

Heat networks regulation: authorisation and regulatory oversight

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Consultation questions

1. Do you agree, partially agree, or disagree with our proposed operator-led approach to heat network authorisation? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Partially agree

Ensures accountability but **may impose unnecessary burdens on small co-operative networks**. A **tiered approach** should recognise the different governance structures of **not-for-profit** and **community-led** heat networks.

2. Do you agree, partially agree, or disagree with the need to be able to identify a single party on a relevant heat network to fulfil the role of operator?

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Partially agree

Helps with accountability but **co-operatives and community-owned networks operate democratically**. There should be **flexibility** for alternative governance structures, such as **shared responsibility models**.

3. Do you agree, partially agree, or disagree with each of the proposed options to address multiple operators? Please provide detail for your response to each option.

Agree Partially agree Disagree

Mandatory single operator
Best endeavours to nominate single operator
Nominated single point of contact
Please use this text box to give us more details.

Mandatory single operator - **Disagree**

Too rigid for **community-led and multi-stakeholder networks**.

Best endeavours to nominate a single operator – **Partially agree**

Allows flexibility but **should not be enforced in a way that undermines co-operative structures**.

Nominated single point of contact – **Agree**

Ensures regulatory compliance while **allowing shared responsibility models to continue operating**.

4. Do you or your organisation operate any heat networks that may be impacted by our proposals to identify a single operator? If so, how many networks?

Yes

No

Please use this text box to give us more details.

No, but we represent community groups that do

Small community-led networks **may struggle to comply if the rules are too rigid**. The regulation should **reflect the scale and governance model of the network**.

5. Do you agree, partially agree, or disagree with proposals for obligations on authorised persons when undertaking regulatory activity? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Small community-led networks **may struggle to comply if the rules are too rigid**. The regulation should **reflect the scale and governance model of the network**.

6. This question is for heat network organisations. Do you already have processes in place similar to the proposed suitability requirements? Please provide detail of processes or policies where possible.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Small community-led networks **may struggle to comply if the rules are too rigid**. The regulation should **reflect the scale and governance model of the network**.

Registration

Summary

In this section, we explain why a heat network operator will need to register their activity with us. We also outline what they need to do, including:

the stages of the registration process
anticipated timescales to complete of registration
what happens once a heat network operator is registered

Details

Heat network operators need to tell us about any existing regulated activity that was already occurring before the first part of the Initial Period (1 April 2025 to 26 January 2027). They also need to tell us about any regulated activity than begins during this time.

This process is called registration.

All relevant activity must be registered with us by 26 January 2027.

Before you give us your views

You'll need to read the full details in the [Registration and authorisation application chapter](#) of the consultation (PDF, opens in new window).

7. Do you agree, partially agree, or disagree with our proposals for the process of registration? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Explanation: The proposed registration process is essential for establishing a comprehensive regulatory framework for heat networks. However, it is crucial to ensure that the process is **proportionate and adaptable**, particularly for **small, community-led, and not-for-profit heat networks**.

Overly complex or burdensome registration requirements could inadvertently discourage the development and operation of these community-focused initiatives. A streamlined registration process that acknowledges the unique characteristics and limited resources of smaller operators would better align with the policy intent of fostering diverse and sustainable heat network solutions.

In being proportionate, it must reconsider de-minimis thresholds for specific networks and in particular community led initiatives and smallscale shared ground loops.

Authorisation application

Summary

In this section, we explain why a heat network operator will need to apply to Ofgem for authorisation to carry out regulated activity. We also outline what they need to do, including:

- the stages of the authorisation application process
- anticipated timescales to complete an application
- what happens once a heat network operator is authorised

Details

After 26 January 2027, any person or entity wishing to carry out new regulated activity on a specific heat network must be authorised by Ofgem.

This authorisation application process will differ from registration in several ways. For example, we'll assess evidence submitted at this stage before approving or refusing an application.

Before you give us your views

You'll need to read the full details in the [Registration and authorisation application chapter](#) of the consultation (PDF, opens in new window).

8. Do you agree, partially agree, or disagree with proposals for the process of authorisation application? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation: The authorisation application process is crucial for ensuring that heat network operators meet necessary standards and obligations. Nonetheless, the proposed process may be too stringent for small or community-based operators, potentially creating barriers to entry or continued operation. Implementing a **more proportionate** approach that considers the scale and nature of the operator is advisable. This should include for a de-minimis entry threshold for specific types of heat network.

