SB 357 Comments.pdf
Uploaded by: Ally Niphakis
Position: FAV

Re: SB 357

Good morning, Council members and staff. Thank you for allowing this opportunity to submit comments supporting SB 357.

Xpansiv company, SRECTrade
SRECTrade is a management and transaction platform for Solar Renewable Energy Certificates (SRECs) and clean transportation markets across North America, with more than a gigawatt of environmental assets under management. Since 2008, SRECTrade has been a domain expert in environmental-commodity markets, bringing a wealth of knowledge and transparency to the clean-energy industry. Our platform and presence in REC and LCFS (Low Carbon Fuel Standard) markets complements Xpansiv's rapidly expanding ESG infrastructure, which includes CBL, the largest spot exchange for carbon, RECs, and Digital Fuels; XSignals, which provides end-of-day and historical market data; EMA, the leading multi-registry portfolio management system for all environmental commodities; and APX, the leading provider of registry infrastructure for energy and environmental markets.

SB 357
SRECTrade greatly supports SB 357.

The state of Maryland has been a leader with solar development, and this is due to the renewable energy goals enacted over the last 15 years.

Stable SREC prices give security when building and financing solar projects. The SACP is one of the main factors that influences SREC prices. SREC prices affect the revenue that comes from solar projects and brings down barriers that prevent residential and commercial owners from purchasing these assets.

The current SREC market is undersupplied, with millions of ACP payments being made (PSC Renewable energy Portfolio Standard Report). Maryland is not on track to meet the solar goals of the Renewable Energy Portfolio Standard (RPS). The current ACP schedule is set to decline and eventually reach $22.50/MWh by 2030. As SREC prices decline, the market will see more ACP payments being made. A higher ACP will lead to an increase in build rates and more solar on the market. Increased build rates lead to more job creations which improves the economics in the state. In other states that experience price drops the capital investment in solar projects remains low and may be more expensive as businesses have less certainty with their investments.

125 S Highway 101 #1006, Solana Beach, CA 92075 | Toll Free: (877) 466-4606 | Direct: (415) 763-7732

SRECTrade manages over 76,000 systems, and the majority of them are residential and small commercial systems. Over the last few years as the ACP has been declining we have seen less of these systems being built. The average system size in 2021 was 27 kW, while the average system size in 2022 was 48 kW. If SREC prices continue to decline, solar will become unattainable for these owners.

Respectfully,

Ally Niphakis

Ally Niphakis
SRECTrade

125 S Highway 101 #1006, Solana Beach, CA 92075 | Toll Free: (877) 466-4606 | Direct: (415) 763-7732

SB 357_CBF_FAV.pdf
Uploaded by: Doug Myers
Position: FAV

CHESAPEAKE BAY FOUNDATION

Environmental Protection and Restoration
Environmental Education

Senate Bill 357

Renewable Energy Portfolio Standard – Solar Energy – Compliance Fees

Date:	February 14, 2023	Position:	Support
To:	Education, Energy and the Environment Committee	From:	Doug Myers Maryland Senior Scientist

Chesapeake Bay Foundation (CBF) **SUPPORTS** SB 357 which, beginning in 2025, freezes the compliance fee for failing to meet solar power objectives at 6 cents per kilowatt hour over any shortfall of that standard.

Last year's Climate Solutions Now law states that by 2030, 50% of the state's electricity must come from Tier 1 renewable sources, including at least 14.5% derived from solar energy. Compliance fees for failing to meet this target were set to decrease after 2024. By freezing the compliance fee rate, this bill will continue a needed incentive to expand solar power in the state, solve siting and grid interconnection issues that currently limit solar expansion and assure greenhouse gas emissions from fossil fuels are eliminated as soon as possible.

Tier 1 renewable energy sources are driving a new economy in Maryland and the bold actions taken by this body last year set a national standard for greenhouse gas emissions reduction policy that other states are now following. Any reduction in greenhouse gases not only helps to stabilize the climate, but also reduces nitrogen oxides emissions which become a source of nitrogen loading to the bay that is accounted for by the Bay Program, but lacks any assignment to a sector for reduction.

