

# HOUSE BILL 801

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By: **Delegates McHale, Bartlett, Hammen, Hecht, and Krysiak**

Introduced and read first time: February 9, 2010

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Electricity – Net Energy Metering – Credits**

3 FOR the purpose of requiring a certain net metering contract or tariff to credit in a  
4 certain manner electricity generated by certain eligible customer–generators  
5 calculated at certain rates under certain circumstances; repealing a limitation  
6 on the period of time that a certain eligible customer–generator may accrue  
7 certain generation credit; repealing a limitation on the time that a certain  
8 electric company is required to carry forward a generation credit or a negative  
9 kilowatt–hour reading; requiring a certain electric company to carry forward a  
10 certain generation credit in a certain manner until certain events occur;  
11 repealing a provision relating to the reversion of a 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 eligible customer–generator to be  
14 calculated at certain rates under certain circumstances; requiring a certain  
15 electric company to reimburse a certain generation credit under certain  
16 circumstances; defining a certain term; and generally relating to net energy  
17 metering and payment for accrued generation credit.

18 BY repealing and reenacting, with amendments,  
19 Article – Public Utility Companies  
20 Section 7–306  
21 Annotated Code of Maryland  
22 (2008 Replacement Volume and 2009 Supplement)

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

25 **Article – Public Utility Companies**

26 7–306.

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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, leases and operates, or contracts with a third party that owns and operates a  
6 biomass, micro combined heat and power, solar, or wind electric generating facility  
7 that:

8 (i) is located on the customer’s premises or contiguous property;

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

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

13 (4) “Micro combined heat and power” means the simultaneous or  
14 sequential production of useful thermal energy and electrical or mechanical power not  
15 exceeding 30 kilowatts.

16 (5) “Net energy metering” means measurement of the difference  
17 between the electricity that is supplied by an electric company and the electricity that  
18 is generated by an eligible customer–generator and fed back to the electric company  
19 over the eligible customer–generator’s billing period.

20 **(6) (I) “SOS WHOLESALE RATE” MEANS THE PORTION OF THE**  
21 **CHARGE FOR ELECTRICITY SUPPLY UNDER STANDARD OFFER SERVICE FOR A**  
22 **CUSTOMER IN A SINGLE RATE CLASS THAT:**

23 **1. REPRESENTS ELECTRICITY AS A COMMODITY; AND**

24 **2. IS CHARGED ON A PRICE PER KILOWATT–HOUR**  
25 **BASIS.**

26 **(II) “SOS WHOLESALE RATE” DOES NOT INCLUDE:**

27 **1. ANY ADMINISTRATIVE OR PROFIT COMPONENT OF**  
28 **A CHARGE FOR STANDARD OFFER SERVICE; OR**

29 **2. OTHER CUSTOMER CHARGES UNDER SUBSECTION**  
30 **(E) OF THIS SECTION.**

31 (b) The General Assembly finds and declares that a program to provide net  
32 energy metering for eligible customer–generators is a means to encourage private

1 investment in renewable energy resources, stimulate in-State economic growth,  
2 enhance continued diversification of the State's energy resource mix, and reduce costs  
3 of interconnection and administration.

4 (c) An electric company serving an eligible customer-generator shall ensure  
5 that the meter installed for net energy metering is capable of measuring the flow of  
6 electricity in two directions.

7 (d) The Commission shall require electric utilities to develop a standard  
8 contract or tariff for net energy metering and make it available to eligible  
9 customer-generators on a first-come, first-served basis until the rated generating  
10 capacity owned and operated by eligible customer-generators in the State reaches  
11 1,500 megawatts.

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

16 **(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**  
17 **A NET METERING CONTRACT OR TARIFF SHALL CREDIT THE EXCESS OF**  
18 **ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR, IF ANY,**  
19 **OVER THE ELECTRICITY THAT THE ELIGIBLE CUSTOMER-GENERATOR**  
20 **CONSUMES DURING A GIVEN BILLING PERIOD AT THE SOS WHOLESALE RATE**  
21 **THAT THE ELECTRIC COMPANY CHARGES TO CUSTOMERS IN THE SAME RATE**  
22 **CLASS AS THE ELIGIBLE CUSTOMER-GENERATOR IN THAT BILLING PERIOD.**

23 **(II) FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT IS**  
24 **SERVED ON A TIME-OF-USE TARIFF, A NET METERING CONTRACT OR TARIFF**  
25 **SHALL CREDIT ELECTRICITY GENERATED BY THE ELIGIBLE**  
26 **CUSTOMER-GENERATOR USING THE APPLICABLE TIME-OF-USE SOS**  
27 **WHOLESALE RATES.**

