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Senate Finance Committee/House Economic Matters Committee

SB0699/HB1128 – Electricity - Community Energy-Generating Facilities - Pilot Program

Position: Support

Date: March 5, 2013/March 7, 2013

Position:

The organizations listed above respectfully request a favorable report without weakening amendments from the **Senate Finance Committee on Senate bill 699--Electricity-Community Energy-Generating Facilities Pilot Program (ECEGFP)**. This bill makes community renewable energy projects more attractive to more people by crediting the generated electricity from the community facility directly to the subscribers of the facility.

SB 699 establishes a three-year pilot project, during which time for-profit, non-profit, and third-party entities will have an opportunity to build, own and operate a CEGF (Community Energy Generating Facility). In turn, many Maryland residents who would not otherwise be able to install solar panels on their own home, would have an opportunity to own one or more panels and have the equivalent cost of the energy/electricity produced deducted from their monthly utility bills.

Comments: Background

Poll after poll show that Americans support renewable energy development. Renewable energy projects create local green jobs, produce reliable electricity when it is most needed, improve energy independence by tapping a homegrown resource, and offer real hope in addressing climate change. Homeowners would like to invest in renewable energy in order to bring down the cost of their utility bill, reduce pollution, and contribute to a clean energy future.

However, most Marylanders are not yet able to reap these advantages. As the renewable energy economy surges across the country, it has become apparent that the traditional model of owning a solar array on one’s home does not work for most people.

The National Renewable Energy Laboratory (NREL) estimates that fewer than 27% of residential rooftops across the county are suitable to host a solar energy system because of shading, improper roof orientation, or insufficient roof structure. Further, many folks are renters or live in apartments, and so have no roof on which an array can be installed at all.

Renewable energy is one of the fastest growing industries in the United States. With the passage of this bill, Maryland will continue to be a leader in this emerging sector of the economy. This legislation will allow more Maryland residents to produce their own clean energy, support growth in the renewable energy industry, as well as contribute to a clean energy economy.

An emerging breed of 'community energy generating facility' (CEGF) models address these issues by enabling groups of citizens to 'subscribe' and thereby jointly own renewable energy facilities, producing clean power at sites near but not on the home, and offering a credit on each subscribers' monthly electric bill. These models are now being developed and implemented in many other states and communities across the United States.

Building on Maryland's existing renewable energy policies and programs, this bill creates opportunities to benefit from renewable energy for Maryland residents unable to install on-site systems. It 'levels the playing field' of renewable energy for large segments of Maryland citizens. Considering that all ratepayers help to support renewable energy programs, this bill recognizes that it is imperative that opportunities exist for everyone to invest and participate in the renewable energy economy.

A CEGF program in Maryland will also create more local jobs, as community renewable projects are designed, constructed, operated and maintained in the coming years.

SPECIFICS OF THE BILL

Utilizing best practices from community renewables programs around the country, and from the comments of the PSC staff following the meetings of the PSC CEGF working group during 2012, the **Electricity -Community Energy Generating Facilities – Pilot Project** bill includes the following main provisions:

- Allows for-profit, non-profit or third-party entities to build, own and operate CEGF's.
- Enables community renewable energy arrangements where Subscribers (i.e., utility customers) share the benefits (e.g., electricity production and Renewable Energy Credits) of a community energy system.
- Credits the benefits from a community energy generating facility (CEGF) directly to Subscribers' monthly utility bills to help offset cost of electricity consumption.
- Allows for CEGF's to produce Renewable Energy Credits for the benefit of participating Subscribers.
- Limits amounts of electricity generated during the pilot in each year, and places a cap on CEGF system size.
- Allows for the assessment of administrative fees by electric utility companies.
- Directs the Public Service Commission (PSC) to adopt consumer protection regulations.
- Limits the CEGF pilot program duration to three (3) years.
- Directs the PSC to study effectiveness of Community Energy Generating Facilities Pilot, and to report findings.

BENEFITS

We feel this bill would benefit Maryland residents and businesses, for the following reasons.

- Will broaden access to Maryland's renewable energy economy to those currently unable to reap the benefits of clean energy.
- Will ensure that all electricity ratepayers have the opportunity to consider an investment in renewable energy and take advantage of existing incentives.
- With only a fraction of Maryland's residents and businesses able to install on-site renewable energy systems, this legislation will help to ensure that renewable energy opportunities and incentives are equitable.
- Will provide a platform for bringing renewable energy to underserved customers.
- This legislation will enable electricity customers to come together in sharing the costs and benefits of a community-oriented renewable energy facility.
- Will help Maryland create new jobs and support local renewable businesses.
- Help the state reach its 2023 RPS goals.
- Reduce our dependence on fossil fuels and the production of greenhouses gases.
- Provide local green jobs and stimulate the Maryland economy.

The organizations listed above respectfully request a favorable report without weakening amendments from the **Senate Finance Committee/House Economic Matters Committee on Senate Bill 699/House Bill 1128--Electricity-Community Energy-Generating Facilities Pilot Project**.