

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 68
Economic Matters

(Delegate Korman)

Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)

This bill authorizes an eligible customer-generator under the State’s net metering law to accrue net excess generation for an indefinite period, instead of only for a 12-month period; any accrued excess generation is forfeited upon closure of the customer account. The existing 12-month accrual period for net excess generation is altered to end in August instead of April.

Fiscal Summary

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

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

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Payment for Excess Generation

Generally, an eligible customer-generator may accrue net excess generation for a period (1) of up to one year and (2) that ends with the billing cycle that is complete immediately prior to the end of April of each year. The electric company must carry forward net excess generation until (1) the eligible customer-generator’s consumption of electricity from the

grid eliminates the net excess generation or (2) the accrual period expires. Generally, the dollar value of net excess generation is equal to the generation or commodity portion of the rate that the eligible customer-generator would have been charged for the electricity multiplied by the number of kilowatt-hours of net excess generation. At the end of the accrual period ending in April each year, the electric company must pay to each eligible customer-generator the dollar value for any accrued net excess generation remaining. An electric company must also pay the dollar value for any accrued net excess generation within 15 days of customer account closure.

Certain customer-generators in an electric cooperative service territory may elect to be paid for net excess generation on a monthly basis.

Net Metering – 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. PSC must require electric utilities to develop and make net metering tariffs available to eligible customer-generators. Generally, 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 3,000 megawatts.

Small Business Effect: For the 12-month period ending April 30, 2022, commercial net-metered customers were paid \$3.0 million for excess generation. Some of these commercial customers are likely small businesses and have the option under the bill to carry forward excess generation indefinitely and apply it against future energy usage. This option may be meaningful for such small businesses – particularly in an environment of rising energy costs. The effect on rates more broadly from such a change is likely minimal.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 143 (Senator Feldman) - Education, Energy, and the Environment.

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

Fiscal Note History: First Reader - January 18, 2023
km/lgc

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