



## Utility Sub-meters for Rental Units

This publication is intended to provide general information only and is not a substitute for legal advice.

February 2009

### HIGHLIGHTS

- 2 WILL TENANTS PAY MORE IF THEY AGREE TO SUB-METERED UTILITY COSTS?**
- 2 IS ADDING A SUB-METER CONSIDERED A RENT INCREASE?**
- 3 DO TENANTS HAVE TO PAY UTILITY DEPOSITS?**
- 3 DOES A TENANT HAVE TO AGREE TO A SUB-METER CONTRACT?**
- 4 WHAT CAN A TENANT DO IF THEY HAVE A DISPUTE WITH THEIR LANDLORD ABOUT THEIR SUB-METER BILL?**
- 4 FOR MORE INFO**

Some landlords are changing the way they charge tenants for heat or natural gas and electricity. Landlords are using a new tool that measures the energy used by each rental unit. This tool is called a sub-meter. This tipsheet includes information about sub-meters and how they may impact tenants. It also answers questions about tenants' rights and responsibilities

### WHAT ARE BULK METERS AND SUB-METERS?

A bulk meter measures all the natural gas and electricity used by a whole apartment building. It does not measure the amount used by each rental unit.

A sub-meter measures the heat or natural gas and electricity for a rental unit. Landlords may install a sub-meter for all rental units in a building.

### WHY WOULD A BUILDING OWNER OR LANDLORD WANT TO INSTALL SUB-METERS?

Landlords normally pay the energy bill for the whole building. Now, many landlords are choosing to install sub-meters. These meters tell the landlord exactly how much energy each tenant uses. The landlord can bill each tenant for their own consumption. Sub-meters help landlords to fairly and accurately divide the costs among their tenants.

Landlords who install sub-meters shift the risk of energy price changes from themselves to their tenants. Sub-meters also allow tenants to pay for the energy they actually use and to benefit from their own energy conservation efforts.

### WHAT GOVERNMENT ENTITIES ARE INVOLVED WITH THE ISSUE OF SUB-METERS?

There are several government departments involved in various aspects of sub-meters.

- Alberta Energy and the Alberta Utilities Commission are responsible for energy billing procedures.

- Service Alberta is responsible for ensuring landlords provide proper notice to tenants when introducing sub-meters and for ensuring that the introduction of sub-meters does not cause a tenant to experience more than one rent increase per year.
- The Alberta Office of the Utilities Consumer Advocate provides assistance to consumers who have questions or concerns about their utility bills.
- The federal government (Measurement Canada) is responsible for testing and certifying sub-meters.

### WHAT SAFEGUARDS ARE IN PLACE TO ENSURE SUB-METERS ARE ACCURATE?

Sub-meters that measure electricity used in a tenant's unit are tested and certified by Measurement Canada. Measurement Canada also tests and certifies gas meters that measure natural gas used by appliances such as a furnace, stove or fireplace in a tenant's unit.

Measurement Canada does not test or certify heat meters that are used to measure the heat value of hot water used in a housing unit heated by hot water. The heat sub-meter is used to allocate heat charges to tenants.

### HOW ARE TENANTS IMPACTED WHEN SUB-METERS ARE INSTALLED?

Tenants are charged for the utilities they use. They pay for their utilities separately from their rent.

### ARE THERE ADVANTAGES FOR TENANTS?

Tenants have a greater incentive to cut costs when they pay their own energy bills. This may mean less usage that can lead to additional environmental benefits.

### ARE THERE DISADVANTAGES FOR TENANTS?

Tenants are often charged an administrative fee plus the cost of their utilities. This may mean they pay more than if the landlord had used another method to share the energy costs for the building. For example, some landlords may share costs based on the number of units in the building or on the number of square metres in each rental unit.

### WILL TENANTS PAY MORE IF THEY AGREE TO SUB-METERED UTILITY COSTS?

It depends.

Most sub-meter companies charge an administrative fee plus the utility charge. Administrative fees can vary and may go up. A sub-meter company may also require a utility security deposit from tenants.

As a result, the total costs may be higher than a tenant paid for their combined rent and utility costs before agreeing to a sub-meter contract. Some landlords might offer to reduce rents to compensate for moving to sub-metered utility billing. Tenants should ask how the landlord will calculate the new rent.

### IS ADDING A SUB-METER CONSIDERED A RENT INCREASE?

Introducing a sub-meter for existing tenants is considered by government to be a rent increase, and rent can only increase once a year. Tenants who believe they may have been subject to more than one rent increase in a year should contact the Service Alberta Consumer Contact Centre.

### HOW DOES A LANDLORD CALCULATE THE AMOUNT EACH TENANT WILL PAY?

Either the landlord or sub-meter company can issue the utility bill. They both use a mathematical formula to calculate how much each tenant pays. Tenants have a

right to know this formula and should insist that it be in their sub-meter contract. Tenants should also check their bills to make sure they are accurate.

