PEPPOR-2025-01 - E - 21, WGPOR-2025-01-G - 22

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GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL

BRIAN L. SCHWALB
ATTORNEY GENERAL

Public Advocacy Division
Housing and Environmental Justice Section

E-Docketed

December 3, 2025

Ms. Brinda Westbrook-Sedgwick
Secretary
Public Service Commission
Of the District of Columbia
1325 G Street, NW, Suite # 800
Washington, DC 20005

Re: PEPPOR-2025-01 and WGPOR-2025-01

Dear Ms. Westbrook-Sedgwick:

On behalf of the District of Columbia Government, please find the enclosed two documents produced by the District of Columbia's Department of Energy and the Environment (DOEE): 1) a market analysis paper entitled "Retail Electricity Competition in DC: Market Trends and Analysis," Attachment A; and 2) a companion report entitled "Options for Reforming DC's Retail Energy Markets," Attachment B. Both of these documents are available on DOEE's website here: https://doee.dc.gov/service/third-party-energy-suppliers-district.

In 1999, the District of Columbia Council passed the Electric Retail Competition and Consumer Protection Act, which paved the way for retail competition in the electricity market.[1] The statute expanded the allowance for retail competition, which had previously been introduced in the gas sector.[2] This model allows customers to choose their electricity or natural gas supplier, rather than relying solely upon the utilities to procure energy on their behalf. Since that time, there have been few detailed analyses of market outcomes for utility customers in the District based on their ability to "shop" for a third-party supplier.

DOEE is currently undertaking a series of related research projects to examine outcomes in the retail supply market. The attached reports present the results of two of DOEE's research initiatives. The *Market Trends and Analysis* paper examined 14 months of data from the District's electricity market,

[1] DC Public Service Commission, *The First Century: Serving the Public Interest, 1913-2013*, p. 222, https://dcpsc.org/PSCDC/media/PDFFiles/centennial/DCPSC-The_First-Century-Serving_the_Public_Interest-1913-2023-FINAL-WEB.pdf.
[2] *Id.*, p. 276 (describing the initial experiments with retail competition for gas customers in the 1980s and 1990s).

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covering the period of July 2023 through August 2024, and found that many residential customers who sign up for third-party electric service pay significantly more for their electricity than they would have on Pepco's default service. Utility arrears are also higher for customers of retail suppliers, on average, than they are for customers of Pepco's Standard Offer Service. In contrast, commercial customers saved money with third-party energy service during the study period.

The companion report (*Options for Reforming DC's Retail Energy Markets*) examines how other states have addressed similar concerning outcomes in the retail energy market. The report describes reform efforts and lessons learned from states such as Maryland, Pennsylvania, and New York. The report concludes with a description of options and considerations that could inform market reforms in the District.

DOEE looks forward to continuing to provide analyses that will be useful for the Commission and the public. DOEE is also available to discuss these analyses and related research with Commission Staff at any time. If you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Sincerely,

BRIAN L. SCHWALB
Attorney General

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ATTACHMENT A

Retail electricity competition in DC: market trends and analysis

For the period of July 2023 – August 2024

Produced by Jennifer Richmond[1] and Andrew Held[2,3]

District of Columbia's Department of Energy and Environment (DOEE)

September 26, 2025

Summary

During a period of market liberalization in the late 1990s and early 2000s, several countries and states within the US restructured their energy markets to unbundle utilities' monopolies and make energy markets more competitive. However, restructuring has led to various regulatory structures, which have contributed to divergent outcomes. Here we leverage electricity market data to evaluate the competitive retail market for residential and commercial customers in the District of Columbia. When comparing average prices of retail supply to the default utility's average supply price, we estimate that residential customers with retail suppliers experienced a net consumer loss of $17.85 million over the study period from July 2023 to August 2024. This price difference was equivalent to a 70% price premium per kilowatt-hour, on average, for customers of retail suppliers. Customers receiving utility assistance compose about 25% of retail suppliers' accounts, on average, despite representing only about 8% of total residential customers. Customers receiving utility assistance experienced a proportional net consumer loss of $4.04 million. This price difference was equivalent to an average 80% price premium per kilowatt-hour, on average, for customers of retail suppliers who also receive utility assistance.

Although residential customers are paying higher average prices with retail suppliers, commercial customers experienced a net consumer *gain* of about $193.57 million during the period. The findings of this analysis suggest that market restructuring and the emergence of competitive retail markets has led to beneficial outcomes for many commercial customers and customers in master-metered apartment (MMA) buildings; however, competition has led to price increases among most residential customers, especially among utility assistance customers. Therefore, retail customers would benefit from market reform measures to increase consumer protection among residential and small business consumers, a conclusion that other jurisdictions have reached as they have begun reforming their markets.

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[1] Jennifer Richmond is a Data Scientist for the Research, Analytics, and Development (RAD) Branch within DOEE's Energy Administration. Jennifer Richmond led the design, writing, coding, and analysis for this report. Please email jennifer.richmond@dc.gov with any questions.

[2] Andrew Held is the Research, Analytics, and Development (RAD) Branch Chief within DOEE's Energy Administration. Andrew Held assisted with the commercial market data analysis.

[3] We are grateful to Peter Damrosch, Sasa Tang, Jen Dickman, Jenya Kahn-Lang, Stephen Marencic, and Yohannes Mariam for their thoughtful comments. Thank you to Rohan Sykora for excellent research assistance.

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1 Introduction

Energy market liberalization policies were popularized by policymakers in the US and globally in the 1990s and early 2000s. Most energy utilities had operated as monopolies since the turn of the 20th century.[4] Market restructuring unbundled the vertical stack of generation, transmission, and distribution. Newly distributed services and management in the supply and distribution networks created an opening for competition on the supply side of the market.[5] Instead of the utility providing its default service[6] to all customers, retail choice enables customers to choose between competing retail energy suppliers (which will be referred to in this paper as "retail suppliers") with different service features, including more renewable energy generation, contract term flexibility, incentives, and potentially other complementary services. Utilities continue to maintain infrastructure and provide transmission and distribution.

Economic motivations for market restructuring centered on improving consumer welfare by lowering prices for residential and commercial consumers and cultivating innovation.[7] DC and 17 states currently have fully competitive retail energy markets.[8] Six additional states allow only competitive wholesale generation, but not competition in retail sales.[9] According to Lien (2008), DC and 28 states restructured at some point before 2008.[10] Among those restructured markets, retail electricity prices in DC and 10 states increased at a rate that outpaced national average retail electricity price growth from 1995 to 2006. Other restructured states observed retail electricity prices that increased or decreased while remaining below the national average supply price, which suggests it is possible to have retail choice markets that produce financial benefits for consumers. However, DC's average retail electricity price increased by over 50% during this period, making it the fourth largest increase in average retail electricity prices among structured or restructured markets in all 50 states and DC from 1995 to 2006 (Lien, 2008). Here we examine more recent retail electricity data in DC. These data suggest that the market is producing cost savings for many commercial customers and master-metered apartment (MMA) building customers, but many residential retail customers are paying significantly higher supply prices and accruing significantly higher arrears than customers on the default service.

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[4] Unbundling of generation, transmission, and distribution led to the creation of two new system operators: 1) independent system operators (ISOs) to manage generation, and 2) regional transmission operators (RTOs) to manage transmission in several regions across the US.

[5] Here we focus on the supply side of the market because transmission and distribution are still monopolized by the local utility in DC.

[6] In DC, Pepco's standard offer service (SOS) is the "default service," which is the electricity supply service option for customers who have not selected a third-party energy supplier (Public Service Commission, 2025a).

[7] Innovation includes additional renewable generation, new cost structures for renewable energy procurement, improving energy efficiency and market efficiency, and other changes to market dynamics.

[8] As of 2008, these markets included DC, California, Oregon, Montana, Texas, Illinois, Michigan, Ohio, Pennsylvania, New York, Maryland, New Jersey, Delaware, Connecticut, Rhode Island, Massachusetts, New Hampshire, and Maine.

[9] Environmental Protection Agency (2025)

[10] The number of restructured states has changed over time. Some states have reverted to regulated market structures and some have reformed their markets to allow only partial retail choice. Some states restrict the market to only electric or gas and residential or commercial retail sales. An early galvanizing force for restructuring reversals or regulatory reforms was California's energy crisis in 2000-2001. California's competitive market worked well initially, but after the first two years, consumer prices began to spike and generation struggled to meet demand, causing widespread outages and decreased confidence in the state's electric utility companies. A more recent shock to the retail choice space was the 2021 power crisis in Texas that led to widespread outages during unusually cold temperatures. Texas's wholesale market prices are unregulated while most markets have consumer price caps. This caused outrageously high prices and outages during the 2021 winter storm as generation facilities struggled to perform in low temperatures.

From July 2023 through August 2024 in DC, there were 53 different retail suppliers providing residential and/or commercial electricity service. Retail suppliers provided service to about 10% of residential customers and about 32% of commercial customers, as discussed further below, with the local electric utility, Potomac Electric Power Company (Pepco), providing service to the majority of customers in both markets. However, retail suppliers provided about 83% of all commercial electricity consumed while residential retail suppliers provided about 11% of all residential electricity consumed at the end of the study period (Public Service Commission, 2025b).[11] In DC, most suppliers in the residential and commercial markets maintain relatively small numbers of customers, with the exception of a handful of retail suppliers that dominate the residential market and a handful of mostly different retail suppliers that dominate the commercial market. Variation in the number of customers month-to-month fluctuates more among retail suppliers in the residential market than in the commercial market. This suggests the commercial market may have more customer retention or longer contracts.

When comparing on price alone, residential electricity customers in DC experienced an estimated *net consumer loss* of *$*17.85 *million*[12] during the 14-month period analyzed in this paper (July 2023 to August 2024). This loss estimate is derived by comparing retail supply charges to Pepco's standard offer service (SOS) price to compare as the counterfactual. For reference, this estimated net consumer loss is equivalent to 30% of all electricity supply charges during the period. This loss estimate does not account for any costs willingly incurred by consumers to improve their welfare through consumption of goods and services that are additional compared to Pepco's SOS (e.g., additional supply costs for renewable energy or home energy efficiency technologies offered by retail suppliers). This trend is consistent with

[11] For residential consumption, the percentage of retail supply customers corresponds proportionally to the percentage of electricity consumption among all residential customers because variation in consumption among households is much smaller than variation in consumption among different commercial customers. Therefore, about 10% of residential customers had retail suppliers during the period and these customers consumed about 11-12% of residential electricity sold during the period (Public Service Commission, 2025b, "Energy Usage (MWHs) and Market Shares").

[12] We estimated net consumer loss by first calculating the total residential supply charges for the period. Then we compared total residential supply charges to the product of total residential consumption (kWh) and Pepco's SOS price to compare, which is 12.01 cents/kWh for the period of analysis. This figure excludes master-metered apartment (MMA) buildings, which follow a different rate schedule. This implies that the true total net consumer loss is actually greater than $13.63 million considering that MMA customers mostly pay higher supply charges than Pepco's SOS price to compare. Of course, there are additional benefits that retail suppliers offer to customers, such as additional renewable energy supply. These additional benefits and consumers' willingness to pay for these services cannot be accounted for with the data used here.

findings in other retail choice states, including Maryland,[13] Massachusetts,[14] Maine,[15] Connecticut,[16] New York,[17] Pennsylvania,[18] and other states and countries.

Low-income customers in DC who received utility assistance (UA) during the study period (July 2023 to August 2024) made up 25% of total residential customers during the period and experienced *a net consumer loss of $4.04 million*.[19] This is equivalent to 33% of all supply charges for UA customers during the period. Conversely, commercial customers benefited, on average, from the retail market with a *net consumer gain* of $193.57 million during the period. This estimate is derived by comparing commercial retail supply charges to Pepco's average commercial supply charges as the counterfactual. This net gain is equivalent to 45% of the total commercial supply charges during the period.

Residential customers of retail suppliers are also much more likely to be in arrears. As of August 2024, 25% of SOS customers were in arrears, on average, compared to 55% of retail supply customers. Average monthly arrears among retail supply customers were nearly double those of Pepco's SOS customers. The starkness of these findings is consistent with differences in average supply prices between Pepco's SOS and retail suppliers. This suggests, unsurprisingly, that higher prices in the retail supply market may be leading to higher rates and amounts of arrears; it is also possible that some customers already in arrears seek to switch to retail suppliers to save money.

Commercial trends for arrears were very different than residential trends. Total monthly arrears among commercial customers of Pepco's SOS were relatively similar to commercial customers of retail suppliers throughout the period. This is despite retail suppliers providing over 80% of commercial energy consumed during the period. There were only about half as many customers of retail suppliers in arrears each month compared to the number of Pepco's SOS customers in arrears; average monthly arrears for the period were somewhat higher for commercial customers of retail suppliers throughout the period, which is potentially explained by larger consumption among retail customers, on average.[20]

[13] "From 2014 to 2017, Maryland households paid about $255 million more than if they had stayed with their utility's supply offer" (Baldwin and Howington, 2023, page 30).

[14] "Households experienced $425.7 million net consumer loss between July 2015 through June 2020 (with the net consumer loss based on a comprehensive analysis of bills rendered and comparison of the prices consumers would have paid for standard offer service with what were actually charged by CEPs)" (Baldwin and Howington, 2023, page 30).

[15] "… over the four-year period spanning 2018 to 2021, Maine households purchasing CEP products paid between $78 million and $91 million more for electricity supply than if they had purchased standard offer service" (Baldwin and Howington, 2023, page 27).

[16] "Since January 2015, when the Connecticut Office of Consumer Counsel started tracking supplier data, customers with a supplier have overpaid a total of $299,183,095 more than standard service" (Baldwin and Howington, 2023, page 30).

[17] "In New York, the Department of Public Services Staff found New York customers of alternative suppliers paid in the aggregate $1.3 billion more than they would have if they remained energy supply customers of their own utility during the 36-month period" (Baldwin and Howington, 2023, page 30).

[18] "Consumers in the FirstEnergy Companies' regions paid $431,152,822 above standard offer rates to CEPs between August 2017 and December 2021. Consumers in other parts of the state paid $1,131,895 above standard offer rates…" (Baldwin and Howington, 2023, page 30).

[19] To calculate net consumer loss among UA customers only, we followed the same formula as above. Total UA charges for the period were $9,677,090. Total consumption was 54,090,470 kWh. Total estimated charges if all customers had paid Pepco's price to compare for supply would have been $6,496,265. This suggests a net loss of $3.18 million. This estimate also does not include MMA customers.

[20] We do not have data linking consumption (kWh) to commercial customers in arrears, making it difficult to know whether higher average monthly arrears among commercial retail customers are due to higher consumption and subsequently higher bills. However, we may assume this is a plausible explanation.

To perform this market-level analysis, DOEE requested aggregated and anonymized retail supply data and the average SOS supply charges during the period (July 2023 to August 2024) from Pepco. Retail supply data have been aggregated by month and supplier during the study period. These data have been anonymized using codes to represent each retail supplier. Data used in this paper are provided in the appendices. Residential data are included in **Appendix I: Residential data**. Commercial data are included in **Appendix II: Commercial data**.

This paper illustrates high-level trends in the retail supply market in DC. The first section presents data and insights on the residential supply market. The second section focuses specifically on utility assistance customers who receive benefits from at least one of DOEE's or Pepco's utility assistance programs, including the Utility Discount Program (UDP), Low-Income Home Energy Assistance Program (LIHEAP), and Solar for All (SFA). The third and final section covers trends in the commercial retail supply market in DC.

2 Residential market trends

The following sections on the residential market in DC explore changes in customer accounts, variation in supply charges across different groups of customers and suppliers, and customers' arrears. More information on total residential consumption among customers of retail suppliers during the study period is provided in **Appendix IV: Residential and commercial consumption**.

2.1 Customer accounts and market share

Over the course of 14 months, from July 2023 to August 2024, there were 40 different retail suppliers in the DC market providing electricity to residential customers. Not all 40 retail suppliers had residential customers throughout the year. In July 2023, there were 39 retail suppliers with residential customers and in August 2024, there were 36 retail suppliers with residential customers. It remains unclear from this data whether the difference in retail suppliers throughout the year can be attributed to retail suppliers entering or exiting the retail space completely; it may be that some retail suppliers simply relied primarily on commercial customers and/or residential customers in other states. However, evaluating regional or nationwide trends among suppliers in all parts of the market is beyond the scope of this study.

During the same period of 14 months, the total number of residential electricity customers who were enrolled with retail suppliers remained relatively stable. There were 33,119 residential customers (i.e. individual accounts) of retail suppliers in DC as of July 2023; this decreased, on net, to 30,294 customers of retail suppliers as of August 2024. This net decrease may be attributed to account cancellations and switching to the default service (i.e. Pepco's SOS). According to historic records from the Public Service Commission (2025b), there were 317,802 residential electricity accounts in DC as of August 2024 (Potomac Electric Power Company, 2024). Therefore, retail suppliers provided service to about 10% of the residential market in DC in August 2024.

Most retail suppliers maintain a relatively small portfolio of residential customers. In **Figure 1**, we show the net change, from July 2023 to August 2024, in the number of accounts by each anonymized retail supplier operating during part, or all, of the period. During each of the 14 months, some retail suppliers had only one active residential customer account. The retail supplier with the largest residential market share had as many as 8,365 customers at one point during the period. The average number of customers for retail suppliers during the period was 553.6, and the median number of customers was 78. As **Figure 1** illustrates, most retail suppliers had fewer than 1,000 customers. This is true for each month during the period. Only a handful of retail suppliers provided service to over 1,000 customer accounts, and one retail supplier dominated the residential retail supply market with about a quarter of the market's total customers.

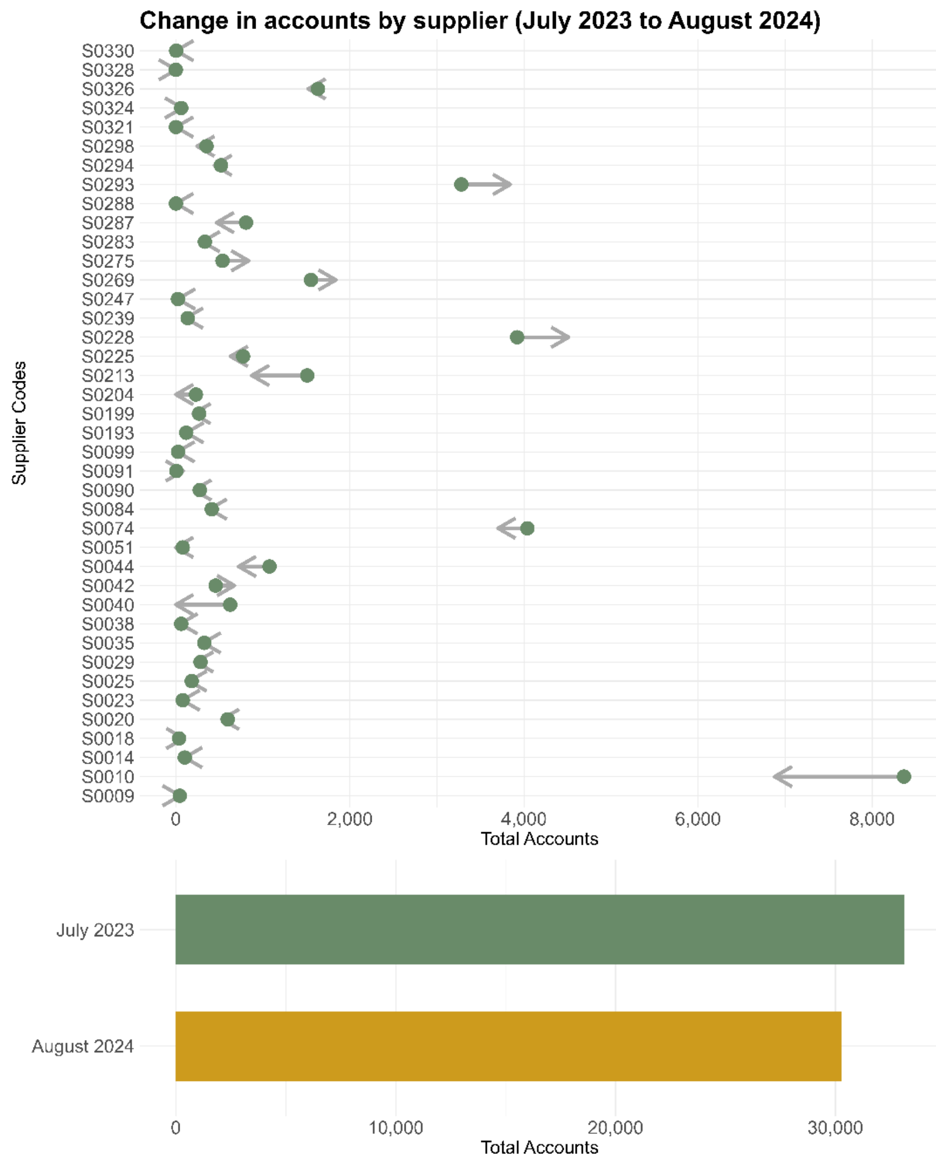

Figure 1. All residential retail accounts (July 2023-Aug. 2024)

In the figure, the arrow represents the difference from the starting point in the data, which is July 2023 (green dots) to August 2024 (arrow tips). Changes in the months between the start and end points are not captured in this figure. At the base of the figure, bars show the total number of customers enrolled with all retail suppliers in the start month of July 2023 and the end month of August 2024.

Pepco's residential rate classes highlighted in this study's data include "R" for general residential customers and "MMA" for master-metered apartment buildings. While **Figure 1** shows the net change in accounts with retail suppliers for general residential accounts, **Figure 2** shows the change in the number of MMA buildings with retail suppliers during the period.[21] Instead of customers in MMA buildings

[21] For the MMA rate class, Pepco accounts are billed at the building level, meaning a property owner or manager is responsible for paying for the building's consumption.

paying for utilities directly, residents in these buildings pay landlords or property managers who then pay the total utility bills each month for their buildings. Definitions of MMA buildings and the terms of utility billing procedures for these properties are detailed in the DC Code (Council of District of Columbia, 2025).[22]

The data for **Figure 2** do not provide the number of units within each MMA building, so the data are simply representative at the building level. Buildings in the MMA rate class can vary in size and number of units and should, therefore, be considered with that variation in mind. It is best to analyze charges by consumption rather than by account in the case of MMA accounts. What we can broadly learn from the data in **Figure 2** is that there are far fewer retail suppliers providing service to MMA buildings compared to individual residential accounts. Whereas 40 companies provided service for general residential accounts, only 25 provided service to MMA buildings over the period. The number of MMA customers is also much smaller than the number of residential customers.

The number of MMA buildings per retail supplier was very low for the vast majority of retail suppliers. Only a handful of retail suppliers had more than 15 accounts per month during the period. Most of the retail suppliers maintained a stable number of accounts throughout the period, but three retail suppliers experienced relatively large changes in accounts. As shown in the bar graph at the bottom of **Figure 2**, there were 302 MMA accounts with retail suppliers in July 2023 and by August 2024, there were 333 MMA accounts.

[22] The DC Code (§ 42–3301) defines MMA buildings as "any building or part thereof, not used primarily for transient occupancy, in which there are three or more apartments, each with one or more habitable rooms with kitchen and bathroom facilities exclusively for use of and under the control of the occupant thereof."

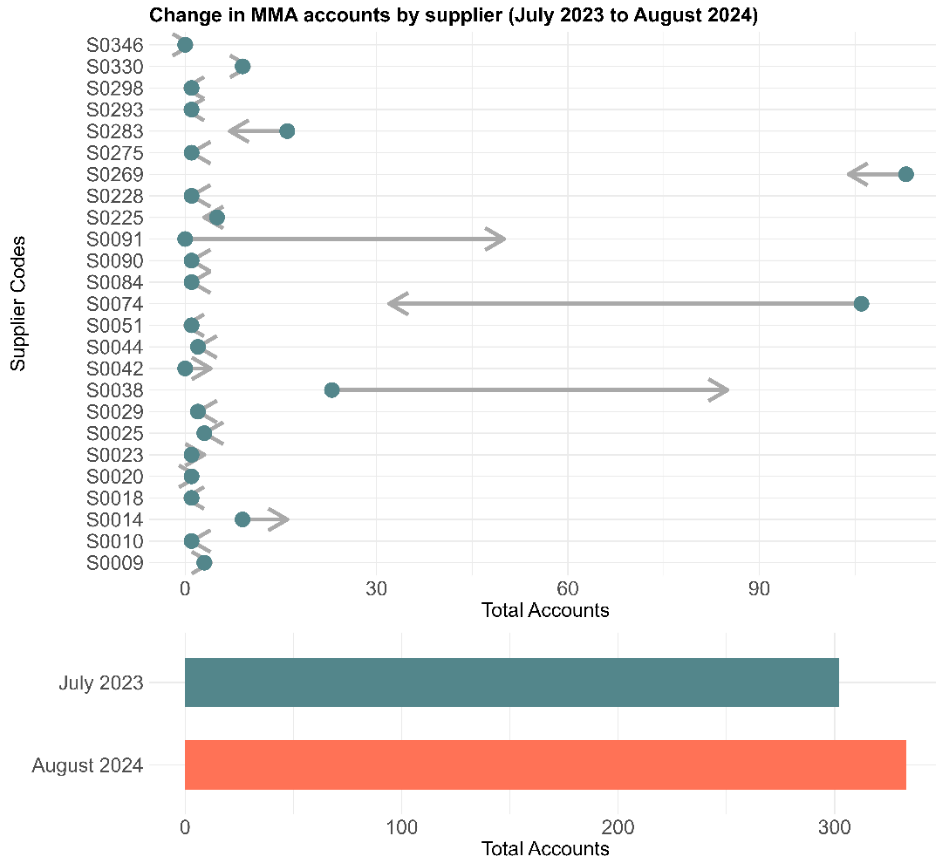

Figure 2. Change in MMA retail accounts (July 2023 - Aug. 2024)

The total number of master-metered apartment (MMA) buildings that are customers of retail suppliers is limited compared to other residential customers. However, each MMA account represents a residential building with at least three units. Arrows show the change in the number of customer accounts from the starting point of July 2023 (turquoise dots) to the ending point of Auguster 2024. At the base of the figure, bars show the total number of MMA accounts in July 2023 and August 2024.

