

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1195 (Delegate Stein)
Environment and Transportation

Net Energy Metering, SUNRISE Program, and Community Solar Energy
Generating Systems Program (SUNRISE Act)

This bill requires the establishment of a statewide capacity reservation system to reserve capacity for planned, but not yet operational, net energy metering projects, that counts toward the statewide net energy metering capacity limit. The bill also requires adoption of a SUNRISE Program as a successor to the net energy metering program, by July 1, 2027, that remains available after the net energy metering capacity limit is reached. The bill also modifies the Community Solar Energy Generating Systems Program by establishing processes to help distribute electricity bill savings generated by community solar energy generating systems to households that are low-income, moderate-income, or located in overburdened and underserved communities. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Special fund revenues and expenditures increase, beginning in FY 2027, as discussed below. State agencies/entities may be affected (as potential program participants) by the establishment of the SUNRISE Program and its continuation after the statewide net energy metering capacity limit has been reached. The potential effect on electricity rates is discussed in the Additional Comments section below.

Local Effect: Local governments may be affected (as potential program participants) by the establishment of the SUNRISE Program and its continuation after the statewide net energy metering capacity limit has been reached. The potential effect on electricity rates is discussed in the Additional Comments section below.

Small Business Effect: Meaningful. The potential effect on electricity rates is discussed in the Additional Comments section below.

Analysis

Bill Summary:

Statewide Net Energy Metering Capacity Limit

The bill modifies the existing statutory provision establishing the statewide net energy metering capacity limit, which establishes that the Public Service Commission (PSC) must require electric utilities to develop a standard contract or tariff for net energy metering and make it available to eligible customer-generators on a first-come, first-served basis until the rated generating capacity owned and operated by eligible customer-generators in the State reaches 3,000 megawatts.

The bill modifies the provision by further defining the rated generating capacity that counts toward the 3,000 megawatt limit, to be the sum of (1) qualified systems operating in the State by July 1, 2027, and (2) reserved capacity associated with capacity reservations for mature net energy metering projects (discussed below under “Capacity Reservation System”). The bill also clarifies that the 3,000-megawatt limit is 3,000 megawatts *of alternating current*.

“Qualified system” means (1) a behind-the-meter energy generating system associated with an eligible customer-generator; (2) an energy generating system that engages in meter aggregation; and (3) a community solar energy generating system.

“Capacity reservation” means a reservation of net energy metered generating capacity that counts toward the statewide net energy metering capacity limit.

“Mature net energy metering project” means a proposed qualified system that meets the eligibility requirements for a capacity reservation.

Capacity Reservation System

The bill requires PSC, by July 1, 2027, to establish, by order or regulation, a standardized statewide capacity reservation system for mature net energy metering projects that are not yet operational.

When the statewide capacity reservation system is established, an electric company must automatically accept a capacity reservation for a qualified system that is not operational but has met the following requirements:

- *for a behind-the-meter system* – the developer of the system or the eligible customer-generator has (1) submitted a complete interconnection application, as specified, and (2) paid to the electric company any required interconnection application fees;

- *for a system that will engage in meter aggregation or for a community solar energy generating system* – the developer of the system or eligible customer-generator has (1) returned to the electric company an executed interconnection agreement signed by the developer or eligible customer-generator; (2) paid the initial deposit required under the agreement; (3) provided the electric company proof of site control; (4) provided the electric company with specified evidence of having applied for necessary approval of the system; and (5) in the case of a community solar energy generating system, submitted to the electric company the subscriber organization number associated with the location of the proposed system as evidence of PSC’s authorization for the system to participate in the community solar energy generating system program.

In addition, for a system that will engage in meter aggregation or a community solar energy generating system, if an electric company has not issued an interconnection agreement or deposit invoice within a timeframe established by PSC, the developer of the system can instead pay to the electric company a refundable cash deposit of \$25 per kilowatt of alternating current generation capacity in order to receive a capacity reservation from the electric company.

An electric company must notify the developer of a qualified system and PSC when the qualified system has received a capacity reservation. Reserved capacity associated with a capacity reservation counts toward the statewide net energy metering capacity limit as of the date and time the above requirements are satisfied for a qualified system.

