

---

**OPPOSE – House Bill 1112**  
**HB1112 – Electricity - Net Energy Metering - Generation Credits**  
**Economic Matters Committee**  
**Thursday, March 10, 2022**

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 275,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, and Maryland.

**Unfavorable**

**Potomac Edison opposes House Bill 1112 – Electricity - Net Energy Metering - Generation Credits.** The synopsis for HB-1112 requires that an eligible customer-generator receive generation credits for net excess generation that are applied to the total monthly electricity bill from an electric company. Potomac Edison, and the other electric utilities in the state already do exactly this, however this proposed new legislation would force these generation credits to be converted into a “dollar amount”.

**FirstEnergy requests an Unfavorable report on HB-1112 for the following reasons.**

Potomac Edison has long been a supporter of customer owned generation, especially when it helps reduce greenhouse gas emissions. However, the alternations proposed in HB-1112 is unnecessary and confusing and does nothing to support that goal. The requirement to convert excess generation to a “dollar amount” on a monthly basis is meaningless, because in (f)(5)(i)(2) of the current legislation, the annual cash-out doesn't occur until April of each year. Furthermore, the monthly “dollar amount” is incorrect because the existing code in (f)(5)(iii)(1) has a different calculation for the dollar value of excess generation.

- *(f)(5)(iii)(1): The dollar value of net excess generation shall be equal to the generation or commodity portion of the rate that the eligible customer-generator would have been charged by the electric company averaged over the previous 12-month period ending with the billing cycle that is complete immediately prior to the end of April multiplied by the number of kilowatt-hours of net excess generation.*

Continuing to calculate excess generation in kWh's, as Potomac Edison does now, is the fair, transparent, and accurate way to handle these accounts. This proposed monthly “dollar amount” is confusing and can also be incorrect in its value, since excess generation is used in subsequent months. If a customer consumes less electricity than their generator produces, the generation rate “dollar amount” in subsequent months may not necessarily have the same value as the month in which the excess generation “dollar amount” was produced.

- For example, assume in December the generation rate is 4 cents/kWh and then changes to 6 cents/kWh on January 1st. If a customer had generated an excess of 100-kWh's in December, the “dollar amount” at that rate is \$4.00. Per section (f)(5)(ii)(1) of the current legislation, those 100-kWh's will be carried over and used in January. Following existing rules, the 100-kWh's carried over is worth \$6.00, but HB-1112 would calculate the credit at only \$4.00 instead. Using “dollar amounts” instead of actual kWh's creates a conflict, is inaccurate, and would be confusing to the customer.

Potomac Edison supports customer generation on the electric system, especially when it reduces greenhouse gas emissions through the integration of renewable energy, however the changes proposed in HB-1112 are unnecessary and confusing. The monthly excess generation “dollar amount” is incorrect and should not be relied upon, as its value does not equate properly to what could be used in subsequent months, or what is used when the customer receives an annual cash-out.

Finally, the Community Solar Energy Generating Pilot Program is approximately 75% complete, and the PSC will soon be completing a report on the program. Making significant changes to the net-metering program, before the pilot ends, doesn't make sense at this time. The proposed changes, if enacted, would require electric utility billing changes, increasing costs, and adversely impacting all net metered customers. The continued use of kWh's is the correct way to proceed.

For the above reasons, Potomac Edison respectfully request an **Unfavorable** vote on House Bill-1112.