

Ref Ofgem CVS

Meghna Tewari
Head of Vulnerability and Consumer Policy
Ofgem
10 South Colonnade
London
E14 4PU



August 2019

Dear Meghna,

Ofgem Consumer Vulnerability Strategy

Heat Trust is pleased to respond to Ofgem's consultation on revising its consumer vulnerability strategy.

Heat Trust is an independent, non-profit consumer champion for heat networks. Launched in 2015, we hold suppliers to account and make sure customers enjoy the benefits of heating systems fit for the future by:

- Applying strict customer service standards to heat suppliers, similar to those for traditional gas and electricity suppliers;
- Providing access to an independent dispute resolution service through the Energy Ombudsman; and
- Working with suppliers to promote best practice, innovation and continuous improvement in customer service.

We agree that it is important that all energy suppliers can tailor their service to meet the needs and circumstances of different customers. The energy sector is rapidly evolving; digitalisation, decarbonisation and decentralisation are reshaping the energy landscape.

One of the ways in which the energy landscape is changing is the growing role of low carbon heat networks. Both Scottish and UK Government are investing heavily in developing heat networks which are seen as critical for meeting our carbon reduction targets. The Committee on Climate Change (CCC) has estimated that 18% of heat demand will need to be met by heat networks by 2050. To put this into context, the number of UK households served by a heat network is expected to grow from around 500,000 today to nearly 5 million by 2050.

Heat networks are not currently regulated, however, the Department of Business, Energy and Industrial Strategy (BEIS) has confirmed that it intends to introduce legislation to regulate heat networks. Government has also stated that where regulation is required for heat networks, Ofgem would be well placed to be the sector regulator. With this in mind, Heat Trust is keen to engage with Ofgem on their new consumer vulnerability strategy and to share our experience of consumer vulnerability on heat networks.



Since 2015 Heat Trust has been working with the industry to proactively drive-up minimum service standards across the heat network sector. This has been recognised in independent research and both BEIS¹ and the CMA have made reference to Heat Trust in open letters to the market.

The service standards we set are designed to be comparable to those set by Ofgem. For example, we require heat suppliers that register with Heat Trust to hold and maintain a priority services registers and a vulnerable customer strategy. We also require heat suppliers to provide support for customers experiencing payment difficulties, not to disconnect a vulnerable customer during the heating season and adhere to the back-billing principle.

Regular monitoring data is collected from heat suppliers on complaints (including Ombudsman complaints) and outages, helping to build an evidence base of how heat networks are operating, the challenges we see in the sector - particularly for smaller heat network operators, and recurring themes that customers identify.

As the energy market evolves with new business models and service offerings, ensuring customers are protected and that vulnerable customers are appropriately supported, should be a central pillar to any regulatory framework. The expected growth of the heat network market will change how a significant proportion of customers receive their heating, hot water and in some cases, their cooling too.

We look forward to engaging further with Ofgem on the development of a new consumer vulnerability strategy and we remain keen to ensure the insights we are gathering as part of Heat Trust can feed-in to future regulatory developments.

Yours sincerely,



Bindi Patel
Head of Scheme

¹ <https://www.gov.uk/government/publications/open-letter-to-heat-network-operators-about-consumer-protection-standards>

