



HEAT NETWORK EFFICIENCY SCHEME



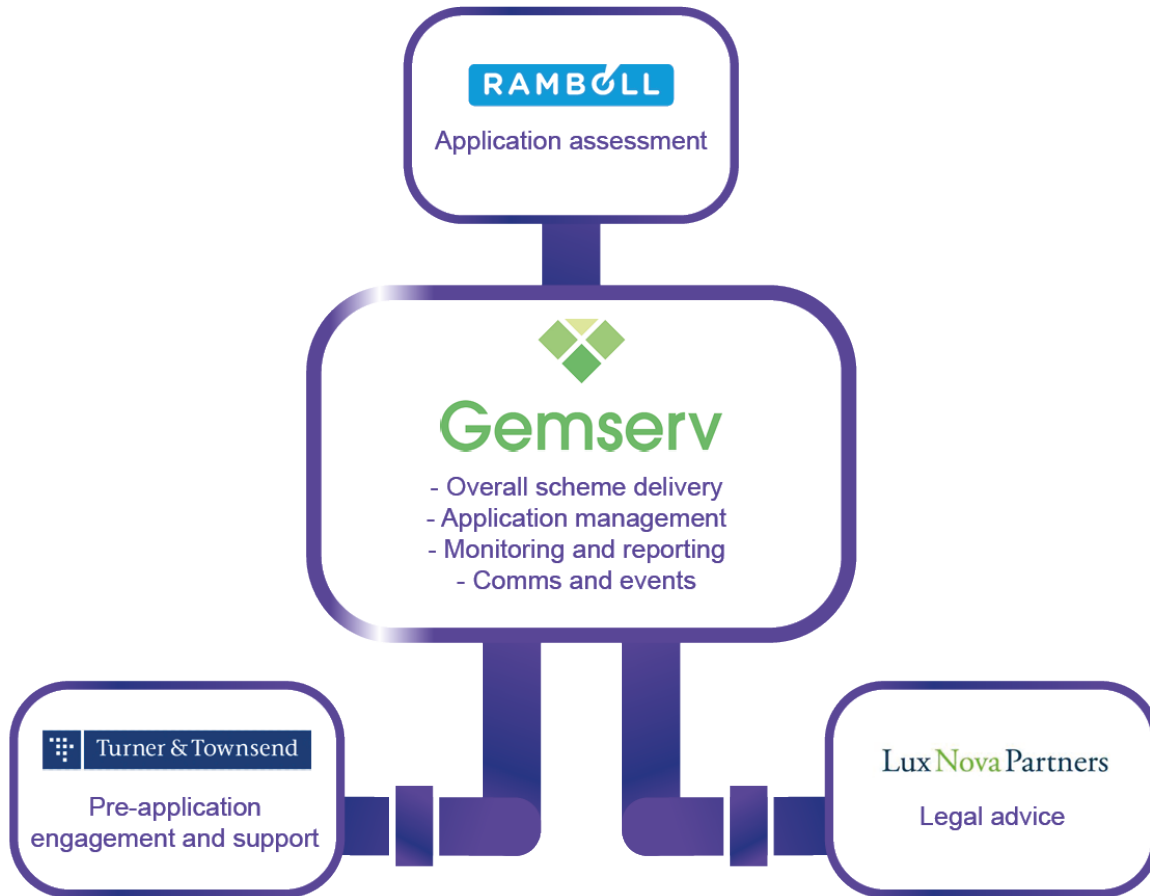
Introduction to HNES

Sam Hales

Applicant Support and Relationship Management Lead



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
- Match funding does not have to be spent at the same time as grant funding
- In March, the Government confirmed that capital support for heat networks would be extended to 2028, including an additional £220 million for the Heat Network Transformation Programme over 2025/26 and 2026/27. We expect to make further announcements on funding allocations in due course



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	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Round 6					★ Friday 2 nd February 2024			
Round 7						★ Friday 22 nd March 2024		
Round 8								★ Friday 10 th May 2024



