

Support of SB 143 - Electricity – Net Energy Meter

Uploaded by: Colby Ferguson

Position: FAV



Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

February 21, 2023

To: Senate Education, Energy & the Environment Committee

From: Maryland Farm Bureau, Inc.

Re: **Support of SB 143 - Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)**

On behalf of our Farm Bureau member families in Maryland, I submit this written testimony in support of SB 143, legislation that does two things. It moves the year end billing cycle from the end of April to the end of August. However, the primary focus of the bill is to create the ability to accrue net excess generation indefinitely instead of just until the year end billing cycle. A net energy generator can still decide to remain on the year-by-year system and be paid the dollar value of the excess energy produced for the year. However, if the net energy generator decides to take the indefinite accrual option, all excess net energy accrued shall be forfeited at the time the account is closed.

Many farms have used this valuable net metering option for several years now to offset their electric usage with renewable solar energy. Because their electric usage fluctuates annually based on the weather, having the flexibility to roll over excess energy generated yearly, allows the farmer to reduce electric cost and improve their bottom line while continuing to assist with addressing climate change.

Maryland Farm Bureau Policy:

We support the use of on-farm wind and solar energy production to provide electric energy for the farm and to be sold to the energy grid. We encourage state and county governments to provide regulatory support and encouragement for wind turbines and solar to help offset farm energy costs.

MARYLAND FARM BUREAU SUPPORTS SB 143 & REQUESTS A FAVORABLE REPORT

A handwritten signature in black ink, appearing to read 'Colby Ferguson'.

Colby Ferguson
Director of Government Relations

For more information contact Colby Ferguson at (240) 578-0396

OPC Testimony SB0143.pdf

Uploaded by: David Lapp

Position: FAV

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BRANDI NIELAND
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ASSISTANCE UNIT

BILL NO.: Senate Bill 143
Electricity – Net Energy Metering – Accrual of Net Excess
Generation (Net Metering Flexibility Act)

COMMITTEE: Education, Energy, and the Environment Committee

HEARING DATE: February 21, 2023

SPONSOR: Senator Feldman

POSITION: Favorable

Senate Bill 143 would amend the net metering statute to give customers who participate in their utility's net metering program the option to accrue net excess generation for an indefinite period. OPC supports the bill as a modest adjustment to existing law that gives more flexibility to net metering customers without unduly burdening non-net metering customers. The bill further encourages the development of distributed generation resources that will be critical to transitioning to a cleaner, more resilient, and more cost-effective energy system for powering Maryland households.

Customers participate in their utilities' net metering program by installing distributed energy resource (DERs), such as a rooftop solar system, or subscribing to a community solar program. Net metering incentivizes both residential and commercial customers to install DERs because, in part, of the way compensation is set. The electricity generated by net metering is a commodity input, but customers receive credits on their bills for both the commodity charge and a portion of the distribution charge. This commodity-plus-delivery compensation has helped increase deployment of renewable energy sources throughout the State, thus reducing potential greenhouse gas emissions from fossil fuel generation. Increased deployment of DERs also has the potential to reduce future spending on the distribution system and improve the electric distribution system's reliability and resilience.

Under current law, net metering customers with more generation credits than what they use accrue the excess generation as a credit on their account for a 12-month period.

SB 143 allows net metering customers the option of changing the accrual period from a fixed 12-month period to an indefinite period. This option would mean customers can use the excess generation from the solar PV to offset charges for usage for a period longer than a year. The longer period will benefit customers who anticipate an increase in future electricity needs at their home or business, for example from the future addition of electric vehicles or the electrification of home heating or cooking.

For customers that opt for indefinite accrual, the utility will no longer have to offer a bill credit or payment for the value of the excess generation at the end of the 12-month period. SB 143 would also alter the existing date in the law for annual payment of excess generation credits from the billing cycle ending in April to the billing cycle ending in August. As the Maryland Energy Administration and the Public Service Commission pointed out in earlier testimony, changing the cash-out date from April to August may reduce the benefit to customers who accrue net excess generation credits during the summer months when solar generation capacity is at its peak and are most in need of those credits during the winter months when solar generation output is limited. On the other hand, customers who use less electricity in the winter may benefit from SB 143's change of the cash-out day to August. OPC takes no position on the change to the cash-out date. Overall, however, by allowing for indefinite accrual, the bill is consistent with the original intent of the net metering law to encourage customers to install DERs to increase Maryland's use of renewable energy.

As noted above, customers who participate in net metering reduce their contributions to the distribution system in addition to receiving a commodity credit. The reduced distribution system contribution creates a potential fairness issue for non-net metering customers, since they pick up the distribution system costs that net-metering customers avoid. While further analysis of this issue would be beneficial for the future, SB 143 should have little or no impact on non-net metering customers because the bill does not alter the overall cap limiting the megawatts available for net energy metering in Maryland, only slightly modifies options already in law, and includes features that potentially decrease the overall amount of distribution charges net metering customers will avoid (such as forfeiture of any outstanding credits when the account is closed). Further, it is apparent that expanded distributed generation will be important for the State's effort to meet its climate goals and that more distributed generation may decrease overall spending needs for the distribution system.

We understand that an amendment to the bill will be proposed to clarify that once a net metering customer has elected to have their net excess generation accrue indefinitely, that customer will not be able to return to yearly payment of net excess generation credits. This clarification will be useful to prevent net metering customers from gaming the options by switching back to an annual payout before closing their accounts to avoid forfeiting any accrued credits.

