



EASTON UTILITIES

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January 19, 2021

To: Chair Kelley and Members of the Senate Finance Committee
Subject: SB 153: Renewable Energy Portfolio Standard – Municipal Electric Utilities
Position: Support

Dear Chair Kelley and Members of the Committee,

Easton Utilities supports the approval of Senate Bill 153, Renewable Energy Portfolio Standard – Municipal Electric Utilities, sponsored by Senator Eckardt. We have worked together with the other four municipal electric utilities in the State of Maryland to jointly support this bill for our electric customers. This is the identical bill to the one filed during the 2020 session which received approval in the House of Delegates.

Our customers are paying a much higher premium for their Renewable Energy Credits (RECs) required by the RPS compared to the much larger Investor-Owned Utilities (IOUs). Through an analysis of all five municipal utility REC costs in the State in conjunction with a report from the Maryland Public Service Commission, we calculated this premium to be almost a 45% increase on average in the charges passed through to municipal electric utility customers. The much smaller municipal electric utilities are simply at an economic disadvantage in the marketplace for purchasing RECs to comply with the 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 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 even smaller municipal electric utilities which is consistent with the larger electric cooperative in Maryland. And this bill would keep us engaged with this important RPS program without requiring our customers to pay such enormous premiums to participate. It is important to note all energy prices are passed along directly to our customers, including any energy savings. There is no economic benefit to the municipal electric utilities because of this bill.

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 REC pricing requirements associated with the existing RPS legislation.

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.

Chair 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 Senate Bill 153.

Sincerely,

A handwritten signature in blue ink that reads "John J. Horner, Jr." with a stylized flourish at the end.

John J. Horner, Jr.
Sr. Vice President & COO
Easton Utilities
410.763-9493

Cc: Hugh Grunden
Steve Ochse