

# Getting ready for heat network regulation

How heat networks can prepare for regulation and deliver for consumers

**citizens  
advice**

# Summary

Heat networks make up a key part of the government's plan to reach net zero. By 2050, it's estimated that up to a fifth of all households will get their heating through one of these networks. It's vital that consumers receive clear and transparent information from heat network suppliers so that they can make informed decisions about their heating.

Last year, we carried out research that found problems with the information provided by suppliers over their customer service telephone lines and displayed on their webpages. We've carried out similar research this year, and whilst some progress has been made, the pace of change hasn't been quick enough.

## Recommendations

### Suppliers need to:

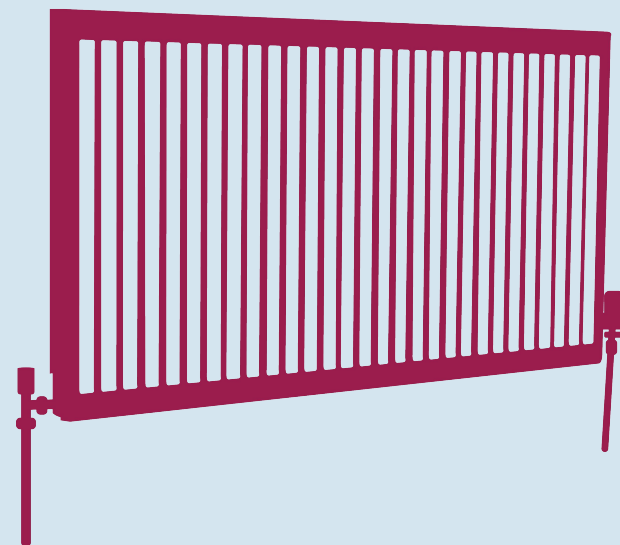
-  Ensure consumers can **access information** across all of their communication channels
-  Provide clear and transparent **information about their prices**, including any information on potential increases as a result of rising wholesale gas prices
-  Review their payment options and ensure they are offering **flexible ways to pay** to their customers
-  Provide appropriate **support to consumers in vulnerable circumstances** and make sure consumers can find out about these services across all communication channels
-  Ensure all consumers are correctly **told that they can't change suppliers** after moving into a home connected to a heat network
-  Provide support to people who are struggling because of the **ongoing coronavirus pandemic**
-  Review their **complaints procedures** so that consumers have access to a clear and transparent process, with the option to escalate any concerns to an alternative dispute resolution service

# Introduction

Heat networks are key to the government's plan to achieve net zero emissions. The Climate Change Committee **estimates** that around a fifth of households could be connected to one by 2050. This means that millions of extra households will be connected to heat networks in the next few decades. It's therefore vital that suppliers of heat networks provide excellent support and information to consumers about their services.

**Suppliers who run heat networks are currently unregulated and consumers often suffer poor consumer outcomes as a result.** That's why we've been advocating for the sector to be regulated and for a statutory consumer advocate to be established. It's really positive news that the government has agreed with us and **announced** in December 2021 that Ofgem will be responsible for regulating the sector. This will bring the heat network market in line with the rest of the gas and electricity market which is already regulated by Ofgem. They also announced that Citizens Advice will take over as the new statutory consumer advocate. This means that we will have a key role in monitoring suppliers and ensuring they provide the best possible service to consumers.

Last year, **we carried out an audit of heat network suppliers' websites and mystery shopping of suppliers' customer service telephone lines.** We found a number of issues with the information and support provided by suppliers. This year, we have repeated the research to find out if the performance of suppliers has improved. Whilst we found that suppliers had made some improvements, the pace of change has not been quick enough. We've made a number of recommendations which heat network suppliers should implement as quickly as possible. This will help them get ready for regulation, and ensure consumers receive better customer service outcomes.

