SB 407 - MoCo (GA 21).pdf
Uploaded by: Boucher, Kathleen
Position: FAV

Montgomery County
Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550 **ANNAPOLIS: 240-777-8270**

SB 407 **DATE: January 29, 2021**

SPONSOR: Senator Kramer

ASSIGNED TO: Finance

CONTACT PERSON: Kathleen Boucher **(kathleen.boucher@montgomerycountymd.gov)**

POSITION: Support

Electricity – Net Energy Metering – Limit

Under current law, electric companies are required to allow net metering for renewable energy projects constructed by eligible customer-generators if the capacity of a project is limited to 2 megawatts (MW). However, State law also includes a 1,500 MW cap on the total Statewide capacity of net metering projects. This bill increases the Statewide cap to 3,000 MW to allow for additional net metering projects throughout the State.

The most recent *Report on the Status of Net Energy Metering in Maryland,* which was released by the Public Services Commission (PSC) in November 2020, shows that the current level of installed capacity for net metered facilities in Maryland is approximately 846 MW. The report notes that the 1,500 MW Statewide cap could be reached in 2024 or 2025 if current rates of installation, based on average net metering capacity growth for the past two years, continue into the future. With that in mind, the report recommends that the General Assembly begin to explore expanding the current net metering cap or alternative replacement policies.

Montgomery County uses net metering to enhance the financial feasibility of all solar energy projects installed on County-owned land and buildings. To date, the County has installed 7.06 MW of solar energy at 16 sites that generate a total of 10,500,000 kilowatt hours (KwH) each year. The County has a development pipeline of solar energy projects that have been approved or are in design that would add 10 MW of installed capacity and is exploring opportunities for another 10 MW of installed capacity in the next five years.

Increasing the Statewide cap to 3,000 MW would facilitate the County's planning efforts as well as those of other local governments, non-profit agencies, and businesses. Establishing a higher cap would help to reduce uncertainty regarding the financial feasibility of renewable energy projects that sometimes take years to plan, design, and install. Lack of certainty in this area could undermine efforts to achieve State and local climate change goals, impact valuable green economy jobs, and contribute to prolonged adverse health impacts due to delays in reducing carbon and greenhouse gas emissions in our energy supply.

For all of the reasons referenced above, Montgomery County agrees with the PSC that it is prudent to consider an increase in the Statewide cap at this time and respectfully requests that the Education, Health, and Environmental Affairs Committee give this bill a favorable report.

SB0407-FIN_MACo_SUP.pdf
Uploaded by: Butler, Alex
Position: FAV

MARYLAND Association of COUNTIES

Senate Bill 407

Electricity – Net Energy Metering – Limit

MACo Position: **SUPPORT**

To: Finance Committee

Date: February 2, 2021

From: Alex Butler

The Maryland Association of Counties (MACo) **SUPPORTS** SB 407. The bill expands the net metering capacity allowed by law from 1,500 megawatts to 3,000 megawatts. Net metering and community solar projects help create a more robust and decentralized energy grid. Counties support net metering as a useful tool for long term energy planning purposes.

Net metering, and by extension aggregate net metering, provide benefits to local government. Counties undertake and plan for community solar projects, which are subject to the availability of generating capacity under the current net metering cap. For local governments to continue long term planning for energy needs, an expansion of the current capacity cap would be both useful and sensible.

In the Public Service Commission's 2020 Report on the Status of Net Energy Metering In the State of Maryland, the Commission noted that it "believes it may be prudent to begin exploring the next phase for net metering in Maryland." Increasing the current limit will allow for better planning and more useful projects in the future. SB 407 provides reasonable flexibility for counties to undertake useful and needed net metering and community solar projects.

Accordingly, MACo urges the Committee to issue a report of **FAVORABLE** for SB 407.

