



February 9, 2023

112 West Street
Annapolis, MD 21401

Letter of Information – House Bill 68- Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully submit this letter of information on **House Bill 68- Electricity – Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)**. House Bill 68 makes changes to net energy metering (NEM) and related eligible customer-generators, with respect to the accrual of net excess generation. Specifically, House Bill 68 seeks to change the processes for NEM eligible customer-generators related to net excess generation in two main areas: (1) adds language, which provides that an eligible customer-generator may have the ability to accrue net excess generation for an indefinite period of time, and (2) changes the billing cycle month, from April to August, when customer-generators' accrual of net excess generation would reset, if they elect to accrue net excess generation for no more than 12 months.

Currently, Pepco and Delmarva Power customers who generate their own electricity receive bill credits for any excess power generation. Using a special net-capable meter, Pepco and Delmarva Power measure the difference between energy used from the grid and any power generated from a solar panel system. If panels generate more electricity than is used in a month, the excess is carried over onto the customers next month's bill as credits. 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, Pepco and Delmarva Power must pay to each eligible customer-generator the dollar value for any accrued net excess generation remaining. This legislation would move that "pay out" date from April to August and authorize an eligible customer-generator to elect to accrue net excess generation for an indefinite period, instead of only for a 12-month period.

Pepco and Delmarva Power remain committed to finding new energy efficient solutions, enhancing service reliability, fostering clean energy choices, and customizing energy options for our customer, while maintaining affordability. As currently written, Pepco and Delmarva Power have concerns as to how some of the provisions of the legislation would be implemented from a billing and IT standpoint and the timing for when those provisions can be implemented. While we continue to provide options for customers, we remain mindful of the costs associated with those options. We have shared our concerns and clarifying questions with the bill sponsors and look forward to continuing the productive conversations.

Pepco and Delmarva Power understand that House Bill 68 is well-intentioned and if the Committee is inclined to pursue this legislation, we respectfully ask to continue conversations with the bill sponsor as to how we can address our concerns.

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