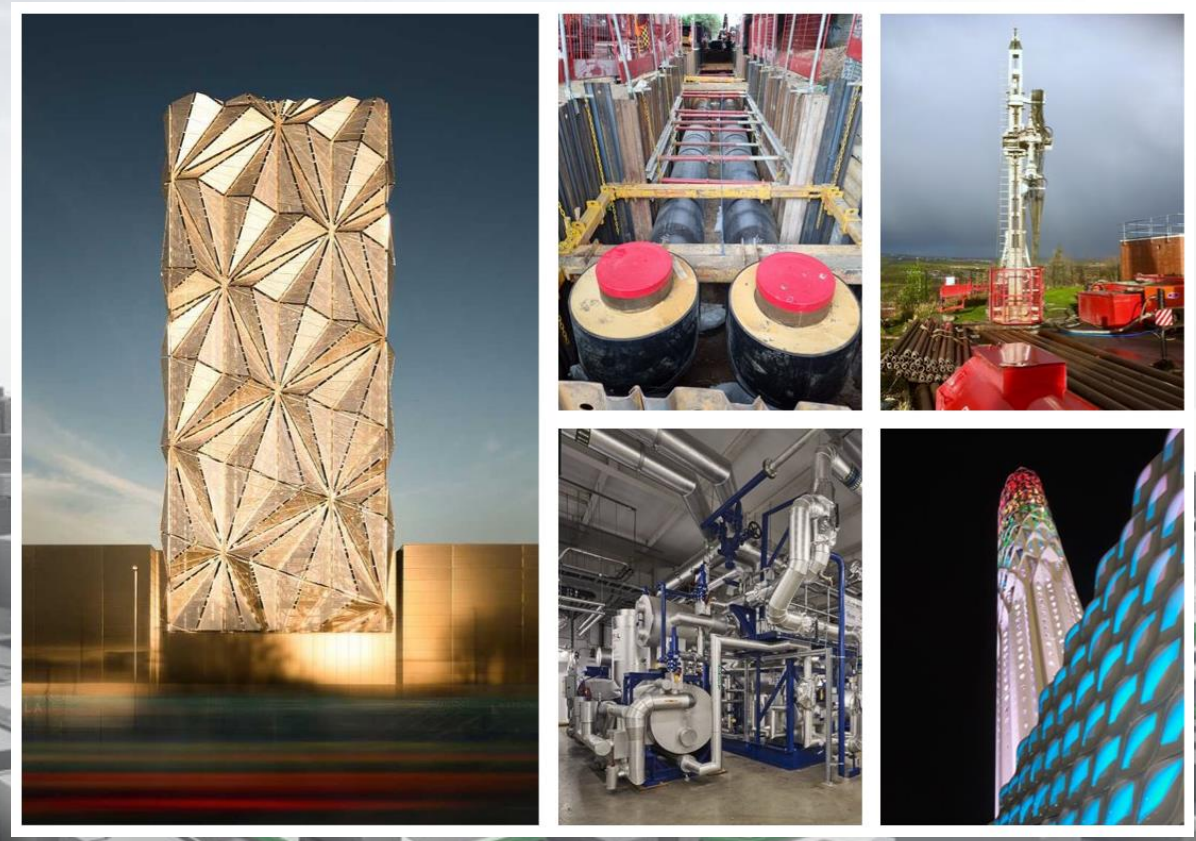
# Green Heat Network Fund (GHNF)

**Tim Ward**
Stakeholder Engagement Manager, GHNF





Department for Business, Energy & Industrial Strategy

# GHNF Objectives

**GHNF Project Vision**

***"To incentivise heat network market transition to low carbon heat sources via targeted financial support, that will help stimulate the increased deployment of low carbon technologies at scale".***

