

# How fast can a heat network project be delivered?

Preliminary examination of the factors affecting the pace of delivery of a heat network.

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# Competition Law and Meeting rules



It is critical that during this meeting participants comply with competition law at all times.

In particular, please **do not**:

- Discuss prices
- Reach any agreement whatsoever relating to price-fixing
- Seek information from members of the ADE on any assumptions or findings related to market conduct
- Adopt any rules or recommendations which could prevent or distort competition or could be perceived to do so
- Adopt industry standards which create a barrier to entering the market unless such standards can be objectively justified and legal advice has been sought
- Fetter your own commercial freedom of action through discussions with your competitors
- Use ambiguous or unhelpful language which might be misinterpreted if read by the competition authorities
- Encourage, permit, hold or attend any ad hoc, unofficial or 'shadow' meeting before or after any ADE meeting or any other time.

## Please note:

- If a meeting is online, please keep your microphone on mute when you are not talking.
- Use a raised hand function to ask a question.
- Discussions in the room should remain confidential and not discussed outside of the meeting.

# Introductions

Heat Networks  

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**Research**



# Background to the research project

**Pace of Delivery** research was conducted as an ADE: Research project

**Aim:** Initial fact-finding to test perceptions and gather initial data with further work to be scoped as necessary.

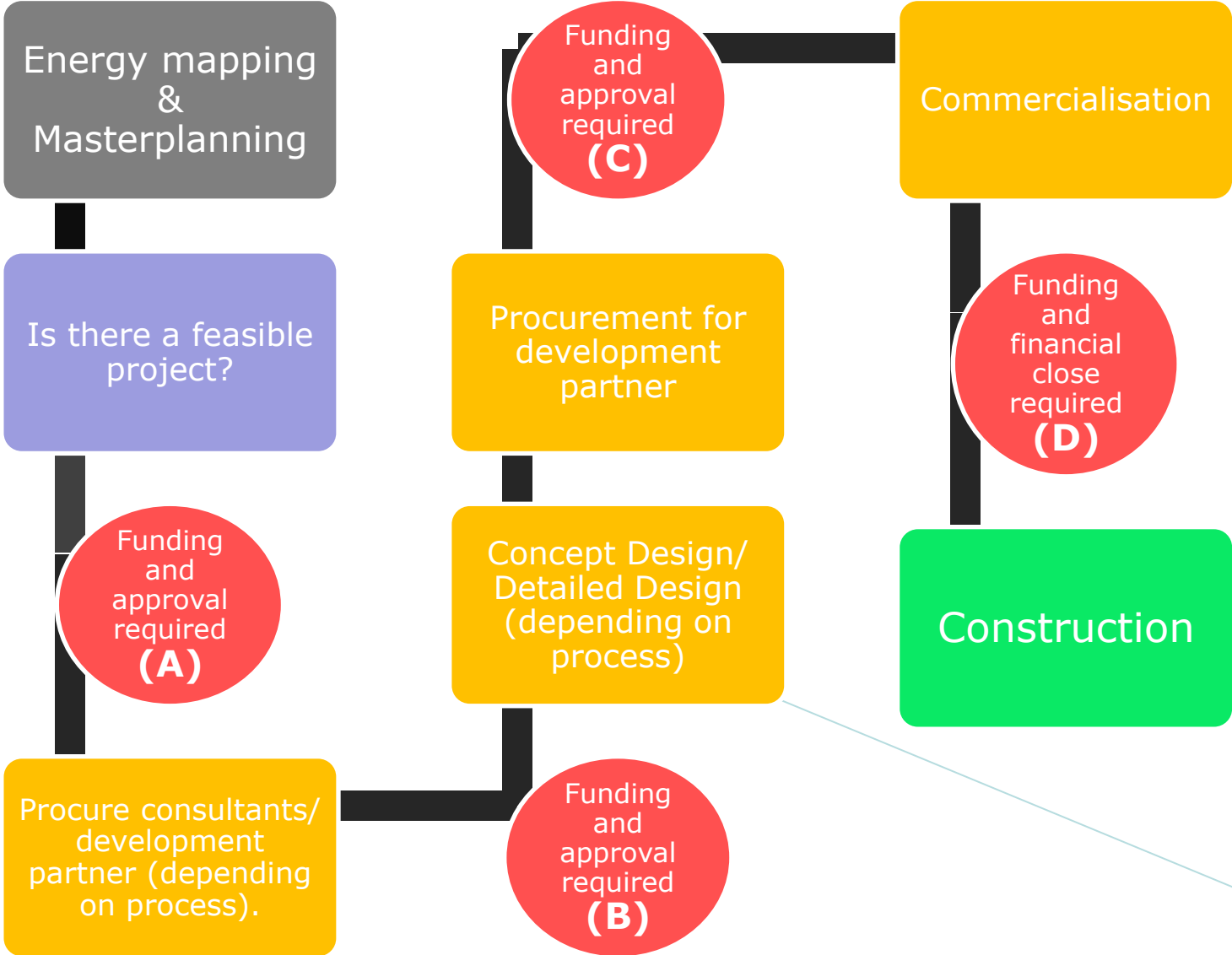
Main areas explored:

1. What is involved in the different drivers or challenges at each stage of a Heat Network project and how are the stages identified?
2. Will the new policies or regulations on the horizon address some of the challenges? If so, what is the potential impact to the pace at which the projects can be delivered?



