

**BEFORE THE PUBLIC
SERVICE COMMISSION OF MARYLAND**

| | | |
|------------------------------------------------------------------|------------------|---------------------------------------|
| Retail Gas and Electric Supply Offers to Low Income Customers | * * * * | ADMINISTRATIVE DOCKET PC55 RM78 |
|------------------------------------------------------------------|------------------|---------------------------------------|

PC44 Competitive Markets and Customer Choice Work Group Report and
Proposed Customer Communications Plan for New Low-Income Gas and Electric
Residential Supply Offers

INTRODUCTION

The Public Conference 44 (“PC44”) Competitive Markets and Customer Choice (“CMCC”) Work Group Leader submits this report and proposed customer communications plan in accordance with Commission Order No. 90342, regarding the implementation of Maryland Chapter 637 of the Laws of Maryland (2021) (“Chapter 637”), as codified in § 4-308 of the Public Utilities Article (“PUA”), *Annotated Code of Maryland*. Section 4-308 creates new consumer protections governing retail supply offers for residential households that receive energy assistance through a program administered by the Office of Home Energy Programs (“OHEP”). The law affects Maryland electric utilities and gas utilities, including electric cooperatives and municipal utilities (collectively the “Utilities”), that currently offer retail electric choice in their service territories.¹ This law will take effect on July 1, 2023.

The CMCC Work Group met five times between October 24, 2022 and March 24, 2023, to discuss and develop a framework of proposed messaging actions by the Utilities, suppliers, and

¹ The electric and/or gas utilities that currently have active competitive electric supply markets include Baltimore Gas and Electric Company (“BGE”), Potomac Electric Power Company (“Pepco”), Delmarva Power & Light Company (“Delmarva Power” and referred jointly with Pepco as the “PHI Companies”), The Potomac Edison Company (“Potomac Edison”), Southern Maryland Electric Cooperative, Inc. (“SMECO”), and Washington Gas Light Company (“Washington Gas”). Choptank Electric Cooperative, Inc. (“Choptank”) currently does not have any licensed retail suppliers registered in its service territory.

the Commission to inform customers of the change in law. Each meeting had on average 65 attendees, with representatives from the State and county governments, Utilities, competitive energy service providers, and consumer advocates. The Work Group developed an overall messaging framework for the Utilities and suppliers, including model “Notice” language for the Utilities to include in their June customer bills. The Notice language is included as Attachment A to this Report. The proposed framework and the model Notice are consensus proposals, except for the issue of cost recovery. The Work Group also discussed recommendations for the Commission to incorporate messaging and additional features for its Energy Choice website. The Work Group respectfully requests the Commission note this Report, approve the proposed customer communications plan and model Notice language, and adopt the recommendations herein for the Commission’s Energy Choice website.

BACKGROUND

On May 30, 2021, the Maryland General Assembly enacted Maryland Senate Bill 31² as Chapter 637, amending PUA § 4-308. Among other things, the new law prohibits a third-party retail supplier from offering to provide electricity or gas services to a residential household receiving OHEP assistance (*i.e.*, “Energy Assistance Supply Offers”), beginning July 1, 2023, unless the Commission has approved the supply offer. The statute also establishes minimum standards for these Energy Assistance Supply Offers, such as prohibiting retail suppliers from charging a termination fee to households that currently receive or received OHEP assistance during the previous fiscal year.

On May 16, 2022, the Commission initiated Public Conference 55 (“PC55”) for the purpose of receiving written comments regarding the implementation of Chapter 637. A number

² Senate Bill 31 was cross-filed with House Bill 397.

of stakeholders filed comments, including proposed regulations from the Office of People’s Counsel and recommendations from the Commission’s Technical Staff. Subsequently, on September 2, 2022, the Commission issued Order No. 90342, which served as a notice initiating Rulemaking 78 for the purpose of adopting implementation measures for new low-income gas and electric residential supply protections. In the Order, the Commission directed the CMCC Work Group to file “a proposed customer communications plan for informing existing and future retail supply customers impacted by the statute about coming changes.”³ The Commission further instructed that the plan should include “proposed communications changes by utilities and suppliers, and changes to the Commission’s website.”⁴

The Commission held a legislative-style rulemaking on October 27, 2022, November 2, 2022 and November 9, 2022.

