

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1494 (Delegate J. Long)  
Environment and Transportation

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**Electricity and Retail Gas Supply - Customer Choice, Consumer Protection, and Green Power (Retail Energy Modernization and Consumer Choice Act)**

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This bill repeals existing prohibitions on (1) a residential electricity supplier offering residential electricity supply for a term longer than 12 months, except for supply offered through standard offer service (SOS) or specified governmental entities and (2) a gas supplier offering gas supply to residential retail gas customers for a term longer than 12 months. Among other things, the bill also (1) exempts a residential electricity supplier's sale of green power from specified statutory restrictions that apply to residential electricity supply; (2) authorizes the offer and use of certain time-of-use rates and products related to residential electricity and gas supply; (3) specifies that a distributed energy resource aggregator that is providing electric distribution support services and is participating in a demand response program may not be limited to acting at the direction of an electric company; and (4) requires the Public Service Commission (PSC), by January 1, 2027, to adopt specified regulations pertaining to distributed energy resources.

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**Fiscal Summary**

**State Effect:** PSC can handle the increased workload resulting from the bill with existing budgeted resources. Special fund expenditures for the Office of People's Counsel (OPC) may increase, as discussed below; any increase in special fund expenditures for OPC results in a corresponding increase in special fund revenues from assessments imposed on public service companies.

**Local Effect:** The bill is not anticipated to materially affect local government finances or operations.

**Small Business Effect:** Potential meaningful.

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## Analysis

### Bill Summary:

*Residential Electricity Supply (Excluding Standard Offer Service, the Sale of Green Power, and Specified Governmental Entities)*

*Green Power and Contract Terms:* The bill exempts a residential electricity supplier's sale of green power from specified statutory restrictions that apply to residential electricity supply other than supply offered through SOS or specified governmental entities (the statutory restrictions are discussed below in the Current Law section). Accordingly, the bill repeals, within those statutory restrictions, the existing provision governing the offer of green power and references to green power in other provisions. Additionally, the bill repeals an existing prohibition on a residential electricity supplier offering residential electricity supply for a term longer than 12 months, except for supply offered through SOS or specified governmental entities.

Nothing in those statutory restrictions (as altered by the bill) prohibits the offer and use of time-of-use rates that (1) have a term longer than 12 months; (2) establish different rates for periods within a single day; or (3) include an on-peak rate that exceeds the trailing 12-month average of the electric company's SOS rate as of the date of the agreement with the customer. (Current law already permits the offer and use of time-of-use rates to establish different rates for periods within a single day.)

Additionally, nothing in those statutory restrictions (as altered by the bill) prohibits the offer and use of:

- products that combine electricity supply with emissions-free energy certificates, including those (1) that are part of a contract for a term longer than 12 months; (2) offered at a price per kilowatt-hour for the electricity supply and certificates that, when combined, exceeds the trailing 12-month average of the electric company's SOS rate as of the date of the agreement with the customer; or (3) are offered at a variable rate that may adjust monthly; or
- products that combine electricity supply with one or more distributed energy resources that provide electric distribution support services, including any those that (1) are part of a contract for a term longer than 12 months; (2) are offered at a price per kilowatt-hour, for the product only, that exceeds the trailing 12-month average of the electric company's SOS rate as of the date of the agreement with the customer; or (3) are offered at a variable rate that may adjust monthly.

A residential electricity supplier may sell to an electric company, and an electric company may purchase from an electricity supplier, accounts receivable for the products specified  
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above. Otherwise, the general prohibition on the sale and purchase of accounts receivable between residential electricity suppliers and electric companies still applies.

*Distributed Energy Resources:* Separately, a distributed energy resource aggregator that is providing electric distribution support services and is participating in a demand response program may not be limited to acting at the direction of an electric company.

By January 1, 2027, PSC must adopt regulations that:

- require electric companies, by July 1, 2027, to implement and use consolidated billing, including protocols for the purchase of accounts receivable for products that combine electricity with distributed energy resources that provide electric distribution support services;
- establish cybersecurity standards and information exchange protocols necessary to enable electricity suppliers and distributed energy resource aggregators to provide products that combine electricity with one or more distributed energy resources that provide electric distribution support services in accordance with the provisions described above;
- require electric companies to implement and maintain nondiscriminatory and expedited procedures for the interconnection of distributed energy resources to facilitate products that combine electricity with one or more distributed energy resources that provide electric distribution support services without giving any preference to distributed energy resources participating in any pilot program or tariff, as specified; and
- implement any other changes that PSC determines necessary to enable a competitive market for products that combine electricity with one or more distributed energy resources that provide electric distribution support services.

