

**House Economic Matters Committee**

February 24, 2022

Vistra respectfully submits this testimony in **opposition to HB 624 –Electricity – Standard Offer Service – Renewable Energy**.

Vistra is a premier, integrated, Fortune 275 energy company with operations in Maryland that focuses on delivering an innovative, customer-centric approach to retail electricity and over 7,500 MW of electric generation in the PJM market.<sup>1</sup>

Vistra opposes HB 624 and would like to respectfully request this Committee to provide an unfavorable report on this legislation. While Vistra supports the general intent of the legislation, which is expanding renewable development, the methodology HB 624 uses to achieve this goal is market distortive and inappropriately shifts the risks of investment from the developer to captive Maryland ratepayers.

HB 624 short circuits the competitive procurement process that exists in the competitive PJM wholesale market to subsidize preferred renewable technologies. While Vistra shares the desire to expand renewable generation, particularly solar<sup>2</sup>, we believe that competitive market mechanisms can better deliver on the state’s renewable goals in a cost effective and efficient manner.

Furthermore, competitive markets ensure risk remains where it should, with the developers and investors. HB 624, as currently drafted, would shift that risk from the investors onto captive Maryland ratepayers, who would be locked into the 10–20-year procurement contracts negotiated by the utility, with no recourse should the costs become stranded. If developers are confident that

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<sup>1</sup> The company brings its products and services to market in 20 states and the District of Columbia, including six of the seven competitive wholesale markets in the U.S. and markets in Canada and Japan, as well. Serving nearly 5 million residential, commercial, and industrial retail customers with electricity and natural gas, Vistra is the largest competitive residential electricity provider in the country and offers over 50 renewable energy plans. The company is also the largest competitive power generator in the U.S. with a capacity of approximately 39,000 megawatts powered by a diverse portfolio, including natural gas, nuclear, solar, and battery energy storage facilities. In addition, the company is a large purchaser of wind power. The company owns and operates the 400-MW/1,600-MWh battery energy storage system in Moss Landing, California, the largest of its kind in the world.

<sup>2</sup> Vistra currently has 13 announced solar or solar & energy storage projects through our Vistra Zero brand: <https://vistracorp.com/vistra-zero/>

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consumers desire their technology to be part of the generation mix, then they should be willing to risk the capital investment required to bring that technology to market.

HB 624 also provides preference to solar development, picking a preferred technology, even though geographically solar may not be an ideal renewable / zero-carbon resource for the state. Locking in a preference technology that could be supplanted or surpassed over the 10-20 year duration of the purchase agreements is more likely to cost Maryland consumers over the long term than benefit them.

Finally, HB 624 would be distortive to the broader PJM market, introducing subsidized resources and Renewable Energy Credits into the market. While such subsidies may help Maryland reach its solar procurement and RPS goals, it would do so at the risk of reliability, potentially displacing needed dispatchable generation with intermittent solar.

While Vistra respects and shares the sponsor's desire to encourage renewable development, this legislation would likely lead to inappropriate risk shifting and market distortive effects impacting Maryland electric consumers and the broader PJM market. Vistra would prefer an approach that supplemented existing market mechanisms in a technology neutral manner to encourage private investors to risk capital to develop renewable / carbon neutral resources in the state.

Thank you for the opportunity to share our perspective on HB 624 and for the above reasons Vistra urges the Committee to give the bill an unfavorable report.