

HOUSE BILL 860

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CF SB 380

By: **Delegate McHale and the Speaker (By Request – Administration) and Delegates Clippinger, Hammen, Holmes, and Washington**

Introduced and read first time: February 11, 2011

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Electricity – Net Energy Metering**

3 FOR the purpose of altering the period during which an eligible customer-generator
4 may accrue certain net excess generation; requiring a certain electric company
5 to carry forward a negative kilowatt-hour reading until a certain accrual period
6 expires; altering how the dollar value of a certain net excess generation is
7 calculated; repealing a requirement that certain generation credit appear on the
8 eligible customer-generator's bill in a dollar amount; requiring an electric
9 company to reimburse certain eligible customer-generators for the dollar value
10 of certain accrued net excess generation on or before a certain date each year;
11 repealing a provision authorizing the Public Service Commission to require a
12 certain eligible customer-generator to install a certain dual meter under certain
13 circumstances; repealing a provision that requires the Commission to develop a
14 certain credit formula; repealing a certain definition; and generally relating to
15 net energy metering and payment for accrued net excess generation.

16 BY repealing and reenacting, with amendments,
17 Article – Public Utilities
18 Section 7–306
19 Annotated Code of Maryland
20 (2010 Replacement Volume)

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

23 **Article – Public Utilities**

24 7–306.

25 (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, fuel cell, or wind electric generating
6 facility 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) “Fuel cell” means an electric generating facility that:

13 (i) includes integrated power plant systems containing a stack,
14 tubular array, or other functionally similar configuration used to electrochemically
15 convert fuel to electric energy; and

16 (ii) may include:

17 1. an inverter and fuel processing system; and

18 2. other plant equipment to support the plant’s
19 operation or its energy conversion, including heat recovery equipment.

20 (5) [“Generation credit” means a credit associated with the generation
21 of electricity produced in excess of the electricity consumed by an eligible
22 customer–generator in one billing period.

23 (6)] “Micro combined heat and power” means the simultaneous or
24 sequential production of useful thermal energy and electrical or mechanical power not
25 exceeding 30 kilowatts.

26 **[(7)] (6)** “Net energy metering” means measurement of the difference
27 between the electricity that is supplied by an electric company and the electricity that
28 is generated by an eligible customer–generator and fed back to the electric grid over
29 the eligible customer–generator’s billing period.

30 (b) The General Assembly finds and declares that a program to provide net
31 energy metering for eligible customer–generators is a means to encourage private
32 investment in renewable energy resources, stimulate in–State economic growth,

1 enhance continued diversification of the State's energy resource mix, and reduce costs
2 of interconnection and administration.

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

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

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

15 (2) (i) A net energy metering contract or tariff may not include
16 charges that would raise the eligible customer-generator's minimum monthly charge
17 above that of customers of the rate class to which the eligible customer-generator
18 would otherwise be assigned.

19 (ii) Charges prohibited by this paragraph include new or
20 additional demand charges, standby charges, customer charges, and minimum
21 monthly charges.

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

24 (2) Net energy produced or consumed on a regular basis shall be
25 measured in accordance with standard metering practices.

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

29 (4) If electricity generated by the eligible customer-generator exceeds
30 the electricity supplied by the grid, the eligible customer-generator shall be billed only
31 customer charges for that month in accordance with subsection (e) of this section.

32 (5) (i) An eligible customer-generator under paragraph (4) of this
33 subsection may accrue [generation credit] **NET EXCESS GENERATION FOR A PERIOD**
34 **NOT TO EXCEED 1 CALENDAR YEAR.**

35 (ii) The electric company shall carry forward [accrued
36 generation credit] **A NEGATIVE KILOWATT-HOUR READING** until:

1 1. the eligible customer-generator's consumption of
2 electricity from the grid eliminates the [credit] **NEGATIVE KILOWATT-HOUR**
3 **READING**; or

4 2. the [eligible customer-generator has been paid by the
5 electric company for any remaining credit in accordance with paragraph (6) of this
6 subsection] **1-YEAR ACCRUAL PERIOD UNDER SUBPARAGRAPH (1) OF THIS**
7 **PARAGRAPH EXPIRES.**

8 (iii) The [amount of the generation credit shall be calculated at
9 the prevailing market price of energy applicable to the electric company in the PJM
10 Interconnection energy market, as that market may change from time to time]
11 **DOLLAR VALUE OF NET EXCESS GENERATION SHALL BE EQUAL TO THE SUM OF**
12 **THE ENERGY CHARGE AND THE DISTRIBUTION CHARGE PORTION OF THE**
13 **RETAIL RATE THAT THE ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN**
14 **CHARGED AVERAGED OVER THE CALENDAR YEAR MULTIPLIED BY THE NUMBER**
15 **OF KILOWATT-HOURS OF NET EXCESS GENERATION.**

16 [(iv) The generation credit shall appear on the eligible
17 customer-generator's bill in a dollar amount.]

18 (6) (i) [By written request, the eligible customer-generator may
19 receive payment from the electric company for any accrued generation credit that
20 remains at the end of a 12-month period.

21 (ii) On written request of the eligible customer-generator under
22 subparagraph (i) of this paragraph, within 15 days after the end of a 12-month
23 period,] **ON OR BEFORE JANUARY 15 OF EACH YEAR**, the electric company shall
24 pay [the] **EACH** eligible customer-generator for **THE DOLLAR VALUE OF** any accrued
25 [generation credit] **NET EXCESS GENERATION** remaining at the end of the
26 [12-month period] **PREVIOUS CALENDAR YEAR.**

27 [(iii) (II) Within 15 days after the date the eligible
28 customer-generator closes the eligible customer-generator's account, the electric
29 company shall pay the eligible customer-generator for **THE DOLLAR VALUE OF** any
30 accrued [generation credit] **NET EXCESS GENERATION** remaining at the time the
31 eligible customer-generator closes the account.

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

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

1 (ii) shall develop a credit formula that:

2 1. excludes recovery of transmission and distribution
3 costs; and

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

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

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

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

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

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

23 (i) install additional controls;

24 (ii) perform or pay for additional tests; or

25 (iii) purchase additional liability insurance.

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

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

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

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

4 (3) other pertinent information.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 June 1, 2011.