



Department
of Energy &
Climate Change

Smart Metering Implementation Programme

Consultation on non-domestic smart metering: draft
legal text extending the advanced metering
exception end-date

URN 15D/550

17 December 2015

The consultation can be found on DECC's website:

[\[https://www.gov.uk/government/consultations/consultation-on-non-domestic-smart-metering-draft-legal-text-extending-the-advanced-metering-exception-end-date\]](https://www.gov.uk/government/consultations/consultation-on-non-domestic-smart-metering-draft-legal-text-extending-the-advanced-metering-exception-end-date)

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General information

Purpose of this consultation:

This consultation seeks stakeholders' views on draft legal text giving effect to the Government's decision, following consultation, to extend the advanced metering exception end-date in the non-domestic sector.¹

Issued: 17 December 2015

Respond by: 14 January 2016

Enquiries to:

Smart Metering Implementation Programme
Department of Energy & Climate Change
3 Whitehall Place
London, SW1A 1AW

Email: smartmetering@decc.gsi.gov.uk

Consultation reference: URN 15D/550

Territorial extent:

This consultation applies to the gas and electricity markets in Great Britain. Responsibility for energy markets in Northern Ireland lies with the Northern Ireland Executive's Department of Enterprise, Trade and Investment.

How to respond:

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Responses should be emailed to: smartmetering@decc.gsi.gov.uk or posted to the above address.

Additional copies:

You may make copies of this document without seeking permission. An electronic version can be found at:

<https://www.gov.uk/government/consultations/consultation-on-non-domestic-smart-metering>

Other versions of the document in Braille, large print or audio-cassette are available on request. This includes a Welsh version. Please contact us under the above details to request alternative versions.

Confidentiality and data protection:

Please note that DECC intends to summarise all responses and place this summary on the GOV.UK website. This summary will include a list of names or organisations that responded but not people's names, addresses or other contact details. In addition DECC intends to publish the individual responses on its website and you should therefore let us know if you are not content for the response or any part of it to be published. We will not publish people's personal names, addresses or contact details. If you indicate that you do not want your response published we will not publish it automatically but it could still be subject to information requests as detailed below.

¹ See: <https://www.gov.uk/government/consultations/consultation-on-non-domestic-smart-metering>

Further, information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you do not want your individual response to be published on the website, or to otherwise be treated as confidential please say so clearly in writing when you send your response to the consultation. For the purpose of considering access to information requests it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

Quality assurance:

This consultation has been carried out in accordance with the Government's Consultation Principles, which can be found here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60937/Consultation-Principles.pdf

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

DECC Consultation Co-ordinator

3 Whitehall Place

London SW1A 2AW

Email: consultation.coordinator@decc.gsi.gov.uk

Introduction

Non-domestic smart metering

1. Smart meters are the next generation of gas and electricity meters. They will offer a range of intelligent functions and provide consumers with more accurate information, bringing an end to estimated billing. Consumers will have near-real time information on their energy consumption to help them control and manage their energy use, save money and reduce emissions.
2. Energy suppliers are responsible, under their standard licence conditions of electricity and gas supply (the 'Supply Licence Conditions'),² for rolling out smart meters. The Government's role is to provide the right framework and milestones against which they can plan.
3. Alongside the roll-out of smart meters to all homes in the country, the Government's vision is for all smaller non-domestic premises to benefit from smart metering. The non-domestic roll-out will cover around two million sites.³ These sites are very varied: they include private and public sector organisations, and range from small shops to chain stores, from small industrial units to schools. The Programme's economic impact assessment forecasts net benefits in the non-domestic sector of around £1.9 billion.⁴
4. The Programme's vision for non-domestic smart metering policy, which was set out as part of the Prospectus Consultation in 2010-11,⁵ is for:
 - Smaller non-domestic consumers to have access to smart functionality on the same timescales as domestic consumers, with robust interoperability arrangements in place.
 - The same obligations on suppliers to deliver the roll out to apply in the domestic and non-domestic sector, subject to a limited number of exceptions for the non-domestic sector.⁶

² See: www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions

³ Licence conditions require energy suppliers to install smart metering (or in some circumstances, advanced metering) to gas sites where average annual consumption is below 732 MWh per year and all electricity sites in Profile Classes 1-4 (the majority of non-domestic electricity consumers are in profile classes 3 and 4).

