Heat Networks: Building a Market Framework
Response from The Heat Network, May 2020

The Heat Network is a peer group of social housing providers who meet to discuss and share good practice about district and communal heating. We bring together our own communal heat experiences and share the lessons we've learnt with colleagues across the sector through our website.

We currently have 13 housing association and 6 local authority members, as well as representation from the National Housing Federation. Collectively, we represent over 80,000 homes on over 900 networks, 7% of all heat networks as defined by BEIS and 17% of all customers.

Our response to the consultation questions is below. We have written this as far as possible not only as heat network operators, but also as social landlords for customers who live on 3rd party schemes. However, the key points for us are:

- **Regulation must be proportionate.** Many smaller heat network operators will have only a few schemes – or possibly only one – and the burden of regulation must not fall unfairly on their (or their customers') shoulders. Social housing providers are 'accidental heat suppliers': their networks make up only a small proportion of their total stock and it is not their primary function. Existing arrangements and contracts for emergency repairs, response times, compensation, complaints and vulnerable customers must also be recognised.
- **There must be different approaches for commercial and not-for-profit schemes.** Not-for-profit schemes, for example, do not have the same capacity to pay fines and in many cases finding a step-in supplier would be very difficult and expensive to do. The cost of heat is often subsidised as internal staff costs are not fully passed through.
- **Pricing, transparency and quality of service are the cornerstones of consumer protection** and we strongly agree that they should be regulated. The more transparent heat suppliers are - about the system, operations and maintenance, tariffs and pricing - the less confusion and complaints there will be.
- **Any transitional arrangements must be clearly laid out at the beginning**, so progression pathways are clearly understood and communicated early.

1. Regulatory Framework overview

Q1. Do you agree with the inclusion of micro-businesses within consumer protection requirements?
Yes, we agree with the inclusion of micro-businesses within the consumer protection requirements

Q2. Do you agree that consumer protection requirements should not cover non-domestic consumers (other than micro-businesses)?
Although non-domestic customers are better able to negotiate specific terms and so may not need the same protections as domestic customers, we think Ofgem should have powers of investigation around pricing relating to non-domestic networks. This would help to make sure non-domestic customers are charged for their fair share of the bill on larger schemes which also include domestic customers.

Q3. Do you agree with our proposed approach to a definition of heat network, including that it should cover ambient temperature networks but not ground source heat pumps with a shared ground loop? Are there network arrangements you think would not be covered by this and which should, or vice versa?

Where consumers are being charged for heat from a GSHP shared ground loop on an ambient temperature network where the heat is boosted by individual heat pumps for each dwelling, there will still be a common infrastructure that must be well designed, installed and maintained. There will also be a party that operates the scheme and passes costs onto the residents.

On this basis, they should be included in the definition of a 'heat network' because there will be a need for consumer protection. Poor operation would result in very high running costs and being excluded from the definition would remove any consumer protection for this situation.

2. Proposed regulatory approach

Q4. Do you consider Ofgem to be the appropriate body to take on the role of regulator for heat networks? If not, what would be an alternative preference?

Yes, we agree that Ofgem would be the appropriate body to take on the role of heat network regulator. Although they have much to learn, it makes sense to have one energy regulator.

There should also be systems in place to recognise and allow for scheme-wide complaints to be made, for example by tenants' or residents' associations, rather than by just individual heat consumers.

3. Regulatory model options

Q5. Do you agree that the proposed regulatory model is appropriate for the regulation of heat networks?

Yes, we agree with the proposed regulatory model of general authorisation with optional licence for rights and powers. Heat networks are so numerous and varied, this seems like a pragmatic approach that will ensure regulation provides protection for consumers.

That said, great care must be taken to ensure that regulation is proportionate. Many smaller heat network operators will have only a few schemes – or possibly only one – and the burden of regulation must not fall unfairly on their shoulders. A heat networks operator with one scheme of 50 units should not have to have systems in place to the same extent as larger, commercial heat network operators who may be responsible for in excess of 10,000 customers: the cost per household would be disproportionate. Nor should large local authority, not-for-profit schemes incur high fees as these will simply be passed on to consumers, to their detriment.

