

# HOUSE BILL 801

C5

(0lr2294)

## ENROLLED BILL

— Economic Matters/Finance —

Introduced by Delegates McHale, Hecht, Bartlett, Hammen, Hecht, and Krysiak  
Krysiak, Barkley, Beidle, Bobo, Bronrott, Carr, G. Clagett, Doory,  
Feldman, Frick, George, Glenn, Holmes, Lee, Love, Manno, Mathias,  
Mizeur, Montgomery, Niemann, Pena-Melnyk, Riley, Stull, Burns,  
Braveboy, Davis, Haddaway, Harrison, Impallaria, Jameson, King,  
Minnick, Rudolph, Taylor, Vaughn, and Walkup

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

### 2 **Electricity – Net Energy Metering – Credits**

3 FOR the purpose of ~~requiring a certain net metering contract or tariff to credit in a~~  
4 ~~certain manner electricity generated by certain eligible customer generators~~  
5 ~~calculated at certain rates under certain circumstances~~; repealing a limitation  
6 on the period of time that a certain eligible customer-generator may accrue  
7 certain generation credit; repealing a limitation on the time that a certain  
8 electric company is required to carry forward a generation credit or a negative  
9 kilowatt-hour reading; requiring a certain electric company to carry forward a  
10 certain generation credit in a certain manner until certain events occur;

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#### 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.

*Italics* indicate opposite chamber/conference committee amendments.



1 repealing a provision relating to the reversion of a certain generation credit to a  
 2 certain electric company; requiring the amount of generation credit that a  
 3 certain electric company credits to a certain eligible customer-generator to be  
 4 calculated ~~at certain rates under certain circumstances in a certain manner;~~  
 5 requiring a certain generation credit to appear on an eligible  
 6 customer-generator's bill in a dollar amount; requiring a certain electric  
 7 company to reimburse a certain generation credit under certain circumstances;  
 8 clarifying the manner in which net energy produced or consumed is measured;  
 9 making technical changes; altering a certain definition; defining a certain term;  
 10 requiring the Public Service Commission to adopt certain regulations, after  
 11 taking certain items into consideration, by a certain date; requiring a certain  
 12 technical working group to consider certain matters; requiring the Commission  
 13 to report to certain persons and certain legislative committees on certain  
 14 matters by a certain date; providing for the effective dates of this Act; and  
 15 generally relating to net energy metering and payment for accrued generation  
 16 credit.

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

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

24 **Article – Public Utility Companies**

25 7–306.

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

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

29 (3) “Eligible customer-generator” means a customer that owns and  
 30 operates, leases and operates, or contracts with a third party that owns and operates a  
 31 biomass, micro combined heat and power, solar, or wind electric generating facility  
 32 that:

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

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

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

1           **(4) “GENERATION CREDIT” MEANS A CREDIT ASSOCIATED WITH**  
 2 **THE GENERATION OF ELECTRICITY PRODUCED IN EXCESS OF THE ELECTRICITY**  
 3 **CONSUMED BY AN ELIGIBLE CUSTOMER-GENERATOR IN ONE BILLING PERIOD.**

4           ~~(4)~~ **(5)**           “Micro combined heat and power” means the simultaneous  
 5 or sequential production of useful thermal energy and electrical or mechanical power  
 6 not exceeding 30 kilowatts.

7           ~~(5)~~ **(6)**           “Net energy metering” means measurement of the difference  
 8 between the electricity that is supplied by an electric company and the electricity that  
 9 is generated by an eligible customer-generator and fed back to the electric ~~company~~  
 10 **GRID** over the eligible customer-generator’s billing period.

11           ~~(6)~~ ~~(i)~~   ~~“SOS WHOLESALE RATE” MEANS THE PORTION OF THE~~  
 12 ~~CHARGE FOR ELECTRICITY SUPPLY UNDER STANDARD OFFER SERVICE FOR A~~  
 13 ~~CUSTOMER IN A SINGLE RATE CLASS THAT:~~

14                               ~~1.   REPRESENTS ELECTRICITY AS A COMMODITY; AND~~  
 15                               ~~2.   IS CHARGED ON A PRICE PER KILOWATT HOUR~~  
 16 ~~BASIS.~~

17           ~~(ii)~~   ~~“SOS WHOLESALE RATE” DOES NOT INCLUDE:~~

18                               ~~1.   ANY ADMINISTRATIVE OR PROFIT COMPONENT OF~~  
 19 ~~A CHARGE FOR STANDARD OFFER SERVICE; OR~~  
 20                               ~~2.   OTHER CUSTOMER CHARGES UNDER SUBSECTION~~  
 21 ~~(E) OF THIS SECTION.~~

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

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

30           (d)   The Commission shall require electric utilities to develop a standard  
 31 contract or tariff for net energy metering and make it available to eligible  
 32 customer-generators on a first-come, first-served basis until the rated generating

1 capacity owned and operated by eligible customer-generators in the State reaches  
2 1,500 megawatts.