Overall, it could involve simplified application procedures or reduced requirements for smaller operators, ensuring that the regulatory framework supports a diverse range of heat network models without compromising essential consumer protections.

Making changes to a heat network authorisation

Summary

In this section, we explain how the process for making changes to a heat network authorisation will work. In particular, we want your feedback on:

- how this process will be managed and recorded
- why a heat network operator might choose to transfer an authorisation, and how this works
- why an authorisation might be revoked, and how this works

Details

How changes will be managed and recorded

Heat network operators must let us know about certain changes to their networks or activities. The authorised person or entity is responsible for keeping us informed.

We are developing a digital service to record and maintain this information.

Transferring an authorisation

We have proposed this process to make sure consumers' supply is not affected by the transfer of ownership or restructure of a regulated entity.

A transfer of authorisation might happen when:

the new entity applies for authorisation in relation to the networks and activities for which authorisation will be subject to transfer

we request an entity to undertake regulated activity in relation to a relevant heat network, and that entity agrees to do so

In managing the transfer, we may make appropriate modifications to the authorisation held by either entity.

Revoking an authorisation

Details of when we may revoke a heat network authorisation, partially or completely, appear in the [2024 consumer protection consultation](#).

An authorised heat network operator may choose to revoke their authorisation voluntarily, for example as part of the transfer process.

Before you give us your views

You'll need to read the full details in the [Making changes to a heat network authorisation chapter of the consultation](#) (PDF, opens in new window).

9. Do you agree, partially agree, or disagree with proposals for management and recording of changes to a heat network? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

The **management and recording of changes** to a heat network is essential for transparency, consumer protection, and regulatory oversight. However, they should account for the scale of the change and the nature and type of heat network (shared ground loop adding a borehole) v a high temp network adding multiple dwellings or changing the energy centre. ,

Proportionality is needed – Small networks should not be subject to the same detailed reporting and compliance requirements as large commercial heat providers.

Flexibility in record-keeping – Community-run networks often have informal but effective governance structures that ensure service continuity. These should be recognised as compliant alternatives where appropriate.

Administrative burden concerns – Excessive documentation requirements could **divert resources from service provision**, making it harder for small-scale operators to function efficiently and **DRIVE UP ENERGY COST FOR CONSUMERS**.

Recommendation:

Introduce a **tiered approach** where **smaller, community-led networks** have **simplified change management processes**, ensuring compliance **without unnecessary administrative burdens AND appropriate de minimis thresholds**.

10. Do you agree, partially agree, or disagree with proposals for the transfer and revocation of heat network authorisation? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

The ability to **transfer or revoke heat network authorisation** is important for ensuring accountability and consumer protection. However, the proposed approach **does not sufficiently account for the governance and asset-lock protections in co-operatives and community-owned networks**.

Key Concerns:

- **Co-operatives and CICs already have asset transfer mechanisms** – The regulation should clarify how **Ofgem's authority interacts with existing CIC or co-operative rules** to avoid conflicts over asset ownership.

- **Revocation could create unintended disruptions** – Immediate revocation **could undermine local community investment in heat networks**. There should be a **structured transition process**, allowing community organisations or local authorities to step in.
- **Proportionality in transfer conditions** – Small-scale networks should have a **simpler, low-cost transfer process**, especially for community-led projects.

Recommendation:

- Recognise **existing community ownership models** and ensure **co-op and CIC transfer rules align with Ofgem’s framework**.
- Allow **pre-approved local organisations** (e.g., other co-ops, local councils) to take over failing networks rather than defaulting to commercial ownership.
- Implement **gradual revocation mechanisms** to prevent disruption to service users.

Without these considerations, **community-led heat networks could face unnecessary administrative barriers, reducing their viability and resilience**.

Monitoring

Summary

In this section, we explain how our proposed monitoring framework will ensure heat networks meet their obligations. We also explain how it will give us oversight in the market.

In particular, we want your feedback on our approach to implementing the framework, and the proposed:

- reporting metrics
- reporting levels
- reporting frequency
- start date of ongoing monitoring

Details

Approach to implementing the monitoring framework

The monitoring framework will run alongside the Heat Networks Technical Standards reporting overseen by the Code Manager.

The relevant rules for the particular heat network authorisation will dictate reporting requirements. We will provide these requirements in a Request for Information (RFI).

We will gather regular monitoring data either as a declaration (Yes or No) or as a data point, via our digital service.

