

Committee: Economic Matters
Testimony on: HB1435-Renewable Energy-Net Energy Metering Aggregation, Solar Renewable Energy Credits, and Taxes on Solar Energy Generating Systems (Brighter Tomorrow Act)
Submitting: Deborah A. Cohn
Position: Favorable
Hearing Date: March 7, 2024

Dear Chair Wilson and Members of the Committee:

Thank you for allowing my testimony today in support of HB1435, the Brighter Tomorrow Act. I urge you to vote favorably on HB1435.

The Problem: As the State strives to attain its greenhouse gas (GHG) reduction goals, perhaps even more important than reducing energy demand and electrifying the building, transportation and manufacturing sectors will be ensuring that the electricity supply does not depend on the combustion of fossil fuels. For this reason, increasing the amount of solar energy generation, offshore wind, use of geothermal power and other fossil fuel free electricity generating sources will be critical.

The Renewable Portfolio Standard (RPS) calls for 14.5% of Maryland’s clean electricity to be contributed by solar energy, but the State has repeatedly fallen significantly short of this goal.

The Solution: Last year SB469 established a task force to recommend measures and incentives to enable Maryland to meet its solar energy goals, taking into account minority business participation, creating well-paying jobs, equitable access to renewable energy and efficient use of limited land. Some of the recommendations do not require legislative changes, but many do.

HB1435, the Brighter Tomorrow Act, includes statutory changes needed to put in place many of the recommendations approved by the task force. The bill:

- **Raises the aggregated net meter (ANEM) cap** from 2MW to 5MW and provides even more liberal meter aggregated caps for certain customer-generators, thus bifurcating the ANEM standards into two groups. The changes create more opportunities for state and local governments and large nonprofit organizations to use their larger meters to access more solar generator projects and greater flexibility for customer-generators using meter aggregation with multiple generating systems.
- **Extends the LMI community solar personal property tax exemption through 2030.** Small community solar projects serving at least 50% low- or moderate-income households or overburdened or underserved communities, whether located on certain developed land, such as rooftops, brownfields, or parking facility canopies, or using agrivoltaics, are inherently harder to finance and build. This tax exemption otherwise would sunset at the end of 2025.

- **Creates a personal property tax exemption for non-residential rooftop and parking canopy solar installations. Affords local jurisdictions flexibility to reduce local real property taxes** on parking canopy projects, providing additional financial tools to jurisdictions that wish to reduce pressure for ground-mount solar on agricultural land. As a consequence, in certain communities the tax incentives may provide some building owners more flexibility in achieving building energy performance standards targets while providing co-benefits to occupants.
- Requires the Public Service Commission to **create a Small Solar Energy Generating System Incentive Program** to provide incentives for certified systems.
- Creates during a 3.5 year bridge period **short term SREC multipliers** for certified in-state solar installations up to 2MW. Larger multipliers are available for systems located on rooftops, parking canopies or brownfields which are typically more costly systems to build. Eligibility for the multipliers would last throughout the life cycle of the system, with individual credits lasting for five rather than three years from creation. When coupled with the increased aggregated net metering cap and tax incentives in the bill, these multipliers significantly incentivize community and other smaller solar projects. The bridge period reflects the time likely needed time to create structural reforms to the Renewable Portfolio System. These reforms could include redesigned pricing signals, such as raising the alternative compliance payments which set a limit on the auction value of SRECs, thus currently dampening incentives to install smaller, more expensive solar generating systems.
- Creates a **uniform rate** for payment-in-lieu of real or personal property taxes for counties and installers of ground-mounted solar generating systems entering into relevant payment-in-lieu agreements.
- Requires prevailing wages and other **worker protections** for all solar projects producing at least 1MW.

The Brighter Tomorrow Act will induce installation of more solar generating capacity in Maryland, helping the State reach its solar generation goals fairly and equitably while preserving significant local control in shaping this development. Accordingly, I support HB1435 and urge a **FAVORABLE** report in Committee.

Thank you.

Deborah A. Cohn