169 Conduit Street, Annapolis, MD 21401
410.269.0043 BALT/ANNAP ◆ 301.261.1140 WASH DC ◆ 410.268.1775 FAX
www.mdcounties.org

Net metering testimony.pdf
Uploaded by: Elder, Leslie
Position: FAV

Before the General Assembly of the State of Maryland

Senate Finance Committee
February 2, 2021

Testimony of Leslie Ann Elder
Mid-Atlantic Regional Director
Coalition for Community Solar Access

SB 407: Electric – Net Energy Metering – Limit
FAVORABLE

Thank you for the opportunity to provide testimony on SB 407. I am the Mid-Atlantic Director for the Coalition for Community Solar Access (CCSA) where I am charged with implementing and maintaining community solar markets in Maryland, New Jersey, Pennsylvania, and Virginia.

CCSA is a national coalition of businesses and nonprofits working together to implement best practices for all community solar markets. Our mission is to empower all Maryland households and businesses that seek home grown energy sources through community solar. We work with customers, utilities, local stakeholders, allies and policymakers to develop and implement best practices that ensure community solar programs provide a win-win-win solution. The solution begins with the customer and the land owners. Our members are solar industry leaders and are engaged at every step of development, ensuring these best practices are not theoretical but are applied and practiced. We have members headquartered in Maryland and others who are investing here.

CSSA is strongly supportive of this legislation and is proud to partner with Chesapeake Solar and Storage Association (CHESSA) on this issue. As an industry, our members are grateful to Senator Kramer for his strong leadership and commitment to solar development.

In Maryland, systems eligible for net metering must be less than two megawatts (MW) in capacity or 200 percent of the owner's annual baseline electricity usage. Maryland electric utilities and cooperatives are required to allow all eligible customers to net meter until the total capacity of net metered systems in Maryland reaches 1,500 MW.

The Public Service Commission's (PSC) report on the Status of Net Metering in the State of Maryland, recommended the General Assembly should look for ways to expand the net metering cap before the current cap is reached. Senator Kramer's SB407 does just that, it raises the net metering cap from 1,500 MW to 3,000 MW. Enacting this legislation now will provide certainty into the market and will provide the PSC ample opportunity to review, regulate, and implement the expansion before the current net metering cap is reached.

Increasing the net metering cap will provide critical economic investments into Maryland and local municipalities through job creation, increased tax revenue, and critical cost savings to Maryland customers. Additionally, this simple legislative fix is critical in helping Maryland achieve its robust clean

energy goals by investing in local and distributed energy sources. This investment decreases the demand for importing dirty energy sources from neighboring states like Pennsylvania and ultimately will lead to Maryland becoming an energy independent state.

Net-metered solar significantly reduces demand-related costs because it displaces the need for generating capacity to meet periods of high demand, and the transmission and distribution system upgrades needed to deliver it to customers. Electricity demand is strongly correlated with solar insolation for the intuitive reason that when the sun is shining on solar panels, it is also shining on buildings and increasing air conditioning demand. Solar's output therefore reduces the need for building or retaining generating capacity to meet peak demand, and for upgrading the transmission and distribution system to deliver it to customers, ultimately leading to significant cost savings for all Marylanders.

Solar capacity value is typically around three times higher than its capacity factor (e.g., 100 MW of solar provides around 60 MW of capacity value and around 20 MW of average energy output), indicating the value of solar for meeting peak demand is significant relative to solar energy production. This is much higher than the capacity value to capacity factor ratio for the fossil-fired generation that provides the majority of customers' power.

A PJM's renewable integration study found solar capacity value in excess of 50% with wind and solar providing 20-30% of annual energy. More recent modeling by PJM confirms that solar marginal capacity value will remain high, with solar marginal capacity value contribution not dropping below 25% until very high penetrations (serving over 20% of peak load with solar alone) are achieved.

As stated earlier, adding solar to the power system has always caused the need for other forms of capacity to decrease, and never increased it. Even if a solar resource has zero output, peak demand is still what it was prior to the addition of the solar resource, as adding the solar resource has not increased peak demand. This is a critical element to meeting the ambitious clean energy goals for the state and bringing energy generation closer to home.

