

First Regular Session
Seventy-third General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 21-0250.01 Duane Gall x4335

SENATE BILL 21-261

SENATE SPONSORSHIP

Fenberg and Priola, Bridges, Buckner, Jaquez Lewis, Lee, Winter

HOUSE SPONSORSHIP

Valdez A. and Amabile,

Senate Committees

Transportation & Energy

House Committees

Energy & Environment

Appropriations

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO INCREASE THE DEPLOYMENT OF**
102 **RENEWABLE ENERGY GENERATION FACILITIES TO MEET**
103 **COLORADO'S ENERGY NEEDS, AND, IN CONNECTION THEREWITH,**
104 **RAISING THE ALLOWABLE CAPACITY OF CUSTOMER-SITED**
105 **RENEWABLE ENERGY GENERATION FACILITIES AND GIVING**
106 **CUSTOMERS ADDITIONAL OPTIONS FOR INCREASING THE SCALE**
107 **AND FLEXIBILITY OF NEW INSTALLATIONS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
Amended 3rd Reading
May 20, 2021

SENATE
Amended 2nd Reading
May 19, 2021

Section 1 of the bill declares that customer-sited renewable energy generation facilities (distributed generation) such as rooftop solar panels, together with increased storage capacity and enhanced master meter operations, can make important contributions toward meeting Colorado's declared goal of reducing greenhouse gas emissions while providing a reliable, adaptable supply of electricity for homes, businesses, and the rapidly increasing numbers of electric vehicles.

Sections 3 and 5 remove most of the existing limitations on the size of distributed generation facilities, which currently cannot exceed 120% of a customer's historical annual usage, to qualify for renewable energy credits. Section 3 also expands an existing exemption from regulation as a public utility to include persons who sell excess power from distributed generation located anywhere on their property or on property owned or leased by others in a master meter operation, e.g., an apartment building or mobile home park. **Section 4** grants master meter operators (MMOs) that sell power from distributed generation a limited exemption from the general requirement not to charge their end users any amount above what they are billed for electricity supplied by the serving electric utility. MMOs may retain refunds, rebates, rate reductions, net metering credits, and similar reductions offered by the serving utility in its net metering program but may not charge end users at a rate higher than the serving utility's otherwise applicable rate for that class of utility customer.

Section 5 requires a qualifying retail utility to allow, and to adopt standards for the approval of, customer-owned meter collar adapters in residential installations. The public utilities commission (PUC) retains authority to resolve any disputes concerning the standards or their application in specific cases. **Section 2** defines a meter collar adapter as a device installed between the electric meter and the meter socket box that allows the customer to interconnect power from on-site sources.

Section 5 also:

- Requires qualifying retail utilities, under the standard offer to purchase renewable energy credits, to purchase energy produced from any renewable energy resources rather than exclusively solar energy resources;
- Doubles the allowable size of on-site renewable energy installations under the standard offer, from 500 kilowatts to one megawatt;
- Narrows the requirements for small hydroelectric facilities that qualify as renewable energy resources to exclude those that require the construction of new dams or reservoirs;
- Adds renewable energy storage as an eligible energy resource under the renewable energy standard and defines "renewable energy storage" as a facility that stores energy that is derived only from renewable energy resources;

- Allows a customer to carry forward monthly bill credits from distributed generation indefinitely, at any service address within a qualifying retail utility's service territory, unless the customer chooses to be reimbursed annually; and
- Directs the PUC to adopt rules to accommodate the aggregation and interconnection of retail distributed generation, including the pooling of renewable energy resources under a master meter or similar arrangement and the allocation of credits among customers on different rate schedules.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds, determines, and declares that:

4 (a) The state of Colorado has established the goal of cutting
5 greenhouse gas emissions by at least twenty-six percent by 2025, fifty
6 percent by 2030, and ninety percent by 2050;

7 (b) In order to meet these goals, much of Colorado's heating,
8 electrical generation, and transportation systems will be increasingly
9 reliant on renewable energy;

10 (c) Although large-scale renewable energy generation resources
11 will make up most of Colorado's overall electric energy supply in the
12 future, distributed generation plays a significant and increasingly
13 important role because:

14 (I) Distributed generation reduces the need for investment in
15 expensive, long-term projects to develop transmission facilities, which are
16 required to bring energy from centralized power sources to the end user;

17 (II) When a producer exports excess electricity from distributed
18 generation onto the state's power grid, the electricity is quickly consumed
19 by nearby users, reducing the losses incurred in long-distance
20 transmission over power lines;

1 (III) Distributed generation and storage has the potential to be
2 used in advanced demand-response programs to create a more efficient
3 and resilient grid as well as reduce the need for investments in expensive,
4 yet rarely used, peaker plants;

