

Subject: Thurmont Municipal Light Company Testimony in Support of SB 559 Altering the Renewable Portfolio Standard Solar Energy Requirements for Municipal Electric Utilities

The Town of Thurmont supports Senate Bill 559 because it will significantly reduce the portion of wholesale power supply costs for its municipal electric utility which are required to be purchased from solar renewable energy resources as a part of the state-wide Renewable Portfolio Standard (RPS). More specifically, Senate Bill 559 will extend to the municipal electric utilities the same RPS requirements that currently exist for the electric cooperatives in the state.

In Maryland's Clean Energy Jobs Act from 2019, the electric cooperatives permanently capped their solar RPS requirement at 2.5% of its renewable energy purchases. This is significantly less than the solar RPS requirements for all other electric utilities in the state including Thurmont which must procure 6.0% solar in 2020 increasing up to 14.5% solar by 2028 and beyond.

Thurmont notes that this reduction in solar requirements will be made up by an equivalent increase in purchases of other non-solar renewable energy resources in order to still achieve the same total renewable requirements as all other utilities in the state. Since solar energy is much more expensive than other renewables, replacing solar energy purchases with other less expensive renewable resources will significantly reduce the wholesale power supply costs to the Town. As a result, any reductions in Thurmont's wholesale power supply costs will be completely passed through to the benefit of all electric customers in the Town by reducing their cost of electricity.

Although an exact financial impact to Thurmont's costs (and customers) cannot be calculated due to the inability to forecast future market commodity pricing for solar renewable energy, there is a maximum benefit that can be quantified based on the solar RPS compliance fees. The solar RPS compliance fees act as a cap for market prices for renewable energy resources since utilities can pay a compliance fee in place of purchasing renewable energy from a generator or third-party supplier.

Therefore, based on Thurmont's average annual wholesale power supply purchases, the impact on the solar RPS compliance fees for the Town range from a maximum reduction of \$333,600 per year in 2021 to a minimum of \$223,679 per year for 2030 and beyond. These reductions in the solar RPS compliance fees as a result of Senate Bill 559 relative to Thurmont's current power supply costs are 7.0% and 4.7% respectively.

Regards,

-Chris Simms

On behalf of the Mayor and Commissioners of Thurmont