City of London Corporation

Zone Boundary Consultation: FAQs

Contents

Note: Policy on heat network zoning contained in this FAQs document is provisional and subject to change pending finalisation of the forthcoming zoning regulations. In particular, the consultation response is subject to UK Ministerial and Cabinet level agreement and the regulations are subject to Parliamentary approval.

Questions on the consultation background

What is the background to this consultation?

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.

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.

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.

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.

Please also find further information relating to heat network development in the Square Mile on our website.

Why is the City of London Corporation progressing with heat network zoning now?

The City of London Corporation is committed to supporting the Square Mile achieve net zero by 2040. The main challenge for this goal is the decarbonisation of buildings' heating and cooling systems, with buildings being responsible for 65% of carbon emissions in the Square Mile.

Our Local Area Energy Plan identified heat networks as key to reducing carbon emissions from buildings, by offering a low-carbon solution for both heating and cooling.

The UK Government plans to introduce Heat Network Zoning Regulations in 2026, with the ambition that at least a fifth of UK heat will come from heat networks by 2050. Around 3% of UK heat demand is currently supplied by heat networks.

The Square Mile has the highest density heat demand in the UK and has been identified as a place where heat networks are expected to provide the lowest-cost, low carbon heating option.

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.

Have other cities already undertaken heat network zoning consultations?

The Department for Energy Security and Net Zero (DESNZ) identified zones across England through a standardised, national methodology. Potential Zones have been identified in areas where heat networks are expected to be the lowest cost low-carbon heat solution. DESNZ is working with a small group of towns and cities to test and refine the model.

Cities furthest advanced with preparations for heat network zoning are progressing with zone boundary consultations. To date, the only other authority we are aware of with a consultation underway is Plymouth City Council – see here.

Learnings will be taken from front-runner authorities to improve the consultation process for other proposed zones.

Where can I find more information on heat network zoning?

The Government's webpage on heat network zoning provides an overview of zoning, resources for further information, and progress updates.

Questions on this consultation

What is the purpose of a zone boundary consultation?

Zone boundary consultations are being carried out to provide local authorities, heat off-takers, heat sources, statutory consultees, and the public with the opportunity to comment on the proposed zone boundary in their area. The consultation process will identify any additional information of value and allow for amendments to be made to the boundary where it is deemed necessary, before the zone is designated.

How are proposed zone boundaries determined?

Heat network zones are identified using a standardised national zoning methodology. Prior to zone boundary consultation, a national mapping exercise has been carried out to identify potential heat network zones across England. A national zoning model (NZM) identifies areas of England where heat networks are expected to be the lowest-cost, low-carbon heating solution. Potential zones are identified by:

- Estimating heat demand of all buildings in England
- Estimating the cost of individual Air Source Heat Pump solutions for each
- Identifying areas where a Heat Network could have a lower cost over a 40-year timespan

The model matches zones to low-carbon heat sources, which have been identified as potential opportunities through national data sets, such as waste heat from industrial processes.

Zones then undergo ‘Zone Refinement’ to review the accuracy of the NZM outputs and ensure local factors are considered, such as regeneration plans. This is the stage at which the zone boundary consultation takes place and a public consultation will occur before zones are designated.

How long will the consultation run for?

The consultation will run from 29 June to 12 August 2026.

How do I respond to the consultation?

Feedback to the consultation 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

I have questions on the consultation – can these be answered before I submit my response?

A webinar will be hosted 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 the team via energyplanning@cityoflondon.gov.uk

My building/heat source is not included in the proposed zone boundary – can I respond to the consultation?

Yes, the consultation is open for anyone to provide feedback.

My heat source is not included in the proposed zone boundary – can the boundary be expanded?

Heat sources don't need to be within a heat network zone to connect to it and supply heat. However, if you think there is a reason to expand the zone boundary then you can submit that as feedback during the consultation.

How will feedback from a consultation be considered in zone boundary design?

The City of London Corporation with support from the Department for Energy Security & Net Zero (DESNZ) will consider all responses to the consultation. The zone boundary will be re-assessed if information received in a response to the consultation suggests that there are significant errors or omissions in the proposed heat network zone, or that the heat network zone may not be deliverable.

