

Workshop 2C

Heat Networks and Ofgem

Speakers:

- Rosalie Dale, DESNZ
- Tom Burton, Fairheat
- Austin Langan, Vivid

Chaired by: Rachael Mills, The Heat Network

Room: Warwick



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2025



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Get ready for Heat Networks Regulations

Speaker: Rosalie Dale, DESNZ



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Heat networks regulation

Implementing consumer
protections

Have your say
Ofgem consultation
Open until **31st January**



Heat networks regulation

Authorisation and regulatory
oversight

Have your say
Ofgem consultation
Open until **31st January**



What protections will the regulations deliver?

- ✓ Standards of Conduct
- ✓ Fair Pricing
- ✓ Vulnerability
- ✓ Quality of service: complaints and GSOPs
- ✓ Billing and Transparency
- ✓ Step-in
- ✓ Authorisation Regime



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Who will regulations apply to?

Heat Suppliers

- Supply heat to premise
- Contract with customer
- Responsible for:
 - ✓ Billing
 - ✓ Complaints
 - ✓ Vulnerability
 - ✓ Debt support

Heat Network Operators

- Ultimate control of network
- Investment decision maker
- Responsible for:
 - ✓ Technical Standards
 - ✓ Guaranteed Standards of Performance

Regulatory commencement timeline

April 2025

- ✓ Consumer advocacy, advice and redress services come into effect

January 2026

- ✓ Regulations commence; authorisation regime comes into effect with Ofgem's ability to intervene in egregious cases of non-compliance

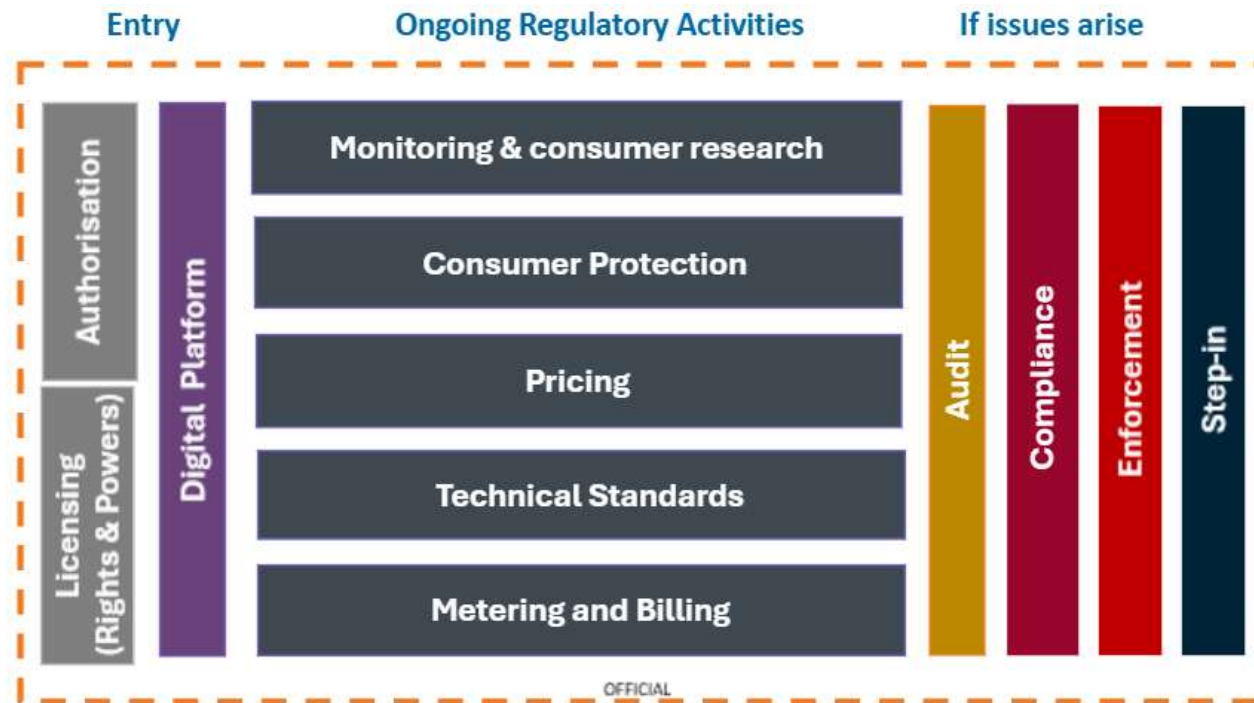
2027 onwards

- ✓ Ofgem begin industry-wide compliance activity



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What will Ofgem's role look like?



