

CHESAPEAKE PSR

PHYSICIANS FOR SOCIAL RESPONSIBILITY

Committee: Economic Matters

Testimony on: HB768 “Montgomery County - Community Choice Energy - Pilot Program MC 17-21”

Position: Support

Hearing Date: February 18, 2021

The Chesapeake Physicians for Social Responsibility (CPSR) is statewide evidenced-based, organization of over 700 physicians, other health professionals and supporters, that addresses the existential public health threats to life on this planet: the climate crisis and the presence of nuclear weapons, we advocate for public policy that addresses these threats informed through the lens of racial justice and equity. As an organization founded by physicians, we understand that prevention is far superior to treatment in reducing costs; death, illness, injury, and suffering.

The CPSR submits this testimony in **support of HB768**, which will allow a pilot program for implementation of “community choice aggregation” of electricity demand to provide low-cost clean renewable energy to residents. Our support is based on the following findings:

- **Community Choice Energy (CCE) programs have a proven track record in other states** – Community Choice Energy programs are already legislatively established in 8 states (California, Illinois, Massachusetts, New Jersey, New York, Ohio, Rhode Island, and Virginia). In California, more than 10 percent of the population are served by CCE programs.
- **CCE programs can help Montgomery County and Maryland to achieve our clean renewable energy and greenhouse gas reduction targets** – Montgomery County itself has set extremely ambitious greenhouse gas reduction targets: 80 percent reduction by 2027 and 100 percent by 2035. Maryland’s statewide targets are almost as ambitious, and under the 2019 Clean Energy Jobs Act require 14.5 percent of our consumed power to come from solar and 10 percent from offshore wind by 2030. Montgomery County’s newly drafted “Climate Action Plan,” developed through a year-long process of citizen participation, identified the need to transition its energy consumption to clean renewable sources as the most important step the county needs to take.¹ CCE has proven an effective mechanism to increase expansion of clean renewable energy.
- **CCE programs allow expansion of low-cost clean energy at no cost to the state budget** – In this time of COVID-related revenue stress it will be difficult for the state to provide additional incentives for clean renewable energy development, despite slow progress toward our legislatively mandated targets under the Clean Energy Jobs Act and our Greenhouse Gas Reduction targets. Aggregation of community demand through CCE has proven able to stimulate production and consumption of clean renewable energy without the need for publicly funded incentives.

¹ Montgomery County, *Climate Action Plan – Building a Healthy, Equitable, Resilient Community* (Public Draft), December 2020

- **A pilot CCE program in Montgomery County will benefit the whole state** – As a new program, it is necessary and appropriate to undertake a pilot approach, but at a scale that will allow replication once the program’s mechanisms are worked out. A county-level pilot program will allow the county to work with the Public Service Commission to develop the regulations and implementation processes that other counties can take advantage of, if the legislature later authorizes expansion and if counties choose to do so.
- **CCE offers a meaningful energy justice approach** – Energy bills are a major burden on struggling households in our state: while middle- and upper-income households in Maryland spend on average about 4% of their income on energy, low income households pay 15% on average.² At very low levels of income, energy may cost as much as 20% or more of what a family has to spend.¹ High energy bills often cause poor families to choose between keeping the lights on and paying for other essentials like school supplies or health care. Because the cost of installing solar is beyond the means of many households, LMI households have largely been left out of the clean renewable energy market. By making low-cost clean renewable energy available to all county residents, CCE will allow low- and moderate-income (LMI) households to access clean renewable energy while actually lowering their energy bills. For households on energy assistance, this will also increase the amount of energy they get for their assistance funding.
- **CCE is a ratepayer-favorable extension of Maryland’s deregulated energy market** – Maryland has established consumer choice as a core principle of its energy market; however, energy purchased through many third-party suppliers is often more expensive than utilities’ standard offer service. Under CCE, consumers who wish to use standard offer service or another third-party program can choose to do so; but they also can participate in the CCE program to receive low-cost clean energy. CCE actually further democratizes energy choice, by putting local government accountability into the process of setting criteria for energy sources and managing application of those criteria.
- **CCE can support new clean energy jobs and businesses in Maryland** – By supporting expansion of clean renewable energy, CCE will provide funding and contracts that will stimulate additional projects, and with them the associated businesses and jobs that are key benefits of the clean energy transition that Maryland needs, to address the overarching reality of climate change.

In summary, HB768 offers the opportunity develop a potentially important tool for Maryland in pursuit of its transition to just and beneficial clean energy. At no expense to the state, it will allow for one county to work with the PSC in adoption and refinement of a program that has proven successful in other states. That process will lay the groundwork for other counties, if the state decides to allow it and other counties choose to do so. HB768 effectively amplifies the consumer choice that electricity market deregulation is intended to provide, and increases democratic participation and accountability through a local government role. It promises lower costs for ratepayers – especially for households burdened by energy costs. It will help Maryland move toward its green energy and green development goals. It is a win-win-win for Maryland. We urge a favorable report by this Committee.

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² Peltier L and Makhijani A: Maryland’s Dysfunctional Residential Third-Party Energy Supply Market; Abell Foundation, Dec 2018

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