



City of London Corporation

Heat Network Zone Boundary Consultation Overview

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Consultation document

The information included in this document is set out in topics and uses information approved by the Department for Energy Security and Net Zero (DESNZ).

Note: Policy on heat network zoning contained in this overview document is provisional and subject to change pending finalisation of the forthcoming zoning regulations.

Introduction

This document is intended to provide an overview of the City of London Corporation's consultation on a proposed zone boundary for a heat network zone within the City of London.

Heat network zoning is the process of identifying and designating areas as heat network zones and then developing heat networks within them. Zoning designates areas where heat networks are expected to provide the lowest-cost, low-carbon heating solution. Proposals for heat network zoning in England were set out in a Government consultation (launched in 2023), for which [a response was published in 2026](#). The proposed policy, which is expected to go live by the end of 2026, aims to establish a market framework to enable the delivery of low carbon infrastructure, drive investment and protect consumers.

Implementation of heat network zoning in the Square Mile is a key element of the City Corporation's approach to decarbonising heating and cooling in buildings. The City Corporation is one of 22 local authorities across England which have been participating in the Government's Advanced Zoning Programme (AZP) to accelerate preparations for the regulations.

More than half of the carbon emissions in the City of London come from heating and cooling buildings. Reducing these emissions is the most significant challenge in achieving the City Corporation's ambition of a net zero Square Mile by 2040.

The City Corporation has embarked on a programme to develop large-scale heat network infrastructure across the Square Mile to enable buildings to decarbonise their heat. This programme is being developed within the framework of the Government's forthcoming Heat Network Zoning regulations.

In 2024, analysis completed as part of AZP:

- confirmed the entire Square Mile is likely to be designated as within a heat zone, where Heat Zoning Regs will apply.
- estimated a heat network across the whole Square Mile would require investment of c.£1.3bn to construct the network infrastructure.
- identified c.1,230 of Square Mile buildings (demanding c.1,020 GWh/yr of heat) which under the HZ regs may be required to connect to any available low carbon network.

The City Corporation has recently commenced the first phase of large-scale heat network development in the Square Mile by launching a tender for a heat network delivery partner. Further details on the tender can be found [here](#).

Heat Network Zone Boundary Consultation Overview



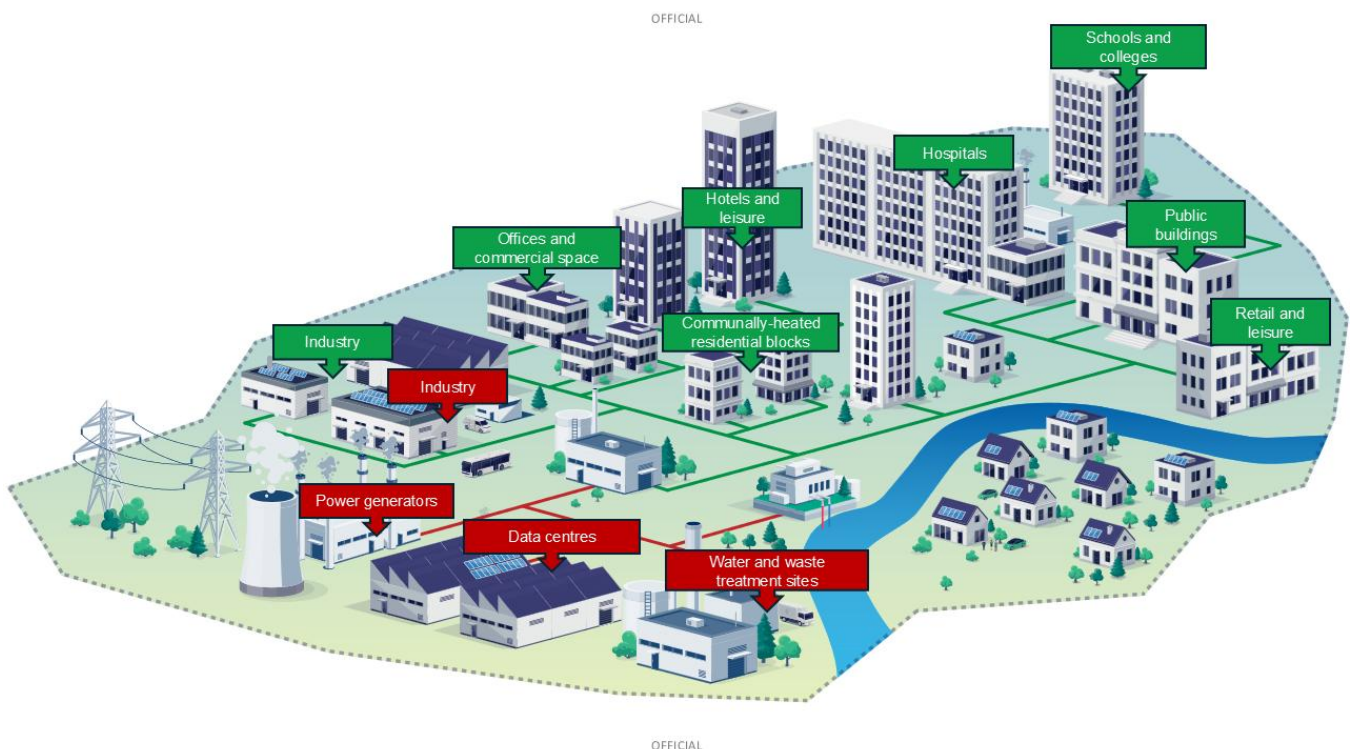
Through the City Corporation's involvement in the AZP, we are undertaking this consultation ahead of the zoning regulations coming into force later this year to ensure progress without unnecessary delay.

