



7 March 2024

Senator Brian Feldman
Education, Energy, and the Environment Committee
2 West
Miller Senate Office Building
Annapolis, Maryland 21401

Testimony

SB1082: Solar Energy and Energy Storage – Development and State Procurement

Position: Favorable with Amendment

Chair Feldman, Vice Chair Kagan, Members of the Committee, thank you for the opportunity to testify on Senate Bill 1082, Solar Energy and Energy Storage – Development and State Procurement. I am Robin Dutta, the Executive Director of the Chesapeake Solar and Storage Association (CHESSA). Our association has over 100 member companies in the solar and energy storage industries. Many members are Maryland-based. Others are regional and national companies with an interest and/or business footprint in the state. Our purpose is to promote the mainstream adoption of local solar, large-scale solar, and battery storage throughout the electric grid to realize a stable and affordable grid for all consumers.

I am here to provide testimony on SB1082, Solar Energy and Energy Storage – Development and State Procurement. While well intentioned, we believe that this bill should be amended to work better with multiple existing policy work streams among state government, agencies, and stakeholders. Solar siting and battery storage policy work is already occurring in other venues, and we do not believe that there is a need for an additional commission. It is essential that the work of the Public Service Commission, the Power Plant Research Program, and the Energy Storage Working Group is not interrupted by a new 20-member commission with an overlapping mandate to those existing stakeholder processes.

It is imperative that Maryland energy policy promote solar development in the state as quickly as is practicable and reasonable. The PSC's [Renewable Energy Portfolio Standard Report for Calendar Year 2022](#) showed that the state fell far short of meeting the solar carve-out target. Only 55% of the state's 2022 solar target was met, showing that there was not enough deployment of solar capacity across residential, commercial, community solar, and wholesale market solar projects in Maryland. Maryland's nation-leading solar targets will ramp up considerably, and economic realities continue to hamper the needed growth in the state's solar industry.

Solar cost declines are not something that can be assumed year-over-year. While global solar module pricing is currently declining, that is due to Chinese module production that cannot be imported into the United States due to various trade and high tariff barriers. Rising interest rates have increased

financing costs across all sectors, impacting cost of capital from residential loan and lease rates to utility-scale construction loans. In the utility-scale sector in particular, labor and engineering costs have increased nationally by as much as 25%, per the independent research firm Wood Mackenzie¹. This makes the state of the solar industry complicated, where headlines of growing deployments do not capture the whole story.

Larger, utility-scale solar faces its own headwinds. In that same analysis, Wood Mackenzie shows that those larger solar projects saw 5-6% cost increases year over year. There are also supply chain issues being dealt with, even as broader economic issues from the COVID-19 pandemic have subsided. That makes delays and additional obstacles tied to project siting additional impediments to deploying solar and sometimes challenging the viability of these projects.

Maryland energy policy needs to reflect the urgency to deploy more in-state solar, not only to meet the solar-specific targets but because near-term solar deployments should be a major part of the state's decarbonization actions. That is what makes SB1082 problematic – this commission would interrupt multiple threads where solutions are being worked out. As clean energy needs to be deployed on an ongoing basis, policy improvements need to take effect as quickly as possible. HB1328 would impose further direct costs on groundmount solar through the Conservation and Restoration Fund and effectively place a 2-year delay in the approval of these solar projects.

Large-scale solar development could hit a standstill, including, potentially, projects that are currently in development. Policymakers from across state government would participate and/or wait for this Utility-Scale Solar Design and Siting Advisory Commission to produce recommendations to the Governor, General Assembly, and local governments. There would be no consensus on standards until after this commission finishes its work in two years, to the best ability that a 20-member commission can effectively tackle an issue as sensitive as clean energy siting. If there is consensus, there very well might need to be further legislative action required. And while that happened, it would become more difficult and more expensive for Maryland to tackle electrification, clean energy adoption, and decarbonization across all sectors.

CHESA understands and supports the need to tackle the question of clean energy siting, however that process needs to balance the urgency of deployment with the sensitivities of environmental impact and general stakeholder interests. For that reason, we believe that other pieces of legislation (SB1025 and HB1407) chart better paths forward on the solar siting question, because they place an emphasis on solar deployments while not precluding the necessary stakeholder collaborations from occurring in parallel.

For much of the same reason, CHESA believes that energy storage matters should continue to be handled primarily in the PSC's Energy Storage Working Group. That entity has broad participation from industry, non-profits, and government. Its structure is flexible enough to allow consensus and agreement to more quickly become accepted policy. This siting commission could reset that work by transferring it to a new venue and new process.

¹ Wood Mackenzie and Solar Energy Industries Association. "US Solar Market Insight, Executive Summary". Q4 2023. Released December 2023. p15

As Marylanders fully electrify their buildings and purchase electric vehicles, they will become more reliant on the electric grid than at any previous point. The grid of the future will have the combined roles that today's grid, natural gas system, and gas stations have. It will need to account for higher statewide electric loads, and greater electric demand in peak periods. As a result, Maryland solar needs to be built on homes, businesses, and on open land. Battery storage siting policies need to be developed as soon as possible, to create predictable rules that help developers build them for the benefit of the Maryland electric grid.

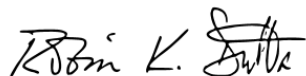
For these reasons, we urge the Economic Matters Committee to amend SB1082 with the following changes:

- Strike the Conservation and Restoration Fund (Page 2, Line 26 through Page 3, Line 7)
- Strike the Utility-Scale Solar Design and Siting Commission (Page 3, Line 8 through Page 6, Line 18) and instead task the Maryland Energy Administration, in conjunction with the Power Plant Research Program and the Public Service Commission, with conducting a study regarding the technical potential for groundmount solar development in each county, to be released no later than December 31, 2024
- Strike the section requiring groundmount solar to develop and submit a vegetation management plan (Page 6, Line 19 through Page 7, Line 10)
- Strike the section regarding energy storage rules (Page 7, Lines 11-21)
- Add language that would prohibit counties from adopting zoning laws or other regulations that restrict or prohibit the construction or operation of energy generating systems or facilities that are Tier 1 renewable sources.

We would like to work with the bill sponsor to solve these policy issues, and appreciate her engagement to-date with our association members.

Thank you, and please reach out with any questions on solar and storage policy. CHESSA is here to be a resource to all committee members.

Sincerely,



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