#### *Residential Gas Supply Other Than Default Gas Commodity Service*

The bill repeals the existing prohibition on a gas supplier offering gas supply to residential retail gas customers for a term longer than 12 months. The bill specifies that existing restrictions on supplying gas to residential retail gas customers (as altered by the bill) may not prohibit the offer or use of:

- rates that differ based on the total number of therms used by a customer in a billing period, including rates that (1) are part of a contract for a term longer than 12 months or (2) include a threshold number of therms used by the customer, beyond which the price may exceed the trailing 12-month average of the gas company's default gas commodity service in its service territory as of the date of the agreement with

the customer (current law already permits rates that differ based on therm usage but does not include these additional conditions); or

- products that combine natural gas with an emissions-reducing product or service, including products (1) that are part of a contract for a term longer than 12 months or (2) offered at a price per therm that exceeds that same trailing 12-month average.

A gas supplier may sell to a gas company, and a gas company may purchase from a gas supplier, accounts receivable for the products described above. Otherwise, the general prohibition on the sale and purchase of accounts receivable between gas suppliers and gas companies still applies.

### *Green Power Marketing*

Under current law, restrictions on electricity suppliers marketing electricity to residential electric customers as “green power” do not apply to specified governmental entities or to an electricity supplier when supplying electricity to commercial retail electric customers. The bill expands this exemption to include green power products that (1) use time-of-use rates that establish different rates for periods within a single day; (2) are combined with “emissions-free energy certificates”; or (3) combine electricity with an “emissions-reducing product or service.”

“Emissions-free energy certificate” means a certificate obtained through the PJM Environmental Information Services, Inc., generation attribute tracking system from a generating facility that produces “emissions-free energy.” “Emissions-free energy” means electric power output from a generating facility that does not directly produce any greenhouse gas emissions.

“Emissions-reducing product or service” includes products and services supporting (1) home electrification; (2) energy efficiency, including maintenance and repair; (3) analytics-based efficiency monitoring; and (4) other energy consumption reduction products.

### **Current Law:**

#### *Definitions*

“Distributed energy resource” means an energy resource located on a customer’s premises that (1) produces or stores electricity or (2) modifies the timing or amount of the customer’s electricity consumption.

“Electric distribution system support services” means the dispatch and control of a distributed energy resource to provide services that contribute to the efficient and reliable

operation of the electric distribution system by an electric company or an aggregator acting at the direction of an electric company. The term includes (1) local or system peak demand reduction; (2) demand response; (3) the avoidance or deferral of a transmission or distribution upgrade or capacity expansion; and (4) facilitating hosting capacity to accommodate additional distributed energy resources.

### *Electric Industry Restructuring and New Generation Resources*

The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland, which deregulated the generation, supply, and pricing of electricity. As part of restructuring, the State's vertically integrated electric companies divested themselves of their generation assets. With restructuring, generation resources are considered competitive, and the competitive market is relied upon to provide new generation resources and to meet load requirements.

In order to meet long-term, anticipated demand in the State for SOS and other electricity supply, PSC may require or allow an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities, and transmission facilities necessary to interconnect the generating facilities with the electric grid, subject to appropriate cost recovery.

### *Residential Electricity Supply (Other Than Through Standard Offer Service or Specified Governmental Entities)*

For residential electricity supply other than supply offered through SOS or specified governmental entities, a residential electricity supplier:

- may offer electricity, other than green power, only at a price that does not exceed the trailing 12-month average of the electric company's SOS rate in the electric company's service territory as of the date of agreement with the customer;
- may offer residential electricity supply only for a term of up to 12 months at a time and without automatic renewal;
- may, for electricity supply other than green power, automatically renew the term only if the electricity supplier provides notice to the customer 90 days before and 30 days before renewal;
- may offer green power that meets specified requirements, discussed below, but may not automatically renew the term with the customer;
- may not offer a variable rate other than a rate that adjusts for seasonal variation up to two times in a single year (this does not prohibit the offer and use of time-of-use rates that establish different rates for periods within a single day); and

- may not pay a commission or other incentive-based compensation to an energy salesperson for enrolling customers.

