

Bill no. #	H.R. 1647
Amendment no.:	1M
Date offered:	5/10/01
Disposition:	Withdrawn

H.R. 1647
AMENDMENT TO AMENDMENT IN THE NATURE OF
A SUBSTITUTE
OFFERED BY MR. MARKEY

Page 9, after line 17, insert:

1 **SEC. 108. NET METERING.**

2 (a) FINDINGS.—The Congress finds that it is in the
3 public interest to:

4 (1) Enable small businesses, residences, schools,
5 churches, farms with small electric generation units,
6 and other retail electric customers who generate
7 electric energy to return or sell surplus electric en-
8 ergy on the open market.

9 (2) Encourage private investment in renewable
10 and alternate energy resources.

11 (3) Stimulate the economic growth.

12 (4) Enhance the continued diversification sec-
13 tion of energy resources used in the United States.

14 (5) Remove regulatory barriers for net meter-
15 ing.

16 (b) NET METERING.—Part II of the Federal Power
17 Act is amended by adding the following new section at
18 the end thereof:

19 **“SEC. 215. NET METERING.**

20 **“(a) DEFINITIONS.—As used in this section:**



1 “(1) The term ‘customer-generator’ means the
2 owner or operator of an electric generation unit
3 qualified for net metering under this section.

4 “(2) The term ‘net metering’ means measuring
5 the difference between the electricity supplied to a
6 customer-generator and the electricity generated by
7 a customer-generator that is delivered to a local dis-
8 tribution section system at the same point of inter-
9 connection during an applicable billing period.

10 “(3) The terms ‘electric generation unit quali-
11 fied for net metering’ and ‘qualified generation unit’
12 mean an electric energy generation unit that meets
13 the requirements of paragraph (5), and each of the
14 following requirements:

15 “(A) The unit is a fuel cell or uses as its
16 energy source either solar, wind, or biomass.

17 “(B) The unit has a generating capacity of
18 not more than 100 kilowatts.

19 “(C) The unit is located on premises that
20 are owned, operated, leased, or otherwise con-
21 trolled by the customer-generator.

22 “(D) The unit operates in parallel with the
23 retail electric supplier.



1 “(E) The unit is intended primarily to off-
2 set part or all of the customer-generator’s re-
3 quirements for electric energy.

4 “(4) The term ‘retail electric supplier’ means
5 any person that sells electric energy to the ultimate
6 consumer thereof.

7 “(5) The term ‘local distribution system’ means
8 any system for the distribution section of electric en-
9 ergy to the ultimate consumer thereof, whether or
10 not the owner or operator of such system is also a
11 retail electric supplier.

12 “(b) ADOPTION.—Not later than one year after the
13 enactment of this section, each retail electric supplier shall
14 comply with each of the following requirements and notify
15 all of its retail customers of such requirements not less
16 frequently than quarterly:

17 “(1) The supplier shall offer to arrange (either
18 directly or through a local distribution company or
19 other third party) to make available, on a first-come-
20 first-served basis, to each of its retail customers that
21 has installed an energy generation unit that is in-
22 tended for net metering and that notifies the sup-
23 plier of its generating capacity an electric energy
24 meter that is capable of net metering if the cus-



1 customer-generator's existing electrical meter cannot
2 perform that function.

3 “(2) Rates and charges and contract terms and
4 conditions for the sale of electric energy to cus-
5 tomer-generators shall be the same as the rates and
6 charges and contract terms and conditions that
7 would be applicable if the customer-generator did
8 not own or operate a qualified generation unit and
9 use a net metering system.

10 Any retail electric supplier or local distribution company
11 may, at its own expense, install one or more additional
12 electric energy meters to monitor the flow of electricity
13 in either direction or to reflect the time of generation or
14 both. Whenever a customer-generator with a net metering
15 system uses any energy generation system entitled to cred-
16 its under a Federal minimum renewable energy generation
17 requirement, the total amount of energy generated by that
18 system shall be treated as generated by the retail electric
19 supplier for purposes of such requirement.

