

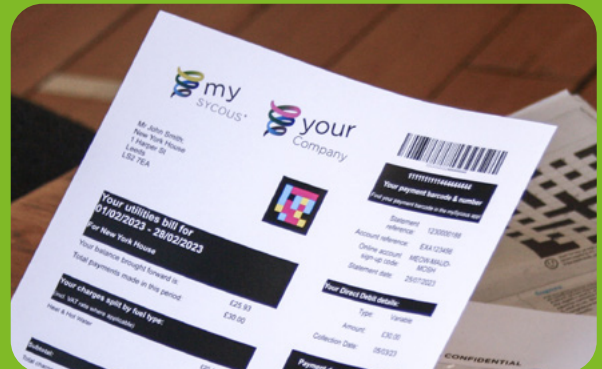


Heat Network Regulation

Make sure your organisation is on the smoothest path to compliance with upcoming legislation changes for heat networks.



Version 2 | Released: 01/05/2025



Be regulation **ready**.

There is a degree of concern over the upcoming regulation of heat networks for organisations involved in heat networks and there is uncertainty around what compliance effects this legislation will have, together with level of misinformation surrounding upcoming regulations which leads to a stressful time for heat suppliers and heat network operators.



This document is **version 2** of our Heat Network Regulation guide released on **01/05/2025**. Here we aim to provide you with an overview of the landscape so far and will be updating this guide over the course of the year once requirements for heat network operators and suppliers becomes clearer.

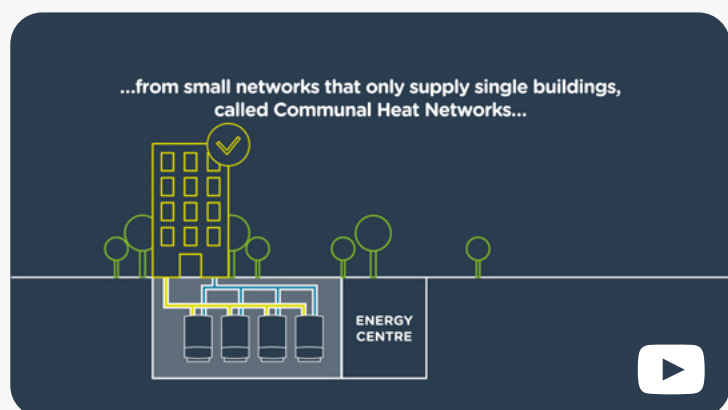
New to **heat networks**?

Scan here for our Sycous:

What is a Heat Network? Video



www.youtube.com/watch?v=aZtdfRy4dKM



What's happening?

Through the Energy Act 2023 and Heat Networks (Scotland) Act 2021, Heat Networks are on the pathway to full regulation. The appointment of Ofgem as the regulator for heat and expanded technical and efficiency standards will bring wholesale changes to the industry.

This move to regulation is positive news, especially as heat networks are a key component of the UK Governments strategy to reach net zero emissions by 2050.



Incoming Regulator of Heat Networks

Ofgem will be looking to implement a similar level of standards as they do for electricity and gas.



Incoming Technical Standards

Heat network technical assurance scheme (HNTAS) will be introduced from design to ongoing maintenance to ensure a minimum level of performance and reliability for both legacy and new heat networks.



Consumer Advice Groups

April 1st 2025, The Energy Ombudsman begins supporting consumers with complaints. Citizens Advice and Consumer Scotland begin providing advice and support for consumers.



Heat Network Zones

Under the Energy Act 2023, the UK Government has designated heat network zones to focus resources and investment where heat networks can have the most impact.



Heat Network Efficiency Scheme (HNES)

HNES is a government scheme funding upgrades to existing heat networks, helping improve efficiency, reduce heat loss, and lower costs for users in England & Wales.



Further Reporting Requirements

It's expected that Ofgem & HNTAS will require further data on customers, network efficiency and operators finances.

Timeline (Estimated)

Please find an estimated journey to regulation for 2025 and onwards below!

