



# Heat Network Regulation: Consumer Protection Consultation Response – Headline Review

## Chirpy Heat Insight Group Briefing, September 2025

Full regulation of heat networks – which include both district and communal heating – began from 1st April 2025, bringing a set of challenges for housing providers as they move to become fully regulated utility providers. This briefing summarises the key themes in Ofgem’s Consumer Protection consultation response published in August 2025.



### Insight

The Office of Gas and Electricity Markets (Ofgem) Consumer Protection requirements of heat network regulations have significant implications for housing providers and the sector as a whole. It is a key part of the overall regulations, with some aspects commencing as early as January 2026. In order to manage the risk of non-compliance, housing providers should ensure they are using their best endeavours, including reviewing existing policies and processes, data availability for performance reporting and benchmarking, and various other key areas of heat network management. Having a strategy in place to reach compliance will be key to ensuring a successful transition.

### Summary

New regulations are being rolled out that will impact housing providers that have any of their homes heated by a communal system. These are often called heat networks, communal heating or district heating systems. The regulations are being brought in to protect consumers in a natural monopoly and to bring them in line with gas and electricity markets. The regulations will require housing providers to meet a range of new requirements around consumer protection, service and technical standards and will require data and reporting to the new regulator, Ofgem.

This document focuses specifically on the Consumer Protection aspect of these heat network regulations. In August 2025, Ofgem provided a follow-up response to the second Consumer Protection consultation which closed in January 2025. This document does not aim to summarise the entirety of the consultation response. Instead, it aims to summarise the key points from the Consumer Protection consultation, particularly those that are relevant to housing providers in the social housing sector.

The consultation response can be found in full here: [Heat networks regulation: government response](#).



## Consumer Protection

### 1. Definitions

#### a) Expanding on the terms

During the consultation, responders requested further definition of terms and clarification on the definition of some existing terms. Ofgem considers that other terms it has been asked to define, such as not-for-profit and supported housing, have a particular meaning set out in existing legislation or in general use. Where Ofgem uses these terms, it will point to established definitions and outline this in guidance which will be released as part of the Consumer Protection regulation.

### 2. Standards of conduct and authorisation

The full list of authorisation conditions can be found below. Please note, this has not been finalised by Ofgem at this stage. [Heat networks regulation: authorisation conditions and guidance on measures to mitigate the risk and impact of financial failure | Ofgem](#)

#### a) Standards of conduct – key points

The key areas of the standards of conduct previously outlined are as follows:

- **Transparency of information** – One of the key themes is to provide clear information on heat networks to customers, communication material required from pre-tenancy through to end of tenancy, as well as price inclusion transparency.
- **Fair Pricing** – Fair, transparent and justifiable inclusions within charges to customers.
- **Metering and billing payments** – Billing to be based on consumption, smart metering equipment, and monitoring.
- **Vulnerable customers** – Dedicated and heat-network-specific vulnerable customer policy, as well as a heat-network-customer-specific Priority Services Register, with a robust oversight and proactive approach to identifying vulnerable customers being required.
- **Complaints** – Dedicated and heat-network-specific complaints policy, referencing Citizens Advice and the Energy Ombudsman.
- **Standards of performance** – Various Guaranteed Standards of Performance (GSoP) and possible customer compensation for non-adherence.

There are various reporting and monitoring requirements to ensure that the standards of conduct are adhered to. Ofgem is minded to move forwards with the standards of conduct as outlined, and this will be in place from January 2026.

Ofgem expects heat network suppliers and operators to work to improve their services and consumer relations in advance of the standards of conduct coming into effect in January 2026. This will require key housing providers to:

- Analyse availability of existing heat network information related to complaints; vulnerable customers, system breakdowns, etc.
- Engage with contractors to ensure information can be provided as required, while also reviewing contractual relationships to start the process of mirroring the standards of conduct requirements within contracts to ensure compliance.



- Implement a process to improve the performance in key areas and provide data as required to Ofgem for reporting.

#### **b) Vulnerability**

The existing Ofgem definition of vulnerability will be used in the heat network Consumer Protection regulations. This will be combined with specific, targeted support for heat network customers.

The general definition is as follows:

- Those that are: significantly less able than a typical domestic consumer to protect or represent his or her interests; and/or,
- Those that are: Significantly more likely than a typical domestic consumer to suffer detriment or that detriment is likely to be more substantial.

Ofgem published its updated Vulnerability Strategy in 2025 for the wider utilities market, which includes further details about the definition of vulnerable customers. This document can be found here for reference: [Consumer Vulnerability Strategy](#)

#### **c) Complaints**

The complaint handling authorisation condition is expected to commence from January 2026. Further guidance will be provided for smaller heat networks and will cover compliance requirements for retaining complaints data.

