

Consultation response for Heat networks in Northern Ireland - protecting consumers and setting up regulation

This response is submitted from a Belfast perspective. Belfast hosts the largest concentration of heat networks in Northern Ireland and is a location where, under the Belfast Local Area Energy Plan, the sector is expected to grow most rapidly. We welcome the consultation and the Department's locally led, phased approach. Our overall position is support for the phase-one framework as a necessary baseline, coupled with a clear ask that the Department signal the sequencing and indicative timing of the phase-two protections that consumers and developers will need.

Consultation question 1 (scope)

Do you agree with the types of heat networks that should be covered by these rules, and the types that should be out of scope?

Broadly yes. Aligning scope with the Energy Act 2023 definitions and carrying over the familiar HNMBR exemptions (the exempt class) provides continuity and keeps the first phase administratively simple. This is sensible for the 90 communal and 7 district networks currently notified.

Belfast City Council agrees with the Department's proposal that the Utility Regulator (UR) should regulate heat networks and that the Consumer Council NI (CCNI) should act as the independent consumer advocate. The consultation makes clear that the UR's main role would be to protect the interests of existing and future heat network consumers, and this aligns with the Council's view that early regulatory clarity is essential not only for consumer protection but also for market confidence and growth.

Regarding the proposal to carry forward existing exemptions from the Heat Networks, Metering and Billing, Regulations (HNMBR), consideration should be given to ensuring that all heat network customers, including those in exempt developments, have access to clear information on charges, effective complaints procedures, and consumer advocacy services. Exempt class residents should not become an unprotected class. Where technical exemptions are necessary, these should not automatically exclude consumers from other important protections. This is important because communal systems dominate the NI stock, and many are in social housing and supported accommodation. Whatever the formal scope, residents of exempt schemes still cannot switch supplier.

In particular, exemptions should be reviewed to see if they adversely affect vulnerable customers as this group is least likely to be able to review a bill, challenge a charge, or navigate a complaints process. It includes people for whom being cold is a direct health risk. We recommend that the Department:

- ensures the phase-one information collection, CCNI advocacy and future Code of Conduct extend to consumers on exempt schemes, so the exempt class does not become an unprotected class;
- provides a clear justification and criteria for exemptions, rather than carrying them over by default and suggests that standardised design approaches could help bring currently exempt developments within the regulatory framework over time;
- distinguishes between protections that are impractical in these settings (individual metering, for instance) and protections that are entirely practical (clear information about charges, a working complaints route, access to the Consumer Council);
- as a minimum, brings exempt buildings within the complaints and information requirements even where metering and billing rules do not apply; and
- confirms how many residents in Northern Ireland are currently affected by these exemptions.

Looking ahead, it would be helpful to state for future networks what is required to attain an exemption and if standardised design practice in the future can be used to bring 'exempted class

developments into the regulations to provide those users with the same protections. Future phases of regulation should promote consistency, high operational standards, scalability, and opportunities for network interconnection. For future flexibility, as Belfast moves towards city-centre district heating schemes, the register and authorisation regime should be designed so that networks can move in and out of scope, or aggregate, without administrative friction. As such we recommend that:

- the regulatory regime allows schemes to aggregate into larger networks later - this is particularly important as NI moves from isolated schemes toward strategic, city and regional scale systems.

Consultation question 2 (authorisation)

Do you agree with using an authorisation regime (rather than licensing) for heat network operators, including an automatic “deemed authorisation” for existing networks?

The Council considers the use of an authorisation regime rather than a licensing regime to be more appropriate than a licensing regime and less likely to create unnecessary barriers for smaller or emerging schemes. The consultation correctly identifies that authorisation is proportionate for a developing market such as Northern Ireland reflecting the current scale and maturity of the sector (with only 97 networks and 3,000 customers). In particular, heavy upfront regulation on a market this small may risk deterring small, community-scale schemes.

