



Heat Trust Annual Report

Findings from year two

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Executive summary

Welcome to the second annual report from Heat Trust.

This report provides a summary of the performance of heat networks that are registered with Heat Trust, and an update on Heat Trust developments and activities.

Heat Trust is a stakeholder-led customer protection scheme for the heat network sector.

Our vision is for all heat network customers to be assured of dependable heat supplies and excellent customer service.

We endeavour to deliver heat network customer protection by:

- applying robust customer service standards to heat suppliers that build on the service standards of the gas and electricity sector;
- providing access to an independent dispute resolution service through an agreement with the Energy Ombudsman; and
- promoting best practice, continuous improvement, and innovation in customer service.

Supporting the transition to regulation

There are around 14,000 heat networks in the UK serving approximately 439,000 residential customers.

Both UK and Scottish governments have launched dedicated funding streams to support investment in growing the sector. By 2050, it is expected that eight million customers will live on a heat network.

Independent research has found that Heat Trust is having a positive impact on the market.

Heat networks are natural monopolies where customers cannot actively choose their heat supplier. Heat network operators should be required to adopt consistent and measurable industry-wide standards on technical performance, customer service and customer protection.

We therefore welcomed the Competition and Market Authority's (CMA) recommendation to Government that the market should transition to regulation.

Heat Trust provides a scalable framework and we are keen to share our experience and learning, and where we see support is most needed to equip and prepare the market to make the transition to regulation

Heat Trust is having a positive impact

In December 2017, the Department for Business, Energy and Industrial Strategy (BEIS), published the first comprehensive survey of customer experiences of heat networks. The report found that since launching in 2015, Heat Trust is having a positive impact on the market.

The report found that customers living on heat networks registered with Heat Trust were more likely to receive comprehensive information on their heat network and clearer billing, compared to customers on heat networks that were not registered with Heat Trust.

In addition, 74% of respondents on Heat Trust registered schemes felt they had a description of how their bills had been calculated, compared with only 31% of those on non-registered schemes.

Continued growth

Heat Trust continues to see growth in the Scheme; all large ESCOs with residential networks have now registered one or more heat networks. At the time of publication, Heat Trust has:

- 8 Registered Participants
- 54 Registered Sites, covering 35,000 customer connections
- 18 new applications covering a further 3500 connections.

Heat Trust will seek to build on this, and will turn to look at how the Scheme can support other types of heat networks.

Building a stronger evidence base on heat network performance

In year two, we have worked with our Registered Participants to provide further detail on complaints and interruptions in supply, in order to gain a better understanding of the service received by customers.

A total of 3550 customer complaints were recorded by Registered Participants, of which 92% were resolved within the monitoring period. In our second annual report we are able to provide a breakdown of complaint types and reasons for planned and unplanned interruptions, as recorded by Registered Participants.

With an increase in Registered Sites, more customers are able to access the Energy Ombudsman. In 2017, 206 customers contacted the Energy Ombudsman, of which 116 cases were within the Energy Ombudsman's terms of reference.

In 85% of cases the Ombudsman maintained or upheld a complaint. A goodwill payment was awarded in 62 cases and these ranged from £5 to £629. A total of £4,888 was awarded to customers as goodwill payments in 2017.

Through Heat Trust, customers continue to access independent redress and Registered Participants gain valuable feed back on where they can make improvements to their service.

In this report, we provide three case studies to illustrate the type of cases that are referred to the Energy Ombudsman and the Ombudsman's decision making process.

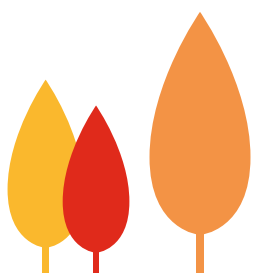
In 2017, a total of £4,888 was awarded to customers by the Energy Ombudsman. The average award for upheld cases was £90.

Commitment to delivering high-quality schemes

The heat suppliers that are Registered Participants of Heat Trust are demonstrating their commitment to delivering improvements in service for the benefit of their customers.

They are showing leadership and recognition that in order for the sector to grow, it must demonstrate that it can deliver reliable heat supply, excellent service, provide customer access to independent redress, and be transparent.

The proactive steps Registered Participants are taking now to use the framework and support that Heat Trust provides, will help ensure their organisations are prepared and ready for the potential introduction of more formal regulation.



Policy and regulatory developments

Government ambition

The UK Government has recognised heat networks as vital to decarbonising heat in its Clean Growth Strategy and Industrial Strategy, both published in 2017.

According to the Committee on Climate Change (CCC), heat networks could provide 18% of the UK's heat demand by 2050.

The most recent statistics published by the Department for Business, Energy and Industrial Strategy (BEIS) show that there are just under 14,000 heat networks (both communal and district) in the UK.

Of these, 85% are communal heat network schemes. Twenty-nine percent of all heat networks (communal and district) are located in London and six percent of heat networks are in Scotland serving 23,531 domestic customers. Across all networks in the UK, there are an estimated 439,543 domestic customers.

To meet their stated ambition, both the UK and Scottish Governments have published strategies and consultations setting out illustrative pathways to deliver decarbonised heat, and to lever in the required investment to deliver the increase in heat capacity served by heat networks.

In parallel, the Scottish Government has set an ambition to connect 40,000 homes to heat networks by 2020, and to deliver 1.5TWh of heat delivered by heat networks by 2020.

Embedding customer protection

In 2017, Heat Trust has been engaging with national and regional governments on the importance of customer protection.

