

HOUSE BILL 1087

C5
HB 1192/14 – ECM

5lr2077
CF SB 481

By: **Delegates Clippinger, B. Barnes, Conaway, Fennell, Frick, Kelly, Kramer, Luedtke, Platt, S. Robinson, Rosenberg, Vaughn, Waldstreicher, A. Washington, M. Washington, and C. Wilson**

Introduced and read first time: February 13, 2015

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Electricity – Community Solar Energy Generating System Program**

3 FOR the purpose of establishing a program on community solar energy generating systems
4 under the authority of the Public Service Commission; providing for the structure
5 and operation of the program, including the generation of electricity and allocation
6 of costs to subscribers to a community solar energy generating system; authorizing
7 an electric company to submit a petition to own and operate a community solar
8 energy generating system to the Commission; authorizing the Commission to
9 approve a petition if the Commission makes a certain determination; requiring the
10 Commission to approve or deny a petition within a certain period of time; specifying
11 when an electric company may recover the costs associated with developing and
12 owning a community solar energy generating system through base rates; requiring
13 an electric company to sell certain services and attributes associated with the
14 community solar energy generating system; requiring an electric company to use a
15 certain method to refund or credit certain proceeds to ratepayers; requiring the
16 Commission to determine an appropriate method for an electric company to
17 distribute its proceeds to ratepayers; requiring the Commission to adopt certain
18 regulations by a certain date; defining certain terms; stating certain findings of the
19 General Assembly; and generally relating to a program for community solar energy
20 generating systems.

21 BY adding to

22 Article – Public Utilities

23 Section 7–306.1

24 Annotated Code of Maryland

25 (2010 Replacement Volume and 2014 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

27 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 Utilities

7-306.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “BASELINE ANNUAL USAGE” MEANS:

(I) A SUBSCRIBER’S ACCUMULATED ELECTRICITY USE IN KILOWATT-HOURS FOR THE 12 MONTHS BEFORE THE SUBSCRIBER’S MOST RECENT SUBSCRIPTION; OR

(II) FOR A SUBSCRIBER THAT DOES NOT HAVE A RECORD OF 12 MONTHS OF ELECTRICITY USE AT THE TIME OF THE SUBSCRIBER’S MOST RECENT SUBSCRIPTION, AN ESTIMATE OF THE SUBSCRIBER’S ACCUMULATED 12 MONTHS OF ELECTRICITY USE IN KILOWATT-HOURS, DETERMINED IN A MANNER THE COMMISSION APPROVES.

(3) “COMMUNITY SOLAR ENERGY GENERATING SYSTEM” MEANS A SOLAR ENERGY SYSTEM THAT:

(I) IS CONNECTED TO THE ELECTRIC DISTRIBUTION GRID SERVING THE STATE;

(II) IS LOCATED IN THE SAME ELECTRIC SERVICE TERRITORY AS ITS SUBSCRIBERS;

(III) IS ATTACHED TO THE ELECTRIC METER OF A SUBSCRIBER OR IS A SEPARATE FACILITY WITH ITS OWN ELECTRIC METER;

(IV) CREDITS ITS GENERATED ELECTRICITY TO THE BILLS OF THE SUBSCRIBERS TO THAT SYSTEM THROUGH VIRTUAL NET ENERGY METERING;

(V) HAS AT LEAST TWO SUBSCRIBERS;

(VI) DOES NOT HAVE SUBSCRIPTIONS LARGER THAN 200 KILOWATT-HOURS CONSTITUTING MORE THAN 60% OF ITS SUBSCRIPTIONS;

(VII) HAS A GENERATING CAPACITY THAT DOES NOT EXCEED 2 MEGAWATTS AS MEASURED BY THE ALTERNATING CURRENT RATING OF THE SYSTEM’S INVERTER; AND

1 (VIII) MAY BE OWNED BY ANY PERSON, INCLUDING A SUBSCRIBER
2 ORGANIZATION, AN ELECTRIC COMPANY, OR AN ELECTRICITY SUPPLIER.

3 (4) "PROGRAM" MEANS THE COMMUNITY SOLAR ENERGY
4 GENERATING SYSTEMS PROGRAM.

5 (5) "SUBSCRIBER" MEANS A RETAIL CUSTOMER OF AN ELECTRIC
6 COMPANY THAT:

7 (I) HOLDS A SUBSCRIPTION TO A COMMUNITY SOLAR ENERGY
8 GENERATING SYSTEM; AND

9 (II) HAS IDENTIFIED ONE OR MORE INDIVIDUAL METERS OR
10 ACCOUNTS TO WHICH THE SUBSCRIPTION SHALL BE ATTRIBUTED.

