

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 353
Finance

(Senator Hershey)

**Electric Companies - Installation of Solar Electric Generating Facility - New
Interconnection Agreement**

This bill requires a person who is negotiating a contract with a customer to install and operate a solar electric generating facility on the customer's property for interconnection with an electric company's transmission and distribution facilities to (1) contact the customer's electric company to determine whether the company is accepting new interconnection agreements in the customer's property area and (2) notify the customer of the electric company's ability to accept new interconnection agreements in the customer's property area before the contract is executed. Upon receiving such a request, an electric company must provide information regarding the ability of a specific location on the distribution system to accept a new interconnection.

Fiscal Summary

State Effect: The Public Service Commission (PSC) can implement the bill with existing budgeted resources.

Local Effect: Minimal.

Small Business Effect: Minimal.

Analysis

Current Law: PSC regulations specify interconnection standards for "small electricity generator facilities," which must be (1) less than 10 megawatts; (2) designed to operate in parallel with the electric distribution system; and (3) not subject to interconnection requirements of PJM Interconnection, LLC. Applicants seeking to interconnect a small

generator facility must submit an interconnection request to the electric company that owns the electric distribution system to which interconnection is sought. Each electric company must establish processes for accepting interconnection requests electronically on the company's website. Fees increase with the size and/or complexity of the interconnecting facility, but there is no fee for facilities of 10 kilowatts or less. Fees must be specified in the electric company's tariff.

Each electric company must designate a contact person and provide contact information for submission of all interconnection requests. Each must also specify from whom information on the interconnection request process and the electric company's distribution system can be obtained.

Generally, the information provided by the electric company on its website must include studies and other materials useful to an understanding of the feasibility of interconnecting a small generator facility on the electric company's distribution system.

If requested by the applicant, the electric company must provide the applicant copies of any interconnection studies performed in analyzing an interconnection request. An applicant may provide any other prospective applicant copies of interconnection studies to aid in streamlining a future review. An electric company has no obligation to provide any prospective applicant any information regarding prior interconnection requests, including a prior applicant's name, copies of prior interconnection studies performed by the electric company, or any other information regarding a prior applicant or request.

Interconnection Dispute Resolution

If a dispute arises during the interconnection application, the applicant or electric company may seek immediate resolution through the standard PSC dispute resolution process, or an alternative dispute resolution process approved by PSC, by providing written notice to PSC and the other party stating the issues in dispute. Dispute resolution must be conducted in an informal, expeditious manner to reach resolution with minimal costs and delay.

If disputes relate to the technical matters regarding the interconnection process, upon the request of the applicant and electric company and at their cost, PSC may designate a technical master to resolve the dispute, which the applicant and electric company must then use. Pursuit of dispute resolution may not affect an applicant with regard to consideration of an interconnection request or an applicant's queue position.

Reporting Requirement

Each electric company must file annually with PSC a report containing the following information for the preceding calendar year:

- the total number and nameplate capacity of the interconnection requests received, approved, and denied, by facility size and complexity;
- the fuel type, total number, and total nameplate capacity of small generator facilities approved in specified categories;
- the number of interconnection requests that were not processed within the deadlines established for review; and
- the number of interconnection requests denied and related information, including the applicant, the address of the proposed small generator, and the reason for each denial.

Background: The bill addresses a timing issue related to solar installations where a contract for installation could be signed by a customer prior to being informed that the electric company is not accepting interconnection agreements in the customer's property area.

Under PSC regulations, solar installers must receive an approved interconnection agreement from the electric company *prior to installing the system*. The bill requires a solar installer to contact the electric company to determine whether the electric company is accepting new interconnection agreements in the customer's property area and to notify the customer with this information *prior to executing the contract for installation*. The electric company is not required to formally evaluate the interconnection request at this stage, but must provide basic information on whether a specific location on the electric distribution system has the ability to accept a new interconnection.

Solar capacity has grown significantly in recent years, increasing from 0.1 megawatts in 2006 to 225 megawatts at the end of 2014. More than 50 megawatts of this capacity is comprised of residential installations of less than 15 kilowatts.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Maryland Energy Administration, Office of People's Counsel, Department of Legislative Services

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