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PUBLIC SERVICE COMMISSION

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

RE: SB 966 – Favorable with Amendments - Public Service Commission - Net Energy Metering - Successor Program

Dear Chair Feldman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this testimony for SB 966. We have worked with the sponsor and representatives of the solar industry on amendments to clarify some provisions of the bill and to add language about how to transition from the existing net metering program to a new program.

SB 966 represents a significant turning point in Maryland's energy policy. We are proud to report that Maryland has successfully deployed over 1,500 MW of net-metered solar, over half of what is allowed under the statutory cap of 3,000 MW. However, we know there is a large pipeline of pending solar projects that will exhaust the cap within the next two to three years. This bill addresses the approaching critical point by creating a transition from our existing, traditional Net Energy Metering program to a new successor program.

Under the current Net Energy Metering program, customers who participate via projects like rooftop solar, community solar, and aggregated net metering are compensated at the full retail rate of electricity for electricity exported to the grid.¹ That is, eligible customer-generators earn the value of energy, transmission, and distribution costs. Going forward, a new compensation value method is needed to ensure the financial viability of projects while protecting other ratepayers from additional costs. As Maryland approaches its 3,000 MW Net Energy Metering cap, this is the right time to establish the new valuation.

The Commission stands ready to work with stakeholders to build the new program. We are confident we can establish the programmatic framework by the end of the year and report to you on our progress. And we are confident we can implement the new program by July 1, 2027. We

¹ Please note that the current Net Energy Metering program allows most eligible customer-generators to “bank” net metering credits for up to one year, after which time any remaining credits are compensated at the rate of generation or the commodity, averaged over the previous year.

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will engage in a transparent public process with robust stakeholder input to establish as seamless a transition as possible, with a fair value of compensation for customers who participate in distributed energy projects going forward and a method to ensure as much predictability as possible for planned projects during the transition. We continue to engage with the bill sponsor and stakeholders regarding potential amendments. These amendments will give the Commission the necessary direction to implement the bill and the successor program effectively and efficiently.

The Public Service Commission appreciates the opportunity to provide testimony for your consideration for SB 966. We request a favorable report with support for the amendments currently being considered by the sponsor. Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kumar", with a stylized flourish underneath.

Kumar P. Barve
Chair, Maryland Public Service Commission

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