

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JOSEPH G. CLEAVER
DEPUTY PEOPLE'S COUNSEL

— OPC —
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

BILL NO.: House Bill 1261
Community Solar Energy Generating Systems Pilot Program -
Alterations

COMMITTEE: Economic Matters

HEARING DATE: March 10, 2022

SPONSOR: Delegate Queen

POSITION: Favorable

The Office of People's Counsel supports House Bill 1261.

HB 1261 would allow customers to subscribe to community solar projects in a different service territory than the service territory where the customer resides. This would support the development of community solar on a statewide basis, which would be a benefit to residential electricity customers. In order to implement this bill in a manner that is equitable to all customers, the Public Service Commission will need to resolve the possibility of mismatched revenues between individual utilities. Where the subscriber to community solar is in a different service territory than the solar project, the customer revenues received by the community solar facility and the bill offsets will differ from the utility that receives the energy generated by the facility. These mismatches would affect both the commodity costs and distributions costs that are reflected on the subscriber's bill.

The commodity portion of a subscriber's bill includes a credit for the kilowatt-hours purchased from the community solar facility. That credit reduces what the customer pays the utility. The subscriber, however, does actually use those kwh, and because the kwh are used, the subscriber's utility is billed for that electricity by the regional market. Where the community solar project is in a different utility's service territory than where the subscriber resides, the subscriber's utility will receive lower revenue from the customer to pay for that electricity, but it will not receive the energy output from the community solar facility. Rather, the utility that hosts the community solar project will receive revenue from the regional market for the output of the project. There will need to be a transfer of those funds from the utility in which the facility is located to the subscriber's utility.

Additionally, the subscriber's utility will not collect revenue for the distribution portion of the subscriber's bill. That revenue is made up by the other customers. Without

action by the Commission, it will be made up by the other customers of the subscriber's utility. To more closely align costs and benefits between the customers of the subscriber's utility and the customers of the utility hosting the solar project, there could be a need to be an additional transfer of funds between the two utilities.

These issues of transferring funding between utilities for this purpose have not been addressed by the Commission. The Commission will need to adopt regulations on how to calculate the amounts to be transferred, how the funds will be transferred, and how the amounts will be tracked in order to ensure that the process is fair for all the customers involved. The bill calls for the Commission to adopt these regulations by January 31, 2023.

Recommendation: The Office of People's Counsel requests a favorable report from the Committee on HB 1261.