



Heat Trust: Principles in Practice

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London



www.switch2.co.uk

An introduction to Heat Trust

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5th November 2015



District heating in the UK

Current:

c. 405,499 dwellings

Future:

Government ambition =
14% of heat demand by
2030, where suitable heat
density

Scottish Govt. ambition of
40,000 homes connected
to DH by 2020



Current situation...

- Increasing recognition of lack of regulation
- Increasing number of consumer complaints
- Which? Report
- EED - Deliver energy efficiency and environmental benefits
- Heat Metering & Billing Regs 2014
- ADR Directive transpose by July 2015
- HNDU extended to March 2016
- Push for local delivery
- Technical standards (CIBSE/ADE Code of Practice)



What is Heat Trust?

- Major new initiative protecting the interests of householders and micro businesses.
- Establishes a common standard in the quality and level of protection given by heat supply contracts.
- Offers heat network customers an independent process for settling disputes.
- The Scheme is voluntary and was developed with input from government, industry with consumer groups as an industry led, self-regulation initiative that recognises best practice.



Why Heat Trust?

When developing a heat network developers and investors will look favourably on suppliers who adhere to high quality standards of service



Avoids highly prescriptive government regulation which could add significant costs and stifle the growth of this developing market sector

By helping to resolve more complaints, Heat Trust will help protect the reputation of registered suppliers and raise the profile of the industry.

