

Senate Bill 168**Position: SUPPORT WITH AMENDMENT****Testimony of Christopher Ercoli, on behalf of Brookfield Renewable Partners L.P. to members of Senate Finance on SB168 *Electricity – Renewable Energy Portfolio Standard – Tier I Eligibility***

Brookfield Renewable thanks Chairwoman Kelley and members of the Committee for the opportunity to provide comments on SB168. Brookfield supports SB168 and requests an amendment to extend Maryland's existing Tier 2 RPS program which is currently set to expire at the end of this year. This extension allows clean, reliable, and renewable baseload hydropower resources to continue contributing to Maryland's renewable energy and carbon reduction goals.

Brookfield Renewable Partners L.P. ("Brookfield Renewable") has a substantial presence in PJM, including almost 875 MW of carbon-free hydropower resources in Maryland, Pennsylvania and West Virginia, 377 MW of hydropower in North Carolina and Tennessee that also supplies the PJM market, and 120 MW of solar development projects in Virginia. In Maryland, Brookfield Renewable's 20 MW Deep Creek hydropower facility provides renewable, carbon-free power, local tax revenues, recreational opportunities, and both direct and indirect jobs in Garrett County. Brookfield Renewable is affiliated with TerraForm Power, Inc., which owns and operates approximately 280 MW of wind and distributed solar resources in PJM, including approximately 15 MW of distributed solar in Maryland.

The extension of Tier 2 is important for the following reasons:

- First, Tier 2 hydro is the most cost-effective way of meeting Maryland's clean energy targets. In 2018, the Tier 2 obligation represented almost 15% of the total RPS requirement but only 1% of the \$85M in total compliance costs. Further, the fiscal note attached last year to SB350, which was amended to extend Tier 2 until the end of 2020, affirmed there would be negligible effect on Maryland's ratepayers.
- Second, without an extension these resources will unjustly lose the ability to sell their electricity as 'renewable' to Maryland customers. Hydropower electricity is an important low-cost source of clean, non-emitting electricity for Maryland. Without action, these resources will be forced to export their environmental attributes to neighboring states and Maryland will lose the ability to count these cost-effective resources towards its renewable

energy and carbon reduction goals in the future. This will increase costs for Maryland ratepayers.

- Third, As Maryland and the Mid-Atlantic region increasingly interconnect intermittent renewable resources, hydropower provides the flexibility and resiliency needed by grid operators to help meet fluctuating real-time electricity demand and balance the intermittency of wind and solar resources.
- Lastly, while many hydropower assets are existing, long-life resources, they require substantial capital expenditures over their lifetime to maintain and periodically undergo relicensing by the Federal Energy Regulatory Commission (FERC). Typically spanning 5-7 years and requiring millions in additional capital investments, FERC relicensing brings a facility up to the highest and best environmental standards of the day, allowing them to effectively operate as new resources. These ongoing reinvestments in renewable, clean, and carbon-free electricity is critical to Maryland's carbon reduction goals and should be reflected in the state's renewable portfolio standard.

In short, SB168 will ensure that hydropower continues to provide Maryland with all their energy, environmental, and grid reliability benefits. Brookfield Renewable thanks the Committee again for the opportunity to speak today and would be happy to respond to any questions.

**Amendment
Senate Bill 168**

Rationale: To remove the 2020 sunset on Tier 2 for hydroelectric as a renewable resource in the RPS.

By amending 7-703.

(a) (1) (i) The Commission shall implement a renewable energy portfolio standard that, except as provided under paragraphs (2) and (3) of this subsection, applies to all retail electricity sales in the State by electricity suppliers.

(b) Except as provided in subsection (e) of this section, the renewable energy portfolio standard shall be as follows:

(1) In 2006, 1% from Tier 1 renewable sources and 2.5% from Tier 2 renewable sources;

(15) in 2020:

(i) 28% from Tier 1 renewable sources, including:

1. at least 6% derived from solar energy; and

2. an amount set by the Commission under § 7-704.2(a) of this subtitle, not to exceed 2.5%, derived from offshore wind energy; and

(ii) 2.5% from Tier 2 renewable sources;

(16) in 2021,

(I) 30.8% from Tier 1 renewable sources, including:

[i]1. at least 7.5% derived from solar energy; and

[ii]2. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(17) in 2022,

(I) 30.8% from Tier 1 renewable sources, including:

[i]1. at least 7.5% derived from solar energy; and

[ii]2. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(18) in 2023,

(I) 30.8% from Tier 1 renewable sources, including:

- [i]1.** at least 7.5% derived from solar energy; and
- [ii]2.** an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(19) in 2024,

(I) 30.8% from Tier 1 renewable sources, including:

- [i]1.** at least 7.5% derived from solar energy; and
- [ii]2.** an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(20) in 2025,

(I) 30.8% from Tier 1 renewable sources, including:

- [i]1.** at least 7.5% derived from solar energy; and
- [ii]2.** an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(21) in 2026,

(I) 30.8% from Tier 1 renewable sources, including:

- [i]1.** at least 7.5% derived from solar energy; and
- [ii]2.** an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(22) in 2027,

(I) 30.8% from Tier 1 renewable sources, including:

- [i]1.** at least 7.5% derived from solar energy; and
- [ii]2.** an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(23) in 2028,

(I) 30.8% from Tier 1 renewable sources, including:

- [i]1.** at least 7.5% derived from solar energy; and

[ii]2. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(24) in 2029,

(I) 30.8% from Tier 1 renewable sources, including:

[i]1. at least 7.5% derived from solar energy; and

[ii]2. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES;

(25) in 2030 and later,

(I) 30.8% from Tier 1 renewable sources, including:

[i]1. at least 7.5% derived from solar energy; and

[ii]2. an amount set by the Commission under § 7-704.2(a) of this subtitle derived from offshore wind energy; and

(II) 2.5% FROM TIER 2 RENEWABLE SOURCES.