



Subject:	Belfast City Council's response to the Department for Economy (DfE) consultation on Heat Networks in Northern Ireland – Protecting Consumers and Setting Up Regulation
Date:	8 th October 2026
Reporting Officer:	Debbie Caldwell, Climate Commissioner
Contact Officer:	Debbie Caldwell, Climate Commissioner

Restricted Reports

Is this report restricted?

Yes

☐

No

☒

Please indicate the description, as listed in Schedule 6, of the exempt information by virtue of which the council has deemed this report restricted.

Insert number

☐

1. Information relating to any individual
2. Information likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the council holding that information)
4. Information in connection with any labour relations matter
5. Information in relation to which a claim to legal professional privilege could be maintained
6. Information showing that the council proposes to (a) to give a notice imposing restrictions on a person; or (b) to make an order or direction
7. Information on any action in relation to the prevention, investigation or prosecution of crime

If Yes, when will the report become unrestricted?

After Committee Decision

After Council Decision

Sometime in the future

Never

☐
☐
☐
☐

Call-in

Is the decision eligible for Call-in?

Yes

☒

No

☐

1.0	Purpose of Report/Summary of Main Issues
1.1	The purpose of this report is to present for Members consideration a draft council response to the DfE consultation, "Heat Networks in Northern Ireland – Protecting Consumers and Setting Up Regulation."
2.0	Recommendation
2.1	Members are asked to: i. consider and comment on the draft response to the specific questionnaire issued by DfE (attached at Appendix 1); ii. note that the draft response has been submitted to DfE in line with the 1 October 2026 deadline albeit on the basis that the response remained subject to Members consideration and that Council reserves a right to provide any update which may be suggested by Members, iii. note that the Council's response would be submitted on the basis that it would remain subject to full Council ratification on 2 November 2026 with any further comments submitted at this point.
3.0	Main report
3.1	Background The Department for Economy is consulting on the first phase of a locally led regulatory framework for heat networks in Northern Ireland. The Heat Networks (Metering and Billing) Regulations 2014 (HNMBR), which currently provide the only baseline of consumer protection for the sector, are expected to be revoked in 2027, which would leave NI heat network consumers with no regulatory protections. The proposed measures would provide stronger consumer protections while creating a regulatory environment to support the sector's future development.
3.2	Heating accounts for around 59% of Northern Ireland's energy consumption and in Belfast 95% of heating is still fossil-fuel based. The Belfast Local Area Energy Plan identified heat networks as one of the priority investments because they are a cost-effective way to reduce dependence on imported fossil fuels whilst also creating multiple local benefits. The Plan projects 0.4–1.1 TWh/year of heat network demand by 2050 with at least 30% of non-domestic heat demand supplied by district heat networks. Already widely deployed across Europe and around the world, heat networks have increased energy security and enable the use of locally produced, low-carbon sources such as geothermal, large scale heat pumps, surplus industrial heat, or other renewable energy.
3.3	Belfast is a significant player in the future of network development in Northern Ireland as it has the highest concentration of heat networks (25 of the 97 notified NI networks including 24 communal systems and one district heating network) with the Council able to act as a potential anchor customer (alongside other public- sector buildings located in the City centre) and as the body responsible for local planning.
3.4	Preparatory works to support the development of a city centre district heat network have been undertaken over the past two years including high level feasibility, delivery model development and market engagement identifying more than 20 public-sector bodies as potential anchor

	customers. As such, the scheme is considered by DfE to be one of the most developed networks in their regional pipeline of heat network projects. The introduction of a regulatory framework for heat networks in NI is intended to protect consumers, provide confidence to investors, support sector growth, and create skilled green jobs across the region. Regulation that is credible but proportionate is a precondition for both scaling the market and protecting those who join it. Overview of the proposed consumer protections
3.5	The proposed regulatory framework will establish consumer protections and regulatory oversight for heat networks in NI, helping to ensure fair billing, transparent charges and effective complaint resolution for consumers who are unable to switch suppliers. It also aims to provide greater certainty for the future growth of heat networks as part of the transition to low-carbon heating.
3.6	The consultation presents an opportunity for the Council to help shape a proportionate regulatory regime that both protects consumers and supports investment in low-carbon heat infrastructure. The consultation focuses on the first phase of regulation aiming to set a clear baseline on: • who regulates heat networks, • which networks are in scope, and • what minimum requirements operators must meet (especially on metering, billing and handling complaints).
3.7	The first-phase package is deliberately continuity-focused. The more consequential levers including protections relating to fair pricing, technical standards, vulnerable consumers and street works rights and powers are deferred to future phases of work, subject to further consultation and evidence gathering. The consultation proposes: • establishing the Utility Regulator as the regulatory authority for heat networks in Northern Ireland supported by the Consumer Council for Northern Ireland (CCNI) as independent consumer advocate; • that the rules would apply to heat networks that supply heat to more than one premises (e.g. multiple buildings, or more than one apartment in a building), as set out in the Energy Act 2023; • introducing an authorisation regime (rather than licencing) whereby a person or organisation would need to be authorised by the UR to operate a regulated heat network - heat network operators would be required to meet regulatory requirements and consumer protection standards; • retaining and adapting the HNMBR requirements on metering, billing content and limited exemptions, so the initial burden on existing operators is minimal - requiring clear, accurate and transparent billing information for heat network customers with bills based on measured consumption rather than estimates; • implementing a three-step route for complaints handling and dispute resolution plus a possible supplier Code of Conduct as a condition of authorisation;

