

Council Bill 19-0127R

1 supplier residential electricity data published by the U.S. Energy Information Administration
2 reveal that, from 2014 to 2017, Maryland households that chose retail electricity paid an
3 estimated \$255 million more than they would have if they had remained with their regulated
4 utilities' standard offer, excluding suppliers who sell renewable energy. In short, the energy sold
5 is the same, but the price is substantially higher.

6 The Baltimore City Council is deeply concerned by a recent Abell Foundation report that
7 found that our City's most vulnerable households are being targeted by retail suppliers and are
8 paying significant pricing premiums. Much of the assistance money meant to help vulnerable
9 households pay their utility bill is going to third party suppliers in the form of higher prices.
10 Increased energy burdens for Baltimore City's low-income consumers have severe and real
11 negative health, medical, financing, and housing consequences.

12 In order to stop retail suppliers from overcharging Maryland residents, the Maryland General
13 Assembly needs to create legislation requiring the PSC to collect rate data from retail electricity
14 and natural gas suppliers marketing in Maryland. Until this data is collected and published,
15 Maryland citizens will continue to be overcharged. Understanding what actual rates are charged
16 and how these retail plans are established and billed will give legislators the necessary
17 knowledge to put reforms in place and meet the end-goal of the Electric Choice Act.

18 The legislation should require the PSC to run initial and then yearly reports that analyze the
19 number of utility accounts that are variable priced accounts versus fixed rate accounts, determine
20 the actual price levels of all retail accounts, and, if possible, also determine the number of retail
21 accounts that are subject to termination fees. This data should be provided separately for
22 customers that receive assistance from the Office of Home Energy Programs (OHEP) and from
23 non-OHEP accounts. While this data is being collected and analyzed, the legislature should
24 consider a temporary moratorium on retail supply for customers from the individual residential
25 market.

26 Experience in other states indicates that aggregated supply can and does lower prices.
27 Maryland legislation should enable OHEP and local government to acquire aggregated energy
28 under contract, provided such contracts guarantee savings as compared to SOS rates and have
29 other safeguards. The legislation should also discontinue individual residential contracts
30 permanently and do the same for variable rates (energy rates that change on a month-to-month
31 basis and often shoot up during especially hot or cold months). Many retailers sign up customers
32 for variable rates without explaining how a variable rate works. Instead of explaining how a
33 variable rate works, many direct sales agents solely focus their sales pitch on cash or loyalty
34 incentives. The customer, who the retailer has failed to properly inform about the rate plan, is
35 surprised, or even unaware, when they are hit with a huge utility bill, especially when the weather
36 takes a turn. When given the choice, customers choose fixed rates over variable rates. Since
37 variable rates are highly volatile and frequently misunderstood by consumers, the legislature
38 should seriously consider eliminating residential auto-renewal to variable-rate contracts without
39 explicit customer explanation and opt-in.

40 The legislation should improve the design of utility bills to make them more readable and
41 informative for consumers, and the legislation should require and fund changes to improve
42 retailer pricing and contract transparency. Residential utility bills (both online and physical
43 versions) should have the full third-party pricing plan information, including the pricing plan's
44 name and the contract start and stop dates. Providers should clearly list utility SOS electricity
45 and natural gas rates on their websites and on utility bills. Retail providers should include

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1 information on all utility bills that show how much the customer saved or overpaid on that
2 invoice cycle compared to the regulated utility offer. All bills should use clear language that is
3 easily understandable; all monetary figures should begin with the dollar sign, and the phrase
4 “kilowatt hours” should be spelled out, rather than abbreviated as “KH”. If energy retailers are
5 allowed to continue charging variable rates, retail suppliers should be required to list the past 12-
6 month variable electric or natural gas rates on their websites in a place that customers and
7 potential customers can easily find. Retail suppliers should also be *required* to inform customers
8 about upcoming rate changes and provide customers with a variety of options through which they
9 can receive this information, such as via phone call, text, or physical mail.

10 The legislation should also require the Public Service Commission to establish a unit within
11 the agency responsible for monitoring the competitive markets and investigations to ensure
12 compliance with the consumer protection rules. Enhanced consumer protection rules are needed,
13 but lack force without adequate enforcement procedures and tools. The Commission also should
14 be able to provide relief to all consumers hurt financially by deceptive practices and non-
15 compliance with consumer protection laws and regulations. Without resources that allow the
16 PSC to investigate and enforce provisions of this legislation, the legislation will lack genuine
17 force.

18 Finally, the Maryland General Assembly’s legislation should delay approving the retail
19 supplier requests before the necessary data has been gathered and analyzed and the necessary
20 consumer protections have been enacted. The legislation should make sure to disallow supplier
21 consolidated billing. Supplier consolidated billing blocks consumers from accessing their utility
22 bill and therefore denies consumers the opportunity to learn about their energy usage or utility
23 rates. This information is necessary for consumers to make decisions in the marketplace, and
24 Maryland residents should not be denied it.

25 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
26 Baltimore City Council requests the Baltimore City delegation to the 2019 Maryland General
27 Assembly to create legislation that requires the Public Service Commission to collect and analyze
28 retail electric and natural gas supplier actual rates, usage, and zip-code information and data for
29 residential customers; eliminate retail supplier individual residential market contracts; make
30 aggregated supply options that would lower costs available to households; and enact additional
31 consumer pricing and contract safeguards for all Maryland residents who choose third-party
32 energy supply.

33 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Baltimore City
34 Delegation to the 2019 Maryland House of Delegates, the Maryland Public Service Commission,
35 the Maryland Office of People’s Counsel, and the Mayor’s Legislative Liaison to the City
36 Council.