According to a new report released by Vibrant Clean Energy and Local Solar For All, the United States can transition to a clean electric grid and save $473 billion if we significantly scale local solar and along with utility-scale renewables. The most cost effective way to get to 95% emissions reductions is by building 247 GW of community and rooftop solar, 798 GW of utility-scale solar, and 802 GW of utility-scale wind.

More local solar means more direct and indirect benefits to communities such as jobs, increased economic development, increased resilience, and more equitable access to the benefits of renewables. By scaling and optimizing local solar at the distribution level and closer to customer load, we don't have to over-rely on the most expensive parts of the transmission system. These assets cost-effectively reshape the load, reducing bulk power system costs and smoothing volatility and variation in load across the system. This allows for a more efficient overall allocation of investments and better utilization of grid assets. Leveraging local solar will help Maryland achieve its unique energy demands and avoid costly

distribution system investments. Senator Kramer's SB407 will help put Maryland on track to achieve these goals.

Thank you for your time and consideration for SB407 and CCSA hopes we can count on your support.

Sincerely,

Leslie Ann Elder, Mid-Atlantic Director
Coalition for Community Solar Access

Support of SB 407 - Electricity – Net Energy Meter

Uploaded by: Ferguson, Colby

Position: FAV

Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

February 2, 2021

To: Senate Finance Committee

From: Maryland Farm Bureau, Inc.

Re: Support of SB 407 - Electricity – Net Energy Metering – Limit

On behalf of our member families, I submit this written testimony in support of SB 407, legislation that increases the state's net metering cap from 1,500 megawatts to 3,000 megawatts.

By increasing the net metering cap, this allows more opportunities for small-scale electric generating to exist. Projects like rooftop solar, on-farm solar, community solar and anaerobic manure digestion. The state has an in-state solar carveout of 14.5% of the energy used in Maryland. This far exceeds 1,500-megawatt net metering cap. Therefore, if not raised, the state would be forced to install large-scale commercial solar to meet the 14.5% carveout.

MFB Policy: We support the use of on-farm wind and solar energy production to provide electric energy for the farm and to be sold to the energy grid.

MARYLAND FARM BUREAU SUPPORTS SB 407 AND ENCOURAGES A FAVORABLE REPORT.

Colby Ferguson
Director of Government Relations
For more information contact Colby Ferguson at (240) 578-0396

SB0407_net metering_fav_MLC Climate Justice Wing.p
Uploaded by: McGilvray, Laurie
Position: FAV

Committee: **Finance Committee**
Testimony on: **SB0407 - Electricity – Net Energy Metering – Limit**
Organization: **Climate Justice Wing of the Maryland Legislative Coalition**
Submitting: **Laurie McGilvray**
Position: **Favorable**
Hearing Date: **February 2, 2021**

Dear Mr. Chairman and Committee Members:

Thank you for allowing our testimony today in support of SB0407. The Maryland Legislative Coalition's Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to vote favorably on SB0407. The bill will increase to 3,000 megawatts the statewide limit on rated generating capacity for net energy metering under a certain contract or tariff available to certain eligible customer–generators in Maryland.

Net metering allows consumers with solar panels to receive credits on their utility bill for every kilowatt-hour (kWh) of electricity they generate. Net metering has been a critical policy for incentivizing solar energy because it provides a simple, direct way for homeowners, businesses, and other organizations to save money. Currently, there is no federally-mandated net metering policy. Maryland needs to continue its support for more solar installation and net metering provides a powerful incentive. As more solar comes online, the Public Utilities Commission requirements must keep pace. For these reasons we urge a favorable vote for SB0407.

SB407 CHESSA FAV.pdf
Uploaded by: Murray, David
Position: FAV

Before the General Assembly of the State of Maryland
Senate Finance Committee
February 2, 2021

Testimony of David W. Murray
Executive Director
Chesapeake Solar & Storage Association
SB 407: Electric – Net Energy Metering – Limit
FAVORABLE

Thank you for the opportunity to provide testimony on SB 407. 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. Our members also provide energy storage solutions to households, businesses, schools, local governments, and utilities throughout the region. CHESSA is a recognized state affiliate of the Solar Energy Industries Association.