#### **d) Crossover with Housing**

In designing the Standards of Conduct, Ofgem has aligned with existing processes where appropriate, including expectations set out by the Regulator for Social Housing (England), the Housing Regulation Team (Wales), and Scottish Housing Regulator. There will not be an exemption for heat networks covered by these regulators, and therefore each heat network will be required to comply with Ofgem regulation. Ofgem will work with the market to ensure this is done properly.

#### **e) GSoP**

Further policy decisions will be deferred to a later consultation by Ofgem. It is expected that the GSoPs will not be part of the initial requirements for authorised persons in January 2026, but are likely to be phased in from January 2027.

#### **f) Heat supply contracts (also known as heat supply agreements)**

These agreements will be required for all customers and will likely have a 12- to 24-month approach to amending contracts/leases or creating new agreements and providing them to customers. Deemed contracts will be covered in the guidance when this is released.

#### **g) Step in**

Ofgem had initially considered whether authorised persons would require step-in arrangements for all heat networks. Ofgem now proposes only local authorities and authorised persons regulated by a social housing regulator in England, Scotland, or Wales will be exempt from this provision, and will therefore not be required to take the additional step in the arrangements. Financial reporting may still be required in cases, and further consultation is expected for this area.

**h) Operations and supply continuity plans**

Authorised persons will be required to have operations and/or supply-continuity plans in place. An annual declaration will be required to say they are in place but will only be reviewed as part of any auditing from Ofgem rather than having to be reported on a frequent basis.

**i) Security of supply**

The security-of-supply authorisation condition will go ahead and will commence from January 2026. Specific levels of maintenance will not be included in this requirement at this stage and further information will be included in the Heat Network Technical Assurance Standards (HTNAS) aspect of regulation.

**3. Pricing requirements****a) Fair pricing**

The fair pricing consultation closed in July 2025, and a response is currently expected from Ofgem in Autumn/Winter 2025/26.

Further development is required on fair pricing, with this sitting separately from the wider Consumer Protection regulations. Fair pricing guidance will be released later this year, with a consultation included. Ofgem has conducted initial modelling to identify key cost drivers and used this to define archetypes within which to group heat networks. See more details [here](#).

**b) Benchmarking**

Benchmarking has taken place for gas boilers and the expected costs/performance related to these. Various responders pointed out that the market will move towards heat pumps, particularly for new heat networks. A robust heat pump benchmark will be created to compare with gas boilers by Ofgem, in order to create price benchmarks.

**c) Pricing methodologies**

A fairness test to determine the methodology used in pricing for heat network customers is currently under consultation and awaiting a response as part of the Fair Pricing consultation. Further details can be found here: [Heat networks regulation: fair pricing protections | Ofgem](#)

**d) Standing charges**

The wider utilities market is expected to have a consultation on ensuring customers have a zero standing charge option in gas and electricity, with Ofgem committing to such a consultation. Given this has not been consulted on, it is true this requirement is not confirmed in the wider utilities market. A similar approach will be considered – but is not definitive – within the heat network Consumer Protection regulation.

**e) Direct price regulation**

Ofgem is considering the possibility of including a price cap and profit regulation, which is referenced in the Energy Act 2023. Ofgem will continue to consider options, but no decision has been made at this stage.

**f) Heat networks billed via service charge (unmetered)**

Ofgem has suggested previously that customers who are billed via service charge may be required to have the heat cost billed separately from other service charge items, therefore creating an entirely separate service charge for heat network operators to create and manage.

Ofgem will be going ahead with the authorisation condition on unbundling heat charges in January 2026, but this condition will only apply to certain networks. The authorisation condition will initially not apply to heat networks where heat charges are bundled with other charges, such as rent or service charges – as allowed under the Landlord and Tenant Act 1985. Due to existing legislation and the changes required to enable unbundling, networks covered by the Landlord and Tenant Act 1985 will not be required to unbundle heat charges. This position will be kept under review as discussions within government continue and will be outlined in the guidance.

In simple terms, it appears that social housing providers billing customers for heat charges via service charge will not be required to unbundle this aspect at this stage. Requirements may change in the future, but there is nothing required at the time of writing.

**g) Back billing**

12-month back-billing limits expected, concerns raised to bring this to 18 months by respondents. Ofgem to work with Ministry of Housing, Communities and Local Government on these arrangements to finalise the details. Guidance will be provided.

**h) Billing and transparency**

Ofgem and Department for Energy, Security and Net Zero are looking at a central website to host relevant billing information.

