



Action for Warm Homes

CONSULTATION RESPONSE

Issued 1 June 2020 | Contact: peter.smith@nea.org.uk

NEA response to Heat Networks - Building a Market Framework

About National Energy Action (NEA)

NEA¹ works across England, Wales and Northern Ireland to ensure that everyone in the UK² can afford to live in a warm, dry home. To achieve this we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

Background to this response

Living in cold, damp and unhealthy homes continues to cause shocking levels of unnecessary hardship and premature mortality. Across the UK, on average more than 10,000 people die each year due to living in a cold home³. The number of needless deaths is the 'tip of the iceberg' and many more people are suffering with poor physical and mental health and resulting impact on health services costing the NHS between £1.4bn and £2bn every year, in England alone. As well as the devastating impacts cold homes have on their occupant's lives, this problem extends to all of us; needless health & social care costs⁴, queues at GPs and A&E as well as delaying the discharge of the most vulnerable patients from hospital⁵.

NEA believes dramatically improving domestic energy efficiency levels remains the most enduring solution to addressing energy affordability and has previously worked with the UK Government to evaluate the impact of district heating projects⁶. District heating can contribute to fuel poverty reduction targets through its ability to provide stable and predictable prices for energy over an extended period of time; reduced worry for households about breakdowns or repairs; the creation of local employment opportunities and contribution to economic growth. Systems using dual or multi-fuel CHP are also better able to respond to (and alleviate) spikes in pricing, thus potentially preventing higher fuel bills for consumers (DECC 2012, Kelly and Pollitt, 2010, HCA 2012). Barriers which effectively prevent the realisation of district heating benefits for the fuel poor include: contractual tie-ins; limited choice of heat sources; system inefficiencies; poor transparency/perceived unfairness of billing calculations; and lack of recourse to independent adjudication (Which? 2015).

Whilst fuel poverty alleviation may be a primary motivation for a local authority looking to develop a district heating network, the ultimate criteria affecting the decision to go ahead are often techno-economic. Other reasons for establishing a scheme could include carbon reduction concerns. How these two competing, but also potentially complementary, agendas can be brought together to deliver mutual benefits can be limited by the dominant funding and policy landscapes. Schemes reliant on funding have limited ability to represent an attractive or sustainable business model to investors. Meanwhile, commercially-driven approaches see district heating as a means to economic growth and seek to attract private financial investment from organisations can demand rates of return that make the district heating scheme an unattractive prospect for the consumer. In response, many schemes have developed a mixed approach towards the development of a network might involve the creation of an arms-length Energy Service Company (ESCo). This allows local authorities to strategically influence the direction of a scheme to ensure it takes social considerations into account whilst allowing for simultaneous private investment (Bale et al. 2014, Hawkey et al. 2013). Local authorities can provide the necessary anchor loads to ensure a high enough demand for a network, and their local coordination and knowledge has been a key factor in the establishment of some schemes (DECC 2012, Kelly and Pollitt, 2010). However “they often lack necessary in-house skills and resources, namely technical, legal and commercial skills and expertise.” Mobilising internal financial resources can also be difficult (Hawkey, 2012, see also DECC 2013a).

As a result, NEA believes the UK Government must ensure domestic consumers connected to district heating networks (especially within social housing schemes) are protected by adequate consumer protection. In this context, NEA welcomed the Competition Market Authority (CMA) carrying out an investigation in this area and following up on findings from organisations such as Citizens Advice which recommended publishing details of the number and location of heat networks across Great Britain. This should be publicly available information. All heat suppliers should also have minimum efficiency standards and a regular maintenance and inspection regime in place. This should include checking all heat meters at least once every two years to make sure users are being billed for the right amount of heat. All heat suppliers should also maintain a list of vulnerable customers (a Priority Services Register) and ensure that these customers are treated as a priority during periods of system downtime (both anticipated and unanticipated). The UK Government should also work with the industry to consider what bespoke and targeted advice is required to help DH consumers controlling their heating and understanding their billing.