We are encouraged and pleased to see the role of Heat Trust and the importance of embedding customer protection for new heat networks and existing heat networks, recognised in several new funding streams and strategies.

Heat Network Investment Project (HNIP)¹

This is the UK Government's flagship programme for heat networks. We are pleased that Heat Trust is referenced as a means of demonstrating customer protection.

Scottish Government District Heating Loan² fund

Applicants for large heat network projects are required to register with Heat Trust. The Scottish Government has recently consulted on extending this to smaller schemes also.

Energy Company Obligation³

Heat Trust is specified in the statutory regulations for the new ECO scheme. This phase starts in Autumn 2018 until 2022. Applicants seeking ECO funding for heat networks will be required to register with Heat Trust or evidence equal standards.

Mayor of London's Draft New London Plan and Energy Strategy⁴

The Mayor of London has highlighted the work of Heat Trust in its final Environment Strategy and in its draft New London Plan.

Bristol City Council's city wide heat network⁵

As part of its guidance for developers seeking to connect to the Council's city-wide heat network, residential developments are required to meet the standards set by Heat Trust; this supports the Council's commitment to high-quality heat networks and affordable heat to residents.

1: <https://www.gov.uk/government/publications/heat-networks-investment-project-hnip>

2: <https://www.gov.scot/Topics/Business-Industry/Energy/Energy-sources/19185/Heat>

3: <https://www.ofgem.gov.uk/publications-and-updates/eco3-consultation-decision>

4: <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/download-draft-london-plan-0>

5: https://www.energyservicebristol.co.uk/wp-content/pdf/Heat_Network_Developer_Pack_Part1_Aug18.pdf

Future Regulatory Framework

The Competition and Markets Authority (CMA) launched a market study into the heat network sector in December 2017, and published its final report in July 2018⁶. Its overarching conclusion was that the market should be regulated with a statutory regulator appointed to oversee the market. The CMA pointed to Ofgem as fulfilling this role.

In recognition of the expected market growth in heat networks, that could see heat networks serving up to eight million customers, Heat Trust has welcomed the CMA's recommendation to government to introduce a regulatory framework.

A number of the recommendations in the report point to work that Heat Trust has undertaken, or that is underway. Heat Trust provides a scalable framework, and we are keen to share our experience and learning, and where we see support is most needed to equip and prepare the market to make the transition to regulation.

Alongside its market report, the CMA also published an open letter to the market that highlighted a suite of actions that all heat suppliers should be seeking to implement now as regulation of the market is evaluated, pointing to Heat Trust as a relevant Code of Conduct scheme.

Heat Trust is keen to engage further with the CMA, BEIS, Scottish Government, Ofgem and others on how Heat Trust can be utilised within an emerging regulatory framework. We are pleased and encouraged that within its report the CMA referenced the customer benefit that Heat Trust has delivered, and recommended that Ofgem, BEIS and devolved governments draw on Heat Trust's experience, customer protection measures and standards when considering a regulatory framework.

The work of Heat Trust has been highlighted in both the CMA report and BEIS consumer survey.

Introducing a proportionate regulatory regime will help to guarantee customer protection and mandate the standards already put in place by Heat Trust. We are pleased that the CMA has recommended that a future regulatory framework builds on the work of Heat Trust.

BEIS consumer survey

In 2017, BEIS commissioned a consumer survey on customer experiences of living on a heat network. Undertaken by Kantar Research, the final report was published in December 2017⁷.

The survey looked at satisfaction with heating systems, price and transparency of billing, and customer service. The report found that customers living on heat networks registered with Heat Trust received more comprehensive billing information, and service interruptions were rectified quicker than on sites that were not registered with the Scheme.

The report found that 74% of customers on Heat Trust registered schemes felt they had a description of how their bills had been calculated, compared with only 31% of those on non-registered schemes.

Examples such as these clearly demonstrate the standards set by Heat Trust - including support for vulnerable customers, guaranteed service payments for interruptions, access to the Energy Ombudsman and providing clear terms of service - are delivering positive benefits to both customers and the market.

6: https://assets.publishing.service.gov.uk/media/5b55965740f0b6338218d6a4/heat_networks_final_report.pdf

7: <https://www.gov.uk/government/publications/heat-networks-consumer-survey-consumer-experiences-on-heat-networks-and-other-heating-systems>

About Heat Trust

Heat Trust is a stakeholder-led customer protection scheme for the heat network sector. Our vision is for all heat network customers to be assured of dependable heat supply and excellent customer service.

We endeavour to deliver heat network customer protection by:

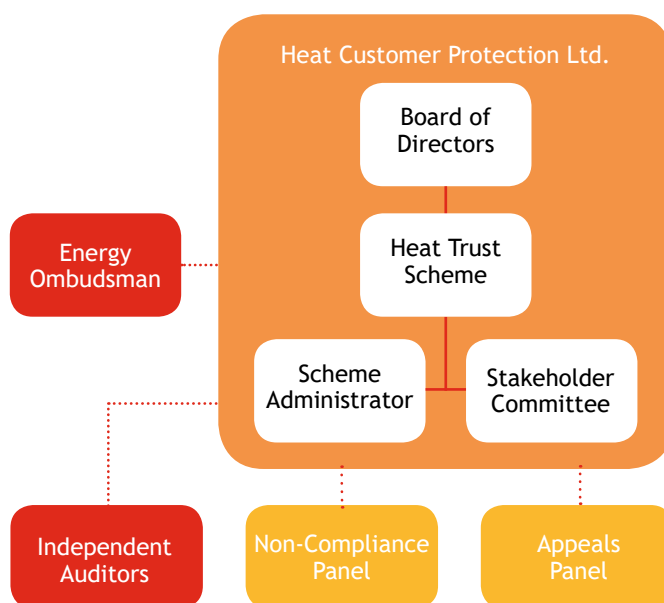
- applying robust customer service standards to heat suppliers that build on the service standards of the gas and electricity sector;
- providing access to an independent dispute resolution service through an agreement with the Energy Ombudsman; and,
- promoting best practice, continuous improvement, and innovation in customer service.

