Heat Network Zoning

Closing date: 26 February 2024

Response Form to Consultation



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**Please enter your responses below.**

1. Do you agree with the roles and responsibilities set out for the Central Authority?

**Yes**

**No**

**If not, please set out a) which ones you disagree with and why, and/or b) additional duties you expect them to perform and why.**

1. Do you agree with the housing of the Central Authority within the Department for Energy Security and Net Zero, for the initial period?

**Yes**

**No**

**If not, please set out why not, what alternative you would propose, and what benefits this alternative could bring.**

1. Do you agree with the roles and responsibilities set out for the Zone Coordinator?

**Yes**

**No**

**If not, please set out a) which ones you disagree with and why, and/or b) any additional duties you expect them to perform and why.**

1. Do you agree with the suggested approach for designating Zone Coordinators?

**Yes**

**No**

**If not, please set out which aspects you disagree with and how to address them.**

1. Do you agree with the proposed list of Fitness to Operate Assessment criteria set out in Table 1?

**Yes**

**No**

**If not, please explain why.**

1. Do you agree with the Zone Coordinator governance requirements set out above?

**Yes**

**No**

**If not, please set out a) which ones you disagree with and why, and/or b) which additional requirements you consider are necessary.**

1. Do you agree that, longer-term, heat network developers should pay a greater proportion of the costs of Zone Coordinators related to zones they are formally engaged with?

**Yes**

**No**

**What challenges and opportunities do you see with this approach?**

1. Please suggest the features a building must have to be considered “heat network ready”, meaning the characteristics required to enable a future connection to a district heat network.
2. Do you agree that new buildings within a zone should be required to be “heat network ready” if they cannot connect immediately on completion of construction?

**Yes**

**No**

**If not, please provide further detail, including any factors related to cost-effectiveness.**

1. Do you agree that all existing buildings with communal heating systems should be within the scope of the requirement to connect?

**Yes**

**No**

1. What impacts, if any, may this have on building owners, tenants, residents and other communally heated building users? Please provide any mitigations.
2. Please describe any implications for local authorities from the requirement to connect existing publicly owned, communally heated buildings to district heat networks.
3. Which types of multi-unit residential buildings, if any, should be “heat network ready” following significant refurbishment? Please describe any impacts of this on owners or other users of these buildings and any appropriate mitigations.
4. Please suggest how to assess the cost-effectiveness of making buildings “heat network ready” during significant refurbishment, including which costs should be considered.
5. Please suggest a suitable definition of “significant refurbishment”. If possible, the definition should be unambiguous, enforceable, and definitive.
6. Among the metrics listed in Table 2, which, if any, do you think should determine whether a non-communally heated, non-domestic building is within scope of a requirement to connect? Please provide alternative metrics if you disagree with those listed.
7. For any additional metrics you have suggested, please describe how they are, or could be: (i) independently verifiable; (ii) made easy/simple to understand; (iii) effective in selecting relevant buildings.
8. For each of the metrics you have proposed in the previous questions, please describe a suitable threshold.
9. Do you agree with the proposed mechanism for activating the requirement to connect?

**Yes**

**No**

**If not, please provide alternative suggestions.**

1. What, if any, unintended consequences for building developers, owners, and residents, may result from requiring existing buildings to connect at a time determined by heat network developers? Describe any mitigations.
2. What types of incentives could encourage connections to heat networks? For each suggestion, describe how the incentive will encourage connection, for instance by specifying which barrier to connecting.
3. Do you agree with the following timings for connecting existing buildings? If not, please provide alternatives.
	1. 1 year for the connection window
	2. 6 months for the agreement period
	3. 2 months for the buffer period.
4. Please describe any administrative burdens or other impacts on any entity which could be caused by the use of agreement and buffer periods, and describe any mitigations.
5. Please indicate when you believe the following stages in the connection process should begin and end for new buildings. Please be specific by, for example, naming the stage in the development process, such as Gateway 1 or Gateway 2.
	1. The agreement period;
	2. The buffer period.
6. Do you foresee the process for connecting new buildings introducing any burden or delays on the building development process?

Yes

No

Please suggest any mitigations.

