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

Written Testimony
SB966: Public Service Commission-Net Energy Metering-Successor Program
Position: Favorable with Amendment

Chair Feldman, Vice Chair Kagan, Members of the Committee,

Thank you for the opportunity to provide testimony on SB966. Independently owned and operated for over 11 years, ECA Solar develops community solar projects that provide significant benefits to the local economy, community, and environment, and currently is developing over 50MW of community solar across Maryland. ECA Solar submits this testimony as Favorable with Amendment for SB966.

Maryland's commitment to distributed energy resources like community solar has provided significant direct benefits to the state. Landowners receive steady leasing income for decades, municipalities receive tax benefits, all ratepayers benefit from the improvements to the local distribution network that developers fund, and of course community solar customers are receiving savings on their utility bills. Increasing the net metering cap to 3GW combined with making the community solar pilot program a permanent program has created business certainty for projects to be financed and built. That certainty has been a bedrock for ensuring successful project development in a time of turbulent federal changes.

ECA Solar appreciates the continued commitment that is shown to distributed solar with this bill, and thanks Speaker Peña-Melnyk for her continued efforts to grow the solar industry, positioning Maryland as a leader in clean, local, energy that will benefit all residents and ratepayers. With some targeted amendments, SB966 will provide a strong foundation for Maryland as it establishes a mature structure for its net metering program. ECA Solar urges amendments to the bill to address the following concerns:

1. Grandfathering of existing and mature projects

The past year has been one of the most turbulent for the solar industry in recent memory. With the federal tax credits ending, the steadiness of state programs is critical for successfully financing and building more clean, renewable generation. Project development timelines take a couple of years, and many projects that are currently in the queue have spent significant capital with the understanding that there was a 3GW statewide net metering cap to reach. Statutory and regulatory consistency are the bedrock of a stable industry; most developers are now settled with their pipelines that will be able to move forward under the existing Investment Tax Credit before it expires. Significant changes to state programs will

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imperil projects that have been in development for well over year in some instances. We urge that projects that are appropriately advanced in development will be able to confidently move forward under the existing net metering structure.

2. Implementing an orderly transition between programs

Transitioning between programs is never an easy process. As mentioned previously, developers are seeking certainty that projects that have achieved certain milestones can confidently move forward under the existing program. Furthermore, it will be challenging, if not impossible, for projects to continue development until we have greater certainty of what the successor program will look like. Engaging with the industry as part of this process will be a critical part of ensuring a smooth transition.

3. Robustly valuing distributed energy resources

The value of distributed energy resources has been studied multiple times, including by Maryland in 2018, and by Delaware in 2025. The findings have demonstrated that the benefits of distributed solar exceed costs, even before taking into account the environmental and societal benefits of using clean energy. We strongly urge the Commission to undertake a robust analysis in preparing its recommendations for a successor net metering program, including looking at the impact the loss of the Investment Tax Credit will have on project economics. There are a variety of factors to be considered, and a full cost benefit analysis is critical to understanding the full impact of a changing energy landscape.

Maryland is facing historic load growth in the coming years, and distributed energy resources such as community solar will bring necessary power, quickly. In addition to the clean power sources, interconnecting systems also pay to upgrade the utility grid as a condition of their interconnection agreement. These upgrades increase the resiliency of the local grid, while leveraging private capital for infrastructure improvements.

High energy costs across the state are due to a variety of challenges, but the largest factors include a high reliance on natural gas, an aging energy infrastructure in need of capital improvements, and projected load growth impacting PJM markets to increase costs for all ratepayers. Distributed generation helps to address all of these cost factors.

Investing in clean, distributed energy is worth it. We are grateful for the support of Maryland's leaders for your decisions to support these assets through past legislation, and we believe with some targeted language, the Speaker's bill will continue to support a robust industry that will benefit all Maryland ratepayers for years to come.

Thank you for your consideration and time.

Sincerely,

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