

**Report on the Status of Net Energy Metering  
In the State of Maryland**

**Prepared by the  
Public Service Commission of Maryland**

**Prepared for the General Assembly of Maryland  
Under Public Utilities Article §7-306(i)**

**November 2023**

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## Executive Summary

This report is prepared by the Public Service Commission of Maryland (“Commission”) in compliance with Public Utilities Article (“PUA”) §7-306(i), *Annotated Code of Maryland*. PUA §7-306(i) requires the Commission to report on the status of Maryland’s net metering program, including the amount of capacity by type of energy resource from net-metered facilities in the State and to recommend whether the cap on eligible capacity should be altered. This is the fifteenth report prepared by the Commission. The initial report was produced in 2008.

Although there has been an increase in the number of recent installations of net-metered facilities, the current level of installed capacity, approximately 1,135 megawatts (“MW”),<sup>1</sup> is 37.8 percent of the eligible State cap of 3,000 MW. In the 2021 Session, House Bill 569 increased the State cap for net metering from 1,500 MW to 3,000 MW, effective October 1, 2021, by amending PUA §7-306 (d).<sup>2</sup>

While no further revisions to PUA §7-306 are recommended at this time, the Commission continues to monitor local and national renewable energy issues, including regulation and tariff changes. As of the first quarter of 2023, 41 states and the District of Columbia had mandatory net metering rules or policy action taken on net metering.<sup>3</sup> In 2015, the Commission held a

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<sup>1</sup> Installed capacity as of June 30, 2023. This includes 1,022 MW installed Net Metering Capacity and 113 MW Installed Community Solar Capacity.

<sup>2</sup> <https://mgaleg.maryland.gov/mgaweb/Legislation/Details/hb0569>.

<sup>3</sup> North Carolina Clean Energy Technology Center, The 50 States of Solar: Q1 2023 Quarterly Report, April 2023.

technical conference, docketed as Public Conference 40 (“PC40”),<sup>4</sup> to address distributed generation issues, including community solar implementation, which had recently been adopted on a permanent basis by legislation in Maryland. In 2016, the Commission initiated Public Conference 44 (“PC44”) to explore issues related to grid modernization and distributed resources.<sup>5</sup> During 2016, the Commission directed the Maryland Net Metering Working Group (“MNMWG”) to implement a Community Solar Pilot Program (“Pilot”) in response to the legislative requirements of House Bill 1087 (“HB1087”) of the 2015 Session, since codified at PUA §7-306.2. After a Commission rulemaking, Subtitle 62 of Title 20 of the Code of Maryland Regulations (“COMAR”), which governs the Community Solar Energy Generating Systems (“CSEGS”) Pilot Program and provides a framework for the Pilot, was adopted in July 2016.

The Commission directed the MNMWG to work collaboratively to develop utility tariffs to implement the regulations. In its February 15, 2017 letter order, the Commission directed Maryland’s investor-owned utilities to file compliance tariffs to implement the Pilot and directed its Technical Staff to prepare forms to authorize subscriber organizations that would build and operate the CSEGSs.

In 2019, the Maryland General Assembly amended PUA §7-306.2 to extend and expand the Pilot.<sup>6</sup> In 2020, through Rulemaking 56, the Commission approved revisions to COMAR 20.62.02 to implement the extension and expansion of the Pilot.

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<sup>4</sup> In the Matter of the Investigation into the Technical and Financial Barriers to the Deployment of Small Distributed Energy Resources, Public Conference 40.

<sup>5</sup> In The Matter of Transforming Maryland's Electric Distribution Systems to Ensure that Electric Service Is Customer-Centered, Affordable, Reliable and Environmentally Sustainable in Maryland, Public Conference 44.

<sup>6</sup> <https://mgaleg.maryland.gov/mgaweb/Legislation/Details/hb0683/?ys=2019rs>.

