

House Economic Matters Committee
February 24, 2022**House Bill 622 – Electricity – Offshore Wind Renewable Energy Credits****POSITION: FAVORABLE REPORT**

WGL Energy is a retail supplier with customers across multiple jurisdictions and strongly believes in the functionality of competitive electricity and natural gas markets. We support HB 622 as described below.

The OREC costs are not a competitive item

The rates for the ORECs will not be an area where retail suppliers will be able to manage the costs in different ways. The charges for each OREC will be the same for all customers and all suppliers. This leads to a more natural alignment for inclusion of the OREC costs in the utility distribution charges.

The timing of the completion of the offshore wind projects remains uncertain

The continued delays in the development and completion of the offshore wind projects have led to confusion on the part of the Maryland customers and retail suppliers. Retail energy sales contracts have been edited to include language that addresses the additional costs that might be added to the contract pricing when the wind projects are finally completed. This contract language leads to some confusion as different suppliers may address these costs in different ways. Most retail customers are not aware of the future costs that could be imposed on them. HB 622 will help to remove this confusion and implement a consistent application of these costs through the utility distribution charges.

Administration of the OREC program will be simplified

With the utilities as the facilitator for collecting and transferring the funding payments to the Offshore Wind Developers, the process and administration will be simplified. There will be fewer parties involved in collecting and making the payments. Customers will see a consistent process for this issue, regardless of whether their energy is provided by a retail supplier or the utility. The long-term nature of this program also supports the framework of the utilities administering the payments. This avoids the complications that could occur when retail suppliers enter or exit the Maryland markets. The consistency of the utility focused program is more stable.



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For the reasons described above, WGL Energy supports the proposed changes to the OREC program included in SB 526.

We would be happy to answer any questions.

Thank you for your consideration.

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