11 (6) "SUBSCRIBER ORGANIZATION" MEANS:

12 (I) A PERSON THAT OWNS OR OPERATES A COMMUNITY SOLAR
13 ENERGY GENERATING SYSTEM; OR

14 (II) THE COLLECTIVE GROUP OF SUBSCRIBERS OF A
15 COMMUNITY SOLAR ENERGY GENERATING SYSTEM.

16 (7) "SUBSCRIPTION" MEANS THE PORTION OF THE ELECTRICITY
17 GENERATED BY A COMMUNITY SOLAR ENERGY GENERATING SYSTEM THAT IS
18 CREDITED TO A SUBSCRIBER.

19 (8) "UNSUBSCRIBED ENERGY" MEANS ANY COMMUNITY SOLAR
20 ENERGY GENERATING SYSTEM OUTPUT IN KILOWATT-HOURS THAT IS NOT
21 ALLOCATED TO ANY SUBSCRIBER.

22 (9) "VIRTUAL NET ENERGY METERING" MEANS MEASUREMENT OF
23 THE DIFFERENCE BETWEEN THE ELECTRICITY THAT IS SUPPLIED BY AN ELECTRIC
24 COMPANY AND THE ELECTRICITY ATTRIBUTABLE TO A SUBSCRIPTION TO A
25 COMMUNITY SOLAR ENERGY GENERATING SYSTEM AND FED BACK TO THE ELECTRIC
26 GRID OVER THE SUBSCRIBER'S BILLING PERIOD.

27 (B) THE GENERAL ASSEMBLY FINDS THAT:

28 (1) COMMUNITY SOLAR ENERGY GENERATING SYSTEMS:

1 **(I) PROVIDE RESIDENTS AND BUSINESSES, INCLUDING THOSE**
2 **THAT LEASE PROPERTY, INCREASED ACCESS TO LOCAL SOLAR ELECTRICITY WHILE**
3 **ENCOURAGING PRIVATE INVESTMENT IN SOLAR RESOURCES;**

4 **(II) STIMULATE IN-STATE ECONOMIC GROWTH AND**
5 **ENTREPRENEURIAL INNOVATION;**

6 **(III) ENHANCE CONTINUED DIVERSIFICATION OF THE STATE'S**
7 **ENERGY RESOURCE MIX TO ACHIEVE THE STATE'S RENEWABLE ENERGY PORTFOLIO**
8 **STANDARD AND GREENHOUSE GAS EMISSIONS REDUCTION ACT GOALS; AND**

9 **(IV) PROVIDE ELECTRIC COMPANIES AND RATEPAYERS THE**
10 **OPPORTUNITY TO REALIZE THE MANY BENEFITS ASSOCIATED WITH DISTRIBUTED**
11 **ENERGY; AND**

12 **(2) IT IS IN THE PUBLIC INTEREST THAT THE STATE ENABLE THE**
13 **DEVELOPMENT AND DEPLOYMENT OF ENERGY GENERATION FROM COMMUNITY**
14 **SOLAR ENERGY GENERATING SYSTEMS IN ORDER TO:**

15 **(I) ALLOW RENTERS AND LOW-INCOME AND**
16 **MODERATE-INCOME RETAIL ELECTRIC CUSTOMERS TO OWN AN INTEREST IN A**
17 **COMMUNITY SOLAR ENERGY GENERATING SYSTEM;**

18 **(II) FACILITATE MARKET ENTRY FOR ALL POTENTIAL**
19 **SUBSCRIBERS WHILE GIVING PRIORITY TO SUBSCRIBERS WHO ARE THE MOST**
20 **SENSITIVE TO MARKET BARRIERS; AND**

21 **(III) ENCOURAGE DEVELOPERS TO PROMOTE PARTICIPATION BY**
22 **RENTERS AND LOW-INCOME AND MODERATE-INCOME RETAIL ELECTRIC**
23 **CUSTOMERS.**

24 **(C) A COMMUNITY SOLAR ENERGY GENERATING SYSTEM, INCLUDING A**
25 **SUBSCRIBER OR SUBSCRIBER ORGANIZATION ASSOCIATED WITH THE COMMUNITY**
26 **SOLAR ENERGY GENERATING SYSTEM, IS NOT:**

