

Retail Supply Offers to Energy Assistance Households

Public Utilities Article, Section 4-308(d)(2)
SB 31, Chapter 637, 2021
HB 397, Chapter 636, 2021



Revised November 19, 2025

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Executive Summary

In the 2021 legislative session, Senate Bill 31/House Bill 397 (referred to as the limited-income price cap law) was enacted. Among other things, this legislation created new consumer protections by prohibiting electricity and natural gas retail energy choice suppliers (“Retail Supply Companies”) from offering to provide energy to limited-income customers unless the service offer was approved by the Commission and includes a commitment for the entire term to charge at or below the standard utility rate. The legislation also required the Commission to produce an annual report, including specifying certain metrics to be included, to track the implementation of this law with an effective date of July 1, 2023. The first iteration of this report was issued in 2024.

This report encompasses data for July 1, 2024 – June 30, 2025 (fiscal year 2025.) The Commission has not received any applications from Retail Supply Companies to serve limited-income customers, referred to as Energy Assistance Households (“EAH”) and the Commission has therefore not approved any offers to EAHs. Customer complaints against Retail Supply Companies have fallen and utilities have reported fewer denied customer enrollments from Retail Supply Companies attempting an unauthorized enrollment of an EAH on a service offer that has not been approved by the Commission. However, the simultaneous decline in the overall size of the residential retail choice market could be the main driver for the decrease in customer complaints.

Finally, certain customers, referred to as grandfathered customers, who would have been deemed an EAH and were under a long-term contract prior to the July 1, 2023 effective date of the limited-income price cap law, were allowed to complete their existing contract. The Commission requires Retail Supply Companies to identify the end dates of these contracts at which time the affected customer is to be returned to standard utility service or to be served under a Commission-approved contract. As the number of grandfathered customers has also declined, Retail Supply Companies report that many of the remaining grandfathered customers will be dropped in the second half of 2025.

Introduction

Senate Bill 31/House Bill 397 was passed in 2021 and requires the Commission to establish an administrative process to approve retail supply offers by electricity and natural gas suppliers for limited-income households in the state that receive energy assistance through a program administered by the Maryland Department of Human Services' Office of Home Energy Programs ("OHEP") by regulation or order on or before January 1, 2023.

Under Public Utilities Article ("PUA") §4-308 of the *Annotated Code of Maryland*, beginning July 1, 2023, the limited-income price cap law prohibits retail energy supply service to a limited-income customer that constitutes an EAH unless the supplier's offer is approved by the Commission. Retail energy supply offers approved by the Commission to serve EAHs must include a commitment, for the entirety of the contract, to charge the customer a rate that is at or below the utility's standard offer service rate for electricity (in connection with an electricity supplier) or the utility's natural gas commodity supply rate (in connection with a gas supplier.)

In September 2022, the Commission opened Rulemaking Docket RM 78 where it later adopted regulations in the Code of Maryland Regulations ("COMAR")¹ to implement the limited-income price cap law. The implemented regulations define EAH as a service address or household that is associated with a utility account that qualified for an electric or gas assistance program during the current or previous fiscal year, as defined by OHEP.²

Residential level retail choice is not implemented in all utility service territories. The limited-income price cap law only affects residential retail choice customers; thus, when this report refers to the "Utilities," it is referring only to the utilities that have residential customers purchasing electricity or natural gas from a third-party supplier. Baltimore Gas and Electric Company ("BGE") supports residential retail choice in its service territory for both natural gas and electric service. Potomac Electric Power Company ("Pepco,") Delmarva Power & Light Company ("Delmarva,") The Potomac Edison Company ("Potomac Edison,") and Southern Maryland Electric Cooperative, Inc. ("SMECO") are electric utilities that support residential retail choice in their service territories. Washington Gas Light Company ("WGL") is the only natural gas utility that supports residential retail choice in its territory. Chesapeake Utilities

¹ RM 78 affected COMAR sections 20.51, 20.53, 20.54, and 20.59.

² COMAR 20.51.01.02B(13), 20.53.01.02B(13), 20.54.01.02B(9), and 20.59.01.02B(12).

Corporation, and Columbia Gas of Maryland support only commercial- and industrial-level retail choice in their territories.³

Utilities, including BGE who have customers consuming both fuel services, cannot report information on customers who have both electric and gas fuel service. Therefore, metrics for this report are often reported in terms of accounts served such that a customer who receives both electric and gas retail choice service is counted once as an electric account and once as a gas account. Where possible, primarily for metrics derived from Retail Supply Company-reported data, counts are identified by dual fuel service and electric- or gas-only service.

