

Chapter 406

(House Bill 860)

AN ACT concerning

Electricity – Net Energy Metering

FOR the purpose of altering the period during which an eligible customer-generator may accrue certain net excess generation; requiring a certain electric company to carry forward ~~a negative kilowatt-hour reading~~ *net excess generation* until a certain consumption eliminates the net excess generation or a certain accrual period expires; altering how the dollar value of a certain net excess generation is calculated; repealing a requirement that certain generation credit appear on the eligible customer-generator's bill in a dollar amount; requiring an electric company to reimburse certain eligible customer-generators for the dollar value of certain accrued net excess generation on or before a certain date each year; providing that a certain eligible customer-generator may choose to be paid for the dollar value of certain net excess generation on a monthly basis under certain circumstances; repealing a provision authorizing the Public Service Commission to require a certain eligible customer-generator to install a certain dual meter under certain circumstances; repealing a provision that requires the Commission to develop a certain credit formula; altering the date by which the Commission is required to report each year on the status of the net metering program; repealing a certain definition; defining a certain term; and generally relating to net energy metering and payment for accrued net excess generation.

BY repealing and reenacting, with amendments,

Article – Public Utilities
Section 7–306
Annotated Code of Maryland
(2010 Replacement Volume)

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

Article – Public Utilities

7–306.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this title.

(3) “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, or wind electric generating facility that:

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

(4) “Fuel cell” means an electric generating facility that:

- (i) includes integrated power plant systems containing a stack, tubular array, or other functionally similar configuration used to electrochemically convert fuel to electric energy; and
- (ii) may include:
 1. an inverter and fuel processing system; and
 2. other plant equipment to support the plant’s operation or its energy conversion, including heat recovery equipment.

(5) [“Generation credit” means a credit associated with the generation of electricity produced in excess of the electricity consumed by an eligible customer-generator in one billing period.

(6)] “Micro combined heat and power” means the simultaneous or sequential production of useful thermal energy and electrical or mechanical power not exceeding 30 kilowatts.

[(7)] (6) “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.

(7) “NET EXCESS GENERATION” MEANS THE AMOUNT OF THE ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR THAT IS IN EXCESS OF THE ELECTRICITY CONSUMED BY THE ELIGIBLE CUSTOMER-GENERATOR AND THAT RESULTS IN A NEGATIVE KILOWATT-HOUR READING AT THE END OF THE ELIGIBLE CUSTOMER-GENERATOR’S BILLING CYCLE.

(b) The General Assembly finds and declares that a program to provide net energy metering for eligible customer-generator 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.

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

(d) The Commission shall 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 1,500 megawatts.

(e) (1) [Except as provided in subsection (g) of this section, a] A net energy metering contract or tariff shall 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.

(2) (i) A net energy metering contract or tariff 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.

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

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

(2) Net energy produced or consumed on a regular basis shall be measured in accordance with standard metering practices.

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

(4) If electricity generated by the eligible customer-generator exceeds the electricity supplied by the grid, the eligible customer-generator shall be billed only customer charges for that month in accordance with subsection (e) of this section.

(5) (i) An eligible customer-generator under paragraph (4) of this subsection may accrue [generation credit] **NET EXCESS GENERATION FOR A PERIOD:**

1. NOT TO EXCEED ~~1 CALENDAR YEAR~~ 12 MONTHS;
AND

2. THAT ENDS WITH THE BILLING CYCLE THAT IS COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL OF EACH YEAR.

(ii) The electric company shall carry forward [accrued generation credit] **A NEGATIVE KILOWATT HOUR READING NET EXCESS GENERATION** until:

1. the eligible customer-generator's consumption of electricity from the grid eliminates the [credit] **NEGATIVE KILOWATT HOUR READING NET EXCESS GENERATION**; or

2. the [eligible customer-generator has been paid by the electric company for any remaining credit in accordance with paragraph (6) of this subsection] **1-YEAR ACCRUAL PERIOD UNDER SUBPARAGRAPH ~~(1)~~ (I) OF THIS PARAGRAPH EXPIRES.**

(iii) **1. The [amount of the generation credit shall be calculated at the prevailing market price of energy applicable to the electric company in the PJM Interconnection energy market, as that market may change from time to time] DOLLAR VALUE OF NET EXCESS GENERATION SHALL BE EQUAL TO ~~THE SUM OF THE ENERGY CHARGE AND THE DISTRIBUTION CHARGE PORTION OF THE RETAIL~~ GENERATION OR COMMODITY PORTION OF THE RATE THAT THE ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN CHARGED BY THE ELECTRIC COMPANY AVERAGED OVER THE ~~CALENDAR YEAR~~ PREVIOUS 12-MONTH PERIOD ENDING WITH THE BILLING CYCLE THAT IS COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL MULTIPLIED BY THE NUMBER OF KILOWATT-HOURS OF NET EXCESS GENERATION.**

