

ENERGY METERING

Licence Condition for the
provision of advanced
metering for larger business
sites

GOVERNMENT RESPONSE TO A
CONSULTATION

NOVEMBER 2008

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Introduction

1. In July 2008, the Government carried out a final consultation on the provision of advanced metering to larger non-domestic gas and electricity sites¹. The consultation covered draft licence modifications, which the Government expected to introduce early in 2009 using powers contained in clause 82 of the Energy Bill. The consultation was not on the policy as a whole, on which the Government had undertaken a full consultation in August 2007², but on the particulars of the draft licence modifications. Fourteen organisations responded to the consultation. Their responses are at [\[link\]](#)
2. This Government response to the July 2008 consultation includes revised licence modifications, which the Government will lay before Parliament shortly, subject to Royal Assent to the Energy Bill. The licence modifications also represent the Government's implementation of Article 13(1) of the Energy End-Use and Efficiency Directive in respect of these sectors of the electricity and gas supply markets.

Issues raised in responses to the consultation

Structure of modifications and conformity with supply licences

3. Some respondents noted that the structure and language of the licence modifications were, in places, not consistent with the structure and language of the revised supply licences. The text has been reordered, and incongruencies removed.

Terminology

4. Some respondents were concerned that references to "smart" meters were misleading, given that what was envisaged was usually characterised as "advanced" metering, whilst "smart" metering had acquired particular connotations in discussions about a domestic smart meter roll-out. The modifications now refer to "advanced" metering.
5. Some respondents were concerned that "meter" might not adequately cover the key measuring points for energy use. For its part, the Government noted that references to "premises" might be ambiguous. The definitional sections of the modifications have therefore been amended to refer to "metering point", rather than "meter". The modifications now provide an unambiguous definition of "relevant premises".

¹ <http://www.berr.gov.uk/consultations/page47194.html>

² <http://www.berr.gov.uk/consultations/page40850.html>

6. Some respondents raised the question of whether “ancillary device” could mean the supplier’s billing system. The Government’s view is that “ancillary device” clearly refers to an item of equipment accompanying or subordinate to the meter, not a billing system.

Requirements of meter

7. Some respondents wished the licence condition to refer to a minimum interval for provision of information from the meter, for example, half-hourly. The Government considers that the customer, in light of the needs of his business, should decide the periods for which he wishes to receive information, and that requiring the customer to receive information covering specific time-periods could unnecessarily increase costs. The Government will, therefore, leave this matter to the contract, but, to ensure that the customer can access detailed information, will include a requirement that the meter be capable of providing information for half-hourly (electricity) or hourly (gas) intervals. It will then be for the customer to determine the level of detailed information he requires.

Access to data

8. Some respondents referred to access to data, and some suggested that the right of remote access be widened. Whilst the Government expects that access to data will customarily be through the customer’s online account, it considers that that should be a matter for the contract. One respondent suggested that a display device be provided. The Government has seen no evidence that such devices would be useful to larger users. Those customers interested in more detailed information about use within parts of premises may use sub-metering, which is not part of the regulated metering market or of this consultation.

Interoperability

9. A number of respondents, including most, but not all, suppliers, wished the licence modifications to include requirements for interoperability, and suggested that their introduction be delayed until the industry had reached interoperability arrangements. Others saw no need for formal arrangements in advance of entry into force.

10. As it indicated in April 2008, the Government believes that interoperability is desirable, and welcomes Ofgem’s promotion of discussions amongst interested parties that are designed to lead to interoperability arrangements. The Government does not, however, believe that interoperability is a prerequisite for the provision of advanced metering in this sector; nor does it believe that interoperability should be addressed in the licence modifications. Advanced metering has been provided to customers within this sector for many years without formal arrangements, and companies can use commercial mechanisms to avoid or limit stranding risk. Awaiting the successful completion of interoperability arrangements would delay - perhaps significantly - the entry into force of the licence modifications.

Guidance

11. The Government believes that some issues raised in consultation are better addressed in guidance than in the licence modifications. It is, therefore, issuing guidance notes for the benefit of suppliers and customers, and these are attached to the licence modifications.

Next steps

12. The Energy Bill received Royal Assent on 26 November 2008. Some of the provisions within the Act under which the licence modifications are being made came into force on Royal Assent. It is intended that the remainder will be commenced in January 2009. The licence modifications must lay before Parliament for forty days before entering into force. Upon entry into force, the modifications will form part of the standard conditions of the appropriate electricity and gas supply licences. The Government intends that the licence modifications should enter into force on 6 April 2009, the common commencement date for new regulations.

13. The Government is notifying the licence modifications to the European Commission in accordance with the requirements of Article 8 of Directive 98/34/EC of the European Parliament and of the Council laying down a procedure for the provision of information in the field of technical standards and regulations (OJ L 204, 21.7.1998, p. 37) as amended by Directive 98/48/EC of the European Parliament and of the Council (OJ L 217, 5.8.1998, p. 18).