

The Heat Network (Metering and Billing) Regulations 2014

Requirements for landlords responsible for heating/cooling in multi-let buildings

The Heat Network (Metering and Billing) Regulations 2014 are part of the UK Government's response to the EU Energy Efficiency Directive. The regulations aim to improve the quality of service being provided by heat suppliers and their accountability to their customers in terms of billing and metering and require:

- Heat suppliers to provide information about their communal heating/cooling networksⁱ to the Regulatory Delivery directorate by **31st December 2015**
- Heat suppliers to install meters to measure the supply of heat/cooling to individual occupiers of the buildings, unless it is not technically feasible or cost-effective to do so
- Heat suppliers to bill customers based on actual supply where possible

Do you need to comply?

The regulations apply to heat suppliers that sell heat or cooling through communal or district networks.



Heat supplier - the person who supplies and charges for heating, cooling or hot water to a final customer through a communal network or a district network. This includes landlords of multi-let buildings (commercial or residential) who pass on the cost of energy to their tenants whether directly or through service charges.



Communal heat network - the distribution of thermal energy in the form of steam, hot water, or chilled liquids from a central source in a building which is occupied by more than one final customer, for the use of space or process heating, cooling or hot water. The minimum size for a communal heat network is 2 final customers.



District heat network - the distribution of thermal energy in the form of steam, hot water or chilled liquids from a central source of production through a network to multiple buildings or sites for the use of space or process heating, cooling or hot water. The minimum size for a district heat network is 2 buildings and 1 final customer.

Final customer - end users of heating supplied by district or communal networks. Final customers are the purchasers of the heat who have a direct financial arrangement with a heat supplier.

The regulations apply where a payment is made for supply of heat/cooling. This includes where the supply is part of a package and paid for indirectly e.g. through a service charge. Such a payment does not need to explicitly mention heat supply if it is a reasonable expectation that this is part of the service. The requirement is that there is a direct financial arrangement; the regulations do not explicitly require a contractual arrangement between the heat supplier and final customer.

The regulations are, therefore, likely to cover the following:

- Social and sheltered housing
- Multi-tenanted offices
- Rented accommodation with a single heat source supplying multiple dwellings
- Residential care homes
- Halls of residence
- Shopping centres
- Sub-let space in hotels e.g. fitness centres or restaurants

What do you need to do?

1. Duty to notify

Heat suppliers must submit a notification to Regulatory Delivery (part of the Department for Business, Energy and Industrial Strategy), including certain information on every communal heating network they operate, such as:

- Location of networks
- Number and types of buildings supplied
- Heating capacity
- Volume of heat generation and supply
- Number and type of meters or heat cost allocators installed
- Number of end users
- Results of any cost-effectiveness or feasibility analysis carried out
- Expected frequency and content of billing information provided

The first notification deadline was **31st December 2015**, the notification must then be updated every 4 years.

2. Duty to install meters/heat cost equipment

The heat supplier must ensure that meters are installed to measure the supply of heat to each final customer, unless it is not technically feasible or cost-effective to do so. Details on metering specifications are included in the regulations.

If it is not cost effective/technically possible to install meters, the heat supplier must install heat cost allocators, thermostatic radiator valves and hot water meters unless it is not technically feasible or cost-effective to do so.

The regulations detail the circumstances under which the installations may be deemed technically unfeasible, and also stipulate the method for calculating cost effectiveness.

3. Billing

Where meters or heat cost allocators are installed, heat suppliers must provide bills which are accurate and based on actual consumption. Guidance is provided on the specific information which should be included on the bills.

This obligation may cause problems for landlords where the lease provides for energy costs to be divided by another method for example, by floor space.

This requirement has applied from 19 December 2014.

Enforcement

The regulations are enforced by Regulatory Delivery who are beginning to contact organisations they believe should have complied. **Non-compliance could result in both criminal penalties such as fines and/or civil sanctions.**

Can we help?

Carbon Smart has extensive experience in supporting organisations meet legislative requirements. Our team can help you:

- Understand whether you are in scope and your obligations
- Collate the information required for the notification
- Conduct a gap analysis of any missing/incomplete data, and obtain this on your behalf
- Help you complete the required forms for notification
- Assess whether meters/cost allocators are cost-effective/technically feasible to install where they do not currently exist
- Support you to deliver a programme of meter installation

Contact our advisors to discuss on 0207 048 0450 / info@carbonsmart.co.uk

ⁱ For the purposes of this briefing reference to communal heating systems also applies to communal cooling networks, communal hot water networks and district heating/cooling networks.