

## Committee on Regulated Industries

### **CS/CS/HB 741 — Net Metering**

by Commerce Committee; Tourism, Infrastructure and Energy Subcommittee; and Rep. McClure and others (CS/CS/CS/SB 1024 by Rules Committee; Community Affairs Committee; Regulated Industries Committee; and Senator Bradley)

The bill requires the Public Service Commission (PSC) to revise its rules on net metering of customer renewable generation, effective January 1, 2024. The revised rule must provide that excess electricity used by the customer is billed in accordance with normal billing practices; and electricity delivered to the utility's grid during the customer's regular billing cycle is credited toward the customer's energy consumption for the next month's billing cycle.

The bill provides for phases in which customers with renewable generation who have a net metering application approved will offset their energy consumption by a specified percentage of the amount credited as follows:

- Applications approved between January 1, 2024, and December 31, 2025, will receive a 75 percent energy usage credit;
- Applications approved between January 1, 2026, and December 31, 2026, will receive a 60 percent energy usage credit; and
- Applications approved between January 1, 2027, and December 31, 2028, will receive a 50 percent energy usage credit.

The bill allows customers who own or lease renewable generation systems with an approved net metering application before January 1, 2029, to continue to use the net metering rate design and the rates that applied at the time of the approval. This provision also applies to customers who purchase or lease real property with renewable generation systems installed for all or part of the twenty-year period.

On or after the effective date of the rules, the bill allows public utilities to petition the PSC for approval of fixed charges, base facilities charges, electric grid access fees, or monthly minimum bills, which ensure that the public utility recovers the fixed costs of serving customers and that the general body of ratepayers is not subsidizing customers with renewable generation systems.

The bill requires the PSC to adopt for subsequent rules that must become effective January 1, 2029, establishing a new program design for customer generation with an application approved on or after January 1, 2029. These subsequent rules must ensure that:

- Customers owning or leasing renewable generation systems pay the full cost of electric service and are not subsidized by the general body of ratepayers;
- All energy delivered by the public utility is purchased at the applicable retail rate; and
- All energy delivered by a customer generation system to the public utility is credited to the customer at the public utility's full avoided costs.

The bill requires the PSC to initiate rulemaking to implement the bill's subsequent rule criteria if at any time the generation in a public utility's service territory is reasonably expected to exceed

6.5 percent within the succeeding 12 months. This may be done at any time, upon petition or on the PSC's own motion, and the rules become effective 60 days after adoption or 60 days after the PSC's determination that actual penetration is 6.5 percent, whichever is later. The bill provides a method for calculating the penetration rate.

The bill allows public utilities to recover lost revenue through their rate's fuel and purchased power cost recovery charge. The lost revenue resulting from additional residential customer generation, added between July 1, 2022, and December 31, 2023, above those estimated during the most recent rate case may be recovered by petitioning the PSC.

If approved by the Governor, these provisions take effect July 1, 2022.

*Vote: Senate 24-15; House 83-31*