EAH customers as of July 1, 2023 who were already receiving service from a Retail Supply Company prior to the effective date of the limited-income price cap law, were authorized to conclude service under the existing contract and to be dropped or transitioned to a Commission approved service offer at the conclusion of that existing contract.

PUA §4-308 Reporting Metrics

PUA §4-308(d)(1) specifies that the following information is provided in the report for each fiscal year reporting period:

- (i) the names and the total number of suppliers that applied for approval to sell to energy assistance households;
- (ii) the names and the total number of suppliers that were approved under subsection (a)⁴ of this section;
- (iii) the total number of suppliers that were rejected, if any;
- (iv) the total number of energy assistance households that were signed up with a third-party supplier, as reported by the supplier;
- (v) the total number of submitted supplier enrollments that were denied because the supplier was not approved to serve energy assistance households, as reported by the utility; and
- (vi) the total number of self-identified energy assistance households that filed complaints about their third-party supplier.

³ Chesapeake Utilities Corporation encompasses - Chesapeake Utilities Corporation - Maryland, Sandpiper, and Elkton.

⁴ Subsection (a) requires the Commission to establish an administrative process to approve supply offers for electricity or gas for households in the state that receive energy assistance through a program administered by OHEP.

The following data is reported for Maryland as a whole for FY 2025:

- (i) The total number of Retail Supply Companies who applied for approval to serve EAHs was **0**.
- (ii) The total number of Retail Supply Companies who were approved by the Commission to serve EAHs was **0**.
- (iii) The total number of Retail Supply Companies who applied for approval to serve EAHs and were rejected was **0**.
- (iv) Retail Supply Companies reported that they successfully signed up **0** EAHs for electric service only, **25** EAHs for natural gas service only, and **0** EAHs for both electric and natural gas dual service. In total, this is **25** households and **25** accounts.
- (v) The Utilities reported **5,353** attempted account enrollments that were denied because the Retail Supply Company was not approved to serve EAHs which is down from 7,827 denied account enrollments in FY 2024. This includes **3,157** (5,098 in FY 2024) rejected account enrollments for electric service and **2,196** (2,729 in FY 2024) rejected account enrollments for natural gas service.
- (vi) The Commission does not yet have the capability for consumers submitting complaints about Retail Supply Companies to self-identify as EAH. The Commission currently collects complaints made against Retail Supply Companies from all consumers.

For the period from January 1 – June 30, complaints made against suppliers by any consumer have now fallen for three straight years. The data is shown in **Table 1**.

Table 1

Year	Total Complaints January 1 – June 30
2023	370
2024	123
2025	90

One company alone signed up all 25 EAH customers that Retail Supply Companies reported as being signed up in FY 2025 in metric iv. The company stated that all 25 have been submitted to the utilities to be dropped and will be refunded according to COMAR.

Grandfathered EAH Retail Supply Customer Metrics

On November 28, 2023, the Commission issued an Order in RM 78 that required Utilities and Retail Supply Companies to provide required reporting metrics and other data regarding the number of EAH customers for whom continued service by a Retail Supply Company under a pre-existing contract that is authorized to be completed after July 1, 2023. At that time, Retail Supply Companies reported that 13,095 EAH commodity service accounts were being served under contracts with Retail Supply Companies prior to July 1, 2023.⁵ Retail Supply Companies are authorized to continue serving grandfathered customer accounts under the existing contract until the contract expires or the EAH customer is transferred to a Commission-authorized service offer that complies with the limited-income price cap law.

Retail Supply Companies were required to identify their grandfathered EAH accounts and the time period when the contract is expected to conclude. Figures 1 and 2 illustrate the expected time period when the grandfathered contracts are completed, starting with the third quarter of 2025. In total, Retail Supply Companies have identified **4,539** EAH accounts remaining to be dropped from the third quarter of 2025 through the fourth quarter of 2030.

⁵ Some households receive retail energy supply for both electric and gas services from the same retail energy supply company. In this case, that household is considered both an electric and gas account for reporting purposes.

