

Dear Chair Feldman and Members of the Committee,

Solar Landscape respectfully submits this favorable with amendments testimony on House Bill 1532 (HB1532). While we appreciate the intent of the legislation, we recommend targeted amendments to ensure the bill fully accounts for the differing economics and system benefits of solar project types. As drafted, HB1532 does not sufficiently recognize these differences and risks undermining the development of high-value distributed generation resources, particularly commercial and industrial rooftop solar.

About Solar Landscape

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 (C&I) 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. 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.

Recommended Amendments

Solar Landscape has provided a red-lined version of the bill and respectfully recommends the following additions:

- Section 7-306.4(c)(3)
 - Direct the Commission to establish a compensation structure that differentially recognizes commercial and industrial rooftop community solar as a distinct market segment, and accounts for differences in system benefits across technologies and industry sectors.
 - Direct the Commission to consider the differential benefits of different project types, including benefits that vary based on project location, siting, time to operation, and the use of existing structures or previously developed property.
- Amend to include Section 7-709.1

¹ Solar Power World, 2025

- Extend the Small Solar Generator Incentive Program in-service deadline to January 1, 2031 and increase total program capacity for eligible systems between 20 kW and 5 MW from 270 MW to 540 MW.

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, avoiding the PJM queue and eliminating multi-year delays. They are built on existing infrastructure, face no zoning or siting barriers, and are located where electricity demand already exists. These projects can be developed and constructed in 12-to-24 months, which is faster than any other form of generation available to Maryland.

Due to this speed and proximity to load, C&I rooftop solar is uniquely positioned to meet near-term demand growth while delivering immediate ratepayer savings. The Brattle Group found that deploying one gigawatt of C&I rooftop solar over the next five years would save Maryland ratepayers approximately \$300 million by reducing reliance on costly out-of-state power purchases, in addition to guaranteed subscriber savings. Based on our current pipeline, Solar Landscape alone expects to develop between 250 and 500 megawatts of that capacity, representing approximately \$75 million to \$150 million in projected savings. For these reasons, C&I rooftop solar represents one of the most effective tools available to meet Maryland's near-term energy needs.

The General Assembly recognized this value in 2024 through the Brighter Tomorrow Act and the creation of the Small Solar Generator Incentive (SGI) Program, which established a 1.5x SREC multiplier for preferred project types including rooftops, parking canopies, and brownfields.

Compensation Structure and Financing Risk

HB1532 would direct the Public Service Commission (PSC) to establish a new compensation structure for exported electricity prior to the state reaching its 3 GW net metering cap. While the bill provides general guidance, it does not ensure that the resulting compensation will be financeable for commercial and industrial rooftop solar projects. This lack of statutory certainty creates immediate risk for projects currently in development and for future investment decisions.

Commercial and industrial rooftop solar projects operate on 12- to 24-month development timelines, and financing depends on the ability to model predictable revenue over the life of the asset. That certainty will not be available until the PSC establishes a new framework,

creating a near-term risk of slowed or stalled development. Even once established, compensation may not be set at levels that support project development. C&I rooftop projects require negotiated rooftop leases, higher-cost urban construction, and more complex engineering, resulting in narrower margins and greater sensitivity to changes in compensation than other forms of community solar. If export compensation is set below financeable levels, C&I rooftop solar development in Maryland will not be able to continue.

This risk is compounded by the fact that net metering compensation discussions are often centered on ground-mounted, greenfield solar projects, which benefit from lower lease rates, lower construction costs, and greater economies of scale. These projects operate with significantly larger margins and often shape broader policy conversations. By contrast, C&I rooftop solar operates under fundamentally different conditions but is evaluated under the same compensation structure.

Proposed amendments by the joint solar trade organizations introduce differential compensation for certain market segments, including community solar energy generating systems and residential customer-generators. However, putting both ground-mounted and C&I rooftop community solar projects in the same compensation category would not adequately capture the nuanced differences between these two segments. Community solar includes a range of project types, the majority of which are located on green fields. As a result, a compensation framework designed for “community solar” will only reflect the economics of lower-cost, ground-mounted projects that are less expensive to build but deliver less value to ratepayers, rather than the higher-cost, higher-value characteristics of C&I rooftop solar.

Applying a uniform framework across these distinct project types fails to account for these differences and, if set too low, would effectively limit solar development in Maryland to only ground-mounted projects. C&I rooftop community solar projects should therefore be carved out as a separate category, to be considered by the Public Service Commission separately as net metering compensation is being set.

Importantly, concerns around cost shifts to non-participating customers are also tied to project type and location. The Public Service Commission’s 2025 Net Metering Report shows that ratepayer impacts vary significantly by utility territory. Impacts in Delmarva Power & Light and Potomac Edison are approximately five times higher than in BGE and Pepco, where C&I rooftop solar is primarily located and avoids costly transmission and distribution upgrades. The Brattle Group reached a similar conclusion, finding that electricity generated from urban rooftop solar is between 1.3 and 4.1 cents per kWh more

valuable than energy produced by rural ground-mounted solar due to avoided system upgrade costs.

Without explicit direction, compensation levels will default to the economics of lower-cost, ground-mounted projects rather than the full value of distributed rooftop systems. This runs the risk of making C&I rooftop solar, which has slimmer margins than ground-mounted solar, non-viable in Maryland. The Commission should therefore be clearly directed to establish differential compensation, including for C&I rooftop community solar as a distinct segment. This will ensure that project types are appropriately compensated for their added value and characteristics, including location, siting, and time to deployment.

Small Solar Generator Incentive Program (SGI)

HB1532 focuses on export compensation, however renewable energy credits (RECs) remain a critical component of project economics. The General Assembly has already recognized the enhanced value of preferred project types through the creation of the SGI program and its 1.5x SREC multiplier in the Brighter Tomorrow Act.

Projects supported by the SGI face higher development costs and slimmer margins than ground-mounted solar but deliver greater system benefits. While these projects are more costly to build, those incremental costs are borne by developers, not Maryland ratepayers. 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.

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 (ACPs). 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 SGI is already demonstrating strong uptake. The large project category is 43 percent subscribed in its first year, representing 116.22 megawatts of accredited capacity. These projects are expected to generate approximately 225,000 RECs annually, which count as approximately 337,500 credits with the multiplier applied. Without the multiplier, utilities would need to make up a shortfall of approximately 112,500 credits, equivalent to roughly \$3.9 million annually in Alternative Compliance Payments at the 2027 ACP rate.



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Targeted updates to the SGI are necessary to preserve this momentum. Extending the program's in-service deadline to January 1, 2031 would align it with the federal Investment Tax Credit sunset date, providing the multi-year certainty required for projects entering development today to remain financeable. Additionally, C&I rooftop solar projects operate on 12-to 24-month timelines, and under the current January 1, 2028 deadline, financing partners already assume projects will not qualify for the incentive, materially weakening project economics.

Increasing available capacity for large systems is equally important. The large project category is already nearly half subscribed in its first year and is likely to fill quickly as developers accelerate deployment ahead of the federal Investment Tax Credit deadline. Without additional capacity, the program risks creating an artificial bottleneck just as the market is scaling, limiting Maryland's ability to capture available federal investment.

Conclusion

Solar Landscape appreciates the Committee's consideration of this testimony and the ongoing collaboration on policies that support Maryland's clean energy goals. We respectfully recommend a favorable report on House Bill 1532 with amendments to ensure compensation structures reflect the full value of C&I rooftop solar and preserve continued investment in these projects.