



Triple Point
HEAT NETWORKS
INVESTMENT MANAGEMENT





The session will be recorded. The video and slides will be available.



Turn off your camera unless you are speaking.



Please feel free to comment in the chat.



We will take questions throughout the session. Please type your question into the Q&A



Raise your hand if you have a question during a discussion.

Agenda

- Overview of GHNF
- Eligibility
- Application and Assessment process
- Application Form
- Q&A

GHNH Overview



Strong Foundations to Build On

A Blend of Complementary Specialisms

Triple Point Heat Networks Investment Management - through the GHNF - will not only seek to decarbonise heat networks, but also build on the progress made by the HNIP in developing a resilient market.



Grant funding available to support

New low carbon networks and decarbonisation and expansion of existing networks

Eligible projects in England

Public, private and third sector organisations

Commercialisation only, Commercialisation and Construction, or Construction only





Applicants must commit to the GHN Market Transformation Commitments

Projects commitments will enable growth within the supply chain, help to address the heat network sector skills gap and allow the sector to share in learnings and innovation across a portfolio of projects

Infrastructure

Fair and open procurements

Engaging local communities and supply chains

Adding to a reliable and resilient energy system

Skills

Identify opportunities to address the sector skills gap

Fair and open recruitment

Stimulating new jobs in the UK and training opportunities

Innovation

Identify ways for projects to enable investments in research and development

Sharing learnings and innovations with the wider market

The Bank's Heat Network Ambitions and Offer

- The UK Infrastructure Bank is keen to play a significant role in supporting the development of heat networks, which aligns closely with our two core goals of supporting the achievement of Net Zero and promoting regional and local growth.
- The Bank is therefore pleased to partner with DESNZ to allow Local Authorities who apply for funding through the GHNf to seek preferential rate lending from UKIB as part of the same process.
- Going forward, Local Authority GHNf applications will automatically be shared with the Bank.
- More broadly, the Bank invites direct approaches from any heat network projects that would meet our investment criteria.
- See <https://www.ukib.org.uk/>

Bank Overview

- Capitalised to support the Bank's objectives to drive regional and local economic growth or support tackling climate change.
- Invests in infrastructure assets or networks, or in new infrastructure technology.
- Seeks a positive financial return, in line with the Bank's financial framework.
- Aims to crowd in significant private capital over time.

Lending Capacity and Criteria

- £22bn of capacity across both a private (£8bn) and a Local Authority (£4bn) lending, with £10bn of guarantee capacity.
- Minimum Local Authority ticket size of £5m. Minimum private ticket size of £25m.
- Local Authority lending at preferential rate of gilts + 40 basis points (40 basis points cheaper than Public Works Loan Board).

PCR-compliant platform to procure **active capital** i.e. capital + **commercialisation services** and **asset finance**

Open to **public sector** heat network owners/developers in **England & Wales**

Investors already on-boarded to the **Dynamic Purchasing System**

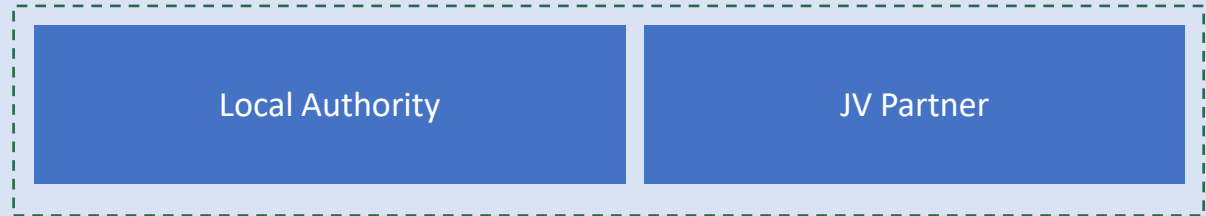
Separate from the **Green Heat Network Fund**, but designed to work alongside it

Runs to **March 2025**

BHIVE can be used to finance a **new heat network**, **expand an existing** heat network or to **refinance/sell** part or all of an existing operational network