2.2 Variation in charges by retail suppliers

In **Figure 3**, we present average supply prices per kilowatt-hour (kWh) among customers in different groups during the period. Customers of Pepco's SOS and customers in MMA buildings with retail suppliers appear to have paid nearly the same average supply price of about $0.10 per kWh.[23] Retail supply customers paid an average supply price of $0.17 per kWh, and UA customers, as a subgroup of all retail supply customers, paid an even higher average premium of $0.18 per kWh. UA customers are counted within the retail supply group, but we highlight this subgroup of retail customers because of additional price disparities between UA customers and retail customers generally.

[23] MMA supply charges are very simply estimated by dividing supplier-level supply charges by supplier-level consumption (kWh). Since we do not have access to more granular data than this, we recognize this estimate of what a building's tenants pay for supply is likely to differ in reality.

To put these figures in perspective, a UA customer consuming 700kWh in a month during the period would have paid an average of $73 for Pepco's SOS but would have paid an average of $126 for retail supply. That's an average monthly premium of $53 for retail supply among customers who received utility assistance from DOEE during the period, or an additional $636 per year.

Residential customers (unless they are part of DOEE's Utility Discount Program (UDP)) also paid an estimated $0.057 per kWh, on average, for distribution charges during the period.[24] Including these distribution charges, the UA customer consuming 700kWh in a month of Pepco's SOS supply during the period would pay $113, on average, and the UA customer consuming 700kWh of retail supply would pay $166, on average. Again, this is the average difference among all 40 suppliers in the market compared to Pepco's SOS, but there are some retail suppliers that charge competitive average prices compared to Pepco's SOS. We are unable to report the actual distribution of customer prices for each supplier, unfortunately, due to the supplier-level aggregation of the data. This means that we can report the average, but not the spread or deviation of the customer-level data from the average.

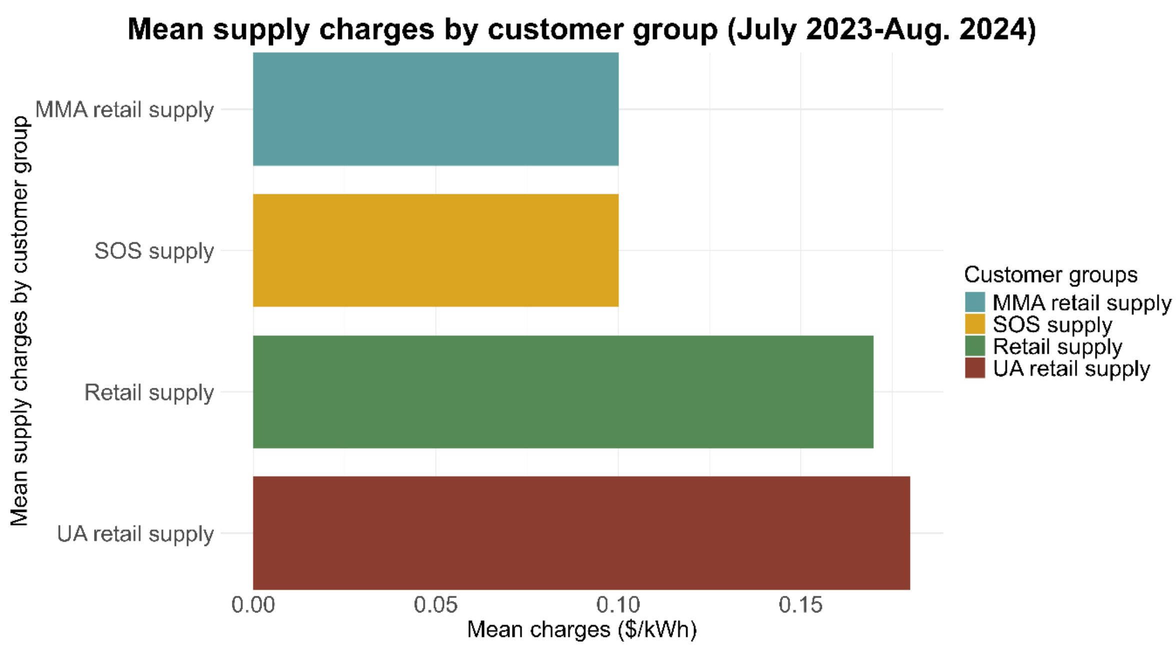

Figure 3. Mean supply charges by customer group (July 2023-Aug. 2024)

Different sub-groups of customers have different average supply charges. Average SOS supply charges were about $0.1043 per kWh during the period. The average estimated MMA price per kWh is also about $0.10. Customers who purchase electricity from retail suppliers paid an average of about seven cents higher per kWh, and UA customers paid an average of about eight cents higher than SOS customers during the period.

There was also considerable variation in the supply charges per kilowatt-hour among different retail suppliers. **Figure 4** presents average monthly supply charge distributions of all 40 retail suppliers

[24] Customers who are part of DOEE's Utility Discount Program and receive a Residential Aid Discount with Pepco are not charged for the distribution portion of their bill; these customers are also exempt from several surcharges. Estimated distribution charges are equivalent to about $40 per month for a customer consuming 700kWh of electricity.

providing service to residential customers (excluding MMA) during the period. Charges per kilowatt-hour of electricity ranged from one retail supplier's average of $0.0772 per kilowatt-hour in July 2023 to $0.2764 cents per kilowatt-hour in February 2024. This means that one retail supplier charged, on average, *four times* the amount of the retail supplier charging the lowest average amount during the period.

The overall average for supply charges was $0.1716 per kilowatt-hour. For comparison, we have included Pepco's Standard Offer Service (SOS) price to compare (PTC)[25] for the period, which is $0.1043 per kilowatt-hour, on average, for residential customers (Daugherty, 2024).[26] Therefore, the average supply charge per kilowatt-hour for the period was $0.0673 cents higher than Pepco's SOS, which is about a 70% supply price premium compared to SOS. This helps to explain why the estimated consumer net loss for the period was $17.85 million.

[25] According to Pepco's website, the price to compare is calculated using the total kilowatt-hour usage, multiplying the total usage by generation and transmission rates, and dividing this total by the total kilowatt-hour usage over a 12-month period. This produces the average price per kilowatt-hour or the price to compare. Supply generation rates vary by 1) rate class, 2) usage rates by household, 3) summer and winter months, and 4) rate redesigns approved by the Public Service Commission. Without specific billing information by household, it is not possible to calculate an accurate counterfactual charge that customers of retail suppliers would pay if they were, instead, customers of Pepco's SOS (Potomac Electric Power Company, 2025).

[26] MMA customers have a separate SOS price to compare, which is typically slightly lower than the standard residential rate class price to compare.

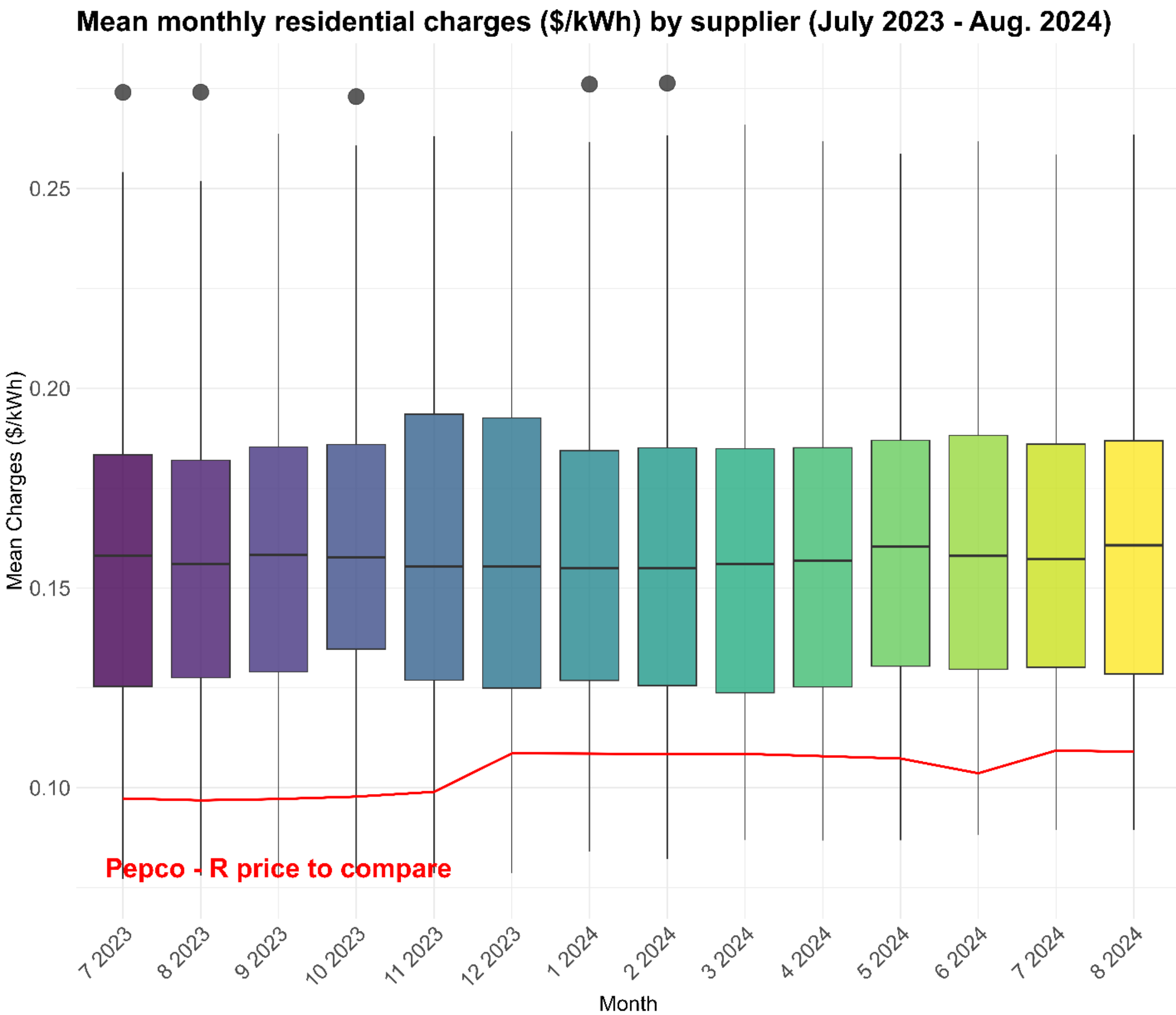

Figure 4. Mean residential charges per kilowatt-hour (July 2023 - Aug. 2024)

The box-and-whisker plot here represents monthly distributions of retail suppliers' average supply charges per kilowatt-hour of electricity consumed. The boxes and whiskers represent quartiles of the data. The box represents the interquartile range or the middle 50% of the distribution of retail suppliers' average charges. The whiskers represent the first and fourth quartiles of the distribution, and the dots indicate outliers. Outliers are any average charges that lie beyond 1.5 times the interquartile range on either end of the distribution. Median values are represented by the lines in the middle of the boxes. Pepco's Standard Offer Service (SOS) price to compare is included as a red line for comparison to the distributions of average prices charged by retail suppliers.

2.3 Variation in utility assistance (UA) customers and charges by retail supplier

Utility assistance (UA) customers accounted for 8% of *all* residential customers in DC but accounted for an average of 25.39% of *retail suppliers'* residential customers during the period. This proportion of UA customers remained fairly stable over the period, with the lowest average proportion of UA customers in June 2024 (22.55%) and the highest average proportion of UA customers in August 2023 (28.07%). However, the proportion of UA customers varied significantly among different retail suppliers in the market. See **Appendix I: Residential data** for a detailed list of the average number and proportion of UA customers per retail supplier during the period. The average of each retail suppliers' proportions of UA customers over the 14-month period was 17.88%. The range of UA customers by supplier varies considerably. Some retail suppliers had months in which they had zero UA customers and one retail supplier's UA customers accounted for 48.97% of its total customers that month.[27]

Using a back-of-the envelope calculation, we observe that several retail suppliers had much larger proportions of UA customers than we would expect if retail suppliers were attracting UA customers proportional to the total number of UA customers among all electricity customers in DC. There were 317,950 residential accounts in DC as of June 2024 (Potomac Electric Power Company, 2024). DOEE provides utility assistance to about 20,000 - 25,000 households annually. Using the high-bound estimate of 25,000, that means that about 8% of DC households are UA customers. Therefore, we can compare the observed count of actual UA customers per retail supplier to the expected count if UA customers composed 8% of each supplier's total customers. This helps us to understand the degree to which some retail suppliers provide service to a disproportionately high percentage of UA customers. We illustrate these differences between observed and expected (i.e., 8%) counts of UA customers in **Figure 5**.[28]

[27] Supplier S0328 had the highest proportion of UA customers (83.33%), but the supplier only had an average of three total customers throughout the period. This underscores the importance of grounding summary statistics in the underlying data.
[28] We also compared means of the observed and expected counts of UA customers by supplier using a paired t-test. The t-test produced a t-statistic of 2.6 and a p-value of 0.014, which is significant at the 5% level. This confirms that average UA customer counts among suppliers are significantly different than what we would expect if UA customers were attracted to suppliers in similar proportions reflected in the total population in DC.

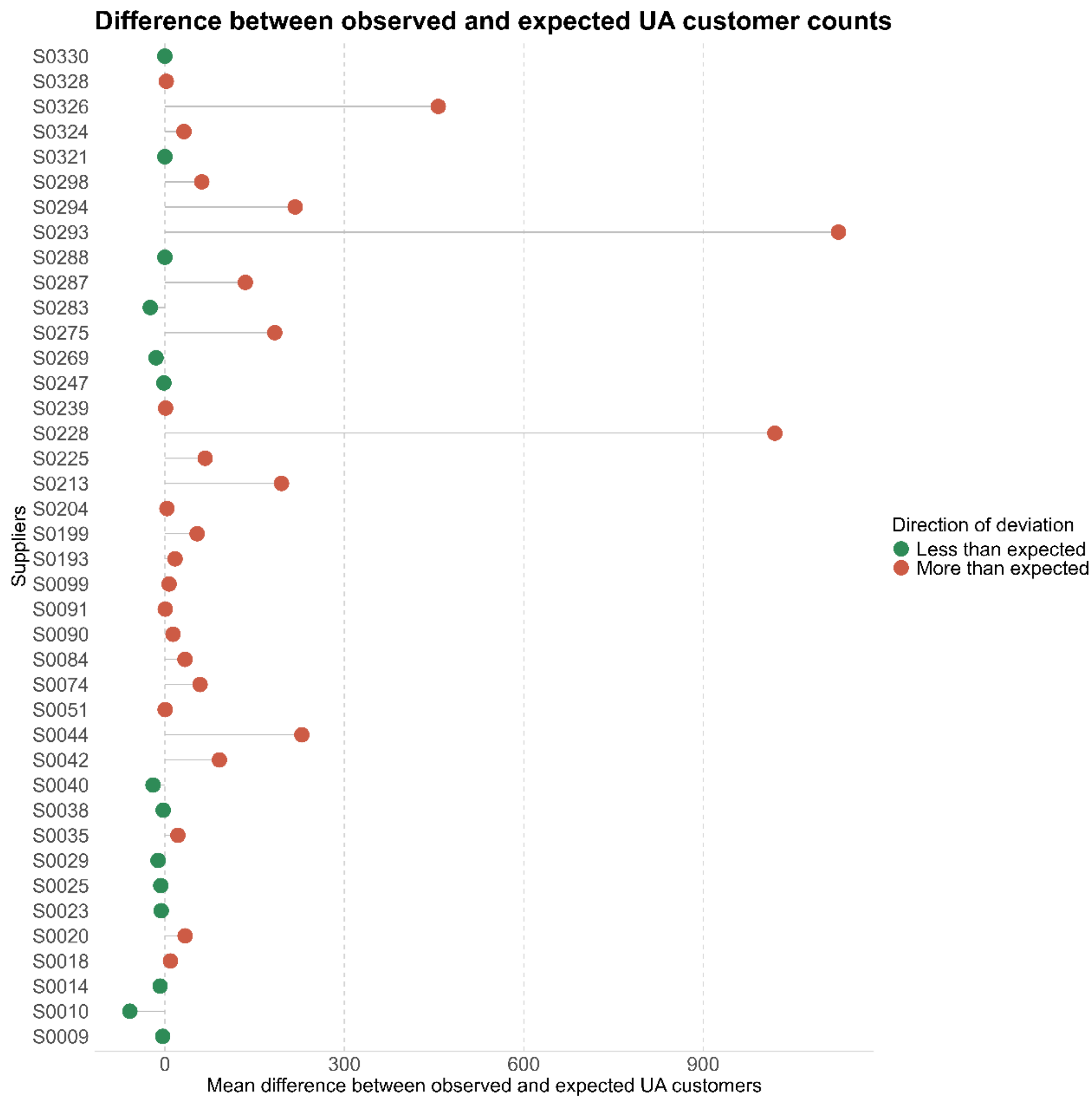

Figure 5. Mean difference between observed and expected UA customers by supplier

Here we estimate the difference between observed and expected counts of UA customers per supplier using a population-level estimate of total UA customers in the DC population (~25,000 UA customers of 317,950 (Pepco, 2024) total customers in DC). Observed counts are the mean monthly numbers of UA customers per supplier. The expected count of the equivalent of 8% of each supplier's accounts is represented as zero on the x-axis here, and the number of UA accounts below or above this expected amount is represented by the dot's location along the x-axis. These are the mean monthly numbers of UA customers we might expect each retail supplier to have if suppliers attracted UA customers to their services proportional to the total number of UA customers in DC's population.

As shown in **Figure 6**, UA customers of retail suppliers paid more for supply, on average, throughout the period. Compared to average supply charges among all residential customers in **Figure 4**, UA customers pay an even greater premium for retail supply than other residential customers.[29] The average price premium for UA customers was 80% greater per kWh of supply compared to Pepco's SOS PTC (i.e. an

[29] Figure 4 includes all residential customers with retail suppliers, including UA customers. Figure 6 includes only UA customers with retail suppliers.

average retail supply price of $0.18/kWh compared to about $0.10/kWh for Pepco's SOS). The lowest average supply charge for UA customers was $0.10 cents per kilowatt-hour, and the highest average supply charge was $0.28 per kWh. These low and high average charges across retail suppliers equate to a –4.2% difference and a 94.7% difference[30] compared to Pepco's SOS price of $0.1043 per kWh during this period.

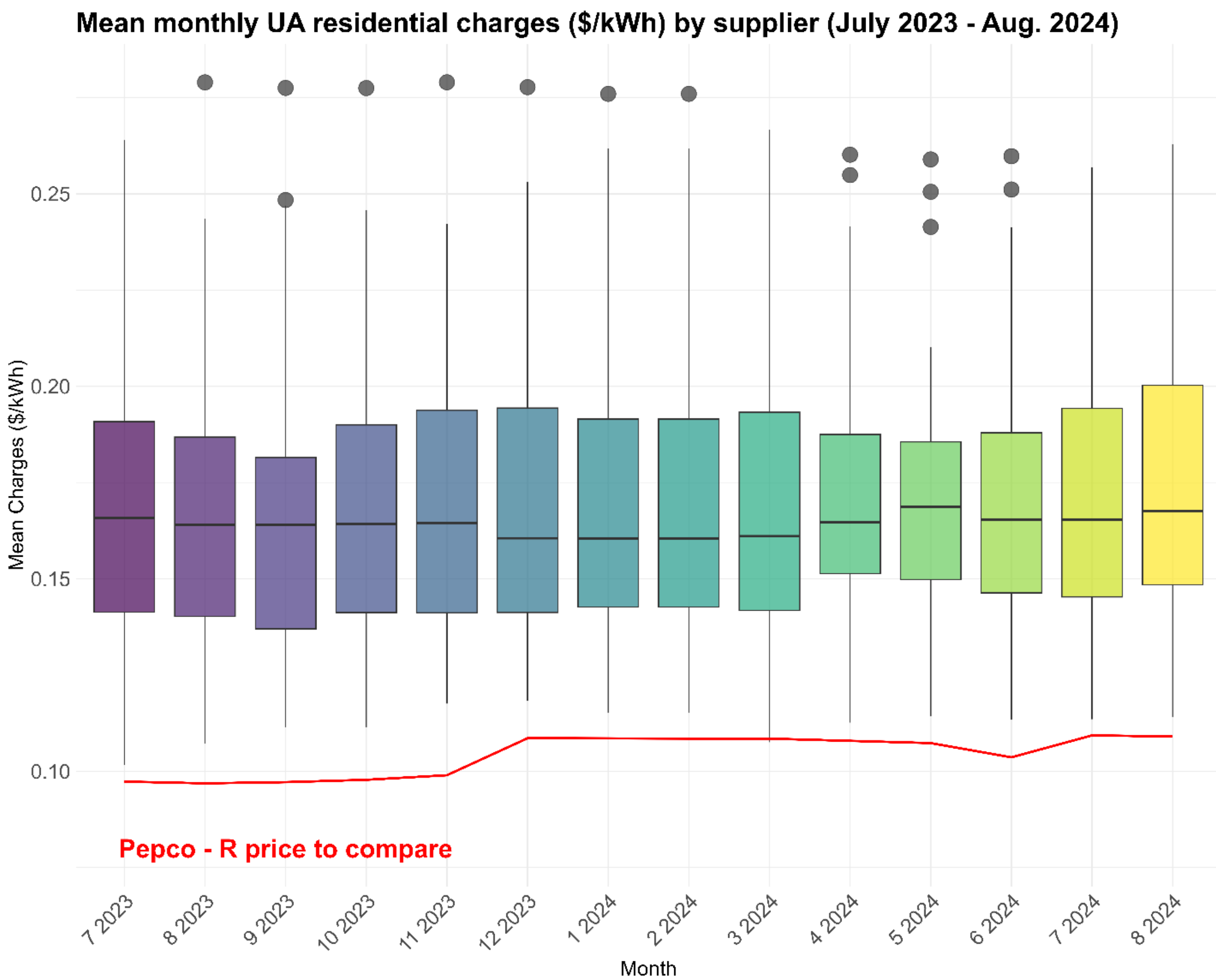

Figure 6. Mean charges per kilowatt-hour for utility assistance customers (July 2023 - Aug. 2024)

Shown here are the average monthly supply charges per kilowatt-hour by retail suppliers in the residential market. Box-and-whisker plots illustrate the distribution of values with the median represented as the line in the middle of the box and outliers represented as dots beyond either end of the distribution. Outliers are calculated as 1.5 times the interquartile range. Pepco's residential SOS price to compare is shown in red for comparison. All retail suppliers charged UA customers more, on average, than Pepco for all months during the period.

[30] Note that percentage differences are calculated differently from percentage increases cited above.

Figure 7 and **Figure 8** below show average monthly consumption and charges among customers of each supplier and during each month. **Figure 7** includes UA retail customers only and **Figure 8** includes all retail customers. Each dot in these figures represents the intersection of the average supply charge and average consumption among customers of one supplier in one month. We have set these plots to the same x-axis and y-axis limits for direct comparison; however, some dots representing higher consumption are excluded in **Figure 8** due to uniform axis limits and some high-consumption observations among the full distribution of retail suppliers. An unlimited plot of all suppliers and months of data has been included in **Appendix III: Mean monthly consumption and charges**.

Not all suppliers had residential customers in DC every month of the period, and not all suppliers that *did* have residential customers also had UA customers for those months. Therefore, there are more dots representing average consumption and charges by supplier and month in **Figure 8** than in **Figure 7.**

Average consumption among UA and all residential customers was comparable except for a limited number of high-consumption supplier-months among all retail customers. Average consumption per month mostly fell within the range of about 400 to 1,000 kWh for all residential customers *and* UA customers specifically, as shown in **Figure 8** and **Figure 7**. However, average supply prices among UA customers were higher at baseline compared to all residential customers. In **Figure 8**, we observe several average supply prices below $0.10 per kWh, whereas we do not observe any supply prices below $0.10 per kWh among UA customers in **Figure 7**. There were very few average supply prices among UA customers that fell below Pepco's price to compare.

Overall, average supply prices varied considerably among different suppliers. However, this variation had a higher average baseline for UA customers compared to all residential customers, and fewer UA customers paid supply prices below the price to compare, on average. Suppliers that had customers with high average consumption during certain months also appear to have had relatively low supply prices; average prices among suppliers with customers that had high average consumption (e.g., above 2,000 kWh) were below $0.15 per kWh.

