

SENATE BILL 380

C5

11r0835

By: **Senator Pinsky and the President (By Request – Administration) and Senators Benson, Ferguson, Frosh, Garagiola, Madaleno, Manno, Montgomery, Ramirez, Raskin, ~~and Rosapepe~~ Rosapepe, Glassman, Kittleman, Klausmeier, Mathias, Middleton, and Muse**

Introduced and read first time: February 3, 2011

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 21, 2011

CHAPTER _____

1 AN ACT concerning

2 **Electricity – Net Energy Metering**

3 FOR the purpose of altering the period during which an eligible customer-generator
4 may accrue certain net excess generation; requiring a certain electric company
5 to carry forward ~~a negative kilowatt-hour reading~~ net excess generation until a
6 certain consumption eliminates the net excess generation or a certain accrual
7 period expires; altering how the dollar value of a certain net excess generation
8 is calculated; repealing a requirement that certain generation credit appear on
9 the eligible customer-generator's bill in a dollar amount; requiring an electric
10 company to reimburse certain eligible customer-generators for the dollar value
11 of certain accrued net excess generation on or before a certain date each year;
12 providing that a certain eligible customer-generator may choose to be paid for
13 the dollar value of certain net excess generation on a monthly basis under
14 certain circumstances; repealing a provision authorizing the Public Service
15 Commission to require a certain eligible customer-generator to install a certain
16 dual meter under certain circumstances; repealing a provision that requires the
17 Commission to develop a certain credit formula; altering the date by which the
18 Commission is required to report each year on the status of the net metering
19 program; repealing a certain definition; defining a certain term; and generally
20 relating to net energy metering and payment for accrued net excess generation.

21 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Public Utilities
2 Section 7–306
3 Annotated Code of Maryland
4 (2010 Replacement Volume)

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

7 **Article – Public Utilities**

8 7–306.

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

10 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this
11 title.

12 (3) “Eligible customer–generator” means a customer that owns and
13 operates, leases and operates, or contracts with a third party that owns and operates a
14 biomass, micro combined heat and power, solar, fuel cell, or wind electric generating
15 facility that:

16 (i) is located on the customer’s premises or contiguous property;

17 (ii) is interconnected and operated in parallel with an electric
18 company’s transmission and distribution facilities; and

19 (iii) is intended primarily to offset all or part of the customer’s
20 own electricity requirements.

21 (4) “Fuel cell” means an electric generating facility that:

22 (i) includes integrated power plant systems containing a stack,
23 tubular array, or other functionally similar configuration used to electrochemically
24 convert fuel to electric energy; and

25 (ii) may include:

26 1. an inverter and fuel processing system; and

27 2. other plant equipment to support the plant’s
28 operation or its energy conversion, including heat recovery equipment.

29 (5) [“Generation credit” means a credit associated with the generation
30 of electricity produced in excess of the electricity consumed by an eligible
31 customer–generator in one billing period.

1 (6)] “Micro combined heat and power” means the simultaneous or
2 sequential production of useful thermal energy and electrical or mechanical power not
3 exceeding 30 kilowatts.

4 [(7)] (6) “Net energy metering” means measurement of the difference
5 between the electricity that is supplied by an electric company and the electricity that
6 is generated by an eligible customer-generator and fed back to the electric grid over
7 the eligible customer-generator’s billing period.

8 (7) “NET EXCESS GENERATION” MEANS THE AMOUNT OF THE
9 ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR THAT IS IN
10 EXCESS OF THE ELECTRICITY CONSUMED BY THE ELIGIBLE
11 CUSTOMER-GENERATOR AND THAT RESULTS IN A NEGATIVE KILOWATT-HOUR
12 READING AT THE END OF THE ELIGIBLE CUSTOMER-GENERATOR’S BILLING
13 CYCLE.

14 (b) The General Assembly finds and declares that a program to provide net
15 energy metering for eligible customer-generators is a means to encourage private
16 investment in renewable energy resources, stimulate in-State economic growth,
17 enhance continued diversification of the State’s energy resource mix, and reduce costs
18 of interconnection and administration.

19 (c) An electric company serving an eligible customer-generator shall ensure
20 that the meter installed for net energy metering is capable of measuring the flow of
21 electricity in two directions.

22 (d) The Commission shall require electric utilities to develop a standard
23 contract or tariff for net energy metering and make it available to eligible
24 customer-generators on a first-come, first-served basis until the rated generating
25 capacity owned and operated by eligible customer-generators in the State reaches
26 1,500 megawatts.

