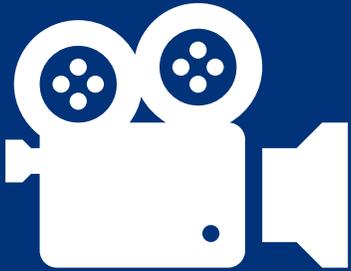


# Heat Network Zoning

## The government response to the consultation

**Webinar starting soon**

# Event Recording and AI assistance



This webinar is being recorded from the outset and we do intend to share a link for wider viewing after the event. If you are uncomfortable with this being recorded, you may wish to leave now.

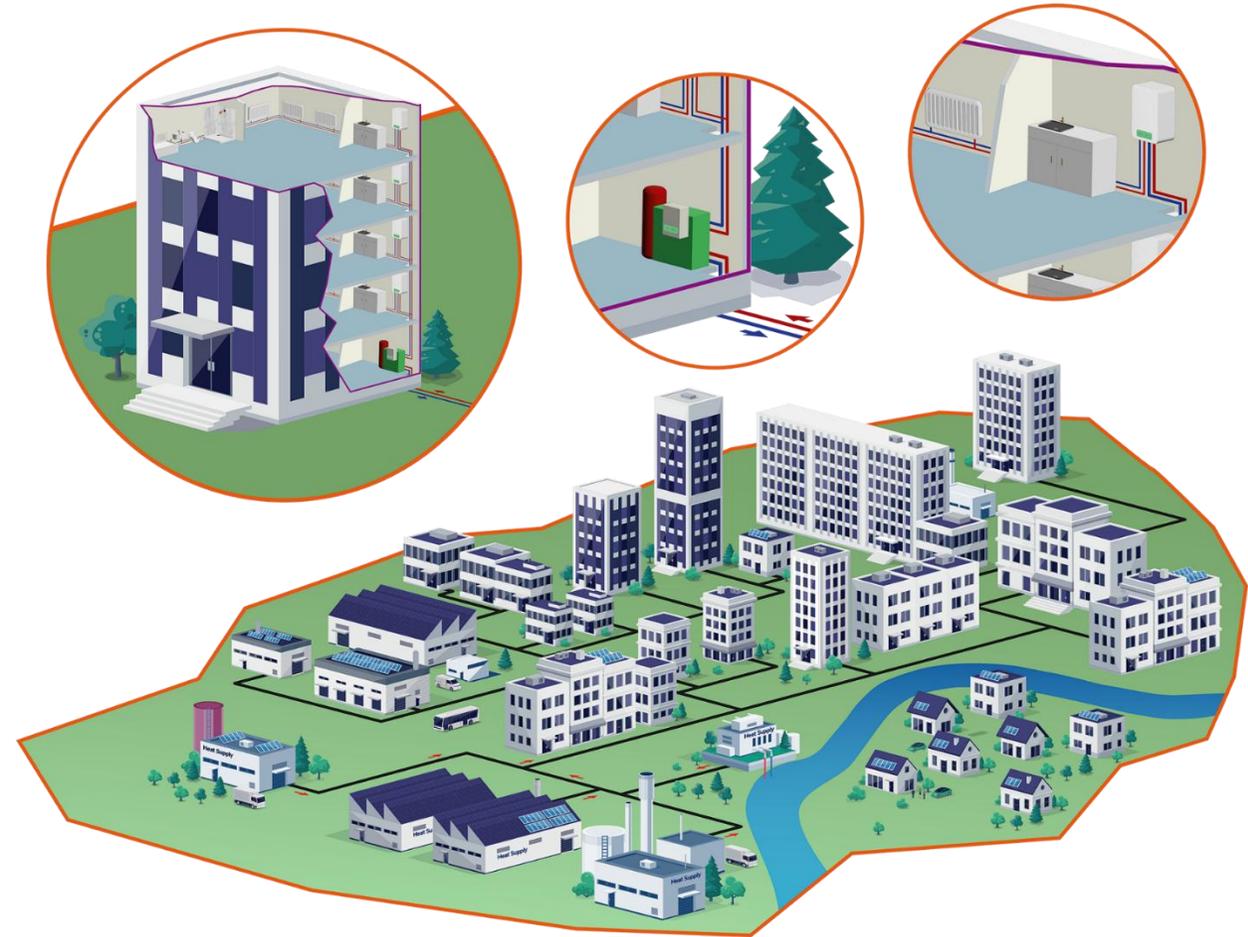
We do not allow the use of an AI assistant joining the meeting for notetaking due to data privacy reasons. If you have any accessibility requests we can help with, please let one of the team know or contact [heatnetworks@energysecurity.gov.uk](mailto:heatnetworks@energysecurity.gov.uk)

