

Refurbishment Programme Board

Notting Dale Heat Network

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Notting Dale Heat Network

Highlights from last quarter

1. **Early works contracts delivered by both Vital Energi and Cenergist:** has ensured we stick to programme: confirmed the exact location of the Heat Pump System on the Leisure Centre roof, the primary pipe route for the planning application and heat demand requirements for homes on the Estate (this influences its detailed design).
2. **Successful Section 20 Leaseholder consultation:** received just 6 formal responses. Informal resident communications for the refurbishment and heat network issued in advance.
3. **Planning application submitted for Phase I of the Notting Dale Heat Network in December 2023:** determination is scheduled by 20 February 2023. Tonkin Liu has worked closely with residents and the Council, to design a heat network to provide a positive statement of a zero-carbon future.
4. **Design & Build contract signed with Cenergist:** up to £12.5m contract to Design & Build the secondary and tertiary heat network in residential blocks and homes across the Estate.
5. **DBOM contract signed with Vital Energi:** up to £11m contract to Design & Build the energy centres and primary network and Operate & Maintain the entire heat network for 2 years. There's also up to £2m for a potential Operations & Maintenance contract extension for Years 3, 4 and 5.
6. **Featured by government as exemplar case study:** [Department for Energy & Net Zero's HNIP Evaluation Report](#)
7. **'Notting Dale Heat' has come alive:** with its own brand, Business Plan and Board meetings.
8. [Cross Borough Energy Masterplan](#) has been delivered in partnership with Hammersmith & Fulham, setting the scene for heat network development across both boroughs. The stakeholder workshop in May brought together over 80 senior stakeholders from the Council, government, GLA, cultural institutions, funders, developers, NHS and Housing Associations. It felt like a national conference but with a local focus. The heat network opportunity is huge. With Heat Zoning on its way, the borough is likely to receive a lot of attention in 2024.

