



## **Metering and your business: How changes in water and sewerage charging may affect you**

This information note explains the changes that have taken place in the way in which businesses and public sector organisations are charged for their water and sewerage services.



## Introduction

You may be aware that Scottish Water has been installing water meters for free at the premises of businesses and public sector organisations across Scotland. A meter may already have been installed at your premises.

The meter installation programme is designed to improve the way non-household customers are charged for the water and sewerage services they use. Known as the 'Full Business Metering Programme', the bulk of the installations were completed by the end of March 2009.

As well as installation, under the Government's policy wholesale water and foul sewerage charges in relation to these customers have been phased from an unmeasured basis (determined by rateable value) to a measured basis.

## Why are meters being installed?

Scottish Ministers have asked Scottish Water to install meters in the premises of all business and public sector customers because doing so will allow Scottish Water to measure how much water each customer consumes. With this information customers can be charged according to their use.

This is the same method of charging that is used in other utilities such as gas and electricity. In the absence of a meter, water charges are currently calculated according to the 'rateable value' of the premises supplied.

The decision to move towards metered (or 'measured') charges follows wide consultation by Scottish Ministers in 2006<sup>1</sup>. In general, those who responded to the consultation supported the Ministers' proposals.

As a result of the meter installation programme many customers will move from charges based on the rateable value of their premises to charges based on actual water usage.

## Will my bill change if a meter is installed?

The move towards charges based on usage is intended to benefit business and public sector customers by ensuring that they only pay for the water that they use.

<sup>1</sup> To find out more about how Ministers reached the decision to introduce phased metered charges, please visit: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/developments>



The impact on your bill will depend on your individual circumstances. For instance, if you are a customer with low water usage but you occupy premises with a high rateable value, moving to a meter should bring about reductions in your bill. If you occupy premises with a low rateable value but you use a lot of water, you may see an increase in your bill.

If you are concerned that your bill will go up you have the option of trying to negotiate a better deal with a different supplier.

### **What can I do to find a better deal?**

Since April 2008, all business and public sector customers have been able to choose their water supplier, with retailers competing for customers by offering the best deal. This has brought an end to the 'one size fits all' approach to water supply in Scotland.


You may already have changed supplier or be thinking about doing so in future. You may find that you are able to influence your bill by switching supplier, or by negotiating a better deal with your existing supplier. For example, the supplier may be able to explore with you ways in which you can reduce your water usage.

### **Will metering affect the default tariffs?**

When competition was introduced in 2008 we required all suppliers to offer business customers a 'default service' at a 'default tariff'. This is the minimum level of service customers would have received and the maximum charge they would have paid to Scottish Water had competition not been introduced. We regard the default service and tariff as the basic deal for suppliers to try to beat. Many customers are already getting a better deal.

If you have not negotiated a better deal with a supplier and you are not currently billed on a metered basis, we will ensure that the default tariffs continue to offer you protection as metered charges are introduced.

Scottish Ministers require changes that affect a large number of customers' bills to be phased over time. The default tariffs have therefore been revised to relate the charges you pay to both the current unmetered charges and to the charges that would be paid were full metered charges payable. The proportions of each of these two types of charge that are used to make up the default charge will change in the next few years.



### **Composition of default tariff charges until 2012**

- In the financial year 2008-09, 100% of the charge was on the unmeasured basis.
- In the financial year 2009-10, 67% of the charge was on the unmeasured basis and 33% on the measured basis.
- In the financial year 2010-11, 33% of the charge is on the unmeasured basis and 67% on the measured basis.
- In the financial year 2011-12 (and in all subsequent years), the charge will be on a measured basis.

### **What happens if I do not have a meter?**

If you do not already have a meter, Scottish Water should have contacted you to ask if it can visit your premises to install one.

For a limited number of customers, however, the way in which pipes are arranged at their premises means that it is uneconomic for Scottish Water to install a meter. In general, the billing arrangements for these customers will not alter from existing arrangements. However, if you are one of these customers you may still be able to negotiate a better deal by contacting your supplier, particularly if your water use is low. We have introduced a new reassessment process for those with no meter under which Scottish Water can offer you a contribution to the cost of installing a meter and if you remain without a meter, you may access more consumption based charges (see Information Note 13: The reassessment process for unmetered supply points).

### **How can I find out more?**

Your supplier will contact you if the way that you are billed is going to change. If you want to contact your supplier their details are on your bill.

Alternatively, you can find out information about all of the suppliers that operate in the market on our dedicated website:





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