



PRINCE GEORGE'S COUNTY GOVERNMENT
OFFICE OF COMMUNITY RELATIONS

Angela D. Alsobrooks
County Executive

February 24, 2020

The Honorable Larry Hogan
State House
100 State Circle
Annapolis, Maryland 21401

The Honorable Joanne C. Benson
Chair
Prince George's County State Delegation
Senate Office Building
Annapolis, Maryland 21401

The Honorable Erek L. Barron
Chair
Prince George's County House Delegation
House Office Building
Annapolis, Maryland 21401

Re: Report required by House Bill 221 - Chapter 159 2019

Madam and Sirs:

As required by House Bill 221 - Chapter 159 2019, The Prince George' County Office of Community Relations assembled a Master Meter Task Force to study issues related to the use of master meters in residential occupancy buildings and to make recommendations.

In accordance with the requirements set forth, please see the attached document outlining the findings of the Master Meter Task Force. If additional information is required, please contact the Office of Community Relations at (301)952-4729.

Sincerely,

Dereck Davis
Deputy Director
Office of Community Relations

cc: President Bill Ferguson
Speaker Adrienne A. Jones
Sarah Albert, Department of Legislative Services (5 copies)

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PRINCE GEORGE'S COUNTY MASTER METER TASK FORCE REPORT OF FINDINGS

December 31, 2019

OVERVIEW

1. Project Background and Description

i *The Master Meter Task Force (Task Force) was established by Maryland HB218 (Prince George's County – Utility Services – Master Meters and Task Force PG 429-18) to compile data, evaluate, and make recommendations concerning the conversion of buildings from master meters to individual meters.*

The Task Force is charged with making this report to outline the collaborative findings, as well as make recommendations related to money that is owed by unit owners as a result of master meters in residential multiple occupancy buildings that are constructed or converted to condominium or cooperative ownership in Prince George's County (the County).

2. Task Force Members

i *The Task Force consists of one member of the Senate of Maryland from the County, one member of the House of Delegates from the County, the General Manager (or designee) of the Washington Suburban Sanitary Commission (WSSC), a representative from the Office of Community Relations' (OCR) Common Ownership Communities (COC) Division, two residents of a residential multiple occupancy building that is constructed or converted to a condominium or cooperative ownership in the County, The Prince George's County Executive's designee for Chair of the Task Force, and COC staff.*

- Senate Members – James Rosepepe
- House of Delegates Member – Kris Valderrama
- WSSC Designee – Karyn Riley, Guy Andes, Tom Buckley
- OCR Designee – Dereck E. Davis
- Resident – Betty Williams, Nicole A. Williams, Esq.

- Co-Chairs – James Rosepepe, Kris Valderrama
- COC Staff – Daria Bailey, Danielle Booz

3. Submetering vs. Direct-Metering*

i *A summary of the distinctions between the styles of metering.*

Submetering allows building operators to bill tenants based on individual electricity consumption. The building operator still receives a bill from the utility for the entire building and then bills tenants based on recorded usage.

In buildings with direct-metering, each unit has an individual meter and receives a separate bill directly from the utility at the residential rate. To facilitate direct-metering, a building must first convert to a submetering system with individual meters for individual units.

Generally, the state utility commission is primarily responsible for developing regulations regarding submetering or direct-metering and has approval authority over submetering installation projects. Depending on where the building is located, there could also be local ordinances or regulations that impact submetering approvals.

4. Master Meter Concerns

i *Highlights from the discussion around retrofitting master meters in existing multi-family buildings.*

- Equality- Unit owners who fail to pay their assessments are not contributing to the metered bills. This either raises the cost for other unit owners or puts the association behind on its payment and risks the utility being shut off. There is no way to shut a single unit off for non-payment, which makes it difficult to regulate.
- Efficiency- A unit owner not paying directly for their own service has no incentive to be conservative with their usage and/or purchase energy efficient appliances. When owners are not seeing the reflection of their habits' effect on their bills, they are less likely to use conservation methods. This not only puts a strain on resources, but on the environment.
- Cost-Effectiveness- The lack of efficiency created by master meters does not lend itself to being cost-effective. For example; submetering is estimated to reduce owners' monthly electric costs by 15 to 20%** due to their awareness of their personal usage fluctuations.

5. Retrofitting/Submetering Challenges

i *The Task Force has identified challenges to the retrofitting of master metered utilities to individual meters.*

