

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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HOUSE BILL 872\*

Short Title: Net Metering.

(Public)

Sponsors: Representatives Insko; Luebke and Weiss.

Referred to: Public Utilities.

April 7, 2003

1 A BILL TO BE ENTITLED  
2 AN ACT REQUIRING ELECTRIC UTILITIES TO MAKE NET ENERGY  
3 METERING AVAILABLE TO NONUTILITY CUSTOMERS WHO HAVE  
4 THEIR OWN ELECTRIC GENERATION FACILITY.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Chapter 62 of the General Statutes is amended by adding a  
7 new Article to read:

"Article 5B.

"Net Energy Metering.

10 **"§ 62-109.1. Purpose.**

11 It's in the public interest to encourage small scale and diversified sources of  
12 electrical generation to lessen North Carolina's dependence upon other sources that may,  
13 from time to time, be uncertain. It is also in the public interest to encourage and support  
14 diversified electrical production that uses indigenous and renewable fuels and has a  
15 beneficial impact on the environment and public health. Net energy metering for  
16 eligible customer-generators may be one way to provide a reasonable opportunity for  
17 customers to choose interconnected self-generation, encourage private investment in  
18 renewable energy resources, stimulate in-State commercialization of innovative and  
19 beneficial new technology, enhance the future diversification of the State's energy  
20 resource mix, and reduce interconnection and administrative costs for all parties.

21 **"§ 62-109.2. Definitions.**

22 The following definitions shall apply in this Article:

23 (1) Commission. – The North Carolina Utilities Commission.

24 (2) Customer-generator. – A nonutility owner of an electric generation  
25 facility.

26 (3) Electric utility. – A public utility, as defined in G.S. 62-3(23), a  
27 municipally owned and operated utility, or an electric cooperative that  
28 delivers electricity to customers.

- 1           (4) Net metering. – Using a single meter to measure the difference  
2 between the electricity supplied by an electric utility and the electricity  
3 generated by a customer-generator that is fed back to the electric utility  
4 over the applicable billing period.
- 5           (5) Net metering facility. – A facility for the production of electricity that:  
6 a. Uses solar, wind, biomass, biogas, or hydroelectric energy to  
7 generate electricity.  
8 b. Has a generating capacity of not more than 20 kilowatts, if a  
9 residential facility.  
10 c. Has a generating capacity of not more than 100 kilowatts, if a  
11 commercial, industrial, or institutional facility.  
12 d. Has a generating capacity of not more than one megawatt, if a  
13 farm-based facility.  
14 e. Is located on the customer-generator's premises.  
15 f. Has the ability to be operated in parallel with an electric utility's  
16 existing transmission and distribution facilities.  
17 g. Is intended primarily to offset part or all of the customer-  
18 generator's requirements for electricity.

19 **"§ 62-109.3. Electric utility's responsibilities.**

- 20       (a) Every electric utility that offers residential and commercial service:  
21       (1) Shall offer to make net metering available to eligible customer-  
22 generators.  
23       (2) Shall allow net metering facilities to be interconnected using a single  
24 standard kilowatt-hour meter.  
25       (3) Shall offer to the customer-generator a tariff or contract, that is  
26 identical, in energy rates, rate structure, and monthly charges, to the  
27 contract or tariff that the customer would be assigned if the customer  
28 were not an eligible customer-generator, but shall not charge the  
29 customer-generator any additional standby, capacity, interconnection,  
30 or other fee or charge.  
31       (4) May, at its own expense and with the consent of the customer-  
32 generator, install additional metering equipment to separately monitor  
33 the flow of electricity in each direction provided that the net effect on  
34 billing is exactly the same as it would be if a single standard kilowatt-  
35 hour meter was installed.

36       (b) An electric utility is not required to provide net metering to additional  
37 customer-generators in its service territory when the combined total peak generation  
38 capacity of all customer-generators reaches one percent (1%) of the aggregate customer  
39 peak demand in the service territory.