### **HOW CAN A TENANT FIND OUT IF SUB-METER UTILITY RATES ARE FAIR?**

Tenants can see what rates other Albertans pay for utilities by comparing prices on the Office of the Utilities Consumer Advocate's (UCA) website: [www.ucahelps.gov.ab.ca](http://www.ucahelps.gov.ab.ca).

### **DO TENANTS HAVE TO PAY UTILITY DEPOSITS?**

Tenants may have to pay a deposit for heat or natural gas and/or electricity. The amount of the deposit and how long the landlord or sub-meter company will hold it should be in the sub-meter contract.

### **CAN TENANTS SHOP AROUND AND CHOOSE THEIR OWN ENERGY RETAILER?**

No, only customers who have bulk utility meters (landlords, commercial customers, etc.) have the choice of which retailer they use.

### **DO TENANTS BENEFIT IF THEIR LANDLORD HAS AN ENERGY CONTRACT WITH LOWER PRICES THAN THE EXISTING ENERGY RATES? WHAT IF THE MARKET PRICES DROP?**

Yes, tenants benefit when the landlord signs an energy contract for the building that has lower energy prices than market energy rates.

If market prices drop, tenants will likely be locked into the price for the term of the landlord's contract. Tenants should find out how the landlord buys energy and sells it to tenants and how these practices relate to the tenant's bill.

### **CAN TENANTS BE CHARGED ADMINISTRATION FEES?**

Yes. Sub-meter contracts often include administration fees. These fees are applied to each bill to recover the cost of the equipment and the costs associated with collecting the data and producing bills.

### **WHO PAYS THE ENERGY COST FOR THE COMMON AREAS OF A BUILDING?**

Practices will vary from one landlord to another. Tenants should ask the landlord how common area utility costs are handled in their building.

### **DOES A TENANT HAVE TO AGREE TO A SUB-METER CONTRACT?**

A sub-meter can only be introduced for a month-to-month renter with their consent. For month-to-month tenants with utilities as part of their rent, the landlord and tenant can both agree to use a sub-meter. The tenant is then responsible to pay for the utilities separately from their rent. If a month-to-month renter receives notice that a sub-meter is being introduced and does not want it, they should contact their landlord and inform them that they do not consent to the change.

For a fixed-term renter, a sub-meter can be introduced once the lease expires and a new lease is introduced. At that time a tenant has choices. A tenant can agree to pay for utilities separately from their rent; negotiate different terms and conditions with their landlord; or choose to rent elsewhere.

### WHAT QUESTIONS SHOULD TENANTS ASK THEIR LANDLORD?

- How will the individual utility bills be calculated?
- Has the landlord done a comprehensive energy audit?
- How is the landlord going to improve the energy efficiency of the building? Will they be installing new appliances, higher efficiency furnaces, programmable thermostats, or weatherization?
- Will the landlord provide an energy conservation education program for tenants?
- Will the landlord reduce tenants' rental payments? Will this help compensate for separate utility bills?

### WHAT CAN TENANTS DO IF THEY HAVE A DISPUTE WITH THEIR LANDLORD ABOUT THEIR SUB-METER BILL?

Tenants should first review their sub-meter contract and then talk to their landlord or sub-meter company. Minor problems can often be easily solved. Some problems may need to be addressed more formally.

Tenants can call the Office of the Utilities Consumer Advocate (UCA) if they cannot resolve the problems. The UCA can explain how sub-meters work and how sub-meter bills are calculated.

Tenants can call the Service Alberta Consumer Contact Centre about their sub-meter contracts or tenancy agreements.

Tenants can apply to the courts or Residential Tenancy Dispute Resolution Service for a civil remedy.

### FOR MORE INFORMATION

#### The Office of the Utilities Consumer Advocate (UCA)

310-4UCA (310-4822)

#### Service Alberta Consumer Contact Centre

Toll-free in Alberta 1-877-427-4088

#### Alberta's Residential Tenancy Dispute Resolution Service (RTDRS)

Edmonton 780-644-3000

To call toll-free within Alberta dial 310-0000 first.

#### Provincial Court

[www.albertacourts.ab.ca/pc/civil/publication/rta.pdf](http://www.albertacourts.ab.ca/pc/civil/publication/rta.pdf)

#### Measurement Canada

Edmonton 780-495-2491

Calgary 403-292-5605

#### Alberta Energy

Edmonton 780-427-0265

To call toll-free within Alberta dial 310-000 first.

#### Alberta Utilities Commission

Edmonton 780-427-4903

A current version of this and other consumer tipsheets are available at the Service Alberta website [www.servicealberta.ca](http://www.servicealberta.ca). Most public libraries have Internet access if you don't have access at home.

If you need more copies of this tipsheet, you have permission to photocopy.