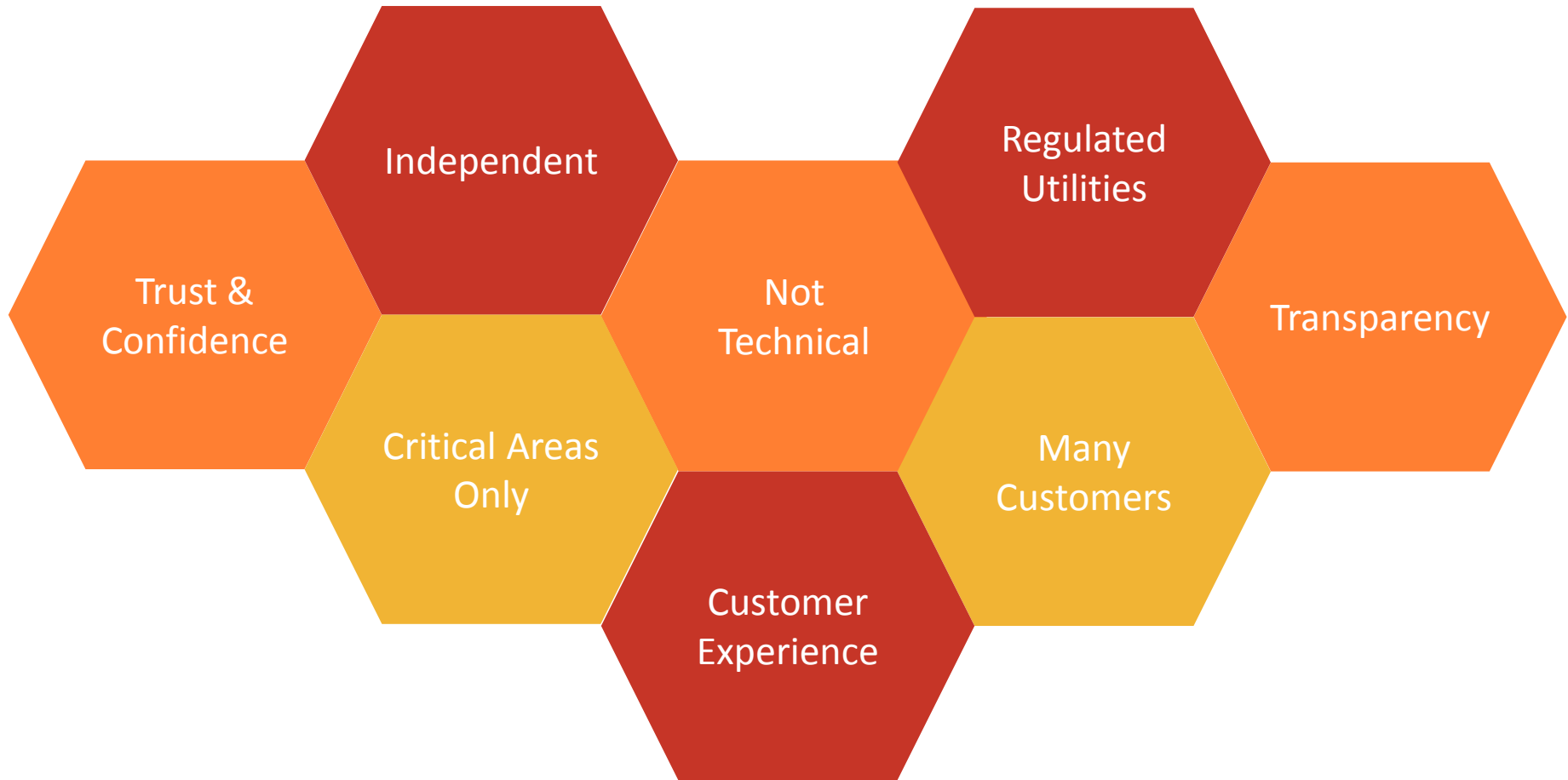


Scope

- Domestic & micro-business customers
- Metered & unmetered
- Customer pays for heat supply directly
- GB-Wide
- Primary Heat Network