CHESSA is supportive of this legislation and is proud to partner with the Coalition for Community Solar Access (CCSA). We applaud Senator Kramer for his leadership on this issue of significant importance to the solar industry.

This bill raises Maryland's net energy metering cap from 1,500 megawatts to 3,000 megawatts – effectively providing greater certainty to the distributed solar energy industry of Maryland.

Net metering allows for energy systems to export electricity to the grid and receive 1:1 retail compensation for the export. For example, residential solar arrays are typically sized to power the equivalent of 100% of the household's energy needs over the year. This means the household may consume more power than it generates – such as at night – or generate more power than it consumes – such as mid-day, when the sun is shining. At the end of the billing period, the utility credits the customer for the exported power against the power it drew from the grid. On average, only 20-40% of a solar energy system's output ever goes into the grid, the rest is consumed on-site by refrigerators, HVAC systems, or electronics.

Thirty-eight states and the District of Columbia have mandatory net metering policies. This policy has been cited as critical to distributed solar deployment, and meta-studies of the policy demonstrate net benefits to all ratepayers. It is worth noting other technologies – such as distributed wind, combined heat and power, biomass and fuel cells – also use net metering. However, over 99% of Maryland's net metered systems are solar generators.

Net metering underpins virtually all forms of distributed generation, such as solar on rooftops, parking canopies or industrial buildings, and community solar arrays – which are "virtually" net metered. Thus, each project directly serving homeowners, businesses, schools, municipalities,

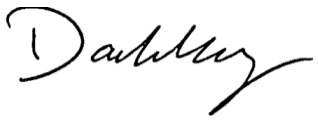
and industrial customers – as well as the entire community solar program - counts against the current state cap on net metering of 1,500 megawatts.

According to the Maryland Public Service Commission's latest Net Metering report, there is approximately 850 megawatts of installed net metered capacity. However, with the commercial solar and residential solar industries poised for growth, and approximately 390 MW of new community solar yet to be constructed, it is important the General Assembly consider raising the net metering cap. Many solar projects with longer development cycles – such as large commercial projects or community solar arrays – are concerned that we may soon reach this cap, and place these projects in jeopardy.

Finally, I want to point the Committee to the latest Public Service Commission report on this issue, entitled "Report on the Status of Net Energy Metering In the State of Maryland." This 2020 report noted, "The Commission recommends the General Assembly begin to explore expanding the current net metering cap or alternative replacement policies. With three to four years remaining before the State reaches its current net metering cap, it may be prudent to examine best practices from the State's program along with those offered across the country while there is sufficient time to carry out a thorough review."

Thank you for your consideration.

Sincerely,



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

SB407 - Net Metering-Limit - FIN - Kramer - 2Feb20
Uploaded by: Tulkin, Josh
Position: FAV

SIERRA CLUB

Maryland Chapter
7338 Baltimore Avenue, Suite 102
College Park, MD 20740-3211

Committee: Senate Finance
Testimony on: SB 407 - "Electricity – Net Energy Metering – Limit"
Position: Favorable
Hearing Date: February 2, 2021

The Maryland Sierra Club submits this testimony in support of SB407, a bill to raise the statewide limit on rated generated capacity for net metering from the present level of 1,500 megawatts (MW) to 3,000 MW.

