



RCH Policy:

Service Standards and Heat Network Pricing

Policy Owner
Policy Manager

Property Services Director
Energy & Sustainability Manager

Approval Body

[Board/ Social Landlord Operations Committee]

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This policy can be made available, on request, in different languages and in other formats such as large print, audio format and braille as required.

1. Scope

- 1.1 This is a River Clyde Homes policy and therefore applies to Staff, Board, Committee members of River Clyde Homes and customers across all tenures, including privately owned, privately rented, and socially rented, where RCH provides heat and hot water to that home.

2. Introduction

- 2.1 This Policy outlines the standard of service that RCH will provide to customers, for how we will set and review heat tariffs for those customers connected to our heat networks or communal heating systems using a variable tariff and not part of a "heat with rent" or fixed payment scheme.
- 2.2 RCH owns and operates eight Energy Centres providing heat and hot water to over 1,000 of our customers and aims to provide a high-quality, affordable, competitively priced service to all customers connected to one of our heat network schemes.
- 2.3 This Policy allows RCH to ensure recovery of the costs for the fuel, maintenance service, repairs and billing system that allows our energy centres to operate and heat to be provided to our customers connected to a heat network.
- 2.4 When setting the charges, RCH will ensure that tariffs are accurately and fairly calculated, ensuring costs are kept as low as possible for our customers. We will endeavour to keep them as competitive as possible for our customers compared to the comparable fuel electricity.
- 2.5 RCH has adopted a single charging policy for variable and standing service charges. This means that rather than having separate pricing for each of our eight sites, we will have one charge for customers across our heat networks. This will ensure that prices are fair and that we achieve value for money through bulk purchasing for fuel and maintenance agreements.
- 2.6 This Policy has been drafted to provide our customers with a service that complies with Ofgem regulation guidance that will be introduced in 2026.
- 2.7 This Policy should be read in conjunction with the following documentation:
- RCH Corporate Plan
 - Value for Money Strategy
 - Risk Management Policy
 - Equality and Diversity Policy
 - Data Protection Policy
 - RCH Debt Recovery Policy
 - RCH Tenancy Agreement

3. Definitions

3.1 District Heating – also known as a heat network or communal heating, uses a shared system to generate heating and hot water for connected properties.

3.2 How it works:

- Heat is generated in a local, on-site Energy Centre
- Hot water is pumped through a network of insulated pipes to connected properties
- A separate set of pipes returns cooler water to the Energy centre to be reheated

3.3 Benefits:

- **Efficiency** - District Heating systems can be more efficient than individual boilers or electric heaters
- **Cost-effectiveness** – The use of one common heat source can lead to economies of scale, potentially reducing costs for end users.
- **Low Carbon** - Heat can be generated from various sources, including renewable technologies, such as Biomass, waste heat, and heat pumps, making it a potentially more sustainable heating option.
- **Reduced Carbon emissions** - By centralising heat generation, combined with a renewable source, District Heating systems can contribute to lower carbon emissions compared to individual heating systems.

4. Policy Statement and Responsibilities

Standards of Service

- 4.1 RCH will endeavour to ensure that heating and hot water are always available to our customers on the basis that customers have a) not self-disconnected and b) have available credit on their account.
- 4.2 However, RCH cannot guarantee that the supply to our customers' homes will never be interrupted. In certain circumstances, we may need to interrupt or restrict the supply in the following circumstances:
- to avoid danger to any person or property;
 - if it is against the law to continue providing the supply or
 - to carry out maintenance on the district heating scheme.

Where these works are planned we will advise customers in advance where this impacts supply. In an emergency situation we will advise customers impacted as soon as is reasonably possible.

- 4.3 There will also be occasions when external issues impact the running of the heat network and supply to our customer's homes through power outages and power cuts, over which the organisation has little or no control. Under these circumstances, we will work with all relevant stakeholders to ensure the service is resumed as quickly as possible. However, in line with Ofgem guidance, as a social landlord RCH does not have to offer or pay compensation to customers if the system goes down.

Price Setting Methodology

- 4.4 This Policy provides a transparent framework for setting prices and charges for RCH customers who are connected to one of our Heating Networks.
- 4.5 The price that RCH sets for our customers considers the fuel and maintenance costs across all of our heat network sites, which will help drive efficiencies across the group rather than for individual buildings, blocks or specific areas.
- 4.6 Where RCH provides heating and hot water to a property via a District Energy Network or Community Heating sites, the costs (or tariffs) for heat are split into two elements:
1. **The Variable Charge** – the cost per kilowatt hour of energy for heating and hot water based on the cost that RCH pay for the fuel such as biomass, electricity and natural gas.

- 2. The Standing Service Charge** – a daily fixed charge irrespective of consumption based on all of the fixed costs required to deliver a heating and hot water service to customers.

The Variable Charge

- 4.7 The variable charge is based on the amount of fuel each customer uses for heat and hot water, and it is charged accordingly at a per-kilowatt-hour rate. This means each customer will be liable for their own heating and hot water bill based on their household's usage. The variable charge covers the fuel costs RCH incurs as an average cost across each site or building via our suppliers.

Standing Service Charge

- 4.8 The standing service charge covers the cost of maintaining our heat networks including servicing, repairing, and replacing the network's component parts to ensure they operate at an efficient and optimal level of service. It also includes the cost associated with the maintenance and servicing of gas boilers, air source heat pumps, biomass boilers, circulation pumps, hot water storage tanks, electrical systems, metering and billing energy management systems, buffer vessels, plant rooms, and pipework associated with creating and delivering heat and hot water from each energy centre to each block and individual property.
- 4.9 A number of maintenance contracts are in operation for each site to ensure that any issues relating to service provision are dealt with promptly and that any disruption is kept to a minimum.
- 4.10 The Standing Service Charge will be the same for all heat customers, whether on a pre-payment or standard meter.