This consultation focuses specifically on the proposed heat network zone boundary. This is not a consultation on broader heat network policy or the principle of zoning.

What are heat networks?

Heat networks are distribution systems of insulated underground pipes that take heating or cooling from a central source and deliver it to multiple customers, such as public sector buildings, shops, offices, hospitals, sports facilities, universities and residential buildings.

They can be developed across entire cities or a selection of buildings. The heat they use is sourced from a range producers of waste heat, such as industry, power generators, data centres, or water or waste treatment plants.



Key:
— Heat Consumers
— Heat Sources

Heat networks offer energy security, less exposure to volatile gas prices, and cleaner air with gas boilers removed. In high-density urban areas, they are often the lowest-cost low carbon heating option.

Highly efficient

These highly efficient systems remove the need for individual gas boilers or heaters in each building and can utilise local sources of low-carbon heat, which would otherwise go to waste.

Cost-effective

They are one of the most cost-effective ways of providing secure, reliable, and affordable low carbon heat to consumers - helping us end our reliance on fossil fuels while cutting customer energy bills.

The future of heat

In 2024, around 3% of heat in the UK was provided by heat networks. It is estimated that heat networks will supply almost 20% of heat by 2050 to enable the UK to reach net zero.

A solution for cooling

In addition to supplying heat, district cooling networks can also provide efficient cooling to buildings by distributing chilled water through insulated underground pipes. These systems are particularly beneficial in densely populated areas, reducing the need for individual air conditioning units and lowering overall energy consumption. When designed effectively, district cooling can provide additional overall energy efficiency benefits when linked to district heat networks.

A key step to meeting the UK's Net Zero target

Heat networks are an essential part of the UK's path towards decarbonising heat, enhancing energy security and achieving net zero by 2050.

The Energy Act 2023 is being used to establish the regulatory framework for heat networks in Great Britain and provide power to introduce heat network zoning in England through secondary legislation. The legislation is expected to be in place from 2026.

What is Heat Network Zoning?

Heat network zoning is the process of identifying and designating areas as heat network zones and then developing heat networks within them.

Zoning designates areas where heat networks are expected to provide the lowest-cost, low-carbon heating solution. This is evaluated using a Government National Zoning Model (NZM) - a data-led spatial energy model developed by DESNZ to support the identification of indicative heat network zones across England.

Zoning aims to give towns and cities the tools to accelerate the development of heat networks and give developers and investors greater certainty about the number of likely connections to networks. This opens opportunities for greener, cheaper heat networks to develop at pace and unlock the investment needed to build them.

Detailed information about heat network zoning was published in the Government response to the 2023 heat network zoning consultation - [Proposals for heat network zoning 2023 - GOV.UK](#).

The City of London has been identified as a front-runner city to develop a heat network zone and the City of London Corporation is consulting on a proposed heat network zone boundary.

Methodology for designating heat network zones

The UK Government uses data such as building type, size and energy usage to create a methodology for identifying potential heat network zones. The methodology has been tested with some front-runner cities to help finalise the methodology for the future.