1st April 2025	Citizens Advice, Consumer Scotland and the Energy Ombudsman start their roles.
9th July 2025	Deadline to respond to consultation: Heat networks regulation: fair pricing protections.
TBC	Release of Heat Network Technical Assurance Scheme (HNTAS) Consultation.
TBC	Decision on consultation, Heat networks regulation: implementing consumer protections
TBC	Decision on consultation, Heat networks regulation: authorisation and regulatory oversight
Within 2025	Heat Network Technical Assurance Scheme (HNTAS) launches.
27th January 2026	Heat network regulation commences – conditions come into effect for operators and suppliers.
26th January 2027	Deadline for operators and suppliers to register with Ofgem & provide heat network information.
2027 Onwards	Ongoing review of market trends and reactions. Authorisation by application commences.



Documents to review

Consultation - Deadline to respond: 9th July 2025

Heat networks regulation: fair pricing protections

Consultation is open for proposals on the structure, objectives and principles of a fair pricing framework for heat networks.

www.ofgem.gov.uk/consultation/heat-networks-regulation-fair-pricing-protections

Consultation

Heat networks regulation: implementing consumer protections

The industry is awaiting a response to this consultation and we will update this guide once practices have become clearer.

www.gov.uk/government/consultations/heat-networks-regulation-implementing-consumer-protections

Consultation

Heat networks regulation: consumer protection

The industry is awaiting a response to this consultation and we will update this guide once practices have become clearer.

www.gov.uk/government/consultations/heat-networks-regulation-consumer-protection

Current Minimum Technical Standards for Heat Networks

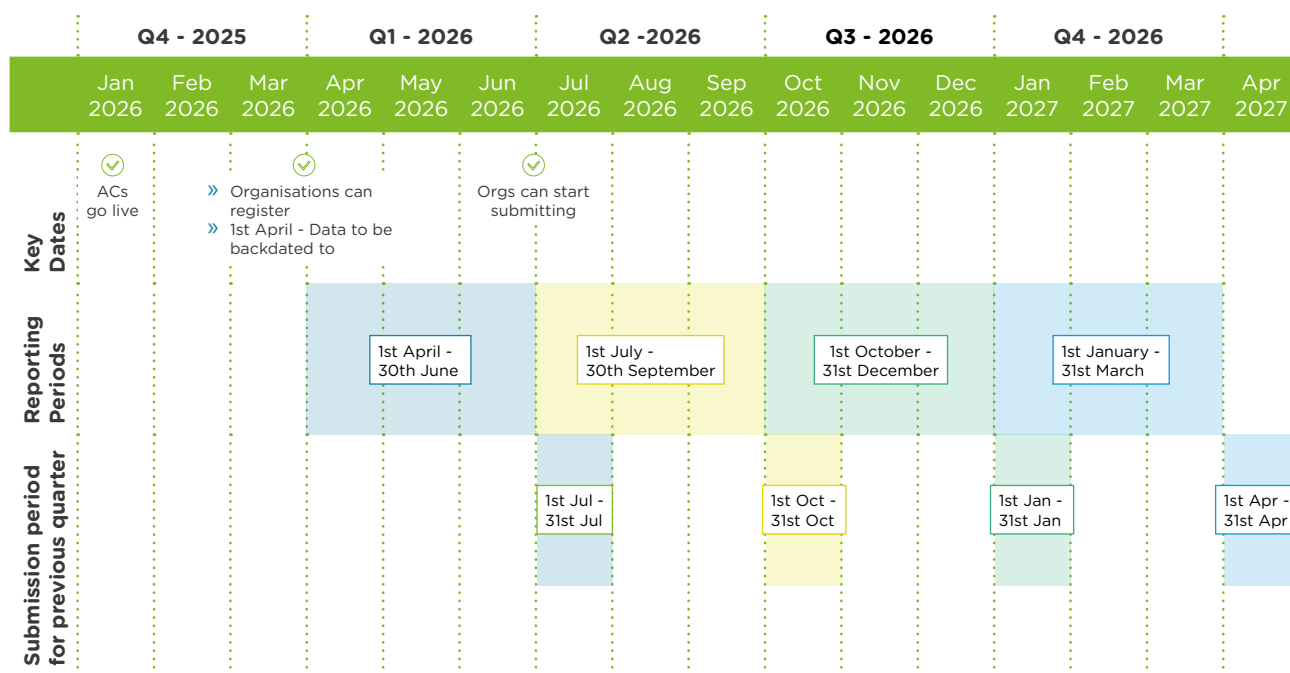
CP1 Heat networks: Code of Practice for the UK (2020)