House Bill 908 (“HB908”), also known as “Community Solar Energy Generating Systems Program and Property Taxes,” was signed into law and became effective July 1, 2023 by its terms.<sup>7</sup> The Act makes the CSEGS pilot program permanent and makes various other structural changes to the existing pilot program including but not limited to: the requirement for community solar systems authorized under the new law to serve at least 40 percent of their energy output to low-income and moderate-income subscribers and the authorization of a subscription coordinator to act on behalf of a subscriber organization. The bill modifies Public Utilities Article §7-306.2 and §7-237. The MNMWG is in the process of drafting revisions to current regulations to comply with HB 908 which would take effect in 2025 upon Commission approval.

### **Net Metering in Maryland**

Net metering is a method by which a single meter is used to capture a customer's usage and the energy produced by a renewable energy generator when connected to an electric utility distribution system. Net energy metering generally utilizes the existing meter for all calculations, avoiding the expense of a second meter to measure incoming and outgoing energy separately. The law permits net metering for solar, wind, biomass, micro combined heat and power, fuel cell, and closed conduit hydroelectric generating facilities intended to supply all or part of a customer's annual energy usage. The term “net metering” refers to the measurement of electricity on the basis that it is the net of energy used and produced by an eligible customer-generator during a single billing period, *e.g.*, one month. As discussed further below, the terms of utility tariffs require a customer to pay the monthly customer charge, regardless of the amount of energy produced. However, for energy billed, the customer pays only for energy used, netted

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<sup>7</sup> 2023 Laws of Md., Ch. 652.

against any generated energy the customer produces. The practical effect of this policy is to allow customers to use the utility grid as if it were battery storage such that when a customer generates excess energy, the customer can store it for later use. The law also provides for monetary payment for net excess generation when the customer terminates service or at the end of the net metering year.<sup>8</sup> The dollar value of net excess generation is equal to the generation or commodity portion of the rate that the electric company would have charged the eligible customer-generator averaged over the previous 12-month period multiplied by the number of kilowatt hours of net excess generation. PUA §7-306 was amended by Senate Bill 143, which was enacted during the 2023 legislative session effective October 1, 2023, according to its terms. This bill allows eligible customer-generators to elect to accrue net excess generation indefinitely rather than receive monetary payment for net excess generation each year.<sup>9</sup> The following table summarizes the total amount of excess generation credit payouts by rate class for each utility operating in Maryland. As **Table 1** indicates, approximately \$8,742,549 of excess generation credits were paid to customers in the 12-month period ending April 30, 2023.

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<sup>8</sup> PUA §7-306(f)(6) states:

- (i) On or before 30 days after the billing cycle that is complete immediately prior to the end of April of each year, the electric company shall pay each eligible customer-generator for the dollar value of any accrued net excess generation remaining at the end of the previous 12-month period ending with the billing cycle that is complete immediately prior to the end of April.
- (ii) Within 15 days after the date the eligible customer-generator closes the eligible customer-generator's account, the electric company shall pay the eligible customer-generator for the dollar value of any accrued net excess generation remaining at the time the eligible customer-generator closes the account.

*See also* PUA §7-306(f)(7) for certain provisions applicable to electric cooperatives of a certain size.

<sup>9</sup> 2023 Laws of Md., Ch. 458.

| <b>Table 1: Excess Generation Credit Payouts to Residential and Commercial Customers for the 12-Month Period Ending April 30, 2023</b> |                     |                     |
|--|---------------------|---------------------|
| <b>Electric Utility</b>  | <b>Residential</b>  | <b>Commercial</b>   |
| <b>Baltimore Gas and Electric Company</b>  | \$ 3,687,304        | \$ 916,085          |
| <b>Choptank Electric Cooperative</b>   | \$ 129,363          | \$ 124,333          |
| <b>Delmarva Power and Light Company</b>  | \$ 277,843          | \$ 1,188,883        |
| <b>Easton Utilities Commission</b>   | \$ 1,480            | \$ 11,558           |
| <b>Hagerstown Municipal Electric Light Plant</b>   | \$ 173              | \$ -                |
| <b>Thurmont Municipal Light Company</b>  | \$ 250              | \$ 824              |
| <b>Mayor and Council of Berlin</b>   | \$ 1,740            | \$ 787              |
| <b>Potomac Electric Power Company</b>  | \$ 1,208,091        | \$ 190,632          |
| <b>The Potomac Edison Company</b>  | \$ 326,146          | \$ 437,917          |
| <b>Williamsport Municipal Light Plant</b>  | \$ -                | \$ -                |
| <b>Southern Maryland Electric Cooperative, Inc.</b>  | \$ 229,628          | \$ 9,512            |
| <b>State Total</b>   | <b>\$ 5,862,018</b> | <b>\$ 2,880,531</b> |

Eligible customer-generators<sup>10</sup> may also benefit from less costly interconnection with the utility, e.g., only a single standard meter without additional switches. The ease of interconnection allows the customer to use the renewable generator in a grid-connected manner without significant additional installation or operating expense. For larger commercial customers, interconnection sometimes requires a more expensive installation which is required by tariff to be recovered from the customer.

Utilities implement the net energy metering operations authorized in PUA §7-306 through tariffs that are filed with the Commission. These tariffs place terms and conditions on net energy metering operations. These tariffs also include eligibility requirements that cap the

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<sup>10</sup> “Eligible customer-generator” means a customer that owns and operates, leases and operates, or contracts with a third party that owns and operates a biomass, micro combined heat and power, solar, fuel cell, wind, or closed conduit hydroelectric generating facility that: (i) is located on the customer’s premises or contiguous property; (ii) is interconnected and operated in parallel with an electric company’s transmission and distribution facilities; and (iii) is intended primarily to offset all or part of the customer’s own electricity requirements. *See* PUA §7-306(a) (4).

maximum installed size and the State-wide limit. Any statutory change requires each utility to revise its tariff and file the revision with the Commission.

### **Eligibility Cap**

Electric companies are required to permit net metering for eligible customers. The aggregate limit on eligible renewable generation capacity in the state is 3,000 MW as of October 1, 2021, due to legislation that doubled the existing capacity limit of 1,500 MW. This limit represents approximately 18.6 percent of the peak demand, which for 2023 was forecast as 16,097 MW in the state.<sup>11</sup> The generating capacity of an electric generating system used by an eligible customer-generator for net metering may not exceed 2 MW.<sup>12</sup>

### **Current Level of Renewable Deployment**

The Commission Staff surveyed Maryland electric companies for the number of net-metered facilities currently operating in each electric company's distribution service territory. The total generation amount has increased from approximately 364 kW in 2007 to 1,022,220 kW through the end of June 2023. **Table 2** below shows the results of Staff's survey of net-metered installations through June 30, 2023, compared with net-metered installations from the previously reported 12-month period ending June 30, 2022, shown in **Table 3**. In the 12 months since June 30, 2022, net metering capacity has increased by 60,080 kW, representing a six percent increase from the previously reported capacity, as shown in **Table 4**.

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<sup>11</sup> *Ten-Year Plan (2021-2030) of Electric Companies in Maryland*, issued November 2021, Appendix Table 3(a)(i), page 32.

<sup>12</sup> PUA §7-306(g)(1). Please note that SB 0110/HB 0440 amended PUA §7-306 to allow Community Solar Energy Generating Systems to net meter up to 5 MW, effective October 1, 2022.



