



29 February 2024

Delegate C.T. Wilson, Chair
Economic Matters Committee
Room 231
House Office Building
Annapolis, Maryland 21401

Testimony

HB1407: County Tier 1 Renewable Sources – Generating Systems, Capacity, and Generation – Prohibition, Studies, and Plans

Position: Favorable

Chair Wilson, Vice Chair Crosby, Members of the Committee, thank you for the opportunity to testify on House Bill 1407, County Tier 1 Renewable Sources – Generating Systems, Capacity, and Generation – Prohibition, Studies, and Plans. I am Robin Dutta, the Executive Director of the Chesapeake Solar and Storage Association (CHESSA). Our association has over 100 member companies in the solar and energy storage industries. Many members are Maryland-based. Others are regional and national companies with an interest and/or business footprint in the state. Our purpose is to promote the mainstream adoption of local solar, large-scale solar, and battery storage throughout the electric grid in order to realize a stable and affordable grid for all consumers.

I am here to provide testimony in support of HB 1407, County Tier 1 Renewable Sources – Generating Systems, Capacity, and Generation – Prohibition, Studies, and Plans. This bill prioritizes solar deployment and the need for Maryland to deploy clean energy as quickly as is practicable. It also recognizes that the clean energy revolution requires an “all hands on deck” engagement. Solar adoption of all kinds should be encouraged, in order to help lower consumer energy burdens and to improve how Maryland’s electric grid serves its residents.

It is imperative that Maryland energy policy promote solar development in the state as quickly as is practicable and reasonable. The PSC’s [Renewable Energy Portfolio Standard Report for Calendar Year 2022](#) showed that the state fell far short of meeting the solar carve-out target. Only 55% of the state’s 2022 solar target was met, showing that there was not enough deployment of solar capacity across residential, commercial, community solar, and wholesale market solar projects in Maryland. Maryland’s nation-leading solar targets will ramp up considerably, and economic realities continue to hamper the needed growth in the state’s solar industry.

Solar cost declines are not something that can be assumed year-over-year. While global solar module pricing is currently declining, that is due to Chinese module production that cannot be imported into the United States due to various trade and high tariff barriers. Rising interest rates have increased financing costs across all sectors, impacting cost of capital from residential loan and lease rates to

utility-scale construction loans. In the utility-scale sector in particular, labor and engineering costs have increased nationally by as much as 25%, per the independent research firm Wood Mackenzie¹. This makes the state of the solar industry complicated, where headlines of growing deployments do not capture the whole story.

Larger, utility-scale solar faces its own headwinds. In that same analysis, Wood Mackenzie shows that those larger solar projects saw 5-6% cost increases year over year. There are also supply chain issues being dealt with, even as broader economic issues from the COVID-19 pandemic have subsided. That makes delays and additional obstacles tied to project siting additional impediments to deploying solar and sometimes challenging the viability of these projects.

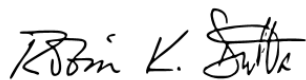
Maryland energy policy needs to reflect the urgency to deploy more in-state solar, not only to meet the solar-specific targets but because near-term solar deployments should be a major part of the state's decarbonization actions. That is what makes HB1407 a good idea. In order for all of Maryland to benefit, local clean energy also needs to be constructed throughout the state. Clean energy deployment is an imperative, and its community benefits should not be obstructed by NIMBYism. These benefits include not only the environmental and health benefits of fighting climate change, but also electric grid resiliency, reliability, and affordability improvements.

As Marylanders fully electrify their buildings and purchase electric vehicles, they will become more reliant on the electric grid than at any previous point. The grid of the future will have the combined roles that today's grid, natural gas system, and gas stations have. It will need to account for higher statewide electric loads, and greater electric demand in peak periods. As a result, Maryland solar needs to be built on homes, businesses, and on open land for the benefit of the Maryland electric grid.

For these reasons, we urge the Economic Matters Committee to issue a favorable report on HB1407.

Thank you for the opportunity to testify, and please reach out with any questions on solar and storage policy. CHessa is here to be a resource to all committee members.

Sincerely,



Robin K. Dutta
Executive Director (acting)
Chesapeake Solar and Storage Association
robin@chessa.org

¹ Wood Mackenzie and Solar Energy Industries Association. "US Solar Market Insight, Executive Summary". Q4 2023. Released December 2023. p15