

Fuel Poverty Action comments

Page: [Policy GG1 Building strong and inclusive communities](#)

Section: [N/A](#)

Improving tenant involvement, voice and rights

- FPA believe that the London Plan should include a greater focus on measures to improve tenant involvement, voice and rights. The Mayor's Good Practice Guide's requirement for a **ballot** in all developments with GLA funding is welcome, but we also believe other measures are essential to ensuring tenant voice.
- We are disturbed by the apparent diminution of commitment to Neighbourhood Planning, which was proposed repeatedly in the current London Plan to give communities a greater say in how development will shape their area.
- **Accountability to residents is crucial** -- existing residents where an estate is being refurbished or regenerated, and then the residents who finally live there once it is built. This means practical support for residents and their elected representatives and structures (TRAs) including independent advice, meeting space, administrative and secretarial help as requested, photocopying facilities, and an assurance of no repercussions for complaints, which is a concern for many tenants, particularly but not only those in rent arrears. Please see our earlier consultation response on estate regeneration.
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Tenants must be placed at the centre of social housing regulation. The failure to act on tenant concerns is evident in the case of the disaster at Grenfell Tower. Proactive tenant regulation has been absent in recent years, with the merging of the Tenants Services Authority in the HCA, and cuts to tenant-focused bodies. The regulation of social housing must be managed by an independent body which represents tenants in a meaningful way. Rather than simply focusing on the financial and governance aspects of social housing providers, the performance of the provider should be judged from the perspective of the service user (tenant). This is already the case with schools and hospitals.

- As discussed above, effective regulation depends on the strength of enforcement. Any independent regulator must have the power and resources to ensure that regulations are upheld. FPA supports in principle the ‘Fitness for Human Habitation Bill’, and its goal of empowering tenants to take their landlords to court if they fail to take action to solve a problem. In particular we welcome the pressure on landlords to act on problems such as damp and mould, which were absent from previous acts.
- However, this also depends on increasing resources to assist tenants to make claims. In the case of independent landlords this would be environmental health officers, and an independent alternative in the case of local authority landlords. The same applies to tenants right to request consent to carry out their own energy efficiency improvements, consent which must not be unreasonably refused. The right is meaningless without support for tenants seeking to bring it into effect. Tenants' and residents' rights must be clearly publicised, inviting people to come forward with the problems they face and assuring them of support. This support must include security from retributive eviction, especially in the case of private landlords. These issues are explored more fully in our response to the GLAs’ Draft Fuel Poverty Action Plan.

Co-operative / community led housing

We propose that the Mayor should work

1. with existing, newly formed or developing London-based co-operatives, TMOs and CLTs to assess their existing and future potential (including resources and capacity) to develop new social / low-cost rented homes;

2. with the boroughs, to identify and set aside public land that might be available to them to deliver community led housing;
3. with the boroughs, to develop a London-wide list / online map of potential small development sites to match co-operatives / community led housing organisations with available development sites (particularly public land) for homes that will remain in perpetuity at costs that can be afforded by households of below median income levels;
4. and should provide support social housing tenants who wish to manage or collectively own their own homes.

Community energy

Community energy is supported in previous London policies (eg the former Mayor's Sustainable Design and Construction Supplementary Planning Guidance suggests funding through carbon offsets) but as far as we can see, is not mentioned in the London Plan. The current London Plan (2016) includes a commitment for the Mayor and Boroughs to "encourage community-led initiatives for renewables and low carbon energy and examine how they can be supported through neighbourhood planning". This appears to be missing in the new London Plan.

Provisions could be made specifically for Tenants Associations of social housing estates to be prioritised to access funding for capital costs, with the help of bodies like Community Energy London to see them through the delivery process.

One of the best ways of ensuring that DH or other heating systems have the support of the community, and are properly monitored in action, is for them to be actually run by an accountable community organisation.

The Community Energy Fund whilst a step in the right direction, is limited by its funding only being allocated to the development phase of a community energy project. The fund does not go far enough in aiding communities with the capital costs of investing in energy systems. Some of these costs could be recouped by using the License Lite programme to support community energy projects to secure a better export price for their electricity sales, and by using the 'reverse auctions' process, but there is a significant financial barrier in place that prevents relatively financially poor communities from buying the energy systems themselves

GLA programmes like RE:FIT, RE:NEW, the (Mayor's Energy Efficiency Fund), and DEEP should all support community energy activity.

Page: [Chapter 4 Housing](#)

Section: [N/A](#)

On policies H1, H5, and H7

1. **Pressure to quickly increase housing supply must not lead to a generation of inappropriately sized and priced, and badly designed and built homes springing up all over London.**

- 1.

We do not accept a definition of “affordable” that includes homes out of reach of the majority of Londoners. Rent and mortgage levels severely impact residents’ ability to heat their homes. Heating systems and energy efficiency severely impact residents’ ability to pay their rent and mortgage. A home is not affordable if you cannot afford to heat it.

- 1. The result of building for the higher end of the market will be more households trapped in poverty, or forced into poverty, including fuel poverty, and including homelessness.**

- 1. Existing policies are leading to more homes being built to stand empty. Instead, the Mayor should ensure that the many homes already available in London, but empty, often for years, are occupied.**

- 1. It is essential to define, monitor and, critically, enforce standards for new and existing housing. Existing policies on this are not effective, and we have seen new build homes in London that do not meet HHSRS standards on cold, damp and mould, or safety. The mayor must ensure:**

- 1.**

Effective mechanisms and commitment to listen to local residents and act on what they say both before any refurbishment or regeneration, and after completion.

- 2. Developers and contractors should not be awarded funding, planning permission or contracts while major problems remain in homes they have already built. The outstanding problems must be resolved first, for the benefit of both existing and future residents.**
- 3. Reparations for inadequate performance and unfulfilled contract obligations should go not only to a local authority but to the residents directly affected.**
- 4. The GLA should press for the de-privatisation of the British Research Establishment (BRE), for testing and inspection regimes that are fit for purpose, and for building regulations free from loopholes and representing the interests of residents, rather than developers or, for example, the plastics industry.**

FPA believe that housing delivery must focus on housing that is genuinely affordable for people with below median income levels. If the strategy for achieving these figures focuses purely on incentives towards developers and investors, and increasing the total number of units, it will betray the interests of the majority of Londoners. Pressure to quickly increase housing supply must not lead to a generation of inappropriately sized and priced, and badly designed and built homes springing up all over London.

- Existing policies are leading to more homes being built to stand empty. Instead, the Mayor should ensure that the many homes already available in London, but empty, often for years, are occupied.
- The rush to build must not be at the expense of existing communities, where people in fuel poverty or other difficulties find the support they need from neighbours and families.
- It must also not come at the expense of existing standards. We are concerned that the London Plan does not outline how regulations will be developed and enforced in order to ensure residents' safety. FPA sees residents all over the city who suffer from a variety of problems: lacking or unsafe insulation, draughts from ill-fitting doors and windows, solar panels not installed, faulty or over-complicated heating controls, prepayment meters, and more. Residents frequently report that even where there are official channels for feedback and consultation, these issues are not followed up.
- Under the Housing Health and Safety Rating System (HHSRS), cold is a category 1 hazard. Insulation and draught proofing are therefore fundamental, as are protection from damp, mould and overheating.