We are also aware of the amendment proposed by Arcadia and the Coalition for Community Solar Access to make indefinite accrual the default option for community solar subscribers. While sympathetic to the concern that small savings checks may unnecessarily confuse subscribers, making indefinite accrual the default option would require additional language to prevent a community solar subscriber from opting out of indefinite accrual in order to cash-out just before closing their account, thus gaming the options. This gaming concern relates to the amendment flagged above, clarifying that a net metering customer will not be able to return to yearly payment of net excess generation credits once the customer has elected to have their net excess generation accrue indefinitely. If adopted, the Arcadia proposal thus would require additional language providing that opting-out of indefinite accrual may only occur at the time the community solar subscription is authorized, along with language requiring notice to potential subscribers of their ability to opt-out from indefinite accrual.

Recommendation: The Office of People’s Counsel requests a favorable report from the Committee on SB 143.

SB 143_CBF_FAV.pdf

Uploaded by: Doug Myers

Position: FAV



CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration
Environmental Education*

SENATE BILL 143

Electricity – Net Energy Metering – Accrual of Net Excess Generation
(Net Metering Flexibility Act)

Date: February 21, 2023	Position: Support
To: Education, Energy, and the Environment Committee	From: Doug Myers Maryland Senior Scientist

Chesapeake Bay Foundation (CBF) **SUPPORTS** SB 143 which allows continued accumulation of net metering credits indefinitely instead of resetting at the end of each year.

Net metering credits are an important policy to incentivize the adoption of renewable energy systems. As Maryland embarks on ambitious greenhouse gas reductions, these same reductions not only help to stabilize our climate globally, but also have a positive localized effect on the reduction of nitrogen oxides which are a bay pollutant when it rains. Allowing credits to continue to accrue and not be lost to the customer-generator sends an important market signal back to would be adopters to make the investment in renewable energy in the first place as well as incentivizes them to use less electricity to maximize those credits once the equipment is installed.

CBF urges the Committee's FAVORABLE report on SB 143.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

Maryland Office • Philip Merrill Environmental Center • 6 Herndon Avenue • Annapolis • Maryland • 21403

The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 300,000 members and e-subscribers, including over 109,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.

SB143 Net Metering Flexibility Act.pdf

Uploaded by: Elizabeth Fixsen

Position: FAV



SB143

**Electricity – Net Energy Metering – Accrual of Net Excess Generation
(Net Metering Flexibility Act)**

Testimony before Education, Energy, and the Environment

Hearing Feb. 21, 2023

Position: FAVORABLE

Senator Feldman and members of the committee, my name is Elizabeth Fixsen, and I represent the 700+ members of Indivisible Howard County. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We are providing written testimony today in **support of SB143** (companion to HB068). We thank Senator Feldman for sponsoring this bill.

Homeowners or business owners who have installed an eligible solar energy system can receive kilowatt hour credits on their energy bills when they generate more electricity than they use in a month. The bill will give greater flexibility to such customers by allowing them to accrue net excess generation for an indefinite period of time, instead of for just 12 months, which is the current limit. This new provision would provide additional incentives for installation of solar panels in homes and business.

As our planet is facing catastrophic effects from climate change, it is imperative that state and local governments, as well as individuals, take every possible measure to reduce carbon dioxide emissions, which means reducing use of fossil fuels. Every measure that encourages more use of solar panels to generate electricity helps to reduce the use of fossil fuels to generate electrical power. Maryland is leading the way with many state and local government initiatives to promote renewable energy, and HB0068 is one of them.

Thank you for your consideration of this important legislation.

We respectfully urge a favorable report.

Elizabeth Fixsen
Savage, MD

More about net metering: <https://www.leafscore.com/solar-guide/solar-101/what-is-net-metering/>

SB143_FAV_CHESSA.pdf

Uploaded by: Elly Cowan

Position: FAV



February 20, 2023

Honorable Brian J. Feldman, Chair
Education, Energy, and the Environment Committee
2 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: CHESSA Letter of Support of SB 143

Dear Chair Feldman and Members of the Education, Energy, and Environment Committee:

The Chesapeake Solar and Storage Association (CHESSA) appreciates the opportunity to recommend a favorable report of SB 143. CHESSA is a member organization that represents over 120 companies engaged in all facets of the solar and battery storage industry throughout Maryland, Virginia, and the District of Columbia.

Net metering policy is an essential pillar of Maryland's solar energy goals. While Maryland's net metering policy is already strong, growth of the rooftop solar market has experienced anemic growth for the past five years. SB 143 represents an incremental, yet important, improvement to provide Maryland residents with additional flexibility in how they receive credit for any clean, local generation that exceeds their electricity needs in any given month. While CHESSA supports these incremental improvements, we do so with the full understanding that this bill is about improving the customer experience of rooftop solar and will not, standing alone, appreciably accelerate the rate of adoption of rooftop solar in Maryland. CHESSA looks forward to working with all stakeholders and this Committee to make serious strides toward closing the current deficiency in solar deployment.

Indeed, any improvement to net metering is a welcome step and will complement a number of other bills to be heard before this committee as this session progresses. CHESSA deeply appreciates Chair Feldman's leadership on clean energy issues and asks the Committee for a favorable report of SB 143.

/s/
Thadeus B. Culley
Sr. Manager, Public Policy, Sunrun
CHESSA Maryland Policy Committee Chair

/s/
Stephanie Johnson
Executive Director, CHESSA

SB0143 - Letter of Support - FINAL.pdf

Uploaded by: Grayson Middleton

Position: FAV



Educate. Advocate. Innovate.

Date: February 20, 2023
To: Members of the Senate Committee on Education, Energy, and the Environment
From: Holly Porter, Executive Director
Re: SB 0143 – Net Metering Flexibility Act – **SUPPORT**

Delmarva Chicken Association (DCA) the 1,600-member trade association representing the meat-chicken growers, processing companies, and allied business members on the Eastern Shore of Maryland, the Eastern Shore of Virginia, and Delaware supports SB 143 and urges a favorable committee report.

