

Communal heating systems are becoming increasingly common for new build developments and refurbishments to provide low carbon homes. In coming years, as tighter limits are placed on emissions from new homes, the use of heat networks is expected to expand even more quickly.

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.

While the use of communal heating systems should reduce emissions and help to keep heat affordable, it raises a number of new issues for developers and customers of heat networks.

There are currently no definitive regulations in place to control the standard of service that is being provided for communal heat networks, other than general fair trading standards as imposed by the Office of Fair Trading. Without protection measures in place consumers may be vulnerable.

Evinox therefore follow a “Customer Heat Charter” that has been developed based on similar procedures within the electricity markets and best practice in the industry. The charter applies to the relationship between customers and the services provider.

The role of the “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.

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

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

### **The aim of the Charter is to:**

- Outline the basic requirements for service and customer protection
- Be applicable to the majority of customers on communal heating schemes
- Help the service provider understand the requirements from the outset

We do not suggest that this Charter will apply to all schemes; this is simply a guideline to follow. In addition this does not prevent developers, communities, or Registered Social Landlords (RSL's) from requiring additional services from their service provider, or serve as a replacement for communication or contract negotiation with services providers.

## 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 Tenant Services Authority (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 TSA guidance\*, 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

\* "A new regulatory framework for social housing in England" Consultation Document, Tenant Services Authority, 12 November 2009 p44-45.

## 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

## 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 & cash flow

The methodology will specify the output price and may be for example: (1) p/kWh; (2) £/m<sup>2</sup> 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).