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Economic Matters Committee
02/13/2020

House Bill 561 – Electric Industry - Community Choice Energy

POSITION: OPPOSE

Thank you, Chairman Davis and members of the House Economic Matters Committee, for the opportunity to comment on HB561.

When looking at the list of bills that would impact the retail supply market this year, there's a common thread through their motivations: confusion.

Customers can't tell you what SOS is or what exactly is the "cost-to-compare".

Customers don't fully understand contract terms or variable pricing.

Customers don't open their mail when a renewal notice arrives let alone proactively reply.

So the question is…should the legislature enact an opt-out only community choice aggregation program on top all of this? It's tough to think that's the best path forward.

HB 561 is set up as an "opt-out" program where SOS customers are automatically enrolled unless they respond in writing that they don't want to participate. This means on date certain, the name and numbers on an electricity bill shifts from a PSC-regulated entity and price, to a brand-new aggregator. Are those prices going to be lower?

Supporters of CCAs will tout the ability to procure clean energy as a benefit of the construct. The current retail marketplace already allows customers to shop for renewables and choose products that align with their clean energy goals. Additionally, the Clean Energy Jobs Act passed last year provides a rapidly ascending RPS schedule for SOS putting the state at the forefront of the country when it comes to clean energy policy.

But with all this progress, comes higher prices. At this time, renewables on average, still cost more than a default service product. If a CCA chooses a majority renewable product, this will drive up costs to all customers.

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Another alarming provision of HB 561 is that it would authorize aggregators to own generation. Aside from running counter to a competitive electricity market, how would this work? Would the aggregator be authorized to own and operate a modest solar project, or would they be permitted to construct and own a larger generation asset? If those generating assets get rolled into the local government's aggregator program, taxpayers would ultimately be exposed to risk should subscribers opt out. Additionally, power plants require capital to maintain and operate—therefore the costs would be passed along to subscribers in addition to the price of the electricity.

The retail supply community is working with both the PSC and the General Assembly on developing ideas to reduce customer confusion by increasing education efforts. HB 561 would run counter to these efforts so we respectfully ask the Committee for an unfavorable report.

We would be happy to answer any additional questions and thank you for your consideration.

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