

Ofgem's heat network regulation – authorisation conditions consultation Nov 2025

Insite Energy response – deadline 1st December

Question	Pg.	Insite Energy response
Do you have any views on the drafting consistency of the heat networks regulation authorisation conditions (AC)?		<p>We found it really confusing for Ofgem to share both a 127-page and 67-page document of the same elements but formatted slightly differently. We only reviewed the 127-page doc as a result. Ofgem seems to continually make it purposefully hard to try and remain up to date with future regulations. With that said, the main doc was broken into sections which made it easier to digest.</p> <p>Our overall thoughts are that it's still far too onerous for many smaller heat networks (HN) to get their head around. Our main worry remains around prepayment meters. Ofgem seems to be going down the path of prepayment being a method of last resort which just isn't the case in the heat network world. As a result of these strong concerns which we've raised on multiple occasions, we will be looking to encourage our heat supplier (HS) clients to delay registration with Ofgem until the points raised have been fully considered and reviewed.</p> <p>There is a continual lack of clarity as to who is picking up the additional cost of regulation, and how maintaining compliance will be achieved. There is also a consistent lack of understanding of the impact customer protection regulation, as drafted, will have on the financial viability of many heat networks.</p> <p>As such, Ofgem needs to model the proposed regulations on different types of HN schemes before launch vs. just ESCos and the loudest suppliers in the market. If this isn't done, Ofgem are at serious risk of driving hundreds (if not thousands) of HN, HS and their residents to financial ruin. We strongly encourage Ofgem to do this before forcing HS to register, so they fully understand the real impact of regulation on the HN industry.</p> <p>There are obviously several sections of the ACs that we're missing. It would be good to ensure there are placeholders for each and commentary on when updates are likely to be provided e.g., fair pricing, GSOPs, penalties, reporting.</p>
<u>Feedback on Section A – applicable to operators & suppliers</u> 1. A1: Application of general authorisation conditions	45	No comments.
2. A2 Interpretation	47	No comments.

3. A3 Definitions	50	<p>Credit Limiting – the definition is confusing (seems to have been written by a lawyer when our understanding is that the ACs are supposed to be written in plain English). We propose a simpler definition: <i>The maximum balance outstanding from the consumer to the heat supplier at any time as set out in the heat supplier contract.</i> Is a credit limit needed if there is a debt trigger? Aren't they the same?</p> <p>Debt Trigger – Have Ofgem scrapped the £200 limit stated previously? What is the amount specified by the Authority e.g., trigger point.</p>
4. A4 Registration	61	No comments.
5. A5 Nominated Operator	62	Intro 2.23 what sort of confidential information? Financial? There is no indication of this in actual ACs so please define to allow suppliers to understand the impact. It would make sense that the company who needs to submit their financial information is the one that submits all information.
6. A6 Fair Pricing	63	<p>No, however obviously very vague.</p> <p>Where the level of debt is spread across a HN, meaning residents that pay their bills are covering other residents who aren't, resulting in them considering their tariffs to be unfair and disproportionate, what is done in the situation? Particularly where Ofgem are putting in place means for some residents to get out of not paying their bills at certain times of the year, either from being vulnerable or not providing explicit consent for a PAYG remote switch.</p>
7. A7 Cost Allocation	64	2.36 What falls into 'unless otherwise specified?' And will it include NFP HN where there is no other income?
8. A8 Ongoing Fit and Proper Requirement	65	No comments.
9. A9 Provision of Information to the Authority	67	No comments.
10. A10 Open & Co-operative	68	No comments.
11. A11 Independent Audits	69	Can the cost of an Independent Audit be passed on to residents? Or will Ofgem cover this cost?
12. A12 Operational Arrangements & Material Assets	70	No comments.
13. A13 Availability of Resources & Financial Responsibility Principle	72	<p>13.1.1 How can NFPs responsibly manage their financial resources when they're reliant on customer payments, and yet under the proposed regs customers don't necessarily have to pay? Ofgem are creating a conflict whereby this clause cannot be ensured if customer protections around the operation of PAYG, chasing of debt, and vulnerable customers (VC) are enforced as drafted.</p> <p>2.70 (pg. 20) should NFPs do that from the start if hampered by the above? The ACs as drafted will force a substantial number of</p>

