



Maryland Chapter

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Committee: Senate Finance

Testimony on: SB 407 - “Electricity – Net Energy Metering – Limit”

Position: Favorable

Hearing Date: February 2, 2021

The Maryland Sierra Club submits this testimony in support of SB407, a bill to raise the statewide limit on rated generated capacity for net metering from the present level of 1,500 megawatts (MW) to 3,000 MW.

The following facts are the basis for our support of this legislation:

- **Net metering makes important contributions to Maryland’s energy sector.**
 - The state’s net metering program supports expansion of solar located on preferred locations, especially rooftops, as well as supporting larger – though limited size – projects providing significant benefit to the state and its citizens. These larger projects include two legislatively established programs: the Community Solar Energy Generating System (CSEGS) pilot program, which specifically contains a provision for solar provision to low and moderate income households, who otherwise have been excluded from access to solar generated electricity; and the Aggregate Net Metered energy program (AGNEM), which allows specific entities – agricultural and non-profit organizations and local governments – to establish renewable energy generation on off-site locations. The CSEGS and AGNEM programs both limit the size of renewable energy projects to 2 MW.
 - The large number of such “distributed energy” resources developed under Maryland’s net metering program provide low-cost clean renewable energy to Maryland residents and organizations and, moreover, benefit our electricity sector as a whole. As explained by the Governor’s Task Force on Renewable Energy Development and Siting in its August 2020 Final Report,¹ these distributed energy resources:
 - contribute to stabilizing power by reducing peak-shaving and increasing power quality;
 - increase resiliency in the face of catastrophic weather events, unanticipated grid events, or terrorist attacks;
 - displace more highly polluting generation, reducing greenhouse gas emissions;
 - eliminate energy losses associated with transmission and distribution, which helps to reduce grid strain and congestion; and
 - promote private in-state investment in clean and renewable energy generation.

¹ Governor’s Task Force on Renewable Energy Development and Siting, Final Report; August 14, 2020
Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 75,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

- **This is an important time to increase the net metering limit.**
 - One of the 14 major recommendations made by the Governor’s Task Force on Renewable Energy Development and Siting is “Expand Rooftop Solar and Other Preferred Solar Applications by Increasing the Net Energy Metering Cap.”

The reasons why it is important to do this now are as follows:

- The most recent Public Service Commission (PSC) report on the net metering program² documents a total of 823 MW of renewable energy being net metered as of June 30, 2020. This report also documents a nine per cent increase in net metered capacity over the 12 months covered by the report, which included the first part of the SARS-CoV-2 pandemic. If this exponential rate of expansion is maintained, Maryland will effectively reach the present net metering limit by 2026.
 - However, the existing net metering limit already is negatively affecting renewable energy investment decisions. One example has been the PSC’s consideration of allowing added capacity for the General Assembly’s mandated extension of the CSEGS pilot program – the recognition that community solar expansion would compete with expanded rooftop and other net metered solar programs for the amount of capacity remaining under the net metering ceiling was one determinant of the limitation set for the CSEGS program.
 - Even more important, Maryland needs to substantially accelerate renewable energy generation to meet the targets established by the General Assembly. One key example is the need to massively increase solar energy generation: the 2019 Clean Energy Jobs Act establishes a target of 14.5 per cent of the state’s consumed energy coming from solar by 2028. The amount of solar capacity needed to achieve this target is approximately 6,500 MW. The latest report by the U.S. Energy Information Administration³ found that, as of mid-2020, Maryland had a total of 1,122 MW of solar (both net metered and non-net metered). This means we need to grow solar capacity by well over 500 MW annually for the next eight years. If we want rooftop, parking lot, brownfield, community, and aggregate net metered solar to be part of this acceleration, we need to raise the net metering limit appropriately.
- **Net metered energy does not have a net cost to our state – it adds net value.**
 - While utilities may pass on the avoided cost of electricity delivery to ratepayers, this represents an unfortunate undervaluing of the financial benefit of renewable energy to both the electricity sector and to our economy more widely. The “Benefits and Costs” report⁴ commissioned by the PSC under its PC-44 proceeding found that behind-the-meter solar – which includes net metered and virtually net metered arrays – provided a quantifiable added value to the state’s electricity generation and distribution. That value fell between \$.08 and \$.09 per kilowatt-hour for the four utilities serving Maryland.

² Public Service Commission of Maryland, Report on the Status of Net Energy Metering In the State of Maryland; November, 2020.

³ U.S. Energy Information Administration, Maryland State Energy Profile; updated October 15, 2020

⁴ Daymark Energy Advisors, Benefits and Costs of Utility Scale and Behind the Meter Solar Resources in Maryland, Final report; Prepared for the Maryland Public Service Commission; September 18, 2018

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Conclusion

We urge the Committee to issue a favorable report on this legislation.

The type of renewable energy projects incentivized by our state's net metering program already provide substantial benefit to our state and our electricity sector. To meet the state's own clean energy and greenhouse gas reduction goals, we need to rapidly accelerate expansion of our overall renewable energy portfolio, and especially the types of renewable energy covered by net metering. Raising the net metering limit is an essential action to allow this to happen.

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