

Heat networks regulation: implementing consumer protections

National Housing Federation consultation response

31 January 2025

Summary

The National Housing Federation is the voice of England's housing associations, which are not-for-profit social landlords providing affordable housing for people on low incomes. According to Ofgem, the social housing sector also owns and manages around two thirds of all existing heat networks. The English Housing Survey shows at least 150,000 housing association homes are supplied with heat and hot water through primarily communal heat networks. Housing associations also provide 75% of the country's rented supported and retirement homes, many of which operate communal heating systems.

This consultation response has been written following engagement with, and input from our [570 members](#) who own and manage the vast majority of housing association homes. Our sector is supportive of the principles of heat network regulation but we'd like to flag a few concerns and seek further engagement with DESNZ and Ofgem on several key matters.

Awareness among our members of the forthcoming regulatory regime is building but remains relatively low. A combination of a lack of familiarity with the existing Ofgem regulatory regime for household energy providers, the cross-cutting nature of the proposed regulation and resource pressures on the housing association sector are the key contributors to this. In this response we discuss this issue in more detail and make proposals for improved engagement mechanisms.

The proposed regulatory regime needs to take greater account of – and be streamlined with – the existing social housing regulatory landscape to avoid duplication of efforts and confusion for both residents and landlords. There is further scope to examine and streamline the regulatory approach of Ofgem and the Regulator of Social Housing (RSH), and refine Ofgem's proposed market

segmentation approach. For example, this could better reflect the differing approaches of the RSH to smaller housing associations with fewer than 1,000 homes. It could also further segment some approaches for supported and providers of older person's housing. Additionally, more collaborative work is needed to explore the overlapping roles of the Housing Ombudsman and the Energy Ombudsman to ensure effective redress. For example, by drawing further upon the sector's current statutory complaints handling obligations and procedures through the Housing Ombudsman's Complaint Handling Code.

A proportionate approach to regulation, compliance timelines and associated resourcing is essential. The sector has often inherited old and poorly designed heat networks. Housing associations are not-for-profit and many even run their heat networks at a loss. Regulation needs to be proportionate and cost-effective to take these realities into account and to ensure the heat network sector can grow to meet our decarbonisation ambitions. Further flexibility in compliance timescales should be considered.

We also refer Ofgem to the submission by [The Heat Network](#) to the separate consultation [Heat networks regulation: authorisation and regulatory oversight](#), which includes input from the NHF.

To discuss our submission further, please contact
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Our views on heat network regulation

The sector is supportive of the principles of regulation

Housing associations are committed to providing excellent homes and services. In recent years, our sector has supported the introduction of, and worked hard to adopt, a new consumer-focused regulatory regime underpinned by the [Social Housing Regulation Act 2023](#). Housing associations also do a lot of work to improve the delivery of core homes and services and engagement with, and empowerment of residents through sector-led initiatives such as the [Better Social Housing Review](#) and [Together with Tenants](#).

Alongside this, our members are also committed to playing their part in tackling the twin challenges of the climate crisis and fuel poverty and recognise the important role heat networks have in this. [Housing associations have already invested billions to improve the energy efficiency of their residents' homes to the highest standard of any tenure, and many are leading the way in upgrading to cleaner heating systems.](#)

Housing associations remain a critical and collaborative delivery partner in the government's Warm Homes Plan and Fuel Poverty Strategy. Day-to-day, many of our members support their residents experiencing fuel poverty with initiatives such as professional money advice and guidance and [fuel voucher schemes](#). During the peak of the energy crisis, [the NHF and our members worked hard to mitigate the impact and highlight to the government](#) that residents on heat networks would be impacted by rocketing gas prices and that additional protections and support were necessary.

As a result, we welcome and support the principles of the forthcoming heat network regulatory regime and its aims to ensure that heat network consumers receive comparable protections (as far as is possible given the unique traits of a heat network) to 'traditional' energy consumers. We have worked closely with DESNZ and Ofgem on the development of the regulatory regime and wish to continue do so.

