

Hagerstown_FAV_SB0677

Uploaded by: Fridinger, Nathan

Position: FAV

CITY OF HAGERSTOWN



DEPARTMENT OF UTILITIES

425 East Baltimore Street
Hagerstown, MD 21740-6105

51 West Memorial Blvd
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

Easton Utilities_John Horner_FAV_SB0677

Uploaded by: Horner, John

Position: FAV



EASTON UTILITIES

Life. Made better.™

February 25, 2020

To: Chairman Kelley and Members of the Senate Finance Committee
Subject: SB 677
Position: Support

Dear Chairman Kelley and Members of the Committee,

Easton Utilities is one of five municipally owned utilities in the State of Maryland. We are responsible for the operation, management, and maintenance of the electric, water, wastewater, natural gas, cable television and internet utility services for the Town of Easton and portions of the surrounding area, serving over 11,000 electric customers (taxpayers) in Talbot County on the Eastern Shore of Maryland. Easton Utilities does not have any investors and is not publicly traded. A Board of Commissioners appointed by the Mayor, and the Town Council Members elected by the taxpayers (customers), make business decisions based on the best long-term interest of the utility as recommended by Easton Utilities' executive leadership team. Easton Utilities is an environmentally conscious utility. Our Sustainability Campus includes a state-of-the-art wastewater treatment facility, a 2MW community solar array, and a landfill gas generator.

All five municipal electric utilities have participated in the RPS requirements since the original standard was implemented in 2004, and we want to continue participating in the program. This bill would provide the rural customers of the municipal electric utilities in Maryland with relief from the increasing costs associated with the Renewable Energy Portfolio Standards (RPS) through a cap on the future RPS requirements.

Easton Utilities is about 1% the size of the largest IOU in Maryland and about 10-20% of the size of the two electric cooperatives in Maryland. This relatively small size of the municipal electric utilities in Maryland puts them at an economic disadvantage when purchasing Solar Renewable Energy Credits (SRECs) in the marketplace to comply with the RPS requirements. Last month, in order to meet the increase from 1.95% SRECs to 5.5% SRECs required in 2020, the annual cost increase was almost \$200,000 for Easton Utilities, which is over a 425% increase to our electric ratepayers from the prior requirements only a year ago. Should Easton Utilities remain in the program without a cap on SREC requirements, there would be continued year over year

increases, and the total annual increase would be over \$500,000 (1100%) by the year 2030, if current SREC pricing remains consistent.

The current legislation approved in 2019 already provides for either an exemption or a cap for Maryland's electric cooperatives. This bill seeks a cap for Maryland's municipal electric utilities which is consistent with the larger electric cooperative in Maryland and would keep us engaged with this important RPS program without putting our ratepayers at an economic disadvantage in the marketplace. All energy prices are passed along directly to our customers, including any energy savings.

Finally, the service territory for Easton Utilities is approximately 50 square miles. As a result, there are very limited opportunities for building additional renewable generation in our geographic footprint to avoid the SREC pricing requirements associated with the existing RPS legislation.

Chairman Kelley, for the reasons stated above and in the interest of keeping electric energy rates affordable for the five municipal electric utilities in Maryland, Easton Utilities supports this bill and respectfully requests a Favorable report on SB 677.

Sincerely,

 07.25.2020

John J. Horner, Jr.
Vice President, Operations
Easton Utilities
410.763-9493

Cc: Hugh Grunden
Steve Ochse

MML_FAV_SB0677

Uploaded by: Jorch, Bill

Position: FAV



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

February 25, 2020

Committee: Senate Finance

Bill: SB 677 - Renewable Energy Portfolio Standard - Municipal Electric Utilities

Position: Support

Reason for Position:

The Maryland Municipal League supports SB 677 which caps the annual percentage of the renewable portfolio standard (RPS) that municipalities must achieve each year.

Although there are only five municipal electric utilities in the State, these entities provide a great service to their residents. These entities currently partner in the process of utilizing renewable energy sources by participating in the RPS and this bill would not change that. However, due to their relatively small coverage area and small customer base prices for renewable energy credits are proportionally very high. Capping the percentage at the levels in the bill would help control costs for municipal electrics but still require them to participate in the RPS. Electric cooperatives, which are generally much larger than municipal electrics, are already exempt from future increases in RPS percentages, so the precedent exists to create an exemption.

