

# Decarbonising heat and net zero



## District heating networks

The UK has made a binding commitment to become carbon net-zero by 2050. This will permeate all aspects of society. To do this, it is essential that we decarbonise the consumption of heat, which accounts for 37% of greenhouse gas emissions in the UK. We will not achieve net zero without doing so.

Climate change has become a strategic priority for the public sector and there is increasing pressure from stakeholders to take positive action. In particular, there is more focus than ever on decarbonising heat. District heating networks

provide the opportunity for local authorities to reduce carbon emissions associated with heat, develop long term revenue streams and utilise private sector capital.

Central government wants to promote the use of district heating networks to support its net-zero commitment and funding is available for their development. For example, the Heat Network Investment Programme (HNIP) is a £320m fund managed by Triple Point to support individual projects in England and Wales.

## What are District heating networks?

District heating networks are an alternative way of supplying low carbon heat to UK homes and businesses.

Instead of having individual gas boilers, a centralised energy centre generates heat and hot water which is supplied to occupants across a district heating network which is connected to the energy centre. Power may also be supplied across the network.

There are approximately 500,000 customers connected to approximately 14,000 heat networks. There is the capacity for district heating networks to supply heat to over 8 million customers by 2030 – around 20% of the UK's total heat consumption.

## What are the benefits?

District heating networks offer a number of benefits as compared to conventional heating systems. These include:

- Much higher efficiency than traditional heating systems
- The ability to incorporate renewable or low carbon energy sources into the network
- Being able to capture and make use of existing, wasted heat

- Scalability – there is the potential to expand heat networks and also connect networks to one another
- Being able to incorporate them into a wider regeneration scheme; and
- Customers should see savings as compared to traditional gas boilers.



## How are they structured?

District heating networks are complex, long-term projects with multiple stakeholders. There are a number of different ways a project may be structured depending on the circumstances of the particular scheme. Relevant factors that will influence the structure of a project, include:

- Funding arrangements for development of the district heating network
- Ownership of the land where the energy centre and network will be located
- The existence of any joint venture arrangements

- The procurement of the works for constructing the energy centre and heating network
- Responsibility for supplying heat to customers connected to the network
- Responsibility for the ongoing operation and maintenance of the energy centre and network
- Regulatory constraints including state aid issues and generation/supply/distribution licence exemptions under the Electricity Act 1989.

## Why Weightmans?

We can help you implement district heating projects to achieve your strategic priorities such as reducing carbon emissions, generating income, improving reputation, delivering low carbon heating to the local population and reducing heating bills.

Our cross-practice national team has been working on all aspects of district heating projects for many years. We are experts in this sector and can use our experience to advise you on what is market practice, ensuring you receive commercially focused, relevant advice.

In addition to this, we are also leading experts on all aspects of public sector and our infrastructure and projects team has extensive experience on the delivery of complex infrastructure projects.

We are able combine all of these strengths to provide you with comprehensive legal advice across the entire lifecycle of a district heating project, through feasibility, commercialisation and all the way through to project delivery.

For further information on how to get ready, please contact:



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