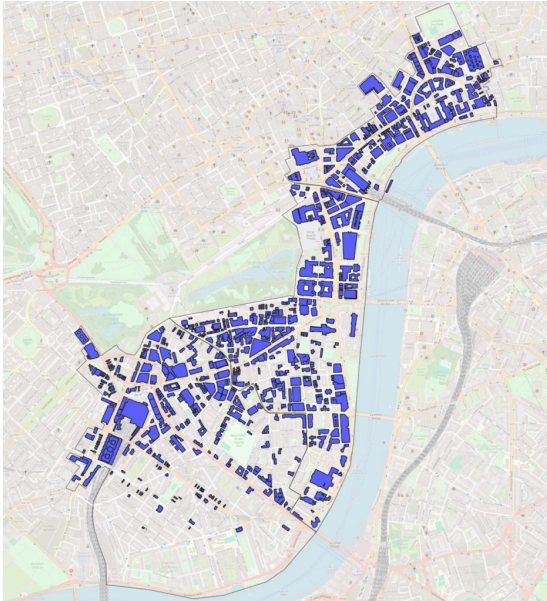


## New £1bn low carbon heating infrastructure project unveiled in Westminster

10 months ago



Just days after the UK Government revealed an Autumn Budget that included significant infrastructure investment plans, a new £1bn low-carbon infrastructure project has been launched in Westminster, signifying a major step towards driving investment and creating well-paid, secure jobs.

This large new heat network in Westminster will become one of the UK's first 'heat network zones' – places where heat networks are the cheapest and best way to decarbonise compared to each building having its own air source heat pump. On average, heat networks are 40% cheaper for customers than building level heat pumps.

The heat network will supply low carbon heating, sourced from within the local area. The heat will need to come from innovative sources such as the London Underground, the Thames, and the sewer network. It might even be brought down the river on barges.

One of the core benefits of heat networks, is the ability to harness waste heat from within the local area and make use of it. This makes them low carbon, efficient and resilient, not relying on imported fuel.

Heat will then be distributed via a network of underground, insulated pipes filled with hot water. The zone will stretch from around Victoria Station, up to Temple Underground Station near the Strand, bounded by St James' Park.

Over time, this significant new investment is expected to save 75,000 tonnes of CO2 every year, (equivalent to removing 40,000 cars from the road), create 500 jobs, improve local air quality by reducing

nitrogen oxides emissions by 99%, and create 100 opportunities for UK businesses.

The South Westminster Area Network (SWAN) was brought to life by the Department for Energy Security and Net Zero, and Westminster City Council. To deliver the network, they have brought in the SWAN Partnership, a joint venture between Hemiko and Vital Energi, two of the leading heat networks developers in the UK, who were appointed last month. London Heritage Quarter and AECOM have also been key partners, supporting the network's growth.

The SWAN Partnership will be funding, building and operating the heat network. They plan to invest £100m within 3 years, £500m within 10 years, and £1bn by 2050 into what will become one of the UK's biggest heat networks.

SWAN reflects a currently unparalleled scale of ambition for growth and investment into heat networks, but it is something that the government wants to replicate in zones across the country.

By 2050, every major town and city is expected to need district heat networks, requiring over £100bn of private investment and 290k new jobs in total.

It is not yet known who will join up to this heat network, but Project SWAN could serve landmark buildings like the Houses of Parliament and the National Gallery, alongside buildings owned by Westminster City Council and the Government.

Businesses are being encouraged to register their interest in joining the network, by emailing [SWAN@hemiko.com](mailto:SWAN@hemiko.com). First movers are needed to unlock this least cost decarbonisation pathway and the jobs that come with it, for the benefit of everyone in Westminster. The more who join up, the cheaper it is for everyone.

From start to finish, it took just 4 months from launching the competitive process to signing the contract for SWAN and beginning the development work, five times faster than most procurement exercises run to date.

This new procurement approach for heat networks is expected to speed up the delivery of heat networks, to decarbonise the UK faster, and create a more investable heat networks market. This model, and variations of it, is expected to be replicated by at least 7 projects across the country within the next year alone, with more thereafter.

