

Domestic Customer Charter for Consumers Connected to Communal or District Heating Networks

Introduction

Heat networks have become an increasingly common part of low carbon energy strategies for new build development and refurbishments. In coming years, as tighter limits are placed on emissions from new homes¹, the use of heat networks is expected to expand even more quickly.

DECC estimates that up to 8 million homes could be connected to district heating networks, rather than generating space and water heating using their own boiler. While this should reduce emissions and help to keep heat affordable, it raises a number of new issues for developers and customers of heat networks.

Heating networks are not subject to any particular regulation and there are no standards of service for heat providers. This means that there are no consumer protection measures in place other than general fair trading standards as imposed by the OFT. In addition, although there are many examples of good practice, there is no standard practice in managing domestic customers on heat networks.

To help address this lack of consumer protection, Fontenergy has carried out a consultation exercise with key stakeholders in order to put together a Customer Charter for Heat, based on similar measures within the electricity markets and best practice in the industry. The charter applies to the relationship between customers and the services provider² and is intended to:

- be applicable to customers on the great majority of heat schemes
- lay out the basic requirements for service and customer protection
- help services provider understand requirements from the outset

On the other hand, this charter does not:

- seek to apply to all possible schemes
- preclude developers, communities, or RSLs from requiring additional services from their service provider
- serve as a substitute for communication or contract negotiation with services providers

How to use this document

The heat charter provides a series of service standards for the following areas:

- Vulnerable Customers;
- Maintenance;
- Pricing, Debt, Disconnection & Prepayment meters;
- Quality of service & complaint handling; and
- Tenant responsibilities

¹ In particular, upcoming regulations include the requirement for new homes by private developers to achieve a 44% reduction in emissions relative to Part L 2006 from 2013 and to achieve “zero carbon” standard from 2016. To obtain grant funding, social housing will be required to achieve these standards sooner, in 2011 and 2015 respectively.

² The role of “services provider” encompasses both generation and supply of heat and might comprise more than one party. One example of this is where communal boilers are owned by one party while billing services and customer care are provided by another.

It provides definitions of the key terms used within the charter, such as vulnerable customer. It also provides some guidance on the application of the service standards set out in the heat charter. The definitions and guidelines are there to support parties wishing to adopt the heat charter, but are for guidance only and do not constitute mandatory elements to the heat charter.

Acknowledgements

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Name

Paul Jones
Jake Lock
Will Sullivan
Lena McManus
Alistair Jones
Chris Baker
Gowan Turnbull
Gordon Calloway
Zia Mirza
Robin Feeley
Seb Junemann
Sinead Gilhooly
Paul Haines
Derek Watters
Chris Johnson
Guy Hannell
Jeff Henton
Malcolm Pollard
Gillian Draper
Kate Lines

Company

A2Dominion
Affinity Sutton
Calfordseaden
Catalyst Housing Group
Circle Anglia
Davies Arnold Cooper LLP
Homes for Haringey
Hyde Housing Group
Hyde Housing Group
London & Quadrant Group
Metropolitan Housing Trust
Network Housing Group
Network Housing Group
Places for People
Poplar HARCA
Rydon
Rydon
Southern Housing Group
Southern Housing Group

Feedback

To contact us regarding this document, please contact:

Isabelle McKenzie
Insite Energy
10 Stoney Street
London
SE1 9AD
020 7036 9106
isabelle.mckenzie@insite-energy.co.uk

Disclaimer

This heat charter has been prepared in good faith and with the assistance of a number of key stakeholders. Neither Fontenergy nor any of the contributing parties accept any liability for parties using this charter. This charter does not supersede any other service standard requirements imposed by regulatory authorities and there is no obligation on any organisation to follow the guidance herein.

Customer Heat Charter

Introduction

The purpose of this charter is to clarify and improve standards of service to domestic customers connected to communal and district heating systems.

It is a commitment to provide high levels of customer service and in particular to take into account the diverse needs of those customers.

