



Energy Act 2023

2023 CHAPTER 52

PART 8

HEAT NETWORKS

CHAPTER 1

REGULATION OF HEAT NETWORKS

216 Relevant heat network

(1) In this Chapter, “relevant heat network” means—

- (a) a district heat network, or
- (b) a communal heat network.

(2) In [this section](#)—

“communal heat network” means a heat network by means of which heating, cooling or hot water is supplied only to a single building divided into separate premises or persons in those premises;

“district heat network” means a heat network by means of which heating, cooling or hot water is supplied to two or more buildings or persons in those buildings;

“heat network” means a network that, by distributing a liquid or a gas, enables the transfer of thermal energy for the purpose of supplying heating, cooling or hot water to a building or persons in that building (and includes any appliance the main purpose of which is to heat or cool the liquid or gas).

(3) For the purposes of [subsection \(2\)](#), a network is not excluded from being a heat network only by reason of its being designed to rely wholly or in part on heat pumps particular to the buildings or premises served by the network.

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- (4) The Secretary of State may by regulations amend this section for the purposes of changing the definitions of “relevant heat network”, “district heat network”, “communal heat network” and “heat network”.
- (5) Regulations under this section are subject to the affirmative procedure.

217 The Regulator

- (1) In this Chapter, “the Regulator” means—
 - (a) in relation to England and Wales and Scotland, the GEMA, and
 - (b) in relation to Northern Ireland, the NIAUR.
- (2) The Secretary of State may by regulations provide for functions of the Regulator in relation to England and Wales and Scotland to be carried out, to the extent specified in the regulations, by a person or body other than the GEMA.
- (3) The Department may by regulations provide for functions of the Regulator in relation to Northern Ireland to be carried out, to the extent specified in the regulations, by a person or body other than the NIAUR.
- (4) The Secretary of State may by regulations make such amendments of this Part as appear to the Secretary of State to be appropriate in consequence of provision made by virtue of [subsection \(2\)](#) or [\(3\)](#).
- (5) The Department may by regulations make such amendments of this Part as appear to the Department to be appropriate in consequence of provision made by virtue of [subsection \(3\)](#).
- (6) Regulations made by the Secretary of State under this section are subject to the affirmative procedure.
- (7) The power of the Department to make regulations under this section is exercisable by statutory rule for the purposes of the Statutory Rules (Northern Ireland) Order 1979 ([S.I. 1979/1573 \(N.I. 12\)](#)).
- (8) Regulations made by the Department under this section may not be made unless a draft of the regulations has been laid before and approved by a resolution of the Northern Ireland Assembly.

218 Alternative dispute resolution for consumer disputes

- (1) The Department may by regulations amend the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 ([S.I. 2015/542](#)) so as to provide for a person who, or a body which, from time to time carries out to any extent in relation to Northern Ireland the functions conferred on the Regulator by this Chapter to be a competent authority for the purposes of those regulations.
- (2) The power of the Department to make regulations under this section is exercisable by statutory rule for the purposes of the Statutory Rules (Northern Ireland) Order 1979 ([S.I. 1979/1573 \(N.I. 12\)](#)).
- (3) Regulations made by the Department under this section may not be made unless a draft of the regulations has been laid before and approved by a resolution of the Northern Ireland Assembly.

219 Heat networks regulations

- (1) The appropriate authority may by regulations make provision for the purposes of—
 - (a) regulating relevant heat networks, or
 - (b) conferring powers in relation to the development or maintenance of relevant heat networks.
- (2) [Schedule 18](#) contains further provision about the power to make regulations under [this section](#).
- (3) The provision made in [Schedule 18](#) is without prejudice to the generality of subsection (1).
- (4) Regulations under this section may—
 - (a) contain such consequential, incidental, supplementary, transitional or saving provisions as the appropriate authority considers appropriate;
 - (b) make different provision for different purposes;
 - (c) provide for a person to exercise discretion in dealing with any matter.
- (5) Regulations made by the Secretary of State by virtue of [subsection \(4\)\(a\)](#) may include—
 - (a) provisions amending or repealing an Act of Parliament, an Act or Measure of Senedd Cymru or Northern Ireland legislation;
 - (b) provisions amending the Heat Networks (Scotland) Act 2021 ([asp 9](#)).
- (6) Regulations made by the Department by virtue of [subsection \(4\)\(a\)](#) may include provisions amending or repealing Northern Ireland legislation.
- (7) Before making any regulations under this section, the appropriate authority is to consult such persons or bodies as it may consider appropriate.
- (8) It is immaterial for the purposes of [subsection \(7\)](#) whether consultation is carried out before or after the coming into force of [this section](#).
- (9) In this section “the appropriate authority” means—
 - (a) in relation to England and Wales and Scotland, the Secretary of State;
 - (b) in relation to Northern Ireland, the Department.

