

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Enrolled - Revised**

House Bill 440

(Delegates Kramer and Fraser-Hidalgo)

Economic Matters

Finance

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**Electric Companies - Installation of Solar Electric Generating Facility -  
Completion of Interconnection**

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This bill requires an electric company to issue acceptance and final approval to operate a customer-generator's solar electric generating facility on the company's distribution facilities within 20 business days after the completion of the installation process and receipt of specified paperwork and documentation. The installation process includes (1) an approved application for interconnection submitted to the electric company; (2) completion of the installation of the customer-generator's solar electric generating facility and any required electric distribution system upgrades; and (3) completion of all necessary paperwork and documentation, including a signed interconnection agreement, certificate of completion, and inspection certificate. An electric company must meet these interconnection requirements for at least 90% of installation processes completed during the year in the company's service territory. The Public Service Commission (PSC) may temporarily waive the requirements in an electric company's service territory on a showing of good cause.

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**Fiscal Summary**

**State Effect:** PSC can implement the bill with existing budgeted resources.

**Local Effect:** Minimal. The bill affects electric companies, which are primarily private companies; however, there are five municipal electric companies (cities of Berlin, Easton, Hagerstown, Thurmont, and Williamsport) that are minimally affected by the bill's requirements.

**Small Business Effect:** Minimal. The bill establishes a time limit to complete an interconnection on electric companies, which are not small businesses.

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## Analysis

### Current Law:

#### *Application and Notification Requirements*

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 and notify the person whether the application is approved or disapproved with a process and timeframe specified in regulations adopted by PSC.

#### *PSC Regulations for Small Facilities*

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 to 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 with 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.

An electric company must notify an applicant for a small generator facility interconnection that an application is complete or incomplete within 5 business days after receipt of the request. The time in which the electric company must notify an applicant that the small generator facility equipment can be interconnected safely and reliably varies with the size of the interconnecting facility. The shortest period – 15 business days – is for facilities of 10 kilowatts or less. Larger facilities have longer review periods.

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:** Solar capacity has grown significantly in recent years, increasing from 0.1 megawatts in 2006 to 373 megawatts as of February 2016. More than 86 megawatts of this capacity is composed of installations of less than 10 kilowatts.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 811 (Senator Benson) - Finance.

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

**Fiscal Note History:** First Reader - February 4, 2016  
kb/lgc Revised - House Third Reader - March 22, 2016  
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