Following the review of consultation responses, the City Corporation may find it necessary to request that DESNZ re-apply the national zoning methodology for the indicative zone to reflect any new evidence or information received.

What are the next steps after a zone boundary consultation?

Following the close of the consultation and analysis of feedback, the City Corporation will publish a consultation statement containing details of the consultees, the way they were consulted, a summary of the main issues and concerns raised, and an explanation of how these issues and concerns have been considered. If any amendments to the zone are found to be necessary because of the consultation, the statement will also detail these changes. The final zone designation will then be registered with DESNZ.

Questions on connecting to a heat network

When will heat networks be operational in the Square Mile?

The Square Mile already has one operating heat network (Citigen), and the City Corporation is exploring opportunities for future networks.

Through participation in the Government's AZP, the City Corporation is running a tender to appoint a Heat Network Development Partner for the central and western parts of the Square Mile. The Partner will be responsible for designing, funding, building, and operating the network.

The length of time for the AZP competition area network to become operational will differ between different locations in the Square Mile and depends on a number of factors. However, the ambition is to appoint a delivery partner before the end of 2026, followed by a 12-month design and commercialisation phase, before construction commencing in early 2028.

The City Corporation carried out a study in 2024 (supported by the GLA and in collaboration with Hackney and Tower Hamlets) to propose options for developing a new low carbon heat network within the North-East of the Square Mile. The proposed heat network is currently indicative, and there is no planned construction programme for its delivery – however, this area has the highest heat density in the Square Mile and is a high priority for future heat network development.

Who is funding the development of the heat network in the City of London?

The Heat Network Development Partner will be responsible for designing, funding, building, and operating the network.

The City of London Corporation has selected a ‘golden share’ model where it will retain a role in strategic oversight, but the construction and operation of the heat network will be funded, operated and maintained by the procured delivery partner.

Will buildings in a zone have to connect to the heat network?

It is expected that most connections to heat networks will be voluntary, with uptake encouraged by heat network developers. Certain buildings within designated zones may be required to connect to the heat network, subject to certain criteria. Buildings in scope of the requirement are expected to include:

- New buildings (where planning permission is granted after zone designation)
- Existing communally heated buildings (residential and non-domestic)

- Existing non-domestic buildings with heat demand >100 MWh per year, which have a suitable ‘wet’ heating system.

Are there exceptions to which buildings must connect?

Buildings subject to the requirement will have diverse characteristics that may make a connection to a heat network unsuitable or impossible at the time required by the heat network developer. Building owners will, therefore, be able to apply for an exemption to the requirement to connect on certain specified ground, for example if they already have an existing low-carbon heat technology installed, if there is a legal reason why they cannot connect, or if there are physical or technical features of the building that make connecting impossible or overly expensive.

The Zone Coordination Body (ZCB), which will be established to manage the zone, will notify buildings when the zone is designated and will provide information on how to apply for exemptions. The ZCB will be able to grant exemptions that either have a specified expiration date (‘temporary exemptions’) or remain in effect until the underlying reason for the exemption no longer applies (‘conditional exemptions’).

Existing residential buildings with individual heating technologies, such as single-family houses or blocks of flats with individual gas boilers, will not be within the scope of the requirement to connect.

What protections will be in place for heat users in zones?

Comprehensive consumer protection regulation of the heat network sector is in place, with OFGEM designated as the regulator for heat networks, similar to its role with the electricity and gas sector, to safeguard end consumers connected to heat networks. Furthermore, regulations will be imposed on network operators to ensure the network is maintained to high standards and operates within established performance metrics by the Heat Network Technical Assurance scheme. If operators fail to meet these performance standards or the developer does not keep to commitments, there will be intervention by either the Zone Coordination Body or regulator (responsible authority depends on contravention).

How will my building connect to the heat network?

Connecting to a heat network means linking your building to a local system that supplies heat via pre insulated underground pipes from a central energy centre. Within the building, a heat exchanger transfers this heat into your heating and hot water systems, with meters installed to measure usage. In many cases, existing systems can be used, although some upgrades may be needed to ensure efficient operation.

Being in a heat network zone doesn't mean you'll need to connect immediately. Networks are built over time, and buildings may be required to connect when it's practical and supports coordinated delivery of infrastructure.