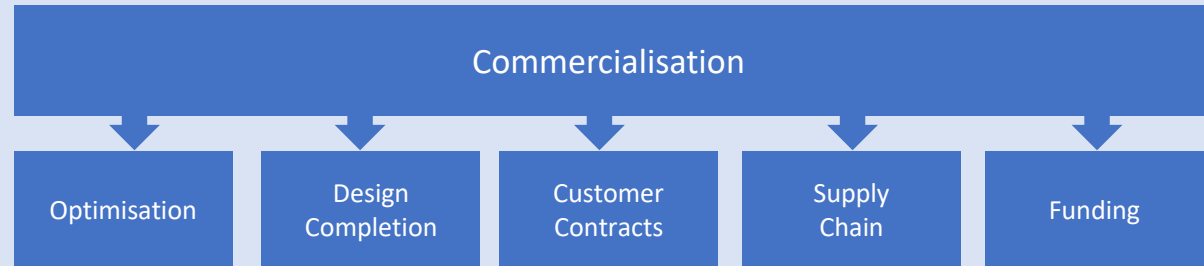
STEP 1:

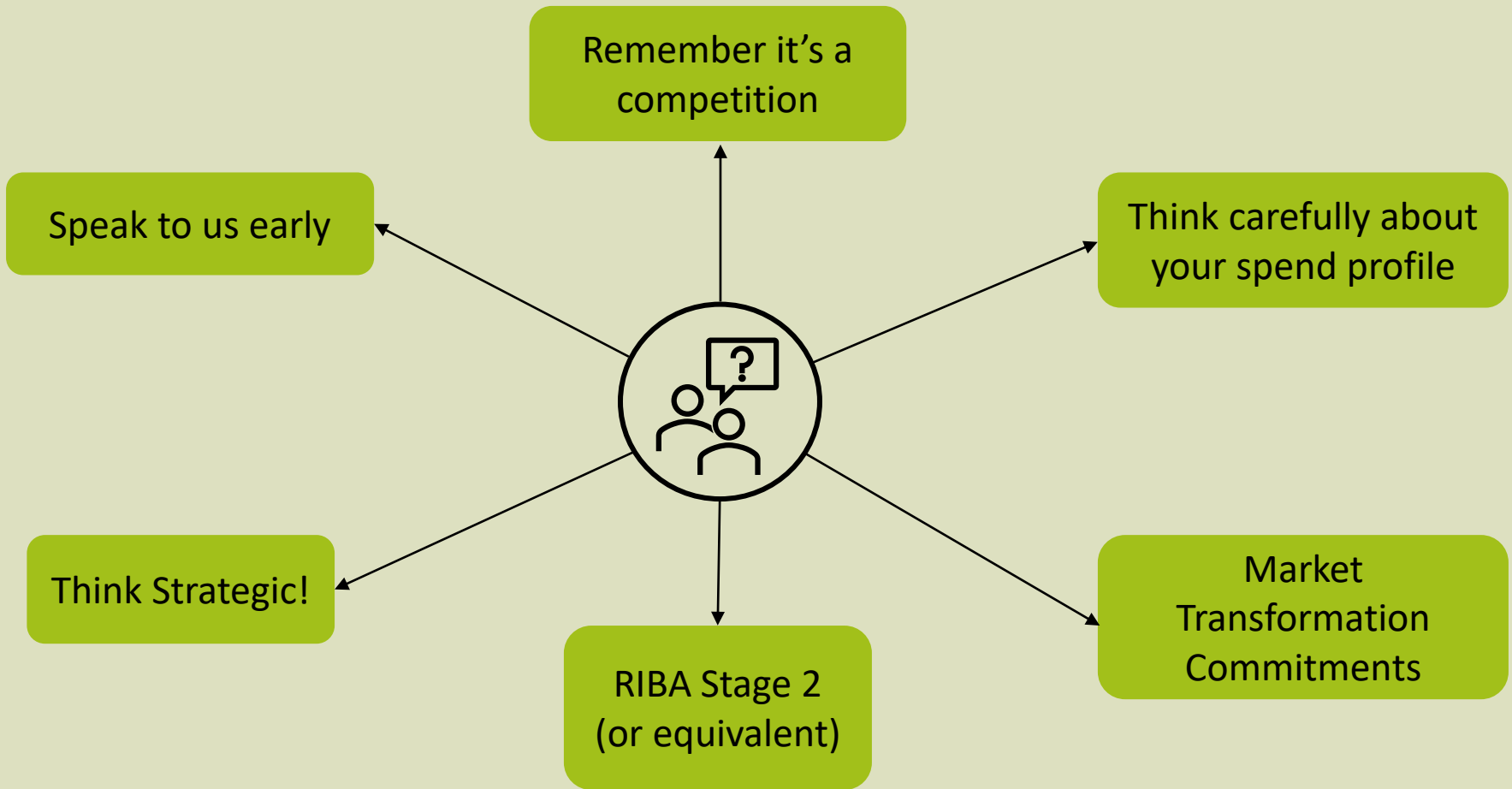
BHIVE
Procurement



STEP 2:

JV Commercialises
Project





- RMs can help you access support from the wider team and discuss project specific issues
- Email enquiries@tp-heatnetworks.org to request a call with a RM.