The amount of a capacity reservation is calculated as:

- *for a behind-the-meter system* – the alternating current generating capacity of the system contained in the interconnection application;
- *for a system that will engage in meter aggregation* – the alternating current generating capacity of the system contained in the interconnection agreement executed by the developer of the system or eligible customer-generator; and
- *for a community solar energy generating system* – the alternating current generating capacity of the system contained in the interconnection agreement executed by the developer of the system or subscriber organization.

Tracking, Aggregating, and Publishing of Total Net Energy Metering Capacity

By April 1, 2027, PSC must establish, by order or regulation, (1) a method for electric companies to jointly track and aggregate capacity reservations and operational qualified systems to count progress toward reaching the statewide net energy metering capacity limit; (2) conditions under which a capacity reservation may be modified, withdrawn, or

canceled, and the effect of that action on capacity accounting; (3) whether and under what conditions a capacity reservation may be assigned or transferred, including protections to preserve the first-come, first-served character of the program; (4) a waitlist for qualified systems to receive capacity if preceding projects are withdrawn or canceled or have a reduction in generating capacity; (5) a uniform deadline for an electric company to provide a developer with an interconnection agreement after the developer submits an application; and (6) specified uniform standards for interconnection upgrade deposits.

By October 1, 2026, and at least once a month thereafter, PSC must maintain and publish or require electric companies to jointly maintain and publish a statewide net energy metering capacity tracker that, at a minimum, identifies:

- the total statewide nameplate capacity of operational projects engaging in net energy metering;
- the remaining capacity available before the statewide net energy metering capacity limit is reached; and
- beginning July 1, 2027, (1) reserved capacity counted toward the statewide limit and (2) a list of qualified systems with reserved capacity, including the order in which each system obtained reserved capacity and any deadlines by which the qualified system must become operational.

SUNRISE Program

By October 1, 2026, PSC must initiate a public proceeding and stakeholder process to develop the SUNRISE Program for a delivery date of July 1, 2027. “SUNRISE Program” (“Standard Utility Net-export Rate for Integrated Solar and Energy Program”) means a compensation program adopted by PSC pursuant to the bill as a successor program to the net energy metering program.

By July 1, 2027, PSC, by regulation or order, must adopt a SUNRISE Program that:

- establishes a mechanism for compensation of electricity exported to the electric distribution system by qualified systems;
- includes in electric company tariffs for qualified systems compensation for exported electricity that, at a minimum, provides (1) baseline compensation equal to the standard offer service rates of the electric company, including energy value, capacity value, and transmission value; (2) demand reduction-induced price effects on energy and capacity prices and cross-market price reductions; (3) avoided distribution costs; (4) avoided ancillary services and voltage stabilization costs; (5) reliability benefits; (6) nonembedded emissions; and (7) any other category of benefits approved by PSC; and

- accounts for net excess generation in the same manner as required for a net energy metered facility.

In establishing the compensation value for exported electricity, PSC may establish differentiated values based on factors the commission finds reasonably related to electric distribution system value and locations, including time of generation and whether the qualified system is co-located with energy storage.

Each electric company must implement the program through tariffs approved by PSC for (1) behind-the-meter qualified systems associated with an eligible customer-generator; (2) systems that engage in meter aggregation; and (3) community solar energy generating systems (including a specified updated tariff).

If the statewide net energy metering capacity limit is not reached when the SUNRISE Program becomes available, a qualified system that would otherwise qualify to participate in net energy metering on or after July 1, 2027, may elect to participate in either the net energy metering program or the SUNRISE Program. When the statewide limit is reached:

- PSC must prohibit electric companies from accepting capacity reservations from qualified systems that did not hold a capacity reservation when the statewide limit was reached; and
- the SUNRISE Program remains available to qualified systems that did not hold a capacity reservation when the statewide limit was reached.

The bill requires that PSC's existing annual report on the status of the net energy metering program also report on the status of the SUNRISE Program and include (1) the amount of rated generating capacity counted toward the statewide net energy metering capacity limit and (2) if applicable, the status of the commission's proceeding and stakeholder process to establish the SUNRISE Program, including key dates, filings, and actions taken during the preceding year.

