

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 879
Finance

(Senator Feldman)

Solar Energy Grant Program - Revisions

This bill modifies the Solar Energy Grant Program by (1) establishing maximum grant limits for photovoltaic property that serves low- or moderate-income residents; (2) establishing amounts and limits for other residential and nonresidential grants; and (3) generally prohibiting the denial of a grant application based on the age of a property on which photovoltaic property will be installed. **The bill takes effect June 1, 2018.**

Fiscal Summary

State Effect: The bill does not affect State finances. The Solar Energy Grant Program is not currently being operated, having been superseded by the Clean Energy Grant Program (discussed below).

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Grant Limits for Photovoltaic Property that Serves Low- or Moderate-income Residents

The bill establishes maximum grant limits under the Solar Energy Grant Program for photovoltaic property that serves specified low-income or moderate-income residents of (1) \$500 per kilowatt (kW) of installed electricity generation, for a building with not more than five dwelling units; (2) \$150 per kW of installed electricity generation, for a building

with more than five dwelling units; and (3) \$500 per kW of installed electricity generation, for a single-family dwelling. A grant awarded for photovoltaic property that serves low-income or moderate-income residents may be directly assignable to an installer or a third-party owner who (1) provides the photovoltaic property at no up-front cost and (2) demonstrates a commitment to household savings or passing savings through to tenants or tenant programs or for operational benefits.

Amounts and Limits for Other Residential or Nonresidential Grants

For fiscal 2019 and 2020 only, a grant awarded must be equal to \$300 per kW of installed electric generation capacity up to a maximum of \$3,000 for a photovoltaic property that is (1) residential, but does not serve low-income or moderate-income residents or (2) not residential. After fiscal 2020, residential grants (for other than low-income or moderate-income residents) and nonresidential grants, for photovoltaic property with an installed electricity generation capacity of 20 kW or less, are subject to an existing maximum limit on grants under the existing Solar Energy Grant Program provisions – the lesser of \$2,500 per kW of installed electricity generation capacity or \$10,000.

Prohibition on Denial of an Application Based on the Age of a Property

The Maryland Energy Administration (MEA) may not deny an application for a grant under the Solar Energy Grant Program on the basis of the age of the property on which the photovoltaic property will be installed, unless the property is listed on the National Register of Historic Places.

Current Law/Background: The Solar Energy Grant Program, administered by MEA, is established in statute to provide grants to individuals, local governments, and businesses for a portion of the costs of acquiring and installing photovoltaic property and solar water heating property. Grants awarded under the program may not be more than (1) for photovoltaic property (with an installed electricity generation capacity of 20 kW or less), the lesser of \$2,500 per kilowatt of installed electricity generation capacity or \$10,000, and (2) for solar water heating property, the lesser of \$3,000 or 30% of the total installed cost of the solar water heating property. Subject to those limitations, MEA may adjust the grant amounts to reflect market conditions and the prevailing prices of photovoltaic and solar water heating property.

MEA does not currently award grant funding under the Solar Energy Grant Program, however. Regulations implementing the Solar Energy Grant Program and the Geothermal Heat Pump Grant Program (a similar grant program, providing funding for geothermal heat pump technology) were repealed in 2013 and replaced with regulations for the Clean Energy Grant Program, established under the authority of the Strategic Energy Investment Program statute. Under the current regulations, the Clean Energy Grant Program provides

grants to homeowners, businesses, nonprofit organizations, and the State or local governments for “clean energy conversion systems,” which include solar and geothermal technologies. Under the program, MEA currently offers residential incentives for solar photovoltaic and solar water heating property of \$1,000 per project and \$500 per project, respectively.

The Strategic Energy Investment Program has the stated purpose of decreasing energy demand and increasing energy supply to promote affordable, reliable, and clean energy to fuel Maryland’s future prosperity. The program is supported by the Strategic Energy Investment Fund (SEIF), which receives, among other funding, proceeds from the auction of carbon allowances to power plants and other market participants under the Regional Greenhouse Gas Initiative. SEIF may be used for, among other things, grants, loans, and other assistance and investment to implement the purposes of the Strategic Energy Investment Program. MEA’s residential and commercial clean energy grant programs, which provide grants to homeowners and businesses for solar photovoltaics, solar water heating, geothermal heating and cooling, and wind conversion technologies, receive \$2.3 million (\$1.9 million – residential; \$350,000 – commercial) under MEA’s spending plan for the fiscal 2018 budget and receive \$1.8 million (\$1.4 million – residential; \$350,000 – commercial) under MEA’s spending plan for the Governor’s proposed fiscal 2019 budget.

Additional Information

Prior Introductions: None.

Cross File: Although HB 1236 (Delegates Clippinger and Brooks - Economic Matters) is designated as a cross file, it is not identical.

Information Source(s): Maryland Energy Administration; Department of Legislative Services

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