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RE: HB 827 – Public Utilities - Distributed Generation Certificate of Public Convenience and Necessity

**Favorable**

Chair Wilson and members of the House Economic Matters Committee,

The Coalition for Community Solar Access (CCSA) provides this written testimony regarding House Bill (HB) HB 827. 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. Community solar projects involve medium-scale solar facilities that are 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 HB 908 in 2023, which made community solar a permanent solution in Maryland. As a result, community solar will play a critical role in helping the state meet its energy requirements while also ensuring electricity cost savings for those that need it most, ensuring at least 40% of all capacity benefits low-and-moderate income customers.

CCSA is witnessing firsthand through its members the excitement and growth of industry interest for community solar in Maryland due to this Committee advancing a permanent program in 2023. While the table is largely set at the regulatory level for launching the permanent program, the challenge now is to address barriers and bottlenecks outside of that process, of which siting is the greatest. CCSA applauds the Senate and House Leadership for taking up this thorny issue, and we support SB 931 and HB 1036 which establish siting standards for solar and storage systems. HB 827 builds on the direction of the Leadership bill by providing a narrower solution specific to siting and administrative challenges for community solar projects that require (between 2-5 megawatts) a Certificate of Public Convenience and Necessity.

**HB 827 sponsored by Chair Clippinger and Delegates Charkoudian and Fraser-Hidalgo would:**

- 1) Create a "Distributed Generation Certificate of Public Convenience and Necessity" ("DGPCPN") that can be issued by the Public Service Commission ("Commission") for qualifying community solar projects that are over two megawatts but not greater than five megawatts;
- 2) Require the Power Plant Research Program ("PPRP") to leverage public comment and develop proposed standard siting and design requirements and standard licensing conditions associated with the issuance of a DGPCPN in consultation with stakeholders;
- 3) Require the Commission to consider the PPRP proposal before adopting regulations and implementing the final siting and design requirements and licensing conditions, and for the Commission to specify the application and procedure for processing a DGPCPN; and



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- 4) Require the Commission to provide an opportunity for public comment and to hold a public hearing (in the county where the project is located or virtually) before considering a DGPCN application.

HB 827 would create a DGPCN that is more efficient and expedited relative to the standard CPCN process. However it would only be available to qualifying community solar projects that meet the predetermined standards established by the PPRP and PSC. Projects that do not meet those standards would be defaulted to the more extensive CPCN process.

CCSA appreciates Chair Clippinger and Delegates Charkoudian and Fraser-Hidalgo for championing HB 827, particularly two years after sponsoring HB 908. HB 827 is a logical next step to enabling the continued growth and expansion of community solar in Maryland, as envisioned with the passage of HB 908. HB 827 addresses critical gaps in the CPCN process, while reducing barriers to development, creating efficiencies for state agencies, and driving community solar siting and design that meets state standards.

**The current CPCN process is misaligned with community solar project type and volume.**

Projects above 2 megawatts fall within the permitting jurisdiction of the state via the Commission's Certificate of Public Convenience and Necessity (CPCN) process, which was originally created through the Power Plant Siting Act of 1971. The CPCN was established as a means for conducting comprehensive reviews of proposed power generating and transmission facilities. It involves a wide range of subjective and open-ended review factors, which necessitate a lengthy evidentiary process before a judge for each CPCN application, potentially exceeding one year per application. If there is a disagreement amongst parties, the case is set for litigation involving testimony, in-person trials, and legal briefs (sometimes exceeding 60 pages), followed by a complex written order from the Commission. The process makes sense for the review and consideration of unique utility-scale generation and infrastructure projects, which can differ substantially in technology and complexity.

In 2022, the community solar project size cap increased from 2 megawatts to 5 megawatts, which is consistent with most other community solar markets. Community solar projects above 2 megawatts and up to 5 megawatts must obtain a CPCN. However, the CPCN process is misaligned with the review needs of most community solar projects which are modest in size and typically similar in design. As a result, the CPCN process creates an outsized burden for community solar developers, as well as for the state agencies involved in the review and approval process. For developers, it represents a significant time and cost investment that may deter development. For Maryland agencies, it represents a major administrative challenge managing the rising flood of CPCN applications driven by demand tied to the new permanent community solar program. As an example, prior to 2024, the PPRP and Commission reviewed 63 solar CPCN applications and approved 49 over a thirteen-year period. Yet, in the past twelve months alone they've received 33 applications and are aware of 27 forthcoming applications (i.e., 60 applications total). Further, an internal CCSA polling of its members indicates there are at least 130 more community solar projects under development that will require a CPCN application.

**HB 827 will right size the permitting process for small solar projects and create administrative efficiencies that can respond to the influx of CPCN applications.**

As noted, CCSA members have indicated there are at least 130 CPCN eligible community solar projects under development additional to the current heavy load already being experienced by the PPRP. The current CPCN



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review process was not designed to handle this level of volume. It treats each new CPCN application on a case-by-case basis, and because there are no design or siting standards, there can be significant variability from application to application. In addition, there can be extensive back and forth between the project and PPRP when trying to achieve a tailored solution to any issue, as well as a resource-intensive litigation process.

HB 827 would result in a front-loading of work by the PPRP and Commission to establish standard siting and design requirements and licensing conditions, that would in turn reduce the ongoing time and resource needs associated with the increased volume of applications. The standards would reduce project variability and provide the PPRP and Commission with more objective measures for determining whether a community solar project qualifies for a DGPCN. This will not only make it easier for PPRP to review projects but also reduce the amount of back and forth that may occur between PPRP and a project.

If the project does qualify for DGPCN it can avoid the current litigation process and instead go directly to the Commission for consideration (with public comment). Conversely, if a proposed project does not meet the DGPCN requirements it will be defaulted to the more extensive CPCN review for a deeper individual analysis. As such, the DGPCN option is analogous to a District Court, versus what is required in the regular CPCN process, which is akin to Circuit Court.

**HB 827 will drive solar development toward State-approved siting and design standards.**

HB 827 tasks PPRP to lead the development of standard siting and design requirements and licensing conditions that will be used for determining whether a community solar project is eligible for a DGPCN. In developing those standards, the PPRP will leverage county input and public comment, and consider a range of factors, from the state's clean energy commitments to reasonable setbacks and landscape screening requirements, to industry best practices. The Commission will then use that input to develop regulations associated with the DGPCN.

The standards that result from this robust process will provide a clear signal to the market, and in turn drive the development of projects that meet the DGPCN requirements. The public comment opportunities in the PPRP and Commission processes ensure there is broad stakeholder buy-in to the resulting standards, and in what is ultimately considered an acceptable community solar project sized between 2-5 megawatts.

**CCSA urges a favorable report on HB 827 to reduce barriers to community solar development, create efficiencies for state agencies, and accelerate community solar deployment that meets preferred siting and design standards. Taken together, the solutions in HB 827 along with the siting standards established through Leadership's SB 931 and HB 1036, will make Maryland a national model on solar siting, while most importantly increasing the scale and pace for deployment of much-needed clean energy in the State.**

Sincerely,  
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