

## Chapter 458

**(Senate Bill 143)**

AN ACT concerning

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

FOR the purpose of authorizing ~~an a certain~~ eligible customer-generator to accrue net excess generation for an indefinite period; ~~requiring an eligible customer-generator that elects to accrue net excess generation for an indefinite period to forfeit any net excess generation at the time an account is closed; altering the month used to establish an annual billing cycle for the payment of net excess generation accrued;~~ requiring the Public Service Commission to establish a method for calculating the value of certain accrued net excess generation; requiring that a subscriber of a community solar energy generating system accrue virtual net excess generation in the same manner as a certain eligible customer-generator; and generally relating to net energy metering and virtual net energy metering.

BY repealing and reenacting, without amendments,

Article – Public Utilities

Section 7-306(a)(1), (4), (7), and (8) and 7-306.2(d)(1)

Annotated Code of Maryland

(2020 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,

Article – Public Utilities

Section 7-306(f) and 7-306.2(d)(6) and (e)

Annotated Code of Maryland

(2020 Replacement Volume and 2022 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Public Utilities**

7-306.

(a) (1) In this section the following words have the meanings indicated.

(4) “Eligible customer-generator” means a customer that owns and operates, leases and operates, or contracts with a third party that owns and operates a biomass, micro combined heat and power, solar, fuel cell, wind, or closed conduit hydro electric generating facility that:

- (i) is located on the customer's premises or contiguous property;
- (ii) is interconnected and operated in parallel with an electric company's transmission and distribution facilities; and
- (iii) is intended primarily to offset all or part of the customer's own electricity requirements.

(7) "Net energy metering" means 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 grid over the eligible customer-generator's billing period.

(8) "Net excess generation" means the amount of the electricity generated by an eligible customer-generator that is in excess of the electricity consumed by the eligible customer-generator and that results in a negative kilowatt-hour reading at the end of the eligible customer-generator's billing cycle.

(f) (1) The electric company shall calculate net energy metering in accordance with this subsection.

(2) Net energy produced or consumed on a regular basis shall be measured in accordance with standard metering practices.

(3) If electricity supplied by the grid exceeds electricity generated by the eligible customer-generator during a month, the eligible customer-generator shall be billed for the net energy supplied in accordance with subsection (e) of this section.

(4) If electricity generated by the eligible customer-generator exceeds the electricity supplied by the grid, the eligible customer-generator shall be billed only customer charges for that month in accordance with subsection (e) of this section.

(5) (i) An eligible customer-generator under paragraph (4) of this subsection may:

1. accrue net excess generation for a period:

[1.] A. not to exceed 12 months; and

[2.] B. that ends with the billing cycle that is complete immediately prior to the end of ~~April~~ ~~AUGUST~~ of each year; OR

**2. EXCEPT FOR AN ELIGIBLE CUSTOMER-GENERATOR SERVED BY A MUNICIPAL ELECTRIC UTILITY OR A SMALL RURAL AN ELECTRIC COOPERATIVE AND SUBJECT TO SUBPARAGRAPH (IV) OF THIS PARAGRAPH, ACCRUE**

**NET EXCESS GENERATION FOR AN INDEFINITE PERIOD REGARDLESS OF WHETHER THE ELIGIBLE CUSTOMER-GENERATOR PREVIOUSLY ACCRUED NET EXCESS GENERATION FOR A PERIOD AUTHORIZED UNDER ITEM 1 OF THIS SUBPARAGRAPH.**

(ii) The electric company shall 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 under subparagraph [(i)] **(I)1** of this paragraph expires; **OR**
3. **THE ACCOUNT IS CLOSED.**

(iii) 1. [The] **IF AN ELIGIBLE CUSTOMER-GENERATOR ELECTS TO ACCRUE NET EXCESS GENERATION FOR A PERIOD NOT TO EXCEED 12 MONTHS UNDER SUBPARAGRAPH (I)1 OF THIS PARAGRAPH, THE** dollar value of net excess generation shall be equal to the generation or commodity portion of the rate that the eligible customer-generator would have been charged by the electric company averaged over the previous 12-month period ending with the billing cycle that is complete immediately [prior to] **BEFORE** the end of [~~April~~] ~~AUGUST~~ multiplied by the number of kilowatt-hours of net excess generation.

2. For [customers] **AN ELIGIBLE CUSTOMER-GENERATOR THAT ELECTS TO ACCRUE NET EXCESS GENERATION UNDER SUBPARAGRAPH (I)1 OF THIS PARAGRAPH AND IS** served by a community choice aggregator or an electricity supplier, the dollar value of the net excess generation shall be equal to the generation or commodity rate that the customer would have been charged by the community choice aggregator or electricity supplier multiplied by the number of kilowatt-hours of net excess generation.