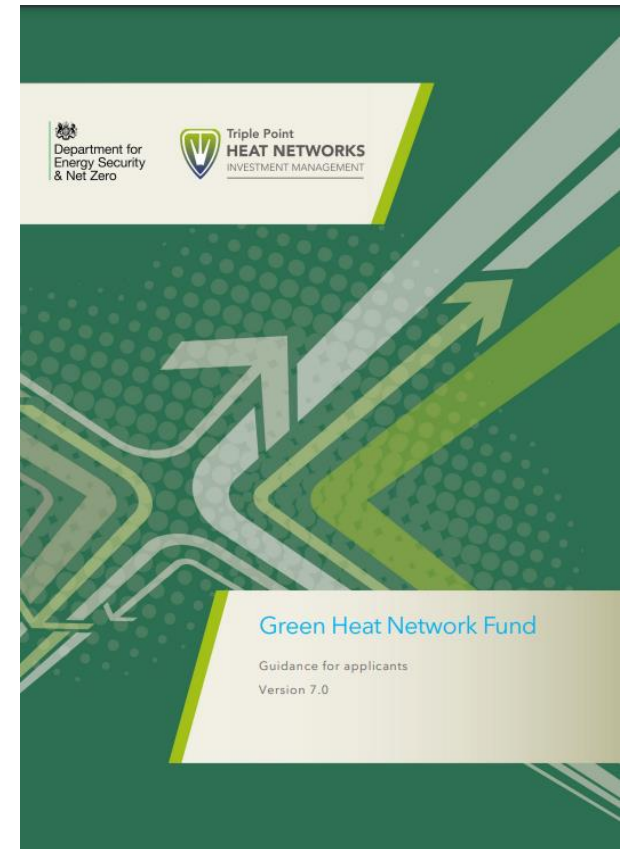
Lauren Bright



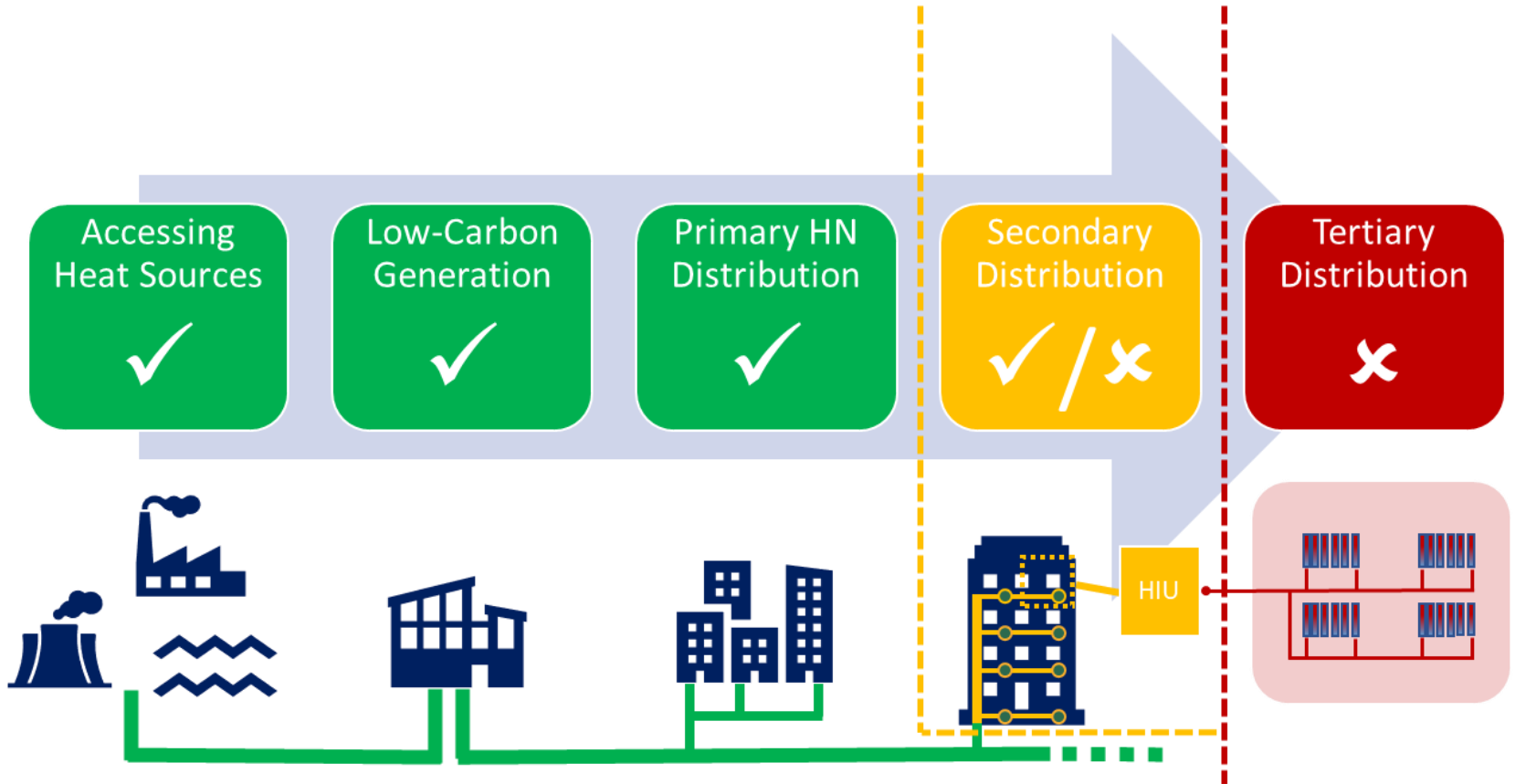
Amy Fry



Libby Carr

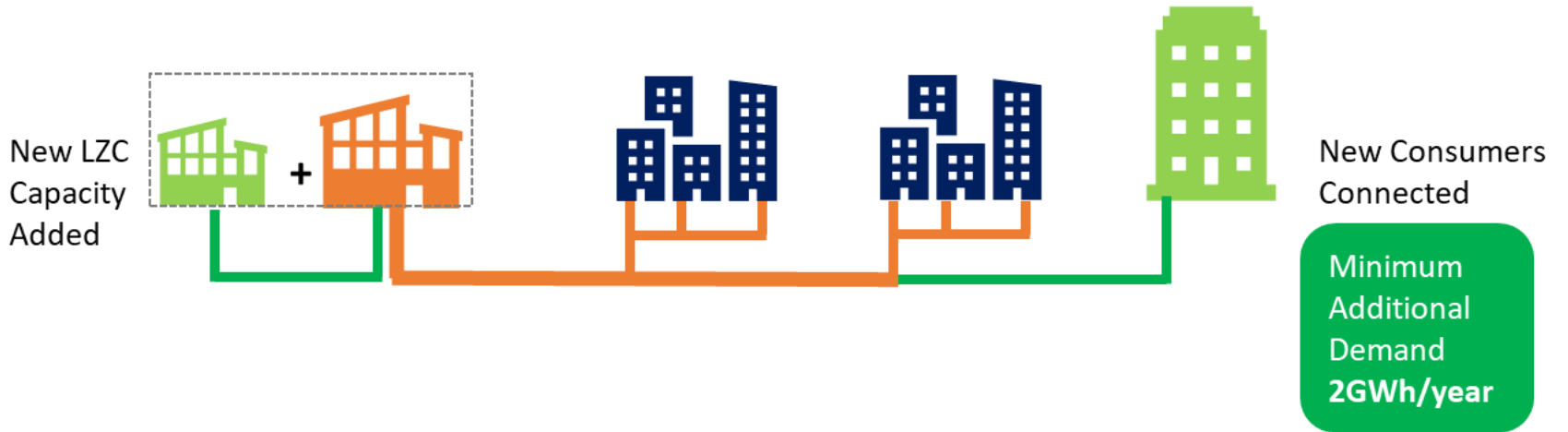


Eligibility



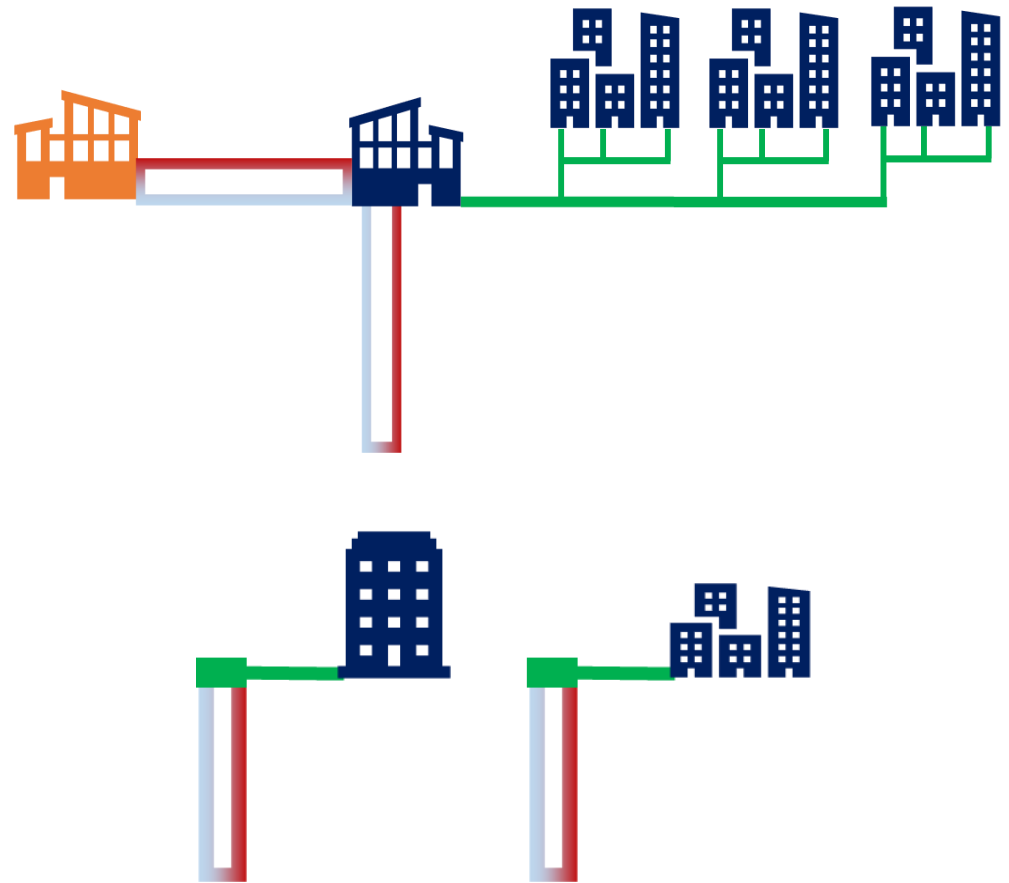


**Sleeved LZC
Heat Network
Expansion**



- Communal systems are common heating systems within a single building.
- Can join two or more communal projects to meet minimum heat demand (2 GWh).
- Should be covered by either local policy or study that shows heat networks are most appropriate approach to decarbonisation:
 - Could be different sites in city that are covered by heat mapping study
 - Could be HA that has a policy / study covering stock in different areas

- Customer cost **MUST** include electricity for customer heat pumps.
- Carbon savings must take account of electrical power for customer heat pumps.
- Contact TP Heat Networks for support with shaping your application.



Where a scheme includes new build residential development and does not intend to use Recovered Heat it will need to:

- Save carbon compared to a blended counterfactual.
