



Department for  
Business, Energy  
& Industrial Strategy

# GREEN HEAT NETWORK FUND (GHNF) - FREQUENTLY ASKED QUESTIONS (FAQ) FORM

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## 1. New FAQs

Q. No.	Question	Answer	Date
30	Is mine water heat recovery supported?	Yes, we consider this as Geothermal heat, any projects considering this should engage with the coal authority and BEIS to ensure what is available and appropriate levels of study are being done.	15/03 /2022
31	Would co-generation form a nuclear power plant be considered? If so could the engineering design studies related to accessing the heat be considered for the grant whilst capex work continues beyond 2025, is there a deadline for when work have to be completed?	In theory this would be eligible, but would require early engagement to work through the complexities of nuclear development. The GHNF is a commercialisation and construction fund and therefore construction funding would need to be applied for and spent before the end of the 24/25 financial year. The project would need to work through what stage any studies were and if these would fit under the commercialisation definition. Worth engaging with HNDU who may be able to offer support for pre-commercialisation work.	15/03 /2022
32	Is GHNF able to support existing heat network schemes trying to decarbonise heat generation with the addition of river source heat pumps.	Yes, provided that this meets the eligibility criteria.	15/03 /2022
33	Would heat exchangers in a large office building qualify for support?	Yes, accessing the exhaust of a heat exchanger would be considered an eligible waste heat source to a heat network that meets the eligibility criteria.	15/03 /2022
34	Could Solar thermal play any role in charging up buffers tied to networks?	Yes, Solar Thermal would be considered a renewable source.	15/03 /2022
35	Would Ground water pumped form a Railway tunnel be considered eligible?	Yes, however the project would need to demonstrate through their application that there would be sufficient heat available from this to fulfil the demand of the heat loads needed to be eligible for the scheme.	15/03 /2022

36	Would recovering waste heat from a crematorium be eligible for the scheme?	Yes, if you plan to do this please engage with us early due to the sensitivities of communicating a scheme that utilises this form of heat generation.	15/03 /2022
37	How is the carbon intensity of power offtake from existing Biomass CHP treated if it is being used as private wire to supply heat pumps? Does this fall under renewable power generation which has a zero-carbon equivalent?	We would need to work with projects to understand what is going on. For example we would need to work through the biomass sources, what range of distance fuel is being transported whether it is included on an appropriate sustainable fuels list etc.	15/03 /2022
38	What discussions have you had with Ofwat regarding heat from wastewater?	We have discussed heat from wastewater with Ofwat and circulated an issues paper regarding waste heat recovery and highlighted any regulatory issues related to this that we are currently aware of in the guidance.	15/03 /2022
39	Is wording regarding the MTC included in the grant funding agreement?	Yes, projects will be expected to deliver on the commitments but also what they have said they will deliver. This will be picked up through Monitoring and Reporting to keep track of progress.	22/03 /2022
40	What is the deadline for this funding round?	Round 1 will close on the 27 <sup>th</sup> of May, this will be followed by 11 further rounds the dates of which are yet to be finalised.	22/03 /2022
41	Where companies use existing frameworks are you envisaging these can be used to deliver GHNF projects or will project specific procurement following these guidelines be required?	We feel the guidance should be able to be applied to many existing frameworks, we are not trying to cause issues for existing frameworks but want to ensure that projects are considering the areas we have set out. If you feel you are unable to deliver on any of the areas within the MTCs through the framework you are already using, please get in contact with the GHNF team to discuss. This applies to both public and private sector projects.	22/03 /2022
42	MTCs are measured on completeness and not their value, does this mean monetary value?	No, the value that projects input into the MTC section of the application will not be measured, so if one project says they will create 1 job and another says they	22/03 /2022