Community Solar Energy Generating Systems Program

Enrollment of LMI Customers

The bill modifies the LMI subscriber participation requirement under the Community Solar Energy Generating Systems Program to allow a community solar energy generating system to satisfy all or part of the requirement through enrollment of eligible households, facilitated by the Office of Home Energy Programs (OHEP) (within the Department of Human Services (DHS)) or a local administering agency, pursuant to the bill's provisions.

“LMI subscriber” means a subscriber that (1) is low-income; (2) is moderate-income; or (3) resides in a census tract that is an overburdened community and an underserved community.

“Local administering agency” means a local entity that administers or assists in administering OHEP programs, as designated by OHEP.

OHEP or a local administering agency:

- must designate one or more subscription coordinators or subscriber organizations per community solar energy generating system to support enrollment, communications, and ongoing subscription management;
- must identify, by electric company service territory, eligible households for enrollment;
- may prioritize eligible households for enrollment based on household need, including by (1) benefit level, priority tiers, or similar need-based categorization by OHEP, or (2) duration of participation in assistance programs administered by OHEP; and
- may (1) initially limit enrollment to eligible households participating in assistance programs administered by OHEP or (2) expand eligibility to additional categories of income-qualified customers, including households participating in other means-tested public benefit programs, in accordance with guidelines issued by OHEP.

Before enrollment, an opt-out notice must be sent to each eligible household selected for enrollment that (1) states that the household will receive community solar bill credits that reduce the household’s electric bill; (2) describes the discount and key applicable terms; and (3) provides a clear method for opting out.

If an eligible household does not opt out within 45 days, the subscription coordinator or subscriber organization may request that the electric company enroll the household as a designated LMI customer under the Community Solar Energy Generating Systems Program, and, at the direction of the subscription coordinator or subscriber organization, an electric company must apply bill credits in accordance with PSC-approved tariffs. “Designated LMI customer” means an eligible household that is (1) enrolled in the Community Solar Energy Generating Systems Program and (2) low-income, moderate-income, or located in a census tract that is an overburdened community and an underserved community.

A designated LMI customer must receive guaranteed electric bill savings of 20% of the value of the bill credits applied to the LMI customer. An enrollment may not include an enrollment fee or a termination fee, and an eligible household may not be required to execute a subscriber agreement or contract disclosure form.

A subscription coordinator or subscriber organization must pay an acquisition fee of \$50 to OHEP or the local administering agency for each designated LMI customer enrolled pursuant to the above provisions, and OHEP or a local administering agency may contract with a subscription coordinator or subscriber organization to carry out the above requirements.

Dedication of 8% of Output for Allocation

A community solar energy generating system may dedicate 8% of the kilowatt-hour output of the community solar energy generating system for free application by OHEP or the Maryland Energy Administration (MEA) to eligible households that are (1) identified for enrollment and (2) low-income, moderate-income, or located in a census tract that is an overburdened community and an underserved community. OHEP or MEA must identify eligible households for enrollment and allocate a dedicated block of capacity among eligible households. An electric company must apply the bill credits associated with the dedicated block of capacity accordingly.

OHEP may reallocate capacity block amounts during the year to account for changes in household status, account closures, relocations, or other events, in accordance with PSC regulations.

An eligible household may not be required to execute a subscriber agreement or contract disclosure form for an enrollment.

A subscription coordinator or subscriber organization may continue to enroll other subscribers for the portion of the community solar energy generating system's output not dedicated to eligible households under these provisions, and OHEP or MEA may contract with a subscription coordinator or subscriber organization to carry out these provisions.

Office of Home Energy Programs – Responsibility and Reporting

OHEP must administer, directly or through local administering agencies, the programs and activities necessary to implement the enrollment of LMI customers and the allocation of dedicated blocks of capacity described above.

By November 1 each year, OHEP must report to the General Assembly on the implementation of the above provisions regarding enrollment of LMI customers and allocation of dedicated blocks of capacity during the immediately preceding fiscal year, including, to the extent practicable:

- for each electric company service territory (1) the number of households served under the provisions above regarding enrollment of designated LMI customers and (2) the number of households served under the provisions above regarding allocation of dedicated blocks of capacity;

- estimated bill savings delivered to participating households; and
- expenditures funded by subscriber acquisition fees.

