

MEMO

October 31, 2023

To: Maryland Energy Administration Solar Incentives Task force

From: Maryland League of Conservation Voters

Re: Recommendations of Use for Alternative Compliance Payments

Maryland League of Conservation Voters, working with partners in the environmental community and solar industry, compiled the following recommendations during the 2023 legislative session. We urge their consideration by the Solar Incentives Task Force.

- Prioritize funding for “low income” and “environmental justice communities” by
 - Broadening “low income” to “low and moderate income (LMI).” This aligns the bill language with that of the Inflation Reduction Act to better capitalize on the opportunities of federal funding.
 - Specifically defining “low” and “moderate” income to align those terms with federal guidelines.
 - Changing “environmental justice communities” to “overburdened and underserved communities,” which matches the terms in state law as defined and passed in the Climate Solutions Now Act (CSNA).
- While recognizing the interest in protecting the flexibility proposed by HB550/SB548 (2023), we recommend that there be some clarity to the method of prioritization. One suggested approach is the following ratio as a starting point, but which may be adjusted.
 - For each compliance year, funds received from compliance fees will be allocated to:
 - Projects (especially community solar projects) that serve at least 50% LMI households
 - Projects (especially community solar projects) located on
 - Rooftops
 - Parking canopies
 - Brownfields or industrial sites
 - Multi-level parking structures
 - Airports
 - Cleanfill sites or

- Roadways
 - Projects that incorporate agrivoltaics
 - Projects that are ecologically compromised AND are not targeted for mitigation or restoration
 - We recommend special consideration to be given to projects with greater LMI participation and projects with higher costs and/or financing challenges, including rooftop and canopy projects that are below 1 MW.
 - Recognizing the potential of unspent funds within the formula of any fiscal year, we recommend that at the end of each fiscal year, MEA may reallocate any unused funds from one category of projects to other categories of projects
- We recognize the spirit of the legislative intent of the creation of the fund that currently directs 100% of funds to **low** income communities, but the need for additional flexibility. We recommend that ACP funds continue focusing on support for low-income community projects, while expanding the use to moderate income and overburdened and underserved communities, in order to align with legislative language of the Climate Solutions Now Act. We suggest 60% of funding for qualified solar projects be reserved for low-income community investment.
 - These funds may be used for installation of rooftop solar for low income households as well as structural improvements which would prepare a home for the installation of solar panels (roof reinforcement, electrical upgrades, etc.)
- We recommend that monies allocated for solar investment be provided to solar project owners in the form of loans, grants, rebates, and/or the reduction of any tax liability offset by federal programs. Loans would be administered through the state's green banks, and grants would be administered by the Maryland Energy Administration.