5 (IV) Distributed generation, especially when paired with energy
6 storage, creates a reliable energy source that is less vulnerable to natural
7 disasters and grid failures; and

8 (V) Consumers and local governments increasingly want to have
9 more local control over their energy decisions for both environmental and
10 economic reasons, making local distributed generation investments an
11 appealing option;

12 (d) Consumers and businesses are increasingly relying on electric
13 vehicles for transportation, therefore enhancing the importance of
14 abundant, locally produced power for recharging;

15 (e) Beneficial electrification policies and technological
16 advancements will result in consumers switching their existing space
17 heating and water heating systems to efficient electric heat pumps and
18 water heaters, which will increase the electricity demands of homes and
19 businesses;

20 (f) Colorado law currently limits the capacity of customer-sited
21 photovoltaic solar generating facilities to only twenty percent over a
22 customer's previous annual on-site energy usage, an artificial and
23 increasingly unrealistic barrier to Coloradans' ability to address their
24 future electricity and energy storage needs;

25 (g) Due to economies of scale, it is more cost-effective for
26 consumers to install a larger photovoltaic system based on projected
27 electricity needs rather than needing to supplement their system later

1 when their electric load increases;

2 (h) Measuring and enforcing such a limitation on the size of
3 customer-sited distributed generation creates unnecessary and costly
4 administrative burdens on both consumers and utilities; and

5 (i) It is in the public interest, and would serve Colorado's stated
6 policy goal of decarbonizing our electric power supply system, to remove
7 this arbitrary limit on customer-sited solar generation facilities and retail
8 distributed generation facilities, to allow for off-site generation, and to
9 reform other outdated regulations that hinder the efficient development
10 of clean energy resources.

11 **SECTION 2.** In Colorado Revised Statutes, 40-1-102, **add** (8.5)
12 as follows:

13 **40-1-102. Definitions.** As used in articles 1 to 7 of this title 40,
14 unless the context otherwise requires:

15 (8.5) "METER COLLAR ADAPTER" MEANS A DEVICE THAT IS
16 INSTALLED BETWEEN THE ELECTRIC METER AND THE METER SOCKET BOX
17 ON A UTILITY CUSTOMER'S PREMISES AND THAT HAS ELECTRICAL
18 CONNECTION POINTS BOTH ELECTRICALLY UPSTREAM AND ELECTRICALLY
19 DOWNSTREAM OF THE METER.

20 **SECTION 3.** In Colorado Revised Statutes, 40-1-103, **amend**
21 (2)(c) as follows:

22 **40-1-103. Public utility defined.** (2) (c) The supply of electricity
23 or heat to a consumer of the electricity or heat from ~~solar generating~~
24 ~~equipment located on the site of the consumer's property, which~~
25 ~~equipment is~~ RENEWABLE ENERGY GENERATION FACILITIES owned or
26 operated by an entity other than the consumer, ~~shall~~ INCLUDING A MASTER
27 METER OPERATOR, AS DESCRIBED IN SECTION 40-1-103.5, DOES not subject

1 the owner or operator of the ~~on-site solar generating equipment~~
2 RENEWABLE ENERGY GENERATION FACILITIES to regulation as a public
3 utility by the commission if the ~~solar generating equipment is sized to~~
4 ~~supply no more than one hundred twenty percent of the average annual~~
5 ~~consumption of electricity by the consumer at that site. For purposes of~~
6 ~~this paragraph (c), the consumer's site shall include all contiguous~~
7 RENEWABLE ENERGY GENERATION FACILITIES ARE LOCATED ON property
8 owned or leased by EITHER:

9 (I) The consumer; ~~without regard to interruptions in contiguity~~
10 ~~caused by easements, public thoroughfares, transportation rights-of-way,~~
11 ~~or utility rights-of-way. OR~~

12 (II) A MASTER METER OPERATOR OR ANOTHER CONSUMER SERVED
13 BY THE MASTER METER OPERATOR.

