SB 966

Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 966 (Senator Feldman)
Education, Energy, and the Environment

Public Service Commission - Net Energy Metering - Successor Program

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This emergency bill requires the Public Service Commission (PSC) to conduct a proceeding exploring the development and implementation of a successor program to the State's existing net energy metering program. PSC must accept input from relevant stakeholders and, by December 15, 2026, submit a report on the proceeding to the Governor and the General Assembly that includes recommendations for a successor program. Additional provisions of the bill take effect upon the earlier of (1) the submission of the report or (2) the total rated generating capacity owned and operated under the State's existing net energy metering program reaching 3,000 megawatts. The additional provisions require PSC to develop and implement a successor program that (1) meets specified requirements and (2) is available until the combined capacity owned and operated under both programs reaches 6,000 megawatts.

Fiscal Summary

State Effect: PSC expects to implement the bill's requirements with existing resources. State agencies/entities may be affected by changes under the successor program and the increased net energy metering capacity limit, as discussed below. The potential effect on electricity rates is discussed in the Additional Comments section below.

Local Effect: Local governments may be affected by changes under the successor program and the increased net energy metering capacity limit, as discussed below. The potential effect on electricity rates is discussed in the Additional Comments section below.

Small Business Effect: Meaningful. The potential effect on electricity rates is discussed in the Additional Comments section below.

Analysis

Bill Summary:

Successor Net Energy Metering Program – Proceeding and Report

Uncodified provisions of the bill require PSC to conduct a proceeding exploring the development and implementation of a successor program to the State's existing net energy metering program. In conducting the proceeding, PSC must accept input from utility companies, renewable energy industry experts, consumer advocates, and other stakeholders. By December 15, 2026, PSC must submit a report on the proceeding to the Governor and the General Assembly.

The report must include recommendations for a successor program to the existing net energy metering program that:

- incentivizes the development of distributed generation;
- minimizes ratepayer costs in the short term and long term; and
- balances – on a statewide basis and across technologies and industry sectors participating in net energy metering – fair compensation for energy exports and the benefits of an eligible customer-generator's or facility's reduced load on the electric grid, against (1) the needs of the grid; (2) ratepayer costs and benefits; and (3) implications of the reduced load on energy equity, including any disparities in the amount paid for grid maintenance by eligible customer-generators and distributed generation owners in comparison to other retail customers.

The report must also include recommendations for any legislative changes necessary to implement the successor program, as well as descriptions of how existing eligible customer-generators would be treated under the successor program, including community solar projects and subscribers (under § 7-306.2 of the Public Utilities Article) and aggregated net energy metering projects and customers (under § 7-306.3 of the Public Utilities Article).

Additional Provisions Take Effect

Additional, codified provisions of the bill (discussed below) take effect upon the earlier of (1) the submission of the report or (2) the total rated generating capacity owned and operated in the State under the existing net energy metering program reaching 3,000 megawatts. Within five days after the contingency is met, PSC must submit written notice to the Department of Legislative Services (DLS). If the written notice is not received by DLS on or before October 1, 2031, the additional provisions of the bill are null and void.

Additional Provisions of the Bill

Under the bill's codified provisions, PSC must develop and implement a successor program to the existing net energy metering program that satisfies the same criteria (specified above in the bill's uncodified provisions) used in formulating the report's recommendations.

The bill also modifies the provision under the existing net energy metering statute that establishes that PSC must require electric utilities to develop a standard contract or tariff for net energy metering and make it available to eligible customer-generators on a first-come, first-served basis until the rated generating capacity owned and operated by eligible customer-generators in the State reaches 3,000 megawatts. The provision is modified to instead require that the standard contract or tariff for net energy metering be made available until the rated generating capacity reaches 3,000 megawatts *or* PSC implements a successor program.

The successor program must be available until the combined total rated generating capacity owned and operated under both the existing net energy metering program and the successor program reaches 6,000 megawatts.

Current Law:

Net Energy Metering – In General

Provisions governing the State's net energy metering program include a General Assembly finding and declaration that a program to provide net energy metering for eligible customer-generators is a means to encourage private investment in renewable energy resources, stimulate in-state economic growth, enhance continued diversification of the State's energy resource mix, and reduce costs of interconnection and administration.

"Net energy metering" means 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 grid over the eligible customer-generator's billing period.

"Eligible customer-generator" means a customer that owns and operates, leases and operates, or contracts with a third party that owns and operates a biomass, micro combined heat and power, solar, fuel cell, wind, or closed conduit hydro-electric generating facility that:

- is located on the customer's premises or contiguous property;
- is interconnected and operated in parallel with an electric company's transmission and distribution facilities; and

- is intended primarily to offset all or part of the customer's own electricity requirements.

An electric company serving an eligible customer-generator must ensure that the meter installed for net energy metering is capable of measuring the flow of electricity in two directions.

Net Energy Metering Contract or Tariff – and – Statewide Capacity Limit

PSC must require electric utilities to develop a standard contract or tariff for net energy metering and make it available to eligible customer-generators on a first-come, first-served basis until the rated generating capacity owned and operated by eligible customer-generators in the State reaches 3,000 megawatts.

A net energy metering contract or tariff (1) must be identical in energy rates, rate structure, and monthly charges, to the contract or tariff that the customer would be assigned if the customer were not an eligible customer-generator and (2) may not include charges that would raise the eligible customer-generator's minimum monthly charge above that of customers of the rate class to which the eligible customer-generator would otherwise be assigned.

