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By: **Delegates Stull, Aumann, Bartlett, Barve, Bobo, Bohanan, Boschert, Boteler, Boutin, Bozman, Bronrott, Cane, G. Clagett, V. Clagett, Cluster, Conway, Costa, Dwyer, Eckardt, Edwards, Elliott, Elmore, Frush, Gilleland, Glassman, Haddaway, Hogan, Holmes, Hurson, Impallaria, Jennings, Kach, Kelly, Krebs, Leopold, Levy, McConkey, McIntosh, McKee, Miller, Minnick, Montgomery, Myers, O'Donnell, Parker, Petzold, Rudolph, Shank, Shewell, Smigiel, Sossi, Stern, Stocksdale, Weir, Weldon, and Wood**

Introduced and read first time: February 11, 2005

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2005

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Electric Companies - Net Energy Metering - Biomass Electric Generating**  
 3 **Facilities**

4 FOR the purpose of altering the provisions of law concerning net energy metering to  
 5 include eligible customers who own certain biomass electric generating  
 6 facilities; increasing the maximum allowable kilowatt capacity of certain  
 7 electrical generating facilities used by net energy metering; providing that  
 8 certain electric generating facilities may only be used for net metering if the  
 9 Public Service Commission makes a certain finding; requiring biomass electric  
 10 generating systems used by eligible customers to meet certain safety and  
 11 performance standards; prohibiting an electric company from requiring eligible  
 12 customers who own and operate biomass electric generating facilities to meet  
 13 certain additional requirements; defining a certain term; making stylistic  
 14 changes; and generally relating to net energy metering and biomass electric  
 15 generating facilities.

16 BY repealing and reenacting, with amendments,  
 17 Article - Public Utility Companies  
 18 Section 7-306  
 19 Annotated Code of Maryland

1 (1998 Volume and 2004 Supplement)

2 BY repealing and reenacting, without amendments,

3 Article - Public Utility Companies

4 Section 7-701(a) and (h)

5 Annotated Code of Maryland

6 (1998 Volume and 2004 Supplement)

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

9 **Article - Public Utility Companies**

10 7-306.

11 (a) (1) In this section the following words have the meanings indicated.

12 (2) "BIOMASS" MEANS "QUALIFIED BIOMASS" AS DEFINED IN § 7-701 OF  
13 THIS TITLE.

14 (3) "Eligible customer-generator" means a customer that owns and  
15 operates a BIOMASS, solar [electrical generating facility], or [a] wind electric  
16 generating facility that:

17 (i) ~~has a capacity of not more than [80] 1,000 kilowatts;~~

18 (ii) is located on the customer's premises;

19 (iii) (II) is interconnected and operated in parallel with an electric  
20 company's transmission and distribution facilities; and

21 (iv) (III) is intended primarily to offset all or part of the customer's  
22 own electricity requirements.

23 [(3)] (4) "Net energy metering" means measurement of the difference  
24 between the electricity that is supplied by an electric company and the electricity that  
25 is generated by an eligible customer-generator and fed back to the electric company  
26 over the eligible customer-generator's billing period.

27 (b) The General Assembly finds and declares that a program to provide net  
28 energy metering for eligible customer-generators is a means to encourage private  
29 investment in renewable energy resources, stimulate in-State economic growth,  
30 enhance continued diversification of the State's energy resource mix, and reduce costs  
31 of interconnection and administration.

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

1 (d) The Commission shall require electric utilities to develop a standard  
2 contract or tariff for net energy metering and make it available to eligible  
3 customer-generators on a first-come, first-served basis until the rated generating  
4 capacity owned and operated by eligible customer-generators in the State reaches  
5 34.722 megawatts, 0.2% of the State's adjusted peak-load forecast for 1998.

6 (e) (1) A net energy metering contract or tariff shall be identical, in energy  
7 rates, rate structure, and monthly charges, to the contract or tariff that the customer  
8 would be assigned if the customer were not an eligible customer-generator.

9 (2) (i) A net energy metering contract or tariff may not include charges  
10 that would raise the eligible customer-generator's minimum monthly charge above  
11 that of customers of the rate class to which the eligible customer-generator would  
12 otherwise be assigned.