		will create 10; neither will score higher, they will get the same score for completing that section of the MTCs. We are looking to increase our understanding of what job creation opportunities exist.	
43	Does the MTC requirement of GHNF provide the opportunity for partnership between bidders?	Yes, absolutely we want to see projects considering how working together could bring further benefits to the market. Obviously, this does not mean that projects can enter into collaborative bidding processes but are there areas that projects could work together to standardise.	22/03 /2022
44	Will there be a platform to review previous applications or will the information be made available following the round closure as lessons learnt for the sector?	We will be publishing the project descriptions and the project summary data to enhance our quarterly pipeline we provide to the supply chain. Some of the market transformation commitments require the projects to publish this information online, we are currently setting up a website for this to be done. The GHNF team are available to provide individual support to projects seeking to complete the application process.	22/03 /2022
45	Could neighbouring authorities jointly procure a borehole or share the cost of survey work?	Yes, this would require a single application to the scheme but it could be made clear that the costs would be borne by multiple organisations.	22/03 /2022
46	Is there a mechanism to identify similar projects that will be applying for GHNF that we can partner with to increase the commercial attractiveness of both projects?	This is not available online but engage with the team early and we can support you to find other projects you may be able to collaborate with.	22/03 /2022
47	Who will assess the MTCs?	Round 1 will be assessed by BEIS, subsequent rounds will be assessed by Aecom.	22/03 /2022
48	Is BHIVE applicable too?	Yes, if you are making an application to GHNF and are looking for extra provisional funding you would be put in contact with BHIVE and provided support	22/03 /2022

		with your engagement, we would expect projects to be considering BHIVE as a way of procuring further funding.	
49	Regarding point 1.13 of the guidance, Letters of support from project sponsor It's not clear if this is an application requirement or a close requirement? If we are unable to get CEO/CFO approval, will business unit MD suffice?	This would depend on the project stage (commercialisation or construction). If it were Construction only then yes, we would expect these. If it were Commercialisation, we would expect to see them for key anchor loads but would be flexible, however lack of letters of support would impact deliverability assessment. Get what you can but if it is not CEO/CFO clarification will be sought around why not and the project will need to explain.	12/03 /2022
50	Regarding REF 7.1 Technical report assessing z-factor, what constitutes independence?	If an inhouse assessment is undertaken by an internal modelling team we would need to understand how ethical walls are maintained (and confident that they were) we would suggest this is discussed with BDM team / BEIS directly.	12/03 /2022
51	We intend to replace customer CHPs where they require onsite heat and power from them, it's therefore critical to provide power in order to provide heat (and vica versa).  Could funding support private wires?	Private wire can only be included in the application where it can demonstrate that it has either no impact or a positive impact on NPV we would suggest this is a topic for discussion with the BDM/BEIS.	12/03 /2022
52	I understand that the GHNF evidence request a business case, but not necessarily the OBC. The guidance states: "For the avoidance of doubt, draft business cases should only be submitted if an accompanying letter, signed by a member of the organisation with authority to approve the business case, is provided that: • Confirms he/she has reviewed the business case and the implications for the organisation; • Sets out why the business case has not been approved and the steps necessary for that approval to be given."  Is this accompanying letter the same requirement as the 1.13 Letters of support from project sponsor?	We would want to see commentary in the supporting cover note regarding approval timescales and our assessors may well seek clarification during the assessment. Regarding the letter this information could be covered off in one letter with confirmation of support if practical.	22/03 /2022

53	I'm currently going through the Guidance notes to understand the GHNF requirements, at this stage we haven't done any design yet but the guidance notes require that scaled drawings, plant acoustic assessments, and outline specifications of the energy centre and pipe distribution network are provided. How critical is it that these are submitted at initial application stage?	<p>These are critical for construction but less so for commercialisation as much of this work would be undertaken at that stage, however if you haven't got past a certain point in preliminary design, you won't have a working techno-economic model from which to base your application and will be unable to complete the application form.</p> <p>At this stage you may not yet be ready to apply. However, if you wish to discuss with the team we can work through with you at what stage you could come forward.</p>	29/03/2022
54	If a scheme is looking marginal on the Social IRR criteria at an early stage of feasibility and wanted to be able to confirm whether or not it risks failing eligibility on this gateway. Are you able to provide your assumptions or even a model calculation that we can use to assess this?	The IRR workings are completely transparent and can be found in rows 343-364 of the <i>GHNF calculations tab</i> on the application form. Data from the main application tab is pulled through to the calculation tab and cashflows for the various costs and incomes are processed and IRRs calculated. You will not be able to input data into the aggregated cashflows on the <i>GHNF Calculations</i> tab but you can work through how the IRR calculations are being undertaken from this.	30/03/2022
55	If an existing network exceeds the 2 GWh/yr demand and adds low carbon technology based on that growth, provided the network can show another 2 GWh/yr demand are further GHNF applications acceptable?	An existing heat network can make multiple applications, on the basis that each time it satisfies the GHNF requirements – i.e. adds the additional load of 2GWh of annual thermal energy delivered to new consumers – with the corresponding additional low-carbon heat source to satisfy this requirement.	05/04/2022

