



Senate Bill 168

Position: FAVORABLE WITH AMENDMENT

**Testimony of Eli Hopson, on behalf of Cube Hydro Partners, LLC
to members of the Senate Finance Committee on**

February 4, 2020

Good afternoon, Chair Kelley, Vice Chair Feldman, and members of the Finance Committee. My name is Eli Hopson, and I am the Vice President of Legal, Regulatory, and Policy at Cube Hydro Partners, which is based in Bethesda. On behalf of Cube Hydro, I want to thank the Committee for the opportunity to provide comments today on SB 168. Cube Hydro supports this bill with amendment.

About Cube Hydro

Cube Hydro is an independent hydropower company that buys, develops and modernizes hydropower facilities in North America. We are committed to responsibly developing hydropower at existing dams using innovative and environmentally sensitive technologies. In 2019 we were purchased by Ontario Power Generation, and we are now merged with another OPG subsidiary, Eagle Creek Renewable Energy. The combined Eagle Creek owns and operates eighty-five hydropower facilities that collectively add 620 megawatts of capacity to the electric grid and produce more than enough to power all the homes in Baltimore. Our facilities also provide ancillary services and other economic and environmental benefits, including recreation. We have strong Maryland ties – Cube was founded in Maryland, and our corporate team of nearly 20 employees is proud to be headquartered in Bethesda.

Hydropower Can Help Address Climate Change

According to the Intergovernmental Panel on Climate Change (IPCC), human activities have caused global temperatures to rise by approximately 1°C (1.8°F) above pre-industrial levels. Without major action, this increase is projected to reach 1.5°C (2.7°F) by mid-century and 2°C (3.6°F) by 2065. Climate change poses a major risk to American lives and could reduce the size of the nation's economy by as much as 10 percent by the end of the century.

Experts agree that the dangers of climate change are real and the window for effectively addressing this challenge is closing. The Paris Agreement set a goal of limiting the global temperature rise this century to under 2°C (3.6°F) and pursue efforts to limit the increase to 1.5°C (2.7°F).¹ According to the IPCC, limiting global warming to 1.5°C (2.7°F) would require “rapid, far reaching and unprecedented” changes.² It means eliminating the use of fossil fuels by 2050 and increasing the use of all renewable energy resources – biomass, hydropower, solar, wind, and geothermal. Hydropower is an essential component of the effort to address climate change.

Benefits of SB 168

SB 168 contemplates removing certain greenhouse gas emitting renewables, black liquor facilities, from the Maryland Renewable Portfolio Standard (RPS). We support allowing the replacement of those high-emitting, low cost RECs with zero-emissions RECs from hydropower. By encouraging zero-emitting renewable resources, including hydropower, this bill can reduce costs to consumers while reducing the emissions of Maryland’s electric supply. According to the Maryland Power Plant Research Program, black liquor currently provides double the RECs that hydropower does for Tier1. By removing the black liquor eligibility, but increasing the number of hydropower facilities that can participate in Tier 1, the legislature can support the further development, and continued operation of zero-emitting hydro facilities. Unfortunately the current RPS puts existing hydropower facilities larger than the arbitrary 30 MW cap at a disadvantage, even though these facilities are providing an important supply of baseload, and in some cases, dispatchable renewable energy necessary to meet the bill’s expanded renewable energy goals. As Maryland considers improving the global warming footprint of its RPS, the legislature should also consider including additional hydropower to contribute carbon-free electrons and support the electric grid as more wind and solar resources come online.

Eagle Creek applauds the Maryland General Assembly for its leadership on the RPS and more broadly on its actions to address climate change. States across the nation are stepping up to reduce their dependence on carbon-emitting fossil fuels and accelerate the shift to carbon-free, renewable resources.

¹ United Nations Framework Convention on Climate Change, “Paris Agreement”: <https://unfccc.int/resource/bigpicture/#content-the-paris-agreemen>

² Intergovernmental Panel on Climate Change, “Global Warming of 1.5°C”: <https://www.ipcc.ch/sr15/>

New York and Maine recently joined the number of states with 100% RPSs, and Virginia and New Jersey have 100% goals set by their governors.

Hydropower is a critical renewable energy resource, and we believe it should be encouraged and valued for the role it plays in combating climate change. Allowing more hydropower to participate in the Maryland RPS would create benefits for Maryland's businesses and residential customers and help the state more efficiently and cost-effectively transition to a 100% renewable energy future.

Eagle Creek supports SB 168 with amendment and the expanded inclusion of hydropower in the Maryland Renewable Portfolio Standard. I urge the Committee to consider it favorably and would be happy to respond to any questions.

Proposed Amendment

Tier 1

On Page 3, line 8 after "than" strike "30" and insert "60"

(8) a small hydroelectric power plant of less than [30] **60** megawatts in capacity that is licensed or exempt from licensing by the Federal Energy Regulatory Commission;

On Page 3, Line 23, after "(5)" insert "(8)"

7-704.17

(2) (i) Energy from a Tier 1 renewable source under § 7-701(r)(1), (5), **(8)** (9), (10), or of this subtitle is eligible for inclusion in meeting the renewable energy portfolio standard only if the source is connected with the electric distribution grid serving Maryland.

Tier 2

On page 4, line 4, after “standard” strike “through 2020”

(4) from a Tier 2 renewable source under § 7–701(s) of this subtitle is eligible for inclusion in meeting the renewable energy portfolio standard ~~through 2020~~ if it is generated at a system or facility that existed and was operational as of January 1, 2004, even if the facility or system was not capable of generating electricity on that date.”.

Eli Hopson

Vice President, Legal, Regulatory and Policy