Department for
Business, Energy
& Industrial Strategy

SMART METERING IMPLEMENTATION PROGRAMME

NON-DOMESTIC SMART METERING POLICY GUIDANCE AND Q&A

Introduction

The development of a world-leading smart energy system, delivering secure, cheap and clean energy is an important part of the Government's Industrial Strategy. We are committed to energy suppliers offering smart electricity and gas meters to every home and small business in Great Britain by the end of 2020. This rollout will deliver a smarter, more flexible energy system that supports innovation in new smart products and services as set out in our Smart Systems and Flexibility Plan published in 2017.

The smart meter rollout covers around two million non-domestic sites, the majority of which are microbusinesses and small and medium-sized enterprises (SMEs). These consumers will benefit from accurate real-time information on their energy use, allowing them to pick the best tariff and energy supplier and to switch energy supplier more quickly and easily through the use of smart meters. Smart meters will also allow small businesses to send their actual consumption data freely to whomever they choose, fostering a wider market in energy management services.

Whilst Government plays an important enabling role, working closely with interested parties including the energy industry, Ofgem and consumer groups; energy suppliers are responsible for rolling out smart meters in line with their licence obligations.

In 2018, the Government finalised a number of smart metering policy measures for the smaller non-domestic sector. These are designed to give smaller businesses access to the full benefits of smart meters, while at the same time recognising the diverse nature of these energy users and the need for proportionate regulation of energy suppliers and other companies supporting energy provision to this sector.

This guidance and Q&A document has been developed for energy suppliers and other parties who are interested in the rollout of smart meters in the non-domestic sector. It is aimed at readers with some basic knowledge of the smart metering programme.

Links to documents that provide progress of the smart metering implementation programme, other documents referred to in this guidance leaflet, as well as additional useful links are available at the end of this document.

The key information about the non-domestic smart metering rollout:

- Energy suppliers are required to take all reasonable steps to install smart meters at smaller non-domestic premises before the end of 2020, subject to exceptions.
- Most energy suppliers to non-domestic premises must become a DCC User by 31 August 2018 (the "DCC User mandate").
- Energy suppliers to larger non-domestic consumers, with only advanced meters, are exempt from the DCC User mandate.
- Energy suppliers are allowed to offer SME and larger energy consumers (but not microbusinesses) a choice between an advanced meter and a smart meter.
- The Government issued on 3 July 2018, a consultation letter seeking views on a revised final SMETS1 end date (5 December 2018) to be set in the Smart Energy Code (SEC), as well as proposing changes to the advanced meter exception end date, currently set at 5 October 2018. A link to the consultation letter and legal text can be found at: https://smartenergycodecompany.co.uk/latest-news/beis-consultation-on-extention-of-smets1-end-date/

Smart metering systems

1. What are smart meters?

Smart meters are the next generation of gas and electricity meters. They offer a range of intelligent functions and provide consumers with more accurate information, bringing an end to estimated billing.

2. What types of meters are being rolled out to smaller non-domestic premises?

There are two versions of smart meters being rolled out to non-domestic consumers. Smart meters must comply with the Smart Metering Equipment Technical Specification (SMETS). There are two versions of this. Meters that comply with the first version are known as SMETS1 meters. These meters provide the same benefits as the second version of smart meters, known as SMETS2 meters, in terms of accurate bills and near real-time energy consumption information. However, in addition, SMETS2 meters will operate using the services provided by the Data and Communications Company ("DCC"), allowing smaller businesses to switch energy suppliers readily and easily without losing their smart metering service. Our long-standing policy is for all significant populations of SMETS1 meters to eventually be operated via the DCC. The DCC is currently designing, procuring, building and testing this service.

Advanced meters are also being rolled out in the non-domestic sector. These meters are able to provide half-hourly electricity and hourly gas data that can be remotely accessed by an energy supplier and to which the consumer can have timely access.

3. Which premises are in scope of the non-domestic smart metering mandate?

The smart metering mandate uses a site-based definition to identify the sites which are in scope of the non-domestic rollout. Energy supply licence conditions require energy suppliers to install smart meters (or in some circumstances, advanced meters) at gas sites where the 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).

Energy suppliers' roll-out obligations

4. What is the roll-out duty?

This is the requirement on energy suppliers to take all reasonable steps to install a smart meter at all domestic and non-domestic premises in scope of the mandate on or before 31 December 2020, subject to certain exceptions.

