



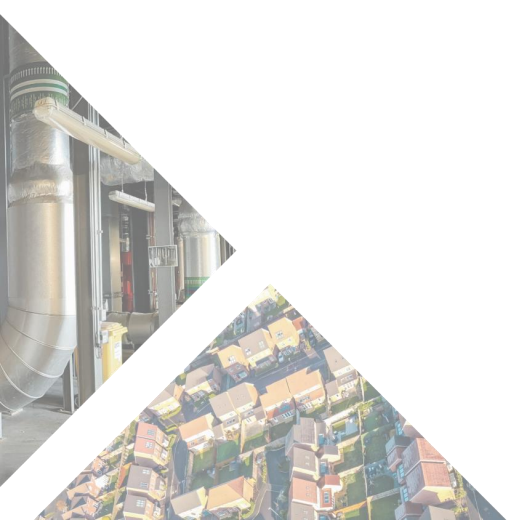
HEAT NETWORK EFFICIENCY SCHEME



Welcome and Agenda

David Hiller

HNES Programme Director (Gemserv)



Welcome



Microphones will be muted to limit disruption



Webcams will be turned off to improve video quality



Please ask questions using the Q&A functionality



Agenda

Time	Session	Speaker
14:00 – 14:05	Introduction	David Hiller
14:05 – 14:15	Policy Context	Alex Trebowicz and Katie Adams
14:15 – 14:25	Introduction to HNES	Louise Singleton
14:25 – 14:35	Heat Network videos	Joel Hamilton
14:35 – 14:50	Q&A	Samantha Shea
14:50 – 15:00	Break	
15:00 – 15:15	Application process	Sam Hales
15:15 – 15:45	Assessment process	Georgia Kokkinou
15:45 – 16:00	Support available for applicants	Chris Forster



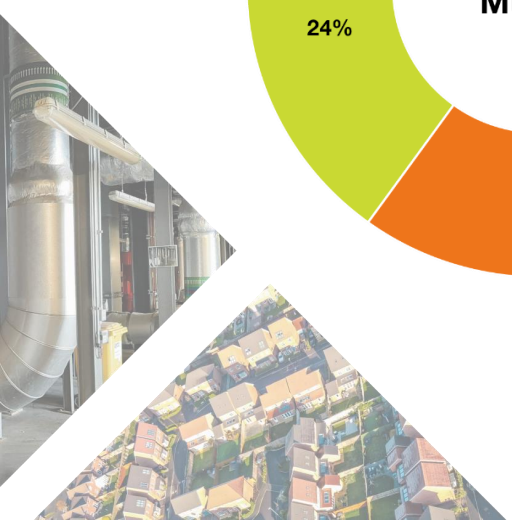
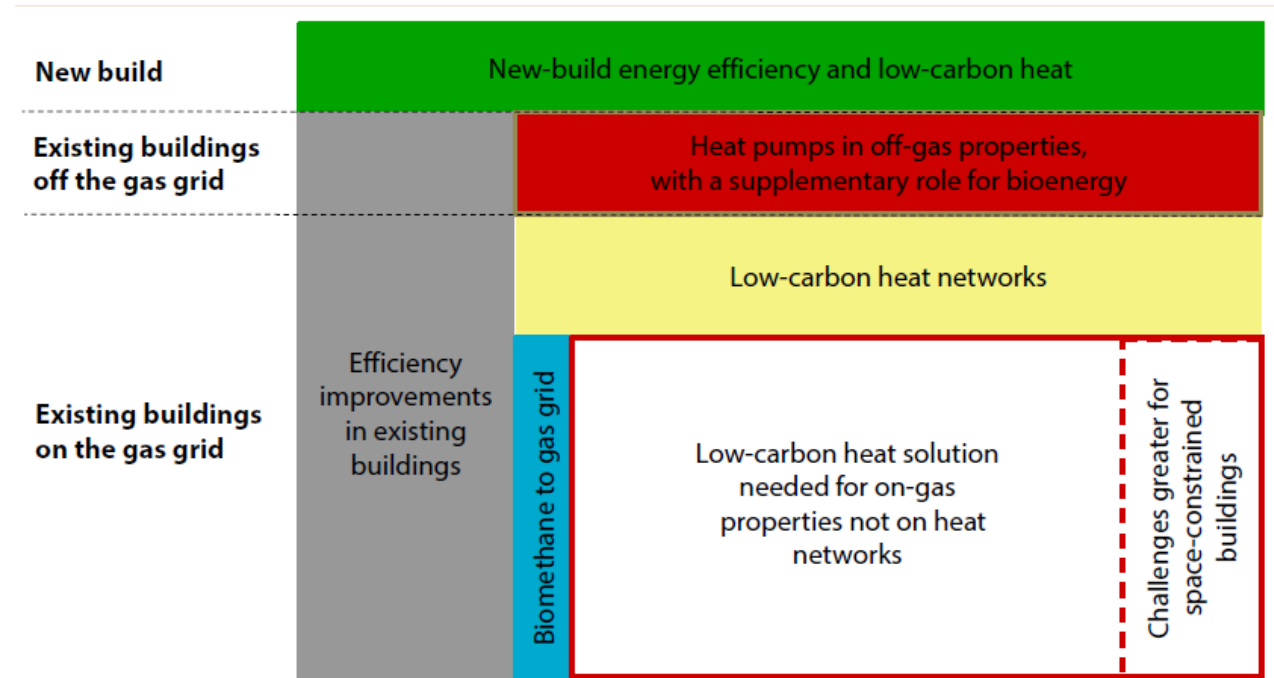
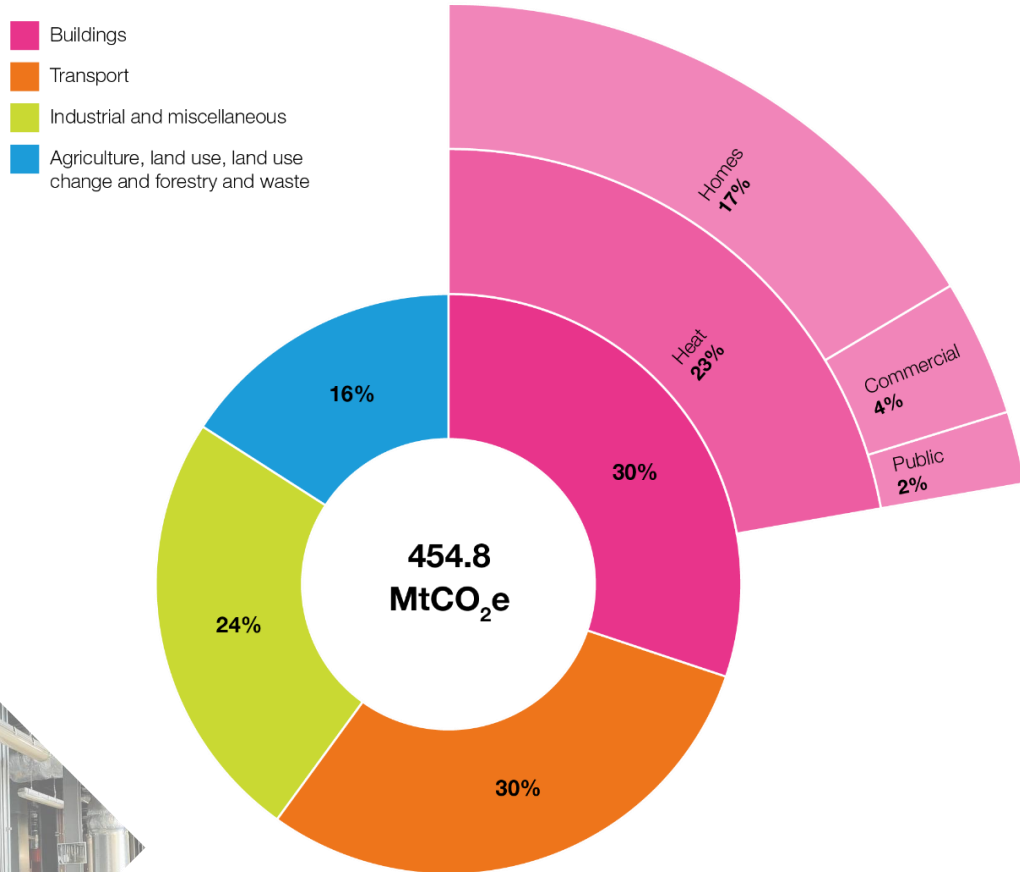
Policy Context