# Simplified process of a Heat Network project

This stage will largely disappear when Zoning is introduced.



Some processes required detailed design previously – trend is to move to concept design and leave detailed design with the Development partner in the commercialisation phase.



# Challenges identified

## Standardisation of processes

- Need balance between consistent framework and flexibility.
- Cost savings: Reduced negotiation time, reduced need to repeat work due to delays, more confidence building in the sector (especially important for external stakeholders), less "developer fatigue" (important heading into Zoning)
- Don't want to be pioneers, want to feel comfort that others are doing the same thing.

## Statutory undertaker and related rights

- Affecting costs, timing and long-term maintenance.
- Reduces time needed be able to start construction and longer-term maintenance.
- Inclusion in Street Works.

## Roadmap

- The need for a roadmap highlighted by all - it is the confidence that the work will be there (and links to investment in everything from training to investment in the supply chain).
- Zoning is viewed as partly delivering this but was offset by concern regarding mandation, connection charges and a clear idea of how zones will work (too big to take on?)

# Challenges identified

## Supply Chain

- Once there is a clear roadmap there is more chance of engagement from industry and all related stakeholders, to invest in the supply chain.
- Growth needed in number of Contractors/ Development partners/ Civils etc.

## Sector visibility

- Certain level of frustration that still not visibly backed by government.
- Delays (that increase Capex) linked to senior stakeholders not fully bought-in to or understanding HN projects.
- Success stories need to be shared - builds confidence in the sector and counters negativity from legacy Heat Networks.

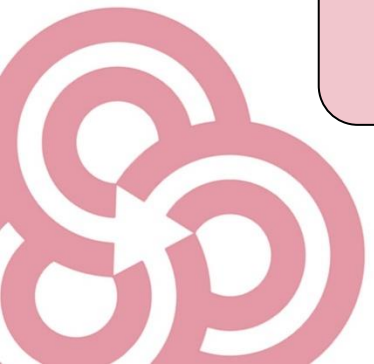
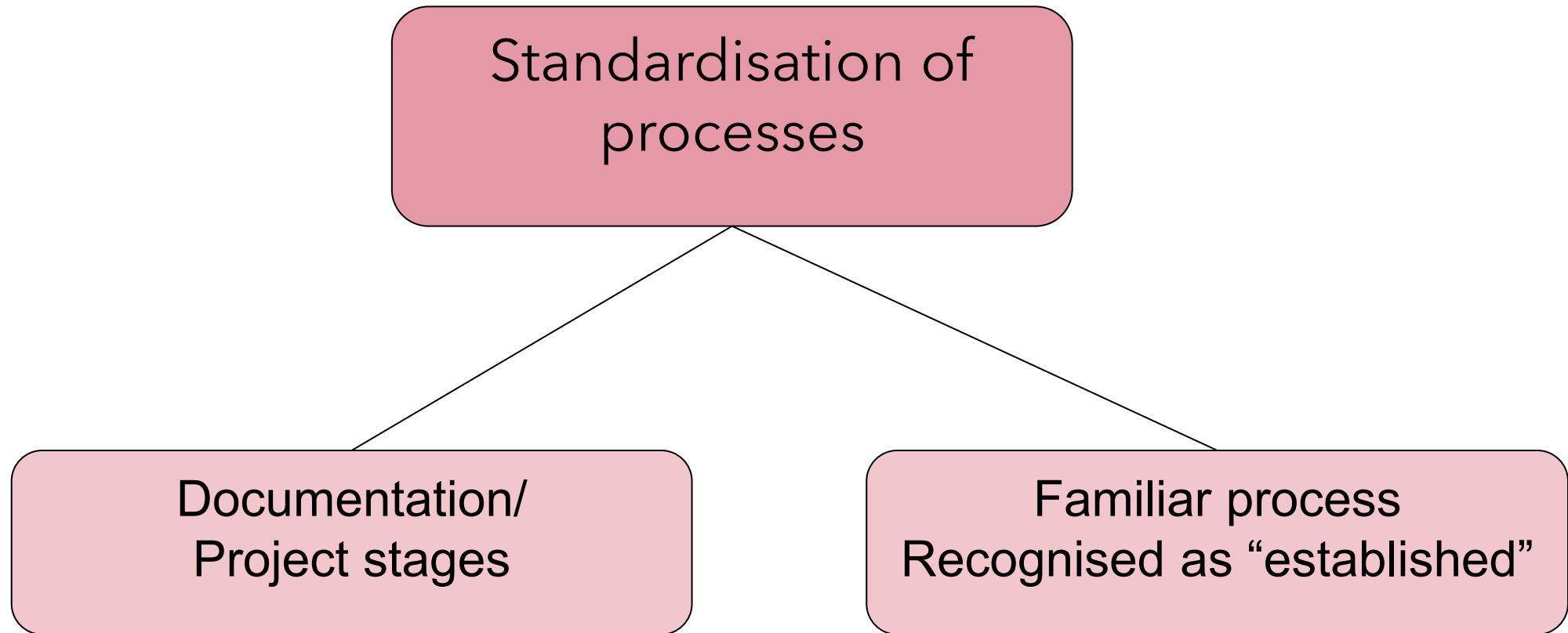


