

# **Citizens Advice response to Ofgem's consultation on Heat Networks Regulation: Authorisation Conditions**



## About us

We can all face problems that seem complicated or intimidating. At Citizens Advice we believe no one should have to face these problems without good quality, independent advice. We give people the knowledge and the confidence they need to find their way forward - whoever they are, and whatever their problem.

We provide support in approximately 2,500 locations across England and Wales with over 18,000 volunteers and 8,650 staff.

Through our advocacy work we aim to improve the policies and practices that affect people's lives. No one else sees so many people with so many different kinds of problems, and that gives us a unique insight into the challenges people are facing today.

As the statutory consumer watchdog for the energy and post industries we have an important role to play in shining a spotlight on the problems consumers encounter, providing solutions to these problems and ensuring their voices are heard when important decisions are made about the future of these essential markets.

### Summary

Citizens Advice welcomes the opportunity to respond to this consultation on Ofgem's Draft Authorisation conditions for Heat Networks. We are pleased to see these authorisation conditions in draft form and look forward to the move to regulation in January 2026. Heat Networks operate as natural monopolies, meaning consumers usually cannot shop around for a new tariff, improved customer service, or a more reliable heat supply. This means that good regulation is even more important to drive good outcomes.

In April 2025 Citizens advice assumed our role as the statutory advocate for heat network consumers. Our Heat Network Advice Service, operating as part of the Citizens Advice Consumer Service gives us a unique insight into the issues facing heat network consumers. This evidence, alongside our other research, is central to our advocacy which aims to put consumers at the heart of the new regulatory framework

Overall, these authorisation conditions represent a positive step for consumer protections in the sector. We find that the draft authorisation conditions have good standards of drafting consistency, with clear read-across to standard conditions of supply licence in the gas and electricity markets. Their proper application, accompanied by well resourced and effective monitoring and enforcement, will improve outcomes for consumers.

As a general note, we encourage the use of gender neutral language, i.e. use of 'they' rather than 'he or she,' which is more in keeping with language used in the mains gas and electricity sector.

Our key concern is that the conditions don't explicitly require suppliers to engage or consult with consumer advice bodies before establishing referral arrangements. This contrasts with standards in the retail energy market, where existing complaints handling standards require regulated providers to establish appropriate referral arrangements "after discussion with the consumer advocacy bodies."<sup>1</sup> We are concerned that without these discussions in place, the result could be poorer referral arrangements between bodies responsible for the complaints handling framework. This could lead to a less efficient client journey which could worsen consumer outcomes.

## **Section A: All Authorised persons**

Ofgem has decided<sup>2</sup> to establish an operator-led model. We have previously raised concerns about how responsibilities will be allocated in complex subcontracting relationships.<sup>3</sup> We note that **Section A: Condition 5: Nominated Operator** states that [operators] agree 'which of them is to act as the contact point with the Authority on behalf of each of them in respect of the relevant heat network (5.2.1).' We recommend that Ofgem shares guidance on how to reach the decision of appointing a nominated operator, given the variation in capacity, size and capability of operators and the presence of complex subcontracting relationships in the administration of some heat networks.

**Under Section: A, Condition 14: Continuity Arrangements Continuity Plan**, is a list of information that should be included in a Continuity Plan for the event of supplier / operator failure (14.4 - 14.5.5). We note that information on consumers on the Priority Services Register, for whom continuity of supply is particularly important, is not included.

The proposed guidance in 'Heat networks regulation: authorisation conditions and guidance on measures to mitigate the risk and impact of financial failure' outlined a

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<sup>1</sup> The Gas and Electricity (Consumer Complaints Handling Standards) Regulations, 2008, [Section 12 and 13 complaints, 8 \(1\)](#)

<sup>2</sup> Ofgem, 2025, Heat Networks Authorisation and Regulatory Oversight decision

<sup>3</sup> Citizens Advice, 2025, [Response to Ofgem's Heat networks regulation: authorisation conditions for registration, nominated operator, and notification of changes](#)

number of continuity plan minimum requirements.<sup>4</sup> These requirements included specific data such as the Priority Services Register, billing / account information, the number of consumers in debt and the value of debt held. In our response to this consultation we highlighted that in the mains gas and electricity market, when an energy supplier fails, it is the mismanagement of essential consumer data that has the potential to bring about the most harm.<sup>5</sup> For example, failure to transfer billing data; debt balances and PSR information from supplier to supplier could lead to a consumer missing out on support.

We recommend that the wording of this condition reflects the importance of specific assets such as PSR information and debt balances. Though we expect this to fall under ' [information on] consumers (14.4.2)' and 'arrangements relating to the maintenance, updating of, and access to, all relevant metering and billing information' these specific data assets should be included in the condition to mitigate consumer harm in the event of failure and to give authorised persons clarity. In lieu of changing the condition, this should be specified in guidance.

