techUK Data Centres Programme
Briefing Note
Heat Networks (Metering and Billing) Regulation

This piece of legislation has been flagged up because there are some circumstances where it could be applicable to data centres. Please read the following notes carefully.

Relevant legislation
Part of EED (Energy Efficiency Directive) Enshrined in UK Law through a Statutory Instrument, the Heat Networks (Metering and Billing) Regulations 2014

Came into force:
2014. Organisations in scope should have notified BEIS by 31st December 2015

Policy objective
To address the kind of perverse incentives that stop tenants from improving the efficiency of the building they occupy because the landlord will just bill them on the basis of area occupied rather than what they use. The objective is to give customers of heat or cooling more control, and better incentives, to improve efficiency either through investment or behaviour.

Why does it matter to data centre operators?
There is a potential compliance issue because the Regulations require companies providing heat or cooling to customers or end users and/or to multiple buildings to be able to meter that provision and bill it accurately.

How do you know if this affects you?
The regulations apply to networks that share heat (or cooling). They identify two types of heat network: multi building networks (district heating or campus heating) and single building networks which they call communal networks. The rules differ slightly for these two. Your facility is in scope if:-

A) If you are providing heating (or cooling) to at least one end user /customer either on a campus or externally as district heating. This heat can be generated or waste. The regulations do not apply if the heat/cooling is genuinely free of charge but would apply if the provision was expected as part of a tenancy (whether contractually explicit or not). **OR**

B) If you are providing cooling[1] to more than one customer within a single building (your data centre).

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[1] The regulatory scope also includes the provision of heating to two or more customers within a single building but this is much less likely in a data centre. If for instance two companies rented offices within the data centre building that were heated by waste heat from the facility and this was charged for or expected as part of their tenancy then this could bring the facility into scope. In reality, data centre operators are more likely to be in the business of providing cooling to third parties rather than heat. We will be developing some scenarios to help clarify those sites likely to be in scope.

AND chilled water is being used at the point of cooling (irrespective of what is used by the chillers themselves) i.e. chilled water is the fluid that is being pumped round).

AND those customers are in self contained rooms or units (not cages because these are open to ambient conditions).

What YOU need to do.

1)   Establish whether you are in scope or not. You may need help here: Have a look at the scope guidance: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562781/Heat_networks_scope_guidance._October_2016.docx or the Heat Networks information and guidance: https://www.gov.uk/guidance/heat-networks or contact the helplines below.

2)   If you are in scope the only thing you are likely to need to do at the moment is notification. Notifications have to be submitted every four years unless the network is out of service. To notify, you fill in the notification template at www.gov.uk/heat-networks and email to heatnotifications@nmro.gov.uk   You will be notifying retrospectively because the deadline was December 2015 but BEIS will be dealing pragmatically with late compliance provided organisations are not deliberately avoiding notification, are not refusing to notify and are not providing inaccurate information.

3)   A number of organisations have provided notification even though they are out of scope so it is worth checking first against the FAQs below or by using the helpline details at the bottom

4)   Once you have established that you are in scope and have notified BEIS, you may need to implement metering unless you can demonstrate that it is technically unfeasible or not economically viable. At the moment the economic feasibility test is being reviewed so there is a delay in the process. You will not be required to meter until the new guidance is is released.

Quick recap of main points /FAQs

- The intention is to make things fairer for customers in terms of paying for what they use and incentivising investment in efficiency measures by tenants.
- Metering in this context does NOT mean electricity meters but heat (or "coolth") meters.
- Heat meters measure the amount of heat in KWh that is being consumed. Cooling would be measured in a similar way.
- Organisations with heat or cooling networks sometimes mistakenly think they are in scope. The heat or cooling has to be provided to third parties. If there is no customer involved then you are out of scope.
- Don't forget that to be in scope you need to be providing cooling to more than one customer in a single building network or at least one customer in a multi-building network.
- It has to be provided to partitioned areas that are self contained in terms of temperature.
- Customer means the entity paying for the cooling or heating.
- Heating or cooling supplier means the person / entity charging for heat or cooling

- Being in scope DOES require you to notify but it does not necessarily mean you will have to take further action (fit meters).There are TWO tests regarding further action: Technical feasibility and Economic feasibility.
- The Economic Feasibility test is yet to be published. It will be based on the cost of installing and maintainig meters and providing billing for ten years vs the ten year saving.
- Govt is taking a proportionate approach in view of the fact that the economic feasibility tool is not yet ready.
- Companies are advised to notify as soon as possible.
- The rules of thumb for data centres may be different in the case of new builds with multiple building networks. In these cases contact the helpline.

Heat networks helpline and enquiry line

Enquiry telephone: 020 8943 7272

Website:	www.gov.uk/heat-networks
Email:	heatnotifications@nmro.gov.uk
Enquiry System:	www.rohs.bis.gov.uk/enquiry.aspx