WORK GROUP ACTIVITIES

The CMCC Work Group met on October 24, 2022, for a brief, preliminary discussion of the Commission’s directive in Order No. 90342 and a tentative path forward for developing a customer communications plan. Work Group members observed that the Commission would begin its rulemaking on Energy Assistance Supply Offer implementation measures later that week, on October 27. The Work Group therefore agreed to wait until after the rulemaking to discuss a path forward for the communications framework, anticipating that the newly adopted rules would inform Work Group discussions.

³ RM78 Dkt. Item No. 1, Order No. 90342, Notice Initiating Rulemaking and Directing Implementation Measures for New Low Income Gas and Electric Residential Supply Protections at 12 (Sept. 2, 2022) (“RM78 Notice”).

⁴ *Id.*

On January 5, 2023, the CMCC Work Group met to discuss stakeholder preferences for how the Utilities and retail suppliers should communicate the change in law to their customers.

Issues discussed at the meeting include:

- Whether customer messaging should be targeted only to those customers directly affected by the change in law—i.e., Energy Assistance Households⁵—or should all utility customers receive this messaging;
- Whether suppliers should inform the Utilities of which of their customers are on fixed supply contracts versus those on variable or month-to-month contracts;
- Pennsylvania customer notification procedures for implementing Pennsylvania’s Customer Assistance Program shopping program; and
- Whether the timing of the Utilities’ and suppliers’ customer notices will be affected by the Utilities’ overall implementation plan for supplier consolidated billing;

The Work Group Leader also presented a preliminary timetable for certain actions by the Work Group participants, based on the July 1, 2023 effective date. At the conclusion of the meeting, the Work Group Leader requested that the Utilities and retail suppliers submit their communications proposals before the next meeting.

On February, 16, 2023, the CMCC Work Group met a third time to discuss the compiled stakeholder communications proposals. The Work Group developed a working customer communications framework around the following key considerations:

- Who will receive the communications?
- What kind of communications will be sent to customers?
- What will the communications say?
- When will the communications be sent?

⁵ COMAR 20.51.02.14, as revised during the Commission’s rulemaking in RM78, defines “Energy Assistance Household” to mean a service address or household associated with a utility account that the Office of Home Energy Programs found has qualified for an electric or gas assistance program during the current or previous fiscal year.

The proposed customer communications framework or plan is described in further detail in the next section. Briefly, the Work Group reached a general consensus on a hybrid framework where the Utilities will send a targeted Notice to current and previous fiscal year Energy Assistance Household customers, informing them of the change in law and what it means for Energy Assistance Supply Offers beginning July 1. The Utilities will also post information related to this change on their websites, for a broader audience, incorporating key content from the targeted Notice. Third-party retail suppliers will also notify those customers affected by the change in law by including in customer drop notices a description of this change and its impacts. The Work Group also discussed recommended changes to the Commission’s website, including messaging and added functionality to the Maryland Energy Choice shopping website. Notwithstanding the general consensus on conceptual framework, RESA and NRG offered additional comments, which are also outlined below.

PROPOSED CUSTOMER COMMUNICATIONS FRAMEWORK

1. Utilities

The electric and gas utilities that have active competitive electric supply markets will implement a hybrid customer communications approach, which comprises: (1) sending notice to the customer in the form of a physical letter or e-mail—if the customer has elected electronic billing or indicated a preference for receiving electronic notifications—targeted specifically to Energy Assistance Household customers; and (2) posting a more general notice to all customers via the Utilities’ websites. Specifically, the Utilities will take the following actions:

- For the June billing cycle, the Utilities with registered retail suppliers and customers on retail electricity and/or natural gas supply will send a Notice (via letter or email)⁶ to current and previous fiscal year Energy Assistance Household customers.⁷
- Utility messaging will follow the proposed Model Customer Notice developed by the CMCC Work Group.
- Also in June, the Utilities will include on their websites the key information contained in the Model Customer Notice and other helpful information about the change in law intended for a broader audience, including a list of Frequently Asked Questions (see Attachment B).

