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Committee: Budget and Taxation
Testimony on: SB469 “Task Force to Study Solar Tax Incentives”
Position: Support
Hearing Date: February 21, 2023

The Maryland Chapter of the Sierra Club urges a favorable report on SB469. The bill will establish a task force to “study and make recommendations regarding a tax strategy that is more competitive than the State’s current strategy to maximize the installation of rooftop solar panels, to facilitate and promote installation of grid-connected generation of renewable energy, and to meet the State’s renewable energy goals.” The task force is to report its findings and recommendations to the General Assembly before the end of this year.

We recommend that the task force membership be expanded to include one or two representatives of environmental organizations that focus on clean energy development. It is a common practice for the General Assembly to include environmental organization representatives on task forces and study groups it establishes to examine environmental issues.

The General Assembly has established as a target that solar energy should constitute 14.5% of the State’s energy consumption by 2030. The PSC estimates that the 14.5% amount represents about 6,200 megawatts (MW) of solar. This is the minimum needed to meet Maryland’s greenhouse gas reduction goal of a 60% reduction (compared to 2006 levels) by 2031, a goal set last year by the Climate Solutions Now Act.

For a variety of reasons, however, Maryland’s solar development has not met the State’s year-by-year interim targets for achieving the 14.5% target.¹ The Solar Energy Industries Association estimates that Maryland had about 1,600 MW of solar at the end of 2022; this means that Maryland will need to develop 4,600 MW of solar from 2023 to 2030 to achieve the 14.5% target. This would require Maryland to more than double its current rate of solar development.

Accordingly, Maryland needs to accelerate its development of solar energy. This should include increases in the full complement of ways in which solar arrays are built: rooftop solar (on homes, multifamily dwellings, commercial buildings, and parking lots); community solar; and utility scale solar (appropriately sited). In turn, increasing these development rates requires a strategic package of actions by the State.

¹ Recently, at least in part due to the COVID pandemic, the cost of installing solar panels on rooftops has substantially increased. Other forms of solar development also have been negatively impacted by the cost increases. In addition, there are growth limitations on the current community solar pilot program, and utility-scale solar projects have encountered significant delays in receiving the requisite grid-connection approvals from the PJM regional transmission system (there are about six gigawatts of proposed Maryland solar generation projects on hold at PJM while that entity works through its queue of applications).

One of the actions needed is the creation of additional incentives for rooftop solar. Accordingly, we testified on January 19 before this Committee in support of legislation introduced by Senator Ellis, SB103, to establish an income tax credit for new residential rooftop solar arrays.

There also are several other important bills before the General Assembly that would assist with increasing solar development in Maryland, and which the Maryland Sierra Club strongly supports. These include SB613, sponsored by Senator Brooks, to make permanent the community solar pilot program and expand its reach; and SB357, sponsored by Senator Klausmeier, to maintain the current value of solar Alternative Compliance Payments and thereby maintain the value of Maryland's solar financial incentive, the Solar Renewable Energy Credit.²

Maryland has set ambitious goals for transitioning to clean energy. To do this successfully, given the reality of constrained budgets, it will be important for policymakers to have reliable information on available options, including their scale (expected reduction of greenhouse gas emissions), cost-efficiency, timing, and distributional impacts. We believe that the task force proposed by this legislation can provide these types of information in considering how to incentivize rooftop solar installations.

For these reasons, we urge a favorable report on SB469.

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² We also support a proposal we understand is under consideration for the Joint Chairmen's budget report to require a study on constructing new solar capacity at BWI Thurgood Marshall Airport and Martin State Airport; developing solar arrays at airports has shown promise elsewhere (see, e.g., A. Zipkin, "Seeking Space for Solar Farms, Cities Find Room at Their Airports," *New York Times*, December 7, 2021). In addition, we are supporting a House bill (HB891) to require an organizational assessment of the Public Service Commission ("PSC") to consider, among other things, the PSC's capacity to advance grid-connection and development of solar projects.