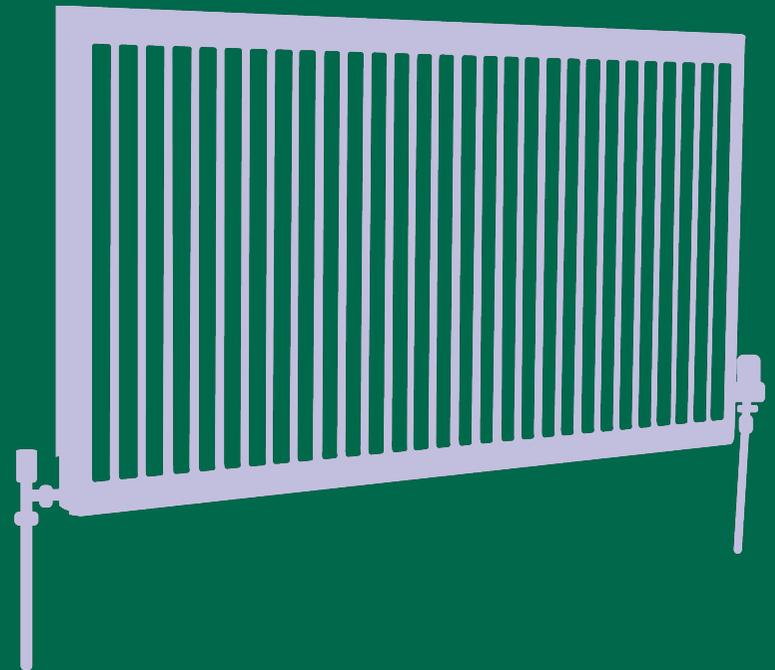


Bringing heat networks up to standard

How heat networks can start delivering better customer service outcomes



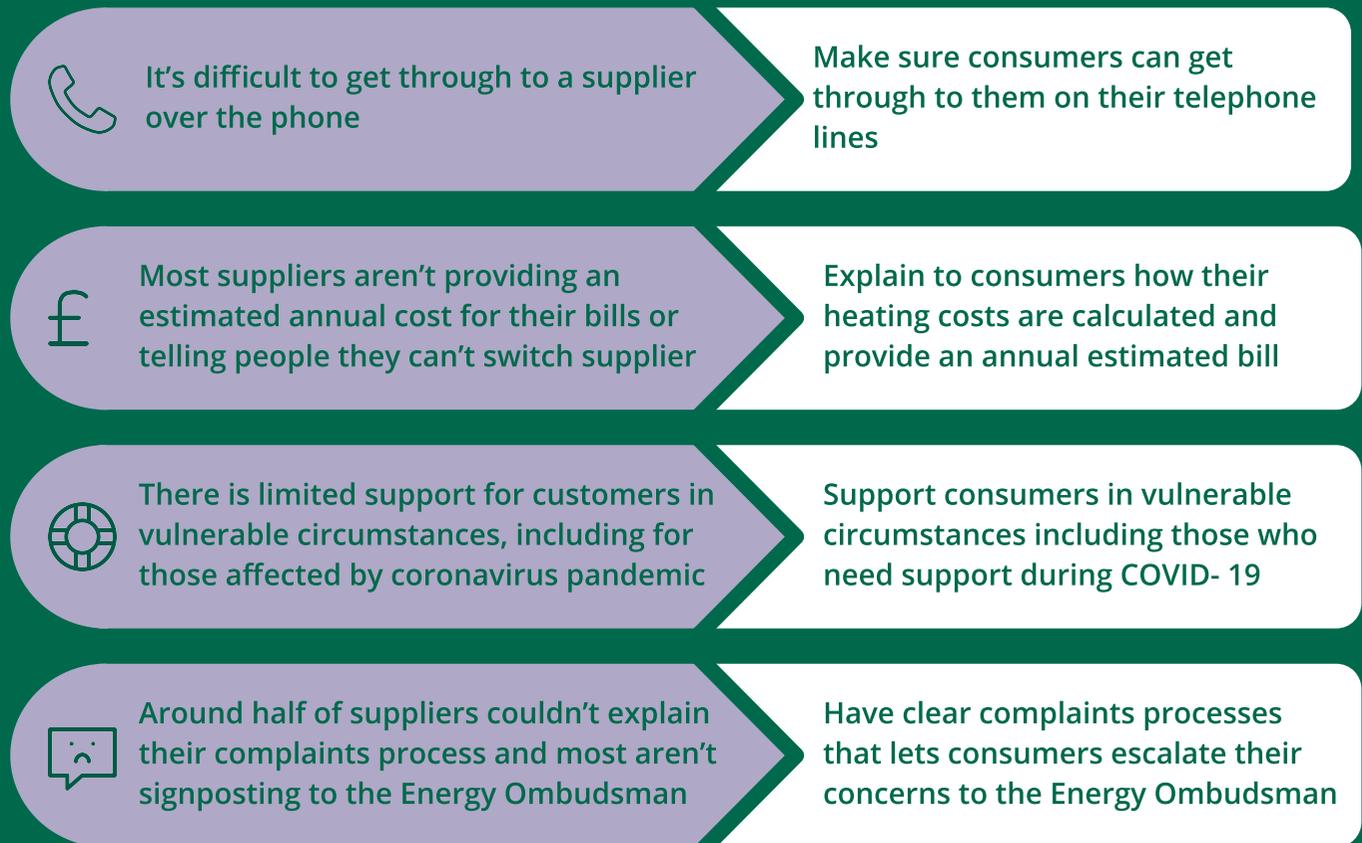
Summary

Heat networks are a crucial part of the government's plans to reach net zero emissions by 2050. The **Climate Change Committee** has estimated that nearly 20% of all residential heating will be distributed by heat networks by 2050, up from around 2% today.

To help support new and existing consumers, heat network suppliers need to provide clear and transparent information about their services. But our research shows that many heat network suppliers aren't doing this.

We found many suppliers are not providing clear and transparent information and support

To fix these problems and make sure consumers can access the information they need, heat suppliers should



Introduction

Heat networks are one of the key technologies in the government's strategy to achieve net-zero carbon by 2050. To encourage people to move into homes connected to heat networks and to help support existing consumers; heat networks need to make sure they are providing clear and transparent information about their services.

