

Response to the Draft London Plan Consultation-2018

ENGIE UK

ENGIE is a global company that aims to lead the world's energy transition by developing integrated and innovative solutions for its customers. This includes the provision of affordable green and low carbon solutions across the energy and services sectors.

In the UK, ENGIE employs 20,000 people in a number of activities across the energy value chain, as well as through its extensive services business. In generation, ENGIE is one of the country's largest independent power producers, with a mixed portfolio of generation assets that include gas, CHP, onshore wind, solar and the UK's foremost pumped storage facilities at First Hydro. ENGIE also has a 23.3 % stake in the £3 billion Moray East offshore wind farm which is expected to be commissioned in 2022.

ENGIE operates an Industrial and Commercial (I&C) and Small and Medium Enterprise (SME) B2B electricity and gas supply business in the UK, and has recently entered the domestic retail market through its Home Energy business.

It is also one of the top five service companies in the UK, subsequent to the acquisitions of Balfour Beatty Workplace and Lend Lease FM. ENGIE is a major provider of services and energy services to customers, in education, healthcare and local authorities. Services include energy efficiency expertise in buildings, grounds and building maintenance, and soft services.

In March 2017, ENGIE signed an agreement to acquire the regeneration business of Keepmoat for £330 million from TDR and Sun Capital. Keepmoat is the UK's leading provider of regeneration services specialising in the design, refurbishment and upgrade of buildings and places, helping to transform communities and strengthen local economies. This transaction will enable ENGIE to offer a complementary range of services to local governments, cities and businesses across the UK and strengthen its existing network of local authority partnerships.

ENGIE is also the UK's leading district energy company. We design, build, finance and operate district heating and cooling schemes in partnership with the public and private sectors. ENGIE's district heating schemes include; the Queen Elizabeth II Olympic Park, Southampton District Energy scheme, Whitehall District Heating scheme, Leicester District Energy scheme and Birmingham District Energy scheme. ENGIE also has over 200 district energy schemes across Europe and is a major service provider across a range of related sectors including schools and hospitals.

Consultation response

ENGIE welcomes this opportunity to respond to the Mayor's draft London Plan consultation. In particular we welcome the following:

- The Mayor's acknowledgement of the need for a level the playing field for heat networks and the need for Central Government to facilitate this through ensuring a fairer business rates regime for heat networks and improving wayleave and access rights for heat network operators- amongst other measures. Furthermore, if the GLA is to realise its ambition of accelerating heat network deployment across London, it will need to engage Central Government on other issues hindering heat network deployment more generally. These issues include the SAP and SBEM calculation methodologies for apportioning carbon savings to buildings connecting to heat networks. In their current state, these methodologies continue to understate the carbon saving benefits of connecting new buildings and dwellings to heat networks.
- The GLA's identification of Heat Network Priority Areas, where densities are high enough for networks to provide a competitive solution for supplying heat to buildings and consumers. We believe that this will help accelerate the deployment of heat networks in areas where it is most feasible and cost effectiveness to do so.

- The proposal to extend the zero-carbon building target to non-domestic buildings. Currently this target is limited to major residential developments. We believe that extending the target to non-domestic buildings will help reduce building emissions over and above the targets set in Part L of the National Building Regulations, which have seen a gradual watering down in ambition over the years.
- The proposal to create borough level carbon offset funds to facilitate cash in lieu contributions of those developers who are unable to mitigate all their building emissions onsite. We believe that this fund could provide an opportunity to fund more district heating connections. We therefore call upon the GLA to consider heat networks among the technologies to benefit from the proposed offset fund.
- The proposal to promote the recovery and exploitation of waste heat resources in London. We encourage the GLA to explore ways to further incentivise and promote waste heat recovery in London- including through a more effective use of the planning process.
- The Mayor's ambition to improve London's air quality. We believe that this will help deliver better health outcomes for Londoners.

We however have concerns around the GLA's position regarding the future role of gas CHP and the expectation that current gas CHP technology will not be able to meet air quality standards within areas exceeding air quality limits.

We believe that with the correct flue design aided by a comprehensive dispersion analysis, current gas CHP technology can continue to operate in all areas across London with minimum impact on ground level NOx levels. Where the above measures remain inadequate, CHP operators can consider the use of NOx abatement technologies such as catalytic converters.

Additionally, gas CHP has the ability to deliver substantial energy and carbon savings and is on average 30% more efficient relative to thermal power stations. We therefore believe that gas CHP still has a significant role to play in London's future energy mix.

Regarding the specific proposals outlined in the draft London Plan, we have concerns around the lack of clarity on whether the "ultra low NOx boiler" limit of 40mg will be assessed at source or at street level. Further clarity on this issue is important as it has compliance implications for developments wishing to connect to heat networks supplied by gas CHP.

In conclusion, we recommend that:

- The London Plan allow for dispersion modelling and analysis of gas CHP emissions and for this be undertaken relative to "ultra low NOx" boilers at street level. We believe that this will help provide a more accurate assessment of the air quality impacts of gas CHP relative to "ultra low NOx boilers" at street level.
- The London Plan allow for the installation of NOx abatement/reduction technologies such as catalytic converters to gas CHP to enable them to further reduce any NOx related emissions.

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