⁴ DECC (2014) *Impact assessment: Smart meter roll-out for the domestic and small and medium non-domestic sectors (GB)*, available at:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/276656/smart_meter_roll_out_for_the_domestic_and_small_and_medium_and_non_domestic_sectors.pdf. Appraisal period 2013-2030.

⁵ See: www.gov.uk/government/consultations/delivering-smart-meters-to-homes-and-businesses

⁶ These exceptions include the advanced metering exception and the DCC opt-out. In addition smart meters in the non-domestic sector will not be required to include a gas valve and suppliers are not required to offer an IHD to their non-domestic customers.

5. Having reflected on how the Programme has evolved since the Prospectus consultation and response were published, we can confirm that our aim is for the non-domestic smart metering roll-out to deliver the following high-level objectives:

Smart functionality, with limited exceptions and robust interoperability provisions in place, to deliver:

- Reduced energy use and better informed consumers;
- Supporting switching, and therefore...
- ... a more efficient and competitive energy supply market;
- A platform for wider smart benefits;
- A secure and effective end-to-end solution.

The advanced metering exception

6. There is currently an exception to the smart meter roll-out licence conditions that allows the installation of advanced meters to meet the roll-out obligation at designated non-domestic sites prior to 6 April 2016, and between 6 April 2016 and 31 December 2020 (the end-date for the smart metering roll-out) where there is an existing contractual agreement to do so. Where advanced meters are installed they may remain in place beyond the end-date for the smart metering roll-out. However, they must be replaced with smart meters once they reach the end of their lives, unless they need to be advanced meters for technical reasons.⁷ Meters installed after the exception end-date should also be smart meters.
7. Following consultation, in December 2015 the Government confirmed that the advanced metering exception end-date would be extended from 6 April 2016, to:
- 28 April 2017 for large suppliers; and
 - 17 August 2017 for small suppliers.
8. The Government also confirmed that advanced meters may be installed beyond the exception end-date where contracts are in place prior to 6 April 2016, maintaining current arrangements. This means suppliers will still be able to install advanced meters after the end-dates noted in paragraph 7 but only if a contractual agreement is in place prior to 6 April 2016.⁸
9. Further details on the previous consultation, and rationale for the Government's decisions, are provided in the consultation response published alongside this document, available at:

<https://www.gov.uk/government/consultations/consultation-on-non-domestic-smart-metering>

⁷ Under the roll-out licence conditions, advanced metering may continue to be installed where there is a current transformer electricity meter or a larger gas meter.

⁸ For the avoidance of any doubt, suppliers may continue to install advanced meters up to the dates noted in paragraph 7 regardless of whether they have contractual arrangements in place prior to 6 April 2016.

Advanced metering exception end-date – consultation on draft legal text

1. In December 2015 the Government confirmed that the advanced metering exception end-date would be extended from 6 April 2016, to:
 - 28 April 2017 for large suppliers;⁹ and
 - 17 August 2017 for small suppliers.
2. The Government also confirmed that advanced meters may be installed beyond the exception end-date (up to and including 31 December 2020) where contracts are in place prior to 6 April 2016, maintaining current arrangements under the Supply Licence Conditions.
3. Draft amendments to Supply Licence Conditions to give effect to the decision on the advanced metering exception end-date are included at Annex A, for consultation. Stakeholders and other interested parties are invited to provide their views on the draft legal text by **14 January 2016**.

Advanced metering exception end-date – consultation draft legal text

Q1

Do you agree that the proposed legal drafting will deliver the policy position set out on the advanced metering exception end-date?

⁹ This is in line with the position set out in the roll-out strategy consultation response, whereby a supplier will be determined to be large if they meet the definition of a large supplier on or before 15 February 2015. This aligns with the date at which suppliers will be deemed to be large for the Interface Testing obligation. See: www.gov.uk/government/uploads/system/uploads/attachment_data/file/450167/Smart_Meters_Rollout_Strategy_Government_response_FINAL.pdf

Annex A: Draft amendments to Supply Licence Conditions text

[Attached separately]

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