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Heat Network Efficiency Scheme (HNES) Round 12 Application Seminar

15th April 2026

Welcome



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Please mute microphones to limit disruption



If you are not speaking, please turn off webcams to improve video quality



Please ask questions using the Q&A functionality



This webinar is being recorded and slides will be distributed after

Agenda



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Session	Presenters
Introduction to HNES and Funded Projects Examples	Louise Singleton
Optimisation Studies and Application Process	Roisin Broomfield
Submitting an Application and Assessment Process	Louise Singleton
Support available for applicants	Abigail Chu
Q&A	All



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Introduction to HNES

Louise Singleton, HNES Programme Manager

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

Updates to Guidance for Applicants

- Version 8 issued on 7th April
- Pages 72-73 list the changes made from Version 7
- Changes include:

Dates / deadlines

Funding
rounds added

Application supporting evidence

Supplementary
cost spreadsheet
for capital
applications

Eligibility criteria

Capital applicants must supply heat to Customers in Need

unless they can demonstrate
a strategic rationale for
funding e.g. links to a GHNF-
funded heat network or
expected to connect to a
heat network within a heat
network zone

General

Change from
Gemserv to
Talan, inclusion
of additional
Warm Homes
Plan funding

Relevant legislation

Consideration of
relevant legislation
when developing an
application (e.g.
Building Safety Act,
Section 20, Florrie's
Law etc.)

Heat network industry initiatives

HNTAS, HNMBR,
Ofgem digital
service



How much funding is available?

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 for FY23/24 - 24/25, plus further funding in FY25/26 onwards, subject to availability

Capital Grants

Part funding
(up to but not including 50%)
available for the delivery (installation) of eligible intervention / improvement measures.

Up to £105m across FY23/24 to FY29/30

- Capital projects can apply for funding in FY26/27, FY27/28 and FY28/29
- Revenue projects can apply for funding in FY26/27 and FY27/28, however funding is subject to availability
- Grant funding must be spent within its allocated financial year
- Match funding does not have to be spent at the same time as grant funding



Capital grants eligibility

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 and internal project management)
- Energy centre / plant room – costs for **replacement** of the primary heat generation source and **fuel costs** for temporary energy supply
- Tertiary systems – costs for **buying or replacing pipework and heat emitters** (e.g., radiators) within buildings or dwellings
- Metering – costs for metering that is required under the **HNMBR**

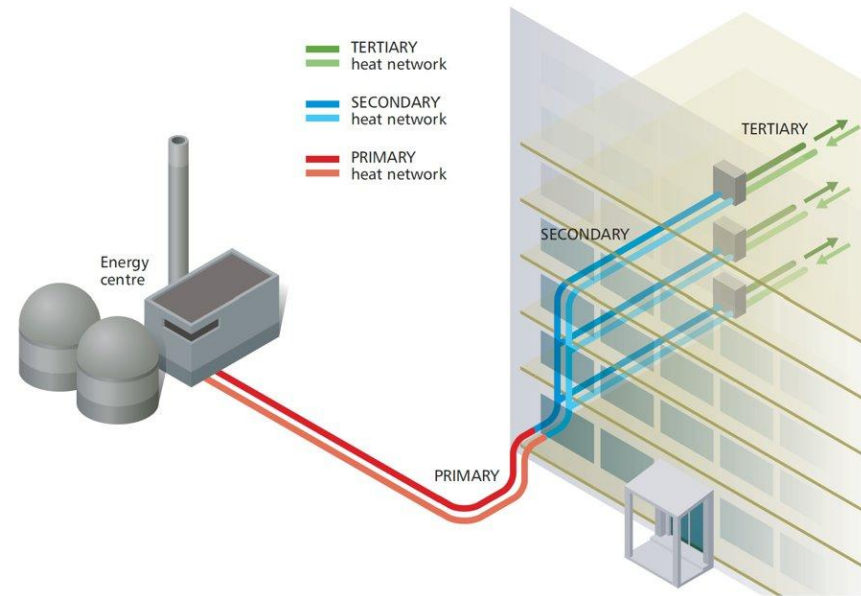


Image: Heat networks CP1: 2020

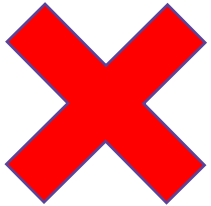


Revenue grants eligibility



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



Who can apply?

