

MARC KORMAN
Legislative District 16
Montgomery County

MAJORITY LEADER

Appropriations Committee

Subcommittees

Capital Budget

Oversight Committee on Personnel

Chair, Transportation and the
Environment



The Maryland House of Delegates
6 Bladen Street, Room 350
Annapolis, Maryland 21401
410-841-3649 · 301-858-3649
800-492-7122 Ext. 3649
Marc.Korman@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Net Metering Flexibility Act (HB 68)
Testimony of Delegate Marc Korman—Favorable with Amendments

Thank you Mr. Chair, Mr. Vice Chair, and Members of the Economic Matters Committee. I come before the committee today to discuss the **Net Metering Flexibility Act (HB 68)**. The Net Metering Flexibility Act would make two changes to the existing laws around solar net metering to give consumers more flexibility to pick the option that works best for them. The issue of was first brought to my attention by a constituent who raised some concerns about the laws regarding net metering and energy credits from solar energy production. The Net Metering Flexibility Act is designed to implement pro-consumer changes that give net metering customers more flexibility in how they use their credits as well as incentivize new customers to install solar panels.

Net metering, as this committee well knows, is the process by which solar panels owned by consumers can connect to the grid and sell their power generation into it. According to the Public Service Commission's November 2022 report, Maryland is only at 34.4 percent of the eligible State cap of 3,000 MW for net metering. The Net Metering Flexibility Act will help incentivize solar use so that we can take better advantage of the cap.

Net metering helps consumers with solar panels save money because there are times when their solar panels will create more electricity than the household consumes. If a month ends where the consumer produced more electricity than they consumed, they will receive credits that can be applied to their bill in the next month. At the end of the billing year in April, consumers are then able to receive a cash payment if they end the year having produced more electricity than they consume. However, that payment is calculated using only one portion of the applicable electric rate and is less than the full retail credit otherwise offered under net metering. As my constituent pointed out, this system has not always benefited the consumer as the cash-out coming in April leaves consumers going into the summer months with no credits, meaning that they will not be able to use those credits to offset the high-energy use summer months.

The Net Metering Flexibility Act makes the following changes to existing law to attempt to mitigate any negative implications of the cash-out date.

- The cash-out date is moved from April to August, allowing consumers to have credits going into the summer months, when electricity bills are higher.

- Consumers can choose to forgo the annual cash-out and roll over credits indefinitely, which saves money down the line and allows them to have consistent credits to use. This is a practice that has seen success in Massachusetts, Oregon, and Washington, D.C.

Indefinite rollover benefits consumers in the long run, allowing them to cut down on electricity bills far after their initial investment into solar energy. By being able to accrue credits indefinitely, consumers have the potential to “zero out” their electricity bills, with the only costs that they will have to pay being monthly charges required by utility providers. With knowledge that all generation will be credited at the full retail rate, customers choosing indefinite rollover get a clearer line of sight into the value proposition that going solar will provide to them, which is particularly important as we electrify the grid with more electric vehicles and heat pumps.

We have been in touch with several utilities and other stakeholders to hear their feedback on the bill. The goal of the bill is to implement reasonable pro-consumer changes to the existing law and make net metering work better in Maryland. We do have amendments for your consideration. The first is technical and clarifies that a net metering customer can opt into the indefinite rollover even if they elected the cash payout in a prior year. The other amendment makes the Community Solar program eligible for indefinite rollover of credits. But if the committee is interested in the issue, I believe there may be other amendments worthy of consideration to make the process work better.

Maryland needs to make significant progress in the field of solar installation if we are to take full advantage of our statewide net metering cap. The Net Metering Flexibility Act is one way we can incentivize solar panel use by giving consumers more flexibility in how they can redeem their credits and choosing the option that works best for them. I urge a favorable report.