

Advanced Metering - Congressional Energy Bills, S. 14 and H.R. 6

Objective

This report provides a summary of advanced metering provisions of the Energy Policy Act of 2003 currently before the 108th US Congress in the form of Senate energy bill, S. 14 and House energy bill H.R. 6. All sections of both bills that directly and indirectly impact the future of advanced metering technology are summarized below. The conclusions of this report provide an assessment of the probability of success of the metering provisions and of congressional support for advanced metering.

Summary

S. 14 Senate Bill S.14 has been marked up, ordered reported and has had limited debate that began the week of May 5th. Senate Committee on Energy and Natural Resources Chairman, Domenici from New Mexico pulled a controversial section of the bill on climate change to expedite debate. Also, on June 5th an ethanol provision similar to the House's H.R. 14 ethanol section was agreed to (67-29) by the senate that will help reduce obstacles to passage of a bill. The Senate version contains no provisions for ANWR production. However, the ANWR production section in the House bill could make conference committee resolution difficult, if a Senate bill passes.

Provisions in S. 14 that relate to and may provide a positive influence on advanced metering deployment are found in Title VI - Energy Efficiency, Title XI – Electricity and Title III – Indian Energy. Summaries of Sections within those titles and an assessment of their probabilities of passage are included later in this report.

H.R. 6 The House version of the energy bill, H.R. 6, includes controversial titles that would repeal, in part, PUCHA, repeal the mandatory purchase requirements of PURA and create an electric reliability organization. It also includes limited ANWR oil production. These issues may create a much more adversarial environment in conference committee debate if a Senate bill is passed.

However, the House bill specifically includes provisions that require utilities to provide real-time rate schedules, real-time metering, TOU metering and pricing and smart metering in Title VII - Electricity. Although there may be some redundancy in these similar sections, it is clear the House is aware of advanced metering benefits. Like the Senate bill, the House Bill includes advanced metering requirements under Energy Conservation titles.

Overall more language requiring advanced metering, real-time rates and smart metering are included in H.R. 6. However, in total, it is more controversial and the House bill may cause more concern in conference committee.

Sections relevant to advanced metering for Senate and House energy bills

S.14 Federal Building Metering - Senate bill, Title VI, Section 602, requires that all Federal buildings shall be metered and submetered and shall use to the maximum extent practicable, advanced meters or advanced metering devices that provide data at least daily and that measure at least hourly consumption of electricity to be included in Federal energy tracking systems. Metering guidelines are to be set not later than 180 after enactment of this subsection and a plan to describing how the requirements will be met will be submitted to the Secretary of Energy within 6 months of the date the guidelines are established.

Low Income Pilot Program - Senate bill, Title VI, Section 611 appropriates to the Secretary of Energy, \$20,000,000 for 2004 and for each year thereafter through 2006 for the purpose of Low Income Community Energy Efficiency Pilot Programs grants. Although not specifically detailed in this section, advanced metering pilot programs in low-income communities clearly meet the purpose of this section.

Federally Assisted Housing – Senate bill, Title III, Section 305 directs the Secretary of Housing and Urban Development to provide technical assistance to Indian Tribes and other Tribal housing entities that will initiate and expand the use of energy saving technologies in new home and housing rehabilitation. Again, although not specifically detailed in this section, advanced metering pilot programs for Tribal housing clearly meet the purpose of this section.

Net Metering – Senate bill, title XI, Section 1141 requires States to consider the adoption of net metering standards regarding how on-site energy production will be measured and billed. This section is identical to the House bill, Section 7071 and amends PURPA to meet the new requirements as set forth in the net metering section. Where advanced metering can perform this role as well as other roles for demand response programs like critical peak reduction, the cost of net metering can share the cost for advanced metering technology for electric utilities

Smart Metering - Senate bill, Title XI, Section 1142 includes provisions to amend PURPA to require each electric utility to offer each customer class and provide individual customers upon request, a time based rate schedule under which charges vary during different time periods based on the cost of generating and purchasing electricity at the wholesale level. With the exception of varying time constraints placed on electric utilities in the House and Senate bills, the Senate and House bill are virtually the same. Both require electric utilities to offer time based rates to consumers who request them; both identify time of use, critical peak and real time pricing as time based pricing schedules that may be offered and each State regulatory authority must investigate whether or not it is appropriate for electric utilities to install time based meters and communications equipment for each of their customers. Federal assistance will be provided to educate consumers on advanced metering and communications technologies including funding pilot projects and demonstrations, to identify barriers to adoption of demand response

programs and States must, within 6 months of the enactment, provide Congress with a report that identifies and quantifies the benefits of demand response and provides policy recommendations to achieve benefits. The bill states that it is the policy of the United States, that electricity customers are provided with electricity price signals and the ability to benefit by responding to them and devices that enable electricity customers to participate in such pricing and demand response systems shall be facilitated.

