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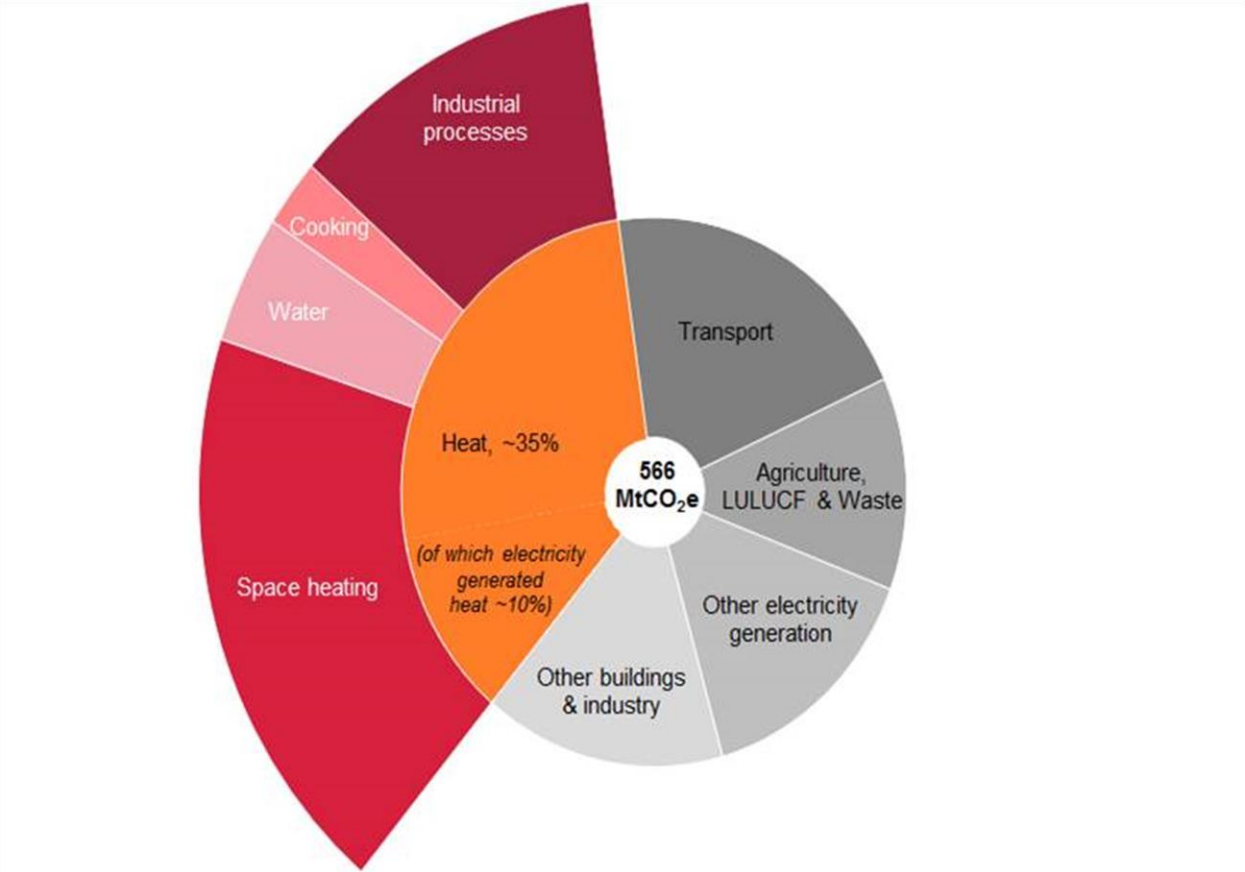
# Heat Networks Investment Project (HNIP)

*Government support to help create a sustainable UK heat networks market*

**Emma Floyd**  
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Department for  
Business, Energy  
& Industrial Strategy

