

SENATE BILL 997

C5

6lr3040

By: **Senators Jennings and Gallion**

Introduced and read first time: February 23, 2026

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Retail Supply of Electricity and Gas**

3 FOR the purpose of altering the amount of a certain assessment charge; altering the
4 definition of “marketing” and the content of certain materials for purposes of an
5 electric company, a gas company, or an electric cooperative recovering certain costs
6 through rates; altering certain authorizations and restrictions on the offer and sale
7 of certain electricity supply and gas supply; repealing certain provisions relating to
8 regulating the price of green power; abolishing a certain division within the Public
9 Service Commission; providing for the transfer of certain employees; and generally
10 relating to retail energy supply.

11 BY repealing and reenacting, without amendments,
12 Article – Public Utilities
13 Section 2–110(a), 7–507(a), 7–603.1(b)(1), and 7–604.2(a)
14 Annotated Code of Maryland
15 (2025 Replacement Volume and 2025 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – Public Utilities
18 Section 2–110(b)
19 Annotated Code of Maryland
20 (2025 Replacement Volume and 2025 Supplement)
21 (As enacted by Chapters 7 and 19 of the Acts of the General Assembly of the 2025
22 Special Session)

23 BY repealing and reenacting, with amendments,
24 Article – Public Utilities
25 Section 2–110(c)(12)
26 Annotated Code of Maryland
27 (2025 Replacement Volume and 2025 Supplement)
28 (As enacted by Chapters 7 and 19 of the Acts of the General Assembly of the 2025

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Special Session)

BY repealing and reenacting, with amendments,
Article – Public Utilities
Section 7–316, 7–507(l)(4), 7–510(d), 7–603.1(b)(3), 7–604.2(b), and 7–707
Annotated Code of Maryland
(2025 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Public Utilities

2–110.

(a) In this section, “public service company” includes an electricity supplier and a gas supplier as those terms are defined in § 1–101 of this article.

(b) (1) The costs and expenses of the Commission, the Strategic Energy Planning Office, and the Office of People’s Counsel shall be borne by the public service companies that are subject to the Commission’s jurisdiction.

(2) The costs and expenses shall be assessed as provided in this section.

(3) The Commission shall pay the money that it collects for the assessment under this section into the Public Utility Regulation Fund in the State Treasury established under § 2–110.1 of this subtitle to reimburse the State for the expenses of the Commission, the Strategic Energy Planning Office, and the Office of People’s Counsel.

(c) (12) The total amount that may be charged to a public service company under this section for a State fiscal year may not exceed:

(i) ~~[0.50%]~~ **0.25%** of the public service company’s gross operating revenues derived from intrastate utility and electricity supplier operations in the preceding calendar year, or other 12–month period that the Chairman determines, for the costs and expenses of the Commission other than that of the Strategic Energy Planning Office and the Office of People’s Counsel; plus

(ii) 0.074% of those revenues for the costs and expenses of the Strategic Energy Planning Office; plus

(iii) 0.074% of those revenues for the costs and expenses of the Office of People’s Counsel.

7–316.

1 (a) In this section, “marketing” does not include materials to educate or inform,
2 **IN A NEUTRAL MANNER**, a retail customer about standard offer service, default gas
3 commodity service, or customer choice.

4 (b) Except as provided in subsection (d) of this section, an electric company or a
5 gas company may not recover through its rates any costs associated with marketing its
6 services.

7 (c) An electric cooperative may recover through its rates any costs associated with
8 marketing its services, including the costs associated with materials that educate or inform,
9 **IN A NEUTRAL MANNER**, a retail customer about standard offer service or customer choice.

10 (d) The Commission may, by regulation, adopt criteria for reviewing marketing
11 and other communication materials of an electric company or a gas company to determine
12 whether the cost of the materials may be recovered through the company’s rates.

13 7–507.

14 (a) A person, other than an electric company providing standard offer service
15 under § 7–510(c) of this subtitle, a municipal electric utility serving customers solely in its
16 distribution territory, the Department of General Services selling energy under § 7–704.4
17 of this title, or a community choice aggregator under § 7–510.3 of this subtitle, may not
18 engage in the business of an electricity supplier in the State unless the person holds a
19 license issued by the Commission.