This data is then used by each city to refine the proposed heat network zone based on local factors and data.

Connecting buildings to a heat network in a zone

As outlined in the Government response to the 2023 heat network zoning consultation, for a heat network zone to benefit the greatest number of people, **certain types of buildings may be required to connect**. These could include:

- New buildings
- Non-domestic buildings above an agreed energy use threshold
- Buildings that are already communally heated

There will be some exemptions to this – such as where it would not be cost-effective to connect to a heat network or where a better low carbon solution exists.

Connecting heat sources to a heat network in a zone

As outlined in the Government response to the 2023 heat network zoning consultation, to maximise the benefits of heat networks, they should be supplied with recoverable and waste heat that would otherwise be unused. The expectation is that in most cases economics will be sufficiently favourable for voluntary, commercial agreements between heat network developers and heat source owners to be established, however where this cannot be reached **certain types of heat source may be required to connect**. These could include heat sources:

- Located within a zone, or
- Outside a zone but close enough to feasibly supply heat to the zonal network

Below are some examples of heat sources which may be required to connect:

- Industrial waste heat
- Data centres
- Water and wastewater treatment works
- Energy-from-waste facilities
- Other commercial or infrastructure heat sources

Heat network zoning legislation

In 2023, the UK Government held a consultation on heat network zoning to inform the secondary legislation. The government published a [consultation response](#) in January 2026 which set out the zoning policy decisions that will inform forthcoming zoning regulations. Subject to Parliamentary time, government expect these regulations to be laid in Parliament in summer 2026 and, once approved, taking effect by the end of 2026. The City Corporation are undertaking this consultation ahead of the zoning regulations coming into force later this year to ensure that areas which are already at an advanced stage of development can continue to progress without unnecessary delay.

The City Corporation has already undertaken substantial work to identify, refine and test potential heat network zones, including engagement with stakeholders. Running this consultation now allows that work to be completed in a way that can be recognised once the statutory framework is in place, rather than needing to be repeated. The zoning regulations will include provision for pre-zone heat networks – which enable work carried out before the zoning regulations come into force towards the creation of a heat network zone, including consultation on a future zone – to be recognised and, where appropriate, to lead to the designation of the zone and the grant of consent to develop the zone under the zoning regulations.

More information on the current status of Heat Network Zoning is available on the government website <https://www.gov.uk/government/collections/heat-network-zoning>

What is the proposed heat network zone for City of London?

The City of London has been identified as a place where heat networks can provide the lowest-cost, low-carbon heating option. The zone boundary being proposed for the City of London aligns with the administrative boundary of the local authority area; this would mean that the whole of the City of London would be designated as a heat network zone.