**Table 2: Net Metering Capacity as of June 30, 2023, in kW**

| Electric Utility                                    | Solar                                  | Wind            | Biomass       | Utility Total       | YOY % Change | kW Change        |
|---|--|-----------------|---------------|---------------------|--------------|------------------|
|   | <b>Kilowatts of Installed Capacity</b> |                 |               |                     |              |                  |
| <b>Baltimore Gas and Electric Company</b>           | 395,769.39                             | 83.80           | 0.00          | 395,853.19          | 8.18%        | 29,925.80        |
| <b>Choptank Electric Cooperative</b>                | 30,683.59                              | 351.56          | 30.00         | 31,065.15           | 4.90%        | 1,452.15         |
| <b>Delmarva Power and Light Company</b>             | 114,581.29                             | 888.90          | 240.00        | 115,710.19          | 2.21%        | 2,501.09         |
| <b>Easton Utilities Commission</b>                  | 3,381.45                               | 0.00            | 5.65          | 3,387.10            | 4.11%        | 133.70           |
| <b>Hagerstown Municipal Electric Light Plant</b>    | 286.23                                 | 0.00            | 0.00          | 286.23              | 37.52%       | 78.10            |
| <b>Thurmont Municipal Light Company</b>             | 233.06                                 | 0.00            | 0.00          | 233.06              | 9.01%        | 19.26            |
| <b>Mayor and Council of Berlin</b>                  | 595.00                                 | 0.00            | 0.00          | 595.00              | 3.66%        | 21.00            |
| <b>Potomac Electric Power Company</b>               | 283,336.42                             | 77.51           | 0.00          | 283,413.93          | 3.47%        | 9,500.33         |
| <b>The Potomac Edison Company</b>                   | 113,472.04                             | 7.40            | 256.00        | 113,735.44          | 8.57%        | 8,973.50         |
| <b>Williamsport Municipal Light Plant</b>           | 28.00                                  | 0.00            | 0.00          | 28.00               | 0.00%        | 0.00             |
| <b>Southern Maryland Electric Cooperative, Inc.</b> | 77,556.82                              | 36.04           | 320.00        | 77,912.86           | 10.61%       | 7,475.48         |
| <b>State Total</b>                                  | <b>1,019,923.29</b>                    | <b>1,445.21</b> | <b>851.65</b> | <b>1,022,220.15</b> | <b>6.24%</b> | <b>60,080.41</b> |

**Table 3: Net Metering Capacity as of June 30, 2022**

| Electric Utility                                 | Solar                                  | Wind         | Biomass    | Utility Total  |
|--|--|--------------|------------|----------------|
|  | <b>Kilowatts of Installed Capacity</b> |              |            |                |
| <b>Baltimore Gas and Electric Company</b>        | 365,844                                | 84           | 0          | 365,928        |
| <b>Choptank Electric Cooperative</b>             | 29,230                                 | 353          | 30         | 29,613         |
| <b>Delmarva Power and Light Company</b>          | 112,089                                | 880          | 240        | 113,209        |
| <b>Easton Utilities Commission</b>               | 3,253                                  | 0            | 0          | 3,253          |
| <b>Hagerstown Municipal Electric Light Plant</b> | 208                                    | 0            | 0          | 208            |
| <b>Thurmont Municipal Light Company</b>          | 214                                    | 0            | 0          | 214            |
| <b>Mayor and Council of Berlin</b>               | 574                                    | 0            | 0          | 574            |
| <b>Potomac Electric Power Company</b>            | 273,914                                | 0            | 0          | 273,914        |
| <b>The Potomac Edison Company</b>                | 104,499                                | 7            | 256        | 104,762        |
| <b>Williamsport Municipal Light Plant</b>        | 28                                     | 0            | 0          | 28             |
| <b>Southern Maryland Electric Cooperative</b>    | 70,081                                 | 36           | 320        | 70,437         |
| <b>State Total</b>                               | <b>959,934</b>                         | <b>1,360</b> | <b>846</b> | <b>962,140</b> |

The amount of installed capacity has increased each year since the inception of Maryland’s net metering program. **Table 4** shows the installed capacity and the growth rates relative to previous years for the five periods from 2019 through 2023. Capacity grew steadily through 2019 when net capacity installed grew by 13 percent; for 2020, capacity growth fell to nine percent; and for 2021, growth slowed to eight percent. From 2021 to 2022, capacity growth remained relatively constant with an eight percent growth rate, which has fallen to a six percent growth in 2023.

