

CITY OF HAGERSTOWN



DEPARTMENT OF UTILITIES

425 East Baltimore Street
Hagerstown, MD 21740-6105

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Hagerstown, MD 21740-6848

Testimony:

Before the House Economic Matters Committee

Senate Bill 677 – Renewable Energy Portfolio Standard – Municipal Electric Utilities

February 25, 2020

Honorable members of the Senate Finance Committee, on behalf of the Mayor and City Council of Hagerstown, it is my honor to provide comments on Senate Bill 677. The City is hopeful that the Senate will consider amending Section 7-703(e), therefore introducing a cap for the five (5) municipal electric utilities Renewable Energy Portfolio Standard's solar and offshore wind energy requirements.

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 provided a cap. The required percentage of solar energy is presently 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 31, 2022 prior to the enrollment of 2019 Senate Bill 516 and was able to secure pricing through May 31, 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 cost burden of \$770,000 each year of the two-year contract extension.

The future cost savings as a result of a 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