14 **SECTION 4.** In Colorado Revised Statutes, 40-1-103.5, **amend**
15 (1) introductory portion, (1)(a), and (3) as follows:

16 **40-1-103.5. Limited exemption of master meter operators -**
17 **conditions - rules - definition.** (1) Upon its own motion or upon
18 application by any person who purchases gas or electric service from a
19 regulated public utility for the purpose of delivery of such service to end
20 users whose aggregate usage is to be measured by a master meter or other
21 composite measurement device, the commission may exempt such person
22 from regulation of rates under the "Public Utilities Law", articles 1 to 7
23 of this ~~title~~ TITLE 40, as the commission deems appropriate, so long as all
24 of the following conditions are met:

25 (a) Such person, referred to in this section as a "master meter
26 operator" or "MMO", does not charge the end users, as part of its billing
27 for utility service, for any costs in addition to the actual cost billed to the

1 MMO by the serving utility, including without limitation costs of
2 construction, maintenance, financing, administration, metering, or billing
3 for the utility distribution system owned by the MMO; EXCEPT THAT THIS
4 SUBSECTION (1)(a) DOES NOT APPLY TO REFUNDS, REBATES, RATE
5 REDUCTIONS, NET METERING CREDITS, OR SIMILAR ADJUSTMENTS
6 ATTRIBUTABLE TO THE USE OF ELECTRICITY GENERATED FROM RETAIL
7 DISTRIBUTED GENERATION THAT IS LOCATED ON PROPERTY OWNED OR
8 LEASED BY THE MMO OR BY A CUSTOMER SERVED BY THE MMO.

9
10 (3) (a) The commission shall adopt such rules as it deems
11 necessary to implement this section.

12
13 (b) NO LATER THAN DECEMBER 31, 2022, THE COMMISSION SHALL
14 ADOPT NEW OR AMENDED RULES THAT WOULD ENABLE LANDLORDS OF
15 MULTI-UNIT BUILDINGS AND TENANTS IN MULTI-UNIT BUILDINGS TO SHARE
16 IN THE PRODUCTION FROM A NET METERED RETAIL DISTRIBUTED
17 GENERATION INSTALLATION. IN ADOPTING RULES, THE COMMISSION SHALL
18 CONSIDER COLORADO'S GREENHOUSE GAS EMISSION-REDUCTION GOALS
19 AND THE NEED TO ELECTRIFY BUILDINGS, TRANSPORTATION, AND OTHER
20 COMMERCIAL AND INDUSTRIAL SECTORS TO MEET THOSE GOALS. THE
21 COMMISSION SHALL ALSO CONSIDER RULES THAT WOULD ENCOURAGE
22 LANDLORDS TO BEAR THE ATTENDANT COSTS AND TO RETAIN AT LEAST A
23 PORTION OF THE RESULTING BENEFITS IN ADDITION TO ANY OTHER
24 INCENTIVES THE COMMISSION FINDS APPROPRIATE.

25 **SECTION 5.** In Colorado Revised Statutes, 40-2-124, **amend**
26 (1)(a) introductory portion, (1)(a)(IV), (1)(a)(VII), (1)(a)(VIII),
27 (1)(c)(II)(B), (1)(e) introductory portion, (1)(e)(I), (1)(e)(II), (1)(e)(III),

1 and (1.5); and **add** (1)(a)(VII.5), (1)(e)(IV), and (1)(j) as follows:

2 **40-2-124. Renewable energy standards - qualifying retail and**
3 **wholesale utilities - definitions - net metering - legislative declaration.**

4 (1) Each provider of retail electric service in the state of Colorado, other
5 than municipally owned utilities that serve forty thousand customers or
6 fewer, is a qualifying retail utility. Each qualifying retail utility, with the
7 exception of cooperative electric associations that have voted to exempt
8 themselves from commission jurisdiction pursuant to section 40-9.5-104
9 and municipally owned utilities, is subject to the rules established under
10 this article 2 by the commission. No additional regulatory authority is
11 provided to the commission other than that specifically contained in this
12 section. In accordance with article 4 of title 24, the commission shall
13 revise or clarify existing rules to establish the following:

14 (a) Definitions of eligible energy resources that can be used to
15 meet the standards. "Eligible energy resources" means recycled energy,
16 **and** renewable energy resources, AND RENEWABLE ENERGY STORAGE. In
17 addition, resources using coal mine methane and synthetic gas produced
18 by pyrolysis of municipal solid waste MATERIALS are eligible energy
19 resources if the commission determines that the electricity generated by
20 those resources is greenhouse gas neutral. The commission shall
21 determine, following an evidentiary hearing, the extent to which such
22 electric generation technologies utilized in an optional pricing program
23 may be used to comply with this standard. A fuel cell using hydrogen
24 derived from an eligible energy resource is also an eligible electric
25 generation technology. Fossil and nuclear fuels and their derivatives are
26 not eligible energy resources. For purposes of this section:

