

Heat Trust Committee Meeting Minutes

16 May 2024
Video conference

PUBLIC MINUTES

In attendance:			
Name	Role	Company	Voting?
Karen McArthur	Independent Chair	N/A	Casting
Mike Tisdell	ADE representative	Association of Decentralised Energy	Yes
Alistair Hill	Consumer representative	Consumer Scotland	Yes
Anne Pardoe	Consumer representative	Citizens Advice	Yes
Christine Tate	Consumer representative	Scope	Yes
Ed Weightman	Independent expert	Severn Trent	Yes
Lorraine Haskell	Independent expert	Renewable Energy Consumer Code (RECC)	Yes
Aleksandra Bak	Registered Participant representative	Veolia	Yes
Rosie-may Tilley	Registered Participant representative	SSE	Yes
Anna Eagar	Board representative	Heat Trust Board	No
Tom Kavanagh-Rose	UK Government (DESNZ) representative	Department for Energy Security & Net Zero	No
Malcolm Rose	Scottish Government representative	Scottish Government	No
Tricia Quinn	Ofgem representative	Ofgem	No
Grace Myerscough	Attendee	Energy Ombudsman	No
Jay Ross	Attendee	Energy Ombudsman	No
Kathryn Coffin	Scheme Administrator	Heat Trust	No
Stephen Knight	Scheme Administrator	Heat Trust	No
Laura Emerson	Non-member observer	Ofgem	No
Apologies:			
Name	Role	Company	Voting?
Matthew Lee	Consumer representative	Citizens Advice Scotland	Yes
Emma Ashcroft	Independent expert	Carbon Trust	Yes
Sarah Diver	Relevant sector representative	Adjuvo Ltd	Yes
Lizzie Moreton	Scheme Administrator	Heat Trust	No



1. Introduction

The Chair:

- Reminded all attendees of the Competition Law guidance and that the meeting would be recorded for minute-taking purposes.
- Noted the apologies received.
- Welcomed Mike Tisdell as the new Association for Decentralised Energy (ADE) representative.

2. 6-monthly Energy Ombudsman Complaints update

The Energy Ombudsman presented the latest summary statistics and themes relating to the Complaints that have been referred to it by Heat Customers under the Heat Trust Scheme.

Findings include:

- The overall volume of referred Complaints between January and April 2024 is lower than for the same period in 2023, which is consistent with the trend seen in the wider energy sector.
- As in previous years, the top causes of Complaints remain customer service (which includes technical issues such as supply Interruptions) and billing.
- There remains very little evidence that Registered Participants (RPs) are consistently signposting Heat Customers to the Energy Ombudsman as part of their Complaints processes.
- There has been a gradual upwards trend over the last four years in the proportion of Complaints upheld by the Energy Ombudsman – from 70% in 2021 to 80% in 2023, and 87% so far in 2024.
- Since 2022, no cases have been ‘maintained’ by the Energy Ombudsman (i.e. there have been no cases in which the ombudsman has determined that the RP has taken all reasonable actions to resolve the Complaint prior to its involvement).
- Consistent with previous years, a key concern is that RPs aren’t acknowledging the impact on the individual customer’s circumstances but are instead sticking to the minimum expectation set out in the rules.

The Committee discussed what can be done to address these findings, noting they are not new. Heat Trust highlighted the later agenda item on its updated Complaints-handling Guidance, noting that this aims to help address the known areas in which current RP processes are falling short. Heat Trust advised that it is also considering bilateral engagement with RPs.



A Committee Member asked for clarification of how the Energy Ombudsman arrives at decisions, noting instances where similar Complaints have received different ombudsman remedies. The Energy Ombudsman advised that each Complaint is considered on its own merits, taking account of each customer's individual circumstances. Two customers experiencing the same issue may be affected in different ways, resulting in different remedies. The reasons for the Energy Ombudsman's decision should always be made clear to the RP and the ombudsman invited RPs to contact them if they believe that is not the case.

The Committee:

- a) NOTED the update.

3. Government response to consumer protections consultation

DESNZ and Ofgem gave a joint overview of the [UK government response](#) to last year's consultation on heat networks consumer protections.

The presentation summarised the results of the consultation in key areas, as set out in the full response. Next steps include further policy development and stakeholder engagement, as well as the laying of necessary secondary legislation to enable the various statutory roles.

