NRG Comments on SB 733 Community Solar Location.pd
Uploaded by: Brett Lininger
Position: FAV

SENATE BILL 733 – COMMUNITY SOLAR ENERGY GENERATING SYSTEMS PILOT PROGRAM - ALTERATIONS

FAVORABLE

SENATE FINANCE COMMITTEE
March 1, 2022

NRG Energy, Inc. ("NRG") submits these comments in **support** to **SB 733 – Community Solar Energy Generating Systems Pilot Program - Alterations.**

NRG is the leading integrated energy and home services company powered by its customer-focused strategy, strong balance sheet, and comprehensive sustainability framework. A Fortune 500 company, NRG brings the power of energy to millions of North American customers. Our family of brands help people, organizations and businesses achieve their goals by leveraging decades of market expertise to deliver tailored solutions. Our retail brands serve more than six million customers across North America, including here in Maryland, where NRG owns seven companies that are licensed by the Public Service Commission to serve retail customers. In addition to commodity supply, NRG's retail companies provide value added services including subscription service to community solar projects on behalf of license community solar subscriber organizations.

Removing the electric service territory requirement and opening access for subscribers to projects across the state helps ensure the greatest number of individuals can enjoy the benefits of community solar in Maryland. It also encourages community solar development by providing a much larger base of potential subscribers no matter the location of the project. Siting regulations, whether it be at the state, county, or municipal level, have held back development of community solar projects in Maryland. This bill will help developers focus on those areas with a more favorable project climate without limiting fair access for all potential community solar subscribers.

Thank you for the opportunity to share our perspective on SB 733 and for the above reasons NRG urges the Committee to give it a **favorable** report.

NRG Energy, Inc. Contact Information
Sarah Battisti, Director Government Affairs, NRG Energy, Inc., 804 Carnegie Center, Princeton, NJ 08540, 717-418-7290, sarah.battisti@nrg.com

Leah Gibbons, Director Regulatory Affairs, NRG Energy, Inc., 3711 Market Street, Suite 1000 Philadelphia, PA 19104, 301-509-1508, lgibbons@nrg.com

SB733-Community Solar Energy Generating-Finance-CJ

Uploaded by: Diana Younts

Position: FAV

Committee: Finance
Testimony on: SB733 - Community Solar Energy Generation Systems –Pilot Program-Alterations
Organization: MLC Climate Justice Wing
Submitting: Diana Younts, Co-Chair
Position: Favorable
Hearing Date: March 1, 2022

Dear M. Chair and Committee Members:

Thank you for allowing our testimony today in support of SB733. The Maryland Legislative Coalition (MLC) Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to vote favorably on SB733.

This bill amends the Community Solar Pilot Project to allow households that are outside of the service area for a particular Community Solar Project to be allowed to subscribe to that project..

Community solar projects are a critical component to meeting Maryland's climate goals and targets because they provide renewable energy to families and building owners that cannot otherwise install or afford solar energy and because such projects increase the amount of clean, renewable energy on the grid. Anyone who receives an electric bill can benefit from community solar including renters, residents in multi-unit buildings, municipalities, nonprofits and businesses that don't own their roofs.

A barrier to taking advantage of Community Solar is that often the project in your subscriber area is at capacity for subscribers, while others outside your subscriber area have not enough subscribers. This results in potential subscribers being turned away. This bill fixes that problem.

For these reasons, we urge a favorable report for SB733.

MLC Climate Justice Wing:

