



February 23, 2023

112 West Street  
Annapolis, MD 21401

**Oppose unless Amended – House Bill 908 - Electricity – Community Solar Energy Generating Systems Program**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully oppose *House Bill 908- Electricity – Community Solar Energy Generating Systems Program*, unless the bill is amended as described below. House Bill 908 would make the Community Solar Energy Generating Systems Pilot program permanent in Maryland. By continuing the program, a community solar energy generating system would be required to serve at least 40% of its kilowatt-hour output to low-income and moderate-income subscribers, authorize subscription coordinators to act on behalf of a subscriber organization, alter the requirements related to the siting and size of certain projects and authorize the use of consolidating billing for subscription charges.

Community solar refers to an arrangement in which a utility customer buys a “subscription” to a portion of energy generated by a Community Solar Energy Generating System (known as “CSEGS”). The owner of the solar power project is called a “subscriber organization” and the customer, called a “subscriber.” A customer/subscriber will receive bill credits on their regular energy bill based on the energy generated by the CSEG and their contracted subscription allocation. The bill credit reduces the customer’s electric utility bill depending on how much energy was generated. Each kilowatt-hour (kWh) of energy output purchased through a “subscription” with the subscriber organization results in one less kilowatt-hour of electricity charged to the subscriber by the customer’s electricity supplier. Each billing period, a participating community solar project notifies a subscribing customer’s local utility how many kWh credits to apply to the subscriber’s electric utility bill. The utility applies these credits as either a dollar or kWh credit to reduce the kWh charges on the customer’s bill.

Passed in 2015, House Bill 1087- Electricity - Community Solar Energy Generating System Program (the “Pilot Program”) established the Community Solar Pilot Program. The pilot program was designed to provide access to solar-generated electricity – in a manner similar to rooftop solar and net metering – without requiring property ownership. The PSC was required to adopt regulations consistent with the Pilot Program and did so after an extensive stakeholder process. Additionally, the PSC, in consultation with the Maryland Energy Administration (MEA), must convene a stakeholder workgroup to study the value and costs of the pilot program and make recommendations on the advisability of establishing a permanent program. The pilot is scheduled to run through the end of 2024 and projects that come online during the pilot phase of the program may continue to operate and serve subscribers until 2049, unless the customer’s subscription contract ends on an earlier date. The report on the Pilot Program has not been published by the PSC yet and the findings of that study are likely to provide valuable information to the legislature as it seeks to evaluate the merits and structure of a permanent program.

House Bill 908, in addition to establishing a permanent community solar program, requires an electric company to establish a consolidated billing system as a way to combine community solar credits and utility charges together on one single electric bill. Currently, subscribers receive two separate bills, one from the electric company, and a separate bill from the community solar provider. While Pepco and Delmarva Power currently provide consolidated billing to third party energy suppliers, this consolidated billing program requires an electronic data interchange (EDI) transaction to transmit information between the supplier and utility as well as the use of a Purchase of Receivables mechanism. Pepco and Delmarva Power do not have an established EDI structure or an acceptable alternative for the data exchange and a purchase of receivables agreement that would be required between the electric company and community solar providers. Such a structure would require significant changes to our current system which will take time and will cost money. While the bill language allows for an electric company to collect a fee from subscriber organizations that use consolidated billing, the legislation proposes that the fee may not exceed 1% of the credit value to the subscriber. This limitation bears no relevance to the actual cost of the changes needed to be made in our system and may not cover the full cost incurred by Pepco and Delmarva Power. In lieu of the 1% arbitrary limitation, the utilities implementing these system changes must be allowed to recover all of the costs of that implementation. To effectively enable consolidated billing, mechanisms need to be developed through work group processes and rulemaking sessions. In addition, we are unable to implement these changes until 2025.

House Bill 908 also allows for co-located projects to be up to 10MW if the combined capacity of the generating system does not exceed 10MW and at least 75% of the aggregate capacity of the co-located community solar energy generating system serves LMI subscribers or is used for agrivoltaics. The Committee may want to consider the idea of expanding the eligibility requirements which makes it easier to qualify for a 10MW project, will allow for bigger projects, which may result in fewer community-based projects being developed.

Finally, Investor-Owned Utilities (IOUs) are currently unable to participate in community solar programs. While community solar is still a new concept and there is limited understanding of the different business models and program designs, there have been many successful utility-owned community solar projects throughout the United States. These projects have helped utilities improve relationships with customers, reduce energy costs, and increase customer engagement in meeting renewable energy goals, particularly in low-income communities. Pepco and Delmarva Power recognize that states, cities, utilities, community organizations, nonprofits, solar developers, and financial institutions all have important roles to play in ensuring the success of community solar. Utility-led and private developer-led community solar programs together can maximize solar growth and help to immediately mitigate the effects of climate change and the IOUs should be allowed to participate in the offering of community solar to low-income communities. While community solar can provide low-and moderate-income customers with much-needed electricity bill savings, reaching these customers will require innovative ideas, focused policy support, and deliberate program design and engagement. Pepco and Delmarva Power ask that the Committee consider enabling electric utilities and electric and gas utilities to participate in the community solar program should this program continue. We believe that with utility participation, we can help reach our state's aggressive climate goals, and continue to support efforts to create a more inclusive and equitable clean energy future. We know community solar energy program provides an opportunity for customers to benefit from renewable energy supply options in Maryland and we hope to be a part of that effort in a more meaningful capacity.

We have shared the information above with the bill sponsor, and we look forward to continuing conversations.

Contact:

Anne Klase  
Senior Manager, State Affairs  
240-472-6641  
[Anne.klase@exeloncorp.com](mailto:Anne.klase@exeloncorp.com)

Katie Lanzarotto  
Manager, State Affairs  
202-428-1309  
[Kathryn.lanzarotto@exeloncorp.com](mailto:Kathryn.lanzarotto@exeloncorp.com)