Get regulation-ready

3 simple steps to prepare your organisation

1. **Respond to consultations** by 31 January

- Implementing consumer protections (DESNZ website)
- Authorisation and regulatory oversight (Ofgem website)

2. **Sign up to the Heat Trust Scheme** at heattrust.org/join-us

3. **Register for DESNZ Heat Networks newsletter**



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DESNZ Heat Networks Newsletter

[Subscribe to stay up to date](#)



Consultation responses

Please respond online via DESNZ & Ofgem websites

If responding via email, please follow these tips:

1. Save your response in a Word document attached to your email
2. Send your response to heatnetworksregulation@ofgem.gov.uk and heatnetworks@energysecurity.gov.uk
3. Respond to all questions individually
4. Use the following descriptors where asked:

Strongly Agree / Agree

Neither Agree nor Disagree / Disagree / Strongly Disagree



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Introducing technical standards regulation

Speaker: Tom Burton, FairHeat



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Introducing technical standards regulation

- In 2020, BEIS consulted on developing a regulatory market framework for heat networks to protect consumers, support market growth and develop low carbon networks.
- [Strong support was received from respondents](#) to introduce mandatory minimum technical standards, and for heat network suppliers to demonstrate compliance with technical standards through an accredited certification scheme.
- Support received for regulatory standards to build on CIBSE's CPI(2020) voluntary standards
- Changes coming –
 - Regulation to launch in 2025, requiring certification based on outcomes (KPIs)
 - Including new build networks (~50,000 residential connections each year)
 - And existing networks (~14,000 networks with ~500,000 residential customers)

HNTAS vision, aim, objectives and core principles

VISION

Enable low emissions, and reliable and affordable heat to be delivered to UK communities via heat networks

AIM

Develop a heat network technical assurance scheme that ensures a minimum level of performance and reliability for heat networks in the UK

OBJECTIVES

- Reduce carbon emissions by making heat networks more efficient
- Improve affordability by reducing capital and operational costs
- Improve consumer experience with improved reliability and quality of heat supplied
 - Improve reputation and investor confidence in heat networks
- Build evidence by better reporting of information about technical quality

CORE PRINCIPLES

Outcomes orientated

Preventative

Proportionate

Deliverable

Adaptable

Enforceable

Key HNTAS scheme principles

Core Principle	Definition
Outcome Orientated	Focused on performance outcomes rather than process.
Preventative	Focused on preventing performance issues from arising through identification of issues, rather than taking punitive approach
Proportionate	Balance the effectiveness of assurance process against the cost of compliance
Deliverable	Based on established processes, that fit with existing contractual and delivery processes, taking into account market capacity and regulatory framework
Adaptable	Able to adjust approach as market moves down the experience curve and adapt to wider changes at a regulatory and industry level
Enforceable	Sets out clear rules and consequent required actions in the case of non compliance that are able to be enforced.

We are aware that there are significant challenges

- There are a large number of legacy networks: HNTAS will need to cover c.[14,000] heat networks, with c.[500k] resident connections
- Expect there to be a large gap between current performance and HNTAS minimum requirements for most networks
- Aware that most networks do not have sufficient monitoring in place to allow assessment of performance and to meet reporting requirements
- Significant resource gap in the market with regards to improving performance
- Expect that most networks have not maintained adequate sinking funds



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Key principles for HNTAS approach to existing systems

- Ensure very worst performing networks caught and addressed in timely manner
- Market able to comply (deliverable)
- Results in a steady improvement in performance over time
- End state is every network certified to a minimum level of performance by set future date
- “Certification” has to be protected
 - cannot certify schemes unless they have “good” performance

Proposed approach

1. Require minimum levels of metering and monitoring to be installed within relatively short period
2. Set a minimum threshold performance that all heat networks have to meet from within relatively short period
3. Require HNOs to submit HN improvement plan setting out how they will achieve certification within set period
4. Require certification to minimum standards within set period (longer timeframe)

Tentative timeline for legacy networks (Networks required by HNMBR to install customer level meters)

Milestone	Year	Requirement
Milestone 1	1	Register heat network
Milestone 2	3	Demonstrate meeting minimum metering & monitoring requirements, including dwelling metering Demonstrate meeting threshold performance
Milestone 3	3	Submit Heat Network Improvement Plan (to reach certification)
Milestone 4	6	Certification 1
Milestone 5	8	Certification 2 (O&M)

Tentative timeline for legacy networks (Networks not required by HNMBR to install customer level meters)

Milestone	Year	Requirement
Milestone 1	1	Register heat network
Milestone 2	3	Demonstrate meeting minimum metering & monitoring requirements, with full plantroom and network monitoring and reporting. Demonstrate meeting threshold performance
Milestone 3a	4	Submit Heat Network Improvement Plan (to reach certification)
Milestone 3b	5	Metering & monitoring for all end user connections
Milestone 4	8	Certification 1
Milestone 5	10	Certification 2 (O&M)

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Sector Response

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Q&A



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Thank you.

**See you at the
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