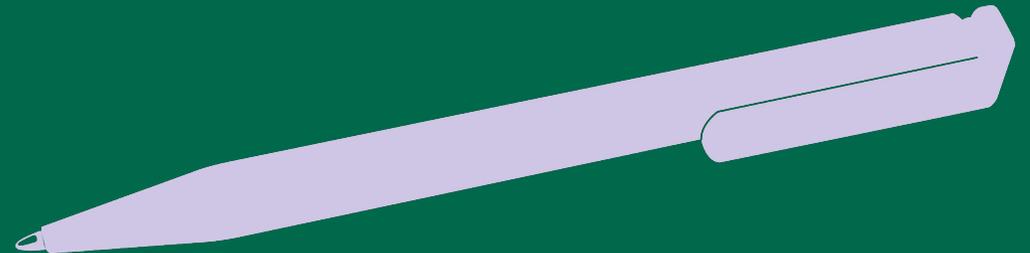
We've had concerns about how heat network suppliers inform consumers about their services for some time. Our **previous research** found that many suppliers don't provide enough online information about their services.

To improve consumer outcomes, we've been advocating for heat network suppliers to be regulated like all other gas and electricity suppliers. Ofgem regulates these markets and sets rules on customer service, such as requiring all suppliers to provide clear and transparent information about their energy tariffs.

Following a **CMA market study** in 2018, the government agreed with us and announced that all heat networks in Great Britain will be regulated. This will mean that heat network consumers will have similar protections to all other gas and electricity consumers.

Whilst this is good news, regulation could take some time to come into force. We want heat suppliers to begin providing their consumers with information they need now.

To find out what heat network suppliers still need to fix, we analysed the information given to customers by 21 heat network suppliers. We reviewed the information on their websites and also mystery shopped their customer service phone lines.

