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Dear Sirs

Forward Work Programme – 2025/26

BUUK Infrastructure Limited (BUUK) welcomes the opportunity to respond to Ofgem's Forward Work Programme consultation for the coming year. This letter first presents an overview of our business and then discusses our views on the proposed workplan.

Overview of our business

BUUK is a leading multi-utility infrastructure investor, working across Great Britain and competing against incumbent utility companies. We provide over three million connections, serving customers across 48,000 discrete networks with six essential utilities (gas, electricity, water, wastewater, telecoms and heat). Our primary investor is Brookfield, a global leader in asset management operating in over 30 countries.

Summary of our views

We welcome the transparency that publication of Ofgem's Forward work programme for 2025-26 provides, particularly given the opportunity it gives stakeholders to comment on the content presented and to seek to influence Ofgem's focus for the coming year. It is also a good guide to enable us to better understand how Ofgem is planning to align its priorities to those of the new Government and the associated policies that Government is progressing, including the 2030 clean power mission.

Given the increasing emphasis Government has recently placed on the importance of its economic growth agenda and reforms to support the construction of significant numbers of new homes, we think this is an area Ofgem should actively support in the coming year. We note that uncertainties about the future role of gas for in-home heating, means that developers are increasingly considering the potential to install heat networks to support new housing developments. Recognising this shift in the market, we have been seeking to identify an alternative low carbon heating solution and, to this end, are now offering innovative heat solutions for new homes in the form of low temperature heat networks. These provide developers and end customers with efficient zero carbon alternatives.

Crucial to the continued delivery of these innovative heat solutions will be the establishment of a robust regulatory environment for heat networks in the future. We very much support the decision to appoint Ofgem as the sector regulator and believe that this can bring benefits to both customers of heat networks and investors given the enhanced regulatory stability / certainty that it will provide.

Recognising that Ofgem will be taking on the role of heat network regulator from January 2026 we would expect that, during 2025-26, a significant amount of work will be needed to implement arrangements necessary to support this new function. In line with this significant change in Ofgem's regulatory remit, we would have liked to see greater reference within the forward work programme to the activity that Ofgem is intending to progress in this area. At present, the only reference to heat networks within the work programme is as follows: "We will continue our work to prepare for our new regulatory responsibilities for heat networks, to ensure good outcomes for their consumers." We would have expected greater emphasis on the new role that Ofgem will be pursuing from January 2026, including details of how it plans to discharge this important new role. This would help provide clarity to heat network market players about what they can expect in the coming year and reassurance that this important work remains a priority for Ofgem

Heat Network Deliverables

We think there are several key areas where Ofgem should include additional details of their planned activities in developing the heat network market framework within the Forward Work programme. This will help to provide greater clarity regarding the process that will be followed over the coming year as we transition towards a regulated market.

- Registration and Authorisation Regime: We are keen to better understand Ofgem's plans to roll out the registration and authorisation requirements which are a critical component of the heat network market framework. The earlier this is communicated to industry, the more time there will be to start preparing the processes and policies they will be required to implement to ensure that heat network entities are able to provide the necessary information required to register with Ofgem and become authorised to operate. We believe that authorisation should be a one-time process for a heat network entity and the provision of information should be minimised; with requirements better contained within separate reporting requirements maintained and updated by Ofgem.
- Monitoring metric expectations: A lack of clarity remains with respect to the level of detail that heat network entities will be required to report to Ofgem. Of particular relevance to this consultation is the need for Ofgem to provide clarity around the timeframes associated with the submission of metrics to Ofgem. We remain unclear on Ofgem's exact expectations on the heat sector when it takes on the role of regulator in January 2026, and therefore, we would welcome an indication within the forward work programme of when we can expect further detail from Ofgem.

- Securing the right skill and knowledge: We would value further detail on Ofgem's plans to secure personnel with the right skills and knowledge regarding heat networks to ensure that it can effectively and efficiently undertake the role as regulator for the heat sector.
- Expectations on communication and further consultations: We are keen to understand Ofgem's plans for interacting with industry prior to formally undertaking the role of regulator in January 2026. We would welcome a timeframe for further engagement with industry over the coming year.
- Risk of double regulations: We continue to have concerns around the risk of duplicating regulations within the developing heat network market framework. As such, we think there is a need for greater cross communications between government departments on the various work streams that are being progressed including the HNTAS, Consumer Protection provisions and heat network Zoning. This will ensure that a consistent and coherent approach to regulations is taken and help to avoid any potential cross overs and / or duplications.

We note that heat networks are not explicitly included in 'Strategic Priority 2: Enabling infrastructure for net zero at pace'. Our understanding is that heat networks will form a vital strategic tool in the government's plan to decarbonise heating in the UK while also ensuring affordability over the long term for consumers. We believe that it is critical to highlight and provide assurances on how the future regulatory framework will operate to enable the deployment of heat network infrastructure at pace.

Yours faithfully,



Keith Hutton

Group Regulation Director