

HOUSE BILL 1340

C5
HB 858/07 – ECM

8lr2229

By: **Delegates Boteler, Aumann, George, Kach, McDonough, and Shewell**
Introduced and read first time: February 8, 2008
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Energy Companies – Net Energy Metering**

3 FOR the purpose of removing a certain limitation on the number of eligible
4 customer–generators that may enter into a net energy metering contract or
5 tariff; requiring a certain net energy metering contract or tariff to require a
6 certain electric company to purchase all excess energy generated by a certain
7 customer–generator during each monthly cycle; repealing a limitation on the
8 period of time that a certain customer–generator may accrue certain generation
9 credit; repealing a limitation on the time that a certain electric company shall
10 carry forward a certain generation credit or negative kilowatt–hour reading;
11 repealing a provision relating to the reversion of certain generation credit to a
12 certain electric company; requiring the amount of generation credit that a
13 certain electric company credits to a certain customer–generator to be at a
14 certain rate; requiring certain generation credit to appear on a
15 customer–generator’s bill in a dollar amount; requiring a certain electric
16 company to reimburse a certain customer–generator for the amount of a certain
17 generation credit under certain circumstances; and generally relating to net
18 energy metering.

19 BY repealing and reenacting, with amendments,
20 Article – Public Utility Companies
21 Section 7–306
22 Annotated Code of Maryland
23 (1998 Volume and 2007 Supplement)

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

26 **Article – Public Utility Companies**

27 7–306.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



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

2 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this
3 title.

4 (3) “Eligible customer–generator” means a customer that owns and
5 operates or leases and operates a biomass, solar, or wind electric generating facility
6 that:

7 (i) is located on the customer’s premises;

8 (ii) is interconnected and operated in parallel with an electric
9 company’s transmission and distribution facilities; and

10 (iii) is intended primarily to offset all or part of the customer’s
11 own electricity requirements.

12 (4) “Net energy metering” means measurement of the difference
13 between the electricity that is supplied by an electric company and the electricity that
14 is generated by an eligible customer–generator and fed back to the electric company
15 over the eligible customer–generator’s billing period.

16 (b) The General Assembly finds and declares that a program to provide net
17 energy metering for eligible customer–generators is a means to encourage private
18 investment in renewable energy resources, stimulate in–State economic growth,
19 enhance continued diversification of the State’s energy resource mix, and reduce costs
20 of interconnection and administration.

21 (c) An electric company serving an eligible customer–generator shall ensure
22 that the meter installed for net energy metering is capable of measuring the flow of
23 electricity in two directions.

24 (d) The Commission shall require electric utilities to develop a standard
25 contract or tariff for net energy metering and make it available to eligible
26 customer–generators [on a first–come, first–served basis until the rated generating
27 capacity owned and operated by eligible customer–generators in the State reaches
28 1,500 megawatts].

29 (e) (1) Except as provided in subsection (g) of this section, a net energy
30 metering contract or tariff shall be identical, in energy rates, rate structure, and
31 monthly charges, to the contract or tariff that the customer would be assigned if the
32 customer were not an eligible customer–generator.

33 (2) (i) A net energy metering contract or tariff may not include
34 charges that would raise the eligible customer–generator’s minimum monthly charge

1 above that of customers of the rate class to which the eligible customer-generator
2 would otherwise be assigned.

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

6 **(3) A NET ENERGY METERING CONTRACT OR TARIFF SHALL**
7 **PROVIDE THAT THE ELECTRIC COMPANY SHALL PURCHASE ALL EXCESS ENERGY**
8 **GENERATED BY THE ELIGIBLE CUSTOMER-GENERATOR DURING EACH**
9 **MONTHLY CYCLE.**

10 (f) (1) The electric company shall calculate net energy metering in
11 accordance with this subsection.

12 (2) Net energy produced or consumed on a monthly basis shall be
13 measured in accordance with standard metering practices.