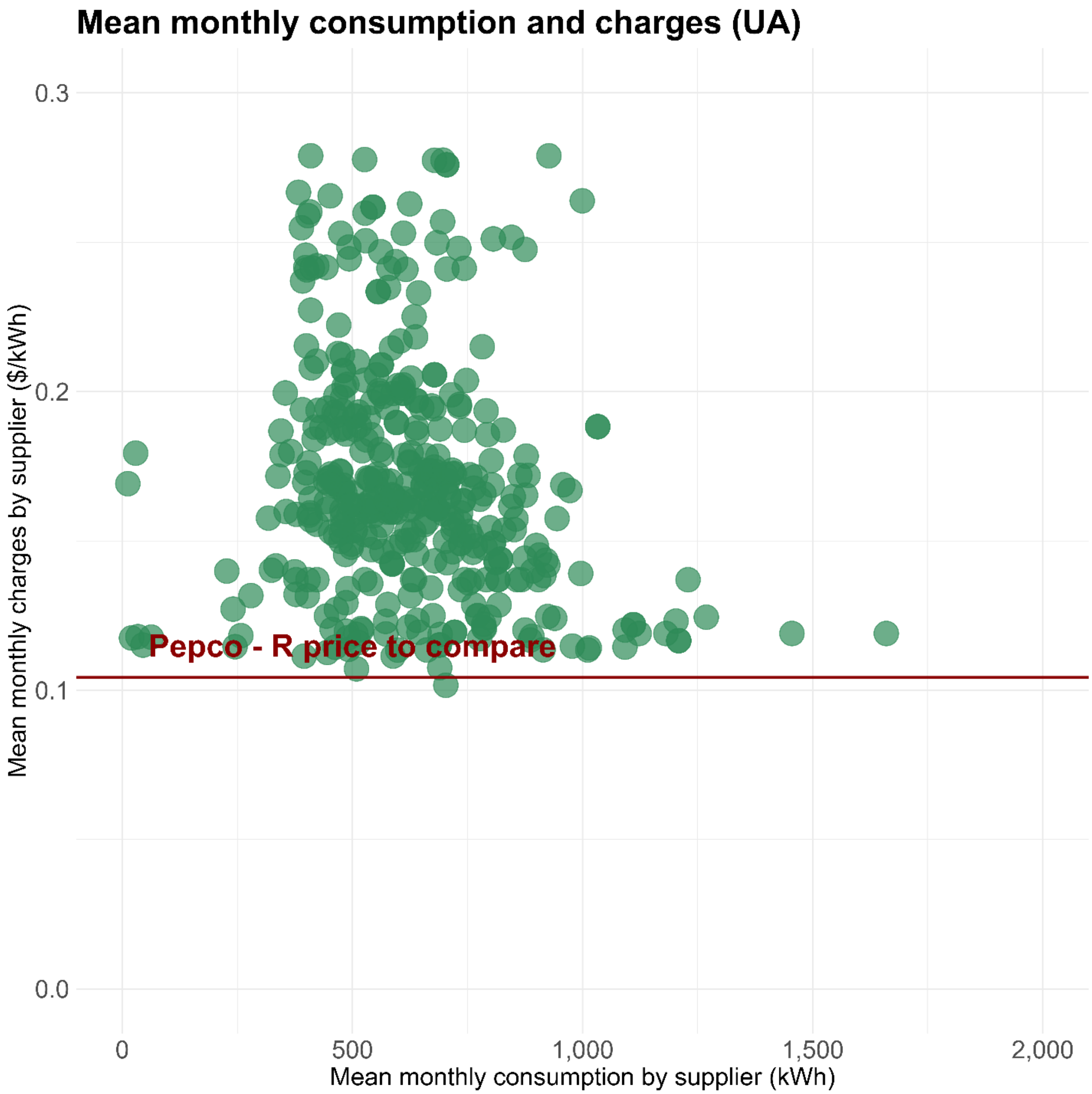

Figure 7. Mean monthly electricity usage and supply charges among UA customers (July 2023 – Aug. 2024)

Each dot in the figure represents the intersection of mean monthly consumption and mean supply charges for each supplier and month from July 2023 to August 2024. Very few suppliers charged UA customers less than Pepco's price to compare (shown as a red, horizontal line) during the period.

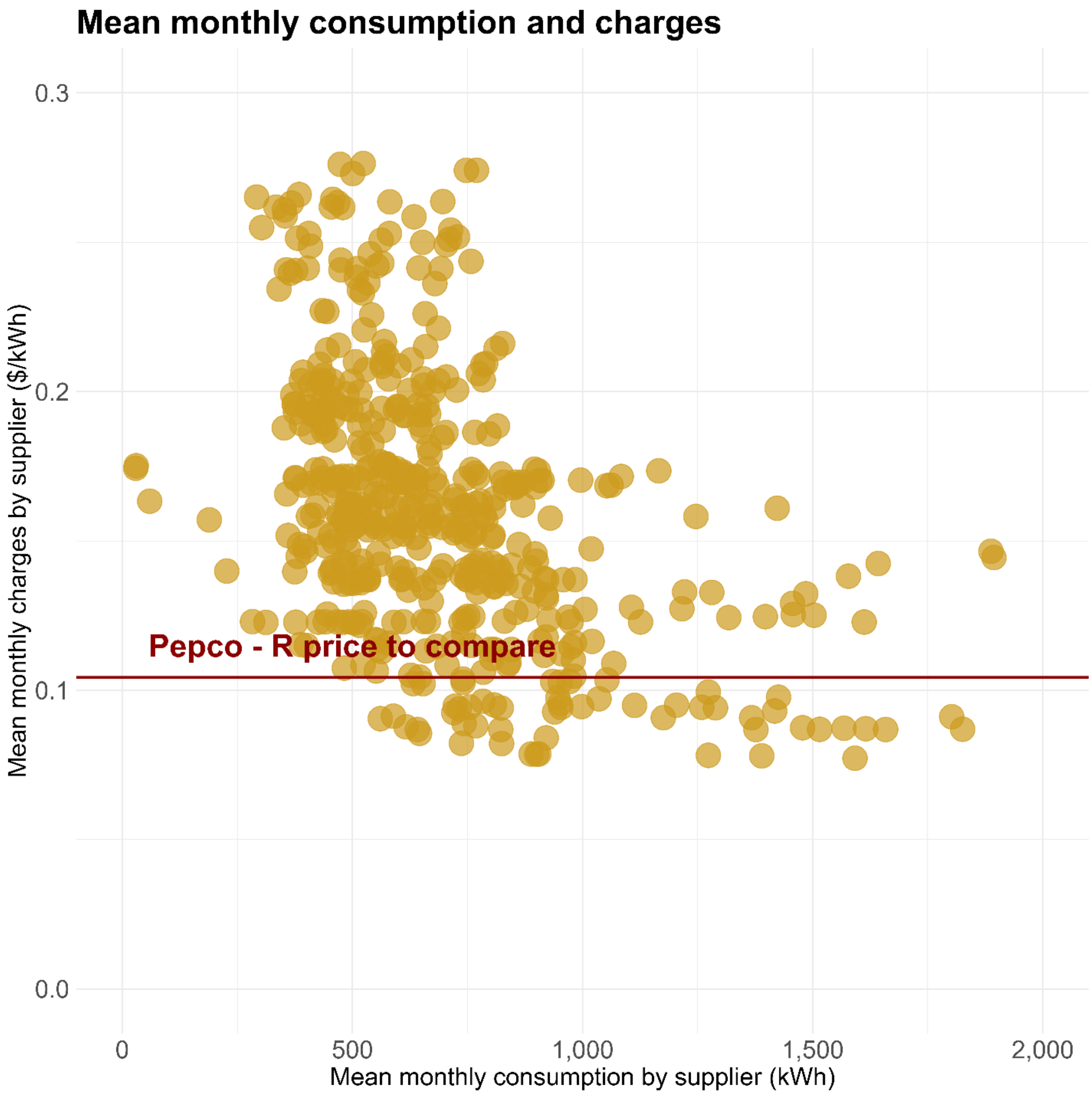

Figure 8. Mean monthly consumption and supply charges among residential customers (July 2023 – Aug. 2024)

Each dot in the figure represents the intersection of mean monthly consumption and mean supply charges for each supplier and month from July 2023 to August 2024. Very few suppliers charged retail customers less than Pepco's price to compare (shown as a red, horizontal line) during the period.

Figure 9 further illustrates the comparison between UA customers and all residential customers. Here we show the percentage of UA customers as a proportion of each supplier's customers each month of the period along the x-axis and average supply prices along the y-axis. Again, not all suppliers provided service to UA customers every month, or at all, during the period; suppliers without UA customers have been excluded from **Figure 9**. We observe in the figure that there was a positive trend of supply prices among suppliers with greater proportions of UA customers. There are a few outliers at the bottom right of the figure, but average supply prices for these suppliers during these few months were still higher than Pepco's price to compare. Overall, as the proportion of UA customers increases, the average supply price also increases. Why this correlative trend exists is not completely clear from the data available.

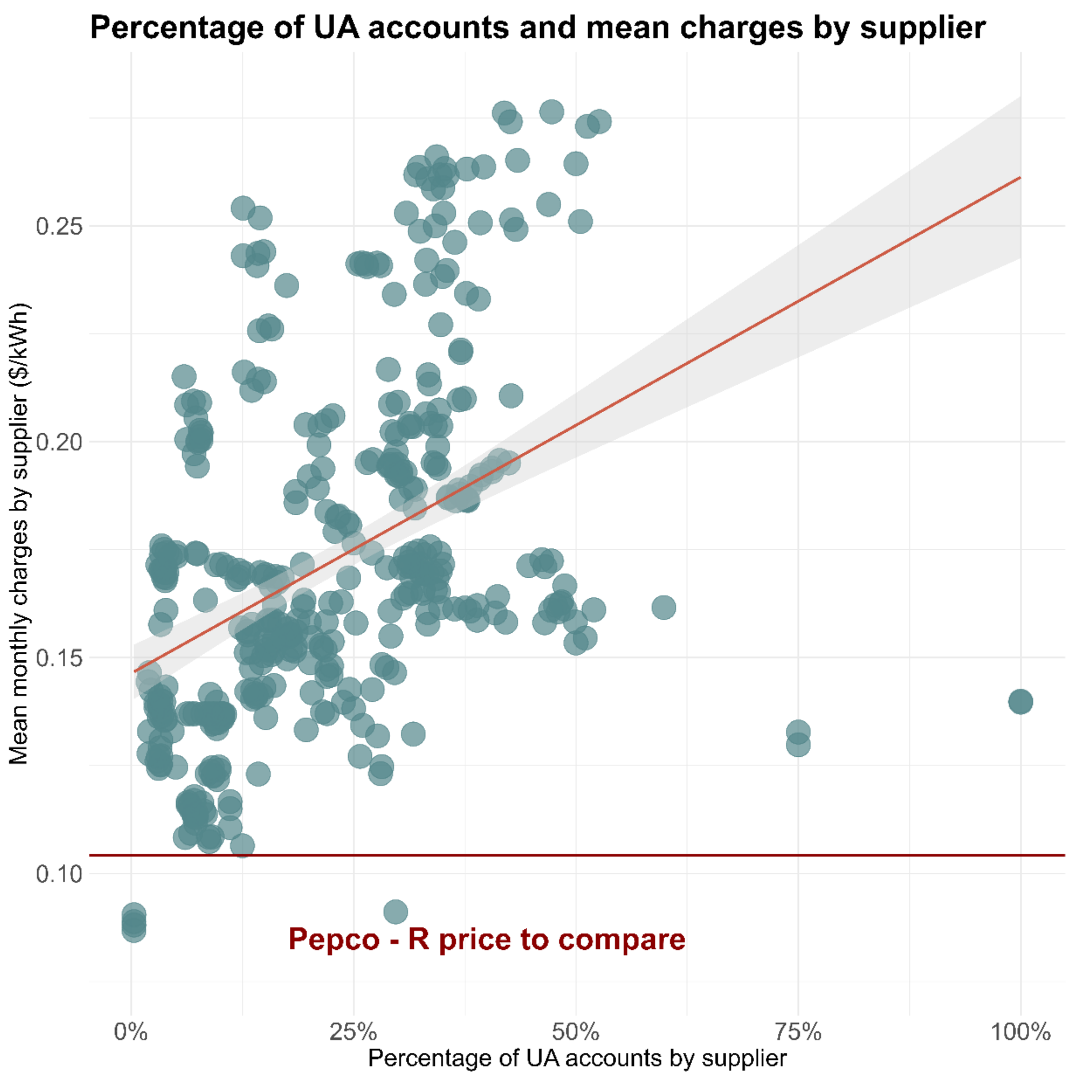

Figure 9. Percentage of UA customers by supplier and supply charges (July 2023 – Aug. 2024)

The shaded area surrounding the linear trend line represents confidence intervals for the true mean of the data. The intervals widen as data points become sparse and separated.

2.4 Residential arrears

Pepco classifies customers as having arrears when customers accrue past-due balances. Residential customers in arrears may continue to accrue more debt even as they continue to make sufficient payments to keep their accounts active. For some customers, these debts can continue to balloon unsustainably without the intervention of utility assistance or debt relief.

DOEE and Pepco offer several utility assistance programs to customers, and Pepco offers arrears management plans to help customers manage debt. Overall, average monthly arrears for Pepco's residential customers were $404 for the period. Strikingly, average monthly arrears for retail supply customers were $760, which is a difference of $356 per month or nearly double the average for SOS customers.[31] There was also a substantial difference in the prevalence of arrears between Pepco customers and retail supply customers. As of August 2024, 25% of Pepco customers were in arrears while 55% of retail supply customers were in arrears – over double the proportion of SOS customers in debt.

Table 1, **Table 2**, and **Table 3** present the total number of customers by group, total number of customers by group in arrears, and the percentage of customers by group in arrears. **Table 1** shows that that the total number of Pepco's SOS customers in arrears ranged from 62,780 to 79,576 throughout the period. Pepco's SOS customers in arrears accounted for between 22-29% of all SOS customers during the period. In other words, about one in four SOS customers were in arrears.

Year	Month	Total SOS customers	SOS customers with arrears	Percentage of SOS customers in arrears
2023	7	279,401	65,537	23%
2023	8	277,110	79,576	29%
2023	9	283,264	64,278	23%
2023	10	280,590	78,273	28%
2023	11	286,428	65,733	23%
2023	12	284,591	69,865	25%
2024	1	284,789	66,747	23%
2024	2	284,842	69,208	24%
2024	3	286,558	69,558	24%
2024	4	284,705	73,309	26%
2024	5	286,822	68,108	24%
2024	6	290,059	62,780	22%
2024	7	286,016	76,776	27%
2024	8	288,837	72,989	25%

Table 1. Pepco's residential SOS accounts in arrears (July 2023 - Aug. 2024)

[31] MMA customers' average monthly arrears during the period were $5,055. MMA arrears were much higher than average monthly arrears for Pepco's SOS customers and retail supply customers because MMA customers are aggregations of units within master-metered apartment buildings.

In **Table 2** below are the monthly totals of retail supply customers, retail supply customers in arrears, and the percentage of retail customers in arrears. Retail customers in arrears ranged from 13,637 to 22,305 during the period. The percentage of retail customers in arrears ranged from 46-62% each month. In most months, this is about double or even more than double the percentage of Pepco's SOS customers who were in arrears.

Year	Month	Retail customers	Retail customers in arrears	Percentage of retail customers in arrears
2023	7	33,119	16,146	49%
2023	8	36,072	22,305	62%
2023	9	30,365	14,042	46%
2023	10	33,745	20,016	59%
2023	11	28,671	15,370	54%
2023	12	30,964	17,006	55%
2024	1	31,594	16,990	54%
2024	2	31,970	17,183	54%
2024	3	30,833	17,060	55%
2024	4	32,940	18,459	56%
2024	5	31,168	16,901	54%
2024	6	27,891	13,637	49%
2024	7	32,823	18,517	56%
2024	8	30,294	16,647	55%

Table 2. Residential retail supply accounts in arrears (July 2023 - Aug. 2024)

Table 3 below provides totals for MMA customers, MMA customers in arrears, and the percentage of MMA customers in arrears each month during the period. The total counts were much lower for MMA customers because each customer is an apartment building with tenants who pay their portions of the building's total electric bill to the property manager or owner each month. This is also the reason that average arrears, though not total arrears, were higher than average monthly arrears among customers of Pepco's SOS and retail suppliers. MMA customers in arrears ranged from 86 to 265 during the period. The percentage of MMA customers in arrears was fairly high throughout the period and ranged from 30-91%.

Year	Month	MMA customers	MMA customers in arrears	Percentage of MMA customers in arrears
2023	7	302	147	49%
2023	8	400	195	49%
2023	9	283	86	30%
2023	10	496	187	38%
2023	11	303	126	42%
2023	12	372	148	40%
2024	1	396	139	35%
2024	2	379	153	40%
2024	3	397	121	30%
2024	4	554	183	33%
2024	5	435	190	44%
2024	6	290	265	91%
2024	7	448	203	45%
2024	8	333	201	60%

Table 3. Residential MMA accounts in arrears (July 2023 - Aug. 2024)

Average monthly arrears among Pepco's SOS customers and retail supply customers followed similar patterns during the period, as observed in **Figure 10**. There appears to be a seasonal trend in the arrears data similar to consumption, in which arrears increased during summer months when electricity consumption peaks. There may also be a visible impact from the Low-income Home Energy Assistance Program (LIHEAP) and the Utility Discount Program (UDP). LIHEAP[32] typically begins providing assistance at the start of each fiscal year in October and continues to provide assistance throughout the year or until federal and local funds for the year have been exhausted. UDP[33] provides discounts on customers' electric bills every month by removing distribution charges and exempting customers from several surcharges.

On average, SOS customers owed about half of what retail supply customers owed in arrears each month. SOS customers owed an average of $404 in monthly arrears while retail supply customers owed an average of $760 in monthly arrears during the period. Retail suppliers charged significantly more than Pepco, on average, which could account for part of the difference. Average monthly arrears among MMA customers were much higher than average arrears among Pepco's SOS customers and retail

[32] LIHEAP is administered by DOEE. It provides two types of assistance – monthly credits on electric bills and one-time emergency assistance to keep utility accounts active. LIHEAP can be applied to any utilities with which residents require assistance.

[33] DOEE qualifies residents for UDP based on household size and income. Pepco applies UDP discounts to qualified beneficiaries. Pepco refers to UDP as the Residential Aid Discount (RAD) on customers' bills. UDP can provide discounts on electric, gas, or water and sewer bills as required.

supply customers because the arrears are for entire apartment buildings; therefore, average arrears for MMA customers have been excluded from **Figure 10**.

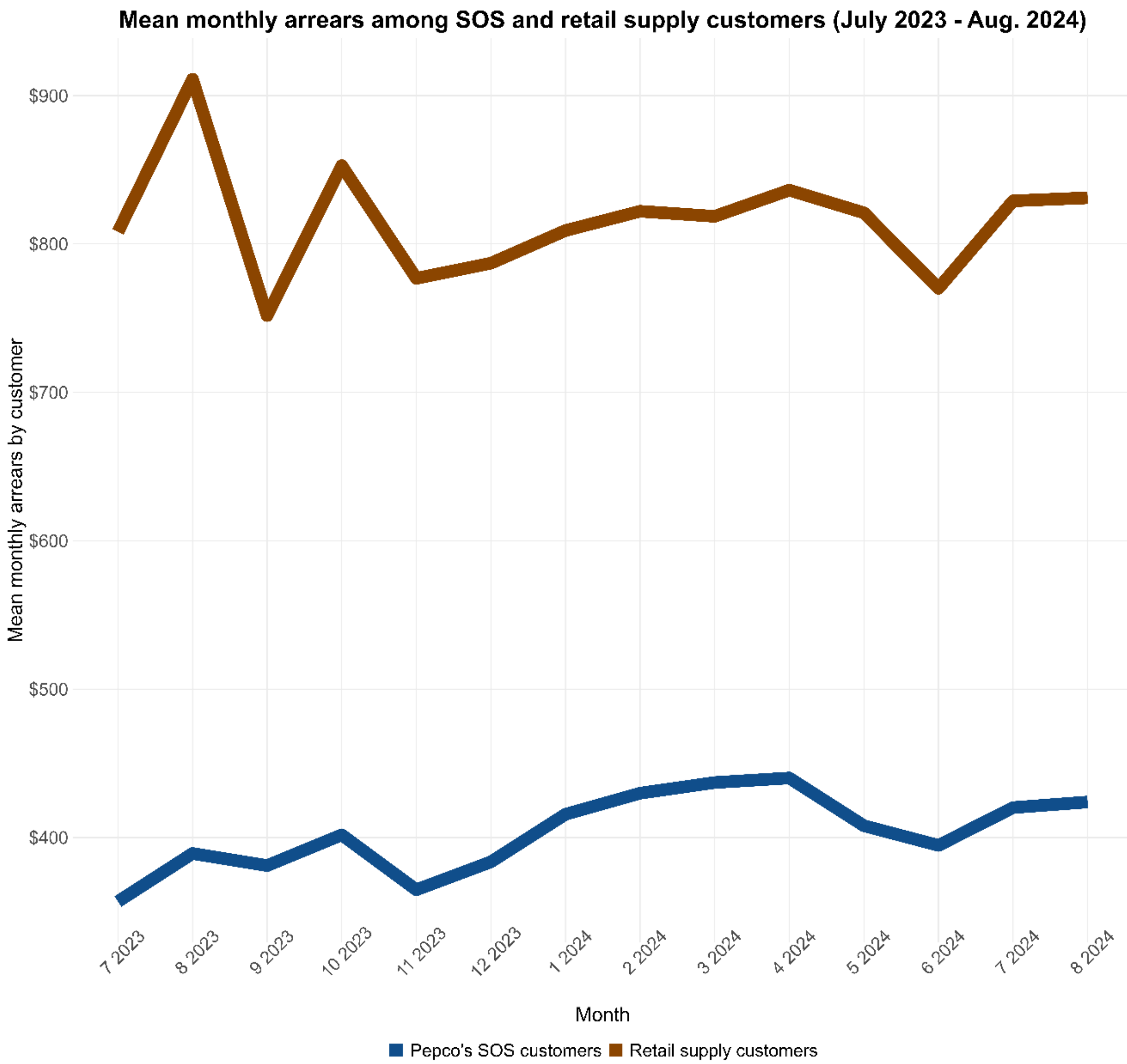

Figure 10. Mean monthly arrears among Pepco's SOS and retail supply customers (July 2023 - Aug. 2024)

Total monthly arrears (**Figure 11**) follow the trends observed in *average* monthly arrears. One difference is that Pepco's SOS total arrears trend line during the period follows retail supply total arrears much more closely than with Pepco's SOS average arrears in **Figure 10**. Pepco's SOS total monthly arrears ranged from $23.4 million to $32.3 million throughout the period. Monthly totals for retail supply customers ranged from $10.6 million to $20.5 million. We have included MMA total monthly arrears here to capture all residential arrears in the market, though MMA totals are a very small portion of all arrears. MMA totals ranged from $376,409 to $862,695 during the period.

Figure 11 is striking because retail suppliers only served about 10% of the residential market during the period, and yet, total arrears among these suppliers only trails Pepco's SOS arrears by about $10 million during the period. Given that Pepco maintained about 90% of market share during the period and retail suppliers maintained about 10% of market share, we might expect total arrears among retail suppliers to average about $3.6 million instead of $15 million, if arrears were proportional to overall market share. Instead, we observe much higher rates and amounts of arrears among customers of retail suppliers compared to SOS customers.[34]

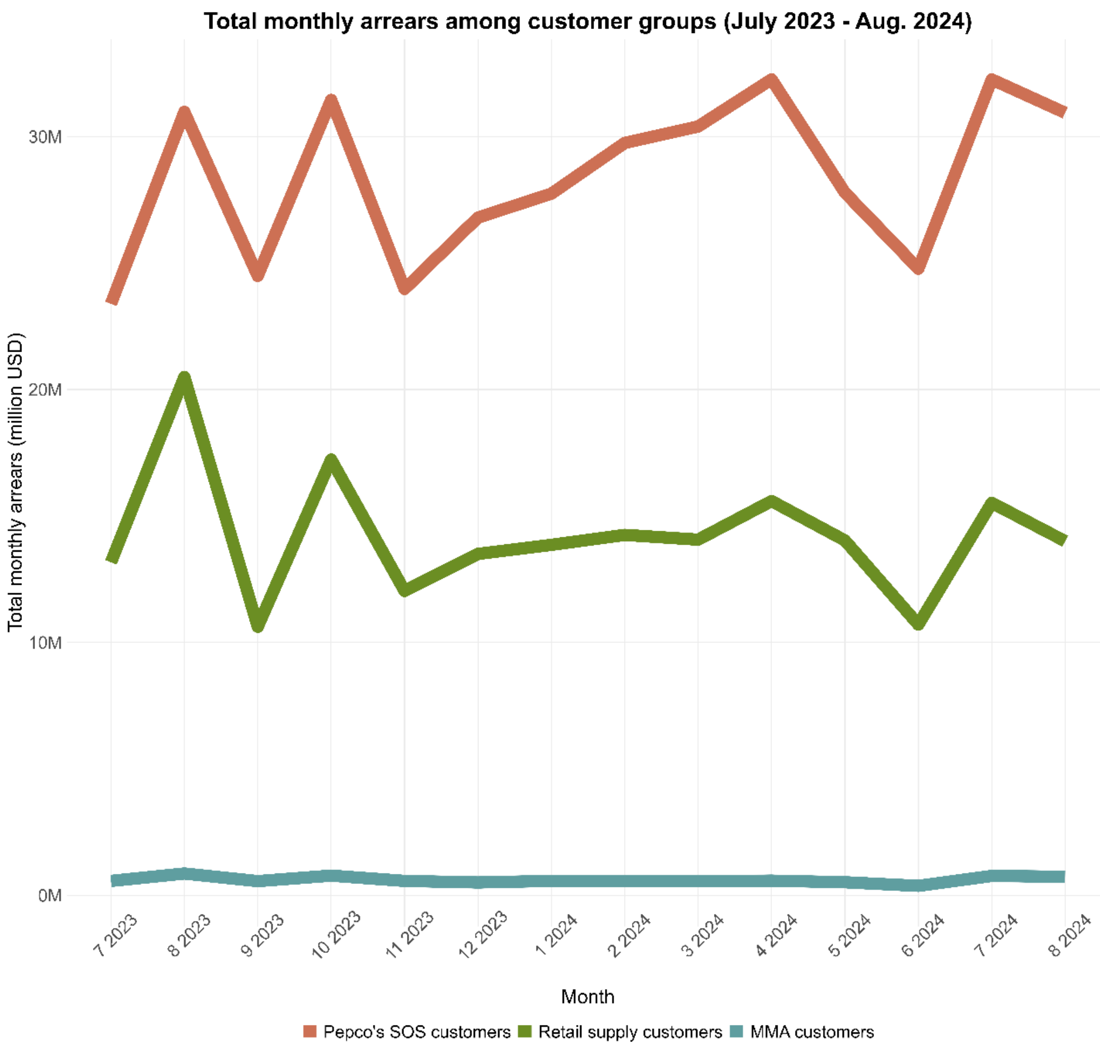

Figure 11. Total monthly arrears among different customer groups (July 2023 - Aug. 2024)

[34] If we set the highest monthly SOS arrears of $32.3 million during the period over 90% and cross multiply with $*x* million over 10% to solve for *x*, we might expect that arrears proportional to market share should be closer to $3.6 million for retail suppliers.

From the aggregated data used in this analysis, we can only observe the overall average monthly arrears among all of Pepco's SOS customers, which was $404 during the period. Within the overall average for retail supply customers, which was $760, we can observe the difference in averages across suppliers, as shown in **Figure 12**. The median average arrears by supplier remained between $750 and $1,000 throughout the period. There appears to be a greater range of average arrears among suppliers during summer months compared to the rest of the year. There are some extreme outliers in **Figure 12**. Average arrears above $3,000 represent suppliers with only a handful of customers that had very high arrears. Overall, average arrears among all retail suppliers were quite high, with at least 50% of all monthly distributions of suppliers exhibiting average arrears above $500.