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

7 ~~(2) (i) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,~~  
8 ~~A NET METERING CONTRACT OR TARIFF SHALL CREDIT THE EXCESS OF~~  
9 ~~ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR, IF ANY,~~  
10 ~~OVER THE ELECTRICITY THAT THE ELIGIBLE CUSTOMER-GENERATOR~~  
11 ~~CONSUMES DURING A GIVEN BILLING PERIOD AT THE SOS WHOLESALE RATE~~  
12 ~~THAT THE ELECTRIC COMPANY CHARGES TO CUSTOMERS IN THE SAME RATE~~  
13 ~~CLASS AS THE ELIGIBLE CUSTOMER-GENERATOR IN THAT BILLING PERIOD.~~

14 ~~(II) FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT IS~~  
15 ~~SERVED ON A TIME-OF-USE TARIFF, A NET METERING CONTRACT OR TARIFF~~  
16 ~~SHALL CREDIT ELECTRICITY GENERATED BY THE ELIGIBLE~~  
17 ~~CUSTOMER-GENERATOR USING THE APPLICABLE TIME-OF-USE SOS~~  
18 ~~WHOLESALE RATES.~~

19 ~~(III) CREDIT FOR EXCESS GENERATION SHALL BE~~  
20 ~~CALCULATED UNDER THIS PARAGRAPH AT THE APPLICABLE SOS WHOLESALE~~  
21 ~~RATE WHETHER THE ELIGIBLE CUSTOMER-GENERATOR PURCHASES~~  
22 ~~ELECTRICITY FROM:~~

23 ~~1. A COMPETITIVE ELECTRICITY SUPPLIER; OR~~

24 ~~2. THE DISTRIBUTION COMPANY'S STANDARD OFFER~~  
25 ~~SERVICE.~~

26 ~~[(2)] (3)~~ (i) A net energy metering contract or tariff may not  
27 include charges that would raise the eligible customer-generator's minimum monthly  
28 charge above that of customers of the rate class to which the eligible  
29 customer-generator would otherwise be assigned.

30 (ii) Charges prohibited by this paragraph include new or  
31 additional demand charges, standby charges, customer charges, and minimum  
32 monthly charges.

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

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

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

6 (4) If electricity generated by the eligible customer-generator exceeds  
7 the electricity supplied by the grid, the eligible customer-generator shall be ~~required~~  
8 ~~to pay~~ BILLED only customer charges for that month in accordance with subsection (e)  
9 of this section.

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

12 (ii) ~~THE GENERATION CREDIT FOR A GIVEN BILLING~~  
13 ~~PERIOD SHALL BE CREDITED TO THE ELIGIBLE CUSTOMER-GENERATOR AS A~~  
14 ~~DOLLAR AMOUNT AT THE END OF THE BILLING PERIOD.~~

15 ~~(iii)~~ The electric company shall carry forward [a negative  
16 kilowatt-hour reading] ACCRUED GENERATION CREDIT until:

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

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

23 ~~(iv) (iii)~~ 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS  
24 SUBPARAGRAPH, THE THE AMOUNT OF THE GENERATION CREDIT SHALL BE  
25 CALCULATED AT THE ~~SOS WHOLESALE RATE APPLICABLE TO THE ELIGIBLE~~  
26 ~~CUSTOMER-GENERATOR~~ PREVAILING MARKET PRICE OF ENERGY APPLICABLE  
27 TO THE ELECTRIC COMPANY IN THE PJM INTERCONNECTION ENERGY MARKET,  
28 AS THAT MARKET MAY CHANGE FROM TIME TO TIME.

