



Letter for the attention of the heat network owner or operator

April 2019

Heat networks when designed, installed and operated correctly offer significant benefits in terms of lowering heating costs for consumers and providing good quality of service. I welcome the work of the heat networks industry in driving up standards and service provision for consumers on heat networks.

Heat networks are also an important part of our approach to decarbonising heat. In our Clean Growth Strategy, we set out a significant role for heat networks as a low regrets component of meeting our decarbonisation commitments. The Government is determined to ensure that as we address this important challenge consumers are protected. Our 2017 consumer survey¹ showed that many of the 400,000 customers on heat networks are largely satisfied with their provision. However, it also highlighted that there are some schemes where the full benefits to consumers are not being realised, and where the quality of heating provision is not up to the standards of alternative (gas or electricity) systems. The Government, together with other market and industry players, is working to accelerate the growth of the heat network market in the UK and ensure that the market transforms on the basis of the highest standards and guarantees for consumers.

We published our policy priorities for the future heat network market² in December and are currently analysing the responses received. We intend to launch a full policy consultation later in the year, setting out our plans for future regulation of the sector in light of recommendations from the Competition and Markets Authority last year³. In the meantime, we recognise that there is a need and an opportunity for existing networks to improve their consumers' experience and build on existing good practice - and do so now, rather than wait for regulation.

One of the organisations working hard to establish good industry practice is the Heat Trust⁴. The Heat Trust is an independent organisation seeking to drive up standards of performance of heat networks and improve the customer experience through a voluntary industry scheme. Heat networks registered with Heat Trust offer customer service standards comparable to those required by gas and electricity companies which include:

- Support for vulnerable consumers
- Responding to faults and emergencies
- Guaranteed service payments for interruptions in supply
- Transparency in metering and billing, and
- Complaints handling, including access to the Energy Ombudsman (see below).

¹ <https://www.gov.uk/government/publications/heat-networks-consumer-survey-consumer-experiences-on-heat-networks-and-other-heating-systems>

² <https://www.gov.uk/government/publications/heat-networks-developing-a-market-framework>

³ <https://www.gov.uk/cma-cases/heat-networks-market-study>

⁴ <https://www.heattrust.org/index.php/application-form>

I encourage all owners and operators of heat networks who are not currently registered with Heat Trust and who do not offer equivalent standards to consider joining. The quality standards that the voluntary scheme sets out will give your consumers important reassurance and protections.

We recognise that some existing heat networks including smaller schemes may not feel able to meet all of these standards. In such cases, we encourage you to consider how you might best use the Heat Trust standards to inform improvements on your own networks ahead of the introduction of any minimum regulatory requirements. We also recommend you raise with the Heat Trust any difficulties you perceive for your network to meet the standards to explore how they might provide support, by emailing info@heattrust.org.

The Energy Ombudsman⁵ operates to resolve disputes between consumers and companies that are signed up to it. The Ombudsman is able to offer its services to heat network operators, including those not currently members of Heat Trust. I urge all operators to consider how their customers could benefit from such a service. This is an important function for driving up consumer confidence in the market, although it does not replace the urgent need for all operators to be working towards consumer service standards such as those provided by the Heat Trust. Please contact the Ombudsman to discuss further at applications@ombudsman-services.org.

My officials would be pleased to hear the experiences of network operators who consider themselves to have a particular challenge in driving up quality standards on their network, to inform our policy development ahead of any regulation. Please get in touch by emailing us at heatnetworks@beis.gov.uk.

Decarbonising our heating supply is one of the biggest challenges we face as a nation. However, as we address this challenge, we must ensure that consumers are treated fairly. Please consider how you can help to raise the standards and improve the consumer experience of heat networks. The reputation of this important emerging industry depends on it at this critical point in its development.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'CP' followed by a long horizontal stroke.

THE RT HON CLAIRE PERRY MP
Minister of State

⁵ <https://www.ombudsman-services.org/about-us/join-our-scheme>