February 21, 2025

Delegate C. T. Wilson
Chair
House Economic Matters Committee
231 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

Delegate Brian M. Crosby
Vice Chair
House Economic Matters Committee
231 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

RE: SEIA Support for HB1233: Community Solar Energy Generating Systems - Subscription Eligibility

Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee:

I am writing on behalf of the Solar Energy Industries Association (SEIA) in **support** of HB1233 (A. Johnson), which was referred to the House Economic Matters Committee on February 7, 2025.

Founded in 1974, SEIA is the national trade association for the solar and storage industries, building a comprehensive vision for the advancement of these technologies. SEIA is leading the transformation to a clean energy economy by supporting policy measures that will drive the needed investment in clean, domestic, local job-producing solar generation. We work with our 1,200+ member companies, which include solar manufacturers, service providers, residential, community and utility-scale solar developers, installers, construction firms, and investment firms, as well as other strategic partners, to shape fair market rules that promote competition and the growth of reliable, low-cost solar power. Maryland is home to more than 200 solar businesses with many more national firms also conducting business in the state.

Maryland's Community Solar Program

Community solar projects are small-scale, local solar facilities shared by multiple individual subscribers who receive credit on their electricity bills for their share of the electricity the solar system produces. Community solar thus expands solar accessibility and gives all Marylanders the choice to take advantage of the cost-saving benefits of solar energy without needing to install a solar system where they reside.

Maryland's seven-year community solar pilot program became a permanent program when Governor Moore signed HB908, passed by this legislative body in 2023. HB908 removed the pilot program's capacity limits within electric utility service territories and, for the permanent program, instituted a requirement that 40% of the subscribers to any community solar project be low and moderate income (LMI) utility customers. Maryland also requires community solar subscribers to receive guaranteed savings, resulting in typical electric bill savings of 10-20% for participating utility customers. With these two requirements of the permanent community solar program, the state took a bold step to ensure that the benefits of solar energy can flow to all Marylanders. However, conflicting with community solar program's dual goals of maximizing bill savings to LMI households and deploying additional in-state renewable energy generation, is the requirement that community solar customers be located in the same utility service territory as the solar facility to which they are subscribed. HB1233 would exempt LMI community solar subscribers from this locational requirement while keeping the 40% LMI subscriber requirement in place.

Maryland's utility service territories vary in their suitability for hosting sufficient community solar projects to meet the demand from LMI customers. Electric utilities serving rural areas tend to have the necessary grid hosting capacity and land available for solar projects but a smaller pool of LMI customers as a percentage of their customer base, while the utilities serving Maryland's urban and suburban areas have more LMI customers but limited infrastructure for hosting community solar projects. This leads to a mismatch of supply and demand, where the number of eligible LMI customers exceeds the market potential for viable community solar projects in the Baltimore Gas and Electric (BGE) and Pepco Electric (Pepco) service territories, while planned community solar development in the Potomac Edison (PE) and Delmarva Power and Light (DPL) service territories is already beginning to slow as the market for LMI subscribers will be saturated once a portion of planned projects are built.

Percentage of LMI Eligible Utility Customers by Service Territory (estimated)

Baltimore Gas and Electric	49.6%
Pepco Electric	32.8%
Delmarva Power and Light	9.3%
Potomac Edison	8.8%

In examining the number of eligible LMI customers in the four utility service territories, and assuming an aggressive 20% penetration of eligible LMI customers sign up for community solar, the total number of megawatts (MW) of community solar that could realistically be built are ~250 MW in DPL's territory and ~400 MW in Potomac Edison. Meanwhile, 1400 MW of community solar projects would need to be constructed in BGE's territory and 660 MW in Pepco's in order to serve eligible LMI customers, assuming the same 20% penetration, but this figure far exceeds the market potential for community solar projects located in BGE and Pepco territories.

Planned community solar projects in DPL currently exceed total demand from LMI households in DPL's service territory. Meanwhile, even if *all* the electricity from planned community solar projects in Pepco were directed to LMI households, less than one in six eligible LMI households would have access to bill savings. By 2029, total community solar capacity will exceed the LMI customer demand for electricity in DPL while just 7% of low to moderate income Pepco households will be able to subscribe to community solar. Allowing LMI Marylanders to subscribe to community solar projects located in another electric utility's service territory is a necessary change to the state's permanent community solar program if Maryland is to both meet the goals of the program and not arbitrarily restrict solar development.

Cross-Utility Crediting

By allowing LMI utility customers to subscribe to any community solar project, regardless of where in Maryland that project is located, HB1233 institutes a policy mechanism known as cross-utility crediting. Cross-utility crediting does not require any new billing infrastructure beyond what the utilities already have in place to bill their own customers, nor does it require the utilities to provide bill credits for LMI customer accounts that are not their own electric customers. Rather, there is an exchange of funds from the hosting utility to the subscribing customer's utility and the bill credit the LMI customer would receive would be based on the calculated bill credit in the service territory where the community solar project is built. The utility where the community solar project is built would provide compensation to the community solar project owner for the generation the solar system provides. In the absence of cross-utility crediting, Maryland's policy goal of offering bill credit savings to LMI households will fall far short in BGE and Pepco's service territories due to the limited market potential for community solar projects there. HB1233 will help ensure that the Marylanders who have the greatest need for financial relief are able to take advantage of the bill savings associated with community solar.

It is critical that Maryland maximize the economic and business opportunities associated with all electric power generation sources and HB1233 will drive additional investment in clean, domestic, local job-producing solar generation while allowing more Marylanders to take advantage of the bill savings associated with community solar. With the permanent Community Solar program going live in 2025, it is vital that the state address the barriers to participation from LMI Marylanders without delay. HB1233 lays the groundwork for long-term success of Maryland's community solar program and its goal of benefitting Marylanders statewide. For these reasons, SEIA strongly **supports** this legislation and respectfully urges the Committee to issue a favorable report on HB1233. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Leah Meredith

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