

NOTTING DALE HEAT NETWORK LTD**(Company Number 13882225)**

Minutes of a meeting of the board of directors of Notting Dale Heat Network Ltd (**Company**) held at Baseline Studios, Whitchurch Road, London, W11 4AT on Monday 3 July 2023 at 9.00am.

PRESENT:**NAME****POSITION**

Terry Oliver

Director and Interim Chair

Liam McCusker

Director

Daniel Chin

Director

Heidi Hellmann

Director

Faisal Butt

Director

IN ATTENDANCE:**NAME****POSITION**

Jeff Laidler

Heat Network Programme
Manager

Mike Read

Finance lead (heat network team)

Janet Hall

Resident engagement lead
(heat network team)

Richard Long

Procurement lead
(heat network team)

Hazel Dion

Sustainability Team (note-taker)

APOLOGIES:**NAME****POSITION**

Susan Al-Safadi

Director

James Caspell

Strategic Advisor and Project
Sponsor

1 CHAIR

Terry Oliver was appointed chair of the meeting pursuant to article 15.4.1 of the articles of association of the Company (**Articles**).

2 NOTICE AND QUORUM

The chair reported that due notice of the meeting had been given and that a quorum was present. Accordingly, the chair declared the meeting open.

3 BUSINESS OF THE MEETING

3.1 The chair reported that the business of the meeting was to:

3.1.1 provide a heat network update;

3.1.2 approve the previous minutes; and

3.1.3 consider the Leadership Report for Final Investment Decision and Contract Award, the procurement process, the associated funding, the strategic risks, the Heat Network Priority Areas in the Cross Borough Energy Masterplan and draft procurement advice on heat supply through Notting Dale Heat.

4 DECLARATIONS OF INTEREST

4.1 There is a Conflicts of Interest Register, in which each director present has declared the nature and extent of their interest in the arrangements to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Articles.

4.2 Accordingly, it was noted that the directors had no direct or indirect interest in any way in the proposed business of the meeting and could vote and count in the quorum at the meeting.

5 DOCUMENTS PRODUCED TO THE MEETING

5.1 The following documents were produced to the meeting:

5.1.1 Leadership Report for Final Investment Decision on 12 July 2023 (Part B)

5.1.2 Final Business Case

5.1.3 Funding summary

5.1.4 Notting Dale Heat costs

5.1.5 Strategic Risk Register (Part B)

5.1.6 Cross Borough Energy Masterplan - Heat Network Priority Areas

5.1.7 Draft procurement advice on heat supply through Notting Dale Heat (Part B)

6 PREVIOUS MINUTES

6.1 The previous minutes from the Board meeting on 25 April 2023 and actions were confirmed by the Directors as being correct, with no updates suggested.

	Previous Action	Response
1	Liam McCusker to double check that the forecast maximum capital	Actioned.

	expenditure in the Business Plan matches the Council's Capital Programme.	
2	Liam McCusker to investigate how the Capital Board inputs ahead of Final Investment Decision.	Actioned
3	Jeff Laidler to add the Heat Network Programme and its interdependency with the Refurbishment Programme as a standing item to Board meetings after Final Investment Decision.	Actioned.
4	Janet Hall is developing the Resident Transition. Key items to consider include the resident cost calculator; how Benefit payments fit in; what it means for people in 1 to 5 bedroom flats; and feedback from the energy metering pilot.	Work in progress.
5	Jeff Laidler to operationalise the company's Risk Register once Final Investment Decision is achieved.	Work in progress.
6	Jeff Laidler to work with Council colleagues to see if the evidence base for the leaseholders includes information about lease extensions.	Actioned as a Council item. The Council is not seeking to update the lease term at this stage.
7	Janet Hall to investigate resident messaging around temporary boilers and their efficiency compared to the existing system.	Work in progress.
8	The Board confirmed that the Financial Controller role doesn't necessarily require heat network experience. Jeff Laidler to contact CIPFA.	Actioned.

7 HEAT NETWORK UPDATE

Jeff Laidler reported that the heat network continues to generate momentum and that the Company has four principal workstreams, the status of which is as follows:

Workstream 1: Commercialisation of the core scheme at Lancaster West Estate (Phase 1)

- The Leadership Report has been prepared and submitted for Final Investment Decision on 12 July 2023, including detailed information on the procurement process, award of contract and capital investment. A combined ASHP/WSHP Heat Pump Systems is now proposed. The WSHP takes water from the ASHP in a cascade system (closed-loop) to make the ASHP more efficient, especially on cold winter days. The WSHP operates as a chiller in reverse, increasing the water temperature from 35 degrees to 75 degrees. Both heat pumps can be purchased from well-established manufacturers.