Figure 1

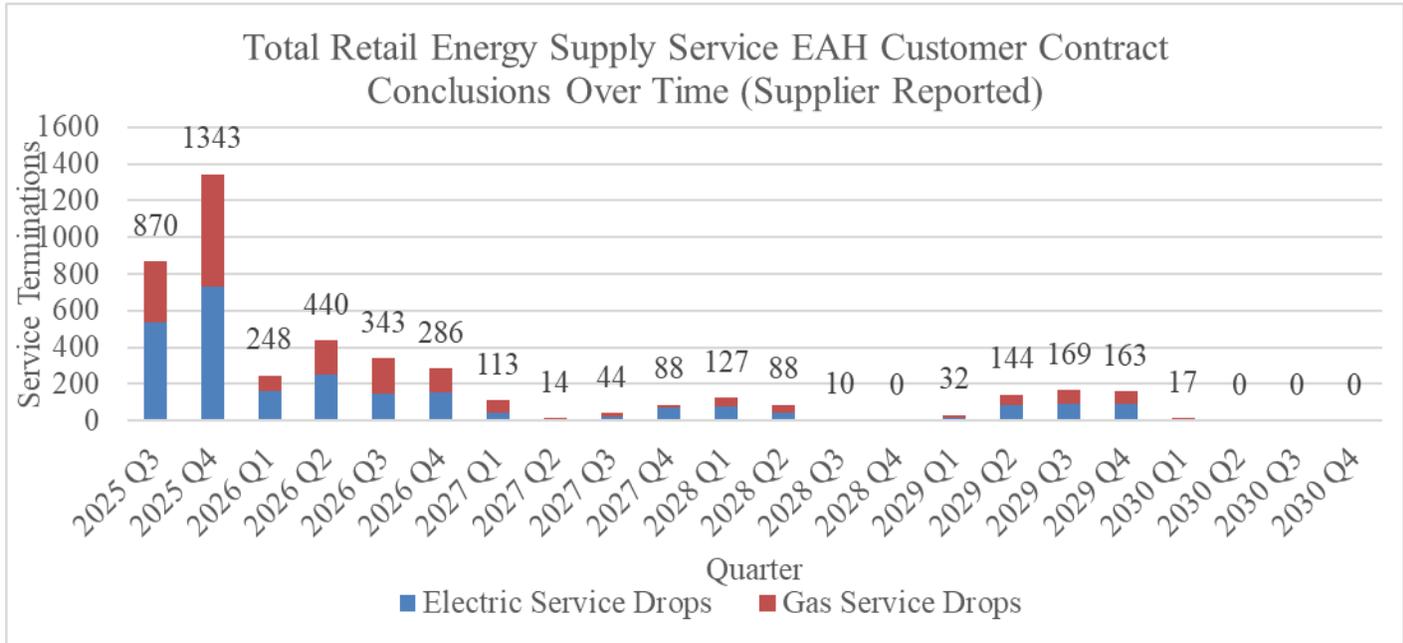
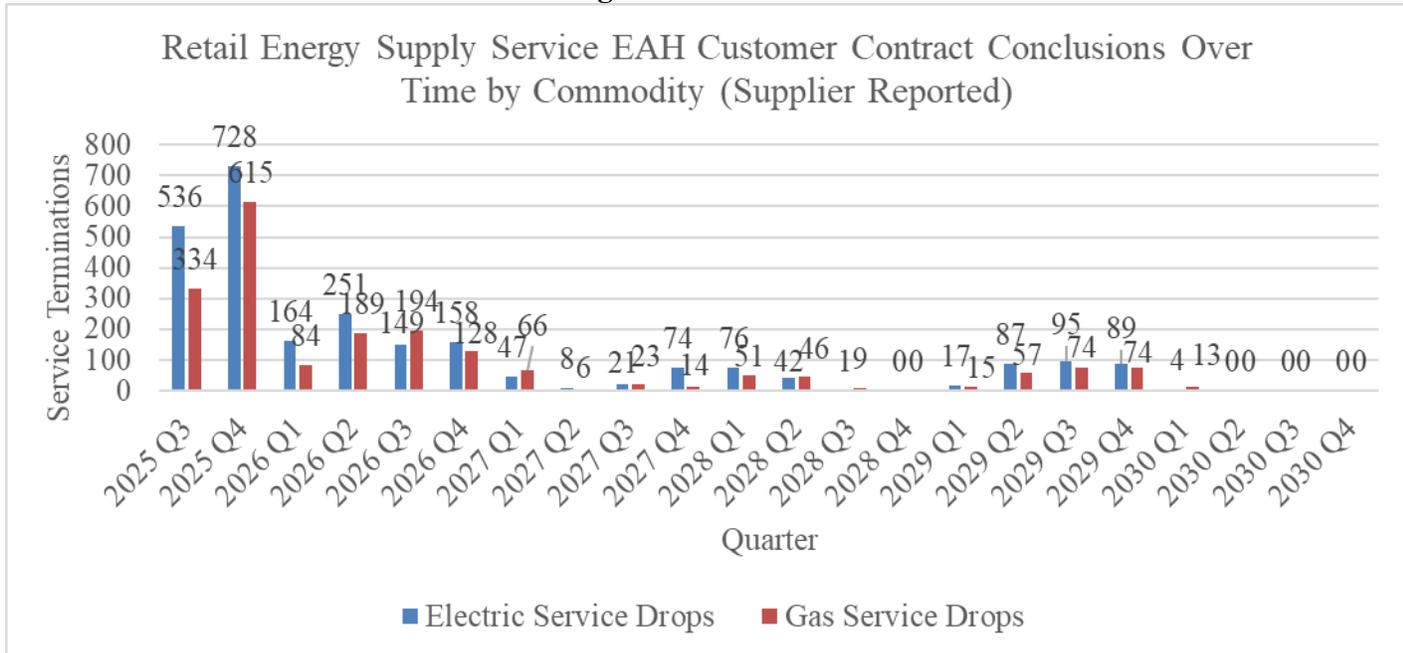