Summary of our response

NEA is pleased that the UK Government has taken the opportunity to make heat networks a fairer market for consumers. In their investigation, the CMA found that:

- Some networks offer poor value for money to heat customers, and unit prices and average bills vary significantly between schemes; and
- There are concerns regarding quality relate to customer access to information about their heating, frequency and content of bills, and consumer redress.

Overall, we are broadly satisfied that the consultation proposals will address some of these issues and ultimately increase consumer protection for heat market customers with better outcomes for vulnerable and fuel poor households. In 2018, within the paper “Heat networks: ensuring sustained investment and protecting consumers” BEIS stated⁷ that they “agree with the majority of its conclusions” including that “a statutory framework should be set up that underpins the regulation of all heat networks”, “the regulatory framework should be designed to ensure that all heat network customers are adequately protected. At a minimum, they should be given a comparable level of protection to gas and electricity in the regulated energy sector.” It was also stated that BEIS “share

the CMA's view that there are good reasons for Ofgem to take on the role of sector regulator". Based on our previous work on district heating, this is something that NEA has advocated for and is needed by current heat network users and any future users, especially if heat networks are to be greatly expanded. We have however been concerned at the slow pace of movement in this area, but are optimistic that this can now move at pace.

Whilst NEA agrees with most of the proposals within this consultation, we do not believe that the conclusion to adopt option 4 (Authorisation for all networks) with regards to a regulatory model. It is not compatible with the goal to ensure that heat network customers are given a comparable level of protection to gas and electricity customers. The conclusion is supported by an impact assessment which fails to quantify significant benefits to the consumer that can be found in option 3 (mandatory licenses for networks above a certain threshold of customers), skewing the results. Whilst we see some merits of option 4, we do not believe its selection is justified, and we encourage BEIS to try and quantify some of the benefits which have so far only been qualified, namely for option 3, and particular relating to consumer protection.

Our response to this consultation

Question 1 - Do you agree with the inclusion of micro-businesses within consumer protection requirements?

NA

Question 2 - Do you agree that consumer protection requirements should not cover nondomestic consumers (other than micro-businesses)?

NA

Question 3 - Do you agree with our proposed approach to a definition of heat network, including that it should cover ambient temperature networks but not ground source heat pumps with a shared ground loop? Are there network arrangements you think would not be covered by this and which should, or vice versa?

We believe that each heat customer should receive broadly equal consumer protections. These proposals satisfy this, and so we agree with them. We do not believe that there are any other network arrangements that would not be covered that should.

Question 4 - Do you consider Ofgem to be the appropriate body to take on the role of regulator for heat networks? If not, what would be an alternative preference?

Yes – we are supportive of Ofgem being the regulator of heat networks (and all forms of heat) as recommended by the CMA. NEA would also support Ofgem having a broader remit to regulate other non-gas fuels (i.e heating oil and LPG).

Question 5 - Do you agree that the proposed regulatory model is appropriate for the regulation of heat networks?

We do not agree that the proposed regulatory model is appropriate for the regulation of heat networks. We would prefer mandatory license for those with enough customers. Although this does create a small barrier in the electricity and gas retail markets, we do not believe it inhibits the growth

of sustainable companies. On the contrary, it has resulted in relatively new companies penetrating the market share of the big six, most notable Ovo, who are now the second biggest energy supplier in GB.

In our view, a mandatory license would give parallel protections to electricity and gas, increasing the fairness for those households with a district heating connection, potentially through no decision of their own. The arguments against licensing are not acceptable. It seems that the proposal is to offer a lower level of protection to protect growth. Our view is that growth should not come at the cost of customer experience.

The impact assessment states, about option 3, “However, this option although less burdensome than Option 2, would be more burdensome than Option 4 due to its stronger consumer protections, and is therefore not preferred.” Given that the CMA recommendation for the regulation of heat networks was to reduce heat network consumer detriment arising from a lack of consumer protection, we do not understand how the extra burden that is created by increased consumer protection is reasonable reason for preference of option 4 over option 3. We are also concerned that the impact assessment attributes extra costs to option 3 regarding customer complaints. The cost of this should not count against this option, as they exist to eliminate customer detriment, exactly the objective of this consultation. It is also concerning that the benefits to option three are qualitative, whilst the costs are precise and quantitative, giving an unbalanced final picture in comparison to the other options.

