

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 665
Finance

(Senator Middleton)

Electric Restructuring - Advanced Electric Meters - Repeal of Competitive Metering

This bill requires the Public Service Commission (PSC), by October 1, 2006, to establish, by order or regulation, a schedule ensuring that electric companies install advanced electric meters for residential customers in a timely manner. The bill also repeals the requirement for a competitive metering service.

The bill is effective July 1, 2006.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: "Advanced electric meter" is defined as a measuring device that: (1) generates timely data on the electricity consumption by a customer; and (2) is designed to enable a customer to monitor the amount of electricity used at different times of the day and allow the customer to manage or adjust use in response to price signals.

Current Law: The Electric Customer Choice and Competition Act of 1999 required competitive metering to begin for large customers on January 1, 2002 and for all other customers on April 1, 2002. Electric cooperatives and municipal utilities are excluded.

Background:

Advanced Electric Metering

An advanced electric meter is a mini-computer that communicates with a utility's central data center, providing real-time information on how much electricity a customer is using and when it is being used. Pacific Gas & Electric Co. and San Diego Gas & Electric Co. plan to spend \$2 billion over the next several years installing millions of the advanced meters in homes across California. Customers can expect a small hike in electricity rates to pay for the program. Data provided by the meters enable utilities to offer voluntary variable pricing plans. Under the plans, customers are charged more for power used during peak periods such as weekday afternoons when electricity supplies are tight and prices are high, and less at night and on weekends, when demand and prices are lower. The goal is to alleviate power crunches by giving customers a financial reward for running their major appliances at off-peak times. In a California sponsored pilot project, advanced meters were installed in 2,500 homes and the customers were billed under a variety of variable-pricing plans. Electricity use fell by an average of 13% for the pilot's customers.

Effective April 1, 2002, BGE made advanced meters available to all customers, at their option, through a separate fee schedule in the Retail Electric Service Tariff schedule (currently \$65 per month). The supplier or customer must contact BGE and apply for an advanced meter. BGE will install an advanced meter within 30 days of the technical specifications (including telephone communications requirements) being met by the applicant. If a customer's electricity use load is less than 500 kilowatts per month, then BGE will assess a one-time \$180 fee for removing the existing standard meter and installing the advanced meter.

Competitive Metering

The Act restructured the electric utility industry in Maryland, introducing customer choice of an electric supplier effective July 1, 2000. The electricity industry provides three main services: the generation of electricity, the transmission of that electricity, and the distribution of the electricity to customers. Before deregulation, the local electric utilities "bundled" these three services and provided them to their customers within their geographically defined monopoly service territories. The generation component was deregulated; the transmission and distribution components remain regulated as monopoly

services. Competitive metering was considered as part of the deregulated services. Three of the four investor owned utilities included competitive metering provisions in their restructuring settlements with PSC.

In 2000, PSC established the Competitive Metering Roundtable Working Group to examine and evaluate the prospects for implementing competitive metering. The workgroup issued a report to PSC dated May 8, 2001 that presented two differing approaches to implementing competitive metering. The report concluded that competitive metering is not clearly defined and its interpretation would determine the best method for attempting to make the metering market competitive. The workgroup was unable to arrive at a consensus position and thus presented both approaches to PSC.

Competitive metering means that a meter can be installed by an electric supplier on a customer's premises in addition to the distribution meter already in place. That is, if the customer selected an electric supplier different from the electric distributor, the customer could have two electric meters on their premises. To date, no competitive meters have been installed in Maryland and no vendors have come forth with the ability to provide competitive meters. PSC advises that regaining regulatory control over metering would allow PSC and electric companies to introduce technologies in metering that would benefit all major stakeholders.

Additional Information

Prior Introductions: HB 215 of 2005, a similar bill, passed the House without amendments, passed the Senate with amendments, the House refused to concur, and no further action was taken.

Cross File: None.

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

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