June 2001

Unmetered Supply Points

A consultation paper

Executive summary

The Electricity Act 1989 ('the Electricity Act') prescribes that 'where a customer of an authorised supplier is to be charged for his supply wholly or partly by reference to the quantity of electricity supplied, the supply shall be given through, and the quantity shall be ascertained by, an appropriate meter'.

The installation of a meter provides that the authorised supplier receives accurate consumption data in relation to that supply. Accurate consumption data, obtained from meter readings, is necessary in order to ensure the effective operation of the electricity market. Such data is used to balance the quantity of electricity generated and imported onto the system with the quantity of electricity used by consumers.

In addition consumption data delivers social and environmental benefits by ensuring that consumers pay a price which reflects the actual amount of electricity used and also by encouraging efficiency and economy on the part of consumers and others active in the supply chain. As such Ofgem believes that a supply should be taken through an appropriate meter wherever possible.

However it is recognised that at present a number of electricity supplies in Great Britain are given without reference to an appropriate meter. Such instances of supply are commonly referred to as 'unmetered electricity supplies' and occur in circumstances where it is recognised that it is not appropriate for an appropriate meter to be required.

At present, the decision as to whether a supply of electricity can be unmeterd is governed by procedures set out in the Balancing and Settlement Code ('the BSC') (in relation to supply within England and Wales) and in the Settlement Agreement for Scotland ('the SAS') (in relation to supply within Scotland). These documents prescribe the circumstances in which a supply of electricity can be unmetered. In addition, the BSC and the SAS set out procedures with respect to the administration of such unmetered supplies, including arrangements relating to the calculation of the appropriate charges to be paid by the authorised supplier and the customer in respect of such supplies.

The Utilities Act 2000 ('the Utilities Act') received Royal Assent on 28 July 2001. Schedule 5 of the Utilities Act amends Schedule 7 of the Electricity Act and provides that a supply of electricity that is measured with reference to quantity may only be given

without an appropriate meter in circumstances prescribed by the Gas and Electricity Markets Authority ('the Authority').

In pursuance of this, Ofgem has prepared draft secondary legislation prescribing those circumstances in which an unmetered supply of electricity may be given. Comments are sought on the draft regulations attached to this document as Annex A by close of play on 25 June 2001.

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Introduction

Purpose of this document

1.1 This document invites comment on draft regulations prescribing the circumstances in which a supply of electricity may be given other than through an appropriate meter. These regulations have been prepared in pursuance of Schedule 7 of the Electricity Act 1989 ('the Electricity Act') as amended by the Utilities Act 2000 ('the Utilities Act 2000').

Rationale

1.2 The Electricity Act 1989 ('the Electricity Act') prescribes that 'where a customer of an authorised supplier is to be charged for his supply wholly or partly by reference to the quantity of electricity supplied, the supply shall be given through, and the quantity shall be ascertained by, an appropriate meter'. However a number of circumstances presently exist in which a supply of electricity may be given without an appropriate meter. Such instances of supply are commonly referred to as 'unmetered electricity supplies' and occur in circumstances where it is recognised that it is not appropriate for the supply to be taken through an appropriate meter.

1.3 At present the circumstances in which such an unmetered supply of electricity may be given to a customer are governed by procedures set out in the Balancing and Settlement Code ('BSC') (in relation to England and Wales) and in the Settlement Agreement for Scotland ('SAS') (in relation to Scotland). In addition the BSC and the SAS set out procedures with respect to the administration of such unmetered supplies, including arrangements relating to the calculation of the appropriate charges to be paid by the authorised supplier and the customer in respect of such supplies.

1.4 The Utilities Act 2000 ('the Utilities Act') received Royal Assent on 28 July 2001. Schedule 5 of the Utilities Act amends Schedule 7 of the Electricity Act, providing that 'an authorised supplier may give a supply otherwise than through an appropriate meter in such circumstances a may be prescribed'. Therefore, following the commencement of the relevant provisions of the Utilities Act 2000, the Authority will prescribe the circumstances in which an unmetered

supply of electricity may be given, in place of the current criteria set out in the BSC and SAS. In pursuance of this, Ofgem has prepared draft regulations which set out the basis for determining whether a supply of electricity may be unmetered and invites comments on draft regulations attached to this document as Annex A.

