SIERRA CLUB

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Committee: Education, Energy, and the Environment
Testimony on: SB613 "Electricity – Community Solar Energy Generating Systems Program"
Position: Support
Hearing Date: February 28, 2023

The Maryland Chapter of the Sierra Club strongly supports SB613 to make Maryland's successful Community Solar pilot program a permanent, ongoing part of Maryland's clean energy sector. This bill is one of the Sierra Club's five priority bills for this session. If this bill is not enacted, no applications to build new Community Solar projects can made be under the pilot program after July of this year, which would undermine the State's commitment to continue to expand solar energy and could threaten the continued viability of Maryland's Community Solar industry.

Community Solar, which offers solar energy to households that cannot install solar on their roofs, is an essential and cost-effective strategy for Maryland's clean energy transition.[1] Although the pilot program is capped in size, there currently are over 60 Community Solar projects in Maryland serving more than 10,000 Maryland families, and another 200 projects are in development.[2] Community Solar electricity is low-cost; households that are low or moderate income (LMI) save 20-25% compared to the cost of electricity provided by utilities, and other ratepayers save 5-10%. The pilot program has created a robust industry and good jobs.

The bill will lift the current cap on Community Solar projects. However, Community Solar will remain within the State's overall limit on net-metered solar electricity.

The bill also, in several ways, will help ensure that the benefits of clean, Community Solar energy are enjoyed by our State's LMI households. LMI households will continue to receive 20-25% in electricity rate savings. Further, the bill requires that every new project include a minimum of 40% LMI subscribers. Expanded access for LMI ratepayers, and other ratepayers who reside in multifamily buildings, also will be achieved by the bill requiring the Public Service Commission to promulgate a method by which multifamily residents whose building has a single, master electric meter be able to sign up for Community Solar and benefit from the associated savings.

A third important way in which the bill will increase LMI participation is that it requires utilities to provide integrated billing for Community Solar customers. Under the State's deregulated electricity sector, utilities generally are required to handle the billing responsibilities for third-party electricity suppliers. This means that whether a Maryland resident pays for electricity provided by their utility company or, instead, purchases electricity from one of the many private companies registered to sell electricity in Maryland, they receive one bill from their utility which includes the electricity costs, and the electricity distribution and administration costs borne by the utility. Under the pilot program, Community Solar was made an exception, however; Community Solar subscribers are not billed by their utility and, instead, are billed separately by their Community Solar provider.

[1] There are a variety of reasons that a Marylander may not be situated to install solar on their residence's rooftop. These include that their roof is shaded or is structurally inadequate, they live in a multifamily building and do not own the roof, or they lack the necessary financial resources.

[2] Community solar projects are relatively small in size, generating up to five megawatts of electricity.

This separate billing is a significant difficulty and deterrent to LMI participation in Community Solar. LMI ratepayers can receive energy assistance from the Maryland Office of Home Energy Programs only for electricity billed on the utility bill, so energy assistance is not available for Community Solar. In addition, whereas LMI customers who lack a credit card or bank account have other ways to pay their utility bill (e.g., paying in cash at supermarkets, pharmacies, etc.), Community Solar providers lack the resources to set up such alternative payment systems, so subscribers must have a credit card or bank account.

The bill will address this problem by requiring that Community Solar bills be integrated into utility bills.

Last year's passage of the Climate Solutions Now Act (CSNA) underscored the need for Maryland to dramatically elevate sources of clean energy to fight climate change and improve public health. To achieve the goals established by the CSNA (a 60% reduction in greenhouse gas emissions by 2031, compared to 2006 levels, and net-zero emissions by 2045), solar energy must be a major contributor.

However, installed solar energy generation is lagging. The State's solar-specific generation target (established in statute) is for solar energy to comprise 14.5% of the State's total electricity consumption by 2030. To reach that goal, State law includes interim annual targets to increase solar capacity to the 14.5% goal. The Solar Energy Industries Association estimates that Maryland had about 1,600 megawatts of installed solar at the end of 2022, equal to only 4% of consumption versus the 5.5% statutory target. To achieve the 14.5% target by 2030, Maryland will need to develop an additional 4,600 megawatts of solar in the next seven years. This will require Maryland to more than double its current rate of solar development.

Allowing Community Solar to lapse (or even be paused) will put Maryland even further behind. A Community Solar project requires two to three years for site establishment, permitting, utility grid connection, facility construction, and customer enrollments. A hiatus in the program, and uncertainty about a plan to continue Community Solar, could cause much of the Community Solar industry to leave the State, depriving Maryland of future solar energy and the associated financial and economic benefits.

At least 20 States have Community Solar programs. Thus, it is a proven concept not only in Maryland but throughout the country.

For these reasons, the Maryland Sierra Club strongly urges the Committee to issue a favorable report on this legislation.

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