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Economic Matters Committee

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**TESTIMONY IN SUPPORT WITH AMENDMENT OF HB624  
ELECTRICITY - STANDARD OFFER SERVICE - RENEWABLE ENERGY**

Economic Matters Committee  
February 24, 2022

Chair Wilson, Vice-Chair Crosby and Members of the Committee,

Thank you for the opportunity to testify before you on HB624, Electricity- Standard Offer Service- Renewable Energy. The intent of HB624 was to require electric companies to enter into long-term contracts with renewable energy facilities in order to meet the annual Renewable Energy Portfolio Standard (RPS) for the electricity provided to standard offer services (SOS) customers.

Having electric companies contract for fixed electricity rates allows for a stable revenue stream to invest in renewable energy sources. States like Massachusetts and Rhode Island already have legislation and regulations requiring electric companies to enter into long-term contracts with renewable energy providers. In fact, 70% of renewable energy in Rhode Island is provided through long-term contracts. Other states including Maine, New Jersey, Georgia and Alabama all have their own programs. Alabama's wind investment is projecting huge savings for their customers. The District of Columbia is already saving money through long-term contracts. The city government signed a long-term contract for wind energy and projects \$45 million in taxpayer savings.

Private sector companies like General Electric and PacifiCorp also enter into similar renewable energy contracts in the form of Purchasing Power Agreements (PPA). We have seen other examples of long term contracts, that have benefited customers. Southwest Airlines purchased long-term fuel contracts to protect against any potential energy-market volatility. So when fuel prices shot up to historic highs in the late 2000s and 2020s, Southwest was able to maintain record profitability while other airlines struggled. Additionally, this certainty in fuel prices also allowed Southwest to invest in their airline fleet instead of saddling their customers with additional fuel surcharges, on top of excessive energy costs.

Long-term contracts for renewable power are just not additional regulations, they are practical solutions to stabilizing prices and providing certainty in an volatile energy market. Furthermore, these contracts are a key component in securing the necessary

financing needed for new renewable projects. A stable revenue stream is a must when seeking and securing developer financing.

Recognizing the concerns of various stakeholders in initiating and implementing these contracts, HB624, as amended, will move this bill to a workgroup. Doing so allows additional time to focus and address the ramifications such contracts could potentially have on ratepayers, while creating safeguards for added protection.

Long term contracts is another option in the toolbox that can be used to bring Maryland closer to meeting its RPS goal. Creating a work group to further develop this potential will be beneficial to Maryland businesses and consumers. If we are going to build a sustainable future in Maryland, our energy grid needs certainty – long term contracts should be a part of that equation.

For these reasons, I am requesting a favorable report.

With kindest regards,

A handwritten signature in cursive script that reads "Benjamin T. Brooks".

Benjamin Brooks