



Maryland House Bill 345 – Affordable Solar Act

Position: Unfavorable

Chair, Vice Chair, and Members of the Committee:

Thank you for the opportunity to submit testimony in opposition to House Bill 345, the *Affordable Solar Act*. Founded in 1997, the **Environmental Markets Association** is a pro-environment, pro-business, pro-competitive markets industry trade association with a mission to promote open, competitive and tradable market-based solutions to solve environmental challenges while simultaneously supporting sustainable economic development. EMA does this through education, advocacy, and networking opportunities for its members and the public. (www.enviromarkets.org)

While we share the sponsor's goal of expanding access to affordable solar energy, HB345 would fundamentally shift Maryland away from a competitive, tradeable SREC market to an administratively determined incentive (ADI) model. Based on both Maryland's recent experience and lessons learned from other states—particularly New Jersey—we believe this shift would undermine solar deployment, introduce unnecessary ratepayer risk, and impose a significant administrative burden on state agencies.

1. Maryland Needs a Long-Term Solar Strategy That Encourages Higher Build Rates

Maryland's clean energy goals require **sustained and increasing solar deployment**, not short-term structural changes that introduce uncertainty into the market. If Maryland is to meet its climate and affordability goals, policy should focus on **long-term solutions**, including thoughtful integration of **energy storage**, rather than dismantling a market framework that is currently delivering results.



New Jersey's experience is instructive. Under its legacy market-based SREC program, New Jersey saw strong and consistent solar development driven by tradeable SRECs whose prices reflected real supply and demand. Prior to the program's closure, SRECs frequently traded at **well over \$200 per MWh**, providing a strong economic signal that supported widespread deployment across project sizes.

When New Jersey transitioned away from that market-based system—first to transitional TRECs and ultimately to the **Successor Solar Incentive (SuSI) Program**, including an ADI structure—solar incentives became **fixed and administratively set**, with SREC-II values for many projects set at approximately **\$85 per MWh for a fixed term**. While this approach increased predictability, it also **reduced the value signal that had previously driven robust development**, and overall build rates slowed relative to prior years.

Maryland cannot afford a similar outcome. In contrast to New Jersey's experience, Maryland's recent policy direction has shown positive momentum. The **Brighter Tomorrow Act** was a strong first step in modernizing the state's solar framework, and the **SREC multiplier is working as intended**. Build rates increased last year as developers responded to clearer, market-based price signals. HB345 would reverse that progress just as the market is beginning to respond.

Maryland should build on what is working—not replace it with an administratively complex model that has already shown limitations elsewhere.

2. HB345 Creates Unknown and Potentially Significant Ratepayer Impacts

In a year when **energy affordability is the top concern for Maryland households and businesses**, HB345 presents serious concerns due to its **unknown and potentially significant ratepayer impacts**.

An ADI model relies on regulators to set incentive levels in advance, rather than allowing prices to adjust dynamically through a competitive market. This creates a risk of **mispriicing incentives**—either setting them too high, increasing ratepayer costs unnecessarily, or too low, suppressing development and undermining long-term affordability goals.



New Jersey's transition illustrates this risk. In moving from a market-based system to fixed incentive levels, the state necessarily shifted cost and performance risk from the market to regulators and ratepayers. Maryland should be cautious about adopting a similar structure without clear cost containment mechanisms and a demonstrated need for such a shift.

At a time when affordability is paramount, Maryland should not gamble on a program whose ultimate cost to ratepayers is uncertain.

3. The Administrative Burden of HB345 Is Significant and Premature

HB345 would also impose a **substantial administrative burden** on the Public Service Commission and related agencies.

Maryland has **only recently completed implementation of the Brighter Tomorrow Act**, a complex undertaking that required significant staff time, stakeholder engagement, and system updates. Requiring the PSC to design, implement, and administer an entirely new ADI framework so soon would place enormous strain on agency resources.

Experience from other states demonstrates that ADI programs require **ongoing administrative oversight**, frequent recalibration, and substantial staffing capacity. Implementing HB345 would almost certainly require **additional appropriations to hire new staff**, increasing costs for the state while diverting attention from effective administration of existing programs.

Before undertaking another major structural overhaul, Maryland should allow recent reforms to fully mature and be evaluated based on real-world performance.

Conclusion

Maryland has made meaningful progress toward a clean, affordable energy future. HB345 risks disrupting that progress by replacing a functioning, market-based system with an administratively determined model that has underperformed in other states, carries uncertain ratepayer impacts, and places significant new demands on state agencies.



For these reasons, we respectfully urge the Committee to issue an **unfavorable report on HB345** and instead continue refining and strengthening the solar policies that are already delivering results for Maryland.

Thank you for your consideration.