



Testimony HB 511: Renewable Energy Portfolio Standard - Solar Energy - Compliance Fees

Position: **SUPPORT**

February 16, 2023

Dear Chair Wilson and the Economic Matters Committee,

On behalf of CI Renewables, I respectfully urge a favorable vote on HB 511. This bill is important to me as a Maryland resident, employee of a Baltimore-based solar company, and father of a 16-month-old daughter. CI Renewables is a developer, owner, and operator of commercial and industrial scale solar power generation assets – predominantly serving hospitals, governments, and large energy users. Since 2010, we’ve developed and built complex renewable projects totaling over 200MWs spread throughout Maryland, New Jersey, California, and Virginia. In 2021, we moved our headquarters to Baltimore so we could invest in Maryland’s economy and grow the commercial and industrial solar, clean solar projects. Unfortunately, the diminishing SACP schedule in Maryland, and the resulting lack of solar projects, caused ratepayers to pay over \$70,000,000 in 2021 for alternative compliance fees. Ratepayers paid the penalty, without the benefits of adding lower-cost, stable-cost, clean, renewable energy.

Maryland is not on track to meet the solar goals of our Renewable Energy Portfolio Standard (RPS). By freezing the diminishing SACP prices, and thus stabilizing potential revenue, we can avoid customers paying millions of dollars in solar alternative compliance fees. Maryland’s solar incentives have long been behind the surrounding states. Temporarily freezing SACP prices will provide the feasibility and certainty solar developers need to invest the hundreds of millions of dollars we’ll collectively have to deploy to reach our RPS target. For reference, it can take over two years to turn an initial conversation with a customer into an operating solar project in Maryland. So, fixing the SACP today helps stabilize the market in 2025 when the SACP is currently scheduled to fall again – we do not have time to waste. Not only will this create clean energy jobs in Maryland now, it signals ‘stay here’ to those already employed in the state. Incentivizing solar will continue to reduce the cost for ratepayers in the long run by insulating against societal and geopolitical shocks to energy generation. It’s either penalty payments or solar projects. Most importantly to me, this bill is a path to a cleaner future for my daughter.

We thank Delegate Queen for her leadership on this bill and look forward to utilizing HB 511 incentives to create hundreds of family-supporting wage jobs installing solar power across Maryland!

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HB 511 / SB 357 - SACP FREEZE

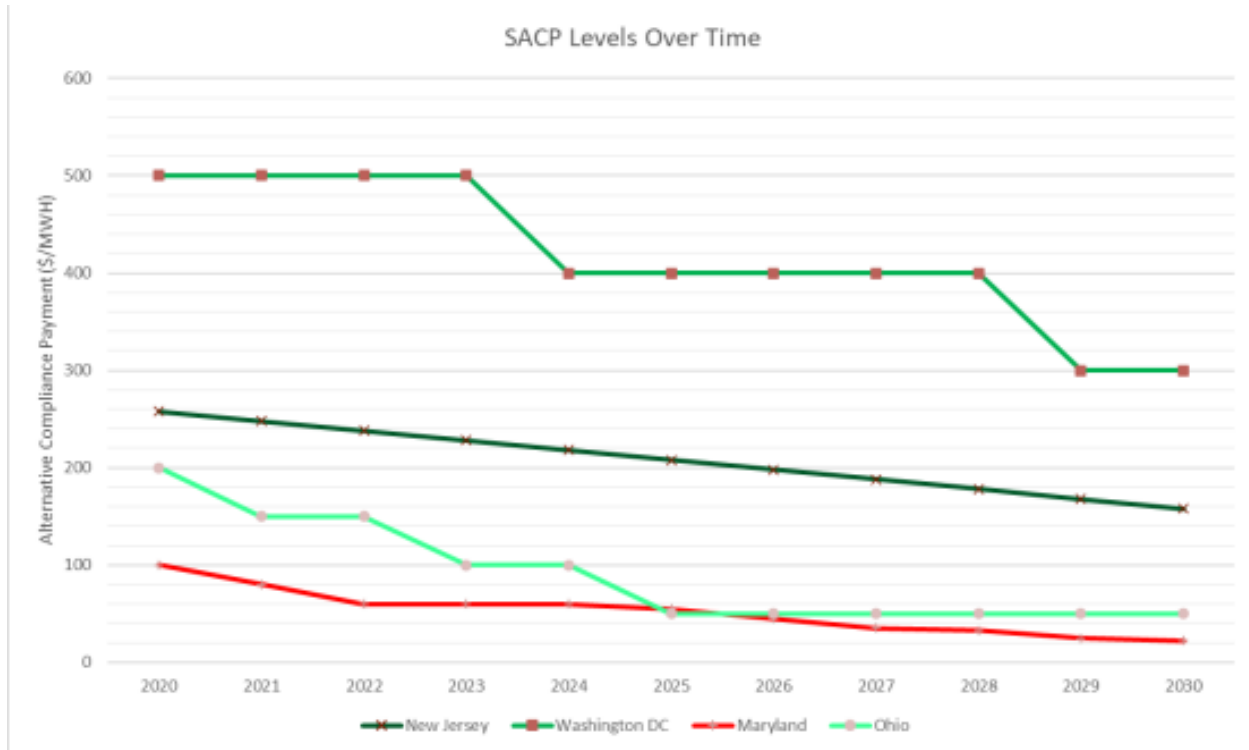
WHAT IT IS ...

- The Solar Alternative Compliance Payment (SACP) is the amount electric suppliers must pay per MWh of solar electricity that they are unable to generate themselves or buy rights to through solar renewable energy credits (SREC) purchases in order to meet the state Renewable Portfolio Standard (RPS) solar requirement.
- The SACP is one of the primary determinants of the SREC pricing, which heavily affects the revenue stream off of solar projects and directly impacts the amount of cost viable solar that will be built in Maryland.
- In 2021, Maryland retail electric customers paid over \$70,000,000.00 in alternative compliance fees due to the shortfall in the RPS and unavailability of an adequate number of SRECs. Ratepayers paid the penalty, without the benefits of the lower-cost, stable-cost, clean, renewable energy.

WHY IT MATTERS ...

- Maryland is not on track to meet the solar goals of our Renewable Energy Portfolio Standard (RPS). By freezing slumping solar renewable energy credit (SREC) prices and thus maintaining incentives, we can avoid customers paying millions of dollars in solar alternative compliance fees.
- Maryland's solar incentives have long been behind surrounding states. Temporarily freezing SACP prices will provide the feasibility and certainty solar developers need to incentivize actual solar development and create jobs in Maryland now. It will also signal 'stay here' to those already working here, versus the current, rapid decline.
- Incentivizing solar will continue to reduce the cost for ratepayers in the long run, partially by insulating against societal and geopolitical shocks to energy generation.
- Maintaining a diverse and strong energy portfolio lends to a strong economy that provides hundreds of good, family wage supporting, sustainable jobs.

COMPARATIVE ANALYSIS ...



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