

Simms_FAV_SB559

Uploaded by: Simms, Chris

Position: FAV

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

CBF_RobinEilenberg_UNF_SB559

Uploaded by: Eilenberg, Robin

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CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration
Environmental Education*

Bill 559

Frederick County - Solar Energy - Municipal Electric Utilities

DATE: FEBRUARY 14, 2020

POSITION: OPPOSE

The Chesapeake Bay Foundation opposes Senate Bill 559 as an erosion of the State's Renewable Energy Portfolio Standard. SB 559 caps the annual percentage of the State's Renewable Energy Portfolio Standard that must be derived from solar energy for a municipal electric utility in Frederick County to 2.5%. The solar requirement is 6% in 2020, and increases over time, eventually reaching 14.5% in 2030 and later.

In 2019, the General Assembly passed landmark legislation to increase Maryland's Renewable Energy Portfolio Standards. These Standards aim to confront greenhouse gas emissions and slow climate change. Climate change has immediate and drastic impacts on the Chesapeake Bay, many of which are already being experienced. This legislation would step back the renewable energy commitments for municipal electric utilities.

Warmer climates mean warmer waters, which decreases dissolved oxygen and exacerbates the Bay's fish-killing "dead zones" and contributes to algal blooms. The rising water temperatures are also stressing fish and reducing the populations from the Bay's iconic striped bass to brook trout. Other temperature sensitive species such as eel grass, a critical habitat plant, are at risk.

The reduction of climate-impacting greenhouse gases is critical to achieving Bay clean-up goals. Atmospheric deposition of nitrogen is the highest nitrogen input load in the Chesapeake Bay. The principle sources of oxidized nitrogen, also called NO_x, are air emissions from industrial-sized boilers such as electric power plants and internal combustion engines in cars, trucks, and airplanes.

Maryland is one of the most vulnerable states to climate change impacts, several of which are already being observed. The Chesapeake Bay Foundation is wary of any legislation that steps back from the State's commitments to reduce greenhouse gases.

For these reasons, the Chesapeake Bay Foundation recommends an unfavorable report on SB 559 from the Finance Committee. For questions or more information, please contact Robin Clark Eilenberg, Staff Attorney, at 443.482.2165 or reilenberg@cbf.org.

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The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 300,000 members and e-subscribers, including over 107,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.