Operators of
existing district
heating networks
or communal
heating systems

Heat networks
situated in
England or
Wales

Public sector,
private sector or
third sector
organisations

Legal entities,
with authority to
sign-off
investment
decisions for the
heat network
they are
responsible for

The name of the applicant must match the legal company name listed on Companies House, and also the bank account name where the funding will be paid into if successful, where possible



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Funding round closing dates

Round	Opening Date	Last Day to Request an Application Form	Closing Date for Applications
Round 12	7 th April 2026	8 th May 2026	22 nd May 2026
Round 13*	Expected to open on 17 th August 2026	25 th September 2026	Expected to close on 9 th October 2026
Round 14*	Expected to open in December 2026	Two weeks before closing date	Expected to close in February 2027

*subject to budget availability

Guidance for Applicants document can be accessed [here](#)



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HNES Funded Projects



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What HNES has achieved so far...

397

Heat network
projects funded

Capital and revenue
funding awarded

£65.6M

70,000

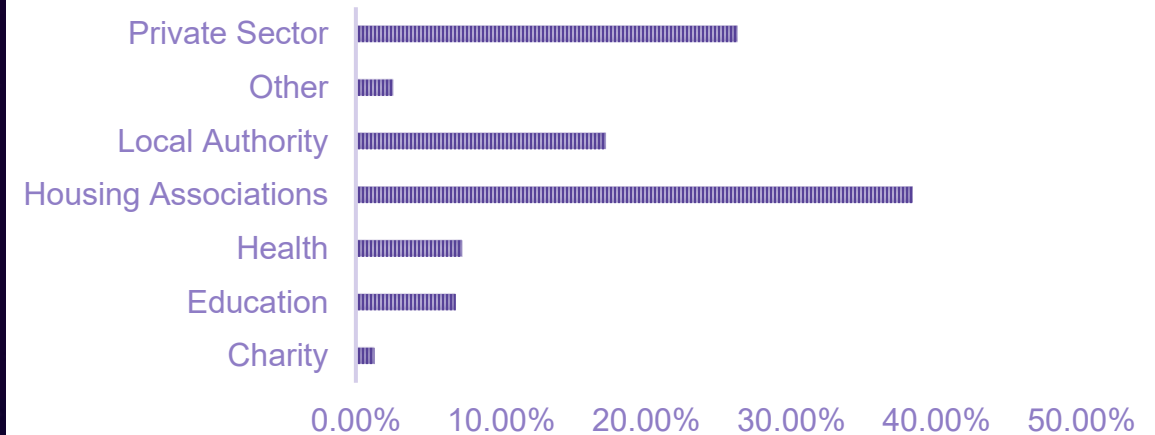
Residents
benefitting

One-way flights from
London to New York worth
of carbon emissions saved

106,480

Averaged over 40 years

PERCENTAGE OF FUNDED SECTORS



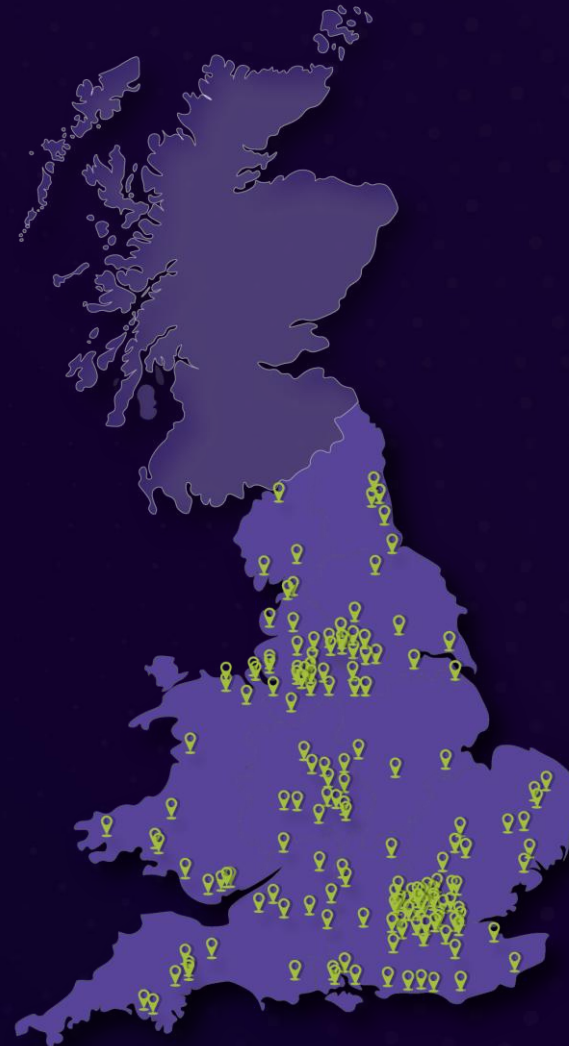
Private Sector includes resident associations



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What has been funded and where?

