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**HOUSE BILL 200**

**47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005**

**INTRODUCED BY**

**George J. Hanosh**

**FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**AN ACT**

**RELATING TO PUBLIC UTILITIES; ESTABLISHING A NET METERING  
SYSTEM TO ENCOURAGE ELECTRIC COOPERATIVE CUSTOMER GENERATION OF  
ELECTRICITY; ENACTING SECTIONS OF THE RURAL ELECTRIC  
COOPERATIVE ACT.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

**Section 1. A new section of the Rural Electric  
Cooperative Act is enacted to read:**

**"NEW MATERIAL] DEFINITIONS. --As used in the Rural  
Electric Cooperative Act:**

**A. "customer-generator" means a customer of a  
cooperative who is also the operator of a net metering system;**

**B. "net metering" means measurement of the  
difference between the electricity supplied to a customer-  
generator by or through a cooperative and the electricity that**

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1 is generated by the customer-generator and delivered to a  
2 cooperative at the same point of interconnection; and

3 C. "net metering system" means a system for the  
4 generation and net metering of electricity that:

5 (1) uses as its energy source solar, wind,  
6 biomass, hydropower resources, geothermal, landfill gas or fuel  
7 cells that are not fossil fueled;

8 (2) has a generating capacity of not more than  
9 twenty-five kilowatts, unless the cooperative agrees to a  
10 greater capacity or unless otherwise limited by an existing  
11 contract for wholesale power purchased by the cooperative;

12 (3) is located on premises that are owned,  
13 operated, leased or otherwise controlled by the customer-  
14 generator;

15 (4) operates in parallel with the local  
16 distribution system of the cooperative; and

17 (5) is intended primarily to offset part or  
18 all of the customer-generator's requirements for electric  
19 energy at the same location."

20 Section 2. A new section of the Rural Electric  
21 Cooperative Act is enacted to read:

22 "[NEW MATERIAL] NET METERING SERVICE. --

23 A. Every cooperative shall make net metering  
24 services available to any customer-generator with a net  
25 metering system that the cooperative serves if the customer-

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1 generator pays all additional costs for the acquisition and  
2 installation of the necessary metering equipment. The  
3 customer-generator shall also pay all other related costs  
4 incurred by the cooperative for net metering, including costs  
5 for equipment or services that are necessary to meet the safety  
6 or performance standards required in the Rural Electric  
7 Cooperative Act.

8 B. A cooperative may install additional equipment  
9 that the cooperative deems necessary to meter electricity flow  
10 in each direction.

11 C. When the total general capacity of all customer-  
12 generators using net metering systems served by a cooperative  
13 is equal to or exceeds one percent of the capacity necessary to  
14 meet the combined annual peak demand of the cooperative's  
15 residential and commercial customers for the previous calendar  
16 year, the cooperative may in its discretion elect not to  
17 provide net metering services to additional customer-  
18 generators.

19 D. A customer-generator is responsible for all  
20 costs associated with operating and maintaining its net  
21 metering system and is also responsible for a cost related to a  
22 modification to the net metering system required by the  
23 cooperative for purposes of interconnectivity, safety and  
24 reliability. "

25 Section 3. A new section of the Rural Electric

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1 Cooperative Act is enacted to read:

2 " [NEW MATERIAL] RATES AND CHARGES. --

3 A. A rate or charge for retail electric service by  
4 a cooperative to a customer-generator shall be based on the  
5 cooperative's rate or charge applicable to each customer class.  
6 A just and reasonable charge may be assessed to avoid cost  
7 shifting from a customer-generator to other customers.

8 B. A cooperative shall provide a credit to a  
9 customer-generator in minimum amount equal to the cooperative's  
10 avoided costs with respect to the customer-generator's  
11 production of electricity. The avoided cost shall be  
12 calculated as the average cost of power to the cooperative for  
13 the immediately preceding calendar year as published in the  
14 cooperative's annual report. The average cost of power shall  
15 not include the cooperative's own transmission, metering and  
16 distribution costs. The average cost of power shall include  
17 the capital and expense costs associated with generation  
18 facilities for those cooperatives that generate some or all of  
19 their own power needs as well as purchased capacity and energy  
20 costs. The customer-generator shall pay the cooperative costs  
21 for distribution and transmission of electricity and other  
22 costs associated with providing electric service for the  
23 customer-generator that are not avoidable by the cooperative,  
24 if documented and requested by the cooperative.

25 C. If a customer-generator's net aggregate bill

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1 from the cooperative is less than zero, credits shall be  
2 carried over to future bills of the customer-generator until  
3 the credit balance equals zero. At the beginning of each  
4 calendar year, any remaining unused credit balance accumulated  
5 during the previous year shall expire without compensation.

6 D. An electric utility may include in its  
7 calculation of avoided cost any fees or surcharges imposed by a  
8 taxing jurisdiction to recover revenue losses resulting from  
9 net metering. "

10 Section 4. A new section of the Rural Electric  
11 Cooperative Act is enacted to read:

12 "[NEW MATERIAL] CLAIMED CREDIT LIMIT. --A customer-  
13 generator shall not claim a credit from a cooperative with  
14 respect to a net metering system if a credit has been claimed  
15 with respect to that net metering system from another  
16 cooperative. "

17 Section 5. A new section of the Rural Electric  
18 Cooperative Act is enacted to read:

19 "[NEW MATERIAL] SAFETY AND PERFORMANCE REQUIREMENTS. --

20 A. A net metering system used by a customer-  
21 generator shall comply with all federal, state and local safety  
22 and performance standards.

23 B. A customer-generator shall, at its expense,  
24 provide lockable switching equipment capable of isolating the  
25 net metering system from the cooperative's system All net

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1 metering equipment shall be approved by the cooperative and  
2 shall be accessible by the cooperative at all times.

3 C. The cooperative shall not be liable directly or  
4 indirectly for permitting or continuing to allow an attachment  
5 of a net metering system or for an act or omission of a  
6 customer-generator that causes loss or injury to a person or  
7 property, including death of a customer-generator or a third  
8 party. A customer-generator shall indemnify a cooperative for  
9 damage to a person or property and for any damage or loss  
10 incurred by a third party or an heir, successor or assign of  
11 that party as a result of the installation or operation of the  
12 net metering system.

13 D. A customer-generator shall notify its  
14 cooperative of the intent to install a net metering system at  
15 least sixty days before its installation and is responsible for  
16 any costs associated with the net metering system, including a  
17 cost related to a modification to the net metering system that  
18 may be required for the purpose of safety and reliability."