Scope Guidance

Introduction

This guidance document has been produced by the Office for Product Safety and Standards (OPSS) to help define what is and isn’t covered by the Heat Network (Metering and Billing) Regulations 2014 and the Heat Network (Metering and Billing) (Amendment) Regulations 2015.

The Regulations cover most district heat networks and communal heating in England, Scotland, Wales and Northern Ireland. This includes residential, commercial, industrial, public sector and other networks.

For the purposes of this guidance, reference to heat and heating also means cooling and the supply of hot water.

What is a heat network?

Heat networks are shared heating systems which provide a more energy efficient alternative to individual boilers. On a heat network, water is heated or chilled at a central source of production (such as a large boiler or energy centre) and channelled to customers through a pipe network for heating, cooling or hot water use.

To be covered by the Regulations, the means of distributing the heat must be water piped into or around buildings. However, the central heat source itself can employ any type of technology including:

- Boiler (running on gas, electricity, oil, biomass, waste heat or another fuel)
- Combined Heat and Power (CHP) plant simultaneously generating electricity
- Air source / ground source / water source heat pumps

The Regulations do not cover systems where customers receive fuel to generate their own heat rather than directly receiving heated water via pipes. These include:

- Individual boilers
- Electric radiators
- Overnight storage heaters
- Individual heat pumps

What is a district heat network?

District heat network means the distribution of thermal energy in the form of steam, hot water or chilled liquids from a central heat source through a pipe network to multiple buildings or sites for the use of space or process heating, cooling or hot water.

The minimum criteria for an installation to be considered a district heat network are two buildings being supplied with heat and at least one final customer. A heat supplier cannot be their own final customer. Therefore, where a heat supplier is supplying heat for its own use in building A but is also supplying heat to a second party in building B, this is sufficient to meet the criteria of a district heat network.

The heat source can be located inside a building or in an external energy centre.
What is communal heating?

Communal heating means the distribution of thermal energy in the form of steam, hot water or chilled liquids from a central heat source through a pipe network to a single building which is occupied by more than one final customer, for the use of space or process heating, cooling or hot water. It is not necessary for the heat source to be within the building, only that a single building makes use of the heat.

All communal heating serves only one building. The minimum criteria for an installation to be considered communal heating is two final customers within that building. The most common example of communal heating is a block of flats (considered to be one building in its entirety) with a central boiler or plant room serving all of the flats.

Who are heat suppliers?

Heat supplier means any legal entity (person or organisation) that supplies and charges for the supply of heating to a final customer, through a communal (single building) or district (multi-building) heat network.

This includes the supply of heat as part of a package, paid for indirectly through ground rent, a service contract or other means. Such a payment does not need to explicitly mention the supply of heat but there will be a reasonable expectation by the final customer that heat supply is part of the service.

Who are final customers?

Final customer means a person who purchases heating for their own end consumption from a heat supplier.

A final customer can also be an organisation that purchases heat on behalf of a collective. For example, where a heat supplier supplies heat to a housing association that then passes the heat on to its tenants, there are two heat supplier/final customer arrangements. The first is between the heat supplier and the housing association while the second is between the housing association and the tenants. (See Appendix 1)

The requirement is that a payment is made. The Regulations do not explicitly require a contractual arrangement between the heat supplier and the final customer.

The term final customer does not refer to every person located in a building but to the number of heat billpayers. In a block of 20 flats, there will be one billpayer per flat and therefore 20 customers regardless of the number of occupants.

How are customers defined?

For the purposes of domestic heat supply, a user is considered a final customer where they occupy a partitioned private space which is intended to be used as a domestic dwelling and has the following:

- bedroom
- bathroom
- kitchen (including cooking and food preparation facilities)

Users who do not have all of these facilities such as those in houses of multiple occupancy (HMOs) or most university halls of residence – where facilities such as cooking are shared – are not considered to be customers under the Regulations.
For the purposes of non-domestic heat supply, a user is considered a final customer where they have access to a partitioned private space for the purposes of carrying out their activity. However, some services such as sanitary or reception may be shared.

Sites with no partitioned space, such as open plan areas serving multiple tenants, are not considered part of a network for the purposes of the Regulations. Sites where only communal areas (stairwells, corridors etc) are heated are also discounted.

Which networks are covered?

District heat networks or communal heating considered to be covered by the Regulations include:

- Sub-let spaces such as fitness centres in hotels, private enclosed offices or third-party dry cleaners in supermarkets;
- Industrial sites where a contract exists for the supply of heat through a network, for example from an adjoining plant;
- Sheltered and social housing;
- Assisted living (where residents are responsible for paying other bills);
- Shopping centres.

District heat networks or communal heating normally considered to not be covered by the Regulations include:

- Hotel rooms (as the arrangement is transitory);
- Rental of a squash court at a sports centre (also transitory);
- Prisons (as there is no financial arrangement between heat supplier and user);
- Nursing homes where washing and/or food preparation facilities are provided communally (as it does not fulfil its normal role as a residence);
- Industrial site where heat is generated and distributed within the site as part of the industrial process (as there are no final customers being supplied with heat).

The decision over whether or not a given network is covered by the Regulations rests primarily on whether there is a purchase of heat. Within a prison, for example, there is clearly a network supplying heat but there are no final customers because the prisoners do not purchase heat.

Additionally, to be considered as a final customer each entity being supplied by a district heat network or communal heating must have a separate legal personality. For example, where different departments within a company are considered to have separate legal personalities, they would constitute separate final customers.

Within the examples above, there may be a number of arrangements between the final customer and the heat supplier which may be sufficient to be considered a purchase of heat depending on expectation. When considering these examples, it may be that any specific example will be covered by the Regulations on a case by case basis.

District heat networks or communal heating systems that are not covered by the Regulations are not subject to any regulatory requirement under this legislation. This includes the duty to notify OPSS of all operational heat networks under Regulation 3.
What about air conditioned areas?

The Regulations define the use of hot water, steam or chilled water. Where chilled water is supplied to multiple heat exchangers within a system supplying more than one customer, this is covered by the Regulations.

Air conditioned systems relying on local compressors, purely ducted air or variable refrigerant volume/flow (VRV/VRF) are not covered.
Appendix 1: ‘Cascading responsibilities’

In some situations, there is an intermediary between the heat supplier and the final customer.

In this scenario, company A operates a boiler supplying heat into a district heat network. Building owner B receives heat from company A and rents its building (and sells the heat) to companies C and D.

Building owner B is a final customer on A’s district heat network. B is also a heat supplier to C and D, who are B’s final customers through communal heating.

Both A and B are heat suppliers and have to meet the duties in the Regulations.

In this situation, OPSS advises that an arrangement is made for A to submit a notification for the network which encompasses both A’s and B’s information (i.e. the total number of final customers).

If this is not possible, then both parties must submit their own notification. In this case, B should enter ‘0’ for the heat capacity (question 18) and heat generation (question 19) and leave a covering note including A’s name and postcode.
How can OPSS be contacted?

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Enquiry Telephone: 0121 345 1201
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