

HOUSE BILL 801

C5

01r2294

By: Delegates McHale, Hecht, Bartlett, Hammen, Hecht, and Krysiak Krysiak, Barkley, Beidle, Bobo, Bronrott, Carr, G. Clagett, Doory, Feldman, Frick, George, Glenn, Holmes, Lee, Love, Manno, Mathias, Mizeur, Montgomery, Niemann, Pena-Melnyk, Riley, Stull, Burns, Braveboy, Davis, Haddaway, Harrison, Impallaria, Jameson, King, Minnick, Rudolph, Taylor, Vaughn, and Walkup

Introduced and read first time: February 9, 2010

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2010

CHAPTER _____

1 AN ACT concerning

2 **Electricity – Net Energy Metering – Credits**

3 FOR the purpose of ~~requiring a certain net metering contract or tariff to credit in a~~
4 ~~certain manner electricity generated by certain eligible customer generators~~
5 ~~calculated at certain rates under certain circumstances~~; repealing a limitation
6 on the period of time that a certain eligible customer-generator may accrue
7 certain generation credit; repealing a limitation on the time that a certain
8 electric company is required to carry forward a generation credit or a negative
9 kilowatt-hour reading; requiring a certain electric company to carry forward a
10 certain generation credit in a certain manner until certain events occur;
11 repealing a provision relating to the reversion of a certain generation credit to a
12 certain electric company; requiring the amount of generation credit that a
13 certain electric company credits to a certain eligible customer-generator to be
14 calculated at certain rates under certain circumstances in a certain manner;
15 requiring a certain generation credit to appear on an eligible
16 customer-generator's bill in a dollar amount; requiring a certain electric
17 company to reimburse a certain generation credit under certain circumstances;
18 clarifying the manner in which net energy produced or consumed is measured;
19 making technical changes; altering a certain definition; defining a certain term;
20 requiring the Public Service Commission to adopt certain regulations, after

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 taking certain items into consideration, by a certain date; requiring the
 2 Commission to report to certain persons and certain legislative committees on
 3 certain matters by a certain date; providing for the effective dates of this Act;
 4 and generally relating to net energy metering and payment for accrued
 5 generation credit.

6 BY repealing and reenacting, with amendments,
 7 Article – Public Utility Companies
 8 Section 7–306
 9 Annotated Code of Maryland
 10 (2008 Replacement Volume and 2009 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article – Public Utility Companies**

14 7–306.

15 (a) (1) In this section the following words have the meanings indicated.

16 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this
 17 title.

18 (3) “Eligible customer–generator” means a customer that owns and
 19 operates, leases and operates, or contracts with a third party that owns and operates a
 20 biomass, micro combined heat and power, solar, or wind electric generating facility
 21 that:

22 (i) is located on the customer’s premises or contiguous property;

23 (ii) is interconnected and operated in parallel with an electric
 24 company’s transmission and distribution facilities; and

25 (iii) is intended primarily to offset all or part of the customer’s
 26 own electricity requirements.

27 **(4) “GENERATION CREDIT” MEANS A CREDIT ASSOCIATED WITH**
 28 **THE GENERATION OF ELECTRICITY PRODUCED IN EXCESS OF THE ELECTRICITY**
 29 **CONSUMED BY AN ELIGIBLE CUSTOMER–GENERATOR IN ONE BILLING PERIOD.**

30 ~~(4)~~ **(5)** “Micro combined heat and power” means the simultaneous
 31 or sequential production of useful thermal energy and electrical or mechanical power
 32 not exceeding 30 kilowatts.

33 ~~(5)~~ **(6)** “Net energy metering” means measurement of the difference
 34 between the electricity that is supplied by an electric company and the electricity that

1 is generated by an eligible customer-generator and fed back to the electric company
 2 GRID over the eligible customer-generator's billing period.