## 2. Scheme Rules

Q. No.	Question	Answer	Date
5	What is BEIS definition of rural for the purposes of GHNF?	There is not a strict definition other than being off the gas grid, we are trying to set sensible parameters. If schemes, feel the rural definition applies to them we are willing to listen to their justifications.	07/03/2022
10	Are there any limitations to the charge of heat once an ambient loop has been installed? Would GHNF consider investing in the ambient loop accessing a heat source but not the heat pumps.	In this situation the customer detriment would be calculated against the end consumers cost of heat, not the heat produced by the ambient loop system. For anyone planning to include an ambient loop in their application it is advised they contact the GHNF correspondence mailbox for assistance in completing the application and to discuss the particulars of the proposal with the GHNF team.	07/03/2022
12	Assuming a project maximised commercialisation support is there a risk of clawback in the project does not proceed?	<p>This depends on how the project behaves, if there is an impediment to taking the scheme further that had not been envisaged, we would expect the project to stop further commercialisation costs, other than those for exiting contracts and give the remaining funding back but would not claw back spent funds.</p> <p>Any project that decides to replace the low carbon heat source with Gas CHP or similar ineligible activity, as they have identified this as more economically viable, would be in violation of the Grant Funding Agreement or memorandum of understanding so we would pursue clawback.</p>	07/03/2022
18	Can GHNF be sought to fund a scheme that has already been awarded HNIP funding previously.	This would be viewed on a case-by-case basis, if Gas CHP was installed in a HNIP project with the intention of this lasting >10 years then this was funded on the acceptance of the carbon emission being at that level for that amount of time, so it is unlikely to be funded. If we can enhance the projects funded under HNIP in any way, by expansion or other then this would be considered, but we would have to see the proposals first.	07/03/2022
19	Could communal heat networks across different projects under a single Local energy strategy be	Yes, if the low carbon heat can be delivered across the area under one application it would be considered.	07/03/2022

	aggregated into one application?		
22	Please advise if heat networks can be funded by Green Heat Network Fund (GHNF) for single user campuses, whereby the energy user for each building is ultimately the same company / organisations.	Yes, GHNF can be used to fund heat networks for single use campuses. It must clearly be a district heat network serving multiple buildings, not a communal single building heat network and provided that all other eligibility criteria are met.	10/03/2022
23	The guidance states that the carbon gate of 100gCO <sub>2</sub> e/kWh is assessed as per the following: <i>"All applicants must be able to demonstrate that the scope 1 carbon emissions intensity of heat delivered to end customers for each year is no greater than 100gCO<sub>2</sub>e/kWh."</i> P.39 Does this mean that scope 2 emissions for thermal energy delivered (heat pump electricity or parasitics electricity) are not counted toward the 100gCO <sub>2</sub> e/kWh gate? (But they are counted for the overall carbon emission/saving assessment?) If scope 2 emissions are counted towards the gate, I believe the guidance on page 40 permits the use of HM treasury carbon factors as they are referenced. Is this the case and if so, should we use marginal public/industrial carbon factors for this in line with	No, Scope 2 emissions heat pumps/pumping/parasitics etc. are counted toward the 100gCO <sub>2</sub> e/kWh gate. For valuation of energy use and greenhouse gas emissions for appraisal supplementary table 1 – long-run marginal consumption based figure for Commercial/Public sector should be used.	14/03/2022