Deemed authorisation for existing networks is pragmatic and avoids stranding compliant operators — important given that a quarter of all notified NI networks are in Belfast. However, we highlight the importance of clear guidance from the Department and the Utility Regulator, together with a defined timeframe for compliance, to provide certainty and minimise disruption to existing schemes.

We note that key protections relating to fair pricing, technical standards, protections for people in vulnerable circumstances, arrangements if a network fails and street-works rights have been deferred to a later phase. That is understandable for a small market, but only if phase two can actually happen quickly. We therefore recommend that the statutory rules made under these powers 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.

In particular, we consider a signal on street-works rights as fundamental in building investor confidence. Investors appraising the proposed Belfast City Centre network told the Council that regulatory certainty is a driver of investability; the absence of street-works rights and powers (Annex B) means consenting risk remains a material barrier at precisely the point of construction. We encourage 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.

We would welcome clarity on the funding and staffing the Utility Regulator will have for this function, and on how the eventual cost recovery model — the mechanism by which the industry pays for its own regulation — will avoid falling disproportionately on very small schemes.

Consultation question 3 (metering and billing)

Do you consider that the existing approach to metering, billing and exemptions (as set out in the HNMBR) remains appropriate for the NI market when implemented through the proposed authorisation framework? If not, what changes would you propose?

The Council agrees that retaining the existing metering, billing and exemption arrangements under the HNMBR is appropriate for Phase 1 of the regulatory framework, providing continuity and avoiding unnecessary change as the market develops. We

consider that billing based on measured consumption is the single most important consumer protection at this stage.

However, compliance with existing requirements should be monitored to establish a clear baseline across the sector. The consultation does not tell us how many of the 97 registered networks are actually meeting the existing metering and billing rules. Carrying the rules forward is only meaningful if they are being followed. We recommend the Regulator establishes and publishes a baseline compliance position during the transition period, so that progress can be measured.

As customers on unmetered or estimation-based terms have the weakest visibility of costs, the Department should review whether such customers should receive clearer information on how charges are calculated and record the prevalence of exemptions in NI (particularly in Belfast's social housing communal schemes) as part of phase-one data collection.

Where the heat supplier is also the landlord, tenants may have no direct bill and no individual visibility. The Department's intention to seek legal advice on landlord and tenant law is welcome; we suggest the review also covers disclosure obligations for heat costs within tenancy agreements.

Heat networks are well suited to smart metering and remote monitoring. Rather than mandating it now, the framework should ensure it is not precluded, so that new Belfast schemes are future-proofed.

The consultation acknowledges that some networks are less efficient than customers should expect. Network efficiency and fair consumer outcomes are connected due to the risk that consumers bear the cost of poorly insulated pipes or other inefficiencies. We recommend that efficiency data is collected and reported from the outset.

We also recommend a staged review of exemptions to ensure they remain justified as technology evolves and metering solutions become more cost-effective rather than leaving them in place indefinitely.

Consultation question 4 (complaints)

What are your views on the potential benefits and risks of the illustrative three-step complaints route (operator → CCNI → UR for rule-compliance issues)?

The Council supports the proposed three-step complaints route, i.e. operator then CCNI then UR. The consultation notes that this mirrors existing arrangements in gas and electricity, where consumers escalate issues only when they relate to compliance with regulatory rules with CCNI in its familiar advocacy role. However, we envisage three areas of risk with this approach.

1. The narrow UR remit (compliance with authorisation rules only) leaves disputes about prices, billing accuracy beyond the rules, service quality and reliability without a final adjudicator in phase one. We suggest that the Department should state explicitly that such disputes are within the intended scope of phase-two protections (fair pricing principles, transparency, technical standards), and in the meantime CCNI's advocacy remit should be resourced to cover them.
2. Consumers may not know the complaints route exists. We suggest that the Department should require operators to publish their complaints process and signpost CCNI on bills and at point of sale; CCNI and UR should produce simple joint guidance.
3. Reliability failures (outages, inadequate heat) may fall outside a purely metering-and-billing ruleset. As Belfast networks scale, the Department should consider

minimum service standards, drawing on the GB Heat Network Technical Assurance Scheme work, so reliability complaints have a rule to point to.