27 (IV) "Greenhouse gas neutral", with respect to electricity

1 generated USING BIOMASS OR by a coal mine methane or synthetic gas
2 facility, means that the volume of greenhouse gases emitted into the
3 atmosphere from AS A RESULT OF the conversion PROCESS of CONVERTING
4 THE fuel SOURCE to electricity is no greater than the volume of DO NOT
5 EXCEED THE greenhouse gases that would have been emitted into the
6 atmosphere over the next five years, beginning with the planned
7 COMMENCEMENT OF THE PROCESS OR INITIAL date of operation of the
8 facility, if the fuel SOURCE had not been converted to electricity, where
9 greenhouse gases are measured in terms of carbon dioxide equivalent.
10 ELECTRICITY PRODUCED BY A BIOMASS ELECTRIC GENERATION FACILITY
11 THAT WAS IN EXISTENCE ON OR BEFORE JANUARY 1, 2021, OR THAT HAS
12 A NAMEPLATE RATING OF TEN MEGAWATTS OR LESS, SHALL BE
13 CONSIDERED GREENHOUSE GAS NEUTRAL.

14 (VII) "Renewable energy resources" means solar, wind,
15 geothermal, biomass THAT IS GREENHOUSE GAS NEUTRAL, new
16 hydroelectricity with a nameplate rating of ten megawatts or less, and
17 hydroelectricity in existence on January 1, 2005, with a nameplate rating
18 of thirty megawatts or less AND THAT DOES NOT REQUIRE THE
19 CONSTRUCTION OF ANY NEW DAMS OR RESERVOIRS.

20 (VII.5) "RENEWABLE ENERGY STORAGE" MEANS AN ENERGY
21 STORAGE SYSTEM, AS DEFINED IN SECTION 40-2-130 (2)(a), THAT STORES
22 ENERGY PRODUCED ONLY BY RENEWABLE ENERGY RESOURCES.

23 (VIII) EXCEPT AS PROVIDED IN SUBSECTION (1)(c)(II)(D) OF THIS
24 SECTION WITH RESPECT TO COOPERATIVE ELECTRIC ASSOCIATIONS, "retail
25 distributed generation" means a renewable energy resource OR
26 RENEWABLE ENERGY STORAGE that is located on ~~the site of a customer's~~
27 ~~facilities~~ ANY PROPERTY OWNED OR LEASED BY THE CUSTOMER WITHIN

1 THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY and is
2 interconnected on the customer's side of the utility meter. In addition,
3 retail distributed generation shall provide electric energy primarily to
4 serve the customer's load LOADS and shall be sized to supply no more than
5 oneTWO hundred twenty percent of the REASONABLY EXPECTED average
6 annual TOTAL consumption of electricity by the customer at that site. For
7 purposes of this subparagraph (VIII), the customer's "site" includes all
8 contiguous property owned or leased by the customer without regard to
9 interruptions in contiguity caused by easements, public thoroughfares,
10 transportation rights-of-way, or utility rights-of-way AT ALL PROPERTIES
11 OWNED OR LEASED BY THE CUSTOMER WITHIN THE UTILITY'S SERVICE
12 TERRITORY.

13 (c) Electric resource standards:

14 (II) (B) ~~Solar generating equipment located on-site at customers'~~
15 ~~facilities shall be sized to supply no more than one hundred twenty~~
16 ~~percent of the average annual consumption of electricity by the consumer~~
17 ~~at that site. For purposes of this sub-subparagraph (B), the consumer's~~
18 ~~"site" shall include all contiguous property owned or leased by the~~
19 ~~consumer, without regard to interruptions in contiguity caused by~~
20 ~~easements, public thoroughfares, transportation rights-of-way, or utility~~
21 ~~rights-of-way~~ A QUALIFYING RETAIL UTILITY THAT IS INVESTOR-OWNED
22 SHALL NOT LIMIT THE SIZING OF ON-SITE RETAIL DISTRIBUTED GENERATION
23 CAPACITY BASED SOLELY ON PAST CONSUMPTION. COOPERATIVE ELECTRIC
24 ASSOCIATIONS ARE NOT SUBJECT TO THIS SUBSECTION (1)(c)(II)(B).

25 (e) A REQUIREMENT THAT EACH QUALIFYING RETAIL UTILITY,
26 EXCEPT FOR COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY
27 OWNED UTILITIES, MAKE AVAILABLE TO THEIR CUSTOMERS A standard

1 rebate offer ~~program~~ AND NET METERING SERVICE, under which:

2 (I) (A) ~~Each qualifying retail utility, except for cooperative~~
3 ~~electric associations and municipally owned utilities, shall make available~~
4 ~~to its retail electricity customers a standard rebate offer of~~ CUSTOMERS
5 ARE OFFERED a specified amount per watt for the installation of eligible
6 solar electric generation on THE customers' premises, up to a maximum
7 of one hundred kilowatts per installation.