Delmarva chicken growers were some of the first in Maryland to widely adopt solar energy. Today, hundreds of small and large on-farm solar operations can be found through Delmarva, particularly on poultry farms. With the cost of traditional sources of energy rising, and the cost of energy index for large scale solar falling by more than 13% in the last few years, this is an economical option for our farmers. Environmentally friendly solar will continue to proliferate across Delmarva, so long as its profitability remains and increases.

However, solar energy is still a major investment for any farmer, and DCA believes that the energy they produce should be theirs to use, no matter the time of year. Most often, when solar energy production is high, use of energy on a poultry farm also increases. This leaves little leeway in the winter months when solar production is low. This is one of the major complaints we hear from farmers who are not able to roll-over their credits. It is also presumably one of the main deterrents for those farmers considering solar energy. By allowing these credits to accumulate, you can increase the profitability of solar energy, and thus expand its use. This is good for the farmer and the environment.

We urge a **favorable** vote on SB 0143.

Should you have any additional questions, please feel free to contact me at porter@dcachicken.com or 302-222-4069 or Grayson Middleton at middleton@dcahicken.com or 410-490-3329.

Sincerely,

Holly Porter
Executive Director

SB143_Arcadia_Favorable.pdf

Uploaded by: John Fiastro

Position: FAV

Arcadia

SB143 Electricity – Net Energy Metering – Accrual of Net Excess Generation
Maryland Senate
445th Session of the General Assembly
February 21, 2022
Position: Favorable

Testimony of Arcadia on SB143

Thank you for the opportunity to submit testimony on this legislation. Arcadia urges the Senate Education, Energy and the Environment Committee to favorably report out this important legislation with amendment. Below is an introduction to Arcadia (or “the Company”) and an explanation of why we support this legislation with amendment.

Introduction to Arcadia

Arcadia is building the software necessary for Marylanders to realize the full benefits of clean energy. Today, customers face a bewildering assortment of energy technologies – ranging from energy efficiency and renewable energy to battery storage and electric vehicles – all of which have unique capabilities, costs, and user experiences. Arcadia’s software makes it possible for energy technology providers to delight their customers and move clean energy forward by enabling a simple user experience that saves people money.

The Company’s software is revolutionizing community solar, making it easy for people to sign up with guaranteed savings and without any risk. Today, Arcadia manages more than 84 MW across 54 projects in Maryland and more than 1 gigawatt nationwide, making it the largest community solar subscriber manager in the country.

Support for SB143

The Community Solar Energy Generating Systems (CSESGS) program allows Marylanders to access local renewable energy while receiving guaranteed savings on power bills, each month. Of course, a community solar farm’s electric output varies throughout the year, generally producing more in the summer and less in the winter. The amount of credits generated by the solar farm vary in an identical manner.

To ensure subscribers receive reliable community solar credits and savings, it is essential that their credits be allowed to rollover month-to-month without expiration, for the life of the project. This allows projects to properly allocate credits to subscribers in a consistent, predictable manner.

When it is forbidden to rollover credits, subscribers have a bad experience. Generally, the Maryland utilities pay out unused credits to subscribers in March or April of each year. How they do so varies but it is sometimes via a check sent through the mail. When subscribers are used to receiving their savings in the form of credits applied to their monthly power bill, receiving a small check from the utility, often in an amount of a few dollars, is a very confusing experience.

Ensuring customers have a reliable billing experience is essential to program success. Other leading community solar programs allow credits to rollover indefinitely, including those in New York and Delaware.

The amendment proposed by the Coalition for Community Solar Access, ensures this legislation applies to the CSEGS program. We support this amendment and have included it in the appendix for convenience.

Conclusion

Arcadia asks for a favorable report on SB143 with amendment. I appreciate the opportunity to provide this testimony and would be happy to answer any questions you may have. Please do not hesitate to contact me at James.Feinstein@arcadia.com or 202 999 8916 if you would like to discuss further.

Sincerely,



James Feinstein
Senior Policy Manager
Arcadia

APPENDIX: Coalition for Community Solar Access's proposed amendment to SB143

AMENDMENT NO. 1

On page 4, after line 21, insert the following: "SECTION 2. AND BE IT FURTHER ENACTED, That ~~it is the intent of the General Assembly that~~ the provisions of this Act shall also apply to subscribers to community solar energy generating systems authorized under Public Utilities Article § 7-306.2, except that each subscriber shall by default accrue net excess generation for an indefinite period under Public Utilities Article § 7-306(f)(5)(i)2 unless the subscriber elects to accrue net excess generation for a period not to exceed 12 months under Public Utilities Article § 7-306(f)(5)(i)1.".

AMENDMENT NO. 2

On page 4, in line 22, strike "2" and substitute "3".

Explanation: The purpose of this amendment is to clarify that the changes to the accrual of net excess generation implemented by SB143 also apply to the subscribers to community solar energy generating systems, with indefinite rollover of credits the default option.

Sunrun SB 143 Support.pdf

Uploaded by: Katie Nash

Position: FAV



Sunrun¹ submits this written testimony in support of SB 143 - Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act). There are currently about 3.5 million residential solar facilities in the United States, with about 89,000 in Maryland. Said another way, Maryland is above the national average of solar installations per capita but falls behind the leading states of California, Hawaii, and New Jersey.²

Net metering has been the most effective and important policy for supporting private investment in rooftop solar to encourage homeowners to install solar to meet their own needs for electricity and provide a full retail credit for any power that is sent back to the grid. Net metering is available statewide until the aggregate capacity of all net-metered systems reaches 3,000 MW. This limit was raised from 1,500 MW by SB 407/HB 569 in 2021.³ The Public Service Commission reported in its annual *Report on the Status of Net Energy Metering In the State of Maryland* that the current level of installed capacity, approximately 1,033 megawatts (“MW”), is 34.4 percent of the eligible State cap of 3,000 MW. Maryland has one of the best net metering policies in the country, from Sunrun’s customers’ perspective, and SB 143 moves the state in the direction of national best practices, giving customers more options of how to maximize the economic benefit of their solar facilities.