Upgrading pipework	Improving insulation
Updating controls	Replacing HIUs
Improving water quality	Reducing leaks





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Round 9 Successful Projects

£8.4 million
awarded

69
heat
networks

Set to
benefit
8,200
residents





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HNES Optimisation Studies

Roisin Broomfield, HNES Relationship Manager

WP1 – Network Operational Performance

Aim – to investigate the current operation and condition of the network in order to develop a baseline against which optimisation measures can be developed and their impact quantified (WP2)

Outputs – heat network operator understands the causes of sub-optimal performance and the impact of these on the operation of the network and on customers

Steps

1. Data capture / analysis and site visit(s)
2. Baselining of network performance and KPIs
3. Analysis of network performance, including reporting



WP2 – Network Optimisation Opportunities

Aim – to identify potential optimisation measures and quantify the costs and impacts that implementing these could have on network performance

Outputs – heat network operator receives clear and robust analysis to define a pathway to improving customer outcomes and operational performance of the network

Steps

1. Development of optimisation measures and packages of measures
2. Cost and cost-effectiveness assessment of intervention measure packages
3. Reporting and recommendations



Final Deliverables

Project Report

Summary site visit report

Techno-economic analysis spreadsheet

Final submission of Revenue M&R worksheet
(including Optimisation Study Outputs Annex)

OPTIONAL

Completed HNES Capital Grant Application Form





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Application Process

Application form sections overview

A – Applicant Info

- Applicant organisation information and parent company if relevant
- Contacts relating to application

B – Project Info

- Description of the network including address
- Network characteristics including proportion of dwellings that fall under the HNES definition of residential ‘customers in need’
- **Whether the heat network is of strategic importance**
- Supply chain information e.g. O&M contractor, Metering and Billing provider
- Regulatory i.e. HeatTrust registration, HNMBR, Energy Ombudsman, Ofgem digital service etc

C – Project Narrative

- Overview of project and funding request
- Overview of network data availability, quality and metering
- Overview of the rationale for the funding application to HNES in relation to Objectives 1 (reducing carbon emissions by making networks more efficient) & 2 (reducing customer detriment)
- Approach to disseminating information i.e. communication methods and means
- For applicants who have previously received HNES funding, HNES application numbers and evidence of communication methods on previous projects and approach to improving portfolio
- Sub-optimal outcomes experienced



Application form sections overview (cont.)

D – Baseline and Target

- Network Imported Fuel
- Network Energy Generation
- Heat Demands and Losses
- Economic Indicators
- Network Outages / Service Interruptions

E – Funding and Procurement

- Total application budget and funding request, **including across financial years**
- For capital application forms this is broken down into the different network areas works being applied for, as well as a new “Other” section
- **For capital applications, confirmation as to where match funding is coming from and that it has been secured**
- Procurement i.e. description, procurement milestones including use of Heat Network Exchange, planned use of SMEs, proposed contractors/consultants, makes and models of new equipment

F – Confirmations

- Supporting Evidence, including confirmation that the named applicant organisation has the authority to sign off on investment decisions for the heat network and **for capital applications, that the supplementary cost spreadsheet has been uploaded**
- Applicant’s Declaration



Supporting evidence

Capital Grants

- Evidence of application costs
- **Supplementary cost evidence spreadsheet**
- Evidence of targeted benefits
- A signed letter (or letters) confirming:
 - Named applicant organisation has the authority to sign off on investment decisions for the heat network;
 - Applicant support for the application and works to be supported;
 - Match funding;
 - Acceptance of monitoring and reporting requirements;
 - Confirmation (where relevant) of any other subsidies relevant to the project
- A summary programme of works
- A completed AP1a form
- Where applicable:
 - confirmation / evidence of eligibility of metering costs relative to HNMBR requirements
 - evidence of communication methods used on previous HNES funded projects

