

District Heating Disconnection Policy

For leaseholders and
freeholders

The council regularly receives requests from homeowners asking for permission to disconnect from the district heating system, as they want to fit their own heating system. In the majority of cases, we do not grant permission for the reasons laid out below.

This document explains how our district heating systems work, why in most circumstances district heating is the better option, and lays out the Council's policy on disconnections.

Background information

We have a large number of homes originally built with district heating systems that provide full or partial heating and/or hot water to the homes within a block or estate. It is usually provided by a large central boiler house, underground mains (distribution pipes) and plant rooms on an estate, which provide hot water all year and heating in the colder months.

We are responsible for maintaining the boiler system, the pipework and radiators that feed into your home. As the homeowner, you are responsible for paying for the costs of providing you with the heating and hot water, and maintenance costs as part of your annual service charges. Your lease says that you must not disconnect your home from the district heating system without council permission. Freeholders will have a similar condition as part of their transfer agreement.

What you pay for

Everyone connected to the boiler house pays a share of the running costs. Larger homes with more bedrooms pay more than homes with fewer bedrooms, which we call the 'bed-weighting' method. We use this method to calculate the amount you pay in your service charges for heating, hot water and other services. Properties that receive partial heating pay less than those that receive full central heating. Where a heat meter has been fitted this may also be used to calculate how much you pay.

The effect of disconnections

We bulk buy the fuel (normally gas) required to run the systems each year, and these contracts are negotiated over a number of years, based on estimated minimum use. The cost of the fuel purchased by us is better value for money than the fuel prices available on the open market. There is also the ongoing cost of maintenance, repairs, and future major works.

District heating systems are complicated systems and to run smoothly they need the right operating conditions. One condition is the pressure of the system as a whole. If a homeowner disconnects from the district heating system, the pressure has to redistribute within the system. In many cases this causes an imbalance of pressure, and may result in breakdowns resulting in additional maintenance work.

If we give permission for an individual to disconnect from the system, these costs are then distributed across the remaining homeowners and tenants.

We have to be fair to everyone who lives in the block and consider their needs and financial commitments. This is one reason why we do not usually allow disconnection.

For example, in a block of 20 properties served by a district heating boiler, if we give permission to allow one leaseholder to disconnect, then the actual running costs and maintenance will be divided between the remaining 19 occupiers. So the costs will increase for those who remain connected.

Allowing disconnections will increase maintenance costs to other residents who remain connected; however any reduction in usage costs is minimal. This is because the hot water still needs to be heated to the appropriate temperature (usually around 80 degrees centigrade) and delivered to the remaining homes.

District heating versus individual heating

There are many factors to consider when comparing the price of heat from a gas boiler located inside a home to the heat supplied from a district or community heat network. The Heat Trust has developed a heat cost calculator which compares costs. The calculator factors in boiler efficiency, repair and maintenance, and the cost to replace a boiler at the end of its lifetime.

The calculator is a guide to give customers a good indication whether the price they are being charged is fair. You just input your postcode, home size and annual heat and hot water use and costs. This will give a comparison against a similar sized property heated with an individual gas boiler. It is usually found that district heating is cheaper than individual heating.

The heat cost calculator is available at:

<https://heattrust.org/test-the-comparato>

Reducing carbon emissions and air quality impacts

In April 2019 the Council committed to do all that it can to become 'net zero carbon' by 2030. One way of achieving this is through district heating systems which are much quicker and easier to decarbonise than individual heating. The Council already uses low carbon heat from SELCHP to serve a number of its district systems and has projects ongoing to increase this and to convert gas boiler systems to low carbon heat pumps. Allowing properties to disconnect from district systems inhibits our ability to decarbonise heating across the borough and this is another reason why we do not usually permit disconnection. District heating normally also has lower air quality impacts compared to individual boilers due to the use of low NOx burners, higher flues leading to better dispersion and an increasing move away from fossil fuels altogether.

Other housing providers

Some other housing providers allow disconnections while others do not. Those that do allow it generally do so only where certain

conditions are met, e.g. for health reasons. In these instances, the Council believes it would be better to look at changes to the district system and the introduction of individual controls if these are not present, rather than disconnecting.

Leaseholder Policy

The Lease Agreements between the Council and its leaseholders, prevent disconnections taking place except where the Council provides permission in writing for this to take place. For the reasons laid out above, it is the Council's general policy not to approve disconnection requests.

Freeholder Policy

The Transfer Agreement registered against your title allows a freeholder to disconnect from a district heating system. However, there are still costs that you will need to pay if you disconnect.

When you disconnect from the communal heating system, maintenance costs do not decrease and the overall energy requirements normally remain largely the same. The system will gradually become imbalanced – meaning that it will no longer operate efficiently. This will eventually mean the system becomes unfit for purpose and unable to serve your estate.

This has an impact on the other residents on your estate as it increases costs for those that remain connected. The costs of maintaining and running the communal heating system must either be shared among fewer residents or funded by the rent of the council's housing tenants. We do not view this as fair or equitable.

Therefore, if you wish to disconnect, you will need to agree to pay an amount equal to all of the costs and expenses incurred, directly or indirectly as a result of your disconnection. We cannot increase costs for other residents who use the district heating system. These costs are made up as follows:

- Direct costs of disconnecting from the communal heating system, such as material and labour;
- Indirect costs: fixed costs that would otherwise be recoverable by the council if your property was connected to the communal heating system. As we will no longer invoice you annually, a current valuation is used. The average amount is £39,500 but depends on the size of your property and condition of your district heating system;
- Admin fee: £735 which includes a £235 administration fee for processing your application and a £500 engineering fee for an engineer to check your specifications and carry out a post completion inspection to ensure the works were done to the required standards;
- Legal fees: We instruct our solicitors to vary your transfer agreement to reflect that you have been released from certain covenants which enabled you to carry out the disconnection. You are responsible for our solicitors' fees, which are approximately £299+VAT and are advised to instruct solicitors to act on your behalf.

If you want to disconnect please email us at: hsg.conveyancing@southwark.gov.uk and we will provide you with a breakdown of these costs. If your disconnection from the system also involves external alterations, you will need to make an application for consent to alterations via our online form. When you have received consent in principle, and made a payment of our costs, you will be provided with consent in writing to disconnect from the system.

Disconnection without payment will result in a breach of your transfer agreement, and we will take enforcement action, for the costs of disconnection.