

March 2024 Executive Board – District Heating Update

Appendix 4 – Update on national policy in relation to heat networks and implications for Leeds PIPES

Zoning policy will allow local authorities to designate areas within cities where buildings are mandated to connect to networks, unless exempt, enabling expansion of networks where they are recognised as the lowest cost way to decarbonise heat. Local authorities will act as Zoning Coordinators, be provided with funding to set local zones, choose how to operate the zones (including developing themselves, contracting with third parties, or letting the market control the development of networks), and provide oversight linked to new Heat Network Regulations.

Leeds has played an active role in the development of the policies and has participated in a Heat Network Zoning pilot, working alongside government and Arup. The pilot used the anticipated zoning criteria to develop a model that identified areas where heat networks would deliver lower cost decarbonisation than heat pumps. The resultant model has been reviewed by Leeds, with over twenty potential zones identified, including two key zones: the wider city centre of Leeds including South Bank, and the area to the east of the city centre.

The council is now participating in the Advanced Zoning Programme (AZP) which the Department for Energy Security and Net Zero has initiated with the aim of delivering zonal scale heat networks in construction by December 2025. The distinction between this and the work supported to date is that AZP aims to identify the investment needs for a fully built out zone, rather than just a network that meets GHN criteria. The council has therefore requested that AZP focusses on the Southbank and specifically identifies how our GHN funded design would need to be amended to deliver zoning (i.e. strategic upsizing of some pipework). We will then work with government to agree how to finance this additional work.

The Energy Act provides the powers for government to implement heat network zoning in England. Following an initial public consultation in 2021, government have published a further consultation in December 2023, asking for views on the finer details of zoning. This includes what types of buildings will be required to connect, how zone opportunities will be developed and the possible role of a central authority to oversee zoning.

An update was provided to Executive Board in July 2023 regarding the council's intention to apply for Heat Trust accreditation. Regulation will require operators to meet certain standards, including the requirements of the Heat Trust, a customer service standard for those with responsibility for the supply of heat to residents in homes.

The council have been proactive in seeking to ensure we are an accredited heat network operator in advance of Regulation being introduced. To that end the council has applied to the Heat Trust to gain accreditation to the scheme.

We have received feedback on the application, which is broadly positive, however there are some minor issues that have been flagged by Heat Trust to resolve prior to our application being accepted. The council are working through these to ensure accreditation is gained in a timely manner.