

# Guidance

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## Supply licence guide: Metering, billing and payments

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**Team:** Conduct & Enforcement  
**Tel:** 020 7901 7000  
**Email:** Consumers.Director@ofgem.gov.uk

**This is a guide to the rules for licenced suppliers about the processes of metering, billing and payments. This guide does not cover the contents of a bill in detail – these are in our licence guide on information for customers. Further information on the smart metering rules is in our smart metering licence guide.**

Ofgem may update this guide from time to time. Suppliers are responsible for keeping up to date with the latest version of the rules.

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## KEY



Applies to electricity suppliers



Applies to gas suppliers



Applies to domestic suppliers



Applies to non-domestic suppliers\*



Some of these rules only apply to suppliers with more or fewer than a certain number of customers

\* We specifically state where rules only relate to a subset of non-domestic customers, eg microbusinesses.

## Overview of metering, billing and payments

Proper metering, billing and payments processes help to ensure that consumers' interactions with their energy supply are as efficient as possible, minimising any negative experiences or hassle for the consumer. The rules ensure all information that consumers receive from suppliers about metering, billing and payments is timely, accurate, and not misleading.

Metering enables accurate billing, supports customers' ability to change supplier, and is a source of information for consumers. Metering, and access to metering services, is also an important enabler for organisations wishing to compete in the gas and electricity markets. Smart meters will change the nature of metering and billing, but their fundamental importance remains.

There are also specific rules relating to the installation of prepayment meters, including making sure that they are safe and reasonably practicable to install in all circumstances of the case. Where consumers choose or agree to have a prepayment meter installed, it is particularly important that they have made an informed choice to do so.

The main interaction between customers and their supplier is the billing process. Consumers should receive regular and accurate bills.

Consumers should be able to choose to pay their bills using the method that's best for them. Suppliers can only charge more for one payment method than another if the price differential is cost reflective. There are also specific rules for suppliers to return accumulated credit balances promptly.

## Key Standard Licence Conditions (SLCs) for this theme

Below are the key licence conditions that relate to this theme (metering, billing and payments). We've highlighted some parts of these rules, but you should refer to the actual SLCs for the full detail. The documents listed in the 'other useful information' section may provide more context to help you understand the intent of the rules, especially our consultation documents.

**Remember:**

**The Standards of Conduct contain enforceable overarching principles that are relevant across many supplier activities and licence guide themes.** (The Standards are SLC 0 for domestic / SLC 0A for non-domestic suppliers.) These are aimed at ensuring licensees (and their representatives in the case of domestic suppliers) treat each customer fairly. This includes behaving in a fair, honest, transparent, appropriate, and professional manner, and providing information that is complete, accurate and not misleading. Domestic suppliers also need to make an extra effort to identify and respond to the needs of domestic customers who are in vulnerable situations.

## RULES RELATING TO METERING

### SLC 12 Matters relating to electricity/gas meters



- This condition requires suppliers and their agents to take all reasonable steps to detect and prevent theft, damage to equipment, and interference with metering equipment.
- Customers with advanced meters must also receive timely access to the metering data they request.<sup>1</sup>
- Contains rules about installing current transformer electricity meters/large gas meters at domestic and designated<sup>2</sup> premises.
- Also contains rules relating to suppliers ceasing to offer to supply prepayment services to other suppliers in their supply services area.

### SLC 25B Interoperability of advanced domestic meters



- Requires suppliers and their representatives to take all reasonable steps to ascertain whether the customer has an advanced domestic meter and communicate certain details with the customer about whether this functionality will be supported.
- Sets out the circumstances in which certain suppliers must provide services to maintain meter functionality for another supplier.
- If the customer has a prepayment advanced meter installed which the supplier is unable to support, the supplier must install or arrange to install a replacement PPM free of charge.

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<sup>1</sup> Advanced domestic meters are electricity/gas meters that, as a minimum, provide measured consumption data for multiple time periods (at least daily), and are able to provide the licensee with remote access to this data.