Capital grants



Eligible costs

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

Ineligible costs

- 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**

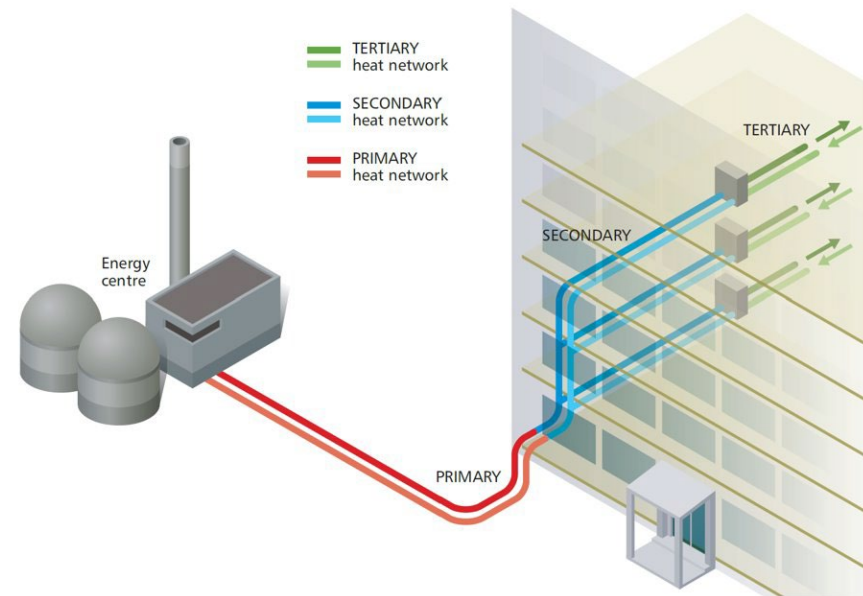
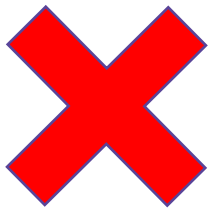


Image: Heat networks CP1: 2020

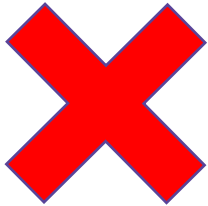


Revenue grants



Eligible costs

- Optimisation Studies delivered according to the outline specification provided in Annex A of the Guidance for Applicants document