For those reasons we therefore respectfully request that the committee provide a favorable report on SB 677.

FOR MORE INFORMATION CONTACT:

Scott A. Hancock	Executive Director
Candace L. Donoho	Government Relations Specialist
Bill Jorch	Manager, Government Relations & Research
Justin Fiore	Manager, Government Relations

1212 West Street, Annapolis, Maryland 21401

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Senator Eckardt_FAV_SB0677

Uploaded by: Senator Eckardt, Senator Eckardt

Position: FAV

ADDIE C. ECKARDT

Legislative District 37

Caroline, Dorchester, Talbot,
and Wicomico Counties



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Adelaide.Eckardt@senate.state.md.us

Budget and Taxation Committee

Health and Human Services
Subcommittee

Joint Committees

Administrative, Executive,
and Legislative Review

Audit

Children, Youth, and Families

Fair Practices and
State Personnel Oversight

Pensions

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

District Office

601 Locust Street, Suite 202

Cambridge, Maryland 21613

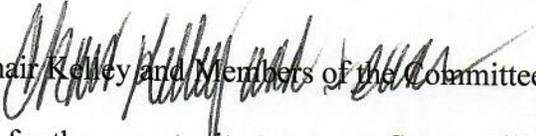
410-221-6561

Testimony for Senate Bill 677

Renewable Energy Portfolio Standard - Municipal Electric Utilities

Finance Committee

February 25, 2020

Madam Chair  and Members of the Committee:

Thank you for the opportunity to present Senate Bill 677: Renewable Energy Portfolio Standard - Municipal Electric Utilities. This proposed legislation alters the Renewable Energy Portfolio Standard for municipal electric companies.

Current law makes a distinction between electric companies and electric cooperatives with regards to the State's Renewable Energy Portfolio Standard. Electric cooperatives must only derive 2.5% of their electricity from solar energy, and other sources can be used to meet RPS requirements. The RPS also does not apply to customers served by an electric cooperative under a supplier purchase agreement that existed on October 1, 2004.

Although being not for profit, like a cooperative, municipal-owned electric utilities must meet the same standards imposed on for-profit energy corporations. These standards put our small, municipal electric utilities at a disadvantage. This legislation seeks parity and sets RPS standards for municipal electric utilities similar to those established for cooperative electric utilities.

I respectfully ask for a favorable report of Senate Bill 677. Thank you.

Best Regards,

A handwritten signature in cursive script that reads "Addie Eckardt".

Senator Addie Eckardt

Williamsport Municipal Electric_FAV_SB0677

Uploaded by: Simms, Chris

Position: FAV

Subject: Williamsport Municipal Electric Light Plant Testimony in Support of SB 677 Altering the Renewable Portfolio Standard Solar Energy Requirements for Municipal Electric Utilities

The Town of Williamsport owns and operates its municipal electric utility in order to provide reliable public power to its community. The Town makes every effort to keep costs of electricity as affordable as possible to its citizens. In order to reduce the costs of wholesale electricity, Williamsport supports Senate Bill 677 that seeks to reduce the renewable energy requirements for municipal electric utilities as mandated in the state's Renewable Portfolio Standard (RPS).

Failure to reduce the Town's RPS requirements would result in a significant increase in costs of electricity to its citizens as Williamsport would be required by 2030 to procure 50.0% of its wholesale power supply from renewable resources with 14.5% coming from solar resources. Senate Bill 677 seeks to reduce these renewable requirements to the Town to the levels from 2019 which would only require 20.4% of total power supply purchases to come from renewable resources with at least 1.95% being derived from solar resources. One hundred percent of the savings for the Town as a result of this legislation would be completely passed through to the benefit of all residents by reducing their cost of electricity.

Predicting the exact financial benefit of this bill to the Town is difficult to determine due to the inherent flaws in any future forecasts; however, the estimated reduction in costs to residents could be as much as 10% of power supply costs or hundreds of thousands of dollars in savings per year.

Regards,
Chris Simms
On behalf of the Mayor and Council of Williamsport

Town of Easton_Mayor Willey_FAV_SB0677

Uploaded by: Wiley, Robert

Position: FAV



TOWN OF EASTON

P.O. Box 520
Easton, Maryland 21601
www.EastonMD.gov

February 20, 2020

VIA EMAIL: Adelaide.Eckardt@senate.state.md.us

To: Senator Adelaide Eckardt
Subject: SB 677 - Maryland RPS requirements for Municipal Electric Utilities
Position: Support

Dear Senator Adelaide Eckardt,

I wish to offer my sincerest support for your efforts introducing the municipal RPS legislation through SB 677 in the current 2020 session.

