



HOUSE ECONOMIC MATTERS COMMITTEE
HB1214
OPPOSITION

Senate Finance Committee

February 23, 2023

Vistra respectfully submits this testimony in **opposition to HB1214 Residential Retail Electricity - Green Power - Renewable Energy Credits and Marketing Claims.**

Vistra is a leading Fortune 500 integrated retail electricity and power generation company with operations in Maryland that focuses on delivering an innovative, customer-centric approach to retail electricity and over 7,500 MW of electric generation in the PJM market.¹

HB1214 proposes to add a section within the Maryland Public Utilities Renewable Energy Portfolio Standard article.

As members of the Economic Matters Committee are aware, Maryland's Renewable Portfolio Standard (RPS) is designed to reduce the state's reliance on fossil fuels, increase the use of clean energy and promote the development of renewable energy sources. The RPS requires electricity suppliers - like those brands operated by Vistra - to gradually increase the percentage of renewable energy they supply to their customers with laudable increasingly ambitious goals. Under Maryland's RPS, each electricity supplier is required to meet a specific target for the percentage of renewable energy they provide to customers. These targets increase over time. In addition to this, the RPS also includes a solar carve-out, which requires a certain percentage of the renewable energy provided to come from solar sources.

Essentially, the RPS created a market; a valuation of renewable energy by creating "RECs". A renewable energy credit (REC) is a tradable certificate that represents the environmental and social benefits associated with one megawatt-hour (MWh) of renewable energy generation. The benefit of a REC is that it provides a financial incentive for the development and use of renewable energy sources.

For buyers of RECs, the benefit is that they can claim to have used renewable energy without purchasing the physical electricity generated from renewable sources. This can be particularly important for companies and organizations that have set renewable energy or carbon reduction goals but may not have the ability or resources to generate their own renewable energy.

¹ The company brings its products and services to market in 20 states and the District of Columbia, including six of the seven competitive wholesale markets in the U.S. Serving nearly 4.3 million residential, commercial, and industrial retail customers with electricity and natural gas, Vistra is one of the largest competitive electricity providers in the country and offers over 50 renewable energy plans. The company is also the largest competitive power generator in the U.S. with a capacity of approximately 37,000 megawatts powered by a diverse portfolio, including natural gas, nuclear, solar, and battery energy storage facilities. In addition, Vistra is a large purchaser of wind power. The company owns and operates the 750-MW/1,600-MWh battery energy storage system in Moss Landing, California, the largest of its kind in the world.

HB 1214 proposes a limit to RECs available to suppliers operating in Maryland which we believe runs contrary to the RPS goals established by this legislature. When supply is limited, it increases the cost to residential customers who might want to make the switch to renewable energy plans that potentially go above and beyond what is required under the state RPS goals – again, running contrary to the goals established by this legislature.

Vistra is also concerned that this legislation will create unnecessary confusion for consumers by adding a new definition of “Green Power” – in addition to the existing definition of “renewable energy” – as well as new marketing disclosure that is confusing. Additionally, the bill has no provision to protect customers’ existing national renewable energy contracts already in existence.

Vistra also seeks to provide some clarity regarding the process of purchasing RECs given the suggested disclosure language within the legislation. This process generally involves the following steps: verification, purchase, and a quality control consideration to ensure the REC environmental attribute is not claimed multiple times.

Before a REC can be issued, the renewable energy generator must prove that it has produced one MWh of renewable energy. This is typically done through the submission of production data to a regulatory agency or an independent third-party verification organization. Once the renewable energy generator's production has been verified, a REC is created, representing the environmental attributes of one MWh of renewable energy. Then, energy suppliers can purchase RECs from renewable energy generators or from brokers that specialize in the trade of RECs. Typically, the price of a REC is determined by market forces, and prices can vary depending on factors such as the type of renewable energy source, the location of the generator, and supply and demand. When an energy supplier purchases a REC, it is retired, which means that the supplier is no longer able to claim the environmental attributes of that MWh of renewable energy.

There is also a need to conform the legislation to current Maryland law - the sources of renewable energy contemplated within the legislation vary within the bill.

With all that said, Vistra is committed to the continued development of the renewable energy market and in fact, it is the competitive energy market that has driven the development of renewable resources and enables consumer to choose to go green with their energy supply. At a time when Maryland is making tremendous strides to decarbonize and work toward a sustainable energy future, and at a point in time where we need to encourage customers to make affirmative choices to go green and given them affordable ways to do so, it makes no sense to drive renewable energy product options out of the market, ultimately making it more expensive for Maryland consumers to go green.

Thank you for the opportunity to share our perspective on HB 1214 and for the above reasons, Vistra respectfully urges the Committee to provide an *unfavorable* report.