Reporting metrics

Our proposed regular data reporting metrics fall broadly into the following categories:

- general heat network information
- step-in and financial monitoring
- billing and payment method
- meter installation and changes
- pricing
- vulnerability and debt
- quality of service

Details on the individual metrics are included in the relevant section of the consultation document. You'll find it in the 'Before you give us your views' section this page.

Reporting levels

We propose collecting regular monitoring data at 3 levels of reporting:

- authorisation level (collected from the authorised supplier or operator)
- heat network level (for metrics where we need oversight of individual district or communal heat networks within an authorisation)
- building level (for district networks where we need information from individual buildings within the network)

The level of reporting will depend on the metric in question.

Reporting frequency

We want to use quarterly reporting as the baseline frequency for the majority of metrics. This is similar to a range of reporting in the gas and electricity retail market.

We want to use annual reporting for financial information and metrics that are not expected to change frequently.

Before you give us your views

You'll need to read the full details in the [Monitoring chapter](#) of the consultation (PDF, opens in a new window).

11. Do you agree, partially agree or disagree with the proposed monitoring metrics and the level at which they will be reported?

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

Monitoring is essential for transparency and consumer protection, but the **proposed metrics may**

place a disproportionate burden on small, community-led heat networks, such as co-operatives and CICs.

Key Concerns:

- **Excessive reporting requirements** – Small networks, often run by volunteers, may **lack the resources** to meet **complex data collection and reporting obligations** in the same way as large commercial operators.
- **Lack of proportionality** – There is **no differentiation** in reporting requirements between **large investor-led networks and small not-for-profit schemes**.
- **Potential costs of compliance** – Regular reporting could **create financial and administrative strain** on smaller networks, diverting funds from service provision.

Recommendation:

- **Introduce tiered reporting requirements** – Small community-led networks should have **simpler, less frequent reporting obligations** compared to large commercial operators.
- **Allow alternative compliance routes** – Recognise **internal governance mechanisms in co-ops and CICs** as valid reporting structures.
- **Reduce unnecessary administrative burdens** – Ensure that reporting is **focused on key consumer protection outcomes**, rather than excessive data collection.

Without these adjustments, **small-scale heat networks may struggle to comply, limiting community investment and participation in local energy projects**.

12. Do you agree, partially agree or disagree with the proposed reporting frequencies outlined? If you do not agree, please explain how you think they should differ for segments of the market.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

12. Do you agree, partially agree, or disagree with the proposed reporting frequencies outlined?

Answer: Partially agree

Explanation:

Regular reporting is important for transparency and consumer protection, but **the proposed frequencies do not sufficiently differentiate between large commercial networks and small, community-led, not-for-profit networks** such as **co-operatives and CICs**.

Key Concerns:

- **One-size-fits-all approach** – Requiring **small co-operative heat networks to report as frequently as large commercial operators** is disproportionate.

- **Administrative burden on small networks** – Frequent reporting could **divert resources away from service provision**, making community-led networks less viable.
- **Lack of market segmentation, NOTABLY FOR COMMUNITY LED PROJECTS.** Different market segments should have **tailored reporting frequencies**, reflecting ownership, governance, technology and operating risk, size, complexity, and financial capacity.

Recommendation:

- **Introduce a tiered reporting system** – Large networks should have **frequent, detailed reporting**, while **smaller, community-led networks should have simplified, less frequent requirements**.
- **Annual reporting for small networks** – Instead of quarterly reports, **small co-operatives and CICs could report annually**, reducing administrative strain while maintaining oversight.
- **Proportional compliance obligations** – Recognise **the existing accountability mechanisms in co-operatives and social enterprises**, reducing unnecessary regulatory duplication.

Without **proportional adjustments**, frequent reporting **could place unnecessary financial and administrative burdens on small community-run networks**, discouraging local heat network initiatives.

13. Do you agree, partially agree or disagree with the overall approach for implementing the monitoring framework?

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

The **monitoring framework** is essential for ensuring transparency and consumer protection, but the **current approach does not sufficiently account for the different operational capacities of community-led and small-scale heat networks** such as **co-operatives and CICs**.

Key Concerns:

- **Disproportionate burden on small networks** – Applying the **same level of monitoring to all operators** could create excessive costs and administrative strain on **not-for-profit, community-led networks**.
- **Lack of differentiation between market segments** – **Large commercial heat networks and small, locally-run schemes should not have identical reporting and compliance requirements**.
- **Potential discouragement of local investment** – **Excessive regulatory oversight may deter community groups from setting up new heat networks**, reducing local energy resilience.