<sup>2</sup> A designated premises is a non-domestic premises at which a metering point falls within profile class 1 to 4 as defined in the [Balancing and Settlement Code](#).

### SLC 28 Prepayment meters (PPMs)



- When suppliers accept payment from domestic customers through prepayment meters (PPMs), they must give the customer certain details about PPMs, the pros and cons of PPMs, how to use the PPM, and what to do if the PPM is operating incorrectly, and must ensure the PPM is safe and accessible.
- If the supplier becomes aware or has reason to believe that a PPM is not [safe and/or reasonably practicable](#) to use, they must make alternative arrangements for the customer.

## RULES RELATING TO BILLING

### SLC 21B Billing based on meter readings



- Suppliers must take all reasonable steps to obtain meter readings at least annually, and must make a bill or statement of account available at least twice a year, or quarterly where requested and/or if a customer has online account management (subject to specific exceptions for PPM, smart customers and unmetered supply customers).
- Suppliers cannot charge extra for providing a bill unless a duplicate is being requested.
- Suppliers must take all reasonable steps to reflect accurate meter readings in bills or statements sent to customers where these have been provided by a customer or obtained by the supplier. If a supplier doesn't consider a meter reading provided by a customer to be reasonably accurate, it must take all reasonable steps to obtain a new reading from the customer.
- Suppliers must make online account management available on request. They must also provide historical consumption information to a customer or other person designated by the customer (e.g. third parties) and explain how a customer's bill was derived if requested.

### SLC 21BA Backbilling



- Prevents suppliers from backbilling customers for gas and electricity consumed more than 12 months prior to the date of the bill, in circumstances the customer is not at fault.

### SLC 27 Payments, security deposits, disconnections and final bills



This SLC covers a number of areas. Of particular relevance to this theme:

- Suppliers must take all reasonable steps to send final bills or statements of account within six weeks of the end of a supply contract.

## RULES RELATING TO PAYMENTS

### SLC 19 Payments to customers



- This condition ensures that gas suppliers pay any compensation they receive from the relevant gas shipper or transporter to the right customer

### SLC 27 Payments, security deposits, disconnections and final bills



This SLC covers a number of areas. Of particular relevance to this theme:

- Suppliers with more than 50,000 customers must offer a wide choice of payment methods, including payment by cash and prepayment meter. Any differences in price between payment methods must be cost-reflective.
- Suppliers with under 50,000 customers must also offer customers the chance to pay for energy through a prepayment meter as an alternative to a security deposit, or if they become aware or have reason to believe that the customer will have difficulty paying for their energy.
- Suppliers cannot require security deposits when it is unreasonable to do so, or where a customer has agreed to a PPM. If they do require security deposits, they must not exceed a [reasonable amount](#).<sup>3</sup>
- Suppliers must explain how the amount of the customer's fixed direct debit has been determined and must refund accumulated credit on request.
- Also contains rules relating to a supplier's obligations to customers in payment difficulty, and a supplier's obligations to take all reasonable steps to identify vulnerable consumers before disconnecting a premises from its energy supply in the case of unpaid charges.

### Other SLCs you should consider

#### SLC 12A Matters relating to theft of gas/electricity



- Suppliers and their representatives must take all reasonable steps to detect, prevent and investigate theft of gas and electricity.

#### SLC 17 Mandatory exchange of information



- Suppliers must inform gas transporters if, among other matters, they suspect gas is illegally being taken, or if they intend to connect or disconnect a gas meter.
- Suppliers must also give gas shippers certain details whenever they inspect a gas meter.

<sup>3</sup> Paragraphs 96 and 97 on pages 15 and 16 of this document clarify what constitutes a reasonable amount.

### SLC 26 Priority Services Register



- Suppliers must establish and maintain a Priority Services Register (PSR) of domestic customers who may need priority services because they are in a vulnerable situation.
- The SLC sets out factors that may indicate someone should be on the PSR, and the priority services that suppliers must offer these customers for free, e.g. communicating with the customer in an accessible format, and conducting meter readings if the customer is unable to do.