**Thank you**



# Agenda

- 1 Purpose of this session
- 2 The journey ahead for zoning
- 3 Recap of heat networks
- 4 Recap of Heat Network Zoning
- 5 The Heat Network Zoning consultation and our response
- 6 Key features of the response
- 7 Next steps
- 8 Q&A





# Purpose of this session

This webinar will give an overview of the government's response to the 2023 Heat Network Zoning consultation, to highlight the key features and decisions taken for discussion with the range of stakeholders interested in zoning.

The webinar will also point to next steps for zoning and opportunities to further your understanding of the response via additional webinars.



# Questions



We invite you to submit questions as we move through the slides via the Q&A function on Teams.

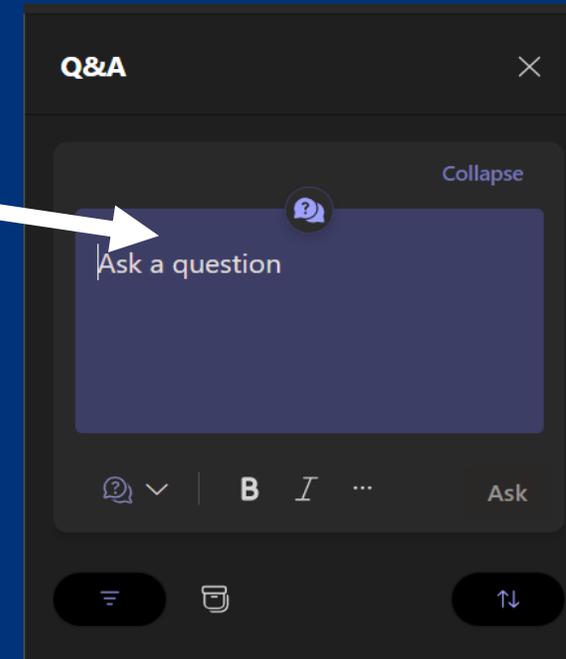
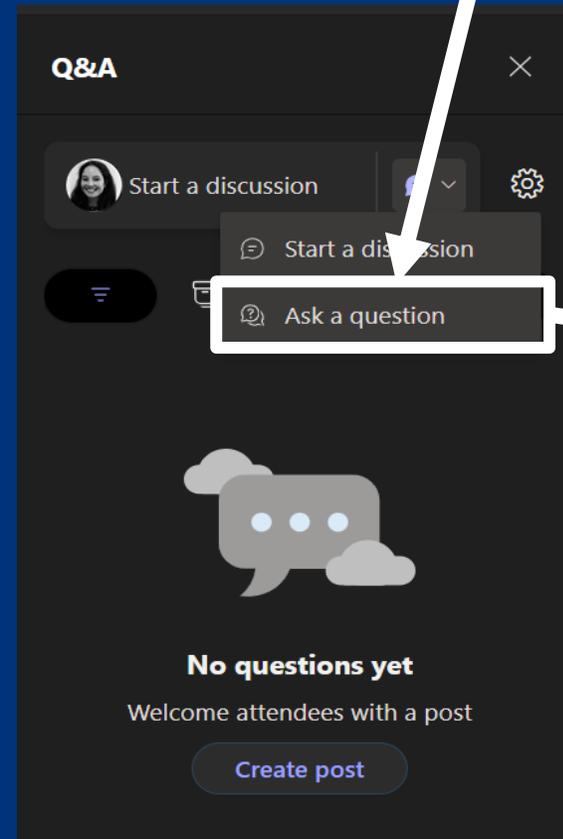
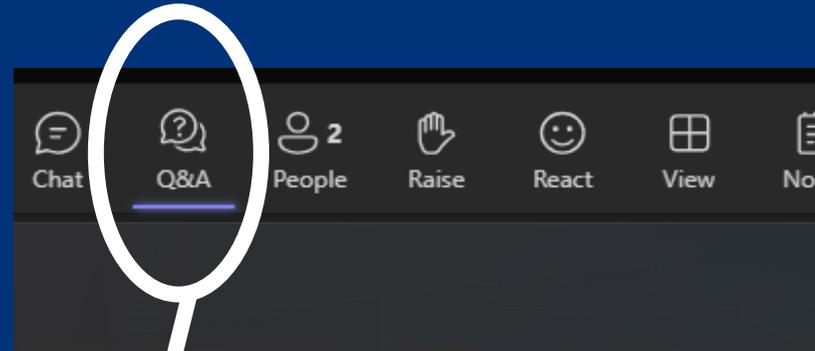
You can up vote questions by giving it a 'thumbs up' which helps us to understand the topics and questions people are most interested in.