8 (A.5) A QUALIFYING RETAIL UTILITY'S INTERCONNECTION
9 STANDARDS FOR DISTRIBUTED ENERGY RESOURCES MUST ALLOW FOR
10 CUSTOMER OWNERSHIP AND USE OF A METER COLLAR ADAPTER TO PERMIT
11 THE INTERCONNECTION OF DISTRIBUTED ENERGY RESOURCES AND FOR
12 ELECTRICAL ISOLATION OF THE CUSTOMER'S SITE FOR ENERGY BACKUP
13 PURPOSES. THE QUALIFYING RETAIL UTILITY SHALL, WITHIN ONE HUNDRED
14 EIGHTY DAYS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
15 (1)(e)(I)(A.5), ADOPT A TRANSPARENT PROCESS FOR APPROVING
16 CUSTOMER-OWNED METER COLLAR ADAPTERS THAT MEET MINIMUM
17 SAFETY REQUIREMENTS. THE COMMISSION SHALL RESOLVE ANY DISPUTES
18 CONCERNING THE SUBSTANCE OR PROCEDURES INVOLVED IN THE
19 APPROVAL PROCESS OR ITS APPLICATION IN ANY SPECIFIC CASE. THE
20 APPROVAL PROCESS MUST TAKE NO MORE THAN SIXTY DAYS AFTER THE
21 DATE OF SUBMISSION FOR APPROVAL OF A SPECIFIC METER COLLAR
22 ADAPTER BY THE PROPOSING PARTY. APPROVED METER COLLAR ADAPTERS
23 MUST BE UL LISTED AND MUST BE SUITABLE PER THE ADAPTER'S UL
24 LISTING DOCUMENTATION FOR USE IN METER SOCKETS OF UP TO TWO
25 HUNDRED AMPERES. THE QUALIFYING RETAIL UTILITY SHALL DEFINE AND
26 PUBLISH IN ITS TARIFFS A PROCESS TO REQUEST AND INSTALL A METER
27 COLLAR ADAPTER, WHICH PROCESS IS TIMELY AND NOT UNDULY

1 BURDENSOME TO THE CUSTOMER. THE QUALIFYING RETAIL UTILITY SHALL
2 POST ON ITS WEBSITE ITS LIST OF APPROVED METER COLLAR ADAPTERS,
3 WHICH LIST MUST BE UPDATED AT LEAST ANNUALLY.

4 (B) ~~The standard rebate offer shall~~ QUALIFYING RETAIL UTILITY'S
5 NET METERING SERVICE MUST allow the customer's retail electricity
6 consumption to be offset by the ~~solar~~ electricity generated BY
7 CUSTOMER-SITED RENEWABLE ENERGY GENERATION FACILITIES. To the
8 extent that ~~solar~~ THE electricity ~~generation~~ THUS GENERATED exceeds the
9 customer's consumption during a billing month, ~~such~~ THE QUALIFYING
10 RETAIL UTILITY SHALL CARRY FORWARD THE VALUE OF THE excess
11 electricity ~~shall be carried forward~~ as a credit to the ~~following month's~~
12 CUSTOMER'S consumption ~~To the extent that solar electricity generation~~
13 ~~exceeds the customer's consumption during a calendar year, the customer~~
14 ~~shall be~~ IN THE FOLLOWING MONTH. THE MONTHLY CARRY-FORWARD
15 CONTINUES FROM MONTH TO MONTH INDEFINITELY UNTIL THE CUSTOMER
16 TERMINATES SERVICE WITH THE QUALIFYING RETAIL UTILITY AT ALL
17 SERVICE ADDRESSES WITHIN THE SERVICE TERRITORY OF THE QUALIFYING
18 RETAIL UTILITY, AT WHICH TIME THE QUALIFYING RETAIL UTILITY IS NOT
19 REQUIRED TO PAY THE CUSTOMER FOR ANY REMAINING EXCESS
20 ELECTRICITY SUPPLIED BY THE CUSTOMER; EXCEPT THAT, TO THE EXTENT
21 THAT SOLAR ELECTRICITY GENERATION EXCEEDS THE CUSTOMER'S
22 CONSUMPTION DURING A CALENDAR YEAR, THE CUSTOMER MAY ELECT, IN
23 WRITING, TO BE reimbursed by the qualifying retail utility AT THE END OF
24 EACH CALENDAR YEAR at ~~its~~ THE QUALIFYING RETAIL UTILITY'S average
25 hourly incremental cost of electricity supply over ~~the prior twelve-month~~
26 ~~period unless the customer makes a one-time election, in writing, to~~
27 ~~request that the excess electricity be carried forward as a credit from~~