2. Retail Suppliers

Third-party retail suppliers will send separate communications to affected customers regarding the change in law through drop notices triggered by the July 1, 2023 effective date. Suppliers will continue to follow existing COMAR requirements concerning customer drop notifications. Each supplier’s communication under this section will include the following required information:

- Affirmative statement that suppliers are prohibited from charging an Energy Assistance Household customer an early termination or cancellation fee, including customers who are dropped to Standard Offer Service as a result of implementing PUA § 4-308;
- The customer’s estimated drop date; and

⁶ In determining the most appropriate manner of customer notification—by letter or e-mail—the Utilities will balance several considerations, including the likelihood of reaching the most target customers, overall messaging costs, and customer preferences, including customer enrollment in electronic or paperless billing and/or preference for paper or e-mail notifications.

⁷ Currently, no member of Choptank is enrolled with a retail supplier. Therefore, it is unnecessary to notify the membership of the Energy Assistance Supply Offer mandate. As of the July 1, 2023 “go live” date, Choptank will provide information to its members regarding the mandate, under the Customer Choice Portal of Choptank’s website.

- Statement that the drop will be automatic, the customer will receive a confirmation letter from the utility about the drop, and no further action by the customer is required.

For customers receiving energy assistance before July 1, 2023, suppliers will provide 30-day Notice of Contract Expiration or Cancellation to shopping customers identified by the Utilities as energy assistance recipients in accordance with the terms of their contracts,⁸ consistent with COMAR 20.53.07.10 and COMAR 20.59.07.10. For customers who enroll in energy assistance on or after July 1, 2023, suppliers will notify their customers of their option to transition to an approved offer or return to utility Standard Offer Service (electricity) or Sales Service (natural gas), consistent with the requirements in new COMAR 20.53.04.02(K) and COMAR 20.59.04.02(K).

3. Commission Website

The CMCC Work Group discussed potential changes to the Commission's website to align with the information communicated to utility and retail supply customers as well as ways to enhance the Commission's Energy Choice website. The Work Group recommends the following consensus changes:

- Beginning in June, to coincide with the Utilities' messaging, the Commission should update its Energy Choice website(s) to include information about the change in law, including the same list of Frequently Asked Questions posted on the Utilities' websites; and

⁸ In Order No. 90342, the Commission directed each utility with retail shopping customers to begin providing the retail suppliers operating in their service territories with a list of any energy assistance household customers, if the utility does not have the capability to transmit their customers' energy assistance household status via EDI or XML. The Utilities are required to provide the lists beginning April 1, 2023. RM78 Notice at ¶34.

- The Commission should enhance its Energy Choice website to include labels for any approved Energy Assistance Supply Offers as well filtering options to help Energy Assistance Household customers readily identify approved offers.

ADDITIONAL STAKEHOLDER COMMENTS AND RECOMMENDATIONS

1. RESA & NRG

RESA and NRG appreciate the Commission's and the Work Group's attention to this communications plan. RESA's and NRG's goals in contributing to the communications plan were to:

- (1) Provide clear and unbiased communications to impacted customers regarding the energy assistance customer shopping transition and options starting July 1st;
- (2) Avoid the customer confusion associated with complicated or duplicative notices;
and
- (3) Ensure that the communications plan can be implemented quickly, accurately, and efficiently by the Utilities, suppliers, and the Commission.

Through the Work Group's efforts, this plan aligns with the above objectives and will help to educate and inform customers regarding the upcoming transition.

NON-CONSENSUS COST RECOVERY ISSUE

The CMCC Work Group briefly discussed but was unable to reach consensus on the issue of cost recovery. Key stakeholder positions are briefly summarized below:

1. RESA & NRG

RESA's and NRG's position on cost recovery is that both suppliers and the Utilities will incur costs to implement PUA § 4-308 and the regulations promulgated by the Commission in

RM78. The Utilities should not be required to pay for suppliers' implementation costs, and suppliers should not be required to pay for the Utilities' implementation costs.

2. Potomac Edison, SMECO, and the Exelon Utilities

The rules promulgated under PUA § 4-308, relating to low-income customer offers, are an obligation which the General Assembly imposed on the retail suppliers. To the extent it requires the Utilities to incur costs, Potomac Edison, SMECO, and the Exelon Utilities believe those costs should be borne by the retail suppliers, not the customers of the Utilities (the vast majority of which customers are non-shopping).