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

31 ~~2.~~ ~~FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT~~  
32 ~~IS SERVED ON A TIME OF USE TARIFF, THE AMOUNT OF THE GENERATION~~  
33 ~~CREDIT SHALL BE CALCULATED USING THE APPLICABLE TIME OF USE SOS~~  
34 ~~WHOLESALE RATES.~~

1 (6) (I) BY WRITTEN REQUEST, THE ELIGIBLE  
 2 CUSTOMER-GENERATOR MAY ~~CHOOSE TO~~ RECEIVE PAYMENT FROM THE  
 3 ELECTRIC COMPANY FOR ANY ACCRUED GENERATION CREDIT THAT REMAINS  
 4 AT THE END OF:

5 ~~1. EACH CALENDAR QUARTER; OR~~

6 ~~2. EACH CALENDAR YEAR~~ A 12-MONTH PERIOD.

7 (II) ON WRITTEN REQUEST OF THE ELIGIBLE  
 8 CUSTOMER-GENERATOR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,  
 9 WITHIN 15 DAYS AFTER THE END OF ~~THE REQUESTED TIME PERIOD~~ A  
 10 12-MONTH PERIOD, THE ELECTRIC COMPANY SHALL PAY THE ELIGIBLE  
 11 CUSTOMER-GENERATOR FOR ANY ACCRUED GENERATION CREDIT REMAINING  
 12 AT THE END OF THE ~~REQUESTED TIME~~ 12-MONTH PERIOD.

13 (III) [Any remaining] WITHIN 15 DAYS AFTER THE DATE THE  
 14 ELIGIBLE CUSTOMER-GENERATOR CLOSES THE ELIGIBLE  
 15 CUSTOMER-GENERATOR'S ACCOUNT, THE ELECTRIC COMPANY SHALL PAY THE  
 16 ELIGIBLE CUSTOMER-GENERATOR FOR ANY accrued generation credit REMAINING  
 17 at the [expiration of the 12-month accrual period under paragraph (5)(ii)2 of this  
 18 subsection:

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

20 (ii) may not be recovered by the eligible  
 21 customer-generator] ~~TIME THE ELIGIBLE CUSTOMER-GENERATOR CLOSES THE~~  
 22 ~~ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT.~~

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

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

28 (ii) shall develop a credit formula that:

29 1. excludes recovery of transmission and distribution  
 30 costs; and

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

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

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

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

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

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

16                   (i) install additional controls;

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

18                   (iii) purchase additional liability insurance.

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

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

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

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

30                   (3) other pertinent information.

31           SECTION 2. AND BE IT FURTHER ENACTED, That:

1           (a) On or before January 1, 2011, the Public Service Commission shall adopt  
2 regulations to implement the provisions of this Act, taking into consideration:

3                   (1) the technology available at each electric company; and

4                   (2) the appropriate value of generation credits.

5           (b) (1) In developing the regulations, the Commission shall convene a  
6 technical working group to address the metering and associated pricing mechanisms  
7 appropriate to net energy metering for various customer classes in the various service  
8 territories, including the advisability of and means to address credits associated with  
9 generation at different hours and seasons with appropriate metering equipment and  
10 appropriate mechanisms to aggregate generation and consumption of electricity across  
11 separate accounts in common ownership, whether on a kilowatt-hour or dollar basis.

12                   (2) In developing its recommendations, the technical working group  
13 shall consider, among other matters:

14                           (i) meter aggregation that allows the combination of readings  
15 from, and billing for multiple meters, with or without regard to the rate class on  
16 properties:

17                                   1. owned or leased and operated by an eligible  
18 customer-generator for agricultural and other uses; and

19                                   2. located within the service territory of a single electric  
20 company;

21                           (ii) the transfer of generation credits or aggregation of generation  
22 by a not-for-profit eligible customer-generator between properties of the same or  
23 different rate classes that are owned, leased, or operated by the not-for-profit eligible  
24 customer-generator within a single service territory; and

25                           (iii) 1. the availability of net energy metering to a  
26 municipality as an eligible customer-generator; and

27                                   2. the transfer of generation credits or aggregation of  
28 generation by a municipality between certain properties of the same or different rate  
29 classes that are owned, leased, or operated by the municipality within a single service  
30 territory.

31           (c) On or before January 1, 2011, the Commission shall report to the  
32 Governor and, in accordance with § 2-1246 of the State Government Article, the  
33 Senate Finance Committee and the House Economic Matters Committee on the  
34 recommendations of the technical advisory group and the regulations adopted under  
35 this section.



1           SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
2 take effect ~~July~~ October 1, 2010.

3           SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
4 Section 3 of this Act, this Act shall take effect July 1, 2010.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.