

Ofgem Heat Networks Regulation

Response from The City of Edinburgh Council

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Due 1 December

Do you have any views on the drafting consistency of the heat networks regulation authorisation conditions?

Overall, we support the publication of the consolidated draft and welcome the phased approach to implementation. We have a number of points that would benefit from clarification or additional examples.

Key drafting suggestions

- **Clarify the network classification scope for mixed use, retrofitted systems and where part of the network is privately funded.** Suggest providing a decision tree or several worked examples. (Appendix 3 / Definitions).
- **Registration and nominated operator clarity.** It is not always clear when the asset owner or the nominated operator is accountable for registration and ongoing duties. Suggest a table of responsibilities in common arrangements (owner/operator, management company/operator, outsourced operator). (Section 2.4 / 2.6).
- **Fair pricing and cost allocation.** Phrases such as “reasonable allocation” are open to wide interpretation. Local authorities and social housing providers will require transparent allocation methods to assess fairness. Suggest that suppliers/operators must publish their cost allocation methodology, they should include how overheads are treated and abnormalities such as shared plant. They should update customers if this methodology changes. (Section 2.7 / 2.8)
- **Continuity arrangements and financial failure mitigation.** The consolidated text should clearly state the minimum set of documents and customer notification timelines expected in a financial contingency situation. Suggest providing a short list (continuity plan, contact list, customer communication template, back up supplier contracts) and require operators to provide this to the Regulator. (Section 2.25 / linked guidance)
- **Fit and proper.** Thresholds and acceptable evidence for “fit and proper” status and demonstrating resource availability are not prescriptive. Suggest providing examples of evidence (audited accounts, insurance certificates, staffing plans, third-party service contracts). (Section 2.9 / 2.14).
- **Consumer protection in complex ownership chains.** Multi-occupancy billing changes where a management company or factor bills residents can obscure consumer protections (priority services, direct debit, pre-payment). Suggest clarifying obligations for billing transparency and Priority Service Register maintenance where billing is delegated; require operators to publish a clear statement of who the direct contractual party with the customer is. (Section 3.1-3.12).