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**BILL NO.:** **House Bill 1087**  
**Electricity -Community Solar Energy Generating System Program**

**COMMITTEE:** **Senate Finance**

**HEARING DATE:** **April 2, 2015**

**SPONSOR:** **Delegate Clippinger et al.**

**POSITION:** **Support**

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House Bill 1087 creates a new Section 7-306.1 in the Public Utilities Article to establish a Community Solar Energy Generating System Program.<sup>1</sup> As amended, the Bill establishes a three year pilot program to allow “subscriber organizations” to own and operate community solar systems on behalf of “subscribers.” The Bill also requires a study to be conducted by the Public Service Commission, in consultation with the Maryland Energy Administration, of a number of specific issues related to community solar projects and virtual net energy metering (VNEM). These include the valuation of costs and benefits of community solar projects, and issues related to (1) the participation of electric companies in community solar programs, (2) impacts of the program on the distribution system, (3) impacts on the procurement of standard offer service (SOS) procurement process, (4) compliance with the RPS, (5) impacts on energy costs, reliability and equitable cost

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<sup>1</sup> Senate Bill 481 is a cross-filed version of House Bill 1087, before the latter was significantly modified with amendments.

allocation for ratepayers, and (5) levels of low and moderate income customer participation. The Bill also requires the Commission to adopt regulations for consumer protection and interconnection with electric companies and to create a VNEM calculation and tariff structure “as the Commission determines.” A study report is due July 1, 2019, a little more than 3 years after the April 1, 2016 deadline for adoption of regulations by the Commission.

OPC notes that it had opposed the cross-filed Senate Bill 481 in testimony before this Committee on March 3, 2015. However, the significant amendments made to the House Bill during the legislative process address the key concerns raised by OPC in its earlier testimony. Therefore, OPC now supports House Bill 1087 for the reasons stated below.

During previous legislative sessions, OPC had supported community renewable energy or solar bills to the extent that they established pilot programs and opportunities to conduct studies of the relative costs and benefits of these programs before the programs became full scale initiatives.<sup>2</sup> OPC initially had opposed House Bill 1087 (and Senate Bill 481) because the bills (1) established a permanent community solar program, not a pilot; (2) did not provide for any study or assessment of the relative costs and benefits related to community solar and virtual net energy metering; (3) permitted electric companies to participate by getting pre-approval and cost recovery from its ratepayers; and (4) established that subscribers automatically received the same level of credit calculations through virtual net metering, as provided to individual customer-generators under PUA § 7-306, without a separate determination by the Commission.

After extensive discussions with the sponsor and other stakeholders, House Bill 1087 was significantly amended to address these core concerns raised by OPC. As amended, House Bill 1087:

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<sup>2</sup> OPC also submitted testimony this year in support of Senate Bill 398 (Public Service Commission – Community Solar Projects or Virtual Net Energy Metering – A Study).

- Establishes a 3-year pilot program;
- Provides “grandfather” protection to systems and subscribers who participate in the pilot program;
- Establishes a workgroup to study the value and costs of the pilot program and make recommendations on the advisability of establishing a permanent program;
- While it allows any “person” to participate in the pilot program, provides no advance approval of any cost recovery from ratepayers for construction of such a generating system by an electric company; and
- States that any virtual net metering calculations of the kilowatt-hours or value for the pilot program subscribers shall be “as the Commission determines,” instead of automatically at the value set forth in PUA § 3-706.

Section 2 of the Bill requires the Commission to convene a stakeholder workgroup to study “the value and costs of the pilot program,” and provides a comprehensive although non-exhaustive list of matters for the workgroup to identify and examine during the period the pilot program is in effect. The Commission is required to send a report to the Commission with its findings and recommendations based on the study to the Senate Finance Committee and House Economic Matters Committee by July 1, 2019. This time frame allows the workgroup and the Commission to take pilot program data into account as they relate to incremental costs of the pilot program, defined benefits to subscribers and to utility customers in aggregate, allocation of costs for the distribution system, the reliability and efficiency of the community solar systems and the distribution system as a whole, and the State’s ability to meet its renewable energy goals.

OPC believes that the amendments to House Bill 1087 represent a significant improvement, and provide a reasonable path forward for Maryland to properly evaluate the benefits and costs, individual and system-wide, with these types of programs, address any technical implementation issues and assign costs and benefits accordingly.

For those reasons, OPC supports House Bill 1087 as amended.