CONCLUSION

The CMCC Work Group presents this Report, which outlines a proposed customer communications plan for the Utilities and third-party retail suppliers concerning the implementation of the Energy Assistance Supply Offer mandate under PUA § 4-308, beginning July 1, 2023. The CMCC Work Group requests the Commission note the filing and approve the proposed customer communications framework with the attached Model Utility Notice and website messaging language. The Work Group further recommends the Commission adopt the recommended changes to the Commission's MD Energy Choice website.

ATTACHMENT A

PC44 Competitive Markets and Customer Choice Work Group Utility Model Customer Notice¹

You are receiving this notice because our records indicate that you are receiving, or have received, energy assistance from the Office of Home Energy Programs (OHEP), a division of the Maryland Department of Human Services. You may also be currently enrolled or considering enrollment, with a competitive electricity supplier. In Maryland, utility customers can choose to buy their electricity or natural gas supply from a company other than the utility.² Due to a new law in Maryland, beginning July 1, 2023, **Maryland households that receive financial assistance from OHEP for paying electricity and/or gas bills* may only sign up with a licensed competitive electric supplier if the supplier has an offer that has been approved by the Maryland Public Service Commission (PSC), the state’s utility regulator.** The approved offer must set a supply, or commodity, price that remains at or below Choptank Electric Cooperative current Standard Offer Service rate for the rest of your supply contract term. The Standard Offer Service rate is shown on your monthly Choptank Electric Cooperative bill and includes what you would pay per kilowatt-hour for generation and transmission from your electric utility.

For more information about this law, please visit Choptank Electric Cooperative website www.choptankelectric.coop or the retail choice website for the Maryland Public Service Commission at MDEnergyChoice.com.

If you currently receive OHEP assistance for your energy bills (or received such assistance in the previous fiscal year) and you are also currently enrolled with a supplier who does not offer a PSC-approved plan, and the supplier is planning to return your account to Standard Offer Service with Choptank Electric Cooperative on or after July 1, 2023, the supplier must follow the cancellation terms of your contract and provide notice at least 30 days prior to ending the contract. The notice from your supplier will explain your options upon cancellation or expiration of your supply contract. **Your supplier may not charge you any cancellation or other early termination fee because of this change.** If you have questions about your supplier contract, please contact your supplier.

*An “Energy Assistance Household” means a service address or household associated with a utility account that the Office of Home Energy Programs found has qualified for an electric or gas assistance program during the current or previous fiscal year.

¹ The utilities will use the appropriate bracketed term for their type of service—i.e., electricity or natural gas.

² Customers who choose retail supply will still have their electricity or natural gas delivered to their home by the local utility company.

Frequently Asked Questions:

1. What does this change mean for me, in general?

- For current or previous Energy Assistance Household customers on or before July 1, 2023:
 - Approved suppliers must offer a price for electricity at or below Choptank Electric Cooperative Standard Offer Service rate for the entire duration of your supply contract.
 - Supplier's charges must be shown on your monthly electric bill.
 - Approved suppliers cannot charge any additional fees when you purchase electricity, including any early termination and cancellation fees.
- For non-Energy Assistance Household customers enrolled with a supplier, the change in law will not affect your existing supply contract.

2. What if I am an OHEP Energy Assistance Household recipient already enrolled with a supplier?

- For customers with a **month-to-month** supply contract as of July 1, 2023:
 - Suppliers may offer a new contract meeting the requirements above at the end of the July contract period.
 - If the supplier cannot offer a PSC-approved contract, you will be returned to Choptank Electric Cooperative at the end of the July contract period.
- For customers with a **longer duration** supply contract as of July 1, 2023:
 - Suppliers may continue to serve you under your current contract until the expiration date or until the contract is terminated, whichever comes first.
 - At that time, the supplier may offer a new contract that meets the requirements above or return your account to Choptank Electric Cooperative.

3. What if I am an OHEP Energy Assistance Household recipient and decide to enroll with a new retail energy supplier on or after July 1, 2023?

- If the retail supplier is enrolling you in a PSC-approved offer, your new enrollment will proceed and your supply account will be serviced by that supplier.
- If the supplier does not have a PSC-approved offer, your sale will be cancelled.

4. What if I am currently enrolled with a third-party supplier and then begin receiving OHEP energy assistance grants?

- If you enrolled before July 1st, you may continue your supply contract for its duration. You will not be able to renew unless your supplier has an approved offer.
- If you enrolled after July 1st, your supplier may need to cancel your contract unless your supplier has an approved offer. Your supplier will notify you regarding any cancellation.
- If your supplier has a PSC-approved offer for OHEP grant recipients, your supplier will notify you regarding changing your supply account to that approved plan.

