



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

TESTIMONY IN SUPPORT OF HB768

MONTGOMERY COUNTY – COMMUNITY CHOICE ENERGY – PILOT PROGRAM

FEBRUARY 18TH, 2021

Chair Davis, Vice-Chair Dumais, and members of the Economic Matters Committee:

Community Choice Energy empowers local governments to aggregate electricity loads of residents, small businesses, and government, with the goal of reducing greenhouse gas emissions, reducing prices, or both. HB768 would establish a pilot program, authorizing Montgomery County to form a Community Choice Aggregator. At present nine states - California, Illinois, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Rhode Island and Virginia - have authorized localities to create locally run aggregators.

While the original focus of CCEs was providing lower and more stable rates, they have evolved to focus on two main policy objectives: lower rates for consumers and a higher level of renewable electricity generation. Creation of a local electricity aggregator allows residents in a community to take control of the electricity purchased by their local utility, while leaving ownership of the grid in the hands of utilities. In essence an aggregator is a sort of hybrid between an investor-owned utility and a municipal utility.

Community Choice Energy is a crucial tool for Montgomery County to meet the greenhouse gas reduction goals established in response to the Climate Emergency it has declared. There are no other tools currently available for the County to reach zero greenhouse gas emissions in the electricity sector.

HB768 supports the concept of energy democracy, in which community participation in local government processes, ensures that the energy mix reflects the values of the community. HB768 directs the Public Service Commission (PSC) to establish regulations to ensure a smooth transition from Standard Offer Service (SOS) to a CCE, such that there is no disruption in the remaining SOS market. The PSC is also directed to establish regulations related to consumer protection, privacy, and the tariff structure. The PSC also approves of the detailed CCE plan before it can be launched.

The legislation establishes that the CCE will become the default purchaser of electricity for all electric customers in the jurisdiction unless the customer is already the client of a third-party supplier or if the customer opts out of the aggregator plan. The legislation establishes a detailed process through which the County would communicate about the establishment of the CCE and options for residents to opt out. The opt-out feature ensures that the CCE has the ability to negotiate prices on behalf of nearly all members of the community it represents, thus ensuring competitive prices.

Over the previous two years, I have spent a considerable amount of time working with the Public Service Commission and the Office of People's Counsel to ensure that all of the technical aspects of the bill support stability in Maryland's SOS markets, while allowing local government to harness the power of the competitive market-place to meet the needs and values of their residents.

I ask for a favorable report on HB768.