

Renewable Industry Response to PPRP Interim RPS Study Report

Background

The RPS Study Bill (HB 1414) required the PPRP to present an Interim Report (“Interim Report”) on its comprehensive review of Maryland’s Renewable Portfolio Standard. The Bill created a RPS Working Group, featuring utilities, industry representatives, environmental and health advocates, and government agencies. HB 1414 stipulated PPRP present findings to the General Assembly by December 1st, 2018. However, the report was not presented until February 5th, 2019, and contained editorial content and critical conclusions not introduced throughout the RPS Working Group.

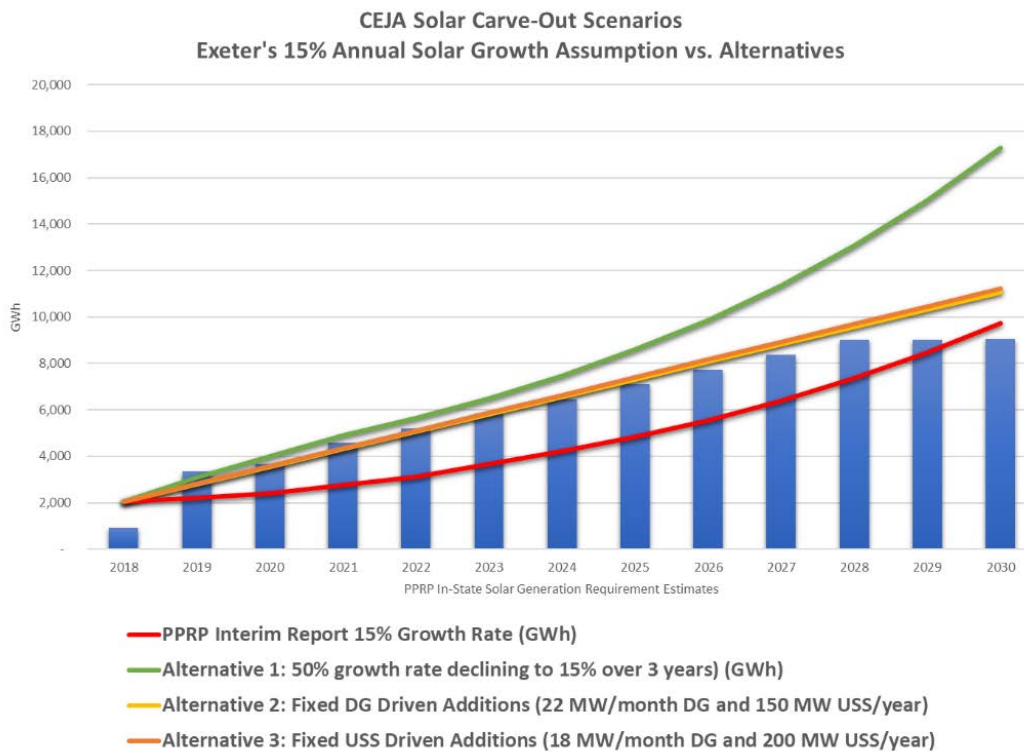
Arbitrary Assumptions Drawn Behind Closed Doors

The Interim Report was last reviewed by the 35-member RPS Working Group in August of 2018. Between August 2018 and February 2019, the Interim Report was revised with input from the Hogan Administration, MEA, and OPC with no transparency or review by the RPS Working Group. By excluding the RPS Working Group in place of political actors, the report ultimately contained key errors.

For example, the report concluded a 14.5% solar carveout could not be met, but based the analysis on a 15% annual solar build rate. Maryland’s growth rate of solar additions over the past decade has been 70%+ year over year. PPRP noted that the very conservative growth rate was developed from halving 12 neighboring states’ historic solar growth rates. Meanwhile, a November 2018 report produced for the Maryland Public Service Commission using proprietary data from Maryland utilities concluded that Maryland can host far more solar than the 14.5% solar carveout would require.

