



Montgomery County

Office of Intergovernmental Relations

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HB 768

DATE: March 23, 2021

SPONSOR: Montgomery County Delegation

ASSIGNED TO: Finance

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POSITION: Support

Montgomery County – Community Choice Energy – Pilot Program MC 17-21

This bill authorizes Montgomery County to establish a Community Choice Energy (CCE) pilot program under which the County government purchases or generates electricity for its residents and businesses. The pilot program would have an anticipated duration of about seven years. It would be an “opt-out” program, meaning that customers are automatically enrolled in the program unless they notify the County otherwise. The CCE model is intended to provide communities with additional control over their energy provider choices, by allowing a jurisdiction/the aggregator to amass demand for the purpose of negotiating better rates and choose cleaner energy sources.

CCEs are a hybrid between municipal utilities and standard investor-owned utilities. Typically, utilities are responsible for purchasing and distributing power, grid maintenance, and customer service. While customers currently have the ability purchase power from other energy providers, most purchase from standard utilities often because they are unaware of their other options. Under a CCE program, the local government purchases or generates the power, while the incumbent investor-owned utility maintains the grid and provides customer service.

CCEs are currently authorized in California, Illinois, Ohio, Massachusetts, New Jersey, New York, Rhode Island, and Virginia. According to the National Renewable Energy Laboratory, in 2016, CCEs sold about 8.7 billion kilowatt-hours of green power to about 3.3 million customers.

Under House Bill 768, Montgomery County must enact a local law to authorize the creation of a CCE program. The bill sets out numerous requirements for a CCE plan, including rules governing community outreach and education, rights and responsibilities of both the County and customers, the types of notice that must be provided to customers, the manner in which

a customer may choose to opt-out of the program, the types of charges that may be imposed on customers, and the role of the Public Service Commission (PSC). The bill also requires that the PSC establish and “seek the advice and recommendation of” the Community Choice Energy Workgroup when adopting regulations and conducting the study required at the conclusion of the pilot program.

In 2017, the Montgomery County Council declared a climate emergency calling on all levels of government to “initiate a massive global mobilization to restore a safe climate and build a sustainable economy” and “transform the climate by reducing greenhouse gas emissions by 80% by 2027 and reaching 100% elimination by 2035 and initiate large-scale efforts to remove excess carbon from the atmosphere.” This bill will provide the County with another option to consider as it seeks to achieve its target of eliminating greenhouse gas emissions entirely.

CCE programs are intended to enhance local control over energy sources and help local governments achieve their clean energy goals by giving them the opportunity to purchase or generate green and renewable energy services at rates that would not have been obtained otherwise.

Montgomery County strongly supports the CCE model and appreciates the opportunity to pilot a CCE program provided by this bill.