The industry is expecting the HNTAS consultation to be based on this code of practice with additional requirements for metering and monitoring systems.

www.cibse.org/knowledge-research/knowledge-portal/cp1-heat-networks-code-of-practice-for-the-uk-2020-pdf

Expected reporting requirements

Below is an outline of Ofgem's proposed reporting schedule for regular monitoring of authorised entities. Beginning 1st April 2026, organisations will be required to backdate monitoring data to this start date regardless of when registration is completed during 2026. Authorised entities that begin regulated activity after the 1st April 2026 will be required to backdate to when they started the activity.



Ofgem have provided the below proposed metrics they intend to require organisations to submit. At this stage, frequency of required reporting metrics is still unclear i.e. metering and financial data that may be required on an annual basis.

- » **General info:** Number of customers.
- » **Metering:** Total number of meters, Heat Cost Allocators and smart heat meters, are they at relevant levels of the network.
- » **Step-in:** Confirmation of continuity plans and contractual step-in entity (if relevant), financial resilience monitoring.
- » **Billing:** Billing frequency, number of customers by type of payment method.
- » **Meter installation:** Warrants granted, reason for warrant, change to metering.
- » **Pricing:** Price data (unit rate, standing charge, tariff structure) and cost drivers.
- » **Vulnerability and debt:** Customers on Priority Service Register, in debt, self-disconnecting, disconnection for non-payment, on a repayment plan, reconnected, total value of bad debt.
- » **Quality of service:** Number of complaints, complaint resolution, number of unplanned/planned interruptions, length of planned/unplanned interruptions, Guaranteed Standard of Performance payments.

What you need to do...

Know your networks!

Investigate whether you are missing any data for a fully metered network and if your customer records are up to date.

✓ How can Sycous help?

Sycous have invested in our data reporting tools to ensure a 'regulatory ready' service, looking at metering and HIU/CIU data alongside operational data such as debt, complaints or performance metrics. Please contact your Account Manager or contact clientmanagement@sycous.com and we will be happy to support you.

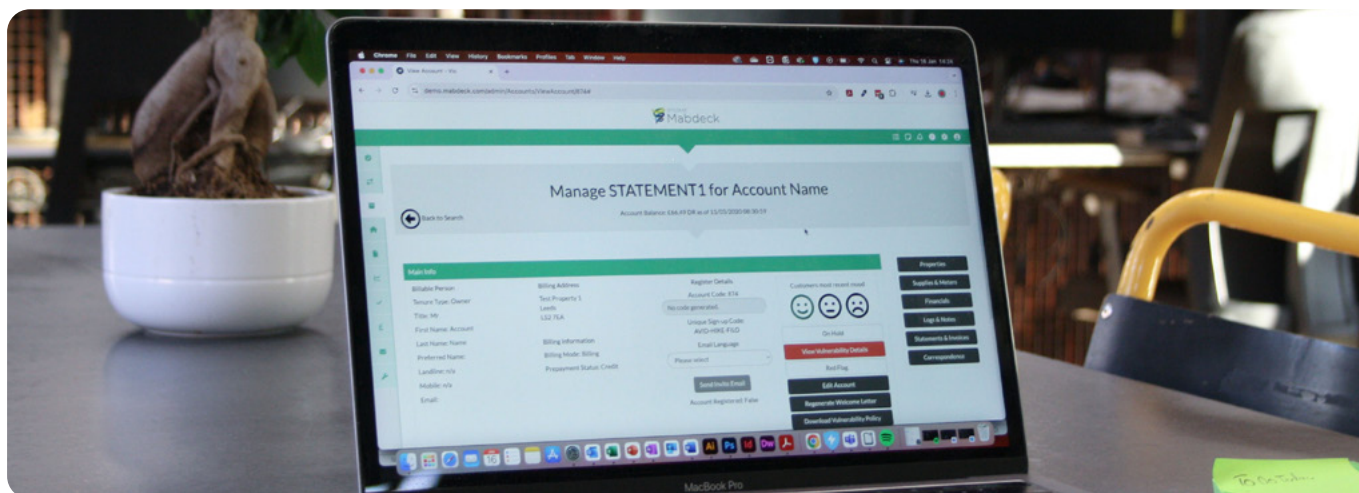
Stay on top of your networks with **complete visibility!**