Further consultations are planned for Summer 2024¹ on:

- Implementing heat networks technical standards through the Heat Networks Technical Assurance Scheme (HNTAS);
- Final decisions and proposals on the regulatory approach and implementing requirements, including authorisation conditions; and
- The processes for applying for Ofgem authorisation.

DESNZ and Ofgem also set out some areas on which they would like to engage further with Heat Trust.

Committee Members noted that there will need to be policy differences in Scotland to take account of devolution, for example around interactions with housing law. Ofgem confirmed that this will form part of its work on market segmentation.

Heat Trust noted that it regularly engages with both DESNZ and Ofgem and will continue to do so.

The Committee:

- a) NOTED the update.

¹ Post-meeting note: These timings have since become subject to revision in light of the General Election being called.



4. Scottish Government update

The Scottish Government gave an update on its regulatory developments, highlighting that:

- The new [First Minister](#) and the new [Minister for Climate Action](#) have been appointed, with heat networks specifically listed in the latter's responsibilities
- It is currently drafting its consultation on licensing (for regulated entities) and consenting (for individual heat networks)
- In Scotland, Ofgem will be the licensing authority and Scottish Government will be the consenting authority
- Scottish local authorities have been publishing their Local Heat and Energy Efficiency Strategies (LHEES).

A Committee Member commented that the LHEES are really interesting, noting that some are still to be submitted. They believed that there is quite a big disparity between local authorities' LHEES in terms of their level of ambition and detail. Scottish Government confirmed that it is chasing up the outstanding submissions and highlighting the support available from their LHEES team. All LHEES received are being checked and there will also be a five-year rolling plan of updates.

The Committee:

- a) NOTED the update.

5. Heat Trust Members Forum update

Heat Trust gave an update from its Members Forum held on 17 April 2024, noting that this was well attended by RPs.

Key outcomes from discussions at the forum included:

- Clarifying Heat Trust's expectations about identifying Heat Customers in Vulnerable Situations, and around switching Heat Customers from credit to pre-payment, following Heat Trust's updated January 2024 Guidance about best practice in these areas.
- Capturing current RP practices around monitoring customer self-disconnection, to form a basis for future best practice Guidance.
- Confirmation that RPs expect and support the continuation of Heat Trust's Scheme during Ofgem's 'initial' (transitional) period of regulation.



Heat Trust noted that, as discussed in more detail at the February 2024 Committee meeting,² the Members Forum will be a key tool in supporting RPs through the Scheme's transitional arrangements once Ofgem regulations start to be phased in. Heat Trust also intends to use the forum and its Scheme Guidance to continue embedding and improving best practice among RPs, ahead of regulation. The timings of future forum sessions are to be confirmed, pending clarity on Ofgem's transitional milestones.

The Committee:

- a) NOTED the update.

6. MOD031 – 'Clarifications to the Scheme Rules and Scheme Bye-Laws'

Heat Trust presented [Scheme Modification Proposal 031](#) to the Committee, for its final recommendation to the Board.

MOD031 proposes to make various minor clarifications to the Scheme Rules and Scheme Bye-Laws to better reflect their intention.

Heat Trust noted that no responses were received to the 8-week consultation on this Modification Proposal, confirming that the changes are non-contentious. Heat Trust suggested that the lack of any responses positively confirming support may also reflect a reduced capacity by RPs to engage in Scheme changes, given the ramping up of preparatory activities for statutory regulation. Heat Trust considered that this supports its position of minimising the number of future Scheme Modification Proposals, particularly in light of the various Ofgem and DESNZ consultations planned.

Heat Trust highlighted that it has made some minor changes to the MOD031 draft legal text since the consultation as follows:

- The proposed Micro-Business definition has been amended to reflect the correction of a typo in Ofgem's own proposed definition for heat networks (changing £ to €); and
- The Scheme Application Form has been additionally amended, to include changes missed from [MOD030 'Reflect that all documentation under the Scheme is sent by email'](#).

A Committee Member asked a question about MOD030, which was implemented in March 2024 and made email the method for serving all Scheme documentation. The member asked what would happen if an RP wanted to send or receive documentation via another method. Heat Trust noted that MOD030 simply confirmed existing practice, as it has issued all Scheme documentation by email since 2020. While Heat Trust has a registered office address, no RPs have served Scheme documentation to Heat Trust by post or hand in the last four years.