20 (l) (4) Each **INSTANCE OF A customer [to whom electricity is] BEING** sold or
21 offered **ELECTRICITY** in violation of this section is a separate violation.

22 7–510.

23 (d) (1) This subsection applies to residential electricity supply other than
24 supply offered through:

25 (i) standard offer service;

26 (ii) the Department of General Services’ sale of energy under §
27 7–704.4 of this title; or

28 (iii) a community choice aggregator under § 7–510.3 of this subtitle.

29 (2) A residential electricity supplier:

30 (i) [may offer electricity, other than green power, only at a price that
31 does not exceed the trailing 12–month average of the electric company’s standard offer
32 service rate in the electric company’s service territory as of the date of agreement with the
33 customer;

1 (ii) may offer residential electricity supply only for a term not to
2 exceed [12] **36** months at a time;

3 [(iii)] **(II)** may, for electricity supply other than green power,
4 automatically renew the term only if the electricity supplier provides notice to the customer
5 **[90] 60** days before and 30 days before renewal;

6 [(iv)] **(III)** may offer green power that meets the requirements of §
7 7–707 of this title, but may not automatically renew the term with the customer;

8 [(v)] subject to paragraph (3) of this subsection, may not offer a
9 variable rate other than a rate that adjusts for seasonal variation not more than twice in a
10 single year; and

11 [(vi)] **(IV)** may not pay a commission or other incentive–based
12 compensation to an energy salesperson for enrolling customers;

13 **(V) 1. MAY OFFER CANCELLATION OR EARLY TERMINATION**
14 **OF AN ELECTRICITY SUPPLY AGREEMENT WITH A 3–DAY RESCISSION PERIOD; AND**

15 **2. MAY NOT IMPOSE ON A CUSTOMER A FEE FOR**
16 **CANCELLATION OR EARLY TERMINATION OF AN ELECTRICITY SUPPLY AGREEMENT**
17 **THAT EXCEEDS THE GREATER OF:**

18 **A. \$200; OR**

19 **B. 5% OF THE REMAINING VALUE OF THE AGREEMENT;**

20 **(VI) MAY NOT OFFER INDUCEMENTS, INCLUDING:**

21 **1. GIFT CARDS;**

22 **2. MONEY;**

23 **3. PRIZES;**

24 **4. TRIPS; OR**

25 **5. ANY OTHER ITEMS CONTINGENT ON ENROLLMENT;**

26 **(VII) MAY NOT ENGAGE IN DOOR–TO–DOOR SOLICITATION**
27 **UNLESS AS PART OF A CUSTOMER–INITIATED APPOINTMENT; AND**

1 **(VIII) MAY PROVIDE EDUCATIONAL MATERIALS:**

2 **1. WITH A VALUE OF \$10 OR LESS; AND**

3 **2. THAT ARE NOT CONTINGENT ON ENROLLMENT.**

4 (3) [Paragraph (2)(v) of this subsection does not prohibit the offer and use
5 of time-of-use rates that establish different rates for periods within a single day.

6 (4) A residential electricity supplier may not sell to an electric company,
7 and an electric company may not purchase from the electricity supplier, accounts
8 receivable.

9 **(4) THE COMMISSION SHALL ADOPT REGULATIONS:**

10 **(I) DEFINING ACTIONS PROHIBITED UNDER THIS SUBSECTION;**

11 **AND**

12 **(II) SPECIFYING THE PROCESS FOR ENFORCING THE**
13 **PROVISIONS OF THIS SUBSECTION.**

14 7-603.1.

15 (b) (1) (i) A gas supplier, an energy vendor, or any other person, except for
16 an energy salesperson, selling or offering to sell gas in the State in violation of this section
17 or § 7-603 of this subtitle, after notice and an opportunity for a hearing, is subject to:

18 1. a civil penalty of not more than \$25,000 for the violation;

19 2. license denial, revocation, or suspension or refusal to
20 renew the license; or

21 3. both.

22 (ii) An energy salesperson selling or offering to sell gas in the State
23 in violation of this section or § 7-603 of this subtitle, after notice and an opportunity for a
24 hearing, is subject to license denial, revocation, or suspension or refusal to renew the
25 license.