	HM Treasury Green Book guidance?		
26	On social housing to include properties do they need to be a specific EPC rating? If yes, what is the rating?	No specific EPC rating is required	08/03/2022
27	Could you explain what is meant by the term 'sleeving'?	Sleeving is covered in detail on pg 17 of the guidance for applicants, there is also a helpful summary and diagram on pg 9 of our overview document, both of which can be found at <a href="https://www.gov.uk/government/publications/green-heat-network-fund-ghnf">https://www.gov.uk/government/publications/green-heat-network-fund-ghnf</a> .	08/03/2022
28	I would be keen to see a hypothetical case study for a theoretical qualifying project under the scheme. For example, something running through a stage gated process of key decisions - I think that could assist in parsing all the information. Does this exist?	We currently do not have this case study but we are considering working one up.	11/03/2022

### 3. Eligibility Criteria

Q. No.	Question	Answer	Date
2	Is organic waste biogas produced for industrial heat applicable here?	GHNF Guidance covers the use of biogases. If the biogas is utilised in a rural off gas area then its use for primary plant may be acceptable, providing it is not shipped to a location and then utilised. GHNF would not fund the use of biogas in an urban area for primary plant (potentially permissible for secondary or peaking plant if generated on site) .	07/03/2022
4	Could there be a school-based project also supplying heat to surrounding homes?	Yes, providing that it meets the eligibility criteria, i.e., 2gWh per annum.	07/03/2022
6	Upgrades to existing wet systems are eligible for funding, what about new secondary systems?	No, this would not be eligible, it would be expected to be a developer cost.	07/03/2022
8	Lots of new build schemes are looking to change to heat pumps, after having planning granted with CHP, this changes the business case. Is this eligible?	Yes, provided that it meets the eligibility requirements. We want those that are currently planning to include things such as CHP to replace this with a low carbon heat source. If the change is being forced by a local area plan which means some decarbonisation would take place anyway then the project will need to demonstrate additionality for example by showing that the price of heat is lower for domestic and micro business consumers than it would be without GHNF funding.	07/03/2022
11	Do you need to add new low carbon plant to be eligible for GHNF funding for the cost of extending the network to new customers, or can you only apply for funding for the cost of extension if the existing plant already has the capacity to meet the needs of those new consumers?	An existing low carbon network with additional capacity can apply without adding further heat generation provided that the additional loads meet the requirement of 2GWh per annum. Projects such as this would score quite highly as there would be no costs for additional generation (subject to them meeting the other eligibility requirements).	07/03/2022

14	Are there options for existing networks with limited scope to extend? Could existing consumers be partitioned off the existing network and provided with new low carbon heat source or could the new low carbon heat source be added to an existing energy centre to retire the fossil-based plant while keeping the same number of end users.?	An existing network must completely decarbonise their network (and meet all other eligibility criteria) where there is no expansion potential. Partial decarbonisation is not an option where sleeving rules cannot be applied.	07/03/2022
15	Does the maximum carbon intensity of 100g/kWh apply only to the new capacity added or does this apply to the whole of the network?	It depends on whether 2GWh+ of new capacity is being applied in which case sleeving rules may be used. If the expansion is less than the 2GWh threshold the 100g/kWh would apply to the full network. Where the expansion of the network is more than 2GWh the project may apply sleeving rules and can demonstrate a load curve which shows what proportion of new additions is being served by new low carbon source. Both g/kWh of the expansion and the balance across the whole network mixed would be calculated to work out the g/kWh. With these projects we would also expect to see an evidence note with plans showing the pathway to full decarbonisation of the residual heat. Projects should engage with the GHNF team for support in completing an application in these cases.	07/03/2022
16	Will electricity network upgrade costs be eligible project costs and if so, is there a cap?	Yes, they are eligible costs and there is no cap. If the costs are necessary, they are eligible with the exceptions of those listed in the guidance. The limiting factor is the 4.5p per kWh of heat, if the cost of the network upgrade is so high that it pushes the cost of heat over the 4.5p per kWh then we will not fund it.	07/03/2022
17	Can we apply for funding for installing an ambient loop to serve Ground Source Heat Pumps in new houses, are there any considerations for this setup in GHNF.	For ambient loops that are centrally managed, they would need to meet the 2GWh per annum or 100 dwellings in off gas grid rural settings. For smaller projects, there is the ability to aggregate	07/03/2022