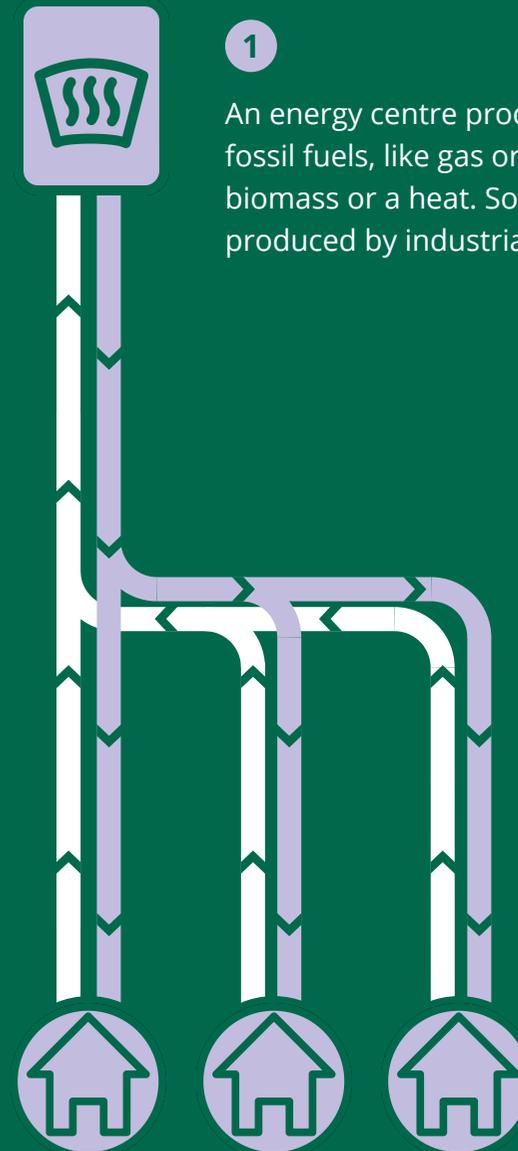


What is a heat network?

Heat networks are systems where heat is delivered directly to the home, normally in the form of heated water. The heating is transported from a central source outside of the home via a network of insulated pipes. This means there is no need for a traditional boiler inside the property because the heating is generated outside of the home.

Most heat networks use combined heat and power (CHP) systems run on fossil fuels to generate their heating. Whilst this is a more energy efficient way of using fossil fuels, it's still contributing to carbon emissions. To help meet net zero carbon emissions by 2050, heat networks will need to start using renewable sources. Some have already started doing this by using renewable technology such as biomass boilers and heat pumps. Others are also using recycled heat captured from industrial processes or electricity generation. These techniques will need to be rapidly taken up by other networks so that net zero can be achieved.

Heat networks are natural monopolies - a consumer cannot change heat network supplier after they've moved into a house connected to a heat network. As they can't switch providers like people who use conventional boilers, clear information about the services available is extremely important.



1

An energy centre produces heat. This could be through fossil fuels, like gas or oil, or renewable sources, like biomass or a heat. Some heat networks capture the heat produced by industrial processes or electricity generation.

2

Heat in the form of hot water is delivered through a local network of insulated pipes. Another set of pipes returns cooler water to the energy centre.

3

A heat exchanger transfers the heat from the heat network to the network of pipes in the home. This is used to heat radiators and provide hot water, for example, for baths and showers.

What we did

We looked at the information given by 21 heat network suppliers from across Great Britain. The research had two parts:



Analysis of each supplier's website



Mystery shopping of suppliers' telephone lines

1 Website analysis

We looked at the information available on each suppliers public website and analysed the following:



Pricing information



Support available to customers in vulnerable circumstances, including those affected by COVID- 19



The accessibility of each website

2 Telephone mystery shopping

We commissioned Accent to carry out this research on our behalf. They asked shoppers to pose as people thinking about moving into a property connected to the supplier's heat network. Each supplier was called 3 times, and on each call shoppers asked about one of the following:



Information about their prices



Support available to customers in vulnerable circumstances and complaints handling



Help available to customers during the coronavirus pandemic

Shoppers tried up to 3 times to get through to someone who could help with their call. Calls were made at different times of the day between Monday and Friday. The research was carried out in September and October 2020.



