



TO: Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee
FROM: MEA
SUBJECT: HB 258 - Renewable Energy - Customer-Sited Solar Program
DATE: February 22, 2024

MEA Position: FAVORABLE WITH AMENDMENTS

This bill would create the Customer-Sited Solar Program (“Program”) within the Maryland Energy Administration (“MEA”).

Though MEA is supportive of the proliferation of solar photovoltaic energy generating systems –and particularly those that can be sited within the built environment– the bill as written would create immense administrative burdens for MEA, requiring an estimated 25 new employees (13 full-time regular and 12 contractual employees) with an annual increase in expenditures exceeding \$1 million in future years. Because of the limitations on the use of MEA’s Special Fund revenue sources, it is likely that some or all of these expenditures would be General Funds.

MEA is therefore offering several amendments that would help ensure the continued operation of other important and necessary programs within MEA such as school decarbonization and the Solar Energy Equity Grant Program serving low-income Marylanders. These amendments reduce the overall scope of the Program and make several other changes to keep administrative costs down and to ensure operational feasibility. MEA’s suggested amendments include:

- Limiting the funding source for the Program to revenue derived from solar alternative compliance payments (“S-ACP”) only *and* reducing the amount of S-ACP committed to the program from 60% to 20%;
 - to the extent that S-ACP is used to fund the Program in the future, it is likely that that expenditure will have a limiting effect on other MEA programs (i.e. Solar on Schools and Community Solar);
- Permitting a portion of S-ACP to be used for administration to ensure the efficient and effective operation of the Program;
 - currently, no portion of S-ACP can be utilized for the administration of programs, creating challenges in the fast, efficient, and effective deployment of those funds;
- Reducing the number of eligible tiers within the Program from three to one (verified low- to moderate- income within a low- to moderate -income, overburdened, or underserved census tract);
 - to retain the desires of the legislature in limiting the use of S-ACP funds for these census tracts just last year; and

- Adding a three-year sunset provision.

Our sincere thanks for your consideration of this testimony, and we encourage a committee report of **favorable as amended**. For questions or additional information, please contact Evie Schwartz, directly (evie.schwartz@maryland.gov, 443.537.5538).