

Transfer of metering from Scottish Water to the non-household retail market March 2010

In its Final Determination of Charges for 2010-15, the Water Industry Commission for Scotland (the **Commission**) determined that the following activities be transferred from wholesale to the retail market; metering, trade effluent and connections activities.

This paper sets out the consultation process that we will be following as part of the transfer process and an overview of the Commission's proposals in relation to metering.

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Background

In its Final Determination published in November 2009, the Commission set default tariffs¹ in line with charges to household customers which should allow licensed providers to offer more tailored levels of service to customers and more value added services such as advice on water efficiency and on reducing a customer's impact on the environment.

As well setting default tariffs in line with charges to household customers, the Commission revisited the allocation of activities between wholesale and retail in the non-household market. This consisted of the Commission considering to what extent the activities currently classified as wholesale activities (and therefore carried out by Scottish Water) should more properly be classified as retail activities and carried out by licensed providers.

The Commission believes that including all customer-facing activities within the retail market is critical to ensuring that further benefits continue to accrue to customers, licensed providers and Scottish Water.

Following consideration of the responses it received to its Draft Determination², the Commission's Final Determination allowed for three activities³ to be transferred from Scottish Water to licensed providers, including the activity which is the subject of this paper; metering. The Commission also allowed for Scottish Water's wholesale charges to be reduced to reflect the transfer of activities within the market⁴.

Set out below is the consultation process that we will be following as part of the transfer process and an overview of the Commission's proposals in relation to metering.

Consultation Process

In light of some of the representations on its Draft Determination, in its Final Determination the Commission delayed implementation of the changes proposed with all activities transferred no later than April 2012. This change in timetable now allows us to consult further on how the changes are best implemented to ensure they take place in an efficient and timely manner.

¹ At the current time, in order to protect non-household customers, the Commission sets default tariffs that limit the prices licensed providers can charge where they do not offer any additional services.

² Published in June 2009.

³ Metering, trade effluent and connections/disconnections/reconnections.

⁴ The Commission's estimate of Scottish Water's cost of providing services in the three areas is around £8 million a year.

Our initial event on 11 March 2010 will open the discussions our proposals. This initial event will then be followed by a series of smaller, focused workshops that will allow the Commission to hear and discuss the views of key stakeholders. Each of the three activities to be transferred will have its own series of workshops.

Participation in these workshops will allow stakeholders to influence how these important areas will be dealt with by the water industry in Scotland for the foreseeable future.

Each workshop will consist of a series of meetings to discuss, review and provide input on the Commission's proposed amendments to the market framework to ensure that each transfer is efficient as possible and maximises benefits to customers, market participants and all other stakeholders. The workshops are therefore open to all stakeholders including current and potential market participants, customers and interested third parties such as other regulators.

The workshops will be kept to a manageable size to allow for an orderly discussion⁵. Each workshop will be chaired by a member of the Commission's staff and will be governed by a separate Terms of Reference (a template for which can be found at Consultation Appendix 2).

Where appropriate we will circulate revised documentation to stakeholders to reflect the discussions at each of the workshops. Stakeholders may then return with comments and any actions following their review of the revised documentation. Internal deadlines have been established to allow market participants enough time to implement any necessary changes to their operations in order to facilitate the transfers.

The Metering proposals

It is the Commission's intention to require Scottish Water to create a new subsidiary company, (**MeterCo**)⁶. This new metering company would own all current and future meters installed on Scottish Water's network. Licensed providers would contract with MeterCo to 'rent' the meters installed on the premises of their customers and pay annual meter charges to MeterCo. For the most basic meter provision we propose introducing a default annual meter charge and corresponding retail tariff, but for all other meters (where licensed

⁵ Written representations will be accepted from all stakeholders.

⁶ It is proposed that Scottish Water would have a nominal presence on the board of MeterCo and that the company would be run along similar lines to Scottish Water Business Stream Holdings with a similar governance code.

providers would provide a value-added service) the annual meter charges would be negotiated between the licensed provider and MeterCo.

At the same time MeterCo would establish a regime whereby Accredited Meter Operators (**AMOs**) would carry out the installation, upkeep and replacement of all meters on the instruction of licensed providers. All licensed providers would be able to become AMOs⁷, but other parties such as engineering companies would also be able to apply. AMOs would recover the costs of installing, repairing, replacing and upgrading meters from licensed providers who would in turn negotiate with MeterCo to recover those costs⁸.

MeterCo would collect information on meters⁹ but would not make operational decisions on their use save for indicating when a meter had reached the end of its economic life and must be replaced. Licensed providers would therefore be able to decide, in consultation with their customer, what type of meter would be most appropriate¹⁰ and when and where it should be installed. Licensed providers would then contract direct with AMOs to carry out such work. This would allow licensed providers to ensure that meters are sited appropriately allowing them to bill effectively and disconnect customers where necessary¹¹.