What we found

Suppliers need to make sure their services are accessible

Consumers want to engage with energy suppliers using a variety of different channels.

We've previously found that most consumers want to be able to use the internet and telephone when engaging with their energy supplier:



Over 50% of consumers want to use the internet to manage their account or choose new products



Over 50% prefer to use telephone services when things go wrong

Consumers need to be able to easily use both channels to access the services they need. Some consumers also have particular needs which makes it difficult for them to use certain channels e.g. some people find it difficult to use a website.

We looked at how accessible heat network supplier's websites and telephone lines are.

Website

Most suppliers have taken steps to make their websites more accessible. We tested each website against some **web accessibility standards** and found:

Proportion of supplier websites could be: Navigated using just a keyboard



Read using text reading software

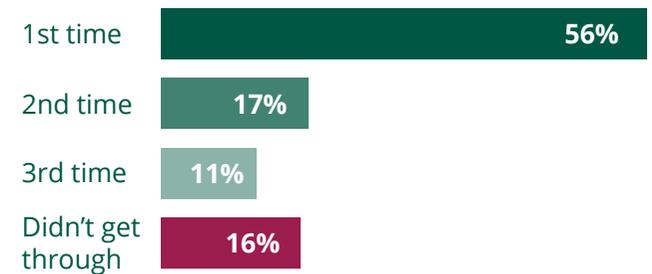


Navigated via multiple channels, e.g. a site map or search function



Telephone lines

Nearly half (46%) of shoppers couldn't get through to the supplier on their first attempt and around 1 in 6 didn't get through at all.



It's good news that suppliers have taken steps to make their websites more accessible. But, consumers also need to be able to contact suppliers via their telephone lines. It's concerning that so many shoppers failed to get through to someone with their first attempt. Suppliers need to make sure their customers can easily access their services over the phone.

Consumers need to know they can't change suppliers

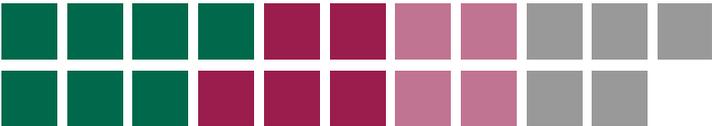
Consumers cannot change suppliers after they've moved into a home connected to a heat network. They need to know this before moving so that they can make an informed choice about their heating.

Our previous research suggests many consumers aren't aware of this when they move into a property connected to a heat network. This means that suppliers need to make sure they are telling potential customers who call their telephone lines that they can't switch energy providers.

! Unfortunately, only 1 in 3 shoppers were correctly told that they couldn't switch supplier

Suppliers need to urgently review this situation - consumers are being given incorrect information about their heating options. This could lead to people making decisions which aren't right for them.

Information given on switching



- 7/21** Correctly told they couldn't change supplier
- 5/21** Incorrectly told they could change supplier
- 4/21** Said they didn't know
- 5/21** Other/no response



Suppliers aren't providing enough information about their prices

All energy consumers need access to clear and transparent information about their heating costs. Gas and electricity suppliers are required to clearly explain how they calculate bills and provide estimated billing costs to their customers.

As heat network consumers can't switch providers, clear pricing is even more important. It can help people to budget or even make an informed decision about whether they want to move into a home connected to a heat network.

Most suppliers explain how their unit rate and standing charges are calculated on their websites. But, most shoppers struggled to get the supplier to explain these charges over the phone.

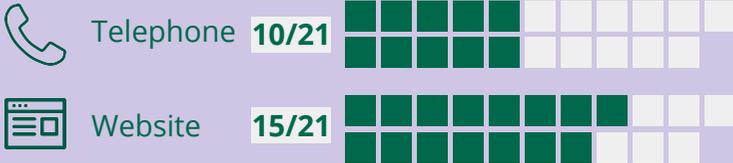
Also, less than 1 in 4 suppliers could provide an estimated annual billing cost either online or over the phone. Suppliers were more likely to explain how their annual bills are calculated over the phone.