Structure of the document

1.5 Chapter 2 sets out the policy and legislative background on the provision of unmetered supplies of electricity and outlines the current arrangements in place through the BSC and the SAS in relation to unmetered supplies. Chapter 3 introduces the draft regulations attached to this document as Annex A. Chapter 4 sets out the action that we intend to take following completion of this consultation.

Timetable

1.6 We currently plan to put in place the necessary regulations and orders for 1 August 2001, to accord with the commencement of the relevant provisions of the Utilities Act.

1.7 The deadline for responses to this consultation is Monday 25 June. Responses should be sent to:

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London, SW1P 3GE

Email: jonathan.dixon@ofgem.gov.uk

Confidentiality

1.8 In accordance with our normal practice, we intend to make responses to this consultation publicly available, through the Ofgem Library. However, if asked

to do so, we shall respect the confidentiality of any response. Respondents wishing all (or part) of their response to remain confidential should clearly mark the document to that effect.

Consultation Meeting

1.9 In addition to inviting written responses on this consultation document, Ofgem will be hosting an open meeting to seek views and answer any questions in respect of the proposed regulations. The meeting will be held at Ofgem's Millbank offices in London **at 10am on Tuesday 12 June 2001.**

1.10 If you would to attend this meeting, or have any queries regarding this document, please contact Jon Dixon on 020 7901 7354 (jonathan.dixon@ofgem.gov.uk) or Lisa Vango on 020 7901 7178 (lisa.vango@ofgem.gov.uk).

Background

Legal background

2.1 Schedule 7 of the Electricity Act prescribes that 'where a customer of an authorised supplier is to be charged for his supply wholly or partly by reference to the quantity of electricity supplied, the supply shall be given through, and the quantity shall be ascertained by, an appropriate meter'.

2.2 The installation of a meter provides that the authorised supplier receives accurate consumption data in relation to that supply. Accurate consumption data, obtained from meter readings, is necessary in order to ensure the effective operation of the electricity market. Such data is used to balance the quantity of electricity generated and imported onto the system with the quantity of electricity used by consumers.

2.3 In addition consumption data delivers social and environmental benefits by ensuring that consumers pay a price which reflects the actual amount of electricity used and also by encouraging efficiency and economy on the part of consumers and others active in the supply chain. As such Ofgem believes that a supply should be taken through an appropriate meter wherever possible.

2.4 However at present a number of electricity supplies in Great Britain are given without reference to an appropriate meter. Such unmetered supplies occur in circumstances where it is recognised that it is not appropriate to require that the supply is taken through a meter, for example traditionally in relation to street lighting. This could be due to financial or technical considerations, and is dependent on the estimated size of the supply that is to be taken through the unmetered supply point for an appropriate meter to be required.

2.5 At present the decision as to whether a supply of electricity can be unmeterd is governed by procedures set out in the BSC (in relation to supply within England and Wales) and in the SAS (in relation to supply within Scotland). These documents set out procedures with respect to the calculation of the appropriate charges to be paid by the authorised supplier and the customer.

2.6 The broad criteria laid out in the BSC and the SAS provide that an unmetered supply of electricity may be given where:

- the load must be small and the consumption must be predictable; and
- it is either technically or financially impractical for the supply to be metered.

2.7 Any customer who requires an unmetered supply must provide an inventory of all the apparatus that is to be connected to that unmetered supply point. This inventory will give a description, location, wattage and expected usage for each appliance. This inventory information is used for billing purposes in the place of meter readings.

2.8 The procedures governing unmetered supplies are currently set out in the Balancing and Settlement Code Procedure 520 (BCP520) in England and Wales, and Market Procedure 520 (MP520) of the Settlement agreement for Scotland. For illustrative purposes, a list of apparatus that are currently permitted to be included on an unmetered supply is at Annex B.

2.9 Schedule 5 of the Utilities Act amends Schedule 7 of the Electricity Act and provides that 'an authorised supplier may give a supply otherwise than through an appropriate meter in such circumstances as may be prescribed'.

2.10 Therefore, following the commencement of the Utilities Act, the Authority may prescribe circumstances in which an unmetered supply may be given.

Policy Background

2.11 Ofgem believes that metering has an important role to play in relation to:

- consumer and environmental considerations; and
- industry processes.