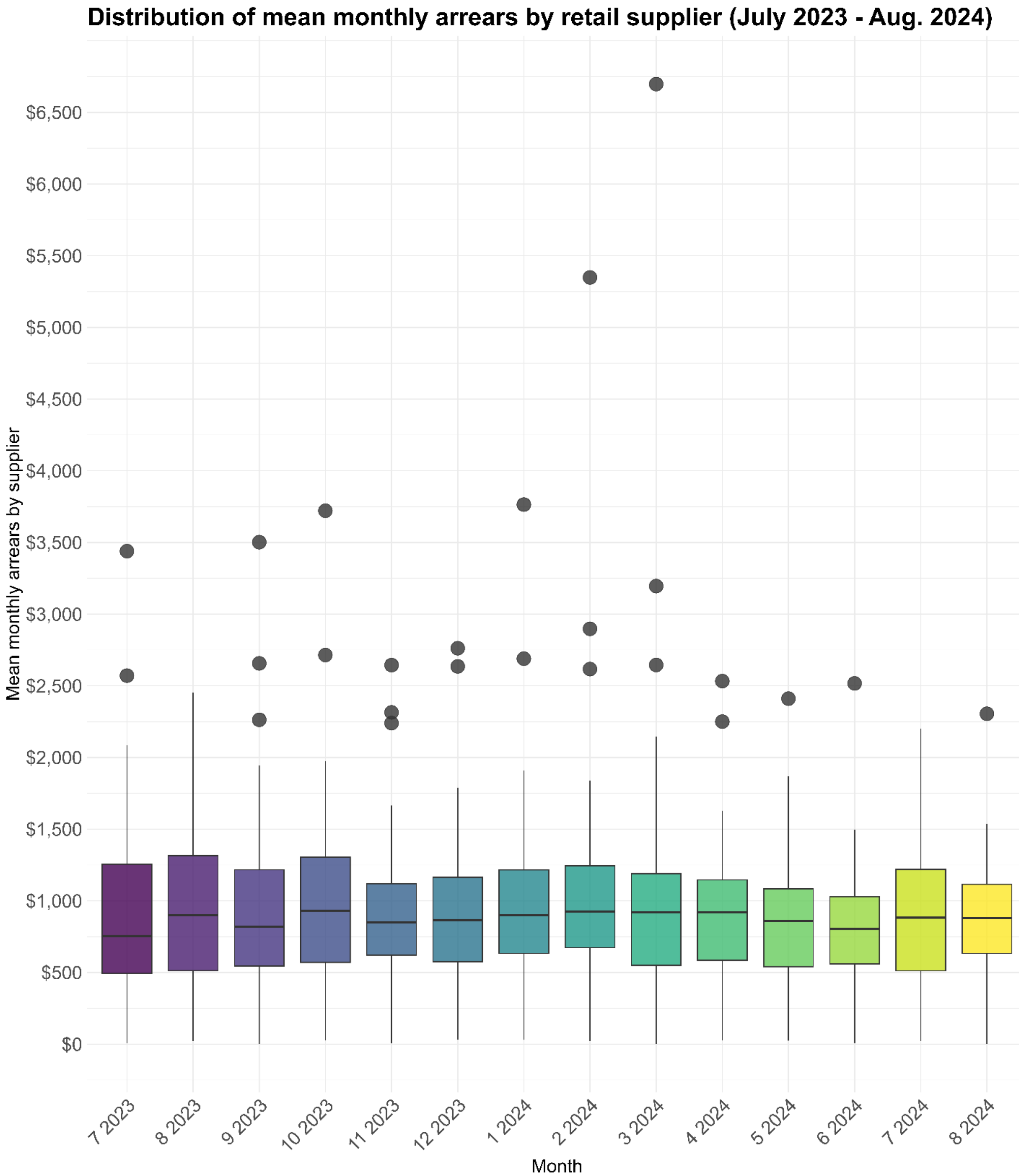

Figure 12. Distribution of average monthly arrears by supplier (July 2023 - Aug. 2024)

The box-and-whisker plot here represents monthly distributions of retail suppliers' average monthly arrears among customers. The boxes and whiskers represent quartiles of the data. The box represents the interquartile range or the middle half of the distribution of retail suppliers' average arrears. The whiskers represent the first and fourth quartiles of the distribution, and the dots indicate outliers. Outliers are any average arrears that lie beyond 1.5 times the interquartile range on either end of the distribution. Median values are represented by the lines in the middle of the boxes.

2.5 Residential disconnections

Pepco was able to provide disconnections data for two groups of customers: 1) customers whose debts were purchased by Pepco through the "Purchase of Receivables" (POR) program and 2) UA customers. The Purchase of Receivables program requires Pepco to purchase suppliers' receivables, which can be at a fixed discount rate. This means that when customers of retail suppliers accrue unpaid debts, retail suppliers are allowed to sell these debts and transfer the balances to Pepco, which then assumes responsibility for collecting on unpaid debts. The debts that Pepco purchases are referred to as "receivables." The discount rate and other rules governing the POR program are regulated by the Public Service Commission. The discount rate is updated periodically to reflect market trends (Public Service Commission, 2024).

In **Table 4**, we observe that between 3,226 and 6,414 POR customers[35] received disconnection notices each month throughout the period.[36] Of these notices, between 58 and 862 customers actually experienced disconnections each month. Pepco must deliver disconnection notices to customers at least 15 days prior to planned disconnections. The number of residential POR disconnection notices remained fairly stable over the period with an average of 4,151 disconnection notices per month and a median of 3,888 disconnection notices per month. Typically, a small percentage of POR customers who were put on notice were ultimately disconnected, ranging from only 2% in March 2024 to a high of 19% in August 2023; the average monthly disconnection percentage was 7% for POR customers. Monthly POR disconnections averaged 302 with a median of 251. The percentage of customers disconnected was highest in August of 2023 and 2024 and lowest in December 2023 and March 2024.

Year	Month	Total POR disconnection notices	Total POR disconnections	Percentage POR disconnections from notices
2023	7	4,862	431	9%
2023	8	3,830	734	19%
2023	9	4,197	302	7%
2023	10	3,903	344	9%
2023	11	3,873	122	3%
2023	12	3,705	58	2%
2024	1	4,960	246	5%
2024	2	3,226	180	6%
2024	3	4,108	81	2%
2024	4	4,165	146	4%
2024	5	3,675	208	6%
2024	6	3,385	256	8%
2024	7	3,812	257	7%
2024	8	6,414	862	13%

[35] POR customers are those whose debts to retail suppliers were sold at a discounted rate to Pepco.

[36] There were no moratoriums on disconnections during the study period, but there have been moratoriums on disconnections historically during periods of extreme hot, extreme cold, and during the Covid-19 pandemic. Moratoriums are passed into law by the DC Council and are regulated by the Public Service Commission.

Table 4. Purchase of Receivables (POR) disconnection notices and disconnections (July 2023 – August 2024)

Shown above are the total number of disconnection notices, disconnections, and percentage of disconnections among POR customers (those customers in arrears with retail suppliers).

Table 5 shows disconnection data among customers receiving Pepco's Residential Aid Discount (RAD), which is synonymous with DOEE's Utility Discount Program for electricity, and a subset of POR customers receiving RAD. The total number of RAD customers during the period ranged from 20,036 in June 2024 to 23,848 in October 2023. The total number of RAD and POR customers during the period ranged from 7,357 in September 2023 to 9,309 in April 2024. Disconnections among RAD and POR customers were low during the period, averaging 92 monthly disconnections and ranging from 0-2% of all RAD and POR customers.

Year	Month	Total RAD Residential Customers	Total RAD POR customers	Total RAD POR disconnections	Percentage RAD POR disconnections
2023	7	21,903	7,633	127	2%
2023	8	22,511 22,511	8,317	195	2%
2023	9	23,137	7,357	85	1%
2023	10	23,848	8,388	114	1%
2023	11	22,126	7,792	32	0%
2023	12	20,191	8,477	134	2%
2024	1	20,063	8,449	68	1%
2024	2	21,226	8,843	39	0%
2024	3	21,678	8,992	26	0%
2024	4	22,606	9,309	47	1%
2024	5	22,488	9,226	53	1%
2024	6	20,036	8,280	75	1%
2024	7	22,281	9,078	76	1%
2024	8	22,035	8,969	217	2%

Table 5. Residential Aid Discount (RAD) and Purchase of Receivables (POR) customers with disconnections (July 2023 – August 2024)

Shown above are the total number of RAD customers, RAD POR customers, RAD POR customers disconnected, and the percentage of RAD POR customers disconnected each month. RAD is synonymous with DOEE's Utility Discount Program for electricity.

We present in **Table 6** that UA disconnection notices averaged 2,856 with a median of 2,662 during the period. Monthly notices ranged from 2,231 to 5,337. Monthly disconnections averaged 187 with a median of 150. Disconnections ranged from 50 to 488 throughout the period. Disconnections as a percentage of notices ranged from 2% in November 2023 and March 2024 to 19% in August 2023; the average monthly percentage of disconnections among UA customers who received notices was 7% during the period. Again, we observe that disconnections are highest in summer months and lowest in winter months.

Year	Month	Total UA disconnection notices	Total UA disconnections	Percentage UA disconnections compared to notices
2023	7	2,655	208	8%
2023	8	2,519	488	19%
2023	9	2,425	155	6%
2023	10	2,852	222	8%
2023	11	2,231	50	2%
2023	12	2,360	245	10%
2024	1	3,393	133	4%
2024	2	2,284	105	5%
2024	3	3,322	50	2%
2024	4	2,919	92	3%
2024	5	2,668	137	5%
2024	6	2,234	164	7%
2024	7	2,778	144	5%
2024	8	5,337	418	8%

Table 6. UA disconnection notices and disconnections

The total number of UA customers varies over time. It depends on when customers actively receive utility assistance from DOEE or Pepco. For a reference point, DOEE generally provides assistance to about 20,000-25,000 customers in DC annually. This means that about 10-20% of UA customers per month may receive disconnection notices. However, typically fewer than 10% of these notices appear to lead to disconnections.

3 Commercial market trends

When comparing average supply prices between customers of retail suppliers and Pepco's SOS, commercial customers appear to benefit more from the retail electricity market. Commercial customers experienced a net consumer gain of $193.5 million, which, for reference, corresponds to about 45% of total commercial supply charges during the period.[37] Commercial buyers, especially larger entities, often have more bargaining power, economies of scale, and specialized knowledge that may enable them to take advantage of the competitive supply market. Bargaining power to negotiate lower rates for set contract periods may incentivize a larger proportion of commercial customers – compared to residential customers – to participate in the retail electricity market. As a result, more commercial customers participate in the retail supply market than residential customers.

The following sections detail trends among commercial suppliers, including customer accounts and market share, supply charges, consumption, and arrears. For more information on broader electricity consumption trends in the commercial market, please refer to **Appendix IV: Residential and commercial consumption**.

3.1 Customer accounts and market share

There was not much change in the total number of commercial accounts during the study period; there were 29,109 commercial accounts in July 2023 and 29,227 as of August 2024. Among those, 11,540 customers (i.e. about 39% of commercial customers) purchased electricity from retail suppliers as of August 2024. There were 50 retail suppliers providing service to commercial customers during the period (though not all 50 retail suppliers maintained commercial customers throughout the entire period).

The number of commercial retail suppliers with active accounts ranged from 45 to 49 suppliers with slight monthly fluctuations throughout the period. There were 40 retail suppliers providing service during the period for the residential retail supply market. There were 53 distinct retail suppliers providing service to residential and/or commercial customers during the period. Retail suppliers provided electricity for about 39% of commercial market consumption in DC during the 14-month period. Commercial consumption dramatically eclipses residential consumption in the market. At its summer peak in August 2023, total monthly residential consumption among retail customers was only about 11% of total retail commercial consumption in the same month. See **Table 7** below for more summary statistics on the commercial retail market.

[37] We estimated net consumer gain by adding all supply charges from retail suppliers and then adding all supply charges for Pepco's SOS during the period. We then divided Pepco's SOS total supply charges by total SOS consumption to produce the average SOS supply price during the period, which was $0.138/kWh. We then multiplied total retail supply consumption by $0.138 and subtracted this product from the actual retail supply charges for the period.

Commercial retail market summary statistics	Statistics by month and supplier
Mean number of accounts	242
Mean consumption	45.85 GWh
Mean supply charges	$0.095/kWh (compared to Pepco's SOS commercial mean supply charge of $0.138/kWh)
Mean number of accounts in arrears	41
Mean arrears	$463,630

Table 7. Summary of commercial retail market figures (July 2023 – August 2024)

The statistics above are aggregated means by month throughout the 14-month period and by supplier. For example, the first row reports the mean number of accounts for a supplier each month throughout the period.

As of August 2024, retail suppliers provided service to 32.29% of commercial customers and Pepco's SOS provided service to the remaining 67.71% of commercial customers. By comparison, retail suppliers provided service to only 10.09% of residential customers and Pepco's SOS provided service to the remaining 89.91% of residential customers. However, commercial customers with retail suppliers consumed about 83.15% of the total commercial electricity sold in August 2024, despite only making up 32.29% of all commercial customers. This suggests that commercial customers with greater electricity demand prefer to purchase from retail suppliers.

Figure 13 shows the change in each supplier's number of commercial accounts – or customers – during the period. Overall, there was a small increase in the number of total commercial accounts with retail suppliers from July 2023 to August 2024. One supplier (coded as S0038) had a substantial increase in its accounts during the period, but otherwise, most suppliers did not exhibit much change in accounts. There were 50 suppliers providing service to commercial customers for at least part of the period. Similar to the residential market, there were a handful of dominant suppliers with much larger numbers of accounts compared to the majority of suppliers. Two dominant commercial retail suppliers, S0269 and S0014, also had large numbers of residential accounts, but other dominant commercial retail suppliers did not have large numbers of residential accounts.

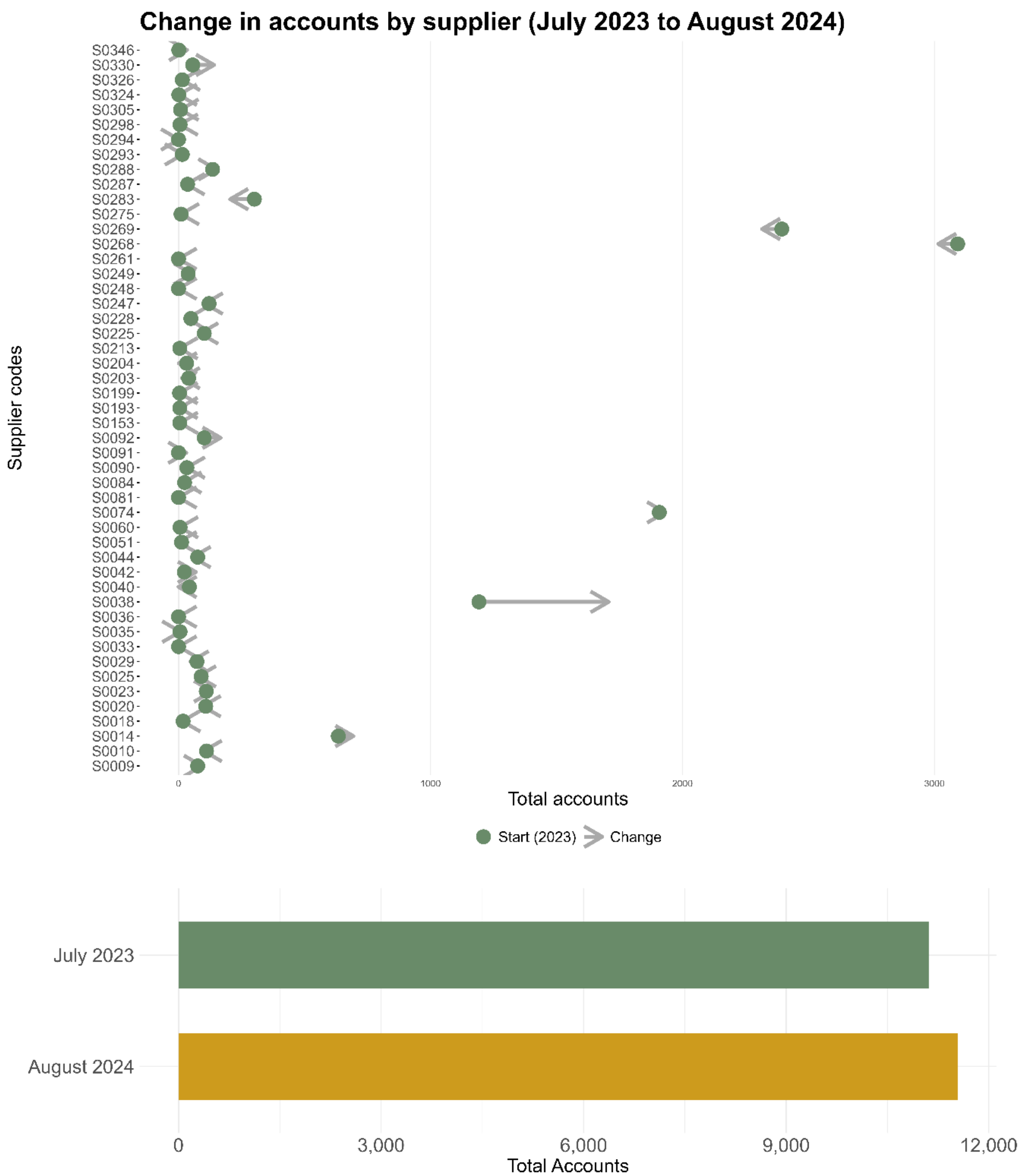

Figure 13. Change in commercial accounts by supplier (July 2023-August 2024)

Arrows in the plot above show the direction and number of accounts added or lost for each supplier from July 2023 to August 2024. Only one commercial supplier appears to have had a substantial shift in the number of accounts, with all other suppliers having very similar numbers of accounts in July 2023 as in August 2024.

The vast majority of commercial retail suppliers had low average numbers of customers and low average consumption per customer. However, as observed in **Figure 14** below, there were a handful of suppliers that are outliers. Specifically, one supplier has very few customers, on average, but has the highest average consumption among all suppliers. One supplier has higher average consumption and more accounts than most suppliers. Four suppliers have many more accounts than most suppliers but with relatively typical average consumption. The observations in **Figure 14** suggest that it may be difficult for most retail suppliers to break away from the cluster with low numbers of accounts that have relatively low consumption.

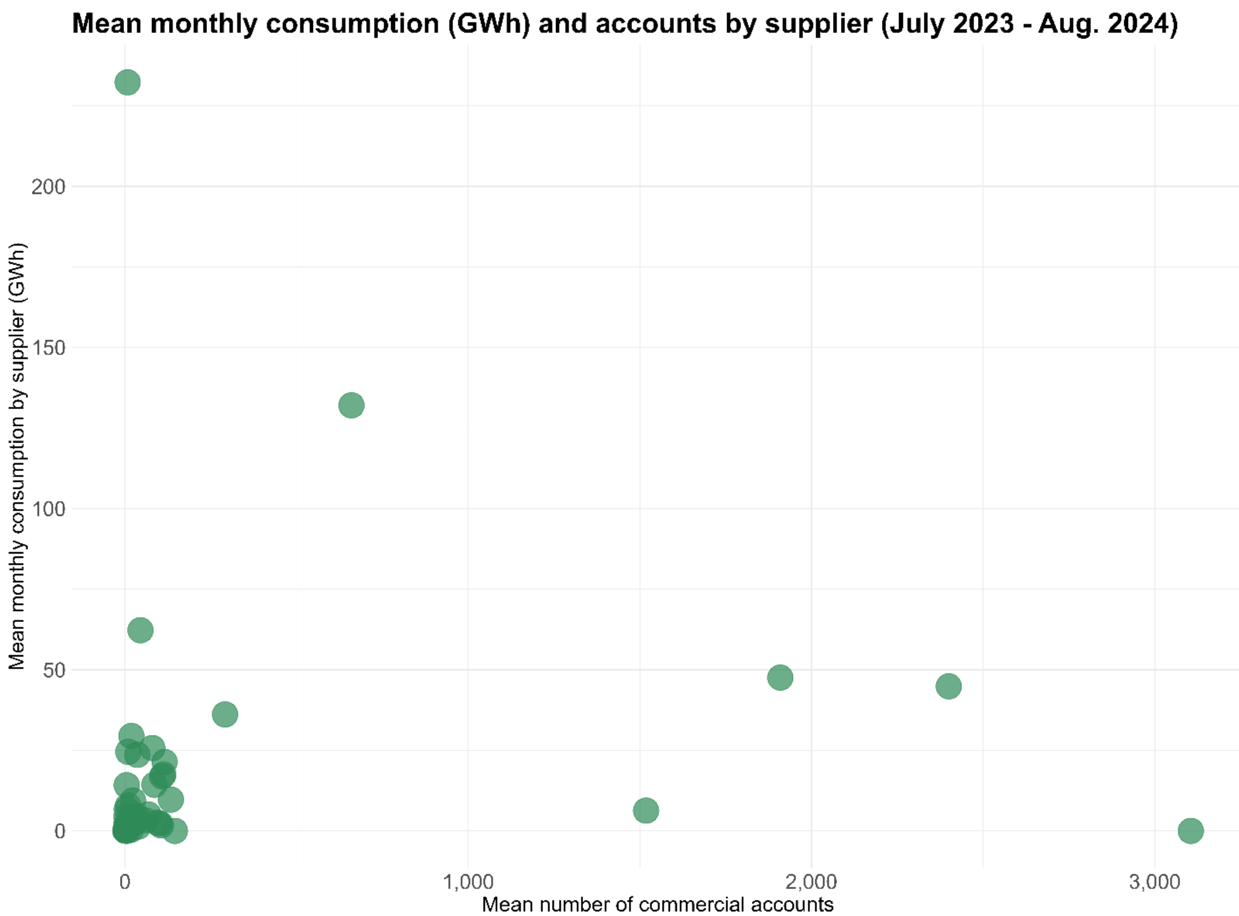

Figure 14. Mean monthly consumption (GWh) and accounts by supplier (July 2023 – Aug. 2024)

Each dot in the figure above represents the intersection of a supplier's mean monthly consumption in gigawatt-hours (GWh) and its mean number of accounts. There is only one observation per supplier for the period.

3.2 Variation in charges by retail suppliers

Figure 15 presents monthly distributions of average retail supply charges for commercial customers compared to the average charges that customers paid for Pepco's SOS (displayed as the red trend line). Except for June through August 2024, commercial customers paid more, on average, for Pepco's SOS compared to the median of average commercial retail supply charges. This is in stark contrast to the difference between average residential retail supply charges and Pepco's residential SOS, as shown in **Figure 4**. Almost all suppliers' average residential retail supply charges were higher than Pepco's SOS for the entire period.

Commercial supply charges exhibited a much greater range in price, though the outliers shown in the upper ranges between $0.30 and $1.24 were among suppliers with only one to four accounts that have extremely low consumption (between 5 and 139 kWh for the month), causing average supply charges to appear high. This could be because administrative charges have not been smoothed, or distributed, over higher monthly consumption as they are with other accounts. This is why the upper range of outliers has been compressed in **Figure 15** to maintain the focus on the majority of supply charge distributions across suppliers each month.

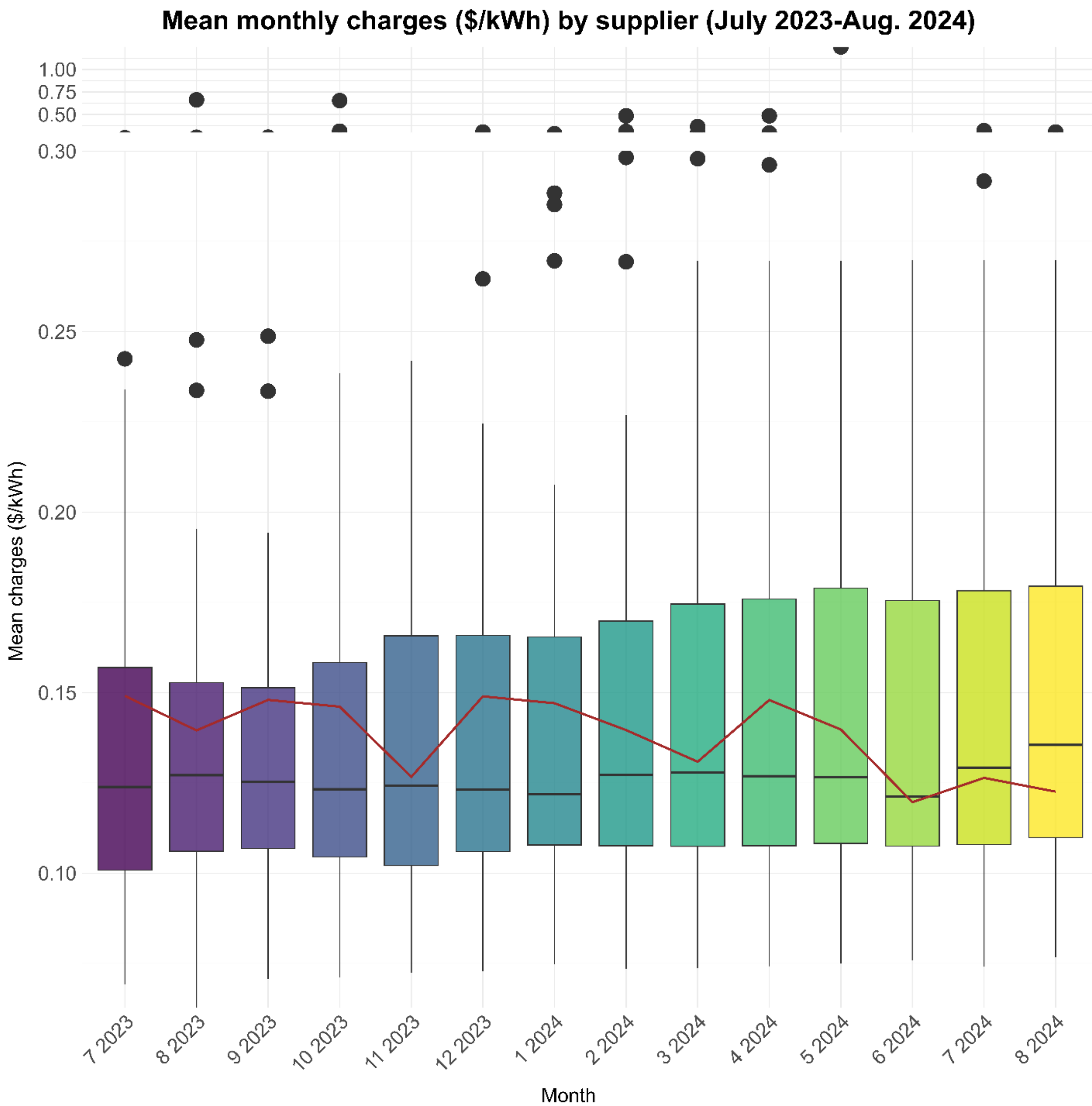

Figure 15. Distribution of suppliers' average monthly supply rates ($/kWh)

Shown here are average supply charges among all commercial retail suppliers with active customers each month. The red trend line represents the average price Pepco charged commercial SOS customers during the period. Box-and-whisker plots illustrate the distribution of values with the median represented as the line in the middle of the box and outliers represented as dots beyond either end of the distribution. Outliers are calculated as 1.5 times the interquartile range. The upper range of outliers has been compressed to keep the focus on the majority of monthly supply charge distributions across suppliers.

