



to adopt rules in June 2003 and enforce them. In general, SB686 would allow net metering grid interconnections that are more economically favorable to utility customers than are now possible under existing law.

The existing regulations have a maximum system capacity requirement of 10 kiloWatts (kW). SB686 does not specify a maximum capacity (see Conflicts).

The existing regulations allow utilities to use their own energy rate for crediting net metering customers for any electricity generated in excess of the customer's monthly usage. The utility energy rate is less than the retail rate applied to customer billing. SB686 would require utilities to credit net metering customers at the same rate as they are billed, which acts as a stronger incentive for customer-generated renewable energy production.

Under certain conditions of the existing regulations, net metering customers must additionally pay for or conduct activities for billing charges, metering equipment, standards compliance, testing, controls, and liability insurance. SB686 prohibits utilities from taking the following actions:

- Increasing net metering customers' minimum monthly charge over other customers of the same rate class;
- Requiring net metering customers to pay for metering equipment that measures electricity to and from customers' generating system;
- Requiring net metering customers to comply with additional standards or carry out additional activities beyond compliance with standards of the National Electrical Code, Underwriters Laboratories, and the Institute of Electrical and Electronic Engineers.

## **FISCAL IMPLICATIONS**

Senate Bill 686 does not contain an appropriation. The PRC reports that the bill will decrease the kilowatt hours utilities sell, which could have an impact on gross receipts tax and on fee paid by utilities under Section 63-7-20, Utility and Carrier Inspection Fees and under Section 62-8-8, Inspection and Supervision Fees. However, until the market for self generation of electricity grows, the amount is not likely to be significant.

## **CONFLICT**

The Attorney General reports the following conflicts:

Public Utility Act. The bill assumes the Public Utility Act will remain in effect. Currently, the Act will sunset July 1, 2003, although various bills have been introduced to repeal the sunset.

NMAC §17.10.571. Net metering is currently governed by New Mexico Administrative Code §17.10.571 (NMPRC Rule 571), which was promulgated under existing sections of the Public Utility Act and the Public Regulations Commission Act. Rule 571 limits net metering to "qualifying facilities," defined as a cogeneration or small power production facility which has a maximum design capacity of 10kW and meets the criteria for qualification contained in 18 C.F.R. §292.203. It allows different meters to be used to measure use and generation, which is necessary if the self-generator is billed under a rate structure that includes time-of-use energy pricing.

Rule 571 allows the use of the net kilowatt-hour credit method, as required in HB 686, but provides that unused credits shall be carried forward from month to month with no zeroing out and also provides that when a customer leaves the system, unused kilowatt-hour credits shall be paid to the customer at the utility's energy rate. Additionally, the rule allows the utility the option of crediting or paying the customer on the next bill for the net energy supplied at the utility's energy rate.

The rule requires a separate load break disconnect switch except that the meter itself may in some instances, be used as a visible means of disconnecting single-phase photovoltaic facilities. It also provides that the utility may require, with PRC approval, an isolation transformer for interconnection of facilities other than single phase photovoltaic facilities. Additionally, the PRC may require a customer to obtain general liability insurance. None of these safeguards appear to be permitted under the bill.

**MFV/sb**