- Provide a note in NEW REF 10.1 showing why the scheme is Strategic:
 - Significant further carbon savings,
 - Reduce need for additional electrical infrastructure,
 - Enables decarbonisation to a significant number of existing buildings.

Evidence must be provided to support statements made.

GHNF works on a principles-based approach to eligibility. What is NOT an eligible cost:

- Staffing costs for existing project staff.
- Sunk costs.
- Heating or cooling sources with other functions.
- Tertiary heat distribution systems.
- Changes to existing building fabric.
- Primary plant using biogas or bioliquids.
- Biomass plant where the fuel is construction grade or is not included in a Government approved scheme.
- Gas fired primary plant for which REGOs have been procured.
- First of a kind technologies.
- Exclusively agricultural heat networks.
- VAT.
- Improving existing network problems.
- Non-heating/cooling costs that reduce the NPV of the scheme.

Main application Form

- Excel form

Supporting Evidence

- Enable assessment of project deliverability
- Ridged file structure
- Word/excel/pdf files
- **Optional evidence**
- **Contingent evidence**

REF	Evidence always required
1.1	Completed Application form and Supplier Information form
1.2	Cover note
1.3	Business case
1.4	Programme up to the date that all customers included in the application are connected to the network
1.5	Customer and tariff note
1.6	Techno-economic feasibility study or equivalent
1.7	Techno-economic cash flow model
1.8	Signed market transformation commitment statement.
1.9	Technical drawings
1.10	Network Diagram
1.11	Relevant correspondence
1.12	Energy supply agreements (binding or non-binding): these should include network customer agreements and any agreements for the supply of heat to the heat network.
1.13	Letter(s) of support from project sponsors
1.14	Risk register and mitigation approach
1.15	Counterfactual thermal energy source
1.16	Confirmation of CP1 compliance and submission of CP1 checklist
1.17	Confirmation of Heat Trust compliance or equivalent
1.18	Applicant Corporate Structure and Project Delivery Structure
1.19	Company Accounts
1.20	Governance
1.21	Unaudited profit and loss, and balance sheet