MeterCo would also be responsible for setting the minimum technical standards for meters and AMOs wishing to operate within the market. Whilst there would be a minimum standard of meter, customers should see more innovation as there would be no restriction on the types of meters that can be used in the market.

Metering Code

The operational rules for metering would be codified in a new Metering Code, a draft of which can be found at Consultation Appendix 1. The Metering Code would be an annex to the Operational Code and as such would be binding on all licensed providers and Scottish Water. All AMOs would also be required to comply with the terms of the Metering Code.

The Metering Code would codify the relationship between licensed providers, the AMOs and MeterCo and would incorporate the existing parts of the Operational Code in relation to metering. However, the metering sections of the Market Code would remain as part of the

⁷ Restrictions may be placed on licensed providers with large market shares to ensure competition within the AMO market.

⁸ Licensed providers would not be able to recover the costs of datalogging activities from MeterCo. However, licensed providers would be able to appeal to the Commission if they were unable to agree recoverable costs and annual meter charges for a meter.

⁹ It would maintain and update a database of all meters and associated dataloggers but licensed providers would continue to be responsible for meter reading.

¹⁰ Datalogging on meters would also form part of the activities covered by the new metering regime.

¹¹ All disconnections would continue to be controlled by the terms of the Disconnections Document.

Market Code to avoid over complication and to ensure the logical separation between market governance (the Market Code) and operational matters (the Operational Code) remains.

It should be noted that not all of the associated documents are included with the draft Metering Code, for example the AMO accreditation scheme, the template Metering Charges Agreement or the Metering Standards. We would welcome stakeholders' views on the terms of all three of these further documents.

Consultation Appendix 1

Metering Code

Purpose and Scope of this Metering Code

This Metering Code sets out the operational arrangements and responsibilities of the Code Parties and MeterCo which apply in relation to metering. MeterCo will own and be responsible for all meters within Scottish Water's network and for approving Accredited Meter Operators to carry out activities including (but not limited to):

- (i) installation of meters;
- (ii) accuracy testing;
- (iii) fault detection and repair;
- (iv) maintenance;
- (v) change of meters; and
- (vi) all datalogging activities on meters.

Licensed Providers are responsible for liaising with Non-Household Customers in respect of these activities. Licensed providers will also continue to be responsible for reading meters.

This Metering Code forms part of the Operational Code and is therefore binding on all Code Parties. All Accredited Meter Operators who are not Code Parties will also be required to comply with the terms of this Metering Code.

Definitions and Interpretation

Any words or expressions used in the 2002 Act, 2005 Act or the Operational Code shall, unless the contrary intention appears, have the same meaning when used in this Operational Code.

TERM	DEFINITION
1980 Act	Means the Water (Scotland) Act 1980.
Accredited Meter Operator or AMO	Means a party approved by MeterCo as set out in this Metering Code to carry out Meter Operation Services.
Initial Read	Has the meaning given in the Market Code.
Meter Information	Has the meaning given in the Market Code.
Meter Operation Services	Means the services carried out by the Accredited Meter Operator as set out in this Metering Code.
Meter Read	Means reading of any meter for any purpose required under the Market Code or this Metering Code and, as the context requires, including the data collected by such reading as submitted to the CMA in accordance with the processes set out in the CSDs.
MeterCo	Means either the subsidiary company of Scottish Water which owns water meters and is responsible for water meters or any other

TERM	DEFINITION
	company which owns and is responsible for water meters.
Metering Charges	Means the annual fee negotiated between a Licensed Provider and MeterCo that the Licensed Provider must pay to MeterCo for each meter installed at the Licensed Provider's customers' premises.
Metering Charges Agreement	Means an agreement between a Licensed Provider and MeterCo for the payment of Metering Charges, the template for which can be found at Annex 3 of this Metering Code.
Metering Standards	Means the standards imposed on the Code Parties by this Metering Code.
New Connection	Has the meaning given in the Market Code.
Registration	Has the meaning given in the Market Code.
SPID Data	Has the meaning given in the Market Code.

Licensed Provider's Duties

This part of the Metering Code sets out the Licensed Provider's duties in relation to metering.

All Licensed Providers shall:-

- (i) Liaise with their Non-Household Customers as set out in this Metering Code to ensure the effective and efficient delivery of Meter Operation Services;
- (ii) Meet the Metering Standards set out in this Metering Code;
- (iii) Co-operate with MeterCo as set out in this Metering Code;
- (iv) Enter into a Metering Charges Agreement with MeterCo and comply with the obligations in such agreement including payment of the Metering Charges.

