

PUBLIC SERVICE COMMISSION OF MARYLAND

REPORT ON IMPLEMENTATION OF 2021 SENATE BILL 31/ HOUSE BILL 397 LIMITED-INCOME MECHANISM FOR RETAIL ENERGY SUPPLY

October 2024



**William Donald Schaefer Tower
6 St. Paul Street
Baltimore, Maryland 21202-6806**

www.psc.state.md.us

Contents

Introduction..... 1
Legislative Reporting Requirements..... 2
Grandfathered EAH Retail Supply Customers 3
Retail Supply License Reporting Population Statistics 5
Conclusion 5

Introduction

In the 2021 legislative session, the Maryland legislature enacted Senate Bill 31/House Bill 397 (referred to as the limited-income price cap law) which requires the Commission to establish an administrative process to approve retail supply offers for electricity or natural gas for households in the State that receive energy assistance through a program administered by the Office of Home Energy Programs (OHEP) by regulation or order on or before January 1, 2023. Beginning July 1, 2023, the limited-income price cap law prohibits retail energy supply service to a limited-income customer that constitutes an energy assistance household (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).¹ In Administrative Docket RM 78, the Commission adopted regulations to implement the limited-income price cap law. EAH is defined in COMAR 20.51.01.02(B)(13) as a service address or household associated with a utility account that qualified for an electric assistance program during the current or previous fiscal year.

Retail choice is not offered in all utility service territories. When this report refers to the "utilities," the report is referring only to those utilities where retail choice has been implemented in their service territories for residential customers. Baltimore Gas and Electric Company (BGE) supports residential retail choice in its territory for both natural gas and electric service. Potomac Electric Power Company (Pepco), Delmarva Power & Light Company (Delmarva), Potomac Edison (PE), and Southern Maryland Electric Cooperative (SMECO) are electric distribution-only utilities that support residential retail choice in their territories. Washington Gas Light Company (WGL) is the only natural gas distribution-only utility that supports residential retail choice in its territory. Chesapeake Utilities, Columbia Gas of Maryland, and Elkton Gas support only commercial and industrial level retail choice in their territories.

This report encompasses data for fiscal year 2024 (July 1, 2023 – June 30, 2024). The Commission has implemented a process to approve retail supply companies to provide service to EAHs if certain conditions are met. However, as of the end of the fiscal year, no supplier has filed for Commission approval of a proposed EAH contract offering.

¹ Public Utilities Article §4-308. <https://casetext.com/statute/code-of-maryland/article-public-utilities/division-i-public-services-and-utilities/title-4-rate-regulation/subtitle-3-specific-rate-regimes/section-4-308-limited-income-mechanism>.

In the fourth quarter of 2023, the Commission issued data requests for retail supply companies to provide data including estimates of the number of EAH customers who were receiving service prior to the effective date of the limited-income price cap law and the anticipated end dates of those contracts, at which time they are expected to either terminate service or transfer the customer to a Commission approved offering. These customers are referred to as grandfathered customers.

Finally, utilities have implemented a backstop mechanism to identify attempted unauthorized enrollments that retail supply companies may request.

Legislative Reporting Requirements

Public Utilities Article (PUA) §4-308(d)(1) of the Maryland Code requires the Commission to publish a report that includes the following information:

- (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 to sell to energy assistance households;
- (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.

Throughout Maryland, in the fiscal year 2024 (July 1, 2023 – June 30, 2024):

- (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 **223** EAHs for electric service only, **0** EAHs for gas service only, and **0** EAHs for both electric and gas service. In total, this is **223** households and **223** accounts.
- (v) The utilities reported **7,827** attempted enrollments that were denied because the retail supply company was not approved to serve EAHs. This includes **5,098** rejected account

enrollments for electric service and **2,729** rejected account enrollments for natural gas service.

- (vi) The Commission is evaluating its technical options to incorporate into its customer-facing data collection portal the ability to track the total number of self-identified EAHs that filed complaints about their third-party supplier. This update has been superseded at this time by efforts to develop education and training requirements as required by Senate Bill 1 (2024).

All 223 EAH customers that retail supply companies reported signing up, signed up online or by direct mail without interacting with an agent before the companies became aware of their EAH status. All 223 were reported to be dropped upon learning of the customer's EAH status.