Our Mabdeck online software platform offers an off-the-shelf solution ready to allow you to automate and manage your metering systems, as well as providing the following reporting functionality:

- » Financial reporting to track balances and transactions.
- » Consumption and meter read reports to monitor usage.
- » Automatically schedule reports to be sent as an attachment on an email, or to a server location.
- » Utilise our API to access data and integrate directly into your own systems.
- » Access Power BI visual performance dashboards inside the admin portal.
- » Provide actionable insights and detailed information to meet compliance and regulatory requirements.



Sycous have also been engaging with the Ofgem delivery team responsible for the implementation of the digital service, to advocate for an API interface, so that report details can be pushed directly from Mabdeck.



Consumer advice groups: The Energy Ombudsman

As of April 1st 2025, The Energy Ombudsman has taken their role of supporting both heat network consumers and suppliers to ensure a fair and independent resolution to disputes for both parties, whilst promoting trust and accountability within the heat network industry.

Consumers who receive their heating and hot water through a heat network supplier can access Energy Ombudsman if issues remain unresolved after eight weeks (or reaching deadlock), following the supplier's internal complaints process.

For heat network suppliers, Energy Ombudsman will provide an impartial and structured process for handling consumer disputes fairly.

Heat Network suppliers are **required to register** with The Energy Ombudsman to ensure delays are avoided.

Please visit: <https://portal.energyombudsman.org/heat-network-suppliers> for further information.



Can I complete an application on behalf of a Heat Network Supplier?

The Energy Ombudsman understand that many heat network suppliers work closely with third parties for support with management, billing, metering and otherwise, the responsible party is the heat supplier directly. Therefore, they require the heat network supplier to complete the application – however the application does contain a section on third party support so that any request for third party representation moving forward can be processed.

Why should Heat Network Suppliers join?

From 1 April 2025, all heat network suppliers are required to allow consumers to bring unresolved disputes to the service. To enable disputes to be resolved, heat network suppliers must register with the scheme. Registering will ensure delays are avoided, helping build trust with consumers.

What do Heat Network Suppliers need to do?

To ensure you are compliant with the new legislation, you need to register with their service. Once you are registered you will receive a welcome pack with everything you need to know about the scheme.

You will also be required to signpost unresolved disputes to The Energy Ombudsman.

What will I need before I start the application?

To complete the application you will need the following information.

- » Company information (as per companies house)
- » The addresses of your heat network sites
- » Contacts for billing, reporting and complaints system access
- » Your complaints handling procedure (as a PDF/word document)

You may also be required to upload:

- » ITDA (if your company is incorporated outside the EEU)
- » Your membership status with Heat Trust, if applicable
- » A CHP (complaints handling process), if applicable

How can Energy Ombudsman help Heat Networks disputes?

The Energy Ombudsman resolve disputes between heat network consumers and their heat network suppliers. Their independent, impartial service provides fair dispute resolution between suppliers and consumers that builds trust, breaks deadlocks, and delivers the best outcomes for everyone involved.

They are dedicated to helping heat network suppliers to improve their service, processes and consumer experience to build trust and confidence. Their access to unique data and broad view of the sector means they can better serve consumers, support suppliers and guide regulators and governments in improving policy.

What types of disputes are handled?

Energy Ombudsman addresses a variety of disputes between consumers and heat network suppliers. Common types of disputes for heat networks include:

- | | |
|-------------------------------|---|
| » Customer Service | » Unfair, discourteous, or unprofessional treatment by the heat supplier. |
| » Billing & payments | |
| » System maintenance & delays | » Untimely management or resolution of problems. |
| » Metering | |
| » Loss of service | » Misleading information provided to consumers. |

By addressing these and other issues, Energy Ombudsman aims to ensure fair dispute resolution and the best outcomes for everyone involved.