Our concerns would be addressed if BEIS could confirm that option 4 meets the same level of consumer protection as Option 2 by default.

Question 6 - Which entity should be responsible and accountable for regulatory compliance, particularly where the heat supplier and heat network operator are not the same entity? Please explain why you think this

Customer facing entities should be accountable. This is where the majority of complex compliance issues will lie. It will also mean that compliance is more customer focussed, rather than technology focussed, which will result in better outcomes for consumers. An analogy can be found in the electricity and gas markets, where compliance within energy suppliers is vastly different from generation and networks. Suppliers have been rewarded for ‘putting the customer first’ resulting in some excellent practice outside of what is mandatory. Whilst electricity and gas networks have consistently had a positive impact for vulnerable consumers, this has not been to the same extent as suppliers. We believe that this is in part due to the compliance focus on technology and finance, rather than putting the customer first and treating the customer fairly.

Question 7 - Do you agree that consumer protection requirements during the operation and maintenance project stage should be regulated, such as pricing, transparency and quality of service?

Yes

Question 8 - Should there be a de minimis threshold below which a) very small domestic schemes and/or b) non-domestic schemes with very few domestic consumers are exempted from any of the regulatory requirements proposed in this framework? Please explain why you think this.

No

Question 9 - Should there be a size threshold above which larger schemes are subject to more detailed regulation and scrutiny? If so, what type of threshold would you consider most appropriate?

Yes, there should be a threshold above which larger schemes are subject to more detailed regulation, as has been found to be fair within the electricity and gas supply markets. Our knowledge of the detailed operation and commercial drivers in the market is fairly limited, but 10,000 customers seems to be a high threshold from the information we have been able to assemble.

Question 10 - Should an optional licence be available for entities seeking rights and powers? If not, what other approaches could be considered?

We believe that a compulsory licence should be in place, ensuring that consumers get an extra level of protection, and allowing a greater level of legal protection for the regulation when enforcement activity takes place. If licences are optional, then the benefits for licensees will have to outweigh the costs of increasing customer protection. This is likely to result in unpredictable outcomes regarding which heat networks provide the extra layer of consumer protection, meaning that outcomes for consumers will not be consistent or predictable.

Question 14 - How should government and the regulator ensure that enforcement action is proportionate and targeted? Are there particular considerations for not for profit schemes?

Not for profit schemes must face the same level of scrutiny as profit making companies. However, the nature of their balance sheet will likely be different, and the affordability of enforcement therefore reduced. This is something for the regulator to consider in their action making.

In the electricity and gas markets, Ofgem has responsibility for ensuring that enforcement action is proportionate and targeted, with a preference for obtaining redress for customers and returning it valuable projects which benefit consumers instead of a financial penalty to be paid directly to HMT. Ofgem is experienced with proportionality and would be an excellent organisation to make such decisions.

We consider the most important aspect of enforcement action to be how redress money is allocated, and judge the current arrangement in the electricity and gas markets to be a fair way of ensuring that redress is returned to the customers to which detriment is caused,

Question 15 - Do you agree that imposing fines and removing a licence/authorisation are an appropriate and adequate set of enforcement actions for the regulator of the heat network market?

Yes

Question 16 - Do you agree that the regulator should have powers to impose penalties at the entity level which are proportionate to its size, in a scenario where there are repeated or systemic failures across multiple schemes owned or operated by the same entity?

Yes

Question 17 - Do you agree that the regulator should have powers to revoke an authorisation for single networks owned or operated within a group scenario, so that the entity would still be authorised or licensed to operate those networks within the group that remain in compliance? If not, what alternative approach might the regulator take?

