



Heat Network (Metering and Billing) Regulations 2014

For more advice:

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Overview

The Heat Network (Metering and Billing) Regulations 2014 implement the requirements of the EU Energy Efficiency Directive (EED) and came into force on 18th December 2014.

The EED promotes energy efficiency in the EU to achieve the Commission's 2020 20% headline target on energy efficiency. It lays down rules to overcome market failures that impede efficiency in the supply and use of energy. Alongside this, the regulations attempt to address inefficiencies within heat networks which will positively contribute towards reducing our impact on the environment, as required under Government commitments, such as the Paris Climate Agreement.

The Heat Network (Metering and Billing) Regulations 2014 affect all domestic, commercial and industrial networks that supply heat or cooling via a distribution network of steam, hot water or chilled liquid.

This does not apply to air conditioning systems relying local compressors, ducted air or variable refrigerant volume/flow.

The regulations are enforced by Regulatory Delivery (RD) part of the Department for Business, Energy & Industrial Strategy (BEIS).

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Definitions

Heat Supplier – A heat supplier is any individual or organisation who supplies heating, cooling or hot water through a communal or district heat network. Generally, a heat supplier would be the party responsible for charging the final customer or consumer for heat or cooling, or the party responsible for the raw fuel cost that is ultimately supplied to final customers or consumer.

Final Customer – Essentially this is the individual consumer or organisation who are the end users supplied by the Heat Supplier for which a payment is made for that supply. There may be more than one final customer on a heat network, where two different organisations act as heat suppliers.

District Heat Network – is the distribution of thermal energy (whether heat or cooling) as steam, hot water or chilled liquids through a network to multiple buildings or sites. The minimum criteria for a heat network is 2 buildings and 1 final customer.

Communal Heat Network – is the distribution of thermal energy (whether heat or cooling) as steam, hot water or chilled liquids through a network to multiple buildings or sites. The minimum criteria for a heat network is at least 2 final customers in a single building.

Heat or Cooling Meter – A thermal energy meter that measures flow and return temperature, along with the flow rate of the liquid or steam to calculate the amount of energy used in watt-hours (Wh), often displayed in kWh or mWh. These must be proved to be technically accurate, the easiest way of doing so is purchasing a MID Class 2 meter, which has been calibrated.

Heat Cost Allocator (HCA) – device attached to a heat source such as a radiator that measures the room temperature and heat source temperature to calculate the difference. All heat cost allocator data is then collated and a charge apportioned. There is no energy value displayed on the heat cost allocator.

Hot Water Meter – A volumetric meter that measures the volume of water in litres (l) often displayed in m³. These must be proved to be technically accurate, the easiest way of doing so is purchasing a MID Class 2 meter, which has been calibrated.

Does this apply to me?

There is no concrete rule on what is within and out of scope and whether the regulations do apply. There is a large amount of interpretation and grey areas, therefore generally applying common sense is the best approach to understanding whether a heat network is in or out of scope.

If you are a hotel owner the regulations would not apply to you. This is because the nature of providing accommodation is transitory.

If you operate a residential care home where residents have their own living and sleeping area, sanitary facilities and cooking/food preparation areas then this would be within scope and the regulations do apply. However, in the case of nursing homes, where facilities are provided centrally this would not be within scope.

Further examples where the regulations do not apply could be prisons, where there is no direct or indirect financial arrangement between the heat supplier and end user. Multi-occupancy homes or university accommodation where cooking or living facilities are shared would also be out of scope.

A building that has been split into two distinct homes but where the boiler is shared would constitute a heat network.

For non-domestic properties to be within scope there is only a requirement for a partitioned private space. There can be shared services including sanitary facilities. This means that open-plan shared working spaces are out of scope but shared office buildings with some shared facilities would be within scope.

It is the decision of a Heat Supplier whether they are within scope of the regulations and what aspects of the regulations require compliance. However, RD can enforce action against Heat Suppliers who incorrectly apply the regulations.

I still have no idea whether I'm in or out of scope?

Talk to Sycous, we'd be happy to help.

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How do I comply?

What you need to do to comply depends on whether you have a communal or district heat network. An overview of all compliance requirements is detailed below:



Compliance

- Notification – Immediate and every 4 years

- Technical Viability and Cost Effectiveness Test for Heat Meters/Heat Cost Allocators on Existing Networks – ON HOLD

- Building Level Metering – Immediate

- Install Heat Meters on a New Heat Network – Immediate

- Install Heat Meters on an Upgraded Heat Network – Immediate



District Heat Network

- You must notify RD of any existing or newly commissioned network within scope of the regulations.

- The tool for assessing technical viability and cost effectiveness for existing networks is on hold. This is expected to be released by mid-2017.

- Must be installed at the point of entry to every building on a district heat network. There can be a number of ways to comply with this, including clamp-on and virtual meters, please speak to Sycous for further information.

- Individual and Building Level Metering must be installed.

- Individual and Building Level Metering must be installed, where a heat network undergoes major renovations relating to the technical services of that building.*



Communal Heat Network

- You must notify RD of any existing or newly commissioned network within scope of the regulations.

- The tool for assessing technical viability and cost effectiveness for existing networks is on hold. This is expected to be released by mid-2017.

- No compliance required, except best practise compliance, please see below.

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*A major renovation is where the total cost of the renovation of the building envelope or the technical services (technical equipment for the heating, cooling, ventilation, hot water or lighting) is higher than 25% of the insurance reinstatement value of the building, excluding the value of the land upon which the building is situated.

It is a requirement of the regulations that wherever an individual meter is installed that temperature control devices are installed to enable the control of the consumption. This is most likely to mean a room thermostat or thermostatic radiator valves (TRV's) are installed as a minimum.



Best Practise Compliance / Our Advice

The ultimate aim of the regulations is to ensure all final customers or consumers are metered and charged for their consumption through a heat network. This may not occur immediately but as the assessment for technical viability and cost effectiveness should be repeated every 4 years it is likely that over a period the vast majority of heat networks will be metered.

It would be highly advisable that this is done for all buildings at the lowest possible cost point. This would be when the building is built or when an upgrade is taking place, irrelevant of whether the regulation requires this to take place at this point.

It would also be recommended to install building level metering, which can be read, to identify overall system efficiencies and allow for simplified compliance with all notification requirements of the regulations.

Billing and Charging

Once metering is installed, there is a requirement on the Heat Supplier to provide bills and billing information to the Final Customer, where it is technically possible and economically justified to do so.

This technical possibility and economic justification to do so when the cost of collecting, storing and processing of meter reads, preparation and issuing of bills and billing information, the processing of payments and issuing demands for payment does not exceed £70 per final customer per annum. These costs do not include any debt management, prepayment or other cost, which should not be considered.

This means that it is very likely it will be technically possible and economically justified to issue bills and billing information to Final Customers.

All bills and billing information should be:

- Accurate
- Based on actual consumption, which is clearly stated
- Define the tariff(s) charged, breaking them down between variable and fixed
- Clearly explain how the bill has been calculated
- Comparison information to consumption in previous years
- Contact information, including websites, for organisations where information on energy efficiency improvement and technical specification of energy products can be obtained
- Allow final customers to receive their bill or billing information electronically

Final Customers can request billing information quarterly but must be supplied at least twice per year and with every bill.

Other Ongoing Requirements

Once meters or heat cost allocators are installed there is a requirement to ensure they are continually operating and properly maintained, including period checks for errors. There is no definition how this may take place and there is no requirement for a visual check.

Often where a data collection system and suitable meters are installed this can be done on a largely remote basis.

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