

Energy Prices Act – our current understanding (10.11.22 update)

- Came into force 1st November and requires immediate action
- Legislative framework to deliver the winter package of energy support, in particular
 - **EBSS** – Energy Bill Support Scheme (£400 to everyone through their electricity bill)
 - **EBRS** - Energy Bill Relief Scheme (cap on wholesale energy prices)
 - **AFP** - Alternative Fuel Payments (additional £100 to all heat network customers)
- Want to ensure:
 - EBRS is passed through to heat network consumers
 - All heat network consumers receive their £100 AFP

Guidance at <https://www.gov.uk/government/publications/pass-through-requirements-for-energy-price-support-provided-to-intermediaries>

Energy Bill Support Scheme (EBSS)

- £400 to all domestic customers
- Customers with a domestic electricity tariff don't need to do anything – it is automatically being paid through a reduction in their electricity bills
- Customers without a domestic electricity tariff (eg private wire or included in rent) will still receive this benefit. Government will announce details shortly
 - *Meeting update from NHF: current understanding is that this will be paid via local authorities, and that customers will have to make individual applications. More to follow as soon as we get it*

Energy Bill Relief Scheme (EBRS)

- Same sort of mechanism as the [Energy Price Guarantee](#) for domestic non-heat network customers
- Cap on wholesale energy prices (electricity + gas) from 1st Oct 22 – 31st March 23
- Applicable to all contracts entered into since 1st Dec 21
- You must:
 1. Notify all your heat network customers how you will pass through the savings within 30 days of being informed of the new prices by your supplier: if you already know, the deadline is 30th November (template letter provided though not compulsory)
 2. Register with the Energy Ombudsman for the redress scheme: see the [Energy Ombudsman website](#):
 - “We propose that if a complaint is raised by one of your consumers then at that point we will contact you to first engage with you on that complaint and secondly to sign you up to the redress scheme.” BEIS have confirmed in an email to THN (9.11.22) that no actions are needed at this stage
 - Templates are provided for customers to lodge complaints if benefit not received, not enough or not reasonably informed – first to their heat supplier, then to the Ombudsman, then can go to court (civil debt recovery). The Ombudsman “would expect to start seeing complaints no earlier than towards the end of January 2023.”

Specific heat network guidance + templates at <https://www.gov.uk/government/publications/pass-through-requirements-for-energy-price-support-provided-to-intermediaries/guidance-on-the-energy-bill-relief-scheme-pass-through-requirements-for-heat-networks>



EBRS: post-meeting clarifications

- Clarification at the meeting: you do not have to write to customers if you do not qualify from EBRS – eg if your contract started before 1st December or if your gas prices are lower than the cap

“Heat suppliers which are not benefiting from the EBRS, such as those which entered into fixed price contracts prior to 1 December 2021 (the earliest date from which contracts benefit from the EBRS), are not subject to pass-through requirements.” (Taken from the [Guidance](#) - 4th para under the heading ‘The requirements on a heat supplier benefiting from the EBRS’)

- BEIS clarification: heat suppliers get 30 days from when you get the discounted prices from your energy supplier to inform your customers. So if you don’t get notified until 1st December, the deadline for communication is 30th December.

“The 30 November deadline for providing information to consumers only applies to heat suppliers that were benefiting from EBRS and were told by the energy supplier that they were benefiting at the point at which the Regulations came into force (1 November). For circumstances such as yours, where you might receive prices subject to the EBRS but are currently unsure, you will have 30 days from the point at which you are provided with the benefit to inform consumers, see Regulation 4(1) [here](#). So let’s say you get your prices back from your supplier on 5 December, and you find those prices would’ve been above the EBRS cap without it in place, meaning you’re now benefiting from the EBRS. You’ll then have 30 days from that point to meet the provision of information requirements in Regulation 4.” (Email to LB Camden, 4.11.22)

- The template letters for you to send to customers are available [here](#) (5th downloadable link)



EBRS – informing customers

“The notice must be shared with consumers within 30 days of the EBRS benefit being provided to the heat supplier. It must set out:

- the amount of EBRS benefit provided to the heat supplier
- the period of time to which the benefit relates
- a summary of the requirements to pass on the benefit of the EBRS to consumers
- the amount of the benefit which will be passed onto the heat network consumer
- how that amount has been calculated
- why the amount has been determined as being just and reasonable
- when and how the amount will be provided to the heat network consumer
- details of how the consumer may resolve any dispute it has with the heat supplier about how it has complied with the requirement to pass through the EBRS benefit, which may involve the heat supplier sharing its complaints handling procedure
- that a consumer can make a complaint to the Energy Ombudsman on the grounds set out in the section below
- that a consumer can recover the pass-through amount as a civil debt if the heat supplier does not provide the consumer with that amount”