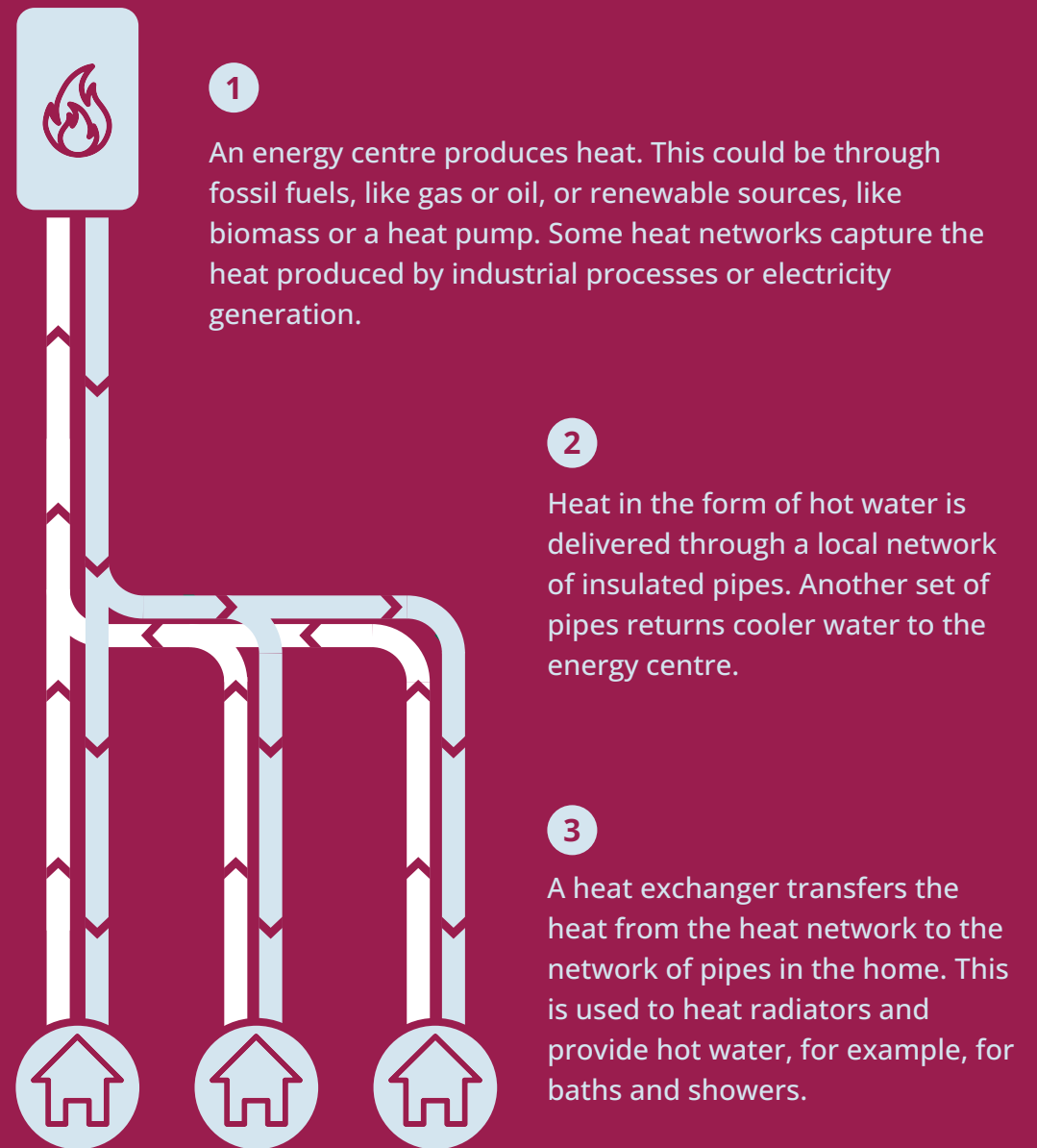


# What is a heat network?

Heat networks are systems where heat is delivered directly to the home, normally in the form of hot water. The heating is transported from a central source outside of the home via a network of insulated pipes. This means there is no need for a traditional boiler inside the property.


