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 548, Maryland Energy Administration-Energy Programs-Modifications (Clean Transportation and Energy Act)

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

The Chesapeake Solar and Storage Association (CHESSA) appreciates the opportunity to offer these comments. 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. CHESSA supports the spirit of SB 548, with the caveat that some amendments may be necessary to better achieve the intent of the bill and fulfill the goals of the existing code section. CHESSA supports a favorable report from this Committee with the expectation and intention that stakeholders will be working diligently to create consensus around amendments to reconcile this bill with SB 664, which has some provisions that conflict with this bill. .

Governor Wes Moore has laid out an ambitious and compassionate vision for the future of Maryland that leaves no one behind. As Governor Moore said in his historic inaugural address, “[c]lean energy will not just be part of our economy; clean energy will define our economy.”[1] As an Administration backed bill, CHESSA applauds SB 548 for making strides to achieving these principles, but respectfully recommends that future amendments should be pursued to ensure that the appropriate priority is given to supporting investments in solar energy resources and to clarify that loans and grants will dispersed to projects in qualifying low-income geographic areas and will not rely on cumbersome individual income verification..

CHESSA acknowledges that we, as an industry, have a lot of work to do to live up to the promise of the Governor’s words. Currently, installation of solar energy in Maryland is falling behind the ambitious goals that solar comprise 14.5% of the State’s energy mix by 2030. As a

[1] https://governor.maryland.gov/speeches/pages/Governor-Wes-Moore-Inaugural-Address.aspx

result of this shortfall, energy suppliers have collected over $77 million in solar alternative compliance payments (SACPs) for the 2021 compliance period, with additional tens of millions of dollars in compliance payments anticipated in future years. Missing the solar carve out not only results in ratepayer payments of SACPs, it represents an opportunity cost. Every unit of solar energy shortfall represents a worker that was not hired or the loss of monthly economic savings equivalent to a bag or two of groceries. CHESSA believes that a top priority for use of SACP funds is to close this gap and to pay down this opportunity cost with direct investment in Maryland.

CHESSA enthusiastically supports the spirit and intent of SB 548 to broaden the scope of how SACP funds will be spent to share the benefits of local, clean energy resources with low-income Marylanders. But CHESSA believes that it would be appropriate to require a nexus between all SACP funded projects and closing the RPS deficiency that created the funds. Accordingly, CHESSA recommends that SB 548 be amended to direct the Maryland Energy Administration ("MEA") to also prioritize projects that close that current solar gap.

CHESSA also supports giving MEA sufficient flexibility to apply a holistic approach to address the needs of low-income customers, which may include the need to conduct extensive roof repair or replacement, upgrading the main electrical panel, or performance of a home energy audit and basic efficiency measures to ensure that any gains in economic benefit provided by solar are not lost due to the inefficiencies of heating and cooling older housing stock. CHESSA believes that SB 548 presents the right opportunity to overcome the overly restrictive barriers of existing law to better enable MEA to convert SACP funds into real-world projects that lift up lower-income households and communities.

SB 548 also appears to signal a critical improvement to the flexibility of how eligible projects are determined. CHESSA supports the apparent move away from determining eligibility by individual income verification in favor of projects located in qualifying geographic regions. This shift will assist vendors and the program administrator to develop a simplified and streamlined process for efficiently deploying qualifying projects. Currently, programs that require income verification can present a burden to vendors and administrators, where the ability of companies to market and deliver products to eligible households is complicated by the difficulty of identifying and verifying eligible households. Centering the dispersal on "low-income" and "environmental justice" communities appears to shift the eligibility focus to geographically defined communities.

However, SB 548, as introduced, does not define what bounds comprise a "low-income" or "environmental justice" community. To this end, CHESSA recommends that HB 550 be amended, at a minimum, to track with definitions within the recently passed Inflation Reduction Act (IRA), which are pegged to the definition of low-income communities in 26 U.S.C. § 45D(e).[2]

[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

Aligning eligibility for MEA loans and grants with definitions in the IRA could allow project developers to potentially stack the benefits of federal investment tax credit bonus adders for solar energy resources. This means that we get more bang for the buck with Maryland ratepayer dollars.

For proposed EV-related expenditures, CHESSA recommends that SB 548 be amended to cap the percentage of funds that will be utilized to support EV-related projects, preserving the majority of funds to support development of new solar energy resources in the State. Additionally, to the extent practicable, drawing a nexus between solar grants and EV-related projects could help meet some of the new load from transportation electrification with clean, locally-sited solar energy resources. There are multiple, potential use cases for onsite clean energy systems to help offset the impacts of electrification on the distribution grid, all while keeping the energy mix cleaner by maximizing solar energy to meet this new load.

If SACP funds are predominantly dedicated to solar energy resources, CHESSA expects that MEA loans and grants could support over 200 MW of solar projects in low-income communities over the next five years. Coupled with concurrent legislative initiatives to make the community solar program permanent and prospective work to improve project permitting and interconnection of community solar projects, CHESSA expects that Maryland could exceed over 500 MW of solar projects that are either located in low-income communities or that directly benefit low-income households through net metering or a permanent community solar program.

For these reasons, CHESSA supports a favorable report out from the Environment and Transportation Committee, but encourages all stakeholders to work together in the coming weeks to support amendments that advance the spirit and intent of SB 548 into implementation.

Respectfully submitted,

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

/s/
Stephanie Johnson
Executive Director, CHESSA

(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).