CHESSA

Before the General Assembly of the State of Maryland
Senate Finance Committee
January 19, 2021

Testimony of David W. Murray
Executive Director
Chesapeake Solar & Storage Association
Maryland Strategic Energy Investment Fund – Use of Funds and Electric Vehicle Excise Tax Credits
FAVORABLE WITH AMENDMENTS

Thank you for the opportunity to provide testimony on SB 152. I serve as Executive Director of the Chesapeake Solar & Storage Association, CHESSA, formerly known as the Maryland-DC-Virginia Solar Energy Industries Association (MDV-SEIA). CHESSA is the local trade association representing over 4,500 solar installers, developers, manufacturers, and other solar workers in Maryland. It is the recognized state affiliate of the Solar Energy Industries Association.

SB 152 substantially amends the Clean Energy Jobs Act of 2019 by reallocating funds designated for low-income solar projects to a variety of other uses. MEA is proposing to expand income eligibility of SACPs, reallocate them to transportation electrification without income restrictions on beneficiaries, and enable SACPs to be allocated to all Tier 1 renewable resources, energy storage, and efficiency measures. CHESSA opposes efforts to reallocate these funds into other programs – such as electric vehicle rebates -- but agrees with the provisions that may enable MEA to build a robust solar equity program that supports both low and moderate income Marylanders.

The solar carveout within Clean Energy Jobs Act was deliberately designed to balance Solar Renewable Energy Credits (SRECs) and Solar Alternative Compliance Payments (SACPs) to bolster the state's demand for local solar power, and ensure low-income Marylanders had robust opportunities to receive the benefits of the growing solar economy. In this manner, the solar RPS works as a negative feedback loop. Should solar deployment lag far behind the solar carveout, a greater number of SACPs are paid by suppliers. These funds are used exclusively for solar projects that are owned by or directly benefit low-income Marylanders. Without these grants or loans, many low income Marylanders would not be able to access the benefits of solar energy. Thus, SACPs directly address solar under-deployment and ensure that equity is an essential component to the state's energy transition.

CHESSA agrees with MEA's proposal that 50% of compliance fees should remain exclusive for low income households, but the other 50% may be expanded to serve "low to moderate income" households. Based on our members' experience, many moderate income households remain in the "missing middle" of the solar economy. They may earn a salary high enough to disqualify them from the LMI community solar program, but may not have the cash to pay for or place a down payment on a loan for a solar project. Moreover, because the overall solar economic

1425 K St NW #1000
Washington, DC 20005
Chesapeake Solar & Storage Association
director@mdvseia.org
(202) 780-9563

savings is one of the lowest in the Mid-Atlantic/Northeast, the savings one would see with a lease or power purchase agreement may not be enough to encourage them to move forward with a solar project for their home. By expanding eligibility to moderate income individuals, the Maryland Energy Administration will be empowered to design programs -- such as rebates for using power purchase agreements -- that reach this segment of the population and help them lower their overall electric bills while providing clean energy.

We suggest the legislation borrow language from the Clean Energy Equity Act (SB 2484) in New Jersey, whereby the term “overburdened community” is used to address equity goals of the state. Legislators defined “Overburdened community” as any census block group, as determined in accordance with the most recent United States Census, in which (1) at least 35 percent of the households qualify as low-income households; (2) at least 40 percent of the residents identify as minority or as members of a State recognized tribal community; or (3) at least 40 percent of the households have limited English proficiency. This would give the Maryland Energy Administration additional flexibility in serving the equity goals of the Clean Energy Jobs Act.

However, CHESSA opposes efforts to reallocate any of these funds to electric vehicles without regard for income. By broadening the use of SACPs to electric vehicles, we not only shirk on one of the equity components of CEJA, but lose a critical mechanism to further solar deployment in the Clean Energy Jobs Act. Clean transportation, while an important goal of the state, does not spur additional solar deployment or help low to moderate income families access the benefits of solar power. This provision also does not contain an equity component; CHESSA’s reading of the proposed text suggests these funds could support credits and rebates for expensive electric vehicles.

We also disagree that compliance fees raised from the solar carveout should be allocated to other unrelated Tier 1 renewable resources. By releasing SACP funds to deploy other energy resources, we unravel another central premise of Maryland’s ambitious solar carveout. That said, we support an effort to add clarifying language to enable installers and developers to better reach underserved communities in Maryland by broadening eligible solar projects to include related measures.

Thus, CHESSA proposes the Senate Finance Committee amend page 2 of SB 152 in the following manner:

1. Do not delete lines 6-9, but instead amend line 8-9 to “to make loans and grants to support the creation of new Tier 1 renewable energy sources, ENERGY EFFICIENCY MEASURES, and ENERGY STORAGE in the State that are owned by or directly benefit OVERBURDENED COMMUNITIES AND low– TO MODERATE–income residents of the State”.

2. Strike lines 10-13, which enable SACP funds to be directed toward clean transportation.

1425 K St NW #1000
Washington, DC 20005

Chesapeake Solar & Storage Association

director@mdvseia.org
(202) 780-9563

CHESSA

3. Strike lines 14-18.

4. Keep lines 19-22, amending line 22 to "owned by or directly benefit OVERBURDENED COMMUNITIES AND low– TO MODERATE–income residents of the State. GRANTS AND LOANS MAY SUPPORT POWER PURCHASE AGREEMENTS, CONSUMER EDUCATION, OR ENERGY EFFICIENCY MEASURES AND OTHER PROJECTS THAT ENABLE SOLAR DEPLOYMENT, SUCH AS A ROOF REPLACEMENT OR REPAIR, ENERGY STORAGE, ELECTRIC VEHICLE CHARGING EQUIPMENT, OR ELECTRICAL UPGRADE."

Thank you for your consideration.

Sincerely,

David Murray
Executive Director
Chesapeake Solar & Storage Association (CHESSA, formerly MDV-SEIA)

1425 K St NW #1000
Washington, DC 20005

Chesapeake Solar & Storage Association

director@mdvseia.org
(202) 780-9563