² See minutes here: <https://www.heattrust.org/governance/scheme-committee>



The Committee had no further questions about MOD031 and reconfirmed its initial recommendations.

The Committee:

- a) AGREED that MOD031 better facilitates Scheme Objective (b) 'The efficient discharge of the obligations imposed upon Registered Participants by the Scheme and all applicable laws' and Scheme Objective (c) 'The promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the Scheme';
- b) RECOMMENDED to the Board:
 - i) That MOD031 should be APPROVED;
 - ii) An implementation date of 5 working days after Board approval (so 3 July 2024 if approved at the 26 June Board meeting); and
 - iii) The legal drafting contained in the Modification Proposal, including the post-consultation changes.

7. Updated Guidance on Complaints-handling

Heat Trust presented updated draft Guidance on handling Complaints. It invited the Committee to approve this for publication.

Heat Trust advised that the updates aim to:

- Better take account of Ofgem's own principles and guidance for gas and electricity complaints
- Reflect intelligence from the Energy Ombudsman and Scheme Audits about where complaints-handling can fall short
- Address misunderstanding of the Scheme Rules by some RPs, as highlighted in Scheme applications, Monitoring and Audits.

Heat Trust noted that, by following this principles-based best practice Guidance, RPs (and other heat suppliers) will be putting in place solid foundations on which to build to comply with future Ofgem regulations.

The Committee had no questions or comments.

The Committee:

- a) APPROVED the updated Guidance for publication.³

³ Post-meeting note: This has since been published here: <https://www.heattrust.org/best-practice-guidance-and-templates>



8. Updated Guidance on Fairness

Heat Trust presented updated draft Guidance on the Scheme requirement to treat Heat Customers fairly.

Heat Trust advised that the updates aim to take account of Ofgem's latest guidance for gas and electricity suppliers, as well as dovetailing with the updated Complaints-handling Guidance under item 7 above.

Heat Trust highlighted that its Scheme Rules refer to any fairness guidance 'that the Scheme Administrator may, following consultation, issue'. This wording appears to have been copied from the gas and electricity supply licences, with 'Scheme Administrator' substituted for 'Ofgem'.

Heat Trust noted that its Scheme Rules do not require consultation on any other Guidance, as a benefit of Guidance is that it can be adapted quicker than rules. Heat Trust therefore proposed that the Committee approves the Guidance, subject to receiving no material comments from RPs within 10 working Days of circulating it. This therefore avoids delaying publication until after the next scheduled Committee meeting in August 2024.

The Committee agreed with this approach and had no other comments or questions.

The Committee:

- a) APPROVED the updated Guidance for publication, subject to Heat Trust giving RPs 10 working Days to comment and no material comments being received.⁴

9. Committee decision-making during transition to Ofgem regulation

Heat Trust and the Committee discussed options for dealing with any ad-hoc business that could arise outside of scheduled Committee meetings during Ofgem's 'initial' (transitional) period for phasing in regulations.

The Committee agreed that the existing rules give it flexibility to convene extra meetings as needed. It agreed that achieving a quorum is unlikely to be an issue, now that the statutory Consumer Representative bodies are expanding their resources in preparation for their roles in the market framework.

However, the Committee agreed that having the extra flexibility of being able to make decisions by correspondence would be useful. The Committee agreed that this could potentially be more efficient than holding a meeting for straightforward business, but noted

⁴ Post-meeting note: Heat Trust subsequently circulated the Guidance to RPs on 16 May 2024, with a deadline for comments of 3 June 2024. No comments were received and the Guidance has been published here: <https://www.heattrust.org/best-practice-guidance-and-templates>



that correspondence meetings are not currently permitted. Heat Trust agreed to incorporate this ability into its transitional Scheme provisions when drafted.

The Committee:

- a) DISCUSSED options for handling ad-hoc Committee business during the transition to regulation and expressed its preferences among the options.

10. Any other business

Heat Trust highlighted the recent registration of Crawley Borough Council. This brings the total number of Scheme Registered Participants to 27, covering 120 heat networks and protecting over 79,600 consumers.

Consumer Scotland noted that it will be the statutory consumer advocacy body, but not the consumer advice body, for heat networks in Scotland. It advised that it hopes to be able to confirm shortly who this advice body will be.

No other business was raised by Committee Members.

Date of next meeting: Thursday 15 August 2024

