HB 569

Department of Legislative Services

Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Enrolled

House Bill 569 (Delegate Clippinger)
Economic Matters Finance

Electricity - Net Energy Metering - Limit

This bill doubles the statewide limit on net metered capacity from 1,500 megawatts to 3,000 megawatts.

Fiscal Summary

State Effect: The bill likely does not materially affect State finances or operations through FY 2026, as discussed below.

Local Effect: The bill likely does not materially affect local government finances or operations through FY 2026.

Small Business Effect: Minimal.

Analysis

Current Law: 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 Public Service Commission (PSC) must require electric utilities to develop and make net metering tariffs available to eligible customer-generators. 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. There is a statewide net metered capacity limit of 1,500 megawatts.

State/Local Fiscal Effect: According to the most recent net metering annual report from PSC, if current installation rates continue, the State may approach the current statewide net metering capacity limit by 2024 or 2025. As of June 30, 2020, 823 megawatts out of 1,500 megawatts were installed – a 9% increase from the previous year. Therefore, the bill likely does not materially affect State/local finances or operations through fiscal 2026.

Nevertheless, to the extent that the bill results in an increase in net-metered capacity in any year, State/local government expenditures for electricity increase due to utility cost recovery mechanisms under existing net metering tariffs, offset by tax revenues associated with the new facilities to the extent those facilities are taxable. For example, local governments can, and do, impose personal property taxes on solar photovoltaic property, which is the primary source of net-metered capacity in the State.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 407 (Senator Kramer) - Finance.

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

Fiscal Note History: First Reader - January 28, 2021
rh/lgc Third Reader - February 24, 2021
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