However, in many critical ways, housing associations are neither like traditional for-profit household energy providers such as Octopus Energy or British Gas, nor are they like for-profit district heating providers. Housing associations are first and foremost not-for-profit organisations delivering and managing social housing, and not energy companies. On this basis, there are several clear messages we wish to emphasise at the outset of our response.

Among our members, awareness of the forthcoming regulatory regime is building but remains relatively low.

Housing associations are very diverse in scale and resource, but for all of them heat networks make up a small minority of their total operations compared to currently Ofgem-regulated household energy companies or district heating providers where energy/heating provision is their primary output. The fact that housing associations have not traditionally interacted with Ofgem or the associated retail energy market means there is often a lack of familiarity with the language, stakeholders, and regulatory framework and approach. While we understand why many of the proposals for heat network regulation are being copied over from the wider retail energy market (i.e. to ensure comparable protections for heat network consumers), this can create confusion for our members.

Furthermore, as the scope of the regulatory regime will impact on such a broad cross-section of a housing association's operations significant upskilling and knowledge-exchange is required across organisations – which takes time. As an example, the two consultations cover issues that would involve staff in a medium sized or larger housing association working on governance and compliance, service charges and rents, repairs and maintenance, heat network management, complaints handling, new development etc. And for smaller housing associations who may only have a handful of communal heating systems, and no dedicated heat network team, they will often lack the capacity to engage at such breadth and pace.

The forthcoming heat network regulatory regime also falls within a wider sector landscape of a rapidly evolving set of significant regulatory and financial pressures. Housing associations are currently spending record amounts on existing homes. Housing association spending on repairs and maintenance [hit a record high of £8.8bn in 2023/24](#), 3% higher than the previous year and 55% above pre-pandemic levels reported in 2020. It is expected to reach £9.6bn over the next 12 months. The factors driving up repairs and maintenance spend include:

- The cost of building safety remediation work, for which there is almost no government support for the social housing sector.
- Greater emphasis on the condition of existing homes due to the new consumer standards, and upcoming regulation including the revised Decent Homes Standard and Awaab's Law.

- The need to improve the energy efficiency of existing homes to meet EPC C by 2030 and net zero by 2050.

For most housing associations, this elevated spending has weakened their interest cover, with this metric dropping below 100% for many, including some of the largest developers of new social homes. An interest cover of below 100% is not sustainable in the long-term, so housing associations in this position are looking to reduce their outgoings where possible.

Most spending on existing homes is non-negotiable, so development spend is the only discretionary form of spending that housing associations have left to reduce. The effects of this change are evident in the number of new housebuilding starts. There were 43,439 affordable starts on site in England in 2023/24, a 39.5% decrease on 2022/23, driven primarily by a collapse in London (where some of the pressures outlined above are most acute).

Recent changes in the operating environment for housing associations, in particular the national insurance threshold and rate increase, have exacerbated financial pressures. Nationally, the cost of the national insurance changes is estimated to be over £100m per annum for housing associations, with disproportionate impacts on the supported housing sector where many heat networks are present.

Given this inter-linking context of low awareness and strained capacity many of our members, even those with larger heat network teams and resources, have had limited capacity to engage with the scale and breadth of the written consultations.

Moving forward, we would welcome the opportunity to work closely with DESNZ and Ofgem to raise awareness of the proposed regulatory regime and secure strong engagement from the housing association sector, including on many critical issues raised in the two current consultations. We have separately made a proposal to DESNZ/Ofgem for one way this could be coordinated in the form of the Heat Network Social Housing Regulation Task Group with the support of the Chartered Institute of Housing, Local Government Association, The Heat Network and Chirpy Heat.

Given the regulatory timescales outlined in the consultation, 2025 will be a critical year to ensure the housing association sector is aware of and able to actively shape and prepare to adopt the regulatory regime for the benefit of residents. We welcome the focus in the consultation on developing clear guidance and support for housing

associations throughout this coming period. This guidance will be much more effective if developed, as much as possible, in collaboration with the sector. We also support the continued funding of the Heat Network Training Grant and its promotion to housing association staff.

The proposed regulatory regime needs to take greater account of – and be streamlined with – the existing social housing regulatory landscape to avoid duplication of efforts and confusion for both residents and landlords.

