

**CITY OF HAGERSTOWN**



**DEPARTMENT OF UTILITIES**

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425 East Baltimore Street  
Hagerstown, MD 21740-6105

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Hagerstown, MD 21740-6848

Testimony:

Before the House Economic Matters Committee

**House Bill 494 – Renewable Energy Portfolio Standard – Solar Energy – Municipal Electric Utilities**

February 12, 2020

Honorable members of the House Economic Matters Committee, on behalf of the Mayor and City Council of Hagerstown, it is my honor to provide comments on House Bill 494. The City is hopeful that the House will consider amending Section 1-101(a), therefore including the five (5) municipal electric utilities in the Renewable Energy Portfolio Standard's 2.5% solar energy requirements cap provided to the cooperative electric utilities.

The 2019 Maryland's Clean Energy Jobs Act increased the renewable source requirement for solar from 2.5% to 6% with the exception of the cooperative electric utilities, which were capped at 2.5%. The required percentage for solar is on a path to increase annually for municipal electric utilities to 14.5% by 2028 and beyond.

The City of Hagerstown Light Department purchases energy through a full requirements wholesale power contract and adhering to the requirements of the Renewable Energy Portfolio Standard is a function of the wholesale power supplier. The City opened negotiations for an extension of the contract which was set to end on May 30, 2022 prior to the enrollment of 2019 Senate Bill 516 and was able to secure pricing through May 30, 2024 post enrollment. As a result, the City realized an increase to the Renewable Portfolio Standard component of the offered rate which equated to an estimated \$770,000 cost burden for each year of the two-year contract extension.

The future cost savings as a result of a 2.5% cap for solar resources is unclear as the market trends are unpredictable. However, at the present time, the cost for solar is significantly higher than alternative Tier I renewable resources. As a non-profit municipal electric utility, any savings to the wholesale power rate as a result of renewable energy resources for the City of Hagerstown Light Department will be passed to the customers and Citizens of the City of Hagerstown.

Respectfully submitted,

Nathan Fridinger  
Electric Operations Manager