When a heat supplier successfully registers a heat network with Heat Trust, they become a Registered Participant and agree to abide by the service standards set out in the Scheme Rules and to comply with the Scheme Bye-Laws. Key service standards set by Heat Trust include:

- clear terms of service set out in a Heat Supply Agreement
- customer information pack
- guaranteed service payments for interruptions in supply that have not been resolved in a specified timeframe
- support for vulnerable customers
- support for customers with payment difficulties
- eight-week timeframe to resolve complaints
- access to the independent Energy Ombudsman.

Governance of Heat Trust

Heat Trust is governed by two groups: a Board and a Stakeholder Committee. Independent panels and organisations are used to assess compliance against the Heat Trust's Scheme Rules and Bye-Laws. Heat Trust is owned and managed by Heat Customer Protection Ltd, which is a not-for-profit company.



The Board of Heat Customer Protection Ltd has ultimate responsibility for ensuring the company's operations and activities are within its Articles of Association, and financial administration of the Company.

The Board of Heat Customer Protection Ltd are:

- Casey Cole (Guru Systems)
- Faye Bowser (Siemens)
- Martin Crouch
- Anna Eagar (Urban Life Consultants)
- Simon Hobday (Osborne Clarke)
- Ian McLeod (Cloud Energy)
- Tim Rotheray (The Association for Decentralised Energy)
- David Sigsworth OBE FRSE

All Board members are bound by law to act in the interest of Heat Customer Protection Ltd.

A separate Stakeholder Committee provides oversight of the customer service standards set in the Scheme Rules.

It is the Committee's role to review these customer service standards and, where appropriate, propose amendments to the standards.

This means the Heat Trust Scheme Rules and the accompanying Heat Trust Bye-Laws are 'live' documents; they will develop and change to reflect developments in the market, and to promote and drive forward better standards in Heat Trust registered schemes.

Importantly, Heat Trust uses independent panels and organisations to provide impartiality when assessing a heat supplier's compliance with the Heat Trust Scheme:

- The Energy Ombudsman provides an independent complaint handling service.
- Each heat network is required to undergo an independent audit to assess compliance against the Scheme Rules. These audits will be conducted by independent auditors as set out in the Scheme Bye-Laws.
- If disciplinary action is required against a Registered Participant, a separate and independent Non-Compliance Panel is convened to assess the case and determine any necessary sanctions. It is the Non-Compliance Panel that can determine if a Registered Participant should be removed from Heat Trust.

The composition of the Committee reflects the range of stakeholders involved in the heat network sector:

- Giorgia Alberi (Department for Business, Energy and Industrial Strategy)*
- Tom Bainbridge (Lux Nova)
- Alice Brett (Citizens Advice)
- Sarah Diver (Energetik)
- Anna Eagar (Urban Life Consultants)**
- Lily Frencham (The Association for Decentralised Energy)
- Virginia Graham (Renewable Energy Consumer Code)
- James Hemphill (Scottish Government)*
- Victoria Keen (L&Q group)
- Fiona McDonald (Switch2)
- Angela Murphy (Independent)
- Marcus Wilson (Citizens Advice Scotland)
- Simon Woodward (UK District Energy Association)

Please note, the following were Committee representatives during 2017 but have stepped down: Mike Reynolds (former SSE), Jeremy Bungey (former EON), Zoe Guijarro (Citizens Advice)

Those with * do not have a vote. Those denoted with ** also sit on the board of Heat Customer Protection Ltd and are also non-voting members of the Committee.



Update on Heat Trust activities

Overview of membership

Heat Trust currently has eight Registered Participants and 54 Registered Sites (heat networks). This covers approximately 35,000 customer connections. In addition to this, Heat Trust is on-boarding 18 new heat networks, covering a further 3,500 customer connections.

Review of Scheme Rules for heat networks without Heat Supply Agreements

Heat Trust has issued a consultation on allowing heat networks that do not use Heat Supply Agreements to apply to register with the Scheme, providing that a separate customer charter is developed which sets out clear terms of service.

Heat Trust received positive responses to this consultation and is now developing modifications to the Schemes Rules.

Heat Cost Calculator

During 2017 Heat Trust started work on a methodology for an electric Heat Cost Calculator (HCC); this work is in its final stages. Heat Trust is keen to gain feedback on the proposed methodology and will shortly be issuing an open consultation for stakeholders to review the methodology and background assumptions.

It is important to bear in mind that the HCC is not designed to provide a bespoke assessment of a customer's individual needs, but can provide a helpful starting point in improving the transparency of heat network costs.

Trial Audits

As part of registering with Heat Trust, all heat networks will undergo an independent audit at least once every five years.

Heat Trust is a new scheme, therefore prior to beginning formal audits, we trialled an audit process. This has subsequently been revised by independent auditors to incorporate learnings from the trial audits. We will begin using this audit process for the first round of formal audits which we expect to start later in 2018.