Yes

Question 18 - If compliance issues are more widespread within the group of networks owned or operated by the same entity, do you agree that the regulator should be able to revoke the authorisation or licence for the entity as a whole covering its entire group of networks? If not, what alternative approach might the regulator take?

Yes

Question 19 - Do you agree that individual domestic consumers should have access to ombudsman services for redress? Do you have any views as to which ombudsman is best placed to provide this function for heat networks?

Yes, as recommended by the CMA⁸. The energy ombudsman would be best placed to do this. Has the experience of the kinds of issues that are felt in energy markets, and would offer a similar level of protection as gas/elec customers receive, as recommended by the CMA.

Question 20 - Do you agree that step-in arrangements are necessary both to cover the risk of stranded consumers and as a deterrent against sustained failure to meet the regulatory requirements? If not, why?

Yes

Question 21 - Do you have any examples of approaches we should be considering as we develop the step-in arrangements?

No

Question 22 - Do you agree that the provision of minimum information would help consumers in making decisions at pre-contractual stages of property transactions?

Yes

Question 23 - Do you agree that heat suppliers should be responsible for developing information and guidance for prospective consumers? If yes, what minimum information should be included?

Yes, comprehensive information should be developed and provided including:

- The costs of the scheme including a comparison to other fuels with respect to heating.
- The carbon implications including a comparison to other fuels with respect to heating.
- The impact of choosing a heat network in terms of rights relating to switching.
- A central view on how costs are likely to change over time
- Information on how consumer rights might be different from other fuels, for example who is the regulator, what is their role, and who can complaints be escalated to.
- Information on any energy efficiency or fuel debt advice that is available to them either as part of a customer of their current fuel or as a heat network customer
- Information regarding any social obligations that may arise from the regulation of heat networks, for example a priority services register.
- The types of temporary heating and running costs which should be provided in an outage

Question 24 - How can we ensure new consumers receive or have access to information about the heat network before moving into the property?

There could be a licence condition requirement to provide the information. Additionally, information should be tailored to the customer, for example by ensuring that different languages of material are available and that Different people have different needs and the legislation should reflect this. More vulnerable people often need

Question 25 - Do you agree that the market framework should regulate and enforce the provision of information during residency?

Yes. This is in line with regulation in gas and electricity markets and is crucial for ensuring a fair service for vulnerable households

Question 26 - Do you agree that the regulator should have powers to mandate and enforce price transparency? Can you foresee any unintended consequences of this?

Yes, this will come at a small cost to the heat networks as they will be well aware of their costs and prices. There should be minimum unintended consequences. Customers may wish to disconnect from the network if the price is too high, but this only serves to add an element of competition to a monopolistic market. Whilst this could result in stranded assets, it will ensure that new schemes are of reasonable cost to connected households.

Question 28 - Do you agree that there should be clear, consistent rules on what costs should be recovered through fixed and variable charges?

Yes, but this must not lead to a hard and fast rule of 'cost reflectivity' as is seen in the electricity and gas markets. NEA believes that whilst cost reflectivity is generally a good high-level principle, it should not be the only principle to be considered when setting the split between costs. For example, those with electricity or gas prepayment meters can suffer severe detriment through accumulation of fixed charges after their meter runs to zero, meaning that debt must be cleared before they can use energy, and so increasing the amount of time without energy.

Question 29 - Do you agree that the regulator should have powers to undertake investigations on pricing and to enforce directions and remedy actions, where there is sufficient evidence that these could lower prices for consumers?

Yes

Question 30 - Do you agree that price regulation in the form of a price cap or regulation of profits should not be implemented at this point in time? Please explain your answer

The current Pre-Payment Price Cap and the Default Tariff Price Cap provide relief from unpredictable price increases, greater transparency in the pass through of energy related policy costs and the prospect that bills could fall if input costs drop. For the majority of customers who don't (or can't) engage in the market, this continues to be a positive development and consideration of a price cap or regulation of profits for DH projects should be kept under active review and introduced if required.

Question 31 - What might cause price regulation to become an appropriate intervention in future? What evidence would be required to demonstrate this?