20 “(c) NET ENERGY MEASUREMENT AND BILLING.—
21 Each retail electric supplier subject to subsection (b) shall
22 calculate the net energy measurement for a customer
23 using a net metering system in the following manner:

24 “(1) The retail electric supplier shall measure
25 the net electricity produced or consumed during the

1 billing period using the metering referred to in para-
2 graph (1) or (2) of subsection (b).

3 “(2) If the electricity supplied by the retail elec-
4 tric supplier exceeds the electricity generated by the
5 customer-generator during the billing period, the
6 customer-generator shall be billed for the net elec-
7 tricity supplied by the retail electric supplier in ac-
8 cordance with normal metering practices.

9 “(3) If electricity generated by the customer-
10 generator exceeds the electricity supplied by the re-
11 tail electric supplier, the customer-generator—

12 “(A) shall be billed for the appropriate
13 customer charges for that billing period;

14 “(B) shall be credited for the excess elec-
15 tric energy generated during the billing period,
16 with this credit appearing on the bill for the fol-
17 lowing billing period (except for a billing period
18 that ends in the next calendar year); and

19 “(C) shall not be charged for transmission
20 losses.

21 If the customer-generator is using a meter that re-
22 flects the time of generation (a ‘real time meter’),
23 the credit shall be based on the retail rates for sale
24 by the retail electric supplier at the time of such
25 generation. At the beginning of each calendar year,



1 any remaining unused kilowatt-hour credit accumu-
2 lated by a customer-generator during the previous
3 year may be sold by the customer-generator to any
4 electric supplier that agrees to purchase such credit.
5 In the absence of any such purchase, the credit shall
6 be assigned (at no cost) to the retail electric supplier
7 that supplied electric energy to such customer-gener-
8 ator at the end of the previous year.

9 “(d) PERCENT LIMITATIONS.—

10 “(1) TWO PERCENT LIMITATION.—A local dis-
11 tribution company retail electric supplier shall not be
12 required to provide local distribution service with re-
13 spect to additional customer-generators after the
14 date during any calendar year on which the total
15 generating capacity of all customer-generators with
16 qualified generation facilities and net metering sys-
17 tems served by that local distribution company is
18 equal to or in excess of 2 percent of the capacity
19 necessary to meet the company’s average forecasted
20 aggregate customer peak demand for that calendar
21 year.

22 “(2) ONE PERCENT LIMITATION.—A local dis-
23 tribution company retail electric supplier shall not be
24 required to provide local distribution service with re-
25 spect to additional customer-generators using a sin-



1 gle type of qualified energy generation system after
2 the date during any calendar year on which the total
3 generating capacity of all customer-generators with
4 qualified generation facilities of that type and net
5 metering systems served by that local distribution
6 company is equal to or in excess of 1 percent of the
7 capacity necessary to meet the company's average
8 forecasted aggregate customer peak demand for that
9 calendar year.

10 “(3) RECORDS AND NOTICE.—Each retail elec-
11 tric supplier shall maintain, and make available to
12 the public, records of the total generating capacity
13 of customer-generators of such system that are
14 using net metering, the type of generating systems
15 and energy source used by the electric generating
16 systems used by such customer-generators. Each
17 such retail electric supplier shall notify the Commis-
18 sion when the total generating capacity of such cus-
19 tomer-generators is equal to or in excess of 2 per-
20 cent of the capacity necessary to meet the supplier's
21 aggregate customer peak demand during the pre-
22 vious calendar year and when the total generating
23 capacity of such customer-generators using a single
24 type of qualified generation is equal to or in excess
25 of 1 percent of such capacity.



1 “(e) SAFETY AND PERFORMANCE STANDARDS.—(1)

2 A qualified generation unit and net metering system used
3 by a customer-generator shall meet all applicable safety
4 and performance and reliability standards established by
5 the national electrical code, the Institute of Electrical and
6 Electronics Engineers, Underwriters Laboratories, or the
7 American National Standards Institute.

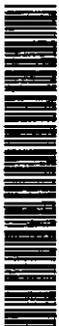
8 “(2) The Commission, after consultation with State
9 regulatory authorities and nonregulated local distribution
10 systems and after notice and opportunity for comment,
11 may adopt by regulation additional control and testing re-
12 quirements for customer-generators that the Commission
13 determines are necessary to protect public safety and sys-
14 tem reliability.

