

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.