| <b>Table 4: Net Metering Capacity Growth for the Previous Five Years</b> |                  |                  |                       |
|--|------------------|------------------|-----------------------|
| <b>Year end</b>  | <b>kW</b>        | <b>kW Change</b> | <b>Percent Change</b> |
| <b>30-Jun-23</b>   | <b>1,022,220</b> | <b>60,080</b>    | <b>6%</b>             |
| 30-Jun-22  | 962,140          | 74,340           | 8%                    |
| 30-Jun-21  | 887,800          | 65,008           | 8%                    |
| 30-Jun-20  | 822,792          | 68,566           | 9%                    |
| 30-Jun-19  | 754,226          | 84,390           | 13%                   |

### **Recommendation on Eligibility Cap**

As of June 30, 2023, the level of installed capacity was approximately 37 percent of the newly adopted 3,000 MW limit. Currently, the Commission does not view the 3,000 MW limit as a barrier to installing new renewable generation.

### **Net Metering Regulations COMAR 20.50.10**

COMAR 20.50.10 promotes the deployment of net-metered facilities and simplifies the requirements for customer interconnection. The regulations address the allowed size for net metering eligibility as a multiple of customer load and establish aggregate net metering for agricultural, municipal, and non-profit customers. Under House Bill 1188, enacted during the 2023 legislative session and effective October 1, 2023, eligible customer-generators expanded to

include public senior higher education institutions, as defined in §10-101 of the Education Article.<sup>13</sup> COMAR §§20.50.10.05 and 20.50.10.07 are subject to change in future rulemaking proceedings to implement the legislative changes to net metering delineated in House Bill 1188 and Senate Bill 143. On September 27, 2023, the Commission granted, by letter order, waivers of COMAR 20.50.10.05(E)(1) and 20.50.10.07(B) until updated regulations are published.

***Eligible Customer Size:***

Under the regulations, a customer may participate in net metering using facilities that are sized to produce up to 200 percent of a customer’s annual baseline kWh use.

***Aggregate Net Metering:***

Aggregation of net-metered loads combines meter readings from multiple utility service points. Utilities can provide this service by using the physical interconnection of service points or by summing the total usage from two or more meters (virtual aggregation). Only certain types of customers are permitted to use this service. Agricultural, municipal (including county governments), and nonprofit entities (*e.g.*, churches or schools) are permitted to aggregate net-metered loads under the regulations. COMAR 20.50.10.07 will need to be updated to include public senior higher education institutions to comply with House Bill 1188. Aggregation may provide increased incentives for system deployment by providing more significant economies of scale for installations and allowing a customer to make the most efficient use of existing solar or wind resources. An example of an agricultural application of aggregate net metering would be combining the load on a farm’s barn, outbuildings, and residence. A solar array may be installed on a barn, which would generally have excellent sun exposure, although it would use little

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<sup>13</sup> 2023 Laws of Md., Ch. 460.

electric power. Joining the load of the residence (which may have less roof area or be in a shady location) and outbuildings to the load of the barn would make the installation more practical and cost-effective for the customer.

By acceptance of utility tariffs, the Commission has implemented a net metering aggregation program (NMAP).<sup>14</sup> Current net metering tariffs implement COMAR 20.50.10.07 and COMAR 20.50.10.08 by requiring utilities to provide aggregate net metering to more than one meter for certain types of customers. The Net NMAP began with a pilot whose temporary restrictions ended in 2012, so the permanent program was implemented and made open to all eligible customers. **Table 5** below shows the number of pending projects (including projects under construction)<sup>15</sup> and projects completed for the Net Metering Aggregation Program reported by utilities as of June 30, 2023. The number of operating NMAP projects has increased from 21 in 2013 to 334 in 2023 while the number of applications has fluctuated yearly.

