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OPPOSE – House Bill 0624
HB0624 – Electricity - Standard Offer Service - Renewable Energy
Economic Matters Committee
Thursday, February 24, 2022

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 275,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, and Maryland.

Unfavorable

Potomac Edison **opposes House Bill 624 – Electricity - Standard Offer Service - Renewable Energy.** HB 624 requires an electric company to contract for renewable energy credits and electricity generated from certain renewable sources, for a term of between 10 to 20 years, to meet at least 25% of the renewable energy portfolio standard for the electric company to serve its default service customers.

FirstEnergy requests an Unfavorable report on HB 624 for the following reasons.

Requiring electric utilities to enter into long term, 10 to 20 year, contracts to meet 25% of the renewable portfolio standard to serve its default service customers will result in higher costs for all electric utility customers. If electric utilities are required to enter into long-term contracts, the default service customers would not get the benefit of any lower market prices that occur during the 10 to 20-year term of the contract. Under HB 624, customers could get locked into high priced contracts, thus eliminating some of the benefits built into the multi-procurement process that exists today for default service customers. Non-default service customers would also be negatively impacted, as the financial community will factor the impact of this requirement into the cost at which utilities raise capital needed to serve its customers.

Unfortunately, Potomac Edison's customers have firsthand experienced with the negative situation HB 624 creates. Specifically, the renewable and qualifying cogeneration federal Public Utility Regulatory Policies Act ("PURPA") Surcharge that is on every Maryland customer's bill for the Warrior Run plant in Cumberland, MD. In general, PURPA required electric companies to enter into power purchase contacts with Qualifying Facilities. As of November 2021, the Warrior Run long term contract has cost Potomac Edison's customers an additional $1.2 Billion above market prices, and the contract still runs through the year 2030.

For the above reasons, Potomac Edison respectfully request an **Unfavorable** vote on House Bill 624.