- Since Grenfell it has been indisputable that the bonfire of building regulations under the current and previous government must be reversed, and new measures introduced to ensure both safety and comfort. We attach a relevant example, based on cladding and fire safety, that illustrates how already insufficient regulations are undermined. However, the same problems exist across the housing and construction industry.
- Equally important is enforcement of regulations, and inspection to ensure that contracts are kept to and specifications are met. These require, first and foremost, resources, eg enough environmental health officers. We believe that this is something that the GLA should support. This could ultimately be funded by those who apply for or win contracts to build or retrofit homes, and by landlords, eg with an effective licensing system.
- Please see our letter to Claire Perry on the issue of enforcement, which gives several relevant examples, and, for your reference, her reply.
- If housing providers, developers and contractors are allowed to stint on what they spend for materials, design, building quality, and inspection, the ones who pay the price are those who can least afford it. In particular social housing residents and private tenants pay in poverty, in their health, and in lost lives. Many leaseholders, shared ownership households, and freehold homeowners also pay the price for poor quality regulation and enforcement.
- In our experience, planning standards are routinely ignored. New build estates from Havering to Hillingdon report that insulation is simply missing, thermal imaging shows residents “heating the street”, and even doors and windows are ill-fitted. For a few examples, please see our **letter to BEIS minister Claire Perry** (<https://www.fuelpovertyaction.org.uk/uncategorized/dying-from-cold-and-from-fire-because-standards-are-not-enforced/>) . We are aware that current standards have everything to do with central government cuts to Local Authorities, which have led to withdrawal of on-site clerks of works at the time of construction and environmental health officers once estates are complete. However, we believe that it is essential for the GLA to ensure that developers cannot undermine energy efficiency this way.

- The cavalier approach that contributes to thousands of people dying each winter from fuel poverty, at the same time leaves residents vulnerable to fire; in fact lack of oversight of insulation, cladding and firebreaks are often closely related. The inspections of social housing that have been carried out, or are still being completed, post-Grenfell, must be thorough, and provide an opportunity to find – and correct – not only places where insulation is a fire risk, but also places where it is simply missing. They must also extend to inspecting the pipework around pipes and electrical wiring, to make sure there are no holes for fire or smoke; this includes pipes where district heating is retro-fitted.
- The LETI report, Getting to Zero. endorsed by many large and relevant public and commercial bodies, also has recommendations that we believe are relevant here.
- In our response to Policy H10 on redevelopment and regeneration, we give examples of how intentions and reality are frequently allowed to diverge, and propose some safeguards.

4.1.4: FPA supports the Mayor's aim for more proactive intervention in London's land market to unlock and accelerate housing delivery, including compulsory land purchases. We have written elsewhere that compulsory purchase orders should be considered a priority if we are to meet the UK, and London's, housing need. However, we would like more detail on how the Mayor's Office plans to assist (and compel) local boroughs to achieve this.

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5.1 Most types of ‘affordable housing’ do not meet the needs of households with below median income levels. Policy H5 fails to address this. It sets a target for only 15% of homes delivered to be social rented and leaves boroughs to determine whether there may be any additional.

Housing is not affordable if you can’t afford to heat your home. High rents can leave people not only at risk of eviction, but in many cases unable to pay their bills, or keep prepayment meters topped up. And expensive heating systems or poor insulation can leave people unable to pay their rent or to keep up with mortgage payments.

We do not accept the GLA’s definition of “affordable” housing which includes: Social Rented, Affordable Rented, and Intermediate Housing. In our opinion, the only one of these which comes close to being truly affordable is Social Rented accommodation. At 80 percent of market rent, “affordable rent” is not affordable for many, particularly those living in inner city London. Given that the upper end for “intermediate” homes are households whose annual income is up to £80,000, we do not believe these homes can be considered “affordable”.

FPA have serious concerns about how truly affordable “affordable” housing can be considered (see our comments on H5). As we said, to be considered truly affordable, people must be able to afford to heat their homes.

It is stated that The Mayor’s preferred mix for affordable housing tenure is 30 percent low cost rented (Social Rent/ London Affordable Rent), 30 percent intermediate products (including London Living Rent and London Shared Ownership), and 40 per cent to be determined by the relevant borough based on identified need.

Although the Mayor’s “presumption” is for the 40 per cent determined by the local borough to focus on Social Rent/ London Affordable Rent, this is not a requirement. Given constraints on local authority budgets, to meet their affordable housing targets, councils are likely to prefer to choose to focus on intermediate products. Given that the SHMA assesses the need for 47% low-cost rented to meet London’s need (with just 18% intermediate), the requirements set out in policy should reflect this. The very cold winter this year has brought home to many the fact that increasing numbers of homeless people freezing in shop doorways at night is totally unacceptable and cannot continue.

FPA knows that the more income that people are forced to pay on rent, the less they will have available to spend on heating their homes. It is crucial that the mix of affordable housing focuses on housing that the majority of London households can afford, with a proportion for Social Rent in proportion to need.

Page: [Policy H10 Redevelopment of existing housing and estate regeneration](#)

Section: [N/A](#)

1. The Mayor should ensure an end to the practice of allowing estates to go to wrack and ruin before then asking residents to approve regeneration. This not only distorts decisions but plunges many families into fuel poverty and leaves them cold in ill-repaired, out of date housing for years in the run-up to an anticipated regeneration project.
2. Decisions on regeneration should
 1. Require a ballot of residents, as committed to in the Mayor’s Good Practice Guide. This ballot must be on the basis of independent advice, including on energy efficiency improvements and heating systems, being made available to residents in a way that enables them to understand it and make genuinely informed decisions.
 - 2.

In terms of energy and climate calculations, should include embodied carbon.

Where loss of existing housing is proposed, it should not be permitted unless it is replaced by more and better-quality accommodation. Demolitions cause the most serious disruption to people's lives and the loss of community, and are also costly in terms of embodied carbon, and in terms of air quality and the environment during the regeneration period. It is only worth doing for a substantial improvement and should not even be considered unless equivalent housing is provided at the same rent levels. "An uplift where possible" is not sufficient.

It is important to note that despite all the promises, a long list of regeneration projects have gone ahead which in practice have seriously reduced the amount of housing available at anything near the previous levels of rent, and have also resulted in many people being unable to move back to their home neighbourhood, some even being made homeless. Clearly it is critical to examine how this has happened and write in the strongest protections to ensure that it does not continue, even in the face of guarantees.

As stated in our earlier submission on Regenerating Estates, regeneration itself, in our experience, can lead to very inefficient, badly heated housing and to costs so high that residents live - or even die -- in fuel poverty. This is despite the fact that warm homes is often one of the selling points when regeneration is proposed, often after years of estates being allowed to get run down, with repairs not done, leaky, single glazed windows, and heating systems that are antiquated or are not maintained through their natural life.

Last year's GLA consultation on Regeneration suggested that "doing nothing", retaining existing homes instead of regenerating, should be seriously considered and weighed up as a possible option. We agree, with the proviso that action is imperative where people are living in draughty, damp, or poorly insulated homes – but that action may be insulation which is relatively low cost and much less disruptive compared to demolition and rebuilding.

Bringing existing homes up to standard on energy efficiency must be central to regeneration policy. Minimum standards for both new builds and existing housing remain legally mandatory, although undermined by regulatory changes and by central government cuts to insulation programmes. There is always a need to be guided by tenants' preferences – eg on the trade-off in some solid-wall homes between room size and insulation in cases where external cladding is not a good option. But the potential for retrofitting insulation and the effect that would have on people's quality of life should be fully taken into account in any consultation exercise on whether to refurbish or regenerate an estate.

New builds should be more efficient but this is often not the case, leading to fuel poverty behind a modern facade. Much of this is down to failures of inspection and enforcement (see below), and to a “design and build” procurement process which eliminates independent oversight. Multiple layers of contractors also engage in bidding wars, cutting costs at every stage, and in the end it is hard to hold any one party accountable, leaving residents with a Kafkaesque battle to get redress.

Recent experience shows that schemes that are commissioned with many fine words and promises, and even with consultation processes apparently in place, totally fail to achieve warm, energy efficient housing, to the extent that many residents on regenerated estates are afraid to use their heating at all, and there has so far been at least one death of a tenant who was struggling with his heating bills.

