

**LANCASTER WEST
NEIGHBOURHOOD TEAM**

WT11

Your future heating and hot water solution

Focus Group

April 2021

**Janet Hall
Heat Network Engagement Manager**

Introductions



James Caspell
Neighbourhood
Director



Jeff Laidler
Heat Network
Programme Manager



Janet Hall
Heat Network
Resident
Engagement



National Energy Action

Jo Boswell

- ▶ We are the national fuel poverty charity, working to ensure that everyone in England, Wales and Northern Ireland is warm and safe at home.
- ▶ We are here to offer the team specialist advice on how best to support residents.

Today's Aim

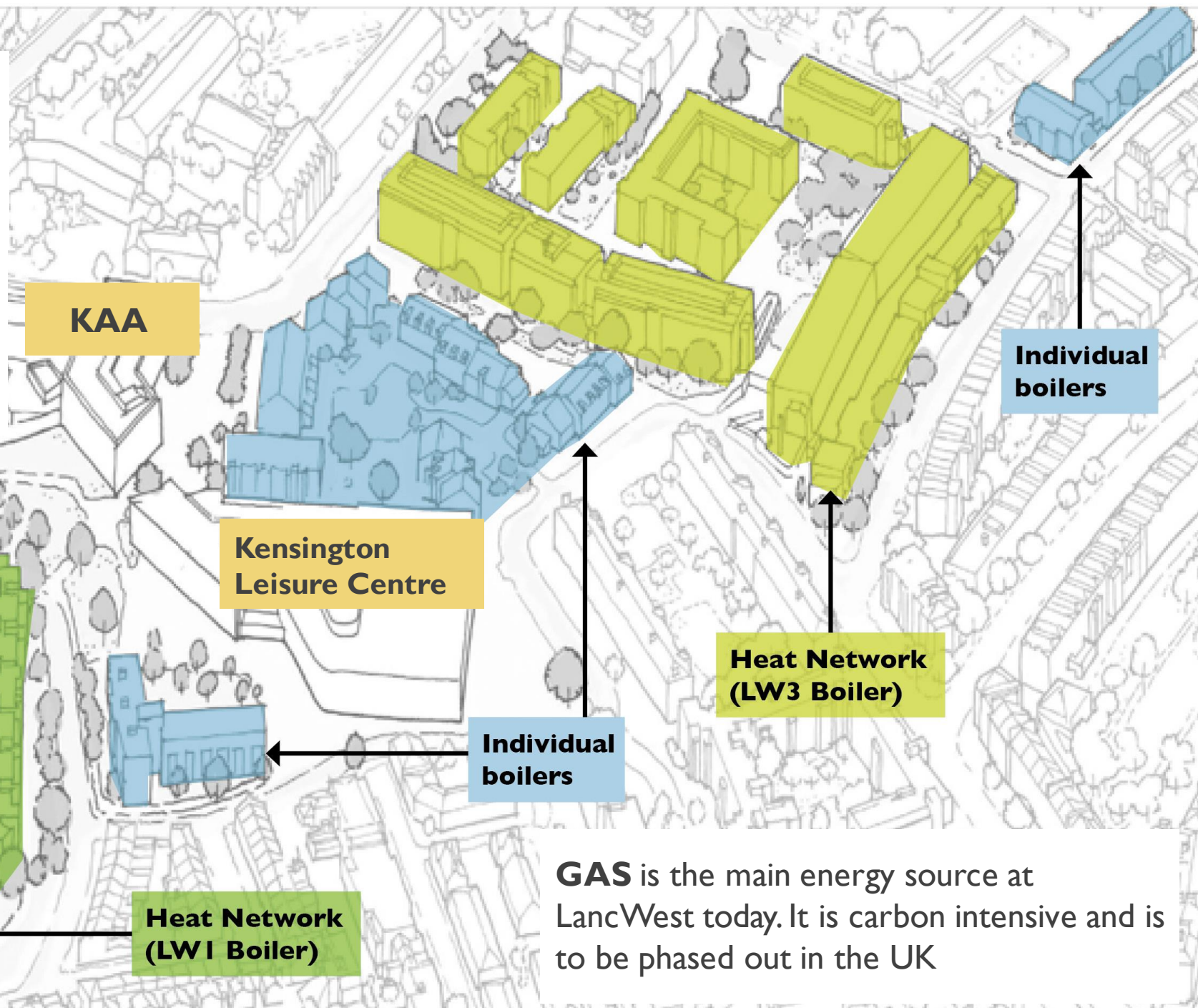
1. Introduce the Heat Network
2. Review the business case
3. Find out what you think

Project Aims

1. **Puts residents first:** achieving at least 80% resident satisfaction with the heat network customer service experience, and be more affordable than alternatives.
2. **Set the standard for 21st century social housing:** delivering warm homes, tackling fuel poverty, and achieve the Council's zero carbon ambition for the Lancaster West Estate.
3. **Help RBKC move towards carbon neutrality by 2030:** working in partnership to achieve objectives for housing, planning and environment, and Grenfell recovery.