Vulnerable Customers

Heat service providers using this charter will:

- Keep a vulnerable customer register recognising customers who (a) have a health issue which makes them more vulnerable than the average consumer with regard to heating and/or hot water requirements or (b) customers who might have difficulty communicating with the service provider and require additional contact methods.
- Inform all occupants that the vulnerable customer register exists
- Allow customers to request inclusion on the register provided they meet the vulnerability criteria and make efforts to gather information about vulnerable customers
- Provide a variety of contact options to ensure that vulnerable customers who have communication requirements have appropriate provision to contact the service provider
- Allow vulnerable customers to nominate a third party to manage their billing/payment and all contact with the provider
- Not disconnect a customer who is vulnerable to heat loss for health reasons during the winter months

Maintenance

Heat service providers using this charter will:

- Offer occupants the option to select a password for any appointments with the provider. This password will be used to ensure that the agent who arrives at the property is indeed a representative of the service provider.
- Offer a guaranteed appointment system for maintenance visits (i.e. morning or afternoon appointments)
- Provide an enhanced response time for heating failures for customers who are vulnerable to a loss of heat and/or hot water and a seasonally adjusted response time for all other residents
- Provide all residents with an information pack on how to use their heating system and read their meter and bill or use their prepayment meter. Where necessary, the provider will make provision to give individual advice to customers on the use of the heating controls and system.
- Provide a disaster recovery plan to mitigate against a loss of services, which will take into account the requirements of vulnerable customers on the scheme and will include a communication plan to liaise with affected parties

Pricing, debt, disconnection and prepayment meters

Heat service providers using this charter will:

- Provide a clear pricing policy to all occupants which will explain how tariffs are calculated and when they will be revised
- Provide fixed and variable direct debit credit payment options
- Provide a clear debt & disconnection policy to all occupants
- Allow customers to pay back debt in instalments
- Provide a clear prepayment policy to all occupants
- Be transparent in implications of prepayment on pricing
- Provide a clear policy for what happens if a customer believes their meter to be faulty

Quality of service and complaint handling

Heat service providers using this charter will:

- Keep a record of number of telephone calls, waiting times and calls terminated by customer prior to connection;
- Keep a record of loss of heating/hot water service covering number of customers affected, number of incidents and duration of incident
- Provide a variety of options to communicate with customers taking into account language, and physical capability (e.g. multilingual phone contact, telephone, email, letter)
- Allow authorised third parties to manage customer accounts on behalf of vulnerable occupants
- Provide a clear complaint handling policy to all occupants
- Aim to resolve most complaints at first point of contact
- Deal with all complaints within 28 days
- Allow final arbitration by a suitable third party (as agreed by DECC)

Tenants Obligations

Heat service providers will encourage their customers to act responsibly by:

- Keeping appointments made to maintain the heating system, where access is required to their property;
- Not wilfully damaging any part of the heating system within their property or outside their property;
- Paying for the heat they consume and any associated standing charges.

Definitions

Vulnerable Customer for heat and/or hot water provision is an occupant who is more vulnerable to a loss of heating and/or hot water by virtue of their age, a medical condition or disability. Criteria can be set on a case by case basis, but should take into account disability and age. The following criteria are based on guidelines from the electricity market and from TSA we would recommend the following criteria:

- Households with a person who is over 70 years of age
- Households with a child under the age of 5
- Households with a person who is registered disabled
- Households with a person who has a chronic illness

Vulnerable Customer for Communication Issues is an occupant who may require assistance in communicating with the heating provider. An example might be a customer who is blind and is unable to read a bill or read a prepayment meter. A customer who has additional communication needs does not necessarily have a vulnerability relating to a loss of heating and/or hot water. Criteria can be set on a case by case basis, but should take into account the six diversity groups of ethnicity; age; sexuality; disability; gender; and religion/belief. The following criteria are based on guidelines from the electricity market and from TSA we would recommend the following criteria:

- Households with a person who is blind or partially sighted
- Households with a person who is deaf or hard of hearing
- Households where no party is able to communicate either orally or in written form in English (and/or Welsh in Wales)

Service provider is the party (or parties) that encompasses both generation and supply of heat and might comprise more than one party. One example of this is where communal boilers are owned by one party while billing services and customer care are provided by another.

