

Delegate C.T. Wilson
Chair, House Economic Matters Committee
6 Bladen Street
Annapolis, Maryland 21401

HB 1435

Dear Chair Wilson:

Solar Landscape strongly supports House Bill 1435, sponsored by Delegate Fraser-Hidalgo, also known as the “Brighter Tomorrow Act,” which aims to assist Maryland in achieving its ambitious solar goals by encouraging the development of solar projects in the state, with a particular focus on smaller solar projects and those located on preferred sites. **Solar Landscape urges a favorable report on HB 1435.**

Established in 2012, Solar Landscape brings access to the benefits of solar energy to more low- and moderate-income households than any other community solar developer nationwide. Specializing in building community solar on commercial and industrial rooftops, we have formed partnerships with commercial real estate owners across Maryland, New Jersey, Illinois, and other states. Nationwide, we have leased over 40 million square feet of commercial and industrial rooftops for community solar, including space for over 50 rooftop community solar projects in Maryland. Solar Landscape is dedicated to aiding Maryland in reaching its renewable energy targets and advancing energy equity.

The General Assembly has approved ambitious solar energy goals, aiming for 14.5% of the state’s electricity consumption to come from solar generation by 2030. However, solar energy deployment has fallen short of the state’s goals due to challenges with the Solar Renewable Energy Credit (“SREC”) market and other policy issues. Installation rates for small solar projects, particularly those under 5 MW, including commercial and industrial rooftop community solar projects, have been notably low since 2018. Smaller solar projects incur higher costs than larger ones due to economies of scale, and with Alternative Compliance Payment (“ACP”) values and, by extension, SREC values decreasing annually, there is inadequate revenue to support their development. Rooftop community solar projects, benefiting from simpler interconnection and permitting processes, as well as efficient site control, can be permitted and constructed in approximately one year. They are therefore crucial for meeting Maryland’s clean energy objectives in the near term.

This bill proposes two key measures to maintain the viability of solar projects on commercial and industrial rooftops in Maryland over the next few years. First, to counteract the yearly declines in SREC value, the bill will introduce an SREC multiplier of 2x for rooftop and other preferred site projects up to 5 MW in size. By allowing rooftop community solar projects built by 2027 to generate 2 SRECs for every 1 MWh they produce, developers can generate sufficient revenue to construct more rooftop community solar projects statewide in the coming years. This 2x multiplier for solar on preferred sites is essential for supporting commercial and industrial rooftop community solar. Reducing the multiplier below 2x would be a significant concern for the health of the commercial and industrial rooftop community solar market in Maryland.

Second, the bill would extend the personal property tax exemption for community solar projects located on rooftops, brownfields, and parking canopies, serving low- and moderate-income communities with at least 50% of their capacity. Community solar projects on these preferred sites offer numerous public benefits, including generating clean energy in urban areas close to power demand and preserving working farmland. Current Maryland law provides a property tax exemption for such solar projects approved by December 31, 2025; the Brighter Tomorrow Act would extend this approval date through the end of 2030, encouraging community solar on preferred sites for years to come. Many other states exempt the value of community solar projects from property taxes, including Virginia, New Jersey, California, and New York.

Efforts are underway among clean energy stakeholders to consider structural changes to Maryland's Renewable Energy Standard and related renewable energy credit markets to support the transition to 100% clean energy. However, these reforms will require several years to formulate, adopt, and implement. Without legislative action in 2024 to sustain Maryland's smaller-scale solar market in the short term, deployment will continue to stagnate, jeopardizing critical renewable energy milestones and failing to provide jobs and local benefits at a time when accelerating renewable energy adoption is imperative.

While we wholeheartedly support the Brighter Tomorrow Act as is, we respectfully offer one additional amendment to enhance the bill further, which would allow community solar developers to "bank" unsubscribed bill credits for up to twelve months. Community solar projects inevitably have some subscriber attrition, as subscribed families can move out of the qualifying utility territory. Bill credit banking gives community solar projects reasonable leeway to find new subscribers to consume unused bill credits caused by such attrition. Bill credit banking enables more subscribers including low-income families to receive savings from community solar and facilitates financing of community solar projects as it makes project revenue more predictable. We have attached suggested amendment language to this written testimony.

The passage of HB 1435 will signify a commitment to environmental sustainability, job creation, and local economic benefits. By accelerating the transition to clean energy and fostering equitable access to solar power, the General Assembly can position the state leader in renewable energy innovation while addressing urgent climate concerns. Together, we can pave the way for a brighter and more sustainable future for Maryland and beyond.

Recommended Community Solar Bill Credit Banking Amendment Language

Article – Public Utilities

7-306.2

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(d) (7) **(I)** Any unsubscribed energy generated by a community solar energy generating system that is not owned by an electric company shall **CREATE BANKED BILL CREDITS TRACKED BY THE ELECTRIC COMPANY THAT MAY BE ALLOCATED BY THE SUBSCRIBER ORGANIZATION OR SUBSCRIPTION COORDINATOR ASSOCIATED WITH THE COMMUNITY SOLAR ENERGY GENERATING SYSTEM TO ONE OR MORE SUBSCRIBERS TO THE COMMUNITY SOLAR ENERGY GENERATING SYSTEM WITHIN ONE YEAR FROM THE DATE THE BANKED BILL CREDIT WAS CREATED.**

(II) **THE GENERATION ASSOCIATED WITH A BANKED BILL CREDIT NOT ALLOCATED TO A SUBSCRIBER WITHIN ONE YEAR FROM THE DATE THE BANKED BILL CREDIT WAS CREATED SHALL** be purchased under the electric company's process for purchasing the output from qualifying facilities at the amount it would have cost the electric company to procure the energy.

For questions, please contact Jason Weintraub at (410) 963-3674 or jweintraub@gfrlaw.com.