

Workshop 3

Green Heat Network Fund (GHNF) Transition Scheme




An aerial view of a city with a dense grid of buildings. Overlaid on the city is a network of green lines representing heat networks, which crisscross the urban landscape. The sky is a pale blue with soft, wispy clouds.

Introduction

Tim Ward – Stakeholder Engagement Manager
Green Heat Network Fund

Agenda

- 
- 14.00** Welcome and Introduction
GHNF and Transition Scheme
Updates to Scheme Criteria
Sleeving of Low-Carbon Heat
Final Questions and Answer Session
- 15.30** Event Close

Meeting Rules

PLEASE NOTE THAT THIS SESSION WILL BE RECORDED

- Please **switch off** your camera and **mute** your microphone
- The recording of this event can be made available on request
- **Questions** – please post any questions that you may have in the chat window
We'll endeavour to answer them at the end of the session

Recording Starting

THIS SESSION IS NOW BEING RECORDED



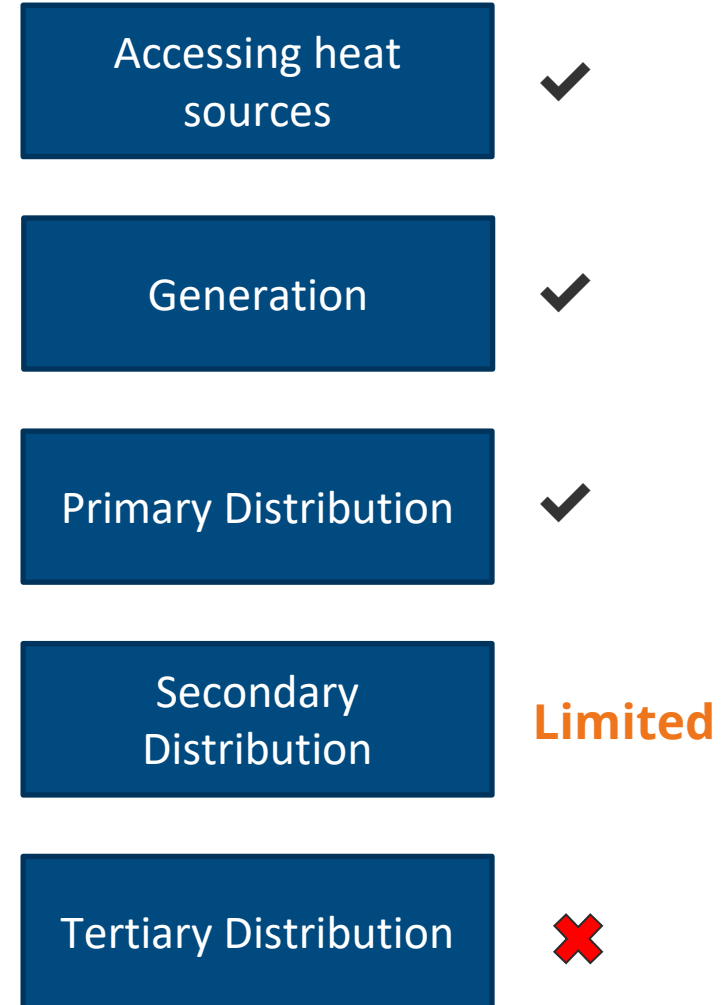
An aerial view of a city with numerous grey buildings. A network of green lines, representing heat networks, is overlaid on the city map, connecting various buildings and areas.

GHNF and Transition Scheme Updates to Scheme Criteria

George Robinson – Head of Finance and Commercial, Heat Networks
BEIS - Green Heat Network Fund

Metric	Minimum Score
Carbon gate	100gCO2e/kWh thermal energy delivered
Customer detriment	Domestic 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
Minimum demand	For urban networks a minimum end customer demand of 2GWh/year (including existing customers). For rural networks a minimum number of 100 dwellings connected
Maximum capex	Combined grant requested up to but not including 50% of capex + commercialisation costs
Capped award	The total 15-year kWh of heat/cooling forecast to be delivered has been reviewed for round 2 of the transition scheme and may not exceed 4.5 pence of grant per kWh delivered (subject to review by GHNF)
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.
Max commercialisation	Capped at £1m; however, can be higher in exceptional circumstances

