

INTRODUCTION TO DISTRICT ENERGY

DISTRICT ENERGY SYSTEMS: PLATFORMS FOR A LOW CARBON FUTURE

70% of the world's energy is consumed in cities

50% of that energy is used for cooling and heating

District Energy is one of the most effective ways to deal with:

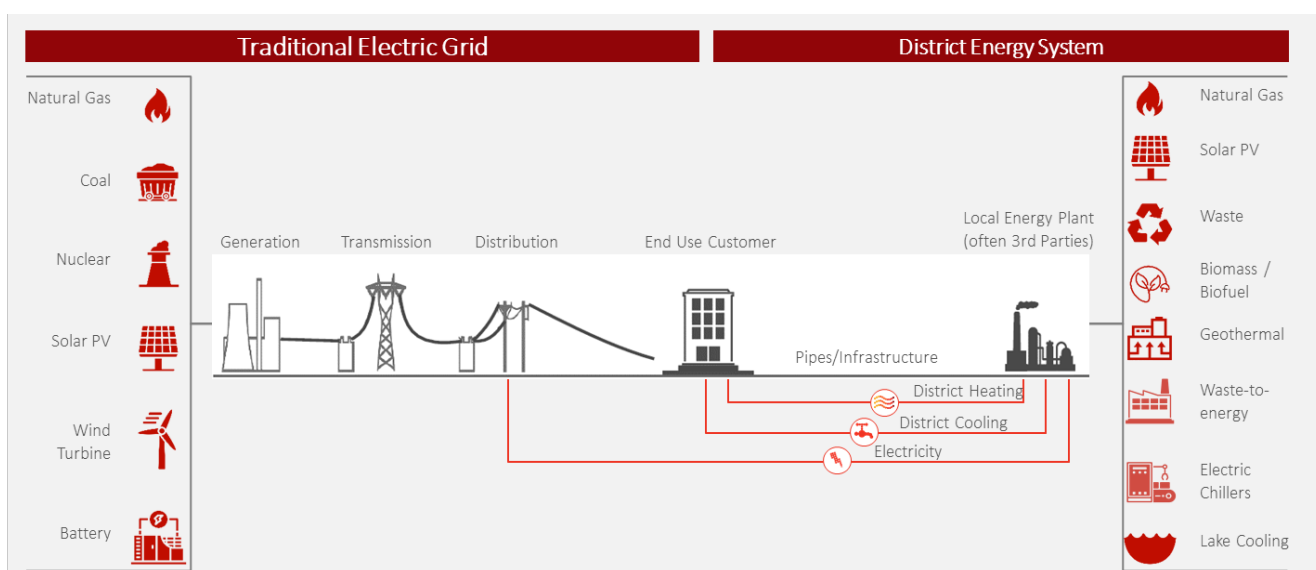
- Climate change
- Energy transition from carbon sources
- Modernising aging energy infrastructure
- Building sustainable and resilient communities

Source: District Energy in Cities Initiative – United Nations Environment

District energy provides cash flow from a long-term, lower-risk contract structure, with a robust and stable cash yield. The majority of revenues derived are from fixed capacity payments with the pass through of commodity costs.

In a District Energy System, a central plant or plants produce or recover steam, hot water, or chilled water which is then pumped through a network of insulated pipes to provide space heating, cooling or hot water for nearby connected buildings.

- District energy networks are well suited to feed in locally available and diverse, renewable and low-carbon energy sources.
- They have the ability to integrate diverse energy sources to relieve customer dependency upon a single supply source and improve network resiliency.



District Energy Systems are typically located:





- a) in areas of high building density, often in central business districts or larger municipalities;
- b) on university or college campuses;
- c) on hospital or research campuses; and
- d) on military bases or airports.

They therefore benefit from high barriers to entry given the difficulty in replicating this infrastructure.

A District Energy System offers an essential infrastructure leveraged and aligned to four long-term service thematics: distributed energy, decarbonisation, urbanisation and waste-to-value.

VALUE PROPOSITION

District energy assets provide an essential infrastructure service, benefitting from several competitive advantages, flexible to cater for new technologies and changing customer demands.

 <p>Sustainability</p>	<ul style="list-style-type: none"> Improved energy efficiency (load aggregation), integration of renewables and lower carbon emissions; provides a unique pathway for the de-carbonisation of the heating sector Ability to utilise otherwise environmentally harmful sources of fuel e.g. landfill methane emissions
 <p>Reliability</p>	<ul style="list-style-type: none"> Greater control of asset ensures availability of heating, cooling and power even if the main grid fails Centralised industrial grade equipment with ability to incorporate various fuel types eliminating reliance on a single fuel source
 <p>Flexibility</p>	<ul style="list-style-type: none"> Economies of scale allow for high efficiency equipment to be used that are not economically or technically feasible for individual buildings Integration of local fuel sources and new technologies
 <p>Capital Efficiencies</p>	<ul style="list-style-type: none"> Lower capital costs from not having individual building equipment and avoidance of unplanned expenditures Lower lifecycle cost due to economies of scale Opportunity to re-allocate capital to higher-return projects
 <p>Convenience</p>	<ul style="list-style-type: none"> Reduced operating risk and O&M work in own facilities; greater control over energy sources used as inputs and opportunity for electricity sellback to the grid

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