

Solihull Heat Network: Project Factsheet

Deal information

Deal announced	February 2025
Sector	Heat Networks
Location	Solihull, West Midlands
Counterparty	Solihull Metropolitan Borough Council
NWF Finance	£9.6mn
Product	Local Authority Lending

Location Of Project



Summary

The £9.6m NWF loan sits alongside a £9.7m DESNZ grant, which collectively funds the construction of an energy centre, 2.3km heat network, and connection of six key anchor customers. The network will supply 8 GWh of lower carbon heat each year, delivering over 60% carbon savings in the first year of operation at 'green for the price of brown' energy tariffs. The NWF loan, secured through the NWF Local Authority service, provides low-cost, long-term financing, enabling the council to install the pipework needed for phase 1a of the Solihull Town Centre Heat Network. This is NWF's first investment in heat networks and our 8th deal through our local authority lending arm.

Sector context

Decarbonising the UK's building stock is a significant challenge to hitting our Carbon Budget targets and Net Zero objective. In 2023, buildings were responsible for 78 MtCO₂e (20% of territorial emissions)ⁱ. Of these emissions, two-thirds were from fuel combustion in residential buildings alone, which are overwhelmingly heated by gas boilers (c.80%)ⁱⁱⁱⁱ. Heat networks are part of the solution to decarbonise the building stock – being expected to represent 9% of low-carbon heating systems installed in residential buildings by 2040 and 22% of heat demand in non-residential buildings by

2040 in the CCC's Balanced Pathway.^{iv} For these targets to be met, an estimated £60-80 billion of investment will be required by 2050.^v

Impact and additionality

The project is expected to save 18.2 ktCO₂e over a 25-year period against an appropriate counterfactual^{vi}. As mentioned, Phase 1a customers receive ‘green for the price of brown’ energy tariffs, which mitigates any adverse impacts on bills. NWF also recognises the difficulty in constructing the initial phase of a heat network and expect there to be Impact from the later expansion of the network. Subsequent phases are future-proofed so that additional customers will be served by additional Air Source Heat Pumps (ASHPs), and modelling suggests the network will be able to decarbonise in line with emerging policy commitments.

We consider the Fund’s involvement additional when compared with the counterfactual avenue of funding, the PWLB, with additional clauses in the facility agreement to ensure the intended decarbonisation of the heat network and future phases is realised.

ESRG considerations

We take a proportionate approach to ESRG within our LA deals. However, NWF note that, in aggregate, a centralised heat source outside of homes will improve the local air quality for residents – it’s well-documented that domestic gas boilers are a significant source of NO_x emissions inside the home.^{vii} Also, the operator has committed to deliver Social Value Obligations, which includes apprenticeships, work placements and local supply chain commitments.

Impact metrics

Impact	Metric
1	# Deals in the Heat Networks sector
£20m	Total Investment in Sector
c.7 FTE Construction	Estimated jobs created (direct and indirect) ^{viii}
18,200 tCO ₂ e	Emissions Avoided ^{ix}

ⁱ Buildings includes product uses [2023 UK Greenhouse Gas Emissions. Final Figures](#)

ⁱⁱ IBID

ⁱⁱⁱ [assets.publishing.service.gov.uk/media/63c0299ee90e0771c128965b/mission-zero-independent-review.pdf](#)

^{iv} [The Seventh Carbon Budget](#)

^v [About - Heat Networks Industry Council %](#)

^{vi} 9.1 ktCO₂e of which would be attributable to the Fund.

^{vii} [Gas-boilers-and-NOx-the-hidden-emitter.pdf](#)

^{viii} c.3 jobs attributed to NWF's share of the finance. These are estimates proxied from similar networks and scaled by total CapEx.

^{ix} 9.1 ktCO₂e attributed to NWF’s share of the finance.