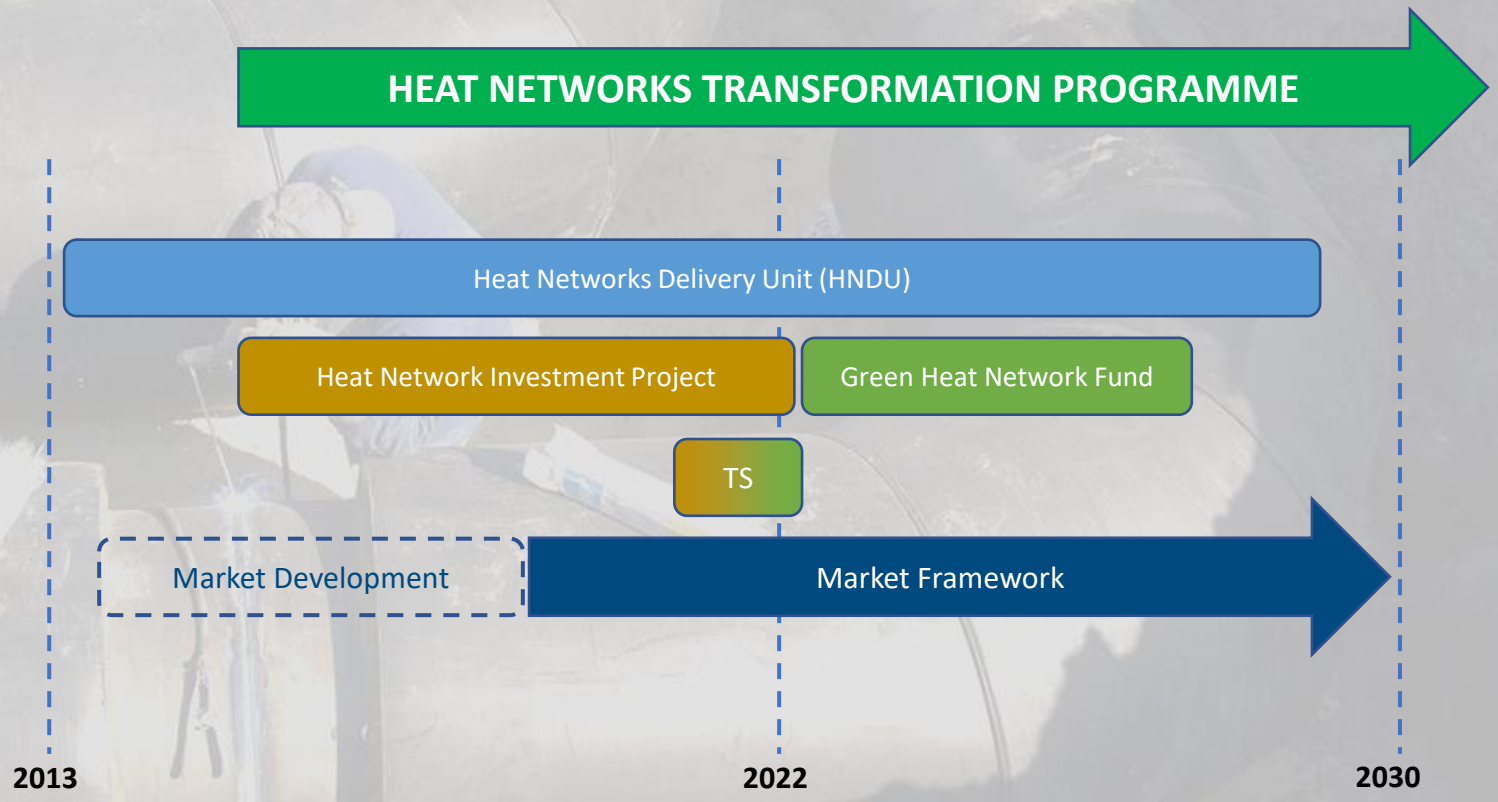
Achieve carbon savings and decreases in carbon intensity of heat supplied

Increase the total amount of low-carbon heat utilisation in heat networks

Contribute towards market transformations across the investment landscape and supply chain that will better prepare the heat network sector for further decarbonisation

# The Timeline

- The GHNF opened for applications 14/03/22
- Three-year programme to 2025
- Transition Scheme (TS) for commercialisation (2021)
- Main scheme guidance was published March 2022