On 10 February last year at a London Estates Forum, a representative from Orchard Village Estate in Rainham questioned why his estate had been rebuilt at all, with what is due to be 555 homes at a cost of £80 million, when the existing 515 homes could have been insulated and brought up to Decent Homes standard for a total of £4 million.[1] In addition to horrendously expensive heating, cold, draughty, uninsulated homes, and long waits for hot water, this regenerated estate, designed by architects PRP, has suffered leaks, mould, collapsing staircases, missing insulation, missing fire breaks, sewage problems, and toxic fumes that residents believe are seriously affecting their health (and more - see Guardian, 6 February 2017).

Meanwhile a residents’ representative from the new-build Passive Close estate, also in Rainham, reports that residents are paying £100 a month in heating costs and £100 a month in electricity. The New London Development website, billed as “London’s live development directory” has this summary for Passive Close promises: “51 affordable rented family houses and apartments, all set to meet London Housing Design Guide Standards and also ‘Passivhaus’ standards, thus providing a high level of occupant comfort while using very little energy for heating and cooling. It will be the first Passivhaus Certified entirely affordable housing scheme in the UK.”

[1] 555 homes due on completion of stage 4. It was argued that the £4m was not available.

4.10.3: As discussed in our response to the GLA Estate Regeneration Consultation in 2017, FPA welcomes a meaningful consultation on the regeneration of council estates. The Mayor's Good Practice Guide's requirement for a ballot in all developments with GLA funding, published this year, is particularly welcome. But for these GLA funded estates, and for other developments, without GLA funding, some other protections are also important.

1) Consultations will be made more meaningful if residents are given guarantees of the outcomes they are entitled to expect, and what sanctions and reparations will be imposed on developers, suppliers etc if these standards are not met. Reparations for inadequate performance and unfulfilled contract obligations should go not only to a local authority but to the residents directly affected.

2) We believe that it should be an established principle that developers and contractors should be disqualified from contracts for estate regeneration, until they have resolved any major problems on existing estates. Regeneration involving district heating networks can only live up to their potential if designed, installed, and operated by people who have proved that they a) know how to do it and b) are committed to a good outcome for residents and the environment.

3) Accountability to residents is crucial -- existing residents where an estate is being refurbished or regenerated, and then the residents who finally live there once it is built. This means practical support for residents and their elected representatives and structures (TRAs) including independent advice, meeting space, administrative and secretarial help as requested, photocopying facilities, and an assurance of no repercussions for complaints, which is a concern for many tenants, particularly but not only those in rent arrears. Independent advice, including on energy efficiency improvements and heating systems, must be made available to residents in a way that enables them to understand it and make genuinely informed decisions. Please see our earlier consultation response on estate regeneration.

4.10.5: FPA is concerned that this section operates as a get-out-clause, developers are allowed to re-provide a different mix of affordable housing on the estate...if the overall level of provision is maintained across the programme. We agree with Jeremy Corbyn's position that: 1) Councils should be compelled to ballot all tenants and leaseholders before regeneration, and 2) all tenants on redeveloped sites should be entitled to move back to the same site, under the same terms and conditions.

If the same mix of affordable housing is not provide on the same estate, then this will mean displacement of people, and damage to local communities. Some people who decide to stay on the same estate may be forced to accept higher rent prices, putting them at greater risk of fuel poverty. Our conviction is that a developers proposal which cannot provide the same (or better) mix of affordable housing should not be considered viable, and therefore should be rejected on that basis.

Page: [Policy H13 Build to Rent](#)

Section: [N/A](#)

FPA are concerned that if it is not outlined clearly in policy, Build to Rent will not meet the need for housing that is affordable for most Londoners. As mentioned previously in our comments on Policy H7, many Councils are likely to aim to meet their affordable housing targets, by allowing Build to Rent schemes which have a greater mix of intermediate housing. As discussed, FPA do not consider this type of housing stock to be genuinely "affordable".

Page: [Policy SI1 Improving air quality](#)

Section: [N/A](#)

As Londoners, we are all glad to see what appears to be a strong personal commitment to improve London's air quality. But we are extremely worried about the apparent contradiction between a commitment to air quality and a default reliance on District Heating, and about the lack of clarity and transparency on this issue in the London Plan. Please see our response on District Heating under "Sustainable Infrastructure", in particular section C.

We are glad to see included the air quality problems raised by building works, but would like to see an explicit reference to this impacting decisions on development works, in particular in deciding on refurbishment or regeneration (while understanding that refurbishment too can affect air quality).

Page: [Policy SI2 Minimising greenhouse gas emissions](#)

Section: [N/A](#)

Please see our comments in relation to District Heating, in section SI3. Fundamentally we argue that the **London Plan may fail to "decarbonise London's homes and workplaces** while protecting the most vulnerable by tackling fuel poverty" (Environment Strategy Chapter 6) because of the presumption that DH is the best heating solution, and the failure to include protections for customers or measures to ensure green promises are fulfilled.

The continuation of “zero-carbon” homes as a goal, after the government dropped it to reduce the “regulatory burden” on developers, is a great step for the GLA. However, it remains heavily **dependent on offsets** where the requirement “cannot be fully achieved on-site”. Not only are offsets inherently unreliable in delivering carbon savings from hard-pressed local authorities, but they fail to realise the intended savings for the residents of that site in terms of their heat and fuel bills. It is important to make sure that where they are used they genuinely bring these benefits to other Londoners. Using them for community energy processes (see our comments in S13) is one way to do this.

The list at 9.2.10 of information that should be included in energy strategies for developments does not appear to include the building process itself, and the production of materials for new buildings. Embodied carbon can make a substantial contribution to emissions and should be a crucial consideration, even at the early stage of determining, for instance, whether regeneration is preferable to refurbishment in terms of carbon emissions.

We are most concerned about a likely **gap between intention and what will be implemented** in practice. It is all too easy for developers, Energy Service Companies (ESCOs) and social housing providers, to promise energy efficiency, low-carbon affordable heating systems, and renewable generation (solar panels, biomass boilers) which simply fail to materialise or are installed but never work, with no repercussions or even effective monitoring. As a minimum protection against this, we endorse the proposal of the LETI Report (London Energy Transformative Initiative which is urging a re-evaluation of London’s energy policies), that all construction and systems must be not only lean, clean and green, but also *seen*. Accountability is only possible with **stringent monitoring** of outcomes in practice, and **effective sanctions** or other repercussions if promises are not met.

We assume the Annual Energy Monitoring reports will continue under the new Plan, and are glad to see the statement in SI2 that “The move towards zero-carbon development requires comprehensive **monitoring of energy demand and carbon emissions** to ensure that planning commitments are being delivered.” However effective **sanctions** are also essential.

We are also concerned about the absence of **interim carbon reduction targets** in the London Plan. The Environment Strategy proposed carbon budgets. Whatever problems carbon budgets may pose, at least this meant that the Mayor was not making 2050 the first target on greenhouse gases. Have we missed something in the new Plan?

In fact, we are concerned that the aim of making London Zero Carbon by 2050 is **less ambitious than what is needed**. In terms of the growing climate catastrophe, and the effect of feedback mechanisms, 2050 is simply too late for decisive change, whatever improvements we may see along the way. According to climate scientists, global CO2 emissions from energy and industry have to fall by half each decade. That is, in the 2020s, the world cuts emissions in half. Then we do it again in the 2030s. Then we do it *again* in the 2040s .

Temperatures have already increased 1.1 degrees and at current rate will be up 1.5 degrees -the Paris goal - within 10 years from now, soaring towards missing the already devastating 2 degree minimum Paris target. 2050 is therefore off the map. Desperate as Londoners are to have heat we can afford, no one alert to the scale of the emergency would want to contemplate the consequences of climate change escalating out of control - as is guaranteed to happen if action is too little too late, and as indeed is starting to happen already. The solution, as put forward in the London Plan, is measures which will make warm homes both affordable AND low carbon. But unless the rate of change is significantly brought forward, we could lose everything.