| <b>Table 5: Projects Operating and Pending Applications (Including Projects Under Construction) for Net Metering Aggregation Program as of June 30, 2023</b> |   |                           |
|--|---|---------------------------|
| <b>Electric Utility</b>  | <b>Applications Pending and Projects under Construction</b> | <b>Projects Operating</b> |
| <b>Baltimore Gas and Electric Company</b>  | 2   | 90                        |
| <b>Choptank Electric Cooperative</b>   | 5   | 60                        |
| <b>Delmarva Power and Light Company</b>  | 10  | 73                        |
| <b>Easton Utilities Commission</b>   | 0   | 2                         |
| <b>Hagerstown Municipal Electric Light Plant</b>   | 0   | 0                         |
| <b>Thurmont Municipal Light Company</b>  | 0   | 0                         |
| <b>Mayor and Council of Berlin</b>   | 0   | 0                         |
| <b>Potomac Electric Power Company</b>  | 5   | 16                        |
| <b>The Potomac Edison Company</b>  | 4   | 66                        |
| <b>Williamsport Municipal Light Plant</b>  | 0   | 0                         |
| <b>Southern Maryland Electric Cooperative, Inc.</b>  | 0   | 27                        |
| <b>State Total</b>   | <b>26</b>   | <b>334</b>                |

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<sup>15</sup> Projects under construction have started but not completed installation and are not providing kWh credits to the aggregated accounts.

By letter order dated August 13, 2014, the Commission clarified its interpretation of COMAR 20.50.10 regarding the applicability of aggregate net metering within The Potomac Edison Company (“PE”) service territory. The Commission ruled that county governments in PE’s service territory were eligible customers for aggregate net metering by interpreting the term “municipal governments” to include county governments. In 2016, the Commission revised the regulations to include county governments explicitly.<sup>16</sup>

### **Community Solar Energy Generating Systems**

During the 2015 Legislative Session, the General Assembly passed House Bill 1087 and its Senate Bill counterpart, SB398, requiring the Commission to develop a Pilot Program and report on a new type of net-metering, Community Solar Energy Generating Systems (“CSEGS”). HB1087/SB398 was signed into law in May 2015 and is codified at PUA §7-306.2. The law directed the Commission to establish a three-year pilot program and to report to the legislature on the results by 2019. During the 2019 legislative session, PUA §7-306.2 was amended to extend the Pilot through December 31, 2024, with capacity increasing annually.<sup>17</sup> The limit on subscribers allowed for a given CSEGS was also removed. On February 22, 2022, revised regulations pertaining to capacity, subscription coordinators, and specialized locations were approved by the Commission for COMAR 20.62. On July 1, 2022, the Commission submitted its report on the CSEGS Pilot Program to the General Assembly which recommended a full cost-benefit analysis be conducted at the end of the Pilot. Additionally, the report recommends that the General Assembly consider maximizing low-and-moderate income (LMI) participation, coordinating potential CSEGS projects with electric companies for grid and market benefits, pairing CSEGS projects with energy storage to increase grid and market benefits, and other

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<sup>16</sup> See COMAR 20.50.10.07B(5).

<sup>17</sup> HB683/SB520.

issues when considering future legislation.<sup>18</sup> House Bill 908, enacted during the 2023 legislative session, made the CSEGS pilot program permanent by amending PUA §7-306.2 and makes various structural changes to the existing pilot program including, but not limited to, the requirement for systems authorized under the new law to serve at least 40 percent of its energy output to low-income and moderate-income subscribers.

The Maryland Net Metering Working Group, a Staff-facilitated stakeholder group, was reconvened in July 2015 to develop a program design to implement the CSEGS legislation. Following the development of the program parameters, the Commission established a rulemaking process to codify the program.<sup>19</sup> Community Solar regulations were adopted as final in July 2016, and participating utilities filed implementation tariffs in September 2016. Throughout the second half of 2016, the MNMWG worked to revise the utilities' proposed CSEGS tariffs to implement the new regulations. On February 15, 2017, the Commission issued a letter order to each investor-owned utility directing each company to file revised tariffs and finalize program details. In addition, Staff and the MNMWG were directed to finalize application materials and report on program details applicable to the Pilot Program Study Plan. Through the fifth year of the Pilot, 349.07 MWs of capacity were offered under the net metering cap. The Pilot's capacity may be installed over a seven-year period, with annual capacity allotments increasing over time. In addition to open systems, the program capacity includes categories for low- and moderate-income customers, small systems, rooftop systems, and installations on buildings and parking facilities. Implementation of the Pilot began in the second quarter of 2017 following the approval of Pilot participants.

