



EASTON UTILITIES

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February 13, 2020

To: Chairman Davis and Members of the Economic Matters Committee
Subject: HB 494
Position: Support

Dear Mr. Chairman and Members of the Committee,

Easton Utilities is one of five municipally owned utilities in the State of Maryland. We are responsible for the operation, management, and maintenance of the electric, water, wastewater, natural gas, cable television and internet utility services for the Town of Easton and portions of the surrounding area, serving over 11,000 electric customers (taxpayers) in Talbot County on the Eastern Shore of Maryland. Easton Utilities does not have any investors and is not publicly traded. A Board of Commissioners appointed by the Mayor, and the Town Council Members elected by the taxpayers (customers), make business decisions based on the best long-term interest of the utility as recommended by Easton Utilities' executive leadership team. Easton Utilities is an environmentally conscious utility. Our Sustainability Campus includes a state-of-the-art wastewater treatment facility, a 2MW community solar array, and a landfill gas generator.

All five municipal electric utilities have participated in the RPS requirements since the original standard was implemented in 2006, and we want to continue participating in the program. This bill would provide the rural customers of the municipal electric utilities in Maryland with relief from the increasing costs associated with the Renewable Energy Portfolio Standards (RPS) through a cap on the future RPS requirements.

Easton Utilities is about 1% the size of the largest IOU in Maryland and about 10-20% of the size of the two electric cooperatives in Maryland. This relatively small size of the municipal electric utilities in Maryland puts them at an economic disadvantage when purchasing Solar Renewable Energy Credits (SRECs) in the marketplace to comply with the RPS requirements. Last month, in order to meet the increase from 1.95% SRECs to 5.5% SRECs required in 2020, the annual cost increase was almost \$200,000 for Easton Utilities, which is over a 425% increase to our electric ratepayers from the prior requirements only a year ago. Should Easton Utilities remain in the

program without a cap on SREC requirements, the total increase would be over \$500,000 (1100%) by the year 2030, if current SREC pricing remains consistent.

The current legislation approved in 2019 already provides for either an exemption or a cap for Maryland's electric cooperatives. This bill seeks a cap for Maryland's municipal electric utilities which is consistent with the larger electric cooperative in Maryland and would keep us engaged with this important RPS program without putting our ratepayers at an economic disadvantage in the marketplace.

Mr. Chairman, for the reasons stated above and in the interest of keeping electric energy rates affordable for the five municipal electric utilities in Maryland, Easton Utilities supports this bill and respectfully requests a Favorable report on HB 494.

Sincerely,

02.13.2020

A handwritten signature in blue ink, appearing to read "John J. Horner, Jr.", with a stylized flourish at the end.

John J. Horner, Jr.

Vice President, Operations

Easton Utilities

410.763-9493

Cc: Hugh Grunden
Steve Ochse