

## SCHEDULE 1

Regulations 4(6) and 6(4)

### Determination of cost effectiveness and technical feasibility

1.—(1) Where sub-paragraph (2) applies it will be considered cost effective for the purposes of regulations 4(6) and 6(4) for the heat supplier to install meters in a building in accordance with regulations 4(3) to (4) and 6(2).

(2) This sub-paragraph applies where the net present value of projected energy savings to all the final customers in the building supplied with heating cooling or hot water by the heat supplier, over the 10 year period subsequent to installation, is greater than the net present value of the estimated reasonable costs of installing the meters in that building.

2. The matters to be taken into account in estimating the costs of installation are the capital, installation, operation and maintenance costs of the meters, taking into account—

- (a) the building type, age and number of individual private dwellings or non-domestic premises in the building;
- (b) the number of storeys in the building;
- (c) the geographical location of the building;
- (d) in the case of a building not containing private dwellings, the type of use of the building;
- (e) whether the costs could be reduced if another building supplied from the same district heat network is also to have meters installed in accordance with these regulations;
- (f) any costs of access to private dwelling or non-domestic premises including legal costs;
- (g) any costs of access to or isolation of pipework;
- (h) any costs of repair to decoration or building fabric as a consequence of the installation;
- (i) any costs of installation of temperature control devices;
- (j) the cost of equipment and software to collect data from the meters to be used for billing;
- (k) the cost of issuing bills and billing information; and
- (l) the cost of re-calibrating the meters periodically to ensure accuracy of performance.

3. The projected energy savings over the 10 year period subsequent to installation for the purpose of paragraph 1 is—

- (a) 20% of the benchmark heat demand rate in the case of a building consisting mainly of private dwellings, except for the one year period subsequent to installation when the projected value to be applied is 10% of the benchmark heat demand rate; and
- (b) 10% of the benchmark heat demand rate in the case of any other building except for the one year period subsequent to installation where the projected value to be applied is 5% of the benchmark heat demand rate.

4. It will be considered technically feasible to install meters in a building consisting mainly of private dwellings unless—

- (a) there is more than one entry point for the pipes of the district heat network or communal heating into each private dwelling within that building or the entry point for the pipes is unknown; or
- (b) the heat distributed from the district heat network or communal heating is by means of water with a temperature above 90 degrees Celsius.

5. It will be considered technically feasible to install meters in a building not consisting mainly of private dwellings unless—

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- (a) the heat distributed in the building from the district heat network or communal heating is by means of a system other than hot water;
- (b) there is more than one entry point for the pipes of the district heat network heating or communal heating into each private dwelling or non-domestic premises in a building or the entry point of the pipes is unknown; or
- (c) the district heat network or communal heating supplies cooling and the cooling distribution system uses a transfer fluid other than water.

**6.—(1)** Where sub-paragraph (2) applies it will be considered cost effective for the purpose of regulation 6(4) to install heat cost allocators and thermostatic radiator valves in accordance with regulation 6(2).

(2) This paragraph applies where the net present value of the projected energy savings to the final customers in the building over the 10 year period subsequent to installation is greater than the net present value of the estimated reasonable costs of installing a heat cost allocator and thermostatic radiator valve for every radiator in that building.

**7.** The matters to be taken into account in estimating the costs of installation of heat cost allocators and thermostatic radiator valves are the capital, installation, operation and maintenance costs of the heat cost allocators and thermostatic radiator valves taking into account—

- (a) any cost of access to private dwelling or non-domestic premises including legal costs;
- (b) the cost of equipment and software to collect data from the heat cost allocators to be used for billing;
- (c) the cost of re-calibrating the heat cost allocators periodically to ensure accuracy of performance; and
- (d) the cost of issuing bills and billing information.

**8.** The projected energy savings over the 10 year period subsequent to installation for the purpose of paragraph 6 is—

- (a) 20% of the benchmark heat demand rate in the case of a building consisting mainly of private dwellings, except for the one year period subsequent to installation when the projected value to be applied is 10% of the benchmark heat demand rate; and
- (b) 10% of the benchmark heat demand rate in the case of any other building except for the one year period subsequent to installation when the projected value to be applied is 5% of the benchmark heat demand rate.

**9.** For the purpose of this Schedule, the one year period and 10 year period subsequent to installation begin the day after completion of the installation of—

- (a) all the meters in a building, or
- (b) all the heat cost allocators, thermostatic radiator valves and hot water meters in a building.

**10.** In this Schedule “benchmark heat demand rate” means the benchmark heat demand rate for the type of building in question set out in the Department of Energy and Climate Change paper titled “Assessing the cost effectiveness of individual metering: Energy Demand Benchmarks” and dated 14th November 2014(1).

**11.** A real discount rate of 9% is to be applied to calculate net present value under this Schedule.

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(1) Published on the DECC website at [www.gov.uk/government/consultations/implementing-the-energy-efficiency-directive-metering-and-billing-of-heating-and-cooling](http://www.gov.uk/government/consultations/implementing-the-energy-efficiency-directive-metering-and-billing-of-heating-and-cooling).