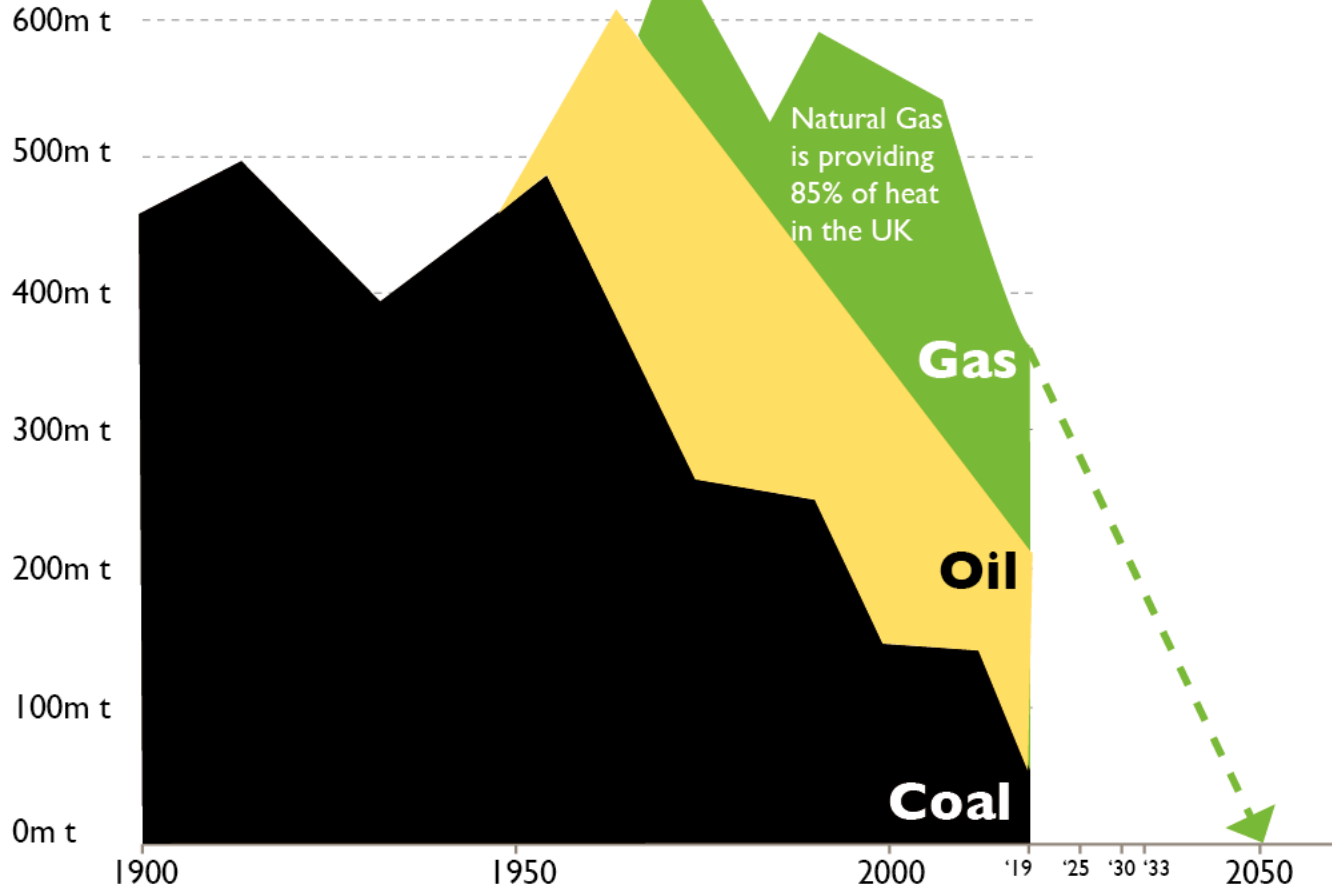
How is LancWest heated today?

- ▶ **80%** of homes are heated by gas via an existing **heat network**
- ▶ **20%** of homes have an individual gas boiler



GAS is the main energy source at LancWest today. It is carbon intensive and is to be phased out in the UK

Net-Zero Goal

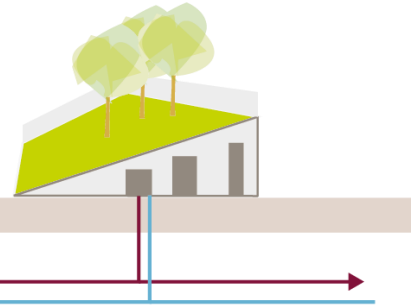
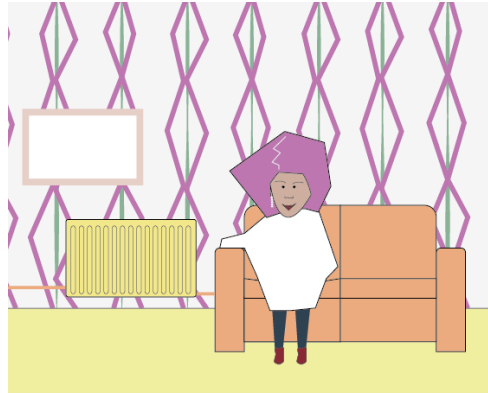


How does the UK move from 85% of homes being heated by Gas to Net Zero Carbon before 2050?

