HB 1274

Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1274 (Delegate Glass, *et al.*)
Economic Matters

Gas and Electricity - Smart Meters - Customer Rights

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 Maryland Department of Health (MDH).

Fiscal Summary

State Effect: Special fund expenditures increase by $500,000 total in FY 2019 and FY 2020. The precise timing of the expenditures cannot be reliably estimated at this time. 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	$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 increase; (-) = indeterminate decrease

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 (AMI).

Notice Requirements

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 at no additional cost to the customer; 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

MDH and PSC, by January 1, 2020, 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 MDH'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 MDH, must select and retain an independent expert to prepare the report.

PSC must also, by January 1, 2019, and again by January 1, 2020, 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. The Southern Maryland Electric Cooperative and the Choptank Electric Cooperative also have smart meter programs.

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.

State Fiscal Effect: Special fund expenditures increase by $500,000 total in fiscal 2019 and 2020 for PSC to hire an independent consultant as required by the bill. The precise timing of the expenditures cannot be reliably estimated at this time. Special fund revenues increase correspondingly from assessments imposed on public service companies. MDH can handle the bill's reporting requirement with existing budgeted resources.

Additional Information

Prior Introductions: HB 1406 of 2017 received an unfavorable report from the House Economic Matters Committee. HB 1354 of 2016 received an unfavorable report from the House Economic Matters Committee. HB 516 of 2015 received an unfavorable report from the House Economic Matters Committee. Its cross file, SB 9, received a hearing from the Senate Finance Committee, but no further action was taken.

Cross File: None.

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

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