(i) consumer protection and environmental considerations

2.12 Under the Utilities Act 2000, the principal objective of the Authority is to protect the interests of consumers in relation to electricity conveyed by distribution systems, wherever appropriate by promoting effective competition.

2.13 A key element of competition is the ability of consumers to be able to exercise choice in buying their goods and services. An important factor in making an informed choice of supplier and/or tariff is the ability to compare and contrast prices. Suppliers are obliged to publish their tariffs, and although certain fixed costs may be recovered through a standing charge etc, these tariffs invariably contain a consumption related charge. Also, due to its qualities and the requirement to keep the transmission and distribution networks in balance, electricity is traded on a commodity basis, using units of kilowatt-hours and multiples thereof. The suppliers' costs rise commensurate with their customers' consumption, and therefore charge accordingly.

2.14 Therefore, in order to protect consumers' interests, ensuring that they pay a fair amount for the electricity they have consumed, it is necessary accurately to measure their actual consumption. The most accurate way for electricity consumption to be recorded is through an appropriate meter[1].

2.15 In 1992 the United Nations Framework Convention on climate change (UNFCCC) set up a framework for combating climate change and was signed by over 160 countries. This was further developed by the Kyoto Protocol agreed in 1997, which requires the EU as a whole to cut greenhouse gas emissions by 8%. Once ratified by 55 countries the Kyoto Protocol will become legally binding.

2.16 Under the protocol, the UK government has committed to cutting carbon dioxide (CO2) emissions, the most abundant greenhouse gas, by 20% on 1990 levels by 2010. In 1999, power stations accounted for 26% of the UK's total CO2 emissions – equivalent to 41 million tonnes of carbon being released into the atmosphere.

[1] Legislation, such as the Meter (Approval of Pattern or Construction and Manner of Installations) Regulations 1998 and the Meters (Certification) Regulations 1998 ensure that meters used in the UK are of an appropriate standard, the fundamental requirement of which is measurement accuracy. Meters approved for use in the UK are accurate to within +2.5/-3.5%.

2.17 Through the draft social and environmental guidance published by the Secretary of State on 8 May 2001, Ofgem is to have regard to the objectives of the Government's climate change programme.

2.18 Whilst a full programme of measures, such as the promotion of renewable energy and a move to cleaner fuels, will be required to meet this target, the Government hope that improved energy efficiency will make a significant contribution.

2.19 The Authority, along with the Secretary of State, has a general duty under section 3A (5) of the Electricity Act, as amended by the Utilities Act 2000, to promote efficiency and economy on the part of persons using electricity conveyed by distribution systems. In order to assess the affect of efficiency measures, something must be measured, and in this context that means the amount of electricity being used.

2.20 The water industry gives us an example of how consumption behaviour may differ when the customer pays charges that are volume related rather than flat rate fee. The Office of Water Services (OFWAT) estimates that consumers on an unmetered water supply paying a flat rate tariff use around 150 litres of water per day. Equivalent consumers with a water meter in place use around 137 litres per day.

(ii) industry processes

(a) system balancing

2.21 As electricity cannot be stored in the same way as other commodities, it is vital that the supply of electricity be matched as closely as possible to demand in order to maintain the integrity of the system. Generally this means that the amount of electricity generated and imported onto the system in any given half hour period should match expected consumer demand in that period and needs to be monitored on a second by second basis. In order to achieve this balance, it is vital that there is accurate consumption data, in the form of meter reads.

2.22 Where customers' demand for electricity is greater than the quantity the supplier has contracted for, the supplier is in an imbalance position and often resorts to the 'spot market' upon which electricity is traded in the short term. This

generally means that they can take up an option either for generators to produce more electricity, or to buy some capacity from another supplier or a trader. Due to the nature of the market, and the fact that extra generation usually comes from expensive sources, these 'spot prices' can be several times more expensive per unit than the average price that day.

2.23 An alternative is to cut the supply to a large user of electricity, often with very little or no warning. Whilst this may create costs and disruption for those customers who have agreed to an interruptible supply, in return they benefit from significant discounts on the unit price of electricity used.