Interim Report Ignored REC Markets

PPRP neglected to account for three major variables that impact the RPS generation requirement: exempt load, SREC banking, and the impact of increasing the solar carve-out on deployment. These omissions result in significant over-estimation of generation requirements in 2019-2023 and thus invalidate the SREC supply analysis in the Interim Report.



The figure to the left adds 3 scenarios to Figure III-4 of the Interim Report.

The blue bars show PPRP’s projected solar generation requirements under a 14.5% solar carve-out, yet fail to account for exempt load and SREC banking.

The red line reflects PPRP’s SREC supply projections, which are conspicuously identical under 2.5% and 14.5% carveouts.

The green line presents a scenario in which solar growth increases to 50% upon passage of a 14.5% carveout and declines to 15% over 3 years as the market matures.

The orange and yellow lines assume different combinations of reasonable monthly DG solar and annual utility-scale solar additions in line with measurable metrics (ex. historic addition rates, PJM interconnection queue, etc.)

Anti-Renewables Bias?

The “Emerging Issues” section, added without input from the RPS Working Group, exclusively presents issues that argue against RPS expansion. None of these issues were discussed in-depth in the RPS Working Group, despite key stakeholders, such as utilities, environmental advocates, and industry representatives having the expertise to weigh in and provide greater context to PPRP. It is noteworthy that PPRP omitted any of the numerous emerging issues that support growth of the RPS, including:

- accelerated job losses in Maryland’s solar industry through 2018 (MD lost 15% of solar workforce in 2018)
- The Value of Solar Report conducted for the Maryland PSC by Daymark Energy Advisors that used proprietary data from Maryland’s utilities to conclude that Maryland has significantly more capacity for solar than is called for under a 14.5% solar carveout and that the economic benefits to Maryland of significant solar additions would be valued in excess of \$7 billion
- the pending phaseout of federal tax dollars through the Investment Tax Credit
- the continuing global decline in solar module costs over 2018
- the recent chorus of scientific reports assessing the high cost of climate change and urgent need for action, including Gov Hogan’s Dec 11th Washington Post OpEd titled, “States can lead the way on climate change. Let’s go work.”
- the change in party control of the U.S. House of Representatives in January 2019 which is likely to frustrate further efforts by the Trump Administration to pass anti-renewable policies
- the cost savings to ratepayers due to the reduction in wholesale power prices observed in U.S. markets with high renewable penetration

Further, the presentation of the three Emerging Issues in the Interim Report was incomplete and biased against RPS expansion (see full industry response to the Interim Report for further details).

PPRP Overstates Importance of Remaining Study Items

PPRP has repeatedly referenced the number of topics that are to be included in the final RPS study report as justification for delay of any action on RPS policy, yet the outstanding study items do not represent information required prior to making updates to the RPS, especially given the significant universe of information that is currently known about the RPS and implications for expansion vs. delay.

For example, one such item requires that the final study report estimate the economic impacts of the RPS and its expansion. Preliminary analysis shared by PPRP’s consultant Metametrics in a November 2018 webinar indicate that a 14.5% solar carveout would add over \$400 million per year in economic benefit to the state. PPRP has essentially represented the fact that this work is outstanding as reason to delay RPS expansion, despite the obvious positive economic impact that has already been identified by the study’s consultants.

Further, many of the outstanding study topics, such as an assessment of the efficacy of long-term contracts in other states, will be helpful in continuing to understand and adjust Maryland’s energy and environmental policies in the future even after expansion of the RPS, yet should in no way be used to justify much-needed expansion of the existing RPS.

Conclusion

The RPS Study’s Interim Report as well as PPRP’s presentation to the House Economic Matters Committee are unreliable and plagued by quantitative errors and policy bias. Since it’s presentation to the Committee, PPRP has heard these critiques and acknowledged both quantitative errors and methodological issues with the Interim Report including a failure to present a range of scenarios to the legislature vs. presentation of a single conservative scenario. The conclusions and analysis in the Interim Report should thus be viewed as unreliable.