The following facts are the basis for our support of this legislation:

- **Net metering makes important contributions to Maryland's energy sector.**

  - The state's net metering program supports expansion of solar located on preferred locations, especially rooftops, as well as supporting larger – though limited size – projects providing significant benefit to the state and its citizens. These larger projects include two legislatively established programs: the Community Solar Energy Generating System (CSEGS) pilot program, which specifically contains a provision for solar provision to low and moderate income households, who otherwise have been excluded from access to solar generated electricity; and the Aggregate Net Metered energy program (AGNEM), which allows specific entities – agricultural and non-profit organizations and local governments – to establish renewable energy generation on off-site locations. The CSEGS and AGNEM programs both limit the size of renewable energy projects to 2 MW.
  - The large number of such "distributed energy" resources developed under Maryland's net metering program provide low-cost clean renewable energy to Maryland residents and organizations and, moreover, benefit our electricity sector as a whole. As explained by the Governor's Task Force on Renewable Energy Development and Siting in its August 2020 Final Report,[1] these distributed energy resources:

    - contribute to stabilizing power by reducing peak-shaving and increasing power quality;
    - increase resiliency in the face of catastrophic weather events, unanticipated grid events, or terrorist attacks;
    - displace more highly polluting generation, reducing greenhouse gas emissions;
    - eliminate energy losses associated with transmission and distribution, which helps to reduce grid strain and congestion; and
    - promote private in-state investment in clean and renewable energy generation.

[1] Governor's Task Force on Renewable Energy Development and Siting, Final Report; August 14, 2020

- **This is an important time to increase the net metering limit.**

  - One of the 14 major recommendations made by the Governor's Task Force on Renewable Energy Development and Siting is "Expand Rooftop Solar and Other Preferred Solar Applications by Increasing the Net Energy Metering Cap."

The reasons why it is important to do this now are as follows:

- The most recent Public Service Commission (PSC) report on the net metering program[2] documents a total of 823 MW of renewable energy being net metered as of June 30, 2020. This report also documents a nine per cent increase in net metered capacity over the 12 months covered by the report, which included the first part of the SARS-CoV-2 pandemic. If this exponential rate of expansion is maintained, Maryland will effectively reach the present net metering limit by 2026.
- However, the existing net metering limit already is negatively affecting renewable energy investment decisions. One example has been the PSC's consideration of allowing added capacity for the General Assembly's mandated extension of the CSEGS pilot program – the recognition that community solar expansion would compete with expanded rooftop and other net metered solar programs for the amount of capacity remaining under the net metering ceiling was one determinant of the limitation set for the CSEGS program.
- Even more important, Maryland needs to substantially accelerate renewable energy generation to meet the targets established by the General Assembly. One key example is the need to massively increase solar energy generation: the 2019 Clean Energy Jobs Act establishes a target of 14.5 per cent of the state's consumed energy coming from solar by 2028. The amount of solar capacity needed to achieve this target is approximately 6,500 MW. The latest report by the U.S. Energy Information Administration[3] found that, as of mid-2020, Maryland had a total of 1,122 MW of solar (both net metered and non-net metered). This means we need to grow solar capacity by well over 500 MW annually for the next eight years. If we want rooftop, parking lot, brownfield, community, and aggregate net metered solar to be part of this acceleration, we need to raise the net metering limit appropriately.

- **Net metered energy does not have a net cost to our state – it adds net value.**

  - While utilities may pass on the avoided cost of electricity delivery to ratepayers, this represents an unfortunate undervaluing of the financial benefit of renewable energy to both the electricity sector and to our economy more widely. The "Benefits and Costs" report[4] commissioned by the PSC under its PC-44 proceeding found that behind-the-meter solar – which includes net metered and virtually net metered arrays – provided a quantifiable added value to the state's electricity generation and distribution. That value fell between $.08 and $.09 per kilowatt-hour for the four utilities serving Maryland.

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[2] Public Service Commission of Maryland, Report on the Status of Net Energy Metering In the State of Maryland; November, 2020.

[3] U.S. Energy Information Administration, Maryland State Energy Profile; updated October 15, 2020

[4] Daymark Energy Advisors, Benefits and Costs of Utility Scale and Behind the Meter Solar Resources in Maryland, Final report; Prepared for the Maryland Public Service Commission; September 18, 2018

Conclusion

We urge the Committee to issue a favorable report on this legislation.

