

All interested parties in relation to the Feed-in Tariff (FIT) biennial meter verification requirements

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Dear Stakeholder,

# Feed-in Tariff (FIT) scheme: Decision on the use of photographic evidence for biennial meter verification

On 7 May Ofgem published a consultation on the photographic evidence for biennial meter verification under the Feed-in Tariff (FIT) scheme. We are writing to let you know that we have considered stakeholder responses to changes we proposed to make to the acceptable methodologies used by FIT Licensees to demonstrate compliance with the FIT biennial meter verification requirements.

This document outlines the changes we have decided to make in this area. Publication of this decision document follows a four-week consultation period from 11 May 2021 to 7 June 2021.

Respondents' views on the proposed changes and our decisions are set out below in Appendix 1. The changes we will make to the 'Feed-in Tariffs: Guidance for Licensed Electricity Suppliers' are outlined in Appendix 2.

These changes will take effect immediately from the date of publication of this decision.

Yours faithfully,

**FIT Policy Team** 

## Appendix 1: Summary of responses and decisions

In total we received 19 formal responses to our consultation, one of which was confidential. The detail of the non-confidential responses, and the decisions we have made, are provided below.

We will not be publishing the stakeholder responses to this consultation.

## Question one: Do you agree with our proposal to not allow photographic evidence to be used for two consecutive biennial verifications of meter readings? If not, what would you propose and for what reason?

- 1.1. Most respondents disagreed with the proposal to only permit the use of photographic evidence for every other biennial meter verification.
- 1.2. Several respondents pushed for a more flexible 'hybrid' approach, which would allow licensees to accept photographs for every biennial meter verification if they choose to do so, noting that they felt that current fraud prevention checks were sufficiently stringent to allow this.
- 1.3. One respondent suggested a compromise between the two, with other forms of evidence being required for the first biennial meter verification after a change of FIT Licensee or the suspension of FIT payments, and with photographic evidence being allowed for all other biennial meter verifications.

### **Decision**

- 1.1. On the basis of the responses we have received, we have decided to proceed with the more flexible approach that was suggested by several respondents which will enable licensees to use generator-submitted photographic evidence for every biennial meter verification, instead of every other verification as originally proposed.
- 1.2. Should licensees have any concerns with the photographic evidence provided as part of the biennial meter verification process, they should consider whether other methods of verification should be used, including conducting a physical inspection of the meter where necessary.

# Question two: Do you agree with our proposal to require all meters associated with an eligible installation to be verified using photographic evidence?

- 2.1. Most respondents agreed that, where photographic evidence is used, all meters associated with an installation should be verified using photographic evidence if possible.
- 2.2. Two respondents, noting the need for FIT Licensees to keep track of whether photographic evidence was used to verify each meter, called for a specialised section to be added to the Central FIT Register (CFR) which would allow Licensees to note which type of evidence had been used for the most recent biennial meter verification.
- 2.3. Another respondent, who objected, said that requiring all meters on the same site to be photographically verified may be confusing to FIT Generators, given export meters can be more complicated that generation meters. They also put forward that an exemption should be made for meters fitted with Automated Meter Readers (AMRs) as well as export meters which are registered for half-hourly settlement.
- 2.4. A third respondent, whilst agreeing that all meters should be verified using photographic evidence if possible, stated that if photographic readings for some meters could not be taken, photographic evidence should instead be allowed for those meters at the next biennial meter verification, as they believed existing counter-fraud measures were sufficient controls.

### **Decision**

- 2.5. In line with our more flexible approach outlined in our decision to question one above, we will not require all meters associated with the installation must use photographic evidence.
- 2.6. Rather than be a requirement, photographic evidence will merely be an option available to Licensees: as long as all meters associated with an installation are verified using a permitted method set out in our 'Feed-in Tariffs: Guidance for Licensed Electricity Suppliers' guidance document, a mixture of verification methods may be used.
- 2.7. In addition, we will allow Licensees to use photographic evidence instead of a physical read for the 5% sample of AMR installed sites that must currently be physically read.

Question three: Do you agree with this proposal to require generators to take all reasonable steps to submit photographs of the meter's serial number? If not, are

there other methods you would propose to allow the generator to demonstrate the photograph of the meter reading shows the correct meter?

