NEW COLUMBIA SOLAR

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

Written Testimony
SB316: Abundant Affordable Clean Energy – Procurement and Development (AACE Act)

Position: Favorable with Amendments

Thank you for the opportunity to submit testimony on Senate Bill 316, 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 more than 30 Maryland rooftop commercial net-metered and rooftop community solar projects totaling more than 10 megawatts and has another 30 projects across 6 Maryland counties in development.

New Columbia Solar specializes in providing commercial, industrial, and institutional building owners with 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, and provides numerous benefits to the state. Adding solar on commercial buildings buildings provides direct benefits to Maryland businesses and property owners while also providing grid benefits and cost savings to the state by reducing energy needs in load centers, which reduces the need for expansion of the transmission grid.

In our experience, installing solar on rooftops and parking canopies faces almost no local or community opposition, as it's installed on already developed land. Despite this advantage, annual installation of commercial and industrial rooftop solar in Maryland has remained relatively low and 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 program, with all solar systems receiving the same incentive, whether they are a 7 kW system on a homeowner's roof or a 150 MW system installed on a greenfield. This program structure has not incentivized significant expansion of the commercial/industrial building solar market because installing solar on a rooftop typically costs significantly more per watt than installing on the ground due to smaller individual system sizes, the complexity of installing systems on differing rooftop slopes, the need to hire cranes to lift equipment, and the need operate in public space.

While the Brighter Tomorrow Act adopted a temporarily differing incentive to rooftop and parking canopy solar, the ACCE Act would adopt a permanent policy that directs consideration of these factors in setting incentive levels, directing the Public Service Commission to set and change solar incentives at differing levels for different market segments. This will save ratepayers money in the long-term 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 will decrease the cost to build systems by decreasing the risk of developing systems, because it would provide a 15-year fixed incentive that does

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not rely on a potentially unstable market for pricing. Financiers who provide capital to build solar systems know that market-based incentives are subject to market price 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 pursuant to the bill, as well. Additionally, the fixed incentive price will be determined at the level needed to generate new solar installations each year and only apply to systems installed in that year, allowing a more efficient use of incentive dollars each year. With changing and increasingly uncertain federal energy policies, the incentive program proposed in the AACE Act would also allow Maryland to respond quickly to ensure its in-state solar installation and jobs 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 sponsor amendments for HB398, as well as additional amendments. Importantly, the sponsor amendments clarify the purchase obligation for the credits created pursuant to the administratively-determined small solar incentive program, and clarify that SREC IIs cannot be used to meet the solar carve out in the renewable portfolio standard. These amendments protect against oversupply that would cause legacy system SRECs to potentially become worthless, which would cause solar investors and installers to lose confidence in the state's program and increase costs of solar in the future due to perceived risk.

Further, the bill should add a market category for rooftop and parking canopy community solar in section 7-709.3(F), as rooftop solar differs significantly from groundmount solar in installation and customer requirements and costs, as well as average size of systems, as described above. Alternatively, the Committee could replace the phrase "behind the meter non-residential" in 7-709.3(F)(1)(II) with "rooftop and parking canopy non-residential," covering both net-metered and community solar systems on this type of building. Without one of these amendments, the market capacity block for "community solar" will quickly be almost entirely absorbed by groundmount systems each year, leaving little room for expanding solar installation on commercial and industrial building rooftops. Many commercial and industrial building owners choose to install front-of-the-meter community solar on their rooftops rather than behind-the-meter net-metered solar as their own building loads are irregular or small (often due to the fact that their electric accounts are only for electricity provided in common areas of leased office or multifamily buildings), circumstances that would require a behind-the-meter net-metered solar system to be sized down and use less than the full rooftop, providing little financial benefit. As currently drafted, the AACE bill would not allow the Commission to establish a separate capacity block for rooftop community solar, as the "other market categories" option in 7-709.3(F) would necessarily apply to "other" categories not already listed. This issue could be addressed by one of the two amendment options described above.

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 in developed areas 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 of the different sectors of solar in Maryland.

Sincerely,

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