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BILL NO.: **House Bill 950**
Renewable Portfolio Standard – Solar – Small
Solar On-Site Generators and Solar Water
Heating Systems

COMMITTEE: **Economic Matters**

HEARING DATE: **March 8, 2012**

SPONSORS: **Delegates Barve, et al.**

POSITION: **Informational**

House Bill 950 would create a requirement that 65% of the renewable energy portfolio standard for solar energy come from a small solar on-site generator. Proposed Public Utilities Article (PUA) section 7-703(d)(1). Further, electricity suppliers would be required to purchase solar renewable energy credits (SRECs) from a small solar on-site generator if available and could only use SRECs from other solar facilities if SRECs from small solar on-site generators are not available. Proposed PUA section 7-703(d)(2). Lastly, the bill would require the utility to purchase all electricity from the small solar on-site generator that is not otherwise sold by the owner of the system. Proposed PUA section 7-703(d)(3).

This bill could result in disruption in the sales of SRECs from larger solar facilities, however unintentional. The value of SRECs from the larger solar

facilities would be dependent on the availability of SRECs from small on-site solar generators. If there are insufficient SRECs from small solar on-site facilities available in a particular year to meet the standard required in this bill, SRECs from the larger facilities would have value in covering the entire SREC obligation. However, if there were sufficient SRECs from small solar on-site generating facilities available, the value of the SRECs from larger solar facilities would be significantly reduced. This variation in value for the SRECs from larger solar facility from year to year would create risk and hamper the ability of parties to enter into long-term contracts for the sale of those SRECs from the facility owner to an aggregator or electricity supplier. This could lead to disruption in the development of larger solar facilities.

The provision requiring the purchase of energy from the small solar on-site generator by the local utility appears to overlap with the provisions of the law requiring net metering. PUA section 7-306. Under net metering, the output of a small solar on-site generator is netted against the electricity usage at the site. If the facility produces more electricity in a month than is used on the site, the excess is credited against the next month's usage by the customer. This type of arrangement is generally considered more beneficial to the owner of the on-site generator than the utility purchasing the output because net metering arrangement effectively credits the customer for the full retail value of the electricity (including variable distribution charges) instead of only a wholesale commodity price.