27 **(1) AN ELECTRIC COMPANY;**

28 **(2) AN ELECTRICITY SUPPLIER; OR**

29 **(3) A GENERATING STATION.**

30 **(D) (1) (I) THE COMMISSION SHALL ESTABLISH A COMMUNITY SOLAR**
31 **ENERGY GENERATING SYSTEM PROGRAM.**

1 **(II) THE STRUCTURE OF THE PROGRAM IS AS PROVIDED IN THIS**
2 **SUBSECTION.**

3 **(2) ALL RATE CLASSES MAY PARTICIPATE IN THE PROGRAM.**

4 **(3) SUBSCRIBERS SERVED BY ELECTRIC STANDARD OFFER SERVICE**
5 **AND ELECTRICITY SUPPLIERS MAY HOLD SUBSCRIPTIONS TO THE SAME COMMUNITY**
6 **SOLAR ENERGY GENERATING SYSTEM.**

7 **(4) A SUBSCRIBER ORGANIZATION SHALL:**

8 **(I) DETERMINE HOW TO ALLOCATE SUBSCRIPTIONS TO**
9 **SUBSCRIBERS;**

10 **(II) CALCULATE THE NUMBER OF CREDITS THAT AN ELECTRIC**
11 **COMPANY WILL PROVIDE TO A SUBSCRIBER FOR EACH BILLING CYCLE; AND**

12 **(III) NOTIFY AN ELECTRIC COMPANY AND, IF APPLICABLE, A**
13 **RELEVANT ELECTRICITY SUPPLIER ABOUT THE REGULATIONS THE COMMISSION**
14 **ADOPTS UNDER SUBSECTION (F) OF THIS SECTION.**

15 **(5) AN ELECTRIC COMPANY SHALL USE THE TARIFF STRUCTURE**
16 **UNDER SUBSECTION (F)(2) OF THIS SECTION TO PROVIDE EACH SUBSCRIBER WITH**
17 **THE CREDITS CALCULATED BY A SUBSCRIBER ORGANIZATION.**

18 **(6) A SUBSCRIBER MAY NOT RECEIVE CREDIT FOR VIRTUAL NET**
19 **EXCESS GENERATION THAT EXCEEDS 120% OF THE SUBSCRIBER'S BASELINE**
20 **ANNUAL USAGE.**

21 **(7) ANY UNSUBSCRIBED ENERGY GENERATED BY A COMMUNITY**
22 **SOLAR ENERGY GENERATING SYSTEM THAT IS NOT OWNED BY AN ELECTRIC**
23 **COMPANY SHALL BE PURCHASED UNDER THE ELECTRIC COMPANY'S PROCESS FOR**
24 **PURCHASING THE OUTPUT FROM QUALIFYING FACILITIES AT THE AMOUNT IT**
25 **WOULD HAVE COST THE ELECTRIC COMPANY TO PROCURE THE ENERGY.**

26 **(8) ALL COSTS ASSOCIATED WITH SMALL GENERATOR**
27 **INTERCONNECTION STANDARDS UNDER COMAR 20.50.09 ARE THE**
28 **RESPONSIBILITY OF THE SUBSCRIBER ORGANIZATION.**

29 **(9) A SUBSCRIBER ORGANIZATION MAY PETITION AN ELECTRIC**
30 **COMPANY TO COORDINATE THE INTERCONNECTION AND COMMENCEMENT OF**
31 **OPERATIONS OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM AFTER THE**

1 COMMISSION ADOPTS REGULATIONS REQUIRED UNDER SUBSECTION (F) OF THIS
2 SECTION.

3 (10) A SUBSCRIBER ORGANIZATION MAY CONTRACT WITH A THIRD
4 PARTY FOR THE THIRD PARTY TO FINANCE, BUILD, OWN, OR OPERATE A COMMUNITY
5 SOLAR ENERGY GENERATING SYSTEM.

6 (11) A MUNICIPAL UTILITY OR COOPERATIVE UTILITY MAY
7 PARTICIPATE IN THE PROGRAM.

8 (E) (1) (I) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE,
9 AN ELECTRIC COMPANY MAY SUBMIT A PETITION TO OWN AND OPERATE A
10 COMMUNITY SOLAR ENERGY GENERATING SYSTEM TO THE COMMISSION.