Assateague Coastal Trust	Maryland Legislative Coalition

MD Campaign for Environmental Human Rights
Chesapeake Climate Action Network
WISE
Frack Free Frostburg
Mountain Maryland Movement
Clean Water Action
Howard County Indivisible
Howard County Sierra Club
Columbia Association Climate Change and Sustainability Advisory Committee
HoCo Climate Action
CHEER
Climate XChange - Maryland
Mid-Atlantic Field Representative/
National Parks Conservation Association
350 Montgomery County
Glen Echo Heights Mobilization
The Climate Mobilization Montgomery County
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Takoma Park Mobilization Environment Committee
Audubon Naturalist Society
Cedar Lane Unitarian Universalist Church
Environmental Justice Ministry
Coalition For Smarter Growth
DoTheMostGood Montgomery County
MCPS Clean Energy Campaign
MoCo DCC
Potomac Conservancy
Casa de Maryland
Nuclear Information & Resource Service
Clean Air Prince Georges
Laurel Resist
Greenbelt Climate Action Network
Maryland League of Conservation Voters
Unitarian Universalist Legislative Ministry of Maryland
Concerned Citizens Against Industrial CAFOs
Wicomico NAACP
Chesapeake Physicians for Social Responsibility
Chispa MD
Climate Law & Policy Project
Maryland Poor People’s Campaign
Labor Network for Sustainability
The Nature Conservancy
Clean Air Prince Georges
350 Baltimore
Maryland Environmental Health Network
Climate Stewards of Greater Annapolis
Talbot Rising
Adat Shalom Climate Action
Mid-Atlantic Earth Holders
Climate Parents of Prince Georges
Echotopia
Maryland NAACP State Conference, Environmental Justice Committee

SB733_OPC_Favorable.pdf
Uploaded by: Endia Montgomery
Position: FAV

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
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BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

BILL NO.:	Senate Bill 733 Community Solar Energy Generating Systems Pilot Program - Alterations
COMMITTEE:	Finance
HEARING DATE:	March 1, 2022
SPONSOR:	Senator Kramer
POSITION:	Favorable

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The Office of People's Counsel supports Senate Bill 733.

SB 733 would allow customers to subscribe to community solar projects in a different service territory than the service territory where the customer resides. This would support the development of community solar on a statewide basis, which would be a benefit to residential electricity customers. In order to implement this bill in a manner that is equitable to all customers, the Public Service Commission will need to resolve the possibility of mismatched revenues between individual utilities. Where the subscriber to community solar is in a different service territory than the solar project, the customer revenues received by the community solar facility and the bill offsets will differ from the utility that receives the energy generated by the facility. These mismatches would affect both the commodity costs and distributions costs that are reflected on the subscriber's bill.

The commodity portion of a subscriber's bill includes a credit for the kilowatt-hours purchased from the community solar facility. That credit reduces what the customer pays the utility. The subscriber, however, does actually use those kwh, and because the kwh are used, the subscriber's utility is billed for that electricity by the regional market. Where the community solar project is in a different utility's service territory than where the subscriber resides, the subscriber's utility will receive lower revenue from the customer to pay for that electricity, but it will not receive the energy output from the community solar facility. Rather, the utility that hosts the community solar project will receive revenue from the regional market for the output of the project.

There will need to be a transfer of those funds from the utility in which the facility is located to the subscriber's utility.

Additionally, the subscriber's utility will not collect revenue for the distribution portion of the subscriber's bill. That revenue is made up by the other customers. Without action by the Commission, it will be made up by the other customers of the subscriber's utility. To more closely align costs and benefits between the customers of the subscriber's utility and the customers of the utility hosting the solar project, there could be a need to be an additional transfer of funds between the two utilities.

These issues of transferring funding between utilities for this purpose have not been addressed by the Commission. The Commission will need to adopt regulations on how to calculate the amounts to be transferred, how the funds will be transferred, and how the amounts will be tracked in order to ensure that the process is fair for all the customers involved. The bill calls for the Commission to adopt these regulations by January 31, 2023.

Recommendation: The Office of People's Counsel requests a favorable report from the Committee on SB 733.

Testimony of Arcadia on MD SB733, Cross-utility cr

Uploaded by: James Feinstein

Position: FAV

SB733 Community Solar Energy Generating Systems Pilot Program - Alterations
Finance Committee
Maryland Senate
444th Session of the General Assembly
March 1, 2022
Position: Favorable

Testimony of Arcadia on SB733

Senators Kelley, Feldman, Kramer, and esteemed members of the Senate Finance Committee. Thank you for the opportunity to testify here today. Below is an introduction to Arcadia, an overview of our rationale for supporting this legislation.