Popular questions about the content in today's presentation will be answered in the final segment of the webinar.

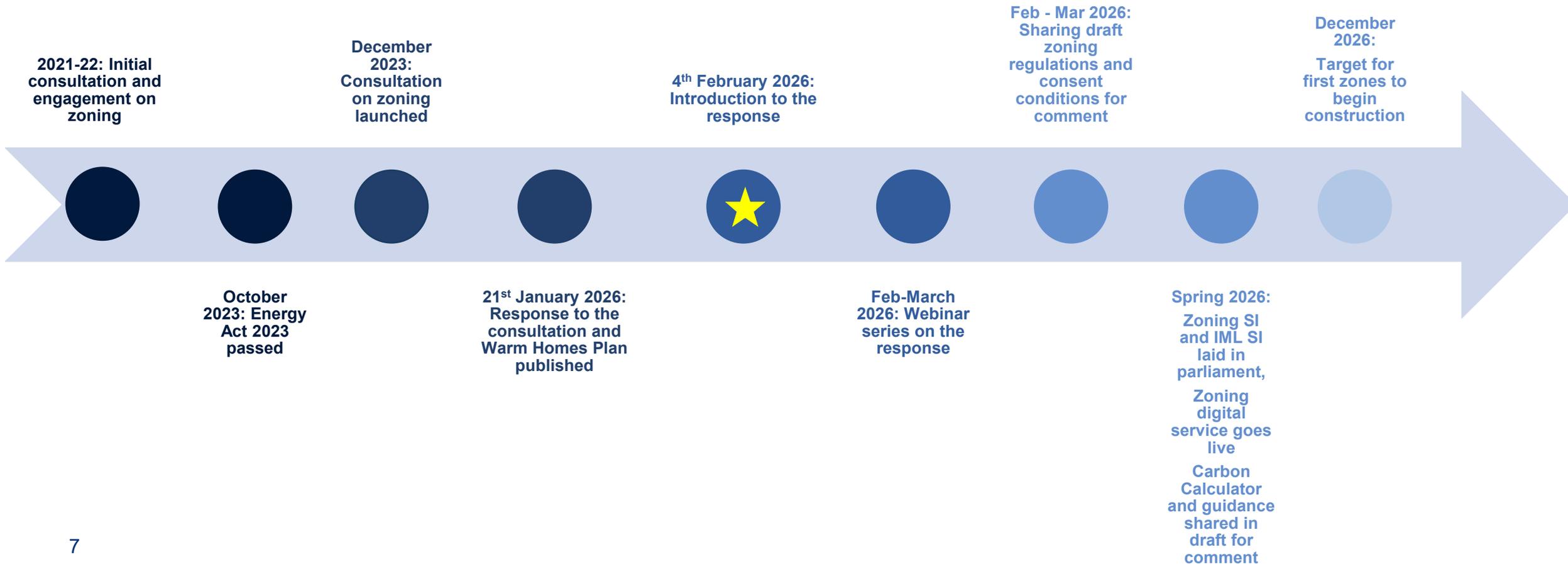
If your question is not answered during the session or via supporting resources, please get in contact with the team at [heatnetworks@energysecurity.gov.uk](mailto:heatnetworks@energysecurity.gov.uk)



