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OPPOSE – House Bill 1233

HB1233 – Community Solar Energy Generating Systems - Subscription Eligibility

Economic Matters Committee

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Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 285,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Unfavorable

Potomac Edison opposes House Bill 1233 – Community Solar Energy Generating Systems - Subscription Eligibility. HB-1233 seeks to amend existing code pertaining to community solar subscriptions by providing an exception to the requirement of community solar subscribers and community solar generating facilities being located within the same electric utility service territory. If passed, the bill would require the Public Service Commission to establish a mechanism to exchange community solar credits between electric utility territories.

FirstEnergy requests an Unfavorable report on HB-1233 for the following reasons.

In 2015, the Maryland General Assembly required the Public Service Commission to create the Community Solar Energy Generating System Pilot Program. Since its inception, Potomac Edison has been an active participant in the program, however the alterations proposed in HB-1233 completely ignore the long-standing franchised service territories of electric utilities. The bill also does not take into account the very different Transmission and Distribution infrastructure between utilities in the state.

HB-1233 would create an unnecessary and confusing intermingling of wholesale transactions and retail transactions between the electric utilities. In the PJM transmission zones, there are value differentials caused by transmission congestion that create differences in energy prices. If a community solar facility were in a different zone than the subscriber, the value of the electricity could be significantly different. (For example, generation in the APS zone may be less valuable than generation in BGE zone). Implementing the needed cross-utility billing structure would be a technical challenge, an accounting nightmare, and very burdensome from an administrative and systems perspective.

In addition, electric distribution companies would need to be made whole for any value differential – and the credit would need to be based on the value of the electricity at the point of generation, not based on the retail rate of electricity for the customer located in a different zone. The jurisdictional issues associated with the recovery of the credit value and for load settlement could lead to the value of the credit inappropriately being funded by customers in the subscriber's service territory who did not benefit from the generated solar.

Potomac Edison broadly supports a climate strategy to reduce greenhouse gas emissions through the integration of renewable energy on the electric grid, however participation in community solar should continue to be limited to the electric service territory of the subscriber. Under the guise of increasing opportunity and equity for low-to-moderate income customers, HB-1233 would buoy undersubscribed community solar systems at the expense of the remainder of the rate base.

HB-1233 appears unworkable and will result in higher costs for all electric utility customers in Maryland. For these reasons, **Potomac Edison respectfully requests an Unfavorable vote on House Bill 1233.**