In addition to the above duties all Licensed Providers who are not also Accredited Meter Operators shall liaise with Accredited Meter Operators to ensure the effective and efficient delivery of Meter Operation Services.

MeterCo's Duties

This part of the Metering Code sets out MeterCo's duties in relation to metering.

MeterCo shall:-

- (i) Create and maintain a database of all of the meters that it owns and for which it is responsible. Such a database would include details of when each meter was installed and when it must be replaced as well as a list of those meters on which datalogging equipment has been installed and when that installation took place;
- (ii) Develop, monitor and enforce the Metering Standards;
- (iii) Enter into appropriate agreements with AMOs for the activities contemplated by this Metering Code;
- (iv) Co-operate with Licensed Providers as set out in this Metering Code;
- (v) Approve Accredited Meter Operators as set out in this Metering Code;
- (vi) Report to the CMA as set out in this Metering Code;
- (vii) Develop with Scottish Water an accreditation regime for Accredited Meter Operators;

- (viii) Procure and provide meters in response to requests from Licensed Providers;
- (ix) Pay for the installation and replacement of meters, and any maintenance and repair costs including making payments to the Accredited Meter Operators; and
- (x) Enter into Metering Charges Agreements with Licensed Providers to recover the Metering Charges for each meter and deal with all other payments.

Metering Charges

Metering Charges Agreement

Every licensed provider must negotiate and enter into a Metering Charges Agreement with MeterCo. Under their Metering Charges Agreement each Licensed Provider will pay MeterCo the Metering Charges for each meter installed at their customers' premises. The Metering Charges Agreement will also set down the appeal process and timetable that the Commission will follow should a Licensed Provider and MeterCo be unable to agree the either the amount of the installation costs that the Licensed Provider may recover or the Metering Charges for the meter in question.

A template Metering Charges Agreement can be found at Annex 3 of this Metering Code.

Return on assets guidance

For the purposes of assisting in negotiations for Metering Charges between Licensed Providers and MeterCo and to provide an indication of the approach it will take in determining any appeal, the Commission will publish (and update from time to time) guidance on the appropriate return on assets for meters owned by MeterCo.

Accredited Meter Operators

This part of the Metering Code sets out the requirements for approval of Accredited Meter Operators by MeterCo, the structure and timetable for the application process and the responsibilities of Accredited Meter Operators.

Accreditation scheme and applications

MeterCo will liaise with Scottish Water and prepare an accreditation scheme (a copy of which can be found at Annex 1) which will detail the standards that applicants must meet in order to be considered suitable to become an Accredited Meter Operators and the process (including the timetable and appeals process) that MeterCo will follow when considering applications.

Parties who wish to be approved as Accredited Meter Operators must apply to MeterCo in accordance with the current accreditation scheme. MeterCo will consider the application and approve or reject the application within the time limits set out in the accreditation scheme, notifying the applicant of its decision and, where the application has been rejected, giving reasons for the decision. Should the applicant wish to appeal the decision of MeterCo to the Commission, it should do within the time limits set out in the accreditation scheme, giving reasons why it considers that the application should be approved.

Responsibilities of Accredited Meter Operators

Accredited Meter Operators shall:

- (i) Only carry out Meter Operation Services when requested to do so by a Licensed Provider (unless the Accredited Meter Operator is also a Licensed Provider);
- (ii) Liaise with Non-Household Customers and, where the Accredited Meter Operator is not a Licensed Provider, with Licensed Providers as set out in this Metering Code to ensure the effective and efficient delivery of Meter Operation Services;
- (iii) Meet the Metering Standards set out in this Metering Code;
- (iv) Co-operate with MeterCo as set out in this Metering Code; and
- (v) Comply with the provisions of Section 38(1) of the 1980 Act in carrying out their delegated powers.

Standards

MeterCo shall establish the Metering Standards (a copy of which can be found at Annex 2) that will set out:

- (i) the minimum technical requirements for all of the meters that it owns and for which it is responsible; and
- (ii) the technical compliance of meters including calibration and accuracy of meters, testing and inspection, and commissioning and maintenance; and
- (iii) the technical compliance of all datalogging equipment to be installed on any meter.

Maintenance of Meters

MeterCo shall ensure that all meters are kept in good working order, repair and condition to the extent necessary to meet the Metering Standards.

Defective Metering Equipment

If at any time any meter is destroyed, damaged or otherwise ceases to function or is found to be outside the specified limits of accuracy, the MeterCo shall, using the Processes set out in this Metering Code, adjust, renew or replace any defective equipment so as to ensure that such meters are restored to service and operating within applicable tolerances of accuracy as soon as is reasonably practicable and without undue delay.

