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

The Chesapeake Chapter of Physicians for Social Responsibility (CPSR) strongly supports SB613, which will make the state’s legislatively established Community Solar pilot program a permanent program. Since 2015, we have been active participants in the Public Service Commission’s (PSC’s) Net Metering Working Group (NMWG), which developed and updates the regulations and implementation procedures for the pilot program. We are also participants in the informal “low- and moderate-income advocates” subgroup of the NMWG, which is focused on ensuring realization of the legislature’s intention for Community Solar to include low- and moderate-income (LMI) residents.

Our support for SB613 recognizes the substantial success of the program in bringing low-cost, locally generated solar electricity to thousands of Maryland households who can’t have solar on their own roof, in the process establishing a robust industry and many new jobs. We also recognize the major contribution that a full Community Solar program can make in meeting our ambitious solar targets and greenhouse gas reduction goals. With the last opportunity for new project development happening this summer under the pilot program, it is urgent that Community Solar be made a full program now, within the state’s overall net metering cap, so that we don’t lose those key contributions Community Solar can make.

The opportunity for participation in Community Solar is especially important for LMI households. They are most likely to be renters, live in housing where the roof is not able to accommodate solar or in multi-family-housing, or be unlikely to afford the cost of solar installation.

However, the separate billing of Community Solar, established under the pilot program, is one of the greatest obstacles to LMI participation. We will therefore focus the balance of our testimony on the NMWG’s work in defining, and generating recommendations to resolve, this problem.

As background, the billing charges of other non-utility suppliers of electricity in Maryland (“3rd party competitive suppliers”) are included on the bill of the customer’s utility; those non-utility suppliers receive payment for those charges from the utility, through Utility Consolidated Billing with Purchase of Receivables (UCB with POR). The customer pays a single bill. The regulations established by the PSC did not allow Community Solar to participate in UCB with POR, instead requiring a separate bill, with the participating customer receiving credit for the Community Solar amount on the utility’s bill.

In the Commission’s March 11, 2021, rulemaking, the possibility was raised that there might be incompatibility of household participation in the Community Solar program with participation in the energy assistance administered by the Office of Home Energy Programs (OHEP). The Commissioners charged the NMWG with exploring this issue and providing a definitive answer.

In response, a subgroup was formed in which we participated, led by the Maryland Energy Administration’s Energy Program Manager. Participants in the subgroup included PSC staff, the then Director of OHEP, and representatives of the Office of People’s Counsel, technical and billing sections of the utilities, Community Solar providers, members of the NMWG low- and moderate-income advocates subgroup, and other interested NMWG members.

This process generated the following findings:

- OHEP confirmed that its regulations limited provision of energy assistance funds (EUSP and MEAP) to utilities (who can use them to pay 3rd party suppliers); funds could not be transferred to Community Solar providers.
- MEA developed, and the subgroup reviewed, detailed analyses of payment allocation and customer cost for model households receiving energy assistance, at various levels of Community Solar participation.
  - These analyses found that if a low-income household both participates in Community Solar and receives OHEP electricity assistance, when the amount owed to the utility for non-solar energy and fixed charges becomes less than their energy assistance amount, the balance of that assistance funding cannot be applied to their Community Solar bill.
  - The remaining unspent assistance funding remains with the utility in that low-income household's account and is ultimately returned to OHEP.
  - As a result, if a household subscribes to more than a moderate fraction of their electricity from Community Solar, part of their energy assistance payment remains stranded with the utility while they pay the separate cost of solar, thus losing a substantial portion of their assistance benefit.
  - Over the course of a year, even with an LMI 20-25% discount from utility Standard Offer Service (SOS) rates, a low-income household could pay a total amount (utility plus solar cost) greater than being on SOS alone and receiving their full benefit.

The subgroup process also found another important limitation of separate billing: for customers who don't have a credit card or bank account, a consolidated utility bill – including 3rd party suppliers – can be paid in cash at supermarkets, pharmacies, and other locations; but that isn't true for other kinds of bills, including separate Community Solar bills. This inability to pay in cash has turned out to be an even greater obstacle for many LMI households, keeping them from participating.

The conclusion of the subgroup was that allowing Community Solar providers to participate in UCB with POR would resolve these barriers to low-income participation. Finding no administrative or utility-specific resolution to this issue, the subgroup recommended that the Commission examine regulatory options under its authority, especially the option of moving Community Solar providers to UCB with POR; and, if the Commission did not find such a solution within its authority, it recommended that the Commission work with OHEP and the legislature to develop a legislative solution. These analyses, conclusions, and recommendations were shared with the full NMWG in autumn of 2021. However, no action was taken at that time.

In recognition of the problem, Chairman Clippinger introduced a bill in the 2022 session of the General Assembly to allow Community Solar providers to participate in UCB with POR. However, when the bill was being heard in the Senate, the PSC intervened to request no action, stating that the issue was under study and would be addressed in the Commission's pending July, 2022, report to the legislature on the Community Solar pilot program.

Discovering that the subgroup's conclusions and recommendations had apparently not been brought to the Commissioners' attention by the PSC's NMWG staff, the subgroup generated a written report that was vetted with the full Working Group and submitted to the PSC's NMWG facilitator; its content was also incorporated in formal comments to the PSC in June, 2021, on the draft report to the legislature.[1] Because that report ultimately did not include any information on the low-income billing and energy assistance issue, the same findings and conclusions were submitted to the Commission in comments on the final report to the legislature.[2] However, there has been no further consultation on the issue with the NMWG.

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[1] PSC RM56 File Item 254

[2] PSC RM56 File Item 265

Physicians for Social Responsibility is a national organization of doctors and other health professionals dedicated to averting two overarching threats to human health and well-being: nuclear weapons and climate change. PSR is a component of International Physicians for the Prevention of Nuclear War, which received the 1985 Nobel Peace Prize.

Equity and inclusion require that the billing obstacle to LMI participation be resolved. Roughly 20% of Maryland's total population are living at or below 175% of the Federal Poverty Level,[3] the definition of "low-income" for Community Solar. That is over 450,000 households.[3] They include not only families living in the inner city, but also in many rural counties, as well as suburban areas like Montgomery County; many are senior citizens living on fixed income.[3]

The separate billing established for Community Solar under the pilot program will prevent many of those families from participating. Allowing this to happen would defeat the legislature's express intention to include LMI households when they established Community Solar. It would also remove any quality of social and energy justice from the program.

Beyond the benefits to individual low-income customers, there are larger policy implications. Studies have shown that low-income households have a much higher energy cost burden as a percent of household income than other households. By lowering electricity costs through Community Solar, fewer low-income ratepayers will have bills in arrears and subsequent electricity shut-offs, and state energy assistance funds can be stretched further to cover more qualifying households.

Expanding Community Solar to more LMI households and allowing them to reap the benefits through resolution of the separate billing obstacle will pay social, economic, and clean energy dividends for Maryland.

In summary, CPSR strongly supports SB613, and especially urges the inclusion of a remedy for the billing obstacle to low- and moderate-income household participation. We urge a favorable report that includes this provision.

Respectfully,

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[3] U.S. Census Bureau (2021). *American Community Survey 1-year estimates; Census Reporter Profile page for Maryland* http://censusreporter.org/profiles/04000US24-maryland/

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