# What I would like from you

- Your feedback on the challenges raised.
  - Is there anything missing?
  - Do you have a different perspective from what has been raised in the research?
  - Do you see improvements happening in the pace of delivery of newer projects?
  - Are there lessons learned that can feed into the improvement of the overall project process?



# Standardisation of processes

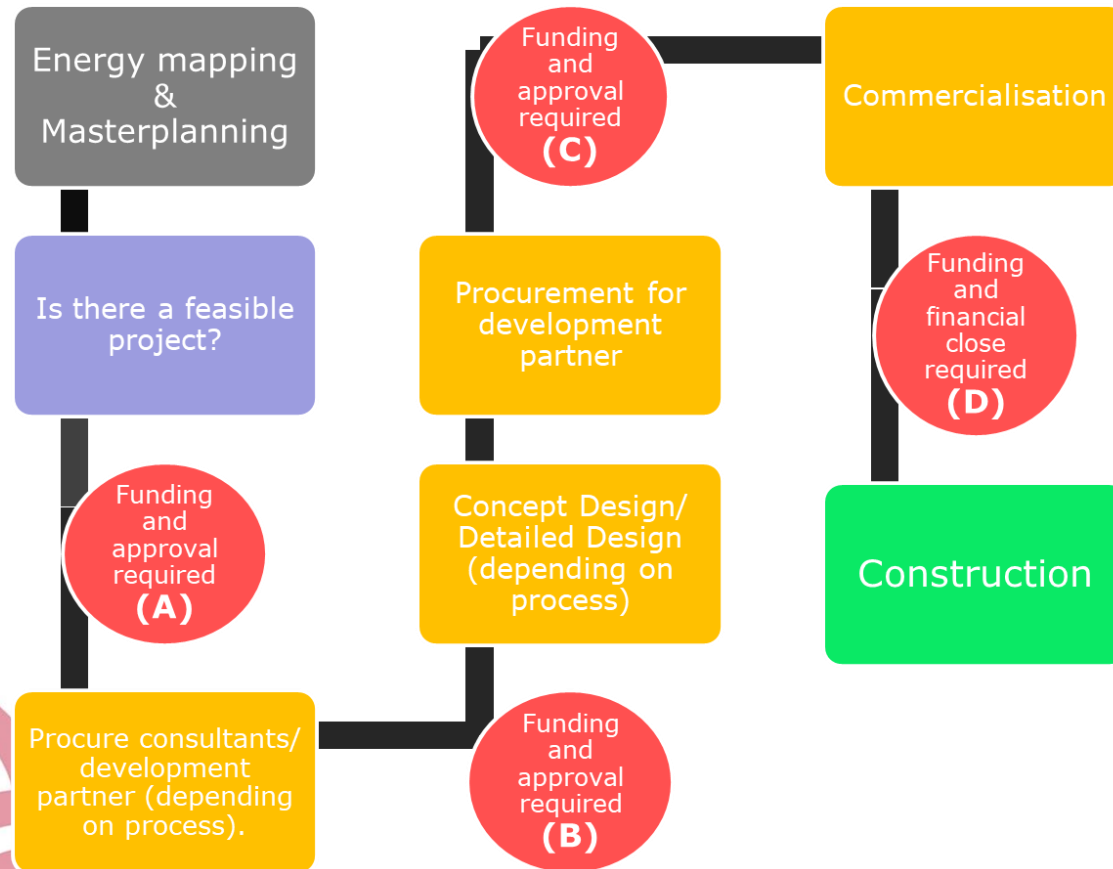


# Improved visibility of the Heat Network sector

- What would you want to see in terms of improving visibility of the heat network sector?
- What needs to happen for this to be seen as successful?
  - More good news stories?
  - The importance of heat networks in supplying low carbon heat in the future?
  - The flexibility of heat networks? E.g. the ability to use recoverable heat?
  - More focus on the social commitments?
  - Better dissemination of good practice and lessons learned?



# Where can Local Authorities make the biggest difference?



- In this process which stages do you think could contribute most to improving the pace of delivery?
- Are there specific actions you feel Local Authorities could take?
- Are there specific actions you would like to see others take?

# Next steps

- Collecting feedback and exploring timescales for delivery of heat network projects
- Finalise report for publication

Thank you for your attention.

Please send any additional feedback or information to  
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