# Heat matters



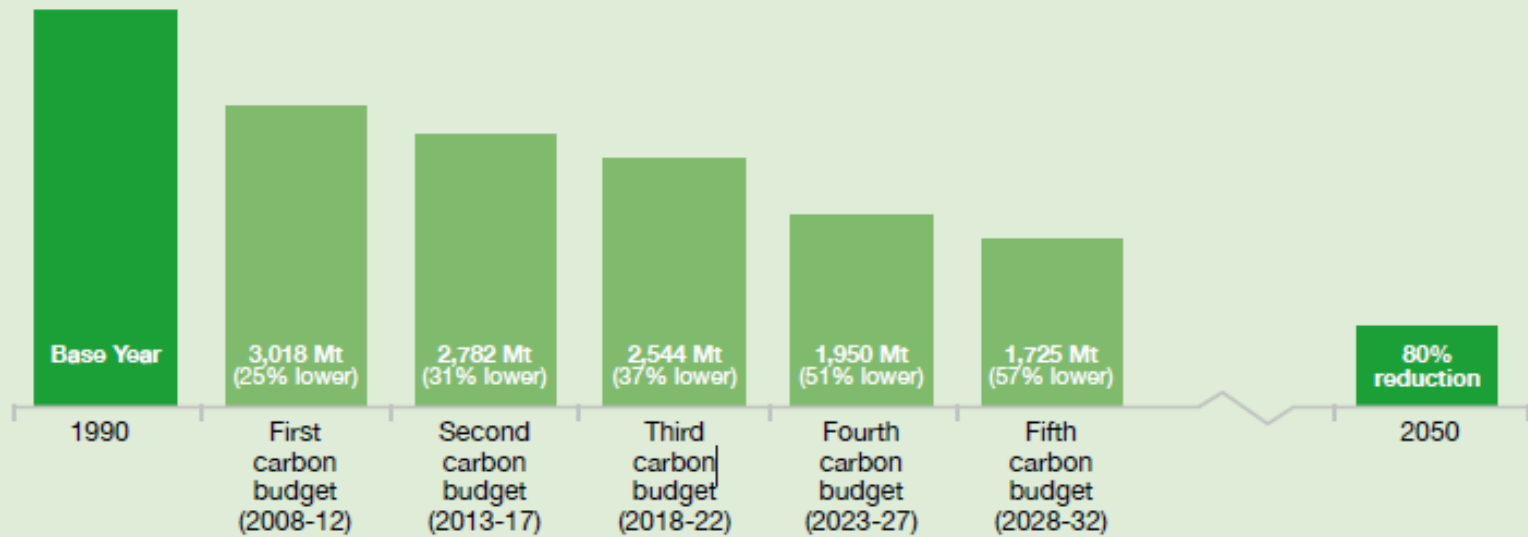
Estimated UK emissions attributable to heating, 2013

Source: Unpublished estimate, Energy consumption in the UK, Government Emission Conversion Factors (BEIS)



# Long term targets

Figure 3: UK carbon budgets and 2050 target<sup>35</sup>

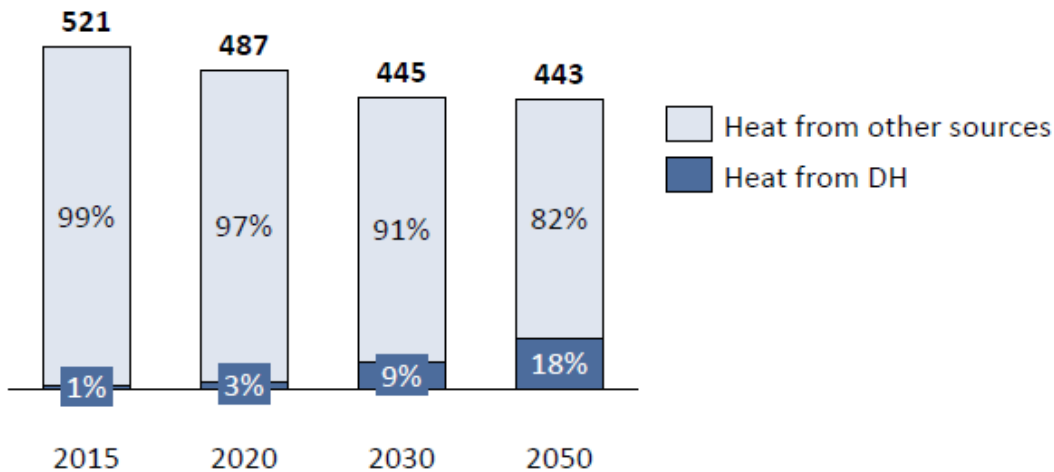


Source: UK legislation; BEIS

# Potential heat networks contribution

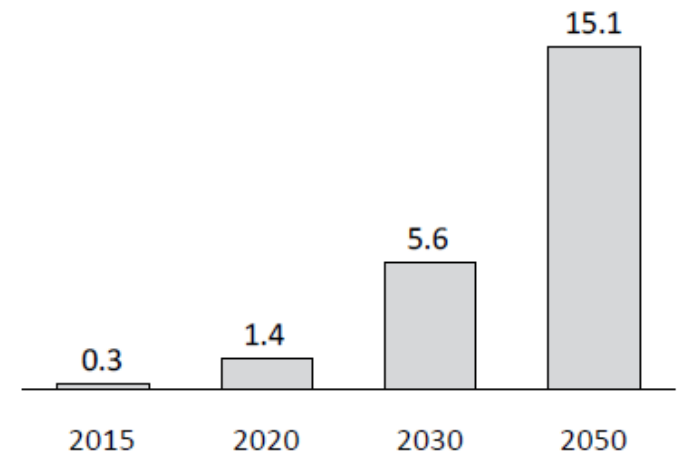
## District heating deployment in the Central scenario