		the loops across multiple communal systems to make them eligible.	
24	We are planning to install ambient loop heat networks, formed of closed loop borehole arrays, to serve local individual GSHP's in new build dwellings. If each ambient loop was serving 100+ off gas grid new build properties, would we be eligible for funding?	Yes, you would be eligible for GHNF funding provided it met all other eligibility criteria.	14/03/2022
25	On a scheme for housing how many properties would be needed to reach the 2GWh/year which are required the bid to cover?	As far as number of properties that 2GWh would need to supply a rough estimate could be anywhere from 150 older detached homes to 600+ smaller energy efficient newbuild flats	08/03/2022

## 4. Application Process

Q. No.	Question	Answer	Date
13	Many organisations might not have the expertise to complete this application, is there a list of approved companies that can assist with its completion?	For Local Authorities HNDU have a list of consultants that have previously completed this type of work, but this is not complete. The application form is a simplification of HNIP but there is still a substantial amount of information required and expectation would be that the project has already undertaken feasibility work. Anyone with experience in the energy sector with a completed techno economic model for the project should be able to complete the application form with support from the GHNF team.	07/03/2022

## 5. Technology

Q. No.	Question	Answer	Date
1	Whilst space heating is important, we need to consider regaining waste heat and cooling. What are the thoughts on heat storage?	We support it, there will be the functionality for the benefits of this to come through in the application form, as you can potentially be generating more heat and carbon savings for less capital funding and thermal storage can positively impact plant sizing, fuel consumption and grid connection reinforcement costs, so this will score well. Strategically capturing waste heat will also score well.	07/03/2022
20	Will new technologies not yet proven in the UK be eligible for funding? This could provide key learning to the market that all could benefit from.	If they have been proven in other countries then potentially yes, but if not no, GHNF is not an innovation fund. There is an international definition provided in the guidance. However, if there are examples of a technology working internationally at appropriate scale but not in the UK it will be considered.	07/03/2022

## 6. Funding Drawdown

Q. No.	Question	Answer	Date

## 7. Timeframes

Q. No.	Question	Answer	Date
21	How long does a project have to complete works once funding agreed?	This will be agreed as part of the application process, if the project does not spend the funding in the time agreed then the remaining funding will be lost.	07/03/2022



## 8. Devolved Administrations

Q. No.	Question	Answer	Date
3	As Wales is out of scope is there an equivalent?	This is a devolved area; Wales has chosen not to be involved in GHNF. Instead, potential applicants from Wales will be able to apply to the Wales Funding Programme.	07/03/2022

## 9. Other Support Schemes

Q. No.	Question	Answer	Date
7	How will other funds be viewed in terms of maximum grant award? Could other funds be used to upgrade a secondary system without impact on GHNF funding.	Yes, they could as GHNF is designed to sit alongside other government funding schemes such as PSDS. The funding from these schemes will not be stacked but instead is clearly separated by the benefits of each. The carbon saving of a scheme for PSDS funding will come from the change in demand caused by the changes in the system fabric, while GHNF will count the residual heating which has been decarbonised.	07/03/2022
9	Can we use GHNF in conjunction with private finance to make it more appealing to developers and would this need to be managed by a separate company?	Yes, we are keen for private finance to be involved in these projects. Local Authority projects do not need to setup a Special Purpose Vehicle to manage this.	07/03/2022
29	Do you know if the local energy hub will have resources to support development of such schemes? I'd also be interested in speaking to someone who can advise on suitable commercial structures (in BEIS's view) for such developments e.g. SPVs or similar.	The Energy Hub should be able to help but the GHNF team are also able to talk about commercial vehicles.	11/03/2022