- **Short-Term Cost-** There would be substantial costs associated with submetering existing buildings. This cost would be the responsibility of the unit owners. In the case of Pepco, if the unit owners in any given community were unable to front the cost of the conversion a rate case would be set in place and the cost would be extended to all consumers in the service area. This means that there is potential for consumers that are not utilizing or affected by the metering system in place would be charged to offset the cost of retrofitting. WSSC does not administer rate cases and would have to have the Council approve a general rate increase. Also, older buildings that haven't had electrical rewiring in many years will often have aluminum wiring instead of copper and would need to be completely rewired. The cost to do a complete rewire would be substantial.
- **Structures-** Many structures would be very challenging to retrofit for certain utilities. For example, WSSC would have a more difficult time installing new pipes than Pepco would have rewiring. Wires are flexible and can fit in small spaces, whereas pipes can vary in size and cannot be manipulated to fit every space.
- **Time-** Depending on the size and unique structure of each building, there would be a considerable amount of time needed to plan, prepare and implement the structural changes.
- **Accessibility-** In order to make the necessary changes, utility workers would need access to all units and would most likely have to cut into surfaces to install the re-routed conduits for their given utility. There would also need to be a designated public space for the meters to be housed for the utility companies to read and maintain the meters.
- **Buy-In-** Unit owners would have to buy into the submetering plan, dependent on the wording in their bylaws. Recently, an association secured a loan to pay for rewiring of the units. The rewiring was completed, but 8-unit owners opposed the transition and took the association to court. They argued that their bylaws state that assessments cover all common elements, and metered utilities were included in those elements. They took the association to court and won. The case is now in appellate court.
- **Exemptions-** There are currently phased projects in the works that have already been approved for master meters and construction has not yet begun. Changing those plans would cost the developers and builders millions of dollars, as the plans would need to be completely re-drawn, they would have to re-apply for permits, etc.

6. Retrofitting/Submetering Advantages

i *List business processes or systems which will be impacted by this project and describe how they will be affected.*

- Long-Term Costs- In the long term, unit owners would stand to cut their metered utility costs substantially.
- Efficiency- Unit owners would have insight into their utility usage and be able to manage it more effectively. Those who generally use less utilities than their neighbors would see a decrease in their utility bills. Those who use more than their neighbors would become aware and able to consciously choose to use less and/or purchase energy efficient appliances to lower their consumption.
- Equality- Unit owners would pay for the utilities they are using only, as opposed to a flat rate throughout the building. This would allow for those using less utilities to see a lower bill.
- Environmental Impact- The long-term effects of submetering promise to lower the carbon footprint of the building.***

7. Impact

i *A summary of how submetering would affect each group.*

- Unit Owners- Short term costs would be high, but in the long term they would stand to pay considerably less. Owners that were not current on their assessments would stand to have utilities shut off or a lien placed on their unit. Unit owners that are current would not pay additional funds to cover for neighbors' delinquency.
- Other Local Utility Customers- Other customers in the service area may be impacted. If costs cannot be covered by the unit owners and association, the utility companies will raise the rates for all the customers in the area in order to recoup the associated costs.
- Utility Companies- The companies involved would be charged with planning and executing the necessary tasks to retrofit the units. A study would need to be done beforehand to justify costs and outline the scope and timeline of the plan.
- Developers and Builders- Previously developed plans must be re-drawn and new permits issued, which will require additional time and funding.
- Environment- Environmental effects would likely include long-term reduced energy emissions (carbon reduction) but would also require a short-term spike in energy and materials due to construction.

8. Existing Incentive Programs and Statutory Requirements*

i *A look at related programs nationwide.*

No examples of states with statutory incentives for submetering or direct-metering were identified. However, a few examples of incentive programs administered by state agencies or third-party administrators that encourage installation of submeters or individual meters in multifamily residential buildings were determined. These incentive programs are primarily focused on improving building energy efficiency.

Some states have laws that expressly allow for installation of submeters in multifamily residential buildings without creating a statutory incentive for installation or mandating that such buildings include submeters. See Md. Pub. Util. § 7-303, Md. Pub. Util. § 7-304. Connecticut enacted a law allowing for installation of submeters when certain types of renewable energy or combined heat and power systems are used or when submetering furthers the state's comprehensive energy strategy. See Con. Stat. Ann. § 16-19ff, as enacted by House Bill 6360 (2013). Additionally, some states have enacted laws that provide consumer protections for sub metered apartment tenants. Most states have building code requirements that recently-constructed buildings include individual electric meters in each dwelling unit,⁴ but older buildings may still be master-metered.

9. Recent and Pending State Action*

i *Current related legislation.*

Washington state recently enacted comprehensive energy efficiency legislation (House Bill 1257) that, in part, authorizes incentive payments to owners of commercial or multifamily residential buildings for early compliance with new building efficiency requirements as established by the Department of Commerce. The gas or electric utility paying the incentive is also eligible to receive a tax credit for incentive payments and administrative costs associated with the program. Note that it is unclear whether submetering would qualify as an energy efficiency measure under the state's new building efficiency requirements.

There is legislation pending in New York that would provide for conversion of master-metered residential buildings to a submetered system. Assembly Bill 2604 (2019). Also, following the passage of House Bill 1491 (2018) the Maryland PSC published a study assessing the feasibility of converting master-metered apartment buildings to a submetered or "energy allocation system."

REFERENCES

	Title	Location
*	State Submetering Policies & Incentives	Derived from a report published by Laura Shields, Energy Policy Associate at the National Conference of State Legislatures (NCSL). Laura.shields@ncsl.org
**	The Cooperator or New York	https://cooperator.com/article/submetering-your-buildings-electricity/full
** *	Tenant Space Submetering	https://www1.eere.energy.gov/buildings/publications/pdfs/alliances/20110616_webinar_creea_tenant_submetering.pdf