Introduction to Arcadia
Arcadia is building the software that's necessary for Marylanders to realize the full benefits of clean energy. Today, customers face a bewildering assortment of energy technologies – ranging from energy efficiency and renewable energy to battery storage and electric vehicles – all of which have unique capabilities, costs, and user experiences. Arcadia's software makes it possible for energy technology providers to delight their customers and move clean energy forward by enabling simple user experiences that will save people money. The first industry served with Arcadia's software is community solar, where Arcadia manages more than 57 MW across 28 projects in Maryland and more than 500 MW nationwide, making it the largest community solar subscriber manager in the country.

Support for this legislation
As the CSEGS program exists in Maryland today, a household interested in community solar may only subscribe to a project located in their own utility service territory and is prohibited from subscribing to a project located in another territory. This is problematic because the supply of projects and the demand from customers are not evenly matched in every territory. As such, in some territories, like Pepco, there is an overabundance of interested customers who must join a waitlist before they can subscribe to a project, and in Potomac Edison, you have projects but not as many interested subscribers. So, any interested household in Potomac Edison can join a project today, but those in Pepco do not have the same ability.

This legislation will allow the statewide demand for projects me the statewide supply of projects and would allow all households in the state to have equal access to community solar, so they can support solar development and receive monthly bill savings.

This policy exists in other advanced community solar markets
Massachusetts has allowed for CUC in its NEM community solar program, and Wemeco and NSTAR utility territories are required to allow SMART community solar credits to transfer between their territories, and active legislation would broaden that to NationalGrid as well.

Conclusion

Arcadia asks for a favorable report on SB733. I appreciate the opportunity to provide this testimony and would be happy to answer any questions you may have. Please do not hesitate to contact me at James.Feinstein@arcadia.com or 202 999 8916 if you would like to discuss further.

Sincerely,

James Feinstein
Senior Policy Manager
Arcadia

HoCoClimateAction.org
Howard County, Maryland

Testimony on SB0733
Community Solar Energy Generating Systems Pilot Program - Alterations

Hearing Date: March 1, 2022
Bill Sponsor: Senator Kramer
Committee: Finance
Submitting: Liz Feighner for Howard County Climate Action
Position: Favorable

HoCo Climate Action – is a 350.org local chapter and a grassroots organization representing more than 1,450 subscribers, and a member of the Climate Justice Wing of the Maryland Legislative Coalition. HoCoClimateAction strongly supports SB 733, Community Solar Energy Generating Systems Pilot Program - Alterations.

The IPCC challenges the world to reduce greenhouse emissions rapidly to avoid even more catastrophic effects of the climate crisis. An IPCC report released on Tuesday, Feb 28 confirms how little time we have to act. New York Times reports: Current efforts are too often "incremental." Instead we will need **" 'transformational' changes that involve rethinking how people** build homes, grow food, **produce energy** and protect nature.**"** We need to quickly expand clean energy projects without unnecessary barriers.

This bill repeals the requirement that a community solar energy generating system be located in the same electric service territory as a subscriber for the subscriber to receive electric bill credits.

Many members in our organization who live in the BGE territory had to wait many months to join a community solar project until one was available in BGE even though the Pepco utility territory had community solar projects open for subscription. Some projects could have moved faster if more customers from other utility territories had been able to sign up since most projects need a certain percentage of subscribers before the project breaks ground..

This bill extends customer flexibility to join community solar projects and gives customers more choices. It also may provide a larger customer pool for the subscriber organization developing community solar projects.

For all the reasons stated above, Howard County Climate Action urges a **favorable** vote from the committee.

HoCo Climate Action

Submitted by Liz Feighner & Ruth White, Howard County, MD
Steering and Advocacy Committee
www.HoCoClimateAction.org
HoCoClimateAction@gmail.com

SB733_IndivisibleHoCoMD_FAV_RichardDeutschmann.pdf
Uploaded by: Richard Deutschmann
Position: FAV

IndivisibleHoCoMD

SB733 – Community Solar Energy Generating Systems Pilot Program - Alterations

Testimony before

Senate Finance Committee

March 1, 2022

Position: Favorable

Madame Chair, Mr. Vice Chair and members of the committee, my name is Richard Deutschmann, and I represent the 750+ members of Indivisible Howard County.   We are providing written testimony today in ***support of SB733***, to eliminate the service territory requirement for community solar projects in the state. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We appreciate the leadership of Senator Kramer for sponsoring this important legislation.