1. Do you foresee any of the proposals in this consultation placing disproportionate burdens on the following? If so, indicate what the impact could be on housing supply.
	1. Housing developers in general,
	2. SME housing developers.
2. Do you agree that the agreement phase is an appropriate time for buildings owners to apply for exemptions?

**Yes**

**No**

**If not, please provide an alternative suggestion.**

1. Do you agree that exemptions should be either temporary or conditional?

**Yes**

**No**

**If not, please provide further details or suggest alternatives.**

1. Should leaseholders be provided with a route for requesting an exemption?

**Yes**

**No**

**Please provide further details, such as when this may be allowed.**

1. How frequently should buildings holding a conditional exemption have to reapply? Please suggest a single number of years and any mitigations to reduce the burden of reapplying on building owners.
2. Do you agree that building owners or developers should be able to apply for exemptions on grounds of either a) cost or b) timing?

**Yes**

**No**

**If not, please explain why.**

1. What costs should the Zone Coordinator consider when assessing a cost-based exemption, and what is a suitable counterfactual?
2. Do you agree that an exemption extension may be granted if connecting to the heat network will increase the carbon intensity of a building’s heating systems? Note, this will only apply to exemptions based on having an existing low-carbon heating system.

**Yes**

**No**

**If not, please provide further detail.**

1. Do you agree that corrections of misclassified buildings should occur during the agreement period?

Yes

No

If not, please provide further detail.

1. Do you think there are any other points in the requirement to connect process where a notification should be issued to a building owner?

**Yes**

**No**

**Please describe the information it should contain.**

1. Please provide any comments on the following potential interventions which could increase voluntary connections in zones: a) a duty to provide a simple application process and provide quotes when asked, b) a duty to offer connections to buildings, c) a duty to connect buildings who request it if they pass a fair cost test, d) any other intervention.
2. Do you agree that the Zone Coordinator should be responsible for heat source investigation and preparation of a heat source report?

Yes

No

If not, please provide further detail.

1. Do you agree that heat network developers should be required to include heat source plans in their Zone Development Plans?

Yes

No

If not, please provide further detail.

1. Should owners of heat sources be able to appeal a decision requiring them to connect to a heat network or give access to a heat source?

Yes

No

If not, please provide further detail.

1. Do you agree that a) the requirement to connect should prioritise high temperature heat sources, and b) the requirement to give access should apply to low temperature infrastructure heat sources and the location specific ambient heat sources?

Yes

No

If not, please provide further detail.

1. Do you agree that this is the right general approach for the Zone Coordinator to take in assessing whether a heat source should be required to connect?

Yes

No

If not, please provide further detail.

1. Do you agree with the following proposals? If not, please provide further detail.
	1. All consumers will be guaranteed transparency on the prices charged by heat networks.
	2. Standardised templates will set out how pricing should be presented to heat network customers within zones.
	3. Zone Coordinators will be permitted, but not required, to set pricing conditions on the award of a zone to a developer.
2. Which, if any, of the three proposed emissions limits should be set as the initial limit in 2030? If none, please provide an alternative proposal for the initial limit on emissions.
3. Do you agree that introducing the emissions limit from 2030 will give adequate time for heat networks to adapt?

**Yes**

**No**

**If you disagree, what would be an adequate alternative timeline?**

1. What would be appropriate intervals for reviewing the national zoning emissions limit?
2. As a heat networks company operating heat networks:
	1. Do you currently measure greenhouse gas emissions of your heat networks. If so, how is this done?
	2. Is this linked to any formal monitoring requirements, for example the UK Emissions Trading Scheme (ETS), Display Energy Certificates?
3. Please provide comments, if you have any, on the above initiatives to make heat provided by heat networks affordable and any further suggestions if you have them.
4. **Should the zone refinement stage allow more general refinements?**

**Yes**

**No**

**Please provide any specific examples** of other factors which could be considered.

1. Do you agree that we should not introduce any requirements around the minimum or maximum size of a potential heat network zone?