Heat supply in the domestic and non-domestic sectors\* (TWh)



## Associated CO<sub>2</sub> abatement

CO<sub>2</sub> emissions abatement from DH (MtCO<sub>2</sub>)



Climate Change Committee analysis shows that deployment of heat networks is required to meet our 2050 target cost effectively

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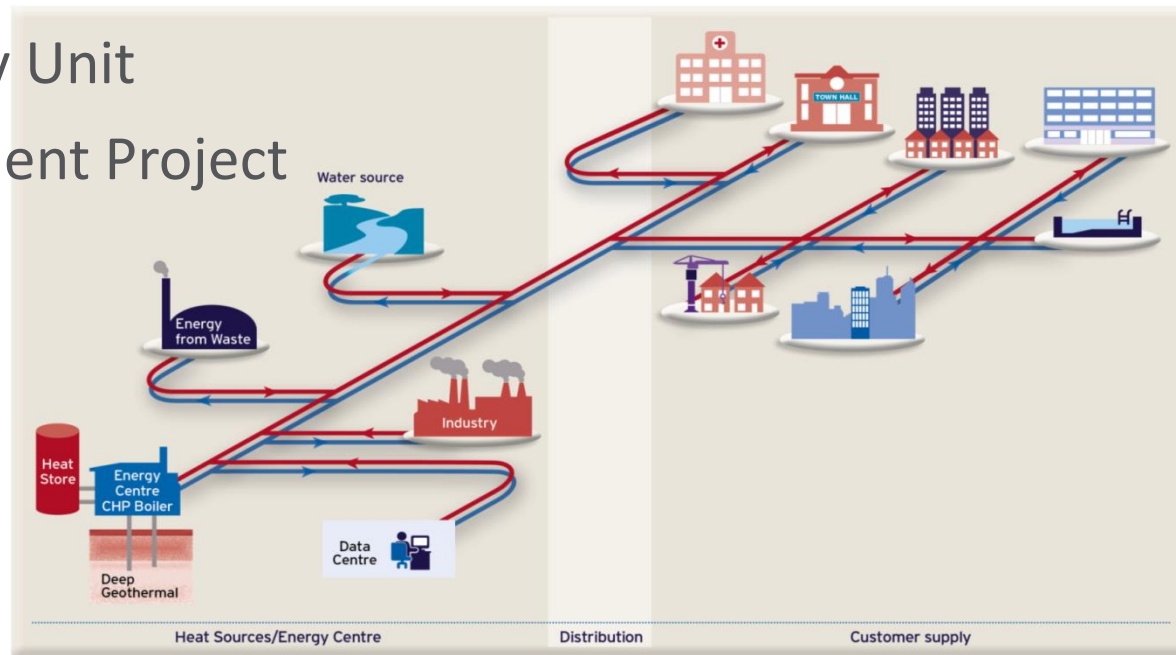
# Why invest in heat networks?

- No regrets
- Proven technology
- Cost effective
- Exploit large scale generation opportunities
- Can reduce consumer bills
- Energy system flexibility and resilience opportunities