		<p>NFP HN into technical insolvency i.e., insufficient financial resources to meet ongoing operational costs. HN will try to mitigate this but ultimately non-payment of incoming supply bills for commercial gas/electricity will result in HNs ceasing to operate.</p> <p>We recommend an urgent review of Ofgem's ACs covering PAYG, chasing of debt, and vulnerable customers protections is performed by Ofgem to ensure financial resources are not limited/curtailed.</p>
14. A14 Continuity Arrangements	73	14.5 Will Ofgem be providing a template continuity arrangement?
15. A15 Revocation	75	<p>15.1.1 When you revoke, who steps in? Will authorisation only be revoked when someone is ready to take over? As such, would the 30 days be dependent on this and thus, should that be stated?</p> <p>15.1.2 How will 24-hours' notice work in practice? Same question as above.</p> <p>15.1.3 is 7 days enough time in this scenario? Same question as above.</p> <p>We're not aware of any SOLR set-ups that have been agreed. It seems like a big jump to state these points without confirming who will step in to ensure continuity.</p> <p>We have serious concerns that the above-mentioned ACs (PAYG, debt, VC) will;</p> <ul style="list-style-type: none"> i) force substantial numbers of HNs into insolvency requiring them to give notice under this section to ultimately have their license revoked as a consequence, ii) yet there will be nobody to step-in and pick up operation of the failing network, iii) resulting in consumers being left with no supply iv) and yet no party/body/organisation to hold responsible for any supply issue resolution including VC who are supposed to be protected.
<u>Feedback on Section B – applicable to suppliers</u> 16. B1 Supplier Standards of Conduct	79	No comments.
17. B2 Heat Supply Contracts	80	<p>2.1 are Ofgem planning on defining 'reasonable period of time' or keep open for interpretation?</p> <p>2.8 unlikely that HS will have different deemed contracts or HSCs available, and terms would not differ. The only difference would be that one requires a signature and the other doesn't.</p> <p>As previously flagged, we need more information on 2.11.8 and 2.11.12. What is expected here? How should environmental</p>

		<p>impacts be calculated? There are multiple ways of doing this, so unless a standardised calculation is prescribed it won't provide any useful, comparable information. If KPIs are to be included that suggests that HNs must report out on this performance, which there isn't any other mention of or need for under Ofgem (expected to be covered by HNTAS).</p> <p>2.11.14 add in 'where such data is available'.</p>
18. B3 Contract Changes Information	85	<p>3.1.1 Should this be an overall reduction based on average consumption across the scheme, or must both the DSC and unit rate have reduced to issue less than 31 days notice? For reductions, are Ofgem going to provide any suggested timeframe? Need a better definition of 'Disadvantageous Unilateral Variation', page 52).</p> <p>3.3.1a We do not think it's a good idea to include in tariff notification letters that the only way for a resident to NOT be affected by the tariff change is to move out (i.e., terminate their HSC). Sounds very trapping regardless of whether this is true. Quite offensive.</p>
19. B4 Complaints	87	<p>4.4 It is not feasible to display documents in every single building on a HN. We are also unaware of any PAYG IHD that allows complaints policies (or the likes) to be stored.</p> <p>In one of the previous consultations, Ofgem referenced the 2018 document '<i>Guidance on submitting complaints data for domestic customers and microbusinesses</i>'. Will Ofgem be requesting the same complaint types as listed, or allowing the HN market to define these? While this was referenced, Ofgem did not make it clear how much of this would be matched within the HN industry. Will the reporting template also be similar?</p>
20. B5 Assistance and Advice	93	<p>3.37 – Mention of UMRN in the summary but nothing in the AC. Is this a requirement or not?</p>
21. B6 Provision of Billing and Price Transparency of Information	95	<p>6.4 needs to consider where property access by a resident is not provided. What is the consequence i.e., any penalty if not being able to achieve this?</p> <p>6.7 what would be considered a reasonable cost for the provision of a copy bill, whether emailed or posted?</p> <p>6.10.3 Do Ofgem expect the calculation of future charges to be done using the last 12 months of consumption applied against the current tariff? Please specify this (we have asked for this multiple times). This should be moved to an optional requirement as it will be highly difficult to include in bills. This also could be extremely misleading as it's much harder to estimate future tariffs, system efficiency, % of people paying, etc. on HNs than it is in the gas & electricity market. Thus, this is not a comparable offer for 14,000 HNs to individually calculate vs. the commodity-based gas & electricity markets. Could this information be provided</p>

