



To: Executive Councillor for Housing: Councillor Kevin Price  
Report by: Head of Estates & Facilities : Trevor Burdon  
Relevant scrutiny committee: Housing Scrutiny Committee  
Wards affected: All

**Not a key decision**

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**REPORT FOR INFORMATION : IMPACT OF THE HEAT NETWORK (METERING & BILLING) REGULATIONS 2014.**

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**1. Executive summary**

This paper has been prepared, as requested at the Housing Scrutiny Committee meeting held on 10 March 2015 in order to further inform members about the impact of the new Heat Network (Metering and Billing) Regulations 2014 on Cambridge City Council's housing stock.

Investigations have identified that the Council owns six properties affected by these regulations and these have all been reported to the National Measurement Office as required by the new legislation.

Technical and financial feasibility testing has been carried out on four of these sites and no further work is currently required. Two remaining sites at Ditchburn Place and School Court, are due for substantial refurbishments in the next 12-24 months and heating systems at both will therefore be revised as necessary to comply with the legislation as part of that work.

**2. Recommendations**

The Executive Councillor and Scrutiny Committee members are asked to note the content of this report.

**3. Background**

The Heat Network (Metering and Billing) Regulations 2014 came into force on the 18<sup>th</sup> December 2014. The new regulations transfer into law certain

articles from the EU Energy Efficiency Directive 2012 and have been established to contribute towards the achievement of the EU 2020 20% reduction target on energy efficiency.

The legislation is designed to ensure better control of communal energy systems wherever practical. The Government states that the regulations will:

- Give individual consumers control over the cost of heating and cooling
- set minimum requirements surrounding the billing of consumers; and
- improve consistency and efficiency, alongside promoting the roll out and better management of heating and cooling networks.

In practical terms this means that existing communal energy systems have to be checked and, subject to pre-prescribed technical feasibility and cost effectiveness calculations, then individual metering may have to be installed. In terms of any future work, either when a new connection to an existing network is made, or when an existing building undergoes major renovation, then individual metering will also be required as part of the work.

There are three deadlines associated with the new regulations:

- 31<sup>st</sup> December 2014 – Accurate billing information (where technically possible and economically justified) requirements come into force.
- 30<sup>th</sup> April 2015 – Heat Suppliers (in this case Cambridge City Council as landlord) required to notify the relevant Government's National Measurement Office of any sites with communal energy supplies where the regulations might apply. CCC have complied with this requirement
- 31<sup>st</sup> December 2016 – Deadline for completion of technical and financial feasibility tests and installation of viable sub-metering where required.

The following properties within the CCC housing stock benefit from communal energy systems and are therefore affected by the new regulations. Details of all sites have already been reported to the National Measurement Office (who is the scheme administrator and enforcing body):

<b>Site name</b>	<b>Type</b>
Brandon Court	Sheltered housing scheme
Ditchburn Place (51-100)	Sheltered housing scheme
Ditton Court	Sheltered housing scheme
Mansel Court	Sheltered housing scheme
School Court	Sheltered housing scheme
Stanton House	Sheltered housing scheme

Of the sites listed above, Ditchburn Place and School Court are both scheduled to have major heating refurbishment work carried out over the next year or so. The alterations required to sub-meter the supplies will therefore be incorporated as part of the work to ensure compliance with the regulations by the final target date of 31<sup>st</sup> December 2016. No interim works are necessary.

Technical and financial feasibility audits have been completed for all of the remaining four sites at Brandon Court, Ditton Court, Mansel Court and Stanton House, and the results confirm that no further sub-metering work is required. In summary, the full results, compiled using the government's prescribed system modelling software, show that heat meters or heat cost allocators would not be viable because capital investment costs and ongoing operational costs outweigh the potential annual energy savings possible from sub-metered supplies and greater individual control at the present time. This whole process needs to be repeated at a minimum of every four years so, depending on capital costs and energy prices, these findings could be subject to future change. Any future major refurbishment work would also trigger re-application of the regulations and changes to energy systems would have to incorporate sub-metering. In the meantime, extra energy efficiency measures and work will be targeted at all sheltered and temporary housing sites to continue to help ensure resident's annual bills are kept as low as possible.

Eight additional sites which utilise communal heating systems have also been identified but these have been discounted and are not subject to the regulations as they are all Temporary Housing properties with short term occupancies. Guidance for the regulations states that if resident contractual arrangements are transitory then the communal heating in these properties is not considered within scope. (These properties have been referred directly to the National Measurement Office for confirmation of their exclusion from the requirements).

#### **4. Implications**

**(a) Financial Implications**

None – no additional works required

**(b) Staffing Implications** (if not covered in Consultations Section)

None

**(c) Equality and Poverty Implications**

The new regulations are designed, fundamentally, to provide greater individual control of energy costs and thereby to reduce energy costs for individual residents, notably low income and elderly residents, who may otherwise be disadvantaged by an equally levied communal energy charge.

The prescribed energy system assessment tool includes minimum threshold levels, below which the benefit of any sub-metering to individual properties is deemed uneconomical, and as assessments show this to be the case with the CCC properties then the impact of the regulations is negligible and a full Equality Impact assessment is not required.

**(d) Environmental Implications**

Environmental implications of the regulations for CCC housing stock are NIL at least in the immediate future. There will be no immediate change to any existing communal energy systems.

Alterations to systems already planned for Ditchburn Place and School Court will deliver the potential of limited (rated L+) reductions in energy usage at the two sites with the introduction of individual metering and the facility for resident control of their own supplies.

**(e) Consultation and communication**

Not applicable given that the legislation will not result in any changes to existing systems. Changes, involving any new sub-metering installations as part of the major refurbishments at Ditchburn Place and School Court will be included as part of general consultation with residents for those specific works.

**(f) Community Safety**

Not applicable

**5. Background papers**

Refer to [www.gov.uk/heat-networks](http://www.gov.uk/heat-networks)

Heat Network (Metering and Billing) Regulations 2014: guidance to compliance and enforcement of the legislation.

**6. Appendices**

None

**7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name: TREVOR BURDON – Head of Estates & Facilities  
Author's Phone Number: 01223457831  
Author's Email: [trevor.burdon@cambridge.gov.uk](mailto:trevor.burdon@cambridge.gov.uk)