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BILL NO.: **Senate Bill 557**
Electric Generating Systems – Net Metering and
Community Solar Energy

COMMITTEE: **Finance**

HEARING DATE: **March 6, 2018**

SPONSORS: **Senator Feldman**

POSITION: **Informational**

Senate Bill 557 increases the capacity limit for solar energy systems that use net energy metering (NEM). These systems include rooftop solar, community solar, aggregate solar for agricultural, municipal and non-profit customers, and other smaller energy systems.

“Net energy metering” refers to the measurement of electricity on a net basis; that is, the meter measures the difference between the energy produced by the customer-generator and the customer’s actual energy usage. While most of NEM eligible generation is solar, other renewable sources are eligible for NEM. The customer pays a monthly customer distribution charge, without regard to the amount of energy produced. The electric utilities bill customers only for the energy used in excess of the amount produced, and the customers may receive payments for excess generation. Currently, under

Commission regulations, customer-generators may size NEM facilities up to 200% of a customer's annual baseline usage.

The Bill increases the installed capacity limits for solar energy systems that use NEM from 2 megawatts (MW) to 10 MW, and removes capacity limits for systems located on brownfield sites. OPC understands that the sponsor may introduce proposed amendments to allow only county governments to build NEM-eligible capacity above two MW, and to limit NEM-eligible generating capacity on brownfield sites to 30 MW.

As of July 2016, the installed NEM-related capacity in Maryland was 461 MW.¹ This amount reflects a significant increase in the amount of NEM capacity from the prior year.² In addition, the General Assembly authorized a three-year Community Solar Energy Generating Systems (CSEGS) pilot program in 2015.³ The Commission's regulations set a maximum of about 200 MW of community solar generating capacity for the three years of the pilot program.⁴ The CSEGS program is subject to the 1,500 MW cap for NEM. However, even with the introduction of community solar and the exponential increase in the installation of other NEM eligible generating facilities since 2011, the NEM capacity remains well within the 1500 MW cap. Senate Bill 557 does not change that cap.

The increase in capacity size contemplated by the Bill has a potential impact on the ability of very small customer-generators to participate in NEM, particularly as the

¹ Public Service Commission "Report on the Status of Net Energy Metering in the State of Maryland" (August 2017) (PSC Report), p. 1.

² Id., p. 4.

³ Acts 2015, c. 346.

⁴ COMAR 20.62.

amount of installed capacity nears the cap. The proposed amendments reduce that potential impact by limiting the size increases to County government generating facilities. In any event, there should be sufficient advance notice of such an affect.

The CSEGS regulations have very specific requirements for the CSEGS projects for each of the three years of the pilot. If the Bill becomes law, the Commission may need to revisit the regulations on capacity limits for the projects.