Easton Utilities is one of five municipally owned electric utilities in the State of Maryland. Easton Utilities is responsible for the operation, management, and maintenance of the electric, water, wastewater, natural gas, cable television and internet utility services for the Town of Easton and portions of the surrounding area, serving over 11,000 electric customers (taxpayers) in Talbot County on the Eastern Shore of Maryland. Easton Utilities does not have any investors and is not publicly traded. A Board of Commissioners appointed by myself (Mayor), and the Town Council Members elected by the taxpayers (customers), make business decisions based on the best long-term interest of the utility as recommended by Easton Utilities' executive leadership team. Easton Utilities is an environmentally conscious utility. Their Sustainability Campus includes a state-of-the-art wastewater treatment facility, a 2MW solar array, and a 1MW landfill gas generator.

All five municipal electric utilities have participated in the RPS requirements since the original standard was implemented in 2006. Easton Utilities wants to continue participating in the program. This bill would provide the rural customers of the municipal electric utilities in

Maryland with relief from the increasing costs associated with the Renewable Energy Portfolio Standards (RPS) through a cap on the future RPS requirements.

Easton Utilities is about 1% the size of the largest IOU in Maryland and about 10-20% of the size of the two electric cooperatives in Maryland. The relatively small size of the municipal electric utilities in Maryland puts them at an economic disadvantage when purchasing Solar Renewable Energy Credits (SRECs) in the marketplace to comply with the latest RPS requirements. Last month, in order to meet the increase from 1.95% SRECs to 5.5% SRECs required in 2020, the annual cost increase was almost \$200,000 for Easton Utilities, which is over a 425% increase to our electric ratepayers from the prior requirements only a year ago. Should Easton Utilities remain in the program without a cap on SREC requirements, the SREC requirements will continue to increase year over year and ultimately would be over \$500,000 (1100% increase) by the year 2030 at current SREC pricing.

The RPS legislation approved in 2019 already provides for an exemption or a cap for Maryland's electric cooperative utilities. SB 677 would provide a similar cap for Maryland's municipal electric utilities. In the interest of keeping electric energy rates affordable for the five municipal electric utilities in Maryland, the Town of Easton supports your work and introduction of SB 677 to limit the SREC requirement for the municipally owned electric companies in the state of Maryland.

Should you need any additional information or wish to discuss the Town of Easton's position directly, please do not hesitate to contact me at 410-822-2525 or Mayor@EastonMD.gov.

Sincerely,



Robert C. Willey
Mayor
Town of Easton

Cc: Hugh Grunden

Mayor Williams_FAV_SB 677

Uploaded by: Williams, Mayor Gee

Position: FAV

SB 494 – WRITTEN TESTIMONY

MD Senate Finance Committee

From: Mayor Gee Williams
Town of Berlin, Maryland
February 25, 2020

I am here today on behalf of the Mayor and Council and the citizens of Berlin to ask for your support of Senate Bill 677 which requires a substantial increase of the Renewable Energy Portfolio Standard for Municipal Electric Utilities be derived from solar energy in 2020 and later.

Under current requirements we spend \$8,000 per year though the purchase of Renewable Energy Credits (RECs).

Legislation passed last year in the Maryland Senate, (S.B. 516), requires Electric Utilities, including five Municipally Owned Electric Utilities, such as the Town of Berlin, to increase and continue to increase Solar RECs 50 percent by 2030.

The fiscal impact of this bill is immediate as it would require substantial incremental increases in the immediate years ahead. In Berlin's case the REC cost to the town would rise from \$8,000 annually to \$40,000 in FY 21, and to \$200,000 in FY 22 and then continues to require those REC costs to accelerate annually thereafter.

S.B. 677 would hold the line for Solar RECs for municipally owned electric utilities compared to the very large, very dominate stockholder owned utilities in Maryland. Municipal Electric Utilities are owned by the people they serve, not stockholders. Municipal Electric Utilities make no profit but keep cost as reasonable and low as possible to our customers, who are also the citizens and property owners in the Town of Berlin.

