

## **Senate Bill 966 – Public Service Commission – Net Energy Metering – Successor Program**

### **Position: Favorable with Amendments**

Dear Chair Feldman,

Solar Landscape respectfully urges a favorable with amendments report on SB966, which would transition Maryland from its current net energy metering framework to a new compensation structure to be determined by the Public Service Commission (“PSC”) before the state reaches its current 3 GW net metering cap.

While we appreciate the intent to plan for the program’s long-term evolution, as drafted, SB966 introduces compensation uncertainty that could halt commercial and industrial (“C&I”) rooftop solar development in Maryland if financeable compensation is not preserved. We urge the committee to amend SB966 to maintain compensation for C&I rooftop solar at levels equivalent to the current net energy metering framework.

### **Background**

Founded in 2012, Solar Landscape is a vertically integrated solar developer and national leader in community solar deployment. We focus on developing community solar projects on commercial and industrial rooftops using a roof-lease model in which we lease the rooftops of large warehouse and storage facilities to host solar installations that deliver power back to the grid through community solar in Maryland.

Maryland is a central part of our portfolio, and our work aligns directly with the state’s clean energy and equity priorities. Currently our portfolio consists of 82 projects, 45 of which have energized and are already delivering clean energy to Marylanders. The other 37 projects are currently under development. All our current projects have been awarded funding under the Maryland Energy Administration’s Community Solar LMI PPA Grant and are committed to providing at least 51% of energy produced to either low-income or low-to-moderate-income households. Solar Landscape is ranked the #1 Maryland Commercial Solar Contractor, reflecting our sustained investment in the state’s community solar program.<sup>1</sup> We remain committed to helping Maryland meet its renewable energy targets and advance energy equity.

Continued investment in Maryland is directly contingent on maintaining a compensation framework that supports the economics of C&I rooftop solar.

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<sup>1</sup> Solar Power World, 2025

### ***Value of Commercial Rooftop Solar***

C&I rooftop solar provides unique and irreplaceable value to Maryland's electric grid. These projects interconnect at the distribution level, meaning they avoid the PJM queue, saving years of delays. These projects face no zoning or siting opposition—they are built on existing infrastructure, located where electricity demand already exists. Unlike any other form of generation available to Maryland, these projects can be developed and constructed in 12 to 24 months. Due to this speed, the Brattle Group found that one gigawatt of C&I rooftop solar over the next 5 years would save Maryland ratepayers \$300 million by reducing reliance on costly out-of-state power purchases, in addition to the guaranteed savings for subscribers.<sup>2</sup> C&I rooftop solar is the most effective tool Maryland has to meet near-term rising demand with in-state generation and deliver immediate ratepayer savings.

The General Assembly explicitly recognized the unique value of C&I rooftop solar in 2024 through the passage of the Brighter Tomorrow Act and the creation of the Small Solar Generator Incentive Program (SGI). The SGI created a 1.5x SREC multiplier for systems 5 megawatts and smaller that are located on rooftops, parking canopies, brownfields, and other previously disturbed lands, provided they meet specified in-service deadlines.

### **Net Energy Metering**

There are two primary components to how distributed solar systems are compensated: renewable energy credits (RECs) and the rate paid for exported electricity. Under current Maryland law, eligible systems are compensated for exported electricity at a rate comparable to the retail rate, incorporating generation, supply, and distribution components.

SB966 would direct the PSC to establish a new compensation structure for the rate paid for exported electricity upon enactment. While the bill includes potential guidelines that should be used to compute the compensation structure, it does not guarantee that it will be financeable for C&I rooftop solar projects. This lack of statutory certainty creates immediate risk for projects currently in development and for future investment decisions.

C&I rooftop projects operate on 12- to 24-month development timelines. Financing partners must be able to model compensation over the life of the asset at the time financing is provided. Absent clear and predictable pricing, capital providers are unlikely to finance projects. This needed clarity will not be available until the Public Service Commission establishes the new

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<sup>2</sup> "Maryland Value of Commercial Rooftop Solar", Brattle Group, January 2026

compensation structure, effectively slowing or halting development during the transition period.

Even once established, the new compensation structure may not be economically viable for C&I rooftop projects, thereby halting development more permanently. These projects require negotiated rooftop leases typically in higher cost urban areas, involve more complex engineering and construction, and are constrained by structural and physical characteristics of existing buildings. As a result, project margins are narrower and more sensitive to changes in compensation than for ground-mounted solar projects, which make up the vast majority of solar projects in Maryland and elsewhere.

As written, SB966 puts approximately 40% of a system's energy value at risk. If the PSC sets export compensation below financeable levels, C&I rooftop solar development will no longer be viable in Maryland.

### **Market Segment Considerations**

Net metering compensation debates are often centered on ground-mounted, greenfield projects that benefit from lower land acquisition costs, lower construction costs, and economies of scale. Due to their lower costs of development, these projects have much larger margins than C&I rooftop solar projects. As noted above, C&I rooftop solar operates under fundamentally different conditions. As a result, compensation structures that may be workable for ground-mounted projects frequently do not sustain rooftop development.

While Solar Landscape participates in trade associations that represent the solar industry broadly, pure C&I rooftop solar developers like Solar Landscape represent a small percentage of membership. Broader industry negotiations tend to primarily focus on the needs of the ground-mounted solar segment of the market, which makes up the vast majority of the solar industry. As a result, the distinct cost structure and needs of the C&I rooftop segment are often unaccounted for.

SB966 should take into account the distinction between ground-mounted and C&I rooftop solar economics rather than assuming uniform impacts across all distributed generation in order to protect these valuable systems.

We respectfully request that C&I rooftop projects be permitted to continue operating under the existing net energy metering framework or an equivalent structure that preserves economic viability.

### **Grandfathering of Projects Under Development**

As drafted, SB966 does not provide clear grandfathering protections for projects currently under development. Projects that have already secured financing and made substantial capital commitments (e.g., millions of dollars of incurred construction costs) would have their compensation changed mid-development, even though financing was raised and money spent in reliance on the existing compensation framework.

A grandfathering standard tied solely to energization could very well cause many C&I rooftop solar projects currently under development to become insolvent. For community solar projects, a more appropriate maturity threshold would be receipt of a Community Solar Award. That designation requires registration with the PSC through the Subscriber Organization Identification process, zoning verification or submission of a Certificate of Public Convenience and Necessity application, and conditional interconnection approval – objective milestones that demonstrate meaningful project advancement.

Clear grandfathering language is essential to preserve market stability and protect projects already in development. However, grandfathering alone will not be sufficient to preserve the C&I rooftop solar market. If the new compensation structure is set at levels that are not financeable for C&I rooftop solar, future development of these uniquely beneficial projects in Maryland will stop.

### **Conclusion**

Solar Landscape remains committed to partnering with the General Assembly, the Public Service Commission, and other stakeholders to ensure Maryland continues to lead in C&I rooftop solar deployment while maintaining a stable and investable policy environment. We respectfully urge a favorable with amendments report on SB966.