We believe that either market consolidation, or a failure to eliminate the consumer detriment that the CMA has identified, would cause price regulation to become more attractive.

Question 32 - Do you agree that consumers on heat networks should have comparable levels of service and protection as consumers in other regulated utilities? How do we ensure the associated compliance costs of such protections remain proportionate?

Yes. Ofgem have considerable experience of this, and their findings in the energy supplier licensing review should be helpful in answering that question. The table Annex A was developed by the Committee on Fuel Poverty Off-Gas Advisory Group, it highlights the major anomalies between the consumer protections enjoyed by different fuel users.

Question 33 – Do you agree that minimum standards should be outcome-based to allow the regulator scope to implement these flexibly and proportionately depending on the size and nature of different schemes? Are there other ways these outcomes could be achieved?

Yes. This could be output based which are easier to measure and enforce (much like the outputs in the RIIO framework).

Question 54 - Do you agree that consumers should have access to information on the energy performance and percentage of low-carbon generation of their network?

Yes.

Question 55 - Do you agree that regulation is necessary to encourage decarbonisation of heat networks over the period to 2050? Are there alternative means by which government could act to support the decarbonisation of heat networks?

Yes. This will give some control over the change and can help to ensure that financially vulnerable households are not paying more than their fair share for decarbonising heat.

Annex A - Consumer protection comparative matrix: gas and non-gas fuels

	Protection available to gas customers, or customers for electricity (only) heating.	Heating oil equivalent	LPG equivalent
Details of where to find impartial information and advice.	<p>Details for Citizens Advice, Ofgem, ESAS, the Energy Ombudsman, or the Green Deal Orb are included on all key documents and communication channels including; bills, annual statements and organisation websites.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a</p>	<p>In addition to normal consumer protection legislation FPS members are required to meet the FPS Code of Practice. The CoP is widely circulated by the FPS, its members as well as most large consumer groups. The CoP has monitoring and complaints procedures included.</p> <p>Monitoring/enforcement: CMA. Percentage coverage: Estimate 80-85% of heating oil delivered in the UK is done so by an FPS Member. Gaps: none members (10-15%)</p>	<p>Every bill/statement must draw the attention of the customer to the fact that they can obtain information on switching and competitor details from UKLPG's website or telephone enquiry point (the UKLPG Switch Supplier line). This information also appears on company websites.</p> <p>UKLPG website carries impartial advice on switching supplier.</p> <p>Companies must also provide date when customer becomes in contracts and a separate document detailing witching procedure.</p> <p>Monitoring/enforcement: CMA has responsibility for both. OFT has had one review. Coverage: 100%. All LPG companies irrespective of whether a UKLPG member or not. Gaps:</p>
Free information about the efficient use of fuel, financial assistance and funding available for the cost of measures.	<p>Booklet to send out key information annually. Information distributed through all key communication channels. Booklet sent annually containing key information.</p> <p>Customers are encouraged to check the efficiency of their house to seek to reduce energy usage. Referral to Money Advice Service for financial assistance, or to ECO if eligible for funded measures.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a</p>	<p>FPS produce 'get ready for winter' key messages in partnership with DECC. Impartial information is carried on the Oilsave website www.oilsave.org.uk</p> <p>Monitoring/enforcement: none Percentage coverage: 100% Gaps:</p>	<p>UKLPG produce 'get ready for winter' key messages in partnership with DECC. Many suppliers encourage customers to check the efficiency of their house to seek to reduce energy usage. This includes online tools and printed advice leaflets. This includes referral to Green Deal, ECO and the ESAS help line. Larger suppliers have partners to link for voluntary provision of measures. Smaller organisations less so.</p> <p>Monitoring/enforcement: No monitoring (to best of knowledge) Coverage: the majority of consumers (50%+) Gaps: There is potentially a gap, for smaller suppliers.</p>
An explanation of the composition of fuel costs, including an annual estimate of fuel costs.	<p>A breakdown of fuel costs is provided on fuel bills. Customers receive an annual statement which provides a 12 month retrospective look at fuel bills (on anniversary of joining company), plus a 12 month forecast based upon current tariff. Suppliers are also required</p>	<p>Fuel costs are driven primarily by the cost of oil. The breakdown of fuel costs were given in the recent OFT report into the off grid sector. Due to frequent supplier switching annual statements are not used.</p> <p>Monitoring/enforcement: none</p>	<p>Under their supply contracts customers have to be provided advanced notice of any price changes. All companies have to quote in p/litre, to allow for easy comparison and invoices must carry litres delivered, p/litre and total price. Transparency in price variation clauses allows customers a better informed view of the likely cost of a contract (maximum 2 year exclusive contract). Fuel costs based upon the contract</p>