I understand Choptank Electric Cooperative is exempt from being required to meet the higher proposed standards for Solar RECs, which is also an electric utility where the customers and owners are the same folks.

The financial impact without the passage of S.B. 677 is that Municipally owned electric utilities such as in the Town of Berlin would be crippled financially and likely forced out of operation. This would then leave our electric utility customers to be forced to receive electric service through stockholder owned utilities that have higher rates and lower standards of service.

Berlin is already committed to providing environmentally responsible electricity to our customers. We are currently in the process of replacing a 1.6 MW diesel powered generator with a natural gas generator that will be online by late summer. It is our town's commitment to replace the remaining two power plant generators with natural gas generators as they approach the end of their service.

No one is holding a gun to our heads; we are doing what is both environmentally responsible and fiscally prudent to best serve our customers --- the citizens and property owners of Berlin. As a result, the cost of renewable energy has reduced substantially.

Without S.B. 677, Solar REC requirements will continue to increase at an accelerated rate. Last year, a solar REC cost the Town under \$9 each. If not exempted as this bill requires, they will cost Berlin \$70 to \$85 each.

And again, what would that translate into in total Solar REC cost for Berlin? An increase from \$8,000 per year to \$40,000 the first year and would continue to accelerate through the year 2030.

I wish to take this opportunity to note that the Town of Berlin was the first municipality in Maryland to be certified in 2014 as a “Sustainable Maryland Community,” a designation of the University of Maryland Environmental Finance Center, to recognize environmental responsibility and leadership in our state.

Our town was re-certified last year for this designation as it requires ongoing active and effective efforts and reporting for recertification. Also, Berlin’s Electric Utility was named one of the top 10 percent municipally owned electric departments for reliability in the United States.

This means our town’s very rare power outages are measured in minutes, not hours or days which is commonplace for stockholder owned utilities everywhere.

The Town of Berlin’s electric utility customer rates are lower than both Delmarva Power and Choptank Electric Cooperative. Maryland’s municipal electric utilities are regulated and are responsible to the Maryland Public Service Commission (PSC).

About three years ago Berlin sought to lower all electric rates to our customers and the Public Service Commission was temporarily stymied by this request because they had to do a lot of research because it was the first time the PSC had ever been asked to lower electric rates, instead of raising them. After a PSC public hearing in Berlin, the request was approved.

The Town of Berlin enthusiastically supports environmental responsible initiatives and requirements, and for years we have put money towards this effort, but there must be rational, reasonable and realistic costs vs. benefits as we work towards these worthy goals.

I do not believe there was any ill intent in last year’s S.B. 516 legislation. But since there are only five small municipal electric utilities in our state, we were just forgotten.

I respectfully urge you to make a favorable recommendation for Senate Bill 677 in the current legislative session to correct this unintended situation.

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CBF_RobinEilenberg_UNF_SB0677

Uploaded by: Eilenberg, Robin

Position: UNF



CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration
Environmental Education*

SenateBill 677

Renewable Energy Portfolio Standard - Municipal Electric Utilities

DATE: FEBRUARY 25, 2020

POSITION: OPPOSE

The Chesapeake Bay Foundation opposes Senate Bill 677 as an erosion of the State's Renewable Energy Portfolio Standard. SB 677 limits the annual percentage requirements of the State's Renewable Energy Portfolio Standard for municipal electric utilities to 20.4% in total, including 1.95% from solar energy and up to 2.5% from offshore wind.

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. While the 2019 law included some exemptions for cooperative utilities comparable to this legislation, the Chesapeake Bay Foundation is wary of any steps back from the State's commitments to reduce greenhouse gases.

Maryland is one of the most vulnerable states to climate change impacts, several of which are already being observed. Climate change has immediate and drastic impacts on the Chesapeake Bay. Warmer climates mean warmer waters, which decreases dissolved oxygen and exacerbates the Bay's fish-killing "dead zones" and contributes to algal blooms. Rising water temperatures stress fish and reduce 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.

For these reasons, the Chesapeake Bay Foundation recommends an unfavorable report on SB 677 from the Finance Committee. For questions or more information, please contact Robin Clark Eilenberg, Staff Attorney, at 443.482.2165 or reilenberg@cbf.org.

Maryland Office • Philip Merrill Environmental Center • 6 Herndon Avenue • Annapolis • Maryland • 21403
Phone (410) 268-8816 • Fax (410) 280-3513

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.