Scheme development principles

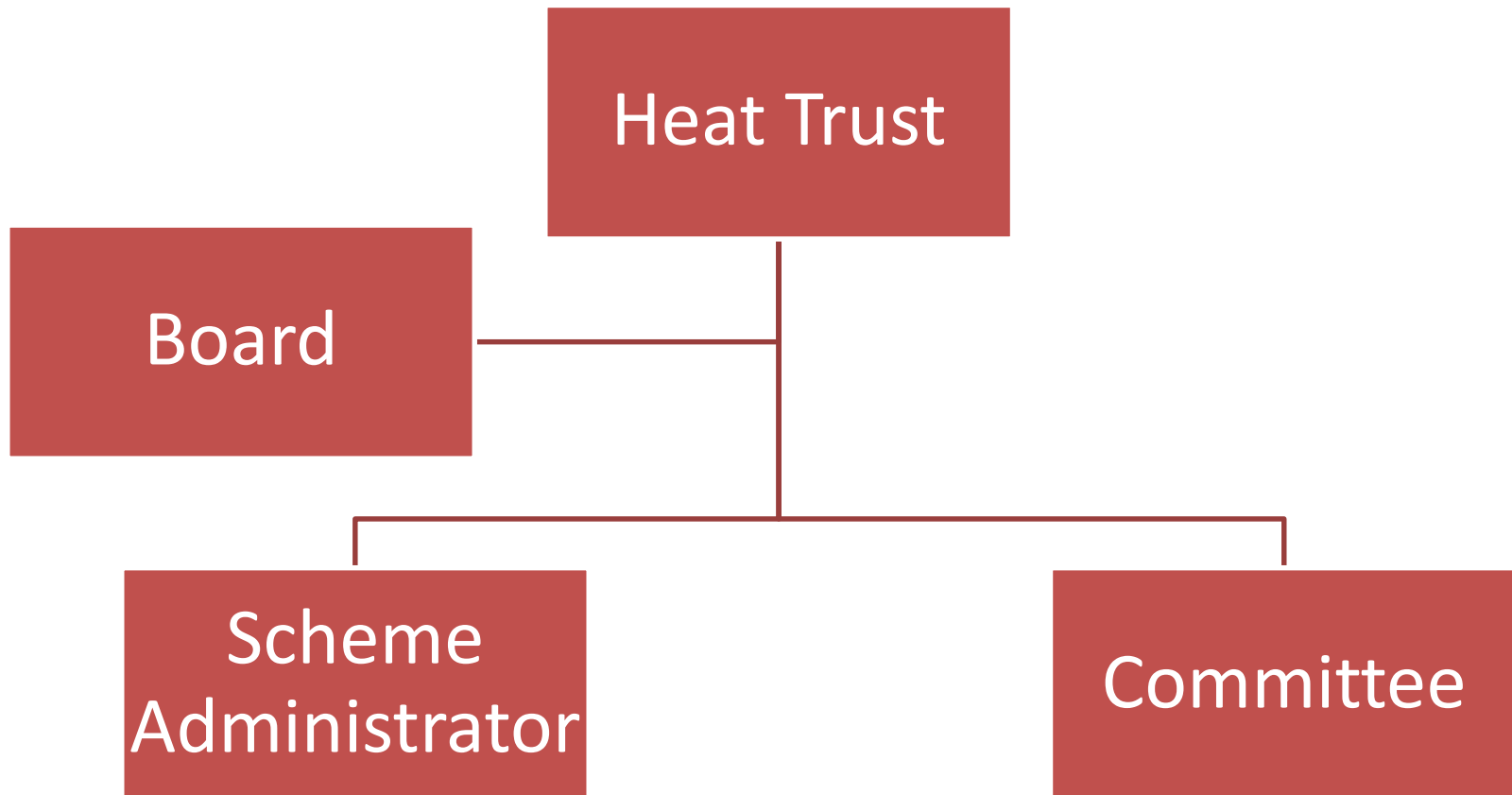


Assessing heat supply arrangements

1. Performance standards and guaranteed service level payments
2. Support for vulnerable heat customers
3. Heat supplier obligations
4. Heat customer service and reporting a fault or emergency
5. Joining and leaving procedures
6. Suspension and resumption of service processes
7. Heat meters
8. HIUs
9. Heat bill, heat charge calculations, payment arrangements
10. Complaint handling and independent adjudication
11. Privacy policy and data protection



Governance



Guaranteed Service Level Payments

- Planned interruption = **£30** for each full 24 hour period (from hour 24) where interruption lasts longer than 5 working days, up to **£500** max
- Unplanned interruption = **£30** for each full 24 hour period (from hour 24) up to **£500** max
- Multiple interruptions = one off additional **£54**
- Vulnerable customers = one off additional **£24**



Vulnerable Customers

- Support for customers at most risk
- Ofgem Vulnerability Strategy
- Flexible definition
- Enhanced awareness of policies
- Encourage better internal processes
- Basic protections found in regulated utilities



Heat Metering and Billing

- In line with heat metering and billing regulations
- Focus
 - Visibility
 - Inspection & Maintenance
 - Transparency
 - Enhanced customer understanding and awareness on how charges are calculated



Heat Bills

- As a minimum Registered Sites must include the following in the heat bill:
 - Heat energy supply charges (including unit price, variable charges, fixed charges and VAT)
 - The amount of heat energy consumed in the last 12 months, expressed in kWh
 - The total charges made over 12 months
 - Comparisons of the heat customers current energy consumption with consumption for the same period in the previous year



Faults and Emergencies

- Notification of faults & emergencies = 24h
- Faults response time
 - Heat supply not interrupted = 7 working days
 - Heat supply interrupted in heating season = 24h
 - Heat supply interrupted out of heating season = 48h
- Emergency response time= 4h

These are response times only.



Independent dispute resolution service

- Impartial, third party, no cost to customer
- Specialist Energy and District Heat knowledge
- Case Fee for Registered Site
- Awards:
 - Apology or explanation
 - Practical action
 - Financial award up to £10,000