Most heat networks use combined heat and power (CHP) systems run on natural gas to generate their heating. Whilst this is a more energy efficient way of using fossil fuels, it's still contributing to carbon emissions. To help meet net zero carbon emissions by 2050, heat networks will need to start using renewable sources. Some have already started doing this by using renewable technologies such as biomass boilers and heat pumps. Others are also using waste heat captured from industrial processes or electricity generation. These techniques will need to be rapidly taken up by other networks so that net zero can be achieved.


Heat networks are natural monopolies - a consumer cannot change heat network supplier after they've moved into a house connected to a heat network. As they can't switch providers like people who use conventional boilers, clear information about the services available is extremely important.



# What we did

In November 2021, we looked at the information given by 20 heat network suppliers from across Great Britain - this included 19 suppliers who we mystery shopped last year. The research had 2 parts:




 **Mystery shopping of supplier's telephone lines and email responses**

 **Analysis of each supplier's website**






## 1 Website analysis

We looked at the information available on each supplier's public website and analysed the following:

-  Pricing information
-  Support available to customers in vulnerable circumstances, including those affected by COVID-19
-  The accessibility of each website<sup>1</sup>

## 2 Telephone and email mystery shopping

We commissioned Mystery Shoppers Limited to carry out this research on our behalf. They asked shoppers to either pose as someone looking to move into a property connected to the supplier's heat network or as a family member who is trying to find out information about the network on behalf of a relative. Each supplier was sent 1 email and was called 3 times by the mystery shoppers, suppliers were asked about the following:

-  Pricing information
-  Support for consumers in vulnerable circumstances, including those affected by COVID-19
-  Customer service and complaints handling processes

Shoppers tried up to 10 times to get through to someone who could help with their inquiry. Calls were made at different times of the day between Monday and Friday. Shoppers also sent one email and waited up to 10 days for a response from the supplier.

<sup>1</sup>We looked at how each website had been designed, and whether suppliers had taken steps to ensure all consumers could use them.

# What we found



# Suppliers need to make sure their services are accessible across all of their communication channels

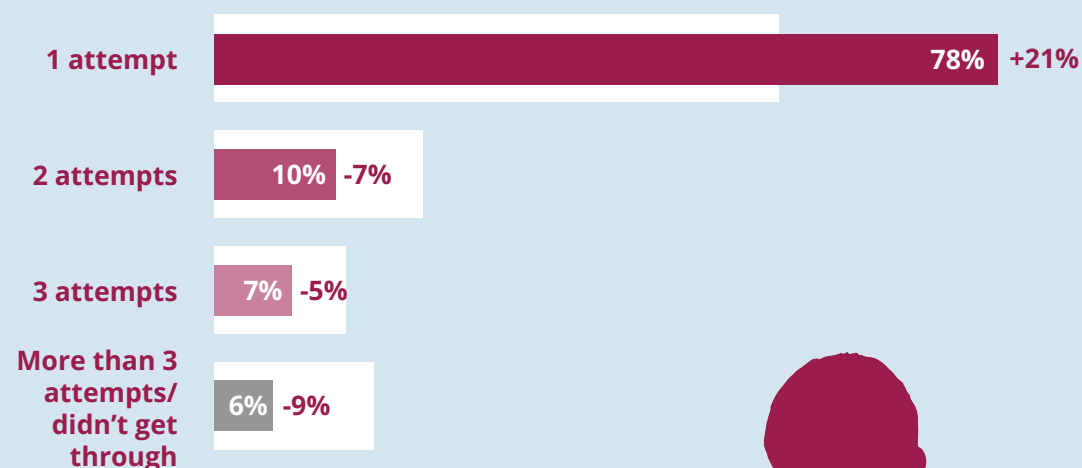
Consumers want to engage with energy suppliers using a variety of different channels. Our **previous research** shows that consumers want to access services through both online and offline channels.

This helps make services more accessible. Some consumers have particular needs which makes it difficult for them to use certain channels e.g. some people find it difficult to access services over the phone.

