

CITY OF HAGERSTOWN



DEPARTMENT OF UTILITIES

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January 19, 2021

Written Testimony from
The City of Hagerstown
Senate Bill 153
Renewable Energy Portfolio Standard – Municipal Electric Utilities

Position: Support

Honorable members of the Senate Finance Committee, on behalf of the Mayor and City Council of Hagerstown, it is my honor to provide comments on House Bill 376. The City is hopeful that the House will consider amending Section 7-703(e), and introduce a cap for the five municipal electric utilities' Renewable Energy Portfolio Standard requirements for solar and offshore wind energy.

The 2019 Maryland's Clean Energy Jobs Act increased the renewable source requirement for solar from 2.5% to 6% with the exception of the cooperative electric utilities, which were provided a cap. The required percentage of solar energy is presently on a path to increase annually for municipal electric utilities to 14.5% by 2028 and beyond.

The City of Hagerstown Light Department purchases energy through a full requirements wholesale power contract and adhering to the requirements of the Renewable Energy Portfolio Standard is a function of the wholesale power supplier. The City opened negotiations for an extension of the contract which was set to end on May 31, 2022 prior to the enrollment of 2019 Senate Bill 516 and was able to secure pricing through May 31, 2024 post enrollment. As a result, the City realized an increase to the Renewable Portfolio Standard component of the offered rate that equated to a cost burden of roughly \$770,000 each year of the two-year contract extension.

In comparison to other States, renewable requirements are often exempt or similarly reduced for municipal utilities. Collectively representing slightly over 1% of the State's energy use, the impact of Maryland municipalities is minimal. The per unit cost for a solar renewable energy credit in 2019 is over five times higher than alternative Tier I renewable resources and nearly 45% higher in cost for municipal electric utilities compared to investor owned utilities. The option to offset these charges by owning and maintaining solar equipment is not favorable given the City's dense population and limited available property within the service boundary.

The City's ratepayers consist of approximately eighty-five percent residential electric accounts. Cost savings resulting from renewable energy resources will positively affect the wholesale power rate for the City of Hagerstown Light Department and any financial savings related to the cost of power purchased is passed directly to the customers and Citizens of the City of Hagerstown.

We urge favorable support of this Bill.

Respectfully submitted,

Nathan Fridinger
Electric Operations Manager