The type of renewable energy projects incentivized by our state's net metering program already provide substantial benefit to our state and our electricity sector. To meet the state's own clean energy and greenhouse gas reduction goals, we need to rapidly accelerate expansion of our overall renewable energy portfolio, and especially the types of renewable energy covered by net metering. Raising the net metering limit is an essential action to allow this to happen.

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Yuhas Written Testimony for SB407 Public Hearing_0
Uploaded by: Yuhas, Frances
Position: FAV

Testimony of
Frances Yuhas
Submitted to the
MARYLAND GENERAL ASSEMBLY
Finance Committee
SB0407 - Electricity – Net Energy Metering – Limit
February 2, 2021

Dear Madam Chair and members of the Committee:

Thank you for the opportunity to submit written testimony for the Committee's consideration.

My name is Frances Yuhas, I am a lifelong Maryland resident and have been working in the solar energy industry in Maryland since 2005. I am a project manager representing TurningPoint Energy (TPE), a board member of Chesapeake Solar & Storage Association (CHESSA, formerly known as MDVSEIA) and a Maryland committee co-chair for the Coalition for Community Solar Access (CCSA).

We are very much in support of this bill. I would like to highlight a few important aspects of the renewable energy landscape in Maryland and solar energy in particular and why SB407, increasing the net metering cap, complements these initiatives.

TurningPoint Energy has been successful in developing community solar projects in Years 1 through Year 3 of the Community Solar Pilot Program. As a project developer and we have been fortunate enough to work in Maryland since the Community Solar Energy Generating System (CSEGS) Pilot Program's inception, having developed some of the first projects to be allocated capacity in the program.

As a Maryland resident, I would like to continue to work in the solar energy industry in Maryland. Now more than ever, it is critical to our business investment in Maryland that we see a meaningful expansion of the net energy metering (NEM) program in order to continue investment in the state. Most important, ***investment that specifically provides benefits to the communities*** within which we build projects – economic development, job creation, increased property tax revenue, electricity cost savings to electricity users (ratepayers), and community investment as a natural extension of TPE's philanthropic initiatives.

We must evaluate our commitment just like any other business who considers Maryland to be a prudent investment decision. I would like to be able to continue to work here rather than in another state. Our neighboring states of Pennsylvania and Virginia are very viable and favorable solar markets.

Our company's continued investment in Maryland is predicated on market growth as we base decisions to invest resources and personnel on long-term market viability.

Community Solar markets in other states that have meaningful growth targets tied to a state RPS, as an example, are more attractive to developers and therefore will invest their personnel and investment resources in those states/markets. If we ***add certainty to the market*** by increasing the NEM cap, solar companies would make a commitment to invest in the Maryland market to ensure projects are built to support Maryland's renewable energy goals.

Maryland has set ambitious renewable portfolio standard (RPS) goals, however the current cap on the net metering program does not incentivize continued investment in the market to build a project pipeline to contribute to those RPS targets – we need certainty that a project will be accepted and allowed to participate as net-metered projects in balance with other distributed generation projects like residential and small commercial rooftop projects as well as projects to support farm operations.

I am also fortunate to be have been able to install my own rooftop solar project way back in 2005. My mother, a senior citizen who is on a fixed income is not able to access solar energy because her home does not have a suitable roof structure. However, she would like to purchase solar generated energy just as thousands of other Marylanders who are in a similar situation would like to do so. I have many friends and colleagues in similar situations.

Fifty to 75% of American households are not in a position to host a solar array of their own. I want people to have the same opportunity as I have to access solar generated electricity. But we must allow projects to be built to fulfill the intentions of Maryland's renewable energy goals. Those unable to install their own rooftop system can subscribe to community solar projects.

Our enthusiasm in Maryland is high! TPE currently has projects under construction, nearing completion or in development in Baltimore, Prince George's, Garrett and Montgomery counties including projects in the low to moderate income (LMI) category. I personally look forward to subscribing to one of our projects located in BGE's territory project soon.