220 Regulations made by Secretary of State: consultation with devolved authorities

- (1) This section applies where—
 - (a) the Secretary of State proposes to make regulations under [section 219](#) by virtue of any of [Parts 3, 4, 5, 7, 8, 10, 11 and 12](#) of [Schedule 18](#), and
 - (b) the regulations contain—
 - (i) in the case of regulations made by virtue of [Part 3, 4, 7, 8, 10, 11 or 12](#) of [Schedule 18](#), provision within Scottish devolved competence;
 - (ii) in the case of regulations made by virtue of [Part 5](#) of [Schedule 18](#), provision within Welsh devolved competence.
- (2) Before making the regulations, the Secretary of State must give notice—
 - (a) stating that the Secretary of State proposes to make the regulations,
 - (b) setting out or describing—

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- (i) so far as the regulations are made as mentioned in [subsection \(1\)\(b\)\(i\)](#), the provision within Scottish devolved competence,
 - (ii) so far as the regulations are made as mentioned in [subsection \(1\)\(b\)\(ii\)](#), the provision within Welsh devolved competence, and
 - (c) specifying the period (of not less than 28 days from the date on which the notice is given) within which representations may be made with respect to those provisions,
- and must consider any representations duly made and not withdrawn.
- (3) A notice under [subsection \(2\)](#) must be given to each relevant devolved authority, that is to say—
 - (a) the Scottish Ministers, if the regulations are made as mentioned in [subsection \(1\)\(b\)\(i\)](#) and contain provision within Scottish devolved competence;
 - (b) the Welsh Ministers, if the regulations are made as mentioned in [subsection \(1\)\(b\)\(ii\)](#) and contain provision within Welsh devolved competence.
 - (4) The Secretary of State need not wait until the end of the period specified under [subsection \(2\)\(c\)](#) before making regulations if, before the end of that period, each relevant devolved authority to which the notice was given has confirmed that it has made any representations it intends to make with respect to the provision referred to in [subsection \(2\)\(b\)\(i\)](#) or [\(ii\)](#) (as the case may be).
 - (5) The Secretary of State must, if requested to do so by a relevant devolved authority, give the authority a statement setting out whether and how representations made by the authority with respect to the provision referred to in [subsection \(2\)\(b\)\(i\)](#) or [\(ii\)](#) (as the case may be) have been taken into account in the regulations.
 - (6) For the purposes of this section, provision—
 - (a) is within Scottish devolved competence if it would be within the legislative competence of the Scottish Parliament if it were contained in an Act of that Parliament;
 - (b) is within Welsh devolved competence if it would be within the legislative competence of Senedd Cymru if it were contained in an Act of the Senedd (ignoring any requirement for the consent of a Minister of the Crown imposed under Schedule 7B to the Government of Wales Act 2006).

221 Heat networks regulations: other provision about procedure

- (1) The first regulations to be made by the Secretary of State under [section 219](#) are subject to the affirmative procedure.
- (2) The following regulations made by the Secretary of State are also subject to the affirmative procedure—
 - (a) regulations under [section 219](#) which are made by virtue of—
 - (i) [paragraph 12\(1\)](#) of [Schedule 18](#),
 - (ii) [paragraph 23\(1\)](#) of [Schedule 18](#),
 - (iii) [paragraph 32](#) of [Schedule 18](#),
 - (iv) any provision of [Part 8](#) or [9](#) of [Schedule 18](#), or
 - (v) [paragraph 56](#) of [Schedule 18](#);

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- (b) regulations under [section 219](#) which create an offence or provide for an increase in the penalty for an existing offence;
 - (c) regulations under [section 219](#) which amend or repeal any provision of legislation mentioned in [section 219\(5\)](#).
- (3) Any other regulations made by the Secretary of State under [section 219](#) are subject to the negative procedure.
- (4) The power of the Department to make regulations under [section 219](#) is exercisable by statutory rule for the purposes of the Statutory Rules (Northern Ireland) Order 1979 (S.I. 1979/1573 (N.I. 12)).
- (5) The first regulations to be made by the Department under [section 219](#) may not be made unless a draft of the regulations has been laid before and approved by a resolution of the Northern Ireland Assembly.
- (6) Regulations made by the Department under [section 219](#) containing any of the following regulations (whether alone or with other regulations) may not be made unless a draft of the regulations has been laid before and approved by a resolution of the Northern Ireland Assembly—
- (a) regulations under [section 219](#) which are made by virtue of—
 - (i) [paragraph 12\(1\)](#) of [Schedule 18](#),
 - (ii) [paragraph 32](#) of [Schedule 18](#),
 - (iii) any provision of [Part 8](#) or [9](#) of [Schedule 18](#), or
 - (iv) [paragraph 56](#) of [Schedule 18](#);
 - (b) regulations under [section 219](#) which create an offence or provide for an increase in the penalty for an existing offence;
 - (c) regulations under [section 219](#) which amend or repeal any provision of Northern Ireland legislation.
- (7) Any other regulations made by the Department under [section 219](#) are subject to negative resolution within the meaning of [section 41\(6\)](#) of the Interpretation Act (Northern Ireland) 1954 (c. 33 (N.I.)).

