

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 878
Economic Matters

(Delegates Glass and Boteler)

Public Utilities - Smart Meters - Opt-Out Option

This bill requires an electric company that deploys “smart meters” in its service territory to notify the affected customers; authorizes a customer to refuse the installation of a smart meter; and provides for when a customer is deemed to have given permission to install a smart meter. The bill also allows specified requests for the installation or removal of smart meters by affected customers. The bill applies retroactively and authorizes a customer to request removal of an installed smart meter by providing written notice to an electric company within 30 days after the effective date of the bill.

The bill takes effect June 1, 2012.

Fiscal Summary

State Effect: None. The bill does not materially affect State finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: “Smart meter” means a digital meter that allows two-way communication between an electric customer’s premises and an electric company through a wireless network.

An electric company that deploys smart meters throughout all or a portion of its service territory must give written notice to affected customers and offer the opportunity for the

customer to refuse the installation of a smart meter through written notice. A customer is deemed to have given permission to the electric company to install a smart meter on receipt of a return notice explicitly granting permission or if the electric company has not received a returned notice within 30 days after the notice is given.

A new owner of premises containing a smart meter may request removal of the smart meter if the request is in writing and made within 30 days after the new owner begins receiving electric service at the premises. A customer that has previously refused to allow an electric company to install a smart meter may later submit a written request to the electric company to install a smart meter.

Finally, the bill applies retroactively and is applied to and interpreted to enable a customer to request removal of an installed smart meter by providing written notice to an electric company within 30 days after the effective date of the bill.

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 (COMAR 20.50.05) 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:

Demand Response in Maryland

Demand response programs promote changes in electric usage by customers from their normal consumption patterns by allowing retail customers to respond to prices as they change over time or by providing monetary incentives to reduce consumption of electricity at times of high wholesale market prices or when system reliability is jeopardized.

Maryland's major utilities have demand response programs in place that have been approved by PSC. When fully implemented, many components of a demand response program rely on smart grid technology. Smart grid technology refers to a sophisticated communications network among the entities that generate, deliver, and consume

electricity. As such, smart grid technology allows the electricity grid to rely on real-time accurate information to act as a self-monitoring system – regulating power flows in the interest of increasing energy reliability and promoting efficiency. Smart grid technology can curtail the need to dispatch generation facilities at peak electric usage periods and reduce congestion costs, while also assisting to forestall power plant construction.

Advanced Metering Infrastructure

Advanced metering infrastructure (AMI) is seen as a key component for enabling smart grid technology, especially in regards to consumer use. 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 help to restore power in shorter time periods.

PSC authorized Baltimore Gas and Electric Company (BGE) to deploy AMI in August 2010 as a result of Case No. 9208. BGE's initiative will install over 2 million electric meters and gas modules at a capital cost of \$440 million and \$57 million in operational costs. PSC estimates that 80% of the meters will be installed by 2014. PSC later authorized Potomac Electric Power Company to deploy AMI in September 2010 as a result of Case No. 9207. The issue of whether to authorize Delmarva Power and Light Company to deploy AMI is currently pending with PSC in the same case. The Southern Maryland Electric Cooperative also has a PSC-approved AMI pilot program in a section of its service territory.

PSC advises that opt out provisions are taking place in other states, and often include a customer charge for those customers wishing to opt out to cover the cost of maintaining a separate meter reading labor force and infrastructure. In California, for example, most customers of Pacific Gas and Electric Company must pay a one-time fee of \$75 and a monthly charge of \$10 to opt out of the program (low income customers pay less).

Additional Comments: PSC announced on February 29, 2012, that it will hold a hearing on May 22, 2012, to address the issue of whether public service companies that deploy AMI should be required to offer customers an opportunity to opt out of receiving smart meters.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Office of People's Counsel, Judiciary (Administrative Office of the Courts), Pacific Gas and Electric Company, Department of Legislative Services

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mlm/lgc

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