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BILL NO.:	Senate Bill 0341/House Bill 0345 – Public Utilities - Solar Energy Generating Systems and Solar Renewable Energy Credits (Affordable Solar Act)
COMMITTEE:	Education, Energy, and the Environment Environment and Transportation
HEARING DATE:	February 10, 2026 (ENT)
SPONSOR:	Senators Brooks, Kramer, and Lam Delegates Charkoudian et al.
POSITION:	Informational

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The Office of People's Counsel (OPC) respectfully offers the following informational comments on Senate Bill 0341/House Bill 0345, the Affordable Solar Act, which seeks to support the State's electric system and advance its clean energy goals by (1) encouraging adoption of portable solar technology; and (2) directing the Public Service Commission to issue regular solicitations for the development of new solar facilities that, in total, will increase solar generating capacity in the State by 4,000 megawatts (MW) by January 1, 2035.

More specifically, the Affordable Solar Act proposes to make the implementation of small, plug-in solar energy generating systems easier and more affordable by removing existing regulatory hurdles—for example, by eliminating the requirement to enter into an interconnection agreement with the local utility and authorizing self-installation. Because portable solar systems can be located in smaller spaces, like balconies, they can be easily moved. They are also generally far less expensive than rooftop arrays and have the potential to expand the benefits of solar to a broader group of customers—including renters and low- and moderate-income customers—at little to no cost to non-participating customers.

Separately, the Affordable Solar Act seeks to incentivize the development of 4,000 MW of new solar generating capacity in the State by establishing two programs through which the PSC would create a new class of solar renewable energy certificates (SRECs), referred to as SREC-IIs: (1) a utility-scale solar facilities incentive program, through which new solar facilities with a generating capacity greater than 5 MW would be eligible to compete in regular procurements run by the PSC; and (2) a distributed solar facilities incentive program, through which facilities with a generating capacity less than or equal to 5 MW would be eligible to apply for SREC-IIs allotted to particular market segments and awarded on a first-come, first-served basis.

The monetary value of SREC-IIs will be determined by the PSC—through the competitive solicitation process for utility-scale facilities and through an administratively determined process for distributed solar facilities. The legislation would require each electric company to purchase a portion of the available SREC-IIs—as well as a portion of the SRECs available from projects grandfathered into the existing SREC market—based on each company's portion of retail sales. Electric companies would then pass those costs on to their customers through a non-bypassable surcharge on customer bills.

The Affordable Solar Act also proposes a number of mechanisms designed to limit or offset potential costs to ratepayers, including:

- limiting the net residential ratepayer cost of the distributed solar program to not more than five percent of the average annual electric bill over the duration of the program;
- authorizing the PSC to set confidential high- and low-application thresholds and authorizing the PSC to set a cap on the incentive awarded under the utility scale solar program;
- requiring that alternative compliance payments (ACPs) made after October 1, 2026, be used to fund future procurements of SRECs and SREC-IIs; and
- requiring that 75 percent of utility franchise tax revenues attributed to large load customers be used to fund future procurements of SRECs and SREC-IIs.

OPC appreciates these efforts to minimize the potential impact on residential customer bills, and with them, the Affordable Solar Act has potential to decrease costs for Maryland ratepayers, in part, by supporting generation that is not dependent on volatile fuel costs. Ultimately, however, whether the new requirements increase or decrease costs for customers depends on a multitude of factors that we have been unable to analyze, including the pricing of SREC-IIs under each of the programs, whether and how forecasted load materializes, and whether sufficient ACP revenue is available to offset these costs. To the extent that the Affordable Solar Act would protect ACP revenue—which comes from utility customers and is paid into the Maryland Strategic Energy Investment Fund (SEIF) to be used to decrease energy demand, provide energy-related benefits to low-income residential electric customers, and promote clean energy[1]—from being used for unrelated purposes, OPC supports redirecting and restricting use of those funds. However, we have not been able to assess how directing alternative compliance payments to ratepayers would impact other programs that help Maryland ratepayers, such as programs for low- and moderate-income households run by the Maryland Energy Administration.

OPC appreciates the opportunity to provide comments on HB 345.

[1] Md. Code Ann., St. Gov't Art. § 9-20B-05.