

**Department of Legislative Services**  
 Maryland General Assembly  
 2022 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 818  
 Economic Matters

(Delegate Clippinger)

Finance

**Electricity - Community Solar Energy Generation - Consolidated Billing**

This bill authorizes a subscriber organization for a community solar energy generating system, in conjunction with the electric company serving the territory, to participate in utility consolidated billing provided by the electric company. **The bill takes effect July 1, 2023.**

**Fiscal Summary**

**State Effect:** Special fund expenditures increase by \$121,000 in FY 2024; future years reflect inflation and ongoing costs. Special fund revenues increase correspondingly from assessments imposed on public service companies.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$121,000	\$105,200	\$108,000	\$111,100	\$115,200
SF Expenditure	\$121,000	\$105,200	\$108,000	\$111,100	\$115,200
Net Effect	\$0	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not materially affect local government finances or operations.

**Small Business Effect:** Potential meaningful.

**Analysis**

**Current Law:** The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland. The resulting system of customer choice allows the customer to purchase electricity from a competitive supplier or to continue receiving electricity under standard offer service (SOS). Default SOS electric

service is provided by a customer’s *electric company* (e.g., a utility such as Baltimore Gas and Electric Company or Pepco). Competitive electric supply is provided by competitive *electricity suppliers*. Under utility consolidated billing, which is authorized for electric customers pursuant to the Code of Maryland Regulations 20.53.05, the utility issues a single bill on behalf of the utility and the supplier that includes utility charges, such as distribution, related taxes, and surcharges, and for supplier charges, such as transmission and commodity supply.

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. The program was subsequently extended through December 31, 2024. Such a system, in addition to other requirements, 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.

Under the pilot program, “subscriber organization” means (1) a person that owns or operates a community solar energy generating system or (2) the collective group of subscribers of a community solar energy generating system.

**State Fiscal Effect:** PSC advises that it must promulgate regulations, hold rulemakings, and develop revised business practices and tariffs relating to retail choice and the community solar pilot program in order to meet the bill’s requirements. Among other activities, this process likely entails convening meetings, submitting a petition for a rulemaking, participating in the rulemaking process, and monitoring utility implementation. PSC advises that the bill requires additional resources to support the new and incremental legal, regulatory, and technical work.

Accordingly, special fund expenditures for PSC increase by \$120,961 in fiscal 2024, which accounts for the bill’s July 1, 2023 effective date. This estimate reflects the cost of hiring one part-time staff attorney and one part-time program manager to handle PSC’s incremental workload under the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate does not include any potential programming costs that may be required.

Positions (Part-time)	2.0
Salaries and Fringe Benefits	\$106,805
Operating Expenses	<u>14,156</u>
<b>Total FY 2024 State Expenditures</b>	<b>\$120,961</b>

Future year expenditures reflect salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. Special fund revenues increase correspondingly from assessments imposed on public service companies.

**Small Business Effect:** To the extent that a community solar energy generating system or any of its subscribers are small businesses, the bill may have a positive effect on those entities through the benefits of utility consolidated billing.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Office of People's Counsel; Public Service Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2022  
fnu2/lgc Third Reader - March 21, 2022  
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