



Heat Network Zoning – what is proposed?

Government has published a consultation that looks to re-shape the heat supply market by giving one or more operators exclusivity over new geographical "zones" and requiring buildings and developments to connect.

The aim is to introduce regulation in 2024 which will significantly ramp up the roll-out of heat networks by giving confidence to investors and suppliers that they will have a captive demand base and reassuring off-takers that a connection is an appropriate and cost-effective solution to decarbonising heat in that area.

These proposals will have a seismic impact on the planning and delivery of heat networks, which will help bring them into the mainstream, but which all stakeholders need to be aware of when planning new developments or retrofitting existing buildings within towns and cities.

The proposals at a glance

- Within a zone, new buildings, existing communally heated buildings and some commercial buildings may be required to connect, unless exempt on cost or practicality grounds.
- One or more operators will be granted exclusivity over new connections in the zone, but this will not go so far as to require existing networks to be sold or any amendment to pre-existing contractual arrangements.
- Recovered heat sources (such as energy from waste or data centres) will be targeted for input into networks.

- A "Central Authority" (at first the Department for Energy Security and Net Zero) will develop a zoning methodology and model for the identification of zones. It will also develop standardised routes to market, provide centralised funding and identify a national pipeline of projects.
- "Zone Co-ordinators" (a local government body) will refine zones using local knowledge, create a Zonal Market Prospectus, run competitions to appoint operators, review Zone Development Plans and work closely with planning authorities to ensure smooth roll-out.
- Carbon emissions limits will apply to new networks and so any existing high carbon intensity schemes will be unable to extend connections unless low carbon capacity is added.

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