It is very important to have Heat Supply Agreements (HSA) in place with your consumers, as the Energy Ombudsman will use these terms to make decisions, otherwise they will use expected market standards.

Can The Energy Ombudsman consider disputes about all Heat Networks?

Starting from 1 April 2025, all heat network consumers will be able to access the service to resolve their dispute, if they've first complained to their supplier and not reached a satisfactory outcome. The Energy Ombudsman can consider disputes which the consumer became aware of on or after 1 April 2025.

What if a case was raised prior to 1st April 2025?

The Energy Ombudsman can consider disputes where the domestic or microbusiness consumer became aware of the problem on or after 1 April 2025. Issues that were identified before 1 April 2025 are outside of their terms (as at that time the supplier would not have been a member of the service).

The Energy Ombudsman can still consider disputes for heat networks who were members of Heat Trust prior to 1 April 2025 and the dispute is specifically about Heat Trust scheme rules or are about certain issues relating to Energy Bills Relief Scheme (EBRS) / Energy Bills Discount Scheme (EBDS), as these matters were under their remit prior to 1 April 2025.

How much does it cost?

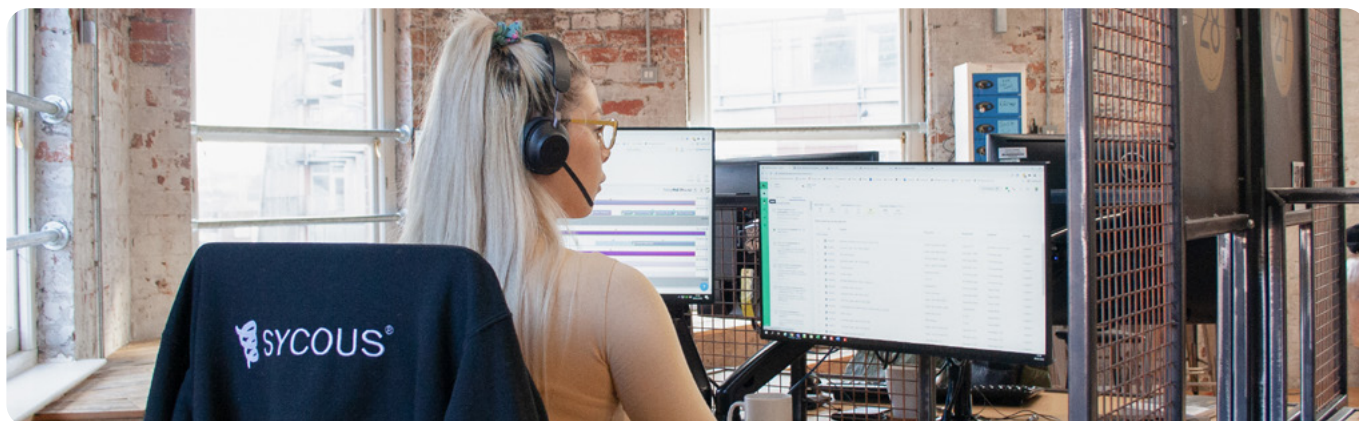
While it is currently free to register for the Energy Ombudsman scheme, they set case fees to cover the expected costs of providing the service. As they establish the Heat Network scheme, costings will be reviewed to ensure that fees are fair.

Case fees will be charged at £375+ VAT per case

A reduced case fee will be charged for Facilitated Case Resolution (FCR) at £250 + VAT per case.

✔ How can Sycous help?

Sycous can provide support for organisations signing up to the Energy Ombudsman by reviewing your complaints handling procedure, supporting you with Heat Supply Agreements and ensuring correct information is submitted. Please contact your Account Manager or contact clientmanagement@sycous.com and we will be happy to support you.



The role of the **Heat Trust** ahead of regulation

As The Energy Ombudsman have now taken on their role, there is now a question around the role of the Heat Trust ahead of imminent full regulation.