We also note that the model assumes the person experiencing the issue is also the bill payer. This could disadvantage tenants and residents in shared heating schemes, particularly where landlords are also heat suppliers and where heating costs are often bundled into rent or a service charge. While the consultation acknowledges this, it defers it to a future phase. We recommend that the Department:

- ensures all residents can access the complaints process and Consumer Council support, regardless of who holds the account, and considers an independent route where the landlord and supplier are the same organisation;
- makes clear in the first phase that a resident may raise a complaint and access Consumer Council support regardless of whether they are the named bill payer;
- requires operators to provide complaints information to all residents served by the network, not only to account holders; and
- considers, where the landlord and heat supplier are the same body, whether an additional route to an independent party is needed.

Consultation question 5 (complaints code of conduct)

Do you agree with the proposal that heat network suppliers should have a Code of Conduct developed with CCNI and the UR as an authorisation condition?

The Council supports the adoption of a Code of Conduct by heat network operators as a condition of authorisation as an important measure to ensure that the Code is enforceable rather than advisory – this will strengthen consumer protection and ensure consistent standards of service before the market grows. For Belfast, where schemes will connect thousands of new consumers who cannot switch supplier, this is the right approach.

1. The Code should be developed with input from consumers as well as regulators and operators, and include provisions covering both billing and service issues, particularly planned and unplanned heat supply interruptions.
2. The Code should set minimum expectations on customer engagement, communications, complaints handling, and transparency especially with regard to planned outages, response times for unplanned ones, and what support is offered when supply is lost — particularly to residents in vulnerable circumstances during winter.
3. The Code should apply to conduct towards all consumers, including tenants and non-bill-payers, not only direct contract holders.
4. The Code's development should not delay the implementation of wider regulatory arrangements which should be supported by a clear timetable.
5. The Department should also clarify whether the Code will be developed in parallel with phase 1 regulation, and whether additional consultation will be required. A pragmatic, staged approach would avoid slowing down shovel-ready schemes.

Consultation question 6 (public register and information)

What information should be included on a public register of heat networks, and what additional low-cost information from suppliers, CCNI and the UR would help customers understand their heat network service?

The Council strongly supports the creation of a public register as a means of improving transparency, consumer awareness, and strategic planning. At present, a council cannot easily find out what heat networks exist in its own district. That is a real barrier to heat planning. A register that collects this information routinely is far cheaper than commissioning surveys every few years. It also provides an evidence base for phase two development. We recommend the register includes, for each network:

Basic identification

- Network name and location, by council area
- Operator details, and the owner if different
- Authorisation status
- Network type - communal (one building) or district system (multiple buildings)
- Date the network began operating
- Number of premises connected

Technical and environmental information

- Technology type/ heat source
- Number of connected premises
- Total installed capacity
- Annual heat supplied
- Network efficiency, meaning how much of the heat generated actually reaches customers rather than being lost from the pipes
- Annual carbon intensity of heat delivered (gCO₂e/kWh). We would ask that the Regulator calculates and publishes this from the data above, using a single stated methodology, rather than asking operators to calculate it themselves. This keeps the burden off small operators and means the figures are comparable between networks
- Metering / billing type (metered or exempt)
- Details on whether the scheme could physically connect to, or be absorbed into, a larger network — so that the register supports planning and avoids fragmentation as the Belfast city-centre network develops

Accountability information

- Authorisation status, including any conditions or enforcement action
- Grants or public funding received
- How to complain, and how to contact the Consumer Council

We also recommend a two-tier data model: information that is public on the register, and commercially sensitive or security-sensitive detail (site plans, energy centre specifics, customer-level data) held by UR under its market observation powers only. This preserves transparency while protecting operators' legitimate commercial interests.

We would also suggest a short, clearly written 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 with clear guidance materials for residents, landlords, and managing agents to improve awareness and understanding of heat network services. It should explain why you cannot switch supplier, what your bill should show, and what to do if something goes wrong.

