Triple Point
HEAT NETWORKS
INVESTMENT MANAGEMENT

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

Please feel free to comment in the chat.

We will answer questions at the end of the session. Please type your question into the Q&A.

Agenda

- Overview of GHNF
- Supported Projects
- Assessment & Deliverability
- Application Process
- Filling out the Application Form
- Q&A

GHNF Overview

Triple Point HEAT NETWORKS INVESTMENT MANAGEMENT

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.

UK Government | Triple Point HEAT NETWORKS INVESTMENT MANAGEMENT | AECOM | Amberside Advisors | ASTEROS | TALAN Positive innovation | Lux Nova Partner clean energy lawyers | Triple Point.

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Grant funding available to support

New low carbon networks and decarbonisation and expansion of existing networks

Eligible projects in England & Wales

Public, private and third sector organisations

Commercialisation only, Commercialisation and Construction, or Construction only

Applicants must commit to the GHNF Market Transformation Commitments and meet the minimum requirements.

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

Engage supply chains and local communities

Analyse embodied carbon of major components

Energy storage for system resilience

Skills

Identify opportunities to address the sector skills gap

Fair and open recruitment

Stimulating new jobs in the UK and training opportunities

Participate in skills initiatives (e.g. Net Zero Hubs, Skills Bootcamps)

Innovation

Identify ways for projects to enable investments in research and development

Embed lessons learned from past projects into current delivery

Sharing learnings and innovations with the wider market

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NATIONAL WEALTH FUND

NWF lending to Local Authority applicants

Local Authorities applying to the GHNF can access lending from NWF. NWF provides loans to Local Authorities at preferential rates and seeks to support an increase in the scale and ambition of net-zero and regional local growth-supporting infrastructure developments. It can also offer advice on individual projects through its local authority advisory function. NWF loans offer more flexible financing than the Public Works Loans Board (PWLB), with the ability to structure loans to reflect the project capital profile and revenue projections. In addition, loans are offered at the relevant Gilts rate +40 basis points (i.e., 40 basis points lower than the PWLB Certainty rate).

NWF lending to private sector applicants

NWF offers private sector financing. If you are a private sector applicant interested in exploring NWF lending you can contact the GHNF Relationship Management Team who will be able to put you in touch with the correct NWF team

Investment principles

NWF invests in capital intensive projects, businesses and assets. Its investments must follow three investment principles (only the first two apply to local authority lending):

1. Support the government's growth and clean energy missions
2. Be intended to deliver a positive financial return for the Exchequer
3. Be expected to crowd in significant private capital over time.

Please speak to your Relationship Manager in the next couple of weeks if you are intending to seek financing from NWF

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Heat zoning/LA support

Multi-applicant MTC's

Funding availability FY26/27 to 29/30

Carefully review guidance updates

Think about your funding sources

RIBA Stage 2 (or equivalent)

Deliverability

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ROUND 12: Application Process

1. Register Interest or Request Application Form
2. Email Application Manager
3. Receive sign up details and Application Pack
4. Submit your Application via your projects SharePoint

GHNF Application Rounds	Final Submission Date for Inclusion in Round
Round 12	25th September 2026
Round 13	23rd April 2027 (provisional)

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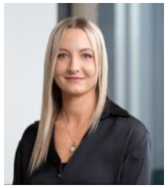
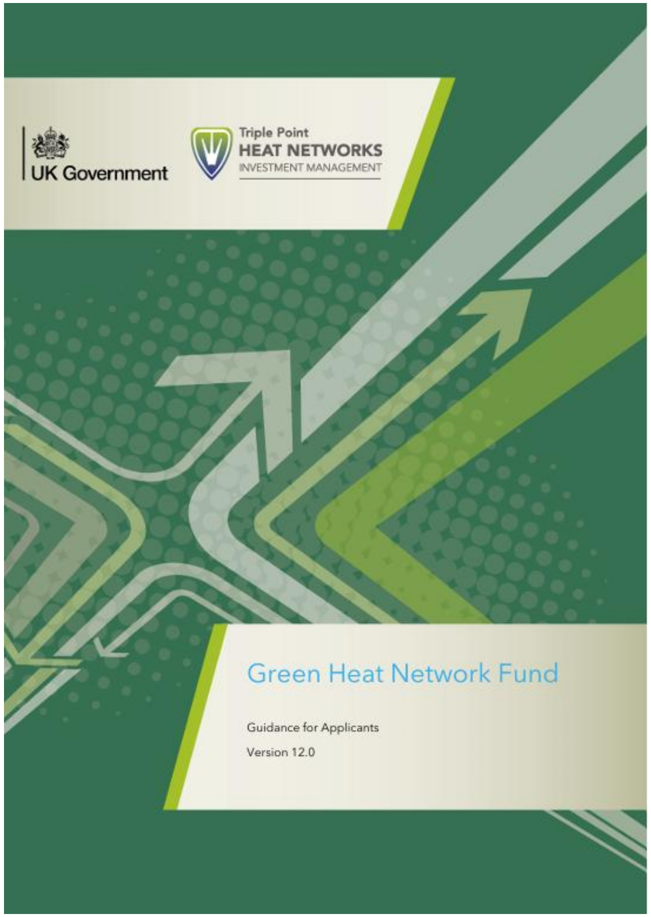
- RMs can help you access support from the wider team and discuss project specific issues
- Email enquiries@tp-heatnetworks.org to request a call with a RM.

