

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 481
Finance

(Senator Ramirez, *et al.*)

Electricity - Community Solar Energy Generating System Program

This bill requires the Public Service Commission (PSC) to establish a Community Solar Energy Generating System Program. PSC must adhere to specified guidelines in structuring the program and adopt specified regulations to implement the program.

Fiscal Summary

State Effect: PSC can establish the program with existing budgeted resources. Revenues are not affected.

Local Effect: Minimal.

Small Business Effect: Minimal.

Analysis

Bill Summary: A “community solar energy generating system” means a solar energy system that (1) is connected to the electric distribution grid serving the State; (2) is located in the same electric service territory as its subscribers; (3) is attached to the electric meter of a subscriber or is a separate facility with its own electric meter; (4) credits its generated electricity to the bills of the subscribers to that system through virtual net energy metering; (5) has at least two subscribers; (6) does not have subscriptions larger than 200 kilowatt-hours constituting more than 60% of its subscriptions; (7) has a generating capacity that may be up to two megawatts; and (8) may be owned by any person, including a subscriber organization, an electric company, or an electricity supplier. It is *not* an electric company, an electricity supplier, or a generating station.

A “subscriber” means a retail customer of an electric company who holds a subscription to a community solar energy generating system and has identified one or more individual meters or accounts to which the subscription must be attributed. A “subscriber organization” means a person that owns or operates a community solar energy generating system or the collective group of subscribers of such a system.

“Virtual net energy metering” means measurement of the difference between the electricity that is supplied by an electric company and the electricity attributable to a subscription to a community solar energy generating system and fed back to the electric grid over the subscriber’s billing period.

PSC must adhere to the following conditions in structuring the program:

- all rate classes may participate in the program;
- subscribers served by electric standard offer service and electricity suppliers may hold subscriptions to the same community solar energy generating system;
- a subscriber organization must determine how to allocate subscriptions, calculate the number of credits that an electric company will provide to a subscriber for each billing cycle, and notify the electric company when applicable;
- an electric company must use the tariff structure adopted by PSC for the program;
- a subscriber may not receive credit for virtual net excess generation of more than 120% of the subscriber’s baseline annual usage;
- any unsubscribed energy generated by a community solar energy generating system that is not owned by an electric company must be purchased under the electric company’s process for purchasing the output from qualifying facilities at the amount it would have cost the electric company to procure the energy;
- all costs associated with smaller generator interconnection standards are the responsibility of the subscriber organization;
- a subscriber organization may petition an electric company to coordinate the interconnection and commencement of operations of a community solar energy generating system after PSC adopts required regulations;
- a subscriber organization may contract with a third party for the third party to finance, build, own, or operate a community solar energy generating system; and
- a municipal utility or cooperative utility may participate in the program.

An electric company may submit a petition to PSC to own and operate a community solar energy generating system, subject to specified conditions for approval by PSC. An electric company may recover through base rates the costs associated with building and maintaining a community solar energy generating system that is actively used and in service. An electric company must sell unsubscribed energy, capacity, and ancillary services produced by the electric company’s community solar energy generating system

into the electricity market and must also sell any associated environmental attributes (solar renewable energy credits). An electric company must use a method determined by PSC to refund or credit to ratepayers the proceeds from these sales and the sale of any subscriptions to the electric company's community solar energy generating system.

By January 1, 2016, PSC must adopt regulations to implement the bill, including regulations for:

- consumer protection;
- a tariff structure for an electric company to provide a subscriber with the credits calculated by a subscriber organization that is consistent with the tariff structure used for net energy metering under current law;
- a calculation for virtual net energy metering that is consistent with the calculation used for net energy metering under current law;
- a protocol for electric companies, electricity suppliers, and subscriber organizations to communicate necessary information to calculate and provide the monthly electric bill credits and yearly net excess generation payments required under the bill; and
- a protocol for a subscriber organization to coordinate with an electric company for the interconnection and commencement of operations of a community solar energy generating system.

Current Law/Background: 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. The generating capacity of an eligible customer-generator for net metering may be up to two megawatts. As of June 30, 2014, the amount of net metered capacity in the State was approximately 144 megawatts, far below the statewide cap of 1,500 megawatts.

PSC must submit an annual report on the status of net energy metering to the General Assembly. The report must contain the amount of generating capacity owned by eligible customer generators in the State, the type of energy source used in generation, a recommendation regarding whether the generating capacity limit of the net metering program should be altered, and other pertinent information.

Net Metering Aggregation

PSC implemented a Net Metering Aggregation Pilot Program through electric company specific pilot programs in 2011, which was converted to a full Meter Aggregation Program in December 2013. Aggregation of net-metered loads is the practice of combining meter readings from more than one utility service point. Electric companies can provide this

service by using physical interconnection of service points (physical aggregation) or by summing the total usage from two or more meters (virtual aggregation). Only certain types of customers are allowed to use this service. Agricultural, municipal, and nonprofit entities are allowed to aggregate net metered loads under PSC regulations.

The practice of meter aggregation may provide increased incentives for system deployment by providing greater economies of scale for installations and allowing a customer to make the most efficient use of existing solar or wind sources. For example, in an agricultural setting, a solar array could be installed on a barn, which would normally have excellent sun exposure but a low electric power requirement. Joining the load of the residence (which may have less roof area or be in a shady location) and other buildings to the load of the barn would make the installation more practical and cost-effective for the customer.

Net Metering Working Group

PSC staff also facilitates a stakeholder Net Metering Working Group to aid electric companies, installers, and customers in the implementation of new regulations and to address any additional technical issues that may arise as each utility drafts and files revised net metering tariffs and administers its meter aggregation program. Activities of the group include development of documentation to assist customers with the application and operation procedures for net metering.

Additional Information

Prior Introductions: SB 786 of 2014, a similar bill, received a hearing in the Senate Finance Committee, but no further action was taken. Its cross file, HB 1192, received an unfavorable report from the House Economic Matters Committee.

Cross File: HB 1087 (Delegate Clippinger, *et al.*) - Economic Matters.

Information Source(s): Public Service Commission, Department of Legislative Services

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