Community Solar has been a very successful program here in Maryland, as it has been in numerous states across the country. According to the Solar Energy Industries Association, there are now more than 3,600MW of Community Solar projects operating in the United States, as of 3Q21. It fills a gap for subscribers to be able to utilize the benefits of solar energy, even if they cannot use onsite solar because of lack of home ownership, economic status, or configuration issues such as shaded property. Community Solar helps the state to realize its goal of bringing 1000's of MW of clean energy online, as we reduce our use of fossil fuels to lower greenhouse gas emissions.   Finally, Community Solar has the potential to reach 1000's of low to moderate income (LMI) subscribers, with savings on energy bills that will help those who need it most.

However, Community Solar is currently limited, such that customers can only sign up for subscriptions to projects that are located within the same service territory as the customer.   This creates a smaller marketplace with fewer options for customers, and thus, higher prices to the end consumer.   SB733 will open up the state for locating projects where it best makes sense, and creating a statewide market for the energy offtake of that project. This in turn will create more choices for consumers, which will further drive an advanced, community solar sector in Maryland.

For these reasons, we support the goals of SB733, as critical in building a strong Community Solar market in Maryland.   Thank you for your consideration of this important legislation.

We respectfully urge a favorable committee report.

Richard Deutschmann
Columbia, MD 21045

SB0733_Nexamp_Springer.pdf
Uploaded by: Jake Springer
Position: UNF

nexamp

Testimony of
Jake Springer
Nexamp

Submitted to the
MARYLAND GENERAL ASSEMBLY
Senate Finance Committee
SB 733 - Electricity - Community Solar Energy Generating Systems - Alterations
March 1, 2022

Thank you for the opportunity to submit written testimony for the Committee's consideration of SB 733. SB 733 would remove the requirement for community solar customers to be located in the same utility service territory as the community solar project in which they are participating—a practice generally referred to as "cross-utility crediting." While Nexamp has tremendous respect for Senator Kramer and his leadership on community solar, Nexamp respectfully disagrees with the current approach taken by this legislation and therefore opposes SB 733.

Our company has been an active participant in the Community Solar Pilot Program since 2017. We built the Program's first LMI project, located in Queen Anne's County, serving 51% low and moderate income customers. At this moment, we have 4 projects totaling almost 8 MW in the construction phase, with many more projects in the pipeline behind those.

Nexamp was founded over a decade ago, and since that time has grown from a small residential solar installer to a fully integrated clean energy company and one of the leading providers of community solar nationwide. The growth and success of our program can be attributed to our fair and equitable subscription program. Our program was designed to ensure that everyone – regardless of income, credit history, roof space or geographic location – can participate in community solar. We do not run credit checks on prospective customers, there is no cost to join our program and no penalty for leaving the program (we ask for 90 days' notice), and we offer a stable, guaranteed discount of at least 10% against the customers' standard electricity rates. Even as rates change over time, our customers are guaranteed the same fixed discount for as long as they choose to participate in one of our community solar farms.

We are proud of the program we have built and the access to clean, renewable energy that it has afforded residents, small businesses, non-profits and others. We have developed projects with reserved offtake for low and moderate income customers in Illinois, New Jersey, New York, and here in Maryland; and we are actively working to see community solar, and LMI access in particular, succeed in Maryland.

SB 733 would open the door to cross-utility crediting in Maryland. In doing so, it would create both logistical implementation challenges and a conflict in the identity of the community solar program. Logistically, it is not clear how the utilities will implement the scenario in which a customer in Delmarva's service territory, for example, is participating in a community solar project located Potomac Edison territory. Both territories have different credit rates for community solar, but which will the customer receive? And importantly, how would cost recovery work for the different utilities involved? These questions are not directly addressed in the legislation.