In some cases, we understand local authorities are relying on statutory powers to supply heat: these regulations should be tidied up to reflect the new market framework proposals.

Q6. Which entity should be responsible and accountable for regulatory compliance, particularly where the heat supplier and heat network operator are not the same entity? Please explain why you think this.

We agree that the entity with the closest relationship with the end customers should be responsible and accountable for regulatory compliance. If the market framework intends to place accountability on a single entity there must be no room for ambiguity in the definition of entities within the regulations. Whoever is responsible must be made clear to consumers, so they understand their route to recourse.

Q7. Do you agree that consumer protection requirements during the operation and maintenance project stage should be regulated, such as pricing, transparency and quality of service?

Yes. Pricing, transparency and quality of service are the cornerstones of consumer protection and we strongly agree that they should be regulated, especially for commercial heat network operators.

It is also important that the specific variables like heat tariffs, standing charges and maintenance and replacement costs are transparent at the point when a consumer commits to an energy contract and that any changes to costs during the life of the contract are clear (see Q22).

Q8. Should there be a de minimis threshold below which a) very small domestic schemes and/or b) non-domestic schemes with very few domestic consumers are exempted from any of the regulatory requirements proposed in this framework? Please explain why you think this.

Proportionate regulation is critical. There should definitely be exemptions in these cases listed in these questions, but lighter regulation / requirements should also be considered for other smaller

and not-for-profit heat network operators. At the same time however, we believe all domestic consumers will require a minimum level of protection against unaffordable costs and reliability of heat supply, regardless of the size or type of heat network they are on.

Q9. Should there be a size threshold above which larger schemes are subject to more detailed regulation and scrutiny? If so, what type of threshold would you consider most appropriate?
We agree with this graduated approach, with the very largest of schemes being subject to more detailed regulation and scrutiny. The threshold suggested of schemes with more than 2000 customers seems fair. Is there any intention to increase this in the future to 2000 customers across the whole portfolio, or will it always remain a per-scheme threshold? Heat network operators with large portfolios should apply the same service and customer standards to even their smallest schemes as the systems and processes will already by place.

Consideration must also be given to the type of scheme: as in Q5, any higher regulatory charges incurred by large local authority, not-for-profit schemes for example would likely be passed on to customers as there is no profit cushion to absorb the extra costs.

Q10. Should an optional licence be available for entities seeking rights and powers? If not, what other approaches could be considered?
Yes, we agree with the approach of offering optional licences for entities seeking rights and powers. It will help to prevent unnecessary regulatory burden on smaller schemes who do not need these rights and powers. We recommend that financial standing and conduct thresholds are also met for those seeking these additional rights and powers. Existing legislation already gives local authorities some of these powers: these regulations should be tidied up to reflect the new market framework proposals.

Q11. Are there any other adjustments that could be made to the proposed model to enable it to work better?
No comment

Q12. Are there circumstances in which transitionary arrangements should be introduced? If so, in what circumstances might these apply and for what length of period?
The journey to full market regulation is going to be a long one, with further consultations along the way (as already flagged in this consultation document) before primary legislation can be laid before Parliament. The heat network sector will therefore have plenty of time to ready themselves for compliance. That said, some will be more ready than others, particularly those for whom operating heat networks is their core, commercial business. For others, such as housing associations and local authorities, who in many cases have become 'accidental heat suppliers' and are not-for-profit heat network operators, a further transitionary period may be required. Incremental regulation would also allow learnings from the commercial heat network sector to be applied before the not-for-profit regulations are enacted.

Any transitional arrangements must be clearly laid out at the beginning, so progression pathways are clearly understood and communicated early.

4. Emerging business models

Q13. Do you consider our proposed approach sufficiently flexible to accommodate emerging business models, including unbundling of different components of a heat network? If not, please suggest ways in which we could ensure alternative business models are not precluded.
Accommodating flexible business models will help to encourage affordable, reliable, low carbon heat and should be encouraged. Provision must also be made for services to be bundled and unbundled.