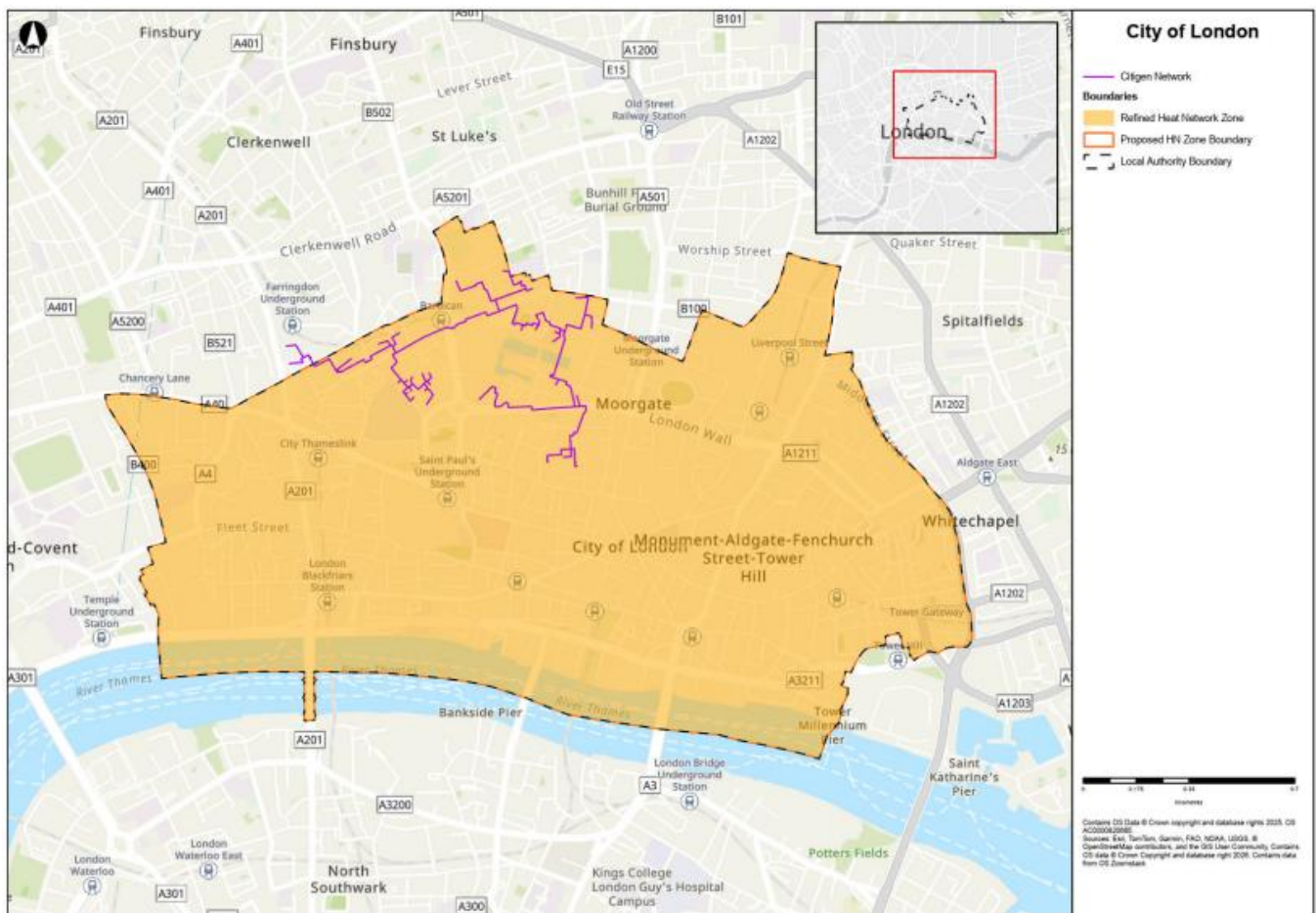


Figure 1: Proposed Heat Network Zone Boundary

Our aim is for the City of London to be net zero carbon by 2040. Heat networks can decarbonise how large buildings are heated and cooled in the city, offering a key part of the solution.

Our early investigations have identified that a heat network zone could:

- Reduce carbon emissions significantly
- Reduce air pollution from gas heating
- Save building owners money on heating and cooling costs.

While every building is different and will be assessed on its individual needs and circumstances, connecting to a heat network can provide the lowest-cost, lowest-carbon option for many.

Potentially required to connect buildings

Based on existing Government guidance regarding the Heat Network Zoning regulations, an indicative list of buildings that may be required to connect to a future heat network within the proposed City of London heat network zone has been prepared. This list is available to view via the [consultation homepage](#).

Please note that the buildings list provided at this stage is indicative only. It is based on draft regulations and data sources currently available. The buildings list does not confirm any requirement to connect. Any future connection obligations would be subject to designation decisions, regulations and the exemptions process.

Whether specific buildings may or may not be required to connect is not the focus of this consultation. The information gathered in this consultation is to inform the City Corporation's determination of the zone boundary based on the views of a range of consultees. Please refer to page 13 of this document for information on how you can have your say on the proposed heat network zone boundary.

Advanced Zoning Programme (AZP)

Implementation of heat network zoning in the Square Mile is a key element of the City Corporation's approach to decarbonising heating and cooling in buildings. Through participation in the Government's AZP, the City Corporation has recently commenced the first phase of large-scale heat network development in the Square Mile by launching a tender for a heat network delivery partner. The tender covers the central and western parts of the Square Mile, which would become an initial zone delivery area. Further details on the tender and heat network development in the Square Mile can be found [here](#).

This consultation relates to the proposed zone boundary which aligns with the administrative boundary of the local authority area. The active AZP procurement area forms part of this wider zone boundary.

How was the proposed heat network zone for City of London identified?

A proposed zone boundary has been identified for City of London based on national zoning modelling, which uses data on building types, size and energy usage to identify areas where a heat network may provide access to the lowest-cost, lowest-carbon heat.