### SLC 28B Warrants relating to Pre-payment Meters and other supplier actions to recover debts



- Rules to protect customers having PPMs force-fitted under warrant to recover debt, and to improve protections for all consumers in the debt recovery process.
- Prohibits suppliers levying any PPM warrant charges, and banning installations entirely, for the most vulnerable customers.
- Caps the amount that suppliers can levy for warrant-related costs in all cases where a warrant is used to force-fit a PPM to recover debt to £150.
- This condition includes a proportionality principle covering costs and actions of suppliers, for all customers in the debt recovery process.

### SLC 31H Relevant Billing Information, Bills and statements of account



- This condition is about the provision of information to help consumers understand and manage the costs associated with their tariff and energy consumption, rather than the process of billing itself. Suppliers should bear this condition in mind when thinking about billing, but we've covered the more detailed rules in the information for consumers licence guide.

SLCs 33-49 in the gas supply licence and 39-55 in the electricity supply licence are about smart metering. Some of these relate specifically to the rollout and installation of smart meters, while others are ongoing obligations such as rules about the use of consumption data. Our [smart metering guide](#) has more details.

### Obligations outside the supply licences

There are regulatory obligations relating to this theme that suppliers should be aware of, other than those contained in the gas and electricity supply licences. This section is not intended to provide an exhaustive list and we remind suppliers they are responsible for ensuring compliance with all applicable laws and regulations.

- There is a wide range of legislation that applies to issues of accuracy of meters and health and safety aspects of metering related equipment. Please refer to the **Regulatory Delivery** [website](#) on gas and electricity meters, and the **Health and Safety Executive** [website](#) on these elements.
- **Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015**: these regulations (known as the [Guaranteed Standards of Performance](#)) set performance standards for suppliers on making and keeping appointments, fixing faulty meters promptly, and reconnecting supply after disconnections for debt.

Suppliers must pay £30 compensation to customers within 10 days of breaching an individual Guaranteed Standard. If they fail to pay the customer in time, they must pay an additional £30.

The following are voluntary measures. Although not mandatory for suppliers to follow, we think they are helpful for suppliers to be aware of, as they can showcase good practice.

- **[Meter Operation Code of Practice Agreement](#)** (MOCOPA): an agreement that defines the operational arrangements between meter operators and distribution businesses to support the electricity meter installation and maintenance processes. It is important to note that although MOCOPA is a voluntary agreement generally, in order to install *smart* meters, meter operators **need to be** MOCOPA accredited.
- **[Prepayment principles](#)**: principles developed by the trade association Energy UK which commit signatories to ten commitments to raise standards of service for customers using prepayment meters.
- **Code of practice for accurate bills**: Energy UK have a voluntary billing code which represents a series of voluntary commitments developed to go beyond the supplier licence conditions and applies to domestic customers only. The latest version (April 2018) can be found [here](#).

### Other useful information

Below is a (non-exhaustive) list of some other documents we have published that may help you understand the rules in this theme better. Suppliers may wish to consult other helpful materials about good practice, for example those published by Citizens Advice.

Document	Date
<b>DOCUMENTS RELATING TO METERING</b>	
Conclusions from an <a href="#">enforcement investigation</a> into npower’s compliance with SLC 12	Sep 2018
Guaranteed Standards of Performance: <ul style="list-style-type: none"> <li>• <a href="#">Open letter</a> on supplier arrangements with third parties</li> <li>• <a href="#">Consultation</a> on reforms to the Guaranteed Standards</li> </ul>	Dec 2016 Nov 2015
Modified <a href="#">guidance</a> on what constitutes “safe and reasonably practicable in all the circumstances of the case” as per SLC 28.1B	Mar 2016
Documents relating to smart prepayment consumer protections: <ul style="list-style-type: none"> <li>• <a href="#">Final decision</a></li> <li>• <a href="#">Smart prepayment proposals</a></li> </ul>	Mar 2016 Sep 2015
Licence changes to repeal the two-yearly meter inspection SLCs: <ul style="list-style-type: none"> <li>• <a href="#">Decision</a></li> <li>• <a href="#">Final proposals</a></li> <li>• <a href="#">Policy consultation</a></li> </ul>	Feb 2016 Nov 2015 Jul 2015
<a href="#">Guidance</a> on suppliers' rights and obligations in the case of gas or electricity theft	Jul 2014
Information on consumers’ access to their consumption data once suppliers move them from Profile Classes 5-8 to half-hourly settlement: <ul style="list-style-type: none"> <li>• <a href="#">Final decision</a></li> <li>• <a href="#">Consultation</a></li> </ul>	May 2014 Dec 2013