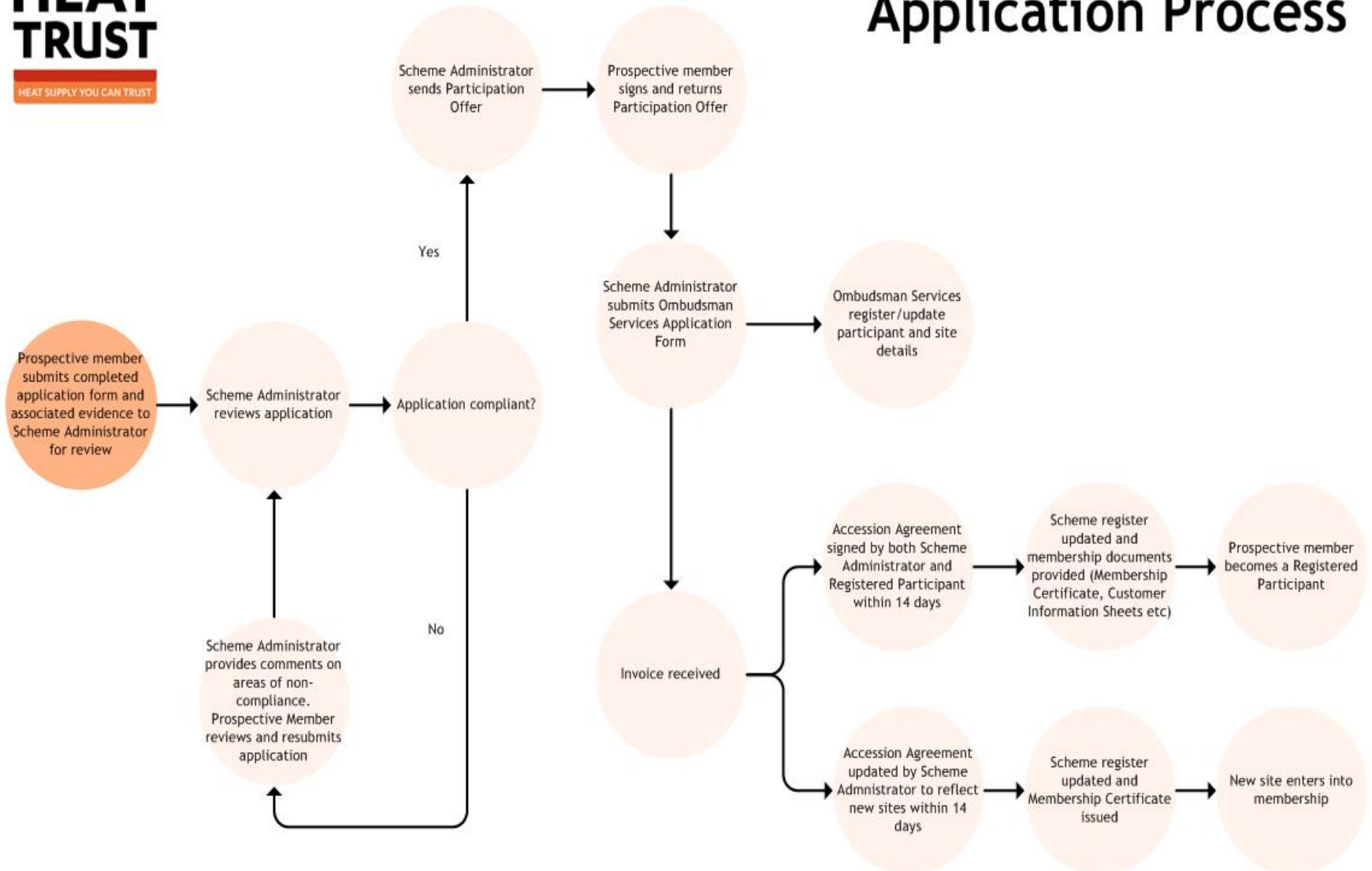


Cost

- Site Registration fee: one-off fee of **£80** on initial registration
- Annual membership fee: a fee of **£4.50** per live heat customer connection at each site



Membership Application Process



Heat Trust Mark

- Certification mark and logo to be used on documentation and website.



- Visual signifier of commitment to high standards of quality and performance



Heat Charge Comparator

- Transparent heat charge calculations, based on heat consumption
- Publically available data sets
- Readily available to all heat customers (metered and unmetered)
- Electric Heating Comparator under development

$$\left[\begin{array}{l} \text{Unit cost} \\ \text{of fuel} \\ (+ \text{ standing} \\ \text{charge}) \end{array} \times \left(\frac{\text{Annual heat} \\ \text{demand}}{\text{Heat generator} \\ \text{operational} \\ \text{efficiency}} \right) + \begin{array}{l} \text{Heat generator} \\ \text{price annual} \\ \text{depreciated} \\ \text{value} \end{array} + \begin{array}{l} \text{Annual} \\ \text{insurance} \\ \text{cover} \end{array} \right] = \text{alt.} \\ \text{heating} \\ \text{charge}$$



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Heat Trust: Principles in Practice

