

**NOTE:** This is a general overview of heat network zoning proposals and is subject to change. Please refer to the heat network zoning content on gov.uk for the latest information: <u>https://www.gov.uk/government/collections/heat-network-zoning</u>

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# **Heat Network Zoning**

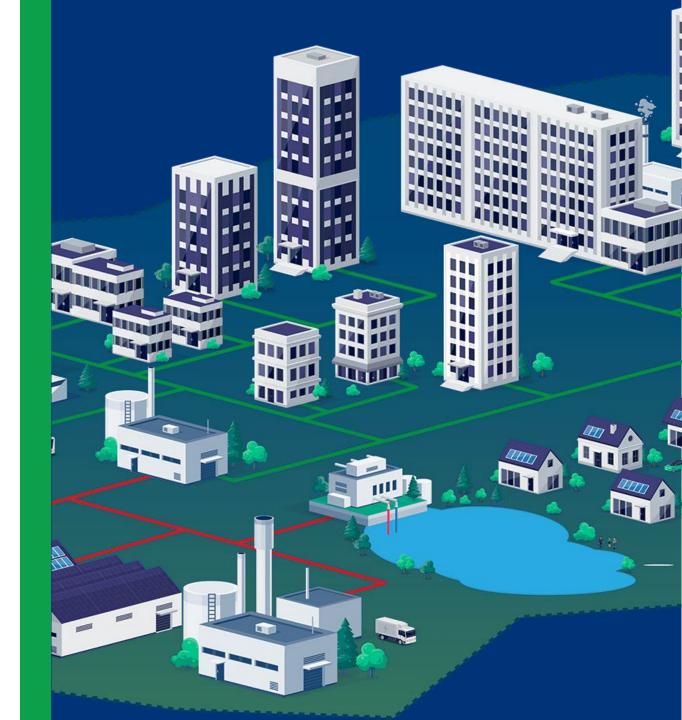
An introduction

April 2024



# What is a heat network?

- Heat networks use highly-insulated underground pipes to distribute heat from centralised sources to a variety of different customers, such as public buildings, shops, offices, hospitals, universities and homes.
- This could be across **entire cities** or to a selection of neighbouring buildings.
- In high density urban areas, they are often the lowest cost, low carbon heating option. Those currently powered by gas can be converted to other heat sources in the future.





- Heat networks currently provide almost
  3% of UK heat demand and could provide
  20% of heat demand by 2050.
- They can unlock otherwise inaccessible large-scale renewable and recovered heat sources such as waste heat from industry and heat from rivers and redundant mines.
- They deliver broader system benefits as they can run during times of lower grid demand and can take advantage of lower carbon electricity and reduce the investment needed in local energy grids.

