HB 1261

Department of Legislative Services

Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1261 (Delegate Queen)
Economic Matters

Community Solar Energy Generating Systems Pilot Program - Alterations

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This bill repeals the requirement that a community solar energy generating system be located in the same electric service territory as a subscriber for the subscriber to receive electric bill credits. By November 1, 2022, the Public Service Commission (PSC) must direct an electric company participating in the Community Solar Energy Generating System Program to file a revised tariff and protocol providing for the application of monthly electric bill credits to the bill of a subscriber, regardless of whether the community solar energy generating system is located in the same electric service territory as the subscriber. By January 31, 2023, PSC must approve, or amend and approve, the tariffs and protocols that are filed.

Fiscal Summary

State Effect: Special fund expenditures increase by $92,000 in FY 2023; future years reflect annualization, inflation, and ongoing costs. Special fund revenues increase correspondingly from assessments imposed on public service companies.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	$92,000	$104,700	$107,800	$110,600	$113,800
SF Expenditure	$92,000	$104,700	$107,800	$110,600	$113,800
Net Effect	$0	$0	$0	$0	$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Community Solar Energy Generating Systems

Chapters 346 and 347 of 2015 required PSC to establish a three-year Community Solar Energy Generating System Pilot Program, subject to specified conditions. The program was subsequently extended through December 31, 2024. Such a system, in addition to other requirements, credits its generated electricity, or the value of its generated electricity, to the bills of the subscribers to that system through virtual net energy metering.

Due to the definition of "community solar energy generating system" under current law, such a system must be located in the same electric service territory as its subscribers. Chapter 265 of 2021 authorized community solar energy subscribers to maintain their subscription or contracts at a new service address, if the new address is within the same service territory as the old address; electric companies must make any necessary changes to accommodate the change of address.

Under PSC regulations, a system may have up to 350 accounts, unless the electric company has developed an automated billing function, in which case there is no limit.

Net Energy Metering

Generally, net energy metering is the measurement of the difference between the electricity that is supplied by an electric company and the electricity that is generated by an eligible customer-generator and fed back to the electric company over the eligible customer-generator's billing period. The generating capacity of an eligible customer-generator for net metering may be up to 2 megawatts. PSC must require electric utilities to develop and make net metering tariffs available to eligible customer-generators. There is a statewide net metered capacity limit of 3,000 megawatts.

State Fiscal Effect: PSC advises that it likely must promulgate regulations and revise business practices and tariffs relating to the community solar pilot program in order to meet the bill's requirements. This process likely will require convening workgroup meetings, submitting a petition for a rulemaking, participating in the rulemaking process, and monitoring utility implementation. PSC advises that the bill requires additional resources to support new and incremental legal, regulatory, and technical work, especially considering the challenges involved in moving electricity from one distribution system to another, and the short timeframe in which to meet the bill's requirements.

Accordingly, special fund expenditures for PSC increase by $91,972 in fiscal 2023, which accounts for the bill's October 1, 2022 effective date. This estimate reflects the cost of hiring one part-time staff attorney and one part-time program manager to handle PSC's incremental workload under the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate does not include any potential programming costs that may be required to implement the bill.

Positions (Part-time)	2.0
Salaries and Fringe Benefits	$78,081
Operating Expenses	13,891
Total FY 2023 State Expenditures	**$91,972**

Future year expenditures reflect full salaries with annual increases and employee turnover, and ongoing operating expenses. Special fund revenues increase correspondingly from assessments imposed on public service companies.

Small Business Effect: To the extent that a community solar energy generating system or any of its subscribers are small businesses, the bill may have a positive effect on these entities through maintenance of existing business relationships, even as subscribers relocate.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 733 (Senator Kramer) - Finance.

Information Source(s): Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2022
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