(b) distribution use of system charges

2.24 Accurate consumption data, in the form of good quality meter readings, can minimise the scale of these imbalances and the associated costs, both in terms of system security and in terms of pass-through to customers.

2.25 Licensed distribution businesses own and operate the distribution network within an authorised area. These networks comprise overhead lines, cables and other equipment to facilitate the transfer of electricity from the transmission system to the customers' premises. Electricity distributors publish statements of the charges that are levied for the use of their distribution system; with the level and structure of those charges being within limits set by Ofgem, through the price control.

2.26 These distribution use of system charges are based on the fixed and variable costs of providing that service. These costs are then apportioned across the entire customer base according to the costs associated with that type of customer. For instance, customers taking supply at lower voltages may face higher unit charges for the use of the system, as the transfer of electricity to their premises may require additional equipment, and is generally less efficient than higher voltages.

2.27 Electricity is lost during transfer from the national transmission system to customers' premises, largely due to the heating of the cables and other equipment in the distribution network. This electricity needs to be replaced and generally requires that more be generated. This waste, some of which is

inevitable, is a system loss and is part of the costs included in the charges levied for use of the distributor's system.

2.28 Electricity use that cannot be accounted for inevitably makes up some of the shortfall that is attributed to system losses. Along with the other factors which contribute to system losses, the cost of these losses are borne by all customers on that distribution network.

2.29 In conclusion Ofgem believes that the benefits and values associated with metering are such that where possible a metered supply of electricity should be provided. However it is recognised that there are circumstances in which it is not practical or financially viable to meter a supply.

3. The future regulation of unmetered supply points

3.1 In pursuance of Schedule 7 to the Electricity Act, as amended by the Utilities Act, Ofgem proposes to make regulations prescribing the circumstances in which a supply of electricity, by an authorised supplier, may be unmetered.

General approach

3.2 In summary, Ofgem proposes that the existing arrangements which are set out in BSCP520 and MP520 should be the starting point for any future regulation of unmetered supplies. At present, in addition to prescribing the circumstances in which a supply may be unmetered, the BSC and SAS set out procedures governing the operation of unmetered supply points, including the calculation of charges.

3.3 The Authority's power to make these regulations relates to the prescribing of circumstances in which an unmetered supply may be given. It does not include prescribing the arrangements that govern the operation of that supply. Therefore Ofgem expects that the existing arrangements in the BSC and SAS will be retained (subject to any modifications required to align the BSC and SAS arrangements with the regulations) and will operate in conjunction with the regulations.

3.4 In considering the future of unmetered electricity supplies it is important to note that these regulations will prescribe the circumstances in which an unmetered supply *may* be given, rather than when an unmetered supply *must* be given. As such it is open to the electricity distributor, with the customer and the customer's supplier, to agree whether or not they wish the supply to be unmetered. Supplies falling within the circumstances prescribed by the regulations can be metered if so agreed. If the parties are not in agreement as to whether the supply should be unmetered then a meter must be installed. Where there is a dispute between the parties as to whether the proposed unmetered supply falls within the scope of the regulations then they may refer the matter to Ofgem (or a person appointed by Ofgem for that purpose) for determination.

Ofgem's proposals

3.5 Ofgem seeks comment on the draft regulations set out as Annex A to this document. These regulations have been prepared in consideration of the existing arrangements in place through the BSC and SAS. In summary the draft regulations provide that a supply may be unmetered if it falls within the following criteria:

(i) consumption

3.6 The existing code procedures, in relation to BSC and SAS, currently permit supplies to be unmetered where the load is not expected to exceed 500W. This load figure indicates how much electricity can be consumed at times of maximum usage. Some respondents may take the view that a limit of 500W is inappropriate as it may exclude some new supplies from being unmetered[2], for example some temporary apparatus such as festive lighting may require a larger load than 500W, albeit only for a short period of time.

3.7 The proposed regulations also provide that a supply must be predictable and that the annual consumption must be less than 2000kwh. In setting the figure at 2000kwh, Ofgem has taken into account advice received from members of the Unmetered Supplies User Group.

3.8 Ofgem recognises that in some situations it is not appropriate to have a metered supply of electricity, but remains of the view that the benefits that are brought by effective metering, both the individual and the wider benefits (such as benefits in relation to environmental issues and system balancing), are considerable and that it is important to ensure that unmetered supplies are used only in limited circumstances and do not become a substitute for metered supplies in situations where a metered supply should appropriately be given.

