

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE

House Bill 309  
Economic Matters

(The Speaker, *et al.*) (By Request – Administration)

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Public Utility Companies - Net Energy Metering

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This Administration bill allows an eligible customer-generator of electricity from biomass, solar, or wind power to carry over any excess energy generated in a month as a credit against billings for net energy supplied over the next 12-month period. The bill also increases the authorized generating capacity used by an eligible customer-generator from 200 to 500 kilowatts.

The bill is effective July 1, 2006.

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Fiscal Summary

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

**Local Effect:** None.

**Small Business Effect:** A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available.

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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 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.

The maximum capacity of an electric generating system used for net metering may not exceed 200 kilowatts unless a petition to increase that, not to exceed 500 kilowatts, is filed with and granted by the Public Service Commission.

**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 and Chapter 266 of 2005 added biomass generators.

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### Additional Information

**Prior Introductions:** HB 1553 of 2005, a similar bill, was heard in the House but no further action was taken.

**Cross File:** SB 221 (The President, *et al.*) (By Request – Administration) – Finance.

**Information Source(s):** Maryland Energy Administration, Public Service Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - February 2, 2006  
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