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<sup>18</sup> Public Service Commission of Maryland, Report on the Community Solar Energy Generating System (CSEGS) Pilot Program, July 1, 2022.

<sup>19</sup> RM56, *Revisions to COMAR 20.62 - Community Solar Energy Generation Systems*.

In 2020, the RM56 rulemaking accepted changes to COMAR 20.62.02, which increased the statewide capacity to 3.25 percent of the 2015 Maryland peak demand in the fourth year (2021) and outlined further increases for years 5, 6, and 7 to implement the extension and expansion of the Pilot. The revised regulations also removed the 350-account limit on the number of accounts a subscriber organization may subscribe to for a given CSEGS. In the 2022 legislative session, Senate Bill 110/House Bill 440 was passed, which amended PUA §7-306 and increased the maximum size of a Community Solar Energy Generating System from 2 MW to 5 MW, effective October 1, 2022.<sup>20</sup> Eligible participants may continue to operate CSEGS facilities under the pilot program rules for 25 years. **Table 6** shows the incremental authorized CSEGS capacity during the pilot phase. To date, there have been 330.8 MW of accepted community solar projects. As stated, the Community Solar Pilot Program is rolled-out over seven years with annual capacity allotments. **Table 7** shows roughly 583 MW of offered CSEGS capacity within the state, and 426.12 MW of this capacity has been approved and accepted. Approximately 113 megawatts of community solar projects are operating in Maryland as of June 30, 2023.<sup>21</sup>

| <b>Table 6: Incremental Authorized Community Solar Capacity Per Year (MW)</b> |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Year 1</b>   | <b>Year 2</b> | <b>Year 3</b> | <b>Year 4</b> | <b>Year 5</b> | <b>Year 6</b> | <b>Year 7</b> |
| 77.1  | 77.1          | 38.5          | 44.7          | 102.5         | 115.3         | 121.6         |

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<sup>20</sup> Senate Bill 110 and House Bill 440 Electricity – Community Solar Energy Generating Systems – Net Energy Metering and Generating Capacity.

| <b>Table 7: Community Solar Capacity</b>  |                               |                                    |                                     |
|---|-------------------------------|------------------------------------|-------------------------------------|
| <b>Electric Utility</b>                   | <b>Offered MW (Years 1-7)</b> | <b>Accepted MW (as of 6/30/23)</b> | <b>Operating MW (as of 6/30/23)</b> |
| <b>Baltimore Gas and Electric Company</b> | 305.30                        | 229.72                             | 62.468                              |
| <b>Delmarva Power and Light Company</b>   | 49.84                         | 46.04                              | 10.80                               |
| <b>Potomac Electric Power Company</b>     | 150.85                        | 82.78                              | 22.5289                             |
| <b>The Potomac Edison Company</b>         | 77.18                         | 67.57                              | 17.97                               |
| <b>State Total</b>                        | <b>583.17</b>                 | <b>426.11</b>                      | <b>113.7669</b>                     |

As shown in **Table 8**, the electric companies credited a total of 149,818,705 kWh to CSEGS subscribers (electric customers of the four electric utilities listed above) over the 12-month period and 323,728,698 kWh over the life of the program (2018 – June 2023).<sup>22</sup>

| <b>Table 8: CSEGS kWh and Dollar Credits</b> |   |                        |
|--|---|------------------------|
|  | <b>12-Month Period (Ending 6/30/23)</b> | <b>Lifetime Amount</b> |
| <b>Baltimore Gas and Electric Company</b>    |   |                        |
| kWh Credited                                 | 88,061,594                              | 163,066,978            |
| Dollars Credited                             | \$11,255,994                            | \$19,562,127           |
| <b>Delmarva Power and Light</b>              |   |                        |
| kWh Credited                                 | 13,214,939                              | 36,722,064             |
| Dollars Credited                             | \$2,211,227                             | \$5,555,605            |
| <b>Potomac Electric Power Company</b>        |   |                        |
| kWh Credited                                 | 26,285,460                              | 75,616,918             |
| Dollars Credited                             | \$4,368,766                             | \$10,882,707           |
| <b>The Potomac Edison Company</b>            |   |                        |
| kWh Credited                                 | 22,256,712                              | 48,322,738             |
| Dollars Credited                             | \$0                                     | \$0                    |
| <b>Total</b>                                 |   |                        |
| <b>kWh Credited</b>                          | <b>149,818,705</b>                      | <b>323,728,698</b>     |
| <b>Dollars Credited</b>                      | <b>\$17,835,987</b>                     | <b>\$36,000,439</b>    |

