Maryland
Energy
Administration

TO: Members, Senate Education, Energy, and the Environment Committee
FROM: Paul Pinsky - Director, MEA
SUBJECT: SB 664 - Maryland Strategic Energy Investment Program - Tier 1 Renewable Sources, Solar Energy Systems, and Alterations
DATE: February 28, 2023

MEA Position: Letter of Information

Senate Bill 664 significantly alters the permissible uses of alternative compliance payments (ACP) within the renewable portfolio standard (RPS) under § 9-20B-05 of the State Government Article. This revenue stream is deposited into the Strategic Energy Investment Fund (SEIF), where it is administered by the Maryland Energy Administration (MEA). The MEA appreciates the examination of a reprioritization of these funds, and would draw attention to the following observations regarding the bill.

The Current Allocation of ACP and SEIF Revenue Emphasizes LMI Benefit

The largest revenue streams contributing to the SIEF in FY22 were the Regional Greenhouse Gas Initiative (RGGI) auctions, and ACP. To meet its purpose, the SEIF is segmented, by statute, into different permissible uses at specific, minimum funding levels (as a percentage of revenue, based on revenue source). Approximately **74% of SEIF is currently committed to low-to-moderate income (LMI) programs**. This includes utility bill payment assistance, low-income solar programing, and the low-to-moderate income energy efficiency program.

SB 664 concentrates ACP funding within a specific program intended to target rooftop solar installations. **This may, in future program years, significantly reduce the overall percentage of SEIF utilized for the direct benefit of LMI Marylanders**.

Conflict with Significant Inflation Reduction Act Programs

The bill requires MEA in turn to require any person selling a Tier 1 renewable source of energy (i.e. solar installation) to provide the buyer with certain information regarding economic benefits. This will be difficult to accomplish for two reasons.

Firstly, the Solar Energy Rebate Program is a fist-come, fist-served program where applications are received only *after* a solar project is complete, and well after the execution of the sale/contract. It may not be beneficial to provide that information at this time.

For MEA to require this of a solar installer outside of the Solar Energy Rebate Program, MEA would require additional regulatory authority. Currently, MEA only regulates efficiency standards for certain appliances, as outlined in law. MEA would need the clear ability to regulate the sale or transfer of Tier 1 resources in order to execute this sort of influence prior to the sale or transfer of those Tier 1 sources. This would likely raise other regulatory issues for the solar industry, such as retirement of assets, recycling of assets, sales limitations, cosited energy storage asset regulation, etc., etc. **MEA is not currently staffed or prepared to become the *de facto* regulatory authority over the sale of solar assets**.

Conclusion

The bill represents a paradigm shift for solar incentives in Maryland. While the occasional review and realignment of energy resources may be appropriate, MEA asks the committee to carefully consider the forgoing information before rendering its report.