

MAYOR OF LONDON

Gareth Roberts AM

Chair of the London Assembly Environment Committee
C/o Richard.Clarke@london.gov.uk

Our ref: MGLA090626-1497

Date: 3 August 2026

Dear Gareth,

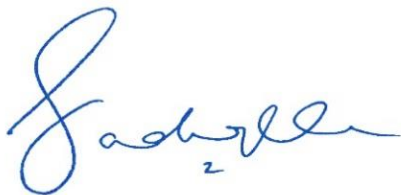
Thank you to the London Assembly Environment Committee for your heat networks report [Zoning: The Heat Networks Puzzle](#).

I really welcome your work to understand how heat networks could best serve Londoners, and this investigation was timely given the upcoming regulation of the sector. Heat networks are one key route to decarbonisation, but I am clear they must work well for London and Londoners, and my focus is the same as yours – ensuring that Londoners have access to clean, affordable energy that improves their living conditions, the environment of the city they call home and their health and wellbeing.

This is a rapidly developing area of work, which is reflected in the responses below, which recognise that we await some further detail from the Government and the regulator and are actively developing the role of the Greater London Authority (GLA) in response to this. Throughout this work, I will continue to be led by what is best for London and to focus on areas where the GLA can add value and achieve a unique impact as London's strategic authority.

The annex below provides further information on the actions I am taking in response to your recommendations.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small '2' written below the name.

Sir Sadiq Khan

Mayor of London

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Annex

Mayor of London's response to the recommendations of the London Assembly Environment Committee's report on Heat Network Zoning

Recommendation 1

Ofgem should implement price protections for heat network customers as an urgent priority. These need 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.

The Mayor welcomes the recent heat network consumer protection rules launched by Ofgem in January 2026 to start regulating the sector, and the progress being made around certain consumer protections, including fair and transparent pricing, billing requirements, standards of service and complaints handling.

The Mayor remains committed to ensuring that Londoners' interests are protected and will continue to engage with Ofgem and the Government on the design of future regulation to ensure a fair deal for Londoners.

The Mayor is committed to protecting Londoners from energy price shocks and using his power and influence to take action where appropriate, taking into account the intended and unintended consequences of different interventions. The Mayor is always seeking to ensure Londoners get a good deal on essentials like energy and will consider what interventions are within his power and influence to achieve that.

Recommendation 2

If the GLA continues to promote heat networks in the London Plan, it should take the lead in ensuring price protection for Londoners and establish a set of Fair Pricing Principles for all heat networks in London.

The London Plan will set out policy relating to heat networks that is consistent with forthcoming Heat Network Zoning regulations (statutory instrument) and established roles and responsibilities of others working in the sector, including Ofgem in its capacity as a regulator.

While Ofgem will continue to lead on the regulation of heat networks, including any price protections, Heat Network Zoning regulations state that for heat network zones, a Zone Coordination Body (ZCB) will be established. Part of the role of the ZCB will be to set out the strategic vision and outcomes for heat network zones, and this will include the principles around the pricing and cost of heat for the zone and ensuring costs are not disproportionate. The GLA is developing its position around what its future role in zone coordination could be, working closely with the rest of London's government.

Recommendation 3

The GLA should work with Ofgem and the Department of Energy Security & Net Zero (DESNZ) to develop a best practice guide, similar to an EPC rating that clearly gives a short introduction to the heat network, its efficiency levels, and explains heat network charges.

The Mayor agrees that there is a need for improved information on heat networks, for both existing consumers and consumers who may be connected to a heat network in the future.

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As part of its new role as the regulator of the heat networks sector, Ofgem is developing new standards on provision of information to existing consumers, building on principles established by the Heat Trust that are signposted in the current London Plan. These standards will apply to heat network operators. More broadly, Ofgem itself already provides consumer information on heat networks and transparency requirements, which is delivered nationally. ‘Providing consumers with information’ and ‘consumer engagement’ are two of the principles of the Ofgem rules. All the information for consumers of heat networks (e.g. introduction to the heat network, its efficiency, and explaining heat network charges) will also have to be included in a heat supply contract (a legal agreement between a heat network operator or supplier and a consumer).

All existing and new heat networks must comply with the Ofgem rules. The heat network operators have an obligation to register all heat networks of all sizes with Ofgem by January 2027. Heat Network Operators inside or outside of Heat Network Zones will have to comply with the Ofgem rules. The rules came into effect on 27 January 2026 and are available on [Ofgem’s website](#), as is the guidance.

