

OPPOSE – House Bill 1195

HB1195 – Net Energy Metering, SUNRISE Program, and Community Solar Energy Generating Systems Program (SUNRISE Act)

**Environment and Transportation Committee
Tuesday, March 3, 2026**

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 293,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Maryland, Ohio, Pennsylvania, New Jersey, New York, and West Virginia.

Unfavorable

Potomac Edison / FirstEnergy respectfully requests an Unfavorable report on HB-1195 - *Net Energy Metering, SUNRISE Program, and Community Solar Energy Generating Systems Program (SUNRISE Act)*, which proposes a complete overhaul of Maryland's net energy metering (NEM) and Community Solar programs.

While the stated intent of this legislation is to advance equitable clean-energy adoption and expand low-and moderate-income (LMI) customer access, as drafted HB-1195 would significantly increase costs for non-participating ratepayers, impose substantial administrative burdens on utilities, and expand existing inequities in the current NEM framework.

Despite presenting the SUNRISE Program as a successor to net metering, the bill effectively functions as an unrestricted expansion of NEM by tying export compensation to no-less than the Standard Offer Service (SOS) rate - including energy, capacity, and transmission value. While this would be a significant improvement from the current policy providing a full retail bill credit, this value still ensures that NEM credits exceed the actual value of the output provided to utilities which only includes the energy portion. This overvaluation of the generation received results in excessive compensation for output to the grid from Community Solar and NEM systems and shifts unrecovered costs directly onto non-participating residential customers. This effect is particularly harmful in Potomac Edison's service territory, where a disproportionately higher share of Community Solar projects are being developed, and NEM-related cost shifts are increasing customer bills.

A larger concern is that HB-1195 directs the Public Service Commission (Commission) to incorporate a wide range of environmental, societal, and reliability "benefits" into the credit-setting process - even though many of these values cannot logically be provided by Community Solar and NEM systems, are impossible to measure, or are unsupported by evidence. Embedding unquantifiable benefits into statute guarantees inflated export credits for the output of Community Solar and NEM systems and further entrenches inequitable cost allocation for customers. Credit-setting should be limited to the empirically measurable value of the energy provided to utilities.

The bill also mandates a statewide capacity reservation system with automatic acceptance and transferability, creating the potential for speculative resale markets, duplicative interconnection processes, and administrative inconsistencies with existing Commission regulations. Uniform interconnection timelines and new utility upgrade procedures can conflict with current rules, create operational inefficiencies, and risk project delays - undermining the very transparency and predictability the bill seeks to establish. To the extent a reservation process is needed, authority to create the process should be delegated to the Commission, which can engage a collaborative process of utilities and other stakeholders to consider and recommend an administratively appropriate process.

The LMI enrollment framework proposed in HB-1195 also raises practical and further equity-related concerns. The “Opt-Out” enrollment requirement would likely create customer confusion, increase utility call center volume, and reduce the programs transparency. “Opt-In” enrollment is preferred, as it is more transparent and more easily understood by customers. Additionally, geographically based eligibility risks automatically enrolling higher-income individuals into the program who simply reside in designated communities. These customers would not meet standard LMI definitions, so neither they nor a Community Solar developer should be able to reap the benefits of the LMI designation. Furthermore, the bill’s 20% minimum savings level for LMI customers falls below today’s typical community solar discount for qualifying LMI customers, and unless raised, may result in diminished real benefits for low-income customers.

Finally, HB-1195 assigns program design responsibilities to the utilities – responsibilities that traditionally fall under the duties of the Commission. Requesting utilities to develop statewide program architecture and regulatory frameworks is confusing. Utilities should provide operational expertise and system data, not lead regulatory design processes traditionally and appropriately overseen by the Commission.

Although Maryland’s NEM system needs reform, HB-1195 does not directly address the underlying cost-shifting inequities facing non-solar residential customers. Instead, this bill would further exacerbate the inequities while also creating new administrative complexity and programmatic uncertainty. Potomac Edison’s customers already bear one of the highest proportional NEM subsidy burdens in the state – and this bill would only further accelerate cost impacts with no corresponding system or ratepayer benefits.

Unless HB-1195 is significantly amended to align export credits with actual avoided costs, preserve existing interconnection processes, require opt-in LMI participation, and maintain PSC-led program development, this legislation offers little tangible benefit to either the company or its customers. For these reasons, **Potomac Edison / FirstEnergy respectfully requests an Unfavorable report on HB-1195.**