For low-cost consumer information, we recommend targeted engagement in areas identified as having high heat network potential. This could include:

- Local authority-led anchor-load forum(s)
- Public information sessions
- Round-table stakeholder meetings
- Resident information leaflets
- Door-to-door engagement where appropriate (vulnerable residential customers)

This aligns with the Department's existing spatial heat network analysis and would help build early understanding and acceptance.

Consultation question 7 (other comments)

Do you have any other comments on how the Department should exercise its powers under the Energy Act 2023 to deliver a proportionate and effective heat networks regulatory framework for Northern Ireland?

Belfast City Council supports the Department's phased approach to regulation. The emphasis on proportionality is critical and can provide an opportunity for targeted policy support. Overall, we support the direction of travel. The balance the Department must strike is between continuity (which benefits today's small operator base) and signalling (which determines whether Belfast's pipeline of schemes is financeable and fair to the consumers who will join them).

Gaps and risks from a Belfast perspective

The CMA's 2018 heat networks market study (summarised in the consultation) identified consumer detriment concerns around pricing, service quality and reliability. We make the following final points.

- No consumer is yet protected on price, fairness of charges, tariff transparency, technical standards, step-in arrangements, vulnerable consumer protections, street-works rights, smart metering, pre-property transaction information — the areas where the CMA identified the greatest potential for consumer detriment. These all sit in future phases with no indicative timetable. Authorisation alone may not deliver the investor confidence the sector needs — developers financing Belfast-scale schemes will look for the street-works rights, step-in and technical assurance signals deferred to Annex B. We recommend that the Department publishes a phase-two roadmap with sequencing and indicative timing to improve investor and consumer confidence and avoid perceived drift.
- Belfast's stock is old and poorly insulated (63% of dwellings EPC D–G), and heat network customers in dense urban housing are disproportionately exposed to the absence of phase-two protections. We recommend that 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.
- The complaints route gives UR a narrow rule-compliance remit; disputes about charges, service quality or reliability fall between stools in phase one.
- Communal systems dominate the NI stock (90 of 97). Regulation and data collection should ensure today's standalone schemes can be connected into larger networks later, rather than locking in fragmentation.
- The 2027 revocation deadline leaves little slack: regulations must pass through the Assembly affirmative resolution process before the end of the mandate. We support the Department's intention to bring forward secondary legislation through the

Assembly affirmative resolution process this mandate, and urge contingency planning should timetabling slip, so consumers are not left unregulated.

- Regulation alone will not enable the development of heat networks in Northern Ireland. What is missing is a strategic and rational allocation of resources across the energy system. The Department has already commenced work on this with their heat network feasibility mapping exercise. At present, establishing a viable commercial case for heat networks remains extremely challenging without targeted policy or financial support. This is the primary barrier to deployment. Although the consultation acknowledges the role heat networks can play in meeting statutory climate targets, the absence of enabling policy instruments means that technically robust projects cannot progress to investment decision. Regulation, in isolation, risks creating compliance obligations for a market that still lacks the conditions required for growth.
- Transitional funding for UR set-up is welcome; the enduring cost recovery framework should be designed so that levies do not materially raise heat prices for consumers in a market that is small and must compete on price with incumbent gas.
- The GB framework is now operational. NI should align on consumer outcomes, technical assurance (including early exploration of joining the Heat Network Technical Assurance Scheme) and data standards where appropriate, while retaining a proportionate local regime.

We support the possibility of Northern Ireland drawing on or joining the Heat Network Technical Assurance Scheme being developed for Great Britain. Developing a separate Northern Ireland scheme for a market of this size would be poor value. Moreover, if Great Britain has technical standards and Northern Ireland does not, there is a risk that Northern Ireland becomes the place where lower quality networks get built. We would encourage the Department to begin those conversations now rather than after phase one is complete.

Belfast City Council welcomes the next stage of this work and we would be happy to discuss any part of this response.

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