There are a couple of good reasons to make these improvements at this time:

- Spiking demand has driven gas prices higher, with utility rates going up nationally;
- Utility investments to modernize the aging electric infrastructure will result in rate hikes;
- Ambitious solar energy goals offer the opportunity to reconsider net metering;
- The Inflation Reduction Act is spurring investment in electrification technologies such as heat pumps and EVs; there will be a transformation in how electricity is consumed;
- Rooftop solar can help relieve some of the demand on the grid; and,
- The indefinite rollover provisions of SB 143 provide comfort that a customer that sizes a solar facility in anticipation of increased future electric usage will be able to utilize the full value of any credits in future years when usage increases.

Net metering is one of the few tools customers have to take control and manage their electric costs by installing and utilizing rooftop solar for part or all of their needs. SB 143 is a modest step in the right direction, but one that is necessary to improve the customer experience and to encourage more Marylanders to embrace solar as a solution. Sunrun urges a favorable report of SB 143.

¹ Sunrun is the leading provider of solar and storage services in the United States with nearly 800,000 customers nationally including tens of thousands throughout Maryland.

² <https://solarpower.guide/solar-energy-insights/states-most-solar-installations>

³ <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/sb0407/?ys=2021rs>

SB143 Net Metering Flexibility Act_Educ Energy Env

Uploaded by: Laurie McGilvray

Position: FAV



Committee: Education, Energy, and the Environment
Testimony on: SB0143 Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Laurie McGilvray, Co-Chair
Position: Favorable
Hearing Date: February 21, 2023

Dear Chair and Committee Members:

Thank you for allowing our testimony today. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to vote favorably on SB143.

SB143 will allow a customer who generates electricity under the State’s net metering law to accrue net excess generation for an indefinite period, instead of only for a 12-month period. Any accrued excess generation is forfeited when the customer closes an account. In addition, the existing 12-month period for accruing net excess generation is changed from April to the end of August.

Net energy metering is the difference between the electricity supplied by an electric company and the electricity generated by customer and fed back to the grid over a billing period. Eligible energy sources for net metering are solar, wind, biomass, micro combined heat and power, fuel cell, and certain types of hydroelectric. SB143 will help customers, especially with rooftop solar, take advantage of excess generation during the better months of the year and apply the excess credits to an indefinite period of time rather than only over 12 months.

SB143 is intended to incentivize renewable energy installation through more advantageous use of net metering by the customer.

For these reasons, we urge a FAVORABLE report for SB143.

SB143_MDSierraClub_fav 31Jan2023.pdf

Uploaded by: Mark Posner

Position: FAV



P.O. Box 278
Riverdale, MD 20738

Committee: Education, Energy, and the Environment

Testimony on: SB143 “Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)”

Position: Support

Hearing Date: January 31, 2023

The Maryland Chapter of the Sierra Club supports SB143. This legislation will increase the opportunity for utility customers to benefit from a system prescribed by state law known as net metering.

Net metering utility customers are both connected to the grid to receive electricity from a utility or other electricity supplier and generate electricity at their home, typically by having solar panels on their roof. This home-generated electricity is primarily intended for their own use. However, whenever these customers generate more electricity than they use, the excess electricity is fed back into the grid, and the customer is financially compensated by their electricity supplier. In other words, their energy generation is netted against their energy use, and any excess generation is made available to other utility customers on the grid. This system is one of the ways in which state policy supports the generation of clean electricity in Maryland which, in turn, is necessary for our state to meet its aggressive greenhouse-gas reduction goals.

Currently, net metering is calculated on a monthly basis, and customers receive credits against their electricity bill for any excess electricity they feed into the grid. State law specifies that unused credits in any month are carried over to the next month and accumulate during the year. However, in April of every year the accumulated unused credits are zeroed out, and customers receive monetary compensation for their unused credits which is worth less than if the credits had been used to reduce a previous electricity bill.

This system unintentionally can disadvantage many net metering customers. This is because many net metering customers want to maximize their number of available credits in the summer, which is when they have their highest peak of electricity use (because of air conditioning), and are not generating any excess electricity to acquire credits. At other times, when their electricity use is lower, they are more likely to generate credits, which may end up being used at a later time. In other words, by zeroing credits out in April, net metering customers may enter into summer having had an incomplete opportunity to accumulate credits, and then, after summer, when more credits are obtained, any unused credits will be zeroed out in April (and so will not be available for summer), with the specified lower level of compensation.

This bill will amend the April zero-out date to instead allow net metering customers to choose between two alternative compensation systems. First, customers may continue with the existing annual credits system but choose to have the zero-out date be in August, which may allow them to make better use of their credits. Alternatively, customers may allow their excess credits to

Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

accumulate indefinitely (year-to-year), with no annual zeroing out, provided the customers then forfeit all excess generation credits upon closing their electricity account.

Each of these proposed options is potentially advantageous for net metering customers. In particular, the option of indefinitely carrying forward excess credits will act like a bank account – excess generation amounts will ebb and flow as the home electricity generation alternately exceeds and later falls short of the customer’s offtake of electricity from the grid. The flexibility afforded by this option may be especially advantageous as customers vary their electricity use pattern, for example by increasing electrification of their homes (switching from gas appliances and home heating) or buying an electric vehicle and charging it at home.