Process 1

Installation of a meter for a new Supply Point

The installation of a meter for a new Supply Point is the responsibility of the Licensed Provider and must be carried out by an Accredited Meter Operator. A Licensed Provider may therefore request a meter installation and make arrangements with an Accredited Meter Operator for installation. Alternatively a Licensed Provider who is also an Accredited Meter Operator may install a meter for a new Supply Point, in accordance with the process set out below.

The cost of meter installation will be met in full initially by the Licensed Provider that requested the meter installation. MeterCo shall then negotiate with the Licensed Provider as to the amount it will pay for the meter installation and the Metering Charges due from the Licensed Provider.

Process:

Step 1

Where the Licensed Provider is also an Accredited Meter Operator they may carry out the meter installation in accordance with the Process below. Where the Licensed Provider is not also an Accredited Meter Operator, the Licensed Provider may request a meter installation by submitting a meter service request form (Form 1, as annexed to this Metering Code) to an Accredited Meter Operator with details of the relevant Supply Point and the Non-Household Customer's Supply Point ID.

Step 2

The Accredited Meter Operator will promptly arrange with the Licensed Provider for any site survey that is required to establish the work necessary for and the cost of installing a meter. Following any necessary site survey, the Accredited Meter Operator will notify the Licensed Provider of the work involved and the cost of the meter installation within 8 Business Days of the date of notification under Step 1. As part of its notification, the Accredited Meter Operator will provide both a breakdown of the cost and the proposed location site of the meter (which will be assumed to be as close to the point of connection to Scottish Water's Network as is reasonably practical).

Step 3

If the Licensed Provider queries the work involved, the installation cost or the proposed location site of the meter then the Accredited Meter Operator will liaise with the Licensed Provider to reach an agreed solution. However, if no solution can be found and the Licensed Provider rejects either the work involved, the cost of the meter installation or the proposed location site of the meter then no further action will be taken by the Accredited Meter Operator and the use of this process ends.

Step 4

If the Licensed Provider confirms its acceptance of the work involved, the cost of the meter installation and the proposed location site, the Accredited Meter Operator will install the meter without delay. The Accredited Meter Operator will then carry out the meter installation within 10 Business Days of receiving such confirmation from the Licensed Provider.

Step 5

Within 2 Business Days of completion of any meter installation, the Accredited Meter Operator shall notify the Licensed Provider of the opening meter readings and meter installation details. The Licensed Provider will then promptly notify MeterCo who will in turn notify the Central Market Agency in accordance with the Market Code.

Step 6

On completion of the installation, the Accredited Meter Operator will invoice the Licensed Provider for the costs of carrying out the installation. The Licensed Provider will pay any relevant invoice properly due.

Step 7

On completion of the installation and (where applicable) receipt of the invoice from the Accredited Meter Operator for the costs, the Licensed Provider will enter into negotiations with MeterCo to recover the installation costs and agree the Metering Charges for the new meter.

Step 8

Should MeterCo and the Licensed Provider be unable to agree either the amount of the installation costs that the Licensed Provider may recover or the Metering Charges for the meter, then the Licensed Provider may appeal to the Commission who will determine the appropriate level of cost recovery and Metering Charges. In the event of an appeal, the Commission will follow the process and timetable set down in the template Metering Charges Agreement (see Annex 3). When determining an appeal, the Commission will use its published guidance on the appropriate return on assets for meters owned by MeterCo.

Process 2

Meter accuracy test

Ensuring the accuracy of an installed meter is the responsibility of the Licensed Provider and all testing must be carried out by an Accredited Meter Operator.

The cost of any testing will be met in full initially by the Licensed Provider that requested the testing. MeterCo shall then negotiate with the Licensed Provider as to the amount it will pay for the testing.

Process:

Step 1

Where the Licensed Provider is also an Accredited Meter Operator they may carry out a meter accuracy test in accordance with the Process below. Where the Licensed Provider is not also an Accredited Meter Operator they may request a meter accuracy test by submitting a meter service request form (Form 2, as annexed to this Metering Code) to an Accredited Meter Operator with details of the relevant Supply Point and the Non-Household Customer's Supply Point ID. The Licensed Provider must also inform the Accredited Meter Operator whether the meter is fitted with datalogging equipment.

Where instructed by the Central Market Agency, and when in receipt of relevant information provided by the Central Market Agency, MeterCo will notify the Licensed Provider that a meter accuracy test must be carried out. The Licensed Provider must then arrange for an Accredited Meter Operator to carry out a meter accuracy test

Step 2

The Accredited Meter Operator will visit the Non-Household Customer's Premises on a date and time agreed with the Licensed Provider and where required, remove the meter (and any datalogging equipment attached to it) to allow the meter accuracy test to be carried out at an approved laboratory.

