

Water Metering: Position Paper

Our View

We believe that metering all customers is the fairest way of paying for water used. Metering is particularly important in areas where resources are tight, such as the South East of England. Metered customers tend to use less than those whose bills are based on the rateable value of their home.

Where a customer chooses to have a meter installed their water and sewerage bill is based on the volume of water they use, plus a standing charge. Paying for what is used allows the customer to manage what they use and consequently what they pay.

We think widescale metering should happen at a cost efficient rate. This along with the practicalities of metering the 17 million properties currently without a meter will mean that installing meters for every home in England and Wales will take many years.

At present approximately 26% of households pay bills based on metered charges. This is expected to rise to 28% by March 2007. The position varies significantly between companies. Some of the companies that have had resource issues, for example Anglian Water have very much higher levels of metering.

Table 1 sets out the percentage of metered household properties for each company from when we first collected data in 1992-93 and our figures for 2004-05.

% measured household properties for Water and Sewerage Companies			% measured household properties for Water Only Companies		
	1992-93	2004-05		1992-93	2004-05
Anglian & Hartlepool	4%	54%	Bournemouth & West Hampshire	3%	37%
Dwr Cymru / Welsh	3%	19%	Bristol	3%	23%
United Utilities	2%	17%	Cambridge	5%	54%
Northumbrian (North)	1%	11%	Dee Valley	4%	34%
Northumbrian (South)	2%	35%	Folkestone & Dover	3%	41%
Severn Trent	5%	24%	Mid Kent	3%	33%
South West	4%	46%	Portsmouth	0%	5%
Southern	10%	27%	South East	4%	29%
Thames	2%	20%	South Staffordshire	3%	15%
Wessex	5%	33%	Sutton & East Surrey	1%	19%
Yorkshire & York	3%	27%	Tendring Hundred	5%	61%
			Three Valleys	3%	23%
INDUSTRY	3%	26%			

Metering at the price review

Over the period 2000 to 2005 domestic metering increased by 9% with almost 1.3 million meters installed. The 1.55 million meters expected to be installed during 2005 to 2010 is estimated to lead to 36% of domestic households being metered.

Metering costs

The cost of metering is important to us. While we are in favour of metering as the fairest form of paying, we must ensure that the speed and extent of metering is cost effective and provides value for money for customers.

At the 2004 price review we assumed over £280 million of capital expenditure for the metering programme. We limited the cost of some companies' meters to bring them into line with the rest of the industry and excluded a small number of meters where we felt companies had not justified the need.

Who can opt for a meter?

Since 1 April 2000, household customers have been able to choose to have a water meter installed free of installation charge under the Water Industry Act 1999. Before April 2000 some companies charged customers who chose to have a meter installed.

Tenants, as well as homeowners, can take advantage of this, unless their tenancy agreement is for less than six months. In some cases, however, tenants will need their landlord's consent to have a meter fitted internally, for example where alterations to plumbing are required.

Most non-domestic properties are already metered. Some companies provide free optional meters to non-domestic customers who wish to move from unmetered to metered charging. Others charge for this. Companies generally require all non-domestic properties to be metered and if this is the case, they may not charge a business customer for installing the meter on a compulsory basis. Non-domestic customers should contact their company to find out the current policy. The vast majority of non-domestic customers are metered.

Will I benefit from opting for a meter?

Companies will provide advice to customers on whether or not they might benefit from a meter. Many companies have leaflets/websites that provide this information. Some include a 'ready reckoner' which will calculate an approximate annual water usage and the metered charge. This can be compared with the current unmetered bill. Customers who consume low volumes of water and/or have high rateable values may find that they have lower water and sewerage bills as a result of paying on a metered basis.

Where will the meter be put?

The choice of meter location is a matter for the companies and may be fitted in the property or outside. Customers can be offered a choice of meter location if they are prepared to meet any additional costs over and above the reasonable expenses of installing a meter in the company's preferred location.

Installing a meter is free to the customer provided that the costs are reasonable. Reasonable expenses include provision of the meter; its installation; reinstatement costs (putting the property back to a reasonable condition); and, for internal meters, the cost of an outreader – where the company considers this is needed. An outreader allows the company to read the meter without entering the property.

