

107TH CONGRESS  
1ST SESSION

# H. R. 3089

To amend the Federal Power Act to promote energy security, environmental protection, electricity price stability, and electric reliability by providing for the use of net metering by certain small electric energy generation systems, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 11, 2001

Mr. TERRY (for himself, Mr. BARTON of Texas, Mr. PICKERING, and Mr. NORWOOD) introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To amend the Federal Power Act to promote energy security, environmental protection, electricity price stability, and electric reliability by providing for the use of net metering by certain small electric energy generation systems, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Renewable and Dis-  
5 tributed Energy Net Metering Act”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds that it is in the public interest  
3 to:

4 (1) Enable small businesses, residences, schools,  
5 churches, farms, and other retail electric customers  
6 who generate electric energy to reduce their electric  
7 bills.

8 (2) Encourage private investment in renewable  
9 and unconventional energy resources.

10 (3) Enhance the diversity of the Nation's elec-  
11 tric supply by increasing reliance on a wide range of  
12 renewable and other environmentally sound distrib-  
13 uted generation technologies.

14 (4) Reduce price volatility and enhance reli-  
15 ability by reducing peak load on centrally generated  
16 power supplies.

17 (5) Protect the environment by promoting clean  
18 energy sources.

19 **SEC. 3. NET METERING.**

20 Part II of the Federal Power Act is amended by add-  
21 ing the following new section at the end thereof:

22 **“SEC. 215. STATE NET METERING PROGRAMS.**

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

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

1           “(2) The term ‘net metering’ means measuring  
2           the difference between the electricity supplied to a  
3           customer-generator and the electricity generated by  
4           a customer-generator that is delivered to a local dis-  
5           tribution system at the same point of interconnec-  
6           tion during an applicable billing period and pro-  
7           viding a credit to the customer-generator for the net  
8           amount, if any, by which the electricity generated by  
9           the customer-generator exceeds the electricity sup-  
10          plied to the customer generator during that billing  
11          period.

12           “(3) The terms ‘electric generation unit quali-  
13          fied for net metering’ and ‘qualified generation unit’  
14          mean an electric energy generation unit that meets  
15          the requirements of subsection (b)(1) of this section.

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

19           “(5) The term ‘local distribution system’ means  
20          any system for the distribution of electric energy to  
21          the ultimate consumer thereof, whether or not the  
22          owner or operator of such system is also a retail  
23          electric supplier.

24           “(b) NET METERING REQUIREMENT.—Each State,  
25          electric utility not regulated by a State, and Federal power

1 marketing agency shall consider establishing a net meter-  
2 ing program, or modifying an existing program, to meet  
3 the minimum Federal standards set forth in subsection  
4 (c) of this section. If the Commission determines that a  
5 State, electric utility not regulated by a State, or Federal  
6 power marketing agency has not established a net meter-  
7 ing program that meets such minimum standards within  
8 2 years after the enactment of this Act, the Commission  
9 shall establish a program (in such State or in the service  
10 territory of such electric utility or Federal power mar-  
11 keting agency) consistent with such standards.

12 “(c) MINIMUM FEDERAL STANDARDS FOR STATE  
13 AND OTHER NET METERING PROGRAMS.—

14 “(1) QUALIFIED GENERATION UNIT.—A gen-  
15 eration unit that meets the following requirements  
16 qualifies for net metering under this section:

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

19 “(B) The unit has a generating capacity of  
20 up to 200 kilowatts.

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

24 “(D) The unit operates in parallel with the  
25 retail electric supplier.

1           “(E) The unit is used primarily to offset  
2           part or all of the customer-generator’s require-  
3           ments for electric energy.

4           “(F) The unit is not intended to offset or  
5           provide credits for electric consumption at an-  
6           other location of the customer or for any other  
7           customer.

8           “(2) METERING AND COSTS.—The retail elec-  
9           tric supplier shall make available upon request net  
10          metering service to any customer-generator that the  
11          supplier serves if the retail customer-generator pays  
12          any incremental costs, including those incurred by  
13          suppliers and local distribution systems for equip-  
14          ment or services for safety or performance that are  
15          necessary to meet the standards referred to in this  
16          section. If a State, nonregulated utility, or Federal  
17          power marketing agency determines that the use of  
18          a real-time net meter or interval net meter will ad-  
19          vance the purposes of this section for such units, a  
20          customer-generator in that State (or, in the case of  
21          a nonregulated utility or Federal power marketing  
22          agency, the relevant service territory) may be re-  
23          quired to use the appropriate meter and pay the rea-  
24          sonable incremental costs for such meter and its in-  
25          stallation.

1           “(3) RATES.—Rates and charges for retail elec-  
2           tric service to customer-generators, including the  
3           amount of a net metering credit, shall be established  
4           by the appropriate State regulatory authority and  
5           nonpublic utilities. To the extent that a State regu-  
6           latory authority, nonregulated utility, or Federal  
7           power marketing agency does not establish such  
8           rates and charges, such rates and charges shall be  
9           established by the Commission. The rates and  
10          charges established pursuant to this section shall be  
11          just and reasonable.

12          “(4) SAFETY AND PERFORMANCE STAND-  
13          ARDS.—A qualified generation unit and net metering  
14          system used by a customer-generator shall meet all  
15          applicable safety and performance and reliability  
16          standards established by the national electrical code,  
17          the Institute of Electrical and Electronic Engineers,  
18          Underwriters Laboratories, or the American Na-  
19          tional Standards Institute, except that a State may  
20          adopt additional or different standards provided that  
21          such standard is consistent with the purposes of this  
22          section and does not impose an unjust or unreason-  
23          able burden on a customer-generator that seeks to  
24          participate in the State’s net metering program.

1           “(5) STATE AUTHORITY TO ESTABLISH ADDI-  
2           TIONAL REQUIREMENTS.—Consistent with the limits  
3           of its jurisdiction under this part, nothing in this  
4           section shall preclude a State from establishing or  
5           imposing—

6                   “(A) requirements or incentives to encour-  
7                   age qualified generation and net metering that  
8                   are in addition to or in excess of the minimum  
9                   standards established in this section (including  
10                  but not limited to additional eligible fuels, high-  
11                  er capacity limits, and credit amounts that vary  
12                  by fuel or capacity);

13                  “(B) limits on the State-wide aggregate  
14                  amount of generating capacity of customer-gen-  
15                  erators with qualified generation facilities and  
16                  net metering systems, provided that such limits  
17                  are not unduly discriminatory and are con-  
18                  sistent with the purposes of this section; or

19                  “(C) administrative and enforcement pro-  
20                  cedures and requirements such State deems  
21                  necessary or appropriate to implement a net  
22                  metering program under this section, if such  
23                  procedures and requirements are consistent  
24                  with the purposes of this section and does not  
25                  impose an unjust or unreasonable burden on a

1 customer-generator that seeks to participate in  
2 the State's net metering program.

3 “(6) NOT A WHOLESale SALE.—A net meter-  
4 ing credit under a net metering program established  
5 under this section shall not be considered a sale for  
6 resale for the purposes of Federal or State law.”.

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