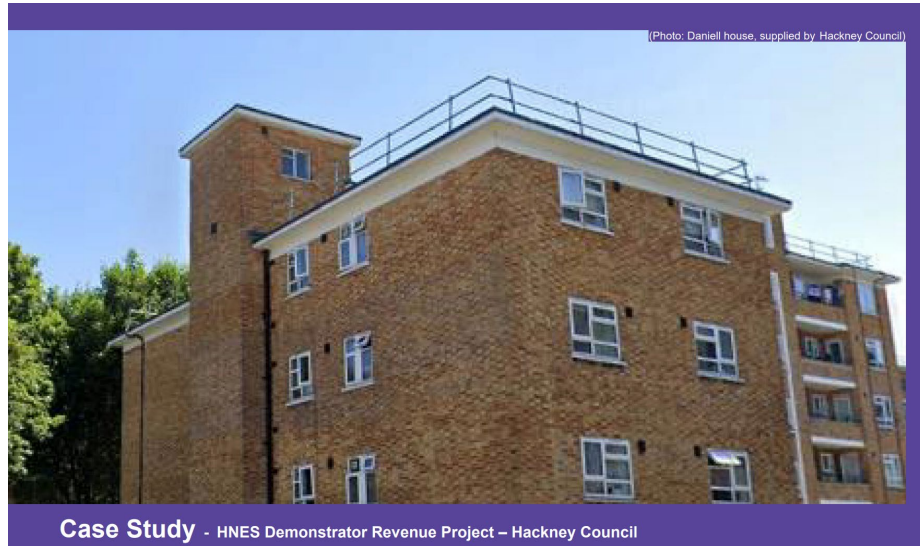


Ineligible costs

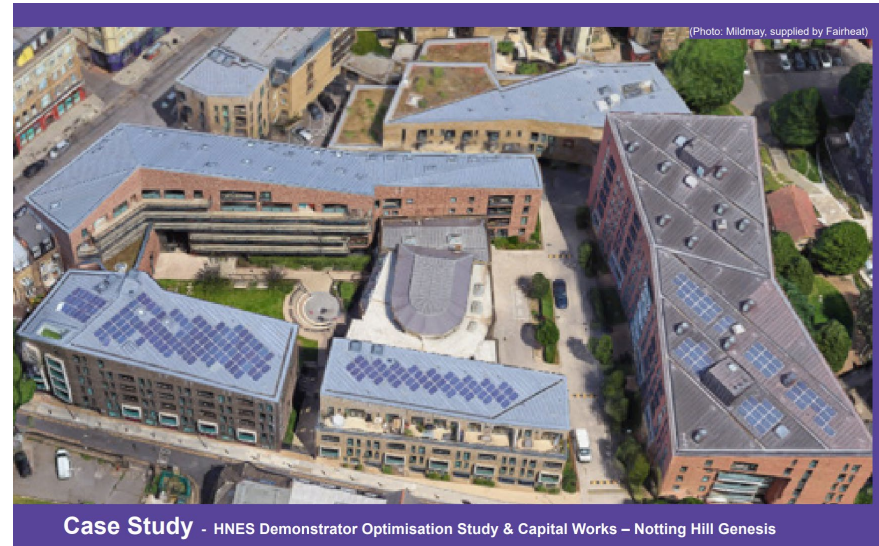
- Work **already commissioned** or incurred before the application
- Internal applicant staffing or secondment staff or charged agencies within applicant organisations, including for **project management** of the third party support / Optimisation Studies
- **Construction, operation and maintenance**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



Example HNES Demonstrator projects



Hackney Council received around £41,000 to undertake two Optimisation Studies improve the efficiency and performance of each network, which in turn would ensure all costs were being recovered, lower the administration of the networks, applied across their entire heat network portfolio. They appointed Chirpy Heat, visits identified 18 efficiency measures. If implemented, these would save £3,000 and 676 tonnes of carbon emissions over a 20-year period. Hackney now intends implement the measures identified and has secured HNES capital funding for this.



Notting Hill Genesis received around £310,000 from the HNES Demonstrator for their Mildmay heat network. The Mildmay heat network provides heat to 139 residential connections, a hospital, and a church. The system suffered from high flow rates and return temperatures and very hot water, particularly during peak hours.

Three main areas for improvement were identified, with poor HIU performance found in 50% of dwellings, alongside poor water quality, a complex hydraulic design, and an inadequate control strategy. Funding provided to the network enabled interventions which resulted in lower flow and return temperatures being achieved across the network and a 32% reduction in gas consumption, resulting in lower bills for residents and lower carbon emissions.



Rural Heat Networks

- Royal Agricultural University, for the Royal Agricultural Heat Network
 - Revenue study, serves 58 residents.
- University of Wales Trinity Saint David (UWTSD)
 - The University of Wales has been awarded a total of £11,890 to renovate a heat network built in 1989. Funding will go towards replacing the water heater, flue, and mains water pumps.



Round 1 and 2 projects announced

£13.9 million awarded in the first Heat Network Efficiency Scheme funding round – Gemserv press release

Over £3 million awarded to upgrade heat networks across Britain – Gemserv press release

Examples of capital projects include:

- upgrading pipework
- improving insulation
- updating controls
- replacing HIUs
- improving water quality
- reducing leaks



Where to find help and support

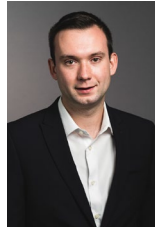
If you have a general enquiry about HNES, want to be added to our mailing list, or would like an application form, please email hnes@gemserv.com



Louise Singleton



Samantha Shea



Sam Hales

DESNZ has published an optimisation study guide and eight heat network optimisation guidance videos, which can be accessed on the [gov.uk](https://www.gov.uk) website

To discuss your project in more detail with one of our Relationship Managers, please email hnes.support@gemserv.com



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Further detail on the scheme can be found in our [HNES Guidance for Applicants](#) document



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