



ACADEMY

NORDIC HEAT MASTER CLASS

URBAN HEATING

COMMUNICATION STRATEGIES IN DISTRICT ENERGY

YOU ARE INVITED TO A NORDIC HEAT MASTER CLASS SESSION FOCUSING ON HOW TO PRESENT AND SELL IN THE CONCEPT OF DISTRICT ENERGY TO THE VARIOUS STAKEHOLDER GROUPS AND DECISION MAKERS RELATED TO INVESTMENTS IN DISTRICT ENERGY.

London - 22 June 2016

In our discussions with various city councils and other relevant stakeholders across the UK and in other parts of Europe, it is becoming increasingly clear that there is a strong need to refine and to develop the marketing and communication strategy for new district heating schemes. For this reason we have, within the format of Nordic Heat, launched an initiative aiming at developing a communication and marketing platform for district energy. We have chosen to label it “**URBAN HEATING**”.

The aim is to more effectively highlight and communicate the benefits of district heating to potential customers, key decision makers and to the general public. Experiences from other markets, e.g. in Scandinavia, indicate that it is not possible to sell district energy based on price and environmental benefits only. This will also be the case in the UK. To reach the target of bringing district energy from 2% to 20% market share in the UK heat market within the next 20 years, the cost of heat cannot be the only selling point as it would undermine the commercial and financial opportunities in district energy. Something beyond price is required.

The cost of heat is important, let's not be naïve. But luckily there are other criteria which are important when selecting the solution to the need for heat and indoor comfort. And even more fortunately, district energy can respond to many these requirements, in some cases far better than other competing heating solutions. As a matter of fact there are a multitude of sales arguments and opportunities to differentiate district energy beside the cost of heat - **comfort, convenience, predictability, energy security** only to mention some. As in any industry sector we must learn to package the values we offer, and to communicate this value proposition to our targeted audience. To do this effectively we need to understand our audience - which stakeholders need what, why, how and when.

To capture our audience we also need to improve the perception of district heating and adjust it to our times. Offering a shared heat system is by many regarded as an obsolete and useless leftover from the communist era in Eastern Europe. It doesn't have to be like that. Consider a modern phenomenon. Why is it that Airbnb is embraced as a great innovation in a modern urban economy whereas District Heating is regarded as an obsolete leftover from the communist era in Eastern Europe? Providing a service of sharing homes responds perfectly to the needs of young urban populations. Offering a service to share heat systems does not. There are no rational answers to explain this difference in perspective. It is all about perceptions.

With your help we intend to start examining and changing these perceptions at the up-coming masterclass. Together we will turn “boring” District Heating into “chic” Urban Heating.



AGENDA

The Master Class on Urban Heating will have a more interactive approach than previous master classes. There will be a number of relevant speakers, but also opportunities to share experiences and ideas in smaller workshop sessions. The session will be split into three blocks:

I. COMMUNICATION DURING THE PLANNING STAGE OF DISTRICT ENERGY

Selling in the concept and the business plan of a project to key stakeholder groups

- *Investors*
- *Local politicians*
- *Anchor customers - captive audience (universities, public buildings, larger private customers"*
- *Influential "pilots" - high profile customers*
- *Key influencers - NGOs, media, social networks*

II. COMMUNICATION DURING THE INSTALLATION & COMMISSIONING STAGE

Securing acceptance and interest during installation and as the project evolves

- *General Public*
- *Targeted new Customers*

III. SALES AND MARKETING COMMUNICATION DURING THE EXPANSION STAGE

Laying the groundworks for self-driven expansion based upon a positive perception of district heating driving a growing demand combined with adding new low-carbon heat sources

- *Targeted market segments and geographical areas*
- *Investors*
- *Local industry (as a user and as potential waste heat sources)*

SPEAKERS

We are currently finalizing the speakers list. The speakers having been already confirmed are

GÖRAN SKOGLUND	Marketing & Communications Director - Öresundskraft AB	
TOBIAS PARKER	CEO - Sustain	
EMMA ASHCROFT	Associate - The Carbon Trust	
<i>(To be confirmed)</i>	Financial Sector	
<i>(To be confirmed)</i>	Contractor	
PETER ANDERBERG	Nordic Heat	



REGISTRATION & PRACTICAL INFORMATION

AUDIENCE Operational staff in existing district energy companies and ESCOs as well as local authority officers and other professionals related to the sector. The presentations and discussions will be technical and assume a basic level of understanding of the concept of district heating.

DATES & LOCATIONS 22 June, 09.30-16.00
Venue TBC
Central London

A similar session is planned for Glasgow in August. Date TBC

FEE Free of charge for participants from Local Authorities, Housing Associations and other public sector institutions. £300 for other attendees.

QUESTIONS & REGISTRATION

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ORGANIZERS



District Energy is not a simple transaction between a seller and a buyer. Being a broader system solution to provide heat and comfort to an entire community, it is far more complex, involving a multitude of influencers and decision makers, all with their specific set of needs and decision making criteria. To sell district heating we need to reach out to each of these stakeholder groups. Not with one set of arguments only, but also with a bespoke message responding to the individual needs of each group.



Any one can sell by offering the lowest price. Our mind set must be to sell by offering the best value. Again, we should not dream. If district heating cannot match the price of other heat solutions it will not sell. At least not in the volumes required. It is therefore not an option to buy ourselves market shares by undercutting current heat sources by say 10%. In particular not under the current circumstances with very low prices on gas and other fossil fuels.

