GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3534

OPEN on-grant agreement approval

Executive summary:

The Old Oak and Park Royal Development Corporation (OPDC) has received grants totalling £50.9 million from the Department for Energy Security and Net Zero's (DESNZ's) Green Heat Network Fund (GHNF). These grants relate to the delivery of the Old Oak and Park Royal Energy Network (OPEN Heat Network), as described in the Memorandum of Understanding between the OPDC and DESNZ governing the above-mentioned grant funding. DESNZ is the government department responsible for heat network and zoning policy.

In accordance with the OPDC Governance Direction 2019, and section 213 of the Localism Act 2011, the OPDC requires the Mayor's consent before providing financial assistance to another organisation.

The OPDC is therefore seeking the Mayor's approval to on-grant the above-mentioned grant funding (under an on-grant agreement) to the special-purpose vehicle, OPEN Esco Limited (OPEN SPV), established by the OPDC and its development and funding partner, OPEN Heat Network Limited (DFP), in respect of the OPEN Heat Network. The DFP was appointed following a public procurement exercise; it is part of the Hemiko group. The on-grant of the funding means the OPEN SPV can begin the capital infrastructure works needed to deliver the OPEN Heat Network.

Decision:

That the Mayor consents to the Old Oak and Park Royal Development Corporation (OPDC) providing the grant funding (up to £50.9 million) received from the Department for Energy Security and Net Zero, to OPEN Esco Limited, being the special purpose vehicle established by the OPDC and its development and funding partner, OPEN Heat Network Limited, to deliver the Old Oak and Park Royal Energy Network, (OPEN SPV), the terms of which will be set out in an on-grant-funding agreement between the OPDC and OPEN SPV.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature: Sadiq

Date: 2/9/26

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

1.1. In 2021 OPDC began investigating the feasibility of a low carbon heat network that takes waste heat from new and existing data centres in their area. In 2023 the OPDC Board approved the Outline Business Case and submission of an application to the Department for Energy Security and Net Zero's (DESNZ) Green Heat Network Fund (GHNF). This was ultimately successful and OPDC received £35 million from GNHF. Later that year OPDC launched a procurement for a development and funding partner (DFP) to own, build, operate and maintain the OPEN Heat Network. In 2025, the DFP, OPEN Heat Network Limited, was appointed (see paragraph 1.4 below) and the OPEN SPV was established. Since the establishment of the OPEN SPV the project has progressed through the development period which allowed the interim close approval process in the shareholders agreement to be cleared. Subject to approval of this Mayoral decision the delivery phase will commence which includes construction of the OPEN Heat Network.

1.2. The OPDC has received the following grant funding from DESNZ's GHNF:

- 2023: £35 million
- March 2026: £15.9 million.

This means it has received, in total, £50.9 million in grant funding, to spend on capital works to deliver the OPEN Heat Network. The OPDC's Board approved the receipt of this grant funding.

1.3. Following a public procurement exercise, Hemiko was identified as the successful tenderer for this work. OPEN Heat Network Limited (part of the Hemiko group) was appointed as the DFP for the OPEN Heat Network project under a shareholders' agreement. The OPEN SPV is responsible for:

- developing the OPEN Heat Network during the development period (i.e., before the approvals gateway is achieved, and before it is decided to proceed to the delivery period)
- delivering, operating and maintaining the OPEN Heat Network during the delivery period (i.e., after financial close is achieved; and after construction begins for the OPEN Heat Network).

1.4. On 23 January 2025, approval of the formation of the OPEN SPV was confirmed by the Executive Director for Good Growth on behalf of the Mayor.

1.5. In accordance with the Old Oak and Park Royal Development Corporation (OPDC) Governance Direction 2019, and section 213 (financial assistance) of the Localism Act 2011, the OPDC is seeking the Mayor's consent to provide financial assistance to OPEN SPV. This financial assistance will take the form of an on-grant of grant funding that the OPDC received from the DESNZ. The purposes for providing this financial assistance to OPEN SPV are set out below.

2. Objectives and expected outcomes

2.1. In 2023, DESNZ awarded the initial grant funding of £35 million, from the GHNF, after the OPDC submitted an outline business case. That grant was awarded to support the delivery of the OPEN Heat Network, by funding construction costs. In March 2026, DESNZ awarded an additional £15.9 million, after the OPDC applied to DESNZ. This was granted to mitigate higher-than-anticipated construction costs, connection fees, and the OPEN Heat Network losing out on the Public Sector Decarbonisation Scheme – these factors have all impacted project viability.

