A DISTRICT HEATING COMPANY IN DENMARK

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THE DANISH HEATING ASSOCIATION

Members:

+ 350 Coops
40 municipal utilities
10 private companies
WHAT IS A COOPERATION

The co-operative movement came to Denmark with the creation of a cooperative shop in 1866, and in agriculture started the cooperative movement in 1882 with the establishment of cooperative dairy. Today the cooperative system is typically used for special shops, in agriculture and in District Heating. Unlike limited companies, the law regulates very little in regards to cooperatives, which means the regulation of the cooperative is more or less based on the articles of association. However there are special rules for the taxation of cooperatives. Cooperatives are owned by the people who use its services - i.e. as customers/member in a District Heat cooperative.

The main principles are:
• One member - one vote.
• Voluntary and open membership.
• Little or no member capital.
• The surplus belongs to the members and in proportion to the turnover between the member and the cooperative.
A District Heating cooperative

General assembly
- Owners: Heat consumers
- Non-owning consumers possible, representation ensured
- Voting: Weighing possible

Board of directors
- Directs the company

Chairman

Management

Staff
GENERAL ASSEMBLY

Challenges to get customers to attend the general assembly.
THE GENERAL ASSEMBLY

General assembly
• Members of the cooperative/shareholders and some consumers
• Votes proportional to heat consumption to some extent

Election to the board of directors/executive committee
• Shareholders and some heat consumers are eligible.

• Sometimes also one member is appointed by the council

Election of Chairman

The board of a cooperative usually consists of a chairman, four-six ordinary members, and two alternates
GENERAL ASSEMBLY

Presentation of the investment plan for the coming year

Responsibilities for the board – liability

Legal regulations – the heat supply act
ESTABLISHMENT OF DH SUPPLY

DH Supply can be established
• Provided that it is in line with local planning
• DH has to be technically and economically feasible

Connection fee
• Payment for the investment
• Payment for connection pipeline

Connection pipeline and main valve
• Until the inside of the outer wall of the customers building
• Established, owned and maintained by the DH utility
MANDATORY/VOLUNTARY SUPPLY

In many areas it is mandatory for households to connect to district heating and also to stay on the DH system.

The decision is made by the local government.

A mandatory supply is registered on the property.

It is only mandatory to pay for the fixed charges. It’s not mandatory to buy the heat.
CONTRACT COOP-CONSUMER
THE CUSTOMER

Both owners and tenants can be customers in DH, but only the owners can become members of the coop.

• The DH utility is obliged to establish a direct relationship with the consumer

• If technically possible, i.e. if a closable connection and a separate heat meter can be established

• Consequently payments due are only relevant for the tenant customer – no longer the owner.
CONTRACT COOP-CONSUMER

A ”welcome-letter” – Agreement on DH-supply
And ”you are now a member of the coop”

Articles of association
Contract conditions for DH supply
Technical conditions for DH supply
Tariff sheet
CONTRACT COOP-CONSUMER

Guideline on contract conditions for DH supply

• The guideline on all contract conditions for DH is made by the Danish District Heating Association in cooperation with the relevant authorities and DH utilities.

• The Danish District Heating Association makes 14 different guidelines.

Most of the guidelines will be used as legal guidelines in court cases
CANCELLATION OF THE AGREEMENT

No longer a customer – there are a principle of "cleaning up" in economic terms

• Due payments, consumption, disconnection

• Conditions for withdrawel fee
  – The plant must not well of financially
  – There must be no new customers in regard to capacity
CUSTOMER PROTECTION

DH is a monopoly often with mandatory demands for connection

• Very strict customer protection

• Social reponsibility

• Overlooked by the Danish Energy Regulatory Authority

• The customer can appeal a decision from the Coop to the Danish Energy Regulatory Authority
PAYMENT

The DH utility decides on payments
• On account payment (e.g. monthly or quarterly)

Missing or late payments - inforcement
• Reminder – cost approximately 10 Euro
• Debt collection letter – lawyer and the bailiff
• Deposit for future deliveries

• Disconnection – but not because of missing payments, only if no deposit for future deliveries
• Before a district heating plant or a CHP plant can be built, it must be documented that the socio-economic impact is good and the consumer prices will be low. By far the majority of consumers of district heating pay less for their heating than the cost of owning their own oil or natural gas boiler.

• According to Danish legislation, district heating is to be sold at a price corresponding to the cost of producing and distributing, i.e. according to a ‘non-profit principle’. This means that heat consumers benefit from the low.
MONOPOLIES AND GOVERNMENTAL CONTROL

• In the district heating market, both production and network companies are monopolies and regulated as non-profit undertakings.

• The Danish Energy Regulatory Authority (DERA) regulates the Danish markets for electricity, natural gas and district heating.

• DERA monitors their prices and delivery terms, and DERA takes regulatory action if the prices and terms of the network companies are not in line with the non-profit regime – or if they are unfair in any other way.
Brædstrup District Heating has installed a website, where each customer can get relevant information in regard to his/hers consumption of district heating.

The primary purpose of the website to get as many years of readings transmitted electronically as possible. It saves costs and risk of errors readings significantly reduced.

**Benefits for the customer:**
- The customer has access to your historical consumption figures, annual calculations and budget calculations for future consumption.
- Heating budget can be used to control the heat consumption on a monthly basis in order to ensure that heat consumption is kept to a reasonable level.
The colder the water is when returned, the less heat losses. The Motivation tariff is calculated from the average return temperature of the district heating water and does not take the supply temperature of the district heating water into account, which vary depending on where you live.
REMOTE READING
When “remote reading” is fully integrated with the consumers system, virtually all information from the Consumer System is presented to the consumer on his personal website. Many plants also uses “remote reading” to inform consumers about energy saving, problems with the net, office hours etc.
REMOTE READING

- Using a graph consumer receives a visual layout of its consumption per. year, month or day. In this graph display in addition to the expected consumption. If there are "gaps" in consumption will be capped and marked in the graph.

- Using a graph consumer receives a visual layout of flow and return temperature in its facility. In addition exhibited expectation for the return temperature as a band in the chart.

- Consumers can download the last five years consumption readings and temperatures to a spreadsheet.

- Using a graph consumer can easily find out about how his consumption is compared with similar properties.

- The consumer can enter readings.

- Consumers may report a movement to work with information on addresses, new owner and unloading.
SMS - SERVICE

Customers of Brædstrup District Heating are automatically enrolled in a free SMS service.

• If an accident occurs and there is a wire that includes the customers supply of district heating, the customer will receive a text message on the mobile phone.
• This also applies if the meter is malfunctioning and must be replaced or if discrepancies are noticed in the customers district heating installation.
THANK YOU FOR LISTENING