Page: [Policy SI2 Minimising greenhouse gas emissions](#)

Section: [9.2.10](#)

This list does not appear to include the building process itself, and the production of materials for new buildings. Embodied carbon can make a substantial contribution to emissions and should be a crucial consideration, even at the early stage of determining, for instance, whether regeneration is preferable to refurbishment in terms of carbon emissions.

Below we comment at length on one aspect of the London Plan - the commitment to Heat Networks (here called "District Heating"), and then briefly on the issue of a public energy company for London, and on the Community Energy Fund.

1. District Heating

For the past two years Fuel Poverty Action (FPA) has been working with heat network customers in seven inner and outer London boroughs, many of whom have been having terrible problems with their District Heating systems in terms of reliability, service, and/or cost. (We here use the term District Heating (DH) to refer to all forms of heat network.) We have seen District Heating work well elsewhere, and we remain supportive of an option that *can* bring substantial reductions in both carbon emissions and poverty. But it has to be done well.

Based on the Mayor's draft Environment Strategy published last year, FPA were optimistic that the London Plan would bring improvements in the way District Heating was decided on, procured, and funded, and in the development and enforcement of standards to protect both District Heating customers and the environment. We are sadly disappointed. It appears that instead of moving forward, the Plan takes us backwards in a number of respects.

Key among these backward moves are:

1. **District Heating by default** – instead of the promised “hierarchy of energy systems” which was to include CHP systems (Environment Strategy 4.4.4b) as one among several options, we see bald statements like “Major development proposals within Heat Network Priority Areas should have a communal heating system” (SI3D). The Heat Network Priority Areas cover most of London and almost all of Inner London, on the basis that the “heat density is sufficient for heat networks to provide a competitive solution”. This density does not necessarily mean that heat networks are the *best* solution for a specific site, and the London Plan does not ensure that they must be that.
 1. There is no definition of “competitive” which would include the long-term interests of customers.
 2. There is no indication that costs to consumers in tariffs, standing charges, and in some cases capital levies, will be measured accurately and using a realistic comparator with gas boilers, and then fully taken into account

3. There is no definition of “competitive” which would include the potential costs of DH to air quality or even greenhouse gas emissions, taking account of the fact that energy need should be dramatically increasing under a strategy that begins with being “lean”. Using less energy precedes using cleaner energy in the energy hierarchy but this is not reflected in the presumption of DH.
 4. There is no requirement for comparison with renewable energy (eg solar or hydrogen gas) which the Plan commits the mayor to considering under SI2, and which may not work well in combination with District Heating.
 5. In fact, the default requirement for DH does not include any conditionality that would protect customers or other London residents. District Heating is assumed; the hierarchy offered in SI3 concerns only the source of fuel.
2. **Consultation and evidence** -- Even in the aftermath of the Grenfell catastrophe, there is not a word about **consulting** local residents, or potential residents, even those who could easily be reached for consultation about heating systems, because they are expecting to move into regenerated homes in the same area they live in now. **If DH is indeed the best solution for most parts of London, it must be possible to make a clear case for it, with evidence, and allow Londoners to choose it**, as they have in Aberdeen, and, indeed, in Cranston Estate in Hackney.
 3. **Funding** – we are disappointed to see no mention of the direct investment in partnership with LAs through a District Heating Network Delivery Body proposed in the Environment Strategy (see below, section on Funding).
 4. **Developing standards** – In the Environment Strategy you undertook to “*update London’s guidance on design and specifications for heat networks and consumer standards in light of latest standards and feedback from Londoners.*” Perhaps optimistically, we took this as a welcome recognition that Heat Trust standards of service, and CIBSE technical standards are a bare minimum, even where they are currently enforced. Instead, the London Plan asserts that these existing standards “set out principles for good design, specification and operation of networks and can help ensure fairness for customers of heat networks”. There is no longer a word about developing or improving them to ensure that “*design, specification and operation of heat networks are of a high and relevant standard.*”
 5. **Enforcing standards** – The Environment Strategy promised very little on the crucial issue of ensuring that standards, and contracts, are not simply disregarded. However, there is growing recognition of the need to prevent bad DH schemes from developing in future: this has been a concern not only of residents and organisations like ourselves, Citizens Advice, and the Consumer Association, but also of the ADE, Ofgem, the CMA, and BEIS. In this context it is very disappointing to see the London Plan ignoring the issue. One potential way forward is licensing of suppliers; this has been put forward by Scottish government, has been suggested by Ofgem as a possibility, and the CMA are considering it. (Scotland and Ofgem footnotes below; CMA from conversation) Licensing of landlords has been effective in enforcing *housing* standards in some boroughs. The appropriate body to move forward on this – and other effective measures – is the GLA.

6. **Whole-area planning** – There is a map, and a guiding intention to produce a “coordinated”, “strategic”, “holistic” plan, with integrated policies that are tangible and concrete. There is a promise (9.3.1) that “the Mayor will work with boroughs, energy companies and major developers to promote the timely and effective development of London’s energy system (energy production, distribution, storage, supply and consumption)”. But in relation to District Heating we see nothing like the detailed commitment to overall planning proposed by, e.g., the Scottish government, or already in place in Europe. As far as we can see, in relation to DH, you do not propose even to take this critical opportunity to provide London-wide information on prices, London-wide standards and enforcement of standards, ways for local authorities to pool expertise and best practice, or a point of recourse for residents or local authorities when things go wrong.
7. **Air quality** – as Londoners, we are all glad to see what appears to be a strong personal commitment to improve London’s air quality. However, the commitment to ensure that DH fits into this imperative appears to have gone round in a loop referring back to the Environment Strategy, which itself referred forward to the London Plan. In practical terms, there appears to be a contradiction between the presumption that DH “should” be installed, and on the other hand the statements on the air quality problems with CHP, which are not expected to be resolved (see below).
8. **Greenhouse gases** -- In the London Plan, the imperative to reduce greenhouse gases is clearly a key motivation for making District Heating a default choice. Yet the evidence is missing which would show that this is always, or even generally, the most effective way to move towards a zero carbon city. Moreover, some crucial protections are missing.
9. **Community energy** -- One of the best ways of ensuring that DH systems have the support of the community, and are properly monitored in action, is for them to be actually run by an accountable community organisation. Community energy is supported in previous London policies (eg the former Mayor’s Sustainable Design and Construction Supplementary Planning Guidance suggests funding through carbon offsets) but as far as we can see, is not mentioned in the London Plan.
10. **Saddest of all is the failure to seize the opportunity** of the London Plan to ensure that District Heating is brought in appropriately and wisely, on a rational, cooperative basis, and with clear protections for Londoners.

We hope you will reconsider.

Last year we compiled evidence and positive proposals in response to your consultation on the environment strategy. Below, we have updated this response with the latest information and with reference to the draft new Plan.

A. LONDONERS' EXPERIENCE OF DISTRICT HEATING

We are in no way opposed to DH in principle, and have in fact supported one estate (Myatts Field South) who were struggling to retain their much-valued “communal” in the face of Lambeth’s determination to install individual gas boilers (now practically complete).

On the other hand, **we have ourselves witnessed very serious and widespread problems**, that are repeated, again and again, leading to a torrent of complaints, and deep frustration that it has not proved possible to get any redress. Problems include frequent and sometimes very prolonged outages, especially but not only in the first few years of a scheme; hot water that runs cold, or never gets hot in the first place; failing remote meter-reading; bills that (for this reason or others) bear no relationship to heat used; appalling customer service; risible or non-existent compensation; buck-passing between contractors; overheating from badly insulated / badly positioned pipes; high tariffs, high standing charges; and for leaseholders, demands for huge capital investments on the grounds that they will save money in the long term -- a long term many will not live to see.