Please support the net-metering program cap increase from 1,500 to 3,000 MW that SB407 proposes to allow continued industry momentum and to reinvigorate the stagnant deployment of solar projects due to uncertainty in the solar energy market!

Thank you,

Frances Yuhas
Director, Project Development
TurningPoint Energy
Member Chesapeake Solar & Storage Association (CHESSA, formerly MDVSEIA) and Coalition for Community Solar Access (CCSA)
fyuhas@tpoint-e.com

410-375-9420

2021 Testimony SB407 Electricity Net Energy Meter

Uploaded by: Lanier, Ivan

Position: UNF

An Exelon Company

An Exelon Company

February 2, 2021

112 West Street
Annapolis, MD 21401
410-269-7115

Oppose – Senate Bill 407
SB 407 – Electricity – Net Energy Metering – Limit

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **Senate Bill 407 Electricity – Net Energy Metering – Limit.** Senate Bill 407 changes the limit on related generating capacity for net energy contract or tariff available customer-generators in the state from 1,500 megawatts to 3,000 megawatts.

Pepco and Delmarva Power support clean energy policies and the State's goals of reducing greenhouse gas emissions and advancing clean energy technologies, like distributed solar. Maryland's existing net energy metering limit is 1500 MWs. According to a report issued by the Public Service Commission in late 2020, Maryland is only slightly over half-way to that 1500 MW limit and is not expected to reach the limit for at least three years. As a result, Senate Bill 407 is simply not necessary at this time.

An excerpt from the PSC report states:

> "The Commission recommends the General Assembly **begin** to explore expanding the current net metering cap or alternative replacement policies. **With three to four years remaining** before the State reaches its current net metering cap, it may be prudent to examine best practices from the State's program along with those offered across the country while there is sufficient time to carry out a thorough review." (Public Service Commission of Maryland Report on the Status of Net Energy Metering In the State of Maryland, November 2020, p. 1. Emphasis added)

The solar industry has undergone a significant market transition since 1997 when Maryland first adopted net energy metering. Pepco and Delmarva Power urge an examination of whether a policy that was adopted almost 25 years ago continues to be a best practice under the current market conditions and regulatory framework.

The Solar Energy Industries Association reports that solar installation costs have dropped by 70% over the last decade. In addition, the recent adoption of FERC 2222 presents new market conditions and a shifting policy landscape around solar. FERC 2222 provides an additional revenue stream for solar and other distributed energy resources in the wholesale market. Implementation of FERC 2222 will not occur until summer of 2021. Maryland should consider the impact of FERC Order 2222 on available revenue streams and further solar development, supporting the need to take a pause on expanding a program that is not near its saturation point. It will be important to evaluate the impact of different programs on solar development and whether increasing the existing 1500 MW cap on net metering will best support the additional build out of solar in Maryland.

Finally, while net metering may help to encourage solar build out, it is also a policy that shifts costs among customers. That is, customers who can afford to install solar on their homes or have suitable homes for solar installation, receive an additional revenue stream through net energy metering that is paid for by all customers, including low income customers and those customers who rent or otherwise are unable to take advantage of the net energy metering rules in Maryland. When net energy metering was first introduced as a policy in Maryland, cost-shifting was the subject of years of debate, and ultimately the legislature determined that a limit of 1500 MWs would reasonably limit the cost shifting that occurs through net energy metering policies like the one adopted in Maryland.

Prior to doubling the net metering limit, Pepco and Delmarva Power concur with the PSC's suggestion to thoroughly examine net energy metering in the context of best practices and make an informed decision whether to expand the net energy metering limit, consider the cost impacts of expanding the limits on customers that do not install solar, and explore other programs suitable to encourage solar development. Pepco and Delmarva Power commit to participating in that discussion, whether it occurs through a legislative work group/task force or a proceeding at the PSC.

For the above reasons, Pepco and Delmarva Power respectfully request an unfavorable vote on Senate Bill 407.