Alex Trebowicz – HNES Project Lead (BEIS)

Katie Adams – HNES Scheme Design Manager (BEIS)

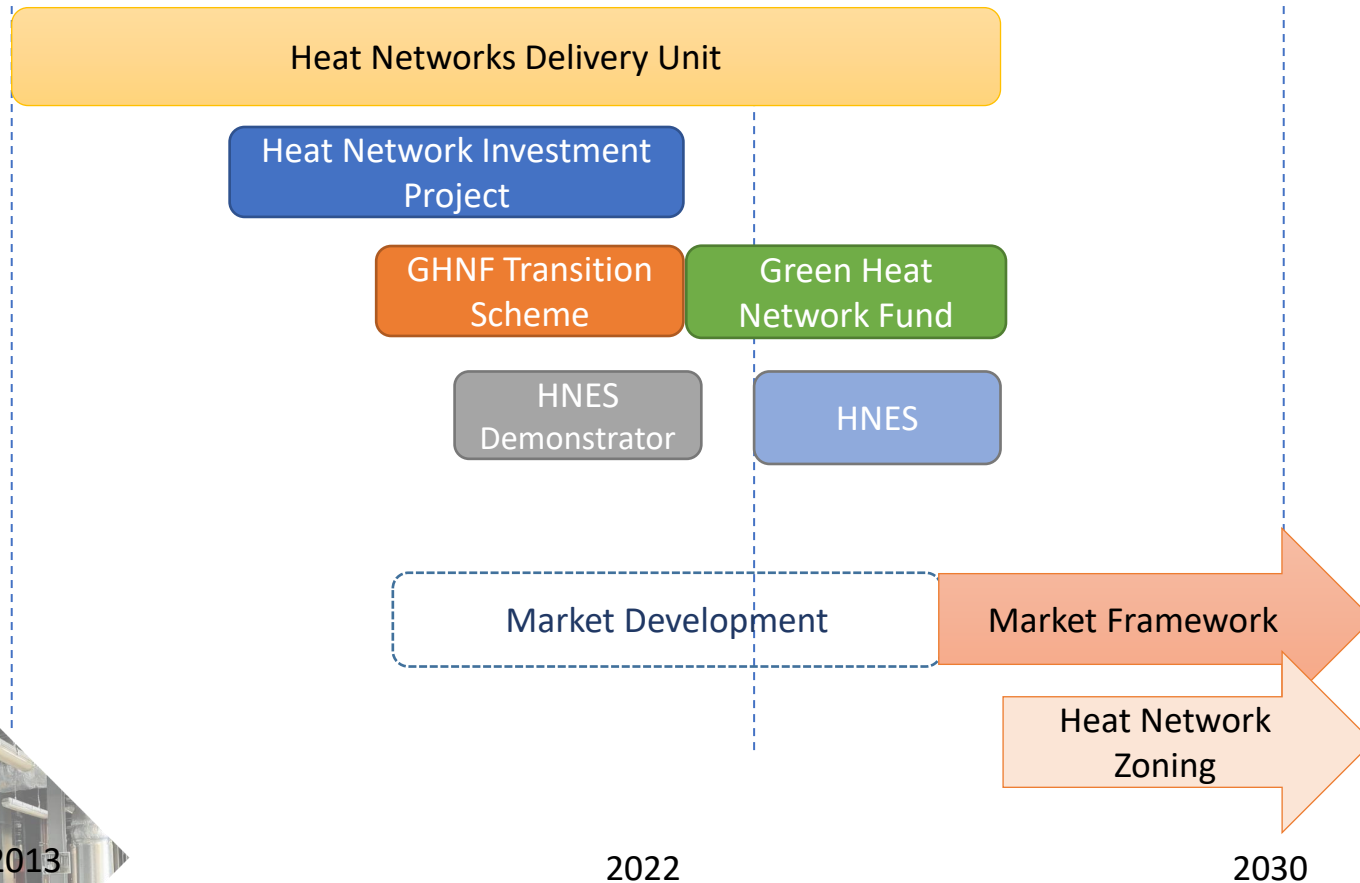


Decarbonisation of Heat

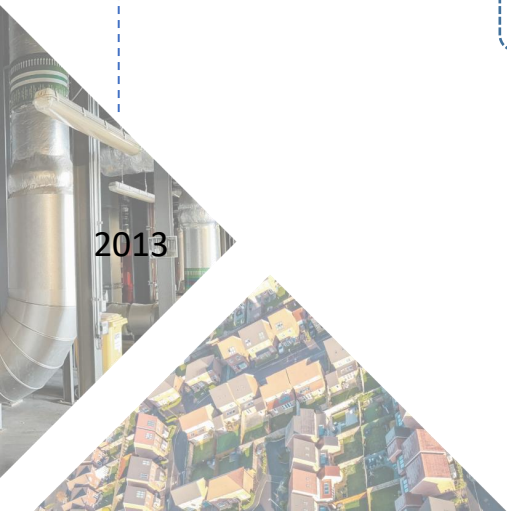


HEAT NETWORKS TRANSFORMATION PROGRAMME

Supporting and growing the heat network market



Project/Policy	Timeframe	Budget
Heat Network Investment Project (HNIP)	16/17 – 21/22	£320m
Green Heat Network Fund (GHNF)	22/23 – 24/25	£288m
Heat Network Efficiency Scheme (HNES)	21/22 23/24 – 25/26	£5.1m £32m
Heat Network regulation	24 onwards	Regulatory
Heat Network Zoning	25 onwards	Regulatory