As you know, customers are bound to the supplier for decades, and cannot switch, the industry is currently unregulated and without Ofgem oversight, and the Heat Trust, which is supposed to protect users, has failed to deliver, even for the minority of people whose schemes are participating in it in the first place. Even with the backing of FPA and access to expert and influential bodies from BEIS to the DH industry’s trade body, ADE, it is **very hard to get redress** for the most basic problems.

A major problem for customers is the cost. The recent BEIS survey found a majority of DH users happy with their heating system, and satisfied with the prices they paid, but there were huge variations, with a significant minority paying astronomical costs. In addition we should point out that 38% of the customers surveyed by BEIS did not have individually metered heat, and that those who *did* were less likely to be satisfied with the prices. In our experience many people (not all, but including the most vulnerable customers) highly value the security of knowing they will never go cold, but this is no longer available from new DH systems as metering is obligatory. **We know DH customers who cannot afford to use their heating**, and some have purchased electric heaters as a substitute, while still paying DH standing charges.

In terms of environmental impact we note that

1. **promises made at the time of applying for planning permission are not necessarily kept, or effectively monitored, and**
2. **a number of assumptions that have been made about the alternatives to DH are not necessarily true, even if they were true a few years ago.** The carbon emissions associated with electric power have fallen, changing the equation when compared with gas CHP. Other low-carbon options, eg. solar and heat pumps, have developed, and the price has come down. Meanwhile previous estimates of demand for heat have been shown to be way off the mark if housing even approaches passive house standards. Energy storage also affects peak demand and the need for quickly responsive systems.

We have tried assiduously to access **examples of good practice** in heat networks, including through the Heat Trust and ADE, but with very little to show for it. It has been shown that costs can plummet where DH replaces electric heating, and that it can offer very good value for council tenants where it is subsidised, and we know of suppliers with well-designed, well-run DH schemes designed to produce warmth rather than profits. But we have not seen any coherent evidence that for-profit heat networks can compete with gas on price, or are better than alternatives for the environment and climate. Even if a network is *not much more* expensive than gas boilers, and *nearly* as low carbon as green alternatives, it may prove to be the best way forward, but a case must be made, using honest and careful estimates, without distortion by the financial interests, and appropriate protections for users must be put in place. **At present, if the evidence is out there, it has not been produced, at least not in a form that Londoners can access.**

We were therefore relieved to see that the Environment Strategy appeared to be moving away from the current London Plan's requirement to install DH as a default, and looked forward to the new London Plan moving instead towards a "hierarchy of energy systems" which would weigh up a series of different factors in each case. As laid out in our point 2 above, these hopes have been disappointed. **We still believe some basic principles are essential, including the following:**

1. A thoroughly researched and publicly debated **case must be made** for DH in general and in specific situations where it is to be installed, comparing it to alternatives in relation to carbon emissions, air quality, reliability, overheating, use of space, and costs, present and future, including realistic provision for conversion to fossil free energy sources. Given what so many people have experienced, **it is not reasonable to expect Londoners to embrace, live with, and pay for, technology for which no convincing evidence or argument has yet been presented.** Any such argument should be open to robust challenge and debate, to avoid a situation where a case is made on faulty information (e.g. see below, Section F, re Redbrick Estate). The same, of course, should apply to other technologies, including gas boilers and electric heating.
2. Prospective tenants, leaseholders, and freeholders should be made fully aware of the nature of the system they are intending to move into, and its costs, including future costs. In cases of redevelopment or refurbishment, existing tenants should be given an opportunity to make **an informed choice** about the heating system for their estate.
3. Any heat networks approved from now on should be based on **renewable energy sources**, or at least designed to be convertible to renewable energy; this includes the pipes and the appliances in homes.

4. We are glad that following persistent representations from ourselves, and two meetings to discuss the possibility of a survey of Myatts Field North DH users, and then how best to reach customers and structure questions in a **London-wide survey** instead, a Communal Heating Consumer Survey has now been done. The data was due to be analysed in November 2017. We look forward to the results, and hope it will be possible to distinguish between new and old heat networks, and to highlight what the factors may be that cause positive or negative responses.

B. GREENHOUSE GASES AND DISTRICT HEATING

Not only is the case not made out for District Heating in the light of highly energy efficient housing, and the development of other technologies, but there is little detail on how a) decisions will be made on schemes to ensure it is the best option or on b) how promised carbon savings will be monitored and enforced. We assume the Annual Energy Monitoring reports will continue under the new Plan, and are glad to see the statement in SI2 that “The move towards zero-carbon development requires comprehensive **monitoring of energy demand and carbon emissions** to ensure that planning commitments are being delivered.” But despite the Annual Energy Monitoring reports and all the official requirements, we have seen how in practice monitoring can be absent unless done by residents themselves, who then have no power to get their objections acted on.

As well as monitoring, effective **sanctions** are critical (see below).

C. AIR QUALITY AND DISTRICT HEATING

Paragraph SI3D says, “. . . in areas where legal air quality limits are exceeded all development proposals must provide evidence to show that any emissions related to energy generation will be equivalent or lower than those of an ultra-low NOx gas boiler . . . CHP and ultra-low NOx gas boiler communal or district heating systems should be designed to ensure that there is no significant impact on local air quality. Para 9.3.6 says “However, it is not expected that gas engine CHP will be able to meet the standards required within areas exceeding air quality limits with the technology that is currently available.”

This clearly calls into question a commitment to install District Heating on a massive scale. We appreciate your statement (Mayor's Question Time 18 January 2018) that "The use of gas engine CHP is expected to be more limited over time under the proposed policies in the new London Plan which now take a more integrated approach to tackling air quality and carbon reduction. The decarbonisation of the grid, and the change in the relative carbon content of electricity and gas, will also mean that other cleaner CHP technologies that optimise local energy sources, can increasingly serve as the heating source for district heating, offsetting more carbon emissions than traditional systems such as gas engine CHP." **But the question remains: are you therefore confident that DH which is NOT based on gas CHPs is viable in most of London? Or that the technology for CHP will dramatically improve? And if neither of these are even likely, how can DH be the default heating system of choice for most of London?**

As noted above, this is one area where the London Plan appears to have gone backwards from the Environment Strategy, or at least gone round in a loop. The Environment Strategy 4.3.3b as below refers forwards to the London Plan, saying THAT will consider whether to prevent emissions from CHP, and will consider relevant emission standards and (by implication) will develop a CHP register including information on air quality. But now the London Plan refers back to the Environment Strategy, saying THAT has the details. Meanwhile the London Plan's section on Air Quality (Section SI1) refers in passing to the "provision of low or zero-emission heating and energy", but says nothing else about heat and doesn't mention CHP.

The Environment Strategy on this issue (at 4.3.3b) is worth quoting at length:

*Through the new London Plan, the Mayor will consider new policies on heat and power provision to make sure CO2 and pollution targets are achieved in a coordinated way with no air quality disbenefits. The Mayor has set ambitious long-term targets to both reduce harmful pollution emissions and to become a zero carbon city. In the past, some policies have had the result of addressing one of these issues to the detriment of the other. The Mayor's energy policies will take a holistic approach to overall emissions while ensuring no air quality disbenefits. Through the London Plan the Mayor will consider a **hierarchy for energy systems** that contributes towards improving air quality. In particular, while combined heat and power systems (CHP) can have benefits in terms of carbon emissions, gas engine CHP plant usually gives rise to higher emissions of NOx and/or PM10 emissions than ultra-low NOx gas boilers, even when abatement equipment is used.*

Therefore in preparing his London Plan, the Mayor will **consider whether**, in areas which exceed legal air quality limits, **the policy should prevent emissions from energy production plant, including from CHP**, that would exceed those of an ultralow NOx gas boiler. Energy production plant used in other areas should meet all relevant emission standards (which may require abatement equipment) as considered by the new London Plan, as well as not causing unacceptable local impacts on air quality. To better understand the pollution impact of existing CHP systems in London the Mayor will develop **a new CHP register** which will be reflected in future versions of the London Atmospheric Emissions Inventory. (emphasis ours)

Unless we've missed it, there appears to be no sign of the expected registry or other progress, and no clear repetition of the commitment to assess air quality implications before committing to CHPs, either in general or in specific places. Instead, we have the contradictory statements quoted at the start of this point. If the Mayor has indeed "consider[ed] whether . . . the policy should prevent emissions from . . . CHP that would exceed those of an ultralow NOx gas boiler" he appears to have decided that the policy should *not* prevent this. That may not be the intention, but on this issue the Plan is unacceptably confusing.

