

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

House Bill 1491
 Economic Matters

(Delegate A. Washington)

Finance

Public Service Commission – Repeal of Master Metering Authorization and Study on Energy Allocation Systems and Submetering

This bill repeals the authority of the Public Service Commission (PSC) to allow the use of a master meter without submeters in a residential multiple occupancy building pursuant to Chapters 314 and 315 of 2010. PSC must conduct a study on the feasibility of transitioning master meters without submeters to energy allocation systems or submeters in apartment buildings or complexes, condominiums, and housing cooperatives. By January 15, 2019, PSC must report its findings to the General Assembly. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: Special fund expenditures increase by up to \$50,000 in FY 2019. Special fund revenues increase correspondingly from assessments imposed on public service companies.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF Revenue	\$50,000	\$0	\$0	\$0	\$0
SF Expenditure	\$50,000	\$0	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The study must include:

- the number and location of apartment buildings or complexes, condominiums, and housing cooperatives that currently use a master meter for gas or electric;
- the estimated cost of transitioning master meters used for gas or electric to energy allocation systems or submeters;
- the number of master meter accounts for apartment buildings or complexes, condominiums, and housing cooperatives that have been in arrears over two or more billing cycles during the period of the study; and
- any existing programs in the State to assist landlords or tenants in converting master metering systems into energy allocation or submetering systems.

Current Law: Generally, PSC may not authorize an electric or gas company to service an occupancy unit in a new residential multiple occupancy building, a new shopping center, or a new housing unit constructed, managed, or operated by a local housing authority unless the building or unit has individually metered service or submetering for each individually leased or owned occupancy unit or shopping center unit. There are two broad exceptions, subject to specified conditions.

- Chapters 314 and 315 of 2010 authorized PSC to allow the use of a master electric or gas meter for heating, ventilation, and air-conditioning (HVAC) services without requiring individual metering or submetering in a residential multiple occupancy building as long as the utility bill for HVAC services is included in the rent for that unit. PSC must be satisfied that the use of the master meter will result in net savings of energy. Each individually leased or owned occupancy unit must have individual metered service for other energy services and must directly receive the utility bill for those other services.
- PSC may authorize an electric or gas company to provide service for central heating or cooling systems to an occupancy unit or shopping center unit without individual metering or submetering if PSC is satisfied that the service will result in a substantial net savings of energy.

Background: The study addresses two similar billing systems that are allowed under current law for apartment buildings and some commercial properties with multiple tenants. Master metering typically involves measuring actual energy usage, with a submeter, and

billing for that exact amount; however, a master meter may be used without a submeter in limited circumstances. Energy allocation systems measure approximate energy use and bill accordingly. Regardless, both systems essentially accomplish the same task of apportioning one large utility bill down to individual units, based either on actual usage or an approximation thereof. Both billing systems are subject to specified standards and requirements by PSC.

The bill addresses an issue that can arise if a utility service is billed by a master meter. In such a case, a master meter bill may be due, but one or more occupancy units may have not paid. A recent case involving such a situation led to electric service being temporarily turned off at Lynnhill Condominiums in Prince George's County.

State Fiscal Effect: Special fund expenditures increase by up to \$50,000 in fiscal 2019 for PSC to hire a consultant to estimate the cost of transitioning certain master meters to energy allocation systems or submetering and determine energy savings from the transition. PSC also requires utility data and support to complete the study, which can likely be obtained at little or no cost. Special fund revenues increase correspondingly from assessments imposed on public service companies.

Small Business Effect: Small businesses involved in the construction of residential multiple occupancy buildings are prohibited from using a master meter without a submeter for HVAC services. This may represent an increased cost of construction for these companies.

Additional Comments: This estimate assumes that the bill applies only to certain new master meter authorizations and does not apply to existing authorizations. The bill does not prohibit the existence of this type of master metering, only new authorizations. Costs associated with such a transition must be studied by PSC under the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; Department of Legislative Services

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