and meet the demand. When demand increases, generation companies will either generate more power in advance to meet the peak or purchase extra energy, which can cost more. TOU rates are one tool that can help manage peak demand growth better and the need for building additional generation. TOU rates are when the amount a customer pays is based on the time of day when the electricity is consumed. Customers are charged higher rates when using electricity during peak hours.

BGE supports our customer’s ability to affirmatively choose TOU rates, i.e., they can opt-in to a TOU rate offering. In fact, time-of-use rates are available to BGE customers in many offerings today. We offer supply-only electric vehicle, supply, and distribution (whole bill) TOU rates, as well as other forms of time-varying rates. BGE strongly supports time-varying rates programs like our Smart Energy Rebate program. The program incentivizes customers to change their usage behavior by offering a credit per kilowatt hour that the customer reduces (compared to a recent baseline of their usage) during a peak event. This program has been successful and demonstrates how an opt-out TOU program that penalizes customers with higher prices during peak periods may not be necessary.

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 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 largest energy delivery company.



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Position Statement

BGE believes that TOU rates can help some customers on their electrification journey, it is not a complete solution for all customers. We are working with the sponsor to amend the provisions requiring all customers to be on TOU rates in the form of an opt-out program. BGE recently completed a pilot approved by the Commission to offer whole bill TOU rates. The pilot program was opt-in for customers, meaning that they volunteered and consented to participate in the pilot. Throughout the pilot, BGE provided educational information and helpful tips to promote bill savings by changing their usage behavior. For the pilot, which included an incentive for participation and resulted in participants generally seeing savings, BGE had less than a 2% enrollment rate and by the end of the pilot many of those customers chose to leave the program. We have additional concerns with this legislation and are working with the bill sponsor to come up with language that provides customer choice and gives the Public Service Commission flexibility to explore time-varying offerings for the future.

Based our discussions, BGE is encouraged that this concern, amongst others, will be addressed with forthcoming amendments. For these reasons, BGE respectfully requests that the Committee issue a favorable report with amendments for Senate Bill 959.

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