This latter point leads to one small suggestion. As we read this legislation, it appears that net metering customers are limited to choosing only once between the two options, i.e., after the initial choice is made, they cannot subsequently switch to the other option. However, customers who currently will benefit from the August cycle option might in the future find their electricity use pattern has changed (because of electrification and/or home charging an electric vehicle) such that the indefinite option becomes more advantageous.

To account for this potential shift in electricity use, it would be appropriate to amend the legislation to allow net metering customers the ability to switch options, perhaps limited to switching only once. This flexibility will further benefit net metering customers, and reflects the fact that federal and state policy now is incentivizing home electrification and electric vehicle use to address climate change, and so including the ability to switch options is in accord with Maryland’s climate policies.

In summary, we find that this legislation will increase the value proposition for customers who receive electricity from a net metered generation source, with no significant cost to other parties including ratepayers. We therefore urge a favorable report on SB143.

Mark Posner
Clean Energy Team Lead
mposner5719@gmail.com

Josh Tulkin.
Chapter Director
Josh.Tulkin@MDSierra.org

Alfred Bartlett, M.D.
Clean Energy Team Member
alfredbartlett@msn.com

Munissb143FWAEEE2023.pdf

Uploaded by: Brett Lininger

Position: FWA

Municipally Owned Utilities

Testimony for Senate Bill 143

Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)

Position: Favorable with Amendment

Dear Chairman Feldman and the Members of the Senate Education, Energy, and the Environment Committee,

Thank you for the opportunity to submit this testimony on behalf of the Municipally owned utilities (“Munis”) in Maryland, comprised of the towns of Easton, Hagerstown, Williamsport, Berlin, and Thurmont. Senate Bill 143 authorizes an eligible customer-generator under the State’s net metering law to accrue net excess generation for an indefinite period, instead of only for a 12-month period. It also provides that any accrued excess generation is forfeited upon closure of the customer account. The existing 12-month accrual period for net excess generation is altered for to end in August instead of April.

The Munis provide electricity for less than 1% of the population in Maryland. In turn, only a fraction of our customers elect to use net metering. For example, the Town of Easton has over 10,000 customers, 58 of which use net metering. To require our members to offer the ability to accrue net excess for an indefinite period would require us to add a separate accounting system for an even smaller population of people. The costs associated with creating such a system would have to be socialized over our already small population of customers.

Additionally, we are not only the utility for electricity. The Munis also provide internet, cable, water, and sewer services to residents within their service footprints. Under current law, if a net metering customer has net excess generation at the end of the year, we are able to apply that credit to another service of the customer’s choosing.

Finally, we believe that our customers would be very upset if they discovered any accrued excess generation is forfeited upon closure of the account. Applying net excess on an annual basis prevents that scenario from happening to our customers.

Therefore, we ask the indefinite period option for net metering customers not be applicable to Municipal Electric Utilities

Sincerely,
Brett Lininger
443-527-4837
brett@kresshammen.com

SB0143-113328-01 (002).pdf

Uploaded by: Brian Feldman

Position: FWA



SB0143/113328/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

06 FEB 23
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BY: Senator Feldman
(To be offered in the Education, Energy, and the Environment
Committee)

AMENDMENTS TO SENATE BILL 143
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “**Metering**” insert “and Virtual Net Energy Metering”; in line 8, after “accrued;” insert “requiring that a subscriber of a community solar energy generating system accrue virtual net excess generation in the same manner as a certain eligible customer-generator;”; in line 9, after “metering” insert “and virtual net energy metering”; in line 12, after “(8)” insert “and 7-306.2(d)(1)”; and in line 17, after “7-306(f)” insert “and 7-306.2(d)(6) and (e)”.

AMENDMENT NO. 2

On page 4, after line 21, insert:

“7-306.2.

(d) (1) (i) The Commission shall establish a pilot program for a Community Solar Energy Generating System Program.

(ii) The structure of the pilot program is as provided in this subsection.

(6) A subscriber [may not] SHALL:

(1) receive credit for virtual net excess generation [that exceeds 200% of the subscriber’s baseline annual usage]; AND

(II) ACCRUE VIRTUAL NET EXCESS GENERATION IN THE SAME MANNER AS AN ELIGIBLE CUSTOMER-GENERATOR UNDER § 7-306(F) OF THIS SUBTITLE.

(e) On or before May 15, 2016, the Commission shall adopt regulations to implement this section, including regulations for:

(1) consumer protection;

(2) a tariff structure for an electric company to provide a subscriber with the kilowatt-hours or value of the subscriber's subscription, as the Commission determines;

(3) a calculation for virtual net energy metering as the Commission determines;

(4) a protocol for electric companies, electricity suppliers, and subscriber organizations to communicate the information necessary to calculate and provide the monthly electric bill credits and [yearly] net excess generation payments required by this section; and

(5) 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.”.

SB0143-413223-01.pdf

Uploaded by: Brian Feldman

Position: FWA



SB0143/413223/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

30 JAN 23
17:10:28

BY: Senator Feldman
(To be offered in the Education, Energy, and the Environment
Committee)

AMENDMENT TO SENATE BILL 143

(First Reading File Bill)

On page 3, in line 2, after “**PERIOD**” insert “**REGARDLESS OF WHETHER THE ELIGIBLE CUSTOMER-GENERATOR PREVIOUSLY ACCRUED NET EXCESS GENERATION FOR A PERIOD AUTHORIZED UNDER ITEM 1 OF THIS SUBPARAGRAPH**”.