An important component of the ZCB functions is anticipated to be the community engagement processes, including formalised consultations with residents affected. The GLA is developing its position around what its future role in zone coordination could be, working closely with the rest of London’s government.

Recommendation 4

Where existing under-performing legacy heat networks in social housing are being upgraded, there should be price protection for leaseholders in terms of capital costs. This would require access to a capital fund provided by government that could be administered by the GLA and low-cost loans to allow repayments to be made over an extended period.

The Mayor agrees that protecting leaseholders and social housing tenants from disproportionate capital costs when underperforming heat networks are being upgraded or decarbonised is a priority. This is particularly important given the Government is in the process of introducing new technical standards (Heat Network Technical Assurance Scheme) for the performance and upgrade of existing heat networks.

As such, the Mayor will continue to engage with the Government on funding routes to support upgrades of existing heat networks in London, including expanding schemes such as the Heat Network Efficiency Scheme (HNES) and Green Heat Network Fund (GHNF) and new financial models to ensure leaseholders and social housing tenants are not unfairly affected. It is noted that these opportunities are currently also being explored by the Government, and some additional funding support for HNES was extended earlier this year as part of the Warm Homes Plan.

In addition, the Mayor will continue to provide support to housing associations and boroughs that manage heat networks through his Zero Carbon Accelerator (ZCA) to develop feasibility studies and business cases to identify cost-effective routes to upgrade and decarbonise existing heat networks.

Recommendation 5

The GLA should review the existing reports it has received on the role of waste heat from data centres in London and commission further analysis of the environmental impacts of data centres to inform London Plan policy, including air quality impacts from back-up generators.

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Heat networks provide opportunities for data centres to operate more efficiently by providing a way for the waste heat from the data centre to be recovered and used. The GLA commissioned a study into optimising heat reuse from data centres in London, which found that over 300,000 homes could be heated from existing data centres alone, demonstrating the significant potential that could be harnessed from forthcoming data centre developments. The new draft London Plan, including its new data centres policy, has been informed by this and other evidence.

Going forward, the GLA will lead a whole-city partnership approach to support the sustainable growth of future data centre development that enables innovation in whole system energy planning, including embedding heat reuse as standard practice. This will include working closely with key stakeholders across the data centre industry, energy networks, regulators, industry, academia and boroughs to collect data, develop best practice and undertake further research.

Recommendation 6

The GLA should ensure that consultations around the specific heat network zones in London include meaningful consultation with residents. Where existing blocks of housing are required under zoning to connect to a heat network, residents' groups should be included in decisions about whether to buy heat or maintain existing heating systems – such as through a ballot.

Consultation with building occupants, including residents and resident groups where applicable, is included as part of the zoning process, and the requirements of the consultation process are set out in the regulations. Greater detail, including guidance to ZCBs, will be available once the Statutory Instrument goes live later this year. The GLA will be staying abreast of these developments to understand the role for the GLA and other parts of London's government, including boroughs, in delivering these responsibilities.

For existing housing, only those that already have communal heating will be directly impacted by zoning regulations, and engagement with consumers and residents will happen as part of the zoning process.

Recommendation 7

The Government should take action to lower electricity costs for heat networks, particularly given the energy security advantages and overall system benefits they give by smoothing peak demand and ensure these are passed on to customers through lower bills.

The Mayor agrees that the levies on electricity need to be rebalanced compared with gas to reduce the cost of electricity and reflect the fact that gas is a higher-carbon energy than electricity. Without this reduction in electricity costs, low-carbon heating solutions cannot be successfully delivered at scale. Ensuring that low-carbon solutions are affordable for Londoners is a priority for the Mayor, and he will continue to seek that the 'spark gap' is closed.

Recommendation 8

If the Government's plans for zoning proceed, the GLA should play a significant role in heat network zoning in London, including being the overall heat network co-ordinator for the city, and involved in each individual zone alongside local boroughs. It should also support the investment in large-scale infrastructure by establishing an 'Infrastructure for London' body, similar to Transport for London.

The Mayor agrees that the GLA should have a role in heat network zoning. The GLA is working with London Councils and London boroughs to identify, develop and agree on the best approach to delivering the ZCB role across London. This approach will focus on where the GLA can have the

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most strategic impact in the interests of Londoners, aligned with the Mayor's established priorities across energy, infrastructure and housing.

The Mayor's London Infrastructure Framework, published in March 2026, recommends establishing an Infrastructure Delivery Champion (IDC) to support delivery of the framework's prioritised projects, which include strategic heat networks and associated heat transmission infrastructure. Work is currently underway to explore and validate the strategic business case for an IDC, and a prospectus for the IDC will be completed by the autumn of 2026.