There are likely to be costs associated with connecting, as well as ongoing charges for heat. These will be set out through normal commercial arrangements. The government is introducing regulation of heat networks, including consumer protections, to help ensure costs are fair and transparent.

What changes will be required to my building to enable connection to a network?

Existing buildings may require some modifications to connect and use the heat from the heat network. In some instances, more interventions may be beneficial, such as replacing heat emitters or wider retrofit works. Adjustments may be beneficial to minimise distribution losses and install controls that minimise the return water temperature to the heat network, as this will reduce running costs. Heat meters will be installed to measure heat consumption for billing purposes. In multi-residential buildings, there may be a choice of who provides metering and billing services.

What are the potential benefits of connecting to a heat network?

Connecting to a heat network can provide building owners and consumers with a range of potential benefits, as set out below:

- **Cost Efficiency**: Heat networks often provide lower and more stable heating costs compared to individual systems. Lower maintenance expenses since central plants handle system upkeep. Funding options are available from the Government to support. Doesn't require ongoing capital replacements that installing ASHP would.
- **Energy Efficiency**: Heat networks optimise fuel usage and reduce energy waste, especially in densely populated areas. Supports wider decarbonisation across a city.
- **Environmental Benefits**: Supports decarbonisation by utilising renewable energy sources or waste heat from industrial processes. Reduces greenhouse gas emissions compared to conventional heating systems.
- **Reliability:** Centralised systems tend to offer higher reliability and fewer breakdowns due to stricter regulation and more robust maintenance programs. Additionally, heat networks are designed with built-in resilience, including backup plants, to ensure consistent heat delivery during periods of high demand or "peak" times.
- **Space Saving:** Eliminating the need for individual boilers or heaters in properties, heat networks free up valuable space. This makes them an efficient solution, particularly in highly dense urban areas like cities.
- **Flexibility**: They can integrate multiple heat sources, including renewable energy, CHP (Combined Heat and Power), or waste heat recovery.

- **Futureproofing**: Heat networks align with governmental goals for reducing carbon emissions and transitioning to sustainable energy. They also provide scalability.
- **Local Economic Benefits**: They encourage local energy production and job creation in energy infrastructure maintenance, leading to cleaner air quality. In addition, the use of local heat sources tied to the heritage of the area (e.g., industrial past, current natural sources like rivers, etc.) contributes positively.
- **Comfort:** They provide consistent and easily controlled heating and hot water across connected properties.
- **Ease of Use**: They simplify billing and management for users through centralised metering.

My building is listed – will I be required to connect?

Please refer to the answer above to 'Will buildings in a zone have to connect to the heat network?' for more information on the types of buildings that may be required to connect. For historic or listed buildings, there are often significant constraints to the deployment of alternative heat decarbonisation measures such as air-source heat pumps. Heat network infrastructure is compatible with many technologies, and low-carbon heat sources can be added with minimal disruption to consumers.

How will the heat network be heated?

The City of London Corporation recently ran a separate consultation on a draft Planning Advice Note (PAN) for Heat Network Supply Zones in the Thames Policy Area. The consultation closed on 31st March and we are currently analysing the feedback received and intend to publish a final version in the autumn. The draft PAN analyses some of the different potential heat sources for a heat network in the Square Mile.

Heat network zoning glossary

Term/Acronym	Explanation
Heat network	A network that, by distributing a liquid or a gas, enables the transfer of thermal energy for the purpose of supplying heating, cooling or hot water to a building or persons in that building.
Heat network zone	Also referred to as a “zone”, this is an area in England that is designated as such under zones regulations by virtue of being appropriate for the construction and operation of one or more district heat networks.
Ofgem	Office of Gas and Electricity Markets. An independent regulator governed by the Gas and Electricity Markets Authority (GEMA).
Requirement to connect buildings	The process by which certain buildings in a heat network zone may be required to connect to a heat network. Where applied, a notice will set out the timeframe for connection and any rights to seek an exemption.
Zoning Coordination Body (ZCB)	New bodies established to lead on local implementation of zoning policy within a zone. They will perform functions such as zone refinement, consultation with buildings and organisations within a zone, and managing procurement processes.