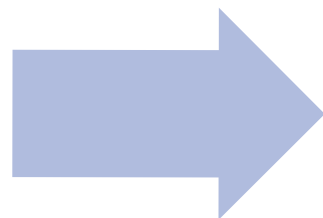


HNES development

Heat Network Optimisation Opportunities (HNOO)

Jan 20 – Mar 21

- Optimisation Studies (direct)

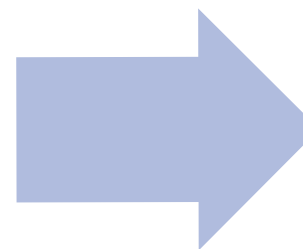


HNES Demonstrator

Oct 21 – Mar 22

Ongoing M&R

- Capital grants
- Optimisation Study grants

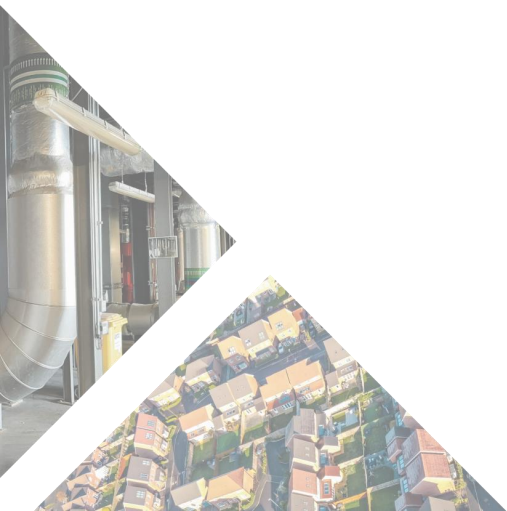


HNES

Launch February 2023

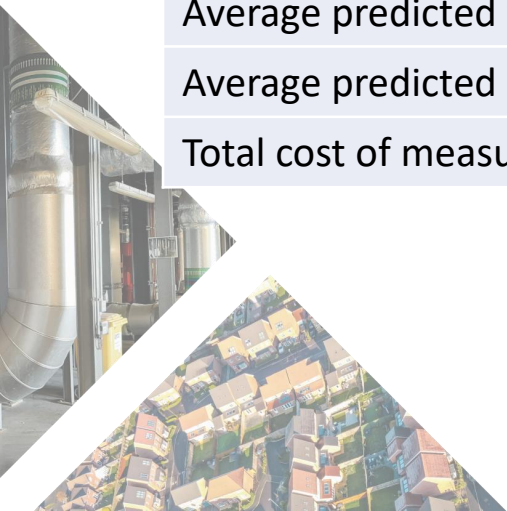
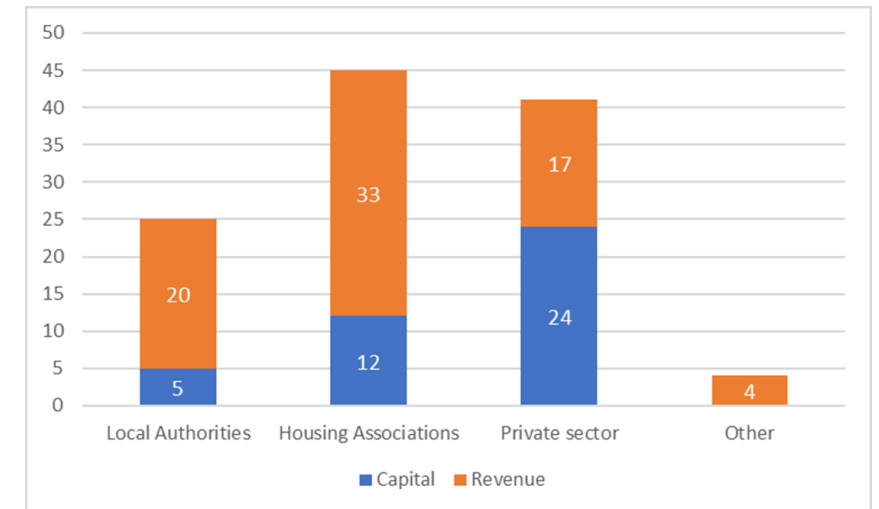
- Capital grants
- Optimisation Study grants

- Guidance for existing networks
- HNOO2



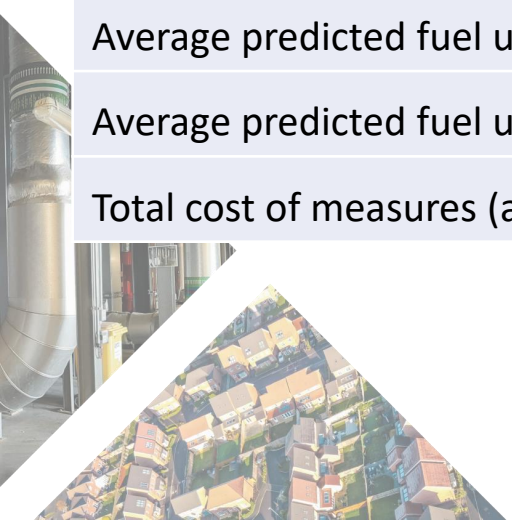
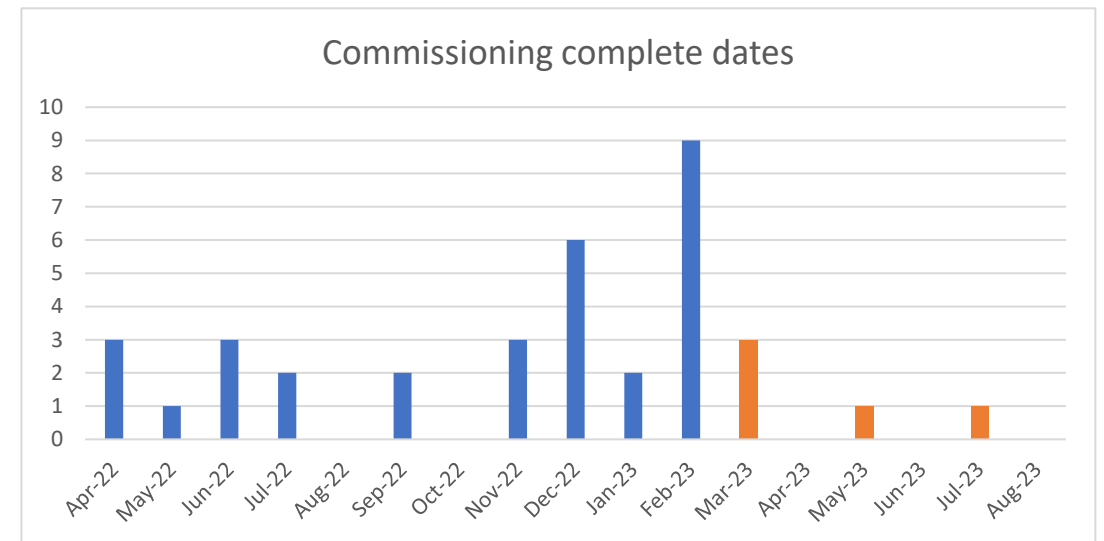
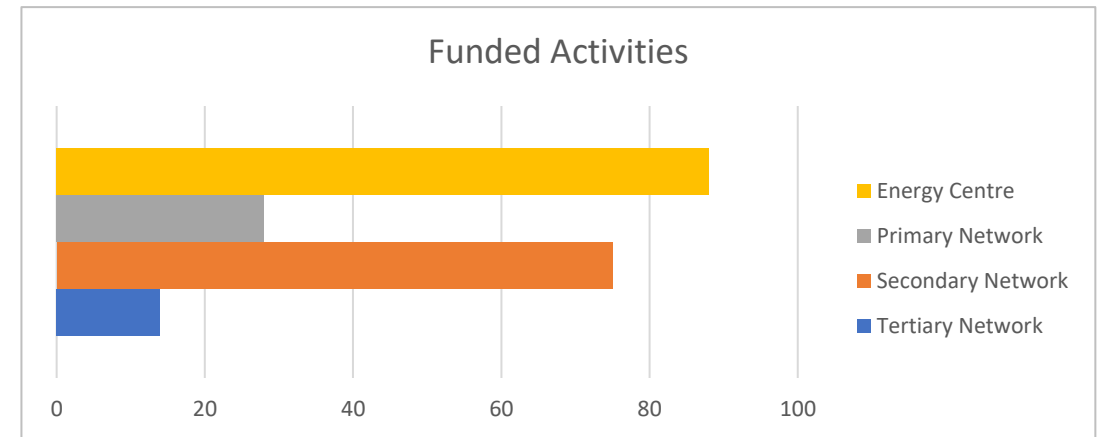
HNES Demonstrator – Optimisation Studies

