

IS 2016 GOING TO BE THE YEAR WE FINALLY GET HEAT NETWORKS RIGHT?

It is clear that heat networks are here to stay. We have built thousands of homes that are now connected to heat networks and there is a growing pipeline of schemes. We also saw £300m in new funding in 2016 for schemes.

However, many schemes are not delivering and costing customers and property owners potentially millions.

Anecdotally we hear of schemes achieving efficiencies as low as 20%. This is literally burning money. Of course it is getting schemes right is more complicated than this but many have been too afraid to open the Pandora's Box and tackle the issues.

The good news is this is beginning to change. Many property managers are waking up to the fact that schemes are costing their customers or themselves – or both – far more than they should do. They have taken a deep breath and rolled their sleeves up to address the sometimes complex and messy issues.

Regulation is also starting to have an impact on peoples thinking and its having a positive effect. Did anyone notice that we passed a significant new compliance deadline recently? The submission date to notify the National Measurement Office on heat networks was 31st December 2015. While the regulations bring quite a few challenges themselves, the spin off was that it made people just start to ease the lid off the Pandora's box .

At the same time there is now a much better understanding of how to make heat networks work, and there is more support than ever to do this. There are some key things to get right – such as metering - that make a big difference, but one lesson we have learnt is that it's the people part of the puzzle that matters as much. More recently, the National Measurement Office has just issued new guidance and we saw the Heat Trust scheme established. **Even more important to remember is that no one is alone in this – everyone we come across is tackling the same issues.**



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With the deadline in 2015 for metering and billing regulations, many landlords have looked at their district and communal schemes and have found things they don't like. Communal heating can have significant benefits if it is managed well, but many housing providers are finding that the schemes are often costing more than traditional systems and this can mean higher costs for the customers or for the landlord and often both.

However, getting heat networks right can be straightforward, if they are tackled in the right way. This means not only getting the technical elements right, but also getting the operational and people issues sorted as well. In simple terms this means getting schemes looked at, making some key changes, getting the right management systems in place and of course getting in place the right metering and billing.

In any review there are some key things to focus on and the first amongst equals is system efficiency - It is important that the overall system efficiency is clear, as should be the single point of responsibility for achieving the efficiency. To get that system efficiency the key is appropriate metering.

It is vital the Housing Provider is be involved in, if not in full control of, the selection of the Metering and Billing provider because this will inform the choice of components and metering communications. It's also important to use Open protocols on metering to allow a change of provider later.

It's the people part of the puzzle that matters as much – it might feel like a strictly technical problem that requires a strictly technical solution, but failing to get the management processes in place will undermine even the best technical solutions. Getting it right can involve lining up people who have little experience of the issues or even working together

Get heat networks right and they provide good value, reliable and safe heating and hot water. Get them wrong and they can cost you and your customers hundreds of thousands in extra costs and can lead to compliance failure.

Have we just missed a significant new compliance deadline? Five things Landlords should know

The date for submission of notification of heat networks was 31st December 2015 – here are some key issues to keep compliant.

- 1. Do the regulations change anything for landlords?** Yes. Housing providers with heat networks can now be the designated 'Heat suppliers' under the Directive and lots of responsibilities fall out of that designation.
- 2. What do landlords have to do?** The first thing will be to notify the National Measurement Office of heat networks schemes.
- 3. What stock information will landlords need to provide?** Its quite detailed, but is set out clearly in the relevant submission notification form. It includes amongst others the network locations, their capacity, number and type of buildings supplied, amongst many others.
- 4. So do landlords now have to install heat meters in homes?** Either a heat meter has to be installed or a heat cost allocator has to be applied where they cannot be fitted or its not cost effective.
- 5. What happens if landlords don't comply?** While the regulations are light touch, there are sanctions in place including in compliance notices, enforcement undertakings and non-compliance penalties.
- 6. So in simple terms what does this mean for social housing?** Landlords will have to know what heat networks they have, what they are and where they are and then register them. They will now have to assess if communal and district schemes should have meters and make sure their metering and billing arrangements are fully compliant.