Broadwater Farm Heating Tariff Review

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Purpose

The purpose of this report is to assess whether the current tariffs are higher or lower when compared with typical heat network tariffs and gas tariffs within recognised industry benchmarks.

Current Heat Tariffs

Metered Heat Tariff 2026/27

Charge	Tariff
Standing Charge	£0.94 per day
Variable Charge	4.605 p/kWh
Estimated Annual Cost (4,500 kWh consumption)	£550.33

Unmetered Heat Tariff 2026/27

Charge	Tariff
Flat Rate Charge	£1.99 per day
Annual Cost	£726.35

The 2026/27 tariffs represent a reduction from the previous year:

- Metered standing charge reduced by **12%**
- Metered variable charge reduced by **10%**
- Unmetered charge reduced by **9%**

Heat Network Industry Benchmarking

Unlike domestic gas and electricity, there is currently no regulated national price cap for heat networks. Prices vary between schemes depending on fuel procurement arrangements, network efficiency, maintenance costs, asset age, financing arrangements and operational requirements. Heat Trust confirms that standing charges and unit rates can vary significantly between networks and that standing charges commonly include billing, metering, maintenance, repair and network operating costs.

The Competition and Markets Authority (CMA) undertook a national review of heat network pricing across hundreds of UK schemes. The CMA concluded that many heat networks provide heat and hot water at prices that are comparable with, or lower than, alternative heating arrangements, while recognising that some schemes deliver poorer outcomes than others. The CMA also identified significant variation in tariffs across the sector.

Current industry benchmarking published by heat network operators, consultants and billing agents generally indicates unit rates in the region of 10–15 p/kWh for many gas-fired residential heat networks, with some schemes operating considerably above this range following the energy crisis. Although no single industry average is formally published by Heat Trust, tariffs within this range are widely observed across the sector.

Variable Tariff Comparison with Broadwater Farm Estate Tariff

The estate's current variable unit rate is 4.605 p/kWh. Comparison against commonly observed heat network rates:

Benchmark Unit Rate	Difference from Estate Tariff
10 p/kWh	Estate tariff is 54% lower
13 p/kWh	Estate tariff is 65% lower
15 p/kWh	Estate tariff is 69% lower

For illustration:

- A resident using 4,500 kWh per year would pay £207.23 in variable heat charges on the estate tariff.
- The same consumption charged at 13 p/kWh would cost £585.00.
- The same consumption charged at 15 p/kWh would cost £675.00.

This demonstrates that the estate's variable heat charge is significantly below the level commonly found across many UK heat networks.

Fixed Tariff Comparison with Broadwater Farm Estate Tariff

Benchmarking the estate's heat tariff against commonly observed heat network charging structures indicates that residents are paying substantially less than many comparable schemes. Using an illustrative industry tariff of 13–15 p/kWh with annual fixed charges of approximately £400, a typical household consuming 4,500 kWh per year would incur annual costs of between £985 and £1,075. By comparison, the estate's equivalent annual cost is £726.35, representing a saving of approximately 26–32%. The available evidence therefore does not support the assertion that the estate's heat tariffs are high by heat network standards.

Assessment

Based on the available evidence:

1. The estate's variable heat tariff of 4.605 p/kWh is substantially below the 10–15 p/kWh range commonly observed within the heat network sector.
2. The tariff has reduced by 10% compared with the previous year, demonstrating that costs to residents have fallen rather than increased.
3. The standing charge of £0.94 per day includes a range of services associated with operating and maintaining a communal heating network, including metering, billing and infrastructure costs, which Heat Trust recognises as standard components of heat network tariffs.
4. The CMA's review of the sector found that many heat network schemes provide prices that are competitive and not inherently more expensive than alternative arrangements, while acknowledging that tariffs vary significantly between schemes.

Comparison to the Gas Industry

Whilst heat networks and individual gas heating systems are not directly comparable, it is useful to compare the annual cost of heating experienced by residents, as it gives an indication as to whether heat networks are affordable.

According to Ofgem's July–September 2026 price cap, domestic gas is charged at 7.33 p/kWh with a standing charge of 29.04 pence per day. Based on British Gas' typical average gas consumption assumption of 9,500 kWh per year, the average annual domestic gas bill is approximately £801.87 per annum.

Heating Arrangement	Annual Cost
Broadwater Farm (Metered)	£550.33
Broadwater Farm (Unmetered)	£726.35
Typical Domestic Gas Bill	£801.87

Compared with a typical domestic gas customer:

- Broadwater Farm's metered tariff is approximately 31% lower.
- Broadwater Farm's unmetered tariff is approximately 9% lower.

Conclusion

The evidence does not support the assertion that the estate's heat tariffs are high when benchmarked against the wider heat network sector.

The current metered unit rate of 4.605 p/kWh is exceptionally competitive by heat network standards and is estimated to be around 54–69% lower than the 10–15 p/kWh rates commonly observed across many UK heat networks.

The current unmetered tariffs represent an estimated 26-32% lower bills than the wider heat network industry.

Furthermore, all tariffs for 2026/27 have reduced from the previous year. On this basis, the estate's heat charges should be considered competitive, reasonable and below prevailing market rates within the heat network industry.

Sources

- Heat Trust – Understanding Your Heat Bill: https://www.heattrust.org/understanding-your-heat-bill
- Heat Trust Heat Cost Calculator: https://calculator.heattrust.org/
- CMA Heat Networks Market Study Summary (2018): https://www.gov.uk/government/publications/heat-networks-advice-for-customers-and-the-industry/heat-networks-market-study-summary-of-final-report
- CMA Heat Networks Market Study Appendices: https://assets.publishing.service.gov.uk/media/5b5596e6e5274a3fd4524406/heat_network_annexes.pdf
- British Gas: https://www.britishgas.co.uk/energy/guides/average-bill.html?msockid=17ab54852e046f2f250442712f556e86