To secure the first customers we have to assume that the total end-user cost offered for DH based heat (X) has to be lower than that of current fossil based heat (Y).

However we must learn to communicate that the total cost is not necessarily the same as the one indicated on the energy bill. There may be a huge hidden cost related to the use of gas - e.g. cost of capital

and costs related to surveillance, maintenance and repairs. The true cost of current solutions is often significantly higher than the one indicated on an invoice from the gas company.

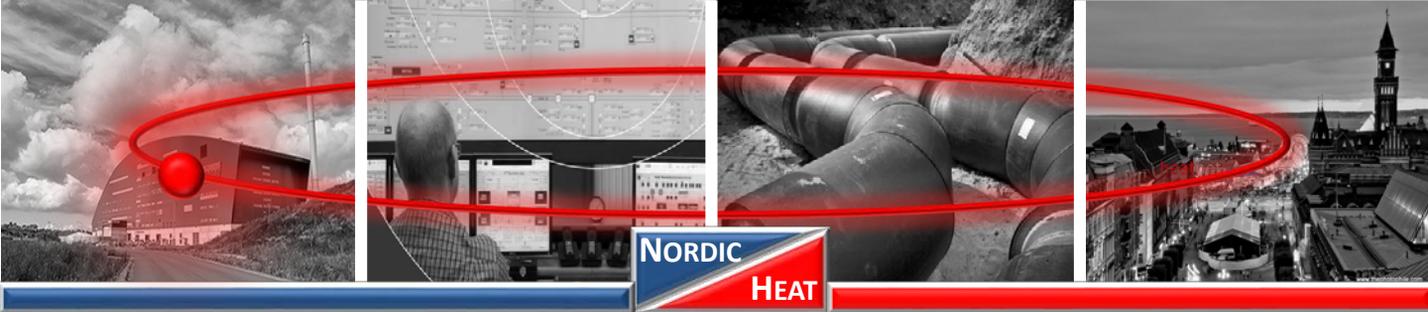
We must also learn to understand the opportunities and strengths of the district energy proposition vs current heat solutions, e.g. gas. And the weaknesses and threats. Not only in the eyes of the end-user, but also from the perspective of other stakeholder groups. Having a good grip of this will enable us to adjust our message and communication strategy depending on who is in focus.

Furthermore, we need to understand how to package our district energy value proposition in a much more appealing way. In general there is a strong need to boost the general acceptance and interest for district heating as a modern solution. We (most actors in the industry) have so far had a mainly technocratic approach when presenting heat networks - technologies, fuels, installation techniques, operational practices, etc. dominate the discussions. Even critical commercial aspects related to business models, tariffs and customer management have had a subordinate role. This situation has historically not been a major concern, not even in the more mature district energy markets in Scandinavia. However, as competition stiffens there is an urgent need to improve the skills in communication and sales. In the UK this will be critical from the start. Failing an ability to make the concept of district heating appealing to a wider public, it will be very hard to attract the number of customers and general acceptance that will be required to reach the targeted market shares.

All in all we need to spice up the perception of district heating and adjust it to our times. There are plenty of opportunities to do so. Why is it that Airbnb is embraced as a great innovation in the modern market economy whereas district energy is regarded as remaining relic from communist era? Providing the service of sharing homes fits perfectly in a modern capitalistic market economy. Offering a shared heat system is regarded as an obsolete and useless leftover from Soviet Union. There are no rational answers to explain this difference in perspective. It is all about perceptions. Airbnb responds perfectly to the needs of young urban populations. District Heating does not.

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NORDIC HEAT

PEERS IN DISTRICT ENERGY

NORDIC HEAT is an independent and not for profit peer-to-peer advisory service aiming to support to the development of District Energy and W2E solutions in new markets, by transferring the extensive know-how and experiences developed in Scandinavia during the past 50 years.

The overriding ambition of NORDIC HEAT is to assist new entrants to the district energy sector in the challenging process of bringing projects beyond feasibility studies and into business planning, financing, installations and operations. Based upon their long experience and extensive knowhow, Nordic district heating operators will be able to assist project teams with second opinion, peer-to-peer advice, reference cases, bench marks, selection of technologies and suppliers, training, support in commissioning, inspiration and leadership.

The mission of NORDIC HEAT is to support colleagues in new district energy markets to speed up ongoing projects while reducing total cost of ownership, minimising risks and optimizing the financial, environmental and social benefits of the investments. Another key driver of the Nordic energy operators joining the network is to confront its own staff and current business models with the very latest technologies and practices which will be employed by those who enter the District Energy sector today.

NORDIC HEAT is an independent and not for profit activity and offers a unique peer-to-peer advisory service. Customers and partners to Nordic Heat can trust that the advice given is completely unbiased when it comes to selecting suppliers of technologies and services. Performance, total cost of ownership and price are always their key criteria. The fees related to the services are adjusted to cover the costs related to the mission and to further develop the various support activities provided. Examples on such activities are Master Classes, Study Visits, Seminars and Industry Analyses. Nordic Heat is also a founding partner of The Climate Bridge Initiative - a not for profit activity aiming to support in the global transition into a fossil free economy.



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PEER-TO-PEER	PUBLIC-TO-PUBLIC	ADVICE & EXCHANGE	NOT FOR PROFIT	INDEPENDENT