We recognise that the market segmentation approach outlined in the consultation is trying to achieve this. However, we believe this segmentation of regulation could be taken further. For example, different regulatory burdens are in place for smaller housing associations with fewer than 1,000 homes under the Regulator of Social Housing. Supported and older persons' housing also has unique traits and pressures which heat network regulation will need to consider and interact with.

This streamlining approach should also be applied to any regulatory or redress-focused interactions between the Housing Ombudsman and the Energy Ombudsman. It will be beneficial for both residents and landlords if redress avenues are clear and simple, and processes and timescales are aligned. One example of this would be considering the crossovers between the statutory Housing Ombudsman's Complaint Handling Code and the proposals in these consultations on new complaints handling requirements and reporting for heat networks.

We would support greater cross-sector engagement with all parties involved in this overlapping heat network regulatory landscape to ensure it is designed effectively for all parties. The proposed Heat Network Regulation Social Housing Task Group could be a useful avenue for this engagement.

A proportionate approach to regulation, compliance timelines and associated resourcing is essential.

Housing associations are not-for-profit and many even run their heat networks at a loss. The cost of regulation needs to be limited to avoid leading to increased costs for heat network customers, particularly social housing residents who are often on very low-incomes and can be in vulnerable circumstances. The sector is having to manage many heat networks that have been poorly designed, developed and commissioned, and that deliver poor efficiency and reliability. It is critical that the reality of heat networks is taken fully into account as regulation is developed to make

sure it works for the end consumer and does not lead to higher costs. Without this approach, there is a serious risk that the social housing sector will simply stop building heat networks because the compliance costs are too high, which would hamper the growth necessary in the heat network sector for decarbonisation. We ask that there is some flexibility regarding compliance timescales for housing associations based on the principles of market segmentation and/or the introduction of a compliance plan approach based on the material characteristics of each individual housing association and their heat networks and residents.

To conclude, with a collaborative approach to addressing these key challenges, we believe an outcomes-focused regulatory regime is possible that delivers what is needed – affordable, reliable heating and hot water for all heat network consumers.

Consultation questions

Scope of the regulation and authorisation regime

- 1. With reference to the draft authorisation condition on definitions, do you agree or disagree with the definitions for network types (domestic and microbusiness, non-domestic, industrial, self-supply)?**

Agree

- 5. With reference to the draft authorisation condition on definitions, do you agree or disagree with the definition for bulk supply?**

Agree

- 6. Do you agree or disagree with our proposals to apply some consumer protection measures to bulk supply activity? Please provide evidence and reasons for your response.**

Agree.

Supply to premises

- 9. Do you agree or disagree with the proposed approach to ‘supply to premises’ conditions?**

We agree with the bulk of the proposed approach but we are concerned about the regulation of ‘deemed supply’ and the ability of end-customers to reject or terminate their supply. Customers ‘opting out’ of supply would cause significant issues for the efficiency and management of the heat network. It also causes

potential problems where the heat network operator and supplier are different entities. For example, a heat network operator could be required to provide heat without the protections in place from a heat supply agreement. Given the wider range of protections in place for residents within the provision of social housing it should be possible for the landlord to mandate connection and use of the supply.

Standards of Conduct

10. Do you agree or disagree with our proposed approach to the Standards of Conduct?

Agree

11. Do you currently engage with your consumers on a regular basis?

Housing associations are committed to engaging with their residents. As community organisations, our members are able to work with a diverse set of residents, including those from underserved groups, and ensure that their views and needs are accounted for in the delivery of safe homes and services. Resident engagement takes many forms, including tenant-led scrutiny panels, the integration of residents into governance structures, as well as day-to-day interactions, such as those between residents and housing staff.

In 2019, the NHF established [Together with Tenants](#) which introduced a charter to help build better relationships between residents and their landlords. The charter sets out seven commitments, including one around 'voice and influence' so that 'every individual resident will feel listened to by their housing association on the issues that matter to them and can speak without fear'.