Optimisation Studies	73
Communal networks	40
District networks	33
Total connections (dwellings)	11,266
Total connections (commercial)	317
Average dwellings per project	161
Average work package total cost	£282,900
Average predicted fuel use reduction (natural gas, kWh)	371,100
Average predicted fuel use reduction (electricity, kWh)	23,300
Total cost of measures (all projects)	£18,900,000



HNES Demonstrator – Capital projects

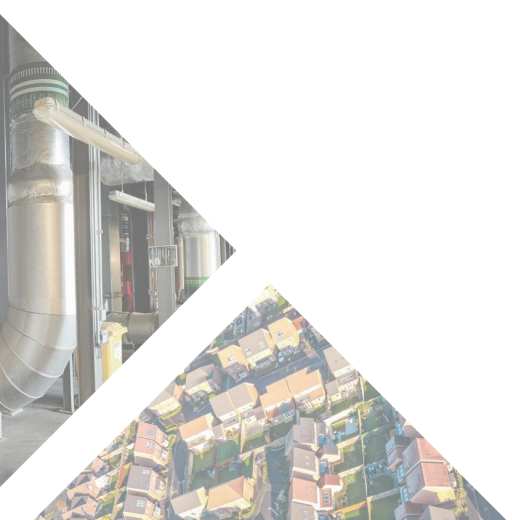
Capital grants	37
Communal networks	6
District networks	31
Total connections (dwellings)	17,554
Total connections (commercial)	242
Average dwellings per project	474
Average work package total cost	£202,600
Average predicted fuel use reduction (natural gas, kWh)	519,100
Average predicted fuel use reduction (electricity, kWh)	73,200
Total cost of measures (all projects)	£7,495,300



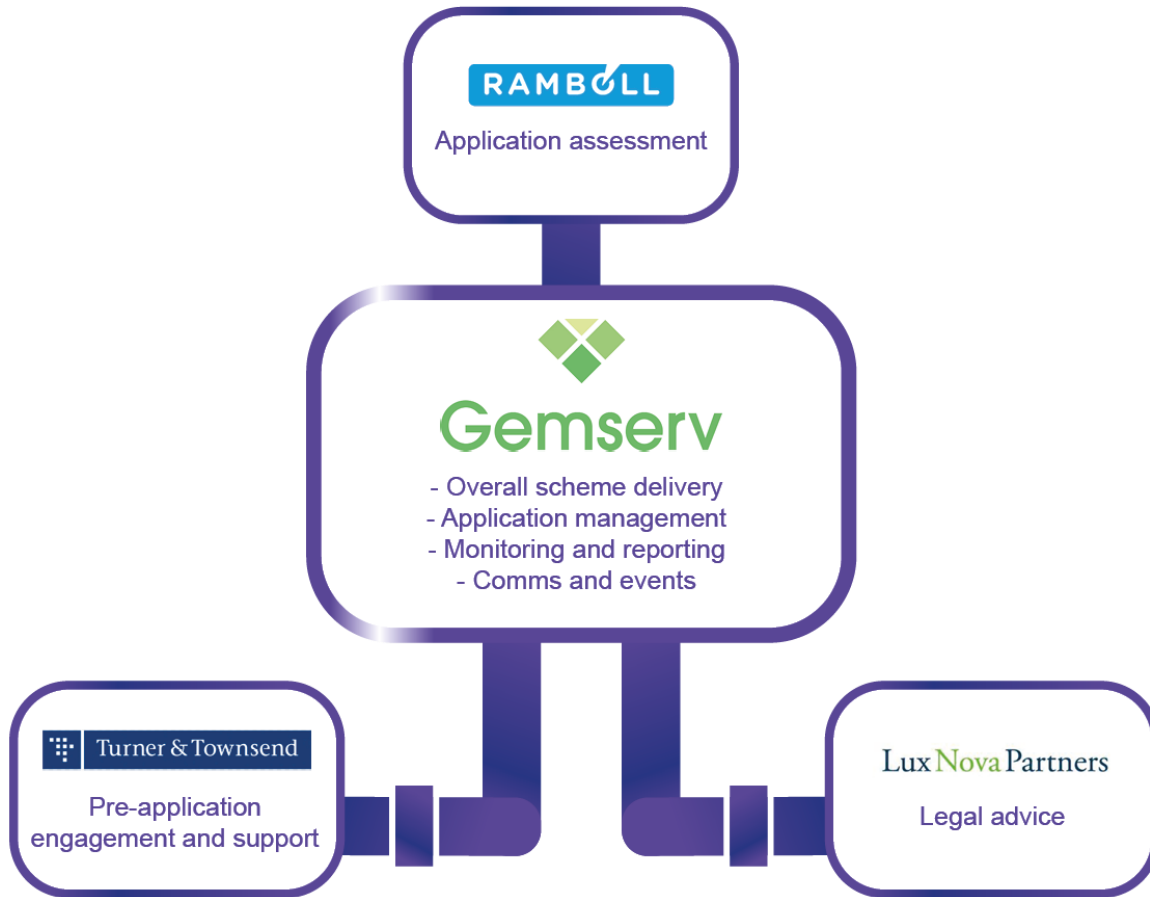
Introduction to HNES

Louise Singleton

HNES Programme Manager (Gemserv)



HNES Delivery Partner



- Gemserv and Ramboll have already successfully delivered the HNES Demonstrator together, supporting 110 projects to claim £5M+ in grant funding
- Turner & Townsend and Lux Nova have joined the Delivery Partner team for the Main scheme



Aims and Objectives of HNES

1. Reduce carbon emissions by making heat networks more efficient
2. Reduce customer detriment to improve consumer confidence
3. Help prepare the heat network market for sector regulation and technical standards



How much funding is available?

