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PUBLIC SERVICE COMMISSION

April 30, 2026

Interconnection Workgroup and the
Implementation of FERC Order No. 2222
and Retail Grid Services in Maryland

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Case No. 9778

H.R.1, Public Law No. 119-21

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Administrative Docket
PC 73

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NOTICE OF REQUEST FOR COMMENTS

On July 4, 2025, the President of the United States signed into law H.R. 1, 119th Congress (2025-2026) (the “OBBBA”).¹ The OBBBA implements a wide range of changes across multiple sectors of federal law and policy, including taxes, healthcare, welfare, and energy. Among provisions affecting energy projects and their ability to claim federal tax credits, OBBA included restrictions on the allowable percentage of foreign-supplied components. On February 12, 2026, the Department of the Treasury and the Internal Revenue Service issued Notice 2026-15, providing guidance on safe harbors and how to determine whether a facility or product has received material assistance from a prohibited foreign entity (a “foreign entity of concern” or “FEOC”).² The effect of the guidance may be especially impactful to solar, wind, and energy storage development in Maryland.

¹ “OBBBA” is the acronym for the “One Big Beautiful Bill Act of 2025.”

² A brief summary of the guidance is attached as Appendix A.

The Commission wants to better understand if there are concerns with existing utility policies or practices related to the new FEOC guidance that may impede the ability of renewable energy projects to take advantage of federal tax credits. In particular, the Commission is aware that interconnection property can be included in Investment Tax Credit (“ITC”) basis, and project sponsors will need appropriate information about the interconnection property in order to claim the ITC. The Commission seeks comments on the types of information project sponsors will need from electric companies in order to claim the ITC on interconnection property. Additionally, the Commission seeks to understand what additional utility coordination processes, if any, are needed for project sponsors to obtain this necessary information if project sponsors experience difficulties obtaining the needed information in a timely manner.

Accordingly, the Commission invites comments on these issues by May 14, 2026. Comments must be e-Filed using the Commission’s e-File system,³ include “Case No. 9778/PC 73” in the subject line, and be addressed to Andrew S. Johnston, Executive Secretary, Maryland Public Service Commission, William Donald Schaefer Tower, 6 St. Paul Street, 16th Floor, Baltimore, Maryland 21202.

By Direction of the Commission,

/s/ Andrew Johnston

Andrew Johnston
Executive Secretary

Attachment

³ Details of the e-file system can be found on the Commission’s website, www.psc.maryland.gov.

Appendix A

FEOC Requirements for Federal Solar and Energy Storage Tax Credits

Background

Foreign Entity of Concern (FEOC) requirements, significantly expanded by the One Big Beautiful Bill Act (OBBBA) of 2025 and applicable to federal tax credits (ITC/PTC) under Sections 48E and 45Y, restrict projects from using components, materials, or control from "prohibited foreign entities" (PFEs) — primarily China, Russia, Iran, and North Korea. Starting January 1, 2026, projects must adhere to strict material sourcing thresholds, and by 2028, strict ownership and control restrictions, to maintain eligibility for tax credits.

Key FEOC Requirements and Restrictions (2026+)

- Definition of PFE: Entities owned, controlled, or subject to the jurisdiction of China, Russia, Iran, or North Korea. This includes entities with 25%+ ownership by a covered nation, 15%+ debt held by a PFE, or those controlled by a PFE through "effective control" (contractual rights over production, such as software/servicing).
- Material Assistance Compliance Ratio (MACR): To qualify, projects must meet minimum, annually increasing percentages of non-PFE produced components:
 - Solar: Starting in 2026, at least 40% of manufactured products must not be from a PFE, rising to 60% by 2029.
 - Energy Storage: Starting in 2026, at least 55% of manufactured products must not be from a PFE, rising to 75% by 2030.
- Taxpayer Prohibition: Taxpayers that are deemed to be "foreign-influenced entities" (FIEs) are entirely prohibited from claiming clean energy credits.
- Recapture Risk: Non-compliance can lead to 100% ITC recapture over a 10-year period.

Utility Interconnection Facilities

- Qualified Interconnection Property: The IRS has indicated that costs associated with interconnection, which are often included in a project's tax basis, are subject to these FEOC restrictions.
- Identification Safe Harbor: While safe harbors exist to help identify FEOC-compliant manufactured products (like panels and batteries), the Identification Safe Harbor specifically does not apply to qualified interconnection property, meaning these items must be scrutinized separately.
- Component Scrutiny: Components within interconnection facilities—such as transformers and switchgear—that are considered "manufactured products" under the new rules must meet the same percentage thresholds as the main solar/storage project.

Compliance and Timeline

- Safe Harbor (Pre-2026): Projects that begin construction before January 1, 2026, may be exempt from the new, stricter material assistance rules.
- Documentation: Rigorous supply chain traceability (Tier 1-3) is now required, including ownership verification, "Xinjiang-free" affidavits, and component serial numbers, to demonstrate compliance to lenders and the IRS.
- Guidance Publication: The IRS is mandated to publish safe harbor tables by December 31, 2026, to assist in these calculations.