Recommendation:

- **Include a new market segment for community led projects (Community Interest Company, Community Benefit Society etc)**
- **Recognise and account for consumer protections built into these community models.** Co-operatives and CICs already have internal accountability mechanisms, which should be accepted as part of compliance.
- **Proportionate monitoring requirements** – Introduce a **tiered system** where **small, community-led networks have simplified compliance obligations** compared to large commercial operators.
- **Reduce unnecessary data collection** – Ensure that **monitoring focuses on key service quality and consumer protection indicators**, avoiding excessive bureaucracy.

Without these adjustments, the **monitoring framework could unintentionally create financial and administrative barriers** for **small, community-run heat networks**, limiting their ability to provide sustainable, local heat solutions.

Audit

Summary

In this section, we explain our proposed approach to audit, and how we intend to implement an audit programme that takes account of proportionality and regulatory burden across the range of heat networks.

We want your feedback on the overall approach, and in particular:

- the approach to the implementation of the audit programme
- whether the approach is proportional
- the proposed sampling methods
- segmentation

Details

Approach to audit

The proposed audit programme will serve as an assurance process, making sure policies and procedures are in place for:

- data quality
- data recording
- providing data to Ofgem.

The scope and coverage of an audit will be based on information provided at the registration stage, and on data monitoring requirements.

In general, we propose that audits cover the authorised entity rather than specific sites. We may also undertake some site-specific audits where we believe it is appropriate.

Future guidance will provide more detail on our overall process, including our approach to identifying heat networks we will audit, and how long audits will last.

Segmentation and sampling

To ensure our approach to audit is proportionate, we expect to base audits on sampling covering different heat network types and market segments. We will also seek to audit those networks we believe could be causing consumer detriment, based on monitoring data and other intelligence.

We propose using sampling techniques to implement a risk-based approach to auditing. We expect to use both targeted sampling (intelligence gathered and used to identify risk) and random sampling (sample of heat networks to cover all segments of the market).

We expect to use different sample audit methods depending on factors like risk and compliance actions.

Before you give us your views

You'll need to read the full details in the [Audit chapter](#) of the consultation (PDF, opens in a new window).

14. Do you agree, partially agree, or disagree that this is the right approach to the implementation of an audit programme within heat networks? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

Auditing is important for **ensuring accountability and consumer protection**, but the **proposed audit programme does not sufficiently consider the financial and administrative constraints of small, community-led heat networks**, such as **co-operatives and CICs**.

Key Concerns:

- **High cost of independent audits** – Mandating **external audits** could be **too costly for small, not-for-profit heat networks**, diverting funds from essential operations.
- **Disproportionate regulatory burden** – The **same audit requirements for large investor-owned networks and small co-operatives is not appropriate**.
- **Potential duplication of oversight** – **Co-operatives and CICs already have internal governance and financial transparency mechanisms**—forcing additional audits may be unnecessary.

Recommendation:

- **Introduce a tiered audit system** – Large commercial operators should have **more rigorous independent audits**, while **small, community-led networks should be allowed to use internal governance mechanisms** for compliance.
- **Allow co-operative governance structures to count as audit compliance** – Recognise **member-led oversight in co-operatives and not-for-profit models** as a valid alternative to external audits.
- **Reduce audit frequency for smaller networks** – Instead of frequent audits, **small networks should only be audited periodically or upon consumer complaints**.

Without these adjustments, **the audit programme could create excessive financial and administrative burdens, discouraging community ownership of heat networks and reducing local investment in sustainable energy projects.**

15. Do you agree, partially agree or disagree with both a risk-based as well as a randomised sampling approach? What are the main risks and benefits to implementing this approach?

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

A **risk-based approach** is essential to **prioritise audits and interventions where issues are most likely to arise**, but **randomised sampling must be applied proportionally** to avoid **placing unnecessary burdens on small, community-led heat networks** such as **co-operatives and CICs**.

Main Benefits:

- **Targets high-risk operators** – Ensures **resources are focused** on networks with a history of poor performance or consumer complaints.
- **Improves consumer protection** – Identifies systemic issues **without requiring excessive oversight for well-run networks**.
- **Provides regulatory fairness** – Reduces the likelihood of **biased enforcement**, ensuring all networks are subject to scrutiny.

Main Risks:

- **Overly frequent randomised sampling may impose unnecessary audits on well-performing small networks**, increasing administrative burdens.
- **Small co-operative networks could be disproportionately impacted** if they are subject to audits **at the same frequency as large commercial networks**.
- **Risk of discouraging local investment** – Excessive randomised auditing may deter **community groups from setting up new heat networks**, fearing compliance costs.