CBF urges the Committee's FAVORABLE report on SB 357.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

BaltimoreCounty_FAV_SB0357.pdf
Uploaded by: Joshua Greenberg
Position: FAV

JOHN A. OLSZEWSKI, JR.
County Executive

JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

JOSHUA M. GREENBERG
Associate Director of Government Affairs

BILL NO.: **SB 357**

TITLE: Renewable Energy Portfolio Standard - Solar Energy - Compliance Fees

SPONSOR: Senator Klausmeier

COMMITTEE: Education, Energy, and the Environment

POSITION: **SUPPORT**

DATE: February 14, 2023

Baltimore County **SUPPORTS** SB 357 - Renewable Energy Portfolio Standard - Solar Energy - Compliance Fees. This legislation would hold compliance fees at $0.06 per kilowatt hour for electricity providers that do not meet legally-required levels of solar power within their portfolio, as outlined with the State's Renewable Portfolio Standard beyond 2024.

Maryland's renewable energy portfolio standard (RPS) requires energy suppliers to increase the percentage of their energy portfolio that is derived from renewable energy, including solar and wind, in order to reduce the greenhouse gas emissions associated with fossil fuels and global climate change. For energy suppliers who do not meet the renewable portfolio standard obligation, an alternative compliance payment must be submitted for every kilowatt-hour of shortfall. To incentivize the development of solar energy, a "carve-out" within the RPS was created, and a higher alternative compliance payment set that ramped down over time to $0.025 by 2030 and beyond.

SB 357 would extend a new floor of $0.06 per kilowatt hour beyond 2024, maintaining a critical disincentive for electricity suppliers to meet their renewable portfolio standard obligations by simply paying a fee. Baltimore County supports this bill as an important tool in driving greater solar development and reducing the harmful impacts on continued reliance on polluting fossil fuels. Maryland's RPS is no longer novel, and the time has come to do all we can to transition to cleaner, renewable fuels for our electricity and transportation needs.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 357. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

FAVORABLE_ SB357 - Renewable Energy Portfolio Stan
Uploaded by: Kristen Harbeson
Position: FAV

February 14, 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 Feesl, 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

SB0357(HB0511) - FAV - Renewable Energy Portfolio
Uploaded by: Landon Fahrig
Position: FAV

TO: Members, Senate, Education, Energy, and the Environment Committee
FROM: Paul Pinsky - Director, MEA
SUBJECT: SB 357 - Renewable Energy Portfolio Standard - Solar Energy - Compliance Fees
DATE: February 14, 2023

MEA Position: FAVORABLE

The Maryland Energy Administration (MEA) encourages the committee's support of Senate Bill 357. This legislation provides solar developers with a greater incentive to build and interconnect solar photovoltaic systems in Maryland. Additionally, the bill, by making the rate of alternative compliance payments (ACP) static, will provide greater economic certainty for solar projects experiencing delays due to challenges with interconnection, zoning, or financing, as well as other factors.

Background:

Maryland adopted a Renewable Portfolio Standard (RPS) to promote the generation of clean energy in the State. It is electricity suppliers that must comply with the RPS. There are two methods an electricity supplier can utilize to satisfy the annual requirements of the RPS, including the solar carve-out portion discussed herein: 1) the purchase and retirement of Solar Renewable Energy Credits ("S-RECs); or 2) the payment of Solar ACP.

Ostensibly, when there is a shortage of S-RECs, suppliers must pay the ACP. MEASolar ACP has a specific and declining rate schedule that is separate from ACP for other technologies (wind, hydroelectric, etc.). The Solar ACP is also set to a higher rate than ACP for the remainder of Tier 1. This helps keep the price of S-RECs generally higher as well.

Current vs. New Law:

Under current law, the rate of S-ACP, currently at $60/MWh, will decline beginning in calendar year 2025 (FY24) ultimately reaching a rate of $22.50/MWh in CY30.

Under SB 357the statutory reductions in the rate of Solar ACP are halted. This keeps the rate of Solar ACP, and likely the price of S-RECs, at the $60 mark.

Conclusion:

This bill creates no immediate increase in costs to ratepayers. Financial impacts are not anticipated to manifest until FY27 or later, and may be limited. Furthermore, **100% of any increase in revenue associated with alterations to ACP rates is already, by statute, fully committed to fund projects that benefit low-income Marylanders**, helping to ensure an equitable outcome.

For the forgoing reasons, MEA is asking the committee for an **FAVORABLE** report.