Contact:
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Senior Legislative Specialist
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Kathryn.lanzarotto@exeloncorp.com

Ivan K. Lanier
State Affairs Manager
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SB0407 (HB0569) - LOI.pdf
Uploaded by: Fahrig, Landon
Position: INFO

Maryland Energy Administration

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members, Senate Finance Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB0407 (HB0569) – Electricity – Net Energy Metering – Limit
DATE: February 2, 2021

MEA POSITION: Letter of Information

Net energy metering (NEM) has been a part of Maryland energy policy since the passing of House Bill 869 (1997), and overall capacity was increased to its current level of 1,500 MW a decade later. As of June 30, 2019 Maryland had achieved 754 MW of NEM generation out of the permissible 1,500 MW, or approximately 50% of the capacity limitation. At 2019 adoption rates, that capacity limitation is estimated to be sufficient until at least 2025, or perhaps longer.

NEM is a tool that Maryland uses to encourage the adoption of distributed energy resources (DERs) that align with state goals. NEM policies create a streamlined regulatory scheme for property owners to invest in behind-the-meter energy generation assets. MEA further incentivises adoption through its bevy of programs, including grants for design and planning as well as capital for the generation assets themselves.

DERs offer grid benefits, including peak-shaving and increasing power quality.[1] DERs can also increase resiliency from major weather events such as Superstorm Sandy. In turn this provides greater resiliency for nearby critical infrastructure, including emergency and medical services.[2] DERs promoted by NEM also provide environmental benefits, reducing greenhouse gas emissions by displacing more highly polluting energy resources. NEM can help lead to a reduction in transmission and distribution inefficiencies and reduce grid congestion, all while promoting in-state investments in clean energy.

There is a socialization of costs resulting from NEM. Traditional rate design does not require that the costs be shared either equally or proportionately. This may be exacerbated by NEM policies that compensate ratepayers for generation at a rate in excess of the market cost of energy. In Maryland, these installations are currently credited for generation at the full retail rate, encompassing both the wholesale cost of energy and the cost of delivering that energy. By this arrangement, the expense associated with the portion of credits that represent the delivery of energy are socialized across the rate base. It is worth mentioning, however, that the benefits of NEM are shared by society at large; both ratepayers and non-ratepayers.

Maryland lawmakers and regulators have historically concluded that the environmental and grid benefits promoted by NEM and provided by DERs outweigh the limited impact to ratepayers. NEM is an excellent tool for the continued promotion of DERs, while providing grid and environmental benefits to Marylanders.

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[1] *The Potential Benefits of Distributed Generation and Rate-Related Issues That May Impede Their Expansion*, U.S. Dept. of Energy (2007), iii.
[2] *Id*.

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STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

February 2, 2021

Chair Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 407 – INFORMATION – Electricity – Net Energy Metering – Limit

Dear Chair Kelley and Committee Members:

I have reviewed Senate Bill 407 and provide the information below for the Committee's consideration. Senate Bill 407 increases the net energy metering cap from 1,500 megawatts to 3,000 MW. The Maryland Public Service Commission requires electric utilities to offer net energy metering for eligible customers and reports to the General Assembly annually on the status of the net metering program.[1] As of June 30, 2020, the level of installed capacity in the State was over half of the eligible cap at 846 MW. The existing cap may be reached in 2024 or 2025, if current rates of installation continue.

Maryland is one of 40 states and the District of Columbia that have mandatory net metering rules. While there are many options being explored across the country related to net metering and net metering alternatives, increasing the eligibility cap is one way of ensuring the net metering program continues to offer opportunities for new projects that contribute to the State's renewable energy goals.

Thank you for your consideration of this information. Please contact my Director of Legislative Affairs, Lisa Smith, at 410-336-6288 if you have any questions.

Sincerely,

Jason M. Stanek
Chairman

[1] Maryland Public Service Commission, "Report on the Status of Net Energy Metering in the State of Maryland" (November 2020) at <https://www.psc.state.md.us/wp-content/uploads/2020-Net-Metering-Report.pdf>.