



Department for
Business, Energy
& Industrial Strategy

Dame Meg Hillier MP
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Dear Meg,

Thank you for your email dated 19 July, enclosing correspondence from your constituent, [REDACTED], regarding support for customers of district heating networks.

I am grateful to you for sharing [REDACTED]'s concerns. [REDACTED] is correct to suggest that the price cap does not always apply to district or communal heating systems consumers. This is because district or communal heating systems (also known as heat networks) typically buy their energy through commercial contracts which are not covered by the Default Tariff Act.

The Government wants heat network consumers to receive equal protection to gas and electricity consumers. That is why we introduced the Energy Security Bill on 6 July where we set out the Government's plans to regulate the heat networks sector and officially announced that Ofgem will be appointed as regulator. Under this forthcoming regulatory framework, Ofgem will therefore be given new powers to regulate prices in this sector as a matter of priority. This will secure fair pricing for domestic heat network customers as well as ensuring heat network operators are securing good purchasing deals for their consumers. This will mean that consumers are charged a fair rate for heating whilst encouraging investment in heat networks.

In addition, legislation will give Ofgem powers to investigate and intervene on networks where prices for consumers appear to be disproportionate compared with systems with similar characteristics, or if prices are significantly higher than those consumers would expect to pay if they were served by an alternative heating system. Ofgem will also have powers to set rules requiring heat networks to publicly disclose sufficient information for the consumer to understand how much they are paying, including but not limited to, their fixed charges, tariffs, and unit rates, and provide clear explanations about how prices are set and how heat network consumers are billed.

We recognise that these plans may not be able to assist households under financial pressure in the short-term which is why we are taking action with over £15 billion in support targeted particularly on those with the greatest need. This package is in addition to the over £22 billion announced previously, with government support for the cost of living now totaling over £37 billion this year. These packages support vulnerable households through initiatives such as the Energy Bills Support Scheme (EBSS) and the Household Support Fund. This adds to the help provided throughout winter 2021 via schemes such as the Warm Home Discount, Winter Fuel Payments and Cold Weather Payments. These schemes have now closed but they will also be available throughout winter 2022/23 under the eligibility for these schemes.

Through the EBSS, all domestic electricity customers in Great Britain will get £400 off their bills from October. This is a doubling of the £200 of support announced in February, and there will no longer be any repayments. As long as the customers on communal heating systems have domestic electricity supply, they will receive this discount automatically. Heat network consumers who do not have a domestic electricity meter and who the EBSS does not reach, such as those on a private wire system, will receive equivalent support of £400 for energy bills. We will announce details in the Autumn of how these households will receive the £400 support. Furthermore, households in England which are in council tax bands A-D will also receive a £150 rebate. The rebate to bills is being made directly by local authorities and started from this past April. This will benefit around 80% of all homes in England, including eligible heat network consumers.

On 23 March, the Spring Statement set out additional support including a 5p per litre cut in fuel duty that will be in place for 12 months and an extension of the Household Support Fund (HSF). The extension provides an additional £500 million for the Household Support Fund from April, bringing total funding to £1.5 billion since October 2021. The expectation is that the HSF should primarily be used to support households in the most need with food, energy and water bills. It can also be used to support households with essential costs related to those items and with wider essential costs. The scheme covers a wide range of vulnerable households including those with children of all ages and those without children. Households receiving other forms of assistance are not excluded from receiving support through this grant.

██████████ mentioned that he is a leaseholder. In terms of service charges, the law is clear that these must be reasonable and, where costs relate to work or services, the work or services must be of a reasonable standard. Leaseholders may make an application to the First-tier Tribunal to make a determination on the reasonableness of their service charges. There are two service charge codes of practice approved by the Secretary of State for THE Department for Levelling Up, Housing and Communities (DLUHC) for the residential leasehold sector and private retirement housing published by the Royal Institution of Chartered Surveyors (www.rics.org/uk/knowledge/professional-guidance/codes-of-practice/service-charge-residential-management-code-3rd-edition/) and the Association of Retirement Housing Managers (www.arhm.org/publication-category/code-of-practice/), which can also be taken into account at court or tribunal proceedings where relevant.

Finally, DLUHC officials have asked Lord Best's Regulation of Property Agents working group to consider how service charges (including for freehold homeowners) could be better presented to consumers. They are now considering the report's recommendations. Until then, leaseholders may benefit from seeking free initial advice via the Leasehold Advisory Service (LEASE), the specialist advisory body funded by the DLUHC to provide assistance to leaseholders. Further information on leasehold matters can be provided through the website (www.lease-advice.org/), via a telephone appointment with one of LEASE's advisers (020 7832 2500) or by email (info@lease-advice.org).

Thank you once again for writing.

Yours ever



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