3.9 In Ofgem's view an important criteria in determining whether a supply should be unmetered is the amount of electricity consumed (or expected to be consumed) at that supply point. It would not be appropriate for a supply of electricity to be unmetered where the load was considerable or where the

[2] Existing unmetered supplies which do not fall within the regulations may continue to be unmetered supplies, as provided in Regulation (3)(3) of the draft Regulations at Annex A.

consumption pattern was unpredictable. In particular this would result in difficulties in relation to the calculation of the customer's bills, affecting the accuracy of their bills.

(ii) Financial Practicality

3.10 The importance of metering and the accurate measurement of the quantity of electricity supplied is clear. However Ofgem recognises that metering incurs additional costs and that it may not always be financially viable, in view of these additional costs, to meter a supply of electricity. The costs associated with metering are incurred in the installation and operation of the meter itself, and in undertaking periodic reads and inspections of that meter. Those costs eventually are passed through to the customer, either directly through a metering charge, or indirectly as part of the supply tariff.

3.11 It appears sensible that the costs of metering should not outweigh the benefits that are to be received by the installation and operation of a meter. However such costs and benefits cannot always be easily identified, particularly as customers, electricity suppliers and electricity distributors all benefit from the accurate measurement of consumption and accurate billing.

3.12 The costs of metering are largely fixed, and may be difficult to recover in instances where the annual load is small, or the connection is temporary. Therefore Ofgem proposes that the financial impracticality of an unmetered supply is determined by considering the cost of metering in proportion to the overall cost of the electricity supplied.

3.13 However, difficulties in such an approach may arise where the metering costs are not charged on an annual basis. If the costs of providing and installing a meter were to be charged on a one-off basis they may amount to a significant proportion of the customer's costs. In such instances it is more appropriate to consider the metering costs in respect of that supply point in the context of the expected life of the installation and the electricity that is to be supplied over that period.

3.14 At present the financial practicality of a metering installation is at the discretion of the Unmetered Supplies Operator, who acts as the agent of the distribution

network operator, subject to Schedule 7 of the Electricity Act. Due to its discretionary nature the level at which a meter may be considered financially practical may differ between distribution networks. Such discrepancies could cause confusion for customers and may result in additional expense being incurred.

3.15 Ofgem does not believe that such discrepancies are in the best interest of consumers and proposes that a GB wide benchmark is introduced which may be used to determine if it would be financially impractical to install a meter. This benchmark could be included within the regulations or alternatively could be a general indicator of what is considered to be financially impractical. It is important to note that, in seeking to define what is financially practical Ofgem considers that, in all circumstances, it is appropriate to meter the supply of electricity to domestic premises.

3.16 On average 10% of a small domestic consumer's electricity bill relates to metering. Ofgem therefore proposes that a suitable measure for determining when it is financially impractical to have a metered supply would be to provide that it would be impractical where the costs of metering exceeds 10% of the costs of the supply. In such circumstances, it could be argued that the costs of metering outweighs any resulting benefits and that as such it may be considered impractical to meter that supply.

(iii) Technical Practicality

3.17 Under the current terms of the BSC and the SAS an UMSO may agree to a connection being unmetered if it is believed to be technically impractical to meter. The use of this term is not currently defined, and as such has the potential to be used in an arbitrary manner.

3.18 There are myriad possible reasons why it may be considered technically impractical to install a meter at a given supply point. As such it seems impractical to include within the regulations a definitive list of such circumstances, or even a generic description, as the drafting of such a definition would need to be mindful not only of all existing unmetered connections but of future technological developments, as Ofgem would not wish to stifle potential innovation.

3.19 Any decision as to whether it would be technically impractical to install a meter will need to consider whether or not suitable technology exists which would enable an appropriate meter to be installed. For example, whether a meter that is small enough or robust enough to meet the particular requirements of that supply point is available. Also in time it may become increasingly practical to meter even the most difficult connections. For instance, the reduced size of some modern meters may facilitate the use of a meter where this had previously been impractical due to a lack of available space.