We looked at how easy it was to navigate the supplier's website, and contact them via their telephone line and email address.

## Telephone

There was an improvement in the number of successful calls compared to last year. However, over 1 in 5 shoppers still failed to get through to someone on their first attempt.



## Website

We tested each supplier website against some web accessibility standards and found that standards were similar to last year. Most supplier websites are adhering to the standards we tested.

### Proportion of supplier websites could be:

#### Navigated using just a keyboard



#### Read using text reading software



#### Navigated via multiple channels<sup>2</sup>



<sup>2</sup>We tested whether each website could be navigated using different channels such as a website map or search function.

<sup>3</sup>There is no comparison to last year as email contact is a new metric and was not assessed last year.

## Email

Nearly half of shoppers didn't get a response to their email after 10 days. Out of those who received a reply, around half had to wait more than 5 days for their response.

### Received a response to their email after 10 days<sup>3</sup>



It's positive news that more shoppers were able to get through to a supplier on their first telephone attempt. However, it is concerning to see that nearly 1 in 4 shoppers had to try more than once to get through to someone to help with their enquiry. Email communication appeared particularly unreliable with nearly half of our shoppers not receiving any response to their email at all.

Consumers should be able to expect a timely response through any reasonable channel of communication.



Suppliers need to make extra efforts to ensure that their services are accessible across different channels so that all consumers can access the services they need.



# Consumers are still struggling to get information about pricing

Heat network suppliers are natural monopolies and consumers cannot change suppliers when they move into a home connected to a heat network. That's why it's important that consumers have access to clear and transparent information about their heating costs. It helps people budget and make informed decisions about whether they want to move into a home connected to a network.

Most networks are powered by gas. With the current wholesale gas crisis it's important consumers know how this will affect their bills in the coming months. Heat network consumers are more exposed to fluctuating gas prices because there is no price cap or social tariffs available for consumers on heat networks.

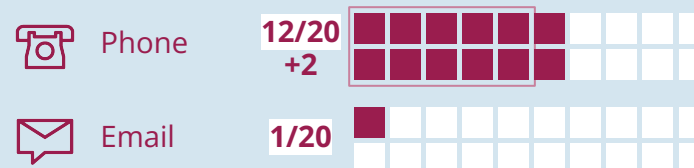
Our research found an improvement in the number of suppliers providing billing information over the phone compared to last year. However, shoppers struggled to get any information from most suppliers via email - only 1 supplier could tell us their estimated annual bill. Pricing information on the supplier's website remained comparable to last year with around 1 in 4 suppliers providing pricing information on their webpages.



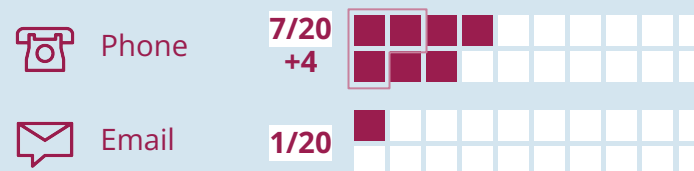
**Only 5 suppliers via telephone could tell us whether they expect their prices to rise as a result of wholesale gas increases.**

## Number of suppliers who...

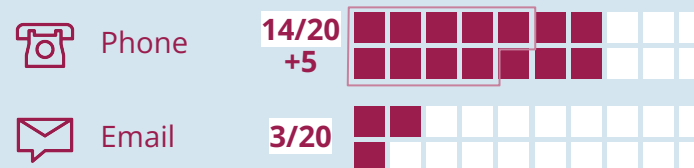
### Explain estimated annual bill



### Specify their estimated annual bill



### Explain unit rate and/or standing charge



We also found that only 1 supplier via email could tell us whether they expect their prices to rise as a result of wholesale gas increases. We didn't find any information about potential price rises on supplier websites.

Our research shows that whilst there has been an improvement in the billing information provided over the phone, most suppliers still aren't providing adequate information across all their communication channels. Suppliers need to ensure they are providing clear and transparent information about their prices, and any potential increases as a result of rising gas prices.