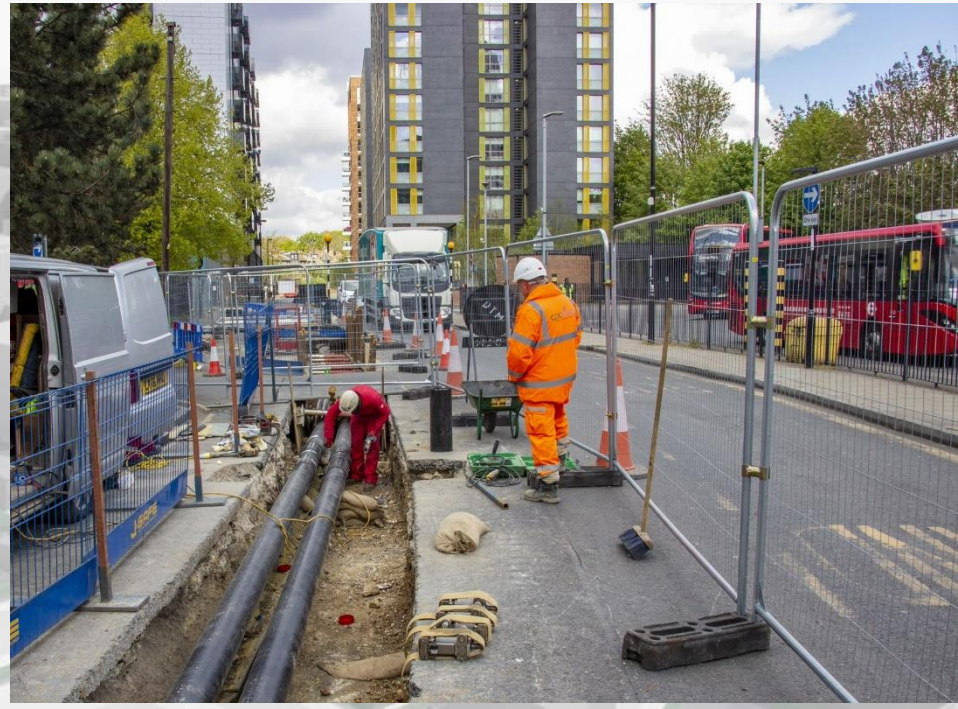





Department for Business, Energy & Industrial Strategy

# GHNF Scope

- Providing capital grant funding to eligible heat network projects (**New** and **Existing**)
- Commercialisation and construction
- The GHNF geographic scope encompasses England only
- The scheme is open to both **public** and **private** sector organisations



# Technology and funding scope

- Technology selection is largely determined by a **maximum level of carbon intensity** for heat delivered to end customers and will therefore only be open to projects using predominantly LZC heat solutions
- Certain fuels and technologies are excluded for use in primary plant (such as natural-gas-fuelled boilers and CHP)

# Scope of Support

| Accessing Heat Sources | Low-Carbon Generation | Primary HN Distribution | Secondary Distribution | Tertiary Distribution |
|---|---|---|---|---|
| ✓ | ✓ | ✓ | ✓/✗ | ✗ |






Department for Business, Energy & Industrial Strategy

# Core Metrics

- Applicants are able to self-assess their project against **four** initial pass/fail gated metrics
- Simplified and more transparent application process



**Carbon Intensity**
100gCO2e/kWh thermal energy delivered



**Customer Detriment**
Protecting domestic and micro-business end users

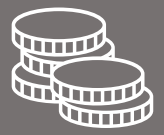


**Social IRR**
3.5% or greater over 40-year period



**Minimum Thermal Demand**
2GWh/year (100 dwellings if off-gas-grid rural)

# Funding Limits



**Capped Award**
4.5 pence/kWh of grant per kWh delivered over 15 years*

%

**Maximum Award**
Up to, but not including, 50% of CAPEX + Commercialisation costs

*Subject to review

# Existing Heat Networks

**System Performance**
GHNF does not support addressing any pre-existing performance issues. Other BEIS schemes such as the Heat Network Efficiency Scheme (HNES) may be able to help …

**Sleeving of Low-Carbon Heat**
Where existing schemes can add new LZC capacity and ‘sleeve’ this heat through the existing network to NEW customers (2GWh/year applies)

# Sleeving Low-Carbon Heat

**Existing Heat Network**



# Sleeving Low-Carbon Heat

**Sleeved LZC**
**Heat Network Expansion**

New LZC Capacity Added



# Sleeving Low-Carbon Heat

**Sleeved LZC**
**Heat Network Expansion**

New LZC Capacity Added



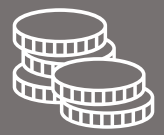
New Consumers Connected

Minimum Additional Demand **2GWh/year**

# Commercialisation Support

## Activities such as:

- Final contract negotiation for Energy Supply Agreements
- Legal, technical, commercial and financial support during the procurement process
- Planning and licencing requirements
- Agreeing utility connections
- Environmental Impact Assessments
- Geological surveys and exploratory investigations
- Etc.



**Capped Award**
Up to **£1m** for commercialisation

%

**Maximum CAPEX**
Up to, but not including, **50%** of CAPEX + Commercialisation costs

# Application Process

- Initial self-assessment
- Assessment and Clarifications
- Deliverability
- Adjustment Metrics
- Support from Relationship Managers

**ADJUSTMENT METRICS**

- **Deliverability**
- **Carbon Abatement**
- **Volume of Thermal Energy**
- **Expansion Potential**
- **Innovation and Energy Efficiency**

# Funding Drawdown

## LOCAL AUTHORITIES

- Award for a specified financial year can be drawn down **ahead of need**
- Evidence of spend required

## ALL OTHER GRANT RECIPIENTS

- Award for specified financial year can only be drawn down **after spend** is demonstrated
- Milestone-based to ease project cash flow

# Multiple Years - example



| FY 2022/3 | FY 2023/4 | FY 2024/5 | Up to 5 Years from **first** connection |
|---|---|---|---|
| **Commercialisation activity**<br>£300k<br>Application for Construction support<br>£5m Award | **Construction commences**<br>Drawdown project spend during year<br>£3m | **GHNF-funded element of construction completed**<br>Drawdown remaining award<br>£2m | **Build-up of connected heat load**<br>Note that this is the thermal energy delivered to consumers (so includes system losses) |

Minimum Thermal Demand (*) **2GWh/year**

**(*) 100 dwellings if rural off-gas-grid**

# Find Out More



**Visit the .GOV website and search ‘GHNF’**



**Contact us**: ghnfcorrespondence@beis.gov.uk



Department for Business, Energy & Industrial Strategy



# Thank you!