

**Department of Legislative Services**  
Maryland General Assembly  
2014 Session

**FISCAL AND POLICY NOTE**

Senate Bill 1021  
Rules

(Senator Pugh)

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**Net Energy Metering - Industrial Combined Heat and Power**

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This bill includes “industrial combined heat and power” as an eligible generating facility for the purposes of net energy metering. “Industrial combined heat and power” means the simultaneous or sequential production of useful thermal energy and mechanical power of up to two megawatts for export from a large food manufacturing plant that (1) was in existence before January 1, 2014; (2) operates an active bulk maritime terminal; and (3) achieves at least 70% energy efficiency.

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**Fiscal Summary**

**State Effect:** The Public Service Commission (PSC) can handle the bill’s requirements with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Net energy metering is the 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 company over the eligible customer-generator’s billing period.

An “eligible customer-generator” is a customer that owns and operates, or leases and operates, a biomass, solar, fuel cell, wind, or micro-combined heat and power electric generating facility located on the customer’s premises or contiguous property,

interconnected and operated in parallel with an electric company's transmission and distribution facilities, and intended primarily to offset all or part of the customer's own electricity requirements. The generating capacity of an eligible customer-generator for net metering may not exceed two megawatts.

An eligible customer-generator may accrue net excess generation for a period (1) of up to one year and (2) that ends with the billing cycle that is complete immediately prior to the end of April of each year. The electric company must carry forward net excess generation until (1) the eligible customer-generator's consumption of electricity from the grid eliminates the net excess generation or (2) the accrual period expires.

As opposed to industrial combined heat and power as defined in the bill, "micro combined heat and power" means the simultaneous or sequential production of useful thermal energy and mechanical power of up to 30 kilowatts (0.03 megawatts).

Generally, the dollar value of net excess generation is equal to the generation or commodity portion of the rate that the eligible customer-generator would have been charged for the electricity multiplied by the number of kilowatt-hours of net excess generation. At the end of the accrual period ending in April each year, the electric company must pay to each eligible customer-generator the dollar value for any accrued net excess generation remaining.

**Background:** According to a database created by ICF International (a large government contractor) and supported by the U.S. Department of Energy, there is one combined heat and power unit used by a company in the food processing industry in the State – at the Domino Sugar refinery in Baltimore. The unit has a capacity of 17.5 megawatts.

Data from PSC's most recent *Report on the Status of Net Energy Metering in the State of Maryland* (September 2013) is provided in **Exhibit 1**. As of June 30, 2013, the amount of net energy metered capacity increased over the prior year from 58,514 kilowatts to 101,692 kilowatts. This represents only 6.6% of the current statewide limit of 1,500 megawatts for total net energy metering capacity.

Meter aggregation for the purposes of net metering was first implemented by PSC as a pilot program, but is now being made more widely available. PSC's September 2013 report indicated that as of June 30, 2013, there were 21 installed meter aggregation projects and 12 applications pending.

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**Exhibit 1**  
**Net Energy Metered Installed Capacity in Maryland**  
**June 30, 2013 (Kilowatts)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Solar	321	2,242	24,628	30,905	55,856	100,062
Wind	42	211	556	514	1,278	1,310
Biomass	-	-	30	320	1,380	320
<b>Total</b>	<b>364</b>	<b>2,453</b>	<b>25,214</b>	<b>31,739</b>	<b>58,514</b>	<b>101,692</b>

Note: Numbers may not sum to total due to rounding.

Source: Public Service Commission

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Public Service Commission, Office of People's Counsel, ICF International, Department of Legislative Services

**Fiscal Note History:** First Reader - March 21, 2014  
mc/lgc

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