3 ~~(6) (i) "SOS WHOLESALE RATE" MEANS THE PORTION OF THE~~
 4 ~~CHARGE FOR ELECTRICITY SUPPLY UNDER STANDARD OFFER SERVICE FOR A~~
 5 ~~CUSTOMER IN A SINGLE RATE CLASS THAT:~~

6 ~~1. REPRESENTS ELECTRICITY AS A COMMODITY; AND~~
 7 ~~2. IS CHARGED ON A PRICE PER KILOWATT HOUR~~
 8 ~~BASIS.~~

9 ~~(ii) "SOS WHOLESALE RATE" DOES NOT INCLUDE:~~

10 ~~1. ANY ADMINISTRATIVE OR PROFIT COMPONENT OF~~
 11 ~~A CHARGE FOR STANDARD OFFER SERVICE; OR~~

12 ~~2. OTHER CUSTOMER CHARGES UNDER SUBSECTION~~
 13 ~~(E) OF THIS SECTION.~~

14 (b) The General Assembly finds and declares that a program to provide net
 15 energy metering for eligible customer-generators is a means to encourage private
 16 investment in renewable energy resources, stimulate in-State economic growth,
 17 enhance continued diversification of the State's energy resource mix, and reduce costs
 18 of interconnection and administration.

19 (c) An electric company serving an eligible customer-generator shall ensure
 20 that the meter installed for net energy metering is capable of measuring the flow of
 21 electricity in two directions.

22 (d) The Commission shall require electric utilities to develop a standard
 23 contract or tariff for net energy metering and make it available to eligible
 24 customer-generators on a first-come, first-served basis until the rated generating
 25 capacity owned and operated by eligible customer-generators in the State reaches
 26 1,500 megawatts.

27 (e) (1) Except as provided in subsection (g) of this section, a net energy
 28 metering contract or tariff shall be identical, in energy rates, rate structure, and
 29 monthly charges, to the contract or tariff that the customer would be assigned if the
 30 customer were not an eligible customer-generator.

31 ~~(2) (i) SUBJECT TO SUBPARAGRAPH (ii) OF THIS PARAGRAPH,~~
 32 ~~A NET METERING CONTRACT OR TARIFF SHALL CREDIT THE EXCESS OF~~
 33 ~~ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR, IF ANY,~~
 34 ~~OVER THE ELECTRICITY THAT THE ELIGIBLE CUSTOMER-GENERATOR~~
 35 ~~CONSUMES DURING A GIVEN BILLING PERIOD AT THE SOS WHOLESALE RATE~~

1 ~~THAT THE ELECTRIC COMPANY CHARGES TO CUSTOMERS IN THE SAME RATE~~
 2 ~~CLASS AS THE ELIGIBLE CUSTOMER-GENERATOR IN THAT BILLING PERIOD.~~

3 ~~(H) FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT IS~~
 4 ~~SERVED ON A TIME-OF-USE TARIFF, A NET METERING CONTRACT OR TARIFF~~
 5 ~~SHALL CREDIT ELECTRICITY GENERATED BY THE ELIGIBLE~~
 6 ~~CUSTOMER-GENERATOR USING THE APPLICABLE TIME-OF-USE SOS~~
 7 ~~WHOLESALE RATES.~~

8 ~~(III) CREDIT FOR EXCESS GENERATION SHALL BE~~
 9 ~~CALCULATED UNDER THIS PARAGRAPH AT THE APPLICABLE SOS WHOLESALE~~
 10 ~~RATE WHETHER THE ELIGIBLE CUSTOMER-GENERATOR PURCHASES~~
 11 ~~ELECTRICITY FROM:~~

12 ~~1. A COMPETITIVE ELECTRICITY SUPPLIER; OR~~

13 ~~2. THE DISTRIBUTION COMPANY'S STANDARD OFFER~~
 14 ~~SERVICE.~~

15 ~~[(2)] (3)~~ (i) A net energy metering contract or tariff may not
 16 include charges that would raise the eligible customer-generator's minimum monthly
 17 charge above that of customers of the rate class to which the eligible
 18 customer-generator would otherwise be assigned.

19 (ii) Charges prohibited by this paragraph include new or
 20 additional demand charges, standby charges, customer charges, and minimum
 21 monthly charges.

22 (f) (1) The electric company shall calculate net energy metering in
 23 accordance with this subsection.

24 (2) Net energy produced or consumed on a ~~monthly~~ REGULAR basis
 25 shall be measured in accordance with standard metering practices.