5. What is the New and Replacement Obligation?

The New and Replacement Obligation (NRO) will require energy suppliers to take all reasonable steps to install smart meters for all new connections and replacement meters at domestic and non-domestic premises. The NRO is subject to exemptions that mirror the smart meter roll-out duty exceptions. The NRO is not expected to be activated before the end of 2018.

6. What are the exceptions to the smart meter roll-out duty?

- **Advanced meter exception end date –** Advanced meters installed at any designated premise before 5 October 2018 count towards a suppliers rollout obligation. Where advanced meters are installed, they may remain in place beyond the end-date for the smart meter rollout (31 December 2020). However, unless they need to be advanced meters for technical reasons, they will need to be replaced with smart meters once they reach the end of their lives.
- **Technical exceptions –** Premises with Current Transformer (CT) meters and large gas meters are exempt from the roll-out duty where advanced metering versions are installed.
- **SMETS1 end date –** SMETS1 meters installed at designated premises and made SMETS1 compliant before 5 October 2018 also count towards an energy supplier's rollout targets.
- **Energy suppliers can offer SME and larger non-domestic consumers** a choice between an advanced meter and a smart meter. If the consumer chooses an advanced meter this will still count towards an energy supplier's roll out target. This consumer choice policy exists alongside the advanced metering exception (AME) and will continue after the AME end date is reached.

7. Further details on the consumer choice policy

Energy suppliers can offer any non-domestic consumer that is not a microbusiness a choice between an advanced meter and a smart meter for their sites in scope of the rollout. This means that any consumer with an annual electricity consumption of >100,000 KWh and/or annual gas consumption of >293,000KWh can be offered a choice. These are the thresholds used in the energy supply licence conditions to define a microbusiness consumer. When making this offer an energy supplier must provide the consumer with relevant information to enable them to make a fully informed decision.

Operating SMETS2 meters

8. What is the Data and Communications Company (DCC)?

The DCC holds the licence for the provision of data and communication services between smart meters and energy suppliers, network operators and other energy service providers. It ensures consumers can reliably maintain their smart service when they switch energy suppliers. All SMETS2 meters installed at domestic and non-domestic sites must be operated via the DCC.

9. Do energy suppliers have to use the DCC to operate SMETS2 meters at non-domestic premises?

Yes. The Government decided in August 2017 that all energy suppliers to non-domestic premises should use the DCC for the operation of SMETS2 meters. This decision was taken to ensure that non-domestic consumers with smart meters had access to fully interoperable smart meters and the benefits that this brings.

10. What is a DCC User?

A DCC User is an organisation that has completed all entry requirements and is able to communicate with DCC smart metering devices. As a minimum standard, a DCC User must accede to the Smart Energy Code (SEC) party and have passed User Entry Process Testing (UEPT). For further details see the Smart Energy Code Administration and Secretariat (SECAS) website at the end of this document.

11. What is the DCC User mandate?

The DCC User mandate places an obligation on most non domestic energy suppliers to become a DCC User by 31 August 2018 in accordance with the supply licence conditions.

12. What is the DCC Enrolment mandate?

The DCC Enrolment mandate requires energy suppliers to commission installed SMETS2 meters with the DCC system. The non-domestic Enrolment mandate will take effect from the date the energy supplier becomes a DCC User.

13. Which non-domestic energy suppliers are exempt from becoming DCC Users by 31 August 2018?

The DCC User mandate will not apply to energy suppliers who specialise in supplying larger businesses with mostly high-energy consuming sites, and that do not have SMETS2 meters within their portfolio.

To qualify for the exemption, an energy supplier must only supply advanced meters at the designated sites covered by the smart metering mandate.

14. What about if (having been exempt from becoming a DCC User), an energy supplier wants to operate or install smart meters in non-domestic premises?

Exempted energy suppliers must become DCC Users prior to installing or operating a SMETS2 meter. This will give specialist, small energy suppliers the flexibility to decide when to become a DCC User based on the needs and preferences of their larger energy consumer portfolio.

Consumer engagement

15. What are the obligations on energy suppliers to provide consumers with access to their consumption data?

Energy suppliers are required, under energy supply licence conditions, to ensure that consumers have timely access to their half-hourly electricity data and hourly gas consumption data on request. This requirement applies to consumers with either an advanced or a smart meter.

