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BILL NO: **House Bill 1038—Consumer Relations—Smart Meters**

COMMITTEE: **Economic Matters**

HEARING DATE: **March 14, 2013**

SPONSORS: **Delegates Glass et al.**

POSITION: **Informational**

House Bill 1038 requires an electric company to give written notice of the deployment of “smart meters” to each customer in the affected portion of its service territory. The notice must state that the customer has an opportunity to refuse the installation of a smart meter. A customer may request in writing at any time that the electric company exchange an analog meter for a smart meter, or a smart meter for an analog meter. An electric company may not charge a customer for refusing to have a smart meter installed or for requesting that the smart meter be removed in favor of an “analog” meter. The Bill prohibits an electric company from disclosing usage data obtained from a smart meter to a third party, except for billing purposes, without the customer’s written consent and creates a process for complaints about the unauthorized disclosure of usage data.

In Case Nos. 9207 and 9208, the Maryland Public Service Commission examined the need for and costs and benefits involved with installing smart meters. By orders issued in 2010 through 2012, the following utilities were authorized to deploy smart meters (advanced metering

infrastructure, or AMI): Baltimore Gas and Electric (for gas meters as well), Potomac Electric Power Company and Delmarva Power. Installation of the meters has been continuing throughout these service territories. Due to concerns about health and privacy raised by some customers, the Commission has issued interim orders allowing customers to "opt-out" of meter installation while the Commission examines whether to 1) continue to allow opt-out; 2) what types of meters customers should receive if they do opt-out; 3) whether the continuing opt-out will result in additional costs and 4) if there are additional costs involved, how those costs should be recovered. The Office of People's Counsel (OPC) will remain a party to the additional proceedings to consider the issue of opting out.

OPC does note that House Bill 1038 refers to an "analog meter" as a substitute for a smart meter. Analog meters are not defined in the bill, but frequently are understood to be "non-digital." This reference to analog meters may have an unintended consequence, as OPC understands that utility meters include both analog and digital meters that lack 2-way communication capability.

It is possible that there will be additional expenses incurred by utilities if a significant number of customers opt out of installation or are recipients of a different type of meter. The costs would be for purchasing the meters, removing meters and for maintaining parallel systems to read and prepare bills from the non-AMI meters. If there are additional expenses, the Commission will need to determine if or how those costs should be recovered. One possibility is that the costs could be borne directly by the customers who choose to opt-out. Another is that the costs would be spread over the entire customer base, with the "opt-out" customers essentially having their decision to opt-out subsidized by other customers.

House Bill 1038 also would prohibit electric companies from disclosing energy usage data to third parties and establishes specific complaint and penalty provisions.¹ The privacy of energy usage data is important to customers, and Maryland utilities have policies in place that preclude the release of customer energy usage data without the express consent of the customer. OPC supports the continuation of those policies protecting customer privacy.

¹ House Bill 1066 is a separate bill that mirrors the provisions of House Bill 1038 that would prohibit the disclosure of energy usage data without customer consent.