



ANNEX A to Prior Information Notice – Heat Networks Financial Services Procurement

Background

The Department for Business, Energy and Industrial Strategy (“BEIS”) launched the Heat Networks Investment Project in 2018 to support the creation of a self-sustaining heat networks market. BEIS subsequently appointed Triple Point Investment Management LLP (“Triple Point”) to lead a consortium comprising of the following: AECOM, Amberside Advisors, BDO, Ecuity, Gemserv and Lux Nova, Triple Point are the Delivery Partner, who lead on the implementation of HNIP.

A critical part of the Delivery Partner role is to seek to create the right conditions and connections between project sponsors/owners, developers and funders to support market growth. The Heat Networks Financial Services Initiative (the “Initiative”) is a key element in achieving this. The final procurement process to be applied to the Initiative pursuant to the Public Contracts Regulations 2015 is yet to be determined but will be confirmed within the OJEU Notice.

BEIS are seeking to pursue the Initiative, which is expected to be predominantly for Local Authorities with Heat Network Projects in order to access a set of funders with the experience and appetite to bring projects to fruition, and in turn, to deliver the successful, self-sustaining heat network market requirement.

The following types of funding will be made available under the Initiative:

1. Equity (Lot 1)
2. Asset Finance (Lot 2)

Funders appointed pursuant to this procurement process will mainly be accessed by Local Authorities seeking funding through further competition. BEIS see a benefit in establishing the Initiative because organisations making use of it may seek working arrangements with a funder that also require “services” of an advisory character and/or project set-up. In order to establish an Initiative which is compliant with OJEU rules, it is beneficial for it to be set up on that basis from the start. It is intended that any services must be ancillary to, and provided in conjunction with, the finance funding. Services cannot be procured on their own but only with an associated investment opportunity.

Questions for Potential Providers

We are finalising the drafting of the procurement documentation for the Initiative and request your views to help shape the final list of services for inclusion.

Once we are in receipt of responses from Potential Providers, we are proposing to define some ‘core’ services as those that all Potential Providers must be able to provide in addition to funding for entry onto the finally implemented Initiative.

We are aiming for the Initiative to go operational from Summer 2020.

We invite Potential Providers to the Initiative to provide their views on the following questions by **5pm on 14 February 2020.**

- (1) Potential Providers are asked to confirm the services which they can provide from the list of services described in Lot 1 and Lot 2 below; and
- (2) Potential Providers are asked to consider whether there are any other services that should be included within the scope of Lot 1 and/or Lot 2?

We ask that responses to the above questions are limited to four (4) A4 sides. Please send your responses to HNFF.ProcurementQuestions@beis.gov.uk.



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Summary of Proposed Lots and Services

LOT 1 - Equity Finance

- support and/or advice in relation to financing a project, including arranging for third party funding
- support and/or advice in relation to the commercial structuring of heat network projects/transactions
- support and/or advice in relation to the procurement of supply chain parties including support and/or advice in appointing and managing third party advisers support and/or advice in setting, negotiating and agreeing the commercial terms between the various project parties support and/or advice to assess and test current market conditions
- assistance with obtaining any relevant authorisations, approvals or consents in relation to the relevant heat network project
- assistance in the preparation of tender documentation financial modelling, bid evaluation and contract negotiation support) and agreeing other ancillary documentation required for financial close
- support and/or advice in relation to any due diligence exercise
- preparation of timetables of events, liaison with other parties and process management of the relevant heat network project
- support and/or advice regarding the development and periodic update of a business plan for the SPV
- support and/or advice in project managing the commercialisation and financial close process
- provision of board directors and active participation in board meetings before, during and after financial close of the relevant project
- provision of SPV management services
- support and/or advice in relation to managing subcontractors and other third parties
- support and/or advice on value enhancement including project expansion, refinancing and cost management.

LOT 2 - Asset Finance

- Provision of operating leasing, finance leasing or hire purchase facilities in respect of items of heat network plant and machinery
- Lease portfolio management software
- Asset disposal / decommissioning
- Asset tracking
- Remarketing support
- Stage payments



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- Pre-Lease facility
- Purchase agency facility
- Sales agency
- Forward funding
- Interest rate hedging
- Non-standard repayment profiles
- Loan agent services
- Consolidation of related lease / loan facilities
- Ability to offer interest only / full or part bullet repayment facilities
- FX Services (for overseas suppliers)
- Foreign currency agreements (to support overseas parented corporates)
- Non-UK law agreements (to support overseas parented corporates)
- Variable rate or index linked facilities