

Heat Network Regulation Team
Ofgem
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Email: FutureConsumers@ofgem.gov.uk

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Dear Jemma Baker,

BUUK response on Consumer Outcomes

I am writing to you on behalf of Metropolitan, part of the BUUK Infrastructure Group of companies (BUUK), in response to Ofgem's Call for Input on [Consumer Outcomes](#), which was published on 10th November 2025. This letter presents a high-level summary of our views on the proposals set out in the consultation. I can confirm this response is not confidential and can be published on the Ofgem website.

Overview of our business

BUUK is the leading UK multi-utility infrastructure investor, working across Great Britain and competing against incumbent utility companies. We have provided over three million utility connections, serving customers across 48,000 discrete networks and six essential utilities; we therefore have considerable experience across multiple utility industries. Our main investor is Brookfield, which formerly owned 800MW of heat / cooling plant in North America. We operate in the heat networks sector under our Metropolitan brand and as a multi-utility provider under our GTC brand where we install and maintain gas and electricity distribution assets. Therefore, we can offer a unique perspective as an investor and operator of heat systems and an experienced owner operator of last mile utility distribution systems in five other regulated utilities.

Our views on Consumer Outcomes

We welcome Ofgem's continued emphasis on ensuring consumer outcomes are at the heart of the regulatory regime and we are largely supportive of the 24 proposed outcomes detailed in the consultation. We believe that many of the proposed outcomes already align with our organisation's culture and approach to our customers and as such we support their introduction. We also welcome Ofgem's explicit recognition of the importance of promoting economic growth alongside consumer protection. In our view, there should not be tensions between sustainable economic growth and strong consumer outcomes; rather, we see growth as a necessary precondition for continued investment, innovation, and the delivery of high-quality, resilient services for all consumers over the long term.

We particularly support Ofgem's reaffirmation of the role of competition as a driver of improved consumer outcomes. Based on experience across the utilities sector, competitive pressures are a key mechanism through which efficiency gains, service improvements, and innovation are realised. Similar patterns can be observed in other regulated utility markets. For example, competition in telecoms has driven rapid service innovation, price transparency, and customer experience improvements, while contestability in water retail for

non-household customers has led to more tailored services and improved engagement. These examples reinforce the importance of preserving competitive dynamics wherever market structures allow, while recognising that some sectors, such as heat networks, require alternative regulatory tools to compensate for limited or absent supplier choice.

Where competition is absent or weak, markets tend toward natural monopoly characteristics, often resulting in poorer service quality, slower innovation, and weaker incentives to respond to consumer needs. Historic experience in the energy sector prior to widespread market entry by independent suppliers illustrates this clearly, with incumbent providers frequently underperforming on customer service and responsiveness.

Views on specific Consumer Outcomes

- **Outcome 1 – Debt and arrears support**

We note the explanation in Appendix 3 (A1.1) stating that suppliers *“must actively look for signs that a customer might be struggling financially and reach out early to offer support.”* We strongly support the underlying intent of early intervention, and, indeed, already offer proactive debt advice to our heat customers if they miss two consecutive monthly payments or one six-monthly payment. However, we have some residual concerns regarding Ofgem’s expectations in this area and what this could mean in terms of practical implementation.

In particular, proactively identifying financial distress before a consumer has communicated difficulties can be challenging in practice and risks placing suppliers in a delicate position with respect to consumer privacy and data protection. There is a risk that overly broad expectations in this area could lead to unintended consequences, including intrusive engagement or inconsistent application across suppliers. We therefore consider it important that any outcomes-based requirement in this area is framed carefully, with clear recognition that meaningful intervention often depends on consumers signalling need, or on objective indicators such as missed payments, rather than subjective inference.

- **Outcome 2 – Excessive pricing**

We agree with the underlying principle that consumers should not be charged excessive prices and support the expectation that prices should be cost-reflective and aligned with the efficient provision of services. It is also appropriate that suppliers are able to clearly explain and evidence the rationale underpinning their pricing decisions, including how costs, risk, and investment requirements are reflected.

However, we have reservations about how “excessive” pricing would be defined, assessed, and enforced in practice. In particular, approaches that rely on retrospective profitability assessments or ad hoc price investigations risk introducing regulatory uncertainty. Such uncertainty could deter private investment at a time when substantial long-term capital is required to expand, modernise, and decarbonise energy infrastructure in line with net zero objectives.