As a new scheme, we will evaluate and revise the audit process following these first audits where the experience of practical delivery can be used to refine the process. Any updates to the process will be reflected in our audit guidelines which will be published on our website.

Scheme modifications

There are two modifications that are in development.

1.Heat supply agreements: Following consultation, Heat Trust is developing modifications to make an adjustment in the Scheme Rules to allow heat networks that do not use heat supply agreements to register with Heat Trust.

2.Response times to faults in the summer: Heat Trust is seeking to amend response times for faults that result in an interruption in supply. A response time is the time in which a supplier must respond to the customer, not the time to fix the issue. This modification requires suppliers to respond to customers within 24 hours.

Monitoring data from Registered Participants

Each heat network that registers with Heat Trust is required to submit data on complaint volumes, faults and supply interruptions every six months.

For this second report, the Heat Trust monitoring periods were: 1st October 2016 - 31st March 2017 (period 1) and 1st April 2017 - 30th September 2017 (period 2).

At the end of September 2017, there were 51 heat networks registered serving 32,275 residential customers and 12 micro-business customers.

Meter types

Over the year, 2,101 (7%) customers of residential were on pay-as-you-go (PAYG) meters.

Priority services register

As of 30th September, 2,014 (7%) customers were registered on a priority services register (PSR) or vulnerability register.

Complaints reported by Registered Participants

Figure 1 provides a comparison of complaints from 2017 and 2016. Figure 2 above, provides a breakdown according to five broad complaint categories. Metering, Billing and Charges accounted for 68% of complaints.

Comparison between 2016 and 2017 complaints

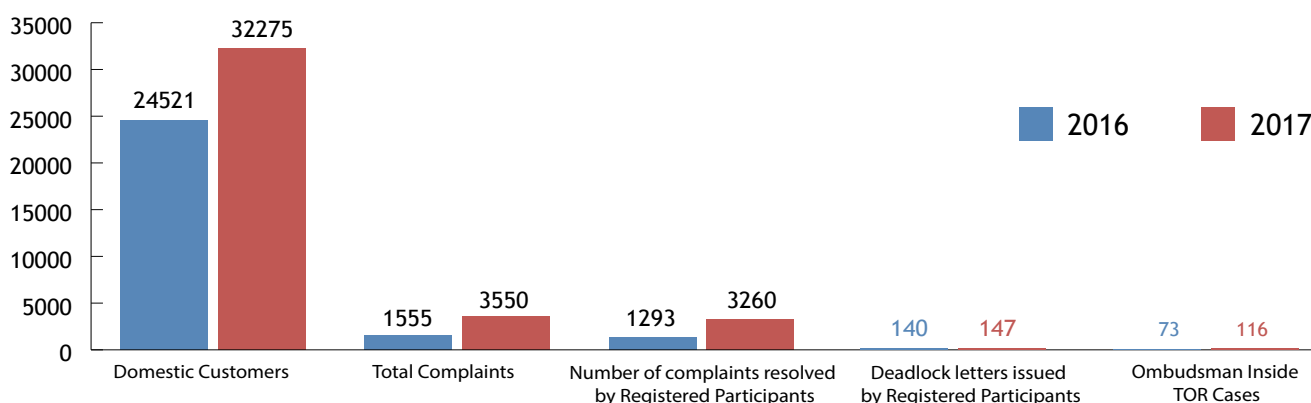


Figure 1: Comparison between 2016 and 2017 complaints

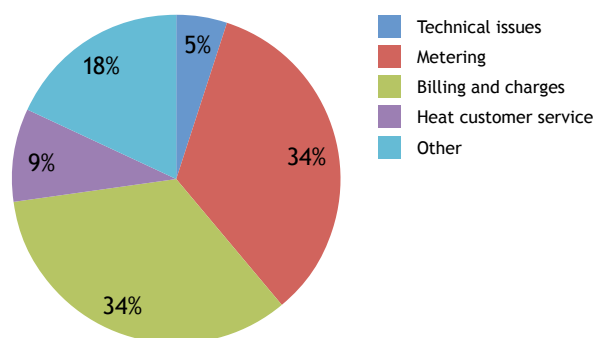


Figure 2: Total Annual Complaints

Over the customer base for the monitoring period, of 32,275 customers, 3,550 complaints were recorded. This represents a customer to complaint ratio of 11%. By comparison, the regulated market has a complaint ratio of 20% per 100,000 customers⁸.

Over the year, 3,260 of complaints were reported by Registered Participants to have been resolved within the monitoring period. At the end of the monitoring period 147 went to deadlock - this is when a customer can refer their complaint to the Energy Ombudsman.

Planned interruptions⁹

Over the year, Registered Participants recorded 41 planned interruptions. Figure 3 to the right provides a breakdown of the reason for the planned interruption, showing that 40% were due to pipework maintenance or expansion. These are categories recorded by Registered Participants.

On average, a planned interruption lasted six hours.

Unplanned interruptions

A total of 469 Unplanned Interruptions were recorded by Registered Participants over the year.

Of these, 43% were between October 2016 - March 2017 and 57% between April 2017 - September 2017.

Figure 4 to the right provides a breakdown of the reason for the unplanned interruption. These are reasons reported back to Heat Trust from Registered Participants. Between October 2016 and September 2017, 48% were due to a failure within the energy centre and a further 17% due to failures in the pressurisation unit.

