

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1354 (Delegate Glass, *et al.*)
 Economic Matters

Gas and Electricity - Smart Meters - Customer Rights and Required Reports

This bill requires an electric, gas, or gas and electric company (“utility company”) to give prior written notice of the deployment of “smart meters” to each customer in the affected portion of its service territory. A utility company is prohibited from imposing any additional fee or charge on a utility customer who refuses installation of a smart meter or requests removal of a smart meter under the bill. The bill contains two related reporting requirements for the Public Service Commission (PSC) and the Department of Health and Mental Hygiene (DHMH).

Fiscal Summary

State Effect: Special fund expenditures increase by \$500,000 total over two fiscal years (FY 2017 and 2018) for PSC to retain an independent expert to prepare the required joint report. The precise timing of the expenditures across the two fiscal years cannot be reliably estimated at this time. Special fund revenues for PSC increase correspondingly from assessments imposed on public service companies to recoup costs incurred by PSC as authorized under current law. PSC can report on the savings and cybersecurity issues associated with smart meters with existing budgeted resources. DHMH can handle the bill’s reporting requirement with existing budgeted resources.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SF Revenue	\$500,000	-	\$0	\$0	\$0
SF Expenditure	\$500,000	-	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Smart meter” means a digital meter that allows two-way communications between a utility customer’s premises and a utility company through a wireless network as a component of advanced metering infrastructure.

A notice of a smart meter installation from a utility company must conspicuously state that (1) the smart meter will use radio or other wireless means of two-way communication to transmit information between the customer’s premises and the utility company; (2) the customer may refuse the installation of a smart meter; and (3) the customer may, for any reason, require the utility company to remove a smart meter that previously was installed at the customer’s premises and to replace it with an analog meter at a mutually agreed-upon time and at no additional cost to the customer.

Reporting Requirements

DHMH and PSC, by January 1, 2018, must jointly report to the Senate Finance Committee and the House Economic Matters Committee on the public health impact of smart meter deployment in the State. The report must include (1) a summary of DHMH’s activities assessing the health effects of smart meters in the State; (2) a representative sample of radio-frequency levels measured at premises where smart meters have been installed; and (3) evidence-based recommendations relating to the potential health effects of smart meters. PSC, in consultation with DHMH, must select and retain an independent expert to prepare the report.

PSC must also, by January 1, 2017, and again by January 1, 2018, report to the Senate Finance Committee and the House Economic Matters Committee on (1) any savings realized through the use of smart meters by utility companies or utility customers in the State and (2) any breaches to a utility company’s cybersecurity infrastructure, significant consequences of the breaches, and corrective actions taken.

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 has largely completed the process of transitioning to smart meters as the major electric companies have mostly replaced traditional analog meters with smart meters under plans authorized by PSC. PSC authorized Baltimore Gas and Electric Company to deploy smart meters in August 2010, authorized Pepco in September 2010, and authorized Delmarva Power and Light in May 2012. Recent data on the deployment of smart meters is shown in **Exhibit 1**.

Exhibit 1
Smart Meter Deployment as of September 30, 2015

	<u>% Deployed</u>	<u>Smart Meters Installed</u>	<u>% Opt-out</u>	<u>Opt-out Monthly Fee</u>
BGE	87%	1,184,211	4.15%	\$5.50
Pepco	100%	560,851	0.20%	14.00
DPL	100%	211,115	0.50%	17.00
SMECO	N/A	To begin early 2016	N/A	17.00

Note: In November 2015, PSC reduced the opt-out fee for BGE customers from \$11 to \$5.50 per month, effective with the January 2016 billing cycle.

BGE = Baltimore Gas and Electric Company
DPL = Delmarva Power and Light Company
SMECO = Southern Maryland Electric Cooperative

Source: Public Service Commission

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, and reducing forced outage rates, and can also help to restore power in shorter time periods.

However, there remains some concern about the widespread deployment of smart meters, particularly in relation to customer privacy and safety. Several bills have been introduced in recent years (all failed) to address some of these concerns through customer opt-outs and various studies. PSC also allowed customers to decline smart meter installations in May 2012 and subsequently reaffirmed that decision in February 2014.

Additional Information

Prior Introductions: HB 516 of 2015 received an unfavorable report from the House Economic Matters Committee. Its cross file, SB 9, received a hearing in the Senate Finance Committee, but no further action was taken.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Office of People's Counsel, Public Service Commission, Department of Legislative Services

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kb/lgc

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