Metric	Limit
Carbon gate	100gCO ₂ e/kWh thermal energy delivered (lower is better).
Customer detriment	Domestic customers and micro-businesses must not be offered a price of heat greater than a low carbon counterfactual for new buildings and a gas/oil counterfactual for existing buildings.
Social IRR	Projects must demonstrate a Social IRR of 3.5% or greater over a 40-year period Note: The Investment Committee will also consider a maximum acceptable post-GHNF Grant project IRR, this is not made public for commercial purposes.
Minimum demand	For urban networks a minimum end customer demand of 2GWh/year (including existing customers). For rural (off gas grid) networks a minimum number of 100 dwellings connected. This is to be achieved within a 5-year window from the date of first connection.
Limit on award compared to eligible costs	Combined grant requested up to but not including 50% of the estimated eligible commercialisation and construction costs of the project.
Capped award	The total award may not exceed 4.5 pence of grant per kWh delivered over the first 15 years of operation.
Non-heat/cooling cost inclusion	For projects including wider energy infrastructure in their application, the value of income generated/costs saved/wider subsidy obtained should be greater than or equal to the costs included.

Scored on Capped Award + Adjustment metrics

ADJUSTMENT METRICS

- Deliverability

- Carbon Abatement

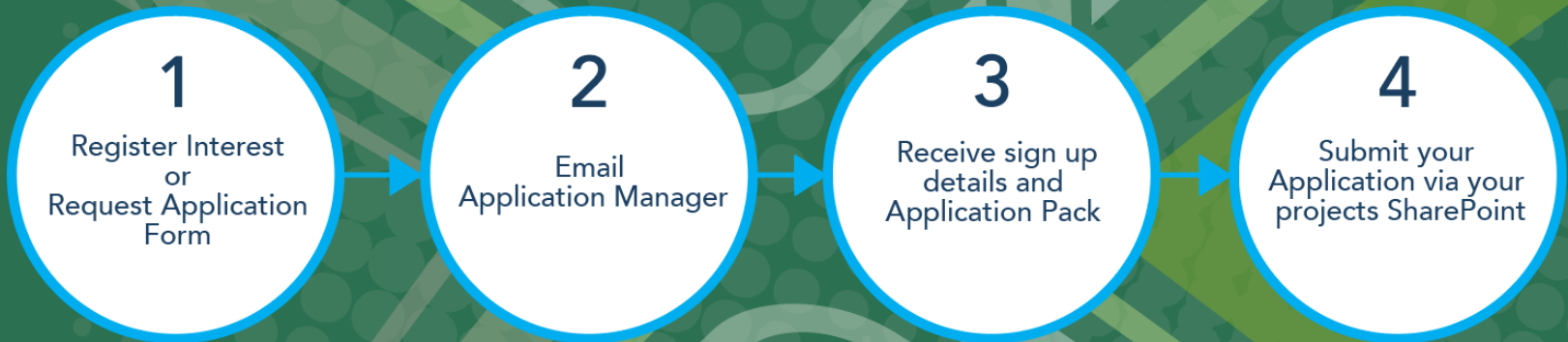
- Volume of Thermal Energy

- Expansion Potential

- Innovation & energy efficiency



ROUND 7: Application Process



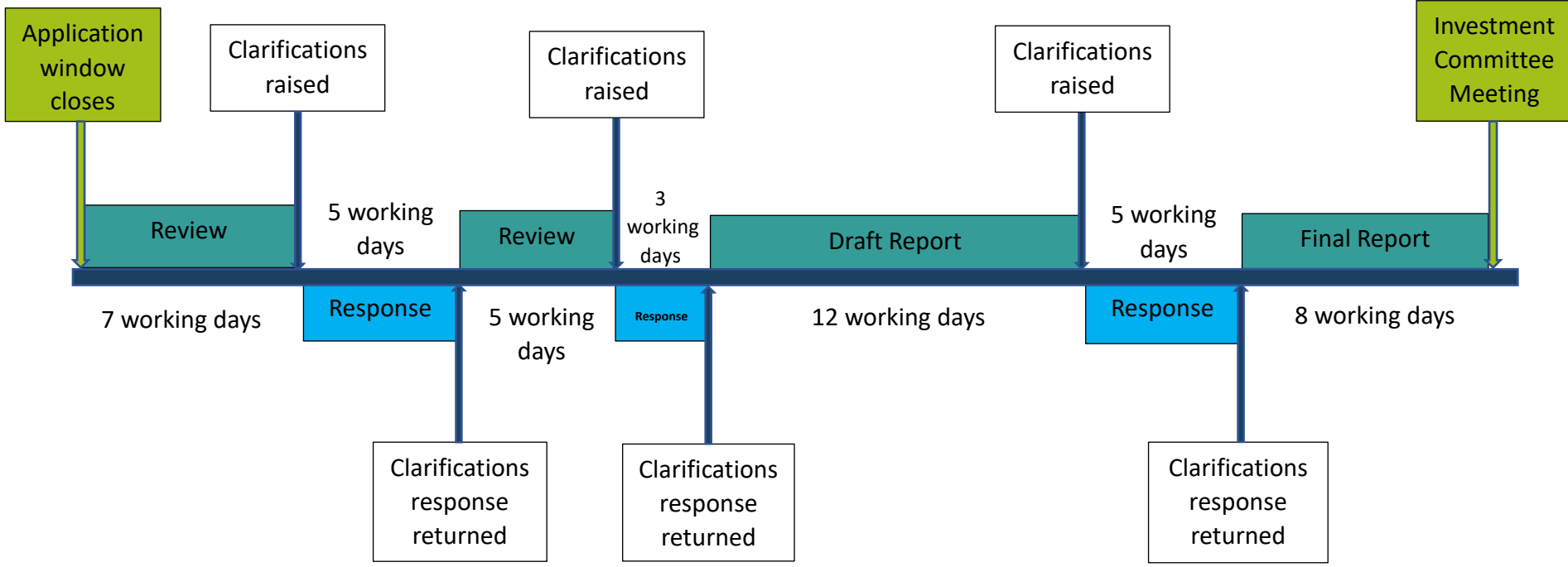
GHN Application Rounds

Final Submission Date for Inclusion in Round

Round 7

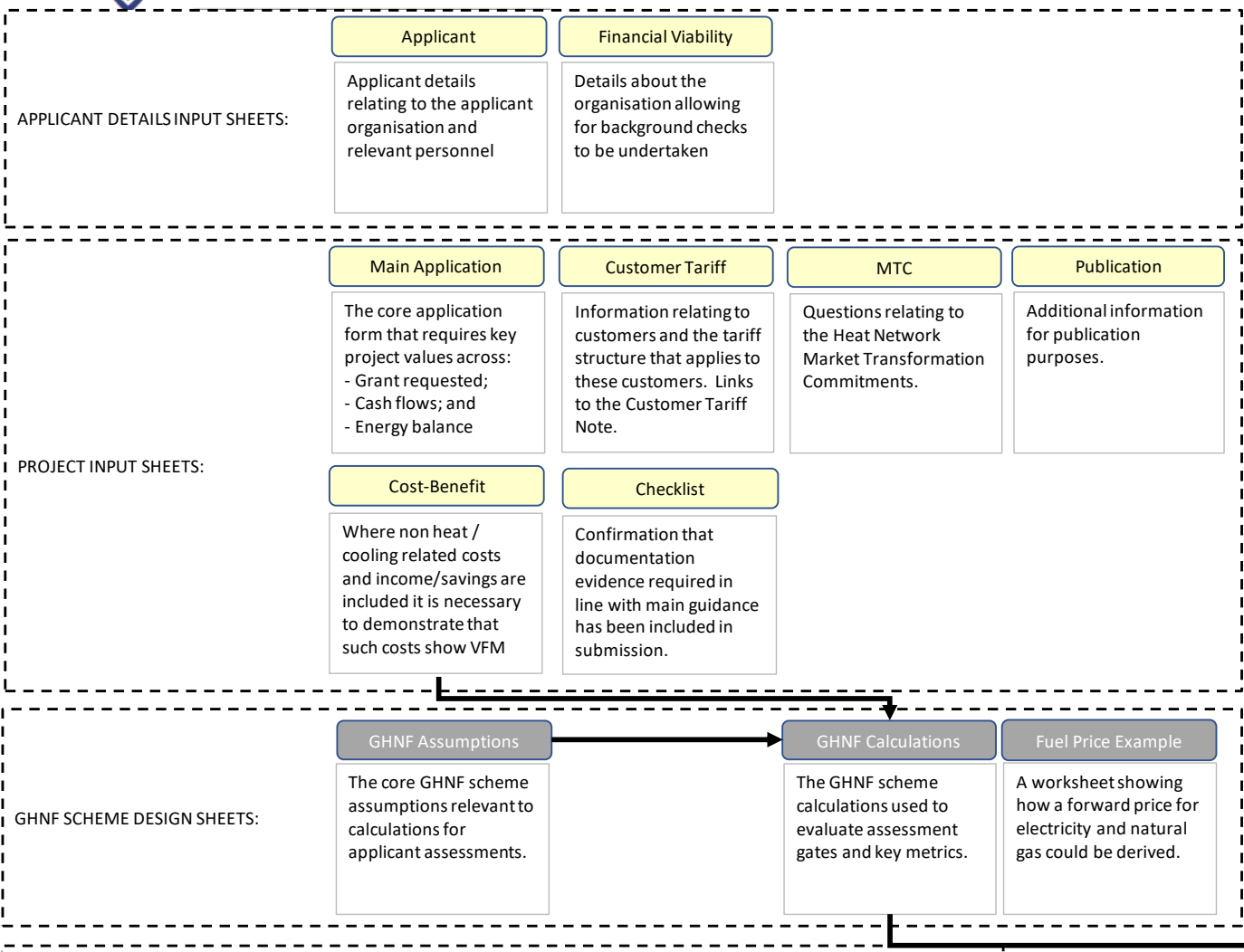
23 February 2024





Q&A on the application process

Filling Out the Application Form