	to notify customers the cheapest tariff available with their existing supplier. Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a	Percentage coverage: 20% on contracts Gaps: 80% no annual statement due to frequent supplier switching.	period, rather than an annual statement. Customers have cancellation rights should fuel prices rise beyond a specified level. Monitoring/enforcement: CMA Coverage: 100% on exclusive contracts. Gaps: None
An annual statement detailing how the energy supplier is seeking to treat customers fairly.	Suppliers are required to publish and update their annual statement on their websites. Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a	FPS provides 'Customer Charter: a guide to good service', a publication directed at consumers. Monitoring/enforcement: Coverage: FPS (80-85%) Gaps: 10-15%	All UKLPG member organisations have the vulnerable person's protocol. Monitoring/enforcement: Coverage: UKLPG members: 98% + of the market. Gaps: A customer friendly version of the vulnerable person's protocol.
Ability to be added to a register that recognises vulnerable consumers and provides services to help mitigate vulnerability.	Priority Services Register which offers: password protection schemes, nominated billing recipients, quarterly meter readings and other services. Monitoring/enforcement: Ofgem Percentage coverage: 100% Gaps: n/a	Small local depots have knowledge of their regular customer base larger distributors will have less information available for each customer. Due to physical service provision it is possible for companies to build up an in-depth knowledge of their individual customers. Monitoring/enforcement: none Percentage coverage: FPS 80-85% Gaps: A certified list of vulnerable consumers is desired.	Bulk LPG customers are usually supplied via a local depot/customer service centre and due to this physical service provision it is possible for companies to build up an in-depth knowledge of their individual customers. Notwithstanding this LPG suppliers have formally agreed and implemented, under the auspices of their trade association UKLPG, a Vulnerable Persons Protocol. Monitoring/enforcement: none Coverage: UKLPG members (98%) Gaps: this is an issue needs to be addressed. A certified list of vulnerable consumers is desired.
Not to be left without energy during the winter months.	In the winter month customers will not to be disconnected if they are of a pensionable age and live alone or only live with a person under 18. Suppliers take all reasonable steps to avoid disconnection of any vulnerable household during winter. Monitoring/enforcement: Ofgem Percentage coverage: 100% Gaps: n/a	Only around 20% of customer will have a formal contract (typically monthly DD payment) Distributors will usually try to find some way of providing heating oil where it is needed but there is no formal system in place. Monitoring/enforcement: none Percentage coverage: 20% have contracts, 80% rely upon distributor best practice. Gaps: best endeavours.	Language in the vulnerable persons protocol is based upon the equivalent protection in the gas and electricity supply conditions. Best endeavours. Monitoring/enforcement: Coverage: UKLPG; 98% +of the market. Gaps: best endeavours.
Free heating system safety checks and annual information regarding safety for vulnerable consumers.	Suppliers inspect the boiler for vulnerable consumers (via PSR). If the heating boiler is deemed unsafe it will be disconnected and the customer will be given temporary alternative heating. If eligible for support under ECO will	Distributors do not take responsibility for the customers boilers, although many do operate boiler servicing arms. The industry recommends that heating systems are checked by a qualified technician.	Tanks inspected at 10 and 20 year old intervals, with a number of companies moving from 10 year to 15 year "enhanced service" test. Companies provide free emergency services which include safety checks where a customer is concerned about a potential gas leak or carbon monoxide issue.