2. FOR CUSTOMERS SERVED BY AN ELECTRICITY SUPPLIER, THE DOLLAR VALUE OF THE NET EXCESS GENERATION SHALL BE EQUAL TO THE GENERATION OR COMMODITY RATE THAT THE CUSTOMER WOULD HAVE BEEN CHARGED BY THE ELECTRICITY SUPPLIER MULTIPLIED BY THE NUMBER OF KILOWATT-HOURS OF NET EXCESS GENERATION.

[(iv) The generation credit shall appear on the eligible customer-generator's bill in a dollar amount.]

(6) (i) [By written request, the eligible customer-generator may receive payment from the electric company for any accrued generation credit that remains at the end of a 12-month period.

(ii) On written request of the eligible customer-generator under subparagraph (i) of this paragraph, within 15 days after the end of a 12-month period,] ON OR BEFORE JANUARY 15 30 DAYS AFTER THE BILLING CYCLE THAT IS COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL OF EACH YEAR, the electric company shall pay [the] **EACH** eligible customer-generator for **THE DOLLAR VALUE OF** any accrued [generation credit] **NET EXCESS GENERATION** remaining at the end of the [12-month period] PREVIOUS CALENDAR YEAR 12-MONTH PERIOD ENDING WITH THE BILLING CYCLE THAT IS COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL.

[(iii)] **(II)** Within 15 days after the date the eligible customer-generator closes the eligible customer-generator's account, the electric company shall pay the eligible customer-generator for **THE DOLLAR VALUE OF** any accrued [generation credit] **NET EXCESS GENERATION** remaining at the time the eligible customer-generator closes the account.

(7) (I) NOTWITHSTANDING PARAGRAPHS (5) AND (6) OF THIS SUBSECTION, AN ELIGIBLE CUSTOMER-GENERATOR SERVED BY AN ELECTRIC COOPERATIVE THAT SERVES A POPULATION OF LESS THAN 250,000 IN ITS DISTRIBUTION TERRITORY MAY CHOOSE TO BE PAID FOR THE DOLLAR VALUE OF NET EXCESS GENERATION REMAINING AT THE END OF EACH MONTH INSTEAD OF AT THE END OF THE ACCRUAL PERIOD SPECIFIED UNDER PARAGRAPH (5)(I) OF THIS SUBSECTION.

(II) IF AN ELIGIBLE CUSTOMER-GENERATOR CHOOSES TO BE PAID FOR THE DOLLAR VALUE OF NET EXCESS GENERATION REMAINING AT THE END OF EACH MONTH:

1. THE CUSTOMER-GENERATOR MAY ACCRUE NET EXCESS GENERATION ON A MONTHLY BASIS;

2. THE DOLLAR VALUE OF THE NET EXCESS GENERATION SHALL BE EQUAL TO THE GENERATION OR COMMODITY PORTION OF THE RATE THAT THE ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN CHARGED BY THE ELECTRIC COMPANY FOR THE PREVIOUS MONTH; AND

3. ON OR BEFORE 30 DAYS AFTER THE END OF EACH MONTH, THE ELECTRIC COOPERATIVE SHALL PAY THE ELIGIBLE CUSTOMER-GENERATOR FOR THE DOLLAR VALUE OF NET EXCESS GENERATION REMAINING AT THE END OF THE PREVIOUS MONTH.

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

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

(ii) shall develop a credit formula that:

1. excludes recovery of transmission and distribution costs; and

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

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

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

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

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

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

(i) install additional controls;

(ii) perform or pay for additional tests; or

(iii) purchase additional liability insurance.

(5) An eligible customer-generator **OR THE ELIGIBLE CUSTOMER-GENERATOR'S ASSIGNEE** shall own and have title to all renewable

energy attributes or renewable energy credits associated with any electricity produced by its electric generating system.

[(i)] (H) On or before ~~February~~ **SEPTEMBER** 1 of each year, the Commission shall report to the General Assembly, in accordance with § 2-1246 of the State Government Article, on the status of the net metering program under this section, 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 in subsection (d) of this section should be altered; and

(3) other pertinent information.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2011.

Approved by the Governor, May 19, 2011.