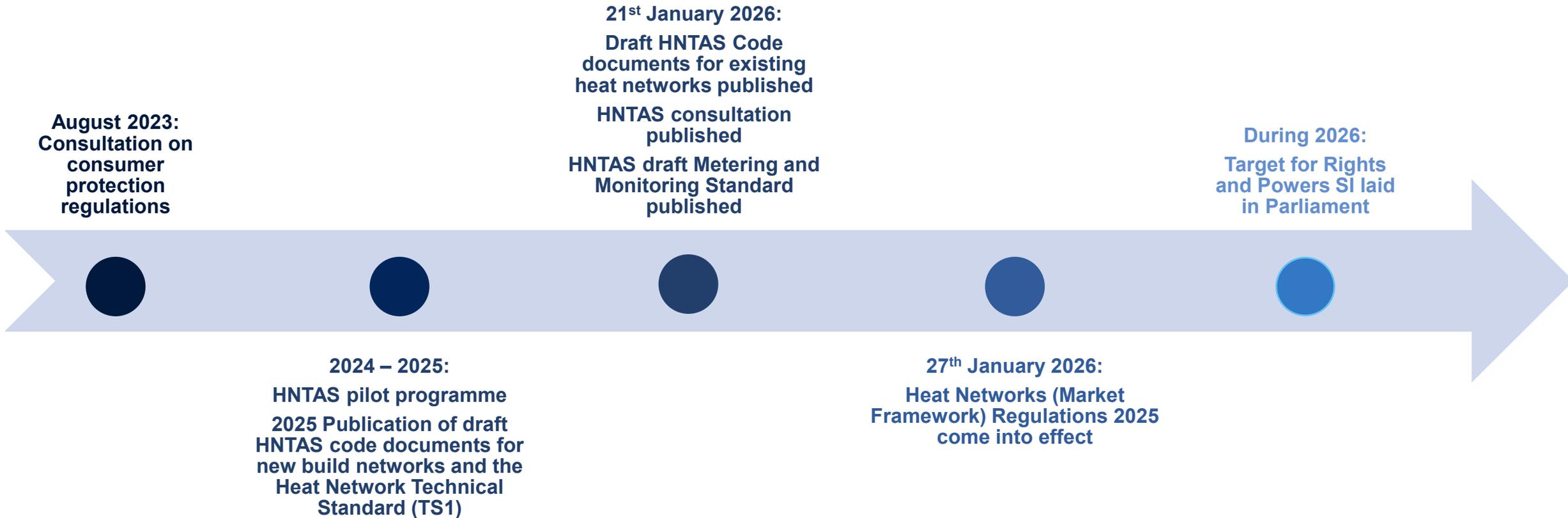
# Questions: Using the Q&A function



# Heat Network Zoning Activity in 2026



# The journey ahead for wider heat networks regulations





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# Recap of heat networks



# What is a heat network?

A heat network is a **distribution system** of highly-insulated underground pipes that takes **heating or cooling** from nearby **central sources** and delivers it to **multiple buildings**, including:

- Public sector buildings
- Commercial properties (shops and offices)
- Community and sports facilities
- Educational institutions
- Residential blocks





Communal heat networks are **highly efficient systems** supplying heat to multiple consumers in a single building. They can remove the need for individual gas boilers or heaters in each building and can utilise local sources of heat.

Communal heat networks can connect to join wider district heat networks (which serve more than one building).

**In high density urban areas, they are often the most affordable low carbon heating option.**

Heat networks currently supply 3% of the heat market – with potential to supply 20% of heat by 2050.



# How do heat networks work?



## 1. Heat source

Located near to an energy centre, providing heat supply to a network.



## 2. Energy centre

Unlocks multiple low-carbon heat sources, which can supply a high proportion of heat demand.



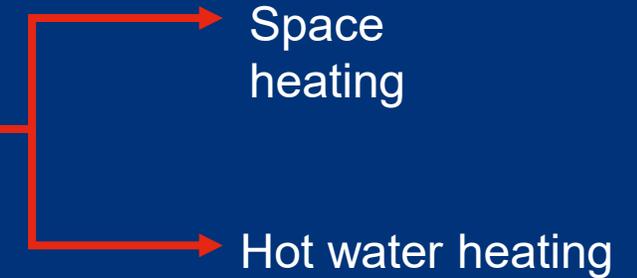
## 3. Heat network

Large pre-insulated pipes are buried in the ground and via an optimised route transport hot water to and from buildings.