	<p>repair/replace. Meter inspection every 5 years.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a</p>	<p>Monitoring/enforcement: none Coverage: Gaps: industry recommendation, not requirement.</p>	<p>Temporary arrangements can be made where a customer might experience a temporary loss of service.</p> <p>Monitoring/enforcement: Coverage: UKLPG Gaps:</p>
<p>A variety of payment types and payment plans.</p>	<p>Suppliers are required to offer a variety of payment options including direct debit.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a</p>	<p>There are a range of payment options available for customers. Single cash payments can be made by credit card and debit card. Regular monthly payments are available but we would estimate that only around 20% of customers pay in this way.</p> <p>Group prices are available via third party buying groups</p> <p>Monitoring/enforcement: none Coverage: Gaps: relies upon best practice</p>	<p>Companies offer a range of payment options including budget plans and other means of payments, where suppliers are able to. Not an obligation, but included as a recommendation within protocol and most suppliers provide payment options.</p> <p>Monitoring/enforcement: none Coverage: >75% of market Gaps: relies upon best practice</p>
<p>Access to independent arbitration for complaints.</p>	<p>Gas and electricity suppliers provide details of the Energy Ombudsman.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a</p>	<p>FPS CoP has an independent complaints system and third party ombudsman to settle any complaints which cannot be resolved.</p> <p>Monitoring/enforcement: CMA Coverage: 100% Gaps: None</p>	<p>CMA process complaints. Complaints made to UKLPG are passed to senior management in companies concerned to resolve.</p> <p>Monitoring/enforcement: CMA Coverage: 100% Gaps: None</p>
<p>A vulnerability strategy for off-gas consumers.</p>	<p>Ofgem published their Consumer Vulnerability Strategy in July 2013, this sets out a comprehensive approach to vulnerability and set and expectation that all energy suppliers must have a proactive programme of work to identify and assist vulnerable consumers.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a</p>	<p>FPS produce a code of practice.</p> <p>Monitoring/enforcement: Coverage: FPS Gaps:</p>	<p>Vulnerable persons protocol is a step towards this.</p> <p>Monitoring/enforcement: none Coverage: 98%+ Gaps: Customer focused vulnerable persons protocol.</p>
<p>Repayment principles that reflect a customer's ability to pay.</p>	<p>Suppliers exercise an 'ability to pay principle', where arrears are calculated on a customer's ability to pay. This can mean that the payment plan can extend to a period where the supplier knows they will not recoup the arrears.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100%</p>	<p>Where money is owed distributors will proceed in accordance with their debt recovery procedures but which must comply with the FPS CoP. Where money is owed distributors will continue to supply but only on a cash in advance basis.</p> <p>Monitoring/enforcement: Coverage: FPS</p>	<p>Where money is owed LPG suppliers will take all reasonable steps to recoup money owed through payment, or restricted delivery plans that allow supply of LPG whilst addressing arrears.</p> <p>Monitoring/enforcement: Coverage: Gaps:</p>

