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Committee: Economic Matters

Testimony on: HB 258 – “Renewable Energy – Customer-Sited Solar Program”

Position: Support

Hearing Date: February 22, 2024

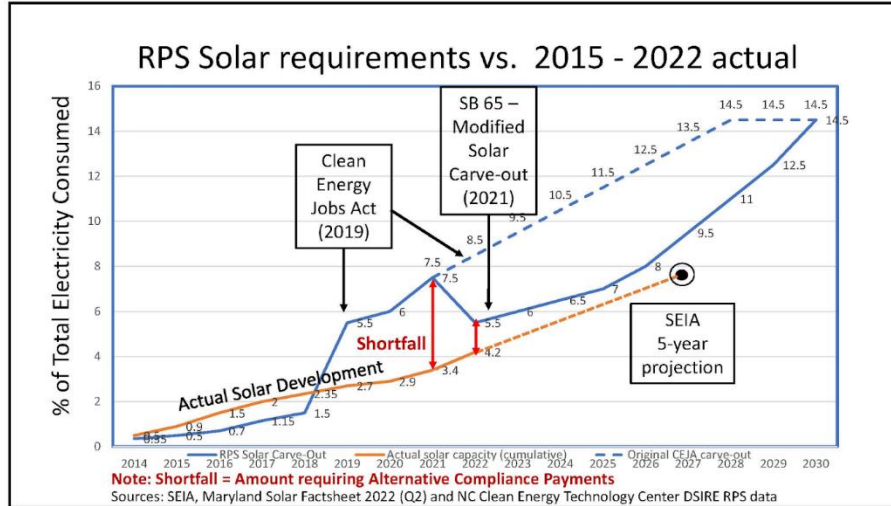
The Maryland Chapter of the Sierra Club urges this Committee to favorably report HB 258.

HB 258 aims to increase deployment of customer-sited, rooftop solar energy generating systems by establishing the Customer-Sited Solar Program within the Maryland Energy Administration (MEA). The Program would be supported through increased grant spending from the Strategic Energy Investment Fund (SEIF). The bill builds upon HB550 (passed in 2023) which expanded MEA’s support for low-income households within defined low and moderate income, overburdened and underserved (LMIOU) geographic areas. This legislation would create a program targeting low to moderate income households outside LMIOU geographic areas. As such, this bill will provide important support for Maryland’s efforts to reach its climate goals, as laid out in the Climate Solutions Now Act, and statutory targets for solar generation. Rooftop solar is a necessary component for reaching our climate goals and the Sierra Club Maryland Chapter supports allocating additional funding to expand its deployment.

Through the Renewable Portfolio Standards (RPS), Maryland has set a clear statutory target of achieving 14.5% of the state’s electricity consumption from solar generation by 2030. Additional statewide goals, including the greenhouse gas reduction goals laid out in the Climate Solutions Now Act and Governor Moore’s commitment to achieving 100% clean energy by 2035, will require further expansion of solar energy in Maryland.

However, within this broader policy environment, Maryland is falling short of meeting its annual solar goals and is not on a trajectory to meet the 14.5% RPS target by 2030 (see graph below). Sierra Club believes that Maryland must invest in and develop specific policy interventions to support all market segments of solar, including residential, community, and utility-scale solar, as the state works towards its clean energy goals.

Maryland solar progress



In 2023, Sierra Club collaborated with other solar industry and environmental organizations to explore the barriers and opportunities for solar. The final report, “Learnings and Recommendations from the ‘Solar Deep Dive,’ an exercise exploring barriers, solutions to accelerating solar deployment in Maryland,” discusses the importance of residential, rooftop solar and the need for more dedicated financial support.

Residential solar has the opportunity to play a key role in achieving the 14.5% RPS target and the state’s clean energy goals, while supporting local jobs, increasing grid stability, and empowering individuals. However, it also faces unique barriers to deployment, especially with regards to the economic considerations faced by individual homeowners. We’ve included a few relevant portions of the Solar Deep Dive memo below.¹

The Maryland Energy Administration (MEA) estimates, as presented in the Solar Task Force meeting on July 18, 2023, that Maryland needs at least 130,000 additional homes with solar by 2035 to meet its current RPS target, which is equivalent to installing around 11,000 systems annually.² This MEA estimation equates to approximately 90 MW per year of residential installations; with appropriate policy structures, we believe this segment can contribute substantially to meeting Maryland’s clean energy goals.

The residential solar industry segment is akin to the home improvement industry, and its potential for year-over-year deployment of solar plays a pivotal role in generating local, family-sustaining, and stable local jobs and fostering economic development. Residential solar projects create about 27 jobs per megawatt installed, which is more than any other type of solar project.³ Put into context, in 2022, 55% of installation and project

¹ <https://www.sierraclub.org/sites/default/files/2023-11/Solar%20Deep%20Dive%20-%20Memo%20of%20Outcomes%2C%2010.26.2023.pdf>

² <https://energy.maryland.gov/SiteAssets/Pages/SolarTaskForce/Solar%20Incentives%20Task%20Force%202023.07.18.pdf>

³ <https://www.freeingenergy.com/facts/jobs-solar-installation-residential-utility-g207/>

management solar jobs came from the residential segment.⁴ Expanding this segment will directly expand local jobs.

The rooftop industry holds significant potential to make meaningful contributions towards achieving climate goals. This industry operates using existing infrastructure that doesn't place additional pressure on open lands, a crucial consideration in urban and densely populated areas. Rooftop systems reduce stress on the grid as electrification increases, particularly when they are paired with storage and other energy management technologies.

Additionally, rooftop solar empowers residents to take control of their energy future by allowing them to invest their own capital in sustainable solutions, thus making strides in addressing climate change on a local and individual level.

While the benefits of customer-sited rooftop solar are clear, Maryland homeowners' economic calculations dictate whether they make the decision to install a solar system. Currently there is a payback ("return on investment") period of 11 years or more; in states with a robust residential market, the payback period is closer to 7 years. Developing a robust general market will also allow for companies to become more efficient and profitable, making it possible for them to provide more affordable options to all and increasing opportunities for LMIOU households. Through the creation of the Customer-Sited Solar Program, this bill represents an important step towards adjusting this payback period to create a competitive market.

HB 258 would also allow MEA to spend solar alternative compliance payment (S-ACP) funds on roof replacements and panel upgrades for income-verified customers, helping mitigate the higher initial costs associated with customer-sited solar and ensuring that LMIOU communities can access the benefits. In addition to annual household savings, residential solar increases the value of a home by an average of about \$15,000, which can help LMIOU households accumulate wealth.^{5 6}

For these reasons, we recommend the Committee favorably report HB 258.

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⁴ <https://irecusa.org/census-solar-job-trends/>

⁵ https://nccleantech.ncsu.edu/wp-content/uploads/2019/05/Going-Solar-in-America-Ranking-Solars-Value-to-Customers_FINAL.pdf

⁶ <https://www.energy.gov/energysaver/benefits-residential-solar-electricity>