Step 3

The Accredited Meter Operator will complete the test and notify the Licensed Provider of the results within 10 Business Days of the Central Market Agency or Licensed Provider's request being received, other than where there are exceptional circumstances beyond the Accredited Meter Operator's

control such as road or street works. On receipt of the results the Licensed Provider shall promptly notify MeterCo who will in turn notify the Central Market Agency in accordance with the Market Code.

Step 4

On completion of the meter accuracy test, the Accredited Meter Operator will invoice the Licensed Provider for the costs of carrying out the test. The Licensed Provider will pay any relevant invoice properly due.

Process 3

Meter fault and repair

The repair of faulty meters is the responsibility of the Licensed Provider and all repair work must be carried out by an Accredited Meter Operator.

The cost of repairing a faulty meter will be met in full initially by the Licensed Provider that requested the repair. MeterCo shall then negotiate with the Licensed Provider as to the amount it will pay for the repairs.

Process:

Step 1

Where the Licensed Provider is also an Accredited Meter Operator they may carry out repair of a faulty meter in accordance with the Process below. Where the Licensed Provider is not also an Accredited Meter Operator the Licensed Provider will notify an Accredited Meter Operator that a meter installed at a Non-Household Customer's Premises is faulty by submitting a meter request form (Form 3, as annexed to this Metering Code). Such notification will include provision of the following information:

- (i) Non-Household Customer's Supply Point ID and Meter Reference Number;
- (ii) the suspected nature of the fault;
- (iii) whether the meter is fitted with datalogging equipment; and
- (iv) details of any recent events affecting consumption.

Step 2

The Accredited Meter Operator may, by prior arrangement with the Licensed Provider, visit the Non-Household Customer's Premises to inspect the faulty meter to determine the cause of the fault and the appropriate action required to either repair or replace the faulty meter. The Accredited Meter Operator will carry out the inspection within 10 Business Days of receiving notification of the fault from the Licensed Provider other than where there are exceptional circumstances beyond the Accredited Meter Operator's control.

Step 3

After inspecting the meter, the Accredited Meter Operator will either:

- (i) arrange with the Licensed Provider a mutually convenient time and date for the repair or replacement of the faulty meter to be carried out. The Accredited Meter Operator will repair or replace the faulty meter installed at the Non-Household Customer's Premises within 22 Business Days from the receipt of the Licensed Provider's notification of the fault; or
- (ii) notify the Licensed Provider within 2 Business Days of the inspection if it considers the meter to be working properly.

Step 4

Within 2 Business Days of completion of any repair, the Accredited Meter Operator will notify the Licensed Provider of the closing and opening meter readings. The Licensed Provider will then notify the Central Market Agency of the same in accordance with the Market Code. If the meter has been replaced, the Licensed Provider will promptly notify MeterCo who will in turn notify the Central Market Agency of the meter removal and installation details.

Step 5

On completion of the repair, the Accredited Meter Operator will invoice the Licensed Provider for the costs of carrying out the repair. The Licensed Provider will pay any relevant invoice properly due.

Process 4

Replacement and Upgrade of Meters

Replacement and/or upgrade of meters are the responsibility of the Licensed Provider and all installation work must be carried out by an Accredited Meter Operator.

MeterCo must create and maintain a database of all of the meters that it owns and is responsible for. Included on this database will be the replacement date for all meters: all meters will have an assumed economic lifespan of 10 years from the date of installation. When a meter reaches the end of its economic life then MeterCo will inform the relevant Licensed Provider and that Licensed Provider must then replace the meter in question.

The cost of meter replacement and/or upgrade will initially be met in full by the Licensed Provider that requested the meter be replaced. MeterCo shall then negotiate with the Licensed Provider as to the amount it will pay for the meter replacement and/or upgrade and any adjustment to the Metering Charges due from the Licensed Provider.

Process:

Step 1

Where the Licensed Provider is also an Accredited Meter Operator they may replace meters in accordance with the Process below. Where the Licensed Provider is not also an Accredited Meter Operator the Licensed Provider will notify an Accredited Meter Operator that a meter is to be replaced at the Non-Household Customer's Premises by submitting a meter request form (Form 4, as annexed to this Metering Code). Such request shall include the Non-Household Customer's Supply Point ID and Meter Reference Number. The Licensed Provider must also inform the Accredited Meter Operator whether the meter is fitted with datalogging equipment.