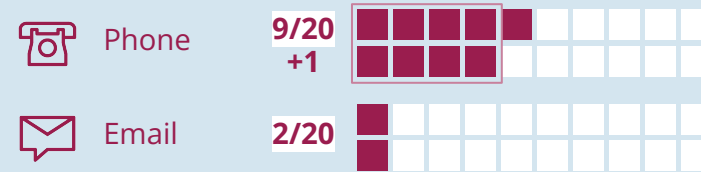
# Suppliers aren't providing enough payment options

Different payment options help consumers manage their bills in a way that suits them. These will become increasingly important as gas prices rise and consumers find it more difficult to afford their energy bills. For example, some consumers may find it easier to budget by paying at different payment intervals. Gas and electricity suppliers in the regulated sector are already required to provide these options and we'd expect upcoming regulation in the heat network sector to require similar payment options.

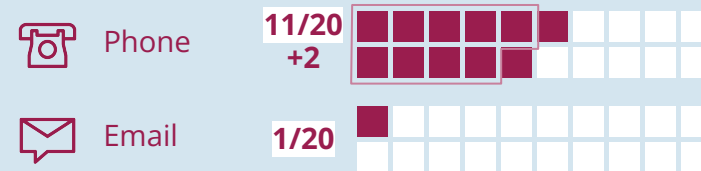
Last year, we found that only around half of suppliers were offering different payment options via their telephone lines. Unfortunately, we've only seen a small improvement this year. We also found that the majority of suppliers couldn't provide billing options via email.

## Number of suppliers providing different...

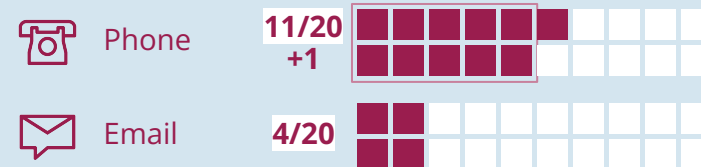
### Metering options



### Different bill frequencies



### Billing options



It's very concerning that a year later many suppliers still aren't providing these basic billing options to consumers. These options can help people stay out of debt, and will become even more important as gas prices rise and more people struggle to make ends meet. Heat network suppliers should urgently review their payment options and ensure they are offering their customers flexible ways to pay.

# Suppliers need to improve support to consumers in vulnerable circumstances

Any one of us can find ourselves in a vulnerable situation during our lifetimes. It's vital that suppliers are able to offer consumers appropriate support during these times so they can access the help they need.

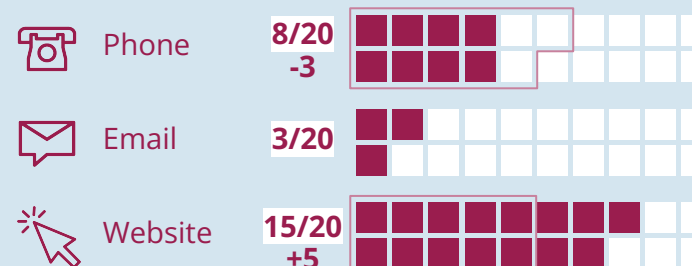
Unlike in the regulated gas and electricity market, heat networks aren't required to offer any help to consumers in vulnerable circumstances. This is set to change when regulation comes into force. The government has announced that they want heat network suppliers to offer a similar level of support as that offered by gas and electricity suppliers. Suppliers will need to maintain a Priority Services Register (PSR) of customers in vulnerable circumstances and offer appropriate support.

Last year, we found that only around half of suppliers were maintaining a PSR register. Our website analysis shows that this has improved significantly, 15 out of 20 suppliers are now offering a register. We also found that suppliers were more likely to list the types of support they offer consumers.

