

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 110
Finance

(Senator Kramer)

Electricity - Community Solar Energy Generating Systems - Generating Capacity

This bill increases the maximum generating capacity of a community solar energy generating system (from 2 megawatts to 5 megawatts).

Fiscal Summary

State Effect: The bill likely does not materially affect State finances or operations, as discussed below.

Local Effect: Local government finances and operations may be affected, as discussed below.

Small Business Effect: Minimal.

Analysis

Current Law:

Community Solar Energy Generating Systems

Chapters 346 and 347 of 2015 required the Public Service Commission (PSC) to establish a three-year Community Solar Energy Generating System Pilot Program, subject to specified conditions. Chapters 461 and 462 of 2019 extended the pilot program through December 31, 2024.

A community solar energy generating system, as defined in statute, is a system that, in addition to other requirements:

- has a generating capacity that does not exceed 2 megawatts as measured by the alternating current rating of the system's inverter;
- has at least two subscribers, but no limit to the maximum number of subscribers; and
- credits its generated electricity, or the value of its generated electricity, to the bills of the subscribers to that system through virtual net energy metering.

Subscribers must be in the same electric service territory as the system. Investor-owned electric companies must participate in the program; large electric cooperatives and municipal utilities may choose to participate.

Under PSC regulations, a system may have up to 350 accounts, unless the electric company has developed an automated billing function, in which case there is no limit. PSC regulations also increase authorized capacity additions each year.

Net Energy Metering

Generally, net energy metering is the measurement of the difference between the electricity that is supplied by an electric company and the electricity that is generated by an eligible customer-generator and fed back to the electric company over the eligible customer-generator's billing period. The generating capacity of an eligible customer-generator for net metering may be up to 2 megawatts. Eligible energy sources are solar, wind, biomass, micro combined heat and power, fuel cell, and certain types of hydroelectric. PSC must require electric utilities to develop and make net metering tariffs available to eligible customer-generators. There is a statewide net metered capacity limit of 3,000 megawatts.

State Fiscal Effect: PSC advises that the bill may result in an increase in Community Solar Energy Generating System Pilot Program related filings, but that PSC can accommodate the workload with existing resources. Similarly, the Maryland Energy Administration advises that, while its workload may increase to work on any rulemaking resulting from the bill's changes, it can likely handle any increase in workload with existing resources.

According to the most recent net metering annual [report](#) from PSC, the level of installed capacity is approximately 30% of the 3,000 megawatt limit. As of June 30, 2021, 888 megawatts out of 3,000 megawatts were installed – an 8% increase from the previous year. As the bill does not alter the maximum project size for net metering projects (only

community solar energy generating systems) and does not otherwise alter the statewide cap, State finances are likely not materially affected.

Local Fiscal Effect: PSC advises that because the bill does not alter the net metering capacity limit (currently 2 megawatts), any community solar energy generating system with a capacity above 2 megawatts will be ineligible to receive net energy metering credits. Therefore, the bill may lead to higher costs for community solar energy generating system subscribers. To the extent any local governments are subscribers of a community solar energy generating system and to the extent new community solar energy generating systems exceed 2 megawatts of capacity, local government utility bills may increase.

Small Business Effect: To the extent any small businesses are subscribers of a community solar energy generating system, small business utility bills may increase, as discussed above. PSC further advises that, to the extent the 5-megawatt capacity limit for an eligible community solar energy generating system allows larger community solar energy generating systems to use more of the total allowed capacity, the number of developers able to participate in the program may be reduced.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 440 (Delegate Clippinger) - Economic Matters.

Information Source(s): Department of Natural Resources; Maryland Energy Administration; Public Service Commission; Department of Legislative Services

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