Project Snapshot

1 NEW PLUMBING

2021 onwards

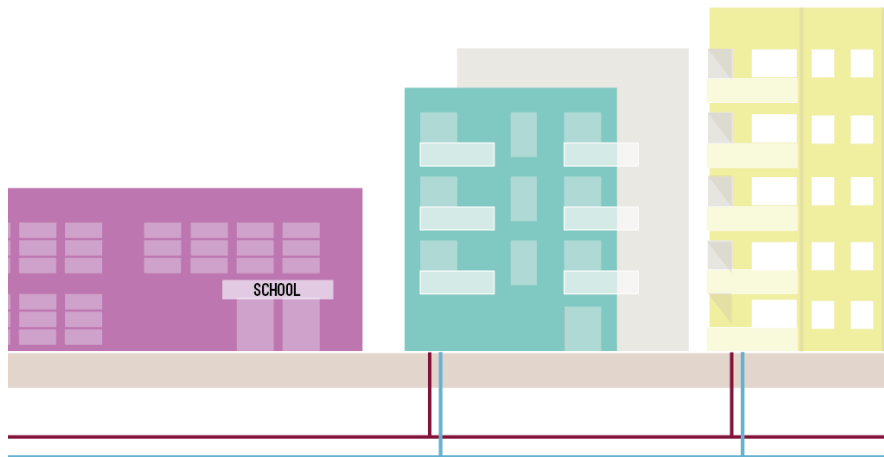


2 NEW ENERGY CENTRE

2023 - 2024

3 NEW PIPE NETWORK

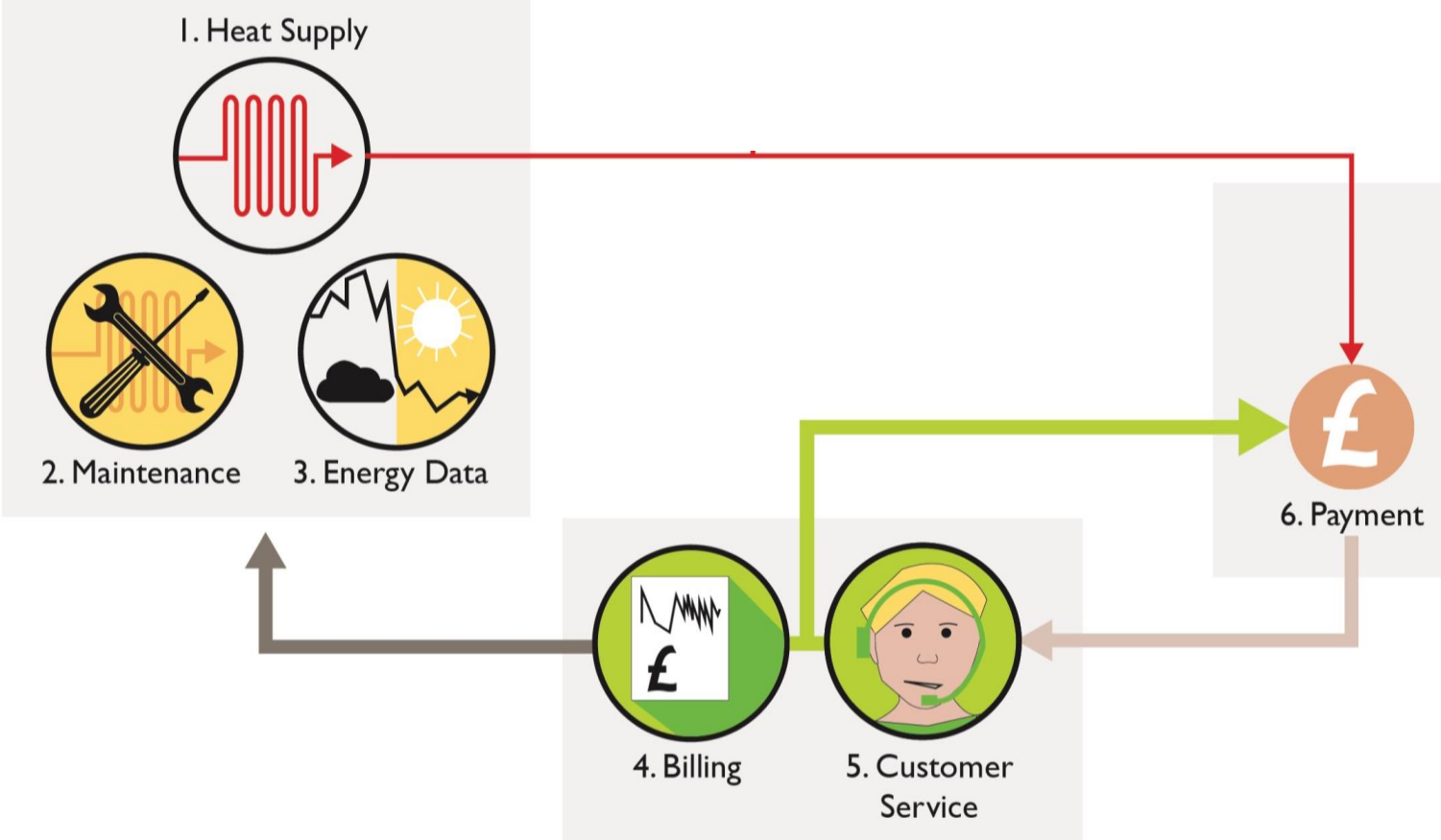
2024 - 2026



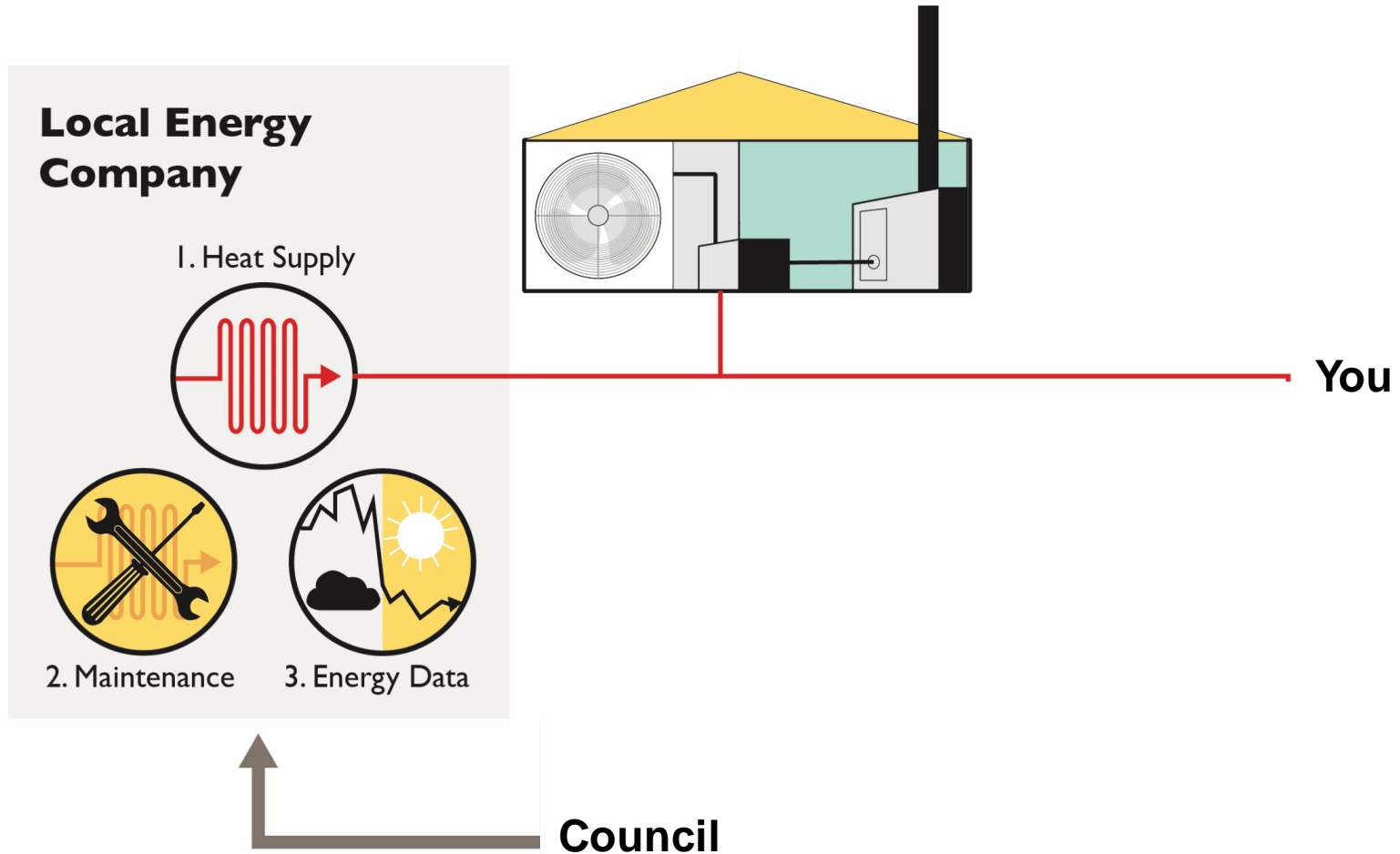
LANCASTER WEST
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Heating as Service