The work deriving from Together with Tenants has influenced a great deal of positive work in the sector. For example, Notting Hill Genesis placed [resident engagement](#) as a key pillar in devising their 2022 sustainability strategy. This included surveying over 1,700 residents alongside structured, long-form workshop sessions in smaller groups, to ensure they were working with residents in co-designing their approach to energy efficiency.

The introduction of a new consumer regime in April 2024 has served to situate relationships between residents and landlords on a regulatory footing. The Transparency, Influence, and Accountability Standard places a responsibility on providers to, 'work[...] with tenants, [and] regularly consider ways to improve and tailor their approach to delivering landlord services'.

Recognising the primacy of resident involvement in the regulatory landscape, the NHF has also committed to working with their [Tenant Advisory Panel](#), to ensure that resident voice is integrated into our policy and influencing work.

Security of supply

12. Do you agree or disagree with our approach to a principle on the security of supply?

Agree

Fair pricing

13. Do you have any views on the high-level fair pricing framework discussed in the Fair Pricing section and in Annex 3 of this document?

We agree in principle with the high level fair pricing principles outlined in Annex 3 but we are keen to understand more details through the subsequent consultation. There is a risk that if this is developed poorly, heat networks will not be viable and will have to be replaced with alternatives such as direct electric heating.

Vulnerability: Definition & overall approach

16. Do you agree or disagree with our proposed overall approach to vulnerability, adopting the existing Ofgem definition for gas and electricity consumers but combining this with targeted protections for heat network consumers, where needed, through the authorisation conditions?

We agree with the principle of the approach but reporting requirements should be proportionate and meaningful given the existing consumer-based regulation of social housing. Additional reporting requirements will be particularly onerous for supported and older people's housing providers who, alongside the RSH, are also accountable to local authorities under the requirements of the Supported Housing (Regulatory Oversight) Act 2023.

Vulnerability: Disconnection for non-payment of energy costs

17. Do you agree or disagree with our proposed protections from disconnection? Please give reasons or supporting evidence for your answer, and clearly outline any alternative proposal.

Agree. Social housing providers avoid disconnecting their customers wherever possible and will try to support residents to maximise their income through claiming entitlement to benefits and dealing with problematic debt. Where the costs of the heating are recovered through a service charge, debt can be picked up through arrears management systems and a debt recovery plan can be agreed alongside a more holistic look at the resident's income and outgoings.

18. Do you agree or disagree with our proposal to align with gas and electricity PPM protection rules?

We agree that prepayment meters (PPMs) should not be involuntarily installed in these circumstances. However, we want to make it clear that pay-as-you-go (PAYG) meters are used in a different way in the heat network sector to how PPMs are used in the gas/electricity markets. Many social housing providers actively choose to provide PAYG meters to their customers as part of their strategic portfolio management and in consultation with residents because they are popular and it helps to manage the debt that is ultimately met by other customers in their charges. The key difference with the rest of the gas/electricity markets is there is no difference in cost to end-customers – neither through service them (standing charge) or the tariff (unit rate).

This approach is also in the context of much wider support for customers with the provision of friendly and emergency credit, and money and welfare advice. It is important that Ofgem does not frame the use of PAYG from their experience of regulating for-profit energy companies and instead develops heat network policy in the context of not-for-profit heat networks. The social housing sector works on the basis of avoiding debt through active support and management as debt has long-term impacts for all customers but especially those considered to be vulnerable. PAYG is a key part of this. We would like to discuss further the value and need for vulnerability assessments given this context.

We also have some concerns regarding capacity to complete large numbers of vulnerability assessments as proposed in the consultation. We also require further clarification on whether vulnerability assessments would be required for the identified groups if the meter was to be switched remotely from credit to pay-as-you-go billing.

19. Do you think it is appropriate to go further than gas and electricity PPM protections? If you have an alternative approach, please set this out, including how this would impact on debt management and the recovery of costs.

We do not think it is appropriate to go further than gas and electricity PPM protections.

20. Do you agree or disagree with our proposal to explore options to mitigate the impact of unrecoverable debt arising from prohibitions on disconnecting consumers, or installing pre-payment meters, for protected consumers? If yes, please provide any views you may have on approaches for doing so.