1 ~~month to month indefinitely until the customer terminates service with the~~
2 ~~qualifying retail utility, at which time no payment shall be required from~~
3 ~~the qualifying retail utility for any remaining excess electricity supplied~~
4 ~~by the customer~~ THAT CALENDAR YEAR. THE CUSTOMER, AT THE END OF
5 THE CALENDAR YEAR, AND THE QUALIFYING RETAIL UTILITY, UPON
6 TERMINATION OF SERVICE TO THE CUSTOMER, SHALL BE PERMITTED TO
7 DONATE ANY OF THE CUSTOMER'S REMAINING EXCESS BILLING CREDITS TO
8 A THIRD-PARTY ADMINISTRATOR THAT IS QUALIFIED AND APPROVED BY
9 THE QUALIFYING RETAIL UTILITY OR THE COMMISSION FOR THE PURPOSE
10 OF PROVIDING LOW-INCOME ENERGY ASSISTANCE AND BILL REDUCTIONS
11 WITHIN THE QUALIFYING RETAIL UTILITY'S SERVICE TERRITORY. The
12 qualifying retail utility shall not apply unreasonably burdensome
13 ~~interconnection~~ requirements to INTERCONNECTION, REIMBURSEMENT, OR
14 DONATION OPTIONS in connection with ~~this standard rebate offer~~ THE
15 QUALIFYING RETAIL UTILITY'S NET METERING SERVICE. Electricity
16 generated under this program ~~shall be~~ IS eligible for PURPOSES OF the
17 qualifying retail utility's compliance with this ~~article~~ ARTICLE 2 SO LONG
18 AS THE QUALIFYING RETAIL UTILITY PURCHASES THE ASSOCIATED
19 RENEWABLE ENERGY CREDITS. THE COMMISSION SHALL NOT PERMIT A
20 QUALIFYING RETAIL UTILITY TO PLACE A CUSTOMER IN A DIFFERENT RATE
21 CLASS AS A RESULT OF THE CUSTOMER'S PARTICIPATION IN A REBATE
22 OFFER OR NET METERING SERVICE.

23 (C) FOR RETAIL DISTRIBUTED GENERATION THAT IS USED TO MEET
24 LOADS OF A NONCONTIGUOUS PROPERTY OWNED OR LEASED BY THE
25 CUSTOMER, A QUALIFYING RETAIL UTILITY'S NET METERING PROGRAM
26 MUST PROVIDE THE CUSTOMER A NET METERING CREDIT MINUS A
27 REASONABLE CHARGE, AS DETERMINED BY THE COMMISSION, TO COVER

1 THE UTILITY'S COSTS OF DELIVERING TO THE CUSTOMER'S PREMISES THE
2 ELECTRICITY GENERATED BY THE RETAIL DISTRIBUTED GENERATION AND
3 OF ADMINISTERING THE OFF-SITE NET METERING CREDITS. THE
4 REASONABLE CHARGE SHALL BE FIXED FOR THE TERM OF THE
5 INTERCONNECTION AGREEMENT PERTAINING TO THE RETAIL DISTRIBUTED
6 GENERATION FACILITIES AND SHALL BE DETERMINED BY A UTILITY TARIFF
7 FILING, WHICH MAY BE UPDATED ONCE ANNUALLY. THE COMMISSION
8 SHALL ENSURE THAT THIS CHARGE DOES NOT REFLECT COSTS THAT ARE
9 ALREADY RECOVERED BY THE UTILITY FROM THE CUSTOMER THROUGH
10 OTHER CHARGES. IF, AND TO THE EXTENT THAT, A CUSTOMER'S NET
11 METERING CREDIT EXCEEDS THE CUSTOMER'S ELECTRIC BILL IN ANY
12 BILLING PERIOD, THE NET METERING CREDIT SHALL BE CARRIED FORWARD
13 AND APPLIED AGAINST FUTURE BILLS.

14 (D) THE COMMISSION MAY PERMIT A QUALIFYING RETAIL UTILITY
15 TO LIMIT THE TOTAL AMOUNT CARRIED FORWARD ON BEHALF OF A
16 CUSTOMER PURSUANT TO SUBSECTION (1)(e)(I)(B) OF THIS SECTION SO
17 LONG AS THE LIMIT IS NOT LESS THAN ONE HUNDRED PERCENT OF THE
18 CUSTOMER'S REASONABLY EXPECTED AVERAGE ANNUAL CONSUMPTION.
19 ANY EXCESS ELECTRICITY ABOVE THE LIMIT SHALL BE REIMBURSED AT
20 THE QUALIFYING RETAIL UTILITY'S AVERAGE HOURLY INCREMENTAL COST
21 OF ELECTRICITY SUPPLY OVER THE IMMEDIATELY PRECEDING
22 TWELVE-MONTH PERIOD.

