



**HB 768 – MONTGOMERY COUNTY – COMMUNITY CHOICE ENERGY –
PILOT PROGRAM
TESTIMONY BEFORE SENATE FINANCE COMMITTEE
HEARING DAY: 03/23/2021
POSITION: FAVORABLE**

My name is David Sanders, and I am a resident of Howard County. I present this written testimony on behalf of Indivisible Howard County. We are a citizen’s action group, with one of our main focuses being energy and transportation-related climate change. Indivisible Howard County was founded in 2017 and now has more than 700 actively engaged supporters. We are a member of the Maryland Legislative Coalition.

Indivisible Howard County supports House Bill 768, the Montgomery County – Community Choice Energy – Pilot Program bill (“CCE bill”). This bill will enable Montgomery County operating under a 7-year pilot program to elect to aggregate electricity purchases on behalf of its residents in an effort to negotiate more favorable rates with electricity suppliers for consumers. A secondary goal is to potentially introduce a greater mix of renewable energy on behalf of county residents than is set under the renewable portfolio standard currently established by the Maryland PSC.

This bill will not enable any Maryland jurisdiction beyond Montgomery County to aggregate electricity purchases. House Bill 768 is structured as a 7-year pilot program. Furthermore, no consumer will be mandated to participate in the county’s CCE organization. Residents will be able to opt out and continue purchasing electricity in the same manner as they have been doing.

Indivisible Howard County supports House Bill 768 because it offers a real opportunity to appreciably expand the market in Montgomery County for sources of renewable energy while keeping electricity rates at a competitive level for county consumers. How does this happen? Through the power of bulk purchasing. Montgomery County will be able to go to the electricity suppliers with a strong negotiating position having aggregated thousands of its residents into a single purchasing cooperative. In fact, the ability of a CCE organization to drive down electricity rates as a result of increased bargaining power is particularly effective in a restructured energy market, such as exists in MD.¹

It is also worth noting that Montgomery County will not be breaking new ground with the passage of the CCE bill. Rather, it will be joining local jurisdictions in eight states that

¹ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, p. 13.

have passed similar legislation: California, Illinois, Massachusetts, New Jersey, New York, Ohio, Rhode Island, and Virginia. The CCE organizations within these states were estimated to serve approximately five million customers in 2017, representing about four percent of retail electricity customers nationwide.²

By way of example, Illinois enacted CCE enabling legislation ten years ago and by 2017 had 490 CCE organizations in place.³ Ohio enacted enabling legislation in 1999 and by 2017 had 130 active CCE organizations.⁴ And, Massachusetts enacted enabling legislation in 1997 and had 190 CCE organizations in place by 2017.⁵

Some have expressed concern about the potential impact on electricity grid reliability that the advent of CCE organizations might have. The key to understanding CCE's impact on electricity grid reliability is to recognize the differences among CCE organizations that operate in a regulated electricity market versus those that operate in a restructured electricity market, such as Maryland's. The National Renewable Energy Laboratory of the U.S. Department of Energy has addressed this issue by pointing out that "In both cases, CCAs [community choice aggregators] are only responsible for procurement of the generation portion of retail customer electricity service, while utilities remain responsible for transmission, distribution, and billing. The key difference is in terms of how CCAs procure that generation. In restructured markets, CCAs act like retail electricity customers; CCAs choose a combination of competitive suppliers and enter into contracts for electricity service to suit their particular needs In regulated markets, CCAs act more like utilities; they are responsible for system reliability and can contract directly with electricity generators."⁶ Again, we emphasize that Maryland has a restructured, not a regulated, electricity market.

Furthermore, by establishing this as a pilot program in Montgomery County, valuable data will be gleaned about the effectiveness of a Maryland-based CCE in lowering electricity rates, the interest level among households in participating in a CCE, and the administrative costs that are incurred by a county in establishing and operating a CCE.

In conclusion, Indivisible Howard County urges this Committee to lend its support to the enactment of House Bill 768 to allow Montgomery County to establish a CCE pilot program. Montgomery County consumers, as well as the environment, will benefit from this legislation.

WE URGE A FAVORABLE REPORT.

² National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, p. 7.

³ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, Appendix, p. 40.

⁴ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, Appendix, p. 43.

⁵ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, Appendix, p. 41.

⁶ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, p. 3.

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