

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 508 (Delegate Glass, *et al.*)
Economic Matters

Gas and Electricity - Analog Meters - Purchase and Installation

This bill requires the Public Service Commission (PSC) to authorize a customer of a gas company or an electric company to purchase an analog meter that meets all applicable specified safety and performance standards that PSC adopts or recognizes. A gas company or electric company must (1) install the meter at the customer's request or (2) allow a licensed plumber or electrician, as appropriate, of the customer's choice to install the meter. The analog meter may replace a different type of meter that a company provides to its customers. A company may not require a customer that installs an analog meter under the bill that complies with applicable safety and performance standards to install additional controls or perform or pay for additional tests. PSC must adopt regulations specifying standards for customer-owned gas, electric, and combined meters installed under the bill.

Fiscal Summary

State Effect: PSC can adopt the required regulations with existing budgeted resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: In general, a person may not furnish or put in use for revenue billing purposes a gas or electric meter unless PSC has authorized the meter's use. By written request, a customer may compel PSC to inspect and test the customer's electric or gas meter. PSC regulations pertaining to the metering of electricity specify that all electricity sold by an electric company must be on the basis of meter measurement, except for

installations where the usage is constant and the consumption may be readily computed, or as otherwise provided for in its filed tariff rates.

A meter may not be installed if it is mechanically or electrically defective, has incorrect constants, or has not met testing requirements. Meters must be read approximately monthly unless otherwise authorized by PSC. The meter reading records used to prepare bills must show customer and meter identifying information, meter readings, the date of the meter reading, if the reading has been estimated, and any applicable multiplier or constant.

Background: The State is in the process of transitioning to smart meters as the major electric companies continue to replace traditional analog meters with smart meters under plans authorized by PSC. In May 2012, PSC issued an interim order (No. 84926) allowing customers to decline smart meter installation until PSC made a final ruling. PSC issued a final order (No. 86200) in February 2014, which preserved the ability of customers to opt out of smart meter installations, established an opt-out fee schedule for each electric company, and addressed an issue with inaccessible meters. For customers of each of the four electric companies, there is a one-time fee of \$75 and an ongoing monthly charge, which ranges from \$11 to \$17. For more information related to smart meters and their installation in the State, including more details related to customer opt-outs, see the **Appendix – Smart Meter Deployment**.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Office of People’s Counsel, Department of Legislative Services

Fiscal Note History: First Reader - March 23, 2015
mar/lgc

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Appendix – Smart Meter Deployment

Advanced metering infrastructure (AMI), which includes “smart meters” replacing traditional analog meters at customer residences, is seen as a key component for enabling smart grid technology. The deployment of AMI enables customers to see and respond to market-based pricing. Smart grid technology incorporating AMI can assist in increasing grid reliability, reducing blackout probabilities, reducing forced outage rates, and can help to restore power in shorter time periods.

The Public Service Commission (PSC) authorized Baltimore Gas and Electric Company (BGE) to deploy smart meters in August 2010, authorized Potomac Electric Power Company (Pepco) in September 2010, and authorized Delmarva Power and Light (DPL) in May 2012. The Southern Maryland Electric Cooperative (SMECO) also has a PSC-approved pilot program in part of its service territory. Combined, PSC has authorized the installation of more than 2.6 million smart meters. As of November 2014, BGE, Pepco, and DPL had completed approximately 1.4 million (68%), 560,000 (99%) and 210,000 (96%) of their planned installations, respectively. BGE’s opt-out rate is less than 2%, while Pepco and DPL each report opt-out rates of less than 1%. Many of the remaining installations involve meters located inside of residences, an inherent challenge due to the need to schedule an appointment with customers.

Among the public and the General Assembly, there remains some concern about the widespread deployment of smart meters, particularly in relation to customer privacy and safety. HB 878 of 2012 (failed) would have required electric companies to offer an “opt-out” option from smart meter installations. Similar legislation (failed) was also introduced in 2013. However, in May 2012 PSC issued an interim order (No. 84926) allowing customers to decline smart meter installations until PSC made a final ruling. In January 2013 PSC issued another order (No. 85294) that preserved the interim opt-out and required BGE, Pepco, and DPL to submit, by July 1, 2013, their proposals regarding the overall additional costs associated with allowing customers to retain their current analog meter, cost-recovery proposals, and proposals related to offering either radio frequency (RF)-free or RF-minimizing meter options.

PSC issued a final order (No. 86200) in February 2014, which preserved the ability of customers to opt out of smart meter installations and also established an opt-out fee schedule for each electric company. For customers of each of the four electric companies, there is a one-time fee of \$75 and an ongoing monthly charge, which is \$11 for BGE, \$14 for Pepco, and \$17 for DPL and SMECO. This is consistent with opt-out fees in other states. In California, for example, most customers of Pacific Gas and Electric Company must pay a one-time fee of \$75 and a monthly charge of \$10 to opt out of the program (low-income customers pay less). The order also addressed the issue of nonresponsive

customers by authorizing the utilities to transition nonresponsive customers into the opt-out program. Opt-out fees are waived following the transition of a nonresponsive customer into the opt-out program if that customer contacts the utility within 30 calendar days to schedule the installation of a smart meter.