5. Enforcement powers

Q14. How should government and the regulator ensure that enforcement action is proportionate and targeted? Are there particular considerations for not for profit schemes?
There must be different approaches for commercial and not-for-profit schemes. Not-for-profit schemes do not have the same capacity to pay fines (without passing the costs on to customers) and in many cases finding a step-in supplier in cases of last resort would be very difficult and expensive to do. Not-for-profit heat networks in the social housing sector also already fall under

other regulation, contracts and compensation arrangements. It is also the case that they often subsidise the cost of heat by not fully passing through internal staff costs.

Q15. Do you agree that imposing fines and removing a licence/authorisation are an appropriate and adequate set of enforcement actions for the regulator of the heat network market?
On the whole, we agree that imposing fines and removing a licence/authorisation are appropriate/ adequate enforcement actions. However, the guiding principles must be that revoking a licence is last resort and that penalties should be considered on a case-by-case basis. Fines should also be proportionate for not-for-profit heat network operators.

We would question how removing an authorisation would work in a not-for-profit scheme: replacing their management with a commercial operator would increase costs to the customers which would likely to be one of the reasons for the authorisation to be revoked in the first place. It could also be difficult to prevent a social housing provider from continuing to supply heat where there isn't an alternative entity prepared to step-in.

Q16. Do you agree that the regulator should have powers to impose penalties at the entity level which are proportionate to its size, in a scenario where there are repeated or systemic failures across multiple schemes owned or operated by the same entity?
On the whole we agree with this approach: it's what already happens in the gas and electricity markets. That said, fines could result in compounding poor performance and so it must also be used as an opportunity for a wholesale review of the heat network operator's performance.

For housing associations and local authorities, heat networks are a very small part of their whole operations. To fine a local authority at entity level for non-compliance on one heat network would be disproportionate and would also penalise non-network citizens. The penalties could take into account the scale heat networks compared to the entity's whole operations (eg 100% of an ESCO's operations, but perhaps only 1% of a local authority's operations).

The consultation also states that the regulator will be expected to use pricing transparency to monitor any subsequent price hikes that could suggest that fines are unreasonably being passed through to the consumer. This provision should also be used to ensure that the cost of regulation is also passed through to the consumer fairly.

Q17. Do you agree that the regulator should have powers to revoke an authorisation for single networks owned or operated within a group scenario, so that the entity would still be authorised or licensed to operate those networks within the group that remain in compliance? If not, what alternative approach might the regulator take?
We agree with this approach, revoking authorisation for a single network rather than a whole portfolio. However, if one authorisation is revoked, this should trigger closer scrutiny of the other networks to make sure the problems are not systemic. It could also put a stop to the operator adopting any more networks until the existing problems are properly resolved.

Care should also be taken when authorisations are revoked from not-for-profit schemes. Revocation and finding a new supplier is an expensive process. It may be difficult to find a step-in provider for smaller schemes and any commercial provision would be likely to increase costs to consumers.

Q18. If compliance issues are more widespread within the group of networks owned or operated by the same entity, do you agree that the regulator should be able to revoke the authorisation or licence for the entity as a whole covering its entire group of networks? If not, what alternative approach might the regulator take?
As well as being heat network operators themselves, social housing providers also have customers living on heat networks operated by third-parties. This provision would particularly help to protect these customers, for whom we often have very little insight or control over their heating.

That said, a heat network operator's portfolio can vary widely and there are multiple aspects of the design, build, operation and maintenance that may result in non-compliance which vary across schemes. Non-compliance in some areas may not be replicated across the whole portfolio: revoking a licence where networks are operating compliantly would be very disruptive and expensive. If one

authorisation is revoked, this should trigger closer scrutiny of the other networks to test if the problems are endemic or scheme-specific.

It is also unclear what would happen where licences were revoked on very small heat networks, too small for commercial entities to want to step-in.