23 (E) FOR THE 2022 AND 2023 COMPLIANCE YEARS, EACH
24 QUALIFYING RETAIL UTILITY SHALL ISSUE ONE OR MORE STANDARD OFFERS
25 TO INTERCONNECT AND NET METER OFF-SITE, CUSTOMER-OWNED
26 DISTRIBUTED GENERATION AND SHALL RESERVE, FOR THIS PURPOSE,
27 CAPACITY EQUAL TO ONE-QUARTER OF ONE PERCENT OF THE UTILITY'S

1 ANNUAL RETAIL SALES FROM THE IMMEDIATELY PRECEDING YEAR.
2 THEREAFTER, THE COMMISSION MAY SET LIMITS, BASED ON MARKET
3 DEMAND, ON ANNUAL MINIMUM AND MAXIMUM AVAILABLE CAPACITY FOR
4 NEWLY INSTALLED OFF-SITE DISTRIBUTED GENERATION THAT THE
5 QUALIFYING RETAIL UTILITY SHALL PLAN TO INTERCONNECT AND NET
6 METER. THE CUSTOMER MAY CHOOSE TO RETAIN OR SELL TO THE
7 QUALIFYING RETAIL UTILITY THE CUSTOMER'S RENEWABLE ENERGY
8 CREDITS.

9 (F) AS USED IN THIS SUBSECTION (1)(e)(I), "OFF-SITE" MEANS
10 LOCATED ON NONCONTIGUOUS PROPERTY OWNED OR LEASED BY THE
11 CUSTOMER.

12 ~~(II) Sales of electricity to a consumer may be made by The owner~~
13 ~~or operator of the solar electric generation facilities located on the site of~~
14 ~~the consumer's property if the solar generating equipment is sized to~~
15 ~~supply no more than one hundred twenty percent of the average annual~~
16 ~~consumption of electricity by the consumer at that site. For purposes of~~
17 ~~this subparagraph (H), the consumer's site shall include all contiguous~~
18 ~~ANY property owned or leased by the consumer, without regard to~~
19 ~~interruptions in contiguity caused by easements, public thoroughfares,~~
20 ~~transportation rights-of-way, or utility rights-of-way WHICH PROPERTY IS~~
21 ~~WITHIN THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY, MAY~~
22 ~~SELL ELECTRICITY TO THE CONSUMER. If ~~the~~ A solar electric generation~~
23 ~~facility is not owned by the consumer, then THE COMMISSION SHALL NOT~~
24 ~~REQUIRE the qualifying retail utility shall not be required by the~~
25 ~~commission to pay for the renewable energy credits generated by the~~
26 ~~facility on any basis other than a metered basis. The owner or operator of~~
27 ~~the solar electric generation facility shall pay the cost of installing the~~

1 production meter.

2 (III) The qualifying retail utility may establish one or more
3 standard offers to purchase renewable energy credits generated from ~~the~~
4 ~~eligible solar electric generation~~ ELIGIBLE ENERGY RESOURCES on the
5 customer's premises so long as ~~the generation meets the size and location~~
6 ~~requirements set forth in subparagraph (H) of this paragraph (c) and so~~
7 ~~long as~~ the generation is ~~five hundred kilowatts~~ ONE MEGAWATT or less
8 in size. When establishing the standard offers, THE QUALIFYING RETAIL
9 UTILITY SHOULD SET the prices for renewable energy credits ~~should be set~~
10 at levels sufficient to encourage increased ~~customer-sited solar~~
11 DISTRIBUTED generation AND RENEWABLE ENERGY STORAGE in the size
12 ranges covered by each standard offer, but at levels that will still allow
13 the qualifying retail utility to comply with the electric resource standards
14 set forth in ~~paragraph (c) of this subsection (1)~~ SUBSECTION (1)(c) OF THIS
15 SECTION without exceeding the retail rate impact limit in ~~paragraph (g) of~~
16 ~~this subsection (1)~~. The commission shall encourage qualifying retail
17 utilities to design solar programs that allow consumers of all income
18 levels to obtain the benefits offered by solar electricity generation and
19 shall allow programs that are designed to extend participation to
20 customers in market segments that have not been responding to the
21 ~~standard offer program~~ SUBSECTION (1)(g) OF THIS SECTION.