**Yes**

**No**

**If not, please provide further detail.**

1. Do you have views on whether and how to introduce rules regarding the aggregation of smaller indicative heat network zones?
2. Please suggest any additional information which should be included in the formal notice to request information from an organisation.
3. Please provide any views on types of data which could be difficult or costly to provide. Specify the type of data and which organisation would supply it.
4. Do you agree that the Central Authority should review the zoning methodology every five years?

Yes

No

If not, please provide alternative suggestions.

1. What factors should the Central Authority consider when reviewing the zoning methodology?
2. Do you agree that changes to the zoning methodology following a review should not apply retroactively to existing zones?

**Yes**

**No**

1. Do you agree that a consultation period of 21 days is sufficient for the formal consultation part of heat network zone designation?

**Yes**

**No**

**If not, please provide further detail.**

1. Which of the following platforms should host the formal consultation: a) the zoning digital service, b) local authority or Zone Coordinator websites, c) other (please specify).
2. What other information do you consider should be published prior to or during the zone designation stage?
3. Do you agree with the proposed two-tier approach to classify statutory consultees?

Yes

No

If not, please describe an alternative approach.

1. Do you agree with the proposed Tier 1 and Tier 2 consultees set out in “Appendix 5 – proposed statutory consultees”?

**Yes**

**No**

**If not, please provide any suggested changes.**

1. Do you agree with the proposal to use a competed process to confer special and potentially exclusive rights to zone developers?

Yes

No

If not, please provide further details. Where applicable, refer to compliance with the Procurement Act and propose legally compliant alternatives.

1. What stage of project development, as shown by Options 1 to 4 in Table 6, do you think that the Zone Coordinator should achieve prior to marketing the opportunity? Please set out your reasons. If you believe a different stage is required, please also set this out.
2. Do you agree with these principles for evaluating commercial delivery models?

**Yes**

**No**

**Please provide your reasoning and any relevant evidence.** **If you believe any are unnecessary or missing please explain why.**

1. Do you agree that larger heat network zones could be divided into multiple smaller “Heat Network Zone Delivery Areas”?

Yes

No

If not, please provide further detail.

1. Do you agree with the option of establishing a framework for conferring zone rights for national pipeline projects as set out above?

Yes

No

If not, please provide further detail.

1. Do you agree with the option of establishing a separate framework for conferring zone rights for smaller scale projects?

Yes

No

If not, please provide further detail.

1. Do you agree with the proposed approach to incumbent networks and investment, to be used following zone designation, as set out above?

Yes

No

If not, please provide details.

1. Do you agree with the proposed approaches to zoning rights awarded prior to zone designation, as outlined above?

Yes

No

Please set out your reasoning drawing on relevant examples if appropriate.

1. Do you agree with the proposed shortlist of models: Authorisation and Consent (Proactive), Local Authority Joint Venture and both concession models (‘Time limited’ and ‘Evergreen’)?

Yes

No

If not, please provide details and set out which models you believe better meet the principles for ‘zone delivery models’ (see page 67 of Consultation Document).

1. Please provide suggestions for minimising the burden on organisations of data collection throughout the zoning lifecycle.
2. Do you agree with the intended outcomes for the monitoring and reporting regime in Table 7?

Yes

No

If not, please provide further detail.

1. Do you agree that Zone Coordinators should be able to decide whether they want a heat network developer to hold a licence before applying for the right to develop in a zone?

**Yes**

**No**

1. Do you agree with the process for zone review described in this section, including the list of relevant changes and the role of the zoning bodies?

Yes

No

If not, please provide further detail.

1. Do you agree that the Zone Coordinator and/or the Central Authority should have the power to revoke a zone?

**Yes**

**No**

1. Do you agree with the process for revoking zones?

Yes

No

Please provide suggestions for any further checks and balances on the zone revocation process.

1. Please provide suggestions as to how the zoning bodies should respond to wider changes which may affect all heat network zones simultaneously.
2. Do you agree with the suggested penalty brackets?

**Yes**

**No**

**If not, please provide further detail.**

1. Should penalties apply to individuals and organisations below £2 million turnover?

Yes

No

If not, please provide further detail.

1. Do you agree with the proposed methods for calculating penalties?

Yes

No

If not, please set out details of alternative methods.

1. Do you agree with the proposed internal review and appeals process?

Yes

No

If not, please provide further detail.