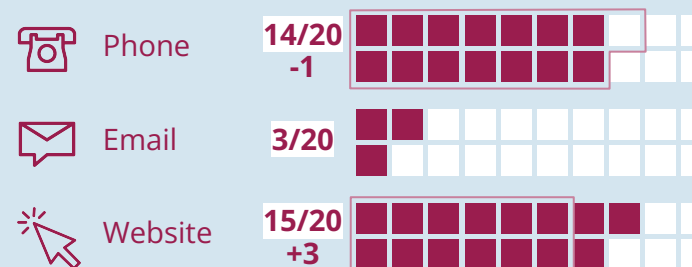
However, when we mystery shopped suppliers' telephone lines and email responses, shoppers were less likely to be told about a PSR or appropriate support.

## Number of suppliers offering...

### Priority Services Register



### Any support for consumers in vulnerable circumstances



Whilst it's good news that suppliers were more likely to offer a PSR and list types of support on their website, it's concerning that so many didn't offer this information to our shoppers over the phone or via email. It's vital that staff responding to calls and emails are aware of any available support.

All suppliers should work towards providing appropriate support to consumers in vulnerable circumstances and making sure consumers can find out about these services across all of their communication channels.

# Suppliers should commit to providing support to consumers affected by COVID-19

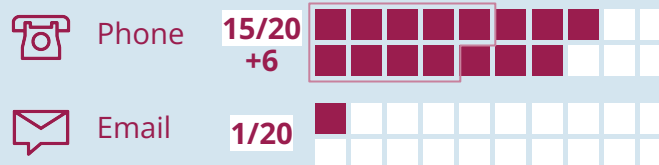
At the start of the pandemic, the Heat Network Industry Council agreed to a set of voluntary proposals to support people through the pandemic. These proposals included considering re-assessing or reducing debt repayments and suspending credit meter disconnections. Unfortunately, the council decided to withdraw these measures in October 2021 because COVID-19 restrictions had been officially lifted by the government.

However, people are still struggling because of the pandemic. With 1 in 10 people behind on their gas and electricity bills even before the April price increases. People who are disabled and/or have previous existing health conditions are at greater risk of detriment than others as we live through this next stage of the pandemic and are already more than 150% more likely to be behind on energy bills than their non-disabled counterparts.

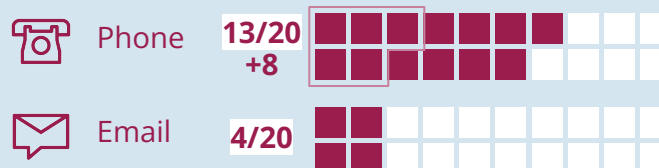
And while more suppliers are providing support over the phone, there has been a significant reduction in support advertised on suppliers' websites since the voluntary measures were withdrawn.

## Number of suppliers offering...

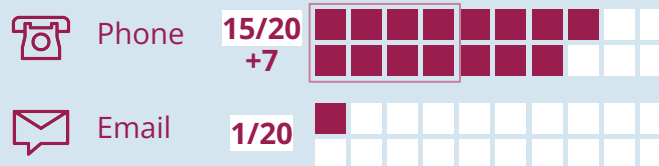
### Different ways to be contacted



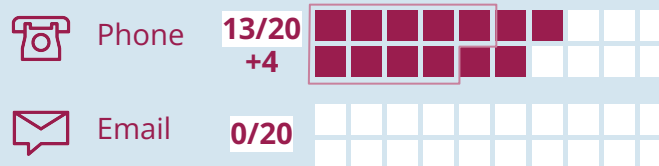
### Extra support for those struggling to pay their bills






### Social distancing precautions



### Opt out of non-essential visits



Whilst it's good news that call operatives are still offering support to consumers, it's vital that consumers can find out about this support across all communication channels. The past few months have shown us that it is very difficult to predict the course of the pandemic and these support measures will be needed for some time. **We want all suppliers to set out how they will support consumers through the next phase of COVID-19 and make this information available across all of their communication channels.** This should include:

-  How they will support people facing financial difficulty because of the pandemic
-  Ensure staff are aware of sensitive situations consumers could be facing and offering appropriate support such as cancelling non-urgent maintenance work in people's homes and/or ensuring maintenance staff follow social distancing precautions
-  Send out reassuring messages to help alleviate consumers concerns about the pandemic such as how they can access additional support

# Complaints handling and changing supplier

## Changing supplier

Last year, we found that only around 1 in 3 shoppers were correctly told they couldn't change suppliers after moving into a home connected to a heat network. We asked suppliers to urgently review this situation - consumers need to know that they can't change suppliers before moving into a house connected to a heat network. This helps them make an informed decision about their heating supply.