3.20 Ofgem believes that as metering technology advances and with suitable metering solutions becoming available for an increasing number of situations the central issue may become one of financial impracticality rather than technology. As such the technical impracticalities of metering may in some cases actually stem back to the financial considerations as to whether the available metering solution is too expensive and thus it is financially impractical to meter.

3.21 However, there do remain instances when it may be considered technically impractical to install a meter as the necessary technology simply does not exist. Such circumstances may arise in relation to safety, where the technology required to ensure that the meter can be safely installed is not available.

3.22 Ofgem would welcome views on the continuing need to provide that a supply of electricity may be unmetered where it is technically impractical to meter.

(iv) meter reading

3.23 The difficulty of accessing a meter, in order to carry out a visual read of the meter index, has in the past been considered a valid reason for a connection not to be metered. However, due to advances in remote reading technology, it is not necessary physically to visit a meter in order to obtain a read. Such reads can be transmitted through various mediums, such as telephone cables or radio waves, and indeed many existing unmetered connections already have communications equipment and software in place, which transmit the times at which the installation is on and off. It would therefore appear that many perceived difficulties in obtaining a meter read may not be considered valid reasons for a connection to be unmetered.

3.24 However Ofgem recognises that the addition of such equipment to an installation would incur extra costs, and to the extent that such costs affect the financial impracticality of a metering solution a metered supply may not be suitable.

(e) inventories

3.25 Under the terms of the current BSCP520 procedures, one of the criteria for an electricity distributor agreeing to an unmetered supply is that the customer will provide and maintain an accurate and detailed inventory. Such an inventory is necessary for the generation of an Estimated Annual Consumption figure, which is used for billing the customer in place of meter readings.

3.26 The requirement for the customer to provide an inventory is not covered in the proposed regulations. These regulations are intended to govern the circumstances in which an unmetered supply may be given, rather than the actions of the customer following the agreement of such a supply. However Ofgem envisage that the requirement upon the customer to provide an inventory will remain an integral part of the accompanying procedures which are and will continue to be set out in the BSC and the SAS. It seems reasonable that where such an inventory is not produced the electricity distributor would have no alternative but to object to an unmetered supply being given.

3.27 It has also been brought to Ofgem's attention that the accuracy and quality of submitted inventories can vary greatly, often leading to significantly inaccurate estimates of consumption. Although electricity distributors are able to carry out audits of the submitted inventories, there are no apparent incentives in place to encourage such auditing, as a charge for such an audit may only be levied if the inventory is significantly inaccurate and in any case any charge must be revenue neutral. However Ofgem understands that there are incentives in place, in the shape of favourable tariffs, for customers who submit a detailed summary inventory.

(iv) disputes

3.28 The criteria discussed above and set out in the draft regulations at Annex A prescribe the circumstances in which a supply of electricity may be unmetered.

Ofgem recognises that disputes may arise as to whether a particular proposed unmetered supply falls within the prescribed circumstances. Any such dispute may be referred to Ofgem (or to a person appointed by Ofgem for that purpose) for determination.

(v) existing unmetered supplies

3.29 Ofgem proposes that unmetered supplies to connections made before 1 August 2001 will retain their unmetered status beyond this date, provided that:

- the connection remains within the scope of the Regulations; and
- that the parties do not subsequently agree to install an appropriate meter.

4. Future action

4.1 In accordance with our normal practice, we intend to make responses to this consultation publicly available, through the Ofgem Library. However, if asked to do so, we shall respect the confidentiality of any response. Respondents wishing their responses to remain confidential should clearly mark the documents to that effect.

4.2 Ofgem would welcome views on the draft secondary legislation which is set out at Annex A.

4.3 The deadline for responses is Monday 25 June 2001.

4.4 We currently plan to put in place the necessary regulations and orders for 1 August 2001, to accord with the commencement of the relevant provisions of the Utilities Act.

