



Montgomery County

Office of Intergovernmental Relations

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HB 561

DATE: February 13, 2020

SPONSOR: Delegate Charkoudian, et al.

ASSIGNED TO: Economic Matters

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POSITION: SUPPORT

Electric Industry – Community Choice Energy

House Bill 561 is an enabling law that authorizes a local government to create an “opt-out” Community Choice Energy (“CCE”) program under which the government purchases or generates electricity for its residents and businesses. The CCE model provides communities with additional control over their energy provider choices. It allows local governments to amass demand to negotiate better rates and choose cleaner energy sources.

CCEs are a hybrid between municipal utilities and standard investor-owned utilities. Typically, utilities are responsible for purchasing and distributing power, grid maintenance, and customer service. While customers currently have the ability purchase power from other energy providers, most purchase from standard utilities often because they are unaware of their other options. Under a CCE program, the local government purchases the power, while the incumbent investor-owned utility maintains the grid and provides customer service. CCEs are currently authorized in California, Illinois, Ohio, Massachusetts, New Jersey, New York, Rhode Island, and Virginia. According to the National Renewable Energy Laboratory, in 2016, CCEs sold about 8.7 billion kilowatt-hours of green power to about 3.3 million customers.

Under House Bill 561, a county or municipality must enact a local law to authorize the creation of a CCE program. The bill sets out numerous requirements for a CCE plan, including rules governing community outreach and education, rights and responsibilities of both aggregators and customers, the types of notice that must be provided to customers, the manner in which a customer may choose to opt-out of the program, the types of charges that may be imposed on customers, and the role of the Public Service Commission.

In 2017, the Montgomery County Council declared a climate emergency calling on all levels of government to “initiate a massive global mobilization to restore a safe climate and build a sustainable economy” and “transform the climate by reducing greenhouse gas emissions by

80% by 2027 and reaching 100% elimination by 2035, and initiate large-scale efforts to remove excess carbon from the atmosphere.” This bill will provide the County with another option to consider as it seeks to achieve its target of eliminating greenhouse gas emissions entirely.

CCE programs are intended to enhance local control over energy sources and help local governments achieve their clean energy goals by giving them the opportunity to purchase or generate green and renewable energy services at rates that would not have been obtained otherwise.

Although the County has identified several technical implementation issues with the bill and is working with the sponsor to address these, Montgomery County strongly supports the CCE model and local enabling authority established in this bill.