Q19. Do you agree that individual domestic consumers should have access to ombudsman services for redress? Do you have any views as to which ombudsman is best placed to provide this function for heat networks?
We agree that the Energy Ombudsman would be the most appropriate route for redress for domestic heat network customers. The Housing Ombudsman may have been an alternative route for social housing customers living on heat networks, but we do not believe they are equipped for the task. Group-complaints should also be accepted, for example from tenant's and residents' associations.

6. Step-in Arrangements

Q20. Do you agree that step-in arrangements are necessary both to cover the risk of stranded consumers and as a deterrent against sustained failure to meet the regulatory requirements? If not, why?
We agree that step-in arrangements should be part of the regulatory framework in order to offer consumers further protection and reassurance. However, the attractiveness of the opportunity will affect the ability to find a replacement supplier: commercial heat network operators are less likely to be interested in small and/or not-for-profit schemes. Step-in provisions should be used as a last resort to limit consumer impact.

Q21. Do you have any examples of approaches we should be considering as we develop the step-in arrangements?
No comment

7. Protecting consumers

a) Transparency

Q22. Do you agree that the provision of minimum information would help consumers in making decisions at pre-contractual stages of property transactions?
We strongly agree that heat network operators should be as transparent as possible with consumers (without overloading them with information) at every step of the customer journey. Information prior to move in is essential: customers must be aware that they are moving into a home on a heat network and what that entails. They need to understand that they cannot switch away, that heat costs are different from gas or electricity, and be well informed about what the likely running costs will be.

This is especially important in leaseholder schemes, to any developers from making the terms appear attractive in order to secure a sale, only to find the costs increase after moving in and the consumer is trapped in an unaffordable heat supply agreement/lease that they can't escape. Heat network operators should also be held to account if costs rise due to systems being run inefficiently.

Q23. Do you agree that heat suppliers should be responsible for developing information and guidance for prospective consumers? If yes, what minimum information should be included?
We agree that responsibility for developing the pre-contract information should lie with heat suppliers. This should include:

- Age and type of heat network system
- Contractual arrangements in place
- A summary of the terms of service, including planned and responsive operation and maintenance arrangements and how these costs are covered
- Price information (including estimates of annual costs)
- Complaints process

Standardising this information would help ease the regulatory burden for smaller heat network operators.

BEIS, the Regulator or perhaps a Heat Network Advisory Service (similar to the Leasehold Advisory Service) should also have a role in raising general awareness and understanding of heat networks, for example through clear, simple information on their website: this can then be included in any information for prospective consumers. The more information consumers have at the outset, the less complaints there will be in the longer run.

Q24. How can we ensure new consumers receive or have access to information about the heat network before moving into the property?
Making this information available online seems the easiest way to make sure it is available to all parties, including sales and letting agents as well as prospective customers themselves. Duties should be placed on those involved in putting the contractual arrangements in place to make sure end customers are aware of the information, as is the case for example with EPCs. Information should include general information about heat networks (provided by BEIS, the Regulator or a Heat Network Advisory Service for example – see Q23) as well as tailored information about the specific scheme.

Q25. Do you agree that the market framework should regulate and enforce the provision of information during residency?
Information during residency is essential. Customers must understand who is providing their heat and hot water, how much it will cost and what to do when it goes wrong. Explaining this information prior to or at the beginning of residency is not good enough: it is our experience the customers are often confused about how tariffs are put together, what costs are involved and how to compare this to gas/electricity – clarity is everything.

With regard to heat supply agreements, some of our members are relying on lease and tenancy agreements to give the contractual obligations of heat supply. This is supported by information / FAQs (such as tariffs and emergency contact details) that can be easily updated should circumstances change.

