

Department of Legislative Services

Maryland General Assembly

2018 Session

FISCAL AND POLICY NOTE

First Reader

Senate Bill 557

(Senator Feldman)

Finance

**Public Utilities - Electric Generating Systems - Net Metering and Community
Solar Energy**

This bill increases the maximum capacity – from 2 megawatts to 10 megawatts – for electric generating systems to be eligible to participate in net metering. If an electric generating system is located on a brownfield site, as defined, the capacity limit is removed entirely, although the system must comply with local land use and planning laws.

Fiscal Summary

State Effect: The Public Service Commission (PSC) can handle the bill’s requirements with existing budgeted resources. State finances and operations are not otherwise materially affected.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: Generally, 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. The generating capacity of an eligible customer-generator for net metering may be up to two megawatts. Eligible energy sources are solar, wind, biomass, micro combined heat and power, fuel cell, and certain types of hydroelectric.

In addition to the State's general net energy metering law, Chapters 346 and 347 of 2015 established the three-year Community Solar Energy Generating Systems Pilot Program. Under the program, a single community solar energy generating system can have multiple "subscribers." Then, rather than the generated electricity offsetting just a single electric bill, the generated electricity is credited to the subscribers through "virtual net energy metering." The generating capacity of a system under the program is similarly limited to two megawatts. There are other specified eligibility criteria.

As of June 30, 2016, the amount of net metered capacity in the State was approximately 461 megawatts or about one-third of the statewide 1,500-megawatt limit. Most net metered capacity is solar.

PSC must submit an annual report on the status of net energy metering to the General Assembly. The report must contain the amount of generating capacity owned by eligible customer generators in the State, the type of energy source used in generation, a recommendation regarding whether the generating capacity limit of the net metering program should be altered, and other pertinent information. The most recent report can be found on PSC's [website](#).

Small Business Effect: Some companies involved in the solar energy installation supply chain are small businesses. These businesses may experience an increase in the demand for their services if the bill increases net metered capacity to more than it would have otherwise been. Small businesses may also benefit from the additional ability to participate in net metering.

Small businesses may also experience increased electric rates in the short-term due to larger decoupling charges. Decoupling charges/credits are used by electric companies to increase or decrease distribution rates based on average customer revenue compared to the amount set in the most recent rate case. These charges/credits are set for each customer class: residential, commercial, and industrial. If the bill increases net metered capacity to more than it would have otherwise been prior to the statewide 1,500-megawatt limit, decoupling charges may increase to recover lost revenue associated with net energy metering.

Additional Information

Prior Introductions: None.

Cross File: HB 934 (Delegate Barkley, *et al.*) - Economic Matters.

Information Source(s): Public Service Commission; Maryland Department of the Environment; Anne Arundel, Charles, Frederick, and Montgomery counties; cities of Frederick and Havre de Grace; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2018
md/lgc

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