SB0357 RPS-Solar Energy-Compliance Fees_Educ Energ
Uploaded by: Laurie McGilvray
Position: FAV

Committee: **Education, Energy, and the Environment**
Testimony on: **SB0357 - Renewable Energy Portfolio Standard - Solar Energy - Compliance Fees**
Organization: **Maryland Legislative Coalition Climate Justice Wing**
Submitting: **Laurie McGilvray, Co-Chair**
Position: **Favorable**
Hearing Date: **February 15, 2022**

Dear Chair and Committee Members:

Thank you for allowing our testimony today in support of SB357. The Maryland Legislative Coalition (MLC) Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to vote favorably on SB357.

SB357 will increase the solar alternative compliance payment (ACP) under the State Renewable Energy Portfolio Standard to 6 cents per kilowatt-hour ($60 per megawatt-hour) beginning in 2025, as opposed to the current law, which would decrease ACPs from 6 cents per kilowatt-hour each year in 2024, to 2.25 cents per kilowatt-hour ($22.50 per megawatt-hour) in 2030 and beyond.

By maintaining the ACPs at the higher $60 per megawatt-hour level, solar renewable energy credits (SRECs) will remain at a higher level as well. The higher value SRECs benefit both small solar installation businesses and homeowners and businesses who install solar panels. Maryland is not keeping pace with solar installation and generation required under the State's Renewable Portfolio Standard. The increased ACP and higher SREC prices will provide an incentive to build more solar in the State.

We recommend a **FAVORABLE** report for SB357 in committee.

FAVORABLE_SB 357 Support CI Renewables_XC.pdf
Uploaded by: Luke Smith
Position: FAV

Testimony SB 357: Renewable Energy Portfolio Standard - Solar Energy - Compliance Fees

Position: **SUPPORT**

February 14, 2023

Dear Chair Feldman and Education, Energy, and the Environmental Committee,

On behalf of CI Renewables, I respectfully urge a favorable vote on SB 357. 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 market. We've only just begun and have already delivered 30MWs of solar energy to Howard County Government as part of the largest Power Purchasing Agreement in the state.

The Solar Alternative Compliance Payment (SACP) is one of the primary determinants of Solar Renewable Energy Credit (SREC) pricing. Put plainly, as you increase the SACP, you stabilize potential revenue from a solar project. As developers find markets with stable revenue forecasts, we are driven to deliver more, low-cost, 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 Senator Klausmeier for her leadership on this bill and look forward to utilizing SB 357 incentives to create hundreds of family-supporting wage jobs installing solar power across Maryland!

Luke Smith
CI Renewables
443-514-5125
luke.smith@cirenew.com

SB 357 - MoCo_Elrich_FAV (GA 23).pdf
Uploaded by: Marc Elrich
Position: FAV

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

February 14, 2023

TO: The Honorable Brian J. Feldman
Chair, Education, Energy, and the Environment Committee

FROM: Marc Elrich
County Executive

RE: Senate Bill 357, *Renewable Energy Portfolio Standard – Solar Energy – Compliance Fees*
Support

I am writing to express my strong support for Senate Bill 357, *Renewable Energy Portfolio Standard – Solar Energy – Compliance Fee,* which increases compliance fees starting in 2025 for utilities that fail to meet solar energy requirements specified under Maryland's Renewable Portfolio Standard (RPS).

We are in a climate emergency. Shifting our energy sources to clean, renewable resources like solar is critically important to achieving state and local climate goals, including our goal here in Montgomery County to eliminate greenhouse gas emissions by 2035. Domestic resources like solar and wind can play critical roles in powering our economy, creating jobs in Maryland, and improving public health.

The RPS was established to encourage the development of clean, renewable sources of electricity generation. It requires utilities to procure certain minimum percentages of the electricity they provide to Maryland customers from renewable energy resources, and further specifies minimum percentages that must be procured specifically from solar resources. The RPS imposes compliance fees on electric utilities that fail to meet these solar obligations to help incentivize their compliance. Those fees decline over time under current law.

This bill will prevent further reductions in the compliance fees imposed on utilities that fall short of their solar obligations under the RPS, starting in 2025. These fees are an important tool to encourage utilities to meet their obligations.