## 4. Building connections

A heat exchanger provides an interface between the heat network and the heating services in connected buildings.



## 5. Building heating system

Existing space heating circuits and hot water systems inside the building can be used but may require some modifications.



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# Recap of Heat Network Zoning

# What is heat network zoning?

**Heat network zoning is the process of identifying and designating geographic areas where heat networks are expected to provide the lowest cost low carbon heating solution.**

Zoning will empower local communities to accelerate the development of heat networks. It will unlock investment by creating greater certainty for investors and developers and will help to ensure that more homes and businesses have access to greener, cheaper heat.

The Energy Act 2023 provides powers to establish the regulatory framework for heat networks in Great Britain and to introduce heat network zoning in England through secondary legislation.



## Wider regulations: Rights and Powers

A Rights and Powers Statutory Instrument will be laid in 2026, as Parliamentary time allows.

This will align with and support the Heat Network Zoning.

Via this SI and the related licensing process, heat networks in England and Wales will gain similar rights to other key utilities, making network construction easier and cheaper.

A license will unlock Rights and Powers in relation to street works and negotiating access to third-party land, be that to survey or to install pipes and equipment.

DESNZ has consulted on the details of this regime. If you would like to hear about future consultations and details, contact the heat networks mailbox [heatnetworks@energysecurity.gov.uk](mailto:heatnetworks@energysecurity.gov.uk)





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# Consultation on Heat Network Zoning

## The government's response to the consultation

In December 2023 a consultation was launched to gather feedback on proposals for how heat network zoning policy will be rolled out in England.



All consultation feedback has been carefully considered and used to help inform decisions in the consultation response and development of the secondary legislation.



The consultation response details how this feedback has been considered, along with new policy developments since 2023 that will be carried forward.

[Click here](#) to view the government response and quick-read summary

Term	Explanation
<b>Heat network zoning authority</b>	A new national body that will perform zoning tasks requiring a standardised approach across England, for example the national mapping exercise. The heat network zoning authority will also support zone coordination bodies in undertaking their functions.
<b>Zone coordination body</b>	New bodies established to lead on local implementation of zoning policy within a zone. They will perform functions such as zone refinement, consultation with building owners and organisations within a zone, and managing the competitive process for appointing zone developers.
<b>Zone developer</b>	A heat network operator that is awarded the rights to develop a specific zone delivery area by a zone coordination body.
<b>Heat network operator</b>	An organisation that is responsible for the day-to-day operation and maintenance of a heat network and its infrastructure.
<b>Heat network opportunity area</b>	The geographical areas identified by the National Zoning Model where heat networks are expected to be the lowest cost low-carbon heating solution.
<b>National Zoning Model (NZM)</b>	A data-led spatial energy model developed by DESNZ to identify heat network opportunity areas across England.
<b>Zoning regulations</b>	Secondary legislation that provides the legal basis for the heat network zoning policy framework. Before coming into force, the regulations will be scrutinised by Parliament. Subject to parliamentary time, the regulations are expected to be laid in Parliament in spring 2026.
<b>Zoning pipeline</b>	An ordered list of areas the heat network zoning authority expects to be designated as heat network zones and in construction in the near future. This will be published, on the zoning digital service, and reviewed yearly.
<b>Zone identification</b>	The process by which Heat Network Zones will be identified, using the National Zoning Model.
<b>Zone refinement</b>	A process to refine the borders of a heat network opportunity area produced by the National Zoning Model. Zone refinement produces a refined heat network zone, which may then proceed to zone designation.
<b>Zone operation</b>	The stage in the zoning lifecycle following zone delivery. During this phase, zone developers will construct new infrastructure, make new connections, and maintain and operate the heat networks on an ongoing basis.



# Key features of the response

# Key features of the response

1

Certain types of buildings in a zone can be required to connect to a heat network, with specified exemptions. This can apply if connection agreements are not reached.