Guidelines and supporting information

This section provides further detail on some of the elements of the charter. This is guidance only and may be superseded by other obligations such as those imposed by the Tenant Services Authority or the Department of Energy & Climate Change. There is no obligation to follow this guidance, but the purpose is to provide useful illustration to the service standards detailed in the heat charter.

Complaint Handling

A complaint handling policy should ensure that a service provider deals with complaints promptly, politely and fairly. The policy and surrounding business processes should incorporate information from complaints to ensure continuous improvement in business practices, thereby improving services offered.

In line with Tenant Services Authority guidance³, it should incorporate the following elements:

- A range of ways for occupants or other affected parties to express a complaint
- Details of what to do if the complainant is unhappy with the outcome of a complaint
- Develop, agree and monitor service standards for complaints
- Record information on complaints, and publish where required, including
 - The number of complaints received
 - The nature of the complaints
 - The business area to which the complaint relates
 - The outcome of the complaints
 - How business process have been changed to improve services as a result of the complaints

Energy billing

Customers, who pay for their energy on a credit basis via a bill, as opposed to via a pre-payment meter, should receive a bill which contains a minimum of the following information:

- The supplier's address and phone number
- The customer reference number/account number
- The current balance on the account
- Customer name and address
- The period of time covered by the bill
- Previous and current meter readings
- Number of units used
- Price or prices per unit
- Amount of standing charge, if applicable
- Details of any discounts
- Details of any additional payments (e.g. to repay an outstanding debt in instalments)
- Amount of VAT to pay
- Meter serial number and/or meter reference number
- Emergency phone numbers

Good practice in billing would include graphical historical consumption data.

³ “A new regulatory framework for social housing in England” Consultation Document, Tenant Services Authority, 12 November 2009 p44-45

Pricing

Service providers should provide a clear pricing policy to all occupants which explains how tariffs are calculated and when they are revised. This policy should be explicit and transparent on how tariffs are calculated, providing the formula for the calculation and the sources of information used within that calculation.

Sites often have a mixture of energy generation assets, some of which might have a very low cost of production, but an intermittent and unpredictable output (e.g. solar hot water); some might have a single input fuel and two outputs (e.g. CHP with gas or biomass input and heat and electricity output), where costs must be apportioned between two products. In addition, you might have planning or environmental restrictions on your operating procedures. You may also have incentive payments.

The methodology could set out the hierarchy of production with a forecasting error payment or claw-back mechanism. The methodology might include:

- Description of the system and the hierarchy of costs;
- Estimate of likely operating hours for each technology type
- Fuel costs including buy-in electricity (where appropriate) and its associated distribution costs
- Operational costs associated with managing the system
- Landlord load estimates and whether they are passed through to consumers (where applicable)
- Estimated revenue streams contributing to the system (FIT; ROC; LEC; RHI etc) as appropriate
- Methodology for separating costs between products (e.g. apportionment of costs from a CHP into heat & electricity)
- Maintenance & renewal costs
- Reconciliation process of actual costs versus forecast costs
- Frequency of reconciliation and recalculation of tariffs
- Provision for bad debt & cashflow

The methodology will specify the output price and may be for example: (1) p/kWh; (2) £/m² per year based on floor plan; (3) p/day plus p/kWh. The appropriate tariff structure can depend on a number of factors including whether the site has a mixture of private/tenants; whether the tenants are all very similar (such as sheltered housing, where a fixed charge only might be appropriate); how you want to charge long term fixed costs such as maintenance and renewal and whether you want to set up an explicit sinking fund; and who owns the assets (e.g. RSL, ESCO, tenants or a mixture).

Debt and disconnection

A proportion of customers may end up with payment difficulties. The residents are in a contractual relationship with the service provider as their customer for energy and therefore the debt relationship is with the service provider and tenant. The service provider should provide a clear debt and disconnection policy to all occupants. This sets out the approach by the service provider to a customer with payment difficulties and under what circumstances a customer might be disconnected from their heat supply.

Where possible, a service provider should make provision for a pre-payment heat meter to be fitted and if necessary set the tariff such that there is a contribution to debt repayment. This should be the preferred route to managing debt rather than disconnecting customers.

Customers who are registered as a vulnerable customer for heat and/or hot water consumption should not have their heat or hot water disconnected during the winter months (as defined as October to March inclusive).