We welcome the discussion on how to mitigate unrecoverable debt, especially for small and not-for-profit heat network operators, and where customers in vulnerable circumstances make up a larger proportion of the customer base. For many supported housing schemes it will be 100% of customers and these proposals should be developed in consultation with these specialist organisations.

Vulnerability: Self-disconnection and self-rationing

21. Do you agree or disagree with our self-disconnection proposals?

We mostly agree with the proposals. Reporting on self-disconnection will be a new area for many of our members but we acknowledge that it should lead to better customer outcomes in the medium-long term. The requirements on smaller and specialist housing providers should be proportionate and take into account the additional support services available to tenants to help manage day-to-day living expenses.

The consultation also proposes, 'that if a consumer informs a heat network that they are self-disconnecting or self-rationing, the heat network should consider reassessing or reducing the consumer's debt repayment plan and/or referring the consumer to third party debt advisors'. We have concerns that if customers are self-defining as self-disconnecting/self-rationing and thereby accessing 'reduced debt repayment plans', this could escalate quickly (especially where we have high numbers of vulnerable customers) and put heat network viability into question.

Vulnerability: Powers of entry

22. Do you agree or disagree with the proposed protections that will be included in the Statutory Instrument that provides for Powers of Entry?

We agree with these proposals. It also helps to raise the question of access to fit meters in other circumstances, for example as part of a planned meter retrofit programme. Members have examples of where access has been denied over the long term, they have no powers of entry and therefore become non-compliant with the meter installation regulations. Further consultation on this would be welcomed.

Quality of Service: Complaints

23. Do you agree or disagree with our proposed approach to complaint handling?

We'd welcome the opportunity to discuss these details further with DESNZ and Ofgem.

We agree with the principles set out and the aim to give consumers an effective system to raise complaints and seek redress. We also welcome the commitment to work with the Regulator of Social Housing and the social housing sector to try and craft a system that minimises overlapping regulation. Social housing providers must already comply with RSH Standards including the Housing Ombudsman's statutory code for complaint handling.

For example, on publicising complaints social housing providers must:

- 'Ensure their approach to handling complaints is simple, accessible and publicised.' (Tenant Involvement and Empowerment Standard, 2.5.1)
- 'Make every effort to ensure that tenants are aware of their complaints process. Tenants should be able to raise a complaint easily and should be listened to by their landlord when they do so.' (Regulator's Code of Practice, paragraph 53)
- 'Make it easy for residents to complain by providing different channels through which they can make a complaint. Landlords must consider their duties under the Equality Act 2010 and anticipate the needs and reasonable adjustments of residents who may need to access the complaints process.' (Housing Ombudsman's Complaint Handling Code, 3.1)

There are significant similarities between the Housing Ombudsman's Complaint Handling Code and the proposed Ofgem Authorisation Condition applying the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008. Similarities could be mapped allowing social housing providers to demonstrate that compliance with the Housing Ombudsman's Code is sufficient to meet Ofgem's regulatory requirements regarding complaints handling. This would allow social landlords to build on existing systems and deal more coherently with complaints touching on multiple issues but including heating. Assurance of compliance by one regulator should be sufficient.

Duplication of regulation with different reporting and auditing requirements imposes an additional administrative cost on providers that within a not-for-profit system operated by a not-for-profit provider will have to be passed onto consumers or paid for by making savings elsewhere. Operating separate systems is potentially confusing for residents where a complaint covers more than one issue. Flagging and reporting on the different routes to redress will require an upgrade in digital systems alongside staff time. There is a mismatch in escalation timescales between the Energy Ombudsman (8 weeks) and the Housing Ombudsman (12 weeks) that unless reconciled will mean social landlords having to operate a twin track approach.

Integrating different rules and reporting requirements will take away resources from other improvements in customer service. In response to new regulatory requirements and organisational priorities on improving customer satisfaction, housing associations are investing in staff and resources to deal effectively with and learn from complaints. Heat network customers are an important part of this drive to improve services but may also want to see integrated systems and a more holistic approach to complaints. We welcome the opportunity to discuss the detail of how this integration can work most effectively for residents.

