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Planning

Heat Network Technical Assurance Scheme (HNTAS) Scheme Operator

Department for Energy Security & Net Zero

UK2: Preliminary market engagement notice - Procurement Act 2023 - <u>view information</u> <u>about notice types</u>

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Scope

Reference

prj 4284

Description

The Department for Energy Security and Net Zero (DESNZ) wishes to establish a contract for a Scheme Operator to operate the Heat Network Technical Assurance Scheme (HNTAS).

In 2020, BEIS consulted on developing a regulatory market framework for heat networks to protect consumers, support market growth and develop low carbon networks. Within this consultation views were sought on introducing mandatory minimum technical standards for heat networks. This proposal received strong support from respondents, as did the proposal that heat network suppliers should demonstrate compliance with

technical standards through an accredited certification scheