February 19, 2026

MAREC ACTION TESTIMONY SB 341: FAVORABLE

Chair Feldman, Vice Chair Kagan, members of the Senate Education, Energy, and the Environment Committee:

MAREC Action (informally, "Mid-Atlantic Renewable Energy Coalition") writes in support of SB0341, Solar Energy Generating Systems and Solar Renewable Energy Credits (Affordable Solar Act), which seeks to modernize Maryland's solar incentive structure by transitioning to a competitive procurement model. MAREC Action is a Maryland-based coalition of over 50 utility-scale solar, wind, and battery storage developers and manufacturers dedicated to the growth and development of renewable energy across the PJM grid region.

SB341 will help overcome existing barriers to solar deployment in Maryland while simultaneously protecting ratepayers from unnecessary costs. MAREC Action urges the Committee's support.

We know energy affordability is a key concern for Marylanders. A regional imbalance electricity supply and demand is driving up the wholesale cost of electricity. As a result, the best way to stabilize rising wholesale energy prices is to add zero fuel cost resources like solar and wind to the grid. These inexpensive resources bring down the overall cost of energy because they have no variable cost and save fuel supplies for when they are needed most.

Even though utility-scale solar is the least expensive form of new generation[1], Maryland needs to implement incentive reform for the state to stay competitive for utility-scale solar investment. With federal tax incentive availability ending in July 2026, solar project economics will become tighter, and developers will seek only the most competitive project locations. Without solar incentive reform this year, it is very possible that Maryland will face a "valley of death" for utility-scale solar in the late 2020s, where newly limited investment dollars flow to other states.

Building a new power plant (solar or otherwise) is comparatively expensive in Maryland, due to a lack of transmission infrastructure, high land prices, and existing incentive levels that are lower than neighboring states. These challenges are not unique to solar, and we anticipate that any new power plant (including new natural gas) will need incentives to build. Utility-scale solar's low cost, relative to other sources, enhances the value and timeliness of market reforms proposed in SB341.

[1] https://www.lazard.com/media/5tlbhyla/lazards-lcoeplus-june-2025-_vf.pdf

Maryland solar projects are currently incentivized by the state's renewable portfolio standard (RPS). Under the RPS, electricity suppliers are required to purchase Renewable Energy Credits (RECs) relative to the amount of electricity they sell annually, otherwise they must pay an Alternative Compliance Payment (ACP) which serves as a cap on the market. There is a specific carve-out for RECs generated from solar projects within Maryland (SRECs). Maryland's SREC market has driven less investment than it otherwise would because the ACP value is consistently below the regional market valuation of RECs. The entire PJM grid region has a shortage of RECs relative to demand, causing project developers to prioritize development in other states where costs are lower and incentives are higher. The lack of REC supply has driven up prices to the point that it is more economical for electricity suppliers to pay the ACP's than to procure RECs. Paying ACPs does nothing to incentive solar development in the state or stabilize electricity prices.

SB341's "SREC II" framework addresses these issues by differentiating incentives based on solar project type, recognizing that distributed solar and utility-scale solar have different cost structures and development challenges. Crucially, the bill mandates competitive solicitations by the Public Service Commission (PSC) from 2028 to 2035 to procure up to 4,000 MW of solar energy—split evenly between distributed and utility-scale projects.

This procurement model helps new generation overcome deployment challenges while ensuring that incentives are set at the right level to minimize ratepayer costs. Developers are incentivized through competition to submit bids at the lowest feasible incentive levels in order to be selected by the PSC. This approach ensures that ratepayers are not over-paying for projects (or paying for ACPs) and developers are incentivized to pursue innovative siting, design, and cost-reduction strategies.

SB341 directs future ACP payments into a dedicated fund—with the sole purpose of getting new cost-effective solar projects built in Maryland. By reinvesting ACP dollars into deploying more in-state solar energy, SB341's incentive program can be implemented without additional cost to ratepayers. Over time, the increased investment in Maryland solar will reduce wholesale electricity prices.

We thank the Committee for your close consideration and ask that you take a favorable position on this legislation.

Best regards,

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