Additionally, a residential electricity supplier may not sell to an electric company, and an electric company may not purchase from an electricity supplier, accounts receivable.

#### *Residential Gas Supply Other Than Default Gas Commodity Service*

For residential gas supply other than default gas commodity service provided by a gas company, a gas supplier that sells gas to residential retail gas customers:

- may offer gas service only at a price that does not exceed the trailing 12-month average of the gas company's default gas commodity service in the gas company's service territory as of the date of the agreement with the customer;
- may offer residential gas supply only for a term of up to 12 months at a time and may automatically renew the term only if the gas supplier provides notice to the customer 90 days before and 30 days before renewal;
- may not offer a variable rate other than a rate that adjusts for seasonal variation up to two times in a single year (this does not prohibit the offer and use of rates that differ based on the total number of therms used by a customer in a billing period); and
- may not pay a commission or other incentive-based compensation to an energy salesperson for enrolling customers.

A gas supplier may not sell to a gas company, and a gas company may not purchase from a gas supplier, accounts receivable.

#### *Green Power Marketing*

Generally, an electricity supplier that supplies electricity to residential electric customers may not market electricity as "green power" unless:

- the percentage of electricity being offered, or the equivalent number of renewable energy credits (RECs) associated with the electricity being marketed as green power, equals or exceeds the greater of 51% or 1% higher than the Renewable Energy Portfolio Standard for the year the electricity is provided to the customer;
- PSC approves the price of the electricity being marketed as green power, subject to specified requirements; and
- the electricity supplier submits an application to PSC that describes the electricity being marketed as green power; describes how the green power complies with State law and regulations; and includes any other information PSC considers necessary.

PSC must hold a proceeding each year to set the price per megawatt-hour for electricity marketed as green power that, generally, an electricity supplier may not exceed; however, PSC is authorized to set a higher price for a particular electricity supplier under specified circumstances. Among other requirements, the electricity supplier must demonstrate to PSC that the actual cost for the generation or supply of electricity exceeds the general green power price set by PSC. A separate price approved by PSC may not be more than 150% of the general price unless PSC determines that the actual cost of the green power exceeds the general price; any such approval requires PSC to report to the General Assembly, as specified. PSC must annually review any specific supplier prices.

An electricity supplier must purchase RECs for each year the electricity supplier offers green power for sale to residential retail electric customers. The RECs must be retired in a PJM Generation Attribute Tracking System reserve subaccount accessible by PSC.

An electricity supplier that claims in its marketing materials for residential customers that the customer will be purchasing green power must include in those marketing materials related disclosures about the source of the green power. An electricity supplier must include a specific disclosure required under State law (or a similar disclosure approved by PSC). PSC must adopt regulations requiring an electricity supplier to include in their marketing materials a disclosure, written in plain language, that explains other related concepts.

The above requirements do not apply to specified governmental entities or a supplier when supplying electricity to commercial retail electric customers.

**State Fiscal Effect:** OPC advises that the bill's provisions increase its workload in several respects. OPC anticipates that the bill requires additional staff time to be dedicated to participating in PSC rulemaking proceedings related to the bill, analyzing rate impacts associated with distributed energy resource integration, and assessing consumer protections for expanded time-of-use rates and bundled electricity products.

Depending on its overall workload at the time, OPC may be able to absorb any increase in workload with existing resources. To the extent that it cannot, OPC may need to hire additional staff and/or a consultant, resulting in an increase in special fund expenditures. OPC is funded through assessments on public service companies; thus, any increase in special fund expenditures for OPC results in a corresponding increase in special fund revenues from assessments imposed on public service companies.

**Small Business Effect:** The bill's elimination or modification of certain restrictions on residential electricity and gas supplier contract terms may result in changes to residential energy prices and thus affect costs for some small businesses that pay residential rates.

However, the Department of Legislative Services advises that the direction and magnitude of any potential impact on such costs is unclear.

**Additional Comments:** PSC advises that its Interconnection Workgroup has been actively developing interconnection regulations to implement distributed energy resource aggregation. PSC notes that the regulations required under the bill, which relate to expanded requirements around distributed energy resource aggregation, can be included as part of these efforts. However, PSC indicates that the bill's July 1, 2027, implementation deadline for the regulations may be difficult to achieve.

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Public Service Commission; Office of People's Counsel; Maryland Department of the Environment; Department of General Services; Maryland Energy Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 9, 2026  
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Analysis by: Ralph W. Kettell

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510