

MARKET OVERVIEW UK DISTRICT HEATING



DISTRICT HEATING IN THE UK

The UK Government is taking district heating seriously and an increased amount of work is going on in the public and private building sector with the potential for this to increase significantly.

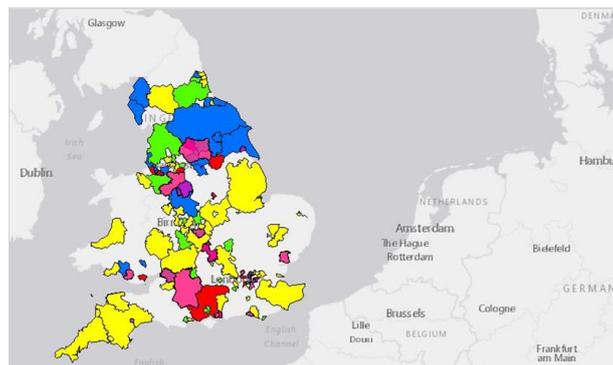
The Department for Energy and Climate Change (DECC) plans to allocate enough capital subsidy to district heating networks over the current spending period (2016 to 2021) to unlock £2 billion of new projects.

In a period where budgets are cut, the Government has made a commitment to maintain the Renewable Heat Incentive (RHI) for the current spending period, allocated £300 million earmarked for heat networks and continued the work of the Heat Network Development Unit (HNDU). An additional £295 million will be spent on energy efficiency in public buildings which will encourage the university and hospital sector to invest in CHP and district heating networks.

So far, £9.7 million has been provided in grant funding (about £14.5 million with match funding) to 122 municipalities which represents 180 heat network projects and a further round of funding (Round 6) has been launched.

An overview of the HNDU projects is found below.

Map of successful HNDU rounds 1-5 Local Authorities. Round 1 (Red). Round 2 (Blue). Round 3 (Green). Round 4 (Yellow). Round 5 (Pink)



Multiple supply chain opportunities for plant up to £700m and O+M value over lifetime of schemes up to £800m

The current heat network project pipeline can be described as:

- A diverse range of potential heat network schemes ranging from £3-4m up to projects in excess of £40m.
- A combination of new build and retrofit connections

- A mixture of public and private sector connections, with initial anchor loads primarily public
- Technology agnostic so a variety of heat supplies

Scotland

Scottish Ministers have devolved responsibility for heat, and the Scottish Government has a number of grant and loan schemes which are used to support district heating.

An official task force estimates that the 103 known heat network projects being developed in Scotland offers a total investment opportunity of between £200m to £440m including:

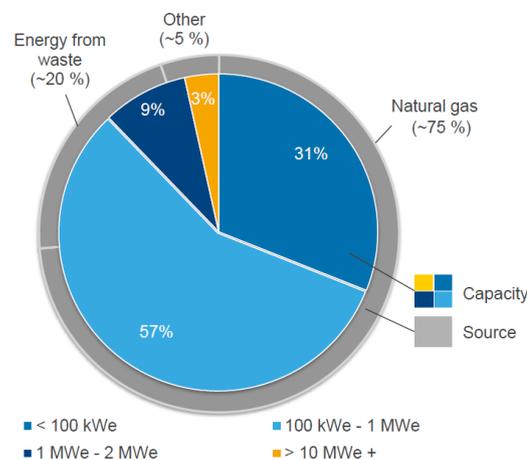
- Heat distribution networks £85m - £190m
- Heat plants £74m - £223m
- End-user connections £28m - £70m

Current market

Today the UK has over 2000 district heating networks serving approximately 210.000 dwellings and 1.700 commercial and public buildings.

- The majority of the schemes are relatively small by Danish standards and fuelled by natural gas or energy from waste.
- District heating covers about 2% of the heat demand in the UK
- The Department for Energy and Climate Change's ambition is that heat networks will deliver between 14-43 percent of all heat by 2050.

Energy Source and capacity of existing schemes:



Interested in the UK District Heating market?

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