

Project Management and
Property Policy

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ÉNERGIE ET ENVIRONNEMENT

ARGUMENTAIRE

9 Proposals from the Heat Networks Stakeholders National Committee

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|---|---|
| 1/ Heat Network Stakeholders | 3 |
| 2/ Heat Network Stakeholders National Committee | 4 |
| 3/ The structures of the Heat Network Stakeholders' National Committee | 5 |
| 4/ 9 Proposals from the Heat Networks Stakeholders National Committee | 6 |
| <u>CHALLENGE N° 1: better and easier access to data from heat supplying public services</u> | 6 |
| <u>CHALLENGE N°2: Bringing together subscribers and end users</u> | 6 |
| <u>CHALLENGE N° 3: An understandable cost of the heat provided by the heat network</u> | 7 |

1/ Heat Network Stakeholders

Presentation of the Heat Network Stakeholder chain

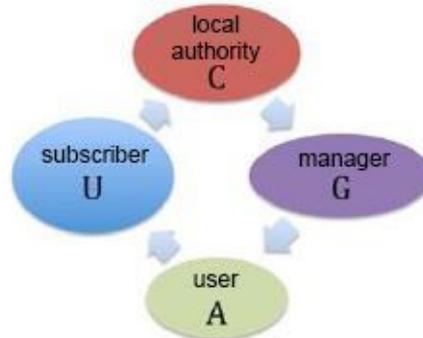
A heat network is widely established on the initiative of a **local authority** (often communal or intercommunal): it is the organizing authority of public service heat distribution. The mode of management chosen by the community, it may delegate to an operator all or parts of responsibilities for the exercise of the service.

The **manager** of the heat network is responsible for the smooth operation of the system for end users under the supervision of the local authority. It is directly related to its subscribers.

In the residential sector, collective buildings constitute two thirds of the buildings connected to heat networks. Usually heat is delivered at the bottom of the buildings and then distributed to the other occupants through a secondary network managed by the **subscriber** of the heat network, in other words the manager of the building. These are social landlords or condominium paying the utility heat distribution invoices and recovering amounts owed by each occupant via the charges.

The **user** assumes its share of costs energy. He receives the heat in its housing, signifies to the lessor or trustee (as it is the tenant, co-owner or owner) anomalies, contributes to energy savings by a "reasonable" use of heat, acting on organs control if they exist. He has the right to verify the associated expenses each year.

The four heat network stakeholders:



Numerous stakeholders are gathered around heat networks: the proposals concern one or several of these entities.

FOCUS :

2020 objectives

As part of the Grenelle de l'environnement (French environmental pact), 3% of the national production of energy will have to be renewable by 2020. It represents a production of around 20 million toe of renewable energy and recovery (EnRR) in addition to the annual production and of 2.5 million toe with respect to heat networks (6 times more than in 2007). To converge towards this objective, several actions must be taken:

- 1) extend and/or densify existing networks, for example when a new area is developed;
- 2) create new networks when technically and economically possible;
- 3) replace fossil fuel boilers by renewable energy boilers.

2/ Heat Network Stakeholders National Committee

Under the leadership of Union Sociale de l'Habitat (French representative association of Social Housing Associations) and AMORCE and heat network operators with the support of ADEME, 9 organizations came together in 2011 to create the Heat Network Stakeholder National Committee.

Virtuous and well-conceived heat networks can help local utilities to provide energy at controlled in line with 2020 objectives and help lowering carbon emissions thanks to renewables.

Given how important heat networks are for social housing association. The USH works on developing them as considered by certain local authorities. These developments have to be based on social acceptability, on shared governance and with invoicing rules agreed by all.

To follow up with the debate initiated with the Allur Act and the national debate on energy transition, USH, AMORCE and other heat network operators have come together as the Heat Network Stakeholder National Committee in 2011.

About
800 000
social housing units are
connected to heat
networks

These structures represent the whole process of decision, exploitation and potentials of heat networks, namely local authorities, subscribers, operators and end users.