Who Provides the Heating?



A Local Energy Company

Setting up an energy company is required to look after the energy centre and heat network

It must stand on its own two feet – and ‘wash its face’ by year 40:

1. Supply heat
2. Monitor energy use
3. Maintain equipment



What options were reviewed?

Joint-Venture (split ownership)

The project won't make a commercial profit rate, so will not attract investment.

In-House (council ownership)

Doesn't guarantee a ring-fenced budget for the long-term maintenance + development



The local energy company

Special Purpose Vehicle

- 100% Council owned company
- Will be run by heat network professionals, not just the council
- Will include the long-term maintenance, replacement and management of the network
- Enables expansion beyond LWE, which will improve the technical efficiency, servicing + pricing for residents

Who would manage the Local Energy Company?

Board of directors

Executive

Non-Executives

General
Manager

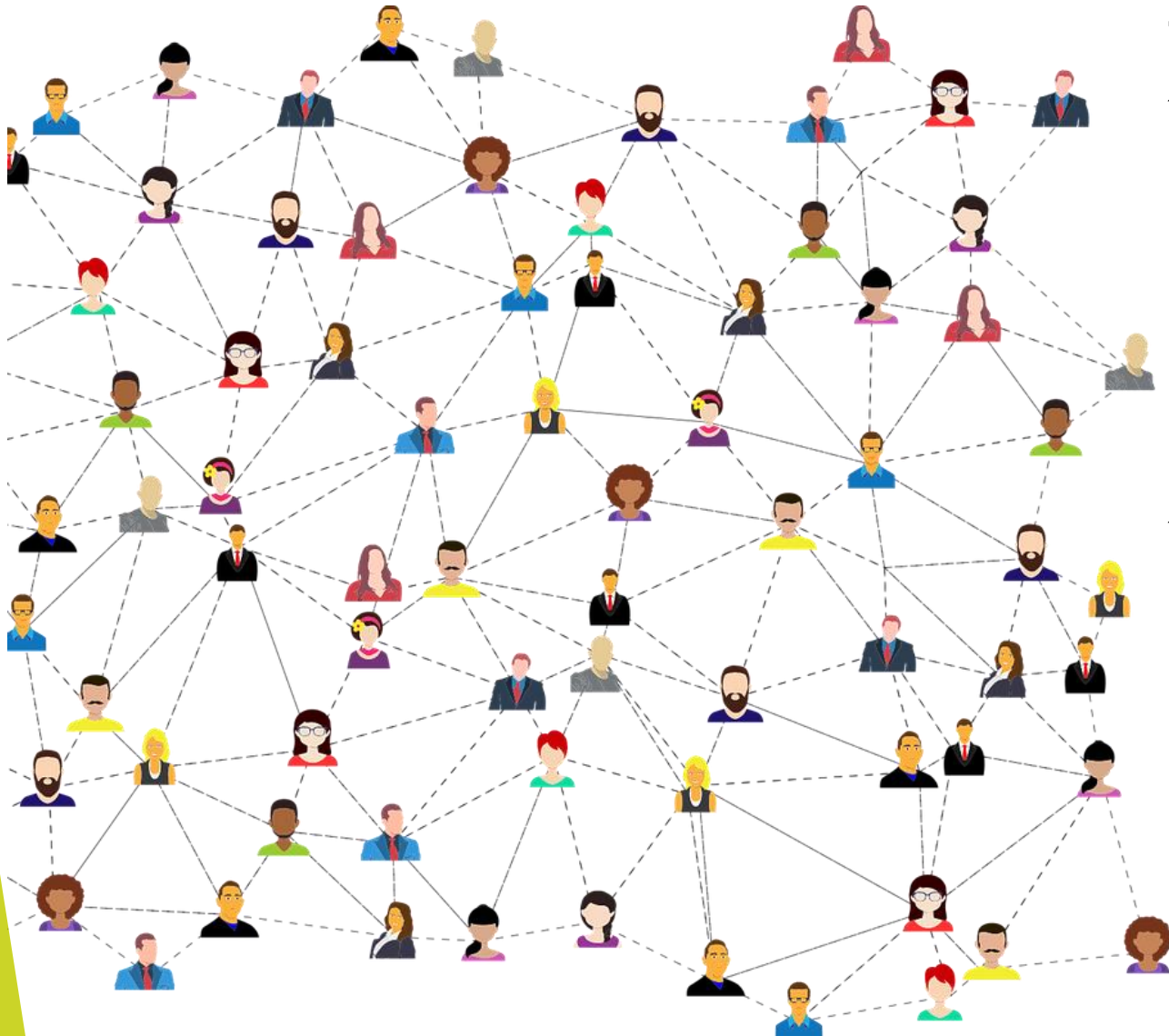
Industry
Expert

Council
Representati
ve

Resident Board
Member (Paid)

Industry
Expert

Local Energy Company FUTURE



There is an option that the Local Energy Company could become a Community Interest Company.

“is a non-charitable limited company, which exists primarily to benefit a community or with a view to pursuing a social purpose, rather than to make a profit for shareholders.”

Example: Woodberry Down is an estate regeneration project in Manor House in Hackney

NEA

- ▶ Be involved
- ▶ Consumer choice

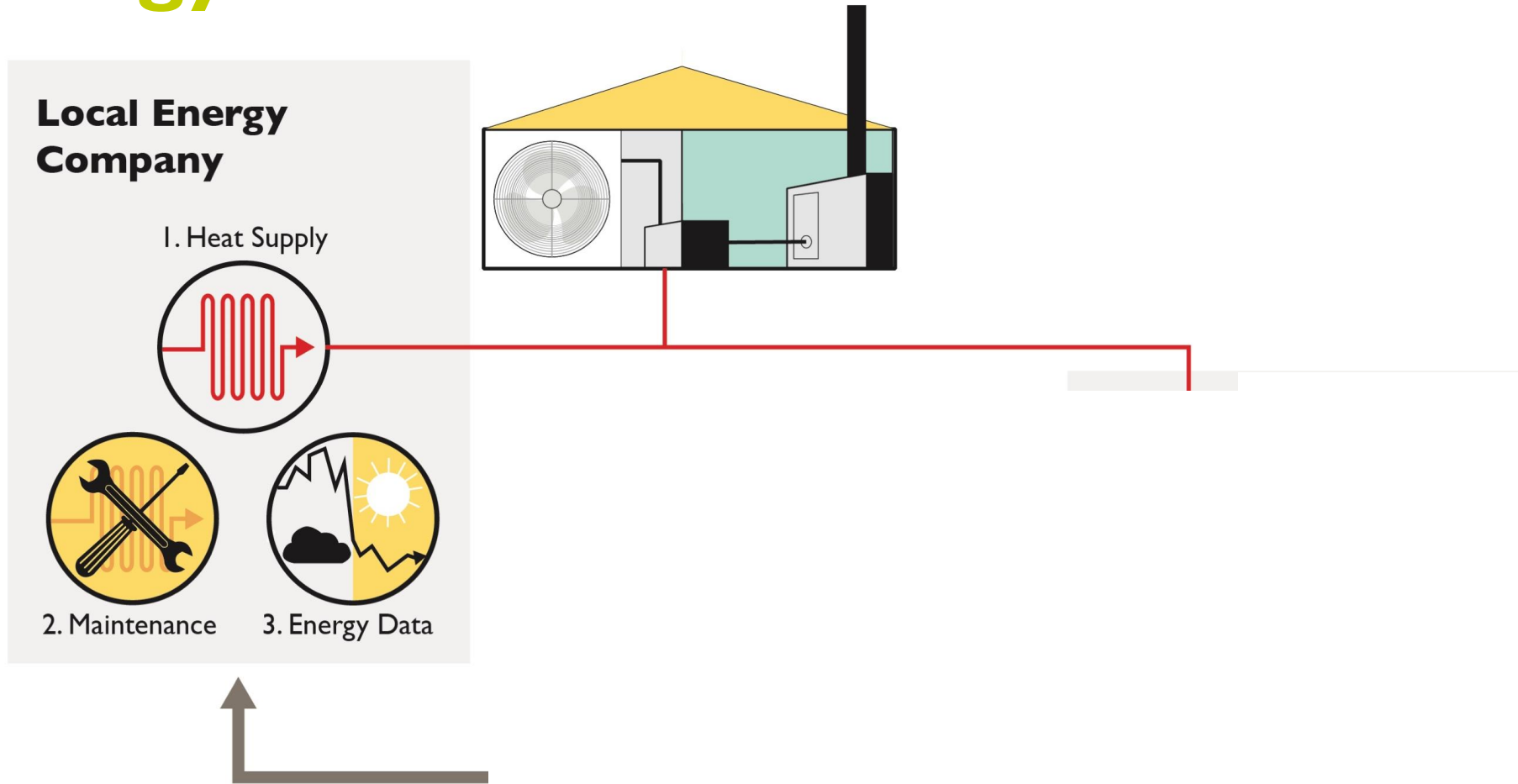
Feedback

Do you have any questions / concerns about the local energy company?

What do you think of having a resident on the board of directors?

Do you have any other ideas for resident involvement in the heat network?

Energy Costs



What influences the energy costs?