Applicants should not make an application if all the Stage 1 assessment metrics, shown in tab <GHNf Outputs>, have not been shown to pass

GHNf Outputs

The calculated outputs based on applicant inputs. The inputs and outputs will be verified as part of the

Applicants are asked to

- Embed the 'Main Application' Form sheet into their TEM or Financial Model
- Provide at least 40 years of operational cash flows (from first heat/cooling on)
- Be careful in relation to units - see column F in Main Application form.
- £,000 - positive values and
 - kW/kWh as a general rule.
- REAL not Nominal
- Address any error check messages – the Checklist needs to be completed
- Allow DESNZ to publish non-commercially sensitive information about your project
- Ensure all gated metrics are passed & that Post GHNF Project IRR is not excessive
- Request a level of grant that is needed rather than the maximum that is allowed

[See Annex 1 GHNF Application Form Guidance]

Principle

It is only permissible for such non-heat / cooling costs or for separate subsidy support costs to be included in the application if the value of the additional income/savings/subsidy support is in excess of the costs to be incurred.

For GHNF, allowing such costs and income to be included, less GHNF grant will be required as the wider activity (e.g. EV charging infrastructure, PV array, monetised energy efficiency) has been shown to be NPV additive. Wider activities that are unable to show this would essentially be asking GHNF to subsidise that activity which is not the purpose of GHNF

Application Form

- For non-heat/cooling related costs or separate subsidy support – complete the ‘Cost Benefit’ tab of the application form
- Also complete the relevant lines in the ‘Main Application’ tab. There is a reconciliation



