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**Committee: Ways and Means**  
**Testimony on: SB469 “Task Force to Study Solar Tax Incentives”**  
**Position: Support with Amendments**  
**Hearing Date: March 30, 2023**

The Maryland Chapter of the Sierra Club urges the Committee to report SB469 favorably with amendments.

The bill, as passed by Senate, would establish a task force to examine whether the State should offer further tax incentives to better incentivize expansion of the State’s solar electricity capacity, particularly rooftop solar and community solar.<sup>1</sup> As this session has progressed, and several bills have been considered that would support solar expansion in different ways, the importance of undertaking the study envisioned by SB469 has been underscored and, in addition, it has become apparent that a somewhat broader study is needed than is specifically called for by this bill.

Accordingly, we recommend that the study be expanded in three ways. First, so as to be more comprehensive, the study should examine the full range of potential new or modified incentives, instead of being limited to consideration of tax incentives.<sup>2</sup> Second, in addition to rooftop solar and community solar, the study should examine options for incentivizing solar installations on certain types of previously developed property not designated for mitigation or restoration (such as parking canopies, brownfields, and energy and transportation rights of way). Third, to better reflect the variety of viewpoints present in solar discussions, a few additional members should be designated for the task force, including representatives of environmental organizations, the aggregate net metering industry, and low- and moderate-income solar consumers.

Maryland needs to accelerate its development of solar energy. The General Assembly has established as a target that solar energy will constitute 14.5% of the State’s energy consumption by 2030. This represents about 6,200 megawatts (MW) of solar, and is the minimum needed to meet Maryland’s greenhouse gas reduction goal of a 60% reduction (compared to 2006 levels) by 2031. For a variety of reasons, however, solar development has not met the State’s year-by-

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<sup>1</sup> The task force would “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 and community solar energy generating systems, to facilitate and promote installation of grid-connected generation of renewable energy, and to meet the State’s renewable energy goals.”

<sup>2</sup> The State’s Renewable Portfolio Standard incentivizes solar installations through the Solar Renewable Energy Credit (SREC), however, there are concerns that, as currently designed, the SREC price will decrease in a manner that will undercut the effectiveness of this incentive. The State also now has a large amount of money in the Strategic Energy Investment Fund specifically set aside for solar due to recent Alternative Compliance Payments by energy suppliers prompted by their inability to procure the statutorily-established solar energy minimum amounts.

year interim targets for achieving the 14.5% goal.<sup>3</sup> The Solar Energy Industries Association estimates that Maryland had about 1,670 MW of solar at the end of 2022;<sup>4</sup> this means that Maryland will need to develop 4,530 MW of solar from 2023 to 2030 to achieve the 14.5% target, which would require Maryland to more than double its current rate of solar development.

Maryland has set ambitious goals for transitioning to clean energy. To do this successfully, given the reality of constrained budgets, it is 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, expanded in the manner described above, can provide these types of information in considering how to better incentivize solar installations.

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

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<sup>3</sup> 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. There currently are growth limitations on community solar due to its status as a pilot program (which would be addressed by HB908, which passed the House and would make the community solar program permanent). 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 lengthy queue of applications).

<sup>4</sup> <https://www.seia.org/sites/default/files/2023-03/Maryland.pdf>.