



Non-domestic suppliers, meter asset managers, meter operators, non-domestic consumers and their representatives and other interested parties

Promoting choice and value for all gas and electricity customers

Phone: 020 7901 7000
Email: smartermarkets@ofgem.gov.uk

Date: 28 February 2013

Dear Colleague,

The roll-out of advanced meters to larger non-domestic consumers

In April 2009, the Government introduced a new licence condition requiring suppliers to roll out advanced gas and electricity meters¹ to their larger non-domestic consumers² by 6 April 2014 (the 'advanced meter obligation')³. This letter provides an update on suppliers' progress towards completing the roll-out of advanced meters. It also reminds suppliers of the importance of ensuring licence obligations are complied with and sets out a non-exhaustive list of factors we may consider when deciding whether a supplier has met the advanced meter obligation. Finally, the appendix reproduces key aspects of a letter issued to suppliers in December 2012, to assist them in understanding the functionality a meter must have to be considered advanced.

Update on suppliers' progress

Last year, we issued an information request to all non-domestic suppliers requiring them to provide an update on progress towards meeting the advanced meter obligation. Responses show that, as of 1 March 2012 (about 60% of the way through the advanced meter roll-out), aggregated across all suppliers, 63% of electricity meters and 46% of gas meters that fall within the scope of the advanced meter obligation, meet its requirements. However, the percentage of advanced meters installed varies between suppliers and responses also showed variation in supplier engagement and installation strategies.

Compliance with the advanced meter obligation

The advanced meter obligation is a condition of suppliers' licences. Accordingly, if a supplier does not meet the advanced meter obligation by 6 April 2014, we will consider whether to take enforcement action against that supplier. Such decisions will be made with reference to our Enforcement Guidelines on Complaints and Investigations⁴.

The advanced meter obligation requires that all larger non-domestic premises be supplied by advanced meters unless the supplier was unable to complete installation, despite taking

¹ Advanced meters provide measured gas or electricity consumption for multiple time periods (ie for each half hour in electricity or hour in gas) and provide the supplier with remote access to that data. Advanced meters have a lower minimum level of functionality than smart meters, which are being rolled out to domestic and smaller non-domestic consumers.

² Gas non-domestic premises with an annual consumption of greater than 732 MWh and electricity non-domestic premises where the metering point falls within profile class 5 to 8.

³ See Standard Licence Condition (SLC) 12.17 – 12.22 of the Electricity Supply Licence, SLC 12.20 – 12.25 of the Gas Supply Licence

⁴ <http://www.ofgem.gov.uk/About%20us/enforcement/Documents1/Enforcement%20guidelines%202012.pdf>

all reasonable steps to do so. We consider 'all reasonable steps' to be a high threshold for compliance. There is a range of measures at the disposal of the supplier to ensure that an advanced meter is installed in compliance with the obligation. When making enforcement decisions as to whether a supplier has complied with its obligations under the licence conditions, we will consider, amongst other factors, what measures the supplier has taken to arrange for an advanced meter to be installed. For illustrative purposes, we have set out some examples of what we might consider below⁵:

- The supplier's strategy for engaging with the consumer to attempt to gain access to the relevant premises
- The technical solution(s) the supplier utilised in order to ensure a high probability of success when installing advanced meters
- The information and options presented to the consumer when seeking their agreement to install an advanced meter

These examples are specific to the advanced meter obligation and should not be automatically read across to any other obligation on suppliers. Ultimately, it is for suppliers to seek their own legal advice as to what constitutes compliance.

The decision as to whether a supplier has complied with its licence obligations rests with the Authority. We also note that in a formal investigation we may require suppliers to provide evidence to demonstrate what steps they have taken to comply with the advanced meter obligation.

Yours faithfully,

Colin Sausman
Partner, Retail Markets & Research

⁵ This is not an exhaustive account of what would be examined in making enforcement decisions.

Appendix – advanced meter functionality

Gas meters

In order to be considered advanced, a gas meter must meet all the requirements of SLC 12.22 of the Gas Supply Licence. That is, the meter must carry out the functions set out in SLC12.22 (a) and (b) without the need for any further technical intervention.

For reference, the wording of SLC 12.22 is as follows:

“12.22 For the purposes of this condition, an advanced meter is a Gas Meter that, either on its own or with an ancillary device, and in compliance with the requirements of any relevant Industry Document:

- a) provides measured gas consumption data for multiple time periods, and is able to provide such data for at least hourly time periods; and*
- b) is able to provide the licensee with remote access to such data.”*

What we mean by ‘technical intervention’ is any further action needed so that the meter can perform the functions required by SLC 12.22. Examples of a ‘technical intervention’ would be:

- Any action that needs to be taken to programme the meter to provide measured consumption data for multiple time periods so as to comply with 12.22(a).
- Any action that needs to be taken to establish a communications link between the meter and any relevant back-office systems so as to provide remote access to data in compliance with 12.22(b).

Electricity meters

In order to be considered advanced, an electricity meter must meet all the requirements of SLC 12.19 of the Electricity Supply Licence. That is, the meter must carry out the functions set out in SLC12.19 (a) and (b) without the need for any further technical intervention.

For reference, the wording of SLC 12.19 is as follows:

“12.19 For the purposes of this condition, an advanced meter is an Electricity Meter that, either on its own or with an ancillary device, and in compliance with the requirements of any relevant Industry Code:

- a) provides measured electricity consumption data for multiple time periods, and is able to provide such data for at least half-hourly time periods; and*
- b) is able to provide the licensee with remote access to such data.”*

What we mean by ‘technical intervention’ is any further action needed so that the meter can perform the functions required by SLC 12.19. Examples of a ‘technical intervention’ would be:

- Any action that needs to be taken to programme the meter to provide measured consumption data for multiple time periods so as to comply with 12.19(a).
- Any action that needs to be taken to establish a communications link between the meter and any relevant back-office systems so as to provide remote access to data in compliance with 12.19(b).