222 Recovery of costs by GEMA and NIAUR

- (1) The conditions of a licence under [section 7](#), [7ZA](#), [7A](#) or [7AB](#) of the Gas Act 1986 or [section 6](#) of the Electricity Act 1989 may require payment by the licence holder of sums relating to costs within [subsection \(2\)](#).
- (2) The costs within this subsection are—
- (a) costs of the GEMA—
 - (i) under regulations made under [section 219](#), or
 - (ii) in its capacity as the licensing authority for the purposes of the Heat Networks (Scotland) Act 2021 ([asp 9](#)), if the GEMA is designated as such under [section 223\(1\)](#) of this Act,
 - (b) costs of a person other than the GEMA in carrying out, by virtue of [section 217\(2\)](#) or [paragraph 5](#) of [Schedule 18](#), functions of the Regulator,
 - (c) costs of holders of licences issued under [Part 4](#) of [Schedule 18](#) (code manager licences),

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- (d) costs incurred by the Secretary of State in giving financial assistance under regulations made by virtue of paragraph 50 of [Schedule 18](#) (special administration regime),
 - (e) costs incurred by a person or body in providing, or arranging for the provision of, consumer advocacy and advice in relation to heat network consumers, and
 - (f) costs not within any of paragraphs (a) to (e) incurred by a person in exercising a function in relation to heat networks in England, Wales or Scotland (whether by virtue of regulations under [section 219](#) or otherwise).
- (3) The conditions of a licence under Article 8 of the Gas (Northern Ireland) Order 1996 ([S.I. 1996/275 \(N.I. 2\)](#)) or Article 10 of the Electricity (Northern Ireland) Order 1992 ([S.I. 1992/231 \(N.I. 1\)](#)) may require payment by the licence holder of sums relating to costs within [subsection \(4\)](#).
- (4) The costs within this subsection are—
- (a) costs of the NIAUR under regulations made under [section 219](#),
 - (b) costs of a person other than the NIAUR in carrying out, by virtue of [section 217\(3\)](#) or paragraph 5 of [Schedule 18](#), functions of the Regulator,
 - (c) costs incurred by the Department in giving financial assistance under regulations made by virtue of paragraph 50 of [Schedule 18](#) (special administration regime),
 - (d) costs incurred by a person or body in providing, or arranging for the provision of, consumer advocacy and advice in relation to heat network consumers, and
 - (e) costs not within any of paragraphs (a) to (d) incurred by a person in exercising a function in relation to heat networks in Northern Ireland (whether by virtue of regulations under [section 219](#) or otherwise).

223 Heat networks: licensing authority in Scotland

- (1) The Secretary of State may by regulations designate the GEMA as the licensing authority for the purposes of the Heat Networks (Scotland) Act 2021 ([asp 9](#)).
- (2) Regulations under [subsection \(1\)](#) are subject to the affirmative procedure.
- (3) In section 4 of the Heat Networks (Scotland) Act 2021 (meaning of “licensing authority”)—
 - (a) at the beginning insert “(1)”;
 - (b) after the subsection (1) so formed insert—
 - “(2) Subsection (1) is subject to subsection (3).
 - (3) If the Secretary of State designates the Gas and Electricity Markets Authority as the licensing authority for the purposes of this Act by regulations under [section 223\(1\)](#) of the Energy Act 2023, references in this Act to the licensing authority are references to the Gas and Electricity Markets Authority.”

224 Heat networks: enforcement in Scotland

- (1) The Secretary of State may by regulations amend the Heat Networks (Scotland) Act 2021 for the purpose of making provision about monitoring compliance with, or enforcement of, conditions of heat networks licences issued under [section 5\(5\)](#) of that Act.

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- (2) Regulations under [this section](#) may, in particular, make provision corresponding to the provision described in [paragraphs 6 to 10, 37 to 40, 43, 72 and 73](#) of [Schedule 18](#).
- (3) Regulations under [this section](#) must provide for an offence created by the regulations—
 - (a) to be triable only summarily, and
 - (b) to be punishable on conviction with imprisonment for a period not exceeding 3 months or a fine not exceeding level 1 on the standard scale (or both).
- (4) The Secretary of State may make regulations under this section only if the Secretary of State has also made regulations under [section 223\(1\)](#) (and those regulations are still in force).
- (5) Regulations under this section are subject to the affirmative procedure.

225 Interpretation of Chapter 1

In this Chapter—

“the Department” means the Department for the Economy in Northern Ireland;

“heat network” has the meaning given by [section 216](#);

“the NIAUR” means the Northern Ireland Authority for Utility Regulation;

“the Regulator” has the meaning given by [section 217](#);

“relevant heat network” has the meaning given by [section 216](#).