26 (3) If electricity supplied by the grid exceeds electricity generated by
 27 the eligible customer-generator during a month, the eligible customer-generator shall
 28 be billed for the net energy supplied in accordance with subsection (e) of this section.

29 (4) If electricity generated by the eligible customer-generator exceeds
 30 the electricity supplied by the grid, the eligible customer-generator shall be ~~required~~
 31 ~~to pay~~ BILLED only customer charges for that month in accordance with subsection (e)
 32 of this section.

33 (5) (i) An eligible customer-generator under paragraph (4) of this
 34 subsection may accrue generation credit [for a period not to exceed 12 months].

1 (ii) ~~THE GENERATION CREDIT FOR A GIVEN BILLING~~
 2 ~~PERIOD SHALL BE CREDITED TO THE ELIGIBLE CUSTOMER-GENERATOR AS A~~
 3 ~~DOLLAR AMOUNT AT THE END OF THE BILLING PERIOD.~~

4 ~~(iii)~~ The electric company shall carry forward [a negative
 5 kilowatt-hour reading] ACCRUED GENERATION CREDIT until:

6 1. the eligible customer-generator's consumption of
 7 electricity from the grid eliminates the credit; or

8 2. the [12-month accrual period under subparagraph (i)
 9 of this paragraph expires] ~~ELIGIBLE CUSTOMER-GENERATOR HAS BEEN PAID BY~~
 10 ~~THE ELECTRIC COMPANY FOR ANY REMAINING CREDIT IN ACCORDANCE WITH~~
 11 ~~PARAGRAPH (6) OF THIS SUBSECTION.~~

12 ~~(iv) (iii) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS~~
 13 ~~SUBPARAGRAPH, THE THE AMOUNT OF THE GENERATION CREDIT SHALL BE~~
 14 ~~CALCULATED AT THE SOS WHOLESALE RATE APPLICABLE TO THE ELIGIBLE~~
 15 ~~CUSTOMER-GENERATOR PREVAILING MARKET PRICE OF ENERGY APPLICABLE~~
 16 ~~TO THE ELECTRIC COMPANY IN THE PJM INTERCONNECTION ENERGY MARKET,~~
 17 ~~AS THAT MARKET MAY CHANGE FROM TIME TO TIME.~~

18 (iv) THE GENERATION CREDIT SHALL APPEAR ON THE
 19 ELIGIBLE CUSTOMER-GENERATOR'S BILL IN A DOLLAR AMOUNT.

20 ~~2. FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT~~
 21 ~~IS SERVED ON A TIME OF USE TARIFF, THE AMOUNT OF THE GENERATION~~
 22 ~~CREDIT SHALL BE CALCULATED USING THE APPLICABLE TIME OF USE SOS~~
 23 ~~WHOLESALE RATES.~~

24 (6) (i) BY WRITTEN REQUEST, THE ELIGIBLE
 25 CUSTOMER-GENERATOR MAY ~~CHOOSE TO~~ RECEIVE PAYMENT FROM THE
 26 ELECTRIC COMPANY FOR ANY ACCRUED GENERATION CREDIT THAT REMAINS
 27 AT THE END OF:

28 ~~1. EACH CALENDAR QUARTER; OR~~

29 ~~2. EACH CALENDAR YEAR A 12-MONTH PERIOD.~~

30 (ii) ON WRITTEN REQUEST OF THE ELIGIBLE
 31 CUSTOMER-GENERATOR UNDER SUBPARAGRAPH (i) OF THIS PARAGRAPH,
 32 WITHIN 15 DAYS AFTER THE END OF ~~THE REQUESTED TIME PERIOD A~~
 33 12-MONTH PERIOD, THE ELECTRIC COMPANY SHALL PAY THE ELIGIBLE
 34 CUSTOMER-GENERATOR FOR ANY ACCRUED GENERATION CREDIT REMAINING
 35 AT THE END OF THE ~~REQUESTED TIME~~ 12-MONTH PERIOD.