Current Law:

Net Energy Metering

In General

Provisions governing the State’s net energy metering program include a General Assembly finding and declaration that a program to provide net energy metering for eligible-customer generators is a means to encourage private investment in renewable energy resources, stimulate in-state economic growth, enhance continued diversification of the State’s energy resource mix, and reduce costs of interconnection and administration.

“Net energy metering” means measurement of the difference between the electricity that is supplied by an electric company and the electricity that is generated by an eligible customer-generator and fed back to the electric grid over the eligible customer-generator’s billing period.

“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 hydro-electric generating facility that:

- is located on the customer’s premises or contiguous property;
- is interconnected and operated in parallel with an electric company’s transmission and distribution facilities; and
- is intended primarily to offset all or part of the customer’s own electricity requirements.

An electric company serving an eligible customer-generator must ensure that the meter installed for net energy metering is capable of measuring the flow of electricity in two directions.

Net Energy Metering Contract or Tariff – and – Statewide Capacity Limit

PSC must require electric utilities to develop a standard contract or tariff for net energy metering and make it available to eligible customer-generators on a first-come, first-served basis until the rated generating capacity owned and operated by eligible customer-generators in the State reaches 3,000 megawatts.

A net energy metering contract or tariff (1) must be identical in energy rates, rate structure, and monthly charges, to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator and (2) may not include charges that would raise the eligible customer-generator's minimum monthly charge above that of customers of the rate class to which the eligible customer-generator would otherwise be assigned.

Effect on Billing – and – Net Excess Generation

If the electricity supplied by the grid exceeds the electricity generated by the eligible customer-generator during a month, the eligible customer-generator is billed for the net energy supplied. If the electricity generated by an eligible customer-generator exceeds the electricity supplied by the grid, the eligible customer-generator is billed only the customer charges for that month. The amount of net excess generation supplied by the eligible customer-generator to the grid accrues and is applied to subsequent months when the eligible customer-generator's consumption may exceed their generation. The value of any remaining net excess generation is eventually paid to the eligible customer-generator at, or around, the end of April each year (unless an eligible customer-generator opts for specified alternatives) or when the account is closed.

The dollar value of the net excess generation is equal to the generation or commodity portion of the rate that the eligible customer-generator would have been charged by the electric company averaged over the previous 12-month period ending with the billing cycle that is complete immediately before the end of April, multiplied by the number of kilowatt-hours of net excess generation.

Ownership of and Title to Renewable Energy Attributes and Credits

An eligible customer-generator or the eligible customer-generator's assignee must own and have title to all renewable energy attributes or renewable energy credits associated with any electricity produced by its electric generating system.

Capacity Limit for Individual Systems

The generating capacity of an electric generating system used by an eligible customer-generator for net metering may not exceed two megawatts, with the exception of community solar energy generating systems and a net metered facility that is meter aggregated, both of which may not exceed five megawatts.

Community Solar Energy Generating Systems

Under § 7-306.2 of the Public Utilities Article, “community solar energy generating system” means a solar energy system that, among other things:

- is connected to the electric distribution system serving the State;
- is located in the same electric service territory as its subscribers;
- is attached to the electric meter of a subscriber or is a separate facility with its own meter;
- credits its generated electricity, or the value of its generated electricity, to the bills of the subscribers to that system through virtual net energy metering;
- has a generating capacity that does not exceed five megawatts; and
- with respect to a community solar energy generating system constructed under the Community Solar Energy Generating Systems Program, serves at least 40% of its kilowatt-hour output to LMI subscribers unless the system is wholly owned by subscribers to the solar energy system.

“LMI subscriber” means a subscriber that (1) is low-income; (2) is moderate-income; or (3) resides in a census tract that is an overburdened community and an underserved community.

Meter-aggregated Systems

Under § 7-306.3 of the Public Utilities Article, an electric company must provide meter aggregation for an eligible customer-generator that submits a request and (1) uses electrical service for agriculture; (2) is a nonprofit organization; (3) is a municipal or county government, or an organization affiliated with the municipal or county government; (4) is a unit of State government; or (5) is a public senior higher education institution.

