

SB 494 – WRITTEN TESTIMONY

MD Senate Finance Committee

From: Mayor Gee Williams
Town of Berlin, Maryland
February 25, 2020

I am here today on behalf of the Mayor and Council and the citizens of Berlin to ask for your support of Senate Bill 677 which requires a substantial increase of the Renewable Energy Portfolio Standard for Municipal Electric Utilities be derived from solar energy in 2020 and later.

Under current requirements we spend \$8,000 per year though the purchase of Renewable Energy Credits (RECs).

Legislation passed last year in the Maryland Senate, (S.B. 516), requires Electric Utilities, including five Municipally Owned Electric Utilities, such as the Town of Berlin, to increase and continue to increase Solar RECs 50 percent by 2030.

The fiscal impact of this bill is immediate as it would require substantial incremental increases in the immediate years ahead. In Berlin's case the REC cost to the town would rise from \$8,000 annually to \$40,000 in FY 21, and to \$200,000 in FY 22 and then continues to require those REC costs to accelerate annually thereafter.

S.B. 677 would hold the line for Solar RECs for municipally owned electric utilities compared to the very large, very dominate stockholder owned utilities in Maryland. Municipal Electric Utilities are owned by the people they serve, not stockholders. Municipal Electric Utilities make no profit but keep cost as reasonable and low as possible to our customers, who are also the citizens and property owners in the Town of Berlin.

I understand Choptank Electric Cooperative is exempt from being required to meet the higher proposed standards for Solar RECs, which is also an electric utility where the customers and owners are the same folks.

The financial impact without the passage of S.B. 677 is that Municipally owned electric utilities such as in the Town of Berlin would be crippled financially and likely forced out of operation. This would then leave our electric utility customers to be forced to receive electric service through stockholder owned utilities that have higher rates and lower standards of service.

Berlin is already committed to providing environmentally responsible electricity to our customers. We are currently in the process of replacing a 1.6 MW diesel powered generator with a natural gas generator that will be online by late summer. It is our town's commitment to replace the remaining two power plant generators with natural gas generators as they approach the end of their service.

No one is holding a gun to our heads; we are doing what is both environmentally responsible and fiscally prudent to best serve our customers --- the citizens and property owners of Berlin. As a result, the cost of renewable energy has reduced substantially.

Without S.B. 677, Solar REC requirements will continue to increase at an accelerated rate. Last year, a solar REC cost the Town under \$9 each. If not exempted as this bill requires, they will cost Berlin \$70 to \$85 each.

And again, what would that translate into in total Solar REC cost for Berlin? An increase from \$8,000 per year to \$40,000 the first year and would continue to accelerate through the year 2030.

I wish to take this opportunity to note that the Town of Berlin was the first municipality in Maryland to be certified in 2014 as a “Sustainable Maryland Community,” a designation of the University of Maryland Environmental Finance Center, to recognize environmental responsibility and leadership in our state.

Our town was re-certified last year for this designation as it requires ongoing active and effective efforts and reporting for recertification. Also, Berlin’s Electric Utility was named one of the top 10 percent municipally owned electric departments for reliability in the United States.

This means our town’s very rare power outages are measured in minutes, not hours or days which is commonplace for stockholder owned utilities everywhere.

The Town of Berlin’s electric utility customer rates are lower than both Delmarva Power and Choptank Electric Cooperative. Maryland’s municipal electric utilities are regulated and are responsible to the Maryland Public Service Commission (PSC).

About three years ago Berlin sought to lower all electric rates to our customers and the Public Service Commission was temporarily stymied by this request because they had to do a lot of research because it was the first time the PSC had ever been asked to lower electric rates, instead of raising them. After a PSC public hearing in Berlin, the request was approved.

The Town of Berlin enthusiastically supports environmental responsible initiatives and requirements, and for years we have put money towards this effort, but there must be rational, reasonable and realistic costs vs. benefits as we work towards these worthy goals.

I do not believe there was any ill intent in last year’s S.B. 516 legislation. But since there are only five small municipal electric utilities in our state, we were just forgotten.

I respectfully urge you to make a favorable recommendation for Senate Bill 677 in the current legislative session to correct this unintended situation.

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