

**First Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 21-0250.01 Duane Gall x4335

SENATE BILL 21-261

SENATE SPONSORSHIP

Fenberg and Priola,

HOUSE SPONSORSHIP

(None),

Senate Committees
Transportation & Energy

House Committees

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 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 (b) COMMENCING ON THE EFFECTIVE DATE OF THIS SUBSECTION
13 (3)(b), THE COMMISSION SHALL INVITE AND EVALUATE PROPOSALS FOR
14 NEW OR AMENDED RULES THAT WOULD ENABLE RESIDENTS IN
15 MULTI-FAMILY BUILDINGS AND TENANTS IN MULTI-TENANT BUILDINGS TO
16 SHARE IN AN ON-SITE SOLAR INSTALLATION. IN ITS EVALUATION, THE
17 COMMISSION SHALL CONSIDER COLORADO'S GREENHOUSE GAS
18 EMISSION-REDUCTION GOALS AND THE NEED TO ELECTRIFY BUILDINGS TO
19 MEET THOSE GOALS. THE COMMISSION SHALL ALSO CONSIDER RULES THAT
20 WOULD HELP AVOID THE SPLIT INCENTIVE BETWEEN LANDLORDS AND
21 THEIR TENANTS WITH REGARD TO ENERGY USAGE AND THE ALLOCATION
22 OF THE ATTENDANT COSTS, BENEFITS, AND INCENTIVES. THE COMMISSION
23 SHALL COMPLETE ITS RULE-MAKING ON OR BEFORE DECEMBER 31, 2022.

24 (c) NO LATER THAN DECEMBER 31, 2022, THE COMMISSION SHALL
25 ADOPT NEW OR AMENDED RULES THAT WOULD ENABLE LANDLORDS OF
26 MULTI-UNIT BUILDINGS AND TENANTS IN MULTI-UNIT BUILDINGS TO SHARE
27 IN THE PRODUCTION FROM A NET METERED RETAIL DISTRIBUTED

1 GENERATION INSTALLATION. IN ADOPTING RULES, THE COMMISSION SHALL
2 CONSIDER COLORADO'S GREENHOUSE GAS EMISSION-REDUCTION GOALS
3 AND THE NEED TO ELECTRIFY BUILDINGS, TRANSPORTATION, AND OTHER
4 COMMERCIAL AND INDUSTRIAL SECTORS TO MEET THOSE GOALS. THE
5 COMMISSION SHALL ALSO CONSIDER RULES THAT WOULD ENCOURAGE
6 LANDLORDS TO BEAR THE ATTENDANT COSTS AND TO RETAIN AT LEAST A
7 PORTION OF THE RESULTING BENEFITS IN ADDITION TO ANY OTHER
8 INCENTIVES THE COMMISSION FINDS APPROPRIATE.

9 **SECTION 5.** In Colorado Revised Statutes, 40-2-124, **amend**
10 (1)(a) introductory portion, (1)(a)(IV), (1)(a)(VII), (1)(a)(VIII),
11 (1)(c)(II)(B), (1)(e) introductory portion, (1)(e)(I), (1)(e)(II), (1)(e)(III),
12 and (1.5); and **add** (1)(a)(VII.5), (1)(e)(IV), and (1)(j) as follows:

13 **40-2-124. Renewable energy standards - qualifying retail and**
14 **wholesale utilities - definitions - net metering - legislative declaration.**

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

25 (a) Definitions of eligible energy resources that can be used to
26 meet the standards. "Eligible energy resources" means recycled energy,
27 **and** renewable energy resources, AND RENEWABLE ENERGY STORAGE. In

1 addition, resources using coal mine methane and synthetic gas produced
2 by pyrolysis of municipal solid waste MATERIALS are eligible energy
3 resources if the commission determines that the electricity generated by
4 those resources is greenhouse gas neutral. The commission shall
5 determine, following an evidentiary hearing, the extent to which such
6 electric generation technologies utilized in an optional pricing program
7 may be used to comply with this standard. A fuel cell using hydrogen
8 derived from an eligible energy resource is also an eligible electric
9 generation technology. Fossil and nuclear fuels and their derivatives are
10 not eligible energy resources. For purposes of this section:

11 (IV) "Greenhouse gas neutral", with respect to electricity
12 generated USING BIOMASS OR by a coal mine methane or synthetic gas
13 facility, means that the ~~volume of~~ greenhouse gases emitted into the
14 atmosphere ~~from~~ AS A RESULT OF the ~~conversion~~ PROCESS of CONVERTING
15 THE fuel SOURCE to electricity is no greater than the ~~volume of~~ DO NOT
16 EXCEED THE greenhouse gases that would have been emitted into the
17 atmosphere over the next five years, beginning with the ~~planned~~
18 COMMENCEMENT OF THE PROCESS OR INITIAL date of operation of the
19 facility, if the fuel SOURCE had not been converted to electricity, where
20 greenhouse gases are measured in terms of carbon dioxide equivalent.

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

27 (VII.5) "RENEWABLE ENERGY STORAGE" MEANS AN ENERGY

1 STORAGE SYSTEM, AS DEFINED IN SECTION 40-2-130 (2)(a), THAT STORES
2 ENERGY PRODUCED ONLY BY RENEWABLE ENERGY RESOURCES.

3 (VIII) EXCEPT AS PROVIDED IN SUBSECTION (1)(c)(II)(D) OF THIS
4 SECTION WITH RESPECT TO COOPERATIVE ELECTRIC ASSOCIATIONS, "retail
5 distributed generation" means a renewable energy resource OR
6 RENEWABLE ENERGY STORAGE that is located on ~~the site of a customer's~~
7 ~~facilities~~ ANY PROPERTY OWNED OR LEASED BY THE CUSTOMER WITHIN
8 THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY and is
9 interconnected on the customer's side of the utility meter. In addition,
10 retail distributed generation shall provide electric energy primarily to
11 serve the customer's load LOADS and shall be sized to supply no more than
12 oneTWO hundred twenty percent of the REASONABLY EXPECTED average
13 annual TOTAL consumption of electricity by the customer at that site. For
14 purposes of this subparagraph (VIII), the customer's "site" includes all
15 contiguous property owned or leased by the customer without regard to
16 interruptions in contiguity caused by easements, public thoroughfares,
17 transportation rights-of-way, or utility rights-of-way AT ALL PROPERTIES
18 OWNED OR LEASED BY THE CUSTOMER WITHIN THE UTILITY'S SERVICE
19 TERRITORY.

20 (c) Electric resource standards:

21 (II) (B) ~~Solar generating equipment located on-site at customers'~~
22 ~~facilities shall be sized to supply no more than one hundred twenty~~
23 ~~percent of the average annual consumption of electricity by the consumer~~
24 ~~at that site. For purposes of this sub-subparagraph (B), the consumer's~~
25 ~~"site" shall include all contiguous property owned or leased by the~~
26 ~~consumer, without regard to interruptions in contiguity caused by~~
27 ~~easements, public thoroughfares, transportation rights-of-way, or utility~~

1 ~~rights-of-way~~ A QUALIFYING RETAIL UTILITY THAT IS INVESTOR-OWNED
2 SHALL NOT LIMIT THE SIZING OF ON-SITE RETAIL DISTRIBUTED GENERATION
3 CAPACITY BASED SOLELY ON PAST CONSUMPTION. COOPERATIVE ELECTRIC
4 ASSOCIATIONS ARE NOT SUBJECT TO THIS SUBSECTION (1)(c)(II)(B).

5 (e) A REQUIREMENT THAT EACH QUALIFYING RETAIL UTILITY,
6 EXCEPT FOR COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPALLY
7 OWNED UTILITIES, MAKE AVAILABLE TO THEIR CUSTOMERS A standard
8 rebate offer ~~program~~ AND NET METERING SERVICE, under which:

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

15 (A.5) A QUALIFYING RETAIL UTILITY'S INTERCONNECTION
16 STANDARDS FOR DISTRIBUTED ENERGY RESOURCES MUST ALLOW FOR
17 CUSTOMER OWNERSHIP AND USE OF A METER COLLAR ADAPTER TO PERMIT
18 THE INTERCONNECTION OF DISTRIBUTED ENERGY RESOURCES AND FOR
19 ELECTRICAL ISOLATION OF THE CUSTOMER'S SITE FOR ENERGY BACKUP
20 PURPOSES. THE QUALIFYING RETAIL UTILITY SHALL, WITHIN ONE HUNDRED
21 EIGHTY DAYS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION
22 (1)(e)(I)(A.5), ADOPT A TRANSPARENT PROCESS FOR APPROVING
23 CUSTOMER-OWNED METER COLLAR ADAPTERS THAT MEET MINIMUM
24 SAFETY REQUIREMENTS. THE COMMISSION SHALL RESOLVE ANY DISPUTES
25 CONCERNING THE SUBSTANCE OR PROCEDURES INVOLVED IN THE
26 APPROVAL PROCESS OR ITS APPLICATION IN ANY SPECIFIC CASE. THE
27 APPROVAL PROCESS MUST TAKE NO MORE THAN SIXTY DAYS AFTER THE

1 DATE OF SUBMISSION FOR APPROVAL OF A SPECIFIC METER COLLAR
2 ADAPTER BY THE PROPOSING PARTY. APPROVED METER COLLAR ADAPTERS
3 MUST BE UL LISTED AND MUST BE SUITABLE PER THE ADAPTER'S UL
4 LISTING DOCUMENTATION FOR USE IN METER SOCKETS OF UP TO TWO
5 HUNDRED AMPERES. THE QUALIFYING RETAIL UTILITY SHALL DEFINE AND
6 PUBLISH IN ITS TARIFFS A PROCESS TO REQUEST AND INSTALL A METER
7 COLLAR ADAPTER, WHICH PROCESS IS TIMELY AND NOT UNDULY
8 BURDENSOME TO THE CUSTOMER. THE QUALIFYING RETAIL UTILITY SHALL
9 POST ON ITS WEBSITE ITS LIST OF APPROVED METER COLLAR ADAPTERS,
10 WHICH LIST MUST BE UPDATED AT LEAST ANNUALLY.

11 (B) ~~The standard rebate offer shall~~ QUALIFYING RETAIL UTILITY'S
12 NET METERING SERVICE MUST allow the customer's retail electricity
13 consumption to be offset by the solar electricity generated BY
14 CUSTOMER-SITED RENEWABLE ENERGY GENERATION FACILITIES. To the
15 extent that solar THE electricity generation THUS GENERATED exceeds the
16 customer's consumption during a billing month, ~~such~~ THE QUALIFYING
17 RETAIL UTILITY SHALL CARRY FORWARD THE VALUE OF THE excess
18 electricity ~~shall be carried forward~~ as a credit to the following month's
19 CUSTOMER'S consumption ~~To the extent that solar electricity generation~~
20 ~~exceeds the customer's consumption during a calendar year, the customer~~
21 ~~shall be~~ IN THE FOLLOWING MONTH. THE MONTHLY CARRY-FORWARD
22 CONTINUES FROM MONTH TO MONTH INDEFINITELY UNTIL THE CUSTOMER
23 TERMINATES SERVICE WITH THE QUALIFYING RETAIL UTILITY AT ALL
24 SERVICE ADDRESSES WITHIN THE SERVICE TERRITORY OF THE QUALIFYING
25 RETAIL UTILITY, AT WHICH TIME THE QUALIFYING RETAIL UTILITY IS NOT
26 REQUIRED TO PAY THE CUSTOMER FOR ANY REMAINING EXCESS
27 ELECTRICITY SUPPLIED BY THE CUSTOMER; EXCEPT THAT, TO THE EXTENT

