

Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 27-25: Environmental Sustainability – Community Choice Aggregation (CCA) – Established

Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 27-25 would positively impact economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would establish a Community Choice Aggregation (CCA) pilot program in the County. To assess its economic impacts, this analysis applied published per-kWh savings estimates from Massachusetts to local household electricity usage ranges to project the cost effects on County residents.

The Bill would likely affect most households in the County by lowering their electricity rates through the program's impact on energy supply component of electric rates. Using a per-kWh savings rate of \$0.0088, OLO projected that monthly electricity bill reductions for BGE, Pepco, and Potomac Edison could range from \$7.04 to \$17.60, resulting in annual household savings between \$84.48 to \$211.20. This would reduce nondiscretionary household spending and boost discretionary income for affected households.

Similar to the Bill's effect on residents, lower electricity rates would reduce operating expenses for businesses, which, all else being equal, would increase net business incomes. Also, increased discretionary income for residents may lead to higher household spending on local goods and services, thereby increasing revenues for certain businesses and further boosting incomes.

Additionally, if the County's CCA pilot program purchases electricity from outside local utilities and retail electricity suppliers, these entities could see reduced demand and diminished revenues. Conversely, any supplier chosen for the CCA pilot program would see increased market share and revenues.

While certain entities may lose revenues, OLO expects that the economic benefits of the CCA pilot program for residents and other businesses would outweigh the costs to certain entities, thereby resulting in a positive net impact on economic conditions in the County.

Finally, it is important to note the savings rate used in this analysis is based on a recent study of CCA programs in Massachusetts. Savings could differ in the County due to factors like customer participation rates and how the CCA program is implemented.

Background and Purpose of Expedited Bill 27-25

CCA is a program which allows local governments to procure electricity on behalf of residents who choose to participate in the program. A CCA can be run directly through local government or by a third party on behalf of the local government. CCAs give local governments the ability to determine the mix of sources used to supply electricity to their jurisdictions, oftentimes prioritizing larger mixes of renewable energy.¹

¹ [U.S. Environmental Protection Agency \(EPA\), "Community Choice Aggregation", Accessed 8/25/2025.](#)

CCAs can also use the purchasing power of residents within a county or municipality to provide economies of scale in wholesale markets and attain rates comparable or lower than utility companies. Most CCAs have an opt-out structure, meaning residents are automatically enrolled but can opt out of the program.²

In 2021, the Maryland General Assembly passed a bill that authorized Montgomery County to pursue a CCA pilot program.³ Expedited Bill 27-25 would authorize the Department of Environmental Protection (DEP) to move forward with the program. Specifically, the Bill would require the CCA to do the following:

- Provide customers with a percentage of renewable energy sources which exceeds the amount required by Maryland's renewable energy portfolio standards (50% by 2030);
- Prioritize sustainability, cost efficiency, stability, and predictability in procuring and providing electricity; and
- Authorize DEP to transmit the CCA's plan to the County Council prior to filing with the Public Service Commission (PSC).⁴

Expedited Bill 27-25 was introduced by the County Council on July 15, 2025.

Information Sources, Methodologies, and Assumptions

As required by 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Expedited Bill 27-25 on residents and private organizations, using the Council's priority economic indicators as the measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.⁵

Methodology/Information Sources: For this analysis, OLO reviewed literature on CCA programs to evaluate their effect on electricity rates. A key study from the University of Massachusetts Amherst examined Massachusetts municipalities and found that residents with CCA programs saved an average of \$0.0088 per kWh (roughly \$93 per household per year) compared to standard utility rates in 2021.⁶ Other analyses have also shown that CCA programs reduce energy costs.⁷

Based on the Massachusetts experience, OLO applied this per-kWh savings estimate to a typical range of household electricity usage (800–2,000 kWh per month) to project the potential savings for County households if the Council adopts the CCA pilot program.