Energy Tree

Co-designed warm water store



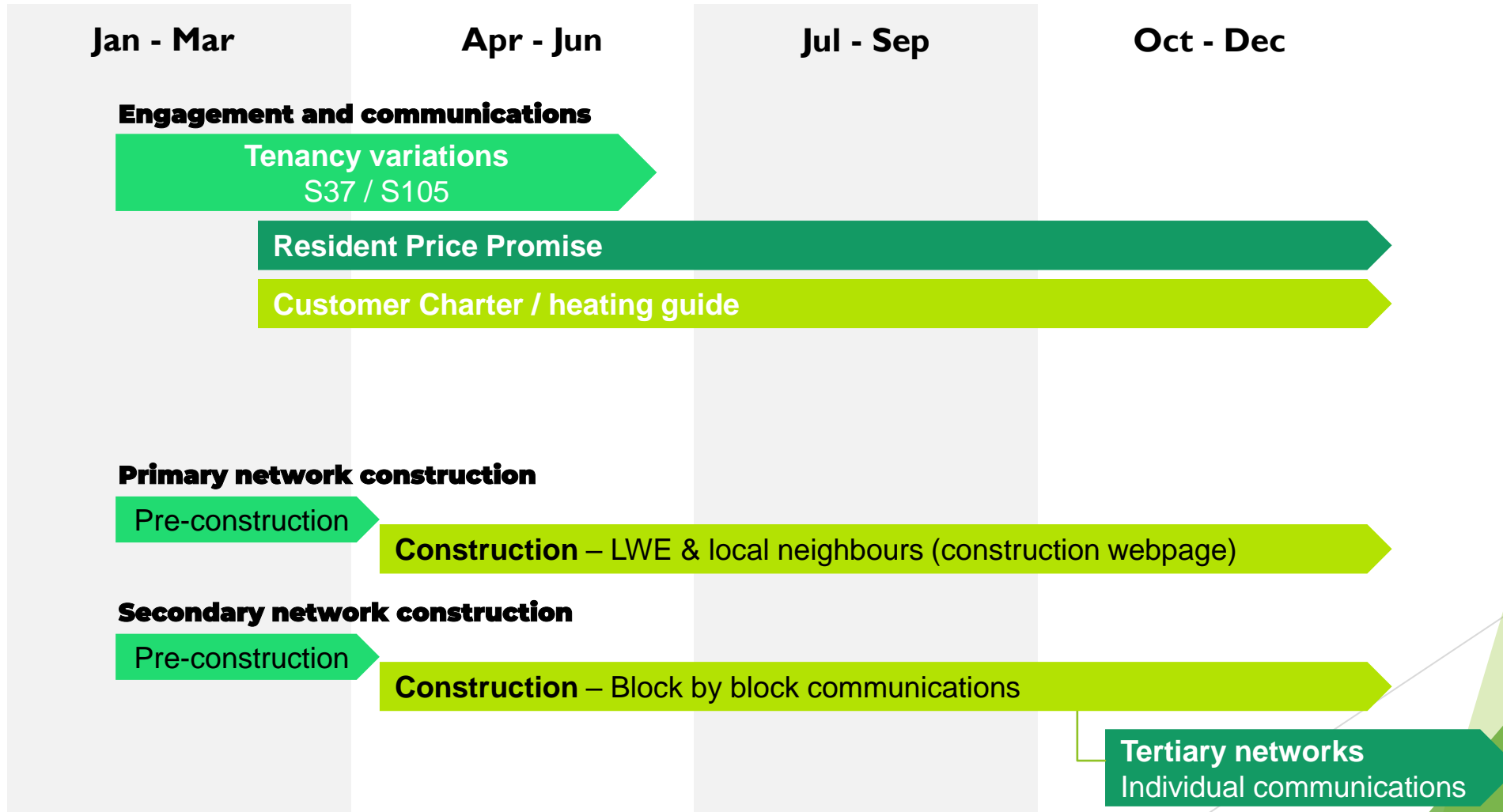
Renewable Boiler Room



Energy Centre co-design

Event	Resident influence
April 2022 Roadshow	<ul style="list-style-type: none">• Residents selected their favourite UK energy centres.• 'Green' walls and green design was emphasised.• Easy maintenance was also recognised as important.• Something 'fun', especially for kids
Dec 2022 Public exhibition	<ul style="list-style-type: none">• A preferred location for the 'Energy Tree' warm water store was chosen.• Residents felt that clear paths in and around the Leisure Centre are critical.• Residents liked low-level lighting effects that won't impact immediate neighbours.• Secondary uses like seats, or places to gather were not supported.
April 2023 Public exhibition	<ul style="list-style-type: none">• There was no strong resident preference between the white / green colour scheme. A subtle tonal colour scheme has been selected as a compromise.

Communications milestones



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Top 6 Strategic Risks

	Strategic Risk	Impact	Mitigation
1	Heat demand (16)	Anchor heat loads choose not to connect, reducing Notting Dale Heat revenues. The company struggles to stay afloat & deliver its objectives.	<p>As landlord and landowner, the Council can connect the majority of homes and commercial properties in Phase 1:</p> <ol style="list-style-type: none"> 1. Residential blocks: statutory consultations to vary Tenancy and Leaseholder Agreements is being co-ordinated and delivered by the Council. 80% of Lancaster West residents are on two existing heat networks. 20% have individual gas combi boilers and need to be persuaded to connect. The Resident Price Promise has been developed to maximise likelihood of these households wanting to connect. 2. Kensington Leisure Centre and Baseline Studios: owned by the Council. We are developing Heat Supply Agreements for the Leisure Centre and Baseline Studios. No issues identified to date. 3. Kensington Aldridge Academy: signed Heads of Terms in March 2022. A decision from the Board of Trustees on the commercial principles was expected on 4 December 2023 but confirmation is yet to be received. If the Academy chooses not to connect, the removal of an anchor heat load from the Business Case has significant cash flow implications for Notting Dale Heat. The project would need to look again at the financial model, the overdraft facility provided to the company by the Council whilst also looking to find additional connections such as Council housing in the area to make up the shortfall.

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Top 6 Strategic Risks

	Strategic Risk	Impact	Mitigation
2	<p>Notting Dale Heat is accountable for the Health & Safety of the construction site. It has a duty of care to its staff, contractors, residents & members of the public (16)</p>	<p>The Council & NDH have committed to put safety first.</p>	<ul style="list-style-type: none"> ○ Appointment of DeRisk as Principal Designers for the D&B contract: helped develop the tender packs, health & safety questions and specifications. ○ Appointment of Cenergist & Vital Energi: experienced heat network contractors with excellent safety records. ○ Utility, contaminated land & asbestos surveys: undertaken to minimise health & safety risks to staff, contractors and residents. ○ Training for NDH Board: Construction Design Management roles and responsibilities in May 2023. ○ NDH's new Health and Safety Policy & Action Plan: will cover its general Health & Safety duties and form an integral part of the company's approach to risk management. Actions will include: <ol style="list-style-type: none"> 1) Closely monitor & manage construction logistics across the Estate for the heat network, Refurbishment Programme & Memorial Site. A Construction Logistics Strategy has been developed and will continue to be refined. 2) Ensure Health and Safety is a regular standing item on Design and Construction agendas, with proactive feedback from the Health and Safety (CDM) meetings 3) Ensure Health & Safety is a regular standing agenda at Notting Dale Heat Board meetings 4) Monthly Risk & Opportunities meetings to review Health & Safety actions, ratings & re-evaluate mitigations. 5) Request external Health & Safety due diligence via the HSE to ensure that we're 'best in class.'

