

SUSTAINABLE NI

Response to the Department for the Economy consultation

Heat networks in Northern Ireland — protecting consumers and setting up regulation

Submitted 30 September 2026

1. About this response

Sustainable NI is an independent charity that has worked since 1998 to accelerate Northern Ireland's transition to a sustainable future by providing information and practical support across the public, private and community sectors. We facilitate the Northern Ireland Sustainable Development Forum, a network of officers leading sustainability and climate action in local government and the wider public sector, and provide the secretariat for the All-Party Group on Climate Action.

We bring a cross-sectoral, long-term, whole-system view rather than the interest of any one operator or technology. Our members are largely councils and public sector organisations — the bodies most likely to host, approve or own heat networks here over the next decade, and the bodies carrying statutory climate duties.

Our response therefore focuses on two things:

- whether this framework will help public bodies bring forward low-carbon heat networks, and
- whether it is properly joined up with the Climate Change Act (Northern Ireland) 2022.

2. Summary of our position

We welcome the consultation and support the Department's direction. Putting protections in place before the market grows is the right thing to do, and doing so ahead of the current rules being withdrawn in 2027 avoids a gap in consumer protection.

The main points in our response are:

a. Decarbonisation needs to be a core objective of the Regulator. As drafted, the Utility Regulator's main duty in carrying out its functions in relation to heat networks is to protect consumers, and it must only "have regard to" Northern Ireland's climate targets. "Have regard to" is a weak legal test. It means the Regulator must think about something but can lawfully decide it is outweighed by other considerations. We think decarbonisation should sit alongside consumer protection as a principal objective of the Regulator.

b. The framework should not accidentally lock in fossil fuel heating. A heat network is only as clean as the fuel that heats the water going into it. A network running on a gas boiler is still a gas heating system. If the new permission regime asks nothing at all about heat source, Northern Ireland will spend the next decade formally authorising heating systems that will later need to be replaced or retrofitted at cost. We are not asking for technical standards in this first phase. We are asking that the Department does not create a framework that is silent on carbon.

c. Collect the correct data now. The single cheapest thing this first phase can do in preparation for the next phase is require operators to report i) what fuel they use, ii) how efficient the network is, and iii) how much

heat it delivers. Those three figures are what carbon intensity is calculated from, and we set out under Question 6 how this information should be published. Without this information, neither the Regulator nor councils can forward plan, and the Department will be consulting on phase two with the same evidence gap it has today.

d. The exemptions carried over from the old rules should be re-examined. Certain supported and specialist accommodation is currently outside the rules. Those are often the residents least able to challenge a bill or complain effectively. Inheriting an exemption is not the same as justifying it.

e. Heat network zoning is missing. Zoning means a public body identifying, on a map, the areas where a heat network is the most sensible way to heat buildings, so that development can be coordinated rather than happening piecemeal. The consultation does not mention it.

f. The equality screening should be revisited. We do not think a policy that decides the protections available to people who cannot switch supplier, and which excludes some specialist accommodation, can be screened out as having no adverse effect on any equality group.

3. Answers to the consultation questions

Question 1 — Scope

Do you agree with the types of heat networks that should be covered by these rules, and the types that should be out of scope?

We agree with the broad approach of covering networks that supply heat to more than one premises. We do not agree that the existing exemptions should simply be carried across without fresh justification.

The consultation proposes keeping the same “exempt class” — the categories of building that sit outside the rules — as under the current metering and billing regulations. That includes certain forms of supported and specialist accommodation.

Supported and specialist accommodation generally means housing with care or support attached, for example schemes for older people, people with disabilities, people with mental ill health, or people leaving homelessness.

This is the group of residents least likely to be able to review a bill, challenge a charge, or navigate a complaints process. It includes people for whom being cold is a direct health risk. Excluding them from the baseline protections is, in our view, the single most controversial thing in this consultation and the hardest to defend.

We recognise there may be practical reasons behind the original exemption — shared heating in a single building can be difficult to meter fairly, and the cost of individual meters can outweigh the benefit. Those are real considerations. But they are arguments about *which* protections apply, not about whether a resident should have any protection at all.

