
By: **Delegates Walkup, Bozman, Eckardt, Haddaway, and Rudolph Rudolph, Holmes, Doory, Jameson, Krysiak, McHale, Miller, Minnick, Moe, Parrott, Trueschler, and Wood**

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Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2006

CHAPTER _____

1 AN ACT concerning

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

4 FOR the purpose of allowing customer-generators that own and operate or lease and
5 operate certain solar, biomass, or wind electric generating facilities and that
6 have a net energy metering contract with an electric company to accrue
7 electricity generation credit for a certain period; requiring the electric company
8 to carry forward a negative kilowatts per hour reading ~~until the~~
9 ~~customer generator begins to consume electricity from the grid~~ for a certain
10 period under certain circumstances; requiring any surplus energy generated
11 during the period in which the customer generator accrued generation credit to
12 be credited to the account of the customer generator in a certain manner and
13 during a certain period of time altering the definition of eligible
14 customer-generator to include certain customers that lease and operate certain
15 generating facilities; authorizing the Public Service Commission to require
16 certain customer-generators whose facilities are sized to produce energy in
17 excess of a certain annual energy consumption to install a certain dual meter;
18 requiring the Commission to develop a certain credit formula for certain
19 customer-generators whose facilities are sized to produce energy in excess of a
20 certain annual energy consumption; and generally relating to net energy
21 metering and the electricity generated by the use of solar, biomass, or wind
22 electric generating facilities.

23 BY repealing and reenacting, with amendments,

24 Article - Public Utility Companies

25 Section 7-306

1 Annotated Code of Maryland
2 (1998 Volume and 2005 Supplement)

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

5 **Article - Public Utility Companies**

6 7-306.

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

8 (2) "Biomass" means "qualified biomass" as defined in § 7-701 of this
9 title.

10 (3) "Eligible customer-generator" means a customer that owns and
11 operates OR LEASES AND OPERATES a biomass, solar, or wind electric generating
12 facility that:

13 (i) is located on the customer's premises;

14 (ii) is interconnected and operated in parallel with an electric
15 company's transmission and distribution facilities; and

16 (iii) is intended primarily to offset all or part of the customer's own
17 electricity requirements.

18 (4) "Net energy metering" means measurement of the difference between
19 the electricity that is supplied by an electric company and the electricity that is
20 generated by an eligible customer-generator and fed back to the electric company
21 over the eligible customer-generator's billing period.

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

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

30 (d) The Commission shall require electric utilities to develop a standard
31 contract or tariff for net energy metering and make it available to eligible
32 customer-generators on a first-come, first-served basis until the rated generating
33 capacity owned and operated by eligible customer-generators in the State reaches
34 34,722 megawatts, 0.2% of the State's adjusted peak-load forecast for 1998.

35 (e) (1) A EXCEPT AS PROVIDED IN SUBSECTION (G) OF THIS SECTION, A net
36 energy metering contract or tariff shall be identical, in energy rates, rate structure,

1 and monthly charges, to the contract or tariff that the customer would be assigned if
2 the customer were not an eligible customer-generator.

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

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

9 (f) (1) The electric company shall calculate net energy metering[, subject to
10 the following:] IN ACCORDANCE WITH THIS SUBSECTION.

11 [(1)] (2) [net] NET energy produced or consumed on a monthly basis
12 shall be measured in accordance with standard metering practices[;].

13 [(2)] (3) [if] IF electricity supplied by the grid exceeds electricity
14 generated by the eligible customer-generator during a month, the eligible
15 customer-generator shall be billed for the net energy supplied in accordance with
16 subsection (e) of this section[; and].

17 [(3)] (4) [if] IF electricity generated by the eligible customer-generator
18 exceeds the electricity supplied by the grid, the eligible customer-generator shall be
19 required to pay only customer charges for that month in accordance with subsection
20 (e) of this section.

