

SENATE BILL 50

C5

0lr0766

(PRE-FILED)

By: **Senator Mooney**

Requested: October 14, 2009

Introduced and read first time: January 13, 2010

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Companies – Net Energy Metering**

3 FOR the purpose of repealing a limitation on the period of time that a certain eligible
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 eligible customer-generator to be at a certain rate; requiring certain generation
12 credit to appear on an eligible customer-generator's bill in a dollar amount;
13 requiring a certain electric company to reimburse a certain generation credit
14 under certain 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 2009 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.

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

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

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

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

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

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

27 (d) The Commission shall require electric utilities to develop a standard
28 contract or tariff for net energy metering and make it available to eligible
29 customer–generators on a first–come, first–served basis until the rated generating
30 capacity owned and operated by eligible customer–generators in the State reaches
31 1,500 megawatts.

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

36 (2) (i) A net energy metering contract or tariff may not include
37 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 (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 A generation credit [for a period not to exceed 12 months].

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

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

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

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

32 **(IV) THE GENERATION CREDIT SHALL APPEAR ON THE**
33 **ELIGIBLE CUSTOMER-GENERATOR'S BILL IN A DOLLAR AMOUNT.**

1 (V) ON THE WRITTEN REQUEST OF THE
2 ELIGIBLE CUSTOMER-GENERATOR, THE ELECTRIC COMPANY SHALL
3 REIMBURSE THE ELIGIBLE CUSTOMER-GENERATOR FOR THE AMOUNT OF THE
4 GENERATION CREDIT AND REMOVE THE GENERATION CREDIT FROM THE
5 ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT.

6 [(6) Any remaining accrued generation credit at the expiration of the
7 12-month accrual period under paragraph (5)(i)2 of this subsection:

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

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

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

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

15 (ii) shall develop a credit formula that:

16 1. excludes recovery of transmission and distribution
17 costs; and

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

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

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

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

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

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

- 4 (i) install additional controls;
- 5 (ii) perform or pay for additional tests; or
- 6 (iii) purchase additional liability insurance.

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

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

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

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

18 (3) other pertinent information.

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