

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1553
Economic Matters

(Delegate Walkup, *et al.*)

**Electric Companies - Net Energy Metering - Accrual of Generated Electricity -
Crediting to Customer's Account**

This bill allows a customer-generator of electricity for solar or wind power (net-metered energy) to accrue generation credit for a period not to exceed 12 months. When the accrued credit has not been used within the 12-month period, the utility must credit any surplus energy generated, on the basis of the average avoided cost of electric generation, to the customer's account.

Fiscal Summary

State Effect: The bill would not directly affect governmental operations or finances.

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; however, the company is not required to provide the customer a credit if the customer's electric generation exceeds usage. 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.

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, the Public Service Commission reports that the program generates substantially less than one megawatt annually in the State. Chapter 542 of 2004 added wind generators to the program.

Additional Comments: This bill could encourage customers to install as large a generating system as allowed by law, without the risk of losing any excess monthly energy generated.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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ncs/jr

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