

Update on Heat Network Zoning

Date: 22nd January 2024

Report of: Chief Officer, Climate, Energy and Green Spaces

Report to: Climate Emergency Advisory Committee

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report provides an introduction to a presentation on the proposals for Heat Network Zoning contained in the Energy Act and the implications for the city.

It is intended that the presentation will cover the following issues and their implications for the city:

- Heat Network Zoning - which is a major new policy contained in the Energy Act and the consultation which has just been released, and
- The Advanced Zoning Programme, which is a forerunner to Heat Network Zoning.

Recommendations -The Committee is asked to

- a) Note and discuss the contents of the presentation, and
- b) Note the intention for the Chief Officer, Climate, Energy and Green Spaces to respond to the consultation on behalf of the Council in consultation with the Chair of the Climate Emergency Advisory Committee.

What is this report about?

- 1 This report provides an introduction to a presentation on the proposals for Heat Network Zoning contained in the Energy Act and the implications for the city.
- 2 Heat Network Zoning will fundamentally transform the development of new heat networks in towns and cities across England. By designating geographic zones where heat networks are expected to be the lowest cost solution for decarbonising heat, local authorities and heat network developers will quickly be able to identify where new heat networks should be built.
- 3 Specific buildings within zones will be required to connect to a heat network within a prescribed timeframe. By identifying larger heat consumers within a given area, a critical mass can be reached and provide the certainty needed to support long-term investment in heat networks.

- 4 These consumers could include:
 - a) New buildings
 - b) Large public sector buildings
 - c) Large non-domestic buildings – such as office blocks or shopping centres
 - d) Domestic premises which are already communally heated – such as flats with a communal building-level heating system.
- 5 There will be some exemptions to this – such as where it would not be cost-effective to connect to a heat network or where a better low carbon solution exists. All of this will be confirmed in legislation.
- 6 Homes within zones which are not already communally heated will not be required to connect. However, should they wish to, they will be able to.
- 7 Developing heat network zones across the country will require tens of billions of pounds of investment and has the potential to create tens of thousands of jobs. Local authorities and heat network developers will work closely together to build new networks and deliver a low carbon heating revolution across the country.
- 8 Government has created the Advanced Zoning Programme (AZP) working with a smaller group of towns and cities, including Leeds.
- 9 The AZP aims to support the construction of new zonal scale heat networks as quickly as possible following the introduction of heat network zoning. This will help to test and inform the later stages in the zoning lifecycle, particularly zone delivery and operation. It will also help to prepare the market and supply chain for national heat network zoning policy coming into force in 2025.
- 10 LCC intends to focus AZP support on the Southbank, where we already plan to extend the network and have applied for Green Heat Network Funding (GHNF). The key difference is that GHNF requires us to design and optimise a network for specific known customers, whereas Zoning will supply to all ‘mandated’ buildings, and hence require physically larger pipes. We intend to explore the cost difference between these two approaches in detail, look at how work can be designed and phased and work alongside government to create new financing mechanisms that build on GHNF.
- 11 The Senior Project Manager, Climate, Energy & Green Spaces, will attend the meeting to provide the presentation.

How does this proposal impact the three pillars of the Best City Ambition?

- Health and Wellbeing Inclusive Growth Zero Carbon

What is the timetable and who will be responsible for implementation?

- 12 The consultation on Heat Network Zoning closes 26th February 2024 and it is proposed that the Chief Officer, Climate, Energy and Green Space responds to the consultation on behalf of the Council by the given deadline, in consultation with the Chair of the Climate Emergency Advisory Committee.

Appendices

- Appendix 1 – Heat Network Zoning Overview- Department for Energy Security and Net Zero

Background papers

- None