



SUNRISE Program Act of 2026

The SUNRISE (Standard Utility Net-Export Rate for Integrated Solar and Energy) Program Act of 2026:

- **Provides solar market stability** by improving tracking and transparency as the State fast approaches a 3-gigawatt (GW) statutory cap on net energy metering (NEM);
- **Modernizes Maryland's NEM framework** by directing the Public Service Commission (PSC) to develop and implement a successor compensation program (SUNRISE) by July 1, 2027, which is expected to make electricity more affordable for all ratepayers by compensating exported electricity based on the actual value of solar generation to the grid; and
- **Creates new, state-facilitated options for delivering community solar benefits to low-to moderate-income (LMI) households, lowering electric bills and providing ratepayer assistance**, and addressing persistent enrollment barriers and regional market constraints.

These changes respond directly to PSC recommendations and growing industry concern with the market uncertainty tied to the NEM cap and its successor, while strengthening equity outcomes and addressing electricity affordability in the community solar program.

Capacity Reservation System (Effective July 1, 2027)

Statutory Change. The Act requires the PSC to establish a standardized, statewide capacity reservation system for mature NEM projects as Maryland approaches the 3GW NEM cap:

- Eligibility is based on defined development milestones, tailored by project type.
- Utilities must automatically grant reservations once milestones are met.
- Reserved capacity counts toward the NEM cap.

Policy Rationale: Under current law, projects count towards the 3GW NEM cap when they become operational. As the cap nears, that approach becomes unworkable because projects can be under construction (or fully developed and financed) yet face the risk that the cap will be hit before energization. The proposed capacity reservation system addresses this risk by allowing mature projects to count towards the cap before they have started construction, all without increasing the cap beyond 3GW.

SUNRISE Program – Successor to Net Metering

Statutory Change. The Act directs the PSC to develop and adopt the SUNRISE Program by July 1, 2027 to compensate exported electricity based on actual grid value, including energy, capacity, transmission, and other PSC-approved values. If the NEM cap has not yet been reached, projects coming online after SUNRISE is available may choose between NEM and SUNRISE. It is expected that implementation of SUNRISE will reduce ratepayer impacts – lowering all ratepayers' electric bills – while striking the balance to ensure a robust community solar market in Maryland.

Policy Rationale: This establishes a clear, legislatively mandated transition beyond traditional net metering. NEM functioned as an intuitive proxy for solar's value by crediting exports at the full retail rate (effectively running the customer's electric meter backwards) at a time when more sophisticated valuation methods were not yet practical to implement. SUNRISE replaces that rule-of-thumb approach with compensation grounded in solar's measured value, as determined through a comprehensive public process.

Net Metering Cap Tracking

Statutory Change. The Act affirms the 3GW statewide NEM cap and revises how progress toward that cap is measured to both operational and reserved capacity held by mature, non-operational projects.

By October 1, 2026, the PSC must publish (or require utilities to publish) a monthly statewide NEM capacity tracker showing total operational capacity, remaining available capacity, and, beginning July 1, 2027, reserved capacity and queue order for qualified projects.

Policy Rationale: With a large share of the cap already subscribed and development expected to exceed remaining capacity, improved transparency is necessary for developers, utilities, and regulators to manage the transition to a successor compensation program and to reduce market disruption.

Community Solar and LMI Market Enhancements

Statutory Change. The Act creates two new pathways for projects to meet community solar LMI requirements, including lowering electric bills and providing ratepayer assistance:

1. OHEP-Facilitated Opt-Out Enrollment (Section p):
 - Enrollment coordinated by the Office of Home Energy Programs (or local agencies).
 - Guaranteed 20% electric utility bill savings making electricity more affordable.
 - No fees, no termination penalties, and no required subscriber contracts.
 - \$50 acquisition fee paid by subscriber organizations to support administration.
2. Dedicated Low-Income Energy Allocation (Section q):
 - Projects may dedicate 8% of entire project output for free allocation to low-income households;
 - Credits allocated by OHEP or the Maryland Energy Administration to provide ratepayer energy assistance.

Policy Rationale: These two options address persistent challenges in reaching LMI households through third-party marketing and contracting alone (including trust, paperwork, language barriers, and screening). These state-facilitated pathways reduce those barriers while preserving consumer protections and ensuring guaranteed savings making electricity more affordable.

Stakeholder Benefits

- **PSC:** Gains clear legislative direction and authority over cap accounting, queue management, successor program design, and LMI administration oversight.
- **LMI Customers:** Benefit from guaranteed ratepayer savings, simplified enrollment, and delivery through trusted public agencies rather than market-only approaches.
- **Utilities:** Must comply with uniform reservation, tracking, and transparency requirements, reducing discretion while increasing predictability.

Effective Date: July 1, 2026 (with capacity reservations and SUNRISE effective July 1, 2027).



Additional Policy Background on NEM Program

Net Metering – Behind the Meter (BTM)

NEM credits customer-sited solar by netting on-site production against on-site consumption over the billing period. When a customer exports excess generation, it is credited at the full retail rate - effectively running the meter backwards.

- A bidirectional meter records energy flowing to and from the grid, and the customer’s bill is based on net kWh for the period.
- Retail-rate credits from exports offset later consumption, making the customer’s savings easy to see directly on the bill.
- Because it was intuitive and administratively simple, NEM served as a practical rule-of-thumb proxy for solar value before more granular value-of-solar methods (such as SUNRISE) were feasible to implement.

Net Metering – Community Solar (CS)

Maryland’s Community Solar Energy Generating Systems (CSEGS) Program allows customers who cannot host rooftop solar to subscribe to a share of an off-site project and receive utility bill credits for that share’s generation (virtual net metering).

- The CSEGS Program allows multiple electric utility customers to subscribe to the output of an off-site solar project (often called a “solar farm”) and receive NEM credits on their utility bills, just as if the panels were on their own roof.
- The program began as a pilot in 2017 (authorized by a 2015 law) and, after several extensions, was made permanent in 2023 with the passage of House Bill 908.
- Each CSEGS must allocate at least 40% of its energy output to low- to moderate-income (LMI) subscribers at a minimum 10% discount.
- Because enrollment frequently depends on third-party marketing and contracts, LMI households can face barriers (trust, paperwork, language access, credit screening). The SUNRISE Program Act’s state-facilitated pathways are designed to reduce those barriers while preserving consumer protections and guaranteed savings.

Net Metering Capacity – Status

- As of June 30, 2025, there was 1,537 MW – consisting of 1,320 MW (BTM) and 216 MW (CS)
 - BG&E – 564 MW (BTM); 119 MW (CS)
 - Pepco – 360 MW (BTM); 41 MW (CS)
 - Potomac Edison – 140 MW (BTM); 40 MW (CS)
 - Delmarva – 128 MW (BTM); 16 MW (CS)
 - Other - SMECO – 90 MW (BTM) ; Choptank – 34 MW (BTM) ; Other – 4 MW (BTM)
- PSC estimates there is 2,911 MW of community solar pending projects, including:
 - 700 MW awaiting PSC authorization
 - 1,728 MW in the utility interconnection queue
 - 483 MW accepted into program but not yet operating



¹ Public Service Commission. Net Energy Metering In the State of Maryland. November 2025.