



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!

A handwritten signature in black ink, appearing to read 'Luke J. Smith', written over a light blue horizontal line.

Luke Smith

CI Renewables

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