# Government support: the story so far

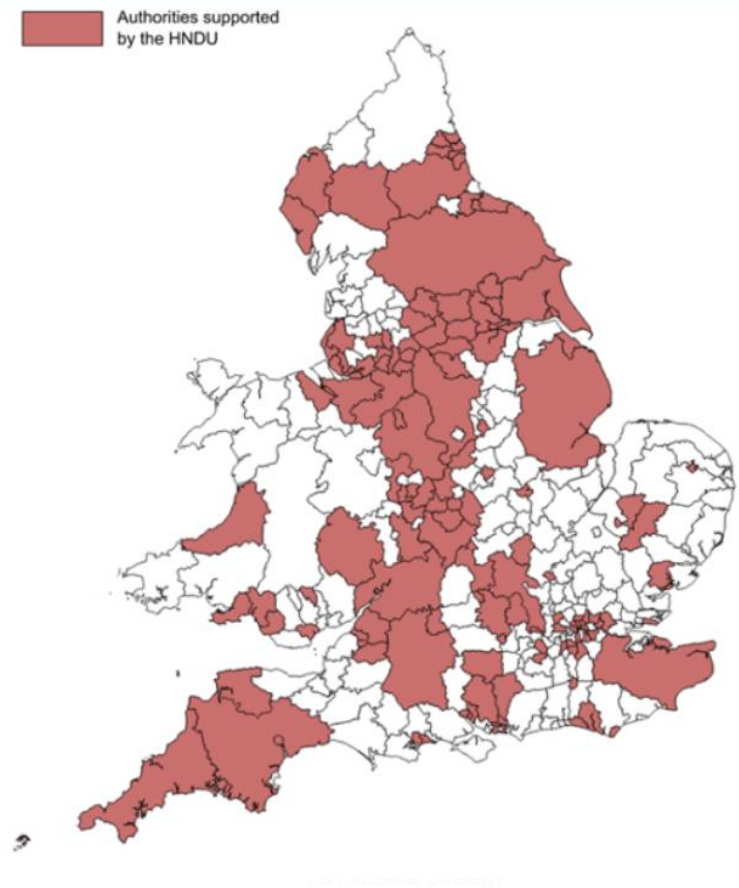
- Industry led schemes: Heat Trust and technical Code of Practice
- Heat Metering & Billing Regulations
- £7m Heat Network Innovation Programme
- Heat Networks Delivery Unit
- Heat Networks Investment Project





# Heat Networks Delivery Unit: Developing a pipeline of projects for investment

- Heat network specialists
- Support to over 130 Local Authorities; 200 projects
- £16m invested in feasibility and pre-build development





# What is the Heat Networks Investment Project (HNIP)?

- Investing £320m in heat networks to 2021
- 16-17 Pilot: £24m invested in nine projects

## Main scheme

- Likely open to all applicant types
- Likely to offer grants and loans
- Run by a delivery partner
- Expect to launch in autumn 2018



# HNIP Aims and Objectives

To help create a self-sustaining heat network market

Increasing the volume of strategic, optimised and low carbon heat networks that are built in the UK



Improving the quality of heat networks to meet local community and consumer needs



Building the capacity and capability of project sponsors and the supply chain in order to develop systems of the right type and quality

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# Expected impact on the market

Fund over  
100 projects

Leverage  
£1bn  
private and  
local  
investment

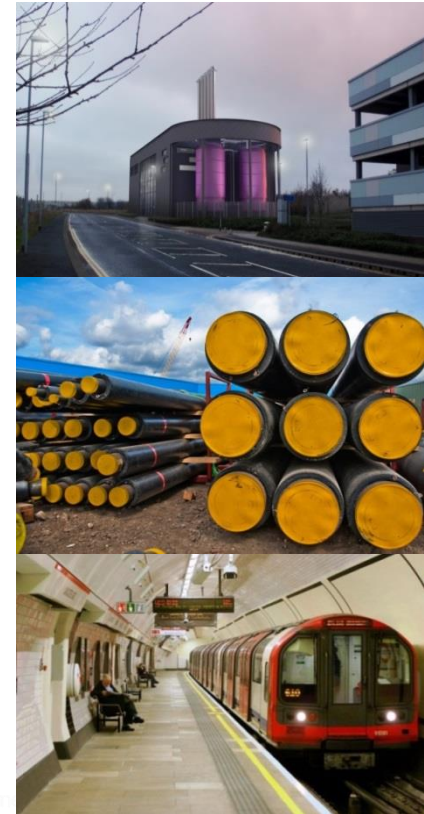
Unlock £16 -  
£22 billion  
investment<sup>1</sup>

<sup>1</sup> IPPR, Piping Hot 2017

# Eligibility Criteria

Pilot funded generation and/or distribution systems (plus secondary & tertiary systems in some circumstances) that met following criteria:

1. Connect 2+ buildings
2. No barriers to future expansion / interconnection
3. Heat source >50% renewable energy, 50% recovered heat, 75% CHP **or** 50% combination heat generated
4. Meet standards:
  - a) Heat Networks (Metering and Billing) Regs 2014
  - b) CHP Quality Assurance standards
  - c) Heat Trust or equivalent