Heat Trust requested detail on the number of domestic customers that were affected by unplanned interruptions. Registered Participants reported that:

- 3% of unplanned interruptions affected only one customer
- 3% affected between 2 and 10 customers
- 3% affected between 11 and 50 customers
- 8% affected between 50 and 100 customers
- 43% of unplanned interruptions affected between 100 to 500 customers

- 23% of unplanned interruptions affected between 500 to 1000 customers
- 15% of unplanned interruptions affected 1000 to 2000 customers
- Please note, Registered Participants indicated that in 2% of situations no domestic customers were impacted by the unplanned interruptions.

Faults

Over the year, 4000 faults were recorded. Heat Trust is currently unable to verify the cause of each fault due to quality of data. Heat Trust is looking to undertake further work with its Registered Participants to understand the type of faults that are most frequent.

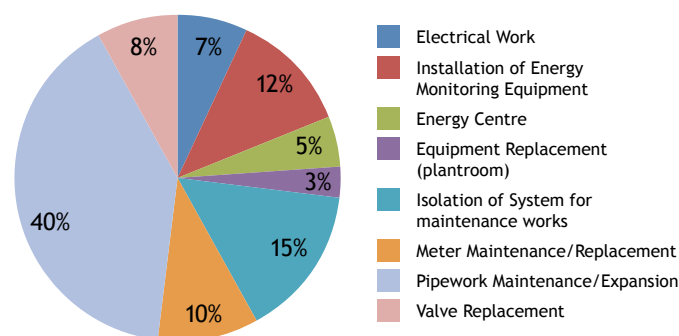


Figure 3: Planned Interruptions*

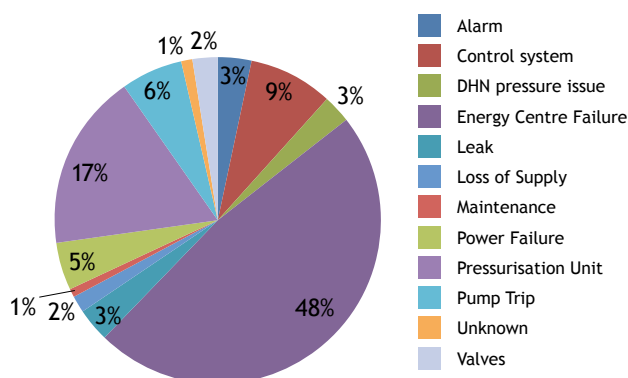


Figure 4: Unplanned Interruptions

*One of the planned outages requires further information

9. An unplanned interruption means an interruption in the heat energy supply where the Registered Participant has not provided the Heat Customer with at least 48 hours written notice of such interruption. A planned interruption means an interruption in the heat energy supply where the Registered Participant provides the Heat Customer with at least 48 hours written notice. Registered Participants are required to set out what constitutes a fault in the Heat Customer Supply Arrangement.



Complaints referred to the Energy Ombudsman

Customers on heat networks registered with Heat Trust are able to access an independent dispute resolution service provided by the Energy Ombudsman, an accredited Alternative Dispute Resolution body. This section presents an overview of the complaints received by the Ombudsman between 1st January 2017 and 31st December 2017.

How the Ombudsman process works

If a customer complaint cannot be resolved through the Registered Participant's internal complaints procedure within an eight-week timeframe, the complaint can then be referred to the Energy Ombudsman. Customers access this service for free; all charges are paid by the Registered Participant (the heat supplier). The Energy Ombudsman will look at complaints that are within the Ombudsman's Terms of Reference¹⁰. It is unable to investigate commercial decisions e.g. price increases.

Three types of resolution are possible when a complaint goes to the Energy Ombudsman:

- **Early Resolution:**
These are complaints which are straightforward and can be resolved quickly without the need for a full investigation or case file.
- **Mutually Acceptable Solution (MAS):**
A case file is opened and investigation undertaken by the Ombudsman. After investigating the problem, the Ombudsman will put forward its resolution to both parties. If both parties agree, this becomes the Ombudsman's decision and the resolution is enforced.

- **Ombudsman Services Decision (OSD):**
If a Mutually Acceptable Solution cannot be reached, the Ombudsman will make a ruling which is its final decision. If the customer accepts this decision, the resolution will be legally binding. If the customer does not accept the decision the resolution is non-binding. The customer can complain another way, such as through the courts.

Summary of complaints sent to the Energy Ombudsman

Between 1st January 2017 and 31st December 2017, 206 customers referred a complaint to the Ombudsman. Of these, 116 were within the Terms of Reference, 62 outside the terms of reference and 28 potentially within the terms of reference.

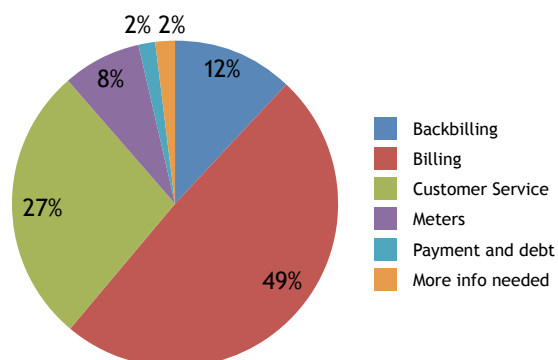


Figure 5: Breakdown in Complaint by Type

Figure 5, above, provides a breakdown of complaints in the Energy Ombudsman's Terms of Reference. The majority of complaints (61%) were about back-billing or billing. A further 27% were due to customer service.