As shown in **Figure 16**, average monthly supply charges differ somewhat by average monthly consumption. A few suppliers exhibit very high average consumption and low average supply charges during the period. A majority of suppliers have customers with relatively low average consumption and relatively low average supply charges for the commercial market. There are also several suppliers with very low average consumption but relatively high average supply charges. Without more information, it is difficult to suggest what may be the cause of significantly higher supply charges for a handful of suppliers' customers with very low consumption.

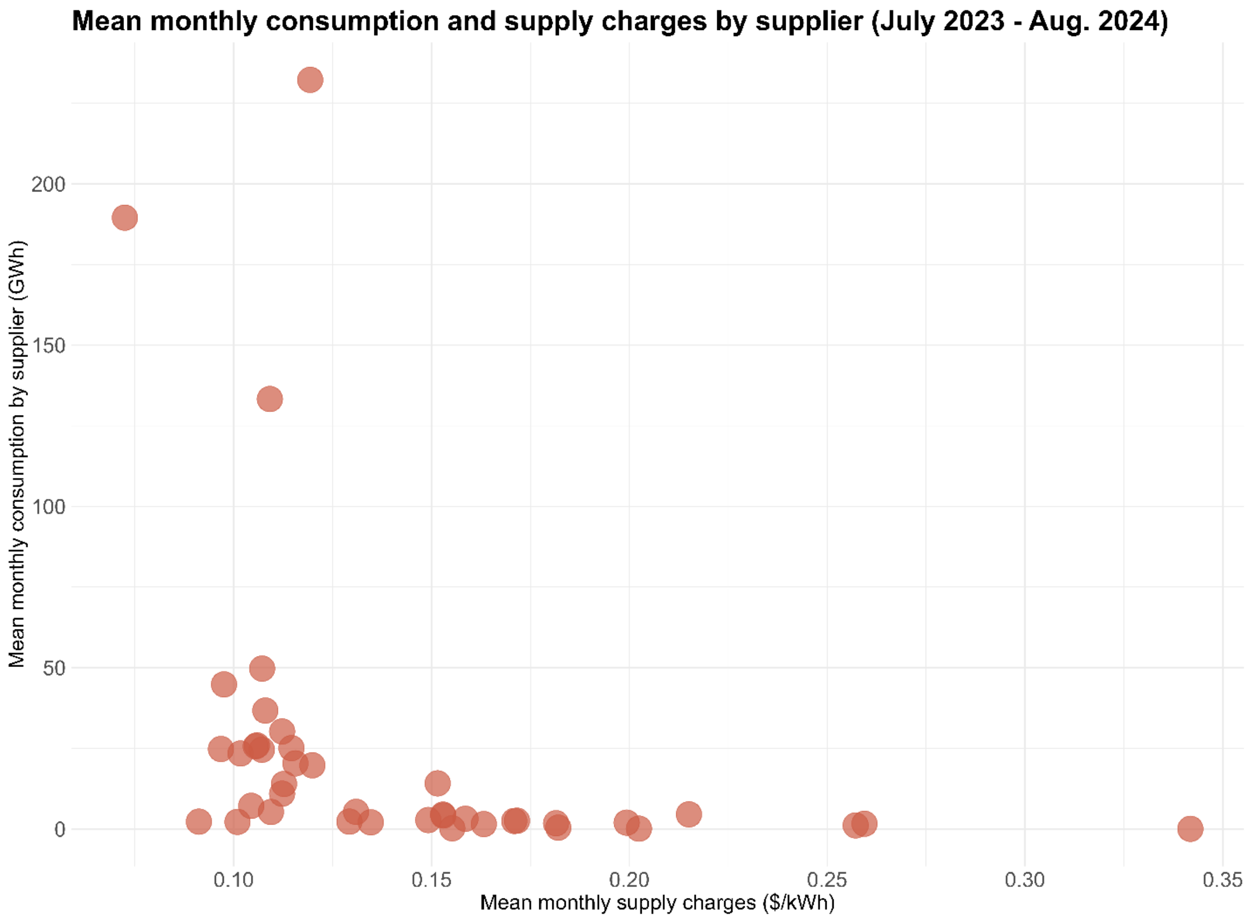

Figure 16. Mean monthly consumption and supply charges by supplier (July 2023 - Aug. 2024)

Each dot in the figure above represents the intersection of a supplier's mean monthly consumption (GWh) and mean monthly supply charges ($/kWh) averaged across the 14-month period. There is only one observation per supplier for the period.

3.3 Commercial arrears

Total monthly commercial accounts in arrears among customers of Pepco's SOS were significantly higher throughout the period compared total monthly accounts in arrears among retail suppliers. **Figure 17** shows that total monthly accounts in arrears among retail commercial customers ranged between 1,265 to 2,725, whereas total monthly accounts in arrears with Pepco's SOS ranged between 4,010 to 5,584.

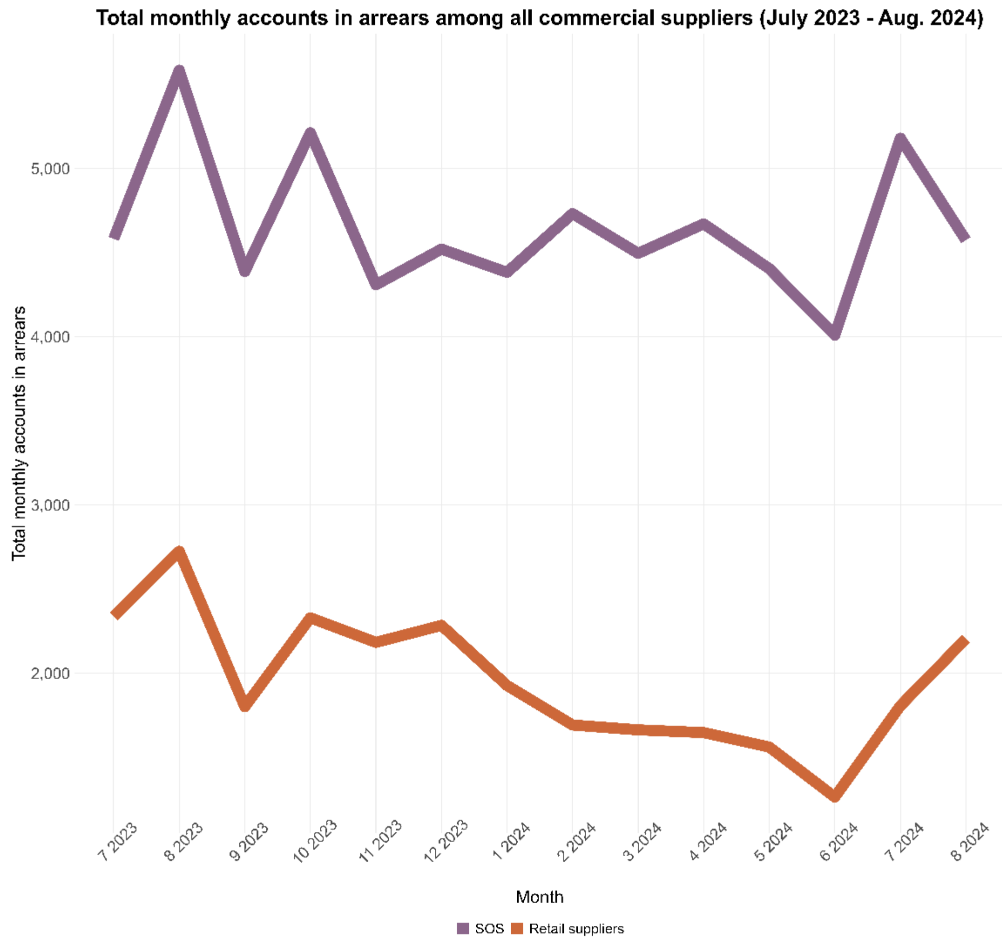

Figure 17. Total monthly commercial accounts in arrears with Pepco's SOS and retail suppliers

Figure 18 shows that total arrears among commercial customers of Pepco's SOS and retail suppliers remained relatively stable throughout the period; exceptions to this stability included a significant spike in arrears among Pepco's SOS customers in August 2023 and a significant dip in arrears among retail customers in the spring of 2024. Arrears for both groups of customers totaled nearly the same at the close of the period, however, demonstrating that these deviations from the relatively similar trends in arrears among both groups were short-term and not sustained. Despite there being more customers of Pepco's SOS (though retail suppliers provided a large majority of electricity for commercial consumption), customers of Pepco's SOS and retail suppliers accrued about the same monthly total of arrears during the period. In fact, total monthly arrears were lower among customers of retail suppliers, on average, than those of Pepco's SOS during most of the period.

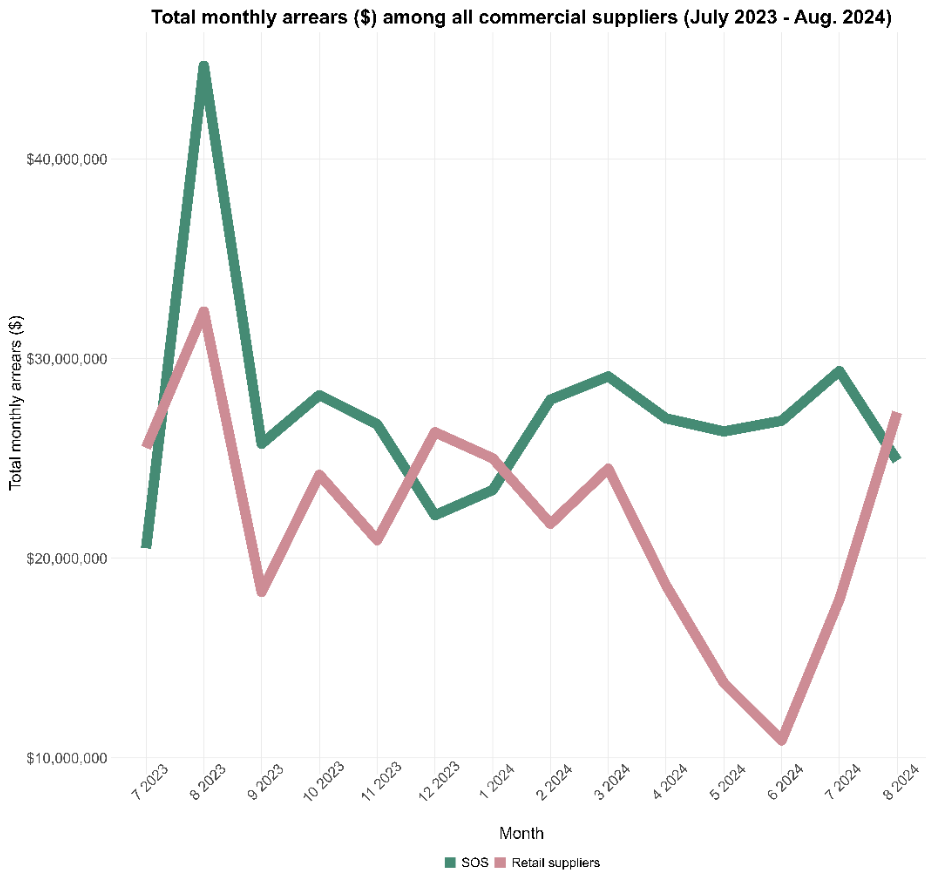

Figure 18. Total monthly arrears among retail commercial customers and Pepco's SOS commercial customers

As shown in **Figure 19**, we observe that, on average, Pepco's SOS customers' arrears remained near or below $7,500 during the 14 months observed. Average monthly arrears among retail supply customers were typically higher than $10,000 during the period. Understanding the total monthly arrears for both groups are relatively similar, the average difference occurs because there are about half as many retail commercial customers in arrears compared to the number of SOS commercial customers in arrears, which equates to higher average arrears each month for retail supply customers. This could potentially be due to the larger consumption of individual commercial customers in arrears, which subsequently leads to higher bills and arrears; however, data linking consumption of those customers in arrears and the amount of arrears are not available to us, preventing a metric showing arrears related to units of consumption rather than the number of customers in arrears.

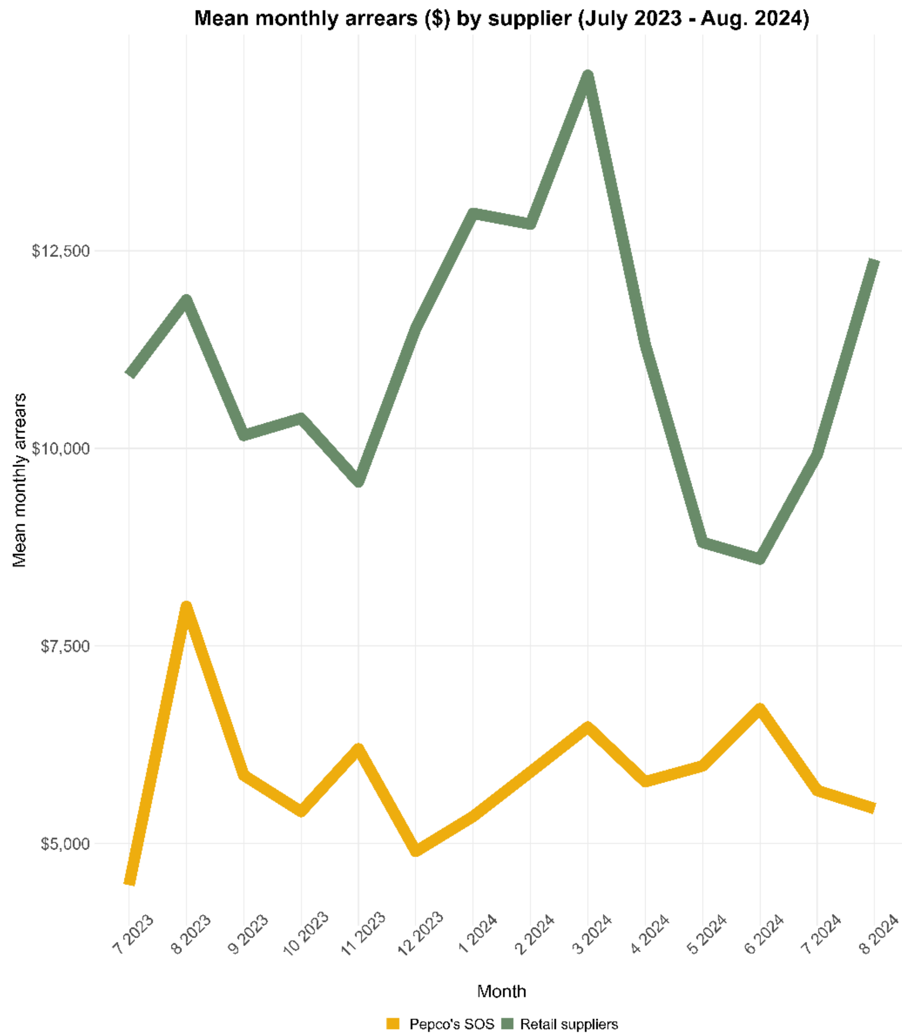

Figure 19. Mean monthly arrears among Pepco's SOS commercial customers and retail commercial customers

4 Discussion and conclusions

Trends among residential and commercial suppliers from July 2023 to August 2024 underscore ongoing inequities among different groups of electricity customers in DC. Residential customers of retail suppliers pay significantly higher prices for supply compared to residential customers of Pepco's SOS and commercial customers of both retail suppliers and Pepco's SOS. Residential customers who received utility assistance during the study period paid the highest average supply price among all customer groups analyzed here. In other words, customers who needed assistance paying their electric bills were the customers most likely to pay the highest price for supply, on average. Therefore, we conclude that retail choice has benefited commercial customers significantly, on average, while it has adversely impacted residential customers and, especially, customers receiving utility assistance.

There are legitimate differences between several retail suppliers' services and Pepco's SOS. For instance, retail suppliers can offer benefits, such as different quantities and types of guaranteed renewable energy, gift cards, credit cards, rewards programs, energy efficiency offerings or equipment, more personalized customer service, and flexibility in contract length. Although there are benefits that may be worth a premium to some customers, it is unclear whether customers are always aware of the price difference between retail suppliers or how the difference in prices is accounted for by retail suppliers.

There could be several reasons why there are inequities among different customer groups in the retail market. As complaints to DOEE and the District of Columbia's Office of the People's Counsel have illustrated, there have been consumer abuses in the retail market, including door-to-door marketing pressure or harassment, fraudulent marketing or false representation of marketers, enrollment of customers without consent or knowledge (i.e. slamming), and enrollment of customers at low introductory rates that increase quickly and without explanation (i.e. teaser rates). These types of consumer abuses have been documented in other retail choice jurisdictions, such as Maryland, Massachusetts, Maine, Connecticut, New York, Pennsylvania, and several other states and countries (Baldwin and Howington, 2023; Baldwin, 2018; Tsai and Tsai, 2018). UA customers are more likely to live in densely-populated, low-income neighborhoods where in-person marketing is relatively cheap and households are more receptive (or really less unreceptive) to marketing (Kahn-Lang, 2024).

Several retail suppliers have unexpectedly high proportions of UA customers. There may be different reasons for this. One reason may be that features of certain retail suppliers attract UA customers at a higher rate than non-UA customers. It could also be possible that some UA customers are more interested in getting the best deal on electricity and they shop around more often as a result. Due to market complexity and information asymmetries among different customers, shopping or willingness to switch suppliers more frequently may not lead to more optimal outcomes.

Another reason for suppliers having higher proportions of UA customers could be that certain retail suppliers may be targeting UA customers with marketing in low-income neighborhoods. It may also be the case that these customers are attracted to certain features of more expensive contracts that cause these customers to accrue unmanageable debt and sign up for utility assistance. In other words, households that are not UA customers become so after enrolling with certain suppliers. It could also be a combination of these factors. Without more information and data, we are unable to empirically test these theories with causal methods.

Market liberalization in the 1990s and 2000s enabled unbundling of energy utility monopolies in several US states and countries globally. Energy market restructuring was intended to lower consumer prices and drive innovation through competition. These impacts appear to be largely realized for commercial retail electricity customers in DC; many of these customers have lower average supply prices, take advantage of time-of-use pricing, and consume additional renewable energy compared to commercial customers of Pepco's SOS.[38] Other innovations among suppliers are not evaluated here. However, outcomes among residential customers are more complicated. Residential customers of retail suppliers pay significantly more for electricity, on average, compared to residential customers of Pepco's SOS. Many suppliers do offer additional services, benefits, and renewable energy as part of their electricity supply options, but evidence of high rates and amounts of arrears suggests that the premiums customers pay for these services may be unsustainable for many, especially customers in need of utility assistance.

[38] In 2022, DC consumed more than twice the amount of renewables compared to consumers in the regional PJM grid, of which DC is a part. PJM provided 6.8% renewables as part of its electricity supply mix, whereas DC consumed 15.7% renewables. This is due to the renewable portfolio standard (RPS) requiring DC to consume progressively more renewable energy over time and additional renewable energy in the market from retail suppliers. Three of five retail suppliers with the largest market shares in 2022 provided additional renewable generation compared to PJM's mix. Large commercial customers, such as universities, may have power purchase agreements that supply additional renewable energy generation not captured in annual accounting (Public Service Commission, 2023).

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Appendix I: Residential data

DOEE requested and received electricity market data from Pepco. The data are aggregated and anonymized at the supplier level. Note that billing data provided are for billing that occurred during the calendar month, which can include periods in which customers were no longer active with the supplier during the billing month. There may also be accounts that were enrolled during the billing month but not yet billed.

These data may be used for replication or additional analyses with proper attribution. Please use the following citation for these purposes:

Richmond, Jennifer and Andrew Held. September 2025. Retail electricity competition in DC: market trends and analysis. District of Columbia Department of Energy and Environment (DOEE). https://doee.dc.gov/service/third-party-energy-suppliers-district.

Residential data for this period may be accessed and downloaded from this Box folder: https://app.box.com/s/ibxxwa1ehzmq957kuko4hyzff9mtjxmp

Appendix II: Commercial data

DOEE requested and received electricity market data from Pepco. The data are aggregated and anonymized at the supplier level. These data may be used for replication or additional analyses with proper attribution. Please use the following citation for these purposes:

Richmond, Jennifer and Andrew Held. September 2025. Retail electricity competition in DC: market trends and analysis. District of Columbia Department of Energy and Environment (DOEE). https://doee.dc.gov/service/third-party-energy-suppliers-district.

Commercial data for this period can be accessed and downloaded from this Box folder: https://app.box.com/s/87ibc4o0bjiy0u3gnrfvqn86aekevxuq

Appendix III: Mean monthly consumption and charges

Figure 20 below is the full version of **Figure 8**. Each dot represents average electricity consumption and average supply charges by supplier and month in the period of July 2023 to August 2024. Compared to **Figure 8**, there were several suppliers in **Figure 20** with much higher average consumption among their customers. These high-consumption months are attributed to only three suppliers, and nearly all of these high-consumption months were among suppliers with fewer than 25 customers. (A dot represents one supplier during one month of the period.)

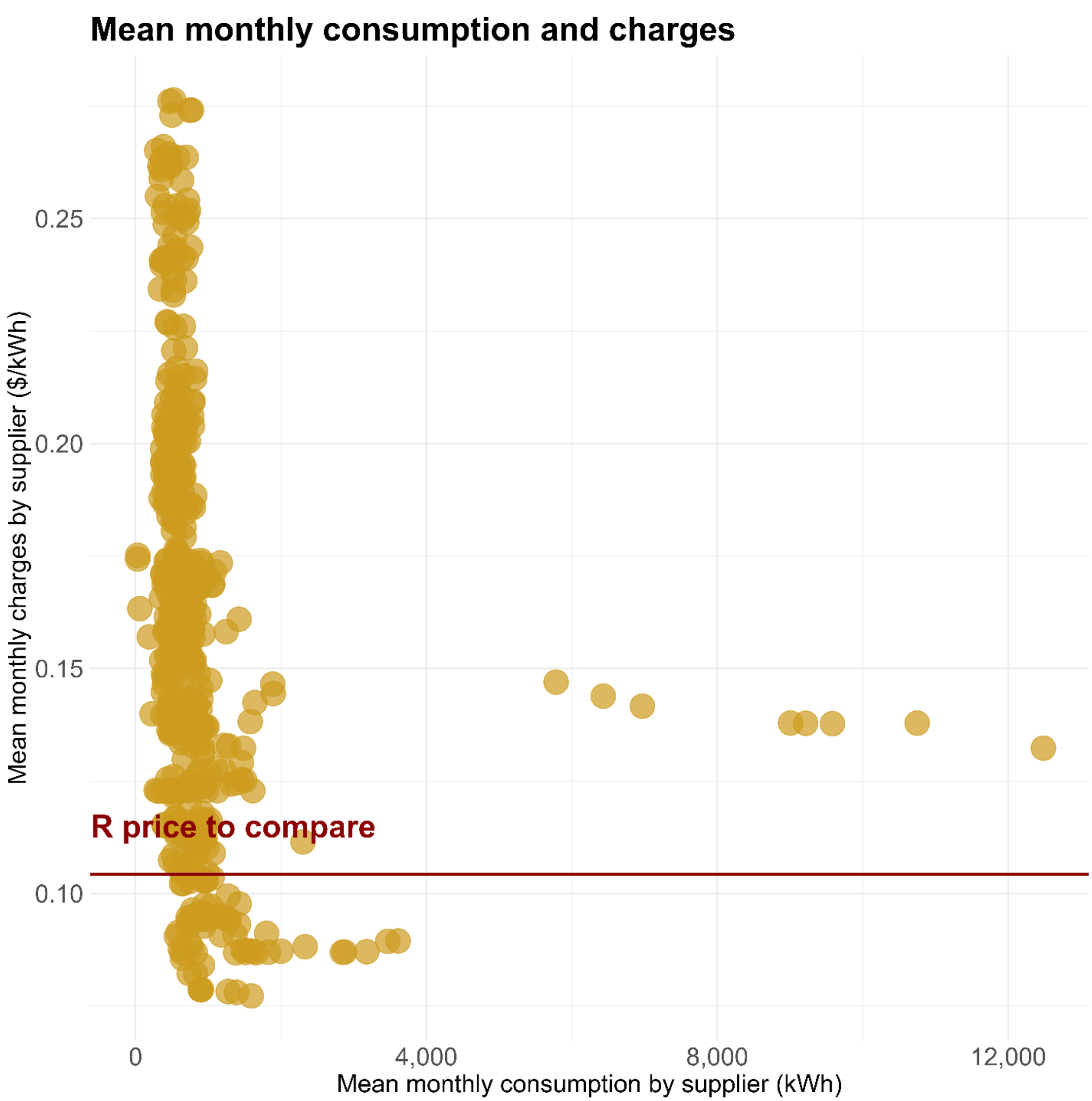

Figure 20. Mean monthly residential consumption and supply charges with unlimited scales (July 2023-Aug. 2024)

Appendix IV: Residential and commercial consumption

As shown in **Figure 21**, total consumption among all residential customers of retail suppliers hovered around 30-40 GWh during the summer months of June through August. Consumption is high during these months due to increased use of home air conditioning and cooling devices. Consumption dipped in fall and spring months due to more comfortable outdoor and indoor temperatures without temperature-control mediation. Consumption reached a slight second peak in the winter, likely as a result of buildings relying on electric heating systems. The winter peak was not as high as in the summer months because many buildings in DC rely on gas and other fuels for heating.

