

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 126
Economic Matters

(Delegate Cardin, *et al.*)

Advanced Electric Meters - Residential Use

This bill requires the Public Service Commission (PSC), by October 1, 2007, to establish regulations ensuring that electric companies make advanced electric meters available to residential customers. The bill also limits the charges that an electric company may impose for the installation, purchase, lease, and service of an advanced electric meter.

The bill takes effect June 1, 2007.

Fiscal Summary

State Effect: None. The bill's requirements could be handled by PSC with existing budgeted resources. State finances would not be directly affected.

Local Effect: None.

Small Business Effect: None. The bill applies only to residential customers.

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, thus allowing the customer to manage or adjust usage in response to price signals.

The bill states that by October 1, 2007, PSC must adopt regulations that require electric companies to make advanced electric meters available for residential customers. The bill also specifies that an electric company may not charge a residential customer more than \$100 for the purchase or lease of an advanced electric meter, including installation charges. Furthermore, an electric company may not charge more than \$20 for any monthly service charges associated with an advanced electric meter.

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 from this requirement. In May 2001, the PSC Competitive Metering Workgroup stated in its final report that it believes access to metering data and advanced metering service options appropriately satisfies the competitive metering requirement.

Background: Most residential electric customers in Maryland have meters capable of measuring total usage. These meters are checked periodically to determine how much energy has been used since the last energy reading. In addition to standard meters, there are roughly 150,000 residential customers with more advanced time-of-use (TOU) meters. TOU meters are capable of measuring usage during three time periods (peak, off-peak, and shoulder periods). TOU meters allow customers to participate in TOU rate schedules that vary between peak and nonpeak times. These TOU meters do not have communicative ability and do not have the ability to automatically report usage to the supplier or notify the customer of current prices and usage. Since TOU meters were installed in the late 1990s, their use has declined. PSC indicates that since Baltimore Gas and Electric (BGE) customers with TOU meters were allowed to switch to standard rates, the number of customers on variable rate schedules has decreased to roughly 120,000. Potomac Electric Power Company (PEPCO) no longer allows new customers to join the TOU program.

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. 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. Variable pricing encourages customers to use their major appliances in the evening when demand and prices are lower. Advanced meters have the ability of notifying customers in times of energy crisis, such particularly hot summer days where prices are highest. Advanced electric meters also benefit energy suppliers because they enable the supplier to pinpoint outages and measure customer usage without having to use employees to read the meters.

Effective April 1, 2002, BGE made advanced meters available to all customers, at their option. Per the BGE tariff schedule, a customer may contact BGE and apply for an advanced meter. BGE will assess a one-time fee of \$180 to remove the existing meter and install either a company-owned or customer-owned meter. The basic advanced meter service charge per company-owned advanced meter with telecommunications equipment is \$65 per month. Allegheny Power, Delmarva Power & Light Company, and PEPCO also have provisions for advanced metering in their tariff schedules approved by PSC. Generally, any expense associated with installing or maintaining an advanced meter is charged to the requesting customer. To date, advanced meters have been primarily adopted by businesses and larger consumers of electricity.

On January 23, 2007, BGE filed plans to implement an advanced metering infrastructure that would enable two-way communication between BGE and every electric and gas meter in their service territory. In plans filed with PSC, BGE intends to deploy approximately 9,000 advanced electric meters and gas modules in the pilot phase. Should the pilot program justify full implementation, BGE will seek to implement a new rider for implementation cost recovery. If BGE determines full deployment is not appropriate, BGE will seek a surcharge to recover the \$7 to \$10 million cost of the pilot program.

Pacific Gas & Electric Co. (PG&E), San Diego Gas & Electric Co., and Southern California Edison Gas & Electric Co. plan to spend roughly \$3 billion over the next several years installing millions of the advanced electric and gas meters in homes across California. PG&E estimates customers will see a 1% increase in rates to pay for implementation costs. 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 14% for the pilot's customers during critical peak periods. Provisions for the pilot program were included in restructuring regulation. At the conclusion of the pilot program, the largest electricity providers have been advancing the project with approval from the California Public Utilities Commission.

Additional Information

Prior Introductions: An identical bill, HB 10, was introduced at the 2006 special session. The House Rules and Executive Nominations Committee took no action on the bill.

Cross File: None.

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

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