1 THAT SOLAR ELECTRICITY GENERATION EXCEEDS THE CUSTOMER'S
2 CONSUMPTION DURING A CALENDAR YEAR, THE CUSTOMER MAY ELECT, IN
3 WRITING, TO BE reimbursed by the qualifying retail utility AT THE END OF
4 EACH CALENDAR YEAR at ~~its~~ THE QUALIFYING RETAIL UTILITY'S average
5 hourly incremental cost of electricity supply over ~~the prior twelve-month~~
6 ~~period unless the customer makes a one-time election, in writing, to~~
7 ~~request that the excess electricity be carried forward as a credit from~~
8 ~~month to month indefinitely until the customer terminates service with the~~
9 ~~qualifying retail utility, at which time no payment shall be required from~~
10 ~~the qualifying retail utility for any remaining excess electricity supplied~~
11 ~~by the customer~~ THAT CALENDAR YEAR. THE CUSTOMER, AT THE END OF
12 THE CALENDAR YEAR, AND THE QUALIFYING RETAIL UTILITY, UPON
13 TERMINATION OF SERVICE TO THE CUSTOMER, SHALL BE PERMITTED TO
14 DONATE ANY OF THE CUSTOMER'S REMAINING EXCESS BILLING CREDITS TO
15 A THIRD-PARTY ADMINISTRATOR THAT IS QUALIFIED AND APPROVED BY
16 THE QUALIFYING RETAIL UTILITY OR THE COMMISSION FOR THE PURPOSE
17 OF PROVIDING LOW-INCOME ENERGY ASSISTANCE AND BILL REDUCTIONS
18 WITHIN THE QUALIFYING RETAIL UTILITY'S SERVICE TERRITORY. The
19 qualifying retail utility shall not apply unreasonably burdensome
20 ~~interconnection~~ requirements to INTERCONNECTION, REIMBURSEMENT, OR
21 DONATION OPTIONS in connection with ~~this standard rebate offer~~ THE
22 QUALIFYING RETAIL UTILITY'S NET METERING SERVICE. Electricity
23 generated under this program ~~shall be~~ IS eligible for PURPOSES OF the
24 qualifying retail utility's compliance with this ~~article~~ ARTICLE 2 SO LONG
25 AS THE QUALIFYING RETAIL UTILITY PURCHASES THE ASSOCIATED
26 RENEWABLE ENERGY CREDITS. THE COMMISSION SHALL NOT PERMIT A
27 QUALIFYING RETAIL UTILITY TO PLACE A CUSTOMER IN A DIFFERENT RATE

1 CLASS AS A RESULT OF THE CUSTOMER'S PARTICIPATION IN A REBATE
2 OFFER OR NET METERING SERVICE.

3 (C) FOR RETAIL DISTRIBUTED GENERATION THAT IS USED TO MEET
4 LOADS OF A NONCONTIGUOUS PROPERTY OWNED OR LEASED BY THE
5 CUSTOMER, A QUALIFYING RETAIL UTILITY'S NET METERING PROGRAM
6 MUST PROVIDE THE CUSTOMER A NET METERING CREDIT MINUS A
7 REASONABLE CHARGE, AS DETERMINED BY THE COMMISSION, TO COVER
8 THE UTILITY'S COSTS OF DELIVERING TO THE CUSTOMER'S PREMISES THE
9 ELECTRICITY GENERATED BY THE RETAIL DISTRIBUTED GENERATION AND
10 OF ADMINISTERING THE OFF-SITE NET METERING CREDITS. THE
11 REASONABLE CHARGE SHALL BE FIXED FOR THE TERM OF THE
12 INTERCONNECTION AGREEMENT PERTAINING TO THE RETAIL DISTRIBUTED
13 GENERATION FACILITIES AND SHALL BE DETERMINED BY A UTILITY TARIFF
14 FILING, WHICH MAY BE UPDATED ONCE ANNUALLY. IF, AND TO THE EXTENT
15 THAT, A CUSTOMER'S NET METERING CREDIT EXCEEDS THE CUSTOMER'S
16 ELECTRIC BILL IN ANY BILLING PERIOD, THE NET METERING CREDIT SHALL
17 BE CARRIED FORWARD AND APPLIED AGAINST FUTURE BILLS.

