



*Multiplier Bridge (Alternative)*

We have seen and discussed the CHESSA proposal for a REC multiplier as a bridge to an eventual RPS reform that can finally be a permanent solution for reaching our solar goals. The need for a bridge is clear to us. Without one, the solar market, specifically the commercial/industrial and the community market, could be destroyed by the time the permanent solution is implemented.

Beginning in 2024, the diminishing SACP schedule (and corresponding REC value) will no longer support commercial/industrial investment. This means companies like ours will actively look to deploy capital in other, stable markets. After a permanent RPS program is adopted, there will be a 24-to-36-month tail of restarting development activity (origination, feasibility, interconnection engineering, etc.) to bring new projects to build-ready. After adding a 12 month build duration to the build-ready sites, it could be as late as 2030 before medium and large projects come online. Due to the continued uncertainty around the PJM queue, we see this as a major setback to hit Maryland’s RPS goals.

The REC multiplier – as proposed – with a hard sunset provision, should be sufficient to bridge the gap. That said, we know that policy makers, regulators, and advocates are struggling to support a multiplier for a variety of reasons. If the multiplier is rejected with no alternative, we fear the worst.

Therefore, should the multiplier fail to win enough support, we would like to propose a “CEJA reset.” CEJA outlines a phasing down of the SACP price starting at \$60 in 2022 and going to \$22.50 in 2030 and beyond. We propose “restarting the clock.” The chart for what that looks like is below. This will give us the time to develop a permanent fix without creating undue incentive to drag out a temporary program.

Energy Year	% Solar Req.	Current SACP	Proposed SACP
2022	5.50%	\$60.00	\$60.00
2023	6.00%	\$60.00	\$60.00
2024	6.50%	\$60.00	\$60.00
2025	7.00%	\$55.00	\$60.00
2026	8.00%	\$45.00	\$60.00
2027	9.50%	\$35.00	\$60.00
2028	11.00%	\$32.50	\$55.00
2029	12.50%	\$25.00	\$45.00

2030	14.50%	\$22.50	\$35.00
2031	14.50%	\$22.50	\$32.50
2032	14.50%	\$22.50	\$25.00
2033	14.50%	\$22.50	\$22.50
2034	14.50%	\$22.50	\$22.50
2035	14.50%	\$22.50	\$22.50

NOTES:

- 1) Based on stakeholder feedback, it could take 2-3 years to develop comprehensive RPS reform
- 2) The proposed SACP adjustment above looks to CEJA for guidance and seeks to correct for the 'lost' COVID years (2021-2023)
- 3) Pushing the declining schedule out 3 years effectively resets the market to where CEJA intended in to be in 2021
- 4) In all cases, the anticipation is that by the 2026 or 2027 legislative sessions, the broader stakeholder group has reached consensus on solar RPS reform
- 5) The goal of the short-term reset is simply to prevent the State from falling further behind targets while the RPS reform discussion plays out