Would it be worthwhile to sign-up for the Heat Trust, as well as the Energy Ombudsman, ahead of registration with Ofgem?

- » Would this be a duplication of coming regulation?
- » Would there be an increase of potential costs? (Although small)
- » Would this cause confusion for my consumers and within our organisation?

If your organisation is already a Heat Trust member...

- » You will already have experience of new Energy Ombudsman service.
- » You will be best prepared for incoming regulation at this stage, ahead of finalisation of requirements from Ofgem.
- » Be mindful that Ofgem will have additional powers and oversight in comparison to the Heat Trust. A simple example of this is pricing, which is very relevant to many consumers and the role of Ofgem in future but is outside the remit of Heat Trust.

If your organisation is not already a Heat Trust member...

- » Now that regulation is imminent, the main focus of organisations should be on ensuring future compliance, as the details arise.
- » It might be the case that Heat Trust does offer support for heat network suppliers to transition towards the future role of Ofgem and if it does, it is absolutely worth signing up to.
- » But, if you feel that focussing on Ofgem and wider regulatory compliance is achievable and Heat Trust might not assist in what you are looking to implement, it may not make sense to sign-up now for less than two years.
- » What is now most important with the new role of the Energy Ombudsman, is that heat network suppliers have appropriate Heat Supply Agreements with their consumers, which the Energy Ombudsman can make decisions based on, not market norms or expectations which would otherwise be the case.

Consumer protection: What you need to do?

Ofgem will be looking to implement a similar level of standards for heat networks in Great Britain (England, Scotland and Wales) as they do for electricity and gas. Ofgem will look to achieve the following:

- » Ensure heat network customers are not worse off compared to electricity and gas customers.
- » Launch a digital platform for operators to provide required reporting information.
- » Processes for when issues arise including auditing, compliance, enforcement and plans for step-in arrangements
- » Account for the complexity of the heat network industry. By using market segmentation to group networks that may have similar characteristics that may drive specific outcomes or have particular needs.
- » Regular monitoring of regulated activities including, monitoring & consumer research, consumer protection, pricing, technical standards and metering & billing.

What you need to do...

- » Be prepared for the role of Ofgem, which will come into force from January 2026.
- » Recognise the role of Ofgem as an independent regulator to protect consumers and the environment.
- » Keep informed of the outcome of the consultations and finalisation of requirements which were undertaken in late 2024.
- » Review, or prepare to review your policies and processes, especially considering the potential role of the Energy and/or Housing Ombudsman for complaints.
- » Engage with open Fair Pricing Protections consultation before 9th July (See page 4) and upcoming step-in consultation.
- » Ensure best practises that are standard across other utilities are put in place for heat networks, especially in areas such as metering and billing that directly interact with your heat network customers, or the efficiency of your heat network that impacts its pricing.
- » Understand your current heat networks and compliance with existing regulation and legislation, such as the Heat Networks (Metering and Billing) Regulations 2014 and best practise, such as CIBSE CP1.

How can Sycous help?

Sycous can help organisations to review current billing processes across tariff setting, bills issued, vulnerability protections, complaints handling and credit control procedures. Our approach to incoming regulation has been to ensure our mySycous metering and billing solution is 'regulation ready'. Please contact your Account Manager or contact clientmanagement@sycous.com and we will be happy to support you.

Technical assurance: What you need to do?

The aim of HNTAS will be to develop a heat network technical assurance scheme that ensures a minimum level of performance and reliability for heat networks in the UK. HNTAS will look to achieve the following:

- » 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.

What you need to do...

- » Keep up to date with the latest publications and engage with the consultation expected to be underway shortly.
- » Understand that many of the expectations of HNTAS are built upon the CIBSE CP1 Heat networks: Code of Practice for the UK, whilst this is expected to be updated, it is available free - www.cibse.org/knowledge-research/knowledge-portal/cp1-heat-networks-code-of-practice-for-the-uk-2020-pdf.
- » Welcome planned investments into your existing heat networks and understand it in terms of improving performance and other guarantees.
- » Review the expertise and understanding of consultants and engineering teams you have looking at your heat networks to ensure to provides you and your heat network customers the greatest reassurance.
- » Review your maintenance regimes and how they link to the ambitions of HNTAS and see what positive impacts can be included in these regimes.