Bad debt

- 4.11 Bad debt provision will not be factored into the variable or standing service charge. Any debt will be recovered via the RCH Debt Recovery Policy or the provider responsible for the pre-payment meters within the specific scheme. Any outstanding debt will not be added to the standing charge.
- 4.12 Where customers require to be migrated to a new metering and billings system and who have a historic debt, RCH will look to reclaim this money on a proportionate basis per customer.

Vulnerable Customers

- 4.13 RCH will help and support customers through our Financial Wellbeing Team including support for vulnerable customers. As per RCH Group's Tenancy Sustainment and Vulnerable Customers Policy, there is no legal definition of a person who may be deemed vulnerable. RCH will not identify whole groups of people as being vulnerable, for example we will not identify all older

customers as vulnerable even though many may be. We will define vulnerable customers as those who experience difficulties with day-to-day life and require support in order to ensure that they are not at a disadvantage to sustain their tenancy.

- 4.14 We encourage residents to inform us if they are within these categories and regularly update our register to reflect any changes.

Tariff Review

The Variable Charge

- 4.15 The variable charge will be reviewed and recalculated at least annually, using forecasted costs for gas, biomass, and electricity for the forthcoming year. This will be assessed against the previous year's heat sales and system performance data. In addition to the scheduled annual review, interim recalculations may be undertaken if there are significant changes in energy market conditions. Any revised charges will be presented to the RCH Board for approval and, once approved, implemented accordingly.

The Standing Service Charge

- 4.16 The standing service charge will be reviewed annually each April, following the setting of the 2025/26 tariff and in subsequent years. The tariff may be adjusted if income generated from the standing service charge is projected to fall below associated expenditure, taking into account any current or agreed subsidies. This ensures the financial sustainability of the heat network while maintaining transparency and fairness.
- 4.17 The standing charge price will review all elements associated with providing the heating service, which includes the repair, maintenance and servicing of the component parts of the heat network, such as boilers, pipework and pumps. RCH will compile the expenditure relating to these elements across the year, divide this between the customers connected to our heat networks, and then divide again by 365 days, or a calendar year, to work out the daily standing charge.
- 4.18 During the tariff review, the charges will then be adjusted for the upcoming year to ensure that the retrospective expenditure from the previous year is recouped through the income set within the standing service charge.
- 4.19 RCH will provide at least 31 days' notice to all customers in writing of any changes in heat tariffs. The area Housing teams will be notified of each tariff review and provided information to assist with resident queries.

Customer Commitment & Benchmarking

- 4.20 RCH believes keeping costs as low as possible for our customers is essential. For customers connected to one of our heat networks, we will take all reasonable endeavours to ensure costs will not be greater than those of domestic customers who use electricity to heat their homes. As a result, RCH will carry out a regular, robust energy procurement process to ensure that we purchase biomass, gas and electricity at competitive rates for our customers.
- 4.21 We will ensure that our heat networks are run as efficiently as possible by operating and maintaining them effectively and ensuring that upgrades or additional heat networks are well-designed, efficient and in line with best practice industry standards.
- 4.22 Our operation and maintenance contracts will include heat network efficiency targets that our contractors must regularly achieve. These targets will ensure network efficiency is maintained and improved to the highest performance standards.
- 4.23 Where network efficiency is below standard, RCH will implement planned improvement works to increase network efficiency as part of our Energy & Sustainability action plan.
- 4.24 RCH will benchmark costs against other housing associations, including those operating heat networks, to ensure prices are fair and comparable. This method is consistent with how heat charges are set by other schemes across the UK and the Heat Trust Price Calculator for residential schemes.
- 4.25 RCH offers all of our tenants support and advice to help reduce their fuel bills through contact with our Financial Wellbeing Team who currently work in partnership with Community Links Scotland and Wattwise Inverclyde and can offer fuel support for our tenants. This support includes energy crisis support, advocacy support, specific energy advice/information and energy saving and energy support.

Regulation

- 4.26 RCH will ensure to adhere to the requirements of the Scottish Housing Regulator's Regulatory Framework and compliance with Regulatory Guidance regarding Notifiable Events in respect of this policy.
- 4.27 RCH will also ensure adherence to relevant guidance provided by Ofgem when the regulation of heat networks falls under their remit in January 2026. This policy has been drafted with cognisance to this.
- 4.28 Households in Scotland on heat networks also have access to an independent dedicated advice, advocacy and support from . Customers who need

information or support can contact the national consumer advice agency, Consumer Scotland or alternatively Advice Direct Scotland.

5. Equality, Diversity and Inclusion

5.1 RCH will apply this policy fairly and consistently. In implementing this policy, we will not directly or indirectly discriminate against any person or group of people because of their race, religion or belief, gender, disability, age, sexual orientation, or any other grounds. Our commitment to equality and fairness will apply irrespective of factors such as age, disability, gender reassignment, marital or civil partnership status, pregnancy or maternity, race, religion or belief, sex, sexual orientation, or other personal attributes.

6. Review

6.1 This Policy will be reviewed annually to ensure that it is fit for the purpose, that it stays aligned to regulatory guidance, that tenants are receiving value for money and that any losses and exposure to the organisation are limited. However, an earlier review will be undertaken if there are changes in legal, regulatory or best practice requirements, or because monitoring and reporting reveals that a change in policy is required sooner.