		<p>elsewhere e.g., tariff notification letters? And also based on scheme-wide averages vs. individual accounts.</p> <p>6.10.6 this will be extremely difficult to include where a metering & billing (m&b) provider is appointed as they aren't always told the heat supplier contact details or emergency contacts nor kept informed with operational changes. Please define 'contact information'. Ofgem need to allow some billing information to be displayed elsewhere rather than EVERYTHING on the bill i.e., scheme-specific webpage or customer portal.</p> <p>6.10.9 We do not think this is an appropriate step forward.</p> <p>6.19.1 What if there is insufficient data (e.g., consumption data) to provide an annual account statement (AAS)? We current send failure emails when this occurs.</p>
22. B7 Back-billing	100	No comments.
23. B8 Priority Services Register	101	<p>Can HS request evidence of a resident's vulnerability before they are registered. If so, how would a resident prove vulnerability? Is validation permitted? It is essential that this is allowed else there is no limit to how many customers can self-identify as vulnerable without any valid claim, which as Ofgem currently has set rules will impact a HSs ability to pay the incoming gas bill.</p> <p>Can an 'opt in' renewal process be enforced, requiring response from residents to confirm they're still vulnerable.</p>
24. B9 Security Deposits, Payment Difficulties, Disconnections, Direct Debits and Final Bills	103	<p>9.8.5b is not possible. This is not common practice for PAYG payment methods. Either balance-based or date based automatic top-ups are provided, date based being on a monthly basis like a fixed Direct Debit. We recommend that the ACs recognise the methods currently deployed in the HN market vs. Ofgem's outdated understanding.</p> <p>9.16 In the event a bulk supplier is not paid by the customer in winter resulting in inadequate funds to meet its own operating expenses and risk of failure, how is it expected to continue supply? Disconnection of the entire scheme would be automatic if incoming fuel cannot be paid.</p> <p>9.19 Ofgem talk about fixed DDs but in the reporting requirements you define DDs as only being variable. Consistency is needed.</p>
25. B10 Prepayment Meters	108	<p>Please see our previous detailed response to this section from the last consultation.</p> <p>10.4 If a resident is not proactively flagging concerns why is this needed?</p> <p>10.7 if a customer is finally paying their bills through PAYG and hasn't actively flagged any issues why does this need to be reassessed? Should only be done if a resident raises concerns.</p>

		<p>10.9 poses a big issue.</p> <ul style="list-style-type: none"> • 10.9.3 has this changed from £200 to any value within that timeframe? • 10.9.4 has this changed from 10 x contact attempts? What constitutes as 'multiple'. As previously stated, this is simply not sustainable. • 10.9.6 is not feasible. If a resident refuses to provide access, the HS has lost time, money and effort. Ofgem are removing the core benefit of remote switching in the fact it saves time and effort for both the HS and resident. To our knowledge, no HS has access or use of body cams. <p>10.12 PAYG systems and the ability to remotely switch between PAYG and credit billing depending on debt levels has already been an installation decision for heat suppliers, and the ability for them to continue paying the incoming fuel bill plus the o&m costs of running the network will depend heavily on this freedom. By only excluding schemes <10 Ofgem still leave ALL existing schemes at great risk of catastrophic financial failure for implementing these stringent limitations.</p> <p>10.13.4 and 10.13.6 Where has Ofgem got the</p> <ol style="list-style-type: none"> 1. impression that heat suppliers have this capability, 2. that it's even possible to enforce this, and 3. who is funding this?
26. B11 Self-Disconnection	113	<p>11.1 On what logic do Ofgem propose that self-disconnection is based on? There are multiple reasons why residents may be disconnecting so there needs to be clear guidance as to how this can be identified. To us, this raises huge GDPR concerns and will encourage spur the feeling of HS being 'big brother' to their residents.</p> <p>11.1.2 we're glad that Ofgem has changed this clause to state that identification can be enabling a method for residents to tell their HS they're self-disconnecting vs. proactive/reactive engagement which is not sustainable.</p> <p>11.11 change to 'technical and/or financial infeasible'. Cannot ensure no interruption if it's a move to PAYG. This should be over an interim period e.g., 24 hours to allow the adjustment over a short period of time otherwise you're back to square 1, allowing residents to get out of paying for their energy. Debt will only continue to mount up.</p>
27. B12 Social Obligations Reporting	115	<p>Ensure this directly correlates with Ofgem's latest reporting requirements to avoid any additional information required.</p> <p>12.2.1 this level of reporting is going to be extremely challenging and expensive to provide on a scheme level basis vs. portfolio. Is the benefit of this information worth it as will be an additional administrative task to pay for? This data is typically only gathered</p>

		<p>by payment method not by scheme or even by account (without manual intervention).</p> <p>Ofgem don't seem to have a clear understanding of what constitutes a payment method either, as they only consider variable DDs and 'PAYG' (a billing method not a payment method) the two options!</p>
<u>Feedback on Section C – applicable to operators</u> 28. C1 Operator Standards of Conduct	117	1.3.3 This won't be possible if Ofgem continues to look at ways of reducing means of a HS' income. Ofgem can't require the operator to ensure it has appropriate resources (which include operating capital) when the ACs specifically restrict HS ability to collect funds.
29. C2 Security of Supply	118	Principally the activities listed are good practice o&m so should be included. However, they are contingent on external providers e.g., o&m reporting etc. being paid to carry out their activities which maintain security of supply. Meantime, Ofgem's customer protections specifically limit the ability of HSs to collect funds from residents to ultimately paid their contractors. This will absolutely have a major impact (chain reaction) on the HS' ability to deliver a guaranteed supply.