



HOUSE BILL 535: Solar Capacity Limit Increase.

**This Bill Analysis
reflects the contents
of the bill as it was
presented in
committee.**

2023-2024 General Assembly

Committee:	House Energy and Public Utilities. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 18, 2023
Introduced by:	Reps. K. Hall, McNeely, Paré, Carney	Prepared by:	Chris Saunders
Analysis of:	PCS to First Edition H535-CSTQ-12		Committee Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) to House Bill 535 would:*

- *Increase the maximum authorized total installed capacity of all leased solar facilities on an offering utility's system from 1% to 10% of the previous five-year average of the North Carolina retail contribution to the offering utility's coincident retail peak demand.*
- *Direct the Utilities Commission to expand net metering to customers that own and operate a renewable energy facility with a capacity up to 5 megawatts (MW) that serves only one premises and is intended primarily to offset part or all of the customer's annual usage.*

The PCS makes the following changes from the First Edition:

- *Amends the short and long titles.*
- *Sets the cap on total installed capacity of leased solar facilities at 10%, rather than eliminating the cap entirely.*
- *Clarifies that leased solar energy facilities may not exceed 1 MW in capacity, and must be intended primarily to offset all or part of the customer's annual use.*
- *Sets the cap on net metering for renewable energy facilities at 5 MW, rather than eliminating the cap entirely.*
- *Clarifies that Section 2.1 does not allow net metering for a renewable energy facility that serves more than one premises.*

CURRENT LAW AND BILL ANALYSIS:

PART I.

Under current law, the total installed capacity of all leased solar energy facilities on an offering utility's system may not exceed one percent (1%) of the previous five-year average of the North Carolina retail contribution to the offering utility's coincident retail peak demand. A leased solar energy facility may only serve one premises.

An "offering utility" is defined as "[a]ny electric public utility... serving at least 150,000 North Carolina retail jurisdictional customers as of January 1, 2017." The only offering utilities in the State are Duke Energy Progress and Duke Energy Carolinas.

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The term "coincident retail peak demand" refers to the demand of all retail customers at the time of the electric system's peak demand.

Section 1.1 of the PCS would increase the maximum authorized total installed capacity of all leased solar facilities on an offering utility's system from 1% to 10% of the previous five-year average of the North Carolina retail contribution to the offering utility's coincident retail peak demand.

This section would also clarify that leased solar energy facilities may not exceed 1 MW in capacity, and must be intended primarily to offset all or part of the customer's annual use.

This section would become effective July 1, 2023 and would apply to solar energy facility leases executed on or after that date.

PART II.

"Net metering" is a billing arrangement whereby a customer who generates their own electricity from renewable energy resources can receive a credit on their electric utility bill for any extra electricity produced by the customer that flows back onto the electric utility's distribution system.

Since the 2009 Utilities Commission Order Amending Net Metering Policy, the maximum size of a customer-owned renewable energy facility that may be interconnected for net metering is 20 kilowatts (kW) for residential customers and 1 megawatt (MW) for nonresidential customers.

Section 2.1 of the PCS would direct the Utilities Commission to expand net metering at the applicable net metering rate to customers who own and operate a renewable energy facility with a capacity up to 5 MW that is intended primarily to offset part or all of the customer's annual usage. To comply with this section, the participating customer's meter could be served only by a renewable energy facility that serves only one premises.

Section 2.2 would make a conforming change in a direction for the Utilities Commission to adopt rules.

EFFECTIVE DATE: Except as otherwise provided, this act would become effective July 1, 2023.