Smart metering for small businesses and other smaller non-domestic consumers

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The implementation of smart metering is one of the largest and most complex programmes undertaken by the energy industry. More than 50 million 'dumb' meters will be replaced in a complete renewal of electricity and gas meters for domestic customers and smaller non-domestic sites. It will involve visits to 30 million households and other premises and will take about seven years to complete. Ofgem will ensure interests of consumers will be protected.

▶ Why is Government doing this?

Smart meters will support Britain's transition to a low-carbon economy. They will help us meet the challenge of ensuring an affordable, secure and sustainable energy supply. They will give consumers information to help them reduce the amount of energy they use, as well as cutting suppliers'

customer service costs. In the smaller non-domestic sector 2.2 million electricity and up to 1.5 million gas sites will be included in the rollout, including individual small businesses and smaller sites of larger businesses or public sector bodies.

▶ What is a smart meter and how will rollout work for non-domestic consumers?

Smart meters used by non-domestic consumers will have a number of key common capabilities, including:

- Data can be communicated between the meter and the energy supplier or other authorised parties

- Meters can be read remotely by the energy supplier allowing for accurate and timely billing

- The ability to connect devices to the meter, such as a telephone or computer

- They will support 'time-of-use' tariffs, which offer different levels of charges, depending on when the energy is used

- Equipment that has been linked to the meter can be turned off automatically by the consumer at particular times to benefit from varying pricing levels

- Electricity can be enabled and disabled remotely by the energy supplier

- Where electricity is generated at the site (such as through a wind turbine or solar panel), any excess electricity exported can be measured, to give an accurate calculation of Feed-in-Tariff (the premium paid to a consumer by its utility).

Rollout is likely to be integrated with that for domestic consumers. Most people will receive their smart meters between 2014 and 2019 - but some may receive them earlier as some suppliers replace conventional 'dumb' meters.

▶ What are the benefits of a smart meter over an advanced meter and when will I get one?

Smart meters will have more functions – and more sophisticated functions – than those specified for an advanced meter, which is currently prevalent in the non-domestic market. The additional functions should improve service and choice for customers, helping them reduce energy use and save money.

Suppliers will be obliged to take all reasonable steps to install smart meters and associated equipment to all their smaller non-domestic customers, except where advanced metering exceptions apply. Advanced meters with the ability to provide at least half-hourly electricity and hourly gas data, (with the data remotely accessible by a supplier) are already in use in this market. They can remain, or continue to be installed:

- where an advanced meter is installed before April 2014 and the customer wishes to retain it; or

- where an advanced meter is installed after April 2014 under pre-existing contractual arrangements.

From April 2014, any meter that is replaced or newly installed will have to comply with the technical specifications for smart meters, except where an advanced meter is installed after April 2014 under pre-existing contractual arrangements. Consumers can also request a smart meter.

▶ What will smart metering cost me?

Smart metering costs will represent a relatively small element of customer bills and are significantly outweighed by the benefits. The net benefit to non-domestic customers, taking account of the costs, is estimated to be more than £100 per year by 2020.

▶ How will I be protected?

Suppliers will have to comply with a code of practice governing the installation of smart meters in the domestic and non-domestic sectors. This code will take account of the specific needs of non-domestic consumers, for example around minimisation of business interuptions. On consumer protection as a whole, the programme and Ofgem will review existing protections to establish whether they need updating or new ones introduced. Ofgem, the gas and electricity regulator, will have a continuing responsibility for protecting the interests of consumers before and during the smart meter rollout.

▶ Will I still be able to change supplier?

Yes. A key design objective is to ensure meters are interoperable - the ability of the devices to work together - which enables switching suppliers to occur. Once the mass rollout begins in 2014, there will be common technical specifications to ensure this is the case. A central Data Communications Company (DCC) will be established to deliver interoperability. Where suppliers don't use the DCC for smart meters, there will be commercial interoperability arrangements that protect consumer interests, including the ability to change supplier.

▶ What's the new Data Communications Company (DCC) and will it affect me?

The DCC will manage data to and from smart meters in the domestic sector. The Government has concluded in the smaller non-domestic sector, use of the DCC should be voluntary. In practice, it is likely that suppliers installing smart meters will wish to use the DCC's services for both their non-domestic and domestic customers, although some may opt to make their own arrangements. The DCC should also be able to offer services to advanced metering providers.

The smart meter programme will examine whether specific data access arrangements are required for non-domestic consumers or their service providers. It will also explore whether particular groups of non-domestic customers have different needs requiring different rules.