Contrasted against residential consumption among customers of retail suppliers in **Figure 21** are cooling degree days (CDD) and heating degree days (HDD). CDD and HDD are the difference between the average temperature each day and 65 degrees Fahrenheit (NOAA, 2025). Each degree under 65 is counted as HDD and each degree above 65 is counted as CDD for each day. CDD and HDD in **Figure 21** are included as monthly averages during the period. CDD and HDD help in understanding when indoor heating and cooling are necessary and to what extent they may be necessary.

NOAA's HDD and CDD data for this period can be accessed and downloaded from this Box folder:

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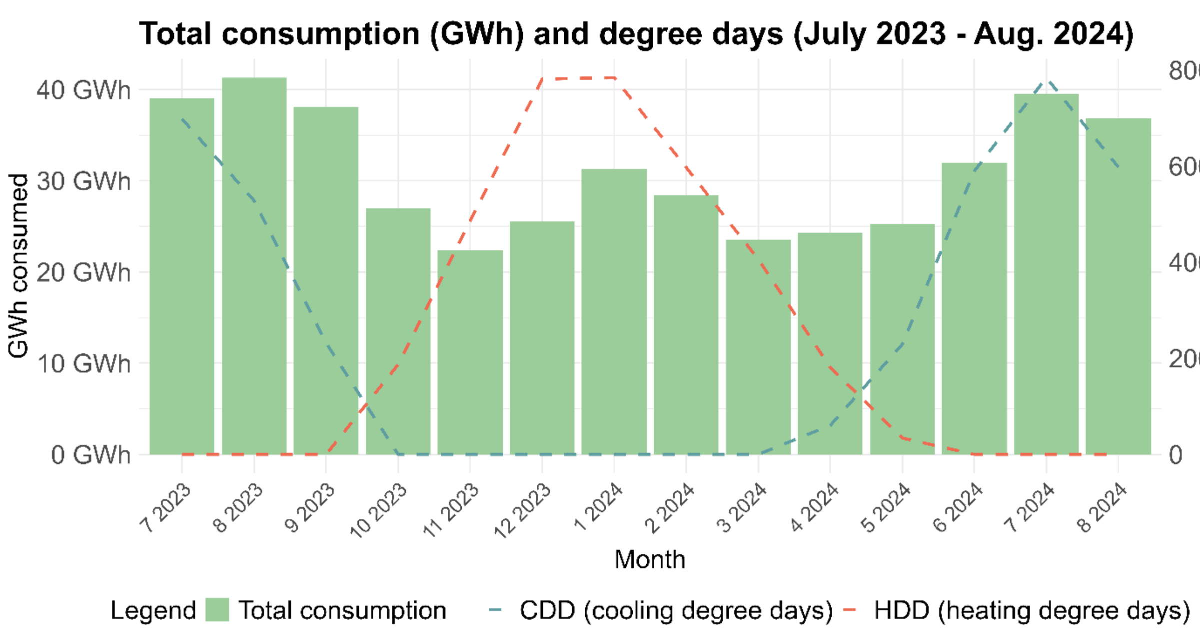


Figure 21. Total residential consumption (July 2023-Aug. 2024)

Shown here is monthly consumption (gigawatt-hours (GWh)) among customers with retail suppliers. Consumption peaks mainly in the summer months due to electric cooling demand but also peaks to a lesser extent in the winter months due to electric heating demand. To illustrate the correlation with heating and cooling demand, we have imposed monthly averages of cooling degree days (CDD) and heating degree days (HDD) to show that hotter temperatures correspond with greater consumption and cooler temperatures correspond with somewhat greater consumption.

Commercial consumption fluctuates seasonally, similarly to residential consumption. **Figure 22** shows monthly electricity consumption among *all* commercial customers during the period, not only those with retail suppliers. Monthly average heating degree days (HDD) and cooling degree days (CDD) data for DC have been superimposed on consumption in **Figure 22** to illustrate the correlation of heating and cooling demand for buildings with consumption (NOAA, 2025). Similar to the consumption pattern observed among residential customers in **Figure 21**, consumption peaked in the summer months and had smaller peaks in winter. The winter peak for commercial customers was slightly higher relative to the winter peak for residential customers, which is likely due to greater reliance on electric heating among commercial customers.

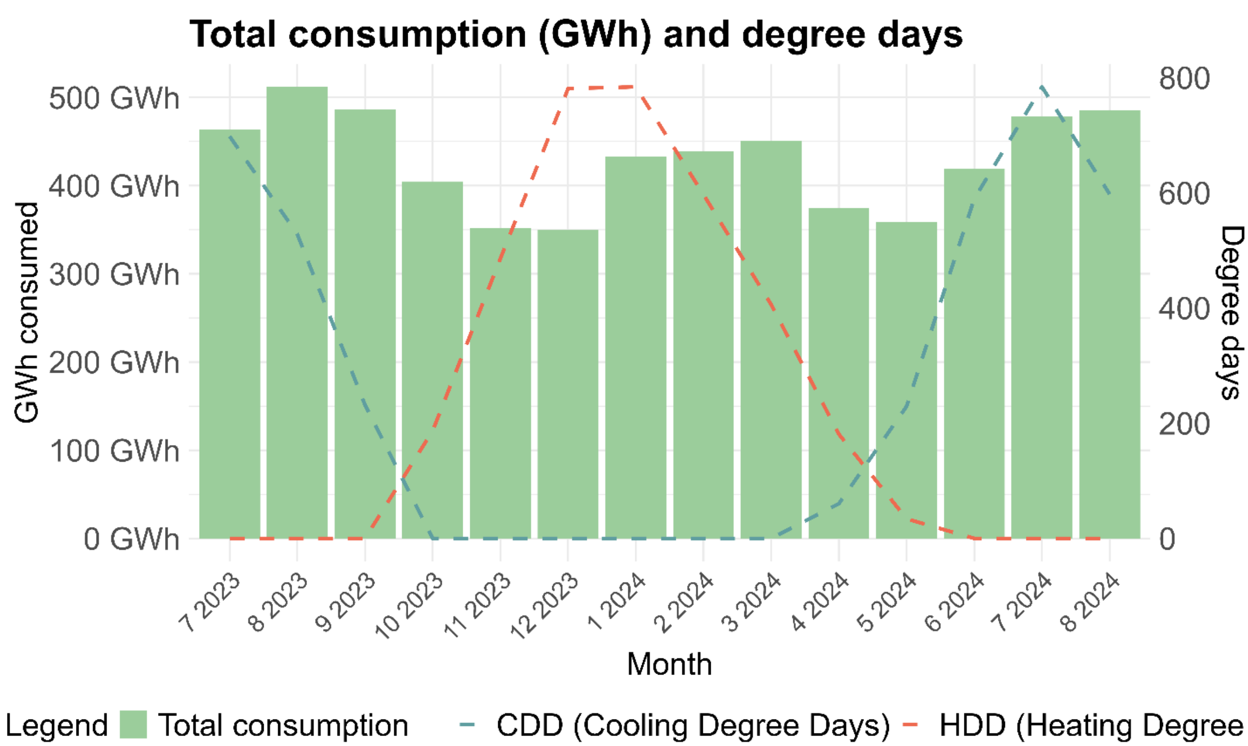


Figure 22. Total commercial consumption (GWh) (July 2023 – Aug. 2024)

Shown here is total monthly consumption (gigawatt-hours (GWh) among all commercial customers in the market. Consumption peaks mainly in the summer months due to electric cooling demand but also peaks to a lesser extent in the winter months due to electric heating demand. To illustrate the correlation with heating and cooling demand, we have imposed monthly averages of cooling degree days (CDD) and heating degree days (HDD) to show that hotter temperatures correspond with greater consumption and cooler temperatures correspond with somewhat greater consumption.

ATTACHMENT B

Options for Reforming DC's Retail Energy Markets

Peter Damrosch, Policy Advisor

Jennifer Richmond, Data Scientist

DC Department of Energy & Environment (DOEE)

October 14, 2025

Executive Summary

- In DC, residents and businesses can buy their gas and electricity either from the utilities or from retail energy suppliers, also known as third-party suppliers.
- Retail competition has been widely available in DC since the early 2000s, but there have been few detailed analyses of market outcomes for utility customers.
- To understand the state of retail competition and inform policy recommendations, **DOEE analyzed 14 months of electricity market data for DC from July 2023 – August 2024**. We found that:

  1. Commercial customers appear to be benefiting significantly from retail competition, on average, but residential customers are not.
  2. **Residential customers of retail suppliers on average paid 70% more** for the supply portion of their bill than they would have on Pepco's Standard Offer Service (SOS) ($0.17/kWh compared to $0.10/kWh).
  3. Households receiving utility assistance experienced some of the worst outcomes, **paying on average 80% more than they would have on Pepco's SOS** ($0.18/kWh compared to $0.10/kWh).

Executive Summary Continued

- Across the country, a number of states have implemented market reforms to address similar problems of high prices and insufficient consumer protection.
- DOEE, in concert with partner agencies, interviewed state officials, consumer advocates, and academic researchers with expertise in the following energy markets: CT, MA, MD, NY, PA and the UK.
- The later sections of this presentation draw on these interviews and additional research to describe potential options for market reforms in DC.
    - **We recommend that DC consider a complementary suite of market reforms – based in models drawn from NY and MD – that utilize a combination of price caps for residential retail rates, increased enforcement, and improved monitoring of market outcomes.**
    - We also describe alternative options for market reform that could be considered.
- We end by discussing additional research needs, including the need for detailed analyses of the gas market and ongoing monitoring of both electric and gas market outcomes.

Table of Contents (Click to Jump to Section)

DEPARTMENT OF ENERGY & ENVIRONMENT

Overview of Retail Energy Suppliers

Basics of Retail Supply

- **Overview:** In DC, residents and businesses can choose to buy their gas or electricity from the utilities (Pepco or WGL) or from a retail supplier. Retail suppliers are independent companies that contract directly with customers to supply gas or electricity. They are also often referred to as third-party suppliers.
- **Prices & Contracts:** Prices that retail suppliers charge for gas and electricity are not regulated by the DC Public Service Commission (PSC) but instead are governed by contracts between suppliers and customers.
- **Distribution vs. Supply:** The utilities remain the default option for anyone who does not choose a retail supplier. In addition, all customers – even those using a retail supplier – pay the utilities for the cost of transporting energy along their distribution systems. These distribution charges are regulated by the PSC.
- **Billing:** The utilities typically handle billing on behalf of suppliers. Customers generally receive only one bill with separate charges for distribution and supply. The utilities then collect on the whole bill and remit payments to suppliers for the amounts they are owed.
- **Market Share:** Retail suppliers have a much larger market share for commercial customers than residential customers in DC. Approximately ~83% of all electricity sold to commercial customers comes from retail suppliers, while only 10% of residential electricity sales come from retail suppliers.*

*Source: DC PSC, Dkt. PEPEMMR2025, Pepco Market Monitoring Report for May 2025.

Origins of Retail Competition

- For most of the 20th century, gas and electricity were mostly provided by vertically integrated utilities that held monopolies on providing utility services.
- In the 1980s and 1990s, the federal government supported the introduction of competition first in the gas sector and later by supporting the creation of wholesale electricity markets.
  - DC currently participates in the largest electricity market in the US, called PJM, through which utilities and retail suppliers purchase electricity at wholesale prices and then resell that power to individual customers.
- During the same period, many states began exploring the value of competition at the retail level as well. Retail competition allows energy producers or marketers to sell gas or electricity directly to end-use consumers.
- Today, DC and over 20 states allow some degree of retail competition in either the gas or electric sectors for residential and/or commercial customers. States have frequently added incremental reforms that can change these markets over time.

Introduction of Retail Competition to DC

- **Initial Programs & Pilots:** DC began exploring retail competition in the 1980s. For example, in 1988, the PSC allowed certain commercial and industrial customers of WGL to purchase gas from retail suppliers.
- **PSC Investigation:** In 1995, the PSC initiated a broader investigation into the possibility of introducing retail competition into the electric sector.
  - At the time, electricity prices in DC were among the lowest on the East Coast. Many viewed competition as a way to safeguard energy affordability; others were concerned about consumer protection and the potential erosion of energy affordability in DC.
- **Legislative Action:** The DC Council ultimately decided to pursue retail competition. The DC Council enacted the Retail Electric Competition and Consumer Protection Act of 1999. The law authorized Pepco to sell its Pepco-owned DC powerplants, part of broader industry restructuring efforts, and laid the foundation for retail competition.

Retail Competition in Theory and Practice

- **Theoretical Benefits:** Retail competition has been touted as a way to decrease prices and spur innovation, including energy efficiency, billing, or service bundling.
- **Differential Outcomes:** At the same time, even proponents of retail competition recognized that its benefits might not be experienced by all customers. Larger commercial customers could benefit more from retail competition due to greater bargaining power, economies of scale, and deeper expertise in energy procurement.
- **Consumer Protection:** The PSC recognized these concerns in the 1990s, cautioning that the "transition to a competitive environment is fraught with many dangers . . . especially for residential and small business customers." The PSC foresaw that the "pressure in a competitive environment will be to keep rates as low as possible." OPC raised similar concerns in its analysis of retail competition proposals in the 1990s.
- **Empirical Research & Collaborations:** DOEE is conducting a multi-year initiative to understand whether and to what extent the theoretical benefits of retail competition are being realized in practice. DOEE has pursued this research through several related projects, with a particular focus on the electric sector.
  - DOEE is also coordinating with OPC, OAG, and the PSC to review consumer complaints and understand the agencies' collective experiences with retail suppliers.

Regulatory Context in DC

- **Laws & Regulations:** Today, a combination of statutes and regulations govern the retail market. DC Code §§ 34-1501 & 34-1671 allow gas and electricity suppliers to sell energy directly to consumers if they are licensed by the PSC. The PSC, in turn, issues regulations setting forth requirements relating to licenses, marketing, reporting, and consumer protection, among other areas.
- **Licensing:** All suppliers must obtain a license from the PSC. To obtain a license, suppliers must provide proof of technical and managerial competency, sample copies of contracts, and a $50,000 bond to cover customer deposits in the event of insolvency. The license is valid for 5 years.
- **Contracts:** The PSC's regulations provide that supplier contracts must include certain minimum information, including a description of services, prices, and contract length (15 DCMR 327.7-8). However, beyond these minimum requirements, suppliers can set their own prices and other terms and conditions.
- **Consumer Protections:** DC has various requirements aimed at protecting consumers from deceptive marketing and other abusive practices. These include prohibitions on suppliers enrolling customers without their consent, a practice known as "slamming." See 15 DCMR 327. However, in practice, monitoring and enforcing compliance with these consumer protections can be difficult.
- **Complaints & Enforcement:** Consumers can file complaints with the PSC, OPC, DOEE, OAG, Pepco/WGL, or their suppliers. As the consumer advocate, OPC maintains a consumer complaints database. From February 2022 to June 2025, OPC recorded 2,197 complaints about fraudulent or abusive treatment by retail suppliers and marketers. The PSC, as the principal regulator for retail suppliers, can issue warnings and levy fines in response to regulatory violations.
- **Standard Offer Service:** In contrast to retail suppliers which obtain their electricity and gas without significant regulatory oversight, the utilities' default services are procured through competitive bidding processes overseen by the PSC.

The Current State of Retail Competition

Summary of Outcomes

- We analyzed electricity market data (07/2023 – 08/2024) to understand consumer outcomes in the retail electricity market. We found that **commercial customers appear to be benefiting** significantly from retail competition.
    - Commercial customers of retail suppliers **paid on average 31% less for electric supply** than commercial SOS customers ($0.095/kWh compared to $0.138/kWh), leading to an **estimated average net consumer gain of $193.57 million** from retail competition for commercial customers during the period.
    - Despite retail suppliers providing over 80% of commercial energy consumed, *total* arrears among retail customers are about the same or less than total arrears among Pepco's SOS customers.
- However, **residential retail customers paid significantly higher rates** than Pepco's residential SOS customers.
    - Residential retail customers **paid an average of 70% more for the supply portion** of their bill than they would have on Pepco's SOS ($0.17/kWh compared to $0.10/kWh with Pepco's SOS).
    - Retail supply customers who also received **utility assistance paid an even higher average price of $0.18/kWh.** These rate differences led to an estimated net consumer loss of $17.85 million for the period for residential customers, $4.04 million of which was lost among utility assistance beneficiaries alone.
    - As of August 2024, **55% of retail supply customers were in arrears** compared with about 25% of SOS customers. Average monthly arrears for Pepco's residential customers were $404 for the period. Average monthly arrears for retail supply customers were $760, which is a difference of $356 per month or **nearly double the average for SOS customers**.
- The cost premium reflected in the net price differences between SOS customers and retail customers may be driven by a variety of factors, discussed further below.

Many commercial customers are benefiting from retail competition

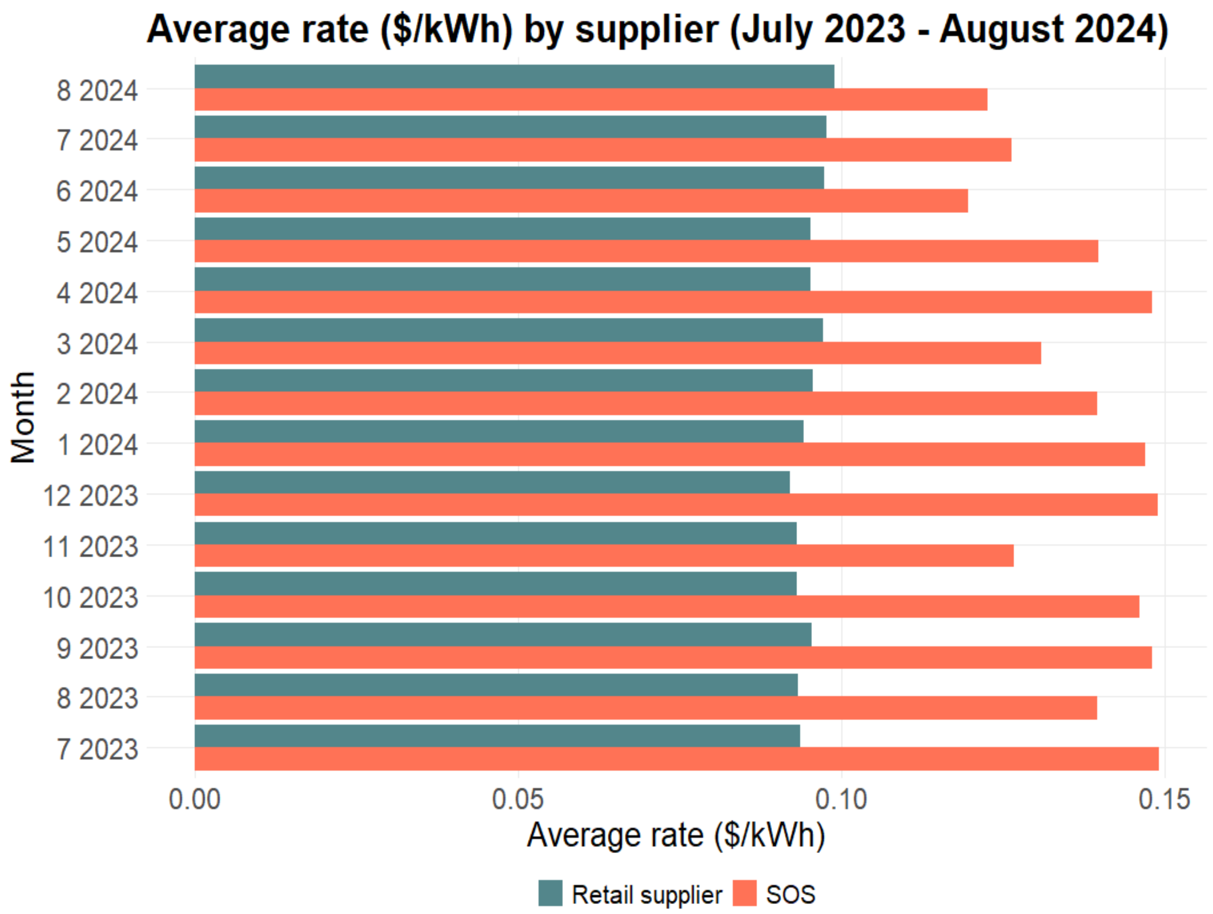
- Overall, commercial customers appear to be benefiting from retail competition.

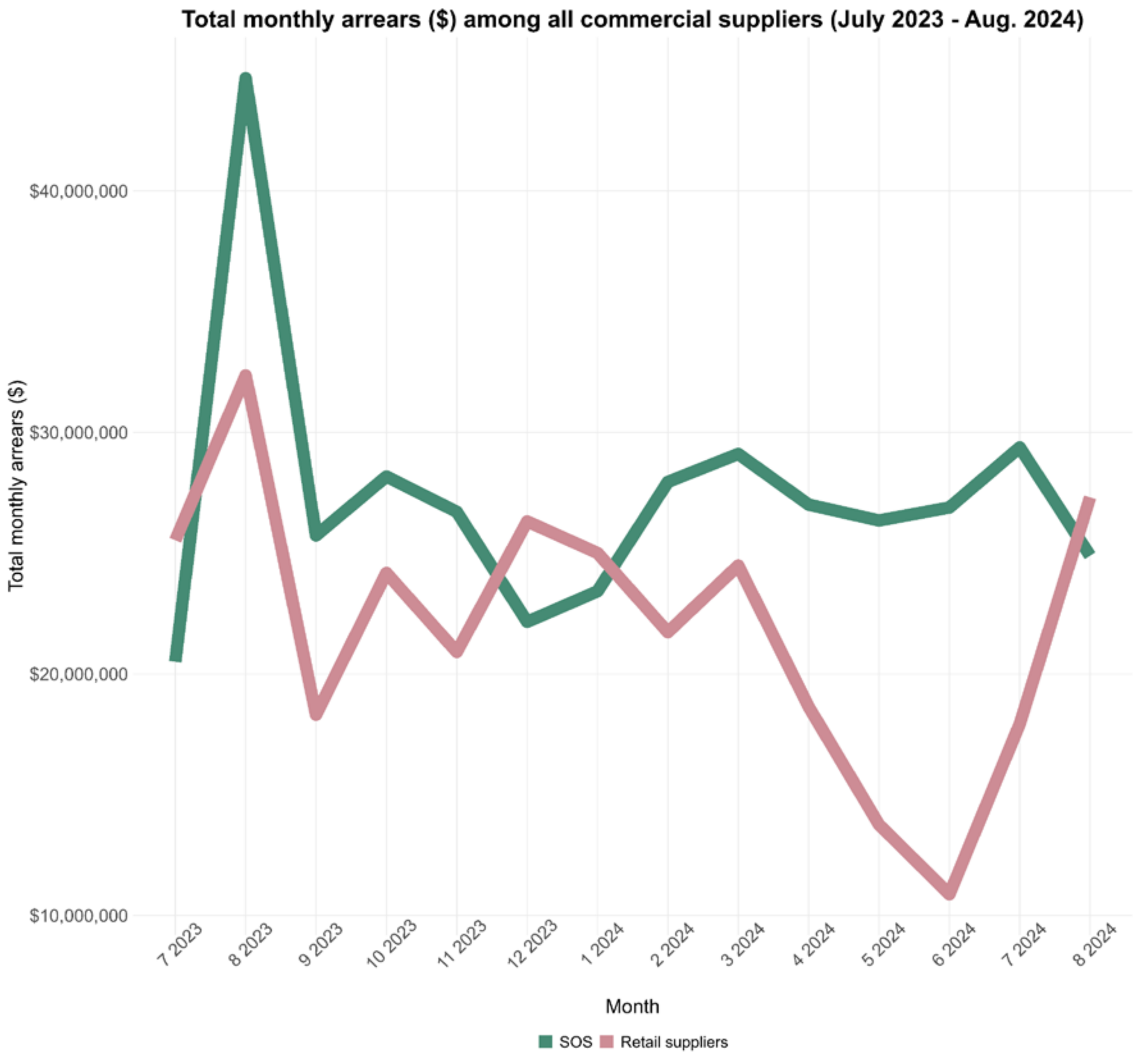
  - As of August 2024, ~32% of commercial customers had retail suppliers and 68% purchased electricity supply from Pepco's SOS.

  - However, commercial customers with retail suppliers consumed about 83.15% of the total commercial electricity sold in August 2024.

  - We estimate that the **total net consumer gain for commercial customers during this period was $193.57 million**, relative to the SOS default prices.

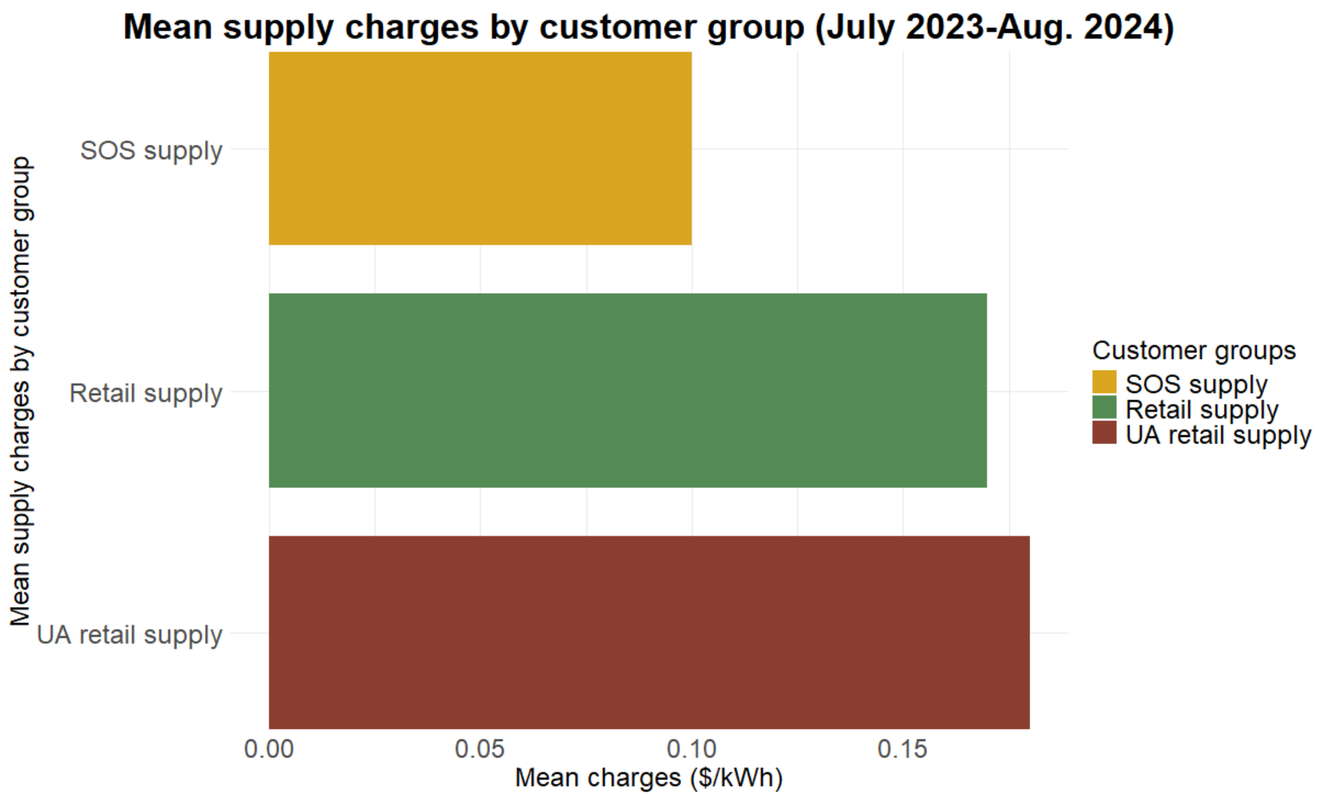
- Additional analysis of retail market outcomes for commercial customers is available in DOEE's companion *Market Trends Analysis* report.




