

Annex 3. GHNF Market Transformation Commitment

Project Name	Applicant	Expected Start of Construction
<p>Project Description (approx. 100 words)</p> <p><i>Must include the proposed project size and phases in £m and GWh, project timescales, procurement approach, current status of project and key milestones (i.e. procurement start, planning milestones, construction etc) and technologies being used</i></p>		

Heading	What our Green Heat Network project is seeking to achieve
<p>Infrastructure: <i>In delivering our project in the heat network sector we commit to enable a progressive business environment that will strengthen the UK supply chains to build quality, safe, low carbon and resilient networks.</i></p>	<p>We will work to ensure fair contracting strategies and open procurement processes that enables new entrants to the supply chain to compete equally with established suppliers. Increasing the visibility of opportunities and ensuring open and transparent access to information for all.</p>
	<p>We recognise the importance of effective community engagement in developing new heat networks projects and will develop and implement a community engagement strategy for the project.</p>
	<p>We will work to understand our project's carbon footprint, identify ways in which we can reduce our carbon impact and ensure project learning is shared across the industry.</p>
	<p>We will work to ensure that our network adds to a more reliable and resilient energy system.</p>
	<p>We will endeavour to engage in the local supply chain and embed projects into local growth strategies reflecting the Government's "Build Back Better: our plan for growth" ambitions. We aim to identify ways in which our heat network supply chain invests in the local area.</p>
<p>Skills: <i>We commit to our project attracting a diverse workforce from all of society, to better enable a low carbon future by enabling further investment in training and promoting career progression covering a broad range of disciplines.</i></p>	<p>We aim to identify ways in which our green heat network supply chain can address the sector's skills gap to enable the supply chain capability and capacity growth needed to deliver Net Zero.</p>
	<p>Our project and its supply chain will use fair and open recruitment processes.</p>
	<p>We aim to stimulate investment in the development of additional skills through our project, recording the number of apprenticeships, trainees, and scholarships.</p>
	<p>We anticipate our project will stimulate jobs in the local area and across the UK. We will record and report back these new jobs created in industry.</p>
<p>Innovation: <i>We commit to explore how our heat network project can support and enable research and development, test and realise new ideas and actively share learnings.</i></p>	<p>We aim to identify ways in which our project can enable investment in R&D either directly or through our supply chain.</p>
	<p>We will investigate how our project can contribute to continual improvement in the sector through applying learnings and innovations from previous projects in our project. We will identify new solutions that can be used within our project, form part of future R&D investment, or represent significant potential for future projects and share this learning across the sector.</p>

Name & Position	Signature	Date

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Explanatory Note

To realise our net zero targets, rapid expansion of both heat network deployment and low/zero carbon heat generation is needed. Delivering net zero by 2050 requires the heat network sector to grow approximately tenfold, from the current 2% share of heat, and decarbonise at the same.

This growth provides opportunities for UK businesses, but also presents challenges for the existing supply chain to increase in capacity and deepen its capability to deliver. BEIS sees this increase in demand as an opportunity for the UK to capture increased value in the supply chain offer and enable the UK sector to be ready to export knowledge, capabilities, and products to other countries as they also seek to deliver their own carbon reduction commitments.

Projects interested in gaining support from the Green Heat Network Fund will therefore be expected to contribute to a healthy, vibrant, and competitive supply chain, ensuring that their project brings value to the UK heat networks sector. By setting this expectation, Government wants to enable new companies and ideas to enter the market and take progressive steps to deliver a modern low carbon low-cost heat network solution in the UK.

The Market Transformation Commitment will be the tool used to ensure the project is aligned with Governments ambitions as laid out in "[Build Back Better: our plan for growth](#)" and provides a platform for industry to share information on upcoming projects, their procurement approach and, key milestone dates to ensure that the supply chain has clear sight of the undertakings.

For the transition scheme, all applicants will be required to sign up to all the commitments, this note includes an explanation of what organisations are signing up to. A more detailed action plan on how the commitments will be delivered will be required for the full application and larger projects will need to meet a minimum standard to be considered for support.

Project description

A brief project description (100 words) is required. This will support transparency in the market and provide a better understanding of the heat network pipeline to Government, suppliers, and developers.

Infrastructure

Open Procurement and Fair Contractual Terms

All projects are expected to follow open and fair procurement processes, engage with the current local supply chain and potential new market entrants before tendering for project elements. As a minimum, transition scheme applicants must follow the procurement principles laid out in the GHNF Guidance [REF 1.8], to support new entrants into the market. Projects entering in the transition scheme may have already entered into contractual arrangements but are committing to any new arrangements adopting this approach.

Local Community Engagement

Heat Networks take time to develop and often require long term customer engagement to make them a success. This commitment sees the projects develop a community engagement practise which will be shared to ensure continual improvement, in line with BEIS' [stakeholder engagement in heat networks guidance](#).

Low carbon footprint in the supply chain

The Green Heat Network Fund is stimulating the provision of low and zero carbon heat. The industry needs to understand its carbon impact and make decisions that lower the carbon

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contribution from each project and its wider supply chain. The information flowing across the industry from this commitment will enable better decisions and approaches in the future.

Reliable and resilient energy systems

Ensuring that the UK's energy system remains reliable and resilient as we decarbonise our economy is vital. Heat networks can support this by; utilising waste heat sources to increase efficiency, coupling with renewable energy production, storing heat to use in non-peak times, and other ways that may not yet have been identified. These steps will enable the Government to capture and value the wider benefit of heat networks for the energy system.

Local Supply chain

[Build Back Better: our plan for growth](#) has been put forward by Government to stimulate UK investment, and the Green Heat Network Fund has an important role to play in re-energising the economy, lowering UK carbon emissions, and stimulating value and jobs for the UK. In this commitment we are expecting projects to identify ways in which it can work to deliver the objectives of the plan. In particular through engagement with the local supply chain we see opportunities to stimulate investment and jobs in the local economy.

Skills

Addressing the skills gap

[The heat networks skills review](#) highlighted clear skills gaps in the industry, while also pointing towards skills needs that are likely to become more important as the sector evolves. Existing gaps will become more acute as the industry grows and are likely to compromise the UK's ability to meet our net zero ambitions. Projects play an important role in building both the skills capability and capacity in the supply chain through their setting of expectations, collaboration with local bodies and procurement strategies.

Fair and open recruitment

The skills gaps facing the industry is exacerbated by a limited recruitment pool and fierce competition for skills. We need to attract a more diverse pool of talent to the sector if we are to draw on the resources of the whole country. Hiring for projects should be based on merit on the basis of fair and open competition, as defined by [the civil service commission](#).

Recording jobs and apprenticeships

By recording job numbers, projects will support the growth of the heat network sector and the upskilling of the workforce. Creating an understanding of how heat network investment supports apprenticeships, trainees, scholarships, and jobs will enable the targeting of future interventions or support.

Innovation

Enable investment in R&D

The Green Heat Network Fund is supporting a transition to low and zero carbon solutions. Many of these solutions will benefit from further R&D to bring forward the most suitable, future low-cost low carbon heat solution. We wish to see projects linking up and collaborating with existing R&D activities and investment to enable applied learning.

Continual improvement of Heat Networks through shared learning and innovation

The provision of low and zero carbon heat is a significant challenge for the UK's net zero carbon target. It is vital that lessons learnt from previous heat networks and wider sector endeavours are embedded into new projects. The knowledge, insight, and experience that your project gains from these endeavours will identify further need for new technologies, approaches, and investment models that will be shared across the industry. This will reduce costs and enable heat networks to become a more attractive investment.