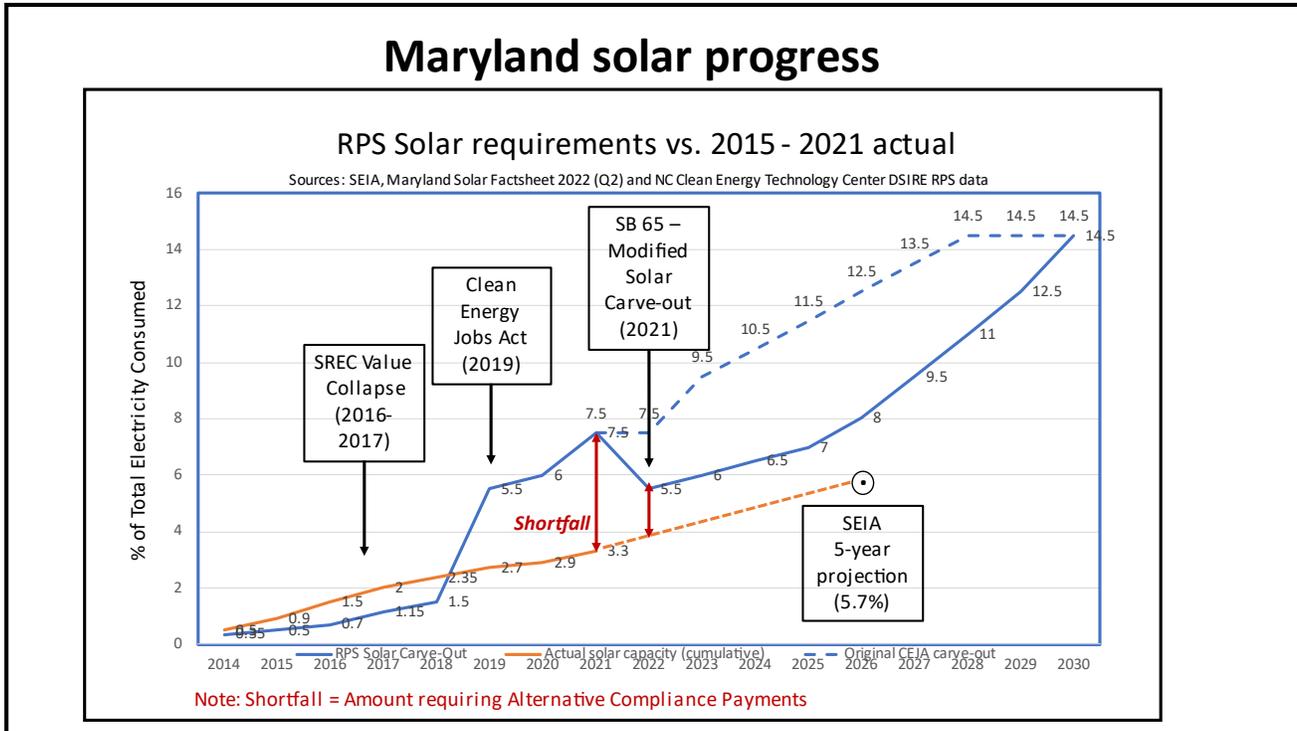


Sierra Club Maryland comments on Mitigation Working Group draft solar recommendations

The Sierra Club Maryland Chapter has suggested that I – in my capacity as Policy Advisor to the Chapter’s Energy Committee – provide brief input on the recommendations related to “Construct(ing) more clean power generation in-state, especially solar power.”

The graph below is the reference frame for my input:



This graph makes clear the overarching reality that – even with the 2021 adjustment to the RPS year-to-year solar requirement (as a proportion of total electricity consumption in the state) – Maryland is far off the trajectory needed to meet its solar development targets. The 14.5% target for our electricity from solar is not just a legislative target – it is the minimum of solar consistent with the 2031 goal of 60% greenhouse gas reduction.

The PSC estimates the 14.5% 2030 target to represent about 6,200 MW of in-state solar; the solar industry estimates that we will have about 1,600 MW at the end of 2022 – meaning we will have to build an average of 575 MW each year until 2030... far more than we have ever built.

Against this background, we want to emphasize our support for recommendations 10.b (“direct the PSC to make the community solar program permanent...”) and 10.c. (“provide additional incentives for solar development on ‘preferred sites’...”). These two recommendations are complementary, and are highest priority - together they offer the greatest opportunity to substantially increase our rate of solar development.

Specific comments on each:

10.b. Community Solar permanent program –

- The multi-year pause in the PJM grid operator’s review and approval of utility-scale solar projects (anything ≥10 MW in size) means that Community Solar projects (limited to 5 MW) will for now be the major mode of building solar that serves large numbers of consumers.
- Action on making Community Solar a full program is essential in 2023, to maintain and build on the successful program and industry established through the pilot phase –

- Under the pilot program, no further project capacity allocation will happen for 18 months between July 2023 and the pilot's end (December 2024) – this inability to develop new business, plus uncertainty about the program's future, will cause significant deterioration of Community Solar development capability.
- If, as the PSC's July 1 report to the legislature proposes, there is further pause in program implementation after the pilot ends, developers engaged in Community Solar will have no choice but to leave the Maryland market – with loss of Community Solar businesses, jobs, and solar development.
- Community Solar is probably the best way we have to provide solar to low-income households, many of whom are renters or live in housing where individual rooftop solar can't be built.
 - However, substantial inclusion of low-income households will necessitate removing the separate billing requirement established under the pilot program, and allowing Community Solar providers to participate in the same Utility Consolidated Billing with Purchase of Receivables (UCB with POR) mechanism used in Maryland by all other non-utility electricity providers (now #86 in "Additional Recommendations")
 - Study by MEA, OHEP, the PSC, and utilities found that – for low-income families receiving EUSP and/or MEAP electricity assistance – the separate billing mechanism causes those families to sacrifice a substantial portion of their assistance benefit, which is only paid to utilities and under separate billing cannot be transferred to a Community Solar provider.
 - The study also found that – without consolidated billing – the many households who can only pay their utility bills in cash cannot participate in Community Solar: the much smaller Community Solar providers do not have the large network of payment receivers (supermarkets, pharmacies, etc.) or collection capabilities that utilities have, so require payment by credit card or bank account – which many low-income households do not have. (Other 3rd party electricity providers can receive cash payment because their charges are incorporated into the utility bill through UCB with POR.)
 - Participation in UCB with POR resolves both these major barriers to low-income participation in Community Solar.

10.c. Additional incentives for solar on "preferred sites" –

- Local jurisdictions and other stakeholders have clearly expressed preference for solar to be built on already developed sites – residential and commercial rooftops, parking lots, brownfields and grayfields – rather than on agricultural land.
- However, the cost of building solar on these "preferred sites" is substantially greater than building on land.
- Although the Inflation Reduction Act extends the federal Investment Tax Credit (ITC) for 10 years, the ITC alone (and a small additional state grant) have not been enough to substantially increase the rate of solar development in Maryland (see graph above); additional incentives are needed to balance the greater cost of non-ground-mounted solar projects.

Relevant to both 10.b. and 10.c., the substantial shortfall in solar development relative to the 2021 RPS target (see graph above) will result in an unprecedented – and very large – amount of Alternative Compliance Payment (ACP) funds coming to the Maryland Energy Administration. Thought should be given to the use of this windfall (and the additional continuing generation of ACP funds until solar development catches up with target rates) to support expansion of both Community Solar and solar on "preferred sites," especially where these will benefit low- and moderate-income households. These ACT funds may interact well with low-income related funding under the Inflation Reduction Act.

Respectfully,
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