SB0143 Net Metering Flexibility Act FWA.pdf

Uploaded by: Cecilia Plante

Position: FWA



TESTIMONY FOR SB0143
Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)

Bill Sponsor: Senator Feldman

Committee: Education, Energy, and the Environment

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE WITH AMENDMENTS

I am submitting this testimony in favor of SB0143 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of individuals and grassroots groups with members in every district in the state with well over 30,000 members.

Our members are very supportive of solar energy in the state, and believe that it is one of the main technologies that we can employ to clean up our energy grid. This bill is designed to help those who have taken on the expense of installing solar panels on their homes to better take advantage of the credits that they receive by delivering excess solar energy into the grid. Instead of being forced to take those credits in April, it allows them to take the credits to offset their electric bill during the summer, when their own electric needs are higher.

This is a very good thing, and we fully support this change. The problem we see here is a bigger one. Low-income households cannot afford to purchase solar for their rooftops, and so they will never see credits like this. It would be a more focused environmental justice solution to allow homeowners with the credits to put all, or part of their credits into a fund for low-income households. We feel that this addition to the bill will provide the greatest benefit to everyone.

We support this bill and recommend a **FAVORABLE WITH AMENDMENTS** report in committee.

CCSA testimony_SB 0143.pdf

Uploaded by: Rob Garagiola

Position: FWA



1380 Monroe Street NW, #721
Washington, DC 20010
720.334.8045
info@communitysolaraccess.org
www.communitysolaraccess.org

RE: Senate Bill 0143 Electricity – Net Energy Metering- Accrual of Net Excess Generation
Net Metering Flexibility Act

Favorable with Amendments

Chair Feldman and Members of the Education, Energy and Environment Committee,

The Coalition for Community Solar Access (CCSA) provides this written testimony regarding Senate Bill (SB) 0143. CCSA's position on this legislation is Favorable with Amendment, as outlined below and attached.

CCSA is a national, business-led trade organization, composed of over 100 member companies, that works to expand access to clean, local, affordable energy nationwide through the development of robust community solar programs. Today, the majority of households and businesses do not have access to solar because they rent, live in multitenant buildings, have roofs that are unable to host a solar system, are shaded by trees, or experience some other mitigating factor. Community solar provides a solution to this gap by allowing local solar facilities to be shared by multiple community subscribers who receive credit on their electricity bills for their share of the power produced.

CCSA has been an active participant in the development and implementation of Maryland's community solar pilot program. Community solar is in high demand in Maryland, as demonstrated over the first six years of the pilot program which has resulted in over four hundred megawatts of reserved capacity that is either under development or in operation.

Senator Feldman's SB 0143 would: (1) authorize an eligible customer-generator to accrue net excess generation for an indefinite period; (2) require an eligible customer-generator that elects to accrue net excess generation for an indefinite period to forfeit any net excess generation at the time an account is closed; and (3) alter the month used to establish an annual billing cycle for the payment of net excess generation accrued. CCSA seeks two amendments to clarify that the changes to the accrual of net excess generation implemented by SB 0143 also apply to the subscribers to community solar energy generating systems, with indefinite rollover of credits the default option. See the attached amendments for the bill.

With these amendments, CCSA supports the passage of SB 0143. We look forward to working with Chair Feldman, members of the committee, and all interested parties to achieve this technical fix in a manner that includes all solar segments who are active in achieving the state's clean energy goals.

Sincerely,

Charlie Coggeshall, Mid-Atlantic Director, CCSA
charlie@communitysolaraccess.org



CCSA

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**Coalition for Community Solar Access
Proposed Amendment to SB 0143**

AMENDMENT NO. 1

On page 4, after line 21, insert the following: “SECTION 2. AND BE IT FURTHER ENACTED, That the provisions of this Act shall also apply to subscribers to community solar energy generating systems authorized under Public Utilities Article § 7-306.2, except that each subscriber shall by default accrue net excess generation for an indefinite period under Public Utilities Article § 7-306(f)(5)(i)2 unless the subscriber elects to accrue net excess generation for a period not to exceed 12 months under Public Utilities Article § 7-306(f)(5)(i)1.”.

AMENDMENT NO. 2

On page 4, in line 22, strike “2” and substitute “3”.

Explanation: The purpose of this amendment is to clarify that the changes to the accrual of net excess generation implemented by SB143 also apply to the subscribers to community solar energy generating systems, with indefinite rollover of credits the default option.

FINAL - Opposition Letter SB 143.pdf

Uploaded by: Kim Mayhew

Position: UNF

OPPOSE – Senate Bill 0143

**SB0143 – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)
Education, Energy, and the Environment Committee
Tuesday, February 21, 2023**

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 280,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Unfavorable

Potomac Edison / FirstEnergy **opposes Senate Bill 0143 – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)**. SB0143 would authorize eligible customer-generators to accrue net excess generation for an indefinite period; forfeit any net excess generation at the time an account is closed; and alter the month used for the payment of net excess generation accrued.

Potomac Edison / FirstEnergy requests an Unfavorable report on SB 0143 for the following reasons.

Allowing customer-generators to accrue net excess generation indefinitely could lead to the further subsidization of Net Energy Metered customers by all the other customers on our distribution system. Parts of this bill could create a transference of wealth from customers who do not have or cannot afford a Solar Energy System (or another form of generation) to those that can afford a system.

Moving the billing cycle from April to August means there is a greater likelihood there will be more kWh's left in excess on net energy metered customers' accounts. These excess kWh's will translate into more frequent and larger payouts by electric distribution companies to many net energy metered customers. These payouts are eventually paid for by all the other customers on our distribution system.