The utilities reported that there were **4,162** EAH accounts under retail energy supply service as of July 1, 2024, which is down from the previously reported 7,613 EAH accounts under retail energy supply service reported as of July 1, 2023.

In February 2024, BGE experienced a system-related issue that allowed 93 EAH electric customers to be enrolled with an electric supplier when the enrollment should have been rejected. In July 2023 and February 2024, the same issue also occurred on the gas side along with some instances where the timing of manual application of OHEP funds caused 272 incorrect gas enrollments. BGE reports that the affected retail supply companies were notified and instructed to drop affected customers upon discovery and correction of these issues.

Grandfathered EAH Retail Supply Customers

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 supplier under a pre-existing contract is authorized to be completed after July 1, 2023, which is the effective date of the price cap imposed by the limited-income price cap law. 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, 2023.² 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. Over five years, the total number of EAH accounts in the state who are expected to complete their grandfathered service in a given quarter is depicted below in **Figures 1 and 2**.

² 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

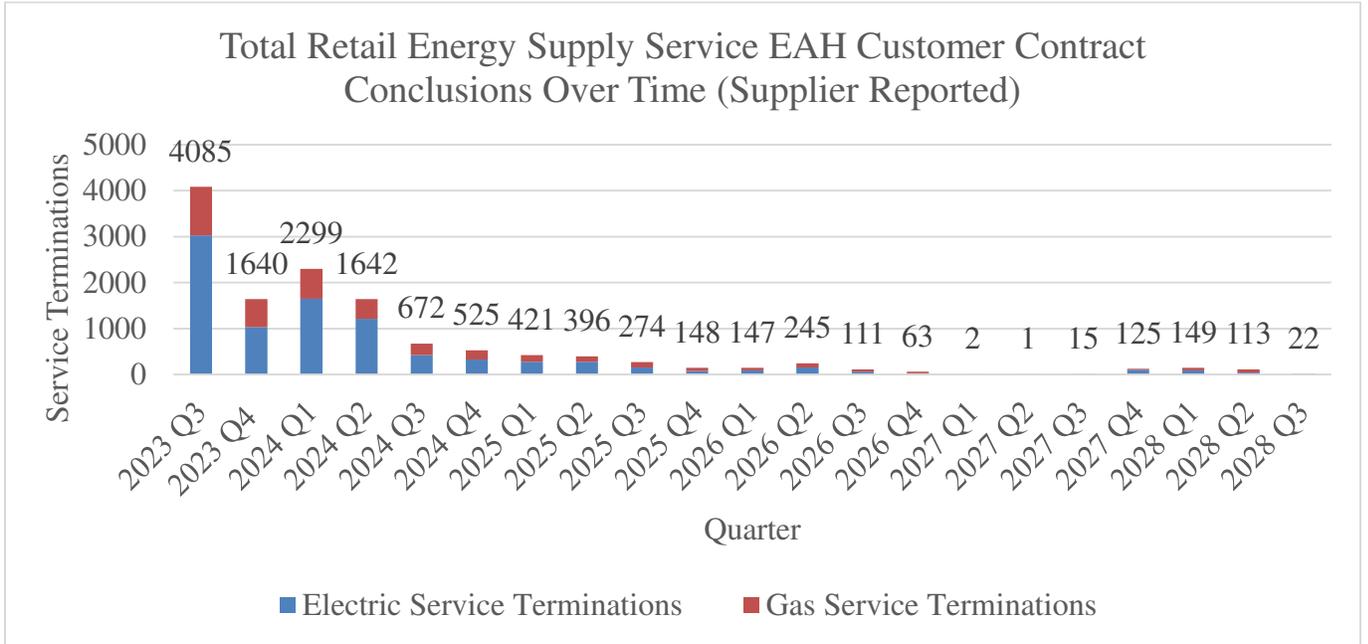
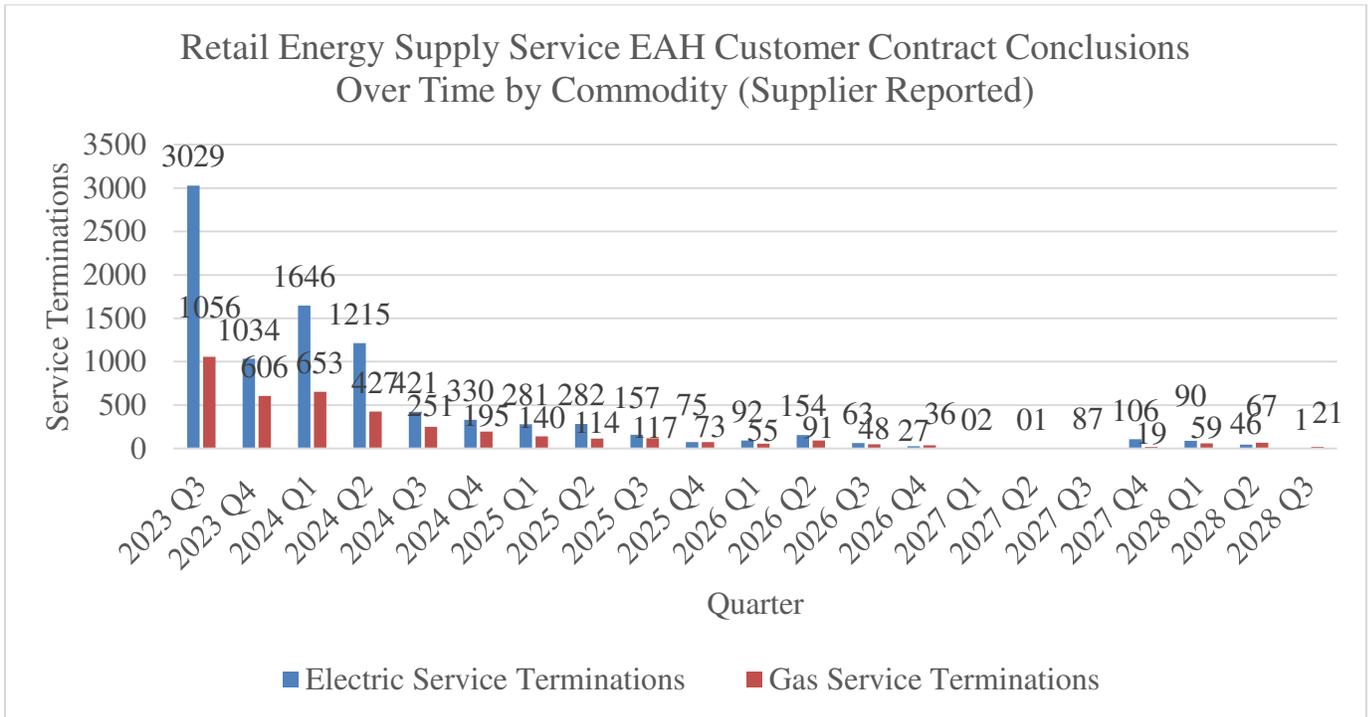


