

SENATE BILL 537

C5

0lr2758
CF 0lr2649

By: **Senator Mooney**

Introduced and read first time: February 4, 2010

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Energy Companies – Net Energy Metering – Credit Transfers**

3 FOR the purpose of authorizing certain not-for-profit customers to transfer certain
4 generation credits accrued from electricity produced from certain renewable
5 sources to certain properties; requiring the Public Service Commission to adopt
6 certain regulations; defining a certain term; and generally relating to net energy
7 metering.

8 BY repealing and reenacting, with amendments,
9 Article – Public Utility Companies
10 Section 7–306(a) and (i)
11 Annotated Code of Maryland
12 (2008 Replacement Volume and 2009 Supplement)

13 BY repealing and reenacting, without amendments,
14 Article – Public Utility Companies
15 Section 7–306(f)
16 Annotated Code of Maryland
17 (2008 Replacement Volume and 2009 Supplement)

18 BY adding to
19 Article – Public Utility Companies
20 Section 7–306(i)
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**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 7–306.

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

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

5 (3) “Eligible customer–generator” means a customer that owns and
6 operates, leases and operates, or contracts with a third party that owns and operates a
7 biomass, micro combined heat and power, solar, or wind electric generating facility
8 that:

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

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

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

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

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

21 **(6) “NOT-FOR-PROFIT CUSTOMER” MEANS AN ELIGIBLE**
22 **CUSTOMER–GENERATOR THAT IS EXEMPT FROM FEDERAL INCOME TAX UNDER §**
23 **501(C)(3) OF THE INTERNAL REVENUE CODE.**

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

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

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

31 (4) If electricity generated by the eligible customer–generator exceeds
32 the electricity supplied by the grid, the eligible customer–generator shall be required
33 to pay only customer charges for that month in accordance with subsection (e) of this
34 section.

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

3 (ii) The electric company shall carry forward a negative
4 kilowatt-hour reading until:

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

7 2. the 12-month accrual period under subparagraph (i)
8 of this paragraph expires.

9 (6) Any remaining accrued generation credit at the expiration of the
10 12-month accrual period under paragraph (5)(i)2 of this subsection:

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

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

13 **(I) (1) A NOT-FOR-PROFIT CUSTOMER MAY TRANSFER ALL**
14 **GENERATION CREDITS ACCRUED UNDER SUBSECTION (F) OF THIS SECTION**
15 **FROM ANY ELECTRICITY PRODUCED BY ITS ELECTRIC GENERATING SYSTEM**
16 **FROM A TIER 1 RENEWABLE SOURCE OR A TIER 2 RENEWABLE SOURCE, AS**
17 **DEFINED UNDER § 7-701 OF THIS TITLE, TO ANY PROPERTY OF ANY RATE CLASS**
18 **THAT IS:**

19 **(I) OWNED, LEASED, OR OPERATED BY THE**
20 **NOT-FOR-PROFIT CUSTOMER; AND**

21 **(II) SERVED BY THE ELECTRIC COMPANY THAT ISSUED THE**
22 **CREDIT.**

23 **(2) THE COMMISSION SHALL ADOPT REGULATIONS TO**
24 **IMPLEMENT THIS SUBSECTION.**

25 **[(i)] (J)** On or before February 1 of each year, the Commission shall report
26 to the General Assembly, in accordance with § 2-1246 of the State Government
27 Article, on the status of the net metering program under this section, including:

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

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

1 (3) other pertinent information.

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