

**Report title:**

HEAT NETWORKS PHASE 2

Wards affected:

1. Cabot Ward

2. Lawrence Hill Ward

City Centre Phase 1 Heat Network

Temple and Redcliffe Heat Network

Strategic Director: Barra Mac Ruairi

Place Strategic Director

Report Author: Bill Edrich

Energy Service Director

Recommendation for the Mayor's approval:

1. To approve the allocation of £5.0m of Tier 1 capital funding through Prudential Borrowing for the installation of the City Centre Heat Network Phase 1 (previously £6m of Tier 2 approved).
2. To delegate authority to the Service Director, Energy, to negotiate and sign a Heads of Terms agreement with the University of Bristol (UoB) and University Hospitals Bristol NHS Foundation Trust (UHBFT) in relation to the City Centre Heat Network Phase 1.
3. Within a Prudential Borrowing spend envelope of £5.0m and subject to a satisfactory financial business case being maintained, to delegate authority to the Service Director, Energy, in conjunction with the Service Director, Finance, to authorise the activities required to implement the City Centre Heat Network Phase 1 and extensions.
4. To delegate authority for the Service Director, Finance to approve the necessary borrowing for the project under Tier 1 of the Corporate Capital Programme subject to Recommendation 3.

Key background / detail:*a. Purpose of report:*

To provide an update on the Energy Service's progress in developing and delivering a city-wide heat networks (previously referred to as 'district heating'), further to the [1 July 2014 Cabinet Report 'District Heating Phase 1'](#) – and to seek approval to include the City Centre Heat Network Phase 1 in Tier 1 of the Corporate Capital Programme and allocate £5.0m of capital funding to the project.

b. Key details:

1. Heat networks are central to the Council's decarbonisation agenda. This Cabinet Report provides updates on the Rowan network – five social housing blocks being connected to a biomass boiler – and the Temple and Redcliffe Heat Network (TRHN) heating 13 social housing blocks with a 1MWth biomass boiler, with plans to connect 100 Temple Street (2017) and new Arena (2018).
2. BCC's third heat network, City Centre Phase 1, seeks Cabinet approval for investment and negotiating/signing Heads of Terms – allowing the 2.6MWe CHP scheme to progress to detailed design, construction and finally operation; whilst future-proofing expansion opportunities to serve nearby social housing, additional university buildings and a de-steamed UHBFT heat network.
3. The Cabinet Report also details identified heat network opportunities not yet requiring Cabinet Approval, but that are likely to appear in future Cabinet briefings on heat networks. These include extending the TRHN; 'REPLICATE' heat network (part of wider EU project); City Centre Phase 2; and the Avonmouth and Severnside Heat Network Opportunity.

