



March 26, 2024

The Honorable C.T. Wilson, Chair
The Honorable Brian M. Crosby, Vice Chair
Economic Matters Committee

RE: Senate Bill 1 - Electricity and Gas - Retail Supply - Regulation and Consumer Protection

CleanChoice Energy is a renewable energy company with a mission to make it easy for residential customers to switch to clean, renewable energy. We currently serve tens of thousands of Maryland residential customers with a 100% renewable energy retail electricity product. Many of these customers have been with CleanChoice for five or more years due to our steadfast commitment to providing exceptional customer service.

On behalf of CleanChoice Energy, we voice our and, most importantly, our customers' opposition to SB1. SB1 contains several anti-competitive ideas that will result in fewer innovative products and less choice for Marylanders. The legislation would effectively end renewable energy choice in Maryland and move our state back towards utility monopoly control.

If this legislation passes as written, CleanChoice Energy would be forced to exit the Maryland market and no longer offer our renewable energy service to consumers. Thus, CleanChoice Energy respectfully proposes the following amendments to ensure Maryland customers can continue to use retail choice to drive more development of wind and solar in the state and the region.

1. ALLOW AUTO-RENEWAL OF RENEWABLE ENERGY PRODUCTS WITH NOTICE

On page 26, in line 31, strike "OTHER THAN GREEN POWER" On page 27, in lines 4-5, strike "BUT MAY NOT AUTOMATICALLY RENEW THE TERM WITH THE CUSTOMER"

This amendment ensures that customers who choose a renewable energy product can continue service with the same notice provisions that apply to non-renewable products. Auto-renewal is a convenience that is expected by consumers and something necessary for financing of our solar farms. The lenders who will help CleanChoice Energy finance our solar facilities want to know that we will have customers to sell to in the future, we cannot assure them of that without the opportunity for auto-renewal. Additionally, other consumer protection provisions of this bill (e.g. pricing regulation or approval) provide adequate oversight. It's unnecessary to impose an outright prohibition on auto-renewal that will prevent continuity of service for customers who are satisfied with their choice. We are not aware of other products or services in any industry that prohibits auto-renewal.

2. REMOVAL OF 12-MONTH RESIDENTIAL CONTRACT TERM LIMIT

On page 26 of SB0001, strike in their entirety lines 29 through 30, inclusive.

Companies amortize the customer acquisition costs over the entire term of the contract and we do not recover the cost of customer acquisition in the first twelve months. Market research and our experience shows that many customers prefer 24 and 36 month contracts (or longer), as they want to hedge their risk of an increase in electricity prices. This is particularly poignant after experiencing unprecedented volatility and inflation in our wholesale costs after the start of the war in Ukraine, driving energy costs high for many customers. In turn, CleanChoice announced a

new business strategy to build, acquire, own and operate a fleet of solar farms for the benefits of our retail customers. To finance these solar farms, we need the ability to offer customers longer term contracts.

3. GRANDFATHER CONTRACTS PRIOR to JULY 2024

On page 26, in line 20, strike “OR” and substitute a semicolon, and in line 22, after “SUBTITLE,” insert “; OR (IV) RESIDENTIAL ELECTRICITY SUPPLY CONTRACTS ENTERED INTO PRIOR TO JULY 1ST, 2024.”

Existing bill language indicates that a presently existing obligation or contract right should not be impaired in any way by this Act. This amendment ensures that existing agreements can be serviced based on their contract terms.

4. STRIKE POR PROVISION OR CLARIFY THAT UTILITIES WILL BE REQUIRED TO PROVIDE ALTERNATIVE MEANS OF UCB IF POR IS PROHIBITED

On page 27, in line 26, insert, “THE ELECTRIC COMPANY SHALL PROVIDE UTILITY CONSOLIDATED BILLING IN ACCORDANCE WITH 20.53.05.03 OR OTHER PAYMENT PRIORITY RULES ADOPTED BY THE COMMISSION.”