Annual Report

By November 1 of each year, PSC must report to the General Assembly on the status of the net metering program, including (1) the amount of capacity of electric generating facilities owned and operated by eligible customer-generators in the State by type of energy resource; (2) based on the need to encourage a diversification of the State’s energy resource mix to ensure reliability, whether the rated generating capacity limit should be altered; and (3) other pertinent information.

Community Solar Energy Generating Systems Program

Statute requires PSC to establish and maintain a Community Solar Energy Systems Program. Chapter 652 of 2023 established the program as a permanent program, following a prior pilot program.

The provisions governing the program include a General Assembly finding that it is in the public interest that the State enable the development and deployment of energy generation from community solar energy generating systems (described further above) in order to:

- allow renters and low-income and moderate-income retail electric customers to own an interest in a community solar energy generating system;
- facilitate market entry for all potential subscribers while giving priority to subscribers who are the most sensitive to market barriers; and
- encourage developers to promote participation by renters and low-income and moderate-income retail electric customers.

“Subscriber” means a retail customer of an electric company that (1) holds a subscription to a community energy solar energy generating system and (2) has identified one or more individual meters of accounts to which the subscription must be attributed.

“Subscription” means the portion of the electricity generated by a community energy generating system that is credited to a subscriber.

“Subscriber organization” means (1) a person that owns or operates a community solar energy generating system or (2) the collective group of subscribers of a community solar energy generating system. A subscriber organization also may contract with a third party for the third party to finance, build, own, or operate a community solar energy generating system.

“Subscription coordinator” means a person that:

- markets community solar energy generating systems or otherwise provides services related to community solar energy generating systems under its own brand name;
- performs any administrative action to allocate subscriptions, connect subscribers with community solar energy generating systems, or enroll customers in the Community Solar Energy Generating Systems Program; or
- manages interactions between a subscriber organization and an electric company or electricity supplier relating to subscribers.

Under the program, a subscriber organization or subscription coordinator acting on behalf of a subscriber organization must (1) determine how to allocate subscriptions to subscribers and (2) notify an electric company and, if applicable, a relevant electricity supplier about the allocation of subscriptions in accordance with PSC regulations.

A subscriber must (1) receive credit for virtual net excess generation and (2) accrue virtual net excess generation in the same manner as an eligible customer-generator under net energy metering.

A subscriber organization or subscription coordinator may elect for a subscriber or a community solar energy generating system represented by the subscriber organization or subscription coordinator to participate in consolidated billing. “Consolidated billing” means a payment mechanism that requires an electric company to, at the request of a subscriber organization or subscription coordinator (1) include the monthly subscription charge of a subscriber organization or subscription coordinator on the monthly bills rendered by the electric company for electric service and supply to subscribers and (2) remit payment for those charges to the subscriber organization or subscription coordinator.

An electric company must use energy generated from a community solar energy generating system to offset purchases from wholesale electricity suppliers for standard offer service.

As mentioned further above, a community solar energy generating system constructed under the program must serve at least 40% of its kilowatt-hour output to LMI subscribers unless the solar energy system is wholly owned by the subscribers to the solar energy system.

State Fiscal Effect:

Public Service Commission

Special fund expenditures may increase, in fiscal 2027 only, to the extent PSC requires consulting resources to assist with establishing the manner in which compensation for electricity exported to the distribution system is calculated under the SUNRISE Program. PSC, however, is not able to indicate at this time, definitively, whether or not consulting resources are needed.

Generally, PSC is funded through an assessment on the public service companies that it regulates. Accordingly, to the extent special fund expenditures increase, special fund revenues for PSC increase correspondingly from assessments imposed on public service companies.

Department of Human Services

Special fund revenues and expenditures increase for DHS, beginning in fiscal 2027, reflecting:

- receipt of the \$50 acquisition fees paid by subscription coordinators or subscriber organizations per LMI customer enrolled through OHEP or a local administering agency; and
- costs incurred by OHEP and local administering agencies to administer the programs and activities necessary to implement the enrollment of LMI customers and the allocation of dedicated blocks of capacity pursuant to the bill.