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www.switch2.co.uk



£15m
Handling
client monies

**35
YEARS'**

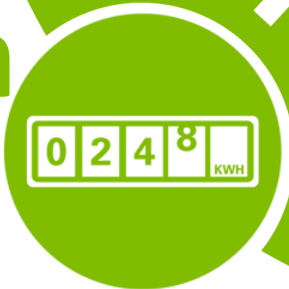


50,000
Dwellings across
400 sites

EXPERIENCE IN METERING & BILLING

FOCUS

**ON COMMUNITY
& DISTRICT
HEATING**



**16
million**
Meter readings
annually



52,000
HIUs &
25,000
Prepayment units
in the market

Meeting the challenges of community heating



Customer satisfaction



Reduce exposure to debt



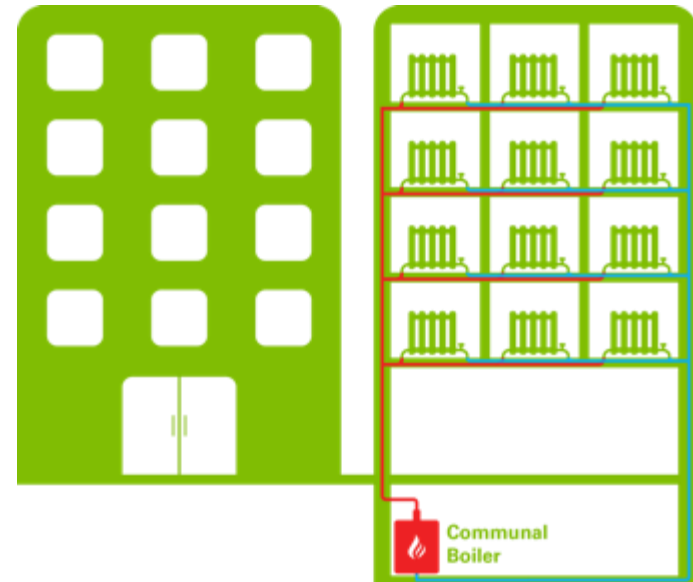
Vulnerable residents



Budgeting and affordability



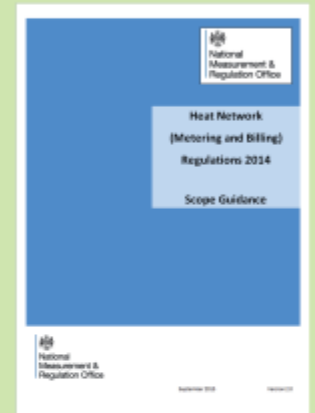
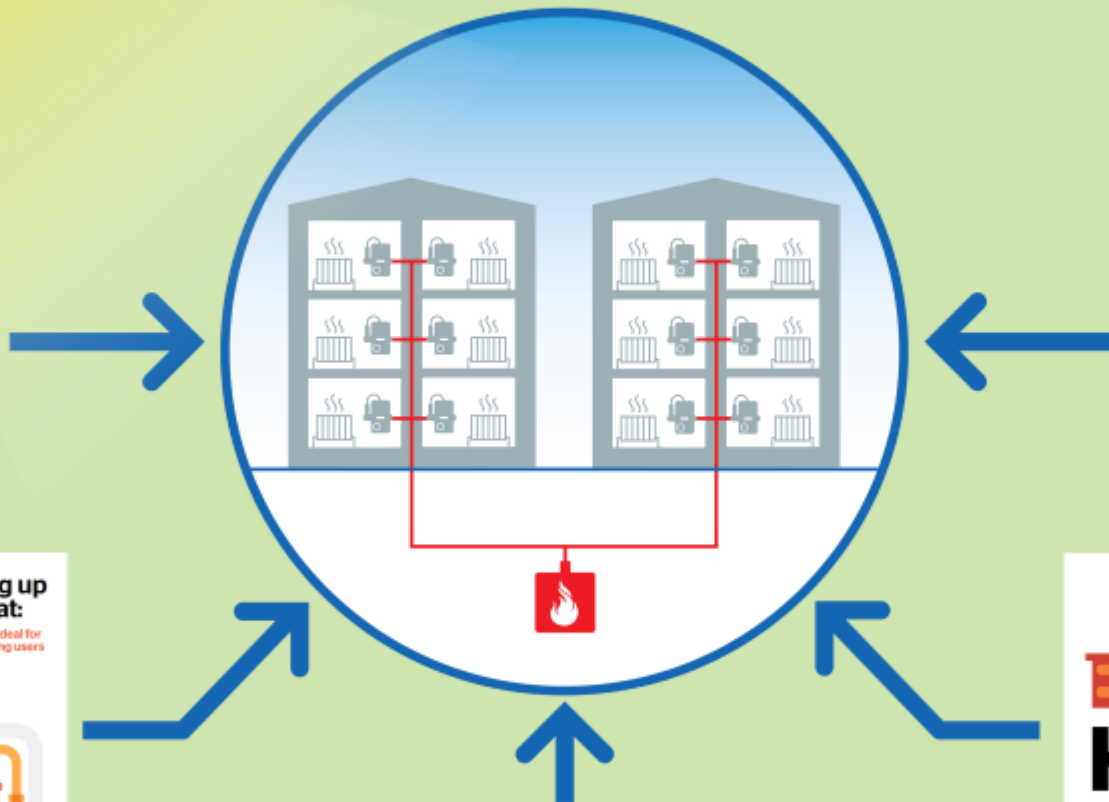
Regulatory requirements