In addition, SB0143 calculates net excess generation payouts at the "generation or commodity rate" – often the rate which the customer agreed to with their competitive energy supplier (not their electric distribution company). Payouts at this rate would require electric distribution companies to pay back rates they did not calculate, nor negotiate -- and these rates may be significantly above Standard Offer Service rates. For example, a customer could sign-up for a generation supply rate that is 2-3 times higher (or more) than the Standard Offer Service rate, and then Potomac Edison would need to pay them back at that higher kWh-rate when they cashed out. If this bill were to progress, we suggest the language be changed to payout the applicant at the "Standard Offer Service rate" for any accounts in question. Using "Standard Offer Service or default pricing" to calculate the payout for shopping customers versus "commodity - supplier pricing" seems more equitable.

SB0143 also does not indicate how a customer would declare their choice of accrual method, either annual or indefinite, to use when signing up for Net Energy Metering. Provisions are also needed to address whether customers are allowed to "flip" between the annual and indefinite option. Limits on how many times a customer is permitted to "flip" needs defined, as this could become a customer-accounting struggle to manage.

Regulation over companies that distribute electricity already impose extremely strict accounting regarding customer billing. Updating these systems to implement the changes contemplated in this bill will take time and will result in additional costs for customers.

For the above reasons, and to avoid other negative unintended consequences these changes could have on customers, Potomac Edison / FirstEnergy respectfully request an **Unfavorable** report on Senate Bill 0143.

2023 INF PHI SB143.pdf

Uploaded by: Anne Klase

Position: INFO



February 18, 2023

112 West Street
Annapolis, MD 21401

**Letter of Information – Senate Bill 143- Electricity – Net Energy Metering – Accrual of Net Excess Generation
(Net Metering Flexibility Act)**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully submit this letter of information on Senate Bill 143- Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act). Senate Bill 143 makes changes to net energy metering (NEM) and related eligible customer-generators, with respect to the accrual of net excess generation. Specifically, Senate Bill 143 seeks to add language which provides that an eligible customer-generator may have the ability to accrue net excess generation for an indefinite period of time. The legislation also changes the billing cycle month, from April to August, when customer-generators' accrual of net excess generation would reset, if they elect to accrue net excess generation for no more than 12 months.

Currently, Pepco and Delmarva Power customers who generate their own electricity receive bill credits for any excess power generation. Using a special net-capable meter, Pepco and Delmarva Power measure the difference between energy used from the grid and any power generated from a solar panel system. If panels generate more electricity than is used in a month, the excess is carried over onto the customers next month's bill as credits. 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, Pepco and Delmarva Power must pay to each eligible customer-generator the dollar value for any accrued net excess generation remaining. This legislation would move that "pay out" date from April to August and authorize an eligible customer-generator to elect to accrue net excess generation for an indefinite period, instead of only for a 12-month period.

Pepco and Delmarva Power remain committed to finding new energy efficient solutions, enhancing service reliability, fostering clean energy choices, and customizing energy options for our customer, while maintaining affordability. As currently written, Pepco and Delmarva Power have concerns as to how some of the provisions of the legislation would be implemented from a billing and IT standpoint and the timing for when those provisions can be implemented. While we continue to provide options for customers, we remain mindful of the costs associated with those options. We have shared our concerns and clarifying questions with the bill sponsors and look forward to continuing the productive conversations.

Pepco and Delmarva Power understand that Senate Bill 142 is well-intentioned and if the Committee is inclined to pursue this legislation, we respectfully ask to continue conversations with the bill sponsor as to how we can address our concerns.

Contact:

Anne Klase
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Katie Lanzarotto
Senior Legislative Specialist
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BGE- EEE-INFO-SB143 -Electricity – Net Energy Mete

Uploaded by: Dytonia "Dy" Reed, Esq.

Position: INFO



AN EXELON COMPANY

Position Statement

Informational
Education, Energy & Environment
2/21/2023

Senate Bill 143 -Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)

Baltimore Gas and Electric Company (BGE) appreciates this opportunity to provide informational comments on Senate Bill 143 -*Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)*. Senate Bill 143 amends PUA §7-306 by adding (1) language to allow an eligible customer-generator the ability to accrue net excess generation for an indefinite period; and (2) changes the billing cycle month, from April to August, when customer-generators' accrual of net excess generation would reset if an eligible customer elected to accrue net excess generation for no more than 12 months.

While BGE remains dedicated to supporting the state's decarbonization goals and efforts to promote renewable energy sources, we are concerned the implementation of the bill will impact our ability to continue providing a superior service to our customers. In particular, the program established in the bill would start in the Fall of 2024, which does not provide sufficient time to make the necessary operational and system changes to execute the requirements of the bill. Furthermore, Senate Bill 143 will require significant modifications to our existing billing system. These modifications include altering the bill system logic, communicating customer facing notices, and disclosures, and designing opt-in/out functionality, etc. A high-level estimate of the cost to change our system is \$2 million.

Despite the company's support of incentivizing our customers to adopt renewable energy options, BGE has reservations related to the bill as proposed. We have shared those additional concerns with the bill sponsor, and we look forward to continuing conversations with the sponsor to address those concerns.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship, and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's leading competitive energy provider.

Charles Washington | John Quinn 410.269.5281

SB 143 INFO_PSC_Stanek.pdf

Uploaded by: Jason Stanek

Position: INFO

STATE OF MARYLAND



OFFICE OF THE CHAIRMAN

JASON M. STANEK

PUBLIC SERVICE COMMISSION

February 21, 2023

Chair Brian J. Feldman
Education, Energy, and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: INFORMATION – SB 143 – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)

Dear Chair Feldman and Committee Members:

Senate Bill 143 amends PUA §7-306 and makes changes to net energy metering and related eligible customer-generators, with respect to the accrual of net excess generation. The Maryland Public Service Commission oversees the status and general administration of Maryland's net energy metering program.

