



February 17, 2026

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

Senator Cheryl C. Kagan
Vice Chair
Senate Education, Energy and the
Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: SEIA Support for SB341: Public Utilities – Solar Energy Generating Systems and Solar Renewable Energy Credits (Affordable Solar Act)

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

I am writing on behalf of the Solar Energy Industries Association (SEIA) in **support** of SB341 (Brooks, Kramer and Lam), also known as the Affordable Solar Act. It was referred to the Senate Education, Energy and Environment Committee on January 23, 2026.

Founded in 1974, SEIA is the national trade association for the solar and storage industries, building a comprehensive vision for the advancement of these technologies. As the voice of the industry, SEIA works to support solar and energy storage as they become a mainstream and significant energy source by expanding markets, reducing costs, increasing reliability, removing market barriers, and providing education on the benefits and capabilities of solar and energy storage technologies. We work with our 1,200+ member companies, which include solar and storage manufacturers, service providers, residential, community and utility-scale solar developers, installers, construction firms, and investment firms, as well as other strategic partners, to shape fair market rules that promote competition and the growth of reliable, low-cost energy storage and solar power.

Maryland Energy Landscape

After a history of flat, or even declining, electricity consumption, the United States' power grid is currently experiencing its largest demand growth in eighty years, driven largely by massive data centers, new manufacturing facilities and cutting-edge innovations in artificial intelligence and cryptocurrency mining. This increase in electricity demand is both occurring faster than new generation is being brought online while also coinciding with the retirement of several large scale power plants in the PJM region. The mismatch in electricity supply and forecasted demand is in large part attributable to years of policy decisions and inactions at PJM, the regional transmission organization and independent system operator that manages the electric transmission grid for thirteen states and the District of Columbia, including Maryland. The PJM interconnection queue is currently so backlogged that, in 2023, PJM announced it would cease to accept applications for new generation projects. As a result, PJM now has a roughly 5 year wait time from application to approval for new generation sources coming online, resulting in hundreds of gigawatts (GW) of planned capacity, largely wind, solar, and storage assets, sitting in limbo rather than being able to service Maryland's electric load requirements. Given this delay, projects which were ready to

be deployed at the time of their application are often no longer viable due to changing economic realities by the time of their approval. As a result, Marylanders now face significant increases in their energy costs after decades of relatively stable electricity prices. This spike is exemplified by the 2025/2026 PJM capacity auction, which saw a 900% increase from previous years. The 2026/2027 capacity auction continued to push costs higher, closing at a record high of \$329.17/MW-day cap, a 22% increase over the previous record breaking year, which will eventually be passed on to Maryland ratepayers as a portion of their utility bill.

Maryland is reliant on electricity generation from the other PJM states, with the state importing approximately 40% of its electricity needs. Meeting Maryland's energy needs and staving off continued dramatic increases in energy costs will require the rapid deployment of an "all of the above" energy strategy. Such a strategy must include solar and energy storage assets, which are among the only energy resources currently primed to cost effectively address the state's near-term energy challenges. 47% of the planned grid additions through 2030 are solar projects, due, in part, to the 37% decrease in the price of solar photovoltaics over the last decade. However, Maryland's current Renewable Energy Portfolio Standard (RPS), despite being amended multiple times since its enactment, is no longer the right policy framework to meet Maryland's near-term resource adequacy needs.

Maryland's Broken RPS

When Maryland's RPS was first enacted twenty years ago, the newly created renewable energy credits (RECs) were a powerful tool in jumpstarting renewable energy generation in the state. RECs are a market-based instrument that represent the social and other non-power attributes of renewable electricity generation. RECs are issued when 1 megawatt-hour (MWh) of electricity is generated from a renewable energy resource and are acquired by the electric load serving entities (utilities and retail energy suppliers) to show compliance with the RPS. Maryland's RPS also created a carveout for meeting solar-specific targets, thus creating the Solar Renewable Energy Credit (SREC). To comply with Maryland's RPS, electricity suppliers must acquire RECs derived from Maryland-certified Tier 1 and Tier 2 renewable sources, with the state's 14.5% solar carveout being a subset of Tier 1. Not meeting the necessary RPS requirements obliges Maryland's electric load serving entities to pay an alternate compliance payment (ACP) penalty.

In recent years Maryland's RPS obligations have increasingly been satisfied by ACPs, with the \$365 million paid in ACPs in 2024. The rise in ACP payments represents a shift in how electricity suppliers comply with Maryland's RPS obligations, electing to pay ACPs rather than retire RECs due to the inability to purchase RECs at prices lower than the ACP. As a result, Maryland ratepayer dollars are funneled away from directly investing in new renewable energy generation and towards ACP penalties, which are deposited into the Maryland Strategic Energy Investment Fund.

Affordable Solar Act Summary

The Affordable Solar Act addresses the cost and administrative inefficiencies of Maryland's current RPS by providing a new pathway for linking in-state electric consumption with in-state electricity generation and



establishing a methodology to right-size incentives for new solar energy projects, rather than taking a “one-size fits all” approach as currently exists in Maryland’s SREC market, where a single REC equates to 1 MWh of electricity generation. The Affordable Solar Acts SREC-II and REC-II acknowledges the needs of the different solar market segments and project types by ensuring individual projects can receive the incentives they need to come online, while ensuring unneeded incentives are not passed through to ratepayers.

Under the Affordable Solar Act, utility-scale projects will be issued a guaranteed fixed price contract by the Maryland Public Service Commission (PSC), subject to competitive procurement bids including cost-benefit analyses, other criteria such as brownfield siting, and a requirement that projects directly serve Maryland load. This process minimizes cost to ratepayers while ensuring the project is economically viable. The procurement also includes labor protections and community benefit agreements. SREC-II and REC-IIs are subsequently issued to these projects, which will operate to make up the difference between the fixed price issued by the PSC and market price sales for electricity to ensure project viability. This approach to utility-scale incentive-setting has been successful in other states, including Massachusetts, New Jersey, and Illinois. The Affordable Solar Act builds upon these proven successes.

Distribution scale solar projects are subject to an Administratively Determined Incentive (ADI) set by the PSC. ADIs are set for projects within given capacity blocks – groupings of market sectors – to ensure broad growth of distributed generation across the state. Through setting the value of an ADI, the PSC can tailor the incentive amount a given project receives for each of the identified market sectors, allowing for a balancing between the amount of incentives required to promote market growth across the sectors, without overly burdening ratepayers with incentive costs that exceed economic requirements for development. As is the case with competitive procurement for utility scale projects, the ADI model has been successful in other states to ensure ratepayer protection alongside promoting renewable generation construction to meet the state’s load.

The Affordable Solar Act allows for project flexibility and targeted incentives to spur solar development, ensuring that energy projects will directly benefit the state’s energy requirements and directly benefit ratepayers. This pathway allows for flexibility to respond to future energy demands and provides near-term solutions to Maryland’s resource adequacy challenges. For these reasons, SEIA strongly supports this legislation and respectfully urges the Committee to issue a favorable report on SB341, the Affordable Solar Act. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Georgina Arreola-Lennox". The signature is written in a cursive, flowing style.

Georgina Arreola-Lennox
Mid-Atlantic Regional Director
Solar Energy Industries Association
garreola@seia.org