We have concerns that people are moving into homes without knowing how much they'll be paying to keep warm. This means they might get stuck with heating bills they can't afford.

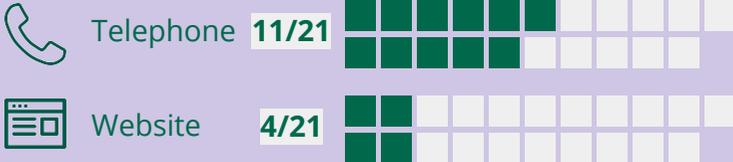
Suppliers need to act now to fix this problem by providing accurate pricing on their websites and over the telephone. It's a common sense move that should happen as soon as possible, so people can make informed choices about their heating bills.

Number of suppliers who...

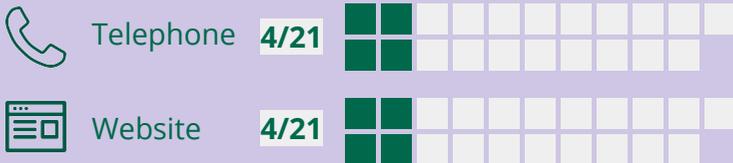
Explained the standing charge and/or unit rate



Explained how they calculate a customer's annual bill



Gave an estimated annual bill



Suppliers need to offer flexible payment options

It's vital that companies offer consumers flexible payment options. This can make all the difference, by helping people stay on top of their bills and managing their outgoings in a way that works for them.

Different payment options can include:

- A different meter e.g. smart or prepayment meters can help consumers budget more effectively
- Different payment frequencies e.g. some people find it easier to budget if they receive their bill on a more regular basis
- Different billing options e.g. some people prefer to pay their bill using cash at a shop/post office whereas others like to set up a direct debit

! **We found that only around half of suppliers are offering different payment options.**

Number of suppliers providing different...

Metering options



Bill frequencies



Billing options



This is concerning because evidence from the gas and electricity market - where suppliers are required to offer different options - show that flexible payment options help people stay out of debt. Heat network suppliers need to start offering these options now so that their customers can pay off their bills in a flexible way and avoid falling into debt.

With so many people now struggling to pay their energy bills because of the coronavirus pandemic, it's even more important that suppliers offer these different payment options.

Suppliers aren't providing enough support for consumers in vulnerable circumstances

Any consumer can find themselves in vulnerable circumstances during their lifetime. Suppliers need to offer support to these consumers so that they can access the help they need. **Ofgem defines** vulnerability as when someone's personal circumstances or characteristics combine with aspects of the market to make them significantly less able to protect their interests and/or more likely to suffer detriment.

Currently, there is no obligation on heat network suppliers to offer support to consumers in vulnerable circumstances. But, this is about to change - the government wants heat networks to offer a similar level of support as gas and electricity suppliers.

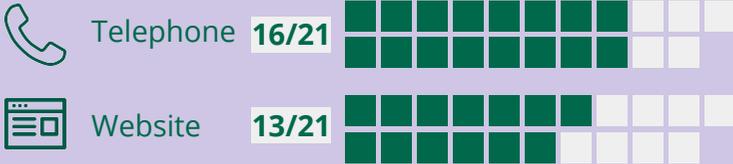
Gas and electricity suppliers are required to identify their customers in vulnerable circumstances and make sure their needs are considered. All suppliers need to maintain a **Priority Services Register (PSR)** of customers in vulnerable circumstances and offer them appropriate support.