² [Local Energy Aggregation Network \(LEAN\), "What is CCA \(Community Choice Aggregation\)", Accessed 8/25/2025.](#)

³ [Maryland General Assembly, "Montgomery County - Community Choice Energy - Pilot Program MC 17-21", Effective Date June 1, 2021.](#)

⁴ [Montgomery County Council, "Introduction Staff Report for Expedited Bill 27-25, Environmental Sustainability - Community Choice Aggregation - Established", Introduced July 15, 2025.](#)

⁵ Montgomery County Code, "[Sec. 2-81B, Economic Impact Statements.](#)"

⁶ Marta Vicarelli et al., *Community Choice Electricity Programs: A Survey of Massachusetts Municipalities* (School of Public Policy, University of Massachusetts Amherst, 2023), <https://www.mma.org/resource/community-choice-electricity-programs-a-survey-of-massachusetts-municipalities/>.

⁷ Eric J. OShaughnessy et al., *Community Choice Aggregation: Challenges, Opportunities, and Impacts on Renewable Energy Markets*, NREL/TP--6A20-72195, 1494285 (2019), NREL/TP--6A20-72195, 1494285, <https://doi.org/10.2172/1494285>.

This analysis also incorporates electricity rates for the main investor-owned utilities serving the County—BGE, Pepco, and Potomac Edison—using data from the Maryland Office of People’s Counsel’s 2024 Utility Rates and Charges report.⁸

Variables

The primary variables that would affect the economic impact of enacting Bill 27-25 are the following:

- Electricity rates; and
- Total number of opt-outs.

Impacts

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Residents

OLO anticipates that Bill 27-25 would positively impact residents in the County.

By establishing a CCA program in the County with an opt-out option, the Bill would likely affect most households in the County—an estimated 389,161 in 2023 according to the Census—by lowering their electricity rates through the program’s impact on energy supply component of electric rates.

Table 1 provides a breakdown of 2024 electric rate components for BGE, PEPCO, and Potomac Edison. For residential usage levels of 800 and 2,000 kWh/month, the table shows how monthly bills are comprised of distribution rates, supply (commodity) rates, fixed customer charges, and EmPOWER surcharges. BGE customers pay the highest total monthly costs (\$182.60 for 800 kWh, \$442.56 for 2,000 kWh), followed by PEPCO (\$141.01 and \$339.86), with Potomac Edison charging the lowest totals (\$100.76 and \$242.90).

Using a savings rate of \$0.0088 per kWh, OLO calculated the potential monthly electricity bill savings for BGE, Pepco, and Potomac Edison under two scenarios: 800 kWh and 2,000 kWh average household usage per month. In the 800 kWh scenario, households would save \$7.04 per month (\$84.48 annually). In the 2,000 kWh scenario, savings would be \$17.60 per month (\$211.20 annually). **Table 2** provides the new total utility rates for the primary electricity providers in the County after accounting for the projected energy savings.

OLO also estimated the Countywide savings by multiplying the per-household figures by the estimated 389,161 households in 2023. Total annual savings would range from more than \$32 million to \$82 million, depending on average monthly usage.

⁸ Maryland Office of People’s Counsel, *Maryland’s Utility Rates and Charges* (2024).

Table 1. 2024 Detailed Electric Rate Components for BGE, PEPCO, and Potomac Edison

Utility	Category	2024 Amount	800 kWh/month	2,000 kWh/month
BGE	Distribution rate	\$0.04842/kWh	\$38.74	\$96.84
	Monthly customer charge	\$9.30/month	\$9.30	\$9.30
	Supply (commodity) rate	\$0.10361/kWh	\$82.89	\$207.22
	EmPOWER surcharge	\$0.0646/kWh	\$51.68	\$129.20
	Total		\$182.60	\$442.56
PEPCO	Distribution rate	\$0.06175/kWh	\$49.40	\$123.50
	Monthly customer charge	\$8.44/month	\$8.44	\$8.44
	Supply (commodity) rate	\$0.09262/kWh	\$74.10	\$185.24
	EmPOWER surcharge	\$0.011342/kWh	\$9.07	\$22.68
	Total		\$141.01	\$339.86
Potomac Edison	Distribution rate	\$0.02287/kWh	\$18.30	\$45.74
	Monthly customer charge	\$6/month	\$6.00	\$6.00
	Supply (commodity) rate	\$0.08856/kWh	\$70.85	\$177.12
	EmPOWER surcharge	\$0.00702/kWh	\$5.62	\$14.04
	Total		\$100.76	\$242.90

Source: Maryland Office of People's Counsel, [Maryland's Utility Rates and Charges](#) (2024).