D. ENFORCING STANDARDS IN DISTRICT HEATING

Accountability

We are most concerned about a likely **gap between intention and what will be implemented** in practice.

In terms of carbon emissions, it is all too easy for developers, Energy Service Companies (ESCOs) and social housing providers, to promise energy efficiency, low-carbon affordable heating systems, and renewable generation (solar panels, biomass boilers) which simply fail to materialise or are installed but never work, with no repercussions or even effective monitoring. Please see examples below.

In terms of both carbon and other emissions, and reliability, cost and service standards, accountability is only possible with **stringent monitoring** of outcomes in practice, and **effective sanctions** or other repercussions if promises are not met.

The Environment Strategy says, "*The Mayor will encourage industry to ensure that heat networks that are developed in London are of the highest standards so they operate efficiently, effectively and reliably once in operation.*" Bitter experience so far has shown that "encouragement" is not enough. Systems should be subject to robust monitoring from planning stage onwards to ensure that promises are kept to and systems function as they should, with punitive sanctions and recompense for those who suffer when this is not the case.

Compensation – payable to *end users* – must be sufficient to function as an effective deterrent to badly designed and run heat networks, and to properly compensate residents including for outages of less than 12 hours, which are now excluded from compensation under Heat Trust rules even when they are repeated again and again. If you can never rely on your heating or hot water, the system is not fulfilling its purpose, even if the outages are relatively short.

Four Hyde Housing blocks in Stockwell were without heat or hot water for a week in very cold weather in November 2017; the same communal gas boilers also failed in October 2016, and, for 11 days in October 2015, but any repairs clearly failed to deal with the problem. While Hyde said residents were offered electric heating and would be reimbursed for any extra electricity costs, reimbursement does not help those who cannot cover their costs at the time, nor can people count on promises.

This estate is just a walk away from Myatts Field North, where, as residents have repeatedly told GLA representatives in person, people have been left without heating and/or hot water for periods of weeks or even months - documented in the report Not Fit for Purpose published last year.

Meanwhile residents in Pembroke Park, Hillingdon, suffered five years with a non-functional boiler, leading to constant outages of heat and hot water, even while they were paying an average of £80 a month. The boiler issue is a legacy of a biomass boiler having been installed for the purpose of planning permission which never worked and was probably not intended to; A2Dominion, which is both the ESCO and the HA, switched to a back-up boiler that was also inadequate. Other issues include unjustifiable bills and back billing, lack of insulation, and more.

Residents of Orchard Village, Havering, have suffered frequent outages and extremely high heating costs, along with damp, mould, lack of insulation, fire risks, leaking methane, and other outrages and have been struggling to hold anyone to account for the disastrous construction and management of their new built estate.

These are just a few examples which prove that encouragement, assurances, and self-regulation simply do not work.

The **Heat Trust**, unfortunately, is regarded with scorn by most DH customers who are covered by it -- and know about it. The Competition and Markets Authority (CMA) has specifically banned the Heat Trust from intervening on questions of price or length of contract, on the grounds that this would be “uncompetitive”. They do not appear to see it as uncompetitive that commercial companies have 20 to 80 year monopolies to supply a whole neighbourhood. The Heat Trust has had a role in setting out -- on paper at least -- some minimal principles, which would prevent some of the worst abuses that go unchecked in non-Heat Trust schemes. However, even where the Heat Trust does intervene to enforce these principles, it has proved singularly ineffective.

Myatts Field North is a Heat Trust scheme, run by E.ON, which is a leading member. Yet compensation, even at the minimal levels laid down in accordance with Heat Trust rules, has had to be fought for, to the extent of going to court. Finally, after residents went straight to BEIS, and took part in an hour long BBC radio expose, the Heat Trust made this network one of the first to be audited: the only form of sanction it possesses. The audit was begun last spring, and according to the rules, the independent auditors should have reported within 40 days of the last site visit, when they interviewed residents on 17 August 2017. But residents have been told that when the report is finally done, the Heat Trust will discuss with the ESCO, E.ON, what parts of the findings they will be allowed to see. Even that has not happened, and the BBC has now been told that this was not a real audit, but only a “pilot”. We hope the GLA will set up systems of accountability that are not a sham.

While residents must be fully consulted at every stage, they cannot be expected to carry responsibility for ensuring that standards are enforced - especially but not only because they are not even listened to. In Myatts Field monitoring is supposed to be carried out by the Myatts Field North Residents Association and PFI Monitoring Board (MFN RAMB), a conglomerate of residents, local authority, and estate management/construction firms that is totally ill-equipped for this responsibility. The result is huge pressure on hard pressed volunteer residents, attempting to confront a multinational corporation.

Residents must overcome divisions between on the one hand people in social housing, often on very low incomes, and on the other hand, people who were well enough off to find a deposit for a London home – but who may still struggle each month to cover a massive, and unplanned-for heat service charge on top of their mortgage (“I knew nothing of the heat charge until I read the welcome pack they left on my kitchen worktop”).

The divisions between residents are often compounded by the **number of contractors** involved: in construction, in management, in repairs, in heat production and the primary network, etc., with a multitude of opportunities for buck-passing and inaction, and no one taking overall responsibility.

E. LONDON-WIDE COOPERATION AND A COMMON CODE OF PRACTICE

We are painfully aware that the GLA's powers to get better standards adopted may be limited. However, you do have power over the planning and development phases of DH, and many of the same developers will want to come back to you next time. We have consistently put forward to BEIS and to others, including yourselves, the principle that public or private bodies will **not be awarded contracts, or funding, planning permission, or other support, if they have failed to deliver** in heat networks for which they are already responsible.

While you may be able to ensure that future contracts include effective monitoring and sanctions, there will be a legacy of heat networks established before such improvements are made. **For existing DH customers, the GLA should provide a back-up guarantee** that outstanding problems from the current wild-west period of DH development will be dealt with, and they will not be left to pay the price of mistakes (or profiteering) for which they are not responsible. If only a minority of DH schemes are problematic, then this will not be too great a burden. A report by CBx – researchers and advisers in partnership with UCL Energy Institute – recommends “financial support for energy audits of underperforming networks, to identify cost effective modifications”.

We note that in relation to acting against private sector landlords who rent out cold damp homes, you have explored the possibilities and limitations of GLA intervention, and how you can work with Local Authorities to do this; **we hope that you will look into these questions in relation to the (often public sector) landlords and ESCOs who run DH.** This does not appear to have been done, so far.

Local Authorities do not often have the necessary experience, know-how, or resources to get a good deal from the private companies that design, install, and run heat networks, or to monitor them in operation and enforce contracts. Some are more committed than others to getting and enforcing a good deal for their residents (and protecting their own investment). They may altogether reject responsibility for customers who are not their own tenants but leaseholders or part-owners who have bought homes in a development whose heat comes from a scheme which they commissioned.