2.2. The OPDC has agreed to updated terms in its Memorandum of Understanding (MoU) with DESNZ, in return for having received a total of £50.9 million in grant funding. This is one of the largest grant-funding awards in the GHNF scheme; and reflects the strength of central government's support for the scheme.

2.3. The grant funding will be on-granted to the OPEN SPV to deliver the construction of the OPEN Heat Network, under an on-grant agreement (OGA) between the OPDC and the OPEN SPV. The OPDC has sought to flow down the updated MoU terms with DESNZ to the OPEN SPV, under the OGA (as set out in Part 2 of this decision).

3. Equality comments

3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities – of which the Mayor is one – must comply with the public sector equality duty (PSED) by having due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

3.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.

3.3. The decision relates to the delivery of energy infrastructure, rather than the direct provision of services to specific groups; the project is expected to contribute positively to equality of opportunity. It will do so by supporting the provision of affordable, reliable and low-carbon heating to existing and future buildings in the OPDC area (including Central Middlesex Hospital). The cost of heat should not be any more than an alternative low-carbon solution, which – without providing a heat network – would be the default solution. This is because this heat network will serve new-build properties that will not be connected to a gas supply.

3.4. The project could also benefit groups that may be disproportionately affected by fuel poverty; poor housing conditions; and the health impacts of climate change. This would be done by delivering lower-carbon heating, and reducing emissions. In this way, the proposal is consistent with the Mayor's duties to advance equality of opportunity; and promote improvements in health, and the reduction of health inequalities. No adverse equality impacts have been identified arising from this decision.

4. Other considerations

Risks and issues

4.1. Risks will be managed by the OPDC in accordance with its Risk Management Framework. The following key risks have been identified:

- Should the Mayor not approve this decision this would put the pioneer connection(s) at risk; and could require alternative heating solutions to be found and implemented, for both current and future developments in the OPDC area. Such alternatives may be more costly; less energyefficient; and less effective in supporting the OPDC's decarbonisation objectives. This could impact the viability and timely delivery of development across the area.

- Commercial risks are covered in Part 2 of this decision.

Link to delivery plans and other Mayoral strategies and priorities

4.2. In 2018, the Mayor of London published the London Environment Strategy; and Zero Carbon London: a 1.5°C Compatible Plan. These set out energy-system scenarios aligned with London's target of being net-zero by 2030. In 2022, the Mayor published detailed implementation plan to achieve this goal; and identified four potential pathways to doing so. Among these, district heating was forecast to make a considerable contribution to decarbonisation – supplying almost six terawatt-hours, or 15-25 per cent of London's heat demand.

4.3. The OPDC, as one of the Mayor's functional bodies, is committed to leading the way in terms of how major regeneration projects can deliver zero-carbon targets. The OPEN Heat Network will support this ambition, as a large-scale, low-carbon heat network delivered across the OPDC area. It will contribute directly to:

- reducing carbon emissions from data centres
- supporting the transition to a net-zero carbon economy
- unlocking and maximising economic and housing benefits of the HS2 investment
- delivering sustainable development in line with the London Plan and the OPDC's Local Plan.

4.4. There are no conflicts of interest from those involved in the drafting or clearance of this decision form.

5. Financial comments

5.1. These are set out in Part 2 of this decision form.

6. Legal comments

6.1. The OPDC is a Mayoral Development Corporation, established by the Mayor to secure the regeneration of the Old Oak Opportunity Area. Under section 213 of the Localism Act 2011, the OPDC must obtain the Mayor's consent before giving financial assistance to any person. The Mayor is invited to provide that consent in this paper.

6.2. In taking the decision requested of him, the Mayor must comply with the PSED. To this end, he should have particular regard to section 3 (above) of this report.

6.3. GLA officers must ensure that an appropriate OGA is entered into before on-granting any of the grant funding to the OPEN SPV.

7. Indicative timeline

7.1. Next steps are as follows:

Activity	Timeline
Interim financial close	August 2026

OGA agreed with OPEN SPV	August 2026
Construction begins	October 2026
Full financial close	July 2027
First phase of construction completed	October 2028

Appendices and supporting papers:
None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note**: This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

Strategic Programmes

Does this decision seek approval for activity falling within the remit of a programme delivery plan? NO

If YES, which programme/s does this fall within: n/a

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? YES

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Matt Ruddy has drafted this report in accordance with GLA procedures and confirms the following:	✓
Sponsoring Director: Fay Hammond has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Advisor: David Bellamy has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	✓
Mayoral Delivery Board This decision was agreed by the Mayoral Delivery Board 17 August 2026.	

CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature Fay Hammond

Date 17 August 2026

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

Signature D. Bellamy

Date 17 August 2026