<b>DOCUMENTS RELATING TO BILLING</b>	
Information on protections for consumers who receive backbills: <ul style="list-style-type: none"> <li>• <a href="#">Decision</a></li> <li>• <a href="#">Statutory consultation</a></li> <li>• <a href="#">Open letter</a></li> </ul>	Mar 2018 Nov 2017 Apr 2017
Conclusions from an <a href="#">enforcement investigation</a> into British Gas' compliance with SLC 24 and 25C	Aug 2018
Conclusions from an <a href="#">enforcement investigation</a> into British Gas' compliance with SLC 7A, 7B, 14, 14A and 21B and with the Consumer Complaints Handling Standards Regulations 2008	Jun 2017
Conclusions from an <a href="#">enforcement investigation</a> into ScottishPower's compliance with obligations including SLC 27	Jun 2016
<a href="#">Open letter</a> on microbusiness backbilling	Mar 2016
Information on the transparency of suppliers' backbilling policies: <ul style="list-style-type: none"> <li>• <a href="#">Final decision</a></li> <li>• <a href="#">Consultation</a></li> </ul>	Mar 2016
Conclusions from an <a href="#">enforcement investigation</a> into npower's compliance with obligations including SLC 27	Jan 2016
<a href="#">Guidance</a> on calculating the calorific value for domestic consumer gas bills	Aug 2014
Conclusions from an <a href="#">enforcement investigation</a> into EDF's compliance with the Consumer Protection from Unfair Trading Regulations 2008	Aug 2011
<b>DOCUMENTS RELATING TO PAYMENTS</b>	
Introducing a new obligation around installing prepayment meters under warrant: <ul style="list-style-type: none"> <li>• <a href="#">Final decision</a></li> <li>• <a href="#">Statutory consultation</a></li> <li>• <a href="#">Policy consultation</a></li> <li>• <a href="#">Proposals</a> to improve outcomes for prepayment customers</li> </ul> <a href="#">Prepayment review</a> : understanding supplier charging practices and barriers to switching for prepayment customers	Nov 2017 Jul 2017 Sep 2016 Dec 2015 Jun 2015
Information on payment differentials (SLC 27.2A): <ul style="list-style-type: none"> <li>• <a href="#">Report</a> from a roundtable to discuss prepayment and standard credit payment differentials</li> <li>• <a href="#">Open letter</a> on price differentials between payment methods</li> <li>• <a href="#">Guidance</a> on cost reflectivity between payment methods</li> </ul>	Mar 2015 May 2014 Aug 2009
<a href="#">Guidance</a> on the SLC 27 requirement for suppliers to offer consumers a "wide choice of payment methods"	Jun 2014
Conclusions from an <a href="#">enforcement investigation</a> into price apportionment by all suppliers	Aug 2012

NB our [website](#) has a full list of all enforcement investigations.

**We remind all suppliers** that this guide does not modify or replace the conditions in the gas and electricity supply licences. Neither is it an exhaustive list of supplier obligations or information resources. This guide is designed to introduce you to the rules, highlight relevant supply licence obligations, and signpost to key information that may help you understand these rules. Suppliers should continue to refer to the conditions outlined in the most recent versions of the [gas](#) and [electricity](#) supply licences.