Another factor leading to malfunctioning and expensive heat networks is the practice of developers expecting **capital contributions** from ESCOs bidding for a contract. The sums involved are large, and are recovered from end users, contributing very significantly to the cost of heat. The ESCO has no incentive to keep the contributions down. This perverse system, which to users looks like bribery at their expense, has recently been challenged by Heat Trust chair Casey Cole.

The costs of **metering and billing** are also a high and disproportionate part of customers' bills - despite the fact that, as the only parts of the system now subject to regulation, they are nevertheless often disastrously administered. (Many people have questioned why this part of a DH system should be a monopoly.)

We therefore believe that the GLA should

1. **Explore co-operation with and between local authorities**, as you plan to do in relation to private sector energy efficiency. This would include facilitating and encouraging exchange of experience and expertise between boroughs, and ensuring that those boroughs whose residents have been unprotected understand the need to bring their practice up to the standard of boroughs who have had engaged and consumer-focused District Heating advocates. Training should also be offered.
2. Where it cannot be satisfactorily achieved at a local level, itself **take on inspection and monitoring** of heat networks
3. **Give residents access to a fully funded and responsive body that will address their complaints**, and either fix the problem (permanently, not again and again) or ensure that those responsible for it do so.
4. Set up a unit as **supplier of last resort** to take over badly functioning schemes if an Energy Service Company is not performing in the interests of its customers

We would also suggest that the GLA ensure that any scheme it promotes, or as far as possible, any scheme brought in with the support of a local authority must

1. **have clear lines of responsibility** with one named overall responsible body, regular reporting, and effective complaints procedures, compensation, and sanctions.
2. offer **active support for customers** – eg meeting space, independent advice, secretarial support with minute-taking, recording of problems, etc., as requested, for residents' organisations.
3. have a **clean track record**. No company or public body should be allowed to be involved in commissioning, building or operating any new network until they have dealt with any significant outstanding complaints about networks they have already been involved in. As Lambeth councillor Jacqui Dyer, explained to BEIS, there are vulnerable people at risk here – there should be a DBS service with disclosure and barring of anyone whose track record is bad, before they are considered for public support.
4. ensure that **effective and deterrent compensation to end users** is a part of any contract made with GLA support.
5. dispense with the practice of developers being paid **capital contributions** by ESCOs as a way of securing the contract.

To establish consistent standards across the city, we would also propose a London Code of Practice which developers/ESCOs could be required to sign up to.

There is increasing discussion of a licensing system, which is being put forward as part of a cohesive DH strategy the Scottish government. Ofgem and the CMA are considering it. Licensing been effective in enforcing *housing* standards in some boroughs. Among other things it could be one way to ensure that prospective suppliers take effective action to rescue the human guinea pigs who are locked in their previous failed schemes.

These existing District Heating users with the misfortune to be contracted into dysfunctional heat networks are in danger of being left behind by later improvements. Where there is no effective lever (like a licence for further contracts) that will force developers or ESCOs to put them right, we believe the GLA itself should take action. Experience has shown that bringing in engineers who know what they are doing, combined with smart technology and a will to improve, can lead to heat costs in such schemes being halved. It was, after all, on the basis of GLA requirements that many of these schemes came into being in the first place. The effect on people's lives is unacceptable, and will make it much harder for Londoners to welcome a roll out of DH on a large scale across the city.

F. FUNDING OF DISTRICT HEATING

As noted above, we are disappointed that you appear to have backed away from the plan to “*have a more direct role in the delivery of heat networks . . . [and] consider the establishment of a District Heating Network Delivery Body for London that secures funding, and in partnership with London Boroughs, develops and builds district heating networks.*”

The Environment Strategy states that, “*For such a model to work it is likely that central government will need to create a level playing field for the treatment of district heating networks compared to other statutory utilities regarding access rights and business rates.*” This would certainly be desirable, but even in its absence we cannot see how it can be preferable for funding to be so heavily reliant on the private sector (with some central government subsidy).

The establishment of a delivery body for DH could be a major step forward. As stated above, we believe a robust case must always be made for DH, as opposed to pursuing a general goal of increasing the rate of DH development in London. However, where that case *is* made, **direct GLA involvement could make all the difference for residents.** Many of the problems cited above would not even arise if the supplier were an arm of the GLA itself. Direct involvement could potentially address the lack of suitably qualified engineers, the perverse incentives built into present procuring processes, the need for a quick and very high **return on capital investment**, at far beyond the rates required by local government, and more. The GLA could also potentially be far more accountable than the ESCOs and Housing Associations that residents are struggling with now.

This could also be a role, ultimately, for a **fully licensed public energy company for London.**

PFI funding provided a quick fix and complied with central government policy but has proved disastrous for hospitals and other public services. In the same way, concessions handing control to private companies to design, build and/or operate heat networks for profit can help to get these networks in operation – only to become a millstone round the neck of this and future generations. If organised by energy cooperatives, or municipally, or as a matter of social policy, as in Europe, heat networks could be less dependent on private companies which may need to secure a 15% return on capital within a short space of time. **We do not believe that, by their nature, heat networks must be the burden on their customers that many of them now are.**

Ofgem, which has no powers over heat networks, has spoken up to acknowledge the case for “a more comprehensive approach to ensuring customer protection”, which as they say is “appropriate for an essential service”, and has suggested not only regulation but new arrangements to cover charges and funding. Proposals put forward in an editorial in the November 2016 District Energy Vanguard Letter include municipal or community ownership, and highlight the need for a major rethink at both national and municipal level. (The ADE Task Force which reported in February 2018 proposes, instead, that public money underwrite private investors' risks, in exchange for some basic consumer safeguards.)

Heat networks are expensive, and under the present system of financing them, so is the heat they produce for their customers. A network may be more efficient than individual gas boilers, but there is also the initial investment to pay back. With investors typically expecting to make back their investment in something like 25 years, and with a limited number of customers, it is hard to see how prices could compare with prices for gas, where the pipes and other infrastructure were laid down and paid for decades ago, and where costs are spread among far more customers.

Residents of DH estates, who are and will remain for some time a small minority of London residents, **should not be expected to fund from their own pockets a major infrastructure project:** the energy centre and very expensive, highly insulated underground pipework required by DH. At present, leaseholders and to a lesser extent tenants are expected to cover capital expenditure through standing charges, tariffs, and sometimes large investments in replacement systems - and to cover these costs at commercial borrowing rates. There may well be compelling and overriding environmental reasons for a national, or London-wide, commitment to new infrastructure. But the cost should not fall arbitrarily on the shoulders of a small pool of users. Residents of regenerated estates – often present or previous council tenants – do not see why they should pay more than other Londoners for a carbon saving policy that does not personally, specifically, benefit them – and in fact often leaves them with a worse service.

There are two ways in which this is happening now: through tariffs and standing charges, and through large capital sums demanded from leaseholders to renew or replace old equipment or pipes. In both cases customers are faced with justifications which on closer inspection turn out to be based on distortions.

Tariffs and standing charges are anything but transparent, with much confusion over standing charges, service charges, and who is responsible for what repairs. Claims by the Heat Trust and participating operators that DH will not cost more than than “the counterfactual”, which at the cheapest, means gas boilers, appear to have been dropped. Instead, the Heat Trust “comparator” simply informs customers of how their costs might compare with an alternative form of heating in their building, offering no way to do anything about it. Moreover, the way the comparison is set up leaves customers confused and then furious, when they find comparisons are based on them buying and running a boiler far bigger than their needs, or insurance that they would not need with a new appliance, or would not, if they are tenants, be expected to pay for at all.

Unlike gas or electric customers, who are bombarded with offers to compare prices, DH customers have no access at all to comparisons with prices in other heat networks. Not only are they unable to switch, but this lack of transparency makes it much harder to press for fairer bills.