Annex A

STATUTORY INSTRUMENT

2001 No. XXX

ELECTRICITY

The Electricity (Unmetered Supply) Regulations 2001

Made.....[X X 2001]
Laid before Parliament .....[X X 2001]
Coming into force .....[X X 2001]

The Gas and Electricity Markets Authority in exercise of the powers conferred by section 60 and paragraph 1(1A) of Schedule 7 to the Electricity Act 1989[(a)] and with the consent of the Secretary of State in accordance with paragraph 13 of the said Schedule 7:

Citation and commencement

1. These regulations may be cited as the Electricity (Unmetered Supply) Regulations 2001 and shall come into force on **[X X 2001].**

Interpretation

2. In these Regulations-

"the Act" means the Electricity Act 1989;

"appropriate meter" shall have the meaning given to that term in paragraph 1(6), Schedule 7 of the Act;

"customer" means any person supplied or requiring to be supplied with electricity at any premises in Great Britain;

"the Authority" means the Gas and Electricity Markets Authority;

"metering costs" means the cost associated with ascertaining by an appropriate meter the quantity of electricity supplied to a customer by an authorised supplier; and

"unmetered supply" means a supply of electricity to premises which is given otherwise than through an appropriate meter.

[(a)] 1989 c.29

Circumstances permitting unmetered supply

3. (1) Subject to sub-paragraphs (2) and (3), an authorised supplier may give an unmetered supply where;

(a) the load is less than 500w;
(b) the annual consumption of electricity at the premises is less than 2000kw and the consumption is of a predictable nature; or
(c) it is not practical that a supply of electricity is given through an appropriate meter due to –
(i) the metering costs of providing such a meter in that particular case exceeding 10% of the expected electricity supply charges in that particular case;
(ii) the technical difficulties associated with providing such a meter in that particular case; or
(iii) the operation of law prohibiting or making excessively difficult the provision of such a meter in that particular case.

(2) An unmetered supply shall only be given where the authorised distributor, authorised supplier and the customer has agreed to such a supply.

(3) An unmetered supply first given to any premises prior to the date these Regulations come into force and which has been so supplied since that date shall continue to be an unmetered supply.

Disputes

4. (1) Any dispute between the authorised distributor, the authorised supplier and the customer as to whether or not the circumstances set out in Regulation 3 are occurring or have occurred –
(a) may be referred to the Authority by any party to the dispute; and
(b) on such reference, shall be determined by order made by the Authority or, if it thinks fit, by such person as it may appoint.

(2) A person making an order under paragraph (1) shall include in the order reasons for reaching the decision with respect to the dispute.

(3) An order under paragraph (1) -

(a) shall be final and shall be enforceable –
(i) in England and Wales, as if it were a judgement of a county court, and
(ii) in Scotland, as if it were an extract registered decree arbitral bearing a warrant for execution issued by the sheriff.

(b) may include a provision requiring any party to pay a sum in respect of the costs or expenses incurred by the person making the order.

Made this [ ] of [ ] [2001] by the Gas and Electricity Markets Authority

The seal of the Gas and Electricity Markets Authority
here affixed is authenticated by the signature of

……
the Chairman of the Authority [date made by the Authority]

EXPLANATORY NOTE

(This is not part of these regulations)

Paragraph (1) of Schedule 7 of the Electricity Act 1989 provides that where a customer of an electricity supplier is to be charged wholly or partly by reference to the quantity of electricity supplied, the supply shall be given through, and the quantity of electricity shall be ascertained by, an appropriate meter. Paragraph (1A) of Schedule 7, as inserted by the Utilities Act 2000, provides that an electricity supplier may give a supply otherwise than through an appropriate meter in such circumstances as may be prescribed. These regulations prescribe the circumstances a supply of electricity may be unmetered.

Annex B

The following list gives examples of the kind of apparatus that are currently permitted an unmetered supply. This list is unlikely to be exhaustive and is for illustrative purposes only.

AA/RAC boxes
Advertising hoarding
Alarm system
Automatic Railway Crossing
Battery charger
Bus shelter
Cable network pillar
Cathodic protector
Clock
Damp proof course
Door answering service
Fire warning system
Flood warning system
Gas governor
Gauging flume
Ice detector
Illuminated map cabinets
Lifting barrier
Navigation signal
Pay and display machine
Phonecard boxes
Pump
Radio transmitter
Radio relay station
Railway signal
Rain gauge
Security camera
Septic tank
Sewage flow recorder
Storm overflow
Street lighting
Tannoy alarm
Ticket machine
TV aerial
TV amplifier
TV camera
TV relay
Traffic master units
Traffic signal
Unknown
Ventilation units
Warden call equipment
Warning bell
Water level indicator