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

27 (E) FOR THE 2022 AND 2023 COMPLIANCE YEARS, EACH

1 QUALIFYING RETAIL UTILITY SHALL ISSUE ONE OR MORE STANDARD OFFERS
2 TO INTERCONNECT AND NET METER OFF-SITE, CUSTOMER-OWNED
3 DISTRIBUTED GENERATION AND SHALL RESERVE, FOR THIS PURPOSE,
4 CAPACITY EQUAL TO ONE-QUARTER OF ONE PERCENT OF THE UTILITY'S
5 ANNUAL RETAIL SALES FROM THE IMMEDIATELY PRECEDING YEAR.
6 THEREAFTER, THE COMMISSION MAY SET LIMITS, BASED ON MARKET
7 DEMAND, ON ANNUAL MINIMUM AND MAXIMUM AVAILABLE CAPACITY FOR
8 NEWLY INSTALLED OFF-SITE DISTRIBUTED GENERATION THAT THE
9 QUALIFYING RETAIL UTILITY SHALL PLAN TO INTERCONNECT AND NET
10 METER. EXCESS ELECTRICAL OUTPUT FROM OFF-SITE DISTRIBUTED
11 GENERATION SHALL TAKE THE FORM OF A NET METERING CREDIT AGAINST
12 THE CUSTOMER'S ELECTRIC BILL AT THE ENERGY RATE APPLICABLE TO THE
13 CUSTOMER'S RATE CLASS, MINUS A REASONABLE CHARGE AS DETERMINED
14 BY THE COMMISSION TO COVER THE UTILITY'S COSTS OF DELIVERING TO
15 THE CUSTOMER'S PREMISES THE ELECTRICITY GENERATED BY THE OFF-SITE
16 RETAIL DISTRIBUTED GENERATION AND OF ADMINISTERING THE OFF-SITE
17 NET METERING CREDITS. THE COMMISSION SHALL ENSURE THAT THIS
18 CHARGE DOES NOT REFLECT COSTS THAT ARE ALREADY RECOVERED BY
19 THE UTILITY FROM THE CUSTOMER THROUGH OTHER CHARGES. THE
20 CUSTOMER MAY CHOOSE TO RETAIN OR SELL TO THE QUALIFYING RETAIL
21 UTILITY THE CUSTOMER'S RENEWABLE ENERGY CREDITS.

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

25 ~~(II) Sales of electricity to a consumer may be made by~~ The owner
26 ~~or operator of the solar electric generation facilities located on the site of~~
27 ~~the consumer's property if the solar generating equipment is sized to~~

1 supply no more than one hundred twenty percent of the average annual
2 consumption of electricity by the consumer at that site. For purposes of
3 this subparagraph (H), the consumer's site shall include all contiguous
4 ANY property owned or leased by the consumer, without regard to
5 interruptions in contiguity caused by easements, public thoroughfares,
6 transportation rights-of-way, or utility rights-of-way WHICH PROPERTY IS
7 WITHIN THE SERVICE TERRITORY OF THE QUALIFYING RETAIL UTILITY, MAY
8 SELL ELECTRICITY TO THE CONSUMER. If ~~the~~ A solar electric generation
9 facility is not owned by the consumer, then THE COMMISSION SHALL NOT
10 REQUIRE the qualifying retail utility ~~shall not be required by the~~
11 ~~commission~~ to pay for the renewable energy credits generated by the
12 facility on any basis other than a metered basis. The owner or operator of
13 the solar electric generation facility shall pay the cost of installing the
14 production meter.

15 (III) The qualifying retail utility may establish one or more
16 standard offers to purchase renewable energy credits generated from ~~the~~
17 ~~eligible solar electric generation~~ ELIGIBLE ENERGY RESOURCES on the
18 customer's premises so long as ~~the generation meets the size and location~~
19 ~~requirements set forth in subparagraph (H) of this paragraph (c) and so~~
20 ~~long as~~ the generation is ~~five hundred kilowatts~~ ONE MEGAWATT or less
21 in size. When establishing the standard offers, THE QUALIFYING RETAIL
22 UTILITY SHOULD SET the prices for renewable energy credits ~~should be set~~
23 at levels sufficient to encourage increased ~~customer-sited solar~~
24 DISTRIBUTED generation AND RENEWABLE ENERGY STORAGE in the size
25 ranges covered by each standard offer, but at levels that will still allow
26 the qualifying retail utility to comply with the electric resource standards
27 set forth in ~~paragraph (c) of this subsection (1)~~ SUBSECTION (1)(c) OF THIS

1 SECTION without exceeding the retail rate impact limit in ~~paragraph (g) of~~
2 ~~this subsection (1). The commission shall encourage qualifying retail~~
3 ~~utilities to design solar programs that allow consumers of all income~~
4 ~~levels to obtain the benefits offered by solar electricity generation and~~
5 ~~shall allow programs that are designed to extend participation to~~
6 ~~customers in market segments that have not been responding to the~~
7 ~~standard offer program~~ SUBSECTION (1)(g) OF THIS SECTION.