Revenue Grants

- Evidence of application costs
- A signed letter (or letters) confirming:
 - Named applicant organisation has the authority to sign off on investment decisions for the heat network;
 - Applicant support for the application and works to be supported;
 - Match funding (if relevant);
 - Acceptance of monitoring and reporting requirements;
 - Confirmation (where relevant) of any other subsidies relevant to the project
- An outline project programme
- A completed AP1a form
- Where applicable, evidence of communication methods used on previous HNES funded projects



Applying for multiple projects under HNES

	Revenue Grants	Capital Grants
Submitting multiple applications in the same funding round	Applicants will need to explain how the networks differ in terms of engineering design/operation, indicators of sub-optimal performance and/or indicators of customer detriment and justify why multiple studies are necessary and learnings can't be shared	Consideration should be given as to whether the capital works are similar in nature and if lessons could be learned and efficiencies made by running projects sequentially rather than in parallel
Submitting further applications after funding has been awarded in previous funding rounds	Applicants will need to explain how learnings from previous studies have been used and why these cannot be applied to the new applications	Applicants should explain how lessons learned from previous projects have been incorporated into the new application, where applicable

HNES actively encourages capital applications from heat networks that have previously been awarded revenue funding, to help implement the recommended capital measures





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Submitting an Application

Louise Singleton, HNES Programme Manager

Online Application Portal Walkthrough

Projects

M&R Reports

Home > Projects

Projects

Search all columns...

Project Ref	Project Name	Funding Round	Status	Internal Status	Application Type	Organisation Type	Applicant Org	
☐	Filter Project	Filter Project Name	Filter Fundir	Filter Status	Filter Internal Status	Filter Applic	Filter Organisation T	Filter App
☐	HNES_MAIN_00926	HNES Webinar Round 12 Te...	Round 12	Application Draft	Capital	Housing Association	Talan Housing	
☐	HNES_MAIN_00783	HNES Webinar Test Project	Round 10	Application Submitted	Capital	Private Company	Gemserv	

Showing 1-2 of 2 results

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Key things to remember about the application portal



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1. Save as you go along
2. Only one person can **edit** at a time, but multiple people can view
3. Make sure to upload all your supporting documents **before** you press submit – size limit is 50MB per file

How to apply

1. Email hnes@talan.com to express interest or request an application space
2. New users will receive an email from noreply@talansm.com with a temporary login link (expires after 7 days), previous users can log in using existing credentials
3. A separate email will be sent from hnes@talan.com with your application pack
4. The latest date to request an application space for Round 12 is **Friday 8th May**

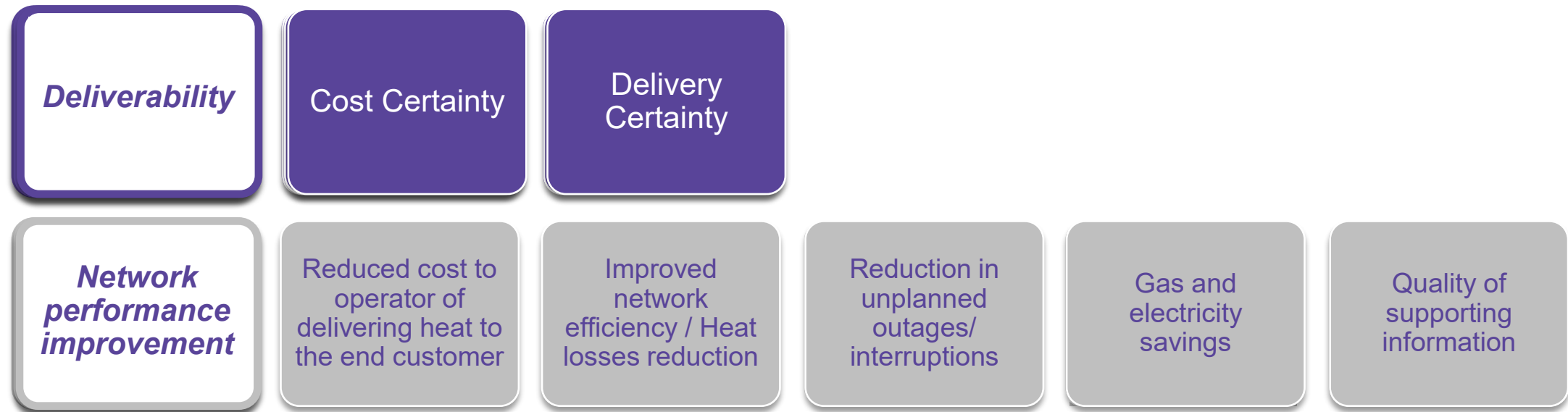




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Assessment Process

Scoring criteria (capital applications)