- 3.1. The vast majority of respondents were in favour of requiring the FIT Generator to include the meter's serial number in the same photograph as the meter read wherever possible.
- 3.2. Most respondents also noted that, in cases where this was not possible, that video evidence including both the meter read and the meter serial number should be accepted in its stead. A few respondents went further by arguing that a separate photograph of the meter number should also be acceptable in such cases.
- 3.3. One respondent also argued that, though the meter serial number should be included as part of the photograph where possible, no further evidence should be required if this was not possible, as existing counter-fraud checks would be sufficient control.
- 3.4. Finally, another respondent suggested that Ofgem produce guidance to assist generators in locating the serial number on their meter.

### **Decision**

- 3.5. We will proceed with the requirement that FIT Generators must take all reasonable steps to include the meter's serial number in the same photograph as the meter reading.
- 3.6. Where this is not possible, additional video evidence which records both the meter reading and the serial number in the same unedited shot will also be accepted. Providing a separate photograph of the serial number that does not also include the meter reading will not be allowed due to the increased potential for fraud.
- 3.7. Photographs that do not include the meter reading and the meter serial number as part of the same photograph or video should not be accepted for the purposes of biennial meter verification. Where a generator cannot meet the photography requirements, another method of verification must be used instead.
- 3.8. Due to the wide variety of meters available, we do not intend to produce guidance to help generators locate the meter serial number. We would instead expect them to look to information provided by the manufacturer. However, Licensees may wish to provide general advice for identifying the meter serial number as part of any guidance that they themselves may produce.

Question four: Do you agree that generators should submit a declaration along with the photograph of the meter read? Do you agree with the requirements included in our proposed declaration? Alternatively, are there other methods you would propose to provide further assurance of the validity of the photographic evidence?

- 4.1. The majority of respondents disagreed with the proposed requirement that FIT Generators should be required to submit a declaration alongside the photograph.
- 4.2. Many respondents noted that the introduction of declarations would place a severe administrative burden on FIT Licensees whilst providing very little benefit, as the need to sign a declaration would not deter anyone intent on committing fraud.
- 4.3. Several respondents, whilst agreeing with the use of declarations generally, disagreed with the need to sign one for every biennial verification. One respondent suggested that generators should only be required to sign an initial declaration the first time photographic evidence is used, whilst another suggested that the requirement should instead be restricted to ROOFIT-scale installations only, where the risk and consequences of fraud are much higher.
- 4.4. Other respondents instead argued that the declaration should form part of the generator's statement of FIT terms, or that the requirement to give accurate meter readings should form part of the Standard Conditions of Electricity Supply License (SLCs).
- 4.5. There was also notable disagreement over how the declarations should be processed. A significant number of respondents disagreed with the suggestion that each declaration be uploaded to the CFR, again citing significant administrative burden. Instead, they argued that declarations should be archived internally by Licensees and then provided to Ofgem on request if an investigation is opened.
- 4.6. Finally, two respondents suggested that fax be removed as an acceptable form of receipt, given that the technology is no longer widely used.

### **Decision**

4.7. Given the responses we have received, we have decided not to proceed with the requirement for generators to submit declarations alongside photographs.

- 4.8. Based on the responses given, we believe that the administrative burden placed on FIT Licensees would be disproportionate when considered against the benefits provided by declarations in this instance.
- 4.9. We expect FIT Licensees to have robust processes in place to identify and deal with fraudulent and inaccurate meter readings whether identified during routine quarterly meter reading submission or as part of the biennial meter verification. Evidence of this should be made available to Ofgem or its auditors upon request.

# Question five: Do you agree that the authenticity checks listed are reasonable and feasible? Are there any other checks that could be included?

- 5.1. Most respondents generally agreed that the authenticity checks listed were reasonable, though a number of respondents disagreed with certain checks in particular.
- 5.2. Several respondents argued against requiring that the metadata of every photograph to be checked, citing significant administrative burden and the inability of current software to automatically perform these checks. Instead, these respondents argued that metadata checks should only be required as a secondary measure if the reading fell foul of historical checks or other controls.
- 5.3. Many respondents also opposed the need to acquire software that could check if photographs had been edited, stating that such an expense would be excessive and unnecessary given the effectiveness of historical tolerance checks and the fact that the scheme was closed to new applications.
- 5.4. One respondent suggested further controls that could potentially be used, such as the requirement for photographs to be submitted in RAW format and random checks on the tamperproof seals on meters. Another also suggested that the photographs themselves should be uploaded to the CFR to provide an easily accessible audit trail.

### **Decision**

- 5.5. Whilst we will expect FIT Licensees to have sufficient checks in place to properly manage the risk of fraud, we will not require Licensees to implement any specific procedures at the present time.
- 5.6. As part of our annual reviews of Licensee counter-fraud plans, we may in future assess the tolerance and counter-fraud checks of Licensees and consider whether any minimum standards should be introduced.

