

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1331

(Delegate Stull, *et al.*)

Economic Matters

Finance

Electric Companies - Net Energy Metering - Biomass Electric Generating
Facilities

This bill adds biomass electric generating facilities to the systems eligible for net energy metering. It also increases the eligible generating capacity for all net energy metering systems from 80 to 200 kilowatts, or up to 500 kilowatts on petition to the Public Service Commission (PSC).

Fiscal Summary

State Effect: The bill's changes could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential minimal.

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 a customer's generator and fed back to the electric company. The customer is then given credit for the electricity it generates on its monthly bill from the electric company. To be eligible a customer-generator must own and operate a solar or wind electrical generating facility that:

- has a capacity of not more than 80 kilowatts;
- is located on the customer's premises;

- is interconnected and operated in parallel with an electric company's transmission and distribution facilities; and
- is intended primarily to offset all or part of the customer's own electricity requirements.

The generating system must meet all applicable safety and performance standards of the National Electric Code, the Institute of Electric and Electronics Engineers, and the Underwriters Laboratories.

Background: Chapter 484 of 1997 established solar net energy metering to: (1) encourage private investment in renewable energy resources; (2) stimulate in-state economic growth; (3) enhance continued diversification of the State's energy resource mix; and (4) reduce costs of interconnection and administration. While the rated generating capacity for the program is capped in statute at 34.722 megawatts, PSC reports that the program generates substantially less than one megawatt annually in the State. Chapter 542 of 2004 added wind generators as being eligible for the program.

Used as fuel in direct combustion power plants to produce electricity, biomass consists of organic residues from plants and animals that are obtained primarily from harvesting and processing agricultural and forestry crops. Examples of biomass residues utilized in direct combustion power plants are: forest slash, urban wood waste, lumber waste, and agricultural wastes.

The U.S. Department of Environment estimates that 2.9 billion kilowatts per hour of electricity could be generated using renewable biomass fuels in Maryland. This is enough electricity to fully supply the annual needs of 285,000 average homes, or 14% of the residential electricity use in Maryland. These biomass resource supply figures are based on estimates for five general categories of biomass: urban residues, mill residues, forest residues, agricultural residues, and energy crops. Of these potential biomass supplies, most forest residues, agricultural residues, and energy crops are not presently economic for energy use. New tax credits or incentives, increased monetary valuation of environmental benefits, or sustained high prices for fossil fuels, could make these fuel sources more economic in the future.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Energy Administration, Public Service Commission,
Office of People's Counsel, Department of Legislative Services

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