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3	Heat Pricing (12)	Potential to impact the current cost of living & fuel poverty crisis.	<ol style="list-style-type: none"> 1. The energy efficiency improvements in each residential block are forecast to reduce heat demand by at least 25% 2. Notting Dale Heat supplies heating and hot water that is more affordable than alternative heating solutions. 3. By using a Bulk Heat Supply Agreement, the Council can determine how much it can afford to on-charge to residents. This risk is no different to existing heat supply arrangements. If gas prices go up, so do heating costs to the Council, tenants, and leaseholders. 4. 'The Resident Transition' will help residents save money, energy and carbon by helping them make full use of the new technology installed in their homes. 5. Continue to stay ahead of Ofgem heat regulation to deliver an excellent customer experience. 6. Apply for Heat Trust accreditation as a minimum industry standard and re-engage Ofgem on the back of the Heat Trust application. 7. Review the new Standing Charge offer compared against the counterfactual. Consider a range of measures to mitigate early disruption/inconvenience for Treadgold House residents

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Top 6 Strategic Risks

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4	Construction delay (I2)	<p>Loss of resident buy-in due to an extended construction programme with a financial and reputational risk.</p> <p><i>NB: there's no risk of customers losing their heating and hot water supply, as they'll continue to be supplied by the 2 existing heat networks until the new heat network is ready. 'First Heat On' is scheduled for Spring 2024.</i></p>	<p>The DBOM and D&B contracts pass delivery risk to the private sector. If the contractors are late, they pay Liquidated Ascertained Damages to cover the cost of bringing in temporary boilers.</p> <p>Notting Dale Heat obtained detailed Construction Logistics Plans from all of our DBOM and D&B bidders. The information was used to develop a draft Construction Logistics Strategy, issued as part of the Invitation to Submit Final Tenders.</p> <p>We are working with Vital Energi and Cenergist to develop a final Construction Logistics Strategy that is fully integrated with the Refurbishment Programme and other off-site construction schemes, including Silchester Arches.</p> <p>Temporary boilers at all blocks provide an integral part of the solution, ensuring a smooth customer transition to the new heat network.</p> <p>Establish a monthly Construction Logistics meeting that is chaired by the Neighbourhood Director and involves relevant Refurbishment Project Managers.</p> <p>Separate meetings with government to manage interdependencies between the Heat Network and Grenfell Tower Memorial Commission.</p>

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Top 6 Strategic Risks

	Strategic Risk	Impact	Mitigation
5	Electrically powered heat pumps (12)	The new heat network is electrically powered. Electricity increases in price which in turn potentially increases resident tariffs.	<p>All energy costs (gas and electrically powered heating) have increased. In response, Notting Dale Heat will:</p> <ul style="list-style-type: none"> ○ Ensure best value by purchasing grid-generated green electricity through the Council's existing bulk purchasing arrangement. ○ Recharge its costs to the Council, so it has political flexibility to decide what it charges residents. ○ Seek to purchase locally generated green electricity from any roof-mounted solar panels installed on Kensington Leisure Centre roof. ○ Deliver efficient energy generation, having increased the size of the Heat Pump system on the Leisure Centre roof from 1MW to 1.5MW.
6	Refurbishment Programme (9)	The heat network is delayed by the Refurbishment Programme, causing connection and cash flow issues for Notting Dale Heat.	<p>The ambition is to connect all residential and will now be connected by April 2025, where they have had secondary and tertiary works complete. This is with the exception of Camborne Mews and Verity Close, who need to replace their gas boilers, so have the option to connect. Bomore Road isn't due to connect until 2029, when its existing gas CHP is near the end of its working life.</p> <p>This means the majority of Lancaster West residents will benefit from Day 1 from reliable and renewable heating. The residents of these blocks continue to pay existing energy tariffs, until they have heat meters installed as part of the refurbishment. When the secondary and tertiary networks are installed, these residents will also benefit from heat meters and having control of the temperature in their homes.</p> <p>There will be a highly visible Renewable Heat Store and Renewable Boiler Room from 2024, providing visible change on the Estate. The initial Tonkin Liu designs have been well received by residents and stakeholders.</p>

Leaseholder Communications – Metering & Billing - Ongoing work

Metering equipment options are being piloted across the estate in 7 homes which are providing feedback on equipment and heat demand.

Three options for delivery of a billing service under consideration with a proposal likely in the next 3 months:

- In-house via Leaseholder Services/LWNT
- Vital Energi via contract variation to the DBOM contract
- Independent third-party provider.

Below is some of the communications to leaseholders which we have produced in addition to letters and Instagram posts. We will be engaging further with leaseholders in the coming weeks and months and will be trialling a leaseholder only WhatsApp group

[Notting Dale Heat Network \(wearewll.org\)](http://wearewll.org)

[Resident Price Promise \(wearewll.org\)](http://wearewll.org)

[Leaseholders FAQs \(wearewll.org\)](http://wearewll.org)

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Next steps

1. Mobilise for Construction:

- Confirm Heat Store location
- Performance Reports
- Risk & Opportunities Register
- Determine whether to build Academy pipe connection
- Notting Dale Heat Board meeting

2. Kensington Leisure Centre: work is being finalised to develop a Heat Supply Agreement with GLL (Leisure Centre Operator), Connection and Supply Agreement (with the Council as landlord) and a Variation to GLL's existing Leisure Operating Contract.

3. Resident Transition:

- Metering & Billing pilot: in partnership with 7 households across the Estate + all 38 homes at Hortensia to help inform the Council's Metering & Billing options analysis.
- Resident Liaison Officers (LWNT, Vital and Cenergist): developing this team and onboarding processes/training.
- Energy Monitoring & Advice: information is being prepared for this new service. The aim is to help residential heat network customers save money, energy and carbon.