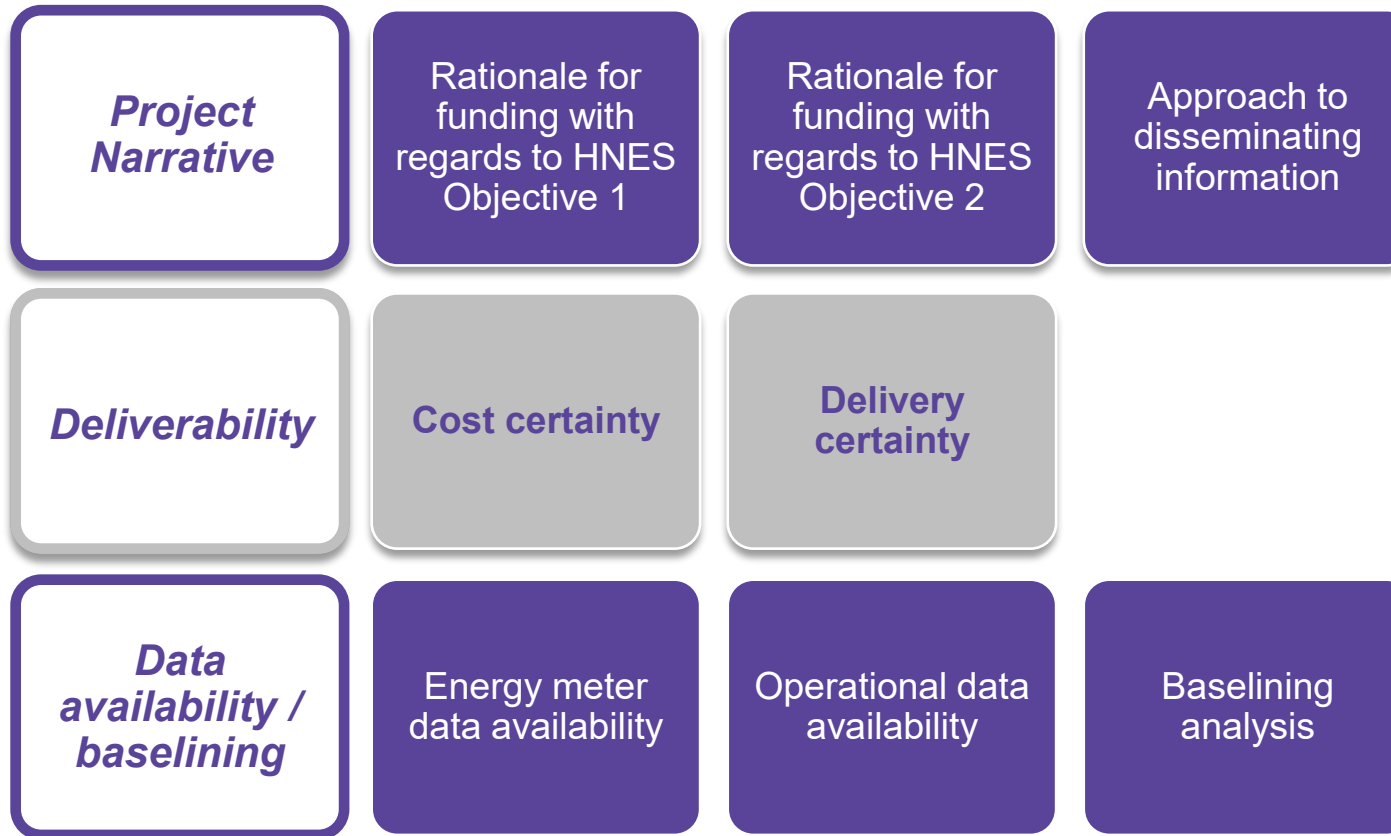


Scoring criteria (capital applications)

