



The UKDEA

Response to the

Fuel Poor Network Extension Scheme

Issued by OFGEM

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ABOUT THE UK DISTRICT ENERGY ASSOCIATION

The partners, owners and operators of the largest district energy schemes in the UK have aligned themselves in the creation of the UK District Energy Association (UKDEA); with the aim of not only promoting district energy as a means to deliver significant carbon savings, but also to establish a direct link between the Government, GLA and the industry's small market base.

The Association is a not for profit, non-trade association of companies and public sector organisations involved or interested in district energy schemes of all sizes, from community based 'micro district energy' schemes to city wide district heat energy networks. The UKDEA has attracted leading players in the industry with a current membership comprising around 90 organisations.

Through Full and Associate membership, the UK District Energy Association's aim is to represent current and potential owners, developers, consumers, partners, operators, product suppliers and interested parties of District Energy schemes throughout the UK.

THE UKDEA RESPONSE TO THE FUEL POOR NETWORK EXTENSION SCHEME

The UKDEA welcomes this opportunity to respond to this consultation by OFGEM on the Fuel Poor Network Extension Scheme.

Q1 Do you think the Scheme effectively interacts with the UK heating Strategic Framework and Scotland's Heat Generation Policy Statement? How might it be improved to better align with wider activity? Please evidence your answer.

The UKDEA does not believe the Scheme interacts with the Strategic Frameworks set out by either the Government or the Scottish Government which clearly identify the use of heat networks in 50% of properties in the UK to deliver decarbonisation of heat.

The Scheme operates in isolation from and does not take into account the potential that district heating networks offer to deliver customers from fuel poverty, both by exposing them to low cost energy from alternative sources such as waste heat, but also the potential to remove the link that domestic customers will still have (whether connected to the gas or electricity network) of uncertain future tariffs which change without due regard to national wholesale energy costs. Furthermore district networks can also offer future energy security as a fuel or generation technology "switch" can be made with respect to the energy source over time. Such a potential does not exist to the same extent with the UK gas grid.

A local pricing policy can also be set out to alleviate fuel poverty for those on a district network. This is actively being considered by a number of local authorities (over 80 have received funding) who are developing schemes using DECC's Heat Network Delivery Unit (HNDU) funding. This type of price setting has never been and is unlikely to be considered for gas which is produced, delivered and tariffs set largely on a national basis.

Q2 Should the Scheme be targeted at certain types of customers/certain locations to maximise long term benefits (eg over a period of 15-45 years)? If so who/which locations should be targeted and how might this best be achieved?

If benefits are to be maximised, and it is accepted that the scheme should be modified to include district energy networks, then logically these district network schemes should be targeted in the next phase as:

- They have not previously been included
- Can deliver the widest benefit to alleviate fuel poverty due to their relatively high energy density

By working with DECC's HNDU it will be possible to identify where the greatest benefits can be achieved by using this data set of prospective projects.

Q3 How effectively is the Scheme interacting with these strategies and other forms of assistance? Please explain where the Scheme works well and where there are any issues.

Please see response to Qu.1, in relation to our views on the interaction of this scheme with alleviating fuel poverty by using district energy networks

Q4 Are there any changes we could make to the Scheme that would better align it to these strategies and forms of assistance?

District Energy has recently been awarded the status of being a primary measure under the CERO strand of ECO. However with the wider changes to ECO and the corresponding financial impact, the delivery of such projects has not been at the level expected. Therefore consideration must be given as to how this change to ECO/CERO could work with the OFGEM Fuel Poor Network Extension Scheme to alleviate fuel poverty. A joined up approach is therefore required to maximise the benefits from both schemes where district energy is being used to alleviate fuel poverty. Particularly in relation to consideration of whether and how these two funding schemes could be used together on an example project.

Q5 Does the Scheme provide an opportunity to address these issues? What changes could be made to the Scheme to help address these issues?

Due regard and consideration needs to be taken by FPAG in relation to the potential of district heating networks to alleviate fuel poverty.

Q6 Are there any other changes you would like to see made to the Scheme? If yes, what benefits do you think these changes will deliver?

Please see our responses to Qu1 and 2

Q7 Do you agree with the updates to the eligibility criteria suggested in Annex 1? If not, please explain your rationale and any other changes you would like to see?

We have no comments on this issue

Q8 Do you agree with this change to the average domestic gas consumption value?

We agree that it makes sense to reflect current gas usage in any scheme

As the UKDEA is committed to enabling greater use of district energy where this is beneficial, we welcome any opportunities to engage further on this or any other district energy related work stream.

Please do not hesitate to contact us.

Appendix 1: Current UKDEA Member List

UKDEA Members

**AECOM Limited
Altecnic Limited
AMCO Pipe UK Limited
Birmingham City Council
Bizcat AB
City & County of Swansea
Clarke Energy Limited
Cofely District Energy Limited
Complete HVAC Services Limited
Coventry City Council
CPV Limited
Desmi Limited
Diehl Metering Limited - Sappel
DWF
E.ON Energy Solutions Limited
Econergy, a British Gas Company
EDF Energy Limited
Edina UK Limited
ENER-G Switch 2 Limited
Energy Gap Limited
Eneteq Services Limited
EnviroEnergy Limited
Evinox Limited
FES Renewables Limited
Fichtner Consulting Engineers Limited
Finning (UK) Limited
Frontline Energy & Environmental Limited
Gardiner & Theobald LLP
GEA PHE Systems Limited
Gebwell Oy Limited
Grant Thornton LLP UK Limited
GT Energy Limited
GTC/Brookfield Utilities UK
Helec Limited
HSF B.V.
INPAL Energy Limited
Insite Energy Limited
Institute of Energy, Cardiff School of Engineering, Cardiff University
International Construction Design & Management Limited
ITM Power PLC
Itron Limited
Junifer Systems Limited
Kantor Energy Limited
L&Q Energy Limited
Leicester City Council
Linn-Energy Limited
LOGSTOR A/S**

**MVV Environment Limited
Newcastle City Council
Newport City Homes Limited
Orchard Partners (London) Limited
Oxford Renewables Limited
P T Contractors Limited
Peel Utilities Limited
Pegler Yorkshire Group Limited
Pipe 2000 Limited
Prepago Platform Limited
REHAU Limited
RK Civil Engineers Limited
SAV Systems Limited
Secure Meters (UK) Limited
SET ehf
Shetland Heat Energy & Power Limited
SK Solar Solutions Limited
Southampton City Council
Star Renewable Energy Limited
SW Energy Limited
SWEP International Limited
T Brown Group Limited
Thameswey Limited
Thermafex Isolatie BV
University of East Anglia
Veolia Environmental Services Limited
Viridor Waste Management Limited
Watts Industries UK Limited
Woodward Energy Consulting Limited
Wragge Lawrence Graham & Co**