Quality of Service: Guaranteed standards of performance (GSoP)

24. Do you agree or disagree with our proposed compensation levels that broadly align with existing practice in the sector (Heat Trust levels)?

It has been proposed that not-for-profit heat networks such as those run by housing associations would be outside of the GSoP proposals and instead be subject to Overall Standards of Performance (see Q29).

If they were to be inside the GSOP these compensation levels would be difficult to meet, with costs ultimately passed through to customers.

29. Do you agree or disagree with our proposed approach to apply Overall Standards of Performance to heat networks operating on a not-for-profit business model?

We welcome the fact that DESNZ and Ofgem have recognised the difficulties that not-for-profit heat networks would find in paying compensation. However, we also recognise the ambition of regulation to secure a level playing field for all energy consumers. We do not believe that a requirement to pay set levels of compensation is the best way forward here and welcome further dialogue that takes into account the context of the operating environment of different heat networks, alongside the interests of consumers. Some housing associations will have compensation measures in their tenancy agreements or internal policies.

More work is needed to understand how any improvement plans co-exist with Heat Network Technical Assurance Scheme requirements.

Billing and Transparency

30. Do you agree or disagree with the proposals for including additional information on consumer bills? If you agree, what timescales could you reasonably implement these changes?

We agree with some of the additional information being added to bills, namely:

- Information on energy saving for consumers on bills.
- Contact information on the availability of consumer advocacy from Citizens Advice or Consumer Scotland.
- Information on support mechanisms offered by supplier and fuel poverty charities.
- Information on support mechanisms offered by Energy and Housing Ombudsman.

In regard to some other proposed aspects, we would rather see greater flexibility for social landlords to work with residents on their needs and preferences with regards to information on bills:

- Information on how heat networks contribute to net zero targets.
- Information on how heat networks operate, with information on monopoly supply.
- Fuel type/source for the network and the environmental impacts of heat generation.
- Carbon emissions and heat network efficiency rating.

These last two points would be difficult for many in the sector to provide, particularly smaller organisations or in supported housing. Some of this information may also be better-placed on EPCs.

Unbundling heat charges

31. Do you agree or disagree that we should further explore the proposal on unbundling heat from other service charges, noting this may require legislative change to be implemented?

We agree that this should be explored much further with the housing association sector, including residents. Given the number of existing contractual arrangements, the complexity of disentanglement and existing protections for consumers we are sceptical that this should be an expectation on heat networks run on a not-for-profit basis by social landlords.

There are already requirements for transparency and reasonableness of service charges. Provisions of the Commonhold and Leasehold Reform Act 2002 set out the obligations on landlords to provide information, breakdown charges and the right of tenants and leaseholders to challenge charges at the First Tier Tribunal. Many social housing residents are in receipt of either Housing Benefit or Universal Credit to help pay their housing costs. Benefit rules require the split of any charge into an eligible and ineligible amount (with personal heating being an ineligible charge). The [Universal Credit guidance on service charges](#) gives clear instruction to landlords to inform tenants of the split in their rent and service charge.

Social landlords let properties on full assured or secure tenancies and provide a range of support and advice to help with debt and income maximisation. Legal action is a last resort and rates of repossession are coming down. Ministry of Justice data on [landlord possessions in England and Wales](#) show that repossessions for all reasons by social landlords in the 12 months to March 2024 were less than half of those pre-pandemic. The [Pre-Action Protocol for Possession Claims by Social Landlords \(Justice UK\)](#) sets out the preventative approach expected of social landlords before taking any possession action.

Given the existing protections, the burden and complexity of unbundling charges may outweigh the value for social housing residents. Changing tenancy agreements needs the agreement of both parties which can be time consuming

to organise and some people may not agree. For any landlord this would be a huge and complex undertaking, and for social landlords with thousands of heat network customers it would be a very costly exercise detracting resources from service improvements elsewhere.

There is also a risk that if heat charges are unbundled, residents may choose not to pay the unbundled costs if they want to disconnect from the heat network. This effective self-disconnection would increase heat network costs for other customers.

