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PUBLIC SERVICE COMMISSION

Chair C.T. Wilson
Economic Matters Committee
230 House Office Building
Annapolis, MD 21401

RE: HB 1233 – Informational – Community Solar Energy Generating Systems – Subscription Eligibility

Dear Chair Wilson and Committee Members:

The Public Service Commission (the Commission) provides the following informational comments on House Bill 1233 (HB 1233) for your consideration.

HB 1233 adjusts the geographical relationship between Community Solar Subscriber Organizations (SO's), Community Solar subscribers, and electric distribution companies, as well as altering the bill crediting processes and procedures that exist amongst these entities. Furthermore, the bill requires the Commission, via order or regulations, to establish a process for the exchange of community solar bill credits between community solar energy generating systems that are located in different electric service territories.

The bill amends the Maryland Public Utilities Article (PUA) 7-306.2 (a)(4) by removing the requirement that a Community Solar Energy Generating System must be located in the same electric service territory as its subscribers. In light of this change, the bill modifies PUA 7-306.2 (d)(3) to allow Low-to-Moderate Income (LMI) subscribers to subscribe to a Community Solar Energy Generating System that is located in a different electric service territory than the one in which the LMI subscriber resides. However, the amendment to PUA 7-306.2 (d)(3) continues to require a non-LMI subscriber to reside in the same electric service territory as the Community Solar Energy Generating System they subscribe to. The practical effect of these proposed changes is to allow an LMI subscriber the ability to subscribe to a community solar project that is located outside of their utility service territory, whereas a non-LMI subscriber is still required to subscribe to a community solar project that is located within their utility service territory. Because of this, a Community Solar Energy Generating System will no longer be restricted to enlisting LMI subscribers that are solely within the same electric service territory. For example, a community solar project that is located in western Maryland within Potomac Edison's utility service territory, will be able to subscribe LMI subscribers that reside in Baltimore Gas and Electric's (BGE) utility service territory. These changes may make it easier for Community Solar Energy Generating Systems to meet the 40% LMI subscriber requirement as described in PUA 7-306.2 (a) (4) (VIII). Because of this, the number of Community Solar projects developed within the State may increase, which may lead to the State reaching the 3000-Megawatt cap on Net Metering projects faster than previously anticipated as described in PUA 7-306 (d).

HB 1233 also creates subtitle (o) within PUA 7-306.1, of which (o)(1) allows for an LMI subscriber that resides in a different electric service territory than the Community Solar Energy Generating System to receive the same bill credit value as an LMI subscriber that resides in the same electric service territory as the Community Solar Energy Generating System. It is currently unknown what the feasibility of ensuring that LMI subscribers receive the same bill credit value regardless of what utility service territory they reside in will be. This is due to the fact that each electric utility calculates community solar bill credits differently than one another due to the variance of inputs in the calculation. Furthermore, PUA 7-306.2 (o)(2) requires the Commission, by order or regulation, to establish a process allowing for the exchange of community solar bill credits between Community Solar Energy Generating Systems that are located in different electric service territories. It is currently unknown what the implementation processes to exchange bill credits will be and what procedures will need to be put in place to implement these changes.

HB 1233 alters some of the overarching concepts and connections that guide community solar as a policy. One of the original intentions of Community Solar is to align with traditional Net Metering and provide the same value, on an energy-basis, as the energy produced and credited to a traditional Net Metering rooftop solar system (hence why community solar is a form of virtual net metering). HB 1233 is united with this original intention; however it reevaluates the alignment of community solar with traditional net metering because with these changes, an LMI subscriber can receive distribution bill benefits from a solar system located in a different electric service territory, whereas a traditional Net Metering rooftop solar system is not awarded this freedom. These changes slightly askew the conceptual connection of community solar with traditional net metering.

If the genesis of HB1233 is the result of community solar developers' inability to reach the 40% LMI subscriber requirement in PUA Section 7-306.2(a)(4)(ix), in more rural parts of the State, the General Assembly could grant the Commission flexibility, on a case-by-case basis, to approve a project below the 40% threshold. This would prevent the requirement that a mechanism be established for utilities to process an exchange of community solar bill credits.

The Public Service Commission appreciates the opportunity to provide informational testimony on HB 1233. Please contact the Commission's Director of Legislative Affairs, Christina M. Ochoa, if you have any questions.

Sincerely,

A handwritten signature in blue ink, reading "Frederick H. Hoover".

Frederick H. Hoover, Chair
Maryland Public Service Commission