



Olivia Bartlett, DoTheMostGood Maryland Team

Committee: Economic Matters

Testimony on: HB0768 – Montgomery County – Community Choice Energy – Pilot Program

Position: Favorable

Hearing Date: February 18, 2021

DoTheMostGood (DTMG) is a progressive grass-roots organization with more than 2500 members who live in a wide range of communities in Montgomery and Frederick Counties, from Bethesda near the DC line north to Frederick, and from Poolesville east to Silver Spring and Olney. DTMG supports legislation and activities that keep its members healthy and safe in a clean environment, uplift all members of our communities, and promote equity across our communities. DTMG strongly supports HB0768 because it will create a mechanism to decrease energy costs for Montgomery County consumers and provide a blueprint for doing so across the state in the future.

HB0768 will enable Montgomery County to choose to aggregate electricity purchases on behalf of all residents in the county in order to negotiate more favorable rates with electricity suppliers. HB0768 will also allow the county to negotiate for a greater mix of renewable energy than the renewable portfolio standard currently set by the Maryland Public Service Commission and enable the county to move more quickly to 100% renewable energy.

HB0768 is merely enabling legislation; the county will not be mandated to aggregate electricity purchases. Furthermore, no consumer will be required to participate in the county's CCE organization. Residents will be able to opt out and continue purchasing electricity from other available providers in the same manner as they have been doing.

Passage of HB0768 will be new for Maryland but will not break new ground nationally. Eight states already have similar enabling legislation: California, Illinois, Massachusetts, New Jersey, New York, Ohio, Rhode Island, and Virginia. The CCE organizations in these states served approximately five million customers as of 2017. Illinois enacted CCE enabling legislation ten years ago and by 2017 had 490 community choice energy organizations in place. Ohio enacted enabling legislation in 1999, and by 2017 had 130 active CCE organizations. Massachusetts enacted enabling legislation in 1997 and had 190 CCE organizations in place by 2017.

HB0768 will be good for Montgomery County consumers. In 1999, when Maryland deregulated the electricity market by passing the Electric Customer Choice and Maryland Competition Act, the intent was to lower rates for all customers. However, the opposite has happened, because residential customers were denied the ability to leverage their market power to negotiate for lower rates. HB0768 would help remedy that. The opt-out provision in HB0768 is important to ensure that there are options for those who do not want to participate. In other states with community choice aggregation, only about 15% of ratepayers typically opt-out.

Despite having a deregulated electricity market that allows consumers to choose their electricity supplier, Maryland has the 15th highest electricity rates in the nation. HB0768 will allow the county to act as an aggregator for its constituents and, through the power of bulk purchasing, negotiate significantly lower rates than the default Standard Offer Service (SOS) rate charged by Maryland's utilities. The Environmental Protection Agency has found that, in the other states that adopted CCE, electric rate savings for participating communities dropped as much as 15 to 20% (<https://www.epa.gov/greenpower/community-choice-aggregation>). This would be a win for all Montgomery County residents, particularly for low-income and fixed-income households.

In addition, by choosing to implement its aggregation authority under HB0768, the county will be able to protect its residents from being targeted by unscrupulous third-party suppliers who prey on low-income and elderly ratepayers but actually charge rates higher than SOS rates. Maryland's deregulated energy market allows consumers to purchase their energy from third-party suppliers who act as middlemen between the utilities and consumers. Third-party suppliers purchase energy from the utilities at a bulk rate and then sell that energy back to consumers. However, a limited study in Baltimore found that low-income households on third-party supply applying for assistance with energy costs actually paid an average of 51 percent more than the SOS price. Other studies showed that in 2017, about 97 percent of households on third-party supply paid more than the utility-offered SOS rate, and that between 2014 and 2017, Maryland households on third-party supply actually paid about \$255 million more than they would have on SOS. HB0768 will allow Montgomery County to lower electricity costs and reduce "heat or eat" conflicts for our residents. Such savings would also allow energy assistance dollars to go farther, ultimately providing financial help to more households.

Importantly, HB0768 will allow Montgomery County to address the growing threat of climate change and make progress towards its climate emergency goals. HB0768 will build on both the Greenhouse Gas Reduction Act and the 2019 Clean Energy Jobs Act by enabling faster transition to renewable energy sources by allowing the county to negotiate to have all or most of its energy needs met through clean energy sources. The biggest barrier consumers currently face in changing to clean energy is that it is difficult, confusing, and time-consuming to make the switch. Montgomery County has identified CCE as an essential tool for reaching its goal of reducing greenhouse gas emissions by 80% by 2027 and 100% by 2035.

Finally, passage of HB0768 and implementation of the pilot program in Montgomery County will provide valuable data and experience for future efforts to establish community choice aggregation across Maryland. Baltimore and other cities, as well as counties with a high percentage of low-income residents, such as those in Western Maryland and the Eastern Shore, would also benefit from being able to form aggregates. Predecessor legislation in the 2020 General Assembly Session, HB0561, passed the House of Delegates and was supported by the Maryland Climate Coalition, the NAACP, and the Maryland Consumers Rights Organization.

In summary, Montgomery County consumers and the environment will benefit from passage of HB0768, and it will pave the way for cheaper and cleaner electricity across Maryland in the future. Therefore, DTMG strongly supports HB0768 and urges a **FAVORABLE** report on this bill.

Respectfully submitted,
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