



**Committee: Economic Matters**

**Testimony on: HB624 - Electricity - Standard Offer Service - Renewable Energy**

**Organization: MLC Climate Justice Wing**

**Submitting: Diana Younts, Co-Chair**

**Position: Favorable With Amendment**

**Hearing Date: February 24, 2022**

Dear M. Chair and Committee Members:

Thank you for allowing our testimony today. The MLC Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to incorporate our suggested amendment to HB624 and then vote favorably on the bill.

This bill is important to achieving Maryland's statutorily required greenhouse gas emission reduction goals because it will encourage the construction of renewable energy projects in Maryland. It does this by requiring the utilities to enter into long term contracts for Renewable Energy Credits (RECs) for at least 25% of the utilities' contract values for solar, wind, geothermal, ocean, and small hydro-electric power. These long-term contracts will enable the renewable energy projects to receive financing at better financing terms than they are currently able to receive because they would already have the power sold before construction begins.

The very important benefit of long-term contracts – especially when awarded to planned projects – especially with the bill's requirement that the projects be built within three years – is that having a multi-year contract represents a guarantee of long-term revenue for the project. This makes banks or venture capital firms much more willing to provide the large financing such projects require, since they can see that their investment will get paid back. This is a critical factor in promoting investment in new renewable energy projects.

#### **Necessary Amendment**

However, we support this legislation only on the condition that it be amended to remove the specification (Sections 7.703.1(D)(1-2)) that the electricity and associated Renewable Energy Credits from these long term contracts will be applied to the electric companies requirements under the applicable year's Renewable Portfolio Standard. This specification is contrary to the

legislation's proposal that the Renewable Energy Credits be sold into the wholesale spot market (Sections 7.703.1(C)(6-8)).