	• improving consumer access to information on heat network services, charges and operator responsibilities; • creating a public register of authorised heat network operators and heat networks to improve transparency and accountability; and • introducing monitoring, compliance and enforcement powers to ensure operators meet regulatory obligations. Draft Council response
3.8	The proposed framework presents a significant opportunity for Belfast to accelerate the transition to low-carbon heating by supporting the development of heat networks across the city. Increased deployment of heat networks could help reduce carbon emissions from residential, commercial and public sector buildings, supporting both regional climate targets and Belfast City Council's net-zero ambitions as well as strengthening energy security. The framework will also build confidence for future investment in low-carbon heat infrastructure, enabling heat networks to be incorporated into regeneration projects and major developments. Where heat networks are designed and operated efficiently, they have the potential to provide more affordable and stable heating costs for consumers, which could help address fuel poverty and support a just transition to a low-carbon economy.
3.9	The Council's response is supportive of the DfE proposals to introduce a regulatory framework for heat networks in NI as heat network consumers usually cannot readily switch supplier so consumer protections will build confidence in new networks. The response welcomes the appointment of the Utility Regulator as the sector regulator and the Consumer Council NI as the independent consumer advocate, recognising that clear regulation and consumer protections will be essential to building public confidence in heat networks and supporting the growth of the sector. The response also supports the proposed authorisation regime for operators (rather than licencing), the retention of existing metering and billing protections, the introduction of a formal complaints process, and the development of a Code of Conduct for suppliers.
3.10	The response makes a number of key points and recommendations including: • noting the 2027 revocation deadline leaves little slack with regulations having to pass through the Assembly process before the end of the mandate and urging contingency planning should timetabling slip, so consumers are not left unregulated; • recommending that the Department confirms the number of residents on exempted schemes (communal systems) and includes measures to ensure they do not become an unprotected class by ensuring they have access to clear information on charges, effective complaints procedures, and access to the Consumer Council; • highlighting the importance of ensuring that vulnerable consumers are adequately protected and that any regulatory exemptions are kept under review; • emphasising that the regulatory regime should allow schemes to aggregate into larger networks later to enable isolated schemes (that currently predominate the market) to move towards strategic, city and regional scale systems;

- supporting the use of an **authorisation regime** rather than a licensing regime as proportionate for Northern Ireland's developing market and the risk that heavy upfront regulation may risk deterring small, community-scale schemes;
- **highlighting the need for phase two to happen quickly** given that key provisions have been deferred to a later phase (relating to fair pricing, technical standards, protections for people in vulnerable circumstances, arrangements if a network fails and street-works rights and powers) and recommending
 - that the Department publishes a **phase-two roadmap** with indicative timing to improve investor and consumer confidence and avoid perceived drift;
 - that the statutory rules give the **Utility Regulator scope to add or amend authorisation conditions** directly, so that future protections can be introduced without needing a new Act of the Assembly;
 - protections on payment difficulties, disconnection and vulnerability identification should be treated as a priority within Annex B and coordinated with the Executive's fuel poverty strategy;
 - early engagement with the Department for Infrastructure on a **rights-and-powers licence option**, with an indicative timetable, and alignment with GB arrangements where appropriate so that cross-jurisdiction investors face consistent expectations;
 - clarity on the **funding and staffing the Utility Regulator** will have for this function, and on how the eventual cost recovery will avoid falling disproportionately on very small schemes;
- recommending that the Regulator establishes and publishes a **baseline compliance position** during the transition period, so that compliance with existing requirements can be measured;
- recommending that, where the heat supplier is also the landlord and tenants have no direct bill that **tenancy agreements include disclosure obligations for heat costs**;
- recommending that **efficiency data** is collected and reported from the outset;
- ensuring that the regulations do not preclude the use of **smart metering and remote monitoring**;
- requiring operators to publish their **complaints process** and signpost CCNI on bills and at point of sale, ensuring all residents can access the complaints process and Consumer Council support, regardless of who holds the account, and requiring operators to provide complaints information to all residents served by the network, not only to account holders;
- welcoming proposals for a **public register of heat networks** and recommending that information relating to network performance, heat sources and accountability information should be made available to consumers and stakeholders;
- proposing a **guide for residents, landlords and managing agents** to help consumers understand how their heat network operates, how their bills are calculated, how to access support, and how to make complaints;
- advocating targeted **public engagement** in areas with significant heat network potential to improve awareness and understanding of the technology;
- highlighting that regulation, in isolation, risks creating **compliance obligations** for a market that still lacks the conditions required for growth including appropriate policy interventions, funding mechanisms and long-term infrastructure planning to provide

	certainty for investors and developers and increasing access to affordable, low-carbon heating solutions, and as such welcoming the possibility of Northern Ireland joining the Heat Network Technical Assurance Scheme being developed for Great Britain.
4.0	<u>Financial and Resource Implications</u>
4.1	There are no immediate financial implications associated with submitting a consultation response. However, future regulations may influence the development, operation and governance of heat network schemes associated with regeneration, sustainability and decarbonisation projects. Any future heat network developments will likely be subject to compliance, reporting and authorisation requirements under the proposed framework. <u>Equality or Good Relations Implications/Rural Needs Assessment</u> None
5.0	Appendices
	Appendix 1 – Consultation response