Step 2

The Accredited Meter Operator will promptly arrange with the Licensed Provider for any site survey that is required to establish the work necessary for and the cost of replacing and/or upgrading the meter. Following any necessary site survey, the Accredited Meter Operator will notify the Licensed Provider of the work involved and the cost of the meter replacement within 8 Business Days of the date of notification under Step 1. As part of its notification, the Accredited Meter Operator will give a breakdown of the costs.

Step 3

The Licensed Provider will confirm to the Accredited Meter Operator its acceptance of the Accredited Meter Operator's work proposal and cost quotation and that the works are to take place. The Accredited Meter Operator will replace the meter (including removing and refitting any datalogging equipment) within 10 Business Days of receiving such confirmation from the Licensed Provider.

Step 4

Within 2 Business Days of completion of the works, the Accredited Meter Operator shall notify the Licensed Provider of the meter removal and installation and associated meter readings. The Licensed Provider will then notify MeterCo who will in turn notify the Central Market Agency of the same in accordance with the Market Code.

Step 5

On completion of the works, the Accredited Meter Operator will invoice the Licensed Provider for the costs of carrying out the replacement works. The Licensed Provider will pay any relevant invoice properly due.

Step 6

On completion of the installation and (where applicable) on receipt of the invoice from the Accredited Meter Operator for the costs, the Licensed Provider will enter into negotiations with MeterCo to recover the installation costs and agree the Metering Charges for the new meter.

Step 7

Should MeterCo and the Licensed Provider be unable to agree either the amount of the installation costs that the Licensed Provider may recover or the Metering Charges for the meter, the Licensed Provider may appeal to the Commission who will determine the appropriate level of cost recovery and Metering Charges. In the event of an appeal, the Commission will follow the process and timetable set down in the template Metering Charges Agreement (see Annex 3). When determining an appeal, the Commission will use its published guidance on the appropriate return on assets for meters owned by MeterCo.

Process 5

Installation of datalogging equipment on a meter

The installation of datalogging equipment on a meter owned by MeterCo is the responsibility of either MeterCo or the Licensed Provider and must be carried out by an Accredited Meter Operator. Any datalogging equipment installed by an Accredited Meter Operator on behalf of a Licensed Provider will remain the property and responsibility of the Licensed Provider at all times. Likewise, any datalogging equipment installed by an Accredited Meter Operator on behalf of MeterCo will remain the property and responsibility of MeterCo at all times.

Any datalogging equipment installed on a meter must not interfere with that meter and must conform to the technical requirements contained within the Metering Standards set down by this Metering Code. Should a licensed provider wish to install datalogging equipment on a meter where equipment belonging to MeterCo is already installed, the Licensed Provider must liaise with MeterCo as only one set of datalogging equipment may be installed on a meter at any one time.

The cost of any datalogging equipment including the cost of its installation will be met in full by the party that requested the installation i.e. either MeterCo or the Licensed Provider. Such costs will not be recoverable by Licensed Providers from MeterCo and datalogging will not form part of the Metering Charges due from the Licensed Provider to MeterCo.

Process:

Step 1

Where the Licensed Provider is also an Accredited Meter Operator they may carry out the installation of datalogging equipment in accordance with the Process below. Where the Licensed Provider is not also an Accredited Meter Operator, the Licensed Provider may request the

installation of datalogging equipment by submitting a datalogging request form (Form 5, as annexed to this Metering Code) to an Accredited Meter Operator with details of the relevant Supply Point and the Non-Household Customer's Supply Point ID.

Only where Scottish Water has requested of MeterCo that datalogging equipment be installed on a meter for network datalogging purposes, MeterCo may request the installation of datalogging equipment by submitting a datalogging request form (Form 5, as annexed to this Metering Code) to an Accredited Meter Operator. Such request shall include details of the relevant Supply Point and the Non-Household Customer's Supply Point ID.

Step 2

The Accredited Meter Operator will promptly arrange with the Licensed Provider or MeterCo for any site survey that is required to establish the work involved and the cost of installing the datalogging equipment. Following any necessary site survey, the Accredited Meter Operator will notify the Licensed Provider or MeterCo of the work involved and the cost of installing the datalogging equipment within 8 Business Days of the date of notification under Step 1. As part of its notification, the Accredited Meter Operator will give a breakdown of the costs.

Step 3

If the Licensed Provider or MeterCo queries the work involved or the installation cost then the Accredited Meter Operator will liaise with the Licensed Provider or MeterCo to reach an agreed solution. However, if no solution can be found and the Licensed Provider or MeterCo rejects either the work involved or the cost of installing the datalogging equipment then no further action will be taken by the Accredited Meter Operator and the use of this process 5 ends.

