

Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE

House Bill 864 (Delegate Stein, *et al.*)  
Economic Matters

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**Electricity - Community Energy-Generating Facilities and Net Energy Metering**

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This bill establishes a net energy metering program for “community energy-generating facilities.” The Public Service Commission (PSC) must adopt specified regulations to implement the bill, and must include specified characteristics of State community energy-generating facilities in its annual report on net energy metering to the General Assembly. The bill also makes other changes relating to the net energy metering program.

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**Fiscal Summary**

**State Effect:** None. PSC can implement the bill with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** Minimal or none.

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**Analysis**

**Bill Summary:** A “community energy-generating facility” means a renewable energy facility that (1) generates electricity from biomass, micro combined heat and power (micro-CHP), solar, fuel cell, wind, or closed conduit hydro; (2) credits its generated electricity to the subscribers to the facility; and (3) may be owned by a public service company or any other person, including a “subscriber organization.” A “subscriber organization” means an organization whose sole purpose is to beneficially own or operate a community energy-generating facility for the subscribers of the facility. A subscriber organization may contract with a third party for the third party to build, own, or operate a

community energy-generating facility, and may be any for-profit or nonprofit entity organized under State law.

Community energy-generating facilities are subject to many of the same laws as net energy metering, including those pertaining to specified tariffs, capacity, billing, safety and performance standards, testing requirements, exemptions, and rights to renewable energy credits. Community energy-generating facilities and specified affiliates are not electric companies or electricity suppliers as defined in statute.

All of the electricity that the community energy-generating facility exports to the grid becomes the property of the electric company to which the facility is interconnected, but may not be counted toward the electric company's total retail sales for purposes of determining compliance with the State Renewable Energy Portfolio Standard. All costs associated with interconnection are the responsibility of the owner or operator of the community energy-generating facility. If electricity generated by the community energy-generating facility is not fully allocated to subscribers, the electric company must purchase the unsubscribed energy at the wholesale price of the electricity.

The electric company may not be responsible for resolving disputes between a subscriber and any party other than the electric company. In addition, the electric company may not be held liable for any action taken or agreement entered into by the subscription organization. The bill does not preempt or limit any other rights of the subscriber in relation to an electric company.

The bill also repeals specified dates relating to net energy metering and requires PSC to determine those dates.

**Current Law:** Net energy metering is the 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, fuel cell, wind, or micro-CHP electric generating facility located on the customer's premises or contiguous property; 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. The generating capacity of an eligible customer-generator for net metering may not exceed two megawatts.

PSC is required to submit an annual report on the status of net energy metering to the General Assembly by February 1 of each year. This report must contain the amount of generating capacity owned by eligible customer-generators in the State, the type of

energy resource used in generation, a recommendation regarding whether the generating capacity limit of the net metering program should be altered, and other pertinent information.

**Background:** COMAR 20.50.10, which promotes the deployment of net metered facilities and simplifies the requirements for customer interconnection, was adopted as final and became effective on September 1, 2011. The new regulations address the allowed size for net metering eligibility as a multiple of customer load and establish aggregate net metering for agricultural, municipal, and nonprofit customers. PSC staff has convened a stakeholder Net Metering Working Group (“NMWG”) to aid utilities, installers, and customers in the implementation of the new regulations and to address any additional technical issues that may arise as each utility drafts and files revised net metering tariffs. PSC has also republished related regulations to comply with Chapters 405 and 406 of 2011, which altered the annual payout mechanism for net metering customers that produce excess generation.

The most recent data reported to PSC on net energy metering is provided in **Exhibit 1**. During calendar 2011, the amount net energy metered capacity increased from 25,214 kilowatts to 31,739 kilowatts. This represents only 2.1% of the current statewide limit of 1,500 megawatts for total net energy metering capacity. As of December 2011, 97.4% of net metering capacity was from solar, 1.6% from wind, and approximately 1% from micro-CHP.

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**Exhibit 1**  
**Net Energy Metered Installed Capacity**  
**Kilowatts**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Solar	321	2,242	24,628	30,905
Wind	42	211	556	514
Biomass	-	-	30	320
Micro-CHP	-	-	-	-
<b>State Total</b>	<b>364</b>	<b>2,453</b>	<b>25,214</b>	<b>31,739</b>

Source: Public Service Commission

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 595 (Senators Pinsky and Rosapepe) - Finance.

**Information Source(s):** Public Service Commission, Office of People's Counsel,  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2012  
ncs/lgc

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