February 27, 2023

Honorable Brian J. Feldman, Chair
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, Maryland 21401

Re: CHESSA Letter of Support for SB 664, Maryland Strategic Energy Investment Program-Tier 1 Renewable Sources, Solar Energy Systems, and Alterations

Dear Chair Feldman and Members of the Education, Energy, and Environment Committee:

The Chesapeake Solar and Storage Association (CHESSA)[1] appreciates the opportunity to testify in support of SB 697, addressing energy storage targets for the State.

CHESSA submits this testimony in support of SB 664 which directs that funds collected as a result of alternative compliance payments by electric suppliers under § 7-705(b)(2)(i)2 of the Public Utilities Article be directed to support the growth of rooftop solar for low-and-moderate-income residents of the State through grants of up to $5,000 per system. SB 664, as filed, diverts approximately 90% of the solar compliance fees, after setting aside the first $5 million for low-and-moderate-income residents, for a general market program that will be available on a first-come, first-served basis to qualifying residents. While these provisions are in conflict with provisions of SB 548 that address the use of compliance funds under that same subsection of existing code, CHESSA is hopeful that there will be collaborative attempts to reconcile the bills, as they both move forward, to achieve the underlying purpose of SB 664 and provide uplift to the waning residential solar market at a time when deployment of rooftop solar is the State's most immediate option to close in on the current solar renewable energy credit ("SREC") shortfall.

[1] CHESSA is a member organization that represents over 120 companies engaged in all facets of the solar and battery storage industry throughout Maryland, Virginia, and the District of Columbia.

There are many elements of SB 664 that are vital to the turnaround of the residential rooftop solar industry in Maryland: (1) providing additional flexibility in how MEA is able to allocate solar alternative compliance payments (SACPs) to support development of solar energy resources; (2) broadening the restricted use of SACP funds beyond low-income to include moderate income households; and (3) providing certainty on the amount of rebates provided to offer a stable acceleration over the next few years that enables solar installers to hire and improve structural business capacity to achieve the increased volume of installations represented by this bill.

CHESSA supports the broadening of § 9-20B-5(a)(i)(3), as proposed in SB 664, which gives the Maryland Energy Administration additional discretion. Current law directs that all SACPs are to be directed to make "loans and grants to support the creation of new solar energy sources in the State, that are owned by or directly benefit low-income residents of the State." In practice, this has excluded the provision of funds for low-income solar+storage facilities, which can provide significant onsite resilience benefits to low-and-moderate-income residents, including those who rely on refrigeration for medicines or are dependent on electrically powered medical devices. The new language broadens MEA's authority to design programs for low-and-moderate-income residents that includes "solar energy systems paired with energy storage for home or community resilience." Arguably, in designing programs for low-and-moderate-income residents, MEA could have discretion to provide funding for roofing upgrades that would be necessary to facilitate large-scale ramp up in low-income and moderate-income rooftop solar projects. Sunrun would support making that authorization explicit, as these barriers to low-income single-family household adoption of rooftop solar are material and determinative of whether projects are pursued.

Solar is increasingly an attractive option for low-to-moderate-income households, who can enter into solar lease agreement or power purchase agreement (PPA) that requires no money upfront and usually provides day one savings and a hedge against the rising cost of electricity delivered from the grid. CHESSA supports SB 664 for lifting the current practice under MEA's clean energy grant program of prohibiting third-party owners of household solar from being able to apply for and receive the grant on behalf of the host customer. With passage of the federal Inflation Reduction Act, third-party-owned solar facilities on qualifying low-income rooftops could potentially be eligible for additional federal tax benefits that are not available under the customer-owned section of the federal investment tax credit. Allowing third-party owned systems to participate in the solar rebate program will allow the stacking of state and federal benefits to make going solar more attractive and more accessible for low-and-moderate-income Maryland residents.

As it concerns the use of SACP funds for general market solar deployment, CHESSA agrees with the Maryland Residential Solar Coalition that income-verification eligibility requirements can significantly hamper the ability of the solar industry to market and deliver results for low-and-moderate-income residents. One alternative for consideration in the forthcoming discussions reconciling the intent of this bill with SB 548 is to provide that low-and-moderate income grants be awarded within geographically-defined low-income communities (which could mirror the federal definition in the federal tax code 26 U.S.C. § 45D(e).[2] Sunrun expects that lifting the income-verification restriction will increase the number of low-income and moderate-income households that will have access to solar, as this customer segment has seen an uptick in recent years.[3]

CHESSA asks that the Committee issue a favorable report with the caveat that we anticipate the need for reconciliation with SB 548 will be necessary if both bills move forward.

Respectfully submitted,

/s/
Thadeus B. Culley
Sr. Manager, Public Policy, Sunrun
CHESSA Maryland Policy Committee Chair

/s/
Stephanie Johnson
Executive Director, CHESSA

[2] "The term "low-income community" means any population census tract if—
(A) the poverty rate for such tract is at least 20 percent, or
(B)(i) in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or
(ii) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income." 26 U.S.C. § 45D(e)(1).

[3] https://emp.lbl.gov/news/new-berkeley-lab-report-solar-adopter-2