H.R. 6 Federal Building Metering - House bill, Title I, Section 1003 includes the same provisions as Title, VI, and Section 602 for metering and submetering in Federal buildings. Inclusion of the exact same provisions in both version of the energy bill significantly improves the prospects for passage of this provision if the final bill makes it to the President's desk for signing.

State Energy Programs – House bill, Title I, Section 10022 authorizes \$100 million in 2004 and 2005 and \$125 million in 2006 to assist States in reaching State energy conservation plan goals as set under the Energy Policy and Conservation Act. Advanced metering plays a major role in conservation programs and will help States meet their conservation goals.

Energy Efficient Public Buildings - House bill, Title I, Section 10024 authorizes the Secretary of Energy to make grants to assist local governments and schools to improve energy efficiency by 30% of new and existing public buildings and facilities.

Low Income Community Pilot Program – House bill, Title I, Section 1025 is worded virtually the same as Section 611 of the Senate bill and appropriates to the Secretary of Energy, \$20,000,000 for 2004 and for each year thereafter through 2006 for the purpose of Low Income Community Energy Efficiency Pilot Programs. Although not specifically detailed in this section, advanced metering pilot programs in low-income communities clearly meet the purpose of this section

Real Time Pricing and TOU Metering Standards – House bill, Title VII, Section 7061, includes a requirement to change PURPA and require that each electric utility shall provide at the customer's request electric service under a real-time rate in which the rate charged varies by hour (or smaller time interval) in accordance with the utilities wholesale power cost. The technology shall enable the consumer to manage energy use and cost through real-time metering and communications technology. State regulatory authorities shall make a determination no later than 1 year after enactment of this paragraph whether or not it is appropriate to implement this standard and a similar standard for TOU pricing and metering. This provision is applicable in states that have and have not restructured.

Smart Metering – House bill, Title VII, Section 7063, includes provisions to amend PURPA to require each electric utility to offer each customer class and provide individual customers upon request, a time based rate schedule under which charges vary during different time periods based on the cost of generating and purchasing electricity at the

wholesale level. The technology shall enable the consumer to manage energy use and cost through real-time metering and communications technology. This provision shall be enacted not later than 18 months after enactment of this paragraph. Within 12 months after the enactment of this paragraph, State regulatory authorities, shall conduct an investigation and issue a decision whether or not this provision is appropriate for their State.

Net Metering – House bill, Title VII, Section 7071 requires States to consider the adoption of net metering standards regarding how on-site energy production will be measured and billed. This section is identical to the Senate bill; Section 1141 and amends PURPA to meet the new requirements as set forth in the net metering section. Where advanced metering can perform this role as well as other roles for demand response programs like critical peak reduction, the cost of net metering can share the cost for advanced metering technology for electric utilities.

Conclusions

Several sections of S. 14 and H.R. 6 relevant to advanced metering that are similar in the energy bills for both chambers offer significant hope for passage of energy legislation that is advantageous for advanced metering technology. The house bill, already passed by the House, H.R. 6, and waiting passage of S. 14 before going to conference committee, is slightly more supportive because several of the advanced metering provisions provide timelines for implementation. The most important section in both bills are the Smart Metering sections, Section 1142 in S. 14 and Section 7063 in H.R. 6 which amend PURPA and require States to offer time-based rate schedules and advanced metering and communication technology to enable consumers to manage their energy use and costs. The House version of this important section gives each electric utility 18 months from the enactment of the bill to offer time-based rates in all rate classes and to individual customers who request it.

Currently there is little debate on the advanced metering sections in either chamber. Interest is primarily focused on the larger issues of standard Market Design, Climate Change, Nuclear Energy and drilling in the ANWR. There are currently no identified congressional members that oppose the specific advanced metering provisions of either the Senate or House bills. However, if the high profile larger issues are resolved and the Senate bill passes, the two bills go to conference committee for debate where advanced metering will be more closely reviewed and may encounter more focused opposition. In the 108th Congress both chambers are Republican controlled which provides for easier resolution of differences in the two bills.

S. 14 continues to be debated in the Senate, as of this date, and as time begins to run out on the 108th Congress, it faces pressure from other important legislation for floor time. Currently there is a slightly better than 50/50 chance of passage, if it passes the Senate before the July 4th recess. If it does not pass before then, other legislation will likely prevent it from getting adequate floor time for passage before the session adjourns. In summary a comprehensive energy bill currently awaits Senate passage of S.14.

Key congressional members that strongly influence this legislation are Senator Pete Domenici, New Mexico who is sponsor of S. 14 and Representative W.J. Billy Tauzin, Louisiana, who sponsors H.R. 6. Cosponsors of H.R. 6 are Representatives, Sherwood Boehlert, New York; Richard Pombo, California; Michael Oxley, Ohio and William Thomas, California.