



Maryland

Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee

FROM: MEA

SUBJECT: SB0783 - Renewable Energy – Net Energy Metering Aggregation, Solar Renewable Energy Credits, and Taxes on Solar Energy Generating Systems (Brighter Tomorrow Act)

DATE: February 29, 2024

MEA Position: FAVORABLE WITH AMENDMENTS

This bill would incentivize solar energy development through the following measures: a) increasing the net metering cap from 2 megawatts to 5 megawatts; b) enabling new tax incentives for certain solar systems; and c) providing additional solar renewable energy credits for certain solar systems.

Maryland is currently falling short of the State goals established in the Renewable Energy Portfolio Standard (RPS), which requires electricity suppliers to provide at least 14.5 percent of their electricity from solar sources by 2030. According to the study recently conducted by the Task Force to Study Solar Incentives, chaired by MEA Director Paul Pinsky, Maryland is approximately 20 percent behind on meeting our solar carveout.

MEA supports the provisions in this bill that are consistent with the recommendations of the Solar Task Force. MEA has worked with the sponsor and stakeholders, and supports the sponsor's conceptual amendments. These amendments make changes to SREC multipliers discussed below.

Increasing the Net Metering Cap

This was a recommendation from the Solar Task Force with unanimous support. Increasing the net metering cap from 2 megawatts to 5 megawatts would reduce the number of interconnection points for large co-located developments (i.e., multiple large solar arrays at the same site with multiple interconnection points). Raising the cap would reduce overall project costs, by saving on interconnection fees, while also simplifying the approval and interconnection process and shortening construction and interconnection timelines. These factors currently impose costs that slow progress towards meeting the State's RPS goals. Last year, the General Assembly increased the net metering cap to 5 MW for community solar energy generating systems¹. This bill would do the same for other commercial and utility scale solar systems of a similar size.

¹ Electricity - Community Solar Energy Generating Systems Program and Property Taxes, HB908 (2023).

Tax Incentives

The three (3) new tax incentives outlined in the bill each received unanimous support from the Solar Task Force:

- In Maryland, equipment for non-utility electric generator solar farms including solar panels, mounting structures, wiring, transformers, and others are taxed as personal property at 50 percent of its value per Tax-Property Article §7-237(b)(2). By exempting non-residential rooftop and parking canopy solar installations from personal property taxes, the tax exemption will help offset high costs of solar installations on commercial rooftops and parking canopies. Incentivizing these types of solar systems provides co-benefits, helping accelerate progress toward meeting the State’s RPS goals and promoting the efficient use of land by encouraging dual use of previously developed property.
- Similarly, this bill identifies an opportunity to offset the high costs of solar canopies, by granting authority for local jurisdictions to offer assessment abatements for real property that is host to a solar parking canopy. Solar canopies are more costly, largely due to the material cost of the steel used to build the canopy structure. This bill will enable local jurisdictions to support the State’s RPS goals, while directing more solar on previously developed property.
- This bill would also grant authority to local jurisdictions to enter into a P.I.L.O.T. (Payments in Lieu of Taxes) agreement – instead of real property or personal property tax – in the amount of \$2,500 per MW-AC of installed capacity of ground-mounted solar systems. Enabling legislation offers counties another tool to incentivize more solar and improve progress toward meeting the State’s RPS targets.

SREC Multipliers

The Solar Task Force recommended adopting a temporary policy in the 2024 session to incentivize solar, while the Maryland Energy Administration conducts a study to inform long-term RPS reform. While specific incentive policies were not voted on, “SREC Multipliers” were discussed by the Solar Task Force.

Conceptual amendments proposed by the sponsor would provide 1.5 or 2 Solar Renewable Energy Credits (SRECs) to certain solar projects, such as smaller solar systems on residential homes and larger solar systems sited on previously developed property. The amendments also reduce the cap on the total solar capacity that would be eligible for additional SRECs and limit the duration for the additional SRECs. Finally, the amendments clarify the SREC certification process for the Public Service Commission.

MEA urges the committee to issue a **favorable report with the sponsor amendments**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Evie Schwartz directly (evie.schwartz@maryland.gov, 443.537.5538).