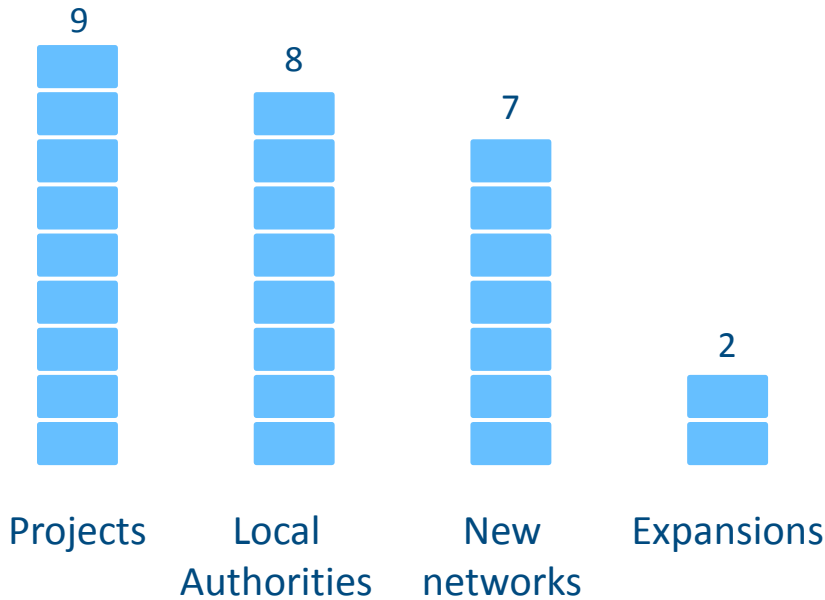
**Under review for the main scheme**

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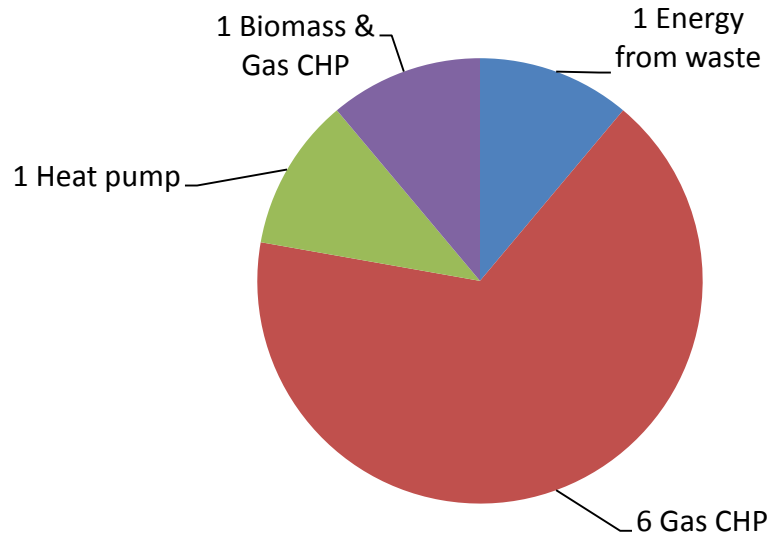


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# HNIP Pilot projects



£  
£24m gov investment  
£74m total capex  
£2m average grant; range £1m - £3.5m  
£4.25m average loan; range £3.5m - £5m



# Next steps for Government

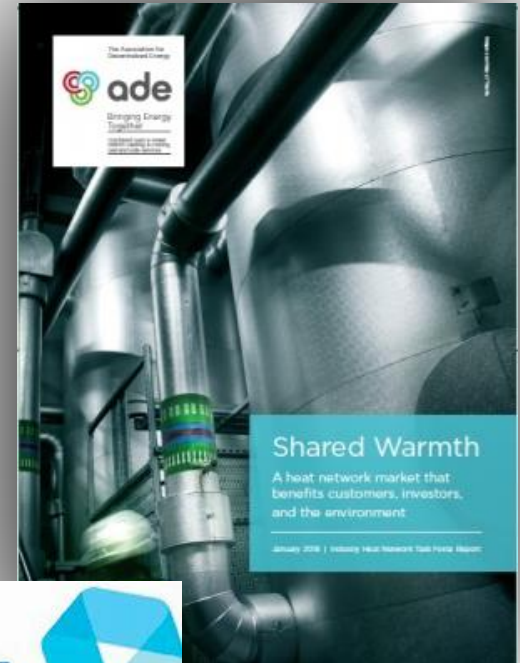


**Three in four** heat network consumers were satisfied overall with their heating system. This is comparable with non-heat network consumers.



**Heating prices** varied greatly among heat network consumers, with some consumers paying over £2000 per year.

**Median annual prices** were **£100 lower** for heat network consumers.



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# Thank you. Any Questions?

<https://www.gov.uk/government/publications/heat-networks-investment-project-hnip>

## **BEIS Contact Details**

For further information about heat networks or HNIP following this event please contact :

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