



Department
of Energy &
Climate Change

Heat Networks Delivery Unit

Stephen Brooks
Investment Director
Heat Networks Delivery Unit

January 2014



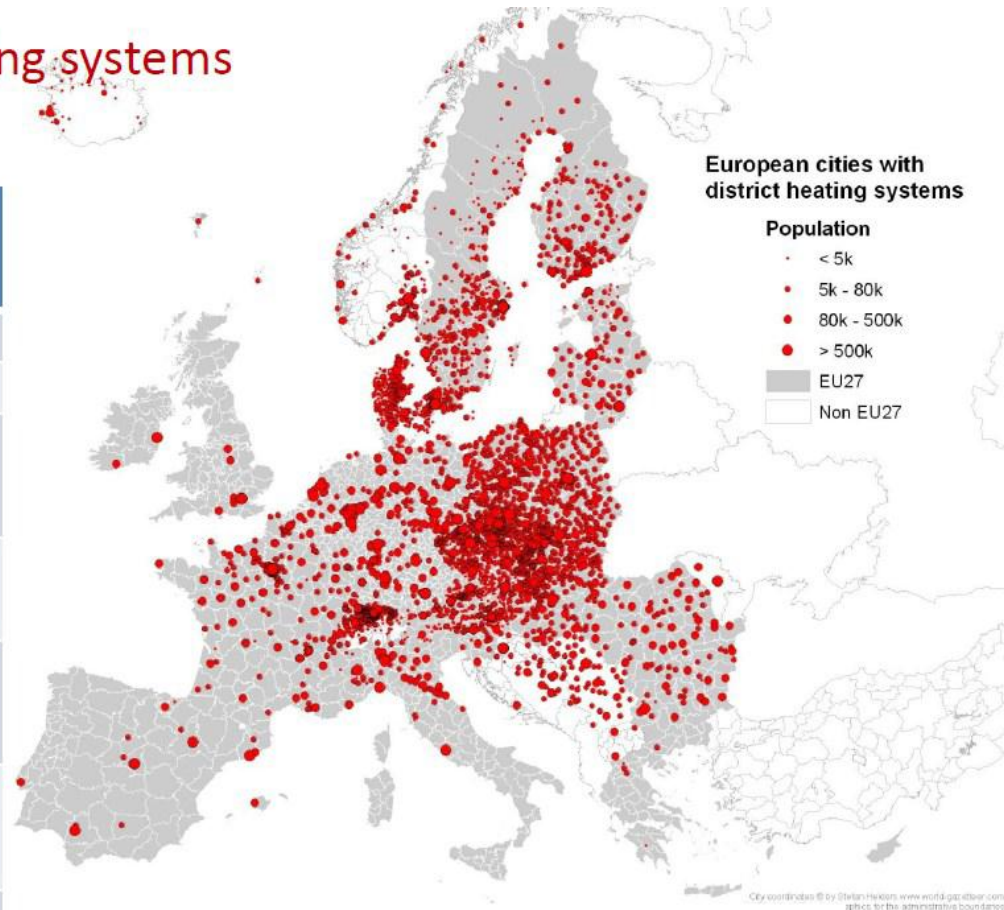
Background

Number of heat networks in Europe gives an indication of the overall potential...



