MARYLAND GENERAL ASSEMBLY

House Bill 376

Renewable Energy Portfolio Standard
Municipal Electric Utilities

Position: Support

Economic Matters Committee

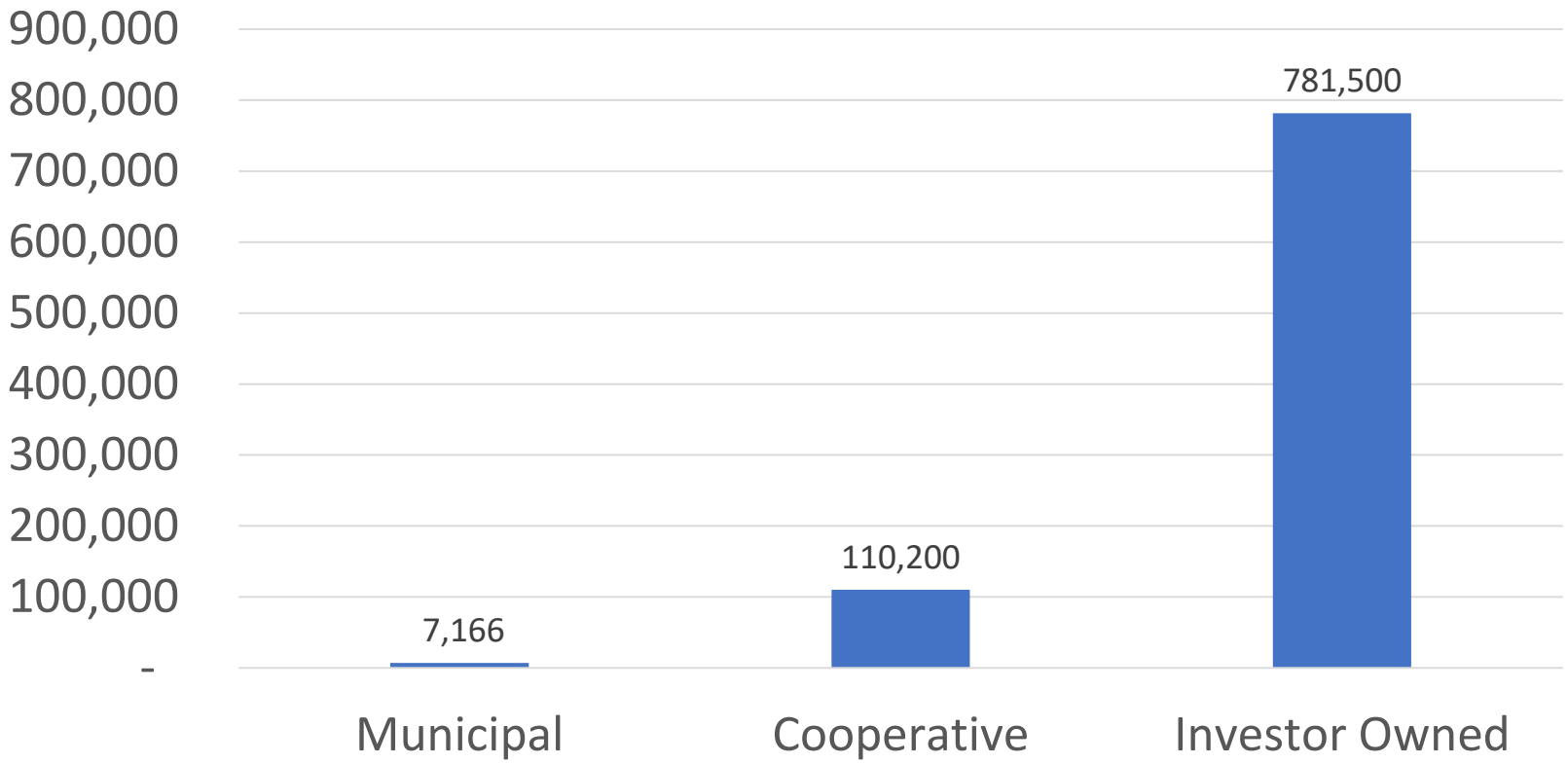
January 14, 2021

Maryland Municipal Utilities

Bill Summary

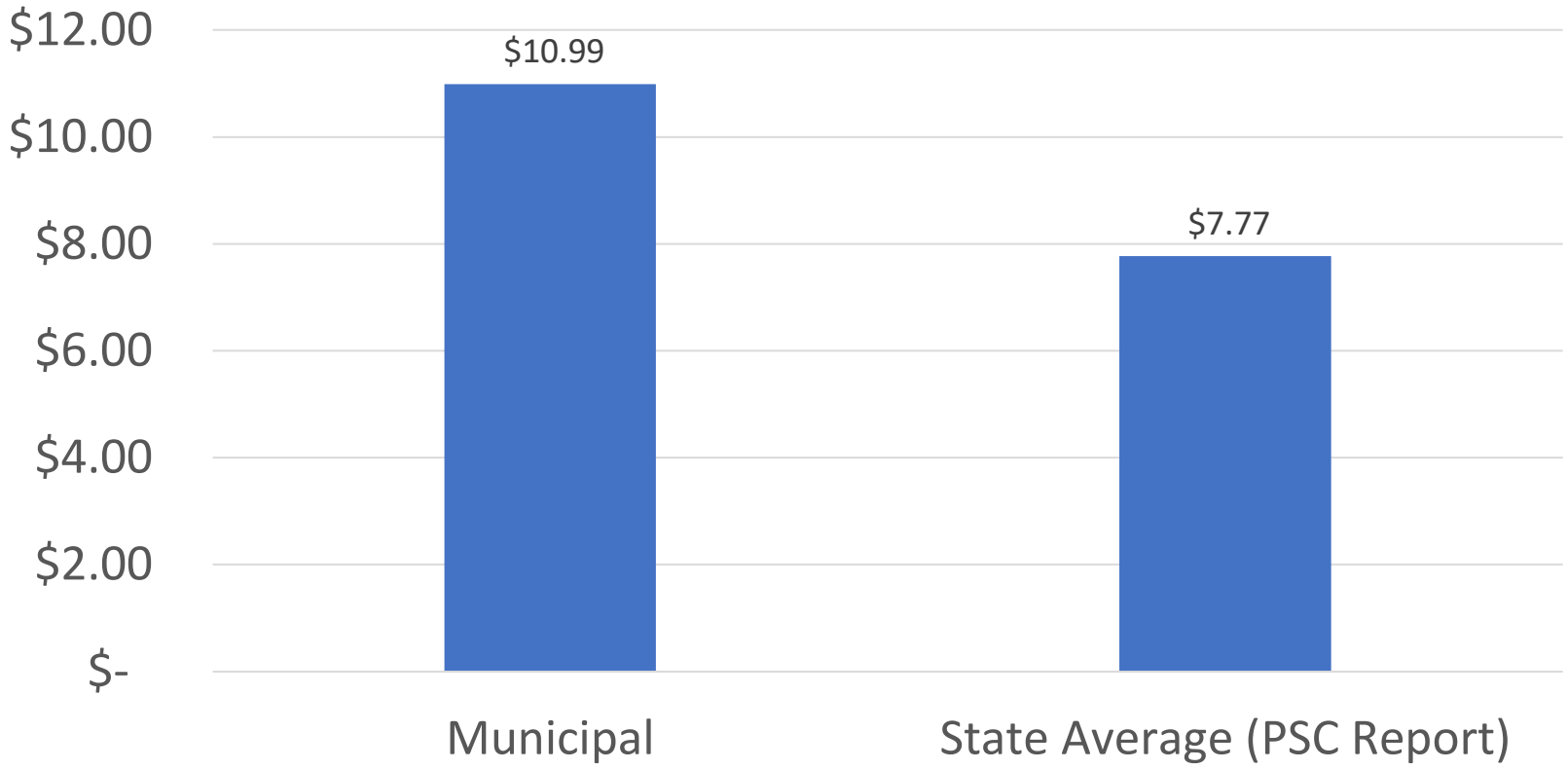
- Identical bill filed in 2020 and passed by House
  - No Senate vote due to pandemic shortened session
- Maryland municipal utilities pay full RPS requirements
  - Only two other states mandate full RPS for muni's
- Muni's pay a 45% premium for RECs in Maryland
  - Muni's 1% of the size of the IOU's; no buying power
- Bill keeps Muni's in RPS program with caps
  - Direct savings to customers / ratepayers / taxpayers
  - No revenue benefit for utility
- Muni's already under local government oversight
- Consistent with treatment of Maryland Cooperatives