We recommend that the Department:

- Sets out publicly why each existing exemption exists, rather than carrying them over by default.
- Distinguishes between protections that are impractical in these settings (individual metering, for instance) and protections that are entirely practical (clear information about charges, a working complaints route, access to the Consumer Council).

- As a minimum, brings exempt buildings within the complaints and information requirements even where metering and billing rules do not apply.
- Confirms how many residents in Northern Ireland are currently affected by these exemptions. This number does not appear in the consultation, and it should.

Question 2 — Authorisation

Do you agree with using an authorisation regime (rather than licensing) for heat network operators, including an automatic “deemed authorisation” for existing networks?

Yes, with conditions.

For a market of roughly 97 networks and 3,000 customers, we agree that licensing would be disproportionate. Heavy upfront regulation on a market this small may risk deterring exactly the small, community-scale and public-sector-led schemes we want to see. Authorisation is the right choice.

Our conditions are:

A firm end to the transition period. The consultation refers to a “transition period” for existing operators to confirm their information but does not say how long it is. We recommend a defined period, e.g. no more than 12 months from commencement, after which an operator that has not confirmed its information loses its deemed authorisation.

Build the framework so it can grow without new primary legislation. Almost everything of substance in this consultation — fair pricing, technical standards, protections for people in vulnerable circumstances, arrangements if a network fails — has been deferred to a later phase. That is understandable for a small market, but only if phase two can actually happen quickly. We therefore recommend that the statutory rules made under these powers give the Utility Regulator scope to add or amend authorisation conditions directly, so that future protections can be introduced without needing a new Act of the Assembly.

Confirm the Regulator will have the resource. Authorisation only protects consumers if someone is checking. We would welcome clarity on the funding and staffing the Utility Regulator will have for this function, and on how the eventual cost recovery model — the mechanism by which the industry pays for its own regulation — will avoid falling disproportionately on very small schemes.

Question 3 — Metering and billing

Do you consider that the existing approach to metering, billing and exemptions remains appropriate for the NI market when implemented through the proposed authorisation framework? If not, what changes would you propose?

We support retaining these requirements. Losing them would be a clear step backwards. But “keep what we already have” is a modest ambition, and we would ask the Department to be honest about the baseline position.

Three considerations:

We do not know the current compliance rate. The consultation does not tell us how many of the 97 registered networks are actually meeting the existing metering and billing rules. Carrying the rules forward is only meaningful if they are being followed. We recommend the Regulator establishes and publishes a baseline compliance position during the transition period, so that progress can be measured.

Efficiency and billing are connected. The consultation acknowledges that some networks are less efficient than customers should expect. Where a network loses a large share of its heat through poorly insulated

pipes, the customer pays for heat they never receive. This is not only a technical issue — it is a billing fairness issue, and it is one reason we think efficiency data should be collected from the outset.

Exemptions from metering should be reviewed on cost, not tradition. The cost of heat meters and remote reading has fallen considerably. An exemption that made sense in 2014 may not make sense now. We recommend the Department commits to reviewing the metering exemptions on a stated timetable rather than leaving them in place indefinitely.

Question 4 — Complaints

What are your views on the potential benefits and risks of the illustrative three-step complaints route (operator, then Consumer Council, then Utility Regulator for rule-compliance issues)?

We support the proposed route. It is familiar from gas and electricity, it is easy to explain, and giving the Consumer Council the advocacy role is sensible — it already has the expertise and the public recognition.

We would raise one significant risk.

The route assumes the person with the problem is the person who pays the bill. In social housing, in private rented accommodation and in many apartment developments, heating costs are often bundled into rent or a service charge. The resident feels the cold and sees the cost, but has no direct contract with the heat supplier. In some cases the landlord *is* the heat supplier, which means step one of the process — raise it with your operator — asks a tenant to complain to their landlord about their landlord.

The consultation acknowledges this and defers it to a future phase. Given that the Housing Executive and housing associations are significant operators of shared heating in Northern Ireland, we do not think this can wait.

We recommend that the Department:

- Makes clear in the first phase that a resident may raise a complaint and access Consumer Council support regardless of whether they are the named bill payer.
- Requires operators to provide complaints information to all residents served by the network, not only to account holders.
- Considers, where the landlord and heat supplier are the same body, whether an additional route to an independent party is needed.

