

Retail Electric Billing

Customers are billed for each of the three separate functions—generation, transmission and distribution—although most customers receive just one consolidated electric bill. The Maryland Public Service Commission (PSC) sets distribution rates through rate case proceedings. Generation rates are based on either standard offer service (SOS) rates or a customer’s contracted rate with a competitive supplier. Transmission rates are set by the Federal Energy Regulatory Commission (FERC) and administered by PJM Interconnection, LLC (PJM). The local distribution utility is still responsible for directly billing customers with competitive generation and transmission components as direct pass-through components.

Also included in rates are several components referred to as “riders,” which are used to recover costs for specific purposes or initiatives, such as energy efficiency costs under EmPOWER Maryland. These riders do not always appear on bills as separate line items and are sometimes rolled into the electric rate or charges. Riders are used to account for costs that are typically variable and can be adjusted periodically (usually quarterly, semiannually or annually) through proceedings that are less intensive than a full rate case. Figure 1 shows a sample residential Baltimore Gas and Electric (BGE) bill with some details on billing components.

Figure 1 BGE Bill Detail Example

Residential - Schedule R		Billing Period: Apr 23, 2021 - May 24, 2021		Days Billed: 31
Read on May 24		Next Scheduled Reading: June 22, 2021		
Current Reading	-	Previous Reading	=	296 kWh used
40643		40347		
ELECTRIC SUPPLY				\$20.88
BGE	296 kWh	x	.07053	20.88
BGE ELECTRIC DELIVERY				\$21.40
Customer Charge				8.00
EmPower MD Chg	296 kWh	x	.00594	1.76
Distribution Chg	296 kWh	x	.03934	11.64
TAXES & FEES				\$0.54
MD Universal Svc Prog				0.32
Envir Srchg	296 kWh	x	.00129	0.04
Franchise Tax	296 kWh	x	.00062	0.18
TOTAL				\$42.82

The BGE customer profiled in Figure 1 is on Rate Schedule R, the standard residential service schedule. In this particular month, the customer used 296 kWh of energy and was charged a total of \$42.82. The BGE electric supply rate during this billing period was an average of \$0.07053/kWh. The electric supply rate consists of the SOS energy and capacity charges, a PJM transmission charge and applicable taxes. The largest component of the delivery service charges is BGE’s distribution charge (shown as \$11.64 on this sample bill), as approved by the PSC. Delivery charges also include the fixed monthly charge and riders that compensate BGE for the cost of EmPOWER Maryland programs. Other elements in the bill include a universal surcharge,

as well as the environmental surcharge. Both of these surcharges are designed to support certain state programs, such as the Power Plant Research Program (PPRP).

The electric generation component makes up about \$20.88 of this customer's entire bill, or 49 percent. Distribution charges comprise about 27 percent, while transmission charges only amount to about 1 percent of the total charges. The rest of the charges consist of the customer charge, riders, surcharges and taxes (about 24 percent). As noted earlier, the utilities contract for energy supply in the wholesale market and, therefore, the electric generation price of \$0.07053/kWh is reflective of the price of energy in the PJM wholesale energy markets at the time the contracts were signed and includes various mark-ups for the companies that provide the firm energy contracts for two years. For customers who signed with competitive suppliers, the electric supply component would be the energy charge from their supplier, which is collected by BGE and then passed through to the competitive supplier.

Figure 2 profiles a residential Potomac Electric Power Company (Pepco) customer with a slightly higher consumption than that of the aforementioned BGE customer. Pepco's bill is structured differently than BGE's. Note that the Pepco bill example shows how PJM transmission charges and taxes are rolled into the total electricity supply charge.

Figure 2 Pepco Bill Detail Example