These structures are:
- AMORCE, representing local authorities,
- CNL, CLCV, ARC and CSF, representing end users;
- USH, UNIS, CLCV, representing subscribers,
- SNCU representing operators and the association Via Seva,

The approach is supported by ADEME (French Environmental Agency).

The structures represent the whole process of decision, exploitation and potentials of heat networks: local authorities, subscribers, operators and end users.

Four public housing offices with a high number of housing connected to a heat network came together in a working group: Osica, I3F, Valophis and Logement français.

The Committee holds regular meetings since 2013 and deals with:

- **Contracts:** relationship between the stakeholders, rights and obligations, contractual framework and access to various documents ;
- **Mediation, conciliation and information :** understanding of the pricing system, type and quality of information expected by the stakeholders, information on the regulation of tariffs and on the assessment of the organizing authorities ;
- **Quality of services :** performance indicators, annual operating costs ;
- **Financial and fiscal aspects :** financial balance of the heat network project and of the public service delegation contract, overall cost, configuration and tariffs, fuel poverty.

USH, along with four social housing associations involved in the heat network stakeholders' national committee, approved the approach initiated here and the following nine practical proposals aiming at improving the relationship between the organizing authorities of the public service related to the heat network, subscribers (housing associations, co-ownership unions), end users and the network operators.

FOCUS:

Heat networks in 2012:

- 450 big heat network identified
- 800 heat network – calculated
- 6% of the French heat need
- 36% of renewables and recycling
- 3 650 km of heat networks
- 2.1 million Housing equivalent
- 1.4 million of housing (50% being social housing)
- 12% of the collective buildings connected to a heat network
- 1% of the electricity produced thanks to CHP



3/ The structures of the Heat Network Stakeholders' National Committee

FOCUS : 3 SHARED ISSUES

CHALLENGE N° 1: better and easier access to data from heat supplying public services

CHALLENGE N° 2: discussion and conciliation with subscribers and end users

CHALLENGE N° 3: a readable price of the heat supplied by heat network



AMORCE is the national association of local authorities, associations and companies for waste management, energy management and heat networks. Created in 1987 with about 50 members, it is now composed with 782 members.



The Heat Network National Union is part of the Federation of energy and environment services. It officially represents the companies working in the heat network field. It is involved in the national and European regulation work and manages investigations on the account of the Ministry of the Ecology.



Created in 1987, ARC is a non-profit organisation currently established in more than 14000 co-shared buildings, some of whom with more than 5000 housings. ARC is an organization independent from local and regional authorities, from businesses, unions and from political parties.



The Union of Real Estate Professionals is an organization serving its members: building managers, estate agents, co-ownership unions, producers of goods and property experts.



The National Housing Confederation is a registered consumers' group. It is the leading national organization in charge of defending the interests of people. It fights for adequate housing rights for all, for household purchasing power and for the improvement of families' daily life.



The Social Union for Housing represents about 760 social housing association through five federations. It has structures and subsidiaries in charge of training and professionalizing its members.



The Union Confederation of Families is a family national organization to defend end users and tenants' rights. It works with families in various daily areas: consumption, housing, education, culture and leisure.



Via Sèva association was created in November 2000. Its mission is to introduce to the general public the functioning of heat



4/ The 9 proposals of the heat network stakeholder national committee

CHALLENGE N° 1: better and easier access to data from heat supplying public services

Everybody should be able to access all contract documents

First of all, every contract documents defining the relationship between heat network stakeholders must be accessible to all. A financial penalty applies when documents are not provided be it from the authority in charge of the service or from the building manager responsible for the heat purchase contract.

Annual report from the department openly accounting for the technical and financial data of the project

The Heat Network National Committee is also unanimous on the need to change the 1982 ministerial order on heat energy provision which represents a reference model for public service delegation contracts. Since then, the context has largely evolved and the current issues (fuel poverty, carbon emissions, specific

features connected to the development of renewable energies, efficient energy use, the evolution of energy prices...) are not always understood or sometimes are poorly understood in the 1982 model. Some adjustments had obviously already been put in practice in recent contracts for the last ten years to integrate these issues, but it seems important to propose a new basis for discussion for Public Service Delegations, including strengthening of the regulatory content of the technical and financial reports due by the delegate to the delegating authority.

