

Testimony of Mayor John A. Kinnaird

Town of Thurmont

REGARDING House Bill 418, Frederick County –

-Solar Energy – Municipal Electric Utilities

I thank you for this opportunity to comment on House Bill 418

The Town of Thurmont has a long and successful history of providing electric service to our residents stretching back over a hundred years. The Thurmont Electric Company was established by a group of concerned businessmen intent on bringing the wonder of the modern age, electricity, to our community. The initial service was powered by a purpose built hydro dam that turned generator sets in our generating station. The system was so successful that over a relatively short period of time we began purchasing power on the wholesale market and we continue to do so today.

I take great pride in telling you that the Thurmont Electric Company offers our residents one of the lowest electric rates in the State of Maryland and our service is second to none. Thurmont residents are fortunate to have at their disposal an electric crew that works hard to resolve service outages, outages that seldom last more than one hour. Today in cooperation with the cities of Hagerstown and Williamsport the Thurmont Electric Company continues to negotiate on the wholesale market to provide the lowest possible electric rates for our residents.

I would like to point out that I have not used the word customer while talking about the Thurmont Electric Company. We do not service customers, we service our residents. As a Municipal Electric Company we answer to our residents and I am speaking before you today on their behalf.

The Town of Thurmont supports House Bill 418 because it will significantly reduce the portion of wholesale power supply costs for our municipal electric utility which are required to be purchased from solar renewable energy resources as a part of the state-wide Renewable Portfolio Standard (RPS). More specifically, House Bill 494 will extend to the municipal electric utilities the same RPS requirements that currently exist for the electric cooperatives in the state.

In Maryland's Clean Energy Jobs Act from 2019, the electric cooperatives permanently capped their solar RPS requirement at 2.5% of its renewable energy purchases. This is significantly less than the solar RPS requirements for all other electric utilities in the state including Thurmont which must procure 6.0% solar in 2020 increasing up to 14.5% solar by 2028 and beyond.

Thurmont notes that this reduction in solar requirements will be made up by an equivalent increase in purchases of other non-solar renewable energy resources in order to still achieve the same total renewable requirements as all other utilities in the state. Since solar energy is

much more expensive than other renewables, replacing solar energy purchases with other less expensive renewable resources will significantly reduce the wholesale power supply costs to the Town. As a result, any reductions in Thurmont's wholesale power supply costs will be completely passed through to the benefit of all residents in the Town by reducing their cost of electricity.

Although an exact financial impact to Thurmont's costs (and the costs incurred by our residents) cannot be calculated due to the inability to forecast future market commodity pricing for solar renewable energy, there is a maximum benefit that can be quantified based on the solar RPS compliance fees. The solar RPS compliance fees act as a cap for market prices for renewable energy resources since utilities can pay a compliance fee in place of purchasing renewable energy from a generator or third-party supplier.

Therefore, based on Thurmont's average annual wholesale power supply purchases, the impact on the solar RPS compliance fees for the Town range from a maximum reduction of \$333,600 per year in 2021 to a minimum of \$223,679 per year for 2030 and beyond. These reductions in the solar RPS compliance fees as a result of House Bill 494 relative to Thurmont's current power supply costs are 7.0% and 4.7% respectively.

All 6,600 residents of the Town of Thurmont appreciate your consideration of our position on House Bill 418 and it is our hope that you recommend adoption of this critical legislation.

Thank you,

Mayor John A. Kinnaird
Town of Thurmont