Department for
Energy Security
& Net Zero



Green Heat Network Fund Application

This application form constitutes part of the overall application documents required. These are set out in detail within the accompanying application guidance and summarised in tab <Checklist> for the user to check off as documents are prepared for submission. Accompanying guidance regarding how to complete this application form is provided in **Annex 1 to the main guidance**.

Tab <Main Application> requires the user to enter the grant requested, summary project cash flows and high level energy related data. It is essential that the applicant is able to clearly reconcile these values to the supporting techno-economic model either directly within the TEM or in an accompanying excel workbook.

Please follow the application and supporting evidence submission guidance to GHNF as set out on the .GOV website: <https://www.gov.uk/government/publications/green-heat-network-fund-ghnf>

Version 9.4



Questions?



Visit our website and fill in the contact form to receive updates from us www.tp-heatnetworks.org



Email us with any questions or to be added to the mailing list enquiries@tp-heatnetworks.org



Follow us on social media:

- LinkedIn: [Triple Point Heat Networks Investment Management](#)
- X: [@tpheatnetworks](#)

- The [Application Guidance](#) covers the scheme eligibility and scoring criteria, funding requirements, evidence, supporting documentation required, and the application process.
- The GHNf application form may be updated for subsequent application rounds. Check you have the latest version of the form by emailing enquiries@tp-heatnetworks.org.
- A detailed explanation of the application form is provided within the Application Form Guidance, requested by emailing enquiries@tp-heatnetworks.org.



Questions?