

# HOUSE BILL 1540

C5

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By: **Delegate Bartlett**

Introduced and read first time: March 9, 2009

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Energy Companies – Net Energy Metering**

3 FOR the purpose of repealing a limitation on the period of time that a certain  
4 customer–generator may accrue certain generation credit; repealing a limitation  
5 on the time that a certain electric company is required to carry forward a  
6 generation credit or a negative kilowatt–hour reading; requiring a certain  
7 electric company to carry forward a certain generation credit until certain  
8 events occur; repealing a provision relating to the reversion of a certain  
9 generation credit to a certain electric company; requiring the amount of  
10 generation credit that a certain electric company credits to a certain  
11 customer–generator to be at a certain rate; requiring certain generation credit  
12 to appear on a customer–generator’s bill in a dollar amount; requiring a certain  
13 electric company to reimburse a certain generation credit under certain  
14 circumstances; and generally relating to net energy metering.

15 BY repealing and reenacting, with amendments,  
16 Article – Public Utility Companies  
17 Section 7–306  
18 Annotated Code of Maryland  
19 (2008 Replacement Volume and 2008 Supplement)

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

22 **Article – Public Utility Companies**

23 7–306.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

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

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

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

32                   (2)    (i)    A net energy metering contract or tariff may not include  
33 charges that would raise the eligible customer–generator’s minimum monthly charge  
34 above that of customers of the rate class to which the eligible customer–generator  
35 would otherwise be assigned.

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

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

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

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

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

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

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

19 1. the eligible customer-generator's consumption of  
20 electricity from the grid eliminates the credit; or

21 2. the [12-month accrual period under subparagraph (i)  
22 of this paragraph expires] **ELIGIBLE CUSTOMER-GENERATOR CLOSES THE**  
23 **ACCOUNT.**

24 (iii) **THE AMOUNT OF THE GENERATION CREDIT THAT THE**  
25 **ELECTRIC COMPANY CREDITS TO THE CUSTOMER-GENERATOR FOR THE**  
26 **PRODUCTION OF EXCESS ENERGY SHALL BE AT THE SAME RATE AS THE**  
27 **STANDARD OFFER SERVICE ELECTRICITY RATE CHARGED BY THE ELECTRIC**  
28 **COMPANY TO CUSTOMERS IN THE SAME CLASS AS THE CUSTOMER-GENERATOR**  
29 **IN THAT MONTH.**

30 (iv) **THE GENERATION CREDIT SHALL APPEAR ON THE**  
31 **CUSTOMER-GENERATOR'S BILL IN A DOLLAR AMOUNT.**

32 (v) **IF A GENERATION CREDIT REMAINS ON THE**  
33 **CUSTOMER-GENERATOR'S ACCOUNT FOR MORE THAN 24 CONSECUTIVE**  
34 **MONTHS OR AT THE TIME THE CUSTOMER CLOSSES THE ACCOUNT, ON THE**  
35 **WRITTEN REQUEST OF THE CUSTOMER-GENERATOR, THE ELECTRIC COMPANY**

1 **SHALL REIMBURSE THE CUSTOMER-GENERATOR FOR THE AMOUNT OF THE**  
2 **GENERATION CREDIT AND REMOVE THE GENERATION CREDIT FROM THE**  
3 **CUSTOMER'S ACCOUNT.**

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

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

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

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

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

13 (ii) shall develop a credit formula that:

14 1. excludes recovery of transmission and distribution  
15 costs; and

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

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

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

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

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

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

- 1 (i) install additional controls;
- 2 (ii) perform or pay for additional tests; or
- 3 (iii) purchase additional liability insurance.

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

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

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

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

15 (3) other pertinent information.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2009.