27 (e) (1) [Except as provided in subsection (g) of this section, a] A net
28 energy metering contract or tariff shall be identical, in energy rates, rate structure,
29 and monthly charges, to the contract or tariff that the customer would be assigned if
30 the customer were not an eligible customer-generator.

31 (2) (i) A net energy metering contract or tariff may not include
32 charges that would raise the eligible customer-generator’s minimum monthly charge
33 above that of customers of the rate class to which the eligible customer-generator
34 would otherwise be assigned.

35 (ii) Charges prohibited by this paragraph include new or
36 additional demand charges, standby charges, customer charges, and minimum
37 monthly charges.

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

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

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

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

11 (5) (i) An eligible customer-generator under paragraph (4) of this
12 subsection may accrue [generation credit] **NET EXCESS GENERATION FOR A**
13 **PERIOD:**

14 **1. NOT TO EXCEED ~~1 CALENDAR YEAR~~ 12 MONTHS;**
15 **AND**

16 **2. THAT ENDS WITH THE BILLING CYCLE THAT IS**
17 **COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL OF EACH YEAR.**

18 (ii) The electric company shall carry forward [accrued
19 generation credit] ~~A NEGATIVE KILOWATT HOUR READING~~ **NET EXCESS**
20 **GENERATION** until:

21 1. the eligible customer-generator's consumption of
22 electricity from the grid eliminates the [credit] ~~NEGATIVE KILOWATT HOUR~~
23 ~~READING~~ **NET EXCESS GENERATION**; or

24 2. the [eligible customer-generator has been paid by the
25 electric company for any remaining credit in accordance with paragraph (6) of this
26 subsection] ~~1-YEAR~~ **ACCRUAL PERIOD UNDER SUBPARAGRAPH ~~(1)~~ (I) OF THIS**
27 **PARAGRAPH EXPIRES.**

28 (iii) **1.** The [amount of the generation credit shall be
29 calculated at the prevailing market price of energy applicable to the electric company
30 in the PJM Interconnection energy market, as that market may change from time to
31 time] **DOLLAR VALUE OF NET EXCESS GENERATION SHALL BE EQUAL TO THE**
32 **SUM OF THE ENERGY CHARGE AND THE DISTRIBUTION CHARGE PORTION OF**
33 **THE RETAIL GENERATION OR COMMODITY PORTION OF THE RATE THAT THE**
34 **ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN CHARGED BY THE**
35 **ELECTRIC COMPANY AVERAGED OVER THE ~~CALENDAR YEAR~~ PREVIOUS**

1 12-MONTH PERIOD ENDING WITH THE BILLING CYCLE THAT IS COMPLETE
2 IMMEDIATELY PRIOR TO THE END OF APRIL MULTIPLIED BY THE NUMBER OF
3 KILOWATT-HOURS OF NET EXCESS GENERATION.

4 2. FOR CUSTOMERS SERVED BY AN ELECTRICITY
5 SUPPLIER, THE DOLLAR VALUE OF THE NET EXCESS GENERATION SHALL BE
6 EQUAL TO THE GENERATION OR COMMODITY RATE THAT THE CUSTOMER
7 WOULD HAVE BEEN CHARGED BY THE ELECTRICITY SUPPLIER MULTIPLIED BY
8 THE NUMBER OF KILOWATT-HOURS OF NET EXCESS GENERATION.

9 [(iv) The generation credit shall appear on the eligible
10 customer-generator's bill in a dollar amount.]

11 (6) (i) [By written request, the eligible customer-generator may
12 receive payment from the electric company for any accrued generation credit that
13 remains at the end of a 12-month period.

14 (ii) On written request of the eligible customer-generator under
15 subparagraph (i) of this paragraph, within 15 days after the end of a 12-month
16 period,] ON OR BEFORE ~~JANUARY 15~~ 30 DAYS AFTER THE BILLING CYCLE THAT
17 IS COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL OF EACH YEAR, the
18 electric company shall pay [the] EACH eligible customer-generator for THE DOLLAR
19 VALUE OF any accrued [generation credit] NET EXCESS GENERATION remaining at
20 the end of the [12-month period] PREVIOUS ~~CALENDAR YEAR~~ 12-MONTH PERIOD
21 ENDING WITH THE BILLING CYCLE THAT IS COMPLETE IMMEDIATELY PRIOR TO
22 THE END OF APRIL.

23 [(iii)] (II) Within 15 days after the date the eligible
24 customer-generator closes the eligible customer-generator's account, the electric
25 company shall pay the eligible customer-generator for THE DOLLAR VALUE OF any
26 accrued [generation credit] NET EXCESS GENERATION remaining at the time the
27 eligible customer-generator closes the account.