32. Do you have any views on options 1, 2 and 3?

We support the third option – the mid-way option where heat charges remain in service charges but more information is provided to customers. This could be accompanied by amendments to the Pre-Action Court Protocol to ensure possession action is only pursued through the courts in exceptional cases. We would like to discuss in more detail the level of prescription on information, transition timescales and appropriate market segmentation to take into account the needs of different consumers and the position of different providers.

33. If we were able to unbundle the heat charge for individual properties, do you agree or disagree with our proposals on limiting back-billing to 12 months?

There is support for back-billing to be limited to 12 months where charges are not recovered through service charges. Where costs are recovered through service charges then the provision for reconciliation within an 18-month period, as set out in service charge legislation, should be retained.

34. Can you provide evidence of any potential impacts of limiting back-billing to 12 months for individual properties? Do you have any concerns regarding communal areas?

Communal area heat charges should remain ‘bundled’ within service charges. Although this will potentially cause some confusion for residents it is essential to ensure that these charges remain eligible for Housing Benefit or Universal Credit.

Heat supply contracts

36. Do you foresee any potential challenges of creating new contracts or amending existing ones to ensure the information proposed is included?

There are multiple challenges with this proposal:

- All the information proposed would be too much to add into a tenancy or lease agreement.

- If the heat supply agreement was separate, a change would still be required to the tenancy or lease to reference it.
- The introduction of heat supply agreements is an important part of heat network management and regulation but will take time and resource. It needs to be done thoroughly and with due consideration to ensure it is done effectively and meets the needs of customers.

Changing lease or tenancy agreements for existing assured tenants requires the agreement of both parties. This can be difficult and time consuming to achieve as it is sometimes hard for residents to see the value of what may feel a rather technical change. For larger landlords it would be a costly resource intensive process.

37. What timeframe should we allow heat networks to implement this?

Introducing heat supply agreements and/or changing tenancies and leases are both significant undertakings. Rather than set a universal deadline for all heat network suppliers to meet, we advocate instead for social housing providers to be able to submit their own compliance plan to Ofgem, signed off by their board and with a director to sponsor, which outlines their pathway and milestones. This would enable housing associations to take a more strategic approach, balance their other priorities and avoid inflated costs that could arise if timings (and the supply chain) are squeezed. These compliance plans would cover both the consumer protection and technical requirements of the regulations.

Step in

38. Do you agree or disagree that the risks associated with failure in social housing and local authority operated heat networks can be managed within existing regulatory arrangements? If you disagree, please explain why.

Agree

39. Are there additional sectors, other than social housing, where you consider the risks are managed due to factors not identified here? If yes, please provide details.

Consideration should also be given to very small heat network operators or those with a single heat network. Social housing providers should be identified as such at an organisational level, rather than by individual network or properties.

45. Where a heat network has a separate supplier and operator, do you agree or disagree that the supplier's contractual arrangement should be with the heat network operator?

Agree

52. Do you have any comments on the feasibility of the proposed funding mechanisms?

Our concern is that this all adds to the cost of heat networks for customers, some of whom will be on low income and/or in other in vulnerable circumstances. Many people are already struggling with the cost of day-to-day living. There should be greater scrutiny and transparency on the costs of implementing the proposed regulations so that costs can be minimised.

Market segmentation

53. Do you agree or disagree with the proposed approach to Market Segmentation, including the characteristics we have identified to inform our proposals?

We agree that there should be market segmentation, but this needs to work effectively for consumers and organisations. For housing associations, market segmentation should be further refined. The definitions of a small organisation should mirror that used by the RSH. Further consideration should also be given to very small landlords with one of two networks and supported and older persons housing. Effective market segmentation is key to the success of these measures.

54. Do you agree or disagree with the proposal to develop and implement a minimum standard for regulated providers across some services over time?

We agree in principle but require further details. There may be a need for some temporary or permanent exclusions from this.

55. Which services would you find appropriate to be regulated by a minimum standard?

We think it would be appropriate for many of the consumer protection requirements to be regulated by a minimum standard. The key will be having enough time to implement everything, perhaps through organisational compliance plans.