- A Quality Design Review was undertaken as part of the planning process, with feedback that resulted in the Council investment in architectural treatments being shifted away from the Renewable Boiler Room and onto the Heat Pump System, where 98% of the energy is being generated.
- Janet Hall shared images of the latest energy centre designs. Tonkin Liu's design of the thermal store was well received by the Board.
- On 20 June, a presentation was made to several Trustees from Kensington Aldridge Academy about both the Heat Supply Agreement and location of the Heat Pump System on the Academy roof. There was strong push back from the Academy for a better commercial deal linked to the Heat Pump System installation, which isn't possible within the current Business Plan. It also highlighted the risk of not having the main energy generating plant in direct control of NDH. As a result we've reverted back to the original plan of locating the Heat Pump System on the roof of Kensington Leisure Centre.
- The next meeting with the Academy is on Tuesday, 4th July, to discuss and agree the commercial principles of the Heat Supply Agreement. Mike Read has done the associated financial modelling. Although the Business Case still stacks up, it is better to have the Academy connected in late 2024, due to the Connection Fee and ability to make the heat network more efficient. In parallel we'll seek to connect other schools and residential blocks through Phase 2 expansion. This includes Avondale school, which is having ASHPs installed.
- As a result, following internal Council liaison, the preferred option for the ASHPs has now reverted back to the roof of Kensington Leisure Centre (Plan A). The roof of Kensington Aldridge Academy is Plan B. Further work will be undertaken with the preferred DBOM bidder to confirm the preferred location for the Heat Pump System, to mitigate the noise impact and to undertake a structural survey.
- Faisal Butt noted that if the surveys say it's not feasible, what is our Plan C? This is why we plan to commission £100k of early works with the preferred DBOM contractor, so we can quickly assess the preferred option and alternative options on the Leisure Centre roof. There is no other suitable roof space that has been identified through the extensive long-listing and short-listing exercise.
- Comments are still sought from the Academy regarding their legal and technical due diligence, with the aim of securing the Academy's commitment to sign the Heat Supply and Connection Agreement.

Workstream 3: setting up a local energy company

- On 10 May 2023 the Shareholder Committee approved Notting Dale Heat's Business Plan, as per the attached Engrossment.
- Successful case study visits have been completed for stakeholders to see heat pumps and operational heat networks at both the University of West London (whose ASHP is directly up on the roof on top of classrooms without any issues and has been operational for 2 winters, which is encouraging) and the London Borough of Southwark (residents were keen to see the heat pump when it was opened up). It was interesting to find out more about Southwark's Resident Transition and how they have approached Metering and Billing, The University of West London has shared its cost comparison with us. Both case studies were positive about the effectiveness of their heat pump solutions.

Workstream 4: Cross Borough Energy Masterplan

- This important piece of work started in January 2023, with both CSE and SEL. It is due to report in summer 2023.
- Successful external workshop on 10 May 2023 with 80 stakeholders, which included DESNZ, the GLA, Cllr Taylor-Smith, Council teams (RBKC and H&F), Notting Dale Heat Board members, Earl's Court Development Company, Olympia, SSE, the NHS, Housing Associations, OPDC and South Ken ZEN. The main actors in terms of heat network development for both boroughs came together.
- The aim was to showcase existing and proposed heat networks, and engage stakeholders to:
 - Enable prioritisation of significant heat network opportunities in both Kensington and Chelsea, and the neighbouring borough of Hammersmith and Fulham.

- Provide a route map to decarbonise heating and hot water in Council homes and buildings.
- Help inform planning policy and the development of 'Heat Zone(s)' in both boroughs., and to help prioritise the significant heat network opportunities.

As a result, 5 Heat Network Priority Areas have been prioritised for consideration in this study, as per the attached slides (Appendix 6). The aim is to provide a Heat Mapping and Masterplanning Study for these Priority Areas. It's also important to note that the two boroughs are so densely populated, that even outside of these areas, heat networks are likely to provide the most cost-effective route to decarbonise heat and hot water. As a result, both boroughs are highly suitable for Heat Zoning.

- Jeff Laidler and Shaun Haden presented the Notting Dale Heat Network as a case study at a high-profile Regional Investor event organised by the Connected Places Catapult, with attendance by senior officers and politicians from the GLA and other London Boroughs, together with a range of financial investors (institutional, UKIB, banks and public).

The feedback from investors was positive, providing a much clearer idea on the role that the public and private sectors might play in scaling up our model of neighbourhood engagement and resident co-design, energy efficiency improvements and 100% renewable heat network. Kensington and Chelsea was also name checked several times by politicians and key players outside of the borough, so we're being seen as a potential place to invest in.

8 CONSIDERATION OF MATTERS (PART A)

8.1 NONE

9 RESOLUTIONS (PART A)

9.1 NONE

10 CONSIDERATION OF MATTERS (PART B)

See Part B paper.

11 RESOLUTIONS (PART B)

See Part B paper.

12 NEXT STEPS¹

12.1 The chair reported that the next steps to be actioned by the Company are to:

- 12.1.1 review and, if thought fit, approve Company policies. In accordance with the Shareholders Agreement, certain of these policies will be subject to Shareholder approval.²
- 12.1.2 review and, if thought fit, approve the Metering and Billing options analysis and preferred option, noting that if the final contract value is greater than £250k it will need to go to the Shareholder Committee for approval.
- 12.1.3 review, and if thought fit, approve the Service Level Agreement between the Company and the Council.
- 12.1.4 review, and if thought fit, approve the Company branding.

12.1.5 review the final Heat Supply Agreements with both Kensington Leisure Centre and Kensington Aldridge Academy

12.1.6 Consider a Management Options appraisal

13 ANY OTHER BUSINESS

13.1 None

14 CLOSE

There was no further business and the chair declared the meeting closed.



Terry Oliver

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Chair

28/9/23

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Date