How can Sycous help?

Sycous can support organisations to review their metering data to understand gaps in building performance data that may be missing and make recommendations based on efficiency data. Whilst also reviewing maintenance procedures in place to ensure a consistent and efficient service is provided to customers. Please contact your Account Manager or contact clientmanagement@sycous.com and we will be happy to support you.

Scottish Heat Networks: What you need to do?

Scotland will still be regulated under incoming Ofgem consumer protection regulation, but will experience differences to HNTAS & Zoning due to current housing standards and incoming introduction of heat network permits.

The Housing (Scotland) Act 2001 sets out a duty on Housing Associations to provide and maintain a property in habitable and tenable condition including the maintenance and repair of any heat network.

The Housing (Scotland) Act 2006 sets out the duties placed on private landlords by the Repairing Standard including the provision of heating and hot water.

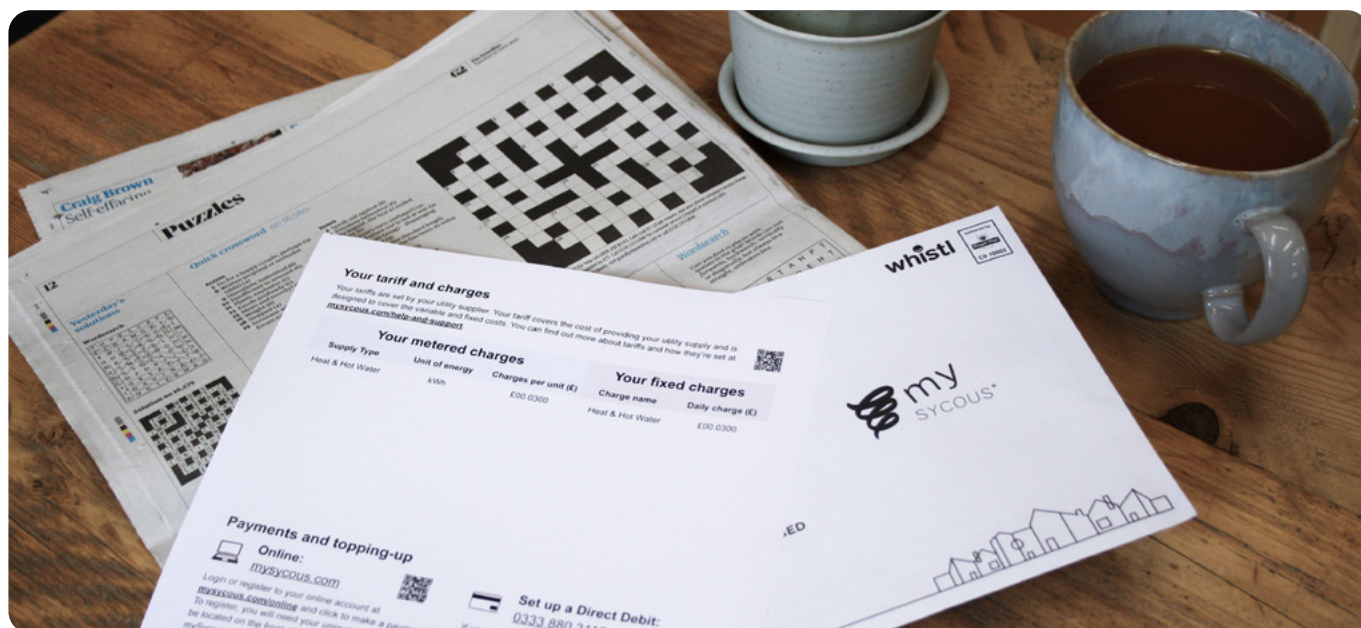
It is expected heat network permits, licensing and consents will be brought into force, many of which are designed to be comparable across the UK.

✔ What you need to do...