26 (3) Each **INSTANCE OF A customer [to whom gas is] BEING** sold or offered
27 **GAS** in violation of this section is a separate violation.

28 7-604.2.

29 (a) In this section, “default gas commodity service” means the supply of retail gas
30 commodity service by a customer’s gas company.

1 (b) (1) This subsection applies to residential gas supply other than default gas
2 commodity service provided by a gas company.

3 (2) A gas supplier that supplies gas to residential retail gas customers:

4 (i) [may offer gas service only at a price that does not exceed the
5 trailing 12-month average of the gas company's default gas commodity service in the gas
6 company's service territory as of the date of the agreement with the customer;

7 (ii)] may offer residential gas supply only for a term not to exceed [12]
8 **36** months at a time and may automatically renew the term only if the gas supplier provides
9 notice to the customer [90] **60** days before and 30 days before renewal;

10 [(iii) subject to paragraph (3) of this subsection, may not offer a
11 variable rate other than a rate that adjusts for seasonal variation not more than twice in a
12 single year; and

13 (iv)] (II) may not pay a commission or other incentive-based
14 compensation to an energy salesperson for enrolling customers;

15 (III) 1. MAY OFFER CANCELLATION OR EARLY TERMINATION
16 OF A GAS SUPPLY AGREEMENT WITH A 3-DAY RESCISSION PERIOD; AND

17 2. MAY NOT IMPOSE ON A CUSTOMER A FEE FOR
18 CANCELLATION OR EARLY TERMINATION OF A GAS SUPPLY AGREEMENT THAT
19 EXCEEDS THE GREATER OF:

20 A. \$200; OR

21 B. 5% OF THE REMAINING VALUE OF THE AGREEMENT;

22 (IV) MAY NOT OFFER INDUCEMENTS, INCLUDING:

23 1. GIFT CARDS;

24 2. MONEY;

25 3. PRIZES;

26 4. TRIPS; OR

27 5. ANY OTHER ITEMS CONTINGENT ON ENROLLMENT;

1 **(V) MAY NOT ENGAGE IN DOOR-TO-DOOR SOLICITATION**
2 **UNLESS AS PART OF A CUSTOMER-INITIATED APPOINTMENT; AND**

3 **(VI) MAY PROVIDE EDUCATIONAL MATERIALS:**

4 **1. WITH A VALUE OF \$10 OR LESS; AND**

5 **2. THAT ARE NOT CONTINGENT ON ENROLLMENT.**

6 (3) [Paragraph (2)(iii) of this subsection does not prohibit the offer and use
7 of rates that differ based on the total number of therms used by a customer in any billing
8 period.

9 (4) A gas supplier that supplies gas to residential retail gas customers may
10 not sell to a gas company, and a gas company may not purchase from the gas supplier,
11 accounts receivable.

12 **(4) THE COMMISSION SHALL ADOPT REGULATIONS:**

13 **(I) DEFINING ACTIONS PROHIBITED UNDER THIS SUBSECTION;**
14 **AND**

15 **(II) SPECIFYING THE PROCESS FOR ENFORCING THE**
16 **PROVISIONS OF THIS SUBSECTION.**

17 7-707.

18 (a) In this section, “green power” means energy sources or renewable energy
19 credits that are marketed as clean, green, eco-friendly, environmentally friendly or
20 responsible, carbon-free, renewable, 100% renewable, 100% wind, 100% hydro, 100% solar,
21 100% emission-free, or similar claims.

22 (b) This section does not apply to:

23 (1) the Department of General Services when the Department of General
24 Services sells energy under § 7-704.4 of this subtitle;

25 (2) a community choice aggregator under § 7-510.3 of this title; or

26 (3) an electricity supplier when supplying electricity to commercial retail
27 electric customers.