28 **(III) CREDIT FOR EXCESS GENERATION SHALL BE**  
29 **CALCULATED UNDER THIS PARAGRAPH AT THE APPLICABLE SOS WHOLESALE**  
30 **RATE WHETHER THE ELIGIBLE CUSTOMER-GENERATOR PURCHASES**  
31 **ELECTRICITY FROM:**

32 **1. A COMPETITIVE ELECTRICITY SUPPLIER; OR**  
33 **2. THE DISTRIBUTION COMPANY'S STANDARD OFFER**  
34 **SERVICE.**

35 **[(2)] (3) (i)** A net energy metering contract or tariff may not  
36 include charges that would raise the eligible customer-generator's minimum monthly

1 charge above that of customers of the rate class to which the eligible  
2 customer-generator 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 (f) (1) The electric company shall calculate net energy metering in  
7 accordance with this subsection.

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

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

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

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

19 (ii) **THE GENERATION CREDIT FOR A GIVEN BILLING**  
20 **PERIOD SHALL BE CREDITED TO THE ELIGIBLE CUSTOMER-GENERATOR AS A**  
21 **DOLLAR AMOUNT AT THE END OF THE BILLING PERIOD.**

22 (III) The electric company shall carry forward [a negative  
23 kilowatt-hour reading] **ACCRUED GENERATION CREDIT** until:

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

26 2. the [12-month accrual period under subparagraph (i)  
27 of this paragraph expires] **ELIGIBLE CUSTOMER-GENERATOR HAS BEEN PAID BY**  
28 **THE ELECTRIC COMPANY FOR ANY REMAINING CREDIT IN ACCORDANCE WITH**  
29 **PARAGRAPH (6) OF THIS SUBSECTION.**

30 (IV) 1. **SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS**  
31 **SUBPARAGRAPH, THE AMOUNT OF THE GENERATION CREDIT SHALL BE**  
32 **CALCULATED AT THE SOS WHOLESALE RATE APPLICABLE TO THE ELIGIBLE**  
33 **CUSTOMER-GENERATOR.**

1                   **2. FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT**  
2 **IS SERVED ON A TIME-OF-USE TARIFF, THE AMOUNT OF THE GENERATION**  
3 **CREDIT SHALL BE CALCULATED USING THE APPLICABLE TIME-OF-USE SOS**  
4 **WHOLESALE RATES.**

5                   **(6) (I) BY WRITTEN REQUEST, THE ELIGIBLE**  
6 **CUSTOMER-GENERATOR MAY CHOOSE TO RECEIVE PAYMENT FROM THE**  
7 **ELECTRIC COMPANY FOR ANY ACCRUED GENERATION CREDIT THAT REMAINS**  
8 **AT THE END OF:**

9                   **1. EACH CALENDAR QUARTER; OR**

10                   **2. EACH CALENDAR YEAR.**

11                   **(II) ON WRITTEN REQUEST OF THE ELIGIBLE**  
12 **CUSTOMER-GENERATOR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,**  
13 **WITHIN 15 DAYS AFTER THE END OF THE REQUESTED TIME PERIOD, THE**  
14 **ELECTRIC COMPANY SHALL PAY THE ELIGIBLE CUSTOMER-GENERATOR FOR**  
15 **ANY ACCRUED GENERATION CREDIT REMAINING AT THE END OF THE**  
16 **REQUESTED TIME PERIOD.**

17                   **(III) [Any remaining] WITHIN 15 DAYS AFTER THE DATE THE**  
18 **ELIGIBLE CUSTOMER-GENERATOR CLOSSES THE CUSTOMER-GENERATOR'S**  
19 **ACCOUNT, THE ELECTRIC COMPANY SHALL PAY THE ELIGIBLE**  
20 **CUSTOMER-GENERATOR FOR ANY accrued generation credit REMAINING at the**  
21 **[expiration of the 12-month accrual period under paragraph (5)(ii)2 of this subsection:**

22                   **(i) shall revert to the electric company; and**

23                   **(ii) may not be recovered by the eligible**  
24 **customer-generator] TIME THE ELIGIBLE CUSTOMER-GENERATOR CLOSSES THE**  
25 **ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT.**

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

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

31                   **(ii) shall develop a credit formula that:**

32                   **1. excludes recovery of transmission and distribution**  
33 **costs; and**



1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2    July 1, 2010.