

Committee: Finance

Testimony on: HB818 “Electricity – Community Solar Energy Generation – Consolidated Billing”

Position: Favorable

Hearing Date: March 30, 2022

The Chesapeake Chapter of Physicians for Social Responsibility (CPSR) submits this testimony in support of HB818 – now before the Senate Finance Committee – which will remove a key barrier to low-income household participation in the legislatively established Community Solar Pilot Program by allowing Community Solar projects to participate in the same Utility Consolidated Billing mechanism already used by third-party electricity providers.

Since 2016, CPSR has been an active participant in the Public Services Commission’s (PSC’s) Net Metering Working Group (NMWG), which was created to develop regulations and oversee implementation of the Community Solar Pilot Program. Within the NMWG, we are also active participants in the “Low- and Moderate-Income Sub-Group,” which is focused on supporting low- and moderate-income household participation in the program.

The legislature clearly intends the Community Solar program to include low-income households. This intention is set forth in the introductory section of the law¹ establishing the Community Solar Pilot Program:

(b) Legislative findings – The General Assembly finds that:

(2) it is in the public interest that the State enable the development and deployment of energy generation from community solar energy generating systems in order to:

(i) allow renters and low-income and moderate-income retail electric customers to own an interest in a community solar energy generating system;

(ii) facilitate market entry for all potential subscribers while giving priority to subscribers who are the most sensitive to market barriers; and

(iii) encourage developers to promote participation by renters and low-income and moderate-income retail electric customers.

During the more than 5 years since the program was established, the PSC and the NMWG have worked to implement this legislative intention. The pilot program regulations require that 30 percent of total program capacity be reserved for projects that have at least 30 percent of their capacity serving low- and moderate-income (LMI) households, with 10 percent required to be low-income.

LMI Community Solar project development has lagged behind.

Developers have worked to achieve these targets, including offering substantial discounts (generally 20-25 percent below utility standard offer service – SOS – rates). However, LMI project development has lagged: latest reporting (January, 2022) by BGE shows that in the first four years of the program, 99.9 percent of total “Open” category capacity had been committed to projects, versus less than half (49 percent) of LMI capacity; in the Pepco area (latest reporting, as of August, 2021), 95.4 percent of total “Open” capacity had been committed, versus only 38.3 percent of LMI project capacity.

¹ Maryland Code - Public Utilities Division I, Title 7, Subtitle 3, § 7-306.2. Community Solar Energy Generating Systems Pilot Program, (b); [MD. Public Utilities Code Ann. § 7-306.2 \(2020\)](#)

Dual Billing has proven to be a major barrier to low-income participation.

The existing Pilot Program regulations require Community Solar projects to bill their subscribers separately from the subscriber's utility. Under this "Dual Billing," the utility will still bill the subscriber for distribution and transmission and other fixed costs, as well as any electricity they provide that is not provided by Community Solar; the subscriber receives a credit on their utility bill for the amount of electricity received from Community Solar. The Community Solar provider bills the subscriber separately, at a rate discounted from the utility's SOS rate.

While this complex Dual Billing mechanism is an inconvenience for many Community Solar customers, it has proven to be a significant barrier to participation in Community Solar for many lowest income families – those who could benefit the most. This barrier occurs in several ways:

- **Many low-income families can only pay their utility bills in cash.** They can do this at multiple locations, including supermarkets, pharmacies, and banks, as well as local utility branch offices. This gives them flexibility to pay when they can (balancing energy cost with other household expenses). Many do not have or use credit cards or bank withdrawals to pay their utility bills.

However, credit cards or bank accounts are required under Dual Billing with Community Solar providers. Being far smaller than utilities, without large-scale billing systems, these providers can only receive payment by direct charge to a credit card or direct withdrawal from a bank account.

In practice, this Dual Billing requirement to have a credit card or bank account for automatic payment has proven to be a reason why low-income families can't sign up for Community Solar.

Under Utility Consolidated Billing, as permitted under HB818, low-income families will be able to pay their solar bill with their utility bill, in cash, at multiple locations, as can families getting electricity through third-party suppliers.

- **Dual Billing means low-income families on Energy Assistance and Community Solar lose part or most of their assistance benefit.** Energy Assistance payments are made to the customer's utility, and (as confirmed by the Office of Home Energy Programs, OHEP) part of these payments cannot be transferred to a Community Solar provider organization or to a low-income subscriber themselves, to cover the part of a subscriber's electricity cost that comes from Community Solar.

The result – for a low-income household that now (or at some future time) receives EUSP and MEAP electricity assistance – is that when their amount owed to the utility itself for non-solar energy and fixed charges becomes less than their Energy Assistance amount, the balance of that assistance funding unused by the utility cannot be applied to their Community Solar bill.

Effectively, if a household subscribes for more than a small fraction of their electricity from Community Solar, a substantial part of their Energy Assistance payment remains stranded with the utility, while they pay full cost of their solar, thus losing a substantial part of their Energy Assistance benefit.

Calculations by the Maryland Energy Administration (MEA) found that, over the course of a year, a low-income household who subscribes to a majority share of their electricity from Community Solar – despite their Energy Assistance benefit with the utility, and even with a substantial solar discount from SOS – would pay a total amount (combining utility and solar cost) greater than if they stayed on utility SOS alone.

This incompatibility of Energy Assistance with Community Solar under Dual Billing has turned out to be an obstacle to participation of lowest income households in Community Solar.

Understanding of this negative impact has led some Community Solar providers to avoid

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households receiving Energy Assistance when offering participation in LMI projects. Other providers have tried to compensate by offering only small amounts of Community Solar to Energy Assistance recipients who might otherwise qualify – however, given the extra complexity and small benefit, this has not been a widely successful approach to achieving low-income participation.

Resolution of this issue is especially important since the Community Solar Pilot Program regulations themselves make “*participation in the Maryland Office of Home Energy Programs’ assistance programs*” the sole specified means of establishing low-income subscriber status.²

Under Utility Consolidated Billing, as permitted by HB818, a customer’s Energy Assistance benefit will be able to be applied to the utility’s bill, with the remainder applied to the subscriber’s Community Solar payment.

These barriers can be removed with an existing billing mechanism - but it requires HB818.

The conflict of Energy Assistance payment and Community Solar participation was recognized during the PSC’s Rulemaking session in March of 2021. Since then, at the Commission’s direction, the NMWG has held discussions to further define the problem and seek remedies. These discussions have included Commission staff, the utilities, the Director of OHEP, and representatives of MEA and the Office of People’s Counsel. After almost a year of deliberation, no utility-implemented, administrative, or regulatory mechanism has been identified that can resolve this issue.

Utility Consolidated Billing with Purchase of Receivables is a well-established mechanism in Maryland – it is the mechanism by which the substantial number of third-party electricity suppliers are billed and paid through a single utility bill. Allowing Community Solar providers to use this same mechanism will be no more complicated than adding new third-party suppliers.

However, only legislative action – specifically HB818 – can and will allow removal of the critical obstacle that Dual billing represents to low-income participation in Community Solar.

We therefore strongly urge a favorable report by the Committee on HB818 – a simple solution to a difficult problem affecting our most vulnerable families.

Respectfully,

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² COMAR20.62.03.03(D)(1)

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