Can I return to an unmetered charge, if a metered supply costs me more?

Customers who choose to have a meter fitted and then find that they would prefer to pay on unmetered basis can change back.

There is a time limit within which customers can revert to an unmeasured charge. The time limit is within 12 months of installation. Customers will, however, have the opportunity to establish how their metered bill compares to the unmetered bill before deciding.

How quickly will the company fit a meter?

Each company sets out in its charges schemes how quickly it will fit meters. We expect companies to install a meter within three months of a customer's application.

Where a company cannot meet the deadline for installation it should allow customers to pay bills that reflect the charges they might have paid had they been metered. Most companies will backdate metered charges to the date on which the meter should have been installed.

What is our approach to disputes about meters?

We set out the types of expenses that are reasonable and those that are unreasonable for companies to pass on to customers.

Unreasonable expenses include:

- separating shared supply pipes;
- installing additional meters where there is more than one supply to a property; and
- plumbing alterations to enable a meter to be fitted.

Companies are encouraged to offer single meter agreements to blocks of flats and other properties in multiple occupation where it is not possible to install a meter for each customer. In some circumstances, where the costs are not unreasonable, companies may install meters in individual flats.

Where the total costs of installing meters are unreasonable, customers cannot switch to meters unless they have the necessary work carried out at their own expense. The installation would then be carried out free of charge.

Can I be refused a meter?

Companies can refuse to install a meter where it is not practicable or is unreasonably expensive to fit one. Any disputes about this are settled by us.

If a company is unable to fit a meter how will I be charged?

If it is unreasonably expensive or impracticable to install a meter (and a single shared meter is not feasible) companies should offer an assessed charge. Assessed charges should be a better reflection of a customer's consumption than their unmetered charge.

Companies use a number of different bases for determining assessed charges, for example:

- charges based on the type of property;
- a flat charge based on the average household bill;
- occupancy based charges; and
- charges based on an assessment of the customer's usage.

Can a company insist that I pay by meter?

Companies can install meters in properties, but cannot insist that the existing householder pays by volume, except in certain specified circumstances which are set out in the legislation.

For instance, where a householder:

- uses a sprinkler;
- automatically fills a swimming pool;
- has a large bath;
- uses a reverse osmosis softening unit; or
- lives in an area of water scarcity.

The Secretary of State for Environment, Food and Rural Affairs makes decisions about whether or not an area is an area of water scarcity. Companies who successfully apply for area of water scarcity status are allowed to introduce compulsory metering for all customers.

In March 2006 Folkestone and Dover Water Services became the first company to make a successful application and is now accelerating its metering programme. This will help the company match limited supplies to increasing demands for water over the next ten years. No other applications have been made at present.

In the past, some companies fitted meters to properties that had been altered or extended. Companies can no longer impose a meter on a customer in these circumstances. Some companies may, however, charge customers in altered properties, on the basis of a notional rateable value or an assessed charge.

Water companies may install meters in properties when there is a change of occupancy. The new occupier will then pay a metered charge. Most companies install meters in new properties. The new occupier, in both circumstances, will pay a metered charge with no option to move to an unmetered supply.

Are there any circumstances in which metered customers can get help with their bills?

The Secretary of State for Environment, Food and Rural Affairs has issued Regulations that allow some metered customers to pay the average household bill instead of their measured charges. This applies to metered customers who receive specified benefits and:

- have three dependent children living with them; or
- suffer from, or have a child that suffers from, a specified medical condition that involves high water usage.

Customers who consider they could be eligible to pay on this basis should contact their water company for application details.

Information

The following additional information is available:

- Water Industry Act 1999 (The Stationery Office - June 1999)
- Water Industry Act 1999 – Delivering the Government's objectives (Department for the Environment, Food and Rural Affairs – February 2000)
- Water and sewerage charges: 2006-07 report (Ofwat - May 2006)

For further information

Send an e-mail at: enquiries@ofwat.gsi.gov.uk

Contact our library on 0121 625 1361.

Visit our web site at www.ofwat.gov.uk

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