Total monthly arrears ($) among all commercial suppliers (July 2023 - Aug. 2024)
Total monthly arrears ($)
$40,000,000
$30,000,000
$20,000,000
$10,000,000
7 2023
8 2023
9 2023
10 2023
11 2023
12 2023
1 2024
2 2024
3 2024
4 2024
5 2024
6 2024
7 2024
8 2024
Month
SOS
Retail suppliers

On average, residential customers of retail suppliers pay significantly more for electricity than Pepco's Standard Offer Service

- Average supply rates vary among different rate classes and segments of customers.
- During the study period (July 2023 – August 2024), the average supply price for SOS customers was only $0.10/kWh, but for retail supply customers it was **70% higher** ($0.17/kWh).
    - Within the segment of retail supply customers, retail customers who are also enrolled in DOEE's income-qualified **utility assistance (UA) programs paid an even higher average price of $0.18/kWh** for the period.
    - Higher rates among different segments of customers correlate with higher arrears.

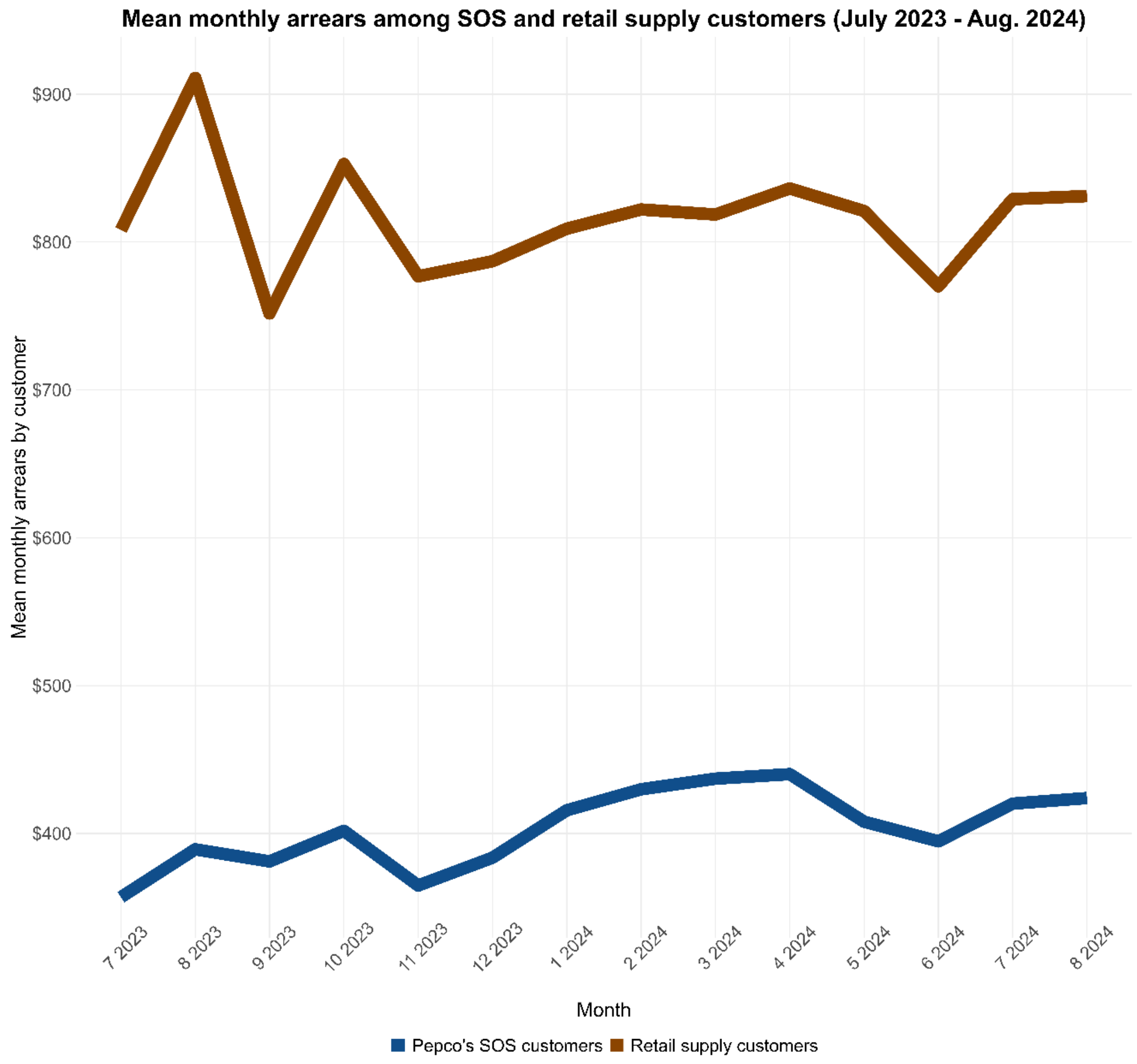


(**Note:** UA retail supply refers to the group of customers receiving utility assistance from DOEE or Pepco, i.e., LIHEAP, Solar for All, Utility Discount Program, or other Pepco energy assistance programs.)

Note: The summary statistics cited above reflect individually metered residential accounts and do not include Master Metered Apartment (MMAs). Additional analysis of MMA customers is available in DOEE's companion *Market Trends Analysis* paper.

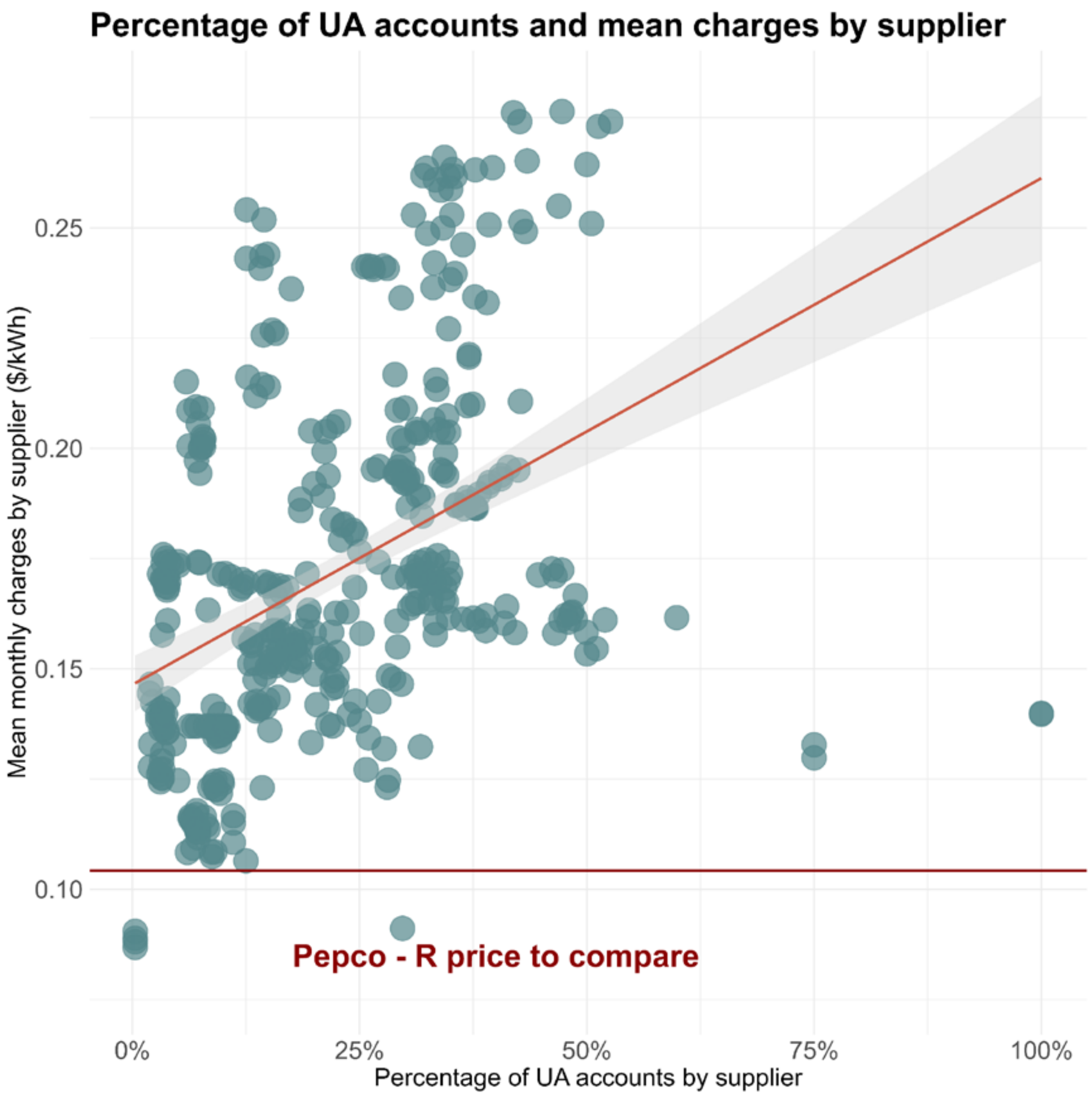
Residential arrears are much higher for customers of retail suppliers

- **Average residential arrears among SOS customers were $404** during the study period.
- **Average residential arrears among retail suppliers were $760**, which is nearly double the average arrears among SOS customers.
  - This trend endured during the 14-month study period.
  - However, it remains unclear if customers are more likely to accrue higher arrears *because* of retail supply prices or if customers with greater likelihood of accruing higher arrears are more likely to switch to retail suppliers for some reason, such as trying to save money with promises of initial low "teaser" rates.
- The percentage of **SOS customers in arrears during the period ranged from 22-29%.**
- The percentage of **retail customers in arrears was significantly higher, ranging from 46-62%.**



Utility assistance customers experience particularly poor outcomes

- DOEE administers several utility assistance programs, including LIHEAP, the Utility Discount Program, and Solar for All. Pepco and WGL also offer several other, smaller assistance programs.
- Based on our analysis, residents participating in DOEE's utility assistance programs experience especially poor outcomes.
  - For example, a **UA customer consuming 700kWh in a month during the period would have paid an average of $73 for Pepco's SOS, but would have paid an average of $126 for retail supply**.
  - That equates to an average monthly premium of $53 for retail supply among customers who sought utility assistance from DOEE during the period, or an additional $636 per year.
  - This raises the question: **If UA customers are in need of utility assistance, why are they paying such high premiums?** The graph to the right offers a clue. DOEE found that the more a supplier charges, on average, the more UA customers that supplier is likely to enroll. This is unexpected because UA customers on average would presumably want the most affordable option.
  - This suggests that there's a market dysfunction that's either allowing UA customers to be targeted by these suppliers, and/or UA customers are more likely to enroll with these suppliers for some reason, such as teaser rates.



Source: DOEE, Utility Affordability Programs

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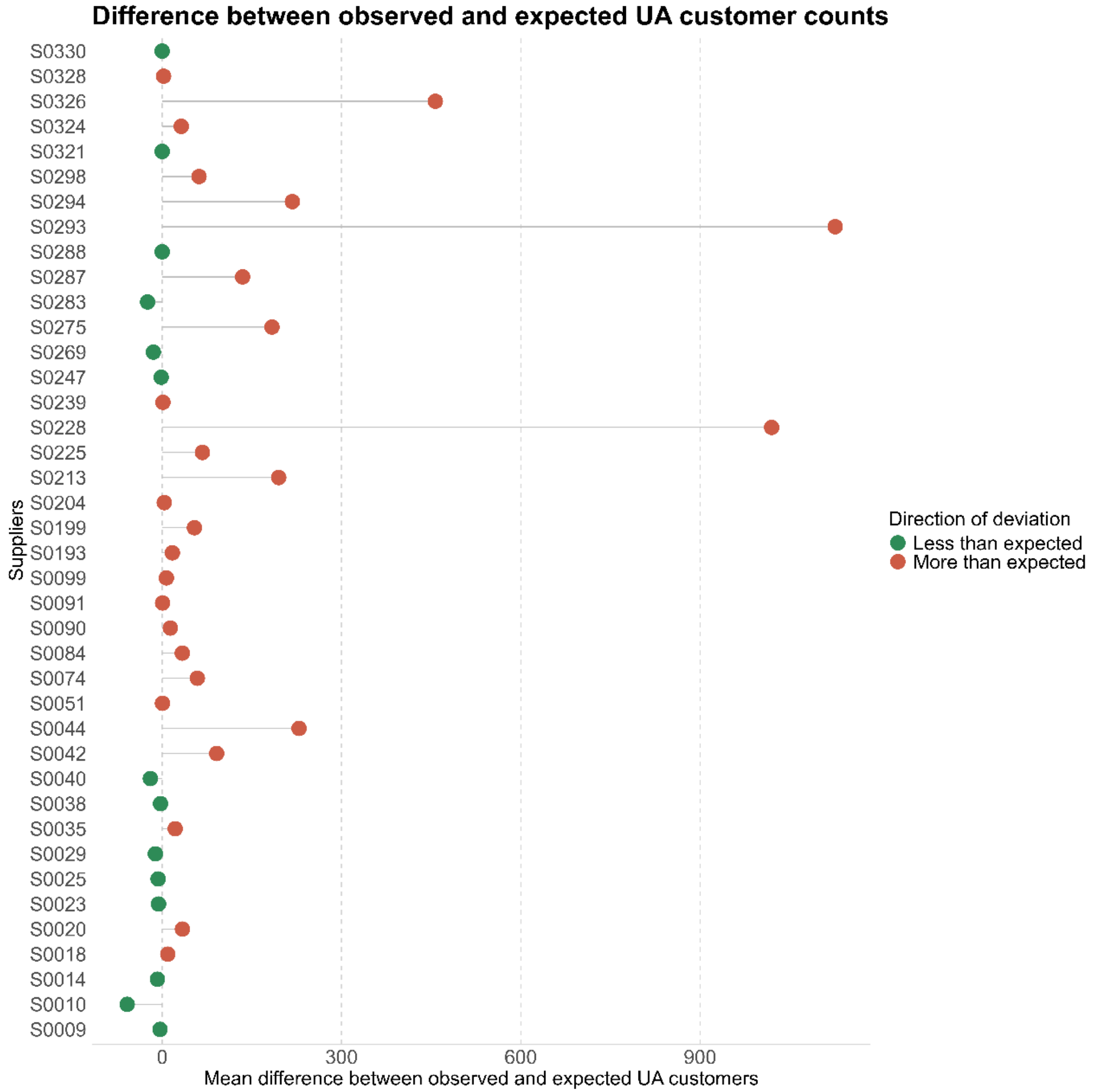
Utility assistance customers experience particularly poor outcomes

- **UA customers composed over 25% of retail suppliers' customers, despite composing only 8% of all residential customers.** This suggests a disproportionately large proportion of UA customers are enrolled with retail suppliers.
  - In the graph here, we observe that the majority of suppliers (shown as codes along the y-axis) enroll more than the expected 8% of UA customers (8% is represented by zero on the x-axis), and several suppliers enroll *significantly* more than 8% UA customers. All suppliers with fewer than 8% UA accounts are just barely below the expected 8%.
  - This reinforces the findings on the previous slide that suggest there may be disproportionately burdensome market dysfunctions leading to higher bills and arrears among customers actively receiving utility assistance.
  - Higher bills and arrears among retail customers also **create a burden on DOEE's utility assistance programs** by reducing the amount of assistance available for households each year.



Common contract provisions and industry practices raise concerns

- **Variable Rate or "Teaser" Contracts:** Many retail suppliers offer variable-rate, teaser-rate, or *short* fixed-rate contracts that can auto-renew at higher prices. These contract structures allow the supplier to change the rate charged to the customer in ways that can catch customers by surprise. Contract terms vary considerably. Even fixed-rate contracts can have terms as short as one month. These contracts may automatically renew at higher rates and require early termination fees to exit. This variation makes it difficult to understand exact causes of rate changes from customers' bills alone.

- **Early termination fees** require customers to pay fees when exiting contracts prior to their end dates. These fees may not be disclosed or known to customers upon enrollment with the supplier and can keep customers from shopping for better deals in the market.

- **Aggressive sales tactics** include marketers posing as utility representatives, marketers requesting access to customers' billing information, or marketers engaging in harassment or unwelcome behavior.

- **"Slamming"** is a particularly predatory tactic in which customers are enrolled with a retail supplier without their knowledge or consent.

- **Door-to-door marketing** has been shown to occur more in densely populated and lower-income neighborhoods. Door-to-door marketing can be especially invasive, aggressive, or discriminatory in practice, depending on suppliers and their marketers.

Complaints illustrate the nature of challenges consumers experience

- OPC, PSC, DOEE, OAG, Pepco, and retail suppliers all receive consumer complaints about retail suppliers.
- OPC is a central clearinghouse of complaints and manages them systematically by category.
    - **From February 2022 to June 2025, OPC recorded 2,197 consumer complaints** about retail suppliers or their marketers.
- Generally, consumers file complaints about various claims of fraud, illegitimate enrollment, harassment, or misleading advertising.
- To the right are a few examples of the types of complaints submitted to OPC about various retail suppliers and their door-to-door marketers in DC.

"I sent them [supplier] an e-mail saying 'I never signed up for this, please cancel.' [Supplier] responded they would cancel and I would move back to Pepco's rate; however, their e-mail also states that they found me a rate with '[Other supplier]' and moved me to them. Again, this was against my knowledge or will."

"[Supplier] is sending misleading advertisements designed to look like they are notices from Pepco. [Supplier's] advertisement makes it sound like the electricity is coming from renewable sources, but it is just coming from Pepco. They purchase renewable energy certificates after overbilling for the same electricity from non-renewable sources.

"I have had two folks knock on my door from [Supplier] claiming to need to look at a Pepco bill. I am very concerned this company is using Pepco to steal people's information or put them on plans they don't want. They kept saying they needed my Pepco number and information. They are not on the approved list of energy companies in DC."

Utility debt purchasing raises potential concerns

- The PSC requires Pepco and WGL to assume responsibility for the debts customers owe to their retail suppliers through what is known as the **Purchase of Receivables (POR**) program.
- As part of their POR programs, Pepco and WGL are required to purchase suppliers' receivables at a fixed discount rate. This means that when customers of retail suppliers fail to pay their bills, the utilities – rather than retail suppliers – assume responsibility for collecting on those debts.
- In theory, the **POR program could enhance competition** by reducing suppliers' cost frictions associated with collecting delinquent debts.
- However, the POR program may also create a **market distortion for suppliers to charge higher prices** than they would otherwise if they were responsible for unpaid balances. Insulating suppliers from the risk of nonpayment may reduce incentives to limit supply prices at affordable rates.
    - We note that it is difficult to causally attribute higher supply prices to the POR program, as opposed to other factors, due to difficulties in gathering data and isolating causal impacts in light of confounding factors.
- As discussed in the following slides, the MD Legislature in 2024 passed comprehensive legislation that includes a prohibition on utilities purchasing receivables from retail suppliers. There also alternative reforms to the POR program that could be considered, as discussed below.

There is limited evidence of innovative services from retail suppliers

- One of the major motivations for promoting retail competition was to advance innovation. Although evidence of innovation in DC's market is limited to date, it is still possible in theory for retail competition to promote innovation.
  - For example, retail suppliers could offer smart home devices paired with real-time prices to help customers lower their costs during peak periods.
- However, there is limited evidence of widespread, impactful innovation occurring in practice.
  - Based on DOEE's discussions with DC residents and a review of available online market offerings, most retail contracts provide standard commodity services (electricity or gas) with little novelty.
  - Some suppliers offer incentives, such as gift cards, and a few offer energy efficiency audits or home equipment. However, these types of additionality are rare, may be underutilized by customers, and may not warrant the supply cost premium.
  - Renewable energy offerings, discussed on the next slide, are an example of the retail supply market's potential to innovate in terms of sustainability.

Image Source: Ben Simmons, licensed under Creative Commons by: https://heatable.co.uk/.

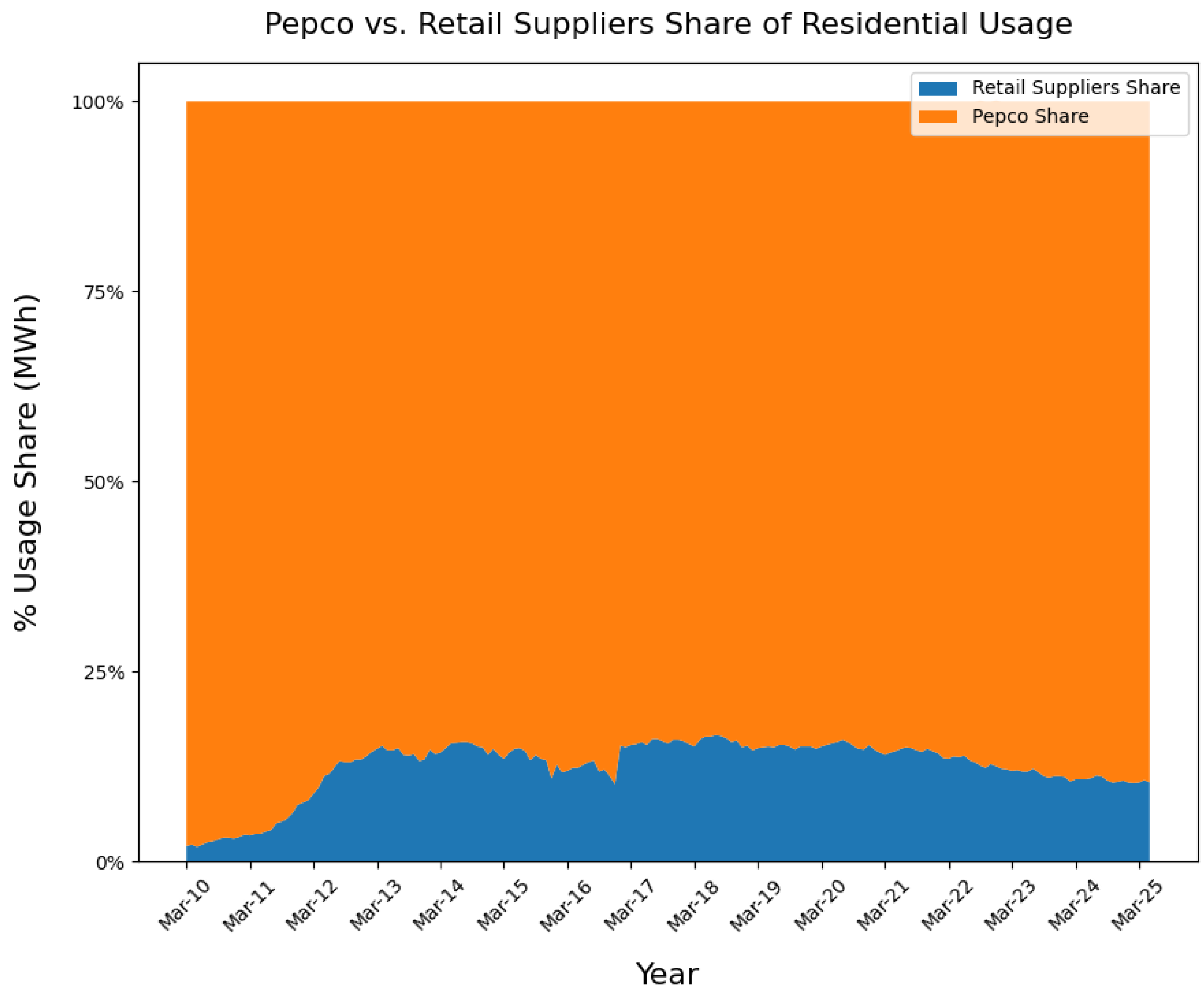
Renewable energy purchases do not appear to explain high prices

- The primary form of product differentiation we have observed across retail suppliers concerns different types and amounts of renewable energy associated with power supply.
- However, renewable purchases alone do not appear to explain high price differences (i.e., compared to Pepco's SOS) among many retail electricity suppliers.
  - For example, in 2024 the average price for regional renewable energy credits (RECs) paid by all suppliers in DC was $22 per REC. At these prices, the cost for purchasing RECs to reach 100% clean energy would likely add somewhere in the range of $0.012/kWh to the price of electricity above the SOS price, assuming no additional transaction costs.*
  - However, the actual average price difference for residential customers between the SOS and retail suppliers over our study period was, on average, about five times that amount at $0.07/kWh. That is significantly higher than would be expected from renewable energy purchases alone, even assuming higher REC prices or additional transaction costs.
  - And many retail supply offerings do not offer any additional green power benefits beyond the minimum requirements needed to meet DC's Renewable Energy Portfolio Standard (RPS), further reducing the likelihood that renewable energy purchases explain the large price differentials observed in our data.
- The ability to purchase clean energy is meaningful for many residents. But there are a variety of alternative models that may better serve this goal than the current regulatory structure in DC.

