



HB 622- Electricity – Offshore Wind Renewable Energy Credits

Favorable

Before the House ECM Committee

February 24, 2022

Thank you, Chairman Wilson and members of the Committee for the opportunity to provide comments on HB 622 by the Retail Energy Supply Association (RESA) ¹. RESA supports HB 622 and respectfully request that the committee render a favorable report on this legislation.

On November 16, 2021, the Maryland Public Service Commission issued a Notice Initiating Rulemaking (RM75) and Notice of Virtual Rulemaking Session. The Notice called for Comments on a Petition for Rulemaking (the "Petition") submitted by the Commission's Technical Staff ("Staff") on November 15, 2021. In the Petition, Commission Staff requested that the Commission modify the Offshore Wind ("OSW") regulations in COMAR 20.61.06 to address statutory changes associated with the 2019 Clean Energy Jobs Act. However, the proposed changes in the Petition are incomplete and do not address important and necessary updates to other portions of the OSW regulations.

RESA filed comments in RM75 and took the opportunity to recommend that the Commission modify COMAR 20.61.06 to change the Offshore Renewable Energy Credits ("OREC") compliance structure from the current supplier-by-supplier purchase and retirement obligation to a non-bypassable charge structure whereby the Electric Companies, including investor-owned electric distribution utilities and electric distribution cooperatives, assess each customer a non-bypassable charge for OREC

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. Many of RESA's members are licensed electricity and natural gas suppliers in the State of Maryland, who provide products and services to all classes of customers. More information on RESA can be found at www.resausa.org.



purchase and retirement costs to comply with the OREC component of the Renewable Portfolio Standard.

This is exactly what the proposed legislation attempts to accomplish. Given the fully regulated nature of ORECs, RESA recommends that the legislature provide the Commission with the authority to modify the offshore wind regulations to a more administratively efficient structure whereby Electric Companies manage the OREC purchases, and retirements associated with their electric distribution customers, passing through the costs of compliance as a non-bypassable charge.

By moving to a non-bypassable charge through the Electric Companies, Maryland can ensure that only the actual compliance costs and no more are being collected from ratepayers beginning in the year the projects become operational.

For the reasons set forth above, RESA requests that the Committee render a favorable recommendation on SB 526. Thank you for the opportunity to provide these comments.