The Heat Network has developed a set of 'Communication Principles' which outlines our thoughts on what 'good communication' looks like across the whole customer journey: pre-contract, contract, moving in, living in and moving out. We strongly believe that all communications should be open/transparent, early, frequent and easy to understand. The Communication Principles are available to download from https://www.theheatnetwork.org.uk/guidance-1.

b) Pricing

Q26. Do you agree that the regulator should have powers to mandate and enforce price transparency? Can you foresee any unintended consequences of this?
We agree that the regulator should have powers to mandate and enforce price transparency. The more transparent heat suppliers are about tariffs and pricing, the less confusion and complaints there will be down the line. High prices will be called out by customers and their advocates which will help to keep prices fair. Transparency will also help to illuminate what costs are recovered at each scheme and the extent to which some costs (such as staff time or administration charges) are absorbed in not-for-profit schemes.

Ways in which to make this information comparable across schemes must also be developed: care needs to be taken to ensure prices are compared on an equitable basis. There is also a potential risk that the publication of some commercial contractor costs, for example metering and billing provider fees, could be anti-competitive.

Q27. What are the current barriers to publishing and maintaining accurate information on fixed charges, unit rates and tariffs? What are the main reasons for information on pricing not being available at present?
The biggest barrier to publishing price and tariff information is the perceived risk of customer complaints, especially where different tariffs are charged on different schemes (for example due to different gas prices or scheme efficiencies). This in itself is not a good enough reason not to do it.

Many heat network operators are not experienced in operating networks or managing the business of community heating as a utility company might approach it. Heat tariffs and maintenance costs are often based on what would be reasonable to expect consumers to pay, rather than what it

actually costs to operate a network. This often leads to costs being much higher than initially anticipated. Operators need to have a better understanding of the business of communal heating.

There is also a lack of understanding amongst consumers as to how heat costs are calculated. There is an expectation that they can be directly compared to gas or electricity prices which can lead to confusion and complaints. The Heat Trust's heat cost calculator goes some way to address this.

Another barrier to providing this information is resource: social housing providers only rarely have a dedicated heat network manager and they are already very thinly spread. Most often the different aspects of heat networks fall across different, siloed teams and there is no strategic approach.

Q28. Do you agree that there should be clear, consistent rules on what costs should be recovered through fixed and variable charges?
Rules on what can and can't be recovered through fixed and variable charges would be extremely helpful: rules are more appropriate in this case than guidance. This must include reference to the Landlord and Tenant Act 1985, as signalled in the consultation document. The Act is clear on what can be charged to leaseholders and tenants, although this may need to be reviewed as heat network market regulation matures.

Q29. Do you agree that the regulator should have powers to undertake investigations on pricing and to enforce directions and remedy actions, where there is sufficient evidence that these could lower prices for consumers?
Yes, we agree that the regulator should have powers to investigate high pricing and enforce remedial actions.

However, we question how realistic it would be for the remedy to be switching the heat network to an alternative low carbon heating solution. Low carbon doesn't (currently) mean low cost: electricity prices are currently three times higher than gas, and heat pump networks are unproven in terms of mass on-going operational costs for residents.

Q30. Do you agree that price regulation in the form of a price cap or regulation of profits should not be implemented at this point in time? Please explain your answer.
We agree that there shouldn't be a price cap right now, but that it should be kept in review. Maximum charges could be set for new schemes (especially in heat network zones) but will be much more difficult for existing schemes.

Every network has a different break-even point: having a price cap might result in a network operator subsidising the heat supply. Regulation of profits is a good idea but might have a negative impact on increasing the number of networks.

The costs for operating a network have to be determined when the scheme is being designed, based on the equipment specified and the realistic anticipated network efficiency. If this does not happen, it's not possible to assess the costs that need to be recovered from consumers until it is too late: once the network is installed, it's very difficult to have an impact on the costs.

Q31. What might cause price regulation to become an appropriate intervention in future? What evidence would be required to demonstrate this?
No comment

c) Quality of Service Standards

Q32. Do you agree that consumers on heat networks should have comparable levels of service and protection as consumers in other regulated utilities? How do we ensure the associated compliance costs of such protections remain proportionate?
Yes, we agree that heat network consumers should have comparable levels of service and protection as consumers in other regulated utilities, but we also acknowledge that there is a cost to regulation. The main difference between heat networks and other regulated utilities is that it currently applies to only around 2% of homes which makes the socialisation of costs very difficult.

