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**HB 569:** Electricity – Net Energy Metering -- Limit

**Committee:** House Economic Matters

**Position:** Opposed

Southern Maryland Electric Cooperative (SMECO), a member-owned electric cooperative based in Hughesville that provides electricity to more than 166,000 customers in Charles, St. Mary's, Calvert and southern Prince George's County, opposes HB 569. This bill doubles the statewide limit on net metered capacity from 1,500 megawatts to 3,000 megawatts.

SMECO opposes this bill because it is unnecessary. According to the most recent net metering annual report from the Public Service Commission (PSC), the state is only slightly more than half-way to its 1,500 megawatt cap with 823 megawatts installed. In that report, the PSC did not recommend changes to the eligibility cap for net metering and predicted that the cap would not be reached until 2024 or 2025.

SMECO believes, as the PSC stated in its report, that the General Assembly should begin exploring the current net metering cap and/or replacing the current net metering program. But this exploration needs to be more inclusive than a bill that would simply double the cap without any consultation from the utilities.

Net metering is alive and well in Southern Maryland despite some misgivings that SMECO has with the program. By paying a net metered customer the full retail rate of the electricity that it generated at their home and put back on to SMECO's grid, this creates an unfair subsidy to net metered customers by all customers who are not net metered.

There are two components of SMECO's electric bill – Standard Offer Service (SOS) or commodity and the distribution costs. The commodity is the electrons flowing through our electric grid. This is a pass-through cost. The distribution rate is what pays for our poles, trucks and operations of the cooperative. More than 70 percent of SMECO's distribution cost recovery, as approved by the Public Service Commission, is based on the amount of electricity someone uses.

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This unbalanced percentage illustrates the concern we have for lifting the net metering cap. The less electricity someone uses – especially on a large scale – a smaller percentage of distribution revenue is collected and the costs for maintaining our distribution system falls on non-net-metered customers.

SMECO believes the net metering cap should not be increased until an inclusive, thorough examination of the rate consequences be examined by the PSC, industry partners, utilities and other advocates.

For that reason and those stated above, SMECO would request an unfavorable report on HB 569.

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