Electricity pricing

Maintenance

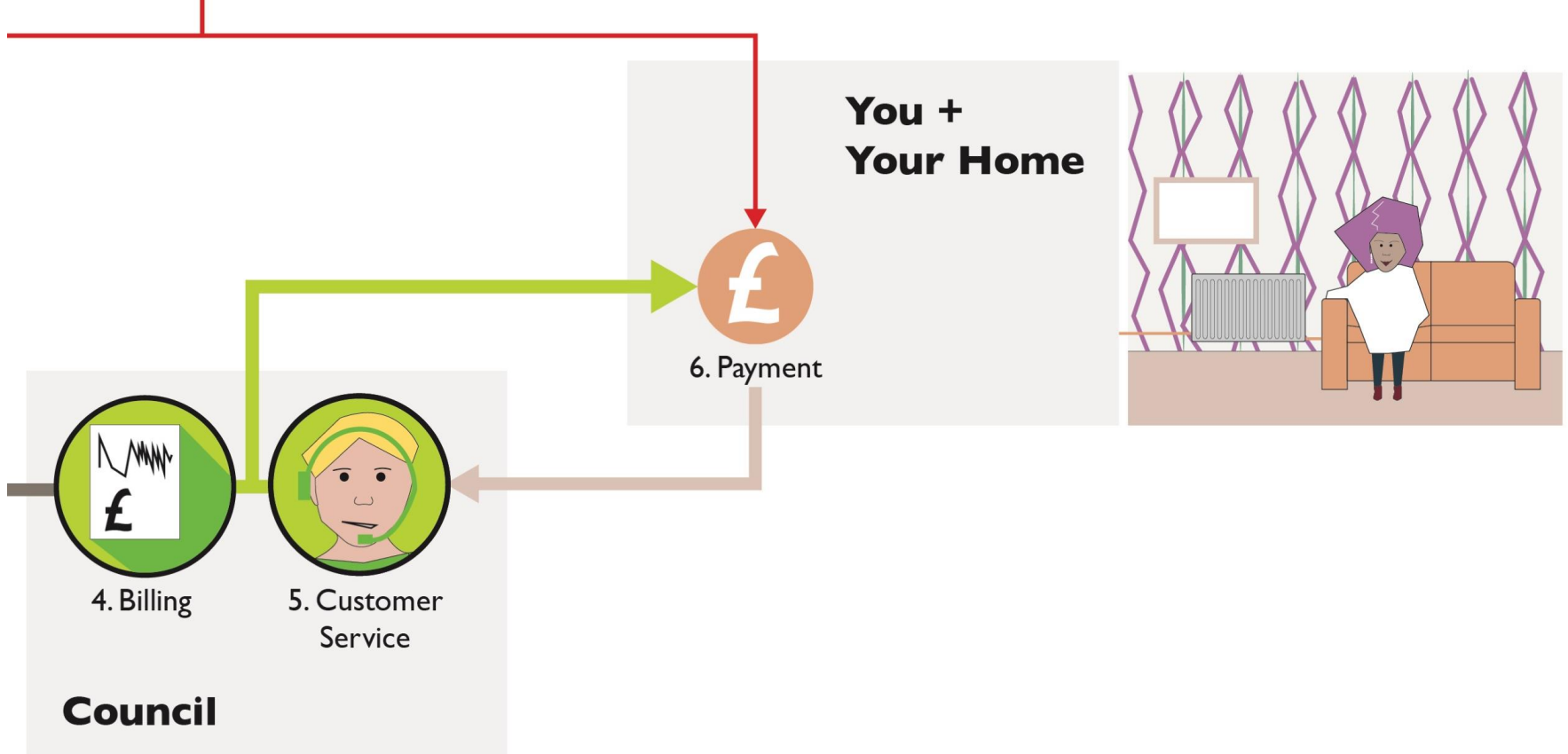
Future replacement of equipment

Administration of billing

Project Aim

The zero carbon Notting Dale Heat Network will put residents first, rely solely on **renewable heat sources**, and provide **affordable** heating and hot water whilst **tackling fuel poverty**.

The Council's Role



What your energy bills look like today (tenants)

Housing Management
292a Kensal Road, London, W10 5BE

Chief Executive
Barry Quirk CBE BSc PhD FRGS FRSA CIPFA (Hon)

Director of Housing Management
Doug Goldring



From April 2020 separate accounts are being maintained for each estate. These accounts will record actual energy costs incurred by the Council, and income from heating and hot water charges. At the end of the year we will compare costs and income to determine if we have overcharged or undercharged for the cost of energy. If necessary, subsequent bills will be adjusted to ensure residents are not undercharged or overcharged for the actual cost of energy

Your Weekly Charge

The table below shows you how your weekly charge is made up:

BASIC RENT	£128.51
BULK REFUSE	£0.64
COMMUNAL ELECTRICITY	£2.65
CONTRACT CLEANING	£9.41
CTAKING SUPERVISION	£1.83
DIGITAL TV SERVICE	£0.92
ESTATE LIGHTING	£0.14
GROUNDS MAINTENANCE	£1.99
HEATING + HOT WATER	£10.18
PALADIN MAINTENANCE	£0.41
PEST CONTROL	£1.32
TENANTED CCTV	£0.06
Total weekly charge	£158.06

Energy used = £ per kWh

What your energy bills look like today (leaseholders)

	SCHEME WEIGHTED ROOMS	TOTAL SCHEME COST £	PROPERTY SHARE QUARTERLY £	PROPERTY SHARE YEARLY £
BUILDING COSTS				
Repairs to Building	1485.000	43,103.67	21.77	87.08
Internal Communal Repairs	1485.000	26,361.03	13.31	53.24
Common Parts Electricity Repairs	1485.000	14,363.16	7.25	29.00
Common Parts Electricity Consumption	1485.000	43,419.43	21.93	87.72
Digital TV	1485.000	17,145.88	8.66	34.64
Health and Safety - Pest Control	1485.000	1,005.43	0.51	2.04
Contract Cleaning	1485.000	133,825.83	67.59	270.36
CCTV Maintenance	1485.000	950.31	0.48	1.92
Bulk Refuse Clearance	1485.000	4,879.35	2.46	9.84
Paladin Maintenance	1485.000	8,205.59	4.14	16.56
		293,259.68	148.10	592.40
ESTATE COSTS				
Estate Caretaking & Supervision	2307.000	52,446.46	17.05	68.20
Estate Lighting Repairs	2007.000	495.55	0.19	0.76
Estate External Siteworks	2307.000	9,649.60	3.14	12.56
Estate Contract Cleaning	2307.000	77,698.65	25.26	101.04
Estate Bulk Refuse	2007.000	6,525.52	2.44	9.76
Estate Garden Maintenance	2307.000	43,624.32	14.18	56.72
		190,440.10	62.26	249.04
OTHER COSTS				
Management Fee - Leaseholders	1448.000	90,186.36	46.71	186.84
Ground Rent			10.00	10.00
Building Insurance			97.47	389.89
Maintenance, Heating, Ventilation & Pump Systems	1491.000	50,508.93	25.41	101.64
Heating - Electrical	1491.000	3,355.93	1.69	6.76
Heating - Gas	1491.000	250,039.32	125.77	503.08
Heating & Hot Water Systems	0.000	0.00	0.00	0.00
Boiler Repairs	1491.000	331.02	0.17	0.68
Boiler Insurance	0.000	0.00	0.00	0.00
		394,421.56	307.22	1,198.89
TOTAL CHARGES		878,121.35	517.58	2,040.33
Total Charge For 1st Quarter (Including Ground Rent If Applicable)				£517.58
Total Charge Per Quarter 2nd, 3rd & 4th Quarters				£507.58
Total Charge For Year				£2,040.33