It must also be remembered not only that there are many smaller heat network suppliers, but that for many of these (and in particular social housing providers and local authorities) running heat networks is only a very small part of their main function. Existing arrangements and contracts for emergency repairs, response times, compensation, complaints and vulnerable customers must also be recognised. It is unrealistic to expect smaller and/or not-for-for profit heat network operators to the same extent of customer services as, say, one of the large, national energy suppliers.

We emphasise the importance of coordinating with other pre-existing regulation: the Landlord and Tenant Act for example governs the ways in which many heat network operators are operated as a property service.

Q33. Do you agree that minimum standards should be outcome-based to allow the regulator scope to implement these flexibly and proportionately depending on the size and nature of different schemes? Are there other ways these outcomes could be achieved?
We would always advocate outcome-based standards in order to allow for flexibility and avoid prescriptive rules (which invariably miss something out). The table on p59 of the consultation listing ways in which outcome based measures could be evidenced is a good approach, but again should be proportionate depending on the scale of heat network operator.

Any standards must be measurable. They should also take account of multiple smaller breaches, for example multiple unplanned outages that fall short of compensation thresholds.

8. Technical Standards

Q34. Do you agree that all new schemes should be subject to minimum technical standards (once developed), given the potential impact on system performance and end consumers?
Good performance of heat networks is essential not only for technical reasons but because it also feeds through to the consumer experience and the tariffs they must pay. We therefore agree that minimum technical standards should be put in place for all new schemes. The lack of clear technical standards is the principal reason for high operating costs. We also look forward to commenting on the proposed approach to technical standards for existing schemes in due course.

Designs need to reflect lifetime running costs for all equipment connected heat networks. At present most networks are part of design and build contracts where minimising capital cost is the key driver, yet lower capital cost usually equates directly with higher operational costs: schemes are designed to be built, not to be operated and maintained.

There also needs to be defined points of review throughout system development and commissioning to ensure compliance is kept on track.

Q35. How could we ensure the impact of minimum technical standards on new small communal networks is proportionate?
At the moment, CP1 is the only standard available to heat networks and has made to impact on the way in which heat networks are designed, but it is not universal and is too complex to be used as certifiable minimum technical standard. Something akin to 'BREEAM for Heat Networks' might be more appropriate.

While technical standards should apply to all new schemes, the approach should be pragmatic with heat network size thresholds triggering a broader range of compliance requirements.

Q36. Do you agree that regulated entities should demonstrate they are compliant through an accredited certification scheme?
While this seems like a sensible approach, we have concerns about its complexity and costs. We would encourage larger heat networks inspiring confidence in potential consumers, but it would most likely be unviable for smaller schemes. On the other hand, there is also a risk that smaller, non-certified schemes may have problems attracting occupants.

Q37. What do you consider to be the most appropriate approach to setting the technical standards?
Efficiency outcomes would be a scalable approach that also allowed for local approaches.

Annual reporting of network efficiency and compliance with technical standards would also help improve the skills gap in the maintenance sector.

Q38. Are there examples of the roll out of technical standards or the introduction of compliance schemes which you consider particularly relevant from other markets or technologies?
No comment

9. Rights and powers

Q39. Do you agree that a (licensed) heat network entity should be classified as a statutory undertaker?
Yes, we agree that a licenced heat network entity should be classified as a statutory undertaker, although good financial standing must be a condition of their licence.

Q40. Do you agree that the proposed rights and powers should be given to heat network entities which meet the terms of our proposed licensing system?
Yes, we agree that the proposed rights and powers should be given to licensed heat network entities.

Q41. Is it reasonable to assume that the proposed rights and powers would only be relevant to district heat networks (not communal networks)? If not, please explain why.
No comment

Q42. What impacts will the proposed rights and powers have on the development and extensions of heat networks? And what impacts do you think these rights will have on the operator's ability to maintain and repair heat networks?
No comment

a) Access rights

Q43. Do you agree that licensed heat network entities should be granted statutory access rights?
Yes, we agree that licensed heat network entities should be granted statutory access rights.