**4. Heat network equipment responsibilities****a) Disconnections**

The authorisation conditions will require that the authorised person must not disconnect customers in the following circumstances:

- In Winter, a domestic premises at which the domestic consumer has not paid charges for the supply of heating, cooling or hot water by means of the specified heat network, if it knows or has reason to believe the occupants of the premises include a person who is under the age of two, or is over the age of 75, disabled, terminally ill or chronically sick.
- At any time, a domestic premises at which the domestic consumer has not paid charges for the supply of heating, cooling or hot water by means of the specified heat network if it knows or has reason to believe that the occupants of the premises include a person who has a medical condition which means that, for medical reasons, they need to receive or may need to receive a supply of heating or hot water throughout the year. Ofgem will clarify that we expect the debt hierarchy to be followed, and that installation of pre-payment meters must be explored before disconnection.

**b) Involuntary Prepayment Meter Installation**



An authorised person must not involuntarily install a prepayment meter in domestic premises where a consumer has not paid for heat, cooling, or hot water charges supplied by their heat network if they know, or have reason to believe, that the occupants include:

- a child under the age of two,
- a person over the age of 75,
- someone who is disabled, terminally ill, or chronically sick.

In addition, a prepayment meter must not be installed unless a vulnerability assessment has confirmed no significant impact on wellbeing where occupants include:

- a person with a medical condition requiring continuous heating or hot water,
- an individual with a serious mental or developmental disability,
- children under the age of five, or
- someone in a temporary vulnerable situation (e.g. pregnancy).

### **c) Self-disconnection**

Ofgem will broadly mirror the requirements from gas and electricity to identify consumers who are, or are at risk of, self-disconnection and whether they are vulnerable. Suppliers will be required to:

- report on this quarterly
- offer additional support credit, unless this is not feasible
- consider alternative repayment methods where a consumer can pay for consumption but not debt.

Where meters do not have the technical ability to proactively identify consumers who are, or who are at risk of, self-disconnection, there must be a pathway to allow consumers to self-report this. Over time we expect this to be phased out as metering continues.

### **d) Powers of entry**

Ofgem has deferred the decision on whether powers of entry will be granted and in which cases. Forcing entry to a premises to involuntarily install a prepayment meter without a relevant power to enter premises is a criminal offence, and any instance of this should be reported to the police. Therefore, this cannot be undertaken at this stage.

## **5. Heat network types**

### **a) Shared Ground Loop (SGL) heat networks**

An SGL is a heat network which has multiple properties linked to a single, shared array of underground heat exchangers instead of each having their own. The principle is this is a more efficient heat network which operates at lower temperature than existing/typical heat networks do. The key points on this area are below:

- Ofgem is taking forward proposals to tailor the application of regulation for SGL heat networks, therefore these types of heat networks will be included under regulation.
- Some areas of regulation, such as the consumer protection requirements for self-disconnection outlined previously, will not be applicable to SGL heat networks.



### **b) Network categorisation and mixed-use networks**

This point references the initial intention of Ofgem to determine whether heat network categorisation is useful, and how mixed-use networks fall into this strategy. The key points are below:

- Domestic customers will be afforded more protections as part of the consumer protection aspect of regulation.
- The presence of a consumer type with associated increased requirements does not extend those increased requirements to other consumer types on that network. For example, for a network including domestic and non-domestic consumers, domestic-supply consumer protections will not apply to non-domestic consumers.

## **6. Smaller heat networks**

### **a) Mitigation measures for small networks**

There is no standard definition for what constitutes a small network, but as the policy intent is to strike the right balance between exempting smaller networks and protecting the majority of consumers, we propose that this exemption only applies to heat networks with less than 11 premises. We judge networks with fewer than 11 premises to be a reasonable threshold for this temporary exemption as we expect that 97% of heat network consumers will still receive proposed protections, with the exemption applying to about a quarter of networks. This will take the form of a temporary exemption for the period from regulatory commencement until the launch of an enduring solution to mitigate the cost of unrecoverable debt (more on this below).

### **b) Capacity of smaller networks to apply**

Ofgem would not expect the Standards of Conduct to be implemented in the same way across the heat networks market and acknowledges that processes will differ based on many of the characteristics Ofgem has considered in segmentation, including resource availability. Any segmentation will be covered in guidance published, rather than prescriptive exclusions and exemptions. Guidance will take into account smaller heat networks to help alleviate some of the administrative burden.

## **How can you prepare?**

Although the fair pricing proposals are still in the consultation stage, there are some 'no regrets' actions you can be taking right now:

- Review your existing policies and processes and determine the availability of existing heat network data for performance reporting requirements
- Review existing contractual arrangements with suppliers and contractors against the requirements for Consumer Protection regulations
- Undertake a Regulation Readiness Review to determine what stage you are at with compliance.
- Create a Compliance Plan to determine what steps are required to reach compliance with the Consumer Protection regulations

To discuss how you can become regulation ready, please contact us at:

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