Question 5 — Code of Conduct

Do you agree that heat network suppliers should have a Code of Conduct developed with the Consumer Council and the Utility Regulator as an authorisation condition?

Yes. Making it a condition of authorisation — meaning an operator must follow it to be allowed to trade — is the right approach, because it makes the Code enforceable rather than advisory.

Two suggestions:

Include residents in writing it. A code written by regulators and operators about how operators should treat residents should be tested with residents. Even a small piece of engagement with people currently on heat networks would improve it and would strengthen its legitimacy.

Cover planned and unplanned loss of supply. The consultation's complaints section focuses on billing and service. For a heat network customer, the most serious failure is having no heating or hot water at all, with no alternative to switch to. The Code should set expectations on notice for planned outages, response times

for unplanned ones, and what support is offered when supply is lost — particularly to residents in vulnerable circumstances during winter.

Question 6 — Public register and information for consumers

What information should be included on a public register of heat networks, and what additional low-cost information would help customers understand their heat network service?

We strongly support a public register, and this is where we would most encourage the Department to be ambitious. A register costs very little and does two jobs at once: it helps individual customers, and it gives councils and public bodies the information they need to plan.

At present, a council cannot easily find out what heat networks exist in its own district. That is a real barrier to heat planning.

We recommend the register includes, for each network:

Basic identification

- Network name and location, by council area
- Operator name, and the owner if different
- Whether it is a communal system (one building) or a district system (multiple buildings)
- Date the network began operating
- Number of premises connected

Technical and environmental information

- The heat source or sources — for example gas boiler, biomass, large scale heat pump, geothermal, or waste heat recovered from industry
- Total installed capacity
- Annual heat supplied
- Network efficiency, meaning how much of the heat generated actually reaches customers rather than being lost from the pipes
- Carbon intensity, meaning the greenhouse gas emissions associated with each unit of heat delivered. We would ask that the Regulator calculates and publishes this from the data above, using a single stated methodology, rather than asking operators to calculate it themselves. This keeps the burden off small operators and means the figures are comparable between networks

Accountability information

- Authorisation status, including any conditions or enforcement action
- How to complain, and how to contact the Consumer Council

We recognise the last category of technical data is a new ask on operators. We think it is justified. The Department states it is scoping research to understand the state of the sector. A register that collects this information routinely largely answers that question on an ongoing basis, at close to zero additional cost, and it is far cheaper than commissioning surveys every few years. It is also the evidence base phase two will require.

On low-cost information more generally, we would suggest a short, clearly written guide for residents, landlords and managing agents explaining what a heat network is, why you cannot switch supplier, what your bill should show, and what to do if something goes wrong.

Question 7 — Other comments

Do you have any other comments on how the Department should exercise its powers to deliver a proportionate and effective heat networks regulatory framework?

a. Make decarbonisation a core objective

The proposed principal objective for the Utility Regulator is to protect the interests of current and future heat network customers, with a requirement to "have regard to" the statutory climate targets.

"Have regard to" is a legal phrase meaning a body must consider something before deciding. It does not mean it must act on it, and it does not stop the consideration being outweighed by other factors. It is a considerably weaker duty than being required to contribute to an outcome.

Given that the Department's own strategic case for heat networks rests on decarbonisation and energy security, we think this is the wrong weighting. We recommend decarbonisation sits within the principal objective itself, alongside consumer protection.

We would add that these are not competing aims. A network running on volatile imported fossil fuel exposes customers to price shocks that a network running on local waste heat or geothermal does not. Protecting consumers over the long run and decarbonising point in the same direction.

b. Do not authorise a fossil fuelled sector by default

The proposals ask operators to register, meter, bill correctly and handle complaints. They ask nothing about what fuels the network.

We understand that a substantial share of Northern Ireland's existing 97 networks are gas-fired, and we would ask the Department to confirm this in its analysis of responses. If that is right, then the first phase of regulation will formally authorise a largely fossil fuelled sector with no obligation, and no expectation set, about transitioning away from it.