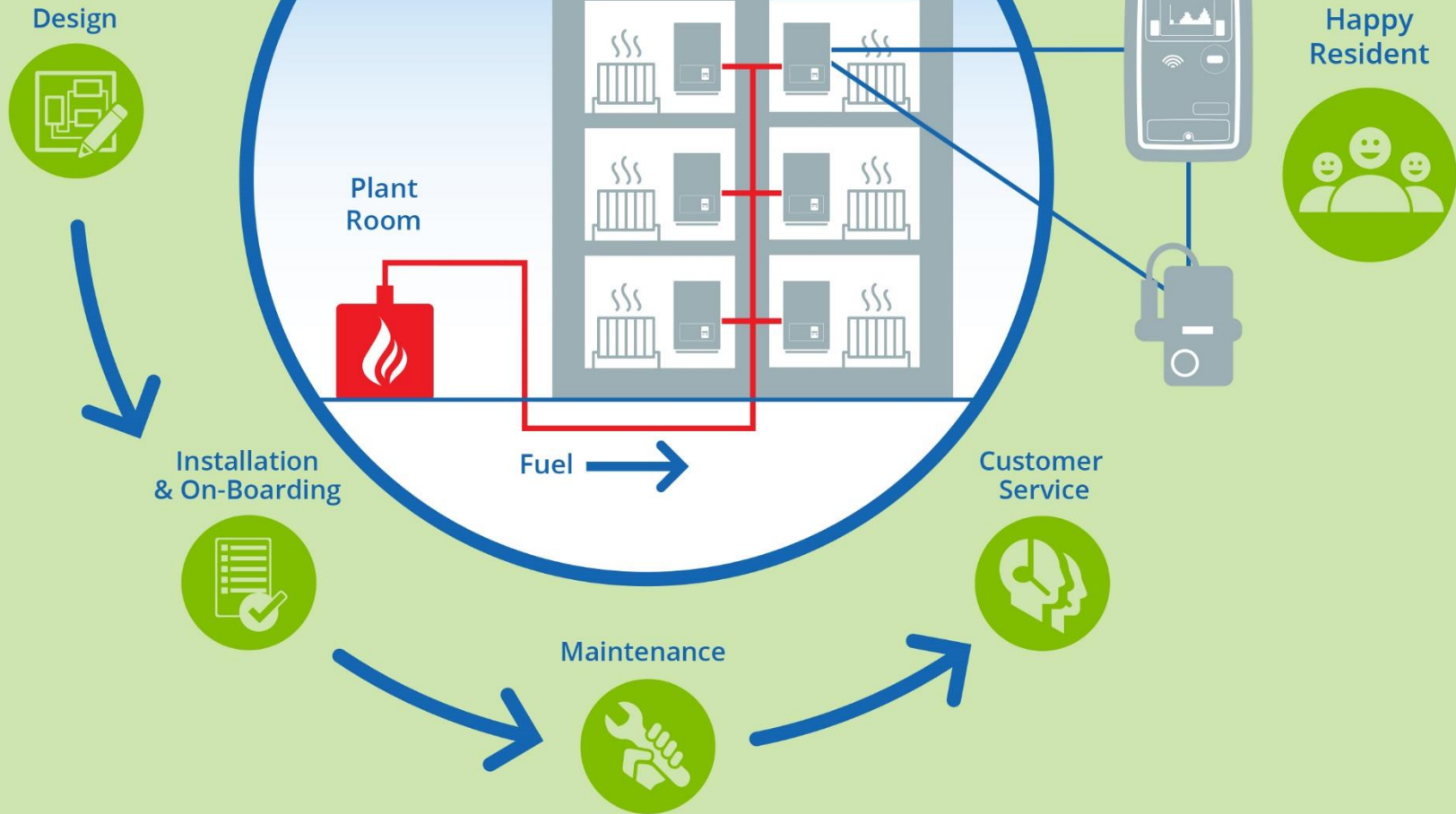


The spotlight is on heat networks

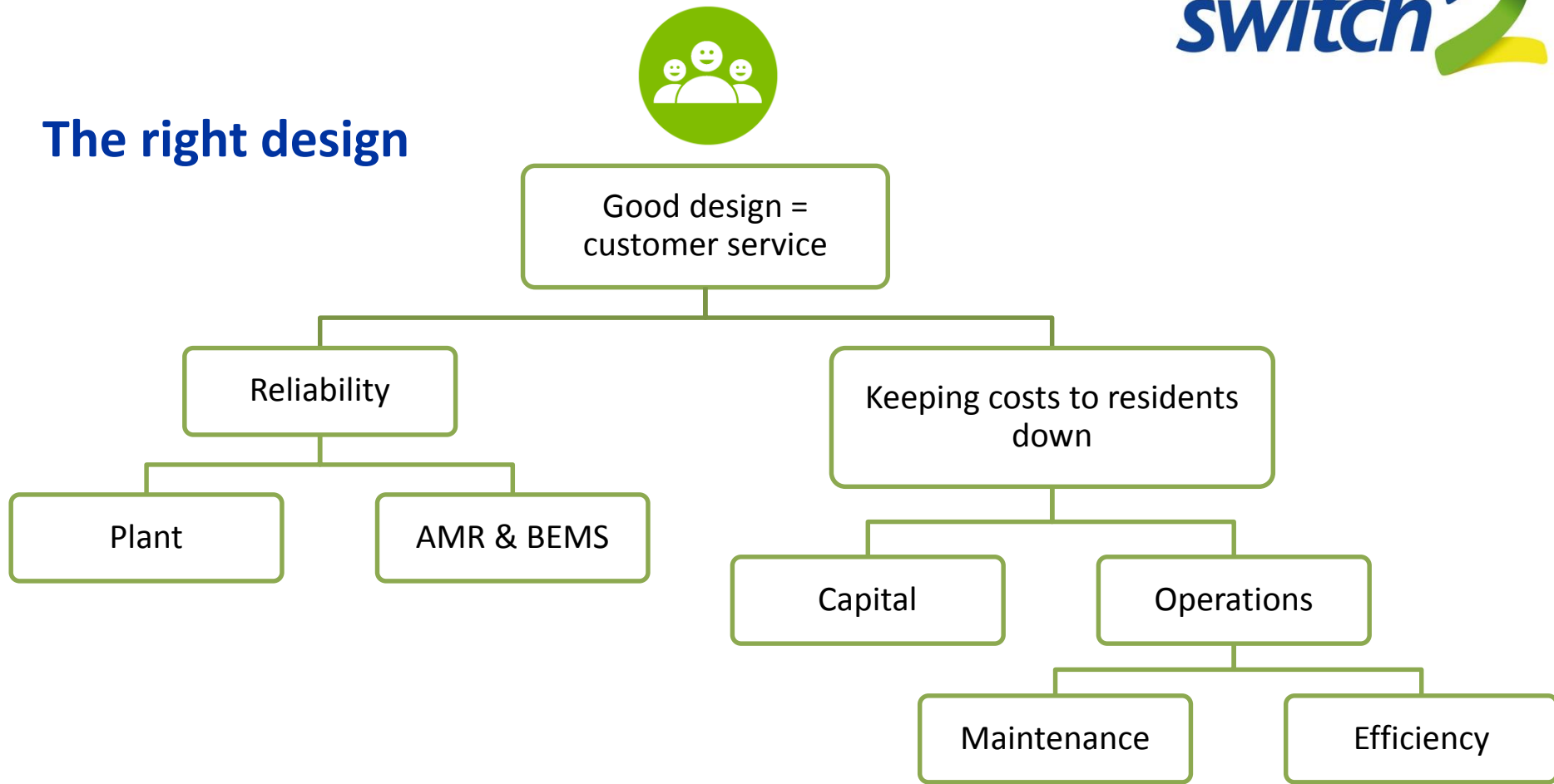
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The customer service journey