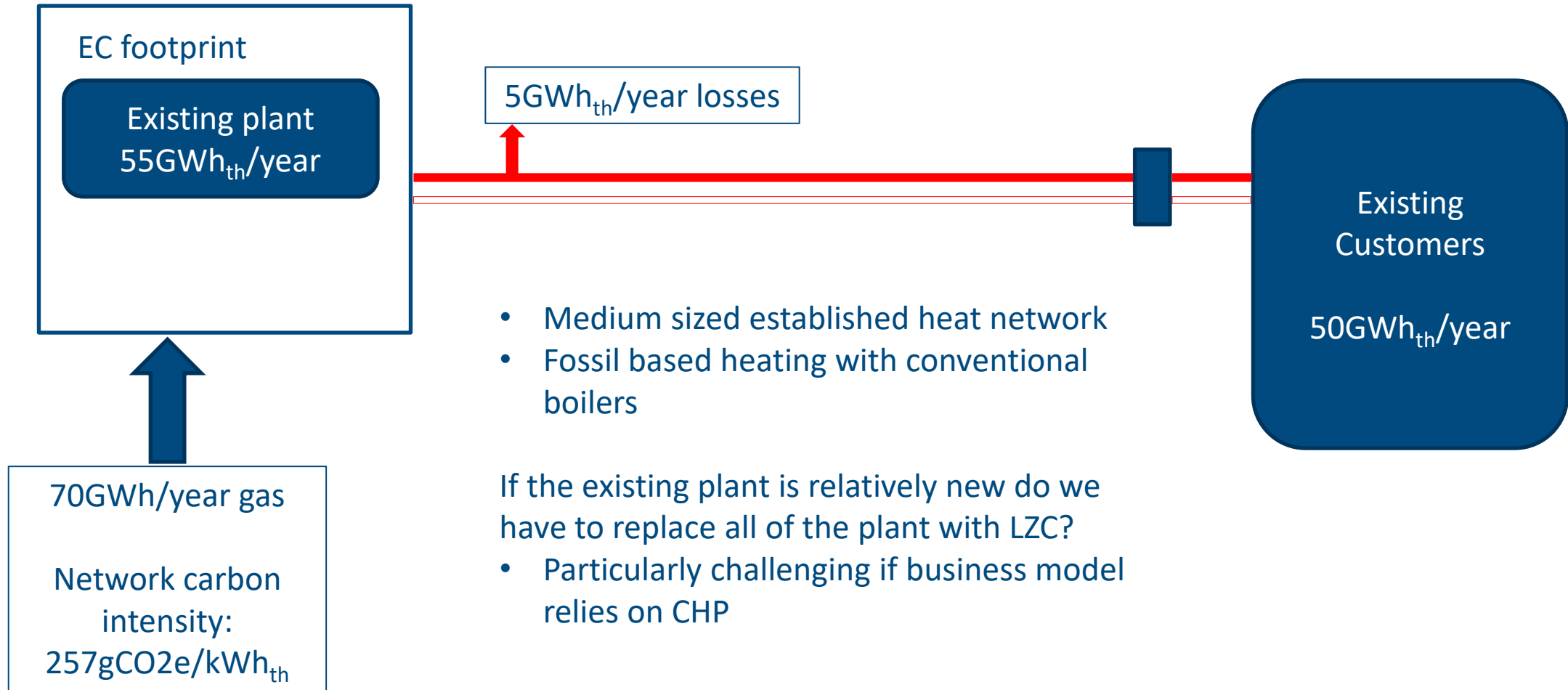
Scheme design overview



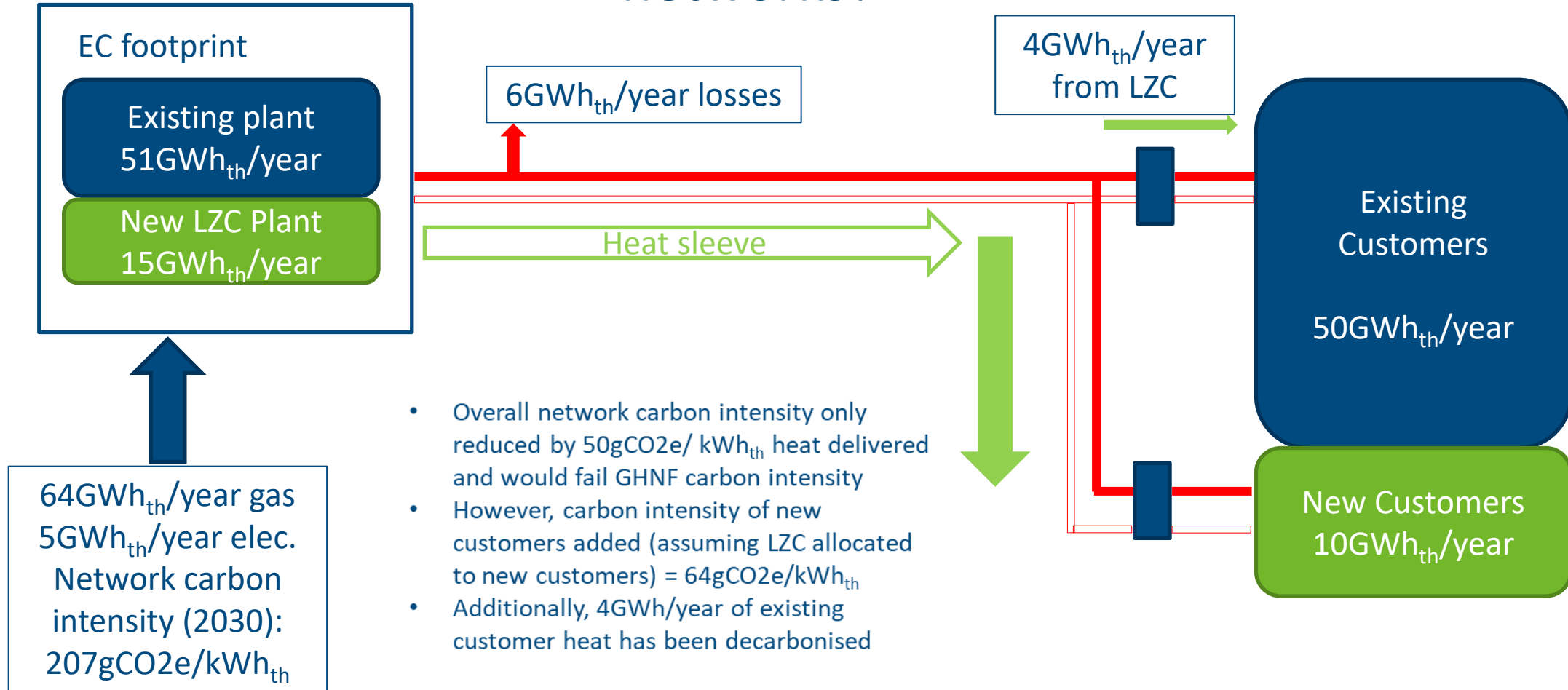
Existing Heat Networks: Sleeving Heat



Existing network scenario:



What do we mean by sleeving low carbon heat in existing networks?



Key requirements for eligibility

- If only partial decarbonisation of the network then new connections must be greater than 2GWh/year or else entire network must decarbonise and meet GHNF carbon threshold requirement;
- The application would show the new customer demand, the new CAPEX and OPEX
- To the extent that existing customer tariffs would change as a result of the proposed partial decarbonisation this would need to be set out in the tariff memo that forms part of the application.

The small print:

The GHNFs default position for the carbon gated metric of 100gCO₂/kWh is that it is for the entire network, however networks that are sufficiently large to meet the minimum 2GWh of low carbon heat/cooling gated metric to new or new + existing customers through a sleeving arrangement may make an application for commercialisation funding to the second round of the GHNF Transition Scheme for consideration.

- The application form must be completed with the carbon intensity of the proposed sleeved segment of the heat network being modelled, with confirmation in the cover email that a sleeving arrangement is being proposed.
- The overall carbon intensity of the full network and the details of the sleeving arrangement including how the project will guarantee the volume of low carbon heat/cooling to their customers must be fully described in REF 8.1 in detail and an explanation of how the project plans to bring the entire network down to below 100gCO₂/kWh in the future must also be provided.

Scenarios where sleeving may be deemed appropriate include:

- New connections, connecting to the existing network with new LDC plant installed to meet the new loads.
 - The application should be made for the extension only and cover costs such as additional EC costs necessary to enable installation of LDC plant, additional distribution infrastructure to connect new loads etc.
 - The aggregate new LDC loads need to meet the 2GWh threshold.
 - The carbon metric would be evaluated on the basis of the new LDC plant combined with the proportion of existing plant necessary to meet peak demand for those new loads and associated network losses.
- New connections + a portion of existing customers met by new LDC plant.
 - The application form should be completed as for scenario 1 but including existing customers loads being met by the new LDC plant and confirming that existing network requirements of the application have been met.
 - Take the new loads and itemise them as per a standard application on the main application tab.
 - To the extent that the LDC plant is further meeting existing demand then you would add the proportion of the existing loads being met by the LDC plant to the “existing” lines of the main application tab reflecting the volume of LDC heat/cooling being supplied and the associated carbon savings.

General Q&A

Green Heat Network Fund

Green Heat Network Fund (GHNF)



Department for
Business, Energy
& Industrial Strategy

Further support

- For further information and support, please email:
ghnfcorrespondence@beis.gov.uk



Thank you!