Average Number of Customers



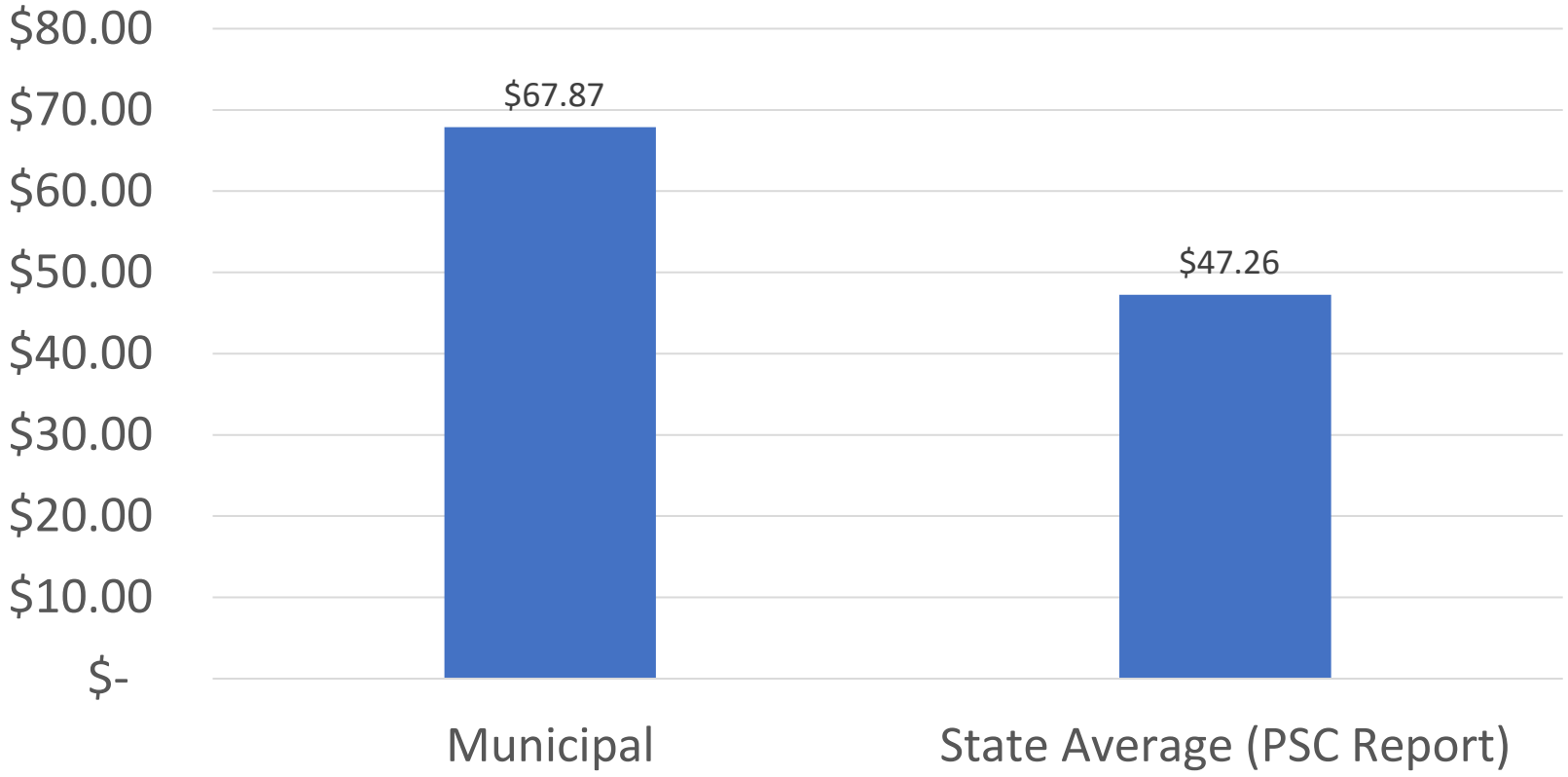
As an example, BGE (largest investor-owned utility) has 1,300,000 customers, and Williamsport (smallest municipal utility) has 1,000 customers.

