

**Department of Legislative Services**  
Maryland General Assembly  
2015 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 353

(Senator Hershey)

Finance

Economic Matters

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**Electric Companies - Installation of Solar Electric Generating Facility - New  
Interconnection Agreement**

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This bill requires a person who is negotiating a contract with an eligible customer-generator to install a solar electric generating facility on the customer generator's property to adhere to specified application and notification requirements.

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**Fiscal Summary**

**State Effect:** The Public Service Commission (PSC) can implement the bill with existing budgeted resources.

**Local Effect:** Minimal.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** A person who is negotiating a contract with an eligible customer-generator to install a solar electric generating facility on the customer's property that requires interconnection with an electric company's distribution facilities must submit to the customer's electric company a completed application for interconnection of the facility with the electric company's distribution facilities. Prior to receiving the electric company's approval of the application, a solar installer may accept payment from the customer in connection with the contract, but may *not* begin installation of the solar electric generating facility on the customer's property.

A solar installer must notify the customer of the electric company's approval or disapproval of the application and, if the electric company disapproves the application, must fully refund any payment from the customer. On request of a solar installer, an electric company must process an application submitted under the bill and notify the person whether the application is approved or disapproved with a process and timeframe specified in regulations adopted by PSC.

**Current Law:** PSC regulations specify interconnection standards for "small electricity generator facilities," which must be (1) less than 10 megawatts; (2) designed to operate in parallel with the electric distribution system; and (3) not subject to interconnection requirements of PJM Interconnection, LLC. Applicants seeking to interconnect a small generator facility must submit an interconnection request to the electric company that owns the electric distribution system to which interconnection is sought. Each electric company must establish processes for accepting interconnection requests electronically on the company's website. Fees increase with the size and/or complexity of the interconnecting facility, but there is no fee for facilities of 10 kilowatts or less. Fees must be specified in the electric company's tariff.

Each electric company must designate a contact person and provide contact information for submission of all interconnection requests. Each must also specify from whom information on the interconnection request process and the electric company's distribution system can be obtained.

Generally, the information provided by the electric company on its website must include studies and other materials useful to an understanding of the feasibility of interconnecting a small generator facility on the electric company's distribution system.

If requested by the applicant, the electric company must provide the applicant copies of any interconnection studies performed in analyzing an interconnection request. An applicant may provide any other prospective applicant copies of interconnection studies to aid in streamlining a future review. An electric company has no obligation to provide any prospective applicant any information regarding prior interconnection requests, including a prior applicant's name, copies of prior interconnection studies performed by the electric company, or any other information regarding a prior applicant or request.

### *Interconnection Dispute Resolution*

If a dispute arises during the interconnection application, the applicant or electric company may seek immediate resolution through the standard PSC dispute resolution process, or an alternative dispute resolution process approved by PSC, by providing written notice to PSC and the other party stating the issues in dispute. Dispute resolution must be conducted in an informal, expeditious manner to reach resolution with minimal costs and delay.

If disputes relate to the technical matters regarding the interconnection process, upon the request of the applicant and electric company and at their cost, PSC may designate a technical master to resolve the dispute, which the applicant and electric company must then use. Pursuit of dispute resolution may not affect an applicant with regard to consideration of an interconnection request or an applicant's queue position.

### *Reporting Requirement*

Each electric company must file annually with PSC a report containing the following information for the preceding calendar year:

- the total number and nameplate capacity of the interconnection requests received, approved, and denied, by facility size and complexity;
- the fuel type, total number, and total nameplate capacity of small generator facilities approved in specified categories;
- the number of interconnection requests that were not processed within the deadlines established for review; and
- the number of interconnection requests denied and related information, including the applicant, the address of the proposed small generator, and the reason for each denial.

**Background:** The bill addresses a timing issue related to solar installations where a contract for installation could be signed by a customer and payments made to a solar installer prior to the disapproval of an interconnection agreement.

Under PSC regulations, a solar installer must receive an approved interconnection agreement from the electric company prior to installing the system. The bill codifies this requirement, but also requires the solar installer to notify the customer whether the application is approved or disapproved. Further, if the application for interconnection is disapproved, the solar installer must refund any payments received from the customer.

Solar capacity has grown significantly in recent years, increasing from 0.1 megawatts in 2006 to 225 megawatts at the end of 2014. More than 50 megawatts of this capacity is comprised of residential installations of less than 15 kilowatts.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

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md/lgc Revised - Senate Third Reader - March 16, 2015

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