**(IV) IF AN ELIGIBLE CUSTOMER-GENERATOR ELECTS TO ACCRUE NET EXCESS GENERATION FOR AN INDEFINITE PERIOD UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH, ~~A:~~**

**1. THE ELIGIBLE CUSTOMER-GENERATOR MAY NOT ELECT TO SWITCH TO ACCRUING NET EXCESS GENERATION UNDER SUBPARAGRAPH (I)1 OF THIS PARAGRAPH UNLESS THE ELECTRIC COMPANY APPROVES THE SWITCH; AND**

**2. ~~SHALL FORFEIT ANY NET EXCESS GENERATION REMAINING AT THE TIME THE ACCOUNT IS CLOSED~~ THE ELECTRIC COMPANY SHALL, WITHIN 15 DAYS AFTER AN ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT IS**

**CLOSED, PAY THE ELIGIBLE CUSTOMER-GENERATOR, IN ACCORDANCE WITH SUBPARAGRAPH (V) OF THIS PARAGRAPH, FOR ANY ACCRUED NET EXCESS GENERATION REMAINING AT THE TIME THE ACCOUNT IS CLOSED.**

**(V) THE COMMISSION SHALL ESTABLISH A METHOD FOR CALCULATING THE VALUE OF ANY ACCRUED NET EXCESS GENERATION THAT A CUSTOMER-GENERATOR ELECTS TO ACCRUE FOR AN INDEFINITE PERIOD UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH.**

(6) (i) ~~[On]~~ **IF AN ELIGIBLE CUSTOMER-GENERATOR ELECTS TO ACCRUE NET EXCESS GENERATION UNDER PARAGRAPH (5)(I)1 OF THIS SUBSECTION, ON** or before 30 days after the billing cycle that is complete immediately prior to the end of ~~[April]~~ **AUGUST** of each year, the electric company shall pay ~~[each]~~ **THE** eligible customer-generator for the dollar value of any accrued net excess generation remaining at the end of the previous 12-month period ending with the billing cycle that is complete immediately ~~[prior to]~~ **BEFORE** the end of ~~[April]~~ **AUGUST**.

(ii) Within 15 days after the date ~~[the]~~ **AN** eligible customer-generator **THAT ELECTS TO ACCRUE NET EXCESS GENERATION UNDER PARAGRAPH (5)(I)1 OF THIS SUBSECTION** closes the eligible customer-generator's account, the electric company shall pay the eligible customer-generator for the dollar value of any accrued net excess generation remaining at the time the eligible customer-generator closes the account.

(7) (i) Notwithstanding paragraphs (5) and (6) of this subsection, an eligible customer-generator served by an electric cooperative that serves a population of less than 250,000 in its distribution territory may choose to be paid for the dollar value of net excess generation remaining at the end of each month instead of at the end of the accrual period specified under paragraph ~~[(5)(i)]~~ **(5)(I)1** of this subsection.

(ii) If an eligible customer-generator chooses to be paid for the dollar value of net excess generation remaining at the end of each month:

1. the customer-generator may accrue net excess generation on a monthly basis;

2. the dollar value of the net excess generation shall be equal to the generation or commodity portion of the rate that the eligible customer-generator would have been charged by the electric company for the previous month; and

3. on or before 30 days after the end of each month, the electric cooperative shall pay the eligible customer-generator for the dollar value of net excess generation remaining at the end of the previous month.

(d) (1) (i) The Commission shall establish a pilot program for a Community Solar Energy Generating System Program.

(ii) The structure of the pilot program is as provided in this subsection.

(6) A subscriber [may not] SHALL:

(I) receive credit for virtual net excess generation [that exceeds 200% of the subscriber's baseline annual usage]; AND

(II) ACCRUE VIRTUAL NET EXCESS GENERATION IN THE SAME MANNER AS AN ELIGIBLE CUSTOMER-GENERATOR UNDER § 7-306(F) OF THIS SUBTITLE.

(e) On or before May 15, 2016, the Commission shall adopt regulations to implement this section, including regulations for:

(1) consumer protection;

(2) a tariff structure for an electric company to provide a subscriber with the kilowatt-hours or value of the subscriber's subscription, as the Commission determines;

(3) a calculation for virtual net energy metering as the Commission determines;

(4) a protocol for electric companies, electricity suppliers, and subscriber organizations to communicate the information necessary to calculate and provide the monthly electric bill credits and [yearly] net excess generation payments required by this section; and

(5) a protocol for a subscriber organization to coordinate with an electric company for the interconnection and commencement of operations of a community solar energy generating system.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2023.

**Approved by the Governor, May 8, 2023.**