Communication methods include but are not limited to letter, email, text or newsletter

BEIS have advised against posting the information on a website as “as we suspect most consumers won't necessarily think to check their supplier's website for information and it doesn't constitute a direct notification” (BEIS email to THN, 9.11.22)



EBRS – calculating the pass through

“The heat supplier must provide consumers with evidence showing what factors it has taken into account in determining that the pass-through amount was just and reasonable. The factors which a heat supplier can take into account are:

- the amount which the heat supplier paid for the energy which was subject to price reductions under the EBRS
- any other costs which the heat supplier incurred in supplying heating and hot water during the period it benefits from the EBRS. This includes costs from distributional heat losses, efficiency of generation, operational, maintenance, and capital costs, **and set-up and operation costs of effecting the EBRS pass-through**
- any losses which the heat supplier has incurred as a result of the cost of purchasing energy exceeding the amount charged to consumers for the supply of heating and hot water during the period for which the scheme benefit was provided (the EBRS will apply to existing fixed price contracts that were agreed on or after 1 December 2021). For example, heat suppliers with ‘price promises’ to their consumers may have incurred losses from absorbing higher wholesale energy costs whilst holding prices for consumers down. A heat supplier can factor these losses into determining a pass-through amount”

Payment methods include but are not limited to credit on the next bill, cash payment/bank transfer, reducing fixed & variable charges in the next bill, adjusting DD or standing orders, reducing debts or a combination of these methods

BEIS email to THN 9.11.22 confirmed lawyers are checking what happens with service charges: “we’re testing whether in such scenarios, HAs could just write to residents saying they’re receiving the EBRS and that new service charge bills will reflect the EBRS reduction.”



Also...passing through reduced electricity costs

- You are also benefiting from a price cap on your commercial electricity supply, used for example for communal lighting, lifts, security doors, etc – these savings also need to be passed through to customers.
- In these cases, you are acting as an ‘intermediary’ for which BEIS has published [separate guidance](#).
- “It is the responsibility of the intermediary to take reasonable steps to notify the end user in writing that they have been provided support and how much they are intending to pass on. **This includes relevant intermediaries notifying end users if no benefit will be passed through.** These reasonable steps could include a letter, email, or other type of message sent directly to the end user. A general notice on a website would not normally be sufficient unless that is the primary method that the intermediary and end user use to communicate.”
- The deadline for the notification is 30 days from the benefit being provided to the intermediary. The guidance website includes a list of information your notification must include:

Alternative Fuel Payment (AFP)

- Additional £100 to all domestic heat network customers paid through their electricity bills (I think)
- Details not published yet but at a recent BEIS/OPSS webinar they confirmed new and temporary requirement under HNMBR to notify OPSS with further information – ‘**Declarations of Operations**’
 - Basic information on the submitter of the declaration ✓
 - Name and contact information of the heat supplier ✓
 - General location information about the heat network ✓
 - Number of customers and buildings on the network ✓
 - Address information about all the buildings on the network ✓ “The building address – so using the example of a block of flats, just the address of the block and not the individual flat address”
 - Gas/electricity meter identification numbers ? “This is to be confirmed as we’re still designing the notification requirements to go into an SI (Statutory Instrument) that will come in later this month, but if we do require the, itll be at a building level. We definitely won’t be asking for this at an individual dwelling level, so it’s just a case of us confirming whether we will collect at a building level.”

(Red text taken from BEIS email to THN 9.11.22)



Alternative Fuel Payment (AFP) cont...

- BEIS are currently developing a web form to facilitate the submission of the information
 - “Simple to use with data validated fields... which will give feedback on the information supplied”
- Deadlines yet TBC as the secondary legislation is still going through Parliament
 - Start date for declarations currently expected to be 1st December, which would mean deadline of 30th December
- If you've never submitted the heat network to OPSS before, you'll then have 6 months to complete a full notification for that scheme
- OPSS enforcement powers include “compliance notice, enforcement undertakings, non-compliance penalties”
 - Penalties could be set at £100 per customer
 - “Due to potential customer detriment by non-compliance, enforcement action will be prioritised by OPSS”



So... cancel all leave 🤔

1. Ensure senior leadership understand the requirements, timescales and non-compliance risks
2. Get hold of your discounted energy prices from your broker
3. Calculate 'just and reasonable' savings to pass through to customers and how you'll deliver this (including to customers who move out during the 'benefit period')
4. **Updated:** Notify all customers within 30 days of receiving your discounted prices from your energy supplier. If you already have these, the deadline is 30th November (likely to require internal sign off)
5. Start prepping information for the Declaration of Operations to OPSS (particularly gas/electricity meter identification numbers)

Remember – this applies to all heat networks, not just those that are metered!