The right design



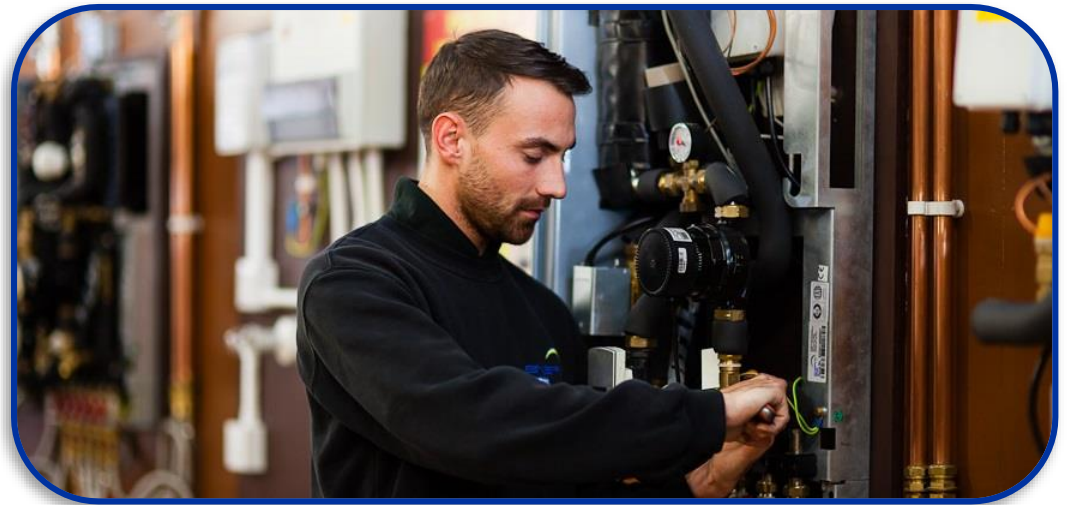
Installation & on-boarding

- Commissioning plant and systems
- Asset registers
- O&M manuals
- O&M subcontractors
- Leases and supply agreements



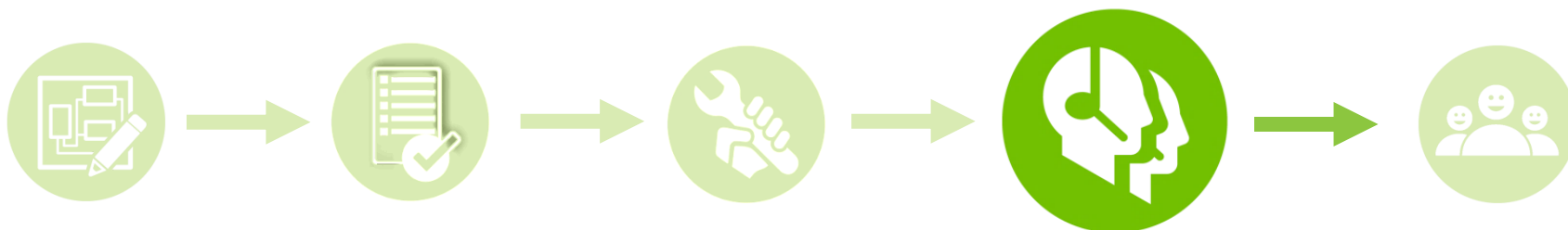
Maintenance

- Preventative maintenance
 - ✓ Planned
 - ✓ Water quality
 - ✓ Safety checks
- Reactive maintenance
 - ✓ Response times
 - ✓ Automatic monitoring



Customer service

- One point of contact
- Communicating with residents
- Transparency
- Vulnerable customers
- First time fix






Comparison of late and early engagement

Late	Early
No O&M	Full O&M
No design schematics	Full design schematics
Poor equipment spec	Robust installation
Early fault/failure	Improved lifecycle
No BMS	BMS remote alarms
No training/delay	Proactive training
Late first bills	Billing from day 1
No spares day 1	First line spares day 1



Cost comparator

		Average Annual Cost	p/kWh Cost Comparitor (based on 6150 kWh/annum)
	Gas heating	£650.18	10.57p
	Community heating	£588.04	9.56p
	Electricity heating	£1,380.68	22.45p

Summary



Heat Trust is positive and reinforces best practice



Move to regulation



Benefits everyone



Raises industry standards



Putting the resident first

The Heat Trust e-guide and blog

- E-guide available on the Switch2 blog
- Covers main points and actions required
- Free to download

www.switch2.co.uk

blog.switch2.co.uk