5.7. However, all photographs submitted as part of a biennial meter verification should be inspected, either visually or by software designed to detect doctored images.

## Question six: Do you agree that photographic evidence should only be collected electronically? Do you agree that photographic evidence submitted using a supplier's app should be acceptable? Are there any additional controls that should be considered where evidence is submitted via a supplier's app?

- 6.1. The vast majority of respondents agreed that photographic evidence should only be accepted electronically. In addition, all respondents who commented on the issue were in favour of FIT Licensees accepting photographic evidence through an app. No respondents argued that additional controls were necessary for appbased submissions.
- 6.2. The respondents who disagreed with the requirement for all photographic evidence to be submitted electronically argued that provision should be made for the physical receipt of photographs where electronic submission was excessively difficult or impossible, which would help elderly and vulnerable FIT Generators.
- 6.3. One respondent also argued that fax should be removed as a method of acceptance, given that the technology has become outdated.

### **Decision**

- 6.4. We will move forward with the requirement that photographic evidence should only be accepted electronically. In addition, we will allow the submission of photographic evidence via an app.
- 6.5. Whilst we acknowledge that submitting photographic evidence electronically may prove difficult for certain generators, especially those who may be elderly or vulnerable, we do not intend to allow any exceptions to the requirement for electronic submission, given the increased ease of doctoring physically submitted photographs and the fact that Licensees can always use a physical meter read for the biennial meter verifications of these generators.
- 6.6. We will also not proceed with the proposal to allow fax as an acceptable method of submitting photographic evidence.

# Question seven: Do you have any other comments or suggestions regarding our proposed guidelines for generator submitted photographic evidence?

- 7.1. We received several additional comments in response to this question.
- 7.2. We received a number of comments requesting additional clarity on several issues. One respondent asked how long photographic evidence and declarations should be kept. Another asked for Ofgem to provide guidance as to what constitutes a photo of 'suitable quality', having had previous trouble with FIT Licensees regarding this issue. There was also a query as to what should happen if a FIT Generator has their meter replaced, and if this would require further photographic evidence.
- 7.3. Two respondents commented on the usefulness of photographic evidence to wind and multi-site generators respectively. One respondent noted that, due to the remote locations of many wind turbines and the health and safety issues involved, each physical read often involved sending a trained operator halfway across the country, and that meter readers would sometimes show up at sites without warning, asking to be let in. Another respondent noted that arranging meter reading appointments for multi-site generators can be challenging and asked that photographic reads be allowed as part of the 5% sample of AMR installed sites that are to be physically read.
- 7.4. Finally, several respondents used this opportunity to refer to general principles and considerations. One respondent stated that changes should be made with the customer in mind, as well as the need to reduce carbon emissions and the need to make improvements to the scheme. Another encouraged Ofgem to focus on the removal of deemed export and the switch of export meters to half-hourly settlement, which would make the provision of photographic evidence for export meters unnecessary.

#### Decision

7.5. We will expect Licensees to retain any submitted photographs or videos for the same length of time as they retain other data related to the FIT scheme. Licensees are obliged to retain documents relating to the FIT Scheme for a period of 5 years, and it is expected that data relating to all FIT scheme participants accredited will be retained until the end of their eligibility period, and for a standard retention period beyond that. It is for FIT licensees as the Data Controllers to determine the length of this standard retention period in line with the guidance provided by the Information Commissioner's Office.

- 7.6. We do not intend to provide guidance as to what constitutes a photo of 'suitable quality', as this is a question for Licensees themselves to determine. They are then free to provide guidance to their generators on this point if they wish.
- 7.7. In regard to the meter replacement query, no special evidence will be required to use photographic evidence at the next biennial verification after a meter has been replaced, though the generator will have to follow the Licensee's own processes for when there is a meter change<sup>1</sup>.
- 7.8. As we note in our decision to question two above, we will allow the use of photographic evidence instead of a physical read where an installations forms part of the 5% sample of AMR installed sites that must currently be physically read.

## Question eight: Do you agree with the proposed approach to switching? Alternatively, are there other approaches you would propose?