One of the primary value propositions of renewable retail energy is that it is easy and convenient for customers. Utility consolidated billing- receiving one bill with transmission, distribution, and generation charges- is core to the simplicity of the customer experience. Additionally, utility consolidated billing avoids customer confusion and reduces customer complaints about billing collections. Other consumer protection provisions of this bill (e.g. pricing regulation or approval) provide adequate oversight to prevent unscrupulous business practices. Prohibiting purchase of receivables without explicitly requiring that utilities to provide consolidated billing by another means could have an unintended consequence of eliminating utility consolidated billing entirely; this amendment makes clear that utilities must still provide utility consolidated billing without purchase of receivables.

5. PSC APPROVAL OR REGULATION OF PRICING

On page 39, strike lines 3 through 11 in their entirety, inclusive. On page 39, following “SHALL” insert “OPEN A RULEMAKING TO DEFINE ‘GREEN POWER’ and ESTABLISH A PROCESS TO REVIEW AND APPROVE GREEN POWER PRICING”

The term “green power” is used repeatedly throughout SB1, despite not currently being defined in Maryland law or the bill itself. Retail suppliers, consumers, and other energy market stakeholders must have a shared, clear understanding of the definition of this term in order to understand what products or services qualify as “green power.”

Since a variety of products could reasonably fall under the umbrella term “green power” the legislature should avoid creating a “one size fits all” provision in statute regarding pricing of these products and should refer this matter to the Commission for development of a reasonable, workable process for pricing approval.

6. RESOLVE INCONSISTENT PROVISIONS REGARDING REC STANDARDS

On page 38, strike in their entirety lines 22 through 30, inclusive. On page 39, strike “January 1, 2025” and replace with “July 1, 2027.” On page 39, strike in their entirety lines 16-17.

Multiple provisions of the bill attempt to create new standards for the types of products that include renewable energy above and beyond the RPS that may be offered by retail suppliers. However, the provisions on pages 38 and 39 are inconsistent and mutually exclusive. The language on page 39 section appears to modify the RPS specifically for retailers and it contradicts the bi-annual requirements regarding the percentage of RECs that must be generated within PJM found on page 39. The requirements outlined on page 39 do not modify the RPS, but do impose new standards for RECs that will improve the quality of RECs procured for Maryland customers over time. SB 1 should be amended to ensure that REC standards regarding voluntary renewable products are clear and increase over time.

7. MODIFY DISCLOSURES TO BE CONSISTENT WITH FTC GREEN GUIDES

On page 40, strike in their entirety lines 16-34 and on page 41, strike in their entirety lines 1-11. In page 40, following "SHALL" in line 15 insert "ENSURE ALL MARKETING MATERIALS ARE WRITTEN IN A MANNER CONSISTENT WITH" § 260.15 RENEWABLE ENERGY CLAIMS" OF "THE GUIDES FOR THE USE OF ENVIRONMENTAL MARKETING CLAIMS" BY THE FEDERAL TRADE COMMISSION."

As drafted, the bill requires disclosure language that is factually inaccurate, misleading, and at odds with the Federal Trade Commission's Green Guides. The generally accepted definition is that a Renewable Energy Certification or Credit ("REC") represents the property rights to the environmental, social and other non-power attributes of 1 MWh of electricity generated and delivered to the grid from a renewable energy resource. This is how the EPA defines RECs. It's true that RECs may be sold separately from the electricity produced by a renewable facility, but the proposed disclosure states that "renewable electricity" and "RECs" may be sold separately which is factually inaccurate and misleading. If RECs are sold separately from electricity produced at a renewable facility the environmental attributes (i.e. the "renewable-ness") are attached to the RECs- not the underlying electricity. The Federal Trade Commission's Green Guides and well-established law are clear that only the buyer of a REC has a substantiated claim that they are buying or using renewable energy.

CleanChoice stands ready to help Maryland achieve its climate goals and continue to strengthen the retail market through meaningful consumer protection enhancements. The above-referenced amendments are necessary to ensure that choice remains available to customers who want a 100% renewable energy product. We are proud to do business in Maryland and offer Marylanders the chance to do their part in the fight against climate change.

Thank you for your time and consideration.

Sincerely,

Jennifer Spinosi
General Counsel and Executive Vice President of Corporate Affairs
CleanChoice Energy