➤ Impact of new heat network Metering and Billing Regulations (November 2020)

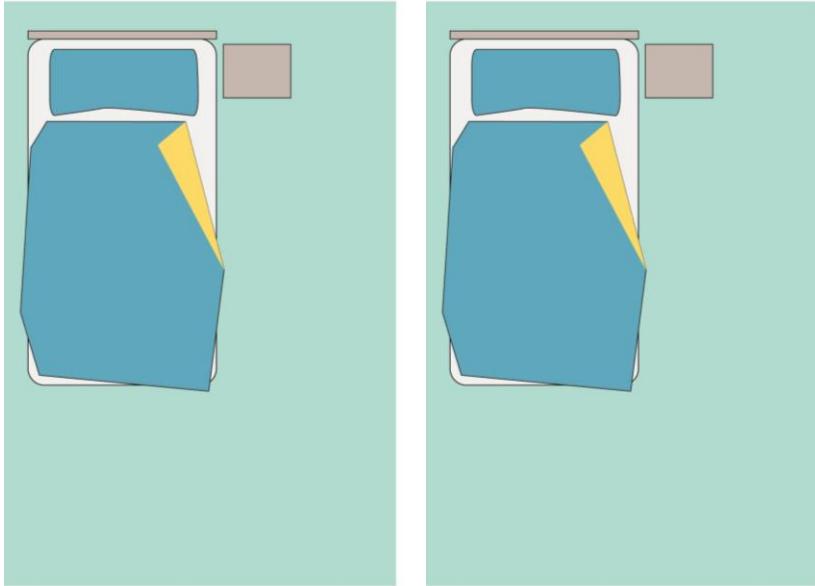
➤ Energy used = £ per kWh



- Standing charge
- Usage charge

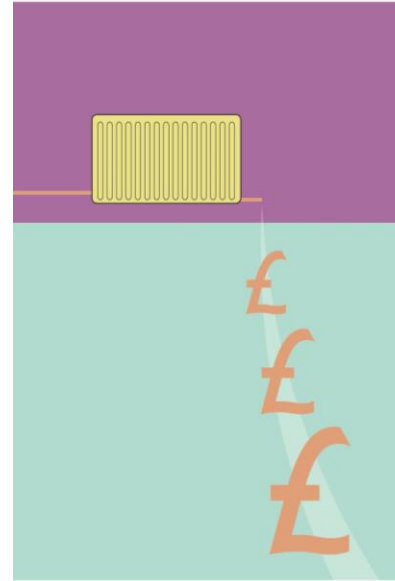
Heat network energy bills

TODAY (Sep 2021)