Capital Grants

Part funding (up to but not including 50%) available for the delivery (installation) of eligible intervention / improvement measures.

Up to £30m across FY23/24 and FY24/25

Revenue Grants

Full funding available for procurement or mobilisation of external third-party support to carry out Optimisation Studies.

These studies will assess heat network projects to identify causes of sub-optimal performance and recommend costed intervention or improvement measures.

Up to £2m across FY23/24 and FY24/25

Projects can apply for funding across both financial years, but must spend all funding within each allocated financial year



Who can apply?

Operators of
existing district
heating networks
or communal
heating systems

Public sector,
private sector or
third sector
organisations

Heat networks
situated in
England or
Wales

Legal entities,
with authority to
sign-off
investment
decisions for the
heat network
they are
responsible for

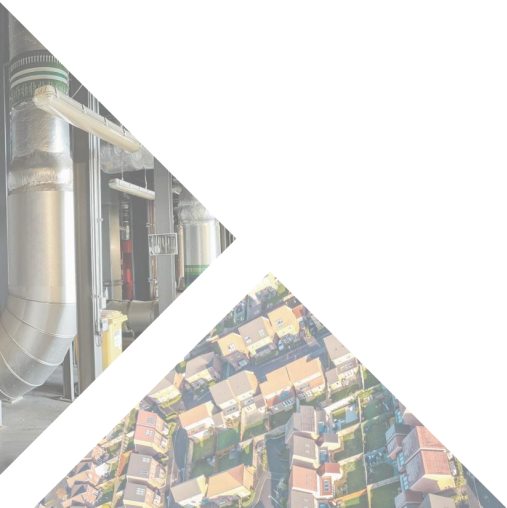


Funding round closing dates

Round	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
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Round 8															Friday 10 th May 2024 ★



HNES Eligibility Criteria



What capital grants will fund

- ✓ Category 1: Energy centre / plant room
- ✓ Category 2: Primary / secondary distribution network
- ✓ Category 3: Tertiary network
- ✓ Category 4: Metering

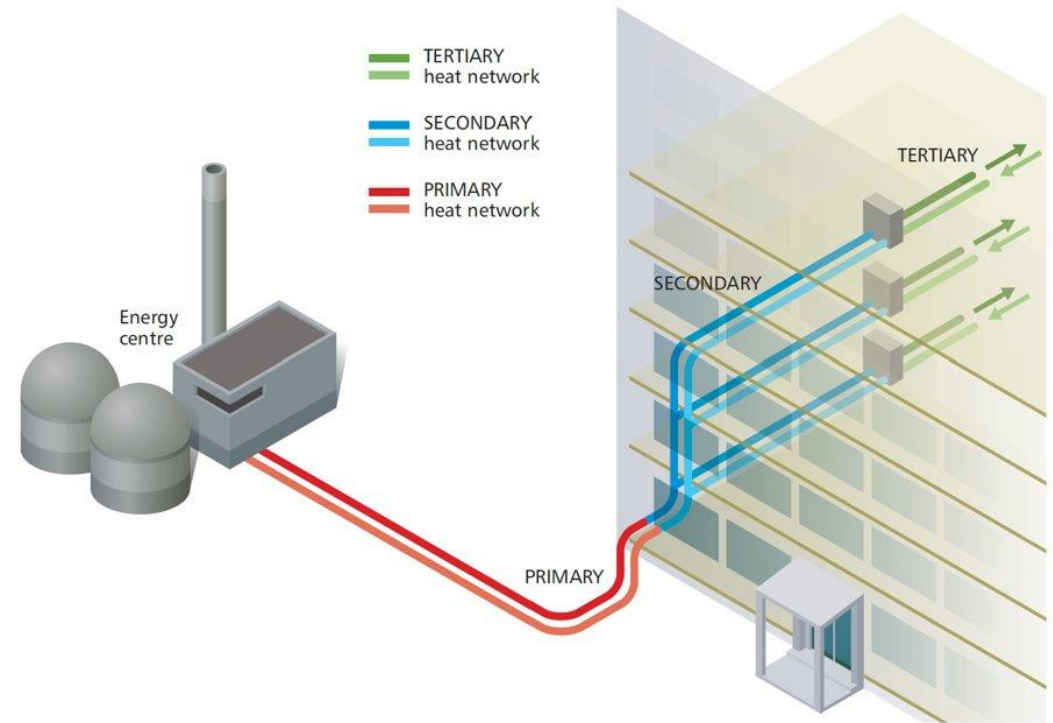


Image: Heat networks CP1: 2020

Further details on what is included in these categories can be found in our [HNES Guidance for Applicants](#) document

What capital grants won't fund

- ✘ Any capital costs already **incurred prior** to an HNES award having been made
- ✘ Any capital costs **unrelated** to heat network infrastructure, e.g., improvements to building fabric
- ✘ Any costs relating to **engagement activities** (e.g., stakeholder management)
- ✘ Energy centre / plant room – costs for **replacement** of the primary heat generation source
- ✘ Tertiary systems – costs for **buying or replacing heat emitters** (e.g., radiators) within buildings or dwellings
- ✘ Metering – costs for metering that is required under the **HNMBR**



What revenue grants will fund

Optimisation Studies delivered according to the outline specification provided by HNES, including:

- ✓ Baselineing of network performance and KPIs
- ✓ Data capture/analysis and site visit(s)
- ✓ Investigation of, and reporting on, network performance
- ✓ Development of a range of intervention measure packages for addressing areas of sub-optimal operation, including calculated impacts on KPIs
- ✓ Cost and cost-effectiveness assessment of intervention measure packages
- ✓ Recommendations reporting
- ✓ Completion of an Optimisation Study Outputs Annex



What revenue grants won't fund

- ✘ Work **already commissioned** or incurred before the application
- ✘ Internal applicant staffing or secondment staff or charged agencies within applicant organisations, including for **project management** of the third party support / Optimisation Studies
- ✘ **Construction, operation and maintenance** of a heat network



Monitoring and Reporting requirements

- A condition of grant funding is regularly submitting Monitoring and Reporting (M&R) returns
- Following feedback from the Demonstrator, this process has been simplified
- Project progress updates, risk and issues, budget drawdown etc. will be provided monthly
- Progress against benefits and KPIs for capital projects will be provided quarterly, covering the three months prior
- M&R returns are essential to track whether grant funding will be spent and also to ensure the Aims of HNES are being met