28 (c) An electricity supplier that supplies electricity to residential retail electric
29 customers may not market electricity as green power unless:

1 (1) the percentage of the electricity being offered, or the equivalent number
2 of renewable energy credits associated with the electricity being marketed as green power,
3 that is eligible for inclusion in meeting the renewable energy portfolio standard equals or
4 exceeds the greater of:

5 (i) 51%; or

6 (ii) 1% higher than the renewable energy portfolio standard for the
7 year the electricity is provided to the customer; **AND**

8 (2) [the Commission approves the price of the electricity being marketed
9 as green power in accordance with subsection (d) of this section; and

10 (3)] the electricity supplier submits an application to the Commission that:

11 (i) describes the electricity being marketed as green power,
12 including the green power source and percentage of the electricity that is green power;

13 (ii) describes how the green power complies with State law and
14 regulations; and

15 (iii) includes any other information the Commission considers
16 necessary.

17 (d) [(1) The price approved by the Commission under subsection (c)(2) of this
18 section shall be determined through:

19 (i) a proceeding held in accordance with paragraph (2) of this
20 subsection; or

21 (ii) a proceeding held in accordance with paragraph (3) of this
22 subsection.

23 (2) (i) Each year the Commission shall hold a proceeding to set a price
24 per megawatt-hour for electricity marketed as green power under this section that may
25 not be exceeded by an electricity supplier except as provided in paragraph (3) of this
26 subsection.

27 (ii) Subject to paragraph (4) of this subsection, the price set by the
28 Commission under subparagraph (i) of this paragraph may:

29 1. exceed the maximum price per megawatt-hour that is
30 authorized under § 7-510(d)(2)(i) of this title; and

31 2. differ based on the amount and source of the electricity
32 generation.

1 (iii) During a proceeding held under subparagraph (i) of this
2 paragraph, the Commission:

3 1. shall consider:

4 A. the price of the energy purchased, including the total cost
5 of the renewable energy credits;

6 B. the amount of electricity that is eligible for inclusion in
7 meeting the renewable energy portfolio standard;

8 C. the state in which the electricity was generated; and

9 D. applicable market data; and

10 2. may consider whether the purchase of renewable energy
11 credits was bundled with a power purchase agreement from the energy sources associated
12 with the credit.

13 (3) (i) On request by an electricity supplier, the Commission shall hold
14 a proceeding to set a price per megawatt-hour for electricity marketed as green power for
15 that electricity supplier.

16 (ii) Subject to paragraph (4) of this subsection, at a proceeding held
17 under this paragraph the Commission may set a price per megawatt-hour that is higher
18 than the price determined in the proceeding held under paragraph (2) of this subsection for
19 an electricity supplier if:

20 1. the electricity supplier demonstrates to the Commission's
21 satisfaction, based on an independent third-party audit, that the actual cost to the
22 electricity supplier for the generation or supply of electricity exceeds that of the price
23 determined through the proceeding held in accordance with paragraph (2) of this
24 subsection;

25 2. the increased price reflects only the cost of the electricity
26 marketed as green power and is not associated with any of the electricity supplier's other
27 costs; and

28 3. the electricity supplier demonstrates to the Commission's
29 satisfaction that the electricity supplier has a significant long-term investment in
30 renewable energy that meets the renewable energy portfolio standard under § 7-703 of this
31 subtitle.

32 (iii) During a proceeding held under this paragraph, the Commission
33 shall consider:

1 1. whether the purchase of renewable energy credits was
2 bundled with a power purchase agreement from the energy sources associated with the
3 credit;

4 2. the price of the energy purchased, including the total cost
5 of the renewable energy credits or power purchase agreements;

6 3. the amount of electricity that is eligible for inclusion in
7 meeting the renewable energy portfolio standard;

8 4. the state in which the electricity was generated; and

9 5. applicable market data.

10 (4) (i) A price approved by the Commission under this subsection may
11 not exceed 150% of the maximum price per megawatt-hour that is authorized under §
12 7-510(d)(2)(i) of this title unless the Commission determines that the actual cost of the
13 green power exceeds that amount.

14 (ii) Within 120 days after approving a price for green power that
15 exceeds 150% of the maximum price per megawatt-hour that is authorized under §
16 7-510(d)(2)(i) of this title, and annually for as long as the price exceeds that amount, the
17 Commission shall submit a report to the General Assembly, in accordance with § 2-1257 of
18 the State Government Article, that:

19 1. demonstrates that the approved price represents only the
20 actual price of the green power; and

21 2. includes the Commission's order authorizing the price of
22 the green power.

