



**Léonie Cooper AM**  
**Chair of the Environment Committee**

Rt Hon Ed Miliband MP  
Secretary of State for Energy Security and Net Zero  
(Sent by email)

24 March 2026

Dear Ed,

**Urgent price protection needed for heat network customers**

Since November 2025, the London Assembly Environment Committee has been looking into the expansion of heat networks in London and the Government's proposals for new heat network 'zones'.<sup>1</sup> The Committee plans to publish a detailed report with recommendations in May 2026. Ahead of this report, we are writing to you to ask for urgent price protection for heat network customers given rising gas and electricity prices.

Through our investigation, we heard of the extreme increases in bills that many heat network customers suffered during the last energy price spike in 2021-22, when heat network customers were left exposed. Citizens Advice told us that the experience of people on heat networks has been "really quite stark in comparison to people on gas and electricity."<sup>2</sup>

Since then, new measures intended to strengthen protections for heat network customers have been introduced, including regulation by Ofgem.<sup>3</sup> However, we fear these reforms do not go far enough to shield heat network customers from current price shocks. Last year, as part of our investigation, we heard from Stephen Knight at the Heat Trust that "we need an equivalent to the price cap for

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<sup>1</sup> London Assembly Environment Committee [How can the GLA support heat network zones to reduce London's carbon emissions?](#)

<sup>2</sup> London Assembly Environment Committee [Transcript of meeting 8 January 2026, 10am Panel 1](#), p1

<sup>3</sup> UK Government [Regulations: heat networks \(metering and billing\)](#)

heat networks customers [...] in the same way that domestic energy is price capped.”<sup>4</sup> The escalating conflict in the Middle East and the closure of the Strait of Hormuz to shipping has brought into sharper focus the vulnerability of heat network customers to rising costs. Even prior to recent price rises, gas prices for customers in the United Kingdom were expected to be 50 per cent higher in March 2026 than in the winter of 2021–22.<sup>5</sup> The case for equivalent price protections for heat networks is now even more urgent.

Currently hundreds of thousands of Londoners rely on heat networks for hot water and heating, with more than half of all UK heat networks located in the capital.<sup>6</sup> The Government has also recently announced plans to double the number of homes on heat networks by 2035.<sup>7</sup> While decarbonised heat networks potentially improve energy security through the use of waste heat and renewable energy, most are currently still affected by price shocks while electricity prices are still linked to gas.<sup>8</sup>

**Recommendation 1: Ofgem should implement price protections for heat network customers as an urgent priority. This needs to be simple and understandable and give equivalent protections as domestic gas and electricity customers receive. The Government should pause its plans for expanding heat network zoning until these are in place.**

### *Capital costs for heat network upgrades*

The Committee has also heard evidence about high capital costs associated with upgrading existing heat networks to meet proposed new standards. Since the Government’s consultation on the Heat Network Technical Assurance Scheme (HNTAS), which is intended to address performance issues, will close in April before our report is published, we are taking this opportunity to share our initial thoughts.<sup>9</sup>

We heard significant concerns around how the scheme would likely lead to higher costs for customers. For example, the social housing provider Peabody told us that “it is going to be very expensive” to upgrade its heat networks.<sup>10</sup> It also said that making the improvements within eight years, as set out in the current proposals, “is going to be a real challenge.”<sup>11</sup> As a result, it said this is likely to be passed on to residents through higher bills, as Peabody “cannot be subsidising it too

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<sup>4</sup> Environment Committee [4 November meeting transcript](#) p12

<sup>5</sup> House of Commons [Gas and electricity prices during the 'energy crisis' and beyond](#) p5

<sup>6</sup> London Assembly Research Unit [Heat networks in London](#) p16

<sup>7</sup> UK Government [Warm Homes Plan](#) January 2026 p98

<sup>8</sup> Birger Lauersen, Policy Committee member at Euroheat and Power, an international heat network policy network, told us “by using waste heat and other local sources, you create value from what is available locally and save on imports, but you also disconnect from international fuel markets. I can mention from my own country, Denmark, the example during the energy crisis a couple of years ago, where the fuel prices went up in gas and other fuels; district heating consumers in Denmark enjoyed relatively modest increases in their heat prices.”; London Assembly Environment Committee [Transcript of meeting 4 November 2025, 10am](#) p2

<sup>9</sup> UK Government [Heat Network Technical Assurance Scheme \(HNTAS\)](#)

<sup>10</sup> London Assembly Environment Committee [Transcript of meeting 8 January 2026, 10am Panel 1](#) p11

<sup>11</sup> London Assembly Environment Committee [Transcript of meeting 8 January 2026, 10am Panel 1](#) p11

much.”<sup>12</sup> The Committee has also heard from leaseholders concerned that they may face significant additional costs.

We are concerned that without the appropriate safeguards from Government, the costs of upfront capital – particularly in social housing – could fall on leaseholders and residents.

**Recommendation 2: Where existing under-performing legacy heat networks in social housing are being upgraded to meet new standards, there should be price protection for leaseholders in terms of capital costs. This would require access to a capital fund provided by Government**

The Committee would welcome a response to this letter by 5 May 2026. Please send your responses to the Committee Clerk, Saleha Fazal (Saleha.Fazal@london.gov.uk).

Yours,

A handwritten signature in black ink, appearing to read 'Léonie Cooper', written in a cursive style.

**Léonie Cooper AM**  
**Chair of the Environment Committee**

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<sup>12</sup> London Assembly Environment Committee [Transcript of meeting 8 January 2026, 10am Panel 1](#) p11