## Key decisions:

- This applies to *new buildings, pre-existing communally heated buildings, and pre-existing non-domestic buildings with >100MWh annual average heat demand and a 'wet' heating system.*
- Zone developers may ask zone coordination bodies to issue connection notices to relevant building owners or building developers.
- Building owners and developers can apply for long-term conditional exemptions and short-term deferrals - temporary exemptions.

Buildings issued with a connection notice must connect within a given window, but **can choose whether to buy heat from the network post-connection.**

Powers are not yet in place for developers to charge for connecting buildings to a network. It is intended that once in place, **connection costs are capped at zero for communally heated domestic buildings and more widely the caps will ensure buildings pay no more than the cost of their alternative heating technology.**

## Key features of the response

2

### Heat sources can be asked to connect to a network

#### *Key decisions:*

- Heat sources and heat networks will be encouraged to make agreements to sell heat to consumers that otherwise goes to waste.
- If connection is viable but an agreement to connect is not reached between the heat source owner and the zone developer, heat sources can be required to connect and sell heat to a network.
- Heat source reports will be prepared by zone coordination bodies and will give key details of potential sources as a guide for developers.

Powers requiring a heat source to connect and sell heat to a heat network can **apply to sources within a zone as well as source situated near to a zone**, provided that heat can feasibly be supplied.

## Key features of the response

3

The roles and responsibilities of the heat network zoning authority are set out

*Key decisions:*

- Responsible for standardised zoning tasks and oversight of zone identification, designation and review.
- Coordinating the designation of zone coordination bodies.
- Works closely with zone coordination bodies, supporting them via guidance, funding and review of decisions.

4

The roles and responsibilities of zone coordination bodies are set out

*Key decisions:*

- Required to meet specified criteria in order to be established and will meet set standards for governance and performance.
- Zone coordination bodies may be structured as a single body, a two-tiered multi-party structure, a multi-party structure, or a consortium.
- Responsibilities cover oversight of zone boundary designation activities, developing the Zonal Market Prospectus, appointing a developer, oversight of building/heat source connection, and ensuring compliance in a zone.

## Key features of the response

5

Existing heat networks can maintain rights to operate

*Key decisions:*

- Before a zone is designated, any existing heat networks are mapped out.
- Zone coordination bodies can grant consent for an existing network to continue operating.
- Zone coordination bodies will review whether to directly award zoning rights to an existing developer.
- If they do not have suitable plans for expansion, a competition to develop the wider area will proceed.

6

Processes are set out for refining and consulting on the boundary of a zone before it is designated

*Key decisions:*

- Heat network opportunity areas will be identified by the National Zoning Model. Outputs are used to build a pipeline of zones expected to come forward, which is reviewed annually.
- Refinement activities will involve zone coordination bodies engaging with local stakeholders to review the information used by the NZM, which can be re-run with updated or missing data.
- A public consultation must be carried out on the proposed boundary of a zone before it is formally designated.
- Zone coordination bodies can decide if a designated zone is divided into smaller delivery areas to bring to the market.

## Key features of the response

7

Developers will gain exclusive consent to develop a zone via a competed process

*Key decisions:*

- Zone coordination bodies will produce a Zonal Market Prospectus for each zone delivery area, advertising the available opportunity.
- A competitive process will take place to appoint the best developer.
- Consent will be issued to the successful developer to exclusively develop heat networks in the zone delivery area.
- The developer will then submit a zone development plan setting out how the network will be delivered.

8

A carbon emissions limit will be introduced in zones

*Key decisions:*

- From 2030 all new and expanded heat networks in zones must meet a carbon emissions limit, in line with Future Homes and Building Standards.
- The emissions limit will be reviewed every 5 years or sooner.
- A carbon calculation tool will be provided to calculate and track emissions.

## Key features of the response

9

Enforcement actions can be taken to address non-compliance

*Key decisions:*

- Zone coordination bodies have powers to ensure stakeholders within a zone comply with rules on zoning.
- Enforcement measures follow formal steps to resolve issues of non-compliance via compliance notices and escalating to monetary penalties.
- Penalty amounts are decided by zone coordination bodies against specific factors and can be up to a maximum of £1million, or 10% of annual turnover.

