

## Metering for Tenant Billing

Landlords want to recover the building's utilities costs by billing the tenants, typically by:

- Directly recharging tenants based on metered energy used within the space they have let, often monthly
- Service charges for energy used in the common parts of the building, such as reception, lift lobbies, etc., typically billed quarterly

This is typically done "by subtraction", with the metered items used for direct recharge subtracted from the main utilities invoices for the building, and the remainder being placed on the service charge. In this way, the total expenditure by the landlord on behalf of the property is recovered from the tenants.

Most landlords are keen to reduce the building's service charge, as this makes the building more attractive to prospective tenants. However, shifting energy costs from the service charge to the direct recharges requires meters within each tenancy as well as additional meters on the landlord's plant to determine the total "production costs" (i.e. how many p/kWh to charge) of the services provided, such as heating and cooling. In addition to the thermal energy generated for heating and cooling, the production costs can include extra electrical meters for fans and pumps (so that these costs can be added into the heating and cooling charges) as well as additional thermal meters for the common heating and cooling headers and possibly for each branch of the thermal network (e.g. affordable versus private residences). These requirements for accurate billing may dovetail with the metering requirements for the Heat Network Regulations.

During capital works, there is an inherent tension between the project team's desire to reduce the up-front cost of installing additional meters and the longer-term desire of the building owner and the operations team to reduce the service charge by moving more of the cost recovery from the service charge to the direct recharge. There is no one correct answer to this quandary, and it typically falls to the M&E consultant to guide the building owner toward the optimal solution for a particular development. A specialist metering and billing consultant is sometimes employed to help steer the project towards an optimal solution which balances metering installation costs with the ability to directly recover energy costs over the life of the building.

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### Key Issues

Most landlords want a tenant billing systems which produces invoices that are:

- **Fair and reasonable**, which is usually mentioned somewhere within the lease documentation.
- **Clear and transparent** for the tenant receiving the bill, thus reducing billing disputes
- **Cost-neutral**, though "reasonable" administrative costs associated with billing may be included

### LINKS

- National regulation: gas and electricity meters used for billing purposes  
<https://www.gov.uk/guidance/gas-and-electricity-meter-regulations>
- Best practice guidance for thermal meters (heating and cooling) used for billing purposes  
<https://www.thebesa.com/knowledge/shop/products/guide-to-good-practice-heat-metering/>

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