



7 March 2024

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

### **Written Testimony**

**HB1435: Renewable Energy – Net Energy Metering Aggregation, Solar Renewable Energy Credits, and Taxes on Solar Energy Generating Systems (Brighter Tomorrow Act)**

### **Position: Favorable**

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Chair Wilson, Vice Chair Crosby, Members of the Committee, thank you for the opportunity to testify on House Bill 1435, Renewable Energy – Net Energy Metering Aggregation, Solar Renewable Energy Credits, and Taxes on Solar Energy Generating Systems (Brighter Tomorrow Act). I am Robin Dutta, the Executive Director of the Chesapeake Solar and Storage Association (CHESSA). Our association advocates for our over 100 member companies in all market segments across 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 favorable testimony on HB1435, Renewable Energy – Net Energy Metering Aggregation, Solar Renewable Energy Credits, and Taxes on Solar Energy Generating Systems (Brighter Tomorrow Act). This bill would adjust multiple key pieces of solar policy to encourage easier solar adoption for Maryland consumers at a time when Maryland has fallen far behind its statewide solar goals. It would be a major step towards Maryland building a smarter, affordable, and more equitable electric grid.

### **Solar Headwinds**

Solar cost declines are not something that can be assumed year-over-year as the industry matures. 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.

Each solar market segment faces their own complications. The independent research firm Wood Mackenzie details the current cost trends for solar market segments in their latest quarterly report<sup>1</sup>.

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<sup>1</sup> Wood Mackenzie and Solar Energy Industries Association. “US Solar Market Insight, Executive Summary”. Q4 2023. Released December 2023.

Residential systems have seen increased pricing by about 3% year-over-year. Solar on commercial rooftops, parking canopies, and brownfields are generally more complicated and expensive projects because they must be custom-designed and constructed on a commercial built-environment. Larger, utility-scale solar faces its own headwinds. Those wholesale market solar projects saw 5-6% cost increases year over year. There are also supply chain issues still being dealt with, even as broader economic issues from the COVID-19 pandemic have subsided.

The state of Maryland solar reflected these national headwinds. 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 ramp up considerably over the upcoming years while its incentives are scheduled to decline, and economic realities continue to hamper the needed growth in the state's solar industry. Without adjustment to its solar policies, Wood-Mackenzie projects that Maryland will fall from 19<sup>th</sup> to 32<sup>nd</sup> in solar installations over the next 5 years, despite the opportunities for bringing in more federal investment from the Inflation Reduction Act.

### **Solar is Key to Maryland's Energy Future**

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 electricity, natural gas system, and gas stations have. For the grid to serve those roles, it will need to look and act differently. It will have higher statewide electric loads, and greater electric demand in peak periods. And, the higher peak demand gets, the more expensive the electric grid becomes, due to expensive infrastructure expansion and higher peak energy pricing. By lowering peak demand, clean energy can lower the cost of the grid.

States across the country, including Maryland, are just beginning to incorporate assumptions for building and transportation electrification into their projections. [In a 2023 report](#), the U.S. Department of Energy estimates that nationwide peak demand will increase by over 40 percent by 2050. If Maryland's electric future follows the projected national trend, it needs to step up the clean energy build-out throughout the state at the same time as handling fossil fuel retirements. That means scaling up statewide solar adoption of all kinds, as soon as possible.

### **A Brighter Tomorrow for Maryland**

HB1435 takes the work of the 2023 Solar Task Force and implements some of the most needed recommendations to boost Maryland's ability to deploy clean energy for its residents. In addition to several tax amendments that came out of the task force, the Brighter Tomorrow Act would adjust the solar portion of the Renewable Portfolio Standard to improve solar value to consumers and jumpstart new solar projects over the next three years.

Specific types of new solar projects, such as residential, commercial rooftops and parking canopies, and brownfields will be able to earn additional Solar Renewable Energy Credits (SRECs) if they are installed after this bill goes into effect and before 2028. This is a policy tool taken from several other states, notably Massachusetts which deployed about 2000 MW of solar through a similar program. The number of eligible projects is capped to avoid the risk that the program becomes over-

subscribed. SRECs help solar customers benefit from going solar. New projects that produce these additional SRECs will become more valuable for energy consumers who want to install solar. And, by utilizing the policy method laid out in the bill—a method that has been used for many years in other jurisdictions—the pace of solar installations can increase without any additional ratepayer impact. This could lead to as much as 375 more MWs of installed solar than is currently forecasted. CHESSA analysis suggests this growth in clean energy could make up for a trend of Maryland solar job losses since 2017<sup>2</sup>, and begin a new trend of job growth.

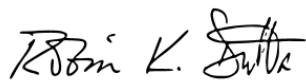
By implementing these task force recommendations, Maryland can catch up to its solar targets, and so much more. It can pair improved state solar policies with historic federal climate laws, tax credits, and grant programs. HB1435 is the right bill for the right time. If Maryland enacts HB1435 this year, it can more effectively leverage those federal investments for new economic growth, climate investments, and progress on decarbonization.

It is not enough to just deploy solar. It needs to be deployed in an “all of the above” strategy – on the built environment, for wholesale energy markets and the transmission grid, paired with energy storage, interacting with other advanced energy technologies, actively supporting grid management, and more. For Maryland to have the lowest cost clean electric grid, there needs to be mainstream adoption of solar and storage technologies, especially to combat the increasing grid impact of electric vehicles. A brighter future for Maryland comes through not only increased solar deployment, but on the benefits that all-of-the-above solar contributes to create a lower cost, more reliable, electric grid.

For these reasons, CHESSA requests a favorable report on HB1435.

Please reach out with any questions on solar and storage policy. CHESSA is here to be a resource to the committee.

Sincerely,



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<sup>2</sup> <https://irecusa.org/maryland-solar-and-clean-energy-jobs/>