



February 16, 2023

SUPPORT: SB357 - Renewable Energy Portfolio Standard - Solar Energy - Compliance Fees

Chairman Feldman and Members of the Committee:

Maryland LCV and the Climate Access Fund support SB357: Renewable Energy Portfolio Standard - Solar Energy - Compliance Fees, and we thank Senator Klausmeier for her leadership on this critical and timely issue.

In 2019, the Maryland General Assembly passed the Clean Energy Jobs Act (CEJA), laying out both the amount of energy that must be acquired from clean energy industries, especially solar and off-shore wind. We are not meeting these goals, and our solar market continues to lag behind those of surrounding states. In order to meet the mandates laid out in the Clean Energy Jobs Act of 2019, as well as the goals advanced by Governor Moore to achieve 100% clean energy by the year 2035, we must take aggressive action to stabilize the solar market and ensure it has the tools needed to thrive in our state.

Community solar projects have two sources of revenue: customer bills and Solar Renewable Energy Credits (SRECs). SRECs are sold on the market, which makes their price largely unpredictable except as guided by the price of the Solar Alternative Compliance Payments (SACPs), which was set by the Maryland General Assembly in CEJA. The cost of these projects is set to drop precipitously in the next two years.¹ By contrast, D.C. has highly valued SRECs, which incentivizes development outside of Maryland's borders. For community solar projects serving low and moderate income (LMI) subscribers, and for the smallest projects (those that are generally found in the built environment on rooftops and parking lots), the sharp decline in SREC prices makes projects that are already more expensive to build and more difficult to finance still more expensive and more challenging. With a smaller cash flow from the revenue of SRECs, there is less money available to offer in the form of discounts to LMI customers, exacerbating inequities.

Temporarily freezing SACP prices as this bill proposes (and in doing so creating predictability in the SREC market), will provide the feasibility and certainty that solar developers - especially community solar developers serving LMI households - need to incentivize actual solar development, and create jobs in Maryland.

Maryland LCV and Climate Action Fund strongly urge a favorable report on this important bill.

¹ see attachment