

May 27, 2016

The Honorable Michael E. Busch  
Speaker of the House  
State House  
Annapolis, Maryland 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have vetoed House Bill 1106 – *Clean Energy Jobs – Renewable Energy Portfolio Standard Revisions*.

This legislation is a tax increase that will be levied upon every single electricity ratepayer in Maryland and, for that reason alone, I cannot allow it to become law. Specifically, House Bill 1106 will impose a tax increase of between \$49 million to \$196 million by 2020 in order to fund the proposed increase in the State's Renewable Energy Portfolio Standard (RPS) compliance.

The goal of House Bill 1106 to increase the State's Renewable Energy Portfolio Standard (RPS) to 25% by 2020 is laudable, but increasing taxes to achieve this goal is the wrong approach. In 2014, Maryland ratepayers already were assessed over \$104 million dollars for renewable energy credits (RECs) in 2014 (the last year for which data is available). As explained above, House Bill 1106 would impose an additional burden on ratepayers.

Under the existing law, Maryland retains its status as a national leader in achieving RPS goals. Maryland's electric suppliers must meet the RPS by accumulating the equivalent amount of renewable energy credits (RECs) that equal the percentage of their respective total supply in the State. In 2016, suppliers must demonstrate they have accumulated RECs at a percentage of 15.9 of their total electric supply into Maryland. This includes 12.7% for Tier 1 renewables, 0.7% for Tier 1 solar, and 2.5% for Tier 2 hydroelectric. The current goal is for Maryland to reach 20% by 2020 with the inclusion of standards for solar (at least 2%) and offshore wind (no more than 2.5%) by 2022.

Electricity suppliers and consumers share an obligation to develop a minimum level of renewable resources in the electricity supply portfolio of the State. The State first adopted an RPS in 2004 and has subsequently revised it. Maryland's existing RPS has benefitted Maryland's clean energy industry. While I appreciate the economic benefit of Maryland's growing solar industry, there is also a corresponding cost which is borne by all citizens under House Bill 1106. I believe the State should not add to this burden.

For these reasons, I have vetoed House Bill 1106.

Sincerely,

Governor Lawrence J. Hogan, Jr.