28 (7) (I) NOTWITHSTANDING PARAGRAPHS (5) AND (6) OF THIS
29 SUBSECTION, AN ELIGIBLE CUSTOMER-GENERATOR SERVED BY AN ELECTRIC
30 COOPERATIVE THAT SERVES A POPULATION OF LESS THAN 250,000 IN ITS
31 DISTRIBUTION TERRITORY MAY CHOOSE TO BE PAID FOR THE DOLLAR VALUE
32 OF NET EXCESS GENERATION REMAINING AT THE END OF EACH MONTH INSTEAD
33 OF AT THE END OF THE ACCRUAL PERIOD SPECIFIED UNDER PARAGRAPH (5)(I)
34 OF THIS SUBSECTION.

35 (II) IF AN ELIGIBLE-CUSTOMER GENERATOR CHOOSES TO
36 BE PAID FOR THE DOLLAR VALUE OF NET EXCESS GENERATION REMAINING AT
37 THE END OF EACH MONTH:

1 **1. THE CUSTOMER-GENERATOR MAY ACCRUE NET**
2 **EXCESS GENERATION ON A MONTHLY BASIS;**

3 **2. THE DOLLAR VALUE OF THE NET EXCESS**
4 **GENERATION SHALL BE EQUAL TO THE GENERATION OR COMMODITY PORTION**
5 **OF THE RATE THAT THE ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN**
6 **CHARGED BY THE ELECTRIC COMPANY FOR THE PREVIOUS MONTH; AND**

7 **3. ON OR BEFORE 30 DAYS AFTER THE END OF EACH**
8 **MONTH, THE ELECTRIC COOPERATIVE SHALL PAY THE ELIGIBLE**
9 **CUSTOMER-GENERATOR FOR THE DOLLAR VALUE OF NET EXCESS GENERATION**
10 **REMAINING AT THE END OF THE PREVIOUS MONTH.**

11 (g) [(1) For an eligible customer-generator whose facility is sized to
12 produce energy in excess of the eligible customer-generator's annual energy
13 consumption, the Commission:

14 (i) may require the eligible customer-generator to install a dual
15 meter that is capable of measuring the flow of electricity in two directions; and

16 (ii) shall develop a credit formula that:

17 1. excludes recovery of transmission and distribution
18 costs; and

19 2. provides that the credit may be calculated using a
20 method other than a kilowatt-hour basis, including a method that allows a
21 dollar-for-dollar offset of electricity supplied by the grid compared to electricity
22 generated by the eligible customer-generator.

23 (2) In determining whether to require an eligible customer-generator
24 to install a dual meter under paragraph (1)(i) of this subsection, the Commission shall
25 consider the generating capacity of the eligible customer-generator.

26 (h)] (1) The generating capacity of an electric generating system used by
27 an eligible customer-generator for net metering may not exceed 2 megawatts.

28 (2) An electric generating system used by an eligible
29 customer-generator for net metering shall meet all applicable safety and performance
30 standards established by the National Electrical Code, the Institute of Electrical and
31 Electronics Engineers, and Underwriters Laboratories.

32 (3) The Commission may adopt by regulation additional control and
33 testing requirements for eligible customer-generators that the Commission
34 determines are necessary to protect public safety and system reliability.

1 (4) An electric company may not require an eligible
 2 customer-generator whose electric generating system meets the standards of
 3 paragraphs (2) and (3) of this subsection to:

- 4 (i) install additional controls;
- 5 (ii) perform or pay for additional tests; or
- 6 (iii) purchase additional liability insurance.

7 (5) An eligible customer-generator OR THE ELIGIBLE
 8 CUSTOMER-GENERATOR'S ASSIGNEE shall own and have title to all renewable
 9 energy attributes or renewable energy credits associated with any electricity produced
 10 by its electric generating system.

11 **[(i)] (H)** On or before ~~February~~ **SEPTEMBER** 1 of each year, the
 12 Commission shall report to the General Assembly, in accordance with § 2-1246 of the
 13 State Government Article, on the status of the net metering program under this
 14 section, including:

- 15 (1) the amount of capacity of electric generating facilities owned and
 16 operated by eligible customer-generators in the State by type of energy resource;
- 17 (2) based on the need to encourage a diversification of the State's
 18 energy resource mix to ensure reliability, whether the rated generating capacity limit
 19 in subsection (d) of this section should be altered; and
- 20 (3) other pertinent information.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 22 June 1, 2011.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.