Where to find help and support

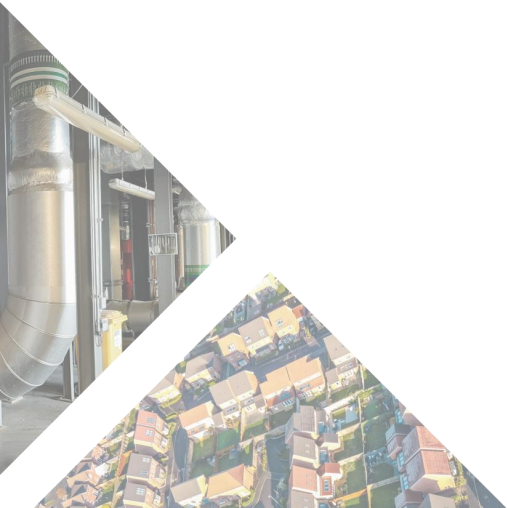
- Further detail on the scheme can be found in our [HNES Guidance for Applicants](#) document
- If you have a general enquiry about HNES, would like to request an application form or want to be added to our mailing list, please email hnes@gemserv.com
- If you have project specific questions, our Relationship Managers can help. Email hnes.support@gemserv.com with your question or to request a meeting



Heat Network Videos

Joel Hamilton

Heat Network Specialist (BEIS)



Guidance Videos and Documents

- Share knowledge of common problems
- Provide accessible content
- Upskill the sector
- Video presentations aimed at heat network owners and operators
- Documentation provides greater detail



Guidance Video Presentations Content

- Introduction to heat networks
- Reduce network flows
- Reduce return temperatures
- Reduce flow temperatures
- Improve water quality
- Reduce complexity & risk
- Enhance insulation
- Improve plantroom efficiency



Guidance Documentation

- How to conduct an optimisation study
 - Detailed explanations
 - High level information which can be used for scoping
- Case studies
- Potential:
 - How to manage optimisation work
 - Decarbonisation options and solutions



A photograph of industrial machinery, likely a heat exchanger or boiler system, featuring several large vertical pipes wrapped in silver insulation. The background shows a complex network of pipes and structural elements in a dimly lit industrial setting.

HNES Q&A

Samantha Shea

Business Development and Comms Lead (Gemserv)



**HEAT NETWORK
EFFICIENCY SCHEME**

Break



Re-join us in 10 minutes for the HNES Application Seminar



HEAT NETWORK
EFFICIENCY SCHEME



HEAT NETWORK EFFICIENCY SCHEME



HNES Application Form

Georgia Kokkinou

Application Assessment Lead (Ramboll)



Application form aligns to HNES Aims and Objectives

Deploy funding to improve performance of existing District and Communal networks

HNES Main objectives

OBJECTIVE 1

Reduce carbon emissions by making heat networks more efficient

OBJECTIVE 2

Reduce customer detriment to improve consumer confidence

OBJECTIVE 3

Help prepare the heat network market for sector regulation and standards



HNES application form

- Excel format
- Different forms have been developed for capital and revenue projects

Six tabs to be completed:

A – Applicant info

B – Project info

C – Project narrative

D – Baseline / Targets

E – Funding and procurement

F – Confirmations

Application Status	
Worksheet	Status
A - Applicant info	INCOMPLETE
B - Project info	INCOMPLETE
C - Project narrative	INCOMPLETE
D - Baseline	INCOMPLETE
E - Funding and procurement	INCOMPLETE
F - Confirmations	INCOMPLETE
Workbook complete?	INCOMPLETE

END OF WORKSHEET

You can check the completion status of your application in the 'Application Status' tab



Application form tabs overview

A – Applicant Info

- Applicant organisation information and parent company if relevant
- Contacts relating to application

B – Project Info

- Description of the network including address
- Network characteristics including proportion of dwellings that fall under the HNES definition of ‘customers in need’
- Regulatory i.e. HeatTrust registration, HNMBR etc

C – Project Narrative

- Overview of project and funding request
- Overview of network data availability, quality and metering
- Overview of the rationale for the funding application to HNES in relation to Objectives 1 (reducing carbon emissions by making networks more efficient) & 2 (reducing customer detriment)
- Approach to dissemination information i.e. communication methods and means
- Sub-optimal outcomes experienced



Application form tabs overview

D – Baseline and Target

- Network Imported Fuel
- Network Energy Generation
- Heat Demands and Losses
- Economic Indicators
- Network Outages / Service Interruptions

E – Funding and Procurement

- Total application budget and funding request
- For capital application forms this is broken down into the different network areas works being applied for
- Procurement i.e. description, procurement milestones

F – Confirmations

- Supporting Evidence
- Applicant's Declaration



Supporting evidence

Capital Grants

- Evidence of application costs
- Evidence of targeted benefits
- A signed letter (or letters) confirming:
 - Applicant support for the application and works to be supported;
 - Match funding;
 - Acceptance of monitoring and reporting requirements;
 - Confirmation (where relevant) of any other subsidies relevant to the project
- A summary programme of works
- Where applicable, confirmation / evidence of eligibility of metering costs relative to HNMBR requirements

Revenue Grants

- Evidence of application costs
- A signed letter (or letters) confirming:
 - Applicant support for the application and works to be supported;
 - Match funding (if relevant);
 - Acceptance of monitoring and reporting requirements;
 - Confirmation (where relevant) of any other subsidies relevant to the project
- An outline project programme



HNES Guidance for Applicants

- The Guidance for Applicants document covers:
 - the application process
 - eligibility criteria
 - how applications will be scored and assessed inc. evidence / supporting documentation required
 - the monitoring and reporting obligations for successful applicants
- The HNES application form may be updated over the course of the scheme. Check you have the latest version of the form by emailing HNES@gemserv.com



Application Process

Sam Hales

Applicant Support and Relationship Management Lead (Gemserv)



Prior to Submitting an Application

Applicants who would like to submit an application will need to request an application form from us

Once the scheme opens, email hnes.support@gemserv.com with some details of your project and whether you'd like RM support



HNES with Multiple Projects

1. We **do not** intend to fund multiple applications by a single applicant where projects are considered similar in terms of engineering design/operation, indicators of sub-optimal performance and/or indicators of customer detriment.
2. Applicants should consider the extent to which learning from a smaller number of Optimisation Studies may support, validate or enable similar work in other projects in the applicant's portfolio outside of the HNES budget envelope.



Submitting an Application

Please email hnes@gemserv.com to request a SharePoint Space as early as possible and at latest a week before the funding round closes to ensure you can submit.

Project Name

Organisation Name

Primary Contact Name

Primary Contact Email

Funding Round that you are applying in

If you would like to add additional users to the SharePoint Space, please provide the below details for each additional user:

Additional user's contact name

Additional user's email address



SharePoint Space

You will be given access to a dedicated space per project. If you are submitting multiple applications you will need multiple spaces.

