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BILL NO.: House Bill 397
**Electricity and Gas – Energy Suppliers -
Supply Offers**

COMMITTEE: Economic Matters

HEARING DATE: February 4, 2021

SPONSOR: Delegate Lierman

POSITION: SUPPORT

The Office of People’s Counsel (OPC) supports House Bill 397 with the sponsor’s amendments. In Maryland and other states high supply rates from electricity and gas suppliers are harming low-income customers. This bill would reduce the negative impact of high energy prices on households least able to handle higher bills, stretch public funds to provide more energy assistance, and avoid service terminations. The bill prohibits OHEP-assisted customers from enrolling with gas and electricity suppliers unless those energy suppliers offer a rate that is equal or below the price of energy offered through utility procured processes. The bill requires Public Service Commission approval of the supplier’s rate. OPC supports the bill’s goals of protecting the most financially vulnerable households and making ratepayer and publicly funded State energy assistance dollars stretch further.

Maryland energy assistance programs are administered through the Office of Home Energy Programs (OHEP). Programs include the federally funded Maryland Energy Assistance Program (MEAP) and the ratepayer and Regional Greenhouse Gas Initiative (RGGI)-funded Electric Universal Service Programs. The OHEP grants for monthly utility bills are fixed; they do not increase when a customer is being charged high rates by an energy supplier. When an OHEP-assisted customer pays a higher rate to a supplier for electricity or gas, the grants do not reduce the financial burden of the customer’s utility bills to the extent intended by the programs. OHEP also provides grants for arrearages that

have built up over time. Low-income customers that pay high rates to a supplier for electricity or gas build up higher arrearages when they cannot pay their bills. The higher arrearages mean that the limited funds available for these grants help fewer customers.

Evidence shows that utility customers on energy assistance often pay higher rates. For example, Southern Maryland Electric Cooperative (SMECO) voluntarily provided data on the level of charges in its service territory. That data shows that suppliers are charging higher rates to customers on energy assistance than they would pay for utility-procured service. In one month, the average overcharge was over \$50 per customer.¹

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¹ Office of People's Counsel's Comments Regarding OHEP's FY 2020 Proposed Operations Plan, Case No. 8903, ML 225829, pp. 25-26 (in March 2019, 437 customers on energy assistance were overcharged \$22,929 for an average of \$52.47).