This analysis assumes that local administering agencies are either local departments of social services (State-funded) or nonprofit organizations, as indicated by DHS.

The Department of Legislative Services (DLS) advises that the extent of costs incurred by OHEP and local administering agencies cannot be reliably estimated at this time, primarily because (1) the necessary scope of OHEP and local administering agencies' efforts under the bill is unclear and (2) the extent to which OHEP and local administering agencies carry out the bill's requirements or, alternatively, contract with a subscription coordinator or subscriber organization to carry out the requirements, is not known. DHS indicates that it incurs costs upwards of \$2.0 million each year to implement the bill, including costs for several new personnel in OHEP and local administering agencies. DLS advises it is unclear whether administrative resources of that scope are needed.

DLS also notes that it cannot be reliably determined whether the \$50 acquisition fee is sufficient to cover OHEP and local administering agencies' costs of implementing the bill's requirements, not knowing the extent of costs incurred or the number of LMI customers enrolled through OHEP and local administering agencies' efforts. To the extent that special fund revenues from the acquisition fees are not sufficient to cover expenditures, general funds are assumed to be needed to cover any costs in excess of the fee revenues.

Maryland Energy Administration

This analysis assumes that (1) the allocation of dedicated blocks of capacity under the bill is primarily undertaken by OHEP and (2) any involvement of MEA is handled by MEA with existing resources.

Other State Agencies/Entities as Participants in the SUNRISE Program

State agencies/entities may be affected as potential participants in the SUNRISE Program, by (1) any changes in the benefits participants receive under the program in comparison to those under the existing net energy metering program and (2) the SUNRISE Program's continuation after the statewide net energy metering capacity limit is reached, allowing for

the ability of eligible customer-generators to be compensated for electricity exported to the electric distribution system (by newly constructed qualified systems) to continue.

PSC indicated, in its November 2025 annual report on net energy metering (“Net Energy Metering in the State of Maryland”), that the pending pipeline of community solar net energy metering projects (with a total capacity of approximately 2,911 megawatts) at the time – when added to the installed capacity of operational net-metered facilities (1,537 megawatts) – reached approximately 4,500 megawatts, far exceeding the 3,000 megawatt current limit. PSC expects the current limit to be reached within approximately two years.

See the Additional Comments section regarding the potential effect on State agencies/entities as electricity ratepayers.

Local Fiscal Effect: Local governments, similar to State agencies/entities, may be affected as potential participants in the SUNRISE Program. See the Additional Comments section regarding the potential effect on local governments as electricity ratepayers.

Small Business Effect: Similar to State agencies/entities and local governments, small businesses may be meaningfully affected as potential participants in the SUNRISE Program. PSC also advises that small businesses contributing to renewable energy projects – through development, construction, operations, or otherwise – are positively impacted by the SUNRISE Program continuing after the net energy metering capacity limit is reached, allowing for projects to move forward that otherwise could not in the absence of the bill, sustaining business activity in the renewable (and particularly solar) energy sector.

To the extent that any subscriber organizations or subscription coordinators are small businesses, they may benefit from (1) LMI customers acquired through OHEP and local administering agency efforts under the bill (helping them to meet the LMI subscriber requirement) and/or (2) contracting with OHEP to carry out the bill’s requirements.

See the Additional Comments section regarding the potential effect on small businesses as electricity ratepayers.

Additional Comments: The bill’s requirement that the SUNRISE Program be established and continue after the statewide net energy metering capacity limit is reached may affect electricity rates, including those paid by the State, local governments, and small businesses. PSC indicated in its November 2025 report, in discussing the current net energy metering capacity limit, that any expansion of the existing program carries direct financial consequences for all ratepayers, who fund the cost of credits paid to net-metered and community solar customers. The extent of any impact of the bill on electricity rates cannot be reliably estimated.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 843 (Senator Feldman) - Education, Energy, and the Environment.

Information Source(s): Public Service Commission; Department of Human Services; Department of Natural Resources; Maryland Department of the Environment; Maryland Energy Administration; Montgomery County; Department of Legislative Services

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