8 (IV) THE COMMISSION SHALL ENCOURAGE QUALIFYING RETAIL
9 UTILITIES TO DESIGN REBATE OFFERS AND OTHER INCENTIVE PROGRAMS
10 THAT ALLOW CONSUMERS OF ALL INCOME LEVELS, PARTICULARLY THOSE
11 IN LOW-INCOME AND DISPROPORTIONATELY IMPACTED COMMUNITIES, TO
12 OBTAIN THE BENEFITS OFFERED BY DISTRIBUTED GENERATION AND
13 ENERGY STORAGE, AND SHALL ENCOURAGE PROGRAMS THAT ARE
14 DESIGNED TO EXTEND PARTICIPATION TO CUSTOMERS IN THESE AND OTHER
15 MARKET SEGMENTS THAT HAVE PREVIOUSLY BEEN UNDERREPRESENTED
16 IN THE STANDARD OFFER PROGRAM.

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

19 (I) ALLOWING ELECTRICITY GENERATED FROM A SINGLE
20 RENEWABLE RETAIL DISTRIBUTED GENERATION RESOURCE ON A
21 MULTI-UNIT PROPERTY TO BE ALLOCATED AS NET METERING CREDITS TO
22 EITHER COMMON AREAS OF THE PROPERTY OR TO INDIVIDUALLY METERED
23 ACCOUNTS WITHOUT REQUIRING THE RESOURCE TO BE PHYSICALLY
24 INTERCONNECTED WITH EACH OWNER'S OR LESSEE'S METER;

25 (II) ALLOWING A UTILITY CUSTOMER WITH RETAIL DISTRIBUTED
26 GENERATION INTERCONNECTED WITH A MASTER METER TO ALLOCATE
27 EXCESS NET METERING CREDITS TO ANY METER ON PROPERTY OWNED OR

1 LEASED BY THE CUSTOMER IN ACCORDANCE WITH A CUSTOMER-DEFINED
2 SYSTEM SHARE FOR EACH ADDITIONAL METER, WITH EXCESS NET
3 METERING CREDITS APPLIED TO THE ADDITIONAL METER;

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

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

13 (V) REQUIRING QUALIFYING RETAIL UTILITIES TO DEVELOP
14 OPTIONAL PROGRAMS AND TARIFFS TO SUPPORT THE ADOPTION AND USE
15 OF DISPATCHABLE RENEWABLE DISTRIBUTED GENERATION AND STORAGE
16 RESOURCES TO PROVIDE GRID BENEFITS, SUCH AS ENHANCING THE
17 EFFICIENCY, CAPACITY, AND RESILIENCE OF THE ELECTRIC GRID, AND TO
18 REDUCE GREENHOUSE GAS EMISSIONS. AS USED IN THIS SUBSECTION
19 (1)(j)(V), "DISPATCHABLE" MEANS THAT THE POWER OUTPUT SUPPLIED TO
20 THE ELECTRIC GRID BY A CUSTOMER-SITED RENEWABLE ENERGY
21 GENERATION OR STORAGE FACILITY CAN BE TURNED ON AND OFF OR
22 OTHERWISE ADJUSTED ON DEMAND.

23 (1.5) Notwithstanding any provision of law to the contrary,
24 ~~paragraph (c) of subsection (1)~~ SUBSECTIONS (1)(e) AND (1)(j) of this
25 section ~~shall~~ DO not apply to a municipally owned utility or to a
26 cooperative electric association.

27 **SECTION 6. Applicability.** This act applies to contracts for

1 distributed generation and energy storage facilities executed on or after
2 the effective date of this act.

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