



February 28, 2023

OPPOSE

Senate Bill 664: Maryland Strategic Energy Investment Program – Tier 1 Renewable Sources, Solar Energy Systems, and Alterations

Senate Education, Energy, and the Environment Committee

Chair Feldman and Members of the Committee:

The Climate Access Fund is a statewide nonprofit Green Bank that uses innovative finance to increase low-income households' access to solar power. We specialize in community solar project finance, and we seek to fill gaps in the market that are preventing more low-income households from benefitting from discounted electricity bills through community solar. Specifically, we incentivize the development of small low-income community solar projects that are located on rooftops and parking lots. The Climate Access Fund requests an unfavorable report on SB 664.

SB 664 calls for an overwhelming 90% of Compliance fees above \$5 million that are collected under Section 7-705(B)(2)(I)2 of the Public Utilities Article to be reserved for rebates for single-family residential solar installations, regardless of income. It calls for only \$5 million to support solar installations, whether residential or community solar, that specifically benefit low- or moderate- income residents or overburdened, underserved communities. The total amount of Compliance fees for 2023 is expected to be approximately \$80 million.

Given that the majority of Maryland's 450,000 low-income households cannot install solar on their own rooftops either because they are renters or because their roofs are not in good condition, **SB664 as written effectively excludes low-income Marylanders from benefitting from the Alternative Compliance Payment program.** This is neither equitable nor just.

The Climate Access Fund is focused on incentivizing the development of smaller (< 1 MW) community solar projects that serve low-income Marylanders and are built on rooftops and parking lots. As a mission-driven green bank, we focus on this market because the private markets don't. These projects are more expensive to build and to operate: smaller solar projects are more expensive because they do not benefit from economies of scale; projects on rooftops and parking lots are more expensive because of the need for good quality roofs and steel stanchions to hold up the solar panels over parking lots; and projects serving low-income customers are more expensive because of the additional bill discount needed to attract and retain customers.

Because these types of projects cost more, there is less cashflow available to pay debt service and returns to equity investors. Public grants and low-cost loans are needed so the smaller, low-income projects located on the built environment have enough cashflow to be financed and developed. Without public support, these projects will not be built.

The Climate Access Fund supports the use of Alternative Compliance funds to facilitate the development of smaller low-income community solar projects on rooftops and parking lots, as well as the installation of residential solar on single-family homes owned by low-income Marylanders. SB664, by contrast,



proposes changing existing law, which explicitly focuses on benefiting low-income Marylanders, to a law that would effectively exclude them.

The Climate Access Fund requests an unfavorable report on SB664.

Thank you.

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