

OPPOSE – House Bill 1261
HB1261 – Community Solar Energy Generating Systems Pilot Program - Alterations
Economic Matters Committee
Thursday, March 10, 2022

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 275,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, and Maryland.

Unfavorable

Potomac Edison opposes House Bill 1261 – Community Solar Energy Generating Systems Pilot Program - Alterations. HB-1261 would remove the requirement that a community solar energy generating system be located in the same electric service territory as its subscribers, and it would also require electric utilities to file a revised tariff and protocol related to bill credits by November 1, 2022.

FirstEnergy requests an Unfavorable report on HB-1261 for the following reasons.

In 2015, the Maryland General Assembly required the Public Service Commission to create the Community Solar Energy Generating System Pilot Program. Since its inception, Potomac Edison has been an active participant in the program. The alterations proposed in HB-1261 completely ignore the long-standing franchised service territories of electric utilities and does not take into account the very different Transmission and Distribution infrastructure between utilities in the state.

HB-1261 would create an unnecessary and confusing intermingling of wholesale transactions and retail transactions between the electric utilities. In the PJM transmission zones, there are value differentials caused by transmission congestion that create differences in energy prices. If a community solar facility were in a different zone than the subscriber, the value of the electricity could be significantly different. (For example, generation in the APS zone may be less valuable than generation in BGE zone). Implementing the needed cross-utility billing structure would be a technical challenge, an accounting nightmare, and very burdensome from an administrative and systems perspective. In addition, electric distribution companies would need to be made whole for any value differential – and the credit would need to be based on the value of the electricity at the point of generation, not based on the retail rate of electricity for the customer located in a different zone.

The community solar pilot program is nearing its conclusion, and it seems unnecessary at this point to make such drastic changes to the existing program. To change our billing system by the November 1, 2022, implementation date is unachievable, and the cost/benefit of doing it this close to the end of the pilot program seems wasteful.

Potomac Edison broadly supports a climate strategy to reduce greenhouse gas emissions through the integration of renewable energy on the electric grid, however participation in community solar should continue to be limited to the electric service territory of the subscriber. HB-1261 appears unworkable and will result in higher costs for all electric utility customers in Maryland.

For the above reasons, Potomac Edison respectfully request an **Unfavorable** vote on House Bill 1261.