

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

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BILL NO.: **House Bill 1149**
Public Utilities – Renewable Portfolio Standard

COMMITTEE: **Economic Matters**

HEARING DATE: **February 27, 2014**

SPONSOR: **Delegates Barnes, et al.**

POSITION: **Oppose**

House Bill 1149 would modify the State's Renewable Portfolio Standard by increasing the annual percentage requirements for Tier 1 and Tier 1 Solar resources to 40% and 4%, respectively, by 2025. This is in lieu of the current requirements of 20% and 2% by 2022.

Over the past nine (9) years, since the passage of the Renewable Portfolio Standard legislation in 2004, the RPS law has been amended every year except 2006 and 2009. The amendments have modified the types of renewable resources to be included in Tier 1 and Tier resources to include geothermal heating and cooling systems, thermal biomass, and solar water heating systems; increased the percentage requirements for renewable resources to be met by electricity suppliers to 20% by 2022; created a carve-out for solar energy resources; and in 2013, created a carve-out for off-shore wind energy beginning in 2017. OPC has recognized the economic and reliability benefits from encouraging the development of a diverse supply of

resources to meet our electricity needs,¹ and has supported or not opposed these prior modifications to the RPS. As of the end of the 2012 calendar year, Maryland's electricity suppliers are meeting their compliance requirements with a combination of hydroelectric, qualifying biomass (including black liquor), waste-to-energy, wind and other resources, in addition to solar resources.² Significantly, in 2012 "Maryland supplied the largest number of its own RECs purchased by retail electricity" for the first time since passage of the RPS law.³ While municipal solid waste and large hydroelectric provided the majority of those Maryland RECs, there was a substantial increase by over 150% in use of wind RECs compared to 2011.⁴

OPC believes that the overall direction in the development of renewable resources has been positive, and has been accomplished without adverse impacts to residential ratepayers. There has been evident progress in Maryland towards greater diversity of resources, which can provide beneficial environmental impacts, a public policy goal of the State, as well as consumer economic benefits. This progress can continue under the current RPS standard of 20% by 2022. However, OPC does not see a present need to double that percentage requirement by 2025, particularly given the potential residential rate impacts, as described in the Fiscal Note (page 4). Therefore the Office of People's Counsel opposes House Bill 1149 as unnecessary and having the potential for a much greater impact on supply costs for residential (and other) customers than the existing law.

OPC urges an unfavorable report on House Bill 1149.

¹ For example, in a Report entitled "*Risk Analysis of Procurement Strategies for Residential Standard Offer Service*" (Jonathan Wallach and Paul Chernick, Resource Insight, March 2008), prepared for and relied upon by OPC in Public Service Commission proceedings, the authors concluded that (1) consumers benefit from the procurement of clean resources, such as energy efficiency and wind energy, and (2) supply portfolio diversification lowers costs and mitigates risks to residential SOS customers. OPC recognizes that economic and supply reliability benefits can accrue more broadly to Maryland ratepayers through inclusion of diverse supply resources.

² *Renewable Energy Portfolio Standard Report* of the Public Service Commission (January 2014), p. 16.

³ *Id.*, p. 11.

⁴ *Id.*, pages 11 and 16.