11 (II) THE COMMISSION MAY APPROVE A PETITION SUBMITTED
12 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IF THE COMMISSION DETERMINES
13 THAT THE COMMUNITY SOLAR ENERGY GENERATING SYSTEM WILL:

14 1. RESULT IN JUST AND REASONABLE RATES WHEN
15 INCLUDED IN THE ELECTRIC COMPANY'S BASE RATE; AND

16 2. PROVIDE BENEFITS TO RATEPAYERS THROUGH:

17 A. AVOIDED TRANSMISSION AND DISTRIBUTION LINE
18 LOSSES;

19 B. TRANSMISSION AND DISTRIBUTION UPGRADE
20 DEFERRALS;

21 C. AVOIDED INTERCONNECTION COSTS;

22 D. ANCILLARY SERVICES AND VOLT-AMPERE REACTIVE
23 (VAR) SUPPORT;

24 E. REDUCED LAND COSTS;

25 F. DEMAND CHARGE MANAGEMENT;

26 G. ELECTRIC SERVICE RELIABILITY; OR

27 H. ANY OTHER ADDITIONAL FACTORS THE COMMISSION
28 CONSIDERS APPROPRIATE.

1 **(III) THE COMMISSION SHALL APPROVE OR DENY A PETITION**
2 **WITHIN 120 DAYS AFTER THE ELECTRIC COMPANY FILES THE PETITION.**

3 **(2) AN ELECTRIC COMPANY MAY RECOVER THROUGH BASE RATES**
4 **THE COSTS ASSOCIATED WITH BUILDING AND MAINTAINING A COMMUNITY SOLAR**
5 **ENERGY GENERATING SYSTEM THAT IS ACTIVELY USED AND IN SERVICE.**

6 **(3) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, AN**
7 **ELECTRIC COMPANY SHALL SELL:**

8 **(I) UNSUBSCRIBED ENERGY, CAPACITY, AND ANCILLARY**
9 **SERVICES PRODUCED BY THE ELECTRIC COMPANY'S COMMUNITY SOLAR ENERGY**
10 **GENERATING SYSTEM OWNED BY THE ELECTRIC COMPANY TO THE MARKETS**
11 **OPERATED BY PJM INTERCONNECTION, LLC; AND**

12 **(II) ENVIRONMENTAL ATTRIBUTES ASSOCIATED WITH THE**
13 **ELECTRICITY GENERATED BY THE ELECTRIC COMPANY'S COMMUNITY SOLAR**
14 **ENERGY GENERATING SYSTEM TO ANY PERSON.**

15 **(4) (I) AN ELECTRIC COMPANY SHALL USE A METHOD**
16 **DETERMINED BY THE COMMISSION TO REFUND OR CREDIT TO RATEPAYERS THE**
17 **PROCEEDS FROM:**

18 1. **THE SALES REQUIRED UNDER PARAGRAPH (3) OF**
19 **THIS SUBSECTION; AND**

20 2. **THE SALE OF ANY SUBSCRIPTIONS TO THE ELECTRIC**
21 **COMPANY'S COMMUNITY SOLAR ENERGY GENERATING SYSTEM.**

22 **(II) THE COMMISSION SHALL DETERMINE AN APPROPRIATE**
23 **METHOD FOR AN ELECTRIC COMPANY TO DISTRIBUTE ITS PROCEEDS TO**
24 **RATEPAYERS.**

25 **(F) ON OR BEFORE JANUARY 1, 2016, THE COMMISSION SHALL ADOPT**
26 **REGULATIONS TO IMPLEMENT THIS SECTION, INCLUDING REGULATIONS FOR:**

27 **(1) CONSUMER PROTECTION;**

28 **(2) A TARIFF STRUCTURE FOR AN ELECTRIC COMPANY TO PROVIDE A**
29 **SUBSCRIBER WITH THE CREDITS CALCULATED BY A SUBSCRIBER ORGANIZATION**
30 **THAT IS CONSISTENT WITH THE TARIFF STRUCTURE USED FOR NET ENERGY**
31 **METERING UNDER § 7-306 OF THIS SUBTITLE;**

1 **(3)** A CALCULATION FOR VIRTUAL NET ENERGY METERING THAT IS
2 CONSISTENT WITH THE CALCULATION USED FOR NET ENERGY METERING UNDER §
3 **7-306** OF THIS SUBTITLE;

4 **(4)** A PROTOCOL FOR ELECTRIC COMPANIES, ELECTRICITY
5 SUPPLIERS, AND SUBSCRIBER ORGANIZATIONS TO COMMUNICATE THE
6 INFORMATION NECESSARY TO CALCULATE AND PROVIDE THE MONTHLY ELECTRIC
7 BILL CREDITS AND YEARLY NET EXCESS GENERATION PAYMENTS REQUIRED BY THIS
8 SECTION; AND

9 **(5)** A PROTOCOL FOR A SUBSCRIBER ORGANIZATION TO COORDINATE
10 WITH AN ELECTRIC COMPANY FOR THE INTERCONNECTION AND COMMENCEMENT
11 OF OPERATIONS OF A COMMUNITY SOLAR ENERGY GENERATING SYSTEM.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2015.