



SB 237

Maryland Offshore Wind Energy Act

BEFORE: SENATE FINANCE COMMITTEE

POSITION: OPPOSED

February 14, 2012

Good afternoon, Chairman Middleton and members of the Senate Finance Committee my name is Bob Barkanic and I am the Maryland Chair for the Retail Energy Supply Association¹. While RESA is fully supportive of policies that support the development of and investment in renewables, RESA believes SB 237 is a fundamental threat to competitive market principles and could undermine the continued development of the nascent competitive retail market for electricity in the state. RESA and its members are committed to the successful deployment of

¹¹RESA's members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

renewable energy solutions, but, despite the changes that were made from last year's legislation, RESA cannot support this bill.

This proposed legislation would burden consumers and RESA member companies with a costly and administratively complex obligation to purchase off-shore wind renewable energy credits. This bill imposes an off-shore wind purchase obligation on every electricity supplier serving customers in Maryland, including RESA member companies. Regardless of whether we are requiring utilities to enter into long term contracts with Off Shore Wind developers or requiring suppliers to purchase OREC's, one thing is certain, consumers will pay for it. And, the cost, regulatory uncertainty, and administrative complexity of this new off-shore wind purchase obligation, will require retail suppliers to raise their prices and include costly risk premiums. Even with this new construct the bill will still require Maryland's electricity consumers to provide a guaranteed revenue stream for off-shore wind developers at costs that will be well above the prevailing market cost of electricity.

The bill before you is inconsistent with the spirit of Maryland's competitive electricity market, especially since consumers now have the ability to choose from a broad spectrum of innovative and tailored energy products, including a wide array of renewable solutions. The continued development of Maryland's competitive retail market will be the best future conduit for the deployment of renewable energy to consumers.

Maryland's long-term public interest

RESA continues to believe that Maryland's long-term public interest is best served by a properly-designed and transparent market structure that relies upon competitive supply resources to meet consumer demands. This is as true for renewable energy as it is for any

other type of generation. SB 237 does not create, nor further, such a market. In fact, SB 237 will burden consumers with the cost of expensive generation by creating an artificial sellers' market for a selected electric generation source. Benefits will go to a select few at the expense of all consumers of electricity in Maryland.

Further, a vibrant competitive electricity market exists in Maryland today. That market offers customer products and services, at a price they affirmatively agree to, that meets their specific budget requirements and can originate from supply resources of their own choosing, including renewable supply resources. The bedrock competitive market principle that investors, and not ratepayers, should bear the risks associated with the construction and operation of new generation should not be disregarded when considering renewable policy. RESA urges you to continue to protect Maryland ratepayers from unreasonable monetary risks, promote regional market-based solutions to Maryland's energy needs and encourage and continue to implement policies that will enhance retail and wholesale competition.

For the above reasons RESA opposes SB 237 and urges an UNFAVORABLE report.

Respectfully submitted,

Bob Barkanic, MD RESA CHAIR