Department of Legislative Services

Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1540 (Delegate Bartlett)
Economic Matters

Energy Companies - Net Energy Metering

This bill alters the net metering program by allowing an eligible customer-generator to carry credits for excess generation until the account is closed. An electric company must place the amount of accrued generation credits on a customer-generator's bill in a dollar amount. If a generation credit remains on the customer-generator's account for more than 24 consecutive months or at the time the customer-generator's account is closed, on the written request of a customer-generator, the electric company must reimburse the customer-generator for the amount of credits accrued. Payment for excess generation credits must be based on the same rate as the standard offer service electricity rate charged by the electric company to customers in the same class as the customer-generator in the month the credit was accrued.

Fiscal Summary

State Effect: The Public Service Commission (PSC) can implement the bill's requirements with existing budgeted resources.

Local Effect: Potential meaningful benefit to certain local governments.

Small Business Effect: Potential meaningful benefit for small businesses eligible for net energy metering.

Analysis

Current Law: An eligible customer-generator may carry forward credits from excess generation, in the form of a negative kilowatt-hour reading, for up to 12 months or until the customer-generator's consumption of electricity from the grid eliminates that credit.

At the expiration of the 12-month accrual period any credits from excess generation revert to the electric company and may not be recovered by the eligible customer-generator.

For an eligible customer-generator whose facility is sized to produce energy in excess of the customer-generator's annual energy consumption, PSC may require the customer-generator to install a dual meter capable of measuring the flow of electricity in two directions and must develop a credit formula that excludes recovery of transmission and distribution costs and provides a dollar-for-dollar offset of electricity supplied by the grid compared to electricity generated by the company.

Net energy metering is defined as 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 eligible customer-generator's billing period. An "eligible customer-generator" is a customer that owns and operates, or leases and operates, a biomass, solar, or wind electric generating facility located on the customer's premises, interconnected and operated in parallel with an electric company's transmission and distribution facilities, and intended primarily to offset all or part of the customer's own electricity requirements. The generating capacity of an eligible customer-generator for net metering may not exceed two megawatts.

Background: Electric companies are required to permit net energy metering for eligible customers; however, utilities implement net energy metering through tariffs that are filed with PSC. These tariffs place terms and conditions on the net metering operations and specify monthly customer charges. These tariffs also include requirements for eligibility which cap the maximum installed size as well as the statewide limit.

Net metering provides an incentive for private investment in renewable energy generation. PSC completes an annual survey to determine the amount of net metering generation in the distribution territory of each electric company. In 2008 the amount of generation has increased from 364 kilowatts to 2,450 kilowatts. This represents only 0.16% of the current statewide limit of 1,500 megawatts for total net energy metering capacity. As shown in **Exhibit 1,** the majority of net metering in the State is from solar generation. Small dispersed generation such as the generation provided by eligible customer-generators provides a meaningful benefit by alleviating congestion in electric transmission lines and increasing the supply of electricity during periods of peak demand.

Exhibit 1
2008 Net Metering Capacity
(Kilowatts)

Electric Utility	Solar	Wind	Biomass	Utility Total
A & N Electric Cooperative	-	-	-	-
Baltimore Gas and Electric Company	302.8	0.8	-	303.6
Choptank Electric Cooperative	21.2	37.2	-	58.4
Delmarva Power and Light Company	85.4	27.7	-	113.1
Easton Utilities	-	-	-	-
Hagerstown Municipal Light Company	1.0	-	-	1.0
Town of Thurmont	-	-	-	-
Town of Berlin	-	-	-	-
Potomac Electric Power Company	713.3	-	-	713.3
Potomac Edison Company	1,035.5	144.9	-	1,180.4
Williamsport Light	-	-	-	-
Southern Maryland Electric Cooperative	83.2	-	-	83.2
Somerset Electric Cooperative	-	-	-	-
Total	**2,242.4**	**210.6**	**-**	**2,453.0**

Source: Public Service Commission

Local Fiscal Effect: A number of public schools in the State have investigated installing small wind-powered electricity generation. Units of local government that install renewable electricity generation and become eligible customer-generators stand to benefit from allowing credits from excess generation to accrue for greater than 12 months and from payment received for these credits.

Small Business Effect: Small businesses that are eligible customer-generators and produce more energy than consumed annually stand to receive a meaningful benefit from allowing these credits to accrue for more than 12 months and from payment received for these credits. Furthermore, providing an additional monetary benefit for an eligible customer-generator may encourage additional businesses to install qualified generation and to invest in on-site generation with a greater generating capacity.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Energy Administration, Office of People's Counsel, Public Service Commission, Department of Legislative Services

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