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OPPOSE – Senate Bill 0613
SB0613 – Electricity – Community Solar Energy Generating Systems Program
Education, Energy, and the Environment Committee
Tuesday, February 28, 2023

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 280,000 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, New York, West Virginia, and Maryland.

Unfavorable

Potomac Edison / FirstEnergy **opposes Senate Bill 0613 – Electricity – Community Solar Energy Generating Systems Program.** SB0613 would make permanent the Community Solar Energy Generating Systems Pilot Program; authorize a subscription coordinator to act on behalf of a subscriber organization; alter requirements related to the siting and size of certain community solar energy generating systems projects; and authorize the use of utility "consolidated billing" for the benefit of subscriber organizations.

Potomac Edison / FirstEnergy requests an Unfavorable report on SB-0613 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, and Potomac Edison / FirstEnergy has been an active participant in the program. Since its inception, the Community Solar Pilot has had it challenges, and this legislation to make the pilot program permanent has areas of concern. A recent report prepared by the Public Service Commission and the Commission Staff has shown that the pilot program has not produced the benefits promised. The report concluded that Maryland ratepayers are ultimately responsible for recovery of all the program costs, including both recovery of subscriber credits and utility administrative costs.

Potomac Edison / FirstEnergy's biggest concern with this bill is the requirement for electric utilities to implement "Consolidated Billing," including Purchase of Receivables and Data Exchange protocols. Allowing community solar projects to participate in utility "Consolidated Billing" and requiring utilities to include their monthly subscription charges and then remit payments received back to them, should not be the responsibility of the utilities. The concept of Purchase of Receivables opens up all kinds of questions, including who would fund the program if charges were ultimately left unpaid by the subscriber organization's customer, and how disconnections of that customer would be handled. The required new Purchase of Receivable rules are not defined and may be very problematic for the utilities. If customers not participating in community solar must fund the Purchase of Receivable shortfalls, that would not be fair to the vast majority of our customers. In addition, development of Data Exchange protocols is specified in the bill, but there are no scope or boundaries identified. This likely will require additional technology upgrades that will be both costly and time consuming.

The language allowing subscriber organizations and subscription coordinators to only pay a nominal charge to the electric utility (capped at 1%) to collect all their fees and charges does not adequately compensate the utilities for all the work involved. Potomac Edison / FirstEnergy has estimated that the cost to implement utility "consolidated billing" for the changes proposed in this bill would be over $2 Million. The 1% reimbursement charge to community solar organizations is estimated to only generate $20,000/year – leaving an exceptionally large shortfall to be made-up. It is likely that each of the other electric utilities would face similar shortfalls. Requiring our company and all our other customers to make up this $2 million shortfall is not fair, and the problem would be replicated all across the state. This will result in higher electric rates for all Maryland customers.

Making the Community Solar Generating Program permanent, and removing all the existing program categories and project generating capacity limits, effectively provides unlimited expansion for this subset of solar developers. Potomac Edison / FirstEnergy continues to oppose the subsidy inherent in the way Maryland has implemented net metering -- and believes this bill will further negatively impact our customers financially.

In addition, this bill significantly weakens existing colocation restrictions on community solar development. Maximum generating capacity was originally 2MW and was then increased to 5MW. This bill now proposes up to a 10MW project if the project qualifies as "agrovoltaics". We believe this increase takes the program away from the "community solar" concept of offsetting usage that is geographically nearby – and makes it more similar to "utility-scale solar". The major difference between those two is that "community solar" projects are paid back at the full retail rate for electricity, including distribution costs – whereas "utility-scale" projects only receive the market generation price for electricity.

For example, an average 2MW solar project outputs about 3 million kWh's per year. If all kWh's are used to offset the kWh's on a residential bill, Potomac Edison's distribution revenue will drop by approximately $60,000 annually. Typically, no distribution system benefits result from these projects, as most community solar projects are installed on either mainline distribution circuits or sub-transmission lines in remote areas of our service territory. $60,000 is just the annual cost of a single project, and Potomac Edison alone already has nearly 30 projects installed or in the pipeline. This loss in revenue results in a huge subsidy to solar subscribers from non-subscribers, and typically it is the solar system owners that enjoy most of the benefit.

Potomac Edison / FirstEnergy broadly supports a climate strategy to reduce greenhouse gas emissions through the integration of renewable energy on the electric grid, however changing the program and adding all these other regulations appears unworkable. Forcing electric utilities to drastically change their existing utility consolidated billing systems to maintain and process community solar supplier credits and establish Purchase of Receivables protocols and other processes would require considerable time and necessitate additional investments to our systems. The October 1, 2023, implementation date to change our billing system is aggressive, and the cost/benefit of doing so seems wasteful.

For the above reasons, and to avoid higher costs for all electric utility customers in Maryland, Potomac Edison / FirstEnergy respectfully request an **Unfavorable** report on Senate Bill 0613.