Please email hnes@gemserv.com once your application is uploaded, applicants who do not notify us will not be assessed.

The space will be locked to read only once submission is complete.

If you have any issues, please contact us on hnes@gemserv.com as soon as possible.



SharePoint Space



If your organisation doesn't use Microsoft Office, you will be asked to create a password, please remember this.



Use the upload button or drag and drop files to upload your application form and supporting evidence.



Please **DO NOT** copy files directly from your organisation's SharePoint to the Gemserv SharePoint.

- Please download the files on to your device and then upload them.



Email hnes@gemserv.com once your files are uploaded, assessment will only occur if you do this.



If you have issues with uploading, please restart your browser and try logging in again only opening the Gemserv SharePoint.

- Please email hnes@gemserv.com as early as possible if you have any issues uploading.



HNES Funding Round Closing Dates

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Application Form and Submission Q&A

Samantha Shea

Business Development and Comms Lead (Gemserv)

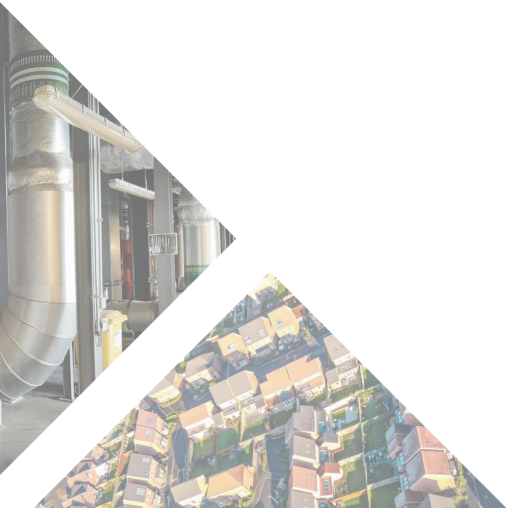


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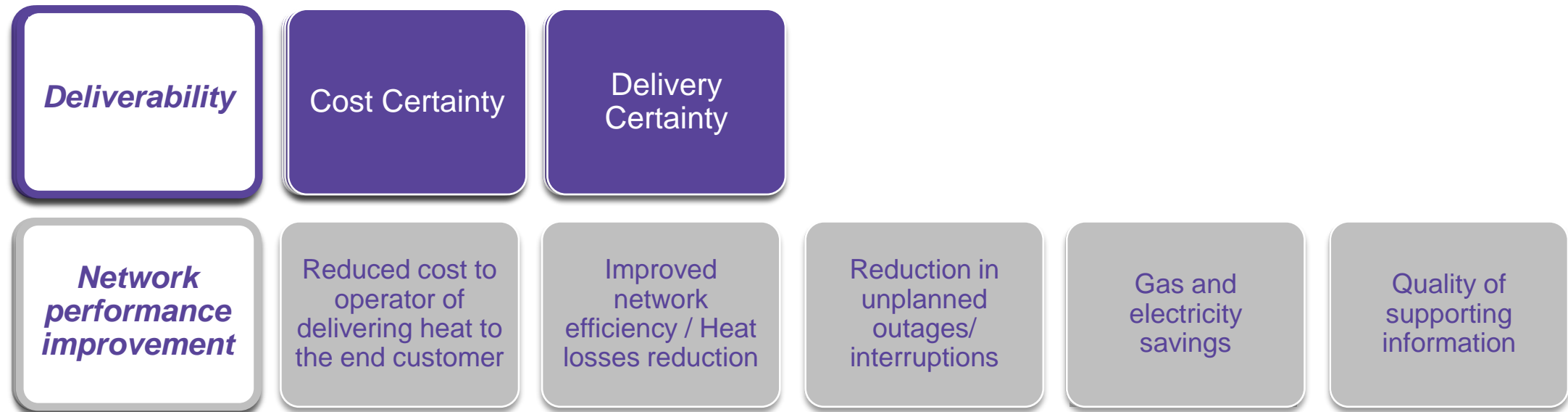
Assessment Process

Georgia Kokkinou

Applicant Assessment Lead (Ramboll)



Scoring criteria (capital applications)

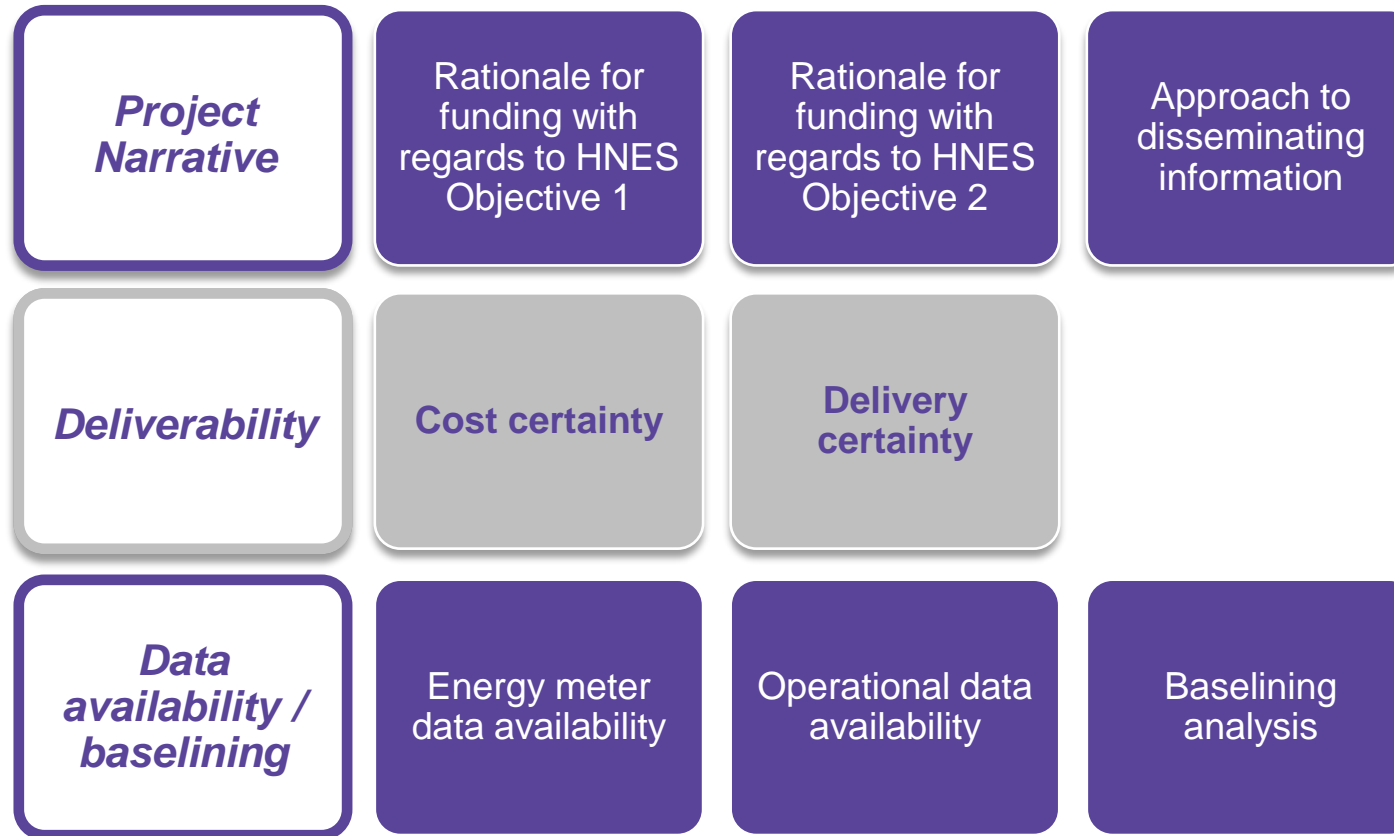


Scoring criteria (capital applications)