We found that most heat network suppliers are offering some support to consumers in vulnerable circumstances. This includes:

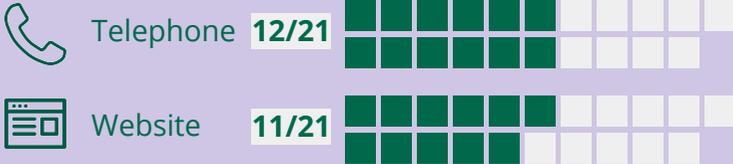
-  **Bills in accessible formats**
-  **Extra support if the heat network stops working**
-  **The option to nominate someone else to speak on your behalf**

Number of suppliers offering...

Any support for consumers in vulnerable circumstances



Priority Services Register



But, only around half are maintaining a PSR - so there is a risk that companies don't actually know whether a customer would benefit from extra support. It also means that there isn't a reliable picture of the number of consumers who need help or the type of support they're getting.

Citizens Advice welcomes these findings - it is really positive that most heat networks are offering some support to consumers. But, it's not enough - companies need to proactively identify consumers in vulnerable circumstances and make sure they are getting the support they need.

Regulation will most likely require suppliers to offer this support - but people can't wait that long. Suppliers should take action to fix this now.

Consumers need more support through the coronavirus

Many people are struggling to make ends because of the coronavirus pandemic. This has led to consumers struggling to pay for their heating costs - our research shows that nearly 3 million people have fallen behind with their energy bill.

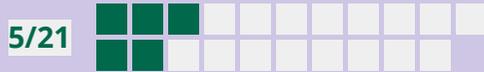
To help support consumers, the Heat Networks Industry Council published an agreement detailing how companies will support consumers through the pandemic. It sets out how suppliers should identify and prioritise people who might need extra support, and what that support should look like.

We're pleased the industry is taking this issue so seriously and it's important that agreements like this are backed up by action. Whilst some suppliers are taking this very seriously, it's clear that not all are. The Heat Trust has raised concerns about the support available for consumers.

We looked at the information and offers of support that heat network suppliers have about COVID-19 on their websites. Most are keeping consumers updated about social distancing measures and how they can be contacted. But, only around half are telling their customers how to get support if they are struggling financially.

Shoppers were less likely to be told about any support available over the phone - only around 1 in 4 were told about support available if they are struggling financially due to the pandemic. Also, most suppliers didn't mention any measures they're taking to maintain social distancing during the pandemic.

Number of suppliers providing: Support for people struggling to pay their bills



Ability to opt-out of non-essential visits



Precautions to maintain social distancing



Citizens Advice is concerned that suppliers weren't able to tell our shoppers about support which is listed on their own websites. Suppliers need to urgently make sure that consumers are receiving the correct information over the phone.

Many consumers will be worried about their health and suppliers need to offer reassurance about the social distancing measures for home visits.

They also need to make sure there's help and options available to consumers who are struggling financially due to the pandemic - more people will be using their heating as we move through winter and household budgets will be squeezed even further in the months ahead.

Suppliers need a transparent complaints procedure

As heat networks are natural monopolies and supply an essential service, access to a clear and transparent complaints process, with the option to escalate any concerns to an alternative dispute resolution service is vital.

Consumers should be supported to resolve their complaints. Gas and electricity providers are required to direct customers to their own complaints procedure if the customer's complaint can't be resolved after one working day. They should also make consumers aware of **Citizens Advice's consumer service** where they can access specialist advice and support, including the **Extra Help Unit (EHU)** who can help consumers with complex cases or those in vulnerable circumstances. If the complaint isn't resolved in 8 weeks or the supplier identifies it can't resolve the complaint, then consumers should also be directed to the Energy Ombudsman, which can examine the case and make binding decisions on how it should be resolved.

The government has indicated they want heat network suppliers to follow a similar process and the CMA has already asked heat networks to sign up to the Ombudsman.

! We found that only around half of suppliers could explain their complaints handling procedures to customers

None of the suppliers mentioned Citizens Advice's consumer service or the EHU, and the Energy Ombudsman was only mentioned 4 times.

Number of suppliers who: Explained their complaints process



Mentioned the Energy Ombudsman



In 2018, **we found** that consumers can have a bad experience when they make a complaint to their heat network supplier. Suppliers can improve this experience by having a clear complaints policy which informs consumers of the help available and lets them escalate any concerns.