21 (5) (I) A AN ELIGIBLE CUSTOMER-GENERATOR UNDER PARAGRAPH (4)
22 OF THIS SUBSECTION MAY ACCRUE GENERATION CREDIT FOR A PERIOD NOT TO
23 EXCEED 12 MONTHS.

24 (II) THE ELECTRIC COMPANY SHALL CARRY FORWARD A NEGATIVE
25 KILOWATTS PER HOUR KILOWATT-HOUR READING UNTIL THE
26 CUSTOMER-GENERATOR BEGINS TO CONSUME ELECTRICITY FROM THE GRID;

27 1. THE ELIGIBLE CUSTOMER-GENERATOR'S CONSUMPTION
28 OF ELECTRICITY FROM THE GRID ELIMINATES THE CREDIT; OR

29 2. THE 12-MONTH ACCRUAL PERIOD UNDER
30 SUBPARAGRAPH (I) OF THIS PARAGRAPH EXPIRES.

31 ~~(III) ANY SURPLUS ENERGY GENERATED DURING THE PERIOD IN~~
32 ~~WHICH THE CUSTOMER-GENERATOR ACCRUED GENERATION CREDIT UNDER~~
33 ~~SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE CREDITED, ON THE BASIS OF THE~~
34 ~~AVERAGE AVOIDED COST OF ELECTRICITY GENERATION, TO THE ACCOUNT OF THE~~
35 ~~CUSTOMER-GENERATOR BEFORE A NEW 12-MONTH PERIOD BEGINS.~~

36 (G) FOR AN ELIGIBLE CUSTOMER-GENERATOR WHOSE FACILITY IS SIZED TO
37 PRODUCE ENERGY IN EXCESS OF THE ELIGIBLE CUSTOMER-GENERATOR'S ANNUAL
38 ENERGY CONSUMPTION, THE COMMISSION:

1 (1) MAY REQUIRE THE ELIGIBLE CUSTOMER-GENERATOR TO INSTALL A
2 DUAL METER THAT IS CAPABLE OF MEASURING THE FLOW OF ELECTRICITY IN TWO
3 DIRECTIONS; AND

4 (2) SHALL DEVELOP A CREDIT FORMULA THAT:

5 (I) EXCLUDES RECOVERY OF TRANSMISSION AND DISTRIBUTION
6 COSTS; AND

7 (II) PROVIDES THAT THE CREDIT MAY BE CALCULATED USING A
8 METHOD OTHER THAN A KILOWATT-HOUR BASIS, INCLUDING A METHOD THAT
9 ALLOWS A DOLLAR FOR DOLLAR OFFSET OF ELECTRICITY SUPPLIED BY THE GRID
10 COMPARED TO ELECTRICITY GENERATED BY THE ELIGIBLE
11 CUSTOMER-GENERATOR.

12 ~~(g)~~ (H) (1) (i) Except as provided in subparagraph (ii) of this paragraph,
13 the generating capacity of an electric generating system used by an eligible
14 customer-generator for net metering may not exceed 200 kilowatts.

15 (ii) 1. An eligible customer-generator may petition the
16 Commission to use an electric generating system with a capacity not exceeding 500
17 kilowatts.

18 2. The Commission may approve a petition for use of an
19 electric generating system with a capacity not exceeding 500 kilowatts for net
20 metering if the Commission finds that the project meets public safety and reliability
21 requirements and is in the public interest.

22 (2) An electric generating system used by an eligible customer-generator
23 for net metering shall meet all applicable safety and performance standards
24 established by the National Electrical Code, the Institute of Electrical and Electronics
25 Engineers, and Underwriters Laboratories.

26 (3) The Commission may adopt by regulation additional control and
27 testing requirements for eligible customer-generators that the Commission
28 determines are necessary to protect public safety and system reliability.

29 (4) An electric company may not require an eligible customer-generator
30 whose electric generating system meets the standards of paragraphs (2) and (3) of this
31 subsection to:

32 (i) install additional controls;

33 (ii) perform or pay for additional tests; or

34 (iii) purchase additional liability insurance.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 October 1, 2006.