Q44. Do you agree that the process should be similar to that for electricity and gas companies, in that the licensed heat network entity will have to make an application to the responsible minister for the easement and that any compensation arrangements will be determined by the Tribunal Service?
Yes, we agree that the process should be similar to that for electricity and gas companies.

Q45. Do you agree that these access rights would primarily be used to install and maintain pipework, or do you anticipate that they would be used for other purposes?
We're not sure if the intention is for the rights to be limited to laying and maintaining pipework. However, if access rights are intended to allow the network operator statutory access to the whole heat network, access may be required into block risers, communal ceilings and apartments to maintain heat networks up to and including the HIUs in the same way that gas and electricity companies may have the right to access their meters inside properties.

b) Street works

Q46. Would you consider the ability to apply for a street work permit a considerable benefit compared to a Section 50 Street Works licence? If so, in what way?
No comment

Q47. Do you have any experience of applying for a Section 50 Street Works licence? Did you find this delayed either construction or repair and maintenance work required?
No comment

c) Rights to lay pipes under the roadway

Q48. Do you agree that heat networks should be given equivalent powers to other utilities to install and keep heat network pipes underneath roadways? Are you aware of any potential unintended consequences?
Yes, we agree that heat networks should be given equivalent powers to other utilities to install and keep heat network pipes underneath roadways.

d) Permitted development

Q49. Do you agree that licensed heat network developers should be granted permitted development powers similar to other statutory undertakers? Are you aware of any potential unintended consequences?

Yes, we agree that licensed heat network developers should be granted permitted development powers similar to other statutory undertakers.

Q50. In addition to permitted development rights specified (install or replace pipes or electricity cabling; erect small temporary structures and small ancillary buildings, machinery or apparatus), are there any other activities to which a permitted development right should apply?

No comment

e) Consultation rights

Q51. Do you agree that the administrative burdens of being statutory consultees would be disproportionate for heat networks?

Yes, we agree that classing heat networks as statutory consultees would be an unnecessary and disproportionate burden.

Q52. Beyond improving the guidance on non-statutory consultees, do you think that there are any other areas of government guidance that could be improved to ensure that heat networks are more routinely consulted on relevant development in their areas?

No comment

f) Linear obstacle rights

Q53. Do you believe that licensed heat network developers should be given equivalent rights to cross linear obstacles? Can you provide examples of where such rights would be beneficial to heat network development?

Yes, we agree that licensed heat network developers should be given equivalent rights to cross linear obstacles.

10. Decarbonisation of heat networks

Q54. Do you agree that consumers should have access to information on the energy performance and percentage of low-carbon generation of their network?

Yes – as with our answers on 'transparency' above, we agree that consumers should have access to information on the energy performance and low-carbon intensity (or otherwise) of their network: it will help to hold heat network operators to account. That said, there is a risk that this will open a 'can of worms' when consumers discover that heat networks operate at an average efficiency of 40-45%. How the information is presented is important: consumers are likely to be more interested in cost and consistency of heat provision.

Q55. Do you agree that regulation is necessary to encourage decarbonisation of heat networks over the period to 2050? Are there alternative means by which government could act to support the decarbonisation of heat networks?

Yes, we agree that the decarbonisation of heat networks should be regulated, particularly with regard to the design and build of the energy centres, although this may need to come in a second wave of regulation. This must of course be part of wider decarbonisation policies in which all energy users can participate, contribute to and benefit from.

Tackling over-heating and installing ease to use controllers for consumers in heat networks must also be part of the decarbonisation approach: the lowest carbon heat is the heat we don't use at all.

11. Waste-heat sources

Q56. How could the Environmental Permitting Regulations be amended to ensure that waste-heat sources connect to networks when it is cost-effective and feasible to do so? What do you consider are the main barriers for waste heat sources to be connected to heat networks?

No comment

Q57. Which sources of industrial and commercial heat could government bring within the scope of the Environmental Permitting Regulations in addition to the sources already being identified?

No comment