



24 February 2026

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

### Oral and Written Testimony

### SB386: Electricity Transmission and Distribution, Energy Storage, and the Maryland Strategic Energy Investment Fund (Lower Bills and Local Power Act of 2026)

#### Position: Favorable with Amendments

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Chair Feldman, Vice Chair Kagan, and members of the Education, Energy, and the Environment Committee, thank you for the opportunity to testify “favorable with amendments” on SB 386, the Lower Bills and Local Power Act of 2026.

I am Robin Dutta, the Executive Director of the Chesapeake Solar and Storage Association (CHESSA). Our association advocates for our member companies who represent all market segments across the solar and energy storage industries. Many members are Maryland-based. Others are regional and national companies with an interest and/or business footprint in the state. Our purpose is to promote the mainstream adoption of local solar, large-scale solar, and battery storage throughout the electric grid to realize a stable and affordable grid for all consumers. We are the regional affiliate of the national Solar Energy Industries Association.

CHESSA believes in the intent and goal of SB386 and appreciate Governor Moore and his administration’s work on this legislation. The solar and storage industries are undergoing a major pivot with the loss of the Solar Investment Tax Credit (ITC) in H.R. 1 and other federal actions. Project developers are focused on building out their current pipelines as quickly as possible, in order to lock in their last opportunities to qualify for the Solar ITC. Speedy, responsible project development is essential right now to ensure that Maryland capacity in development can be built and generate electricity for the benefit of Maryland.

#### Key Dates Related to ITC Phase Out

**September 2, 2025** – Solar projects could qualify for the accounting provision known as “safe harbor” where projects can qualify for the ITC by meeting a minimum 5% project spend that means the project has “commenced construction”. For projects that commence construction after September 2, they can use the 5% project spend provision if the project will have a net output of 1.5 Megawatts or if it passes the IRS Physical Work Test, as outlined in [IRS Notice 2025-42](#).



IRS Notice 2025-42 was issued not due to H.R. 1, but instead due to [President Trump's executive order](#) issued on July 7, 2025. It was issued on August 15, 2025 and announced the safe harbor deadline less than a month from that date.

**December 31, 2025** – The end of 2025 has two very important deadlines due to H.R. 1.

- This is a deadline for projects and homeowners looking to qualify for the individual tax credit, Section 25D. Projects must be physically completed by December 31, 2025, to qualify for the credit. In order to prove this, homeowners will probably need to show proof of passed inspection dated in 2025 when filling their annual taxes. The Section 25D credit does not apply to any project after the 2025 tax year.
- Projects qualifying for the Section 48/48E corporate ITC must commence construction in 2025 in order to not be subject to the new FEOC regulations from H.R. 1.

**July 4, 2026** – Solar projects that commence construction by this date will have four years to build their projects and remain eligible for the Section 48/48E ITC, per H.R. 1.

**December 31, 2027** – All projects that did not commence construction by July 4, 2026 must be completed by the end of 2027 to qualify for the Section 48/48E ITC, per H.R. 1. This is a reversal of rules for Section 48/48E projects because the qualifying actions had occurred early in the project development (commencing construction) and the only qualifying event will be project completion.

### **Meeting ITC Phase-Out Deadlines**

Residential solar companies installing systems that will be owned by homeowners are rushing to install these systems before the end of the year, including trying to schedule and pass inspections from local governments.

Larger projects are rushing to start construction on projects before July 4, 2026 in order to have the 4-year runway to finish project completion. Delays lasting weeks or several months can be the difference in a project qualifying for the ITC or not. The industry now has an urgency for moving project development as fast as is responsible in order to meet these draconian ITC phase out deadlines. Ways to shorten project development timelines can include ensuring that interconnection studies are conducted by utilities efficiently and accurately, local governments following the Renewable Energy Certainty Act in order to not pause project construction when the law is clear, and local governments issuing permits and conducting inspections in a timely manner.

