



# HEAT NETWORK REGULATIONS

5 October 2017

Colin Hall, Partner

**Winckworth** Sherwood



# What Changes would you Like?

- ▶ Bulk Heat Meter
- ▶ Intermediate Customers to Benefit
- ▶ Ability to Designate the Heat Supplier
- ▶ £70 Threshold
- ▶ The Viability Tool



# Current Position

- ▶ The Four Duties:-
  - ▶ Notification
  - ▶ Installing Meters:-
    - ▶ Building Level Meters
    - ▶ Final Customer Meters
  - ▶ Maintaining Meters
  - ▶ Billing and Billing Information
- ▶ Only a small part is on hold – Final Customer Meters in some Buildings



# Intermediate Customer to be Beneficiary

- ▶ Common Scenario:-
  - ▶ Landlord Generates Heat
  - ▶ Housing Association Buys Heat
  - ▶ Sells Heat to Tenants
- ▶ Housing Association is heat Supplier:-
  - ▶ Duty – Billing and Billing Information
    - ▶ Content
    - ▶ Frequency
- ▶ Landlord Controls the Information



# Who is the Heat Supplier?

- ▶ ESCO Model
- ▶ O&M Model
  - ▶ Operator
  - ▶ Man Co
  - ▶ Landlord
- ▶ Consider the Contractual Relationship



# Ability to Designate Heat Supplier

- ▶ Heat Supplier means “a person who supplies and charges for the supply of heating, cooling or hot water to a Final Customer...” (Definition in the Regulations)
- ▶ Two Types of Duty:-
  - ▶ Installation
  - ▶ Operation
- ▶ Ongoing Duties:-
  - ▶ Report
  - ▶ Maintain Meters
  - ▶ Compliant Billing
- ▶ Not all Duties Suited to the Same Party



# The £70 Threshold

- ▶ A threshold not a Cap
- ▶ Duty to send fully compliant billing where “The estimated reasonable costs ... does not Exceed £70 Per Final Customer Per Calendar Year”
- ▶ The Regulation May Not Be Needed
  - ▶ Market Conditions
  - ▶ Ability to Pass On Actual Cost



# Information Requirements

- ▶ What Must Be Supplied:-
  - ▶ Bills
  - ▶ Current Price
  - ▶ Customer's Current Consumption
  - ▶ Comparison with Last Year's Consumption
  - ▶ Information about Energy Saving Organisations
  
- ▶ When Must It Be Supplied:-
  - ▶ Bills – Once a Year at Least
  - ▶ Billing Information - Depends
    - ▶ Electronic or Paper
    - ▶ As Customer Requested





# The Position Regarding Profit

- ▶ No Regulated Authority
- ▶ No Re-Sale Order
- ▶ Regulations Do Not Prevent Profit Except in One Small Respect
  - ▶ On Metering and Billing
- ▶ Don't Forget the Reasonableness Tests in the Landlord & Tenant Legislation



# Installing PAYG Meters

- ▶ Regulations Do Not Require PAYG
- ▶ Does Heat Supplier Have a Right to Impose PAYG:-
  - ▶ Landlord & Tenant Legislation
  - ▶ Leases
  - ▶ The Heat Supply Agreements
- ▶ Maintenance Agreements – Keep Flexible

**Colin Hall**

**Partner**

**chall@wslaw.co.uk**

**020 7593 5180**

**SOLICITORS AND  
PARLIAMENTARY AGENTS**

Minerva House  
5 Montague Close  
London, SE1 9BB

DX 156810 London Bridge 6

020 7593 5000

020 7593 5099

**[www.wslaw.co.uk](http://www.wslaw.co.uk)**

**THANK YOU**

**Winckworth** Sherwood