For leaseholders, standing charges may be set at a level that would be relevant to their mortgage calculations -- **if they knew about them at time of purchase.** They rarely do. Instead, they may see -- or miss -- small print informing them that there is a heat network in operation, and that this will be clean and economical.

Large capital sums may be demanded of leaseholders when a network needs major refurbishment or replacement. Few home buyers are aware that as well as expected potential costs for eg a new roof, which they may figure in when buying a property, in DH estates they may also receive a sudden demand for tens of thousands of pounds, to be paid upfront.

In **Southwark** a resident of one small estate recently took a case to first tier tribunal against the local authority, who were trying to impose on leaseholders major improvements to their heat network at a cost of £25,000 per flat, on top of the weekly cost of £12/week for a two bed flat. The old system was based on hot air being blown into living rooms. The new system is based on new thermal stores, in a new cupboard in each flat - a surprising choice and an expensive one, more normal for large multi-person homes requiring a big store of hot water. Apparently the system breaks down about once a month, and homes are unbearably hot in the summer.

In Redbrick estate, **Islington**, on Christmas eve 2015, residents were told that they would have to pay for a new communal heating system. The estimated bill that followed came to £22,000, payable within five years; or a maximum of ten years with additional interest. The cost is to pay for **replacement and improvement** to a network connected to the flagship Bunhill scheme, using waste heat from the London Underground. However exciting this development may be (and it is) the reality for Redbrick is that they must still pay for conventional CHP communal boilers to meet peak demand, and for the completely unnecessary replacement of the whole heating systems within their flats. Islington Council maintains that residents will have access to low cost heat, and that the investment will pay for itself in 10 years, while the real figure appears to be over more than 30 years, if at all.

Residents say that many of them **simply do not have that kind of money**. Many are elderly and will never live to see the benefits. Nor would they recoup the money if they sold the flat. Critically, it represents an appalling capital investment: if £22,000 were invested elsewhere, even the interest would cover their heating costs. Investment in Islington's scheme gives a return less than the rate of inflation, costing leaseholders far more money than it saves. The upfront cost to residents is more than five times the amount they would expect to pay for a gas boiler equivalent, which would be cheaper even factoring in maintenance and replacement after 10-15 years.

Residents ask why such projects should not be **financed through government borrowing and then paid off over the lifetime of the system via the service charge, with interest charged at government borrowing rates**. They say the interest would add to the cost, but this would be more than offset by the advantages of spreading the cost, removing the burden of up front capital costs on pensioners.

Crucially, the Redbrick residents **cannot rely on the figures they are offered** -- even the gas boiler running costs presented by the Council as a way to show that DH works out cheaper. The council says they would have to buy gas at 4.7p/kWh, while it is actually sold by Islington Council itself, through Angelic Energy, at 2.86p/kWh.

This is exactly the kind of misrepresentation that the GLA must avoid, in “promoting District Heating”, and indeed in assessing decentralised energy (DE) in general. You say that with DE “Londoners’ bills will be 40% lower”, according to a Mayor’s assessment. This would clearly be a major gain against fuel poverty -- but it is hard for Londoners to count on such figures when so much misinformation is allowed to influence policy.

It cannot be good practice for officers in local government or, eg, housing associations, to volunteer other Londoners for investments in the climate that they would not be prepared to make themselves.

Therefore, we believe

1. **The GLA should establish a website showing all DH networks in London including data on tariffs and standing charges of different heat networks in London**, working with the Heat Trust members and other private sector DH networks to see if they will publish their tariffs. It would be invaluable for customers to be able to compare what they are paying with district heating prices elsewhere. If District Heating Operators refuse to provide such details it should be obtained from social housing landlords and further research. **The London Plan should require all new networks to publish their tariffs on this new website.**
2. Cost and price comparisons should be **scrutinised by informed and independent bodies** (eg LETI) which are not themselves involved in negotiating contracts.
3. The GLA should **actively pursue the proposal to directly fund DH**, if it is found to be cost-effective, or potentially, to provide **mechanisms where parts of a network (eg the pipes) are funded** with loans at government rates and time-scales.
4. Borrowing to finance DH projects should be done at **government rates**, and paid off over the lifetime of the system. A fund to which District Heating Operators could apply for this purpose could be linked to the DH Network Delivery Body.
5. The GLA should support (financially and with expertise) the establishment of **community-controlled heat networks** where these are the choice of the community.

2. A Public Energy Company for London

1. FPA stands with Switched On London, the Green Party, and others, in criticising the Mayor's decision not to go for a fully licensed publicly owned energy company. Using an existing company, which we understand is planned to be a public energy company, will reduce **accountability** to Londoners. Any revenue generated from selling energy will **not be captured** by London authorities, money that could be reinvested back into community energy projects or collected in a community energy fund. It prevents the decisions of the company - for instance about how to balance, or *integrate* the twin goals of reducing bills and carbon emissions - being decided in a **democratic and communal** manner, which would give people a genuine say and a genuine stake in how London's energy develops.
2. Rather than outsourcing our energy supply needs to another municipality's energy supply company, which may not have the administrative capacity to handle the energy demands of London, FPA urges the GLA to recognise the successes of municipally owned and run energy companies across Europe. Nottingham's Robin Hood Energy, for example, has cut fuel poverty by offering tariffs that are **£200 below** those of the Big Six, whilst reinvesting any revenues generated back into Nottingham. These tariffs are not available beyond Nottingham, and nor would Bristol's lower tariffs for fuel-poor customers be available to Londoners. Moreover, both Nottingham and Bristol have failed to commit to investing in renewable energy and maintaining a communally democratic and accountable energy company. FPA sees this gap as an opportunity for the GLA to lead by example, creating a community energy company that is run for and by Londoners, that is properly accountable to them, and that reinvests in and buys clean energy.
3. The argument that a piggyback company can be achieved more quickly and "enable Londoners to have fairer energy bills sooner" seems to us specious and out of touch with the scale of change that is needed to achieve your stated goals. Many Londoners we've spoken to were really excited about the idea of a publicly owned London company and will derive little comfort from your statement that "The option to move to a fully licensed supply company will be kept under review". There should, at the very least, be a clear stated intention to convert your proposed arrangement to a genuine London-based company within a clear time-frame.

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3. The Community Energy Fund

1. Community energy is supported in previous London policies (eg the former Mayor's Sustainable Design and Construction Supplementary Planning Guidance suggests funding through carbon offsets) but as far as we can see, is not mentioned in the London Plan. The current London Plan (2016) includes a commitment for the Mayor and Boroughs to "encourage community-led initiatives for renewables and low carbon energy and examine how they can be supported through neighbourhood planning". This appears to be missing in the new London Plan.
2. Provisions could be made specifically for Tenants Associations of social housing estates to be prioritised to access funding for capital costs, with the help of bodies like Community Energy London to see them through the delivery process.
3. One of the best ways of ensuring that DH or other heating systems have the support of the community, and are properly monitored in action, is for them to be actually run by an accountable community organisation.
4. The Community Energy Fund whilst a step in the right direction, is limited by its funding only being allocated to the development phase of a community energy project. The fund does not go far enough in aiding communities with the capital costs of investing in energy systems. Some of these costs could be recouped by using the License Lite programme to support community energy projects to secure a better export price for their electricity sales, and by using the 'reverse auctions' process, but there is a significant financial barrier in place that prevents relatively financially poor communities from buying the energy systems themselves.
5. GLA programmes like RE:FIT, RE:NEW, the (Mayor's Energy Efficiency Fund), and DEEP should all support community energy activity.

Page: [Policy SI11 Hydraulic fracturing \(fracking\)](#)

Section: [N/A](#)

Fuel Poverty Action strongly endorse your decision not to support fracking in London. We have consistently countered the claim that fracking will bring down fuel bills - a claim that even the industry itself has had to admit is not correct. Like many thousands of other Londoners we would oppose any attempt to frack here in every way we can.