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In addition, SB 733 challenges the basic premise of community solar, namely that the project a customer is participating in is *actually located in their community.* While a more intangible concern, this is a principle that in our view should not be overlooked. The Maryland General Assembly established the community solar program for a clear purpose and this, in our view, is a departure from it.

Community solar projects produce benefits in two key areas—first, in savings for the customers participating, and second, in economic development and investment in the communities where the projects are located. Practically, SB 733 would likely concentrate development of projects in certain areas of the state where it may be easier to site projects. In this regard, it is our view that the economic development benefits will become concentrated in rural parts of the state, as the incentive to place projects in urban and disadvantaged communities—where it is significantly harder to develop projects—goes away, unfortunately taking the promise of clean energy jobs and investment in those communities along with it.

Just in December, Gov. Kathy Hochul of New York vetoed a bill to establish cross-utility crediting, citing some of these concerns. In the case of New York, a significant divide between development opportunities in the densely populated urban areas of New York City, compared to the available opportunities upstate, does pose a problem, even if Gov. Hochul disagreed with cross-utility crediting as the solution. It is not clear here, however, what problem SB 733 is addressing in Maryland.

Nexamp recognizes that there may be some benefits to cross-utility crediting, but at present, there does not appear to be a significant need for this change. Moreover, the issue of cross-utility crediting has not, to Nexamp's knowledge, been discussed at any length among stakeholders participating in the community solar pilot program. Nexamp believes at the very least this issue deserves further stakeholder consideration before this Committee takes it up formally. Thank you for your consideration.

Respectfully,

Jake Springer
Senior Policy Associate
Nexamp
jspringer@nexamp.com

BGE - SB 0733 Community Solar Energy Generating Sy
Uploaded by: John Quinn
Position: UNF

bge℠
AN EXELON COMPANY

Position Statement

Oppose
Finance
3/1/2022

Senate Bill 733 Community Solar Energy Generating Systems Pilot Program - Alterations

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 733 Community Solar Energy Generating Systems Pilot Program - Alterations.* Senate Bill 733 would repeal the requirement that a community solar energy generating system (CSEGS) be located in the same electric service territory as a subscriber for the subscriber to receive monthly electric bill credits; and require the Public Service Commission to require an electric company to file a revised tariff and protocol related to the application of bill credits by November 1, 2022 and approve it by January 1, 2023. The requirements of this legislation present a very aggressive schedule to implement a complex change to the current pilot program which would be implemented with less than two years left in the pilot.

If the CSEG is located outside the BGE service territory, the CSEG's generation output would not be settled with PJM for the BGE service territory and therefore the CSEG generation will not provide any monetary value for BGE to pay the CSEG subscribers. The bill would require utilities to develop a protocol to transfer monthly electric bill credits to a community solar subscriber's bill regardless of whether the CSEGS is located in the same electric service territory as the subscriber In addition, even if possible, SOS energy offset by the subscriber's utility would not be priced identically to that at the location of the generator. Thus, one aspect of the protocol to be developed would have to account for such price differences between service territories – a complex challenge. More broadly, stakeholders must also have time to determine the efficacy of providing net-metering in one electric company's territory, subsidized by ratepayers in that electric company's territory, while system and environmental benefits of the CSEGS, if any, are gained by a different utility. Keep in mind that today, competitive retail suppliers are able to provide green products where renewable attributes may be sourced from projects that are not in that customer's service territory, but these retail suppliers' customers are not being net-metered and subsidized by ratepayers.

All of this will take substantial time to develop and implement. Instead of this compressed timeframe, a comprehensive review of these issues would be more appropriate for consideration once the CSEGS pilot report is delivered to the General Assembly at the conclusion of the pilot in just over two years.

For the reasons stated above, BGE respectfully requests an unfavorable report on Senate Bill 733.

