

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 508  
Finance

(Senator Peters)

Economic Matters

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Public Utilities - Net Energy Metering

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This bill prohibits the Public Service Commission (PSC) from prohibiting the construction or operation of multiple net metered solar energy generating facilities located on separate contiguous lots owned by a local government solely because the capacity of the combined systems exceeds the two-megawatt generating capacity limit if (1) the generating facilities are intended to be used solely for the benefit of the local government; (2) the total capacity does not exceed five megawatts; (3) the contiguous lots were not subdivided for the purpose of circumventing the two-megawatt limit; and (4) the utility serving the net metered facilities is not an electric cooperative or municipal electric utility.

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Fiscal Summary

**State Effect:** State finances and operations are likely not materially affected, as discussed below.

**Local Effect:** Local government finances and operations are likely not materially affected, as discussed below.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** Generally, net energy metering is the 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. PSC must require electric utilities to develop and make net metering tariffs available to eligible customer-generators. The generating

capacity of an eligible customer-generator for net metering may be up to 2 megawatts – there are no exceptions. Eligible energy sources are solar, wind, biomass, micro combined heat and power, fuel cell, and certain types of hydroelectric. There is a statewide net metered capacity limit of 1,500 megawatts.

**State/Local Fiscal Effect:** According to the most recent net metering annual [report](#) from PSC, if current installation rates continue, the State may approach the current statewide net metering capacity limit by 2024 or 2025. As of June 30, 2020, 823 megawatts out of 1,500 megawatts were installed – a 9% increase from the previous year.

To the extent that the bill results in an increase in net-metered capacity in any year prior to the statewide capacity cap being reached, State/local government expenditures for electricity increase due to utility cost recovery mechanisms under existing net metering tariffs, offset by tax revenues associated with the new facilities to the extent those facilities are taxable. For example, local governments can, and do, impose personal property taxes on solar photovoltaic property, which is the primary source of net-metered capacity in the State.

Still, as the bill merely allows for larger overall net-metered capacity additions in limited circumstances, and does not otherwise alter the statewide cap, State/local finances are likely not materially affected.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 584 (Delegate R. Watson) - Economic Matters.

**Information Source(s):** Public Service Commission; Office of People’s Counsel; Baltimore and Garrett counties; City of Hagerstown; Maryland Municipal League; Department of Legislative Services

**Fiscal Note History:** First Reader - February 1, 2021  
rh/lgc Third Reader - March 22, 2021  
Revised - Amendment(s) - March 22, 2021

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Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510