TO: Members, House Economic Matters Committee
FROM: Paul Pinsky Director, MEA
SUBJECT: HB 908 - Electricity - Community Solar Energy Generating Systems Program
DATE: February 23, 2023

MEA Position: Letter of Information

House Bill 908 makes significant changes to the legal landscape of community solar in Maryland. Community solar is an important tool for Maryland to simultaneously achieve its energy and environmental goals, while serving Marylanders who may not otherwise realize the economic benefits of solar energy. The Maryland Energy Administration (MEA) highlights the following policy implications for the committee.

House Bill 908 removes all current community solar categories and requires every project to provide 40% of its energy to low-to-moderate income (LMI) subscribers. Setting goals of this percentage and in this manner may not produce the most desirable results. The bill does not appear to require that any of that energy be provided to low-income subscribers, so it is possible that projects may only serve moderate-income and higher income subscribers. The 40% LMI subscription rate requirement may be difficult to achieve, which could discourage investment in community solar development overall, or possibly increase administrative costs associated with recruiting LMI subscribers.

The bill appropriately changes the definition of Low Income to align with the federal Inflation Reduction Act definition of 200% of Federal Poverty level, but it does not appear to address the issue that subsidized multifamily housing normally utilized U.S. Housing and Urban Development (HUD) standards, HUD defines low-income as 80% of area median income. It is possible that some residents of HUD subsidized housing may not meet the low-income definition within the bill.

Section 7.306.2(d)(13) removes the requirement to obtain a certificate of public convenience and necessity (CPCN) prior to construction of certain solar installations up to 10 megawatts in size. This would remove the coordinated review by State agencies of impacts on environment, natural resources, and socio-economic areas for these significant projects. The State would forgo the benefit of expertise within State agencies with experience in reviewing these projects and addressing the mitigation or avoidance of impacts from these projects. Alternatives to remove administrative burdens for these projects could include waiver of fees, or a more limited, streamlined, or expedited CPCN review process.

This bill requires the Public Service Commission and utilities to allow consolidated billing (and purchase of receivables) at the request of the Subscription Coordinator or Subscriber Organization (at a small cost (1%) to the subscriber). This may address a billing issue that, though limited in scope, negatively affects Electric Universal Service Program (EUSP) benefit recipients. However, it may require additional utility investments in billing systems. It may also require solar developers to invest in the necessary information technology to effectively communicate generation/usage data to utilities, again, at a price.

The Maryland Energy Administration requests that the Committee consider the forgoing prior to rendering its report.