Sandy Grace | Charles Washington | Allyson Black | John Quinn 410.269.5281

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Uploaded by: Katie Lanzarotto
Position: UNF

March 1, 2022

112 West Street
Annapolis, MD 21401

UNFAVORABLE – Senate Bill 733
Senate Bill 733 Community Solar Energy Generating Systems Pilot Program – Alterations

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose Senate Bill 733 Community Solar Energy Generating Systems Pilot Program – Alterations. Senate Bill 733 repeals the requirement that a community solar energy generating system be located in the same electric service territory as a community solar subscriber. The bill also requires electric utility companies to update their tariffs and protocols related to the application of bill credits.

Under Maryland’s Community Solar Pilot Program, Community Solar Subscriber Organizations enroll individual customers as “subscribers” to their projects. Subscriber Organizations allocate a percentage of a supplier’s community solar project energy production to each subscriber and the subscribers, in turn, receive community solar bill credits on their utility bills based on their allocated share of power produced. In order to achieve this outcome under the current scope of the Community Solar Pilot Program, the utility needs access to the meter data of the community solar projects energy production. If the solar energy generating project is in a different service territory from the subscriber and their local utility, we, as the utility, are currently unable to determine the subscribers allocated share because the automated electronic data interface (EDI) needed to capture the data from another utility companies metered infrastructure does not exist at this time. If it is the desire of the State to move in this direction, the Public Service Commission would need to establish a working group, with all relevant stakeholders, to determine the details and timelines to achieve this capability.

The intent of community solar has always been to benefit individuals, businesses, nonprofits and other groups within a geographic region and provide a local community with access to solar energy. However, the cost of providing service to customers varies across Maryland. Building community solar in a utility’s service area to service “subscribers” within that utility’s service territory can assist in offsetting generation and transmission and distribution costs on customers’ bills. However, if community solar projects are built outside of the service territory of the customer/subscriber, the energy, generation, capacity, and transmission and distribution costs will be different for the customer/subscriber as compared to customers who are not subscribers in the service territory where the project is built. For example, under this bill, a community solar project that is built in DPL Maryland could have a customer/subscriber that is in Pepco MD. However, the energy, generation, capacity, transmission and distribution charges in DPL and Pepco MD are different. The Pepco MD customer/subscriber may get a higher value offset than that customer is paying in the Pepco MD service territory. The practical result of Senate Bill 733 is a cross subsidization between customers from different utilities that will impact non-customer/subscribers in another service territory.

Pepco and Delmarva Power are committed to powering a cleaner and brighter future for our customers and communities. Our customers have more choices than ever before in receiving reliable, clean, affordable and innovative energy products, and we are committed to driving that progress. As part of our commitment, we support community solar as an opportunity for customers to benefit from solar energy and we look forward to working with the sponsors and stakeholders.

For the above reasons, Pepco and Delmarva Power respectfully request an unfavorable vote on Senate Bill 733.

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SB733_PotomacEdison_UNF
Uploaded by: Kim Mayhew
Position: UNF

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OPPOSE – Senate Bill 733
SB0733 – Community Solar Energy Generating Systems Pilot Program - Alterations
Finance Committee
Tuesday, March 1, 2022

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 275,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, and Maryland.

Unfavorable

Potomac Edison opposes Senate Bill 733 – Community Solar Energy Generating Systems Pilot Program - Alterations. SB 733 would remove the requirement that a community solar energy generating system be located in the same electric service territory as its subscribers, and it would also require electric utilities to file a revised tariff and protocol related to bill credits by November 1, 2022.

FirstEnergy requests an Unfavorable report on SB 733 for the following reasons.

In 2015, the Maryland General Assembly required the Public Service Commission to create the Community Solar Energy Generating System Pilot Program. Since its inception, Potomac Edison has been an active participant in the program. The alterations proposed in HB 733 completely ignore the long-standing franchised service territories of electric utilities and does not take into account the very different Transmission and Distribution infrastructure between utilities in the state.