2019 Average Tier 1 Non-Solar REC Price



Municipal electric utilities (on average) are paying 41% more for Tier 1 Non-Solar RECs than the Maryland utility average.

2019 Average Tier 1 Solar REC (SREC) Price



Municipal electric utilities (on average) are paying 43% more for Tier 1 Solar RECs (SRECs) than the Maryland utility average.

Summary

1. The average REC price paid by Maryland's five municipal utilities is over 40% higher than the average REC price paid by all other utilities in the State of Maryland.
2. The savings associated with this bill goes directly to the customers; there is no benefit to the utilities or the Town.

Questions


STEPHEN DECATUR
1779-1820
MAYOR AND COUNCIL OF BERLIN, MD.


TOWN OF EASTON MARYLAND
FOUNDED 1710


CORPORATION OF HAGERSTOWN
MARYLAND


THURMONT
GATEWAY TO THE MOUNTAINS


WILLIAMSPORT
MARYLAND

MARYLAND GENERAL ASSEMBLY

Renewable Energy Portfolio Standard - Municipal Electric Utilities

HB 376 / SB 153

January 2021

United States Data

- 30 states have RPS requirements
- 11 states include municipal utilities within their RPS
- 3 states require municipal utilities to participate at their full RPS requirements
  - Maryland, New York, California

Source: State Renewable Portfolio Standards and Goals (ncsl.org)

2019 MD PSC RPS Report Data

Table 4 Average Cost of RECs per Tier (2008 – 2019)

Year	Tier 1 Non-Solar	Tier 1 Solar	Tier 2
2008	$0.94	$345.45	$0.56
2009	$0.96	$345.28	$0.43
2010	$0.99	$328.57	$0.38
2011	$2.02	$278.26	$0.45
2012	$3.19	$201.92	$0.44
2013	$6.70	$159.71	$1.81
2014	$11.64	$144.06	$1.81
2015	$13.87	$130.39	$1.71
2016	$12.22	$110.63	$0.96
2017	$7.14	$38.18	$0.48
2018	$6.54	$31.91	$0.66
2019	$7.77	$47.26	$1.05

As demonstrated by the table below, the aggregated cost of compliance with the Maryland RPS Program displayed a declining growth rate from 2014 through 2016, peaking at $136.2 million in 2016. In spite of increasing RPS percentage requirements in-State and greater demand for RECs within the surrounding region,[26] total REC costs in 2017 fell approximately 47 percent between 2017 and 2016. Despite the downward trends in 2017 continuing into 2018, in 2019 Tier 1 and Solar REC prices increased almost 19 percent and 48 percent in 2019, respectively, while Tier 2 REC prices increased by approximately 60 percent.

2020 Municipal Utility Customer Data

Municipal Utility	Customer Accounts
Berlin	3,500
Easton	10,820
Hagerstown	17,610
Thurmont	2,900
Williamsport	1,000
	35,830

2019 Municipal Utility REC Data

Municipal Utility	2019 MWh	Percentage	2019 Tier 1 Non-Solar REC	2019 SREC
Berlin	46,311.00	6%	$ 16.04	$ 75.60
Easton	259,213.00	36%	$ 9.54	$ 57.47
Hagerstown	324,328.00	44%	$ 11.32	$ 73.39
Thurmont	79,068.00	11%	$ 11.32	$ 73.39
Williamsport	20,291.00	3%	$ 11.32	$ 73.39
Total / Average	729,211.00	100%	$ 10.99	$ 67.87