I respectfully request that the Education, Energy, and the Environment Committee give this bill a favorable report.

cc: Members of the Education, Energy, and the Environment Committe

SB357_MD Sierra Club_fav 14Feb2023.pdf
Uploaded by: Mark Posner
Position: FAV

P.O. Box 278
Riverdale, MD 20738

Committee: **Education, Energy, and the Environment**
Testimony on: SB357 "Renewable Energy Portfolio Standard – Solar Energy – Compliance Fees"
Position: **Support**
Hearing Date: February 14, 2023

The Maryland Chapter of the Sierra Club strongly supports SB357. The bill will adjust the solar Alternative Compliance Payments (ACPs) paid for shortfalls of solar energy development to maintain them at their current value. As explained below, solar ACPs effectively set an upper limit for the value of one of the most important incentives for solar development. If this bill is not enacted, the solar ACPs and, most importantly, this incentive, will decrease in value by more than half by 2030, during a time when Maryland needs to be accelerating solar development.

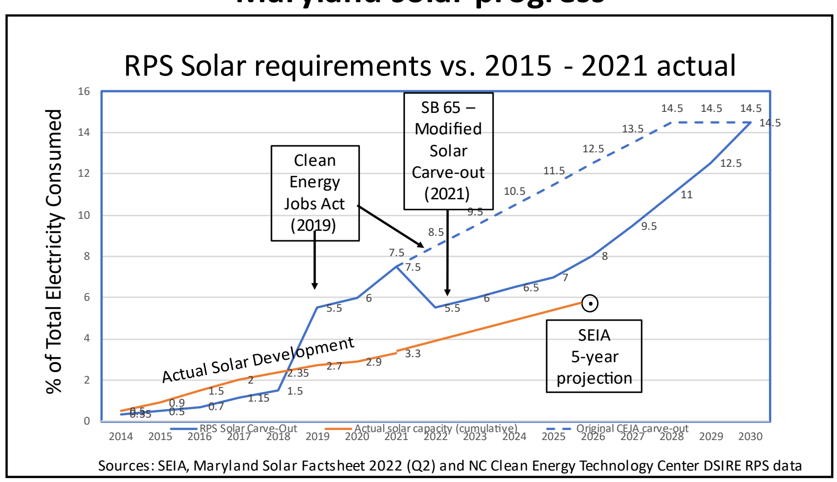
<u>Why This Bill is Needed</u>

Increasing Maryland's solar energy capacity is an essential part of the State's efforts to achieve net-zero greenhouse gas emissions by 2045, the target set last year by the Climate Solutions Now Act (CSNA). The State's solar-specific target (also established in statute) is for solar energy to comprise 14.5% of the State's total electricity consumption by 2030. To accomplish this, state law includes interim targets to increase solar capacity each year up to the 14.5% amount. The Public Service Commission estimates that the 14.5% amount represents about 6,200 megawatts (MW) of solar. This is the minimum needed to meet Maryland's greenhouse gas reduction goal of a 60% reduction (compared to 2006 levels) by 2031, a goal that also was set by the CSNA.

For a variety of reasons, however, solar development continues to be below the pace needed to meet the interim targets.[1] The Solar Energy Industries Association (SEIA) estimates that Maryland had about 1,600 MW of solar at the end of 2022. This means that Maryland will need to develop 4,600 MW of solar from 2023 to 2030 to achieve the 14.5% target. This would require Maryland to more than double its current rate of solar development.[2]

This graph shows how Maryland's solar growth rate will leave us far short of the 14.5% target. The blue solid and dotted lines represent the year-by-year solar targets, as amended by the General Assembly in 2019 and again in 2021. The orange line represents the actual 2015-2021 rate and a SEIA estimate of the 2022-2026 rate.[3]

Maryland solar progress



[1] These reasons include delays associated with receiving approval from the regional transmission system for utility-scale solar projects, current limitations to the community solar program, the impact of the pandemic, and other factors.

[2] Reaching the 2030 target will require building an average of 575 MW each year between 2023 and 2030; the greatest annual amount of solar built in the state was about 275 MW in 2016, when the value of the solar incentive was much higher.

[3] The graph is labeled "RPS solar requirements vs. 2015-2021 actual" since the solar requirements in state law are a part of the State's Renewable Portfolio Standard (RPS).