Construction of SWAN is due to start in 2026.

Miatta Fahnbulleh, Minister for Energy Consumers at the Department for Energy Security and Net Zero, said:

"Taking waste heat from the River Thames and London Underground to heat such iconic places as the Houses of Parliament and the National Gallery is a really exciting example of what lies ahead on our journey to low-cost, low-carbon heating.

"This project will help support hundreds of jobs and make bold new strides towards boosting our energy security, as one of seven heat network zones we're backing with over £5million funding."

Cllr Adam Hug, Leader of Westminster City Council, said:

"It is fantastic to see that the South Westminster Area Network (SWAN) has taken this critical step forward. The council has been actively supporting the Government through the early stages of this pioneering network and will now take on a principal role to ensure that the project delivers the best outcomes for our residents and businesses.

"We know that the gas used to heat and power buildings is one of the biggest contributors to both carbon emissions and air pollution in Westminster. However, these new low-carbon district heat networks will tap into local waste heat sources, delivering clean and affordable energy to those who need it most. The SWAN project will be a crucial piece of our net zero carbon journey in Westminster, leading the way for others and showing what a positive clean energy future could look like."

Toby Heysham, CEO of Hemiko and spokesperson for SWAN, said:

"Using heat from the iconic River Thames and London Underground to heat some of the capital's most famous buildings is a true story of pro-growth, circular economy in London.

"Heat networks are the next big utility in the UK, and we are investing £1bn over the next 6 years into networks that will allow local people and businesses to make use of locally wasted heat. We strive to embed ourselves in the local community, understanding the pressures and opportunities in the area, and figuring out how we can help, such as bringing high-quality green jobs and supply chain opportunities.

"This network will be the flagship network in the UK, the first new zonal scale network in a market that offers an investment potential the size of the UK offshore wind industry. Steps like this show that the UK heat networks market is open for business."

Nick Gosling, Chief Strategy Officer of Vital Energi and spokesperson for SWAN, said:

"Heat networks are the most cost-effective way to decarbonise our densely populated cities. The Government's heat network zoning regulations, introduced last year as part of the Energy Act, have now created the right market conditions for private sector investment.

"By combining Hemiko's investment capabilities with Vital Energi's comprehensive expertise in designing, building, operating and owning energy infrastructure, the SWAN Partnership will deliver the first zonal scale heat network and demonstrate a model that other towns and cities will seek to replicate."

Ruth Duston OBE, OC, CEO at London Heritage Quarter, said:

"The South Westminster Area Network partnership represents a transformative milestone in our progress toward a net-zero future, both for London and the entire UK. It's an ambitious project that demonstrates our commitment to supporting the delivery of green energy while creating jobs and boosting the local economy.

"Located in London Heritage Quarter, this project has the potential to provide heat to some of the capital's most iconic landmarks, including the Houses of Parliament and the National Gallery, helping to reduce costs, minimise CO<sub>2</sub> emissions, and make meaningful strides toward the UK's Net Zero goals. By working with our partners to support implementing SWAN, we're establishing an affordable, low-carbon energy network that will benefit communities and serve as a blueprint for towns and cities across the UK, helping shape a sustainable energy landscape for years to come."

Channa Karunaratne, Head of Heat Networks at AECOM, said:

“Heat networks are crucial to the UK’s energy transition. We need to move away from fossil fuels, work towards energy independence and enable growth in our buildings and places, and heat networks are a vital part of the solution. They will not only help the UK reach its 2050 net zero target, providing homes and businesses with low-carbon heat, but also provide other vital benefits like improved air quality to our communities.

“The size and ambition of SWAN demonstrates how to drive decarbonisation at a city-scale, and it is a trailblazer for how our cities can operate more sustainability. Westminster is one of the most recognisable locations in the world and through SWAN, the political engine of the UK is going to be supplied almost entirely with low-carbon heat for the first time.

“Since SWAN’s inception, we’ve worked in partnership with DESNZ to commercialise the scheme and accelerate private investment. Reaching today’s milestone with the appointment of Hemiko and Vital Energi is a proud moment for our team and an important step forward for this ambitious project that is helping to secure a low-carbon future for London.”