

**Testimony of
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**Submitted to the
MARYLAND GENERAL ASSEMBLY
Economic Matters Committee
HB 1261 - Electricity - Community Solar Energy Generating Systems - Alterations
March 10, 2022**

Thank you for the opportunity to submit written testimony for the Committee’s consideration of HB 1261. HB 1261 would remove the requirement for community solar customers to be located in the same utility service territory as the community solar project in which they are participating—a practice generally referred to as “cross-utility crediting.” While in our view this concept has generally not been fully vetted in Maryland, Nexamp has numerous concerns about this approach and respectfully disagrees that it will be beneficial to the state’s Community Solar Pilot Program. Nexamp therefore opposes HB 1261.

Our company has been an active participant in the Community Solar Pilot Program since 2017. We built the Program’s first LMI project, located in Queen Anne’s County, serving 51% low and moderate income customers. At this moment, we have 4 projects totaling almost 8 MW in the construction phase, with many more projects in the pipeline behind those.

Nexamp was founded over a decade ago, and since that time has grown from a small residential solar installer to a fully integrated clean energy company and one of the leading providers of community solar nationwide. The growth and success of our program can be attributed to our fair and equitable subscription program. Our program was designed to ensure that everyone – regardless of income, credit history, roof space or geographic location – can participate in community solar. We do not run credit checks on prospective customers, there is no cost to join our program and no penalty for leaving the program (we ask for 90 days’ notice), and we offer a stable, guaranteed discount of at least 10% against the customers’ standard electricity rates. Even as rates change over time, our customers are guaranteed the same fixed discount for as long as they choose to participate in one of our community solar farms.

We are proud of the program we have built and the access to clean, renewable energy that it has afforded residents, small businesses, non-profits and others. We have developed projects with reserved offtake for low and moderate income customers in Illinois, New Jersey, New York, and here in Maryland; and we are actively working to see community solar, and LMI access in particular, succeed in Maryland.

HB 1261 would open the door to cross-utility crediting in Maryland. In doing so, it would create both logistical implementation challenges and a conflict in the identity of the community solar program. While the legislation avoids being prescriptive, it also avoids any details about how it would be implemented.

Logistically, it is not clear how the utilities will implement the scenario in which a customer in Delmarva's service territory, for example, is participating in a community solar project located Potomac Edison territory. Both territories have different credit rates for community solar, but which will the customer receive? And importantly, how would cost recovery work for the different utilities involved? Sponsors of the bill may have ideas on the answers to these questions but the legislation itself is silent.

In addition, HB 1261 challenges the basic premise of community solar, namely that the project a customer is participating in is *actually located in their community*. While a more intangible concern, this is a principle that in our view should not be overlooked. The Maryland General Assembly established the community solar program for a clear purpose and this, in our view, is a departure from it.

Community solar projects produce benefits in two key areas—first, in savings for the customers participating, and second, in economic development and investment in the communities where the projects are located. Practically, HB 1261 would likely concentrate development of projects in certain areas of the state where it may be easier to site projects. In this regard, it is our view that the economic development benefits will become concentrated in rural parts of the state, as the incentive to place projects in urban and disadvantaged communities—where it is significantly harder to develop projects—goes away, unfortunately taking the promise of clean energy jobs and investment in those communities along with it.

Just in December, Gov. Kathy Hochul of New York vetoed a bill to establish cross-utility crediting, citing some of these concerns. In the case of New York, a significant divide between development opportunities in the densely populated urban areas of New York City, compared to the available opportunities upstate, does pose a problem, even if Gov. Hochul disagreed with cross-utility crediting as the solution. It is not clear here, however, what problem HB 1261 is addressing in Maryland.

Nexamp recognizes that there may be some benefits to cross-utility crediting, but at present, there does not appear to be a significant need for this change. Moreover, the issue of cross-utility crediting has not, to Nexamp's knowledge, been discussed at any length among stakeholders participating in the community solar pilot program. Nexamp believes at the very least this issue deserves further stakeholder consideration before this Committee takes it up formally. Thank you for your consideration.

Respectfully,

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