

HOUSE BILL 701

C5

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CF SB 355

By: **Delegates Hecht, Barkley, Bartlett, Beidle, Bobo, Bronrott, Carr, G. Clagett, Doory, Feldman, Frick, George, Glenn, Holmes, Krysiak, Lee, Love, Manno, Mathias, McHale, Mizeur, Montgomery, Niemann, Pena-Melnyk, and Riley**

Introduced and read first time: February 4, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Energy Companies – Net Energy Metering – Payment for Accrued Generation**
3 **Credit**

4 FOR the purpose of requiring that a certain net metering contract or tariff credit
5 electricity generated by certain eligible customer–generators at certain rates
6 under certain circumstances; repealing a limitation on the period of time that a
7 certain eligible customer–generator may accrue certain generation credit;
8 repealing a limitation on the time that a certain electric company is required to
9 carry forward a generation credit or a negative kilowatt–hour reading; requiring
10 a certain electric company to carry forward a certain generation credit until
11 certain events occur; repealing a provision relating to the reversion of a certain
12 generation credit to a certain electric company; requiring the amount of
13 generation credit that a certain electric company credits to a certain eligible
14 customer–generator to be at certain rates under certain circumstances;
15 requiring certain generation credit to appear on an eligible
16 customer–generator’s bill in a dollar amount; requiring a certain electric
17 company to reimburse a certain generation credit under certain circumstances;
18 and generally relating to net energy metering and the payment for accrued
19 generation credit.

20 BY repealing and reenacting, with amendments,
21 Article – Public Utility Companies
22 Section 7–306
23 Annotated Code of Maryland
24 (2008 Replacement Volume and 2009 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Public Utility Companies

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7–306.

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

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

(3) “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, or wind 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.

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

(5) “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 company over the eligible customer–generator’s billing period.

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

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

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

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

5 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
6 PARAGRAPH, A NET METERING CONTRACT OR TARIFF SHALL CREDIT
7 ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR AT THE
8 SAME RETAIL RATE THE ELIGIBLE CUSTOMER-GENERATOR PAYS FOR THE
9 CONSUMPTION OF ELECTRICITY.

10 (II) FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT IS
11 SERVED ON A TIME-OF-USE TARIFF THAT HAS ELECTRICITY SUPPLY DEMAND
12 CHARGES CONTAINED WITHIN THE ELECTRICITY SUPPLY PORTION OF THE
13 TIME-OF-USE TARIFF, A NET METERING CONTRACT OR TARIFF SHALL CREDIT
14 ELECTRICITY GENERATED BY THE ELIGIBLE CUSTOMER-GENERATOR USING
15 TIME-OF-USE RATES.

16 [(2)] (3) (i) A net energy metering contract or tariff may not
17 include charges that would raise the eligible customer-generator's minimum monthly
18 charge above that of customers of the rate class to which the eligible
19 customer-generator would otherwise be assigned.

20 (ii) Charges prohibited by this paragraph include new or
21 additional demand charges, standby charges, customer charges, and minimum
22 monthly charges.

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

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

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

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

34 (5) (i) An eligible customer-generator under paragraph (4) of this
35 subsection may accrue generation credit [for a period not to exceed 12 months].

1 (ii) The electric company shall carry forward [a negative
2 kilowatt-hour reading] **ACCRUED GENERATION CREDIT** until:

3 1. the eligible customer-generator's consumption of
4 electricity from the grid eliminates the credit; or

5 2. the [12-month accrual period under subparagraph (i)
6 of this paragraph expires] **ELIGIBLE CUSTOMER-GENERATOR HAS BEEN PAID BY**
7 **THE ELECTRIC COMPANY FOR ANY REMAINING CREDIT IN ACCORDANCE WITH**
8 **PARAGRAPH (6) OF THIS SUBSECTION.**

9 (iii) 1. **EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2**
10 **OF THIS SUBPARAGRAPH, THE AMOUNT OF THE GENERATION CREDIT SHALL BE**
11 **CALCULATED AT THE SAME RETAIL RATE THE ELIGIBLE**
12 **CUSTOMER-GENERATOR PAYS FOR THE CONSUMPTION OF ELECTRICITY.**

13 2. **FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT**
14 **IS SERVED ON A TIME-OF-USE TARIFF THAT HAS ELECTRICITY SUPPLY DEMAND**
15 **CHARGES CONTAINED WITHIN THE ELECTRICITY SUPPLY PORTION OF THE**
16 **TIME-OF-USE TARIFF, THE AMOUNT OF THE GENERATION CREDIT SHALL BE**
17 **CALCULATED USING TIME-OF-USE RATES.**

18 (iv) **THE GENERATION CREDIT SHALL APPEAR ON THE**
19 **ELIGIBLE CUSTOMER-GENERATOR'S BILL IN A DOLLAR AMOUNT.**

20 (6) (i) **BY WRITTEN REQUEST, THE ELIGIBLE**
21 **CUSTOMER-GENERATOR MAY CHOOSE TO RECEIVE PAYMENT FROM THE**
22 **ELECTRIC COMPANY FOR ANY ACCRUED GENERATION CREDIT THAT REMAINS**
23 **AT THE END OF:**

24 1. **EACH CALENDAR QUARTER; OR**

25 2. **EACH CALENDAR YEAR.**

26 (ii) **ON WRITTEN REQUEST OF THE ELIGIBLE**
27 **CUSTOMER-GENERATOR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,**
28 **WITHIN 15 DAYS AFTER THE END OF THE REQUESTED TIME PERIOD, THE**
29 **ELECTRIC COMPANY SHALL PAY THE ELIGIBLE CUSTOMER-GENERATOR FOR**
30 **ANY ACCRUED GENERATION CREDIT REMAINING AT THE END OF THE**
31 **REQUESTED TIME PERIOD.**

32 (iii) [Any remaining] **WITHIN 15 DAYS AFTER THE DATE THE**
33 **ELIGIBLE CUSTOMER-GENERATOR CLOSES THE CUSTOMER-GENERATOR'S**
34 **ACCOUNT, THE ELECTRIC COMPANY SHALL PAY THE ELIGIBLE**

1 **CUSTOMER-GENERATOR FOR ANY** accrued generation credit **REMAINING** at the
2 **[expiration of the 12-month accrual period under paragraph (5)(i)2 of this subsection:**

3 (i) shall revert to the electric company; and

4 (ii) may not be recovered by the eligible
5 customer-generator] **TIME THE ELIGIBLE CUSTOMER-GENERATOR CLOSSES THE**
6 **ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT.**

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

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

12 (ii) shall develop a credit formula that:

13 1. excludes recovery of transmission and distribution
14 costs; and

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

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

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

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

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

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

34 (i) install additional controls;

1 (ii) perform or pay for additional tests; or

2 (iii) purchase additional liability insurance.

3 (5) An eligible customer-generator shall own and have title to all
4 renewable energy attributes or renewable energy credits associated with any
5 electricity produced by its electric generating system.

6 (i) On or before February 1 of each year, the Commission shall report to the
7 General Assembly, in accordance with § 2-1246 of the State Government Article, on
8 the status of the net metering program under this section, including:

9 (1) the amount of capacity of electric generating facilities owned and
10 operated by eligible customer-generators in the State by type of energy resource;

11 (2) based on the need to encourage a diversification of the State's
12 energy resource mix to ensure reliability, whether the rated generating capacity limit
13 in subsection (d) of this section should be altered; and

14 (3) other pertinent information.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2010.