



**TESTIMONY OF DAVID SANDERS
ON BEHALF OF INDIVISIBLE HOWARD COUNTY
HOUSE ECONOMIC MATTERS COMMITTEE
HB561, COMMUNITY CHOICE ENERGY
FEBRUARY 13, 2020
POSITION: FAVORABLE**

My name is David Sanders. I am a resident of Howard County. I am appearing today on behalf of Indivisible Howard County. We are a citizen's action group, with one of our main focus's being energy and transportation related climate change. Indivisible Howard County was founded in 2017 and now has more than 700 actively engaged supporters. We are a member of the Maryland Legislative Coalition.

Indivisible Howard County supports House Bill 561, the Community Choice Energy (or, CCE) bill. This bill will enable local governments in Maryland to elect to aggregate electricity purchases on behalf of all residents of the jurisdiction in an effort to negotiate more favorable rates with electricity suppliers on behalf of consumers and to potentially introduce a greater mix of renewable energy than the renewable portfolio standard currently set by the Maryland Public Service Commission.

No Maryland jurisdiction will be mandated to aggregate electricity purchases. House Bill 561 is structured as enabling legislation. Furthermore, no consumer will be mandated to participate in their jurisdiction's CCE organization. Residents will be able to opt out and continue purchasing electricity in the same manner as they have been doing.

Indivisible Howard County supports House Bill 561 because it offers a real opportunity to appreciably expand the market for sources of renewable energy while keeping electricity rates at a competitive level for consumers. How does this happen? Through the power of bulk purchasing. A jurisdiction will be able to go to the electricity suppliers with a strong negotiating position having aggregated thousands of its residents into a single purchasing cooperative. In fact, the ability of a CCE organization to drive down electricity rates as a result of increased bargaining power is particularly effective in a restructured energy market, such as exists in Maryland.¹

¹ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, p. 13.

It is also worth noting that Maryland will not be breaking new ground with the passage of the Community Choice Energy bill. Rather, it will be joining eight states that have passed similar enabling legislation: California, Illinois, Massachusetts, New Jersey, New York, Ohio, Rhode Island and Virginia. The CCE organizations within these states were estimated to serve approximately five million customers in 2017, representing about four percent of retail electricity customers nationwide.²

By way of example, Illinois enacted CCE enabling legislation ten years ago and by 2017 had 490 community choice energy organizations in place.³ Ohio enacted enabling legislation in 1999 and by 2017 had 130 active CCE organizations.⁴ And, Massachusetts enacted enabling legislation in 1997 and had 190 CCE organizations in place by 2017.⁵

Some have expressed concern about the potential impact on electricity grid reliability that the advent of CCE organizations might have. The key to understanding CCE's impact on electricity grid reliability is to recognize the differences among CCE organizations that operate in a regulated electricity market versus those that operate in a restructured electricity market, such as Maryland's. The National Renewable Energy Laboratory has addressed this issue by pointing out that "In both cases, CCAs [community choice aggregators] are only responsible for procurement of the generation portion of retail customer electricity service, while utilities remain responsible for transmission, distribution, and billing. The key difference is in terms of how CCAs procure that generation. In restructured markets, CCAs act like retail electricity customers; CCAs choose a combination of competitive suppliers and enter into contracts for electricity service to suit their particular needs. . . . In regulated markets, CCAs act more like utilities; they are responsible for system reliability and can contract directly with electricity generators."⁶ [underlining added]

In conclusion, Indivisible Howard County urges this Committee to lend its support to the enactment of CCE enabling legislation in the form of House Bill 561. Marylanders will benefit from this legislation and the environment will benefit from this legislation. Everyone wins.

We urge a favorable report.

² National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, p. 7.

³ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, Appendix, p. 40.

⁴ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, Appendix, p. 43.

⁵ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, Appendix, p. 41.

⁶ National Renewable Energy Laboratory, **Community Choice Aggregation: Challenges, Opportunities and Impacts on Renewable Energy Markets**, February 2019, p. 3.

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