Founded in 1892, the Sierra Club is America's oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

Clearly, Maryland needs to accelerate its solar development. Yet, current law is set to reduce the current solar incentive by more than half in the next few years.[4]

This legislation will maintain the solar incentive at its current value at least until 2030. This will provide important dependability in the financing of solar projects, large and small. Along with the federal Investment Tax Credit (ITC) for solar development (extended under the Inflation Reduction Act), maintaining the state incentive at its current value will establish a basic floor for financial planning of solar projects, encouraging continued growth.

Maryland (as well as the federal government) will need additional actions to accelerate solar development. The Maryland solar incentive and the ITC provide an important foundation. However, by themselves, they have not provided enough incentive to actually increase the growth rate, especially for more costly forms of solar on rooftops, parking lots, and disturbed lands. solar projects combined with agriculture, and solar projects serving vulnerable or underserved communities or large numbers of low-income households.[5]

The Connection of Compliance Fees with the Value of the Solar Incentive

The incentive for solar generation growth created by the state's Renewable Portfolio Standard is the Solar Renewable Energy Credit (SREC). Each megawatt-hour of energy generated by a solar array earns one SREC. Solar array owners sell SRECs through a market process to utilities.

State law indirectly sets the dollar value of an SREC by setting the value of the solar ACP. Utilities must annually purchase a minimum amount of solar energy, represented by purchase of SRECs; but, if that minimum is not achieved, they instead must submit a solar ACP to the State.[6] As a matter of economics, utilities generally will not buy SRECs if the SREC cost exceeds the solar ACP cost; thus, the state-determined cost of the solar ACP effectively sets an upper limit for the SREC value.

In 2022, the solar ACP rate dropped from 8 cents per kwh ($80 per megawatt-hour) to 6 cents per kwh ($60 per MWh). As a result, the value of SRECs immediately fell to just below $60. The solar ACP value is set to drop again in two more years (in 2025) and will decline every year after that, landing at 2.25 cents per kwh ($22.50 per MWh) by 2030, taking SREC values down as well.

This legislation will maintain the solar ACP rate at 6 cents per kwh, and thus the SREC value at about $60.

Conclusion

The Maryland Chapter of the Sierra Club strongly supports SB357 as an essential component of a set of actions needed to accelerate solar development and achieve Maryland's clean energy and greenhouse gas reduction goals.

Alfred Bartlett, M.D.
Mark Posner
Clean Energy Team
alfredbartlett@msn.com
mposner5719@gmail.com

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

[4] The General Assembly established a declining value for the incentive based on the view that the rate of solar growth would substantially increase in the early 2020s such that there would be a declining need for the incentive.
[5] For this reason, the Chapter is supporting additional legislation that will provide such incentives.
[6] The solar ACP is equal to the amount by which a utility fell short of the solar target – measured in kilowatt hours (kwh) – multiplied by a rate per kwh specified in state law.

SB357_IndivisibleHoCoMD_FAV_RuthAuerbach.pdf
Uploaded by: Ruth Auerbach
Position: FAV

IndivisibleHoCoMD

SB357 – Renewable Energy Portfolio Standard – Solar Energy – Compliance Fees

Testimony before

Education, Energy, and the Environment Committee

February 14, 2023

Position: Favorable

Dear Education, Energy, and the Environment Committee Members,

My name is Ruth Auerbach, and I represent the 750+ members of Indivisible Howard County. We are providing written testimony today to ***support SB357***, altering the compliance fee that electricity suppliers would pay for any shortfall in the percentage of solar energy supplied. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We are grateful for the leadership of Senator Klausmeier in sponsoring this bill.

Indivisible Howard County strongly supports clean and renewable energy. For 2025 and beyond, this legislation holds the compliance fee for a shortfall in the percentage of solar electricity supplied at the 2024 rate of 6 cents per kilowatt hour. This compliance fee was as high as 45 cents per kilowatt hour in 2008. Even as recently as 2016, the fee was 35 cents per kilowatt hour. Compared to these earlier fees, a 6 cent fee is quite modest. Hopefully, the electricity providers will supply the required minimum percentage of solar energy and the compliance fee will not be needed. However, with the cost of electricity increasing, letting the compliance fee fall below 6 cents per kilowatt hour will make it increasingly insignificant.

We are concerned that the current fee structure may not be hefty enough to get the clean renewable energy needed to make meaningful progress against climate change.

