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PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

**RE: SB 983 – Favorable with Amendments – Solar Energy - Distributed Generation
Certificate of Public Convenience and Necessity**

Dear Chair Feldman and Committee Members:

The Public Service Commission (the Commission) requests a favorable report for Senate Bill 983 (SB 983) with the amendments detailed in this testimony.

The Commission regulates certificates of public convenience and necessity (CPCNs) for generating systems greater than two megawatts. SB 983 would amend § 7-207 of the Public Utilities Article to establish a new type of “distributed generation” CPCN (DG-CPCN) for the construction and operation of community solar energy generating systems (CSEGS) with capacities between two and five megawatts (MW) that are not located within a municipal corporation. The bill would require the Department of Natural Resources (DNR) Power Plant Research Program (PPRP) to develop and propose, for submission to the Commission, standard siting and design requirements and standard licensing conditions for DG-CPCN projects, subject to public comments, within one year of the bill’s effective date. The Commission would subsequently be required to adopt standard siting, design, and licensing regulations within one year of PPRP’s submission to the Commission. The bill vests the Commission with responsibility for overseeing the proceedings and ultimate approval of DG-CPCN applications.

Section 7-207.4(C)(1), as proposed, requires the Commission, by July 1, 2027, to adopt regulations, based on the proposal submitted by PPRP. Section 7-207(B) would require PPRP to submit to the Commission, by July 1, 2026, proposed regulations for the standard siting, design, and licensing requirements. In developing the proposal, PPRP would be required to consider criteria enumerated in the bill. The Commission recommends against prescriptive criteria that may make adjudication of unique projects difficult. It may be useful to provide PPRP with added flexibility as to what requirements should be considered for a DG-CPCN application, due since the list of requirements within the statute may not be exhaustive. The Commission also suggests consideration of electric distribution grid reliability, especially as it relates to distribution grid interconnection, when developing siting, design, and licensing conditions for DG-CPCN applications.

Section 7-207.4(F) would require PPRP to submit an analysis on whether a DG-CPCN application meets the established application requirements to the Commission within 90 days after the date that a DG-CPCN application is filed with the Commission. Section 7-207.4(G) would require that the Commission schedule a hearing on a DG-CPCN application within 60 days after PPRP submits their analysis and determination on the DG-CPCN application to the Commission. This timeframe to fully analyze a DG-CPCN application and schedule a hearing within 150 days may not be feasible given the analysis required of each project application, even with project standardization, due to unique issues that may arise, as well as the sheer volume increase in applications expected as a result of this legislation. The Commission suggests that the bill provide PPRP and the Commission with the flexibility to determine these timeframes or otherwise allow for increased time for PPRP and the Commission.

Section 7-207.4(G)(2)(II) states that the Commission shall issue a DG-CPCN to an applicant if the Commission determines that the applicant satisfies the established standard siting and design requirements. The Commission notes that, in the future, there may be issues with a DG-CPCN application unforeseen by the established standard siting and design requirements. In such a scenario, the nondiscretionary language of § 7-207.4(G)(2)(II) would require the Commission to grant the DG-CPCN, notwithstanding the unique and unforeseen issue(s), if the project otherwise meets the standard siting and design requirements. The Commission notes that increased flexibility in approving a DG-CPCN may be useful.

The Commission has been working with the sponsors extensively on this bill and understands that amendments have been proposed that may address some of the concerns mentioned in this testimony. The Commission will continue to work with sponsors on this bill moving forward.

The Public Service Commission appreciates the opportunity to provide testimony for your consideration for bill SB 983. We request a favorable report with support for the amendments detailed above. Please contact Christina Ochoa, Director of Legislative Affairs at christina.ochoa1@maryland.gov if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Frederick H. Hoover". The signature is written in a cursive, flowing style.

Frederick H. Hoover, Chair
Maryland Public Service Commission