

## DISTRICT HEAT NETWORKS

*“It’s getting hot in here so take on all our zones”*

We’re living in a time where phrases such as ‘net-zero’ and ‘carbon-neutral’ have become part of our day-to-day vocabulary. In the aftermath of the COP26 summit the urge to implement and adopt environmental policies is as pressing as ever. The Department for Business, Energy & Industrial Strategy (BEIS) recently published their consultation on one such policy “Heat Network Zoning” which carries significant implications for the real estate industry.

### What are heat networks?

A heat network involves heat generated from a central location being distributed to various consumers via insulated underground pipes. These networks have traditionally been designed to utilise large-scale heat sources such as gas-CHP, gas boilers and even industrial waste heat. In recent years Heat Pumps have begun to be the lead heat generator. The network’s size and composition will vary depending on the area that it is intended to cover; and offers an economical and environmentally friendly option to replace individual boilers or heaters in each building.

### Why?

In the UK heat in buildings is responsible for 23% of greenhouse gas emissions and the target is to eliminate these emissions in the coming decades. In the 2020 Energy White Paper it was estimated that heat networks could increase from providing approximately 3% of the UK heat demand to 18% by 2050. The networks are sought to reduce the carbon dioxide emissions directly attributable to the heat for our buildings. The Greater London Authority believe heat wasted in London could meet 38% of the city’s heating demand making heat networks an increasingly attractive opportunity in meeting the UK’s net zero target.

### Who?

The proposal is that heat network zoning will become a national government run scheme, mapping the intended locations and drawing out standardised methodology for their implementation. It will then fall to the Local Authorities to refine each network within their area. It is envisaged that a Zoning Coordinator will be elected to

carry out various functions between local authorities in a specific area such as designating heat zones, enforcing requirements and once running, reviewing their operation. The Coordinators will likely have powers requiring that all new buildings, large public sector and large non-domestic buildings connect to a heat network.

### How will it impact us?

Heat networks are already widely used in countries such as Denmark with district heating providing their capital city Copenhagen with 92% of its heat. However, concern has been raised in the UK regarding whether councils have the appropriate resources and expertise to monitor both the networks and their providers. To date it has been ‘new builds’ that have featured at the centre of heat network projects, but going forward existing buildings may also be compelled to connect to the network. Many businesses have already begun addressing the need for more eco-friendly ways of generating heat, and are worried that they may be at a detriment if they are compelled to join a government run heat network scheme.

### Conclusion

Environmental strategies will need to be heavily adopted in the coming years if we are to meet our net-zero targets. The implementation of strategies such as Heat Zoning creates jobs whilst tackling one of the major issues of our lifetime. Yet there remains some serious questions about the practicality, cost and effectiveness of joining a heat network zone. Whilst the BEIS consultation has concluded there will still be ample opportunity through both pilot studies and future conversations to address these questions.

### Key Points

- Legislating for net zero emissions by 2050 will mean the decarbonising of our heating.
- Whilst there isn’t one single strategy to achieve net zero heat network zoning is looking like both a realistic and current strategy to help achieve this.
- A one-size fits all approach clearly won’t be appropriate and there will need to be a flexible framework depending on both the area and intended user.

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