



Liverpool City Council  
**Paddington  
Village**  
Case Study

## The Project

Paddington Village is a £1 billion flagship expansion site sitting at the eastern gateway of Liverpool's city centre's Knowledge Quarter, earmarked for 1.8m sq. ft of science, technology, education, and health space that will create a destination of choice for primarily research, education, health and science related business and institutions.

The 30-acre site presents a significant opportunity of national significance with a commercial focus on life sciences, medical and knowledge industry-led development capable of creating upwards of 10,000 new jobs. Paddington Village will be developed in two phases:

- Paddington Central
- South Paddington

Liverpool City Council is working closely with a range of organisations and existing and potential new tenants to secure new business and job creating opportunities at the heart of the site.

A multi-million-pound programme of site works began in 2019 on multiple plots to enable the first phase of construction – including a new car park, 250 bed hotel, office space and a District Heating Network (DHN). The energy centre is based on 1.2 MW CHP (Combine Heat and Power) unit, which serves the customers with low carbon heat and on-site generated electricity via a private wire network. Given the type of buildings such as Cancer Research Centre, it was particularly important to enable it to operate a stand-alone supply in the event of the national grid failing and vice versa.



The first phase, Paddington Central, includes ten proposed development plots, with the Royal College of Physicians (RCP), who, since April 2021, are amongst the first other tenants occupy 70,000 sq. ft of space of the outstanding office building known as The Spine.

## Our Role

Ener-Vate have been providing commercial advisory services to the Council for a number of years and have been involved in several areas of project development. Our industry expertise helped to guide Liverpool City Council through the DBOM (Design, Build, Operation and Maintenance) tender process to choose a valid and experienced partner for the project.

Ener-Vate developed a commercial model with bespoke functionalities the client had requested, which was used as the base model upon which the Council made investment and developed a Business Case to its Cabinet.

The main tasks that have been undertaken to date for Paddington Village include:

- Production of the commercial model

The commercial model was designed with two options of ownership: the first to retain the long-term ownership of the ESCo and the second to sell the scheme to an outside ESCo provider. The model showed the Internal Rate of Return (IRR), and Net Present Value (NPV) for each option based on the forecast income ensuring that the external ESCo retained a market acceptable IRR on their investment.

- Continuous maintenance and development of the commercial model on the Client's behalf
- 5 stage Outline Business Case to sign off the investment of £6m into the scheme.
- Private Wire (PW) provision development & Private Wire charge based on the operational performance of the CHP engine.
- Ensuring the D&B and O&M Contract awarded to an external supplier were commercially sound and considered all aspects of Heat and PW provision.

- Legal and commercial development and maintenance of the suite of contracts that are required by LCC to serve the different occupants of the site, from residential through to major hotel chain and large medical research companies. These contracts included the main governance agreement, the individual plot agreements and specifications, and the various customer supply agreements.

- Key stakeholder liaison to negotiate potential new connections
- Regular end user engagement on the Client's behalf to provide them with the latest update and fair tariff establishment
- Provide a continuous expertise to the Council to ensure performance and viability of the DHN
- Valid industry expertise and update on industry policy and regulations
- Assistance in decarbonisation plans and consultations and decarbonisation strategy establishment to ensure the network will be net zero in the future under the Liverpool City Council Net Zero Declaration.

## End Result

Ener-Vate have played a significant role in the early stage of the development and commercialisation stage of the district heating network at Paddington Village and continue to support the Council specifically with client negotiations, commercial and contractual management of day to day and future operation of the heat network.

**"It has been good to have Ener-Vate on board to support us through this project. Their in depth industry knowledge and hands on approach to problem solving has been just what we needed."**

**Christine Darbyshire  
Liverpool City Council**