## **Section B: Applicable to suppliers**

**Under 'achieving the supplier standards of conduct' (Section B: Condition 1)** the condition states that "the authorised person must achieve, and must ensure that its Representatives achieve (1.2)." The use of the term 'authorised' in the context of "any person directly or indirectly authorised to represent..." is not clear. The definition of Representative does not clearly indicate which parties should be identified as Representatives. In order for the Standards of Conduct to be effective, Ofgem should make it clear in the guidance that Representatives include any Third Parties that are directed to carry out authorised activities. This should explicitly include Metering and Billing Agents, and third parties assigned to undertake Maintenance activities.

We agree with the list under **Condition 2: Heat Supply Contracts** for exceptions to the authorised persons obligation to supply. However this could leave consumers in need of alternative heating / hot water sources. To ensure that consumers in this situation can access Government support from schemes that subsidise the installation of alternative space / water heating systems, we recommend that the condition includes notifying the consumer in writing of the exception to the authorised person's obligations to supply.

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<sup>4</sup> Ofgem, 2025 [Heat networks regulation: authorisation conditions and guidance on measures to mitigate the risk and impact of financial failure](#)

<sup>5</sup> Citizens Advice, 2025, [Heat Networks Regulation: authorisation conditions and guidance on measures to mitigate the risk and impact of financial failure](#)

This would allow the consumer to take remedial action to access alternative sources of heating and hot water.

We are concerned that the conditions don't explicitly require suppliers to engage or consult with consumer advice bodies before establishing referral arrangements. Conditions 4.12 and 4.17 under **Condition 4: Complaints** state "the authorised person must put in place appropriate arrangements to deal effectively with referrals from a third party, including a Relevant Consumer Advice Body" and that the arrangements "must set out a process by which consumer advisory bodies, including Relevant Consumer Advice Bodies, may make such referrals to the authorised person."

This contrasts with standards in the retail energy market, where existing complaints handling standards require regulated providers to establish appropriate referral arrangements "after discussion with the consumer advocacy bodies."<sup>6</sup> We are concerned this could lead to suppliers developing referral processes independently, leading to a variety of inconsistent and fragmented approaches. This could lead to an inefficient process, which could generate more work for consumer advice bodies than necessary, and lead to worse consumer outcomes if referrals don't operate effectively.

To remove this risk and to align with the gas and electricity rules, we suggest Ofgem introduces a requirement for discussion with Relevant Consumer Advice Bodies into Conditions 4.16 and 4.17. This could potentially also be covered in guidance attached to the authorisation conditions. **Condition 5: Assistance and Advice** states that authorised persons must inform consumers "how to seek impartial advice from a Relevant Consumer Advice Body (5.1.2)." Though secondary to referral routes, we recommend that this is also included in any guidance on discussions with Relevant Consumer Advice Bodies to ensure that consumers receive the correct contact information. Citizens Advice would act to support the outcome of 'appropriate referrals' by acting proportionately. This would include providing our own clear guidance on referrals that takes account of the needs of different market segments.

The conditions state that "The authorised person must not Disconnect (9.14) in Winter, a Domestic Premises if the authorised person knows or has reason to believe that the occupants of the premises include a person who is under the age of 2 or is over the age of 75, disabled, terminally ill or chronically sick (9.14.1)." Our aim is that disconnections for debt should be as uncommon for heat networks as in the gas and electricity market, where they are virtually zero. Cutting off supply can have very serious consequences for people's safety. People in vulnerable circumstances should be protected from

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<sup>6</sup> The Gas and Electricity (Consumer Complaints Handling Standards) Regulations, 2008, [Section 12 and 13 complaints, 8 \(1\)](#)

disconnection all year round - not just in winter. Thousands of organisations are involved in running heat networks, so DESNZ and Ofgem need to set strict standards in this critical area. Our view is that the drafted authorisation conditions don't go far enough. See our [Priorities for heat networks consumer protections: Debt and affordability discussion paper](#)<sup>7</sup> for more information on standards for disconnection. Ofgem should carefully monitor disconnections in the sector, and strengthen the authorisation conditions to protect consumers in a vulnerable situation from disconnection beyond the winter months.

Under **Section B: Condition 10: Prepayment Meters: Installation or switching without Explicit Consent** the conditions refer to "appropriate Site Welfare Visits" to "identify any vulnerabilities that may be present in the household to determine if the use of a Prepayment Meter is safe and reasonably practicable." Ofgem's Prepayment Meter Guidance for the gas and electricity markets states that Site Welfare Visits should be undertaken by a team or individuals who are independent of the debt recovery and installation teams.<sup>8</sup> This condition is in place to mitigate the potential for conflict of interests arising for those carrying out Site Welfare Visits. Though this may not be practical for smaller heat network teams who are carrying out all activities, we know that poor practice in the installation, especially without explicit consent, of Prepayment Meters can cause significant consumer detriment. To reduce this risk, we recommend that the independence of those carrying out Site Welfare Visits from debt recovery and installation teams is listed as best practice in Ofgem's guidance.

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<sup>7</sup> Citizens Advice, 2025, [Priorities for heat networks consumer protections: Debt and affordability discussion paper](#)

<sup>8</sup> Ofgem, 2025, [PPM Guidance \(Safe and Reasonably Practicable\)](#)