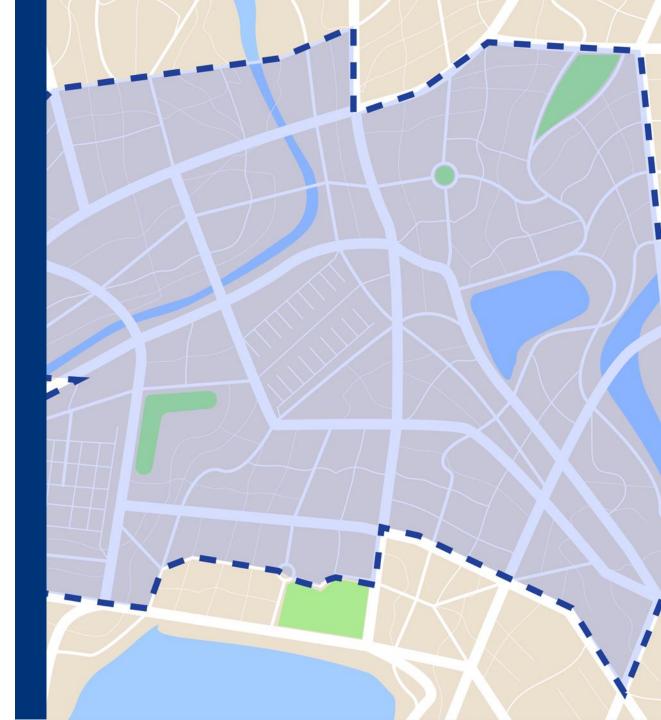




# Heat network zoning will fundamentally transform the development of heat networks in towns and cities across England



- Heat network zoning will designate areas where heat networks are expected to provide the lowest-cost, low carbon heating.
- It will give local communities the tools to accelerate the development of heat networks in their towns and cities.
- We want to give developers and investors more certainty about the number of likely connections to networks to help unlock the investment needed to build them.
- This will remove the barriers to greener, cheaper heat that currently limit the scale and pace of developing heat networks and encourage investment.
- This will allow for large-scale strategic heat networks to be built in towns and cities across the country.





#### How will zoning be delivered?

- Enabling legislation in the Energy Act 2023
- Consultation on heat network zoning closed 26 Feb 2024
- Establish zoning co-ordinators and a national authority to oversee the process and support local zoning co-ordinators

### Where will zones be and how will this be communicated?

- Potential zones identified throughout England via a national methodology
- Local refinement before zones designated
- Zone information available via a digital portal

### What is the process via which zones will be built?

• Standardised routes for identifying heat networks developer in each zone

### What lessons can we learn from early pilots and activity?

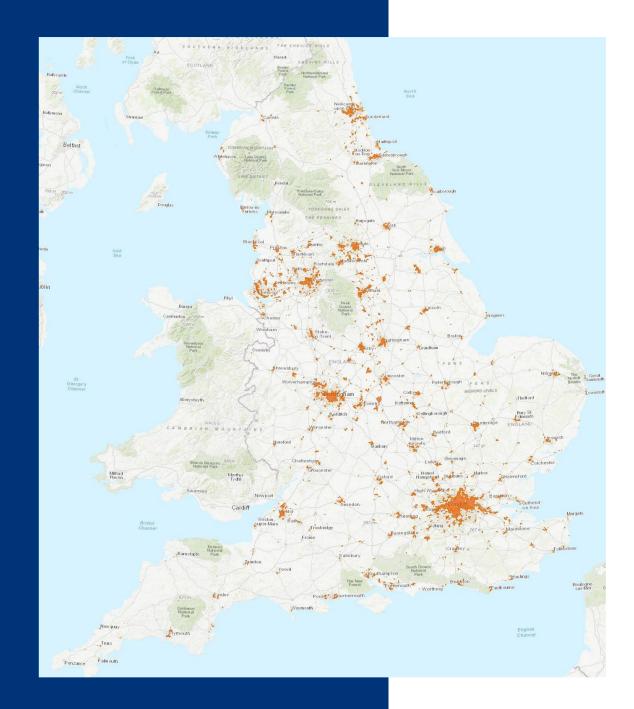
• Advanced work to ensure initial batch of zones are in construction by end 2025