Step 4

If the Licensed Provider or MeterCo confirms its acceptance of the work involved and the cost of installing the datalogging equipment, the Accredited Meter Operator will then carry out the datalogging equipment installation within 10 Business Days of receiving such confirmation from the Licensed Provider.

Step 5

Within 2 Business Days of completion of any datalogging equipment installation, the Accredited Meter Operator will notify the Licensed Provider or MeterCo. Where the Accredited Meter Operator has notified a Licensed Provider, that Licensed Provider will then promptly notify MeterCo of the installation details.

Step 6

On completion of the installation of the datalogging equipment, the Accredited Meter Operator will invoice the Licensed Provider or MeterCo for the costs of carrying out the installation. The Licensed Provider or MeterCo will pay any relevant invoice properly due. In the case of MeterCo, it will then recover those costs from Scottish Water.

Amendments

The Operational Code governance provisions which set out how the Operational Code is to be amended, as set out in the Market Code, shall apply in respect of any amendments to this Metering Code.

Dispute Resolution

The dispute resolution procedure set out at Part 3 of the Appendix to the Operational Code shall apply in respect of this Metering Code.

Form 1 – Meter Service Request Form

[to be based on form in current Operational Code]

Form 2 – Meter Accuracy Test Form

[to be based on form in current Operational Code]

Form 3 – Meter Accuracy Test Form

[to be based on form in current Operational Code]

Form 4 – Meter Replacement Form

[to be based on form in current Operational Code]

Annex 1

Accreditation scheme

Annex 2

Metering Standards

Annex 3

Template Metering Charges Agreement

Consultation Appendix 2

Template Terms of Reference

New Retail Areas Stakeholder Groups for:

- **Connections activities**
- **Trade Effluent Management**
- **Metering**

Background

- The process for transferring the three identified services (connections activities, trade effluent and metering) from Scottish Water to the non-household retail sector of the Scottish water industry will now be phased up to a final implementation date of April 2012, as detailed in our Final Determination for the Strategic Review of Charges 2010-14.
- To further develop the existing information base, the Commission proposes to hold a series of workshops that will form part of a programme of further consultation with stakeholders on the issues raised in the consultation responses (the New Retail Areas Stakeholder Groups).
- The Commission believes that such a structured program of further consultation will allow us to move towards the efficient and timely transfer of the three identified areas. Further consultation will help industry stakeholders to understand in greater detail the three areas thereby creating greater confidence in the transfer process and the subsequent opportunities open to them.
- The workshops will be open to all interested parties, e.g. Scottish Water, Licensed Providers, customers, SEPA, Ofwat, CMA, third party contractors, consumer groups and other concerned bodies.
- Members of the New Retail Areas Stakeholder Groups have approved these group terms of reference.

Interpretation/Definitions

1. In this document:

"Act"	means the Water Services etc (Scotland) Act 2005;
"Chairman"	means the person appointed by the Commission to chair each New Retail Areas Stakeholder Group;
"Commission"	means the Water Industry Commission for Scotland;
"days"	means business days;
"New Retail Areas Stakeholder Groups"	means the stakeholder groups set up by the Commission to consider the transfer of the three identified services from Scottish Water to the non-household retail sector as detailed in the Final Determination of Charges for 2010-15 published by the Commission on 26 November 2009;
"Member"	means a member of the New Retail Areas Stakeholder Groups not including the Chairman;
"Ordinary Resolution"	means a resolution that is passed by a simple majority of such Members entitled and present to vote on that resolution;
"Rules"	means this document, as amended from time to time;
"Substitute"	means a person nominated by a member act in his/her stead at a New Retail Areas Stakeholder Group meeting.

Purpose

2. The purpose of the New Retail Areas Stakeholder Groups is to further examine the issues involved in the transfer of the new retail areas, understand any concerns and possible ways to address them, and to instill confidence in the industry regarding changes to the retail market.

General provisions

3. The New Retail Areas Stakeholder Group, in the performance of its functions, shall have regard to such generally accepted principles of good governance as it reasonably regards as applicable.

4. The business of the New Retail Areas Stakeholder Groups will not be subject to a general duty of confidentiality.
5. Areas of competent business for the New Retail Areas Stakeholder Groups are restricted to consideration and formulation of the changes necessary to the market framework to transfer effectively the three identified services (connections activities, trade effluent and metering) from Scottish Water to the non-household retail sector of the Scottish water industry by no later than 1 April 2012.
6. However, nothing in these Terms of Reference shall limit the Commission's powers and responsibilities to Scottish Water, the non-household retail market and customers under the Act or any other relevant statutory provision or governmental obligation.