Conclusion

Heat networks are going to be a crucial part of the move to low carbon heat sources, helping the UK meet its target to reach net zero carbon emission by 2050. Millions of homes will be connected to these networks in the coming years. But, our research shows that heat network companies aren't ready for this transition.

We found that it can be difficult to access services - nearly half of shoppers couldn't get through to a heat network supplier on their first attempt. Also, most heat network suppliers aren't providing enough information about their services. This means that consumers cannot access information to make informed choices about their heating.

We also found that there is limited support available for consumers in vulnerable circumstances, including for those affected by the coronavirus pandemic. Suppliers need to urgently fix this, many consumers will be struggling to manage their energy bills because they can't access the help they need. Most suppliers also don't have a clear complaints process that allows consumers to escalate any concerns to the Energy Ombudsman. Therefore, many consumers may be struggling to get satisfactory resolutions to their complaints.

Regulation will oblige suppliers to provide better information to consumers. But, this could take some time to come into force - we want suppliers to fix these issues now so that consumers can start getting the information and support they need. This will help consumers engage with the heat network market and make decisions about their heating which are right for them.

We want suppliers to:



Make sure consumers can get through to them on their telephone lines



Explain to consumers how their heating costs are calculated and provide an annual estimated bill



Support consumers in vulnerable circumstances including those who need support through COVID- 19



Have a clear complaints processes that lets consumers escalate their concerns to the Energy Ombudsman

How suppliers compare

This table shows how scores were distributed between the suppliers we looked at. For each category suppliers were given a score of low (0), medium (1) or high (2) depending on how many metrics in that category they met.

Supplier	Website				Phone							Supplier total		
	Site accessibility	Support for customers in vulnerable circumstances			Call attempts	Support for customers in vulnerable circumstances						Website	Phone	
		Paying bills	↓	COVID support		Changing supplier	Paying bills	Payment options	↓	COVID support	Complaints process			
Supplier 1	0	0	2	2	0	2	2	2	2	2	2	2	6/8	13/14
Supplier 2	0	0	2	2	2	2	0	2	2	2	0	2	6/8	11/14
Supplier 3	2	0	2	0	0	2	0	2	2	2	2	0	6/8	11/14
Supplier 4	0	0	2	0	0	2	0	2	2	2	2	0	5/8	10/14
Supplier 5	2	2	0	0	0	2	0	0	0	0	2	0	6/8	7/14
Supplier 6	0	0	2	2	2	0	0	0	2	0	0	0	6/8	7/14
Supplier 7	0	2	2	0	0	2	0	2	2	N/A	N/A	0	6/8	7/14
Supplier 8	2	0	2	2	0	0	0	0	2	N/A	N/A	0	7/8	4/14
Supplier 9	2	0	0	2	2	0	0	0	0	0	0	0	6/8	3/14
Supplier 10	0	0	0	2	2	0	2	0	0	0	0	0	3/8	8/14
Supplier 11	2	0	0	0	2	0	0	0	2	2	2	0	3/8	8/14
Supplier 12	2	0	0	0	0	2	0	0	2	0	0	0	3/8	8/14
Supplier 13	2	0	2	0	0	0	N/A	N/A	2	0	0	0	6/8	2/14
Supplier 14	0	2	2	2	0	0	N/A	N/A	0	0	0	0	7/8	0/14
Supplier 15	0	2	2	0	0	N/A	0	2	N/A	0	0	0	5/8	0/14
Supplier 16	0	0	2	0	0	N/A	0	0	N/A	0	0	0	5/8	3/14
Supplier 17	0	0	0	0	0	0	2	0	2	0	0	0	2/8	2/14
Supplier 18	2	0	0	0	2	0	0	0	2	0	0	0	3/8	4/14
Supplier 19	0	0	0	0	0	0	0	0	0	N/A	N/A	0	3/8	3/14
Supplier 20	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	0	3/8	0/14
Supplier 21	0	0	0	0	0	0	0	0	0	0	2	2	1/8	3/14

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