22 (IV) THE COMMISSION SHALL ENCOURAGE QUALIFYING RETAIL
23 UTILITIES TO DESIGN REBATE OFFERS AND OTHER INCENTIVE PROGRAMS
24 THAT ALLOW CONSUMERS OF ALL INCOME LEVELS, PARTICULARLY THOSE
25 IN LOW-INCOME AND DISPROPORTIONATELY IMPACTED COMMUNITIES, TO
26 OBTAIN THE BENEFITS OFFERED BY DISTRIBUTED GENERATION AND
27 ENERGY STORAGE, AND SHALL ENCOURAGE PROGRAMS THAT ARE

1 DESIGNED TO EXTEND PARTICIPATION TO CUSTOMERS IN THESE AND OTHER
2 MARKET SEGMENTS THAT HAVE PREVIOUSLY BEEN UNDERREPRESENTED
3 IN THE STANDARD OFFER PROGRAM.

4 (j) RULES TO ACCOMMODATE AGGREGATION AND
5 INTERCONNECTION OF RETAIL DISTRIBUTED GENERATION, INCLUDING:

6 (I) ALLOWING ELECTRICITY GENERATED FROM A SINGLE
7 RENEWABLE RETAIL DISTRIBUTED GENERATION RESOURCE ON A
8 MULTI-UNIT PROPERTY TO BE ALLOCATED AS NET METERING CREDITS TO
9 EITHER COMMON AREAS OF THE PROPERTY OR TO INDIVIDUALLY METERED
10 ACCOUNTS WITHOUT REQUIRING THE RESOURCE TO BE PHYSICALLY
11 INTERCONNECTED WITH EACH OWNER'S OR LESSEE'S METER;

12 (II) ALLOWING A UTILITY CUSTOMER WITH RETAIL DISTRIBUTED
13 GENERATION INTERCONNECTED WITH A MASTER METER TO ALLOCATE
14 EXCESS NET METERING CREDITS TO ANY METER ON PROPERTY OWNED OR
15 LEASED BY THE CUSTOMER IN ACCORDANCE WITH A CUSTOMER-DEFINED
16 SYSTEM SHARE FOR EACH ADDITIONAL METER, WITH EXCESS NET
17 METERING CREDITS APPLIED TO THE ADDITIONAL METER;

18 (III) WHERE RETAIL DISTRIBUTED GENERATION IS BEING USED TO
19 OFFSET THE LOAD OF MULTIPLE, SEPARATELY METERED PROPERTIES THAT
20 ARE NOT ON THE SAME RATE SCHEDULE, ALLOWING ALLOCATION OF THE
21 BILL CREDITS THAT MAY BE APPLIED TO ANY OF THE METERED ACCOUNTS;

22 (IV) REQUIRING QUALIFYING RETAIL UTILITIES TO APPLY THE SAME
23 INSTALLATION STANDARDS AND LIST OF APPROVED METER COLLAR
24 ADAPTERS DEVELOPED PURSUANT TO SUBSECTION (1)(e)(I)(A.5) OF THIS
25 SECTION TO ALL CUSTOMERS DESIRING TO USE RETAIL DISTRIBUTED
26 GENERATION TO OFFSET THEIR INDIVIDUAL ENERGY LOADS; AND

27 (V) REQUIRING QUALIFYING RETAIL UTILITIES TO DEVELOP

1 OPTIONAL PROGRAMS AND TARIFFS TO SUPPORT THE ADOPTION AND USE
2 OF DISPATCHABLE RENEWABLE DISTRIBUTED GENERATION AND STORAGE
3 RESOURCES TO PROVIDE GRID BENEFITS, SUCH AS ENHANCING THE
4 EFFICIENCY, CAPACITY, AND RESILIENCE OF THE ELECTRIC GRID, AND TO
5 REDUCE GREENHOUSE GAS EMISSIONS. AS USED IN THIS SUBSECTION
6 (1)(j)(V), "DISPATCHABLE" MEANS THAT THE POWER OUTPUT SUPPLIED TO
7 THE ELECTRIC GRID BY A CUSTOMER-SITED RENEWABLE ENERGY
8 GENERATION OR STORAGE FACILITY CAN BE TURNED ON AND OFF OR
9 OTHERWISE ADJUSTED ON DEMAND.

10 (1.5) Notwithstanding any provision of law to the contrary,
11 ~~paragraph (c) of subsection (1)~~ SUBSECTIONS (1)(e) AND (1)(j) of this
12 section shall DO not apply to a municipally owned utility or to a
13 cooperative electric association.

14 **SECTION 6. Applicability.** This act applies to contracts for
15 distributed generation and energy storage facilities executed on or after
16 the effective date of this act.

17 **SECTION 7. Safety clause.** The general assembly hereby finds,
18 determines, and declares that this act is necessary for the immediate
19 preservation of the public peace, health, or safety.