

February 4, 2025

Economic Matters Committee
Annapolis, Maryland

Written Testimony

HB398: Abundant Affordable Clean Energy – Procurement and Development 3 (AACE Act)

Position: Favorable with Amendments

Thank you for the opportunity to submit testimony on House Bill 398, the Abundant Affordable Clean Energy – Procurement and Development 3 (AACE Act).

New Columbia Solar is a commercial and community rooftop solar developer with offices in Prince George's County, Maryland, and DC. Our company began operating in 2016 with a team of about 5 people and now employs roughly 70 people working across all aspects of solar development and construction. Our company is made up of administrative staff, accountants, engineers, electricians, construction teams, and project and business development managers. New Columbia has successfully completed over 30 Maryland rooftop commercial net-metered and rooftop community solar projects totaling more than 10 megawatts and currently has another 30 projects across 6 Maryland counties in development.

New Columbia Solar specializes in providing commercial, industrial, and institutional building owners access to the benefits of clean energy by installing solar on their rooftops and parking structures. This market for solar installation has enormous growth potential in Maryland. Installation on these types of buildings provides direct benefits to Maryland business owners and also provides grid benefits that larger, transmission-level solar systems typically do not provide. Further, installing solar on rooftops and parking canopies faces almost no local or community opposition, because it's installed on already developed land. Despite these advantages, Maryland commercial/industrial rooftop solar market installation levels have been relatively low and roughly static for the past few years, adding only about 35 MW per year out of the more than 200 MWs installed annually in the state. This is due in large part to the fact that, before the temporary bridge in the Brighter Tomorrow Act passed last year, Maryland solar incentives have been structured in a one-size-fits-all approach, with all solar systems receiving the same incentive, whether it's a 7 kW system on a homeowner's roof, or a 150 MW system installed on an open field. Installing solar on a rooftop typically costs significantly more per watt than installing on the ground, due to smaller system sizes, the complexity of installing systems on differing rooftop slopes, the need to hire cranes to lift equipment, and the need to provide a greater per-watt benefit to building owners and customers.

The AACE Act would adopt a permanent policy that directs consideration of these factors in setting incentive levels, allowing the Public Service Commission to set and change solar incentives at differing levels for different market segments. This will save ratepayers money by creating a more effective and efficient incentive program that doesn't over-subsidize some market segments while under-subsidizing others. Further, the design of the program, with 15-year fixed incentive levels that do not rely on market sales, will decrease the cost to build systems by decreasing risk of developing systems. Financiers who provide capital to build solar systems know that market-based incentives are subject to market changes, and they increase their pricing to account for this risk. Eliminating the market risk inherent in the current incentive structure will reduce the cost of installing solar in

Maryland, which is a factor that can be considered in setting incentive levels, as well. Further, with changing and increasingly uncertain federal energy policies, the incentive program proposed in the AACE Act can allow Maryland to respond quickly to ensure its in-state solar installation and job levels are protected from harmful federal policies that may be adopted in the future.

Some amendments are needed to fully effectuate the intent of this legislation, and New Columbia Solar supports the amendments proposed by the Chesapeake Solar and Storage Association (CHESSA) to this end. In particular, there needs to be a purchase obligation established for the credits created pursuant to the administratively-determined small solar incentive program, and the bill should clarify that SREC IIs cannot be used to meet the solar carve out in the renewable portfolio standard, to protect against oversupply that would cause legacy system SRECs to potentially become worthless. Further, the bill should add a market category for rooftop and parking canopy community solar, as it differs from groundmount community solar significantly in installation and customer requirements and costs.

In support of its 100% clean energy goals, Maryland is changing how it is powered, and adding solar generation on and near buildings and load centers will reduce the overall cost of that transition. We are hopeful that the AACE Act can help accomplish that goal by growing and supporting *all* sectors of solar in Maryland.

Sincerely,

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