



Committee: Ways and Means

Testimony on: HB76 “Community Solar Energy Generating Systems – Exemption From Energy and Property Taxes”

Position: Support

Hearing Date: February 19, 2022

The Chesapeake Chapter of Physicians for Social Responsibility (CPSR) submits this testimony in support of HB76, which will exempt from local jurisdictions’ energy and personal property taxes a Community Solar project that delivers at least 50 percent of the electricity it generates to low- and moderate-income (LMI) customers at a price that is discounted at least 20 percent from the local utility’s standard service rate.

Since 2015, CPSR has been an active member of the Maryland Public Service Commission’s “Net Metering Working Group,” which developed the regulations governing the legislatively established Community Solar Energy Generating Systems (CSEGS) Pilot Program, and which is responsible for overseeing implementation of the program. CPSR is also a member of the informal “LMI Advocates” sub-group of that larger working group; this sub-group is focused on supporting accomplishment of the legislature’s requirement to include LMI households in the CSEGS Pilot Program.

We therefore recognize that – despite a carve-out of CSEGS program capacity for projects that include at least 30 percent LMI participation (of which at least 10 percent must be low-income) – development of LMI projects has been challenging for several reasons; among them –

- Financing of LMI-serving Community Solar projects is difficult because of the higher credit risk of including those populations; this is especially true for projects intending to serve larger proportions of LMI households.
- In addition, many local jurisdictions prefer solar projects to be located in the already-built environment – including commercial rooftops and parking lots, and “brownfields” where available – rather than on agricultural land.
 - However, projects built in these “preferred sites” are generally much smaller than those that can be built on open land, and therefore have less economy of scale; and building on parking lots, rooftops, and brownfields is substantially more expensive than building on open land.

Taken together, these factors make it extremely difficult to finance and build projects on these “preferred sites” to serve LMI households.

This difficulty is reflected in the pilot program’s limited progress in using project capacity in the LMI project category (30 percent of total program capacity), compared with the program’s “Open” category (40 percent of total program capacity).

- Latest reporting (January, 2022) by BGE shows that all but 0.1 percent of the 49.7 megawatts of “Open” category capacity available in the first four years of the program had been committed for project development. In contrast, 51 percent of the 37.2 megawatts of total four-year LMI capacity remained unused.

Physicians for Social Responsibility is a national organization of doctors and other health professionals dedicated to averting two overarching threats to human health and well-being: nuclear weapons and climate change. PSR is a component of International Physicians for the Prevention of Nuclear War, which received the 1985 Nobel Peace Prize.

- In the Pepco area (latest reporting, as of August, 2021), just 4.6 percent of the 24.6 megawatts of the total “Open” capacity available in the first four program years remained unused, versus an unused 61.7 percent of the 18.5 megawatts of four-year total LMI project capacity.

We recognize that the tax exemptions being proposed represent an unusual mandate to local jurisdictions. The reality, however, is that the organizations working to build Community Solar serving LMI households do not have the administrative and political capacity to seek these exemptions jurisdiction by jurisdiction.

The amount of revenue that will be foregone by these exemptions for the limited number of small projects would be a tiny share of a jurisdiction’s tax revenue. However, these exemptions can make a big difference in the ability to successfully build more LMI Community Solar projects, which was a specifically stated intention of the legislature when they passed the Community Solar bill in 2015 and extended the program in 2019. Moreover, these projects will include LMI families living within the jurisdiction itself.

In summary, the actions proposed by HB76 are consistent with the legislature’s intent in establishing the Community Solar Pilot Program. They will support expansion of projects serving households that historically have not been included in solar development. They will also benefit local jurisdictions themselves in providing clean, low cost, locally-produced solar energy to economically stressed households, and promote building Community Solar in the places where jurisdictions want to see it.

We therefore strongly urge the Committee to approve and advance HB76.

Respectfully,

Alfred Bartlett, M.D., F.A.A.P.
Board Member and Energy Policy Lead
Chesapeake Physicians for Social Responsibility
alfredbartlett@msn.com
240-383-9109