

SB 669 – Small Solar Energy Generating System Incentive Program – Eligibility and Generating Capacity

Position: Support

Dear Chair Feldman,

Solar Landscape respectfully urges for a favorable report of SB669, which would extend and expand the Small Solar Energy Generating Incentive Program (SGI). SB669 extends the program's in-service deadline from January 1, 2028 to January 1, 2031 and increases the total in-state generating capacity for large eligible systems from 270 megawatts to 540 megawatts. These targeted adjustments build on the early success of the SGI and ensure continued deployment of commercial and industrial rooftop solar across Maryland.

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.¹ We remain committed to helping Maryland meet its renewable energy targets and advance energy equity.

Value of Commercial Rooftop Solar

Commercial and industrial 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

¹ Solar Power World, 2025

found that one gigawatt of commercial and industrial 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. Commercial and industrial rooftop community solar is the most effective tool Maryland has to meet near-term rising demand and deliver immediate ratepayer savings.

The General Assembly explicitly recognized the unique value of commercial and industrial 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.

Projects supported by the SGI typically face higher development costs, resulting in significantly slimmer margins compared to projects sited on greenfields or agricultural land. Commercial and industrial rooftop projects, in particular, lack the economies of scale of larger ground-mounted systems, face higher construction and structural upgrade costs, and require more expensive lease arrangements. While these projects are more complex and costly to build, those incremental costs are paid for by developers, not by the Maryland ratepayer. The SGI was an acknowledgement that these projects deliver unique value to the grid and ratepayer, and should be compensated accordingly, to ensure their continued economic viability.

SGI Performance and Impact

This program also helps utilities meet increasing RPS obligations more efficiently. Because credits from these projects carry a 1.5x multiplier, utilities can meet compliance targets faster with in-state generation and avoid additional Alternative Compliance Payments (ACP). Put simply, two RECs from a qualifying project effectively provide three credits toward compliance. That reduces reliance on penalty payments and instead translates compliance dollars into real projects connected to Maryland's grid.

The large project category, with a total allocation of 270 MW, is already 43 percent utilized. That represents 116.22 MW accredited under the program in just its first year. Those projects could generate as much as 225,000 RECs every year. With the 1.5x multiplier applied, that output counts as approximately 337,500 credits toward RPS compliance. Without the multiplier, utilities would receive credit only for the projects' actual REC production. At the 2027 solar Alternative Compliance Payment level of \$35 per MWh, that 112,500-credit difference would translate to roughly \$3.9 million in ACP payments annually if utilities were forced to make up the shortfall rather than receiving the benefit of the

multiplier. The multiplier therefore provides measurable compliance value while ensuring ratepayer dollars support in-state solar deployment.

Need for Extension and Expansion

These targeted SGI changes, which extend the in-service deadline to 2031 and expand available capacity for large eligible systems, are necessary to preserve the momentum of the SGI and provide the certainty today's market requires. Extending the deadline to 2031 aligns the program with the end of the federal Investment Tax Credit, which developers are already racing to meet.

Commercial and industrial rooftop solar projects operate on 12- to 24-month development timelines. If a commercial and industrial rooftop solar lease is signed today, financing partners cannot be confident the project will be placed in service before the current January 1, 2028 expiration date, and they therefore underwrite projects as though the incentive will not be available. That is true even if that project ends up turning online prior to the expiration date and therefore qualifies for the SGI. That conservative assumption materially weakens project economics and slows deployment. Aligning the SGI sunset date with that of the federal Investment Tax Credit provides the multi-year certainty required to keep projects entering development today financeable.

Increasing available capacity for large systems is equally important. That category is already nearly 50 percent allocated in its first year and continues to see strong demand. As developers race to build projects before the federal Investment Tax Credit deadline, significant volume will likely be pulled forward into 2026. Without additional capacity, the program risks creating an artificial bottleneck just as the market is scaling, cutting off Maryland's ability to leverage federal Investment Tax Credit dollars while they are still available.

For these reasons, Solar Landscape strongly supports SB669 and respectfully requests a favorable report.