

MARYLAND RETAILERS ASSOCIATION

The Voice of Retailing in Maryland



HB561 – Electric Industry – Community Choice Energy Economic Matters Committee February 13, 2020

Position: Oppose

Background: HB561 would authorize a county, municipality, or group of counties and/or municipalities to form or join a “community choice aggregator” which would negotiate the price of or provide electricity for members.

Comments: The Maryland Retailers Association has concerns about the long-term community effects of Community Choice Aggregations (CCAs). Though most of the support for HB561 centers on freedom of choice for consumers and businesses and developing cheaper, cleaner energy solutions, CCAs can include great risk for both those who do and those who do not receive power through a CCA.

At this time, neither businesses nor their local municipality or county assume the financial risk associated with power generation. CCAs shift costs and financial risk directly to consumers and businesses, and can drive up costs for non-CCA members as other power suppliers must alter their power purchasing and production based on speculative customer data. In addition to shouldering energy customers with the cost of power production or procurement, CCAs limit choice for customers who could previously make decisions about their power consumption based on their own lifestyle. Between 2008 and 2017, electricity costs for Maryland energy customers increased by about 1.1%. In states with CCA monopolies, costs increased by about 22.3%.

Proponents of CCAs may cite that they are a cleaner energy option, but this may not actually be the case. Between 1999 and 2017, states with CCAs increased their carbon-free emission generation by 5.1%, while Maryland increased its carbon-free emission generation by 24%.

Overall, allowing Maryland to continue maintaining a competitive energy market for all energy customers will both be more cost-effective and result in cleaner energy options for Marylanders.

Thank you for your consideration, and we urge an unfavorable report on HB561.



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