Recommendation:

- **Prioritise a risk-based approach**, ensuring **problematic operators receive greater scrutiny** while **low-risk, community managed networks are not burdened with excessive audits**.
- **Limit random sampling for small networks**, ensuring that **community-led, well-run schemes are not unnecessarily penalised**.
- **Recognise existing governance structures in co-operatives and not-for-profits as valid compliance mechanisms**, reducing redundant audits.

Without these adjustments, **randomised audits could place unnecessary financial and administrative pressure on small-scale, community-led heat networks, limiting their ability to provide affordable, sustainable heat solutions.**

16. Is the approach to audit proportional? Do you agree, partially agree or disagree with the approach to segmentation to help address this?

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

The segmentation approach **is a step in the right direction**, but **it does not include for a community led market segment, with well tested and proven consumer protection mechanisms built in. (CIC/CBS/Cooperatives).**

Key Concerns:

- **Audit requirements may still be excessive for small networks** – While segmentation is intended to make auditing proportional, **smaller, community-led heat networks should have simpler, lower-cost audit requirements**.
- **Lack of clear distinction for community led models. Co-operatives and CICs already have financial oversight through their governance structures**, which should be recognised in the segmentation approach.
- **Risk of discouraging new community heat projects**

Recommendation:

- **Further refine segmentation** – Introduce a **distinct category for community-led networks**, ensuring **lighter regulatory burdens** for smaller operators.
- **Adjust audit frequency and requirements based on size and risk level** – Large, investor-owned heat networks **should face more frequent audits** than small, well-governed, community-led schemes.

- **Recognise co-operative governance structures** – Allow **member-led oversight mechanisms** to count as **compliance for audits**, reducing redundant administrative work.

Without these refinements, the **audit framework may still place disproportionate burdens on small, community-run heat networks**, making them **less viable despite their social and environmental benefits**.

Compliance and enforcement

Summary

In this section we explain the range of compliance and enforcement approaches we will adopt, informed by our market-wide monitoring.

We want your feedback on our overall strategy to compliance and enforcement, and in particular:

- the proposed authorisation condition placing a duty on heat networks to take action to come into compliance
- the proposed areas of initial focus for compliance activity

Details

Overall strategy, and actions heat networks should take to come into compliance

Our compliance activity will take into account the diversity in the market. This will help ensure that heat networks:

- understand their obligations
- can self-report when non-compliance occurs
- can take steps to make the improvements required

In line with this approach, we want heat network operators to be open and cooperative with us. We also want heat networks to take any action required to come into compliance.

We are proposing these requirements be covered in authorisation conditions.

Initial focus

Our initial focus will include actions to:

- ensure heat networks register
- ensure the accurate and timely submission of data
- assess declarations made at registration for compliance with authorisation conditions

These actions will be in line with the introduction of our monitoring and audit processes.

We will also consider where we might need to focus compliance activity based on risks, including priorities for consumer protection or particular market segments.

Before you give us your views

You'll need to read the details in the [Compliance and enforcement chapter](#) of the consultation (PDF, opens in a new window).

17. Do you agree that the approach outlined for compliance and enforcement will help ensure heat networks meet their obligations, including the proposed authorisation condition placing a duty on heat networks to take action to lead to compliance? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

Ensuring **compliance and enforcement is critical for consumer protection**, but the **proposed approach does not sufficiently differentiate between large commercial heat networks and small, community-led, not-for-profit operators**, such as **co-operatives and CICs**.

Key Concerns:

- **Lack of proportionality in enforcement actions** – The same **compliance expectations for large investor-owned heat networks and small, locally-run schemes** could create unnecessary burdens on co-operatives.
- **Risk of financial strain on small operators** – Small, **not-for-profit networks may struggle to afford the legal and administrative costs of compliance enforcement**, leading to potential service disruptions.
- **Failure to recognise existing governance structures** – **Co-operatives and CICs already have democratic oversight and accountability mechanisms**, which should be considered a **form of self-regulation** rather than imposing additional compliance measures.

Recommendation:

- **Recognise co-operative governance structures** – Allow **member-led oversight mechanisms**.
- **Introduce a tiered enforcement approach** – Small, community-led heat networks **should have compliance support rather than immediate penalties**, whereas **large, investor-backed networks should face stricter enforcement**.
- **Recognise existing consumer protection mechanisms in co-operatives** – Allow **internal governance structures in co-ops and CICs to count as compliance efforts**.
- **Offer compliance assistance rather than punitive measures** – Community-led networks **should receive regulatory support** to meet obligations, rather than facing **harsh financial penalties**.