<i>Project Narrative</i>	Rationale for funding with regards to HNES Objective 1	Rationale for funding with regards to HNES Objective 2	Approach to disseminating information
<i>Value for money</i>	Cost of carbon abated	Cost of gas savings	Cost of electricity savings
<i>Data availability / baselining</i>	Energy meter data availability	Operational data availability	Baselining analysis



Scoring criteria (revenue applications)



Round 12 Timescales

Weeks	Description	Indicative Dates*
1-11	Application assessment period, including clarification period. Submission of assessment outcomes to HNES Investment Committee	26/05/26 – 07/08/26
12-16	Review of assessments by HNES Investment Committee (including clarifications) leading to decision on funding award recommendations	10/08/26 – 04/09/26
17-19	Internal approvals of funding recommendations by the Department of Energy Security and Net Zero	07/09/26 – 02/10/26
20	Confirmation to all applicants of successful / unsuccessful applications	05/10/26 – 09/10/26
21	Issue of Grant Funding Agreements to successful non-Local Authority applicants	12/10/26 – 16/10/26
20-24	Further approval process for Local Authority applicants and issue of Memorandum of Understanding to successful applicants	05/10/26 – 06/11/26

*dates are indicative only and subject to change



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Clarifications

- During the assessment period, clarifications may be raised to which the Applicant must respond. These are typically issued during Weeks 1, 3 and 5
- **It is essential that the Applicant is available during these weeks to ensure full and timely responses to any clarifications can be provided**
- Further clarifications may be raised as part of the Investment Committee process (typically Week 14)
- However, clarifications can be issued at any time during the assessment process (Weeks 1-16), so it is helpful to make sure someone is available throughout the whole assessment period



Monitoring and Reporting requirements

- A condition of grant funding is regularly submitting Monitoring and Reporting (M&R) returns
- M&R returns are essential to track whether grant funding will be spent and also to ensure the Aims of HNES are being met
- Additional written guidance on M&R is provided to successful projects.

Revenue M&R Returns
• Required from grant award until sign off of Optimisation Study • Monthly returns covering: • Project progress updates • Risks and issues • Budget drawdown • Final return to include: • Optimisation Study Outputs Annex

Capital M&R Returns
• Required from grant award until 24 months after commissioning date • Monthly returns covering: • Project progress updates • Risks and issues • Budget drawdown • Quarterly returns covering: • Progress against benefits and KPIs for each of the previous 3 months



Grant Claims

Non-Local Authorities

- Grant funding can only be claimed retrospectively
- Evidence of spend must be provided before the grant claim can be paid. This includes:
 - Invoices sent from contractors
 - Remittance evidence to show the invoices have been paid
 - A grant claim form that aligns with the funded activities in the Grant Funding Agreement
 - Where relevant, evidence of match funding spend

Local Authorities

- Grant funding can be claimed upfront once the Memorandum of Understanding (MoU) has been signed by filling in the grant claim form
- Funding is released on a per Financial Year (FY) basis – if funding is split over multiple FYs, then evidence that the grant has been spent is required before any grant awarded for the next financial year can be claimed
- Evidence of project spend is required at the end of the project and any funding that isn't used in line with the funding award will need to be paid back





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Pre-application Support

Abigail Chu, HNES Application Support

Pre-application Support

Prospective applicants can access front end support from our Pre-Application Support team to discuss the application process, or to begin their application for submission.

The Pre-Application support team can provide:

- Initial contact and issue of application form
- 1-2-1s with dedicated Relationship Managers to discuss application
- First pass review of application with feedback
- Responding to applicant enquiries prior to submission
- Signposting to applicants that they are ready to submit

We may also require some applicants to speak to a Relationship Manager ahead of submission to ensure the project is sufficiently developed to warrant assessment

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



Where to find help and support

- 🕒 Email hnes@talan.com for general enquiries and to request access to the HNES online portal and an application pack
- 🕒 Read our [HNES Guidance for Applicants](#) document for further detail on the scheme
- 🕒 Sign up to our [Mailing List](#) for the latest information and updates about the scheme
- 🕒 Read DESNZ's [optimisation guide](#) and watch these [heat network optimisation guidance videos](#) for helpful tips on how to improve your network



Louise Singleton



Katy Ansari



Alison Sanders



Roisin Broomfield



Abigail Chu





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Q&A

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