40 **"§ 62-109.4. Net energy measured.**

41       Consistent with the other provisions of this Article, the net energy measurement  
42 shall be calculated as follows:

- 1           (1)   The electric utility shall measure the net electricity produced or  
2           consumed during the billing period, in accordance with normal  
3           metering practices of customers in the same rate class.
- 4           (2)   If the electricity supplied by the electric utility exceeds the electricity  
5           generated by the customer-generator and fed back to the electric utility  
6           during the billing period, the customer-generator shall be billed for the  
7           net electricity supplied by the electric utility, in accordance with  
8           normal metering and billing practices.
- 9           (3)   If electricity generated by the customer-generator equals or exceeds  
10          the electricity supplied by the electric utility, the customer-generator:  
11          a.     Shall be billed for the appropriate customer charges for that  
12          month, if any, in accordance with the requirements of this  
13          Article.
- 14          b.     Shall be credited for the excess kilowatt-hours generated during  
15          the month, and the kilowatt-hour credit shall appear on the  
16          customer-generator's bill for the following month.
- 17          (4)   For the billing cycle ending in December of each year, any remaining  
18          unused kilowatt-hour credit accumulated during the previous year shall  
19          be granted to the electric utility for distribution to customers enrolled  
20          in the utility's low-income assistance programs, without any  
21          compensation to the customer-generator.

22    **"§ 62-109.5. Net metering facility installed.**

23          (a)   Each net metering facility shall be designed and installed to meet all  
24          applicable safety and performance standards established by the National Electrical Code  
25          and local electrical codes, the Institute of Electrical and Electronics Engineers, and  
26          Underwriters Laboratories.

27          (b)   An electric utility may not require a customer-generator whose net metering  
28          facility meets the standards provided in subsection (a) of this section to:

- 29               (1)   Comply with additional safety or performance standards.
- 30               (2)   Perform or pay for additional tests.
- 31               (3)   Purchase liability insurance in excess of one hundred thousand dollars  
32               (\$100,000) for residential facilities and three hundred thousand dollars  
33               (\$300,000) for nonresidential facilities.
- 34               (4)   Sign any unfair or unreasonable indemnification agreement.

35    **"§ 62-109.6. Duties of Commission and governing body.**

36          (a)   The Commission, in the case of a public utility, or the appropriate governing  
37          body, in the case of other electric utilities, after appropriate notice and opportunity for  
38          comment, shall develop a standard application for use by eligible customer-generators  
39          who want to net meter. The application shall contain: (i) relevant contact information  
40          for the customer-generator; (ii) the name and license number for the electrical contractor  
41          who installed the net metering facility; and (iii) a statement that the facility meets  
42          applicable safety and performance standards as required by G.S. 62-109.5(a).

43          (b)   The Commission, in the case of a public utility, or the appropriate governing  
44          body, in the case of other electric utilities, after appropriate notice and opportunity for

1 comment, shall consider interconnection rules for non-net metered facilities under 20  
2 megawatts and regulatory structures that promote distributed generation, including  
3 rates.

4 **"§ 62-109.7. Application for net metering; inspection.**

5 (a) Upon receipt of an application for net metering, the utility shall have 10  
6 business days to respond to the customer-generator in writing with questions,  
7 modifications, or notices. If the utility fails to respond as required by this section, and  
8 the customer-generator's application has been filled out completely as required by G.S.  
9 62-109.6(a), the customer-generator may interconnect with the utility grid without  
10 obtaining approval from the utility.

11 (b) If the utility wants to inspect the facility, the utility shall provide notice to the  
12 customer-generator within 10 business days of receipt of the application, and the  
13 inspection shall be completed within 20 business days of receipt of the application. If  
14 the utility wants to install additional meters as authorized in G.S. 62-109.3(4), the utility  
15 shall provide notice of its intention to the customer-generator within 10 business days of  
16 receipt of the application, and the meters shall be installed within 20 business days of  
17 receipt of the application."

18 **SECTION 2.** The Commission shall have four months from the effective  
19 date of this act to adopt rules to carry out the purposes of this Article.

20 **SECTION 3.** This act becomes effective on September 1, 2003.