National zoning modelling has identified a large indicative heat network zone in Central London. The entirety of the City of London local authority area sits within this much larger indicative heat network zone. The City Corporation is seeking to designate the whole of the local authority area as a heat network zone which means the zone boundary aligns with the local authority area boundary (see Figure 1). With the support of technical consultants appointed under the AZP, the modelling outputs for the proposed area have undergone a validation and refinement process which involved cross-checking national zoning model outputs with local datasets (e.g., analysis completed in preparation of the Local Area Energy Plan (LAEP), prior AZP work, stakeholder engagement activity) to correct inaccuracies and identify potential buildings which would receive exemptions from the requirement to connect; undertaking desktop validation of high-demand “anchor loads” using EPCs and public disclosures; mapping existing/planned heat networks and reviewing potential low-carbon heat sources; and finally considering whether any of the findings justified altering the proposed zone boundary.

Discussions with the following stakeholders helped to inform the refinement process: the incumbent heat network operator (E.ON/ Citigen); utilities and potential heat-source partners; major building owners/priority off-takers; the City of London Corporation’s planning teams. These inputs were supported by technical work undertaken as part of the AZP and by City of London Corporation’s heat network delivery team, including targeted stakeholder engagement in both the Central and North-East Square Mile areas.

Have your say on the proposed heat network zone for City of London

We're consulting on a proposed zone boundary for a heat network zone in City of London.

We have used many key variables and the latest national zoning modelling to inform our plans for the proposed zone, but we are keen to **get feedback on the zone boundary**. This pack will be shared with statutory bodies, such as transport bodies, utility operators, planning authorities and existing heat network operators. We will also be engaging with key representative bodies to facilitate participation from key commercial stakeholders, such as building owners and large potential off-takers. The consultation is also open to those who live or work in or near the proposed zone boundary.

Based on the proposed zone boundary, we want to know if you agree with the zone boundary or not and to tell us why.

How to have your say

The consultation is open from 29 June to 12 August 2026.

Full consultation information is available [here](#).

Feedback to the consultation questions can be provided by completing the online form at [City of London Corporation - Heat Network Zone Boundary Consultation](#).

If you require the consultation questions in a different format, please email energyplanning@cityoflondon.gov.uk

We will be hosting a webinar at 3pm on Tuesday 14 July to explain the consultation and to provide an opportunity to raise questions. Register to attend the webinar [here](#).

You can also contact us if you have further questions via the following email address: energyplanning@cityoflondon.gov.uk

Feedback received as part of the public consultation will be used to potentially amend the zone before we confirm its boundary and seek to formally designate it as a heat network zone.

Following the consultation, a Consultation Statement will be published with details of the outcome.

Once the Heat Network Zoning regulations are in place later in 2026, we will work with DESNZ to formally designate the heat network zone.

Data protection

City of London Corporation is committed to respecting your privacy and will comply with all applicable data protection and privacy laws. We're consulting you to get your views on the proposed heat network zone boundary in City of London, so we may need to share your information with certain other bodies for the purposes of the consultation and for creating reports. This includes the Department for Net Zero and Energy Security and contractors or advisors who provide services to us in relation to the consultation.

Further details of our Privacy Policy can be found on our website

<https://www.cityoflondon.gov.uk/footer/privacy-notice>

Next steps: developing a heat network for City of London

Designating a zone boundary is a key step towards building a resilient heat network for City of London.

The proposed zone boundary will be reviewed based on the consultation feedback and we will consider whether any changes need to be made.

Alongside the consultation, we are also:

- Undertaking a procurement exercise to identify and select a heat network developer to design and build phase 1 of the heat network
- Identifying potential locations for energy centres
- Engaging with stakeholders who can facilitate access to potential sources of recoverable/ waste heat, to gauge their interest in connecting to supply the network with waste heat
- Engaging with some building owners who may be required to connect or will be using the network to understand their needs
- Engaging with other key stakeholders to ensure we continue to understand key opportunities and constraints to identify the best approach for heat network development in the City of London

Key considerations

Designing and building large-scale heat network infrastructure is a significant undertaking which is expected to be delivered in phases over long time periods. We are currently estimating that the City of London heat network will be **operational** from 2028.

We will **work closely with other infrastructure operators** such as highways, rail and utilities, to ensure that we take every opportunity to join up the heat network building work with work already planned for other infrastructure.