Southern Maryland Electric Cooperative

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HB 1112: Electricity – Net Energy Metering – Generation Credits

Committee: House Economic Matters

Position: Opposed

Southern Maryland Electric Cooperative (SMECO), a member-owned electric cooperative based in Hughesville that provides electricity to more than 169,000 member accounts in Charles, St. Mary's, Calvert and southern Prince George's County, opposes HB 1112. The bill requires that an eligible customer-generator receive generation credits for net excess generation that are applied to the total monthly electricity bill from an electric company. SMECO opposes the bill because it would change how often a utility monetizes credit to net-metered customers from an annual basis to a monthly basis, which would require us to make significant changes to our customer billing system at a cost to all of our ratepayers.

Currently, SMECO applies the net metering excess to offset any per kilowatt-hours (kWh) usage on a monthly basis. April is the only month we monetize the credit. To have to monetize that credit on a monthly basis would be a huge impact. We would need to change our Customer Billing system, which currently uses a customer algorithm to apply the credit. There would be a cost associated with making that change, which would be substantial. In addition, there would be time and effort involved in testing and implementing a new billing system in order to effect the change. There are other unforeseen impact to effecting this change, which would be borne by all ratepayers.

With the current process of applying the net metering excess to offset any kWh monthly and monetizing the credits on an annual basis, why is this bill necessary?

SMECO continues to be dedicated to delivering safe, reliable electricity at the lowest possible price. However, net metering currently shift grid and line maintenance costs from producers to non-producers. Further, net metering requires non-generating customers to subsidize the difference between the two sources of electricity. The rate that a utility typically charges a customer for kilowatt-hours consumed by the customer includes fixed charges. When a customer produces their own energy (kWh) and receives full retail credit for excess kWh, the utility has a reduced revenue source for the fixed cost component of providing electric service. These lost contributions to fixed costs are born by the utility, and

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ultimately all ratepayers, in order to make up the loss from the net metering customers. To add an additional cost to all ratepayers on behalf of net-metered customers would be burdensome and unnecessary.

SMECO respectfully requests an unfavorable report on HB 1112.

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