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The Honorable Brian J. Feldman, Chairman
Education, Energy, and the Environment Committee

RE: Senate Bill 1 – Electricity and Gas – Retail Supply

CleanChoice Energy is a renewable energy company founded in 2011 with a mission to make it easy for residential customers to switch to clean, renewable energy. We provide exclusively 100% renewable energy to customers across our footprint and never charge an early termination fee.

We began operating in Maryland in 2013 and currently serve tens of thousands of 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. While retail energy is the foundation of our business, we are working on innovative new products and services every day. We want to create valued, and long-term relationships with our customers, and retail choice is often the first step to a customer's engagement to support renewable energy.

We submit this testimony to voice our and, most importantly, our customers' opposition to SB1. A well-regulated, retail energy market empowers customers to easily support an energy product that meets their needs - and for our customers, that is 100% renewable energy from regional wind and solar facilities. Thus, this bill would represent a step backwards for Maryland in its mission of being a renewable energy leader.

As written, SB1 will significantly chill the retail market in Maryland, resulting in less competition and less choice for Marylanders. Currently, Marylanders can shop for innovative products that are important to them, such as fixed monthly pricing or 100% renewable products. SB1's strict language on product pricing will result in retail suppliers exiting the market and taking their unique product offerings with them. **While it may not be the goal of the bill, SB1 in its current form would effectively end the retail market in Maryland.**

The retail market in Maryland has recently undergone changes that strengthen consumer protection. Last session, the legislature passed, and the Public Service Commission ("PSC") just implemented new regulations further protecting low- and moderate-income customers from unforeseen bill increases. Additionally, under the leadership of Governor Moore, a new Chairman and two new Commissioners joined the PSC this summer. Chair Hoover is an experienced consumer advocate and the PSC also recently requested comment on how to better improve the consumer experience in the Maryland retail market. The request for comment elicited numerous ideas from PSC Staff as well as proponents and opponents of the retail market. **The legislature should allow the Commission to work through its docket and work with the supplier community to make the Maryland market better for consumers.**

As a renewable energy supplier, CleanChoice is uniquely positioned to provide comments on the components of SB1 that address renewable energy products. As a reminder, all load serving entities - utilities and retail suppliers - are required by law to comply with the Renewable Portfolio Standard ("RPS"). When a retailer, like CleanChoice, offers a product that is 100% renewable energy, the incremental renewable component - above and beyond the RPS requirement - is often called "voluntary" renewable energy. Our customers pay a premium for these products. CleanChoice makes it very clear that customers will be paying a more for 100% renewable energy during the enrollment process. Thus, our

customers are aware of this difference, and are partnering with CleanChoice to spur more solar and wind energy development in the region.

CleanChoice is able to guarantee its customers are using and receiving the benefits of 100% renewable energy by purchasing Renewable Energy Credits ("RECs"). Retail electricity suppliers, including CleanChoice Energy, who provide 100% renewable energy products do so by combining generation from the wholesale energy market (i.e. "grid power") and RECs. RECs have a variety of different attributes: renewable fuel type, facility location, project capacity, project vintage, etc.

At CleanChoice, we first comply with the RPS. Beyond that, we voluntarily purchase RECs above and beyond what the RPS requires and exclude all technologies that consumers generally would not consider renewable. Our voluntary RECs are exclusively from wind and solar. Furthermore, we purchase RECs that are regional to where our customers live - meaning our customers can play an active role in growing renewable resources in the region. We set these incredibly high standards because we want to meet the customer's expectations and to maximize the impact of every dollar that they spend with us.

This bill would have significant negative and potentially unintended consequences by restricting the location of RECs purchased by suppliers. There is a current undersupply of Tier 1 RECs in the wholesale energy market facilitated by the regional transmission organization, PJM. Because the purchase of Tier 1 RECs is required as part of the Maryland RPS, greater demand, combined with existing undersupply, will create upward pressure on all electricity rates in Maryland, even for those who do not actively shop for their electricity or those who shop, but are not seeking to purchase a product that includes renewable content beyond the RPS.

To further complicate the undersupply of renewable energy, PJM's Interconnection queue is severely backlogged with solar and wind projects waiting to be developed. New renewable energy resources are significantly delayed from coming online in a timely manner. This will no doubt contribute to sustained undersupply in the marketplace for years to come. While the bill's language seeks to increase renewable energy flowing into and through Maryland, it will have material - presumably unintended - consequences including artificially distorting the REC market and creating upward pressure on energy prices for all Maryland customers.

CleanChoice stands ready to help Maryland achieve its climate goals and continue to strengthen the retail market through meaningful consumer protection enhancements. We work closely with the Commissioners and Staff of the PSC to ensure the competitive market is meeting the needs of Maryland customers. CleanChoice wants to be a trusted resource and partner to this committee and the entire legislature as you weigh the issues in SB1. 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. Please do not hesitate to reach out should you have any questions.

Sincerely,

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