Thank you for your consideration of this important legislation. **We respectfully urge a favorable report on this bill.**

Ruth Auerbach
9455 Clocktower Lane
Columbia, MD 21046

SB 357 - AOBA - FWA.pdf
Uploaded by: Brian Anleu
Position: FWA

Bill No: **SB 357 – Renewable Energy Portfolio Standard – Solar Energy Compliance Fees**

Committee: **Energy, Education, and the Environment**

Date: **February 14, 2023**

Position: **Favorable with amendments**

The Apartment and Office Building Association of Metropolitan Washington (AOBA) represents members that own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's Counties.

Many AOBA members have signed long term energy contracts under the existing Maryland Renewable Energy Portfolio Standards and are concerned with the impact that this bill will have on these contracts. AOBA respectfully requests that the bill be amended to grandfather in existing contracts. Commercial and multi-family owners and managers must have time to understand the change in law and realign their budgets and capital spending, which are done years in advance. Particularly during these uncertain economic times for our members, the goal should be to keep our residential and office building operating budgets as stable as possible to aid in their overall recovery.

There is precedent in grandfathering of energy contracts including recent changes to the RPS regulations in Maryland through Senate Bill 516 from 2019 and Senate Bill 65 from 2021. In both instances, existing energy contracted load was exempt from changes to the percentages and the SACP.

Here is some sample language from the Maryland Clean Energy Jobs Act of 2019:

> SECTION 3. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.

For further information, contact Brian Anleu, AOBA Vice President of Government Affairs for Maryland at (240)381-0494 or banleu@aoba-metro.org.

SB0357-613224-01.pdf
Uploaded by: Katherine Klausmeier
Position: FWA

SB0357/613224/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

13 FEB 23
11:14:57

BY: Senator Klausmeier
(To be offered in the Education, Energy, and the Environment Committee)

AMENDMENT TO SENATE BILL 357
(First Reading File Bill)

On page 4, in line 13, after "That" insert "a presently existing obligation or contract right may not be impaired in any way by this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to all renewable energy portfolio standard compliance years starting on or after January 1, 2023.

SECTION 4. AND BE IT FURTHER ENACTED, That".

2023 SB357 -- Solar ACP.pdf
Uploaded by: Tom Dennison
Position: UNF

1-888-440-3311
P.O. Box 1937, Hughesville, MD 20637
www.smeco.coop

People. Power. Progress.

February 14, 2023

SB 357: Renewable Energy Portfolio Standard – Solar Energy – Compliance Fees

Committee: Senate Education, Energy and the Environment

Position: Opposed

Southern Maryland Electric Cooperative (SMECO), a member-owned electric cooperative based in Hughesville that provides electricity to more than 170,000 member accounts in Charles, St. Mary's, Calvert and southern Prince George's County, opposes Senate Bill 357. The bill alters the compliance fee for a shortfall from the required percentage of energy from Tier 1 renewable sources to be derived from solar energy for the Renewable Portfolio Standard (RPS) beginning in 2025 and later. The proposed change would hold the compliance fee at the current level, instead of it tracking down over the next few years.

Over the last two years, SMECO ratepayers and ratepayers across Maryland have been paying more for electricity as costs of natural gas have risen. Unfortunately, these power supply cost increases are borne in the rates paid by ratepayers. SB 357 will make an already volatile power supply market worse by freezing the Alternative Compliance Payment (ACP) for solar renewable energy credits (RECs) at $60 rather than dropping after 2024. The cost of this change – keeping the ACP at $60 for solar – would cost SMECO ratepayers more than $3.5 million in 2030.

Maryland is currently short or near the equilibrium for solar RECs due to new solar facilities not coming online. This phenomenon is despite the fact that the Maryland General Assembly has continued to increase the solar requirement that utilities have to purchase to provide to our customers. The intent of the current law of a declining ACP is, as the compliance obligation goes up, it avoids having customers overpay for RECs if the market fails to keep up with the compliance demand.

SB 357 would manipulate the supply and demand shortfall of solar RECs and would result in Maryland ratepayers paying more for electricity. For this and the reasons above, SMECO requests an unfavorable report on SB 357.

For more information, contact: Tom Dennison, SMECO

Vice President Government and Public Affairs

240-506-6772 • tom.dennison@smeco.coop

1-888-440-3311

P.O. Box 1937, Hughesville, MD 20637

www.smeco.coop

People. Power. Progress.

For more information, contact: Tom Dennison, SMECO

Vice President Government and Public Affairs

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