Lauren Bright



Libby Carr

Joanna Sandels



Supported Projects

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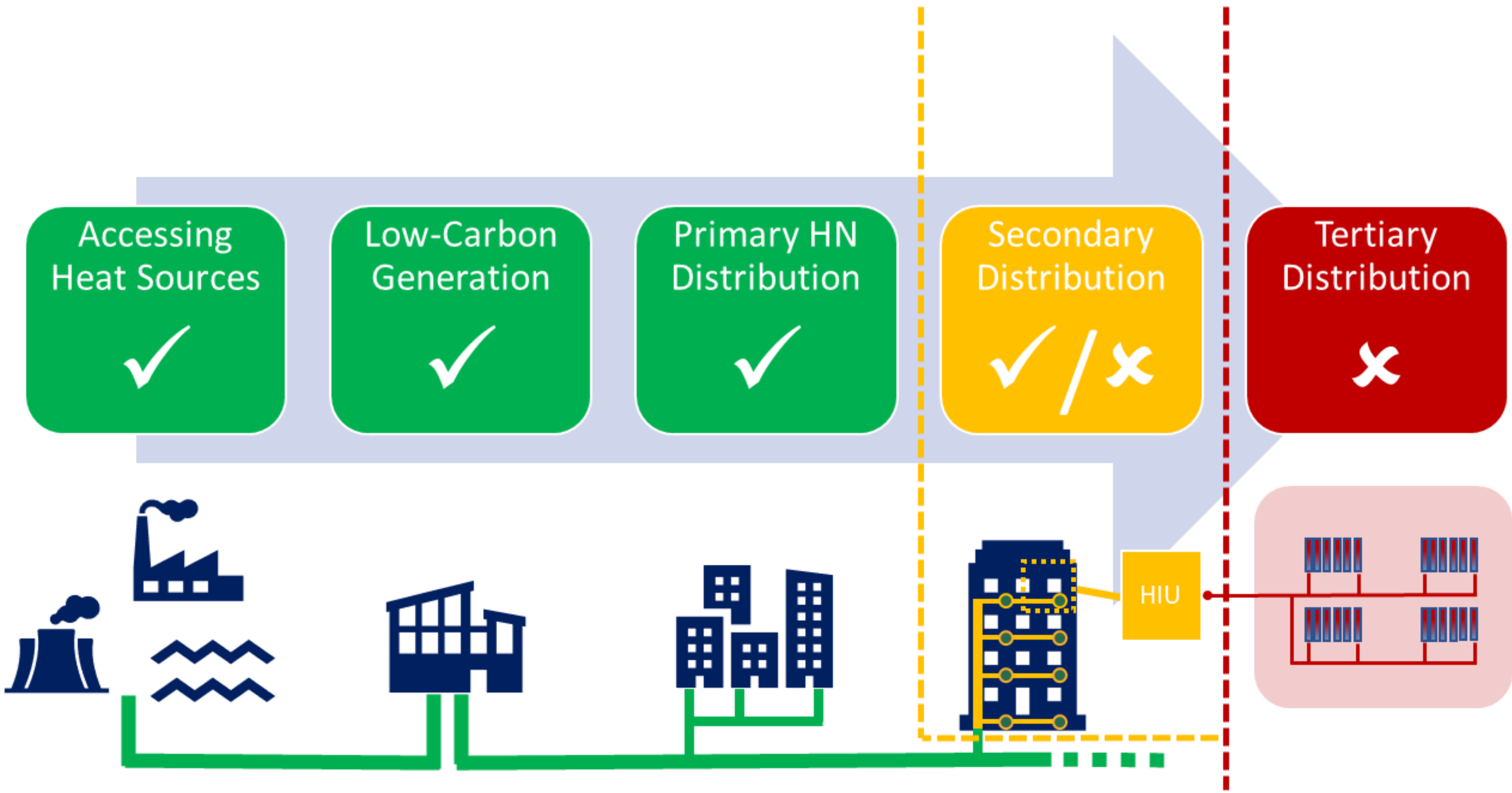

Focus on heat network zones and how **projects can enhance rather than prevent zones** being developed.