23 (iii) If the Commission has approved for 3 consecutive years a price
24 for green power that exceeds 150% of the maximum price per megawatt-hour that is
25 authorized under § 7-510(d)(2)(i) of this title, the Commission shall include in the annual
26 report required under subparagraph (ii) of this paragraph:

27 1. information on market conditions that necessitate the
28 approved price of the green power that exceeds 150% of the maximum price per
29 megawatt-hour that is authorized under § 7-510(d)(2)(i) of this title; and

30 2. a recommendation of whether to increase the limitation on
31 the maximum price of green power above which the Commission is required to make a
32 determination under this paragraph.

33 (5) The Commission:

1 (i) shall annually review a price approved under paragraph (3) of
2 this subsection; and

3 (ii) may, on its own initiative, or on petition by the Office of People's
4 Counsel, require an electricity supplier offering green power under a price established
5 under paragraph (3) of this subsection to demonstrate that the price continues to meet the
6 requirements of paragraph (3) of this subsection.

7 (e) (1) On and after January 1, 2025, an electricity supplier shall purchase
8 renewable energy credits for each year the electricity supplier offers green power for sale
9 to residential retail electric customers.

10 (2) A renewable energy credit an electricity supplier purchases under
11 paragraph (1) of this subsection shall be retired in a PJM Environmental Information
12 Services, Inc., generation attribute tracking system reserve subaccount accessible by the
13 Commission.

14 [(f)] (E) (1) This subsection does not apply to:

15 (i) the Department of General Services when the Department of
16 General Services sells energy under § 7-704.4 of this subtitle; or

17 (ii) a community choice aggregator under § 7-510.3 of this title.

18 (2) An electricity supplier that claims in the electricity supplier's
19 marketing of electricity to residential retail electric customers that the customer will be
20 purchasing green power shall include the following disclosure or a similar disclosure
21 approved by the Commission:

22 "We deliver energy through the purchase of Renewable Energy Credits (RECs). A
23 REC represents the social good that accompanies 1 megawatt-hour of renewable electricity
24 generation. RECs may be sold separately from renewable electricity itself. Renewable
25 electricity and RECs may be sold to different entities. The purchase of a REC does not
26 indicate that renewable electricity itself has been purchased by the entity that purchased
27 the REC."

28 [(g)] (F) In addition to the disclosure required under subsection [(f)] (E) of this
29 section, the Commission shall adopt regulations that require an electricity supplier, other
30 than the Department of General Services when the Department of General Services sells
31 energy under § 7-704.4 of this subtitle or a community choice aggregator under § 7-510.3
32 of this title, that offers green power for sale to residential retail customers to include in the
33 electricity supplier's marketing materials a disclosure, written in plain language, that
34 explains:

35 (1) what the customer will actually be paying for when the customer
36 purchases green power from the electricity supplier;

- 1 (2) how the electricity that the customer has purchased is generated;
- 2 (3) how the green power will benefit the environment;
- 3 (4) the percentage of electricity that would be provided by the electricity
4 supplier that is eligible for inclusion in meeting the renewable energy portfolio standard;
5 and
- 6 (5) the state in which the electricity was generated.

7 **[(h)] (G)** The Commission, in its discretion, may determine whether an
8 electricity supplier is marketing electricity in accordance with this section.

9 SECTION 2. AND BE IT FURTHER ENACTED, That the division within the Public
10 Service Commission established in accordance with Section 2 of Chapter 537 of the Acts of
11 the General Assembly of 2024 shall be abolished. Any Position Identification Numbers
12 (PINs) created in accordance with Section 2 of Chapter 537 of the Acts of the General
13 Assembly of 2024 shall remain with the Commission and any employee hired or assigned
14 to that division shall be reassigned to an equivalent position elsewhere within the
15 Commission. No employee affected by a reassignment in accordance with this section shall
16 suffer any diminution in pay or benefits resulting from the reassignment.

17 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before January 1, 2027,
18 the Public Service Commission shall adopt regulations to carry out this Act.

19 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall be construed to
20 apply only prospectively and may not be applied or interpreted to have any effect on or
21 application to any electricity supply agreement or gas supply agreement that is in effect on
22 or before the effective date of this Act.

23 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2026.