



**Testimony of Andrew Gohn, Eastern Region Director of State Affairs
American Wind Energy Association
OPPOSE – House Bill 1349
Before the Maryland House of Delegates Economic Matters Committee
February 28, 2020**

Chair Davis, Vice Chair Dumais and Members of the Committee,

My name is Andrew Gohn and I am the Eastern Region State Affairs Director of the American Wind Energy Association, or AWEA. Thank you for the opportunity to testify today in opposition to House Bill 1349 due the negative effects the legislation would have on wind energy development.

The American Wind Energy Association (AWEA) is the national trade association for the U.S. wind industry – the country’s fastest growing energy industry. With thousands of wind industry members and wind policy advocates, AWEA promotes wind energy as a clean source of electricity for American consumers. As the premier organization representing the interests of America’s wind energy industry, AWEA counts hundreds of organizations in its membership program. Our members are wind power project developers and parts manufacturers; utilities and researchers – organizations at the forefront of the wind energy industry.

AWEA appreciates the ultimate policy goal of House Bill 1349. The bill is well intentioned and comprehensive but would, as written, cause harm to the market for renewable energy and adversely impact the renewable commitments of 2019’s Clean Energy Jobs Act. The key problem with the bill is that it would create one single market for “Clean Energy Attribute Credits”, without balancing the need to maintain existing non-emitting resources at a low cost with the need to provide support necessary to build new renewables in the region. By undoing the “Tier” system that the legislature has developed in the current Renewable Portfolio Standard (RPS) over many years and instead combining all “Clean Energy Resources” in a single bucket, the bill disregards the disparate values that resources offer to the state.

Some “Clean Energy Resources” under this bill were built by incumbent vertically integrated utilities well before the deregulation of Maryland’s electricity market and were funded entirely by captive ratepayers. Maryland consumers have already paid for these resources plus a regulated rate of return for utilities. As a result, these generation facilities have fully amortized their capital costs and are able to operate with low costs and high margins. They represent a fundamentally different value proposition to the state than renewable projects that rely on support from state RPS commitments in order to cover their capital costs in addition to operating costs.

By mixing these amortized resources with resources that were recently built in reliance on RPS standards as well as future projects, this bill would over-subsidize legacy energy facilities, scale back Maryland's support for new wind and solar build, and harm ratepayers by creating market inefficiency.

Maryland's RPS has been carefully developed by the General Assembly for many years to create a market for the incentivization of new renewable energy. It may be possible to transform that into a broader market that values all non-emitting resources. But to do so requires carefully balancing the value in the existing RPS renewables market to development of new resources, with the cost of maintaining existing resources. The standards in this bill do not represent that balance.

While maintaining existing zero-carbon generation is consistent with the state's climate goals, the General Assembly has wisely provided for separate tiers within the RPS to accommodate the distinct policy goals of both maintaining those legacy assets and driving investment in new renewable projects. Moreover, to ensure renewable energy market continuity, any restructuring of the RPS should keep the state's commitments to driving new clean energy deployment by establishing demand for non-renewable resources in a separate "tier" that does not impact the commitments in the Clean Energy Jobs Act of 2019.

Thank you for the opportunity to testify before you this afternoon. AWEA looks forward to providing any resources or assistance this Committee may seek in evaluating opportunities to drive economic development, protect Maryland citizens' health and environment, and advance a sustainable and prosperous clean energy future for the state.

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