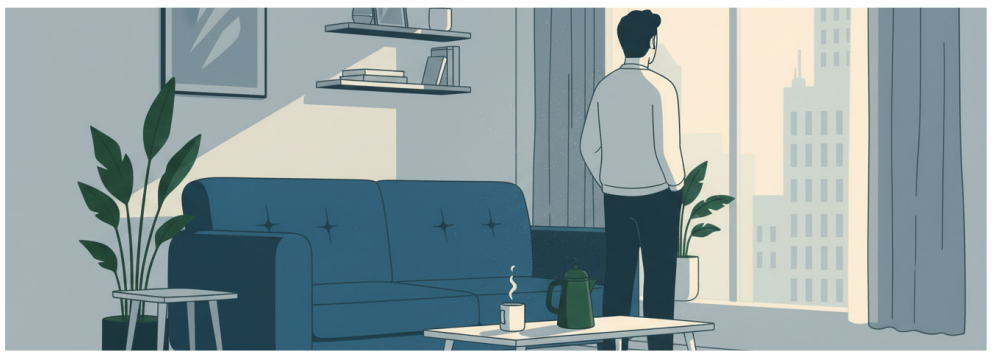


Let's Talk...

A day in the life of a heat tariff

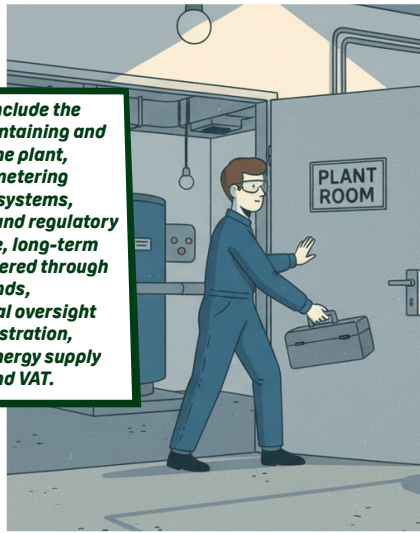
You only see one number.

When your heat bill arrives, it may include different elements. Together, they reflect both the running of the system and the heat used in your home. Behind them is a structure designed to keep your building warm, safe and operating reliably.

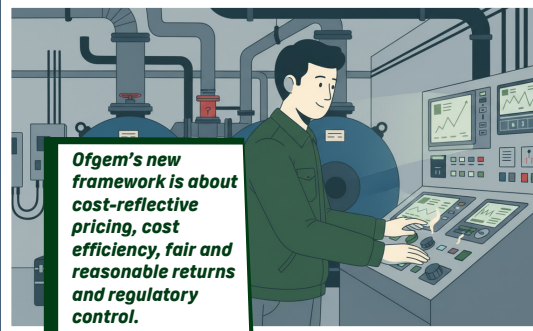


Keeping the system ready.

Part of your payment may cover the essential running costs of the network itself, the fixed elements that keep everything operational whether you use a little heat or a lot.



That may include the cost of maintaining and servicing the plant, operating metering and billing systems, insurance and regulatory compliance, long-term repairs covered through planned funds, professional oversight and administration, standing energy supply charges, and VAT.



Ofgem's new framework is about cost-reflective pricing, cost efficiency, fair and reasonable returns and regulatory control.

Designed to operate efficiently.

Heat networks are regulated to operate efficiently.

Costs must reflect real expenditure, and returns must be fair and reasonable under Ofgem's new framework.

The heat you use.

The second part of your tariff reflects consumption.

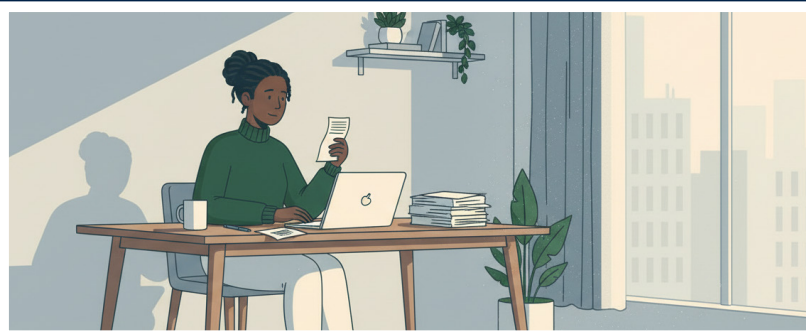


It is influenced by the cost of incoming energy, how efficiently the plant converts it into heat, and how effectively it is distributed throughout the building, as well as VAT.

Each year, heat network costs are reviewed to ensure charges reflect actual expenditure. If adjustments are needed, they are made in a transparent and proportionate way.

How billing has worked historically.

Historically, some heat costs have been recovered through the service charge. This remains permitted for both metered and unmetered systems. Where homes are not yet individually metered, costs are usually allocated in accordance with the lease. Under new technical standards, more networks will move toward direct metering via a metering and billing agent, improving transparency and performance monitoring.



Clarity. Fairness. Oversight.

Under the new regulatory framework, heat pricing must be transparent, cost-reflective, and efficient. Returns must be fair and reasonable, with regulatory oversight in place.

The objective is clear: consumers pay a fair and proportionate price for reliable heat.

