

## Star Energy calls for Government to extend Contracts for Difference scheme

- **Star Energy calls for a government scheme to support heating decarbonisation projects**
- **Heating and hot water make up around 40% of the UK's energy consumption and nearly a third of UK greenhouse gas emissions**
- **Geothermal heat is a viable zero-carbon alternative to heating as compared with gas and other fossil fuels.**

*(8 September 2023)*

Star Energy welcomes the publication of the Fifth Allocation Round of the Contracts for Difference scheme, the government's main mechanism for supporting low-carbon electricity generation. **Following the success of the scheme, Star Energy now calls for an expansion of the Contracts for Difference scheme to include renewable projects for the decarbonisation of heating.**

Heating and hot water make up around 40% of the UK's energy consumption and nearly a third of UK greenhouse gas emissions, so the decarbonisation of heating in the UK could deliver the major reduction in emissions needed to meet the 2050 target. The success of the Government's Contract for Difference (CfD) scheme shows how subsidy can unlock private finance and ultimately lower costs for industry and the consumer.

Deep geothermal has the potential to play a major role in decarbonisation, by providing a broad base of reliable renewable energy. The Government's recently released report on *the case for deep geothermal energy* estimated projects in the UK could achieve total savings of 72,000 tonnes (geothermal heating project) and 700,000 tonnes (geothermal power project) of CO<sub>2</sub> equivalent over their operational lifetime.

District heating networks linked to a deep geothermal plant could be utilised for:

- **Net-zero estates & retrofit** – A 10 MWth capacity geothermal heat plant could provide heat to around 4,500 homes in a district heating network.
- **Hospitals, Schools, Universities** – A 10 MWth capacity project would supply the majority of the heating requirements for a given site, in particular larger universities and hospitals.

*"By only focussing CfDs on decarbonising electricity, the UK risks lagging behind on the greater challenge of decarbonising heating" said Chris Hopkinson, CEO, Star Energy. "A scheme which also covers heating will help to unlock new renewable technologies, including geothermal. There's a homegrown, local solution to decarbonising heat sitting right beneath our feet, but our industry needs government support to develop it.*

*"Drilling is capital intensive so we need a financial "leg up" to reach a critical mass of projects which will help reach efficiencies of scale and bring down costs. The deployment of geothermal heat is critical to lower bills which will help both the consumer and industry.*

*"The potential for geothermal is clear. Just look at our projects with NHS Trusts in Manchester and Salisbury where we are using geothermal to help them decarbonise and replace fossil fuels and, in the process, lower their bills."*

### **About geothermal energy**

Geothermal energy is a natural form of renewable energy generated from the heat in the earth's core. It has been used in many countries for thousands of years for cooking and in heating systems where hot water from below ground makes its way to the surface.

Whether through a heating network or directly connected to a building, factory or hospital, Geothermal Heat is the only renewable energy source for flexible, reliable, and sustainable supply

An ideal solution to the urban deployment of renewable energy, geothermal energy

- runs 24 hours a day, whatever the weather,
- has the smallest surface footprint of any energy source,
- is low in visual impact, with no buildings higher than 10m,
- Dispatchable with wide temperature applicability, storage potential and can be used for cooling as well as heating
- removes the requirement for expensive building retrofits
- has high public acceptance - development of geothermal has the backing of business, academics and NGOs

### **About Star Energy Group plc (Star Energy)**

Star Energy's geothermal business is leading the way in the generation of heat from deep geothermal wells in the UK. We identify, plan, develop, build, finance and operate deep geothermal heat generation plants in the UK.

Star Energy's business model typifies the type of energy transition which the government seeks to support, as the organisation has moved from focusing solely on oil and gas exploration towards unlocking geothermal energy for use as heating. Using years of expertise in oil and gas production, we are accessing and developing geothermal heat projects across the UK.

Star Energy has recently been awarded projects to decarbonise two NHS hospitals, Wythenshawe in Manchester and Salisbury District Hospital, to connect their existing gas-fired heat network directly to geothermal sources.