Performance indicators locally defined in cooperation with the stakeholders based on a national list. Annual report of those indicators.

Moreover, these documents are dense and very complex. It is necessary that the organizing authority of the service annually communicates on a certain number of indicators reflecting the performance of the public service in charge of providing heat, in terms of price competitiveness of heat delivered, of energy and environmental efficiency of the heat network and of the social dimension of public service. Regular communication and comparisons over time of their evolution should enable all stakeholders to analyze and detect any drift.

CHALLENGE N°2: BRINGING TOGETHER SUBSCRIBERS AND END USERS

Better representation of all heat network stakeholders in the Consultative Commission

Today the regulatory tool to inform consumers and get their opinion is the Consultative Committee on Local Public Services. It is the Law of 27 February 2002 which made this Committee mandatory for the regions, departments or municipalities with more than 10,000 inhabitants, inter-municipalities with over 50 000 and mixed associations with municipalities with more than 10,000 inhabitants. Full members of the committee represent local associations and community advisors. Experts may be present when invited by the community (housing association, network manager).

A Consultative Committee on Local Public Services dedicated to energy (gas, electricity and heat).

10 years after it was created, the committee's assessment is mitigated. The public service in charge of supplying heat being rather complex with multiple interlocutors, the committee as defined by the 27/02/2002 law is not sufficient. All the stakeholders are not represented. The community has to make sure that both the end user and subscriber representatives are part of the committee. Each college (Community Advisors, subscribers, end



users) has to be fairly represented. The manager has to be invited to present his/her report. Besides, when the committee is compulsory, it has to be specific for each local public service supplying energy (gas, electricity, heat), be it in the way it is composed or in the way it functions (agenda).

Next to the CCSPL, the National Committee of stakeholders recommends the implementation of a Consultative Committee specific to heat networks. It is a working group drawn from the CCSPL, but expanded. It shall meet as required by the public service (contractual maturity; development of a master plan, preparation of an addendum, ranking the heating network).

1) First of all, the heat network manager should issue every year a summary of heat consumption and heat billing according to the delivery location. This would allow subscribers to integrate it in their management tools. It has to gather all the technical and economic data necessary to understand the price and the heat use delivered to a building.

A framework for an optimized consultation

Finally, the internal rules of the committee, adopted by mutual agreement, should specify the length of transmission of documents, the time required to integrate members' written questions in the agenda before the meeting. It should establish an annual calendar of meetings. The documents must be submitted to the attention of members three weeks before the meeting so that they can consider them. Other documents can be made available in advance: additional documents or complementary studies. The sharing of documents should be facilitated when possible e.g. dedicated platform with a dedicated access to the committee's members.

CHALLENGE N° 3: AN UNDERSTANDABLE COST OF THE HEAT PROVIDED BY THE HEAT NETWORK.

The cost of energy is increasing every year and its impact on the household's expenses is more and more significant. More than five million homes in France are heated by a collective heating fueled either with natural gas, fuel oil, electricity or connected to a heat network.

Yearly publication of a management factsheet summarizing the technical and economic data of the charged cost

When receiving their energy bills numerous households do not have direct access to the cost (contrary to individual heating). The challenge is twofold:

2) Simultaneously, it is recommended to provide a yearly memo on methods for calculating heat and domestic hot water expenses, based upon a comprehensive management of the heat network.

- It is important for the end user to understand his energy use and his heating costs. It is a pre-requisite to control his energy use and the expenses related to it.
- the organization in charge of providing heat need to know the overall cost of heat for end users to be competitive with other heating modes. Heat network can contribute to the fight against fuel poverty.

Advice building manager to draft a yearly memo on methods for calculating heat and domestic hot water expenses.

A consultative committee for subscribers and end users.

The heat network billing chain is complex and may be misunderstood. Two related recommendations are to be implemented.

The address of social housing:
www.union-habitat.org



Find all publications from the social housing organisation:

<http://ressourceshlm.union-habitat.org/ush/>