15 “(3) The Commission shall, after consultation with
16 State regulatory authorities and nonregulated local dis-
17 tribution systems and after notice and opportunity for
18 comment, prohibit by regulation the imposition of addi-
19 tional charges by electric suppliers and local distribution
20 systems for equipment or services for safety or perform-
21 ance that are additional to those necessary to meet the
22 standards referred to in subparagraphs (A) and (B).

23 “(f) STATE AUTHORITY.—Nothing in this section
24 shall preclude a State from establishing or imposing addi-
25 tional incentives or requirements to encourage qualified

1 generation and net metering additional to that required
2 under this section.”.

3 “(g) INTERCONNECTION STANDARDS.—(1) Within
4 one year after the enactment of this section the Commis-
5 sion shall publish model standards for the physical connec-
6 tion between local distribution systems and qualified gen-
7 eration units and electric generation units that would be
8 qualified generation units but for the fact that the unit
9 has a generating capacity of more than 100 kilowatts (but
10 not more than 250 kilowatts). Such model standards shall
11 be designed to encourage the use of qualified generation
12 units and to insure the safety and reliability of such units
13 and the local distribution systems interconnected with
14 such units. Within 2 years after the enactment of this sec-
15 tion, each State shall adopt such model standards, with
16 or without modification, and submit such standards to the
17 Commission for approval. The Commission shall approve
18 a modification of the model standards only if the Commis-
19 sion determines that such modification is consistent with
20 the purpose of such standards and is required by reason
21 of local conditions. If standards have not been approved
22 under this paragraph by the Commission for any State
23 within 2 years after the enactment of this section, the
24 Commission shall, by rule or order, enforce the Commis-



1 sion's model standards in such State until such time as
2 State standards are approved by the Commission.

3 “(2) The standards under this section shall establish
4 such measures for the safety and reliability of the affected
5 equipment and local distribution systems as may be appro-
6 priate. Such standards shall be consistent with all applica-
7 ble safety and performance standards established by the
8 national electrical code, the Institute of Electrical and
9 Electronics Engineers, Underwriters Laboratories, or the
10 American National Standards Institute and with such ad-
11 ditional safety and reliability standards as the Commission
12 shall, by rule, prescribe. Such standards shall ensure that
13 generation units will automatically isolate themselves from
14 the electrical system in the event of an electrical power
15 outage. Such standards shall permit the owner or operator
16 of the local distribution system to interrupt or reduce de-
17 liveries of available energy from the generation unit to the
18 system when necessary in order to construct, install, main-
19 tain, repair, replace, remove, investigate, or inspect any
20 of its equipment or part of its system; or if it determines
21 that curtailment, interruption, or reduction is necessary
22 because of emergencies, forced outages, force majeure, or
23 compliance with prudent electrical practices.

24 “(3) The model standards under this subsection pro-
25 hibit the imposition of additional charges by local distribu-



1 tion systems for equipment or services for interconnection
2 that are additional to those necessary to meet such stand-
3 ards.

4 “(h) INTERCONNECTION.—At the election of the
5 owner or operator of the generation unit concerned, con-
6 nections meeting the standards applicable under sub-
7 section (g) may be made—

8 “(1) by such owner or operator at such owner’s
9 or operator’s expense, or

10 “(2) by the owner or operator of the local dis-
11 tribution system upon the request of the owner or
12 operator of the generating unit and pursuant to an
13 offer by the owner or operator of the generating unit
14 to reimburse the local distribution system in an
15 amount equal to the minimum cost of such connec-
16 tion, consistent with the procurement procedures of
17 the State in which the unit is located, except that
18 the work on all such connections shall be performed
19 by qualified electrical personnel certified by a
20 responsible body or licensed by a State or local gov-
21 ernment authority.

22 “(i) CONSUMER FRIENDLY CONTRACTS.—The Com-
23 mission shall promulgate regulations insuring that sim-
24 plified contracts will be used for the interconnection of
25 electric energy by electric energy transmission or distribu-



- 1 tion systems and generating facilities that have a power
- 2 production capacity not greater than 250 kilowatts.”.

