

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1631
Economic Matters

(Delegate S. Howard, *et al.*)

Commercial Solar Facilities - Vicinity Tariff

This bill requires electric companies to provide at least a 30% discount on their distribution rates to *retail* electric customers located within a half-mile of a “commercial solar facility,” as defined. The discount must be included in the tariff filed with the Public Service Commission (PSC) and made available on an opt-in basis. Electric companies must notify eligible customers about the availability of the discount at least annually. A “commercial solar facility” for the purposes of the bill is a solar photovoltaic system that (1) has a capacity of at least two megawatts and (2) primarily generates electricity for sale to the electric grid on a wholesale basis. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: PSC can handle the bill’s requirements with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law/Background: There is no requirement to provide a discount to residential customers located near a solar facility. As of March 2018, there were 42 solar facilities in the State with capacities of at least two megawatts. The facilities have a combined capacity of 314 megawatts. Solar installations have grown rapidly in recent years.

Small Business Effect: Small businesses that pay retail electric rates benefit if they are eligible for the discount. However, small businesses that pay retail electric rates and are not eligible for the discount likely pay more for their electricity to offset the revenue loss from the discount. The bill reduces revenues collected from residential customers located within a half-mile of a commercial solar facility. Electric companies are likely to increase their retail distribution rates to recover the lost revenue.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; PJM Environmental Information Services, Inc.; Department of Legislative Services

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