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RE: SB 783 – Renewable Energy – Net Energy Metering Aggregation, Solar Renewable Energy Credits, and Taxes on Solar Energy Generating Systems (Brighter Tomorrow Act)

Favorable

Chair Feldman, Senator Eflreth, and members of the Senate Education, Energy, and Environment Committee,

The Coalition for Community Solar Access (CCSA) provides this written testimony regarding Senate Bill (SB) 783. CCSA's position on this legislation is Favorable.

CCSA is a national, business-led trade organization, composed of over 100 member companies, that works to expand access to clean, local, affordable energy nationwide through the development of robust community solar programs. Today, the majority of households and businesses do not have access to solar because they rent, live in multitenant buildings, have roofs that are unable to host a solar system, or experience some other mitigating factor. Community solar provides a solution to this gap by allowing local solar facilities to be shared by multiple community subscribers who receive credit on their electricity bills for their share of the power produced.

CCSA has been an active participant in the development and implementation of Maryland's community solar pilot program, and we are grateful to this Committee for supporting the passage of SB 613 (HB 908) in 2023, which made community solar a permanent solution in Maryland. The program will play a critical role in helping the state meet its clean energy requirements, while also ensuring electricity cost savings reach those that need it most (e.g., the program requires at least 40% project capacity to benefit low-to-moderate income (LMI) customers).

SB 783 would: 1) allow aggregate net metering projects to be up to 5 MW in size; 2) exempt nonresidential solar on rooftops or parking canopies from valuation or property tax; 3) create a payment in lieu of tax (PILOT) option of $2,500/MW/year for counties and developers regarding valuing ground-mount projects for real or personal property tax; 4) extend the current property tax exemption (see HB 1039 from 2022) for certain community solar projects so it is available through 2030, as opposed to 2025; and 5) create an SREC multiplier for certain solar projects.

CCSA applauds Chair Feldman, Senator Elfreth, and the other co-sponsors of SB 783 for pursuing these important policies for the solar industry. As has been stated often, Maryland is significantly behind in meeting its clean energy requirements, especially with regards to the solar-specific carve out. The various incentives that would be established or extended in SB 783 will provide a much-needed boost to the solar industry.

CCSA supports this bill's emphasis on supporting project economics and driving market interest toward certain community solar projects that involve greater expense and complexity. For example, SB 783 would extend the property tax exemption deadline from 2025 to 2030 for community solar projects that have at least 50% of its capacity dedicated to LMI participation, and that are either used for agrivoltaics or are located on a rooftop, brownfield, parking facility canopy, landfill, or clean fill site. Moving the deadline for this exemption from 2025

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to 2030 aligns with the fact that the community solar program is now permanent (no longer sunsetting at the end of 2024) and is drawing increasing levels of interest from various segments of the solar industry. In addition, the SREC multiplier created by SB 783 would provide additional economic support and incentive for projects located on a rooftop, a parking canopy, or a brownfield. These incentives will “move the needle” with regards to the diversity of community solar projects moving forward in Maryland. Finally, CCSA supports the establishment of a PILOT option for ground-mounted solar projects, which is an industry best practice that has been utilized in other markets.

While this will not impact CCSA’s favorable report on SB 783, we do suggest a couple areas where slight adjustments to the bill could be made to further enhance its impact on the market.

First, both the property tax exemption for certain qualifying community solar projects and the SREC multiplier for projects on rooftops, parking canopies, and brownfields, are all limited to a two-megawatt project-size cap. This is inconsistent with the community solar project size cap, which was increased from two megawatts to five megawatts through legislation passed in 2022. While there may be modest economies of scale gained through projects sized up to five megawatts as opposed to two megawatts, the types of projects on rooftops, parking canopies, and brownfields that would qualify for these incentives would still face challenging costs and complexity beyond typical ground-mounted projects. Further, these larger projects (above two megawatts) are subject to a state-level CPCN review and approval process which is significantly more complex and costly relative to the permitting process at the local county jurisdictional level. The changes to reflect this size increase are straightforward and include:

- Page 5, Line 24: Replacing “2” with “5”
- Page 6, Line 9: Replacing “2” with “5”
- Page 8, Line 22: Replacing “2” with “5”

Second, CCSA recommends incorporating agrivoltaics (as defined Article – Public Utilities 7–306.2) within the eligibility criteria for the SREC multiplier associated with projects that are otherwise on rooftops, parking canopies, or brownfields. Agrivoltaics is eligible for the property tax exemption and was also highlighted in the permanent program legislation passed in 2023. There is recognition by an increasing number of policy makers and interest groups representing the agriculture industry, that agrivoltaics represents a new and exciting frontier of combining solar and agricultural production. However, it is also carrying increased costs as a new solar segment and needs additional financial support and incentive to accelerate its competitiveness in the market.

CCSA urges a favorable report on SB 783 to provide a needed boost to the solar industry and drive more project diversity and competition.

Sincerely,

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