The Maryland Public Service Commission opened the docket PC73 in order to solicit ideas from stakeholders on how they could use their discretion to remove bureaucratic impediments to solar project development. They acted swiftly in issuing an order in that docket, although many in our industry had hoped that the order would have included much more Commission action than it did. The one action that was taken was the suspension of requiring community solar subscriber ID numbers when applying for interconnection with the utilities. The Commission has been taking multiple months to issue these IDs, which are related to applying into the



community solar permanent program. This is a small but very meaningful change for companies forced to sprint to July 4, 2026 so that they will have enough time to safely build these projects and maintain ITC eligibility.

Smaller distributed generation projects will have this same sprint to December 31, 2027 as they rush to finish construction and pass inspection.

### **Suggestions to Improve Good Legislation**

CHESSA believes that SB386 has the correct intention, to help the solar and storage industries overcome federal obstacles at a time when our projects can help Marylanders so much. We suggest that the legislation shift its focus slightly. Instead of looking for “shovel-ready” projects, the Solar and Energy Storage Market Stabilization Program instead focus on supporting projects that can be built in the next three years but may not currently be shovel-ready.

Solar projects that are preparing to begin construction are already very mature projects. Their financing is secure, and their eligibility for the Solar ITC is likely secured. They would already be in position to qualify under the “commence construction” deadline of July 4, 2026 or complete construction by the end of 2027. These projects are not in need of gap financing.

CHESSA believes that the dollars allocated in this bill should be focused on initiatives that help high-value projects to Maryland in the near term, speed up project development timelines for solar and storage projects needing to qualify for the Solar ITC dates, and support solar and storage projects that no longer qualify for any ITC. Such initiatives could be:

**Low-to-no cost financing or grants for distribution-connected energy storage projects.** The PSC is working hard to deploy energy storage programs however there are uncertain timelines and expected outcomes from those working groups and proceedings. Formal recommendations on energy storage are delayed, originally due to be published at the end of last year. Quickly standing up financial support for distribution-connected energy storage can prime the Maryland storage market and serve as a bridge to the permanent programs currently under development at the PSC. More battery storage means greater ability to off-set peak period demand and create a lower energy cost environment for all of Maryland.

**Infusing Resources at DNR/PSC/PPRP.** A portion of these funds should be leveraged to support contracting positions at Department of Natural Resources (DNR), the Public Service Commission (PSC), and the Power Plant Research Program (PPRP), which will help numerous "late stage" projects meet operational deadlines to qualify for the ITC. This speed is essential to locking in ITC eligibility. Both PPRP & PSC are facing a surge of Certificate of Public Convenience and Necessity applications in the wake of the H.R. 1. PPRP and PSC staffs are projecting it will now take much longer to move through the process as before, meaning those projects risk losing the federal ITC and being cancelled.

**Low-Cost Residential Solar and Storage Financing.** The individual ITC has already fully expired, meaning that any homeowner looking to adopt solar and battery storage for their home can no longer qualify if they want to own the system themselves. Some of these



program dollars could be used to lower the cost of borrowing for loan programs offered by Maryland-area green banks, such as the MD Clean Energy Center and the Montgomery County Green Bank. Solar financing removes the need to pay up-front for a system, but solar financing is impacted by the high-interest rate environment facing the broader U.S. economy. This bill could help lower financing costs, making energy bill-reducing residential solar more affordable. This principle could also be applied more broadly to distributed solar and storage projects on multi-family properties, public buildings, and small businesses.

CHESSA also believes that a reverse auction mechanism is not an appropriate program structure to apply public financing support to in-development projects. CHESSA suggests that any public financing program that would support near-term solar and storage projects partner with area green banks, such as the Maryland Clean Energy Center and the Montgomery County Green Bank to leverage these entities' financing expertise. Project finance is complex, and while any application selection process should be competitive, CHESSA believes that a reverse auction process would not be able to properly evaluate the merit of the applications. We suggest looking at the work of the Loan Programs Office at the U.S. Department of Energy under the Biden Administration for how applications can be considered, vetted, and properly financially supported.

### **Conclusion**

In conclusion, CHESSA believes that the Lower Bills and Local Power Act could be refined to help solar and storage projects qualify for the Solar ITC and get high-value energy storage capacity online quickly.

If our suggested amendments, CHESSA would urge a favorable report on SB386. We look forward to working with the committee and the Governor's office.

Sincerely,

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