- European district heating systems

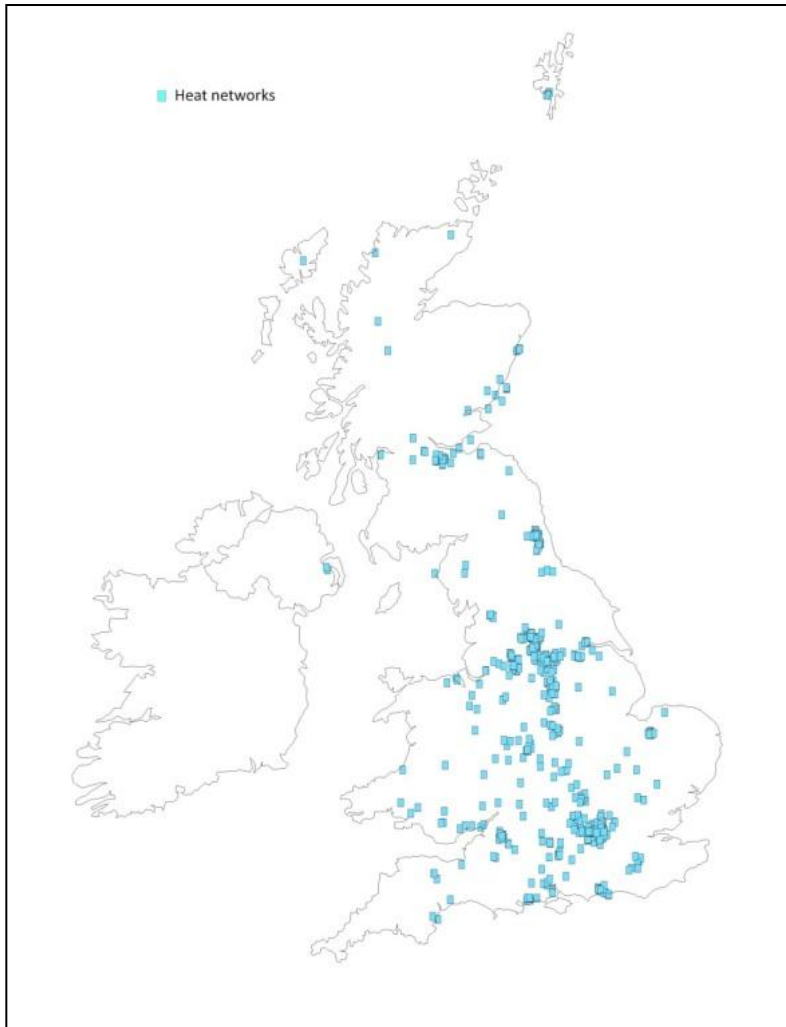
	Europe	EU27	EU27 population concerned	
			[Mn]	[%]
Systems	4174	3549	60	12
- in cities over 5000 residents	2778	2430		
Cities concerned	3731	3233	141	28
- cities over 5000 residents	2432	2173		
NUTS3 regions - concerned	660	600	287	57
NUTS3 regions - all	1461	1303	500	100



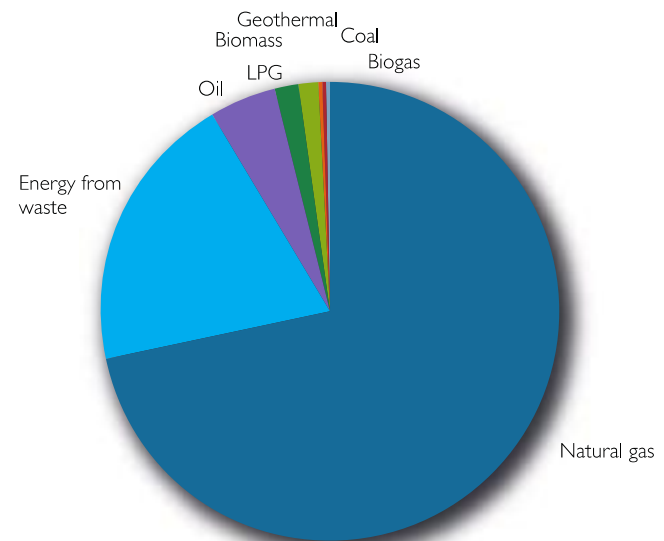
District heating systems in Europe according to the current content of the HUDHC database (June 2012)



Heat Networks: the situation in the UK now



- 2000 networks
- 2% of domestic, public and commercial demand
- Predominantly natural gas fired



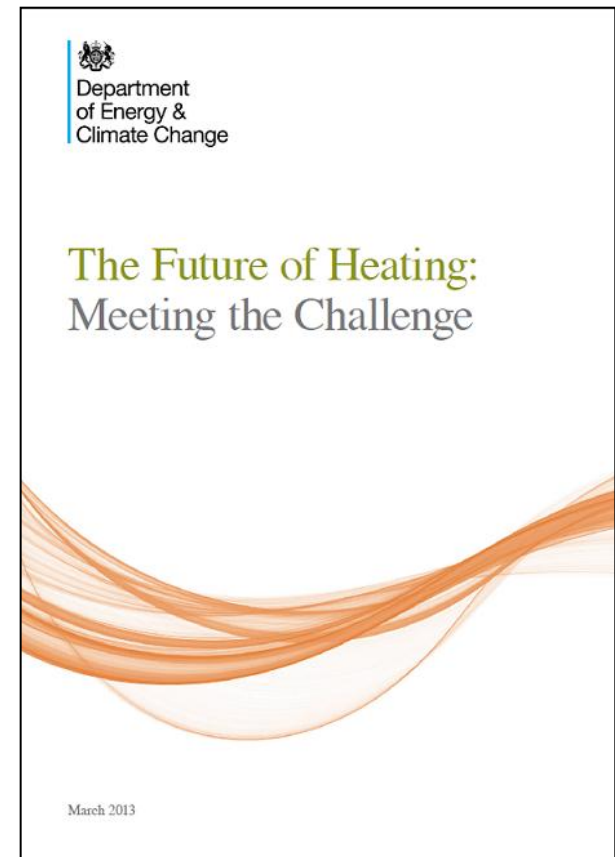
“Meeting the Challenge” covers the whole spectrum of heat in the UK



Department
of Energy &
Climate Change

Contents

- Ministerial Foreword
- Introduction
- Chapter 1: Efficient low carbon heat in industry
- **Chapter 2: Heat networks**
- **Chapter 3: Heat and cooling for buildings**
- Chapter 4: Grids and infrastructure
- Evidence Annex



Next steps



Department
of Energy &
Climate Change

‘Meeting the Challenge’ identified 11 actions, including:

- Setting up a **Heat Networks Delivery Unit** and **making a development funding stream available** (£7m, available to support and assist local authorities over the next 18 months)
- Supporting the establishment of an industry-led customer **code of conduct**
- **Supporting technical innovation** in design and installation
- Examine scope for extra **financial support** for heat networks through the **RHI** (as part of RHI review 2014)
- Transposition of the **Energy Efficiency Directive**, with regard to heat metering
- Development of **technical standards**



The Heat Network Delivery Unit funding stream is ONLY available to Local Authorities.

Funding will be delivered in accordance with Section 31 of the Local Government Act.

The process is designed to deliver the funding to the Local Authorities quickly and with as little bureaucracy as possible.



Importance

- Strategic planning – based placed to develop supporting policies and masterplanning
- Geographical responsibility – road management, land ownership provision of sable heat loads
- Heat networks benefits: fuel poverty / de-carbonisation / promoting growth

Barriers

- Capacity and capability
- Skills & knowledge
- Capital cost
- Development funding



Local authority-led schemes

- Obtaining funding for feasibility/viability work
- Selecting suitably qualified consultants and procuring advice
- Identifying internal resources to instigate scheme and overcoming lack of knowledge
- Obtaining capital funding for project delivery



Operation

“It’s not just about the money...”

Expert support and advice

- Support, guidance and advice to Local Authority project teams
- Improving skills & knowledge base
- Delivery focussed

Fund management (£7m)

- Contribution (67%) towards the cost of external advice
- HNDU to assess applications on the basis that the project should be working towards an ‘investable solution’



The HNDU offer - Typical project criteria

Project applications should demonstrate:

- Credible prospects for commercial development
- Political and Chief Officer support from the LA
- Clear contribution of outputs and outcomes of support
- Compliance with the EU Directives
- Track record of delivering capital projects
- Development of a project structure: Evaluation, monitoring and governance of project



The HNDU offer – scope of works

The funding is available to support a wide range of activities associated with the development of heat networks

This will include initial works, such as heat mapping, energy master planning and feasibility work

Preparation of a business case, commercial delivery options and project economics

Financial and technical evaluation

Development of governance structures for ongoing operation of heat networks

Preparation of funding proposals

The HNDU Offer



Department
of Energy &
Climate Change

Funding/
private
investment

HNDU



DECC funding

HNDU Recruitment

- HNDU team recruitment almost complete

HNDU Timeline

- Round 1 Closed – 54 applications from 31 Local Authorities
- Approximately £1.95 million of Grant funding
- Round 2 Open – Bids round open until **31st January 2014**



Contact Details

Stephen Brooks

Heat Networks Delivery Unit

Department of Energy & Climate Change

T: 0300 068 6457

stephen.brooks@decc.gsi.gov.uk

For more information go to:

<https://www.gov.uk/government/policies/increasing-the-use-of-low-carbon-technologies/supporting-pages/heat-networks>