Effect on Billing – and – Net Excess Generation

If the electricity supplied by the grid exceeds the electricity generated by the eligible customer-generator during a month, the eligible customer-generator is billed for the net energy supplied. If the electricity generated by an eligible customer-generator exceeds the electricity supplied by the grid, the eligible customer-generator is billed only the customer charges for that month. The amount of net excess generation supplied by the eligible customer-generator to the grid accrues and is applied to subsequent months when the eligible customer-generator's consumption may exceed their generation. The value of any remaining net excess generation is eventually paid to the eligible customer-generator at, or around, the end of April each year (unless an eligible customer-generator opts for specified alternatives) or when the account is closed.

The dollar value of the net excess generation is 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 before the end of April, multiplied by the number of kilowatt-hours of net excess generation.

Ownership of and Title to Renewable Energy Attributes and Credits

An eligible customer-generator or the eligible customer-generator's assignee must own and have title to all renewable energy attributes or renewable energy credits associated with any electricity produced by its electric generating system.

Capacity Limit for Individual Systems

The generating capacity of an electric generating system used by an eligible customer-generator for net metering may not exceed 2 megawatts, with the exception of community solar energy generating systems and a net metered facility that is meter aggregated, both of which may not exceed 5 megawatts.

Community Solar Energy Generating Systems

Under § 7-306.2 of the Public Utilities Article, "community solar energy generating system" means a solar energy system that, among other things:

- is connected to the electric distribution system serving the State;
- is located in the same electric service territory as its subscribers;
- is attached to the electric meter of a subscriber or is a separate facility with its own meter;
- credits its generated electricity, or the value of its generated electricity, to the bills of the subscribers to that system through virtual net energy metering;
- has a generating capacity that does not exceed 5 megawatts; and
- with respect to a community solar energy generating system constructed under the Community Solar Energy Generating Systems Program, serves at least 40% of its kilowatt-hour output to LMI subscribers unless the system is wholly owned by subscribers to the solar energy system.

"LMI subscriber" means a subscriber that (1) is low-income; (2) is moderate-income; or (3) resides in a census tract that is an overburdened community and an underserved community.

Meter-aggregated Systems

Under § 7-306.3 of the Public Utilities Article, an electric company must provide meter aggregation for an eligible customer-generator that submits a request and (1) uses electrical service for agriculture; (2) is a nonprofit organization; (3) is a municipal or county government, or an organization affiliated with the municipal or county government; (4) is a unit of State government; or (5) is a public senior higher education institution.

Annual Report

By November 1 of each year, PSC must report to the General Assembly on the status of the net metering program, including (1) the amount of capacity of electric generating facilities owned and operated by eligible customer-generators in the State by type of energy resource; (2) based on the need to encourage a diversification of the State's energy resource mix to ensure reliability, whether the rated generating capacity limit should be altered; and (3) other pertinent information.

State/Local Fiscal Effect:

Public Service Commission

PSC expects to conduct the proceeding required under the bill, report to the Governor and the General Assembly, and develop and implement the successor program with existing resources.

Other State Agencies/Entities and Local Governments as Potential Participants

State agencies/entities and local governments may be affected as potential participants in net energy metering under the successor program. PSC indicates, for example, that the benefits of participation (revenues generated) from future projects could decrease slightly from benefits delivered by participation under the existing program (presumably because of the balancing of factors and interests required to be undertaken in the development and implementation of a successor program).

The bill also, however, increases the net energy metering capacity limit by 100%, to 6,000 megawatts, allowing for significantly more projects to be undertaken than under the current limit. PSC indicated, in its November 2025 annual report on net energy metering ("Net Energy Metering in the State of Maryland"), that the pending pipeline of community solar net energy metering projects (with a total capacity of approximately 2,911 megawatts) at the time – when added to the installed capacity of operational net-metered facilities (1,537 megawatts) – reached approximately 4,500 megawatts, far exceeding the 3,000 megawatt current limit. PSC expects the current limit to be reached within approximately two years.

See Additional Comments regarding the potential effect on State agencies/entities and local governments as electricity ratepayers.

Small Business Effect: Similar to State agencies/entities and local governments, small businesses may be meaningfully affected as potential participants in net energy metering under the successor program by (1) any changes in the level of benefit of net energy metering for participants under the successor program and (2) the significant increase in the net energy metering capacity limit, allowing for more net energy metering projects.

PSC also advises that small businesses contributing to net energy metering projects – through development, construction, operations, or otherwise – are positively impacted by the increase in the net energy metering capacity limit under the bill, allowing for projects to move forward that otherwise could not in the absence of the bill, sustaining business activity in the renewable (and particularly solar) energy sector.

See Additional Comments regarding the potential effect on small businesses as electricity ratepayers.

Additional Comments: The bill's requirement for PSC to develop and implement a successor program to the existing net energy metering program, and the increase in the net energy metering capacity limit under the bill, may affect electricity rates, including those paid by the State, local governments, and small businesses. PSC indicated in its November 2025 report, in discussing the current net energy metering capacity limit, that any expansion of the existing program carries direct financial consequences for all ratepayers, who fund the cost of credits paid to net-metered and community solar customers. It is unclear what the net effect on ratepayers is of (1) the bill's required development and implementation of a successor net energy metering program that must minimize ratepayer costs in the short term and in the long term and (2) the bill's increase in the net energy metering capacity limit from 3,000 megawatts to 6,000 megawatts.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1476 (The Speaker) - Environment and Transportation.

Information Source(s): Public Service Commission; Office of People's Counsel; Maryland Department of the Environment; Department of Natural Resources; Maryland Energy Administration; Department of Legislative Services

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