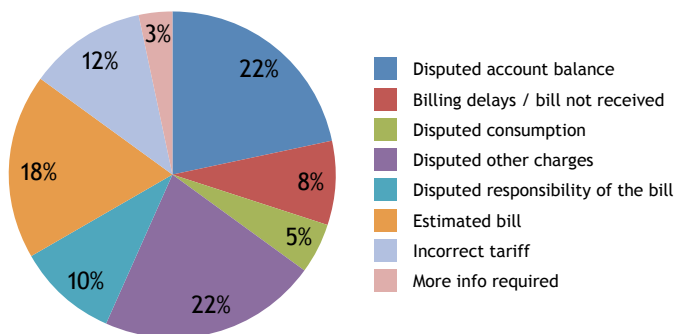


Figure 6: Breakdown of Billing Complaints

When taking a closer look at billing complaints, Figure 6 above, three broad complaint themes emerge: disputing the overall account balance, disputing ‘other’ charges and disputing an estimated bill.

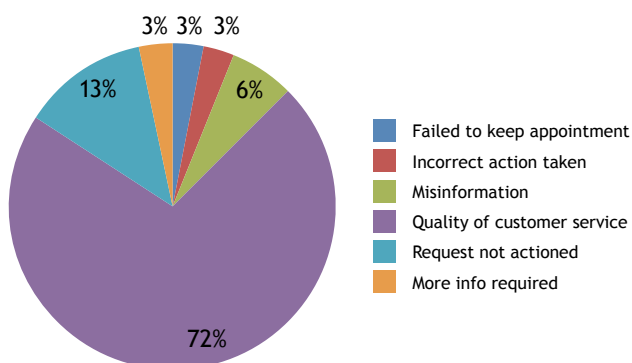


Figure 7: Breakdown of Customer Service Complaints

Figure 7 above shows that for complaints specifically relating to customer service, 72% were related to the quality of customer service provided.

Outcome of complaints sent to Energy Ombudsman

The outcome of complaints accepted by the Ombudsman for investigation can be upheld, not upheld or maintained:

- **Upheld** means that the Ombudsman has ruled that the Registered Participant made a mistake or did not treat the customer fairly, which led to the complaint being made. After the complaint was made, the Registered Participant did not do enough to resolve the case prior to it being accepted by the Ombudsman for investigation.
- **Not Upheld** means that the Ombudsman has ruled that the Registered Participant has not made a mistake and has not treated the customer unfairly.
- **Maintained** means that the Ombudsman has ruled that the Registered Participant made a mistake or did not treat the customer fairly which led to the complaint being made. After the complaint was made, the Registered Participant rectified its mistake and made a reasonable offer to resolve the dispute prior to it being accepted by the Ombudsman for investigation.

Figure 8 below, shows that over half of complaints were upheld by the Energy Ombudsman. A further 30% were maintained.

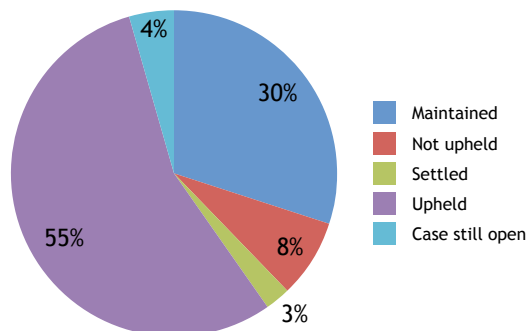


Figure 8: Outcome of All Complaints

Of complaints that were Maintained and Upheld, we can see at what point the complaint was resolved. Figure 9 shows how many Upheld and Maintained complaints resulted in a Mutually Assured Solution (MAS) or Ombudsman Services Decision (OSD).

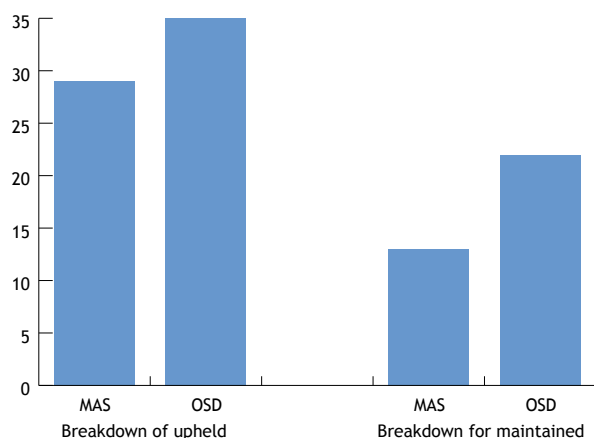


Figure 9: Breakdown of Complaints According to Decision

Once the Ombudsman has made its ruling, the customer is able to decide whether to accept the Ombudsman's decision or not. If the customer accepts the decision, it becomes binding and means that the Registered Participant must implement the Ombudsman's decision within a specified time-frame. They are required to inform the Ombudsman when the resolution has been implemented. If the customer does not accept the Ombudsman's decision, it becomes non-binding.

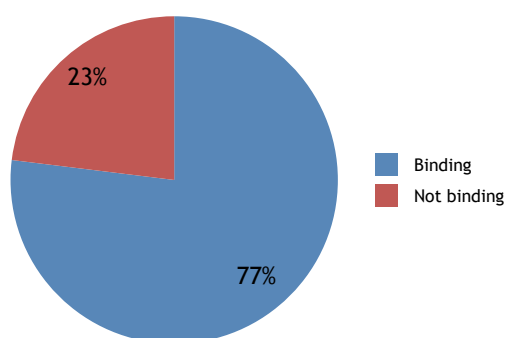


Figure 10: Breakdown of Complaints According to Whether Customer Accepted the Decision

The customer is then able to seek resolution another way, such as through the courts. The Registered Participant can implement the resolution but it is not required to do so, because the customer has chosen not to accept the decision.