16. Will energy suppliers charge small business consumers to access their consumption data?

Energy suppliers can charge for access to data. However, we expect that many energy suppliers will offer consumers free access to their data in a format that is suitable for the end consumer.

17. Does an energy supplier have to offer an In Home Display (IHD) device to a non-domestic consumer?

No. The smart meter roll-out is reaching a diverse range of non-domestic premises, from small individual microbusinesses through to smaller sites of large multi-site organisations. These consumers will wish to access different levels of data, and to access it in different ways. However, some energy suppliers are choosing to provide IHDs as part of their supply offer.

18. Can an energy supplier charge for the installation of a smart meter at small business premises?

In theory, energy suppliers may apply charges when a smart meter is installed but, in practice, the costs are likely to be recovered over time – usually over the life of the meter. Microbusiness consumers must be told in advance if any charges are incurred as part of the smart meter installation.

19. What are the obligations on energy suppliers under SMICoP?

A code of practice, known as the Smart Meter Installation Code of Practice, SMICoP, specifies minimum standards for energy suppliers to follow in relation to the installation of smart meters in domestic and microbusiness premises. Amongst other provisions, the code ensures that:

- Energy suppliers must offer energy efficiency advice to microbusinesses either before during or after installation visit.
- Sales are conducted in a fair, transparent, appropriate and professional manner.
- No high pressure tactics are used.

20. What is Smart Energy GB?

Smart Energy GB is the national campaign for the smart meter rollout whose task it is to help everyone in Great Britain understand smart meters. Smart Energy GB are required to extend their consumer engagement activities to microbusinesses, where it is cost effective to do so.

Non-domestic Energy Management

21. What innovation funding is available for non-domestic energy management?

The Government has committed up to £8.8 million to develop innovative approaches to energy management using smart meter data, tailored to the needs of smaller non-domestic sites. The Non-Domestic Smart Energy Management Innovation Competition will aim to drive innovation in the energy services market in three priority non-domestic sectors: hospitality, retail and schools. The competition will help non-domestic organisations in these segments to achieve earlier and greater levels of energy management activity. It will develop and strengthen the market in energy management products and services for smaller business and public-sector sites.

22. What non-domestic research have you published?

In November 2017 we published a programme of non-domestic research to understand how smaller non-domestic premises manage energy use and what can be done to help them make the best use of smart meter data. Amongst other things, the research showed that smart meter data has the potential to prompt organisations into taking action provided they know how to interpret it within the context of their own operations and a cost effective solution is available

Where can I find out more?

Smart Meters: background information and progress
https://www.gov.uk/guidance/smart-meters-how-they-work

Government's Smart Energy and Flexibility Plan
https://www.gov.uk/government/publications/upgrading-our-energy-system-smart-systems-and-flexibility-plan

Government's Industrial Strategy
https://www.gov.uk/government/topical-events/the-uks-industrial-strategy

Clean Growth Strategy
https://www.gov.uk/government/publications/clean-growth-strategy

The Competition and Market's Authority (CMA) report
https://assets.publishing.service.gov.uk/media/5773de34e5274a0da3000113/final-report-energy-market-investigation.pdf

Government response to the August 2017 consultation
https://www.gov.uk/government/consultations/non-domestic-smart-metering-policy-proposals-and-draft-legal-text

Government response to the April 2016 further consultation on the DCC opt-out, in which it sets out is decision to remove the DCC opt-out
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/641254/FINAL_non_dom_dcc_opt_out_government_response_to_the_April_2016_further_consultation.pdf

For further information on the energy management competition and non-domestic research findings
https://www.gov.uk/government/publications/non-domestic-smart-energy-management-innovation-competition

SECAS
https://www.gemserv.com/industry-initiatives/secas/

Standard Supply Licence Conditions visit
https://www.ofgem.gov.uk/licences-industry-codes-and-standards/licences/licence-conditions

Smart Energy GB
https://www.smartenergygb.org/?utm_source=bing&utm_medium=cpc&utm_campaign=Brand%20-%20Exact&utm_term=smart%20energy%20gb&utm_content=Brand%20-%20Smart%20Energy%20GB%20-%20Exact

Smart Meter Installation Code of Practice (SMICoP)
http://www.smicop.co.uk/SitePages/Home.aspx

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