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February 9, 2023

HB 68: Net Energy Metering – Accrual of Net Excess Generation (Net Metering Flexibility Act)

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 170,000 member accounts in Charles, St. Mary's, Calvert and southern Prince George's County, opposes House Bill 68. The bill authorizes an eligible customer-generator under the state's net metering law to accrue net excess generation for an indefinite period, instead of for the 12-month period under current law. The bill also changes the existing 12-month accrual period for net excess generation to end in August instead of April.

SMECO is supportive of net metering and we work with our customer-members if they desire to install renewable energy systems to their homes and businesses. SMECO currently has nearly 8,000 net metered accounts. While we support net metering, SMECO opposes HB 68 because of the costs associated with implementing it – costs that will be borne by all our customer members. We also have concerns that the bill presents a number of accounting challenges and injects a great deal of uncertainty in valuing the net metering credits in the future.

SMECO does not oppose moving the date from April to August. However, allowing a customer to carry the net excess generation indefinitely would require serious programming changes to our Customer Care and Billing system. By allowing for an indefinite period of time for a customer to carry net metering credits, SMECO is concerned about how the credit would be calculated based on our costs of energy. SMECO's Standard Offer Service (SOS) rate fluctuates throughout the year based on power costs on the open market. The current net metering program allows for us to take an average of the rates over a 12-month period to calculate the credit owed to the customer.

For more information, contact: Tom Dennison, SMECO

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HB 68 calls for the credit to be carried over past that 12-month period, creating accounting challenges for SMECO to track and uncertainty associated with the value of the credits based on power costs.

SMECO believes that Maryland's net metering law is sufficient and has helped spur the development of thousands of renewable projects in Southern Maryland. HB 68 is unnecessary and potentially costly. For that and the reasons explained above, SMECO urges the committee to give an unfavorable report to House Bill 68.

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