From all the complaints that reached a Mutually Acceptable Solution or went to an Ombudsman decision, 77% were binding, where the customer accepted the Ombudsman's decision.

Goodwill payments

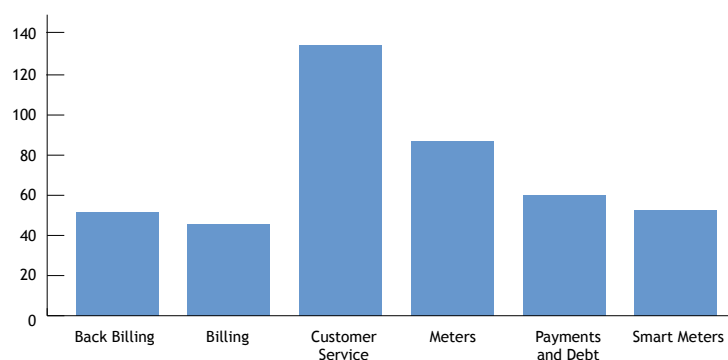


Figure 11: Average Goodwill Payment

In 2017, a goodwill payment was awarded in 62 cases. A total of £4,888 was awarded in 2017, these ranged from £5 to £629. The average award for complaints in 2017 was £78.84. A further 11 cases were received in 2017 and closed in 2018. The total goodwill payments for these were £669.

Energy Ombudsman case studies

In this section, we present three different case examples that the Ombudsman has received in 2017. We hope these provide a helpful insight into some of the cases seen by the Ombudsman.

To support Registered Participants Heat Trust holds feedback sessions with the Ombudsman to share best practice and highlight opportunities for service improvements.

1. Case Study: Back-billing

Consumer Complaint Summary

The consumer moved into a property in January 2016 and set up a Heat Supply account along with an agreed monthly payment of £40. The consumer received regular monthly bills that confirmed that the consumer's payments were in line with their energy consumption. In April 2017 the consumer received a bill for over £300. They contacted the Heat Supplier as they could not afford to pay such a significant amount and they wanted an explanation why this had happened. The Heat Supplier informed the consumer that they had billed the account using estimated readings over the period in question. The consumer felt that the Heat Supplier had mismanaged their account and wanted it to take some accountability for the balance.

Heat Supplier's Response

The Heat Supplier confirmed that it had billed the energy consumption at the property using estimated readings only. It said that it made the consumer aware that the account was billed using estimated readings as the monthly bills stated 'Estimated'. The Heat Supplier also pointed out that within the bills it explained that if the consumer wanted an accurate bill they should provide it with up to date meter readings. As the consumer did not provide up to date meter readings, the charges were valid.

Ombudsman Services Investigation

Both parties agreed that the consumer had been billed over a 15 month period using estimated meter readings only. It was also clear that the Heat Supplier had made the consumer aware that the

account was billed using estimated readings as this was clearly stated within the billing information. Within the Heat Trust Scheme Rules under section 15.7 Back-billing it states:

"A Registered Participant shall not issue a Back-bill or otherwise seek payment for Heat Energy supplied but not billed where more than one year has passed since the time of the supply and where the Registered Participant is at fault."

Ombudsman's decision

In view of the above, the Ombudsman Services would expect a Heat Supplier to attempt other means of communication outside the standard billing information to make a request to a consumer for an accurate meter reading. This did not happen and so they considered that the supplier was at fault for the catch up bill. As the bill covered a period of 15 months, the Ombudsman Services were satisfied that the Heat Supplier was only entitled to bill for a period of one year as stated within the scheme rules. Therefore, they requested the removal of three months previously unbilled charges for the period prior to April 2016.

2. Case Study: Customer Service

Consumer Complaint Summary

The consumer suspected that their Heat Meter was faulty as their consumption charges were higher than expected. The Heat Supplier explained that the charges were valid and there was nothing to suggest that the meter was faulty. The consumer was unhappy with this response and requested an engineer visit the property to test the meter. An appointment was agreed and the consumer booked a day's annual leave to attend the appointment as the engineer required access to the property. The engineer was supposed to arrive on the day between 8am and 12pm but this did not happen. As a result of this, the consumer contacted the Heat Supplier and was informed the engineer was running late. However, the engineer failed to arrive at all.

Heat Supplier's Response

The Heat Supplier explained that it had investigated the consumer's claims that the Heat Meter was faulty and found no evidence to suggest that it was. The consumer was adamant that they wanted an engineer to visit the property and complete the relevant tests.

The Heat Supplier agreed to this and an appointment was agreed. Unfortunately, the engineer failed to arrive on the day of the appointment due to an unexpected delay from another job. Another appointment was made and was successful and this confirmed that the consumer's meter was running accurately.

Ombudsman Services Investigation

Ombudsman Services was satisfied that the issues surrounding the consumer's faulty meter and associated charges were resolved. However, it was clear that the consumer had taken a day off work to attend an appointment that did not happen within the timeframe agreed. In addition, the consumer had made a number of telephone calls to the Heat Supplier on the day and it gave the impression that the appointment would still go ahead.

Ombudsman's decision

In light of this, they were satisfied that the consumer had experienced a number of shortfalls in customer services. Therefore, The Ombudsman Services requested that a goodwill payment be made by the Heat Supplier in recognition of these shortfalls.