Any approach to this outcome should therefore be grounded in transparent benchmarks, clear methodologies, and predictable regulatory processes, ensuring that prices reflect the costs of an efficient, well-run supplier while maintaining investor confidence and protecting consumers. We would welcome an opportunity to work with Ofgem and DESNZ to explore, with other stakeholders, how the pricing assessment and enforcement framework could provide protection to consumers from excessive and or monopolistic pricing whilst providing

assurance to investors that they will have the long term certainty to receive a return that reflects a fair return reflecting their cost of Capital, the level of risk in the market, Innovation and efficient operation of heat networks.

- **Outcomes 4 and 5 – Competition and choice**

We support the principle that effective competition plays a key role in driving innovation, efficiency, and improved consumer outcomes. We would therefore welcome any future evolution of the regulatory framework that enables greater forms of competition, where this can be achieved in a technically and economically viable way.

Noting Ofgem's statement in paragraph 3.9 that it may consider the applicability of Consumer Outcomes to new regulatory areas, including heat networks, it is important to recognise that the current regulatory and market design for heat networks, as developed by DESNZ and Ofgem, does not enable supplier-level competition in the same way as is possible in the gas and electricity markets. Heat networks are locally anchored infrastructure systems, and the prevailing framework has been designed around network-specific authorisation, consumer protections, and price oversight, rather than active retail switching. As a result, while heat network consumers do not typically have the ability to switch between competing suppliers on the same network, they are not wholly without choice. In practice, consumers retain a degree of counterfactual choice, including the option to disconnect and adopt alternative heating solutions where this is technically feasible and economically attractive, such as individual air-source heat pumps.

Given this context, we consider that Outcomes 4 and 5 would need to be applied to the heat network sector in a way that reflects its current market structure. Rather than focusing on supplier switching, these outcomes are likely to be more effective if framed around transparency, informed decision-making, and meaningful comparison against relevant alternatives. This would align with the existing regulatory framework while preserving scope for future reforms that could introduce greater competitive dynamics over time.

- **Outcomes 11 and 12 – Information, choice, and switching**

Following on from our observations above, similar considerations apply to Outcomes 11 and 12 should Ofgem seek to extend these principles to the heat network sector in the future. Given that, as referenced above, the current designed heat network market framework does not include provisions to allow customers to switch suppliers, it would be more appropriate for outcomes in this area to focus on transparency and informed comparison rather than switching itself. For example, consumer understanding could be supported by enabling meaningful comparison against relevant counterfactuals, such as the costs and performance of alternative heating technologies (e.g. individual air-source heat pumps), rather than implying an ability to change supplier. This follows from our earlier point, that it would then enable customers to switch heating supply if the heat network they are connected to does not offer a competitive service with an alternative heating supply.

Delivering Consumer Outcomes

We broadly support a **hybrid regulatory approach**, combining outcomes-based regulation with targeted prescription in areas where the risk of consumer detriment is highest. In our view, a risk-based framework is most likely to deliver meaningful improvements in consumer outcomes while preserving flexibility and innovation. Areas such as protections for

consumers in vulnerable circumstances are well-suited to clearer, more prescriptive requirements, given the potential severity of harm in cases of failure.

We consider that reputational incentives would arise organically under such a hybrid model. Where entities fail to deliver agreed outcomes, or breach prescriptive requirements, this would naturally lead to reputational impacts with consumers, investors, and wider stakeholders. These effects can be powerful drivers of behavioural change and provide strong incentives for compliance without the need for excessive regulatory intervention.

Finally, we consider that the primary responsibility for demonstrating delivery of improved consumer outcomes should rest with suppliers themselves. Requiring suppliers to evidence outcomes achieved, rather than placing the monitoring and evidencing burden primarily on Ofgem, better aligns accountability with control. There is also a risk that an overly regulator-led monitoring regime could, in practice, drift toward prescriptive regulation by proxy, particularly if Ofgem begins to scrutinise or standardise the methods suppliers use to achieve outcomes. Allowing suppliers discretion in how they deliver and evidence outcomes, within a clearly defined framework, is therefore critical to preserving the benefits of an outcomes-based approach.

I hope that this letter is helpful. If you would like to discuss any of the issues I have raised, please contact me via email (keith.hutton@bu-uk.co.uk) or phone (07970 730688).

Kind regards,



Keith Hutton

Group Regulation Director