"All heat networks applying to GHNF need to ensure, and will be required to make a commitment to the effect, that they do not inhibit or prevent the development of a wider zonal scale network either technically or commercially."

"When making investment decisions, the strategic importance and potential for expansion of heat network projects will be taken into account."

"Projects that clearly demonstrate these attributes may be prioritised over others, even if they achieve higher scores against the eligibility criteria."

- **Expansion Potential Note – Mandatory (REF 1.22)**
- **For non LA schemes – Letter of awareness and support from the LA (Annex 4)**

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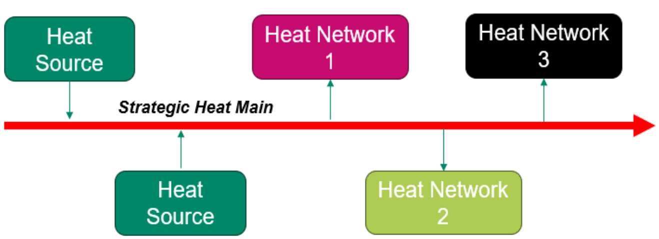
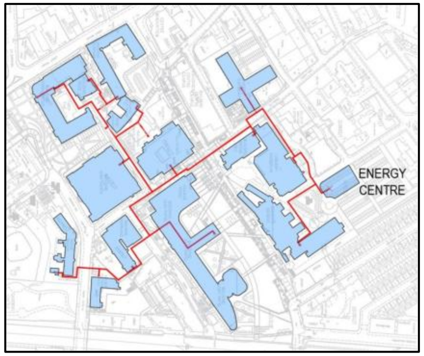
Strategic Heat Mains

- High-capacity pipeline transporting heat over longer distances.
- Connects major low-carbon heat sources to multiple demand centres or local networks.
- Can integrate sources such as energy from waste, industrial waste heat, large heat pumps and geothermal.
- Enables bulk heat supply to third-party network operators or heat network zones.

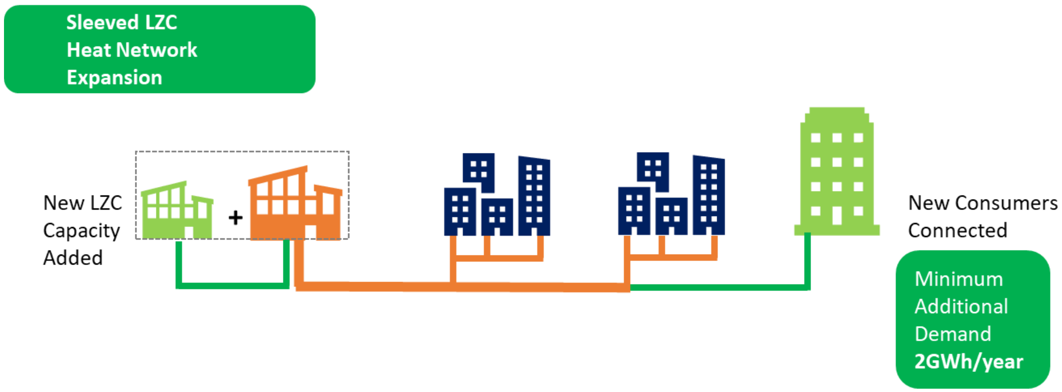


Campus Networks

- Predominantly serve a single campus, with limited ambition to expand beyond it.
- Common examples include universities, hospitals and major new developments.
- Risk removing key anchor customers from wider heat network zones, weakening their viability.
- Now defined separately from wider heat networks.
- <u>Not eligible for funding</u>