Without these refinements, **small-scale, community-led heat networks could be disproportionately impacted**, making it harder for **local, not-for-profit projects to operate successfully**.

18. Do you agree, partially agree, or disagree with the proposed areas of initial focus for compliance activity? Please explain your answer.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Partially agree

Explanation:

The **initial focus on consumer protection, fair pricing, and service reliability is important**, but the **compliance approach does not sufficiently differentiate between large commercial heat networks and small, or not for profit networks and does not account at all for community-led networks**, such as **co-operatives and CICs**.

Key Concerns:

- **Disproportionate compliance burden on small operators** – Applying the **same compliance expectations to small, community-led networks as to large commercial heat suppliers could create unnecessary financial and administrative pressures**.
- **Failure to recognise existing accountability mechanisms** – **Co-operatives and CICs already operate with democratic oversight**, meaning their **consumer protections are built-in**, and **additional compliance measures should not duplicate this**.
- **Potential barriers to community heat network growth** – **Overly strict initial compliance measures could discourage new community heat networks**, reducing local investment in sustainable energy solutions.

Recommendation:

- **Recognise co-operative governance structures** and account for their own internal consumer protections
- **Introduce proportional compliance requirements** – Small, community-led networks **should have simpler, lower-cost compliance measures** compared to large investor-owned networks.
- **Recognise existing consumer protections in co-operatives and CICs** – Allow **member-led governance mechanisms to count toward compliance efforts**.
- **Focus on high-risk networks first** – Initial compliance activity should **target networks with a history of poor service or consumer complaints**, rather than imposing burdens on well-run community schemes.

Without **these refinements**, the **compliance approach may place unnecessary burdens on small, community-led heat networks**, making them **less viable despite their social and environmental benefits**.

Guidance

Summary

In this section, we explain the initial topics we intend to issue guidance on. This guidance will help regulated entities to understand their obligations, and to engage with us.

We welcome feedback on any of these topics. We also want your help to identify any other relevant areas you believe we should provide guidance on.

Details

Due to lack of familiarity with regulation in this sector, we expect to issue extensive guidance on a range of subjects, including:

- scope and boundaries of authorisation
- the proposed single-operator approach
- types of relevant heat networks and consumer types
- using our digital service
- ongoing obligations, including authorisation conditions, special and specific conditions, reporting requirements and consumer protections policies and procedures
- making changes to a heat network authorisation
- monitoring and audit

We expect this guidance to evolve over time.

Before you give us your views

You'll need to read the details in the [Guidance chapter](#) of the consultation (PDF, opens in a new window).

19. Are there other areas related to the topics covered by this consultation that you think we should provide guidance for? Please provide details.

Agree

Partially agree

Disagree

Please use this text box to give us more details.

Answer: Agree

Explanation:

Community led heat networks need to be recognised in their own right and a sensible de minimis threshold needs to be introduced for small scale shared ground loop and self supply systems.

Further consideration is required for the 'lighter touch' regulation that would be appropriate for community led heat networks (such as **co-operatives and CICs**), that ensure **proportional compliance measures, that recognise existing, well established consumer protection procedures within the established governance models of these organisations (CIC/CBS/Cooperative), that do not impose excessive burdens on these community led networks, and that do not drive up energy costs for this market segment.**

Key recommendations

1. **New market segment for community led heat networks.**
 - Recognise **member-led democratic structures in co-ops as valid consumer protection and oversight mechanisms**, reducing redundant compliance burdens.

2. **Clear Definition of Not-for-Profit Networks**

3. **Introduce a de-minimis threshold for regulation, for shared ground loop and self supply systems. We would propose that schemes of 10 dwellings or fewer should be excluded from regulation.**

4. **Proportional Compliance & Reporting Requirements**
 - Provide **detailed guidance on how reporting and audit requirements will scale for smaller, locally run networks.**

5. **Guidance on Access to Financial Support for Small Networks**
 - Provide **support mechanisms for smaller operators to meet compliance obligations without disproportionate financial strain.**

6. **Regulatory Clarity on Asset Transfer & Revocation Rules**
 - Ensure **alignment between Ofgem's regulatory framework and existing asset lock protections under CIC and co-operative laws.**