10

A clear process is set out to appeal decisions

*Key decisions:*

- Decisions taken by zone coordination bodies can be appealed by affected persons.
- Appeals can go to the zoning authority for review, or appealed further to the First Tier Tribunal.
- This specialised body handles disputes against decisions by government regulators.

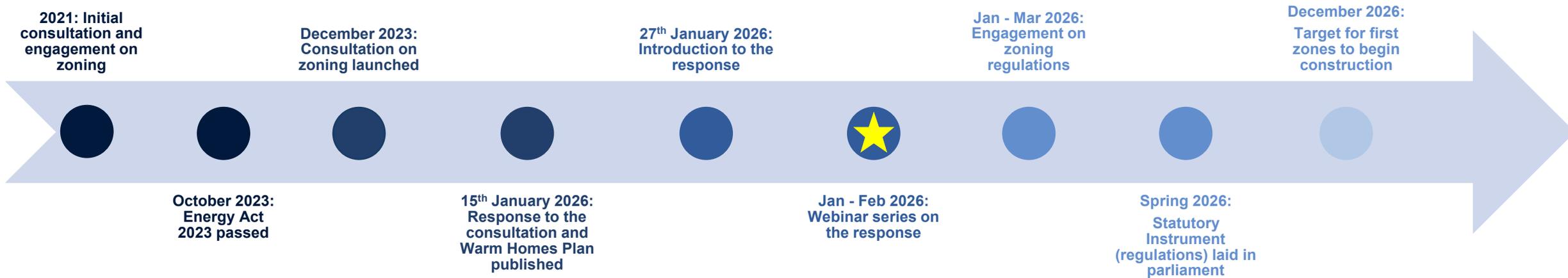


# Next steps

# The stages of heat network zoning



# The journey ahead for zoning



## Public webinar series on targeted topics

A series of publicly accessible webinars are scheduled to follow on from today's session, looking in detail at key aspects of the consultation response and with opportunity to ask questions to the department.

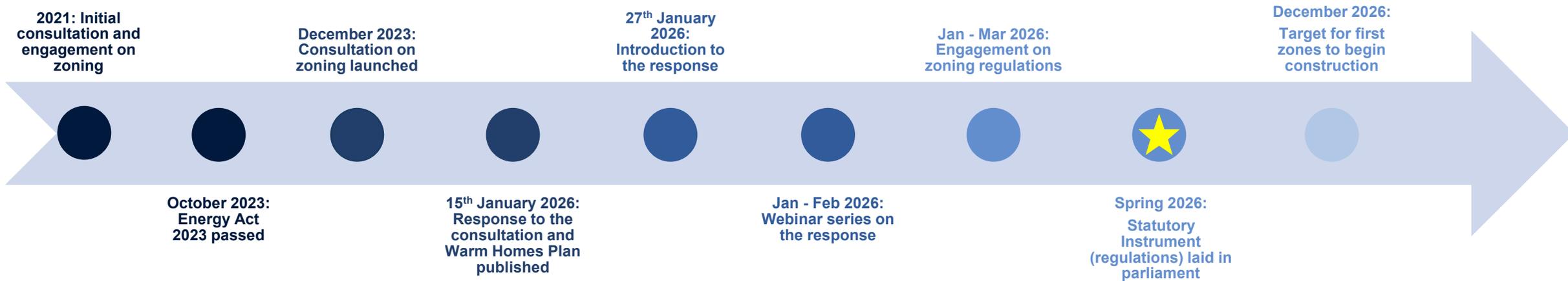
11 <sup>th</sup> February 2026	<a href="#"><u>Defining Heat Network Zones: Roles and Identifying Zones</u></a>	
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26 <sup>th</sup> February 2026	<a href="#"><u>Delivering Heat Network Zones: Developer Appointment (Competition and Consenting)</u></a>	
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19 <sup>th</sup> February 2026	<a href="#"><u>Heat network zones in practice: Heat sources, connections and existing networks</u></a>	
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4 <sup>th</sup> March 2026	<a href="#"><u>Bringing zones to life: Operation</u></a>	
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# The journey ahead for zoning





# Q&A