	Gaps: n/a	Gaps:	
Ability to switch supplier.	<p>Gas and electricity suppliers provide details of how to switch energy supplier and services to facilitate this. If consumers are in debt there are limitations on switching and there may be early exit fees if the customer is on a fixed tariff. Suppliers provide Debt Assignment for pre-payment meter switching, so the customers are able to switch even if they have a debt.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a</p>	<p>As few formal contract exist for domestic customers supplier switching is immediate.</p> <p>Even when customers are in debt they can switch to another supplier.</p> <p>Monitoring/enforcement: none Coverage: 100% Gaps: none</p>	<p>LPG suppliers and UKLPG provide details of how to switch supplier and services to facilitate this. Customers are free to switch supplier after any exclusivity period has lapsed (maximum 2 years), irrespective of whether they are in debt.</p> <p>If a customer is within a two year exclusivity contract then they can't switch supplier. However the customer may cancel the contract or switch if the price rises above a pre-determined price/threshold, or if the suppliers fails to deliver them product. The CMA ensure that conventional switching is at zero cost to the consumer.</p> <p>Monitoring/enforcement: CMA Coverage: 100% Gaps: None</p>
Right to be supplied with energy.	<p>Suppliers are required to supply upon the request of a domestic consumer.</p> <p>In the event of supplier failure, supply will continue with another supplier appointed.</p> <p>Monitoring/enforcement: Ofgem Coverage: 100% Gaps: n/a</p>	<p>Off grid consumers are free to switch fuel and as such no one industry has an obligation to supply. Few contracts exist for oil, so customers frequently switch supplier – but no formal guarantee of supply.</p> <p>Monitoring/enforcement: CMA Coverage: 100% Gaps: None</p>	<p>Off grid consumers are free to switch fuel and as such no one industry has an obligation to supply. It may be, for example, that a household does not have enough space for an LPG tank to be installed in line with regulations and Codes of Practice, so LPG cannot be used and so no obligation <i>can</i> exist on the industry to supply.</p> <p>Regarding existing LPG customers who want to switch supplier then an LPG supplier <i>is</i> obliged to quote a price for supply on request, but this is subject to site visit.</p> <p>Monitoring/enforcement: CMA Coverage: 100% Gaps: None</p>

¹ For more information visit: www.nea.org.uk.

² NEA also work alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK wider reach.

³ Over the last 5 years, there as been an average of 35,562 excess winter deaths. NEA estimates that approximately 30% of these are attributable to the impact cold homes have on those with respiratory and cardio-vascular diseases and the impact cold has on increasing trips and falls and in a small number of cases, direct hyperthermia. This is in line with estimates made by the world health organisation - http://www.euro.who.int/__data/assets/pdf_file/0003/142077/e95004.pdf

⁴ 6 In 2016 BRE released its revised Cost of Poor Housing (COPH) report, which estimated the cost of poor housing to the NHS based on EHS and NHS treatment costs from 2011 and includes treatment and care costs beyond the first year. It also includes additional societal costs including the impact on educational and employment attainment. Finally, it provides information in terms of QALYs (Quality adjusted life years) as well as cost benefits, and to compare with other health impacts. The report estimates that the overall cost of poor housing is £2bn, with up to 40% of the total cost to society of treating HHSRS Category 1 hazards falling on the NHS. Overall, the cost to the NHS from injuries and illness directly attributed to sub-standard homes was estimated at £1.4 billion, and the total costs to society as £18.6 billion.

⁵ Elliot AJ, Cross KW, Fleming DM. Acute respiratory infections and winter pressures on hospital admissions in England and Wales 1990-2005. *J Public Health (Oxf)*. 2008 30(1):91-8.

⁶ In 2011-12, NEA evaluated the Riverside Dene project in the North East of England for the Department of Energy and Climate Change (DECC). The DH project renovated 5 tower blocks using a £35m investment from the Decent Home programme (bringing 450 dwellings up to the Decent Homes Standard). The flats were originally electrically heated with a high level of voids and fuel poverty. The flats were insulated with EWI & Biomass Boiler with Nat Gas backup connected to DH to all 5 blocks. The project also managed to leverage a £1.7m DECC grant under the Low Carbon Infrastructure Fund. The impacts for both residents and the carbon savings achieved continue to be championed by the industry as good practice example, SEE PAGE 22:

<https://www.theade.co.uk/assets/docs/resources/HCA-DistrictHeatingGoodPractice.pdf>.

⁷ For more information see :https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774586/heat-networks-ensuring-sustained-investment-protecting-consumers.pdf

⁸ Paragraph 1.15 of the CMA Heat networks market study final report says “ Where problems arise with specific schemes, there is limited consumer protection and redress, and there may be issues with accountability. There is no sector regulator with responsibility for heat and, accordingly, customers do not automatically benefit from the rights and protections afforded to gas and electricity customers (such as protections for vulnerable consumers and access to an ombudsman)” For more information please visit https://assets.publishing.service.gov.uk/media/5b55965740f0b6338218d6a4/heat_networks_final_report.pdf