1 **(III) [Any remaining] WITHIN 15 DAYS AFTER THE DATE THE**
 2 **ELIGIBLE CUSTOMER-GENERATOR CLOSSES THE ELIGIBLE**
 3 **CUSTOMER-GENERATOR'S ACCOUNT, THE ELECTRIC COMPANY SHALL PAY THE**
 4 **ELIGIBLE CUSTOMER-GENERATOR FOR ANY** accrued generation credit **REMAINING**
 5 at the [expiration of the 12-month accrual period under paragraph (5)(ii)2 of this
 6 subsection:

7 (i) shall revert to the electric company; and

8 (ii) may not be recovered by the eligible
 9 customer-generator] **TIME THE ELIGIBLE CUSTOMER-GENERATOR CLOSSES THE**
 10 ~~**ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT.**~~

11 (g) (1) For an eligible customer-generator whose facility is sized to
 12 produce energy in excess of the eligible customer-generator's annual energy
 13 consumption, the Commission:

14 (i) may require the eligible customer-generator to install a dual
 15 meter that is capable of measuring the flow of electricity in two directions; and

16 (ii) shall develop a credit formula that:

17 1. excludes recovery of transmission and distribution
 18 costs; and

19 2. provides that the credit may be calculated using a
 20 method other than a kilowatt-hour basis, including a method that allows a
 21 dollar-for-dollar offset of electricity supplied by the grid compared to electricity
 22 generated by the eligible customer-generator.

23 (2) In determining whether to require an eligible customer-generator
 24 to install a dual meter under paragraph (1)(i) of this subsection, the Commission shall
 25 consider the generating capacity of the eligible customer-generator.

26 (h) (1) The generating capacity of an electric generating system used by
 27 an eligible customer-generator for net metering may not exceed 2 megawatts.

28 (2) An electric generating system used by an eligible
 29 customer-generator for net metering shall meet all applicable safety and performance
 30 standards established by the National Electrical Code, the Institute of Electrical and
 31 Electronics Engineers, and Underwriters Laboratories.

32 (3) The Commission may adopt by regulation additional control and
 33 testing requirements for eligible customer-generators that the Commission
 34 determines are necessary to protect public safety and system reliability.

1 (4) An electric company may not require an eligible
2 customer-generator whose electric generating system meets the standards of
3 paragraphs (2) and (3) of this subsection to:

4 (i) install additional controls;

5 (ii) perform or pay for additional tests; or

6 (iii) purchase additional liability insurance.

7 (5) An eligible customer-generator shall own and have title to all
8 renewable energy attributes or renewable energy credits associated with any
9 electricity produced by its electric generating system.

10 (i) On or before February 1 of each year, the Commission shall report to the
11 General Assembly, in accordance with § 2-1246 of the State Government Article, on
12 the status of the net metering program under this section, including:

13 (1) the amount of capacity of electric generating facilities owned and
14 operated by eligible customer-generators in the State by type of energy resource;

15 (2) based on the need to encourage a diversification of the State's
16 energy resource mix to ensure reliability, whether the rated generating capacity limit
17 in subsection (d) of this section should be altered; and

18 (3) other pertinent information.

19 SECTION 2. AND BE IT FURTHER ENACTED, That:

20 (a) On or before January 1, 2011, the Public Service Commission shall adopt
21 regulations to implement the provisions of this Act, taking into consideration:

22 (1) the technology available at each electric company; and

23 (2) the appropriate value of generation credits.

24 (b) In developing the regulations, the Commission shall convene a technical
25 working group to address the metering and associated pricing mechanisms
26 appropriate to net energy metering for various customer classes in the various service
27 territories, including the advisability of and means to address credits associated with
28 generation at different hours and seasons with appropriate metering equipment and
29 appropriate mechanisms to aggregate generation and consumption of electricity across
30 separate accounts in common ownership, whether on a kilowatt-hour or dollar basis.

31 (c) On or before January 1, 2011, the Commission shall report to the
32 Governor and, in accordance with § 2-1246 of the State Government Article, the
33 Senate Finance Committee and the House Economic Matters Committee on the

1 recommendations of the technical advisory group and the regulations adopted under
2 this section.

3 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
4 take effect ~~July~~ October 1, 2010.

5 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
6 Section 3 of this Act, this Act shall take effect July 1, 2010.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.