



Nick Cross  
Head of Housing Services  
Southampton City Council  
Ground Floor West Wing  
Civic Centre  
Southampton  
SO14 7LY

Nick Gardner  
npower Energy Services  
Elmdon Suite,  
2 Princes Way,  
Solihull,  
West Midlands B91 3ES  
Phone 07920 833041  
E-Mail [nick.gardner@npower.com](mailto:nick.gardner@npower.com)

27 October 2014

## Thornhill - Community Heating Scheme

Dear Nick,

As a result of developing the proposed community heating project at Thornhill, Southampton npower would be looking to provide funding to this scheme as part of its CSCO (Carbon Savings Community Obligation part of the Energy Company Obligation).

The projects lifetime carbon savings (and hence CSCO funding) have been determined using detailed SAP analysis. Based upon this analysis npower is able to confirm that for the proposed community heating project at Thornhill it would be looking to provide CSCO funding of up to £4,19m.

The funding offer is subject to the final confirmation of the projects specification and that the anticipated level of carbon emissions reduction is achieved and approved by Ofgem.

It should be noted that this CSCO funding offer is conditional on external wall insulation (EWI) measures being completed at the following properties:

- I. EWI measures to the 3 high rise (P1) developments at Meredith, Hightown and Dumbleton Towers – (a total of 305 flats); and
- II. EWI measures to 9 of the P3 properties currently not insulated - 118 to 138 Lydgate Road, 140 to 160 Lydgate Road, 162 to 182 Lydgate Road, 226 to 246 Lydgate Road, 280 to 300 Lydgate Road, 334 to 354 Lydgate Road, 1 to 21 Tunstall Road, 23 to 43 Tunstall Road and 45 to 65 Tunstall Road - (a total of 99 flats)

We can also advise that our SAP analysis has been undertaken using SAP 2012 (this is a new Ofgem requirement where all projects scheduled for completion after March 2015 are to be determined using SAP/RdSAP 2012 software).

Finally it should also be noted that Ofgem is currently consulting on the insulation conditionality affecting district heating projects. One such outcome could have it that DECC/Ofgem may decide to

[RWE npower](#)

Registered office:  
RWE Npower plc  
Windmill Hill Business Park  
Whitehill Way, Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 3892782

waive the insulation conditionality highlighted above – so improving the overall economics of this project.

Yours Sincerely

A handwritten signature in blue ink, appearing to read "Nick Gardner", with a stylized flourish at the end.

Nick Gardner

Energy Services