Electric companies have various methods for recovering revenues from applying subscription credits to customer accounts. Baltimore Gas and Electric Company (“BGE”)

<sup>22</sup> The earliest community solar projects became operational in 2018.



recovers customer distribution credits through its decoupling mechanism. Transmission and energy costs, which are offset through reduced sales, are recovered through the Company's transmission rates and the Standard Offer Service ("SOS") energy cost adjustment mechanism.<sup>23</sup>

Commission Staff estimates that the impact on the average distribution bill as a result of community solar for the 12 months ending June 2023 to an average BGE residential customer is about 17 cents a month.<sup>24</sup> Staff assumes that because community solar is now a permanent program, it could account for an estimated 1,500 MW of the 3,000 MW statewide net metering cap in the future based on average growth rates of operating community solar capacity and residential net metering capacity over recent years. This is a rough estimate at this time and is subject to change based on future growth rates of community solar and residential net metering. Under this working assumption, Staff estimates that the distribution bill impact for residential BGE customers could rise to \$12.60 a month, with BGE contributing an estimated 823 MW of community solar capacity.<sup>25</sup> Potomac Electric Power Company ("Pepco") and Delmarva Power & Light Company use similar recovery mechanisms to BGE. Commission Staff estimates that community solar's current distribution bill impact for an average Pepco and Delmarva residential customer is approximately 28 cents and 36 cents per month, respectively. At the assumed full capacity (1,500 MW), the distribution bill impact for Pepco and Delmarva customers is estimated to be \$4.35 and \$5.51 a month at estimated capacities of 297 MW for Pepco and 142

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<sup>23</sup> CSEGS reduce energy demand and payments to Standard Offer Service suppliers and retail suppliers. The remaining energy cost true up is performed through the energy cost adjustment mechanism.

<sup>24</sup> The monthly bill impacts are estimated using forecasted average consumption for residential customers for 2023, and distribution credits credited to customers for the year ended June 30, 2023.

<sup>25</sup> The estimated community solar capacity for each utility is based on each utility's current proportion to the total operating capacity for community solar.

MW for Delmarva.<sup>26</sup> Unlike the other three investor-owned utilities, The Potomac Edison Company applies a kWh reduction to subscribers' metered kWh use rather than bill credits. This results in a reduction in volumetric-based revenue, which has the potential to be eventually recovered in base distribution and transmission rates from all customers.<sup>27</sup> While community solar enables more customers to take advantage of renewable energy, particularly amongst disadvantaged communities, the General Assembly should recognize the transitional impacts of increased deployment of community solar on the utility's ratepayers.

### **Other Issues**

At this time, the Commission has not identified other matters relating to the net-metering eligibility limit that require the action of the General Assembly. However, the Commission will continue to monitor local and national renewable energy issues and determine if any tariff changes or new regulations are warranted.

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<sup>26</sup> The estimated capacity for each utility is based on the time at which the state will be at full capacity, determined by assuming an average growth rate of operating capacity over the last four years will continue.

<sup>27</sup> Distribution costs related to subscriber distribution credits may eventually be recovered through distribution rates, depending on when distribution rates are changed through a rate case. PE does not have distribution revenue decoupling. Subscriber energy credits reduce sales by Standard Offer Service suppliers, largely offsetting costs with any remaining true up performed through an energy cost adjustment mechanism. Please note that future bill impacts are highly dependent on future participation levels and potential changes in distribution rates.