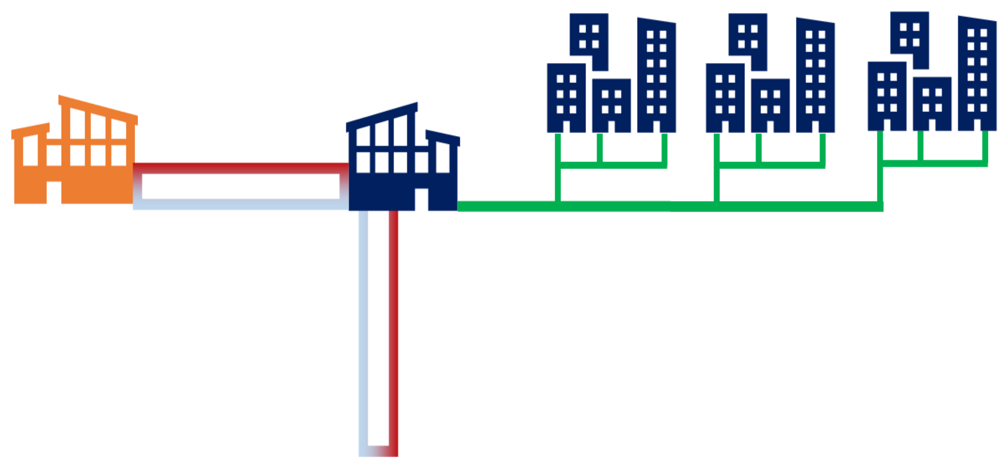


Sleeved Networks



Communal Networks

Ambient and Shared
Ground Loops



New Build Residential

If not using Recovered Heat it will need to:

- Save carbon compared to a blended counterfactual.
  Automatically calculated: <GHNFOutputs> line 40
- Provide an evidenced 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.

Existing electrical heating (e.g direct or ASHP)

- Where a **majority** of heat customers have existing heating systems that would decarbonise, scheme unlikely to be viewed as a good candidate for funding.

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Assessment and Deliverability

Metric	Limit
Carbon gate	100gCO_2e/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

- Looking to establish – "Is the project as described in the application deliverable?"
- See guidance Section -14.2

Heat sources

- What level of information has been communicated?
  - Potential heat tariffs
  - HoTs
  - Draft contract terms
- What level of support has been provided?
  - Letter of support – general support for the project with no commitment
  - Letter of intent – positive intention to supply subject to......

Regulatory bodies

- Are they aware of the scheme?
- At what stage are discussions?
- What limitations or charges might apply to the scheme?

Highways

- Could lane rental charges apply?
- Have any charges been allowed for in the budget?

How likely are heat loads in application to connect?

- What level of information has been communicated?
  - Is the customer aware of the full proposed scheme and their importance within it as a heat load?
  - Is the customer aware of connection charges that might apply and are they willing to pay these?
  - Is the customer aware of heat tariffs?
- What level of support has the customer provided?
  - Letter of support – general support for the project with no commitment
  - Letter of intent – positive intention to connect subject to......
- Do customers have budgets available for any customer side changes necessary?
- **Public Sector Customers** (Ref. 1.5)
- The existence and impact of any long-term energy (EPC or other) contract.
- What are the plans (including the timescales) for securing such funding to enable connection.
- How and when will any public procurement process be conducted.

- Scheme MUST be developed up to RIBA stage 2 for the energy centre / central plant and equivalent for the energy distribution networks.
    - Central plant: Plant sizes, layouts, schematics, control strategy...
    - Third party energy sources: Principles of connection (schematic)...
    - Energy network routes: Drawing, constraints, pipe diameters and lengths, flow and return temperatures...
    - Customer connections: Survey of anchor loads to prove connection possible and identify changes to customer systems, principles of connection for all (schematic)…..
- Provide Unique Property Reference Number (UPRN) or Topographic Identifier (TOID) for each public building – Ref. 1.5.
- Applicants need to sign up to the National Underground Asset Register (NUAR) and to submit underground asset location information (geospatial data).

•**Value for money is a key consideration;**
→ Lower **p/kWh grant request** = stronger scoring

•**But don't underbid** to score well on this aspect alone;
→ Funding must be **sufficient to deliver the project**

•Grant request should reflect:
•**Project risk profile**
•**Cost structure**
•**Route to delivery / commercialisation needs**

"Where projects need a higher award, assessors will be looking for an explanation of the award requested and any wider benefits that the project may bring"

