

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 981

(Senator Garagiola)

Finance

Economic Matters

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Public Service Companies - Net Energy Metering

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This bill expands eligibility for net energy metering by altering the definition of an eligible customer-generator to include a customer that contracts with a third party to own and operate eligible generation located on the customer's premises or contiguous property.

The bill takes effect July 1, 2009.

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Fiscal Summary

**State Effect:** The bill will not materially affect State finances or operations.

**Local Effect:** Potential meaningful benefit to certain local governments.

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

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Analysis

**Current Law:** 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.

**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 the Public Service Commission (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 2450 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.

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**Exhibit 1**  
**2008 Net Metering Capacity**  
**(Kilowatts)**

<u>Electric Utility</u>	<u>Solar</u>	<u>Wind</u>	<u>Biomass</u>	<u>Utility Total</u>
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	-	-	-	-
<b>Total</b>	<b>2,242.4</b>	<b>210.6</b>	<b>-</b>	<b>2,453.0</b>

Source: Public Service Commission

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**Local Fiscal Effect:** Local governments that become eligible customer-generators stand to benefit from increased eligibility for net energy metering. The bill allows a local government to benefit from net energy metering for generation placed on the local government's premises or contiguous property. This benefit is enhanced by removing the requirement that the local government own and operate, or lease and operate the eligible generation.

**Small Business Effect:** Net energy metering provides a meaningful benefit to eligible small businesses. During times of peak generation, excess electricity produced by a customer-generator is fed into the electric grid and the customer-generator is only charged for the net difference of electricity used each month. The practical effect is that customer-generators are able to use the utility grid as battery storage, so excess energy produced at any given instant can be captured for later use. Small businesses also benefit from net energy metering because net energy metering allows less expensive interconnection with the utility grid.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 16, 2009  
ncs/rhh Revised - Senate Third Reader - March 28, 2009

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