Unfortunately, only one extra supplier told shoppers the correct information in this year's mystery shopping. Suppliers need to urgently fix this issue, as consumers should expect to receive basic information about how heat networks operate.



Heat network suppliers need to review their complaints processes ahead of regulation coming into force. Heat network consumers should have access to the same complaints processes as all other energy consumers.

## Complaints handling

Consumers of regulated gas and electricity suppliers have access to clear and transparent complaints processes, and can escalate any concerns to an alternative dispute resolution service if they are not satisfied with how their supplier has handled their complaint. They should also be made aware of Citizens Advice's consumer service and Extra Help Unit (EHU) which can help consumers with complex cases or those in vulnerable circumstances.

As heat networks are natural monopolies, it's even more important that consumers have access to clear and transparent complaints processes. Unfortunately, there is currently no requirement for heat network suppliers to provide a clear and transparent complaints process to consumers. However, the government has indicated that upcoming regulation will require suppliers to provide a similar service as suppliers in the regulated gas and electricity market.

Last year, our research found that only around half of suppliers could clearly explain their complaints process to our shoppers. Less than 1 in 4 mentioned that complaints could be referred to an alternative dispute resolution service. Unfortunately, there wasn't any increase in the number of suppliers who were able to explain their complaints processes. But, several more suppliers did mention an alternative dispute resolution service.

## Number of suppliers who...

### Explained they couldn't change suppliers



### Explained their complaints procedure



### Mentioned an alternative resolution service



# Conclusion

**Our research shows that whilst suppliers have made some progress in the past year, the pace of change has not been quick enough.** Regulation will require heat network suppliers to provide much better information and support to consumers but our research indicates that many suppliers may not be ready to provide this level of service.

We found that suppliers still aren't providing adequate information about their services over the phone or on their webpages, and in some instances, there has been a reduction in the number of suppliers providing adequate information. For example, fewer suppliers were able to tell us whether they offered a Priority Services Register. We also found that support information for consumers struggling because of COVID-19 had been deleted from many suppliers' websites.

Our research also found that nearly half of suppliers do not respond to customer emails after 10 days. Out of those who do, the majority provide very limited information about their services. This is concerning as it indicates that suppliers are struggling to communicate with consumers through different communication channels.

Whilst there was some evidence of progress being made - shoppers found it much easier to get through to someone when calling a supplier's customer service telephone line. We generally found that progress wasn't happening quickly enough. For example, only a few more suppliers were offering different payment options compared to last year.

Suppliers need to address the issues found in this report and quickly implement our recommendations. Whilst regulation should eventually oblige suppliers to make changes, we don't know when this is going to come into force. Consumers deserve to get the information and support they need now. This will help them make informed decisions about their heating and ensure they can get the support they need from their supplier.

## Suppliers need to...



Ensure consumers can access information across all of their communication channels



Provide clear and transparent information about their prices, including any information potential increases as a result of rising wholesale gas prices



Review their payment options and ensure they are offering flexible ways to pay to their customers.



Provide appropriate support to consumers in vulnerable circumstances and make sure consumers can find out about these services across all communication channels



Ensure all consumers are correctly told that they can't change suppliers after moving into a home connected to a heat network



Provide support to people who are struggling because of the ongoing coronavirus pandemic



Review their complaints procedures so that consumers have access to a clear and transparent process, with the option to escalate any concerns to an alternative dispute resolution service

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