



Heat Networks: Warming up for Winter

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With UK energy regulator, Ofgem introducing new rules to protect district and communal heating system users from facing inflating prices in winter 2023-24, heat network managers need to address system efficiency head on. Here, Rupert Bulgin, Efficiency and Optimisation Specialist at Evinox explores how to tackle this.

Earlier this year, the Guardian reported that communal heating prices could rise by as much as 350% – something extremely concerning for residents paying utility bills. To make matters worse, it is currently estimated that most UK heat networks function at around 30-40% efficiency, meaning a significant amount of the energy paid for is wasted.

In response, Ofgem is conducting a consultation on heat network regulation to protect consumers and ensure they receive fair pricing, reliable supply and transparency. With

a decision anticipated in October and implementation to commence in early 2024, it's crucial to be prepared.

Fair Pricing

Ofgem's focus will be on improving efficiency in the hope that it will minimise the impact of heat networks passing additional regulatory burden onto final consumers. Better use of data is also expected to be a major focus as enhanced data monitoring, analysis and application can result in significant carbon and cost savings.

To ensure fair pricing for residents, the digitalisation of heat networks –

incorporating, high resolution metering, energy monitoring and billing – should be a key consideration from the outset of any heat network installation, upgrade or retrofit. What's more, owners and operators of existing heat networks where heating, cooling or hot water is supplied through district or communal heating, and have been classified as 'Viable' or 'Open', have been legally obliged to install meters on all affected properties prior to September 2022. They must also bill residents using accurate meter readings and ensure the billing service is compliant with regulations.

By setting up prepayment solutions, residents can be in control of their bills by paying for energy in advance. This could remove any burden of building up unpaid bills or debt, meaning there is zero bad-debt risk to the property owner.

Reliable Supply

When it comes to providers of essential services, guaranteed standards of performance are the minimum expectation. If these are not met, consumers are entitled to payments in recognition of the inconvenience and discomfort caused and to compensate for bills paid without a satisfactory service. Network operators therefore have a vested interest to minimise system downtime and address issues before they become problematic.

By implementing energy monitoring platforms alongside a robust Planned Preventive Maintenance (PPM) schedule, breakdowns and failure of plant room equipment can be prevented. This fault-finding approach allows for appropriate

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remedial work to be completed before faults become significant and impact end users' experience. Ongoing servicing is also fundamental for preserving, enhancing and maximising reliability and the life of heat interface units.

Opting for smart heat interface units (HIUs) with remote servicing options can provide a real point of difference here. Not only do they present carbon and financial savings, but smart units deliver time savings as well. With 280 separate data points available for monitoring, smart HIUs can alert heat network managers early to anything that requires their attention, meaning problems are easier to avoid or mitigate and maintenance time can be considerably reduced for the entire heat network.

Transparency

Ofgem's proposal also addresses improving clarity to protect consumers from disproportionate pricing. Currently, there is a lack of openness on prices within the sector but the regulator proposes providing consumers with individual bill transparency, including breakdowns of variable and fixed costs, and greater pricing visibility across the sector.

Remote energy meters are possibly the most straightforward and efficient way to improve transparency by gathering accurate readings. The main benefit of this technology is that it eliminates the requirement for time-consuming and costly visits to each unit or dwelling, while ensuring the most up-to-date information is captured every time. By collating this data and sharing it with Ofgem, greater transparency of wider trends can be identified across the market.

Ongoing Efficiency

Moving forward, it is important to keep on top of system efficiency through energy monitoring and the digitalisation of heat networks. With around 90% of UK heat networks underperforming this is an issue that must be tackled head on. By partnering with Evinox, operators can find out how to boost their efficiency without compromising on the network's performance, keeping residents comfortable and making their heat affordable. Taking a holistic approach, heat network operators can simplify the process of raising heat network efficiency through plant room improvements, smart heat interface units (HIUs), retrofit solutions for existing HIU installations, billing audits and market leading efficiency site surveys.

Keeping residents central in discussions, increasing system efficiency up to and over 65%, which is readily achievable via straightforward means, the savings for a typical resident could be up to £550 per annum and provide a reduction of 1,000kg of carbon emissions for each apartment. Ofgem's proposal is therefore welcomed and provides a much-needed next step to refocus on heat network delivery now and into the future.

Evinox can provide a prepayment solution in the form of PaySmart and an energy monitoring platform in the form of Evinox SmartTalk. For more information on these solutions and Evinox visit: www.evinoxenergy.co.uk/smart-heat-interface-units

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