Heat Networks Industry Council

Heat Networks ade

UKDEA DISTRICT ENERGY ASSOCIATION

10th November 2025

The Rt Hon Rachel Reeves MP
HM Treasury
1 Horse Guards Road
London SW1A 2HQ
CC: The Rt Hon Ed Miliband MP, Secretary of State of Energy Security and Net Zero; James Murray MP, Chief Secretary to the Treasury; Lord Livermore, Financial Secretary to the Treasury; Martin McCluskey MP, Minister of State (Minister for Energy Consumers)

Re: Heat Network Investors commit to reduce the costs of low carbon heat for customers

Dear Chancellor,

Heat networks are a significant opportunity for the UK. Our three organisations collectively represent over 250 organisations employing over 5,000 people and represent investors who have more than £9b to develop heat networks in the UK.

This sector holds the potential to lower the cost of the energy transition for customers, to unlock £100b of private sector investment into new infrastructure, to transition the fossil-fuel related workforce to green jobs, and for this Government to deliver on its Missions.

At such a crucial time and through working with Government, the major heat network developers are today committing publicly to achieving significant cost reductions for consumers through:

- reducing of the capital cost of installing heat networks by 7.5% over the period to 2030
- reducing the cost of electricity consumed by low carbon heat networks by 20% to 2030

HeatNIC analysis shows that if 20% of UK heat were supplied by strategic low-carbon heat networks by 2050:

- electricity system customers would save £54b[1,2]
- heat customers would save more than £70b compared to an individual air source heat pump in individual buildings[3];
- More than 100,000[4] good jobs would be created in the UK through new jobs and transitioning existing roles;
- £100b of private sector investment would stimulate local economic growth and improvement of quality of life in cities and town across the UK;
- There would be significant pull for onshoring of manufacture.

[1] Based on WeSIM modelling by Universities of Newcastle and Brunel commissioned by ADE for HeatNIC, using rapid review of system parameters provided by ADE.
[2] Project Remedy concluded that if 30% of UK heat was supplied by Heat-Pump Heat Networks, this would avoid 3GW of offshore wind and 18GW of batteries needing to be constructed.
[3] Based on the difference in cost of low carbon heat network heat compared to a commercial building air-source heat pump.
[4] The heat network sector is estimated to already employ at least 5,000 direct and indirect jobs at the current 3% level of penetration. Standard infrastructure benchmarks imply a significant increase as the sector grows. DBT Research: Page 6, Para 5: 2.9 jobs per £1m FDI. This is further supported by some partial central Government analysis: GHNF Full Business Case: 15,113 jobs per £485m grant funding.

These are the benefits for energy customers and the UK that are possible if together we can make heat networks a core pillar of the UK's future energy system.

We recognise that decarbonising heat without putting up bills is one of the most important political and moral challenges of our generation. The heat networks sector is actively playing its part, and we welcome partnership with Government to address this challenge.

Yours sincerely,

Andrew Wettern
Chair, Heat Networks Industry Council

Caroline Bragg
CEO, ADE

Simon Woodward
Chairman, UK DEA