*DC PSC, Annual RPS Report (2025), p. 18. The SOS in 2024 was associated with 45% REC purchasing. Therefore, the added cost relative to the RPS to reach a 100% green power purchasing , on a per MWh or per kWh basis, is less than the corresponding REC cost.

Residential retail electricity market share has remained steady, declining modestly in recent years

- As of May 2025, 90% of residential customers purchased their electricity from Pepco, while the other 10% purchased electricity from retail suppliers.
- Residential electricity consumption was distributed proportionately between customers of Pepco and retail suppliers, with 89.6% of residential consumption supplied by Pepco and the remaining 10.4% supplied by retail suppliers (down from a market high of 16.6% in 2018 from available data) .



Source: Pepco Monthly Market Monitoring Reports, filed with the DC PSC in Dkt. PEPEMMR

Additional Research

- The findings above present initial results from DOEE's analysis of retail electricity supplier data for a 14-month period from July 2023 to August 2024.
  - More detailed analyses and explanations regarding the methodology behind this analysis are available in DOEE's companion report, *Retail Electricity Competition in DC: Market Trends and Analysis*.
- Extending this study over several years would be hugely beneficial, especially before and after policy changes that impact the market.
  - Time series data covering longer periods of time allow analysts to draw stronger conclusions based on enduring trends and patterns in the data.
  - Time series data covering periods of market changes or external shocks also help analysts to assess the durability of prices and supply to sustainably meet demand.
- A comparable analysis of market outcomes in the gas sector would also be highly beneficial. DOEE has only conducted an initial electricity market study due to data availability, but would like to pursue a similar study of the DC gas market.

Regulatory Reforms in Other Jurisdictions

Market and Regulatory Reforms in Other Jurisdictions

- **Comparative Perspective:** The problems documented above are not unique to DC. Many states and countries have faced similar issues and have implemented market and regulatory reforms to address them.
- **Research & Interviews:** To understand the impacts of these regulatory reforms, DOEE, OAG, and OPC conducted a series of interviews with public utility commission staff, academics, consumer advocates, and nonprofits working in the following jurisdictions: CT, MA, MD, NY, PA and the UK. DOEE, OAG, and OPC also conducted additional research into reforms from other jurisdictions, based on reports and analyses of retail market reform efforts.
- **Diversity of Reforms:** The following slides summarize key findings and lessons learned from other jurisdictions, illustrating the diverse range of possible reforms. Below, we include a sample of case studies from the jurisdictions we studied.

New York

- **Origins of Reform:** Regulatory reforms in NY began in response to reports that suppliers were misrepresenting their offers in door-to-door sales, prompting the NY Public Service Commission (NYPSC) to initiate an extensive investigation into retail suppliers in 2016.*

- **Findings:** At the end of the investigation, the NYPSC issued an order in 2019 finding that the retail market had failed to "evolve[] as originally intended and . . . was not providing sufficient energy-related benefits for customers."

  - **High and Variable Prices:** The NYPSC found that the "most commonly offered [retail] product continues to be a commodity-only, variable-rate product, that frequently is provided at a higher price than charged by the utilities."

  - **Lack of Innovation:** The NYPSC found no meaningful evidence of energy-related innovation and determined that the primary, additional "products" that consumers received were marketing attractions (e.g., gift cards) worth much less than the high prices customers paid.

  - **Consumer Complaints:** The NYPSC determined that the "complaint rate for [retail suppliers] remains unacceptably high," citing more than 11,000 recent complaints regarding retail suppliers.

- **NY's Reforms:** In response to its findings, the NYPSC implemented a series of reforms, the most significant of which involved caps on prices charged to residents and small commercial customers.

  - **Price Caps & Guaranteed Savings :** The NYPSC established a default rule that suppliers must "meet or beat the price of equivalent utility commodity service on an annual basis."** The NYPSC provided exceptions based on specified price caps above the historic utility prices and green products that meet certain quality standards.

  - **Small vs. Large Commercial Customers:** NY included small commercial customers in the protections afforded by the price caps. Suppliers continue to be free to negotiate with large commercial customers without a price cap.

  - **Increased Enforcement & Monitoring:** The NYPSC substantially increased its monitoring of supplier compliance with the new rules including in license renewal proceedings.

*NY PSC, Case 15-M-0127, Order Adopting Changes to the Retail Access Energy Market (Dec. 12, 2019).
**NY PSC, Case 15-M-0127, Order on Rehearing (Sept. 18, 2020), p.20.

Maryland

- After years of concerns regarding consumer abuses in the retail market, the MD legislature passed a law (SB 1) in 2024, which enacted a broad set of reforms to the retail energy market. Those reforms include the following:
  - **Price Caps:** SB 1 directs the MD PSC to establish price caps on electricity and gas retail supply contracts, tied to the 12-month average of the utilities' default rates. Separate price caps apply to "green power" products.*
  - **Green Marketing:** The law includes specific requirements for products marketed as "renewable energy" or "green power." To implement SB 1's provisions, the MD PSC has further required that all suppliers utilize Renewable Energy Certificates (RECs) for green power products that can be verified in a standard PJM tracking system (Order No. 91464).
  - **Purchase of Receivables:** SB 1 prohibits utilities from purchasing the debts owed by residential customers to suppliers.
  - **Sales Tactics & Incentives:** SB 1 prohibits suppliers from paying salespeople a commission based on enrollment numbers.
  - **Reporting:** SB 1 establishes new monthly reporting requirements for suppliers and utilities regarding supplier prices.
  - **Penalties & Enforcement:** SB 1 includes new provisions regarding penalties for violations of retail competition rules.
  - **Licensing & Training requirements:** Finally, SB 1 directs the MD PSC to establish new training requirements for energy suppliers, salespeople, and vendors, and provides that supplier licenses must be renewed every 3 years.
- SB 1 is a relatively new law and implementation remains ongoing. While retail competition continues to be allowed in MD, including for residential customers, the MD OPC reports that after SB1 "many energy retail suppliers are voluntarily deciding to no longer operate in Maryland" (MD OPC Newsletter, May 14, 2025).

*Following the passage of SB1, the MD PSC determined that the price caps for green power should be based on a combination of the 12-month SOS average price, plus the price of PJM Tier 2 REC prices, as verified in the PSC's annual RPS report. Case No. 9757, Order 91464 (Dec. 30, 2024).

Connecticut

- **A 2023 study conducted by the CT Public Utilities Regulatory Authority (PURA) found a consistent pattern of consumer losses associated with retail suppliers.**
  - The study examined all rates charged by retail suppliers from 2017-2021 and found that "approximately two-thirds of customers who contracted with a supplier paid more than they would have paid had they received supply through [the utilities'] standard service" (p. 3).
  - CT PURA found that customers of suppliers paid on average $111 more per year than customers on the standard offer service, while "low-income residents were particularly harmed by suppliers' rates" (p. 6).
  - The study determined that there was no evidence that higher prices were associated with meaningful consumer benefits, despite significant examination of this issue.

- **Over the years, CT has undertaken various reforms and enforcement actions, although many have proven insufficient to protect consumers.**
  - The 2023 study explains that "[f]or many years, the General Assembly and [PURA] have attempted to implement protections for residential customers engaging in the supplier market. The evidence... shows those protections remain ineffective" (p.10).
  - The study concludes that neither education nor increased enforcement will address the perennial problems of overpriced products and abusive practices occurring in the retail supply market (p. 10-11).
  - The study recommends broader structural reforms, including restrictions on the prices suppliers can charge – tied to the utilities' SOS rates – and requirements for suppliers to bill customers separately from the utility (p. 15-16).

Example Connecticut Reforms

Reform	Description
Variable-rate contracts	• In 2015, the CT General Assembly banned the use of variable-rate contracts for residential customers. However, CT officials continue to warn that many suppliers offer short-term contracts that automatically renew at higher prices, which can cause unexpected price hikes similarly to variable-rate contracts.
Cancellation fees	• In 2021, the CT General Assembly prohibited cancellation fees in retail contracts.
Energy assistance customers	• The CT legislature amended the rules governing energy assistance programs to ensure that EA customers are on low-cost, default service rates. The CT Legislature later undid this measure under political pressure to once again permit retail shopping.
Increased enforcement	• The CT PURA has pursued numerous enforcement actions against suppliers. While many were successful, the agency's enforcement office has concluded that "[p]olicing... will never be a solution that can protect all customers from... overpriced products."
Utility Reporting	• Since 2014, CT PURA has required the utilities to report on the supply rates that are billed by each supplier through the utility's implementation of consolidated billing.
Market Analysis	• CT PURA has undertaken multi-year studies of market outcomes and submits an annual report to the CT General Assembly on the state of retail competition.

*2023 CT PURA Study, p.9.

Pennsylvania

- **Overview of Reforms:** Many of the market reforms in Pennsylvania over the past 15 years have taken a different tack, focusing on efforts around customer education and lowering barriers for customers to choose retail suppliers, with the hope that increased education and competition would improve market outcomes.
- **Efforts to Promote Switching or Shopping:** For example, in 2012, the PA Public Utilities Commission (PA PUC) created mailing campaigns, a small business outreach plan, and customer referral program to improve awareness of retail supply options.*

- **Continuing Concerns:** Despite these initiatives, consumer advocates remain concerned about outcomes in the retail energy markets.
  - The PA Utility Law Project (PULP) has analyzed supplier prices, finding that PA consumers have overpaid by at least $1.8 billion in aggregate relative to utility default services since 2017.
  - The PA Office of Consumer Advocate (OCA), in a recent rate case for Peoples Natural Gas, presented an analysis showing that 99% of residential shopping customers were paying more for gas than the default service.
  - Some of these concerns are echoed by the PA PUC, which continues to issue alerts regarding the need for customers to be wary of auto-renewal provisions at the end of contracts, which can lead to unexpected price increases.

*PA PUC, Final Order on Intermediate Work Plan (March 2, 2012)

Massachusetts

- MA envisioned its restructuring law in 1997 would lead to lower costs and more variety, innovation, and efficiency in a competitive market.
- However, MA has encountered similar issues of high costs and limited innovation in the retail market.
  - For example, according to analyses from the MA Attorney General's Office, consumers who relied on competitive suppliers incurred $651.3 million in net losses from 2018-2025.
- Much of Massachusetts has embraced **community choice aggregations (CCAs) or municipal aggregation programs (MAPs)** as alternatives to private suppliers.
  - Aggregation models allow public agencies (i.e., towns, cities, counties, or groups of those municipalities) to procure energy in bulk on behalf of their residents.
  - Nearly 60% of the MA's population participates in a CCA. Many successful CCAs utilize an "opt-out" model for enrollment, where all residents in the municipality's service territory are enrolled in the CCA by default, unless they choose to opt out.
- Similar to retail choice, CCAs and MAPs allow communities to prioritize sustainability or other desirable features, but they may be more likely to procure electricity at lower prices due to their higher economies of scale and public oversight.
- DC in the past has operated a municipal aggregation program (MAP), but its impacts were limited in part because it was operated on an "opt-in" basis.
  - Growing the DC MAP to serve more customers could be one option to advance DC's clean energy and consumer protection goals.

Sources: Taminiau (March 2025), DC Code, § 34–1515. Aggregation programs, MA Office of the Attorney General (2025)

Market Reform Options for DC

Options and Recommendations

- The examples above illustrate some of the possible market and regulatory reforms. In this section, we describe in greater detail options for reform, focusing on the residential sector of the market, along with their associated advantages and disadvantages. We also present some innovative and experimental options that could be incorporated into reform measures.
- DOEE recommends DC pursue a set of complementary measures that include the following elements:
    - Price caps, similar to the approach taken in NY and MD, with separate caps for standard and renewable energy offerings. Exemptions to the price cap should be allowed for suppliers offering innovative services;
    - Improved supplier reporting and data access requirements;
    - Strengthened marketing requirements for suppliers, including unequivocal disclosures of prices and default service comparisons, and other consumer protection provisions; and
    - Elimination of early termination fees, variable-rate, and short-term fixed-rate contracts (under 6 months) along with advance notice of contract renewals or terminations.
- In the section below, DOEE describes these and other options for reform that could be considered. DOEE notes that certain reforms – such as a well-designed price cap – may obviate or reduce the need for other reforms, such as limitations on participation in retail choice for energy assistance customers.

1. Price Caps

- **Overview:** Price caps are price ceilings that limit how much suppliers can charge customers.
- **Considerations:** Price caps are very effective at keeping supply prices in desirable ranges, while potentially still allowing for prices to fluctuate according to energy service differentiation. Price caps are also manageable from a regulatory perspective and ensure fair prices for consumers, but they may cause suppliers with thinner profit margins or fewer customers to exit the regulated market and focus on retail sales in other states. Several states have implemented price caps in response to high prices in retail energy markets, including MD, NY, the UK, and PA (though PA's cap has since been removed). ME's Office of the Public Advocate has recommended the state adopt price caps tied to default prices. NY has capped prices at the average default prices for the trailing 12 months with the addition of a price premium of up to 5% of that trailing average. Some states allow less restrictive price caps for suppliers providing verified renewable energy services or innovative services.
- **Recommendation:** DC could consider following several other states in implementing price caps relative to gas and electricity default prices. Exemptions could be provided for suppliers offering additional renewable energy or innovative services (as will need to be defined). Inclusion of a permissible price premium above the default SOS, as in NY, may also be reasonable considering higher costs suppliers face, relative to the utility's incumbent advantages.

2. Contract Restrictions – Variable-Rate Contracts, Short-Term Contracts, and Early Termination Fees

- **Overview:** The prevalence of variable-rate contracts – and short-term fixed contracts with automatic renewals at higher prices – raises concerns regarding consumer protection, misunderstandings, and predatory pricing. Connecticut is one state that has attempted to ban variable-rate contracts. The UK has banned early termination fees for fixed-rate contracts during a defined switching window that starts that lasts from the time of notice that a customer's contract is ending up until the contract's termination (between 42-49 days before the contract ends).

- **Considerations:** The combination of variable-rate contracts or short-term fixed contracts with automatic renewals and early termination fees can trap consumers in costly contracts. This can make consumers feel powerless and may exacerbate high bills and lead to runaway arrears. Eliminating variable rates and early termination fees while instituting a required contract term floor may help to encourage consumers to switch for better deals without penalties. This could stimulate greater competition while ensuring consumers are not caught in debt traps. MD, NY, the UK, and others have instituted similar contract restrictions.

- **Recommendation:** DC's market would benefit from the elimination of variable-rate contracts and contracts with early termination fees. Fixed-rate contracts of no shorter than six months should be required along with prior recorded or written consent from the customer before contract renewals at higher prices, particularly for renewals at higher prices. Notice of a contract's renewal or termination should be given at least 45 days in advance.

3. Sector and Customer Class Limitations

- **Overview:** Several states permit retail competition but limit the sectors or classes of customers retail suppliers can serve. GA, FL, NV, OR, and TN, for example, permit retail competition in the commercial and industrial sectors, but do not allow retail choice in the residential sector. Connecticut in the past has tried a more targeted version of this reform by requiring recipients of energy assistance to take service from the utility rather than a retail supplier, but current law only limits energy assistance customers to rates at or below the default utility price (link).

- **Considerations:** Preventing certain classes of customers from utilizing retail supply can raise concerns regarding equity and consumer choice. In addition, utility default service is not always the cheapest service, particularly over longer time horizons. CT, MD, NY, PA, and other states all have retail participation restrictions in place to protect low-income customers.

- **Recommendation:** A well-designed price cap for residential customers only, as mentioned above, would likely obviate the need for class-specific restrictions on retail competition. If a price cap is not adopted, DC should, at a minimum, require recipients of energy assistance to take service under a plan with pricing at or below the utility's default price.

Source: American Coalition of Competitive Energy Suppliers (2025)

4. Increased Enforcement and Regulatory Oversight

- **Overview:** Oversight refers to regulators' review of suppliers' behaviors in the market and consumer complaints to ensure suppliers are complying with the law. Enforcement of non-compliance can range from warnings to fines to revocation of operating licenses.

- **Considerations:** There is a significant cost associated with increased oversight and enforcement. Some regulations, such as price caps, are much easier to monitor and enforce than other forms of oversight, such as ensuring marketers present potential customers with clear and complete market options prior to enrollment.

- **Recommendation:** Increased enforcement can be valuable but is also resource-intensive and unlikely to solve fundamental market challenges. Oversight and enforcement should be targeted at regulatory compliance measures that have the greatest potential to protect consumers, including enforcing price caps or contract restrictions.

5. Reporting and Market Analysis

- **Overview:** The old adage is true: you can only manage what you measure. Reporting requirements are different among the states DOEE researched. Some require suppliers to publicly release data, including monthly supply rates, consumer share, arrears, consumer switching, generation sources, and default rates. Others may only require annual reports be shared with local regulators. The extent of data availability determines how well regulators and stakeholders can monitor and evaluate the health of the market.

- **Considerations:** Frequency and extent of reporting data are important for timely market analysis. However, some reporting may be more onerous on the part of the supplier than others. Monthly statistics on consumer market share, rates, and switching may be data that the supplier can easily track and report, but reporting on renewable energy purchases may be better suited to annual reporting. If some data are sensitive, they may only need to be reported confidentially to public agencies rather than released publicly.

- **Recommendation:** Timely and transparent reporting requirements make expectations of suppliers clear, allow analysts to follow trends and changes in the market, and help policymakers and regulators to evaluate the health of the retail choice market. DC should increase requirements for suppliers and utilities to report quarterly or biannually on monthly retail market outcomes and these data should be shared with the PSC, OPC, and DOEE.

6. Enhancing Customer Decision-Making and Bill Design

- **Overview:** Marketing fraud, deception, and omission have left many consumers feeling duped. This, in turn, reduces confidence in the market and local institutions that are designed to protect consumers. Enhancing regulatory requirements is vital, but enhancing consumer decision-making through accessible market information, bill design, and education is also important.
- **Considerations:** Information provided to consumers should be easily understood and balanced. This information should be echoed across different suppliers and local institutions, including the local regulator, utility, and ratepayer advocacy office. There has been a lot of research and user testing done on how to make billing information more digestible; this research should be incorporated into the design of gas and electric bills to increase transparency and understanding.
- **Recommendation:** Customers can only make rational and optimal decisions when well-informed and engaged. Government and regulators should create a market in which consumers are actively and transparently informed about their options in the market. Specific to the point of sale, suppliers should be required to share key information, such as the default supplier's price to compare and specific contract terms, including contract length, rate structure, estimated bill total with the supplier's rate versus the default rate, and generation sources for energy supplied.

7. Debt Purchasing

- **Overview:** In DC and in several other retail competition states, the utilities are required to purchase debts from retail suppliers through what is known as a Purchase of Receivables (POR) program.

- **Considerations:** Mandating that utilities purchase supplier debts may create market distortions by disincentivizing retail suppliers from proactively managing customer costs and debts upstream. In particular, when debts are sold at only modest discount rates – and any default risks are absorbed by utilities or recovered only from the industry as a whole – individual suppliers may be incentivized to enroll as many customers as possible at high rates. At the same time, debt purchasing can also lower barriers to market entry and reduce operating risks for suppliers, which in turn may enhance competition and lower prices.

- **Recommendation:** A well-designed price cap may obviate the need for other interventions, such as significant changes to the purchase of receivables program. If prices remained uncapped, DC should consider several other reforms to the POR program, including: (1) Establishing discount rates by supplier, rather than for the industry as a whole, to reflect supplier-specific risks (e.g., using default rates or arrearage percentages), (2) Prohibiting suppliers with average costs or customer arrears above a certain threshold from participating in the POR program, and/or (3) Eliminating POR for residential debts.

8. Promoting Switching, Changing Defaults, and Community Aggregations

- **Overview:** Promoting switching can entail strengthening consumer protections, lowering the transaction costs of switching at the regulatory level, and engaging more consumers at a community scale to provide more consumer information. In some jurisdictions, these efforts have been aided by community choice aggregations (CCAs), which allow communities, governments, or other large customer aggregations to purchase power in bulk on behalf of their members.

- **Considerations:** CCAs can benefit from scale to leverage better deals for longer periods, and aggregations can prioritize their collective goals, including the purchase of renewable energy. At the same time, there are transaction costs associated with operating CCAs, particularly when customers must opt into a CCA. For that reason, many of the most successful CCAs in jurisdictions like CA and MA are the default supplier for any residential customer who does not proactively opt to take service from the utility or another retail supplier.

- **Recommendation:** A CCA for DC provides one promising alternative to the current binary between default utility service and relatively unregulated retail suppliers. However, as a relatively small jurisdiction, DC would likely require a high degree of participation to realize economies of scale associated with energy procurement under a CCA. These may be most effectively advanced through an opt-out CCA model. Alternatively, stronger regulation of concerning contract provisions (e.g., for teaser rates), eliminating early termination fees, price guarantees, and requiring greater transparency in marketing could all help to promote switching with lower transaction costs and frictions for consumers.

Source: Challenges, improvements, and opportunities market with the liberalization of the residential electricity market (2024)

9. Other innovative reform measures to consider

- **Reduce billing-related barriers to innovative supply rates**. For example, DOEE's understanding is that more suppliers in TX offer time-varying rates, in part because suppliers send the bill themselves and in turn get more data on customer usage, relative to the data available to suppliers in many jurisdictions currently.
- **Improve pass through of costs** (e.g., capacity auction costs) to suppliers based on their customers' specific usage patterns; currently, billing is opaque with regard to how these costs factor into customers' rates.
- **Reward suppliers for innovations that customers value using a patent-like system** that delays other suppliers from copying the innovation (note: no known precedent in retail choice markets).
- **Allow suppliers to provide bill inserts** for their customers (Note: no known precedent, but there has been a lot of debate about supplier-consolidated billing to give suppliers more of an opportunity to build a relationship with their customers. A bill insert provides this opportunity without reducing insight into and oversight of supplier prices, which could be a consequence of supplier-consolidated billing.)
- **Add utility default option** on suppliers' contract comparison website for a full comparison of price options. This would be the PSC's Power Connect comparison website for electricity and a website under construction currently for the gas market.
- **Require all retail suppliers to advertise all contract options on the PSC's comparison websites.** This will help to ensure the PSC's oversight as the clearinghouse of all contract terms and options.
- **Implement reform measures for selected areas of DC**, for a set number of months, to test differences in outcomes among different geographic areas that underwent reform and those that have yet to undergo reform. This could help evaluate outcomes and recalibrate reform measures as necessary.

Source: Challenges, improvements, and opportunities market with the liberalization of the residential electricity market (2024)

10. Residential vs. Commercial and Gas vs. Electric Reforms

- **Residential vs. Commercial Reforms:** Many of our recommendations for reforms are focused on the residential retail market for electricity (e.g., contract restrictions and price caps), in part because our data and analysis indicates that commercial customers on average are benefiting from retail electric competition, while residential customers are not.
  - Some of the reforms noted above – in particular, improved reporting and regular analyses of market outcomes – apply with equal force to both the residential and commercial sectors. Additional reporting and analysis will be beneficial for understanding market outcomes in both the residential and commercial sectors over time.
  - **Small vs. Large Commercial Customers:** We also note that New York chose to include small commercial customers in their price cap framework, after concluding that small commercial customers were experiencing poor outcomes for reasons that are often similar to residential customers (e.g. lack of bargaining power and sophistication in energy procurement).
    - We do not, at this time, recommend including small commercial customers in a future price cap framework, but do recommend that future analyses undertake a more detailed review of outcomes for different commercial customer segments.
- **Gas vs. Electric Reforms:** Finally, we reiterate that our data analysis is based on a limited, 14-month review of the electric sector. A more comprehensive review of current market outcomes in the gas sector would confirm the prudence of extending reforms recommended above to include both gas and electricity.

Conclusion

Conclusions

- DOEE's analysis of market outcomes for Pepco's residential customers shows concerning problems related to high prices and high arrears in the retail supply market.
  - DOEE's analysis aligns with concerns shared by PUC staff and consumer advocates from states such as CT, MA, MD, NY, and PA, which have found similar problems in their retail markets.
- Many of these states have implemented market reforms. The examples above illustrate some of the possible reforms which could provide significant benefits to DC residents who currently pay significantly higher prices, on average, for electricity from retail suppliers.
- DOEE recommends that the District consider a suite of regulatory reforms that go beyond basic tools of consumer education and increased enforcement.
  - The models from Maryland (SB 1) and NY provide examples of broader market interventions that DC could consider, though other reform packages are possible as well.
- Transparent reporting and monitoring from energy suppliers and the utilities is imperative to the reform process. Analyses by public agencies, such as DOEE and the PSC, are also very important to monitor market outcomes and ensure positive outcomes for consumers.

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  - Public agency staff, consumer advocates, and researchers from NY, CT, MA, PA, MD, and the UK who shared insights into market outcomes and reforms in their jurisdictions

Appendix

Additional Case Study: United Kingdom

- The UK's retail market is regulated by the central government in contrast to US states regulating statewide markets sub-nationally.
- About 50% of the UK's retail electricity customers have retail suppliers as opposed to the default utility service.
- The UK's retail market encourages as much switching as possible to generate competition.
- However, switching requires engaged consumers who understand how the market works and how best to engage it, and it requires suppliers that remain solvent and operational (which has been an issue)
  - UK regulators observed similar market dysfunctions as in the US: consumer losses with retail suppliers and consumer abuses
  - This prompted the UK to add consumer protections to supply contracts and cap variable-rate contract prices, but many energy suppliers in the UK are suppliers of other services, such as telecommunications or entertainment, which allowed suppliers flexibility in the interpretation of consumer protections in a contract governing more than just energy services; this means that there's a need for a cross-market regulatory structure now
- Russia's invasion of Ukraine and droughts near hydroelectric dams in the region caused spikes in wholesale prices and pressure on UK energy sales, pushing up an adjustable price cap for consumers post-pandemic.
  - The UK responded by lowering the regulated price cap again in 2022
- Review of Electricity Market Arrangements (REMA) energy market governance legislation was established in 2022
- The energy sector in the UK has clearly defined consumer rights, as part of its retail market reform measures, that are required within suppliers' licenses:
  - [Consumer] right to an electricity connection, free-of-charge access to at least one energy comparison tool, the ability to switch without extra charges, provision of clear contract information, and the right of withdrawal

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of December, 2025, I caused true and correct copies of the District of Columbia's Retail Electricity Competition in DC: Market Trends and Analysis paper and Options for Reforming DC's Retail Energy Markets report to be electronically delivered to the following:

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