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

15 (f) The electric company shall calculate net energy metering, subject to the  
16 following:

17 (1) net energy produced or consumed on a monthly basis shall be  
18 measured in accordance with standard metering practices;

19 (2) if electricity supplied by the grid exceeds electricity generated by the  
20 eligible customer-generator during a month, the eligible customer-generator shall be  
21 billed for the net energy supplied in accordance with subsection (e) of this section; and

22 (3) if electricity generated by the eligible customer-generator exceeds  
23 the electricity supplied by the grid, the eligible customer-generator shall be required  
24 to pay only customer charges for that month in accordance with subsection (e) of this  
25 section.

26 (g) (1) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
27 PARAGRAPH, THE GENERATING CAPACITY OF AN ELECTRIC GENERATING SYSTEM  
28 USED BY AN ELIGIBLE CUSTOMER-GENERATOR FOR NET METERING MAY NOT  
29 EXCEED 200 KILOWATTS.

30 (II) 1. AN ELIGIBLE CUSTOMER-GENERATOR MAY PETITION THE  
31 COMMISSION TO USE AN ELECTRIC GENERATING SYSTEM WITH A CAPACITY NOT  
32 EXCEEDING 500 KILOWATTS.

33 2. THE COMMISSION MAY APPROVE A PETITION FOR USE OF  
34 AN ELECTRIC GENERATING SYSTEM WITH A CAPACITY NOT EXCEEDING 500  
35 KILOWATTS FOR NET METERING IF THE COMMISSION FINDS THAT THE PROJECT  
36 MEETS PUBLIC SAFETY AND RELIABILITY REQUIREMENTS AND IS IN THE PUBLIC  
37 INTEREST.

38 (2) A BIOMASS, ~~[solar electric generating system]~~ SOLAR, or a wind AN  
39 electric generating system used by an eligible customer-generator FOR NET

1 METERING shall meet all applicable safety and performance standards established by  
 2 the National Electrical Code, the Institute of Electrical and Electronics Engineers,  
 3 and Underwriters Laboratories.

4 ~~(2)~~ (3) The Commission may adopt by regulation additional control  
 5 and testing requirements for eligible customer-generators that the Commission  
 6 determines are necessary to protect public safety and system reliability.

7 ~~(3)~~ (4) An electric company may not require an eligible  
 8 customer-generator whose ~~BIOMASS, [solar electric generating system] SOLAR, or~~  
 9 ~~wind~~ electric generating system meets the standards of paragraphs ~~(1) and (2)~~ (2) AND  
 10 (3) of this subsection to:

- 11 (i) install additional controls;
- 12 (ii) perform or pay for additional tests; or
- 13 (iii) purchase additional liability insurance.

14 7-701.

15 (a) In this subtitle the following words have the meanings indicated.

16 (h) (1) "Qualifying biomass" means a nonhazardous, organic material that is  
 17 available on a renewable or recurring basis, and is:

18 (i) waste material that is segregated from inorganic waste  
 19 material and is derived from sources including:

- 20 1. except for old growth timber, any of the following  
 21 forest-related resources:
  - 22 A. mill residue, except sawdust and wood shavings;
  - 23 B. precommercial soft wood thinning;
  - 24 C. slash;
  - 25 D. brush; or
  - 26 E. yard waste;
- 27 2. a pallet, crate, or dunnage;
- 28 3. agricultural and silvicultural sources, including tree crops,  
 29 vineyard materials, grain, legumes, sugar, and other crop by-products or residues; or
- 30 4. gas produced from the anaerobic decomposition of animal  
 31 waste or poultry waste; or

1                   (ii)     a plant that is cultivated exclusively for purposes of being used  
2 at a Tier 1 renewable source or a Tier 2 renewable source to produce electricity.

3                   (2)     "Qualifying biomass" includes biomass listed in paragraph (1) of this  
4 section that is used for co-firing, subject to § 7-704(e) of this subtitle.

5                   (3)     "Qualifying biomass" does not include:

6                   (i)     unsegregated solid waste or postconsumer wastepaper; or

7                   (ii)    an invasive exotic plant species.

8     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 2005.