

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 655

(Senator Klausmeier, *et al.*)

Finance

Economic Matters

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

This bill repeals the June 30, 2013 termination date of Chapter 315 of 2010, which authorized the Public Service Commission (PSC) to allow the use of specified master meters for heating, ventilation, and air conditioning (HVAC) services in residential multiple occupancy buildings under specified conditions.

Fiscal Summary

State Effect: None. PSC can continue to implement Chapter 315 of 2010 with existing budgeted resources.

Local Effect: None.

Small Business Effect: Minimal or none.

Analysis

Current Law: “Energy allocation system” means a method of determining the *approximate* energy use consumed within a dwelling unit with the use of a measuring device.

“Submetering” means the installation of equipment for the purpose of determining the *actual* use of electricity or gas per residential unit or commercial rental unit.

Chapters 314 and 315 of 2010, which are set to terminate on June 30, 2013, authorized PSC to allow the use of a master electric or gas meter for 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 by PSC.

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 the *approximate* electricity or gas consumed for heating and cooling purposes. If an energy allocation system is used it must be based on a measuring device.

Except as described above, 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.

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. However, 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 continued benefit for owners or operators of apartment buildings to the extent PSC's current authority relating to master meters for HVAC services is continued. 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.

Additional Information

Prior Introductions: None.

Cross File: HB 913 (Delegate Davis) - Economic Matters.

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

Fiscal Note History: First Reader - February 27, 2012
ncs/lgc

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