Recommendation 9

The GLA and TfL should work with heat network operators to minimise disruption for traffic during the construction phase of any new heat networks, while also ensuring cost burdens for heat network operators are avoided wherever possible.

The GLA's Infrastructure Coordination Service (ICS) has been working with regulated utilities since 2019 to put forward a 'dig once' approach, fostering collaborative streetworks and minimising disruption from planned upgrades. With the arrival of zoning, the ICS has been working to ensure heat networks are included within this practice and has commissioned work looking at how heat network delivery could be optimised, including aligning it with existing utility works where possible.

Recommendation 10

The GLA should develop a strategy for expanding support for heat network skills in partnership with the Mayor's Green Skills Hubs, including a requirement that each new heat network supports apprenticeships and training for new people to develop the skills required in the industry as they are needed.

There is a clear requirement for social value in the delivery of heat networks, and this can be developed in each zone and set out in zonal market prospectuses published by the ZCBs. The Mayor has always agreed that local energy projects such as heat networks should be delivered to maximise local jobs and economic growth.

The Government's [Heat Training Grant \(HTG\)](#) has recently provided heating engineers with grants of up to £500 towards eligible heat pump or heat network installation training in England. The performance of the HTG is being monitored under the HTG Mid-scheme Review.

The Mayor's Skills Academy programme, of which the Green Skills hubs were a part, finished in March 2026. The Mayor has established sector talent boards, including in the Built Environment, supported by a Pan-London Sector Hub. The talent boards are a priority action of the Inclusive Talent Strategy in developing an employer-led skills and employment system. The Built Environment Talent Board will play a key role in ensuring the skills system responds to employer demand and delivers the infrastructure London needs, including heat networks. The permanent Built Environment Talent Board, to be launched later this year, will set out the strategic skills priorities for employers, aligned with London's Local Skills Improvement Plan.

The Built Environment Talent Board will work closely with London's Technical Excellence Colleges (TECs), including the Clean Energy (CE) TEC led by South Bank Colleges. The CE TEC is one of five nationally announced earlier this year and will include training in heat network installation. This will build on the SBC's leading role in developing the Level 3 Low Carbon Heating Technician apprenticeship, with its first cohort in their second year.

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Recommendation 11

The GLA should expand the Energy Accelerators offer to provide a pan-London provision of expertise and advice for local authorities. As part of the Government's plans for zoning, it should recognise the strategic importance of London-based advice and provide resources to specifically support this.

The GLA is already helping to upskill the boroughs via support delivered by the ZCA. This is looking at the long-term viability of heat networks and has supported 18 London boroughs to date. The GLA has also supported the upskilling of borough officers through programmes such as the Local Energy Accelerator for the past 15 years, funding the development of heat networks, including feasibility studies.

In MD3497, published on 22 May 2026, the Mayor extended the ZCA support for public sector organisations with expertise to help decarbonise their buildings, which includes supporting development of heat networks. This allows for an additional £5 million of the Mayor's budget between 2026-27 and 2028-29 to extend the delivery of the ZCA to mid-2028. The ZCA will primarily focus on domestic decarbonisation, access to RE:FIT 5 and large-scale strategic projects, especially those at later stages of the project life cycle, such as developing business cases, procuring contractors and managing installations. The ZCA is available to all public sector organisations across London.

Recommendation 12

Government funding for heat networks should ensure long-term sustainable financing models are in place to protect consumers. The Government should also address the skills gaps in local authorities to ensure that they have access to skilled staff to assess the long-term viability of heat networks, and the relative cost-effectiveness of different technologies for individual planning decisions which will shape the potential expansion of heat networks.

The GHNF funding, by subsidising high upfront construction costs, is intended to ensure that networks are commercially viable and can attract private investment, while also providing heat at a cost comparable to the gas counterfactual (for existing residential customers) and individual ASHPs (for everyone else). The GHNF is providing funding across the financial years 2022/23 to 2029/30.

The Government will need to provide revenue funding to support the delivery of the ZCB role, and that will include any staffing costs to undertake the range of activities that may be required for the London boroughs, the GLA and London Councils.

The GLA has worked to provide boroughs with tools to help them undertake heat network-related planning activity, both through the ZCA (see recommendation 11 response) and also data developed by the Mayor's ICS. One example data tool is the London Heat Map, which provides critical local intelligence and data to support effective spatial and opportunity planning for heat networks across London. It should provide the focal point for ZCBs to undertake the local refinement stage of heat network zoning once the initial zonal outputs of the National Zoning Model have been generated.