

**Environment and Transportation Department,
Block 2, Floor 6,
Civic Offices,
Dublin 8.**

23rd April 2019.

**To Each Member of the
Environment Strategic Policy Committee**

Dublin District Heating System Update

The Technical Services Division of the Environment and Transportation Department last reported to the Environment SPC in September of 2018. The following is a summary of the progress since then for the project.

1. The Government mentioned the Dublin District Heating Scheme (DDHS) project in the National Development Plan 2040 which was published on the 16th of February 2018, included in that Plan was the establishment of the Climate Action Fund (CAF), which is also part of Project Ireland 2040. A call for applications was made on 9th July 2018, and the Project Team submitted an application for grant funding from this fund on the 1st of October 2018. On Wednesday 28th November an allocation of up to €20 million for the DDHS was announced. The DDHS project was one of the seven successful projects, out of 97 applicants, to pass Stage 2 (Assessment of Applications) of the CAF. The next stage of the process is the validation stage, and reaching agreement on three main items which are, phasing of project, what capital expenditure is to be associated with the funding, and what infrastructure will achieve the required carbon benefits.
2. Rambøll Danmark A/S, a leading Danish engineering, design and consultancy company was engaged to draft reports on the most appropriate business / commercial delivery model, which will successfully deliver the DDHS project, and to carry out a high-level review of the engineering options available.
3. DCC formalised an agreement with the National Development Finance Agency (NDFA) to act as financial advisors on the project. Initially the Project Team, NDFA and Codema concentrated on our successful application for grant funding mentioned above. The NDFA's initial focus was to carry out an in-depth analysis of the figures and assumptions to develop a baseline model, and to test numerous scenarios and risk profiles which affect the projects finances. As part of this process a 'Market Soundings' document was published on E-tenders in November 2018, nine submissions were received in December 2018 from commercial companies with interests in the district heating industry. Exploratory and fact-finding meetings were also held with a number of these companies. The project team also had conference calls with other councils around Europe who have developed similar schemes, to establish how they set up their schemes, what works for them, and whether there are any lessons learned which could be applied to the DDHS. The Project Team is using the information gathered to produce a recommended Business Delivery Model Strategy, which will be presented to senior management of DCC in early May 2019.
4. Recently the project team was notified of a letter relating to Bord Planeála's recent decision on Poolbeg West SDZ. Modification 14 of that letter further de-risks the DDHS project by stating;
Amend Objective IU9: "That all developments shall be District Heating enabled and this shall be demonstrated through compliance with the Dublin City document "Dublin District Heating System — Technical Information Pack for Developers", (February, 2018) and future updated versions of this document. All streets from initial construction shall have outgoing and ingoing district heating pipes with connections for each development as part of a wider district heating network. Reason: In the interest of clarity and to provide for sustainable development."

5. Options for a district heating Energy Station within the Poolbeg peninsula and environs are being considered, this station is required for peak/back up energy supply, and for energy storage for the network.
6. Ongoing engagement with Developers and DCC's Planning Department to ensure compliance with DCC's policy to have development in the area District Heating ready.
7. The GEO-URBAN project which DCC is a consortium member of, along with geothermal experts and universities from Dublin, Spain and Denmark has received funding from EU's Horizon 2020. It is focussing on assessing the deep geothermal heat potential in Dublin and Vallés in Spain. The project started its electromagnetic surveying in some of our city parks in February 2019, and has installed seismic recording units in many of our libraries, leisure centres, fire stations, and office buildings. The project aims to report by 2021 with a guidelines document on a commercialisation strategy for accessing geothermal reserves, including examples for the selected study locations.

There are a number of next steps that are being prioritised by the Project Team.

1. Report to senior management on a recommended governance/business model, funding strategy and procurement strategy in May of 2019.
2. Complete a detailed appraisal on the project in compliance with DCC's Capital Project Governance Guidelines, and the Department of Public Expenditure and Reform's Public Spending Code.
3. Secure funding.
4. Carry out procurements of a technical advisor, a legal advisor, whom will assist with the procurement of the recommended entity that will deliver the DDHS project.
5. Confirm suitable location and develop designs for the Energy Station in the Poolbeg area.
6. Obtain the necessary statutory approvals for the project, approvals such as planning permission.
7. Ensure the construction of district heating infrastructure is carried out in tandem with the infrastructure for Poolbeg West SDZ.
8. Develop a programme for bringing DH to the Docklands SDZ areas to ensure that as many of the developments within the Docklands SDZ that are DH-enabled are connected to the DDHS system.

Dick Brady
Assistant Chief Executive