- 8.1. Most respondents agreed with the proposed approach to switching generally.
- 8.2. However, the majority of respondents argued that instead of requiring the outgoing FIT Licensee to provide data on the prior biennial meter verification directly to the incoming Licensee, a change should be made to the CFR to show what type of evidence was used for the last biennial meter read.
- 8.3. One respondent also argued that the onus should be on the incoming licensee to request information from the outgoing one and not the other way around.
- 8.4. The respondents who disagreed with our proposals in relation to switching objected to the limit proposed in question one which would restrict the use of photographic evidence to every other biennial meter verification, noting that if photographic evidence was permitted for all of them then our proposals would be unnecessary.

### **Decision**

8.5. Due to our more flexible approach to photographic evidence (as outlined in our decision to question one above), it will not be necessary to keep track of what method of biennial meter verification has been used, as FIT Installations will be eligible to use photographic evidence for every biennial meter verification, regardless of how the verification was carried out previously.

<sup>&</sup>lt;sup>1</sup> Which we would expect Licensees to have in place.

8.6. We will therefore not proceed with the proposed requirement for the outgoing Licensee to provide the incoming Licensee with data about the last biennial meter verification method used.

## Appendix 2 – New appendix to be added into the "Feed-in Tariffs: Guidance for Licensed Electricity Suppliers"

We will add the following section as best practice in a new appendix to the "Feed-in Tariffs: Guidance for Licensed Electricity Suppliers" after appendix 6<sup>2</sup>. We may also make further additions at a later date following the outcome of any review into FIT Licensee tolerance and counter-fraud checks, as described at para 5.6 of Appendix 1 of this decision.

1.1. FIT Licensees' obligations include taking all reasonable steps to verify generation and/or export meter readings once every two years. This provides extra assurance on eligible output before making FIT payments. Where FIT Licensees are fulfilling this obligation with generator-submitted photographic evidence, they should have consideration of the following areas of best practice.

## The photograph

- 1.2. The photograph must be submitted electronically.
- 1.3. The photograph must clearly show the meter reading on the meter display.

1.4. The photograph should include the serial number of the meter. Where it is not possible to include the serial number in the same photograph as the meter reading, the generator should submit a separate video alongside the photograph which clearly shows both the meter reading and the serial number in a single unedited shot. If it is not possible to photograph the meter serial number at all (eg because it is obscured by a wall), then photographs should be submitted of the meter on all sides showing that it is not possible to view the meter serial number.

1.5. The FIT Licensee must retain the photographic evidence and produce it to Ofgem and/or Ofgem's appointed auditors on request.

1.6. If there is any doubt about the authenticity of a submitted photograph then it should not be accepted. If the licensee believes that the photograph may have been edited to alter the meter reading, then they should contact our counter-fraud team at <a href="mailto:counterfraud@ofgem.gov.uk">counterfraud@ofgem.gov.uk</a> for further guidance.

<sup>&</sup>lt;sup>2</sup> <u>https://www.ofgem.gov.uk/system/files/docs/2020/09/guidance\_for\_suppliers\_v13.pdf</u>

When not to use photographic evidence

1.7. Where a FIT Licensee has concerns over a specific installation or meter reading or believes that there is a risk of fraud or misreporting occurring, the Licensee should undertake the biennial meter verification using physical meter reads rather than photographic evidence, even if photographic evidence could otherwise have been used. It is the responsibility of FIT licensees to ensure that they have appropriate tolerance checks and counter fraud controls in place and it is therefore their responsibility to seek physical meter readings where they have concerns over a particular installation or where they consider a physical inspection to be required for another reason.

1.8. Licensees should also verify meters using a method other than photographic evidence where it would be dangerous or unsafe for the generator to take a photograph of the meter readings, such as where the meters are located in an unboarded loft space, or where a generator does not wish to do so or is unable to do so.

1.9. We also expect Licensees to provide advice and assistance to generators in taking and submitting the required photographs where necessary. This assistance may include the production of guidance documents for generators on how to photograph their meters and how to identify the meter serial number, for example.

### Notification to Ofgem of withholding of payments

1.10. FIT Licensees should notify us of all installations which they wish to be placed under investigation and have payments withheld because meter verifications have not been completed. They should provide this information to us on or before the last day of the month at <u>RECompliance@ofgem.gov.uk</u>, in line with our Biennial Meter Verification process It is the FIT Licensee's responsibility to ensure the verification takes place within the two year timeframe set out in the Standard Conditions of Electricity Supply Licence.

1.11. Our proposals for photographic evidence are, along with the rest of the guidance, intended to enable FIT Licensees to take all reasonable steps actively to reduce error and combat abuse of the scheme. As such, Licensees are obligated to take account of guidance.