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

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

21 (5) (i) An eligible customer-generator under paragraph (4) of this
22 subsection may accrue generation credit [for a period not to exceed 12 months].

23 (ii) The electric company shall carry forward [a negative
24 kilowatt-hour reading] **THE GENERATION CREDIT** until[:

25 1.] the eligible customer-generator's consumption of
26 electricity from the grid eliminates the credit[; or

27 2. the 12-month accrual period under subparagraph (i)
28 of this paragraph expires].

29 **(III) THE AMOUNT OF THE GENERATION CREDIT THAT THE**
30 **ELECTRIC COMPANY CREDITS TO THE CUSTOMER-GENERATOR FOR THE**
31 **PRODUCTION OF EXCESS ENERGY SHALL BE AT THE SAME RATE AS THE**
32 **STANDARD OFFER SERVICE ELECTRICITY RATE CHARGED BY THE ELECTRIC**
33 **COMPANY TO CUSTOMERS IN THE SAME CLASS AS THE CUSTOMER-GENERATOR**
34 **IN THAT MONTH.**

1 (IV) THE GENERATION CREDIT SHALL APPEAR ON THE
2 CUSTOMER-GENERATOR'S BILL IN A DOLLAR AMOUNT.

3 (V) IF A GENERATION CREDIT REMAINS ON THE
4 CUSTOMER-GENERATOR'S ACCOUNT FOR MORE THAN 24 CONSECUTIVE
5 MONTHS, ON THE WRITTEN REQUEST OF THE CUSTOMER-GENERATOR THE
6 ELECTRIC COMPANY SHALL REIMBURSE THE CUSTOMER-GENERATOR FOR THE
7 AMOUNT OF THE GENERATION CREDIT AND REMOVE THE GENERATION CREDIT
8 FROM THE CUSTOMER'S ACCOUNT.

9 [(6) Any remaining accrued generation credit at the expiration of the
10 12-month accrual period under paragraph (5)(ii)2 of this subsection:

11 (i) shall revert to the electric company; and

12 (ii) may not be recovered by the eligible customer-generator.]

13 (g) (1) For an eligible customer-generator whose facility is sized to
14 produce energy in excess of the eligible customer-generator's annual energy
15 consumption, the Commission:

16 (i) may require the eligible customer-generator to install a dual
17 meter that is capable of measuring the flow of electricity in two directions; and

18 (ii) shall develop a credit formula that:

19 1. excludes recovery of transmission and distribution
20 costs; and

21 2. provides that the credit may be calculated using a
22 method other than a kilowatt-hour basis, including a method that allows a
23 dollar-for-dollar offset of electricity supplied by the grid compared to electricity
24 generated by the eligible customer-generator.

25 (2) In determining whether to require an eligible customer-generator
26 to install a dual meter under paragraph (1)(i) of this subsection, the Commission shall
27 consider the generating capacity of the eligible customer-generator.

28 (h) (1) The generating capacity of an electric generating system used by
29 an eligible customer-generator for net metering may not exceed 2 megawatts.

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

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

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

- 7 (i) install additional controls;
- 8 (ii) perform or pay for additional tests; or
- 9 (iii) purchase additional liability insurance.

10 (5) An eligible customer-generator shall own and have title to all
11 renewable energy attributes or renewable energy credits associated with any
12 electricity produced by its electric generating system.

13 (i) On or before February 1 of each year, the Commission shall report to the
14 General Assembly, in accordance with § 2-1246 of the State Government Article, on
15 the status of the net metering program under this section, including:

16 (1) the amount of capacity of electric generating facilities owned and
17 operated by eligible customer-generators in the State by type of energy resource;

18 (2) based on the need to encourage a diversification of the State's
19 energy resource mix to ensure reliability, whether the rated generating capacity limit
20 in subsection (d) of this section should be altered; and

21 (3) other pertinent information.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2008.