

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1442 (Delegate J. Long, *et al.*)
 Environment and Transportation

Community Choice Aggregation Pilot Program - Definition, Application, and Workgroup - Modifications

This bill expands the Community Choice Aggregation Pilot Program to apply to all counties and Baltimore City instead of just Montgomery County. The definition of “community choice aggregator” is likewise expanded by removing the general exclusion of residential customers served by an electric cooperative (a broad term); instead, only customers of a member-regulated cooperative (Choptank) or a small rural electric cooperative remain excluded. The practical effect of this change is to allow customers in the service territory of the Southern Maryland Electric Cooperative to be served by a community choice aggregator. Finally, the bill expands the Community Choice Energy Workgroup membership to include one representative from each county government that has given the Public Service Commission (PSC) written notice of its intention to initiate a process to form a community choice aggregator.

Fiscal Summary

State Effect: Under the assumption discussed below, special fund expenditures for PSC increase by \$821,000 in FY 2027. Future years reflect annualization, inflation, and the elimination of contractual costs after the first three fiscal years. Special fund revenues increase correspondingly from assessments imposed on public service companies. The potential effect on electricity prices is discussed in the Additional Comments below.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$821,000	\$907,400	\$932,700	\$608,400	\$634,500
SF Expenditure	\$821,000	\$907,400	\$932,700	\$608,400	\$634,500
Net Effect	\$0	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government revenues and expenditures increase beginning as early as FY 2027 in any county (including Baltimore City) that chooses to form a community choice aggregator, as discussed below. The potential effect on electricity prices is discussed in the Additional Comments below.

Small Business Effect: Minimal. The potential effect on electricity prices is discussed in the Additional Comments below.

Analysis

Current Law:

Aggregators, Generally

Except as provided under provisions governing the Community Choice Aggregation Pilot Program described below, a county or municipality may only act as an aggregator if PSC determines that there is not sufficient competition within the boundaries of the local jurisdiction. “Aggregator” means an entity or an individual that acts on behalf of a customer to purchase electricity or gas. It does not include (1) an entity or individual that purchases electricity or gas for its own use or for the use of its subsidiaries or affiliates; (2) a municipal electric utility or a municipal gas utility serving only in its distribution territory; or (3) a combination of governmental units that purchases electricity or gas for use by the governmental unit.

Community Choice Aggregation Pilot Program – Generally

Chapter 449 of 2021 established the full regulatory framework for implementing a community choice aggregator in Montgomery County. “Community choice aggregator” means a county that serves as an electric aggregator for the purpose of negotiating the purchase of electric generation services from an electricity supplier licensed by PSC or from an electric generating or storage facility, or providing electricity from an electric generating facility owned by the aggregator for residential electric customers, which include master-metered multiple occupancy residences and small commercial electric customers, that (1) are located within the county, including customers located within municipalities located in the county; (2) have not selected an electricity supplier other than the standard offer service (SOS) supplier or refused to participate in the aggregation activities of the county; and (3) are not located in the service territory of a municipal electric utility or an electric cooperative. Among the requirements in Chapter 449:

- the county must first initiate a formal process by filing a notice of intent and a comprehensive aggregation plan for PSC approval, which must include a detailed transition schedule and evidence of a local law designating the county as an aggregator;

- the community choice aggregator may request essential pre-enrollment data from local electric companies, such as customer names, service addresses, and utility rate classes, to facilitate the transition;
- the community choice aggregator is required to mail an opt-out notice to all eligible customers comparing the rates, terms, and conditions of the community choice aggregator against the utility's SOS, and informing customers that they will be automatically enrolled unless they affirmatively decline;
- the community choice aggregator may purchase electric generation services from a PSC-licensed supplier or from its own electric generating or storage facilities, provided those facilities are designed primarily for the use of program participants;
- the community choice aggregator may promote and provide specific energy efficiency programs; and
- the county must pay for any costs associated with any stranded costs for contracts entered into by the community choice aggregator for electric supply or generation owned by a community choice aggregator.

Community Choice Energy Workgroup

Chapter 449 required PSC to establish the Community Energy Choice Workgroup by September 1, 2021. PSC established the workgroup in July 2021 and, pursuant to Chapter 449, provides staff for the workgroup.

The workgroup consists of specified stakeholders, such as one representative of the Montgomery County government, one representative of each affected investor-owned electric company, one representative of the Office of People's Counsel, and one representative of minority residential communities. While nothing related to the establishment of the workgroup may be construed to limit the authority of PSC to take action, including the adoption of regulations, without a recommendation of the workgroup, PSC must still seek the advice and recommendation of the workgroup when implementing the Act and adopting regulations.

State Fiscal Effect: PSC advises that the bill creates significant new and incremental requirements that cannot be absorbed within existing resources. Specifically, PSC advises that it requires additional staff to (1) update regulations and administer the expanded workgroup; (2) audit technical purchasing plans and historical price trend analyses submitted by counties; (3) manage the customer experience and data exchange protocols between multiple utilities and new community choice aggregators; and (4) handle filings, rulemakings, and general administrative duties associated with the expansion of the program statewide. PSC also advises the need to hire a consultant for the first three fiscal years to conduct (1) expert modeling of inter-jurisdictional equity and SOS price stability; (2) technical audits of utility billing software; and (3) actuarial analysis of delinquent accounts receivable risks associated with mass migration.

This analysis assumes that one or more counties or Baltimore City apply to form a community choice aggregator under the bill. Under that assumption, special fund expenditures for PSC increase by \$821,017 in fiscal 2027, which accounts for the bill’s October 1, 2026, effective date. This estimate reflects the cost of hiring four regulatory economists and one staff attorney to handle the duties described above. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. It also includes \$350,000 in costs for a consultant to conduct modeling, technical audits, and analyses as described above.

Positions	5.0
Salaries and Fringe Benefits	\$414,063
Consultant Costs	350,000
Other Operating Expenses	<u>56,954</u>
Total FY 2027 State Expenditures	\$821,017

Future year expenditures reflect (1) full salaries with annual increases and employee turnover; (2) annual increases in ongoing operating expenses; and (3) ongoing consultant costs of \$350,000 annually through fiscal 2029.

Generally, PSC is funded through an assessment on the public service companies that it regulates. As a result, special fund revenues for PSC increase correspondingly from assessments imposed on public service companies.

Local Fiscal Effect: The bill authorizes any county (including Baltimore City) to form a community choice aggregator; any such county is allowed to own generation assets and/or enter into contracts with electricity suppliers on behalf of customers within its jurisdiction. Therefore, local government revenues and expenditures increase beginning as early as fiscal 2027 (or the fiscal year a county (including Baltimore City) chooses to form a community choice aggregator).

Additional Comments: Electric utility rates may be affected as a result of the statewide expansion of community choice aggregation – assuming additional counties choose to form community choice aggregators under the bill. The extent to which the bill results in a decrease or increase in rates cannot be reliably estimated at this time. In any event, electric utility customers, including the State, local governments, and small businesses, are affected by any changes in rates that may result from the bill.

On October 21, 2025, the Montgomery County Council approved Expedited Bill 27-25, establishing a community choice aggregator within the county’s Department of Environmental Protection. The Montgomery County Council staff report for Expedited Bill 27-25 projects that the pilot program likely results in monthly residential electricity bill reductions for BGE, Pepco, and Potomac Edison ranging from

\$7.04 to \$17.60, resulting in annual household savings between \$84.48 to \$211.20 within Montgomery County. Small businesses are also anticipated to benefit from a decrease in their monthly utility bills.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Calvert, Montgomery, and Prince George's counties Office of People's Counsel; Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2026
caw/lgc

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