

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1323
Economic Matters

(Delegate Walkup, *et al.*)

Finance

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

This bill allows an eligible customer-generator of electricity from biomass, solar or wind power to accrue generation credit for a period not to exceed 12 months. The electric company must carry forward a negative kilowatt-hour reading until the customer's usage of electricity from the grid eliminates the credit or the 12-month accrual period expires.

For an eligible customer-generator whose facility can produce energy in excess of the customer's annual energy consumption, the Public Service Commission (PSC) may require the installation of a dual meter that is capable of measuring the flow of electricity in two directions. PSC must develop a credit formula that excludes recovery of transmission and distribution costs and provides that the credit may be calculated using a method other than a kilowatt basis. This could include a method that allows dollar for dollar offset of electricity supplied by the grid compared to electricity generated by the customer.

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 an eligible customer-generator and fed back to the electric company over the billing period. An “eligible customer-generator” means a customer that owns and operates or leases and operates a biomass, solar, or wind electrical generating facility that: • 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.

An eligible customer is given credit for the electricity it generates on its monthly bill from the electric company and is billed for the net energy supplied by the electric company. However, the electric company is not required to provide the customer a credit if the customer’s electric generation exceeds the electricity supplied by the grid. In this case, the customer is only required to pay customer charges for that month.

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 to the program and Chapter 266 of 2005 added biomass generators.

Additional Information

Prior Introductions: HB 1553 of 2005, an identical bill, was heard in the Economic Matters Committee but no further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - March 8, 2006
mll/jr Revised - House Third Reader - March 24, 2006

Analysis by: Karen S. Benton

Direct Inquiries to:
(410) 946-5510
(301) 970-5510