- » Keep up to date with expected further legislation and guidance to be published throughout 2025. www.gov.scot/policies/renewable-and-low-carbon-energy/heat-networks/

✔ How can Sycous help?

Sycous can support heat network schemes based in Scotland through a review of current procedures in place for both incoming consumer and technical standards. Please contact your Account Manager or contact clientmanagement@sycous.com and we will be happy to support you.



Heat Network Zones: What you need to do?

DESNZ are aiming to transform the development of heat networks in towns and cities across England through heat network zoning. By designating zones where heat networks are expected to offer the lowest-cost solution for decarbonising heat, local communities will have the tools to accelerate the development of heat networks, ensuring that more homes and businesses can access greener, cheaper heat.

Through a pilot scheme, DESNZ have worked with 28 local authority partners across England to develop a methodology for identifying those geographic zones/areas where heat networks are expected to provide the lowest-cost, low-carbon heat to buildings. These are the areas that would have the potential to become heat network zones under Heat Network Zoning policy.

Lessons from the pilot have been used to inform the development of Heat Network Zoning Policy. Once the response to the heat network zoning consultation is published, DESNZ will be updating the methodology to reflect the final policy position.

✓ What you need to do...

- » Keep up to date with future DESNZ announcements around heat network zoning by subscribing to their email updates: public.govdelivery.com/accounts/UKBEIS_HN/signup/34354



Heat Network Efficiency Scheme (HNES): What you need to do?

Through HNES, DESNZ are aiming to improve heat network performance in existing / operational projects where customers and/or operators are experiencing sub-optimal outcomes. HNES is open for applications from projects that will:

- » Reduce carbon emissions by making heat networks more efficient
- » Reduce customer detriment to improve consumer confidence
- » Help prepare the heat network market for sector regulation and technical standards

✔ What you need to do...

- » Look out for the latest funding round announcement's. Currently, round 9 of funding came to an end on 28th March 2025 and round 10 is yet to be confirmed.
- » Engage with HNES and review your schemes suitability for funding support. More information can be found here: www.gov.uk/government/publications/heat-network-efficiency-scheme-hnes/heat-network-efficiency-scheme-hnes-overview#who-can-apply
- » Seek guidance! Organisations such as Chirpy Heat can help you in your journey to accessing funding to improve your heat networks. www.chirpyheat.com/hnes/
- » Join the HNES mailing list to be kept up to date with latest announcements, news and events, please email the HNES team via HNES@Gemserv.com.



Stay engaged!

It will be vital that your organisation is actively aware and involved in current and future consultations throughout 2025.



To join Ofgem's mailing list for updates and opportunities to engage with on heat networks, contact heatnetworksregulation@ofgem.gov.uk.



**Department for
Energy Security
& Net Zero**

To join DESNZ's mailing list for updates on HNTAS progress and Heat Network Zoning, please subscribe to email updates here: public.govdelivery.com/accounts/UKBEIS_HN/signup/34354



Keep up to date with our dedicated Sycous Heat Network Regulation page: sycous.com/heat-network-regulation. Where we will be updating with further information and updated versions of this guide as policy requirements become clearer.

Ask our experts!

Our team are consistently up to date and involved in new regulation related to utilities to ensure we're providing a 'regulation ready' metering and billing solution, following comparable standards for primary utilities.

We are happy to support you in ensuring you are 'regulatory ready', in the same way we are ensuring our systems and processes are ready to support your readiness. If you feel we can help you further, please do not hesitate to speak with your Account Manager or contact clientmanagement@sycous.com and we will be happy to support you.

Your account manager's

Get in touch with our team to discuss what we can do, or what others can do to support you and your organisation.



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Meter Hardware



Data Collection



PAYG System



Our solutions.



IoT Technology

- ✓ Installation & Commissioning
- ✓ HIU Maintenance & Repair
- ✓ Network Maintenance & Repair



- ⚙️ Automatically generate bills
- ⚙️ Operate PAYG solutions
- ⚙️ Collect payments and manage debt
- ⚙️ Credit control functionality
- ⚙️ Online web and mobile App's
- ⚙️ Reporting and visualisation



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Want to know more?

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