HB 733 would create an unnecessary and confusing intermingling of wholesale transactions and retail transactions between the electric utilities. In the PJM transmission zones, there are value differentials caused by transmission congestion that create differences in energy prices. If a community solar facility were in a different zone than the subscriber, the value of the electricity could be significantly different. (For example, generation in the APS zone may be less valuable than generation in BGE zone). Implementing the needed cross-utility billing structure would be a technical challenge, an accounting nightmare, and very burdensome from an administrative and systems perspective. In addition, electric distribution companies would need to be made whole for any value differential – and the credit would need to be based on the value of the electricity at the point of generation, not based on the retail rate of electricity for the customer located in a different zone.

The community solar pilot program is nearing its conclusion, and it seems unnecessary at this point to make such drastic changes to the existing program. To change our billing system by the November 1, 2022, implementation date is unachievable, and the cost/benefit of doing it this close to the end of the pilot program seems wasteful.

Potomac Edison broadly supports a climate strategy to reduce greenhouse gas emissions through the integration of renewable energy on the electric grid, however participation in community solar should continue to be limited to the electric service territory of the subscriber. SB 733 appears unworkable and will result in higher costs for all electric utility customers in Maryland.

For the above reasons, Potomac Edison respectfully request an **Unfavorable** vote on Senate Bill 733.

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

March 1, 2022

Chair Delores G. Kelley
Finance Committee
Miller Senate Office Building, 3 East
Annapolis, MD 21401

RE: INFORMATION – SB 733 – Community Solar Energy Generating Systems Pilot Program – Alterations

Dear Chair Kelley and Committee Members:

Senate Bill 733 removes the requirement for Community Solar Energy Generating Systems to be located in the same electric service territory as its subscribers. As the agency that oversees implementation of the CSEGS pilot, the Maryland Public Service Commission offers the following observations regarding SB 733, which will be difficult to implement prior to the scheduled conclusion of the pilot in two years.

SB 733 requires distinct Maryland Utilities to develop a protocol for providing credits across service territories and to file these changes with the Commission by November 1, 2022. Three months later, the Commission would have to amend or approve this protocol (by January 31, 2023). Instead of this compressed timeframe, a comprehensive review of these issues would be more appropriate for consideration once the CSEGS pilot report is delivered to the General Assembly.

As designed, a CSEGS generates electricity to customers in the service territory where it is located. Because the customers and the solar facility are in the same territory, an electric company uses CSEGS generation to offset purchases from wholesale electricity suppliers. If a subscriber and the solar facility are in different service territories, this offset is no longer possible. For a subscriber located in a different service territory, the host electric utility would still have to purchase the Standard Offer Service supply because there is no offset to load in its territory. Furthermore, the price a utility pays to purchase SOS supply differs across service territories because energy prices and transmission prices are both locational and continuously changing. To implement SB 733, the Commission would need to create a complex crediting

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system between utility service territories to appropriately trade the differing values of purchased SOS and CSEGS generation.

For example, currently when a CSEGS is built in Utility A, where the cost of SOS is 8 cents per kWh, the utility can offset its SOS purchases for customers in its territory and will save 8 cents per kWh. However, under SB 733, if the subscriber lives in a different service territory, Utility B, where the cost of SOS is 10 cents per kWh, then Utility B will be crediting the subscriber 10 cents per kWh for their CSEGS output. Meanwhile, the savings in Utility A will only be 8 cents per kWh. Other customers will need to make up this difference and subsidize this "foreign" customer. In effect, SB 733 would create cross subsidization that does not currently exist in the community solar pilot program. This proposal would also create complications at the wholesale market level by passing costs between PJM load zones and involving PJM in a new set of transactions.

Creating a process to address this cost difference would require substantial time and resources and necessitate policy determinations as to who should bear the increased costs of administration and the difference in CSEGS output and SOS values. Workgroup meetings, rulemakings, and hearings would be necessary to implement the changes SB 733 requires. As proposed, the timeline is insufficient to consider the myriad of issues involved. Additionally, such a drastic change at this late stage in the pilot could compromise the Commission's ability to assess the impacts and learnings from the CSEGS pilot.

The Commission appreciates the opportunity to provide information on SB 733. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,

Jason M. Stanek
Chairman