3. Case Study: Billing

Consumer Complaint Summary

The consumer moved into a property and set up an account with the Heat Supplier. The consumer received an Energy Performance Certificate confirming that their annual projected energy consumption costs would be £500. Within the first three months the consumer identified that their monthly charges were significantly higher than what had been projected. The consumer calculated that if they continued to pay the current monthly charges over a 12 month period the cost would be over £1,000.

Heat Supplier's Response

The Heat Supplier confirmed that the consumer's monthly bills included a cost for heat consumption at the property and a Capital Replacement Fund charge. The Capital Replacement Fund charge related to the upkeep and maintenance of the Heat Interface Unit. Therefore, the billing and associated costs were accurate.

Ombudsman Services Investigation

The Ombudsman Services investigation found that prior to the consumer purchasing the property they were provided with a leaflet about District Heating. Included within the leaflet was information surrounding Capital Replacement Fund charges and what this meant. The investigation also confirmed that the consumer did receive an Energy Performance Certificate projected the annual energy costs to be £500.

However, the annual projected costs within the Energy Performance Certificate are an estimation of the energy consumption for that type of property. The Ombudsman considered that a consumer's energy consumption can vary depending on how many people live in a property and what type of appliances are used within a property. As the consumer had recently purchased the property the Heat Supplier had no record of historical consumption for this consumer. Therefore, the payments were set up based on the average costs for that type of property.

Ombudsman's decision

In view of this, the Ombudsman Services were satisfied that the Heat Supplier had acted in a fair and reasonable manner with regards to the account set up, energy charges and payments. That said, they were satisfied that the Heat Supplier did not explain this clearly to the consumer and they had simply stated the charges were valid. They did consider that if the Heat Supplier had provided a clear explanation into charges that this may have resolved the complaint at an earlier stage. Therefore, the Ombudsman Services proposed a goodwill gesture in recognition of this customer service shortfall.



Image courtesy of Switch2

Key findings and next steps

From the monitoring data received over 2017, billing and customer service are the most frequent issues raised by customers. These are areas within the control of suppliers.

This year we are able to provide further detail on the causes behind supply interruptions. This is a helpful starting point on which we plan to build.

Billing, metering and customer service

The majority of complaints received by Registered Participants and the Energy Ombudsman were linked to billing, metering or customer service.

Data from the Energy Ombudsman provides further detail showing that most common billing issues raised by customers were related to:

- Disputing other charges
- Estimated billing
- Disputed account balance

This echoes a similar theme recorded last year which highlighted issues relating to the clarity of standing charges. Feedback from the Energy Ombudsman confirms that a lack of clarity on standing charges remains an area where the sector should look to develop clear communications on what costs are represented in the standing charge.

On estimated bills, feedback from the Ombudsman has indicated cases where the automated meter reading function on heat meters / Heat Interface Units (HIU) has failed, resulting in estimated bills. In this situation, a heat supplier should ensure a customer is able to provide a manual meter reading or to take a manual reading themselves. The case study provided by the Energy Ombudsman highlighted that other forms of communication should be attempted to ensure bills provided are accurate.

Heat Trust will continue to monitor this and as part of the audit process, auditors will be able to look at the proportion of customers receiving estimated bills.

Next Step:

Heat Trust to work with Registered Participants to highlight and share best practice on billing.

Supply interruptions

In this second annual report, we have been able to present the total number of interruptions according to the reason recorded for the interruption in supply.

As this is the first time that we have been able to provide this data, it is not possible to identify any trends. It is also important to note that the data is self-reported by Registered Participants.

However, the data is able to show that the majority of planned interruptions were due to network extension or pipe maintenance.

For unplanned interruptions, 48% were attributed to an energy centre failure, which reflects the majority of unplanned interruptions affecting large volumes of customers. For example, 23% of unplanned interruptions affected between 500 - 1000 customers.

Heat Trust will continue to collect information on reasons for planned and unplanned interruptions, but will look to standardise how interruptions are categorised. It is anticipated that any changes will take effect in 2020.

We will also work with Registered Participants to understand what are scheduled Planned Interruptions as opposed to responding to a fix where the heat supply needs to be interrupted.

In our first report we highlighted the need for an industry-wide performance framework. Work has begun on developing an industry-wide compliance scheme which will look at technical performance. Heat Trust is engaging in this work to share lessons learned and feed in to development of performance metrics.

Next Step:

Heat Trust to work with Registered Participants on standardising categories of supply interruptions.

Multifaceted complaints

Access to more detailed complaint case studies has shown that while a complaint can be categorised as a 'billing' complaint, quite often there are other facets to a complaint which through investigation may actually form the bulk of a redress offer.

For example, the case study regarding billing, showed that, after an investigation, the Ombudsman felt that the Registered Participant has acted in a reasonable manner. However, the Ombudsman also noted that there were customer service failings, which resulted in a goodwill payment.

As a result, while a customer complaint may originally be categorised as a 'billing' complaint from a customer's perspective, the billing aspect may form a small part of the complaint. Through access to an independent redress service, additional service issues were subsequently identified.

This is an area that Heat Trust is working with the Ombudsman, so that we can present a fuller picture of the cases the Ombudsman is investigating.

Ombudsman's Next Step:

The Ombudsman is implementing a new process for recording and categorising complaints. Implementation of this system is on-going, but once complete we anticipate feedback from the Ombudsman to provide a fuller picture of customer complaints.



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