Figure 2



For the FY 2025 reporting period, Retail Supply Companies reported that they dropped **2,284** grandfathered EAH electric service accounts and **1,398** grandfathered EAH gas service accounts, totaling **3,682** dropped grandfathered EAH accounts.

Current EAH Accounts Under Service Metrics

The Utilities reported significantly fewer EAH accounts under service as of July 1, 2025 compared to the number of grandfathered EAH accounts that Retail Supply Companies reported anticipating dropping going forward. Utilities reported **1,738** EAH accounts under retail supply service as of July 1, 2025 which is down from the previous 4,162 EAH accounts reported as of July 1, 2024. This includes **1,189** EAH electric accounts and **549** EAH gas accounts. **Table 2** illustrates the aggregated Utility reported counts of EAH accounts and residential accounts.

Table 2

Commodity	EAH Accounts	Total Residential Accounts	% EAH
Electric	1,189	111,868	1.06%
Gas	549	59,451	0.92%
Total	1,738	171,319	1.01%

The Utilities reported the counts of EAH and residential accounts for each Retail Supply Company in their service territory as of July 1, 2025 which allows calculation of the percentage of Retail Supply Company residential accounts who are EAH for each combination of a Retail Supply Company in a utility territory. There were **10** Retail Supply Companies for whom at least 5 percent of their customers in at least one utility territory were EAH including **5** Retail Supply Companies for whom at least 15 percent of their customers in at least one utility territory were EAH.

Non-Response Metrics

All Retail Supply Companies who were reported by the Utilities to have EAH customers under service as of July 1, 2025 reported data. **Eight** Retail Supply Companies who serve residential customers but not EAH customers as of July 1, 2025 were contacted at least three times but did not respond with data in time to produce this report. These **eight** companies serve a combined **433** residential customer accounts or **0.25** percent of the total count of residential accounts. The Commission is evaluating its options to ensure these companies report their data in the future.

Conclusions

To date, there has not been interest from Retail Supply Companies in serving residential EAH customers as indicated by the lack of applications to the Commission for authorization. The data reported by the Utilities and Retail Supply Companies also shows a decline in the number of EAH accounts served by Retail Supply Companies since the July 2024 observation.

There has been a decline in total complaints against Retail Supply Companies between January 1 and June 30 since 2023 as reported for PUA §4-308(d)(1)(vi). Additionally, there were fewer attempted unauthorized enrollments in this period reported for PUA §4-308(d)(1)(v), the number of rejected account enrollments as reported by the Utilities. These metrics warrant continued monitoring in future iterations of this report as indicators of whether Retail Supply Companies are working to avoid unauthorized EAH customer enrollments or if they are relying on the Utilities as a backstop to deny attempted unauthorized enrollments. In general, the size of the residential retail choice market has declined recently as new customer-choice consumer protection laws have been implemented. Therefore, there is some uncertainty in whether the reduction in rejected enrollments and the reduction of complaints tracked via PUA§ 4-308(d)(1)(vi) is due to (1) a smaller market that is attempting to enroll fewer customers overall, (2) improved behavior from Retail Supply Companies in ensuring they are not attempting unauthorized EAH enrollments, or (3) a combination of these two factors.

The vast difference (**2,801**) between the expected number of anticipated quarterly grandfathered EAH account drops (**4,539**) as reported by Retail Supply Companies and the current number of EAH accounts (**1,738**) under retail service as reported by the Utilities is noteworthy and will be monitored going forward. A possible explanation is overly cautious definitions by Retail Supply Companies in identifying the grandfathered contracts to be dropped or grandfathered EAH accounts becoming non-EAH accounts in between the pre-July 1, 2023 effective date of the limited-income price cap law and the current snapshot of EAH accounts under service according to the Utilities. However, other explanations are possible.

The Commission will continue monitoring the implementation of the limited-income price cap law and the appropriate metrics with an emphasis on verifying that grandfathered customers conclude their pre-existing service and that Retail Supply Companies are taking appropriate actions to avoid unauthorized service of limited-income customers.