Reporting to the Commission

7. The business of the New Retail Areas Stakeholder Groups, including its decisions, will be reported to the Commission at Commission meetings and to all other stakeholders at the discretion of the Commission.

Membership

8. Each New Retail Areas Stakeholder Groups is to consist of the following:
 - 8.1 not fewer than [five], nor more than [twelve] Members; and
 - 8.2 the New Area Stakeholder Groups will be chaired by a member of the WICS' Competition Team.
9. Each organisation represented within the New Retail Areas Stakeholder Groups will be permitted only one Member.
10. Each Member must be competent to represent his/her organisation.
11. Representatives of new organisations may be proposed by any Member or any other organisation or individual, but must be approved by all Members of the group and the Commission.
12. The Commission reserves the right to invite other stakeholders to Group meetings on an ad hoc as and when it believes that to do so would further the interests of the Group and the wider discussion generally.

Documentation

13. It is likely that there will be wider interest in the New Retail Areas Stakeholder Groups beyond the numbers outlined above. Working papers will, therefore, be routinely distributed to a wider group of interested parties. These papers will contain

a confidentiality clause and disclaimer to preserve their status as working documents.

14. In accordance with this approach, comments from non-attendees will be sought and incorporated where appropriate.

Timetable of Meetings

The New Retail Areas Stakeholder Groups will have a finite lifespan with the schedule of meetings taking the following basic shape:

February 2010 to April 2010:

First meeting of each group to take place.

May 2010 to September 2010:

Connections activities group to begin having additional meetings.

September 2010 to 31 October 2010:

Trade effluent group to begin having additional meetings.

31 October 2010:

Connections activities and Trade effluent documentation to be finalised to allow any central system changes to be implemented by the CMA through the March 2011 software release and changes to the wholesale charging structure to be addressed in Scottish Water's Wholesale Charges Scheme for the financial year 2011-12.

December 2010:

Metering group to begin having additional meetings.

31 August 2011:

Metering documentation to be finalised to allow any central system changes to be implemented by the CMA through the March 2012 software release and changes to the wholesale charging structure to be addressed in Scottish Water's Wholesale Charges Scheme for the financial year 2012-13.

This timetable is intended to dovetail with both Scottish Water's timetable for approval and publication of its Wholesale Charges Scheme and the CMA's software release dates to ensure the smooth implementation of any changes to either wholesale charges or the central system.

Meetings

15. First Meetings: The Commission to present its idea of how the transfer for each area is envisaged, providing both overall principles and some level of detail. Papers setting out the explanation and details will be circulated prior to the meeting. If it is thought likely that there will be agreement in principle, a discussion on the detail will take place. Otherwise, a discussion on principles will take place. All stakeholders will be welcome to attend and participate although the Commission will reserve the right to choose participants should it be logistically impractical for all interested parties to attend.
16. Subsequent Meetings: The Commission will review and revise or produce further documentation following the first meeting and distribute this prior to second meeting. Stakeholders will be asked to return with comments and actions on the documentation. The goal will be to focus on proposal details, with a view to preparing final proposals for the next meeting. Attendance at these meetings will be limited to allow for greater attention to detail and to make the meeting more manageable. However, written responses will be welcome from all stakeholders and will be noted and discussed during the meeting.
17. Final Meetings: Will focus on stakeholder feedback on draft final versions of the proposals presented by the Commission. These proposals will be circulated prior to the meeting. All stakeholders will be welcome to attend. The goal is to reach consensus on the proposals and to have these ready for publication (and where necessary, submission to the CMA), taking into account the timetable for Scottish Water's Wholesale Charges Scheme and the CMA's software releases.

Proceedings at Meetings

18. The quorum for a meeting of the New Retail Areas Stakeholder Groups shall be [four] Members present (not including the Chairman).
19. Members may attend meetings of the New Retail Areas Stakeholder Group by telephone or video conferencing facility. Members so attending shall be considered to be present at that meeting.
20. If the Chairman is not present at a meeting of the New Retail Areas Stakeholder Groups, the Commission shall appoint a substitute to chair the meeting.
21. Any member unable to attend a meeting may send a substitute from his or her organisation.

Conflicts of Interest

22. It is recognised that Members of the New Retail Areas Stakeholder Groups have an interest in the further development of the retail market.
23. Before any Member becomes involved in taking a decision or participating in a discussion on any matter, he or she should ensure that there are no conflicts of interest that, in the opinion of a fair-minded and informed observer, would suggest a real possibility of bias.
24. If a Member has, directly or indirectly, an interest or duty which is material and relevant or may be relevant to any matter being considered by the New Retail Areas Stakeholder Groups, he or she shall declare that interest or duty before that matter is discussed.