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Colin Parr
Strategic Director for Environment & Climate Change
Environment & Climate Change Directorate
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6th July 2022

Dear Colin,

The Department for Business, Energy and Industrial Strategy (BEIS) recently published the Heat and Buildings Strategy, setting out how the UK will decarbonise our homes, and our commercial, industrial and public sector buildings, as part of setting a path to net zero by 2050.

We've made huge progress on the transformation of our power sector and recognise that heat is the next big challenge, accounting for almost half of energy use and around a third of carbon emissions. With millions of homes and businesses across the UK and a need for heat to be close to zero carbon by 2050 to meet these targets, we recognise the scale of the challenge.

The Heat and Buildings Strategy makes it clear that heat networks will play a vital role in the long-term decarbonisation of heating. It demonstrates a strong commitment to significantly expanding the sector – we are working with local actors across England and Wales to deploy low-carbon heat networks in suitable areas, developing our Heat Network Zoning approach, and providing capital support through Heat Networks Investment Project and Green Heat Network Fund (GHNF). Through our Heat Network Transformation Programme we will develop regulations to drive decarbonisation, improve consumer protection and performance of legacy networks, grow supply chains and upskill the workforce.

Heat networks are one of the most cost-effective ways of reducing carbon emissions from heating. They present an opportunity to exploit larger scale renewable and recovered heat sources, can mean lower bills for consumers and have an increasing role in playing a part in our dynamic energy system.

To help Local Authorities across England and Wales understand the opportunity for heat networks in the local area, identifying the benefits which could be delivered to local residents and businesses and the role of local government, BEIS formed the Heat Networks Delivery Unit in 2013. The team consists of technical, commercial and financial specialists who have provided support and funding of over £30m to Local Authorities. One of these is Kirklees Council, whom we have supported to carry out a feasibility assessment (2018) to identify and quantify the extent of the Huddersfield opportunity, and more recently Detailed Project Development (DPD, 2021-22) stage work which has delivered an Outline Business Case for Kirklees scrutiny. This work has now largely been completed.

The outputs of these pieces of work leads me to strongly believe that the Huddersfield Town Centre project opportunity has the hallmarks of a viable and investable scheme:

- Accessible heat and power available from the Diamond Street Energy from Waste (EfW) facility;
- A project approach whereby the use of the heat and power from the EfW plant is mutually beneficial for both the operators of the heat network and the EfW plant;
- An opportunity to decouple Huddersfield buildings from fossil fuels and fossil fuel price fluctuations;
- A number of public sector customers underpinning the project viability;

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- Alignment with other important infrastructure, energy and Planning related Kirklees initiatives (e.g. the Council's vision for a 'net zero' and 'climate ready' Kirklees by 2038, the Kirklees Resources & Waste Strategy 2021-2030, and the Huddersfield Blueprint vision for the town);
- Healthy economic returns in the region of 6-7% IRR / £7.1m NPV over a 40-year period, including capital grant support from BEIS (£6.8m of GHNF grant contributing to a total upfront capital costs of approximately £17.3m).

To put this in context, the Huddersfield Town Centre is one of the most exciting opportunities within our sizable portfolio of projects nationally. I would encourage Kirklees Council to progress this project to the next stage of development: Commercialisation. This will continue preparation for the project Full Business Case, including further alignment with the Waste Services Contract and other Kirklees strategic initiatives, developing proposals for a project delivery vehicle, and preparing for tendering for delivery of this exciting opportunity. I would encourage you to make a bid to BEIS for further funding through our Green Heat Network Fund, and I am keen to continue to commit specialist support to help the Council take this project from development to delivery and look forward to hearing more about the opportunity as it progresses.

If required we would be delighted to further discuss any aspect of the above.

Kind regards,



George Robinson
Head of Investment and Commercial, Heat Networks