Figure 2



For the fiscal year 2024 reporting period, retail supply companies reported that they dropped **7,528** grandfathered EAH electric service accounts and **3,045** grandfathered EAH gas service accounts,

totaling **10,573** grandfathered EAH accounts. Some grandfathered EAH accounts who were initially identified to be dropped or moved to a Commission-approved service offer at the conclusion of their existing contract canceled their contracts early.

Retail Supply License Reporting Population Statistics

As of November 29, 2023, the Commission’s database of retail supply licenses included 633 issued licenses. Each license is considered a company for reporting purposes, although some companies may have two licenses—one for electric and one for gas service. Four hundred seventeen of these retail supply licenses have been issued to broker companies who do not provide energy services directly to customers, so they were not required to provide data. The remaining 216 companies were contacted to provide information for this report.

The utilities reported 60 companies who had one or more rejections of an attempt to enroll an EAH customer in fiscal year 2024. Among the 216 companies contacted, these 60 were prioritized for inclusion in the data reported under the legislative requirements and the Commission received responses from each of these 60 companies. In total, 108 companies did not report their data for the legislative reporting requirements. Some of the 108 companies responded informally that they do not serve residential customers and/or only serve customers at the commercial and/or industrial level and, therefore, had no data to report.

Conclusion

The Commission has implemented a process through which retail supply companies may apply for authorization to serve EAHs. However, there has been no interest in doing so as of the end of fiscal year 2024. Customers for whom continued grandfathered service is allowed until contract completion have been identified by retail supply companies who report that they anticipate their removal upon completion of the grandfathered contract unless they are transferred to an approved contract. The Commission will continue to offer the approval process through which retail supply companies can seek approval to serve EAH customers and continue to monitor implementation of the limited-income price cap law.