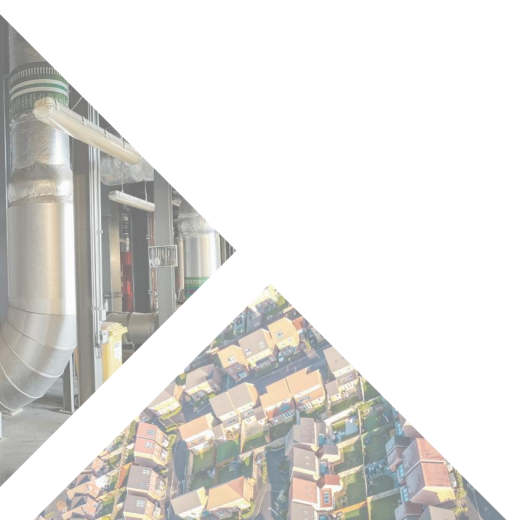
<i>Project Narrative</i>	Rationale for funding with regards to HNES Objective 1	Rationale for funding with regards to HNES Objective 2	Approach to disseminating information
<i>Value for money</i>	Cost of carbon abated	Cost of gas savings	Cost of electricity savings
<i>Data availability / baselining</i>	Energy meter data availability	Operational data availability	Baselining analysis



Scoring criteria (revenue applications)



Assessment Process and Timescales



Overview from Applicant's perspective

Weeks	Description
1-6	Application assessment period, including clarification period. Submission of assessment outcomes to HNES Investment Committee
7-8	Review of assessments by HNES Investment Committee (including clarifications) leading to decision on funding award recommendations
9	BEIS internal approvals of funding recommendations
10	Confirmation to non-Local Authority applicants of successful / unsuccessful applications, and issue of Grant Funding Agreements to successful applicants
10-14	Further approval process for Local Authority applicants. Confirmation to Local Authority applicants of successful / unsuccessful applications, and issue of Memorandum of Understanding to successful applicants



Clarifications

- From an Applicant's perspective, the application is completed when the application form and accompanying supporting evidence are submitted to HNES
- During the assessment period (Weeks 1-6), clarifications may be raised to which the Applicant must respond
- **It is essential that the Applicant is available over this period to ensure full and timely responses to any clarifications can be provided**



Funding Drawdown

Sam Hales

Applicant Support and Relationship Management Lead
(Gemserv)



HNES Funding

Funding is issued for each financial year and cannot be carried over.

Final drawdown for grant funded works must be made in advance of either:

Friday 29th March 2024 for spend in Year 1 (FY23/24)

Friday 31st March 2025 for spend in Year 2 (FY24/25)



HNES Funding

Non Local Authorities

- Cash drawdown, for part or all of the grant, can be made at the point the successful applicant is able to evidence spend, all conditions precedents for funding have been met and the applicant can evidence payment to contractors up to the value of the grant requested.

Local Authorities

- Cash drawdown for the entire grant can be made once signed grant paperwork (Memorandum of Understanding and grant claim form) has been received, or at the point all Conditions Precedents (if relevant) attached to the award have been met.



A photograph of industrial machinery, likely a heat exchanger or boiler system, featuring several large vertical pipes wrapped in silver insulation. The background shows a complex network of pipes and structural elements in a dimly lit industrial setting.

Assessment Process Q&A

Samantha Shea

Business Development and Comms Lead (Gemserv)

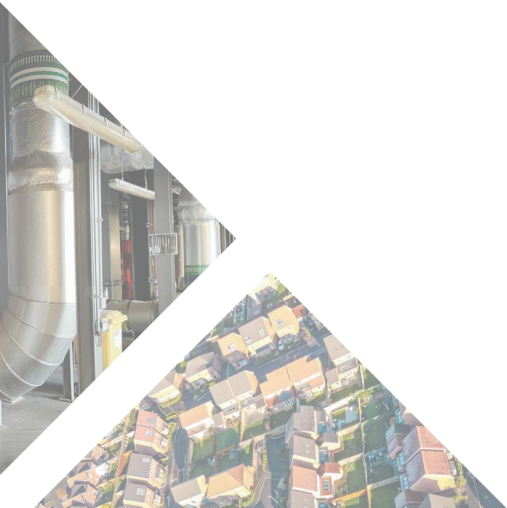


HEAT NETWORK
EFFICIENCY SCHEME

Pre-application Support

Chris Forster

Pre-application Support Lead (Turner & Townsend)



Pre-application Support

Prospective applicants can access front end support from our Application Support team to discuss the application process, or to begin their application for submission.

The support team can provide:

- Initial contact and issue of application form
- 1-2-1s with dedicated Relationship Managers to discuss application
- First pass review of application with feedback
- Responding to applicant enquiries prior to submission
- Signposting to applicants that they are ready to submit



Relationship Managers

All applicants can access a Relationship Manager should they require it. RMs are here to act as point of contact for pre-application support and to answer any initial queries that applicants may wish to ask.

If an applicant requests 1-2-1 sessions, RMs can discuss:

- Your prospective project(s)
- Provide any clarifications needed on the application process and eligibility
- Assess project readiness to submit an application
- Advise on any additional project considerations

We can provide support and guidance but not specific advice on how to improve assessment scores

If you would like to speak to an RM at any point please request this via hnes.support@gemserv.com



Neil Smillie



Angela Rose



Billy Clifflen



Chris Forster



- The HNES Guidance for Applicants covers scheme eligibility, assessment criteria, funding requirements, evidence, supporting documents and the application process
- Scheme application forms can be requested at hnes@gemserv.com
- We would recommend that any applicant seeking to apply for the scheme reviews the guidance document and engages us with any queries or clarifications they need at hnes.support@gemserv.com



Coming up...

Events

- **The Heat Network (9th February)** - Gemserv / THN
- **HNES Consultant Event (21st February)** - Gemserv
- **Sharing findings from the HNES Demonstrator (24th February)** - Guru Systems

Key dates

- HNES funding round 1 closes (31st March)



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