$$\frac{\text{Energy used}}{\text{No. Bedrooms}} = \text{£}$$

FUTURE Heat Network



$$\text{Energy used} = \text{£}$$

- Standing charge
- Usage charge
- **Meets new laws**

Payment by energy use

Controlling heat in your home



Heat Interface Unit



Radiators

Delivered by the internal
refurbishment

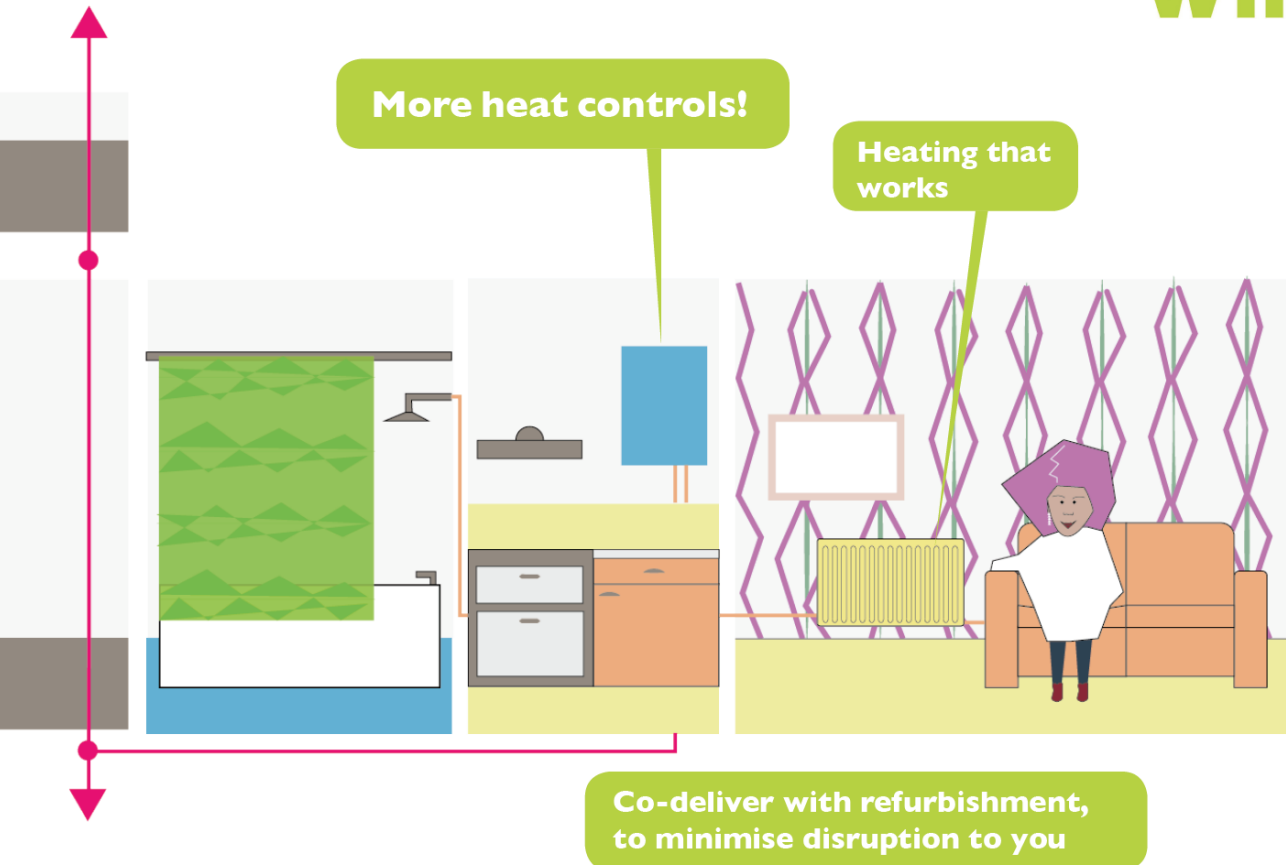


Meters



Thermostats

Competitive Energy Bills



- ▶ Refurbishment will decrease energy use
- ▶ New technology is more efficient and will be cheaper to run than the heat networks are today

How do the costs compare?

- **Individual Air Source Heat Pump**
 - Electricity costs higher
 - Installation + maintenance higher
- **Replace temporary boiler + continue business as usual**
 - Higher maintenance costs
 - Doesn't meet carbon target
 - Replacement will be required at some point

When will the energy prices be decided?

- June, Resident consensus and Council Leadership Team decide if project is 'go' according to the project objectives (**affordable heating**)
- September, energy bill changes to take place RBKC-wide
- Autumn 2021, "Commercialisation" stage of project, legal + energy prices to be agreed

What customer protection will there be?

- Responsibility of the council to provide affordable services (like heating)
- Third party customer protection, the Heat Trust
- Future legislation will regulate heat networks, and further customer protection



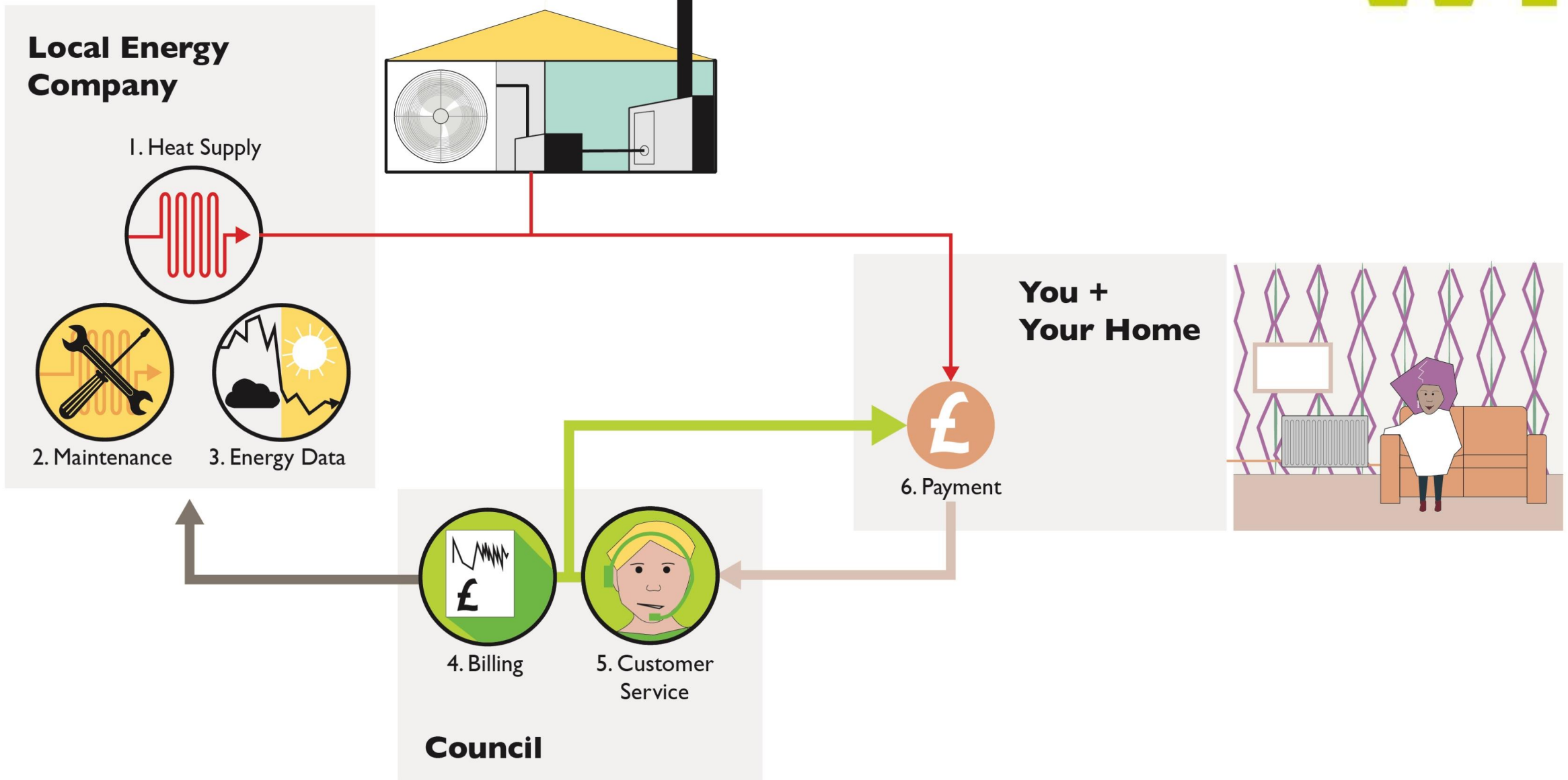
NEA

- ▶ What meter type can I have?
- ▶ Tariff – when will I know how much I will be paying?
- ▶ Customer Service - Service level agreement in place
- ▶ Priority Service Register

4. Tariff
5. Customer
Service +

Feedback

4. Tariff
5. Customer Service +



Feedback

What one piece of advice /
comment do you want to
emphasise to us today?