

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 538

(Senator Garagiola, *et al.*)

Finance

Economic Matters

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**Residential Multiple Occupancy Buildings - Master Meters - Heating, Ventilation,  
and Air Conditioning Services**

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This bill authorizes the Public Service Commission (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 a master meter will result in a net savings of energy over the energy savings that would result from individual metering or submetering. 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. Before authorizing the use of a master meter for HVAC services, PSC may review the proposed allocation of HVAC system expenses among individual units and common areas served by the master meter. An electric company may inspect and test a master meter authorized under the bill.

The bill takes effect July 1, 2010, and terminates June 30, 2013.

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**Fiscal Summary**

**State Effect:** None. PSC can implement the bill with existing budgeted resources; the bill generally clarifies current law.

**Local Effect:** None.

**Small Business Effect:** Minimal or none.

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## Analysis

**Current Law:** 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. This requirement applies to multi-tenant buildings and shopping centers constructed after July 1, 1978.

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. A building owner may use an energy allocation system, as approved by PSC, to bill each occupant for the cost of electricity or gas consumed for heating and cooling purposes. If an energy allocation system is used it must be based on a measuring device.

**Background:** When a developer constructs a new apartment building, the developer must select individual electric and gas meters for each occupancy unit or a master meter arrangement, where the owner is able to bill tenants for electricity charges. A building owner who selects a master meter arrangement must determine electric and gas charges for tenants by installing submeters which measure actual energy use and are approved by PSC. In apartment buildings, centralized HVAC systems may offer greater efficiencies than having individual systems for each building occupant. As a result, PSC may authorize an energy allocation system to enable a building owner to bill building occupants for heating and cooling costs.

**Small Business Effect:** The bill may provide a benefit for owners or operators of apartment buildings to the extent the bill clarifies PSC's current authority relating to master meters for HVAC services. Installation of modern HVAC equipment using a master meter may be able to reduce the amount of energy used for heating and cooling purposes when compared to energy used by individual climate control units.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Garrett County; Office of the Attorney General (Consumer Protection Division); Public Service Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - February 9, 2010  
mpc/lgc Revised - Senate Third Reader - April 6, 2010

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