Table 2. Estimated Monthly and Annual Electricity Cost Savings by Utility and Usage Scenario, Montgomery County (2024)

Utility	Scenario	Total Before Savings	Savings (\$0.0088/kWh)	New Cost After Savings
BGE	800 kWh	\$182.60	\$7.04	\$175.56
	2,000 kWh	\$442.56	\$17.60	\$424.96
PEPCO	800 kWh	\$141.01	\$7.04	\$133.97
	2,000 kWh	\$339.86	\$17.60	\$322.26
Potomac Edison	800 kWh	\$100.76	\$7.04	\$93.72
	2,000 kWh	\$242.90	\$17.60	\$225.30

Overall, OLO's analysis shows that establishing a CCA pilot program could reduce household electricity costs by \$7.04 to \$17.60 per month (\$84.48 to \$211.20 annually). If the program achieves savings similar to those reported in Massachusetts, most households will see lower nondiscretionary expenses and increased discretionary income.

Beyond these impacts, OLO does not expect the Bill to affect residents in terms of the Council's other priority economic indicators.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 27-25 would likely have mixed impacts on certain private organizations in the County.

Establishing a CCA pilot program would likely reduce electricity rates for businesses, similar to the Bill's effect on residents. Lower electricity rates would reduce operating expenses for businesses, which, all else being equal, would increase net business incomes.

The Bill would also affect the primary electric utilities serving the County. Currently, Pepco is the largest provider, with approximately 300,000 customers in the County, followed by Potomac Edison with around 35,000 customers and BGE with around 14,000 customers. These utilities deliver electricity and act as the Standard Offer Service (SOS) supplier for customers who do not select a competitive alternative.⁹

In addition to these utilities, there are several County-based retail electricity suppliers:

- Better Cost Energy LLC (Rockville)
- Electric Advisors, Inc. (Bethesda)
- Greenavise LLC (Gaithersburg)
- Innov8energy, Benefit LLC (Silver Spring)
- Loya Consulting Group LLC d/b/a Energy Dynamics (Rockville)
- Open Market Energy, LLC (Bethesda)
- Saveenergytoday LLC (Potomac)¹⁰

If the County's CCA pilot program procures electricity from suppliers other than these entities, local entities could see reduced demand and diminished revenues. Conversely, any supplier selected for the CCA may see a substantial increase in demand and revenues as the County consolidates the purchasing for a large group of customers.

Additionally, increased discretionary income for residents may lead to higher household spending on local goods and services, thereby increasing revenues for certain businesses and further boosting incomes.

Beyond these impacts, OLO does not expect the Bill to affect private organizations regarding the other indicators prioritized by the Council.

⁹ Climate Coalition Montgomery County, "Community Choice Energy for Montgomery County: Fact Sheet July 2025," July 2025, https://www.climatecoalitionmoco.org/_files/ugd/1af2fa_041c83c18fd641ce97aa0653e6e1a8cd.pdf.

¹⁰ MD Electric Choice, "All Suppliers," accessed September 18, 2025, <https://www.mdelectricchoice.com/shop/suppliers/>.

Net Impact

OLO anticipates that Bill 27-25 would positively impact economic conditions in the County, as measured by the Council's priority economic indicators.

The Bill would likely affect most households in the County by lowering their electricity rates through the program's impact on energy supply component of electric rates. OLO estimates that savings could range from \$7.04 to \$17.60 per month. This would reduce nondiscretionary household spending and boost discretionary income for affected households.

Similar to the Bill's effect on residents, lower electricity rates would reduce operating expenses for businesses, which, all else being equal, would increase net business incomes. Also, increased discretionary income for residents may lead to higher household spending on local goods and services, thereby increasing revenues for certain businesses and further boosting incomes.

Additionally, if the County's CCA pilot program purchases electricity from outside local utilities and retail electricity suppliers, these entities could see reduced demand and diminished revenues. Conversely, any supplier chosen for the CCA pilot program would see increased market share and revenues.

While certain entities may lose revenues, OLO expects that the economic benefits of the CCA pilot program for residents and other businesses would outweigh the costs to certain entities, thereby resulting in a positive net impact on economic conditions in the County.

Discussion Items

Not applicable

Caveats

Two caveats to the economic impact analysis conducted here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

Contributions

Stephen Roblin, PhD (OLO) prepared this report.