We are not asking the Department to impose carbon limits in phase one on a sector of 3,000 customers. We are asking for three things that cost very little:

- Mandatory reporting of heat source, network efficiency and heat delivered, from which the Regulator can calculate and publish carbon intensity, as set out under Question 6.
- A clear statement of direction — a published expectation that future authorisation conditions will address carbon, so that operators and investors can plan now rather than being surprised later.
- A commitment that any public funding or support for heat network development is conditional on low carbon heat sources.

c. Heat network zoning is absent and needs a timetable

Zoning means a public body mapping the areas where a heat network is likely to be the best way to heat buildings — typically dense areas with a mix of building types and a large, steady heat user nearby such as a hospital, university or leisure centre. Once an area is zoned, development can be coordinated: buildings can be required or encouraged to connect, and a developer has confidence that the customers will be there.

Without zoning, each scheme is negotiated from scratch, and the risk of building a network and not filling it falls on the developer, which in practice means schemes do not happen.

Great Britain is progressing zoning arrangements. This consultation does not mention zoning at all. We would ask the Department to set out, in its response to this consultation:

- whether it intends to introduce heat network zoning in Northern Ireland,
- what legislative route would be required, and
- what role local government would play.

d. Support exploring participation in the GB technical assurance scheme

The consultation raises the possibility of Northern Ireland drawing on or joining the Heat Network Technical Assurance Scheme being developed for Great Britain.

We support exploring this, for two reasons. Developing a separate Northern Ireland scheme for a market of this size would be poor value. And if Great Britain has technical standards and Northern Ireland does not, there is a real risk that Northern Ireland becomes the place where lower quality networks get built. We would encourage the Department to begin those conversations now rather than after phase one is complete.

e. Right-size the framework for community and public sector schemes

Much heat network regulation is designed around large commercial developers. Some of the most promising opportunities in Northern Ireland are smaller: a council leisure centre, a hospital, a community-owned scheme, a rural cluster using waste heat from an existing process.

We ask the Department to test its proposals explicitly against this type of scheme, particularly the eventual cost recovery arrangements, where a flat regulatory fee could be trivial for a large operator and prohibitive for a community organisation.

f. Skills

The Minister's foreword refers to good, skilled green jobs. Northern Ireland currently has a very small pool of people with heat network design, installation, commissioning and operation experience. We would encourage the Department to link this work to skills planning and would note that a technical assurance scheme without a workforce able to meet it will simply become a bottleneck.

4. Two cross-cutting concerns about the impact assessments

Equality screening

The consultation states that the policy has been screened out under Section 75 of the Northern Ireland Act 1998, on the basis that no group is adversely affected, and that a full Equality Impact Assessment is not required.

We do not think that conclusion is safe here, for four reasons:

1. The policy determines the protections available to people who, by definition, cannot switch supplier if they are treated badly.
2. It excludes certain supported and specialist accommodation, whose residents are disproportionately older or disabled.

3. It defers protections for people in vulnerable circumstances, and protections for tenants who are not bill payers, to an unspecified later phase.
4. Heating cost and heating reliability are directly connected to health outcomes, and those effects are not evenly distributed across age and disability.

A policy can be the right policy and still require a full assessment. We would ask the Department to revisit the screening decision.

Rural needs

The rural assessment concludes there is no adverse impact, and that heat networks can benefit rural areas. We do not disagree with the sentiment, but the assessment asserts a benefit to rural areas rather than evidencing one.

Rural Northern Ireland has the highest dependence on home heating oil and the fewest realistic alternatives, so rural households have a lot at stake in how heat is decarbonised. The relevant question is not whether heat networks are theoretically good for rural areas, but whether this specific framework is designed in a way that a small rural or community-owned scheme could actually work within. We would encourage the Department to address that question directly in the fuller assessment it commits to carrying out.

5. Offer of further engagement

Sustainable NI would be glad to support the next stage of this work. Specifically, we can:

- Convene council and public sector members to discuss zoning and heat planning.
- Bring housing sector members together on the tenant and non-bill-payer issues raised under Questions 4 and 5.
- Help the Department brief the All-Party Group on Climate Action ahead of the Assembly's consideration of the regulations.
- Help distribute clear, accessible information about heat networks through our networks.

We would be happy to discuss any part of this response.

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