Application Process

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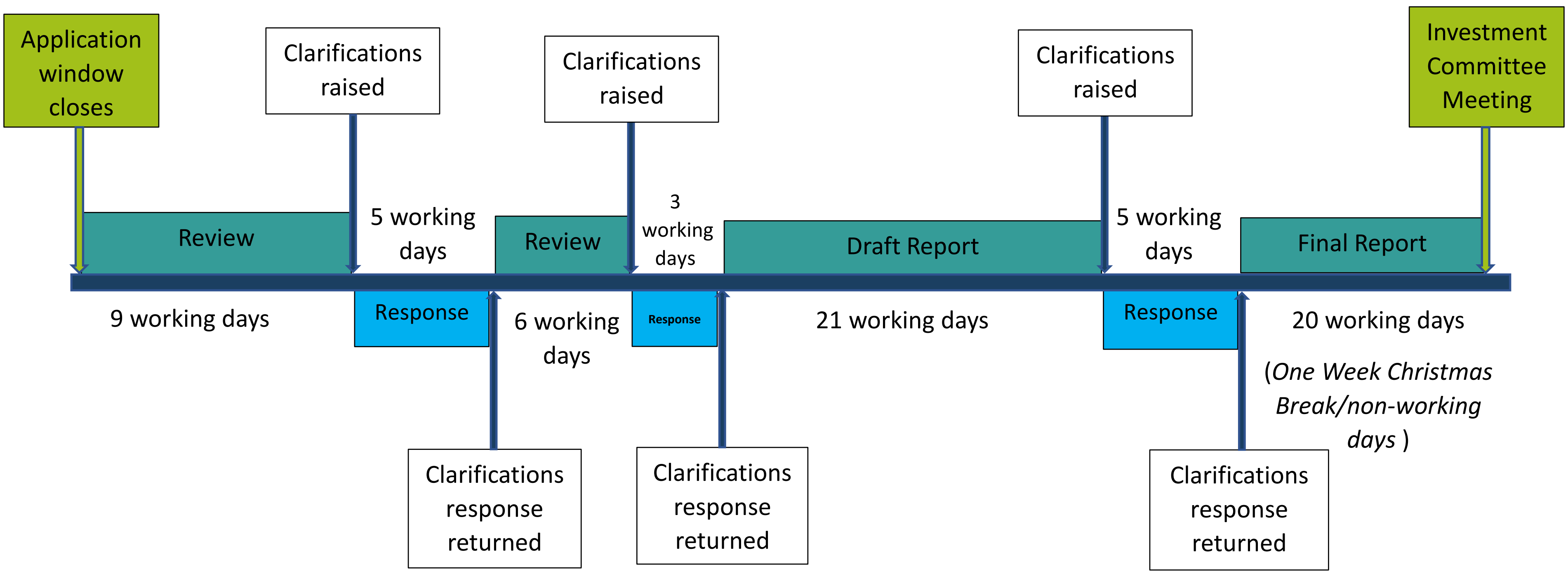
Main Application Form

- Excel form

Supporting Evidence

- Enable assessment of project deliverability
- Rigid file structure – changes made R10 onwards
- 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	**Customer Connections**
1.12	**Access to Thermal Energy**
1.13	**Energy Centre and Network – Land Rights, Planning and Permits**
1.14	**Utilities and Highways**
1.15	**Applicant Finance Officer or Project Sponsor Letters of Support**
1.16	Risk register and mitigation approach
1.17	Counterfactual thermal energy source
1.18	Confirmation of CP1 compliance and submission of CP1 checklist
1.19	Confirmation of Heat Trust compliance or equivalent
1.20	**Applicant and Project Structure and Governance**
1.21	Company Accounts & Unaudited P&L and Balance Sheet
1.22	Future Expansion


Application window closes
Clarifications raised
Clarifications raised
Clarifications raised
Investment Committee Meeting
Review
5 working days
Review
3 working days
Draft Report
5 working days
Final Report
9 working days
Response
6 working days
Response
21 working days
Response
20 working days
(One Week Christmas Break/non-working days)
Clarifications response returned
Clarifications response returned
Clarifications response returned

Filling Out the Application Form

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APPLICANT DETAILS INPUT SHEETS:

Applicant

Applicant details relating to the applicant organisation and relevant personnel

Financial Viability

Details about the organisation allowing for background checks to be undertaken

PROJECT INPUT SHEETS:

Main Application

The core application form that requires key project values across:
- Grant requested;
- Cash flows; and
- Energy balance

Customer Tariff

Information relating to customers and the tariff structure that applies to these customers. Links to the Customer Tariff Note.

MTC

Questions relating to the Heat Network Market Transformation Commitments.

Publication

Additional information for publication purposes.

Cost-Benefit

Where non heat / cooling related costs and income/savings are included it is necessary to demonstrate that such costs show VFM

Checklist

Confirmation that documentation evidence required in line with main guidance has been included in submission.

GHNF SCHEME DESIGN SHEETS:

GHNF Assumptions

The core GHNF scheme assumptions relevant to calculations for applicant assessments.

GHNF Calculations

The GHNF scheme calculations used to evaluate assessment gates and key metrics.

Fuel Price Example

A worksheet showing how a forward price for electricity and natural gas could be derived.

GHNF Outputs

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

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

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

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Green Heat Network Fund Application

UK Government

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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 12.0

Q&A

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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.