Specifically, SB 143 seeks to change the processes for net energy metering eligible customer-generators related to net excess generation in two main areas: (1) adds language, which provides that an eligible customer-generator may have the ability to accrue net excess generation for an indefinite period of time, and (2) changes the billing cycle month, from April to August, when customer-generators' accrual of net excess generation would reset, if they elect to accrue net excess generation for no more than 12 months.

The first change, adding language to give customer-generators the option to accrue net excess generation indefinitely, raises a few concerns. If customer-generators choose this option and accrue excess generation indefinitely, it could lead to an increase in the subsidization for net metering customers. For these customers, there is a possibility that they would only be required to pay the flat customer charge of their utility bill indefinitely (due to their net metering generation covering most or all of their usage), and this would lead to these customers being subsidized by all other customers, because all other customer costs and rates would increase in order to cover the costs for the net metering customer who only pays a small flat monthly fee. SB 143 also does not specify the calculation methodology used to determine the amount of excess generation payment to be paid out to customers that choose to accrue generation indefinitely. The current process for calculating net excess generation payments utilizes the average commodity rate over the past 12-month period, and using this methodology for customer-generators that accrue excess generation indefinitely could lead to further subsidization of net metering customers. This is based on the scenario that a customer could accrue generation for many years, and understanding that prices are expected to increase over

time, choose to receive a payment for excess generation, thus increasing the value of the payment even though the excess generation was not produced during the time period in which the credit was paid and would not create an additional value to support the increased payment. Additionally, allowing customers the ability to accrue excess generation indefinitely could create issues for the Utilities' systems by requiring utilities to track this data in perpetuity. The cost of updates to the utilities' systems would be borne by all ratepayers.

The second change of moving the billing cycle month from April to August, when customer-generators' accrual of net excess generation would reset (if they choose to accrue net excess generation for 12 months) could have various customer impacts and negative effects. In the current paradigm, Customers may accrue excess generation over the spring and fall, which can be used to offset higher usage during summer and winter. However, if the beginning of the net metering year is changed to August, customers will have less time to build up an excess balance to offset summer and winter usage, which will lead to higher overall costs for customer-generators. This higher overall cost for customer generators is because accrued excess generation is more valuable than the dollar-credited excess generation that is paid out at the end of the billing cycle.¹

Another concern related to SB 143 revolves around the logistical problem of how a customer would inform the utility regarding their chosen schedule for accrued excess generation: either the 12-month billing cycle for accrued excess generation, or the ability to accrue net excess generation indefinitely. Currently, no such process exists for notification, or for switching from one excess generation schedule to the other.

Furthermore, the Committee may wish to consider the language regarding the calculation of the dollar value of the net excess generation for customers who choose to accrue net excess generation for no more than 12 months. The language provides that 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 community choice aggregator or the electricity supplier. This could create an issue for utilities, as they would be required to pay an excess generation payment to a customer based on a commodity rate that the utility did not calculate or anticipate. The unaccounted-for payment from the utilities could also result in utility billing system changes; the cost of these changes would be borne by all ratepayers.

I appreciate the opportunity to provide information on SB 143. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,



Jason M. Stanek
Chairman

¹ Accrued excess generation is typically more valuable than dollar-credited excess generation because it is shown simply as a reduction in kWh usage on a customer's bill, which in turn reduces both the distribution and commodity portion of their bill. Dollar-credited excess generation, on the other hand, is paid as the value of the commodity portion of the rate that the customer would have been charged by the utility or electric supplier over the previous 12-month period.

SB0143(HB0068) - LOI - State Finance and Procurement

Uploaded by: Landon Fahrig

Position: INFO



TO: Members, Senate Education, Energy, and the Environment Committee
FROM: Paul Pinsky Director, MEA
SUBJECT: SB 143 - Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)
DATE: February 21, 2023

MEA Position: Letter of Information

Senate Bill 143 Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act) aims to allow greater flexibility for electricity customers that utilize net metering. The changes to net metering may inadvertently burden customers, and reduce the overall benefit of net metering.

Under the Maryland net metering regime, a utility ratepayer that installs qualifying generation assets (e.g. a rooftop solar photovoltaic system) is considered a “qualified customer-generator”. Customer-generators’ monthly electric utility bills are reduced by a dollar amount equal to the full retail value of the electricity they generate (including both the commodity price of the energy *and* the price of delivering electricity). If the customer-generator produces more energy than they consume, that “net excess generation” is carried forward to the next month as a credit.

Currently, credits accumulated through net excess generation are subject to an annual true-up, whereby, on an annual basis, the customer is paid the cash value of *only* the commodity portion of the excess generation. This ensures that customer-generators receive some value for unused excess generation credits and it also creates an annual starting point for all customer-generators to begin accumulating generation credits.

The change of the true-up date from April to August reduces the benefit to the customer-generator by minimizing the generation credits available to be used by the customer-generator when they are most needed (fall and winter), and by maximizing the amount of credits that will be paid out in cash at the lower, commodity rate, rather credited at the higher, full retail rate.

The current requirement that the annual true-up occur before 30 days after the billing cycle that is complete immediately prior to the end of April is not arbitrary. Beginning the annual cycle of net excess generation credits in spring maximizes the opportunity for owners of solar generation assets to accumulate credits when the angle of incidence and solar generation capacity factors are at their peak. **The selection of April helps ensure that customer-generators will have accumulated credits prior to the winter months where solar**

generation output is limited, and a lesser portion of the customer-generator's electricity bill will be offset by net-metering. This approach means, if a customer-generator's generation assets are sized optimally, that the customer-generator can avoid the economic liability of a monthly volumetric electricity charges entirely and in perpetuity.

The Maryland Energy Administration requests that the Committee consider the forgoing prior to rendering its report.