***If you have questions about your supply contract, please contact your supplier.*

ATTACHMENT B

PC44 Competitive Markets and Customer Choice Work Group Model Customer Messaging for Utility and PSC Websites

Maryland utility customers can choose to buy their electricity or natural gas supply from the utility or a company other than the utility.¹ Due to a new law in Maryland, beginning July 1, 2023, **Maryland households that receive financial assistance from OHEP for paying electricity and/or gas bills* may only sign up with a licensed competitive electric or natural gas supplier if the supplier has an offer that has been approved by the Maryland Public Service Commission (PSC), the state’s utility regulator.** The approved offer must set a supply, or commodity, price that remains at or below Choptank Electric Cooperative current standard offer service rate for the rest of your supply contract term. The standard offer service rate is shown on your monthly Choptank Electric Cooperative bill and includes what you would pay per kilowatt-hour for generation and transmission from your electric utility.

For more information about this law, please visit the retail choice website for the Maryland Public Service Commission at MDEnergyChoice.com.

If you currently receive OHEP assistance for your energy bills (or received such assistance in the previous fiscal year) and you are also currently enrolled with a supplier who does not offer a PSC-approved plan, and the supplier is planning to return your account to standard offer service with Choptank Electric Cooperative on or after July 1, 2023, the supplier must follow the cancellation terms of your contract and provide notice at least 30 days prior to ending the contract. The notice from your supplier will explain your options upon cancellation or expiration of your supply contract. **Your supplier may not charge you any cancellation or other early termination fee because of this change.** If you have questions about your supplier contract, please contact your supplier.

*An “Energy Assistance Household” means a service address or household associated with a utility account that the Office of Home Energy Programs found has qualified for an electric or gas assistance program during the current or previous fiscal year.

Frequently Asked Questions:

1. What does this change mean for me, in general?

- As a current or previous Energy Assistance Household, the following shopping guidelines will apply to you:
 - Approved suppliers must offer you a price for electricity that is below Choptank Electric Cooperative standard offer service rate. This price must remain at or below the standard offer service for the duration of your contract with them.

¹ Customers who choose retail supply will still have their electricity delivered to their home by the local utility company.

- The supplier’s charges must be shown on your monthly electric bill.
- Approved suppliers cannot charge you any additional fees when you purchase electricity. This includes any early termination and cancellation fees.
- If you are not an Energy Assistance Household recipient on or before July 1, 2023, the change in law will not affect your existing supply contract with a retail energy supplier.

2. What if I am an OHEP Energy Assistance Household recipient already enrolled with a supplier?

- If you are currently enrolled with a supplier under a **month-to-month** contract as of July 1, 2023:
 - Suppliers may offer you a new contract that meets the requirements above at the end of the monthly contract period that expires during July.
 - If the supplier cannot offer you a PSC-approved contract, you will be returned to Choptank Electric Cooperative at the end of the monthly contract period that expires during July.
- If you are currently enrolled with a supplier for a **longer duration period** as of July 1, 2023:
 - Suppliers may continue to serve you under your current contract until the expiration date or until the contract is terminated, whichever comes first.
 - At that time, the supplier may offer a new contract that meets the requirements above or return your account to Choptank Electric Cooperative.

3. What if I am an OHEP Energy Assistance Household recipient and decide to enroll with a new retail energy supplier on or after July 1, 2023?

- If the retail supplier is enrolling you in a PSC-approved offer, your new enrollment will proceed and your supply account will be serviced by that supplier.
- If the supplier does not have a PSC-approved offer, your sale will be cancelled.

4. What if I am currently enrolled with a third-party supplier and then begin receiving OHEP energy assistance grants?

- If you enrolled with your supplier before July 1st, you may continue your supply contract for its duration, but you will not be able to renew (unless your supplier has an approved offer).
- If you enrolled after July 1st, your supplier may need to cancel your contract (unless your supplier has an approved offer). Your current retail energy supplier will notify you regarding any cancellation.
- If your supplier has a PSC-approved offer for OHEP grant recipients, your supplier will notify you regarding changing your supply account to that approved plan.

***If you have questions about your supply contract, please contact your supplier.*