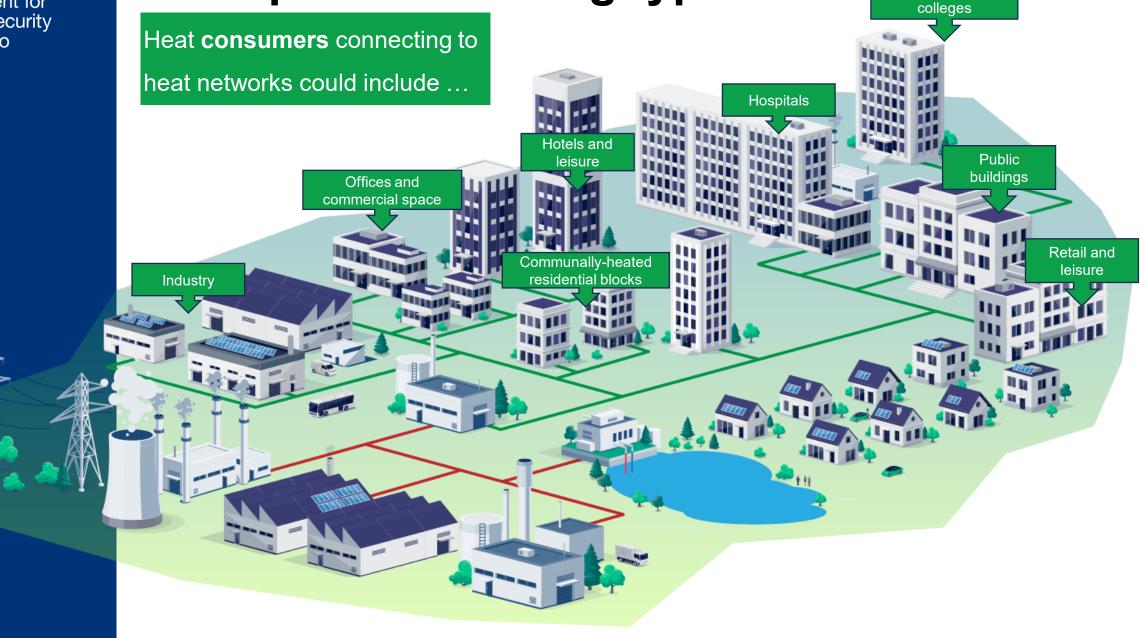
### Identifying heat network zones

- Standardised methodology for identifying indicative heat network zones
- Areas where we expect heat networks to be the lowest cost low carbon heat against a suitable counterfactual.
- Model uses data about the size, type and existing energy use.
- Working with 28 towns and cities to test and refine the model.





# **Examples of building types**



Schools and



## **Examples of building types**



Schools and



# Keep up to date

- If you would like to receive the latest news, updates and announcements about heat networks, please subscribe to DESNZ's mailing list
- It's a simple, three-step process and you can specify your areas of interest and unsubscribe at any time.
- To subscribe, please visit: <u>www.gov.uk/guidance/heat-</u> <u>networks-overview</u> or **scan the QR code** (see right)
- You can also visit the heat network zoning gov.uk page for the latest updates -

https://www.gov.uk/government/collections/heatnetwork-zoning



#### The Energy Act becomes law

<u>Yesterday (26 October) the Energy Act became law, It is the biggest piece of energy</u> legislation in a generation and lays the foundations for an energy system fit for the future.

Through the Act the government is expanding Ofgem's remit to heat networks, allowing the regulator to set rules on excessive pricing and improve the quality of service for the growing number of heat network consumers across the country. The Act also contains powers to enable the government to bring forward heat network zoning in England.

Taken together, these measures will reduce the cost of living by regulating prices and ensuring this sector can contribute to delivering net zero in the most cost-effective way.

This is a hugely important milestone in the Heat Network Transformation Programme and we would like to thank everyone who engaged with the Bill and provided valuable feedback and challenge to help shape and improve the proposals.

#### What happens next?

Dur joint consultation with Ofgem on consumer protection closes today so please respond if you have not yet done so. Following the consultation, our ambition is for Ofgem to start egulating the heat network sector from Spring 2025.

On zoning, we continue to work on the plans and aim to publish a consultation setting out detailed proposals by the end of the year.

To make sure you keep up to date with the latest news about heat network zoning check out the gov <u>uk heat network zoning page</u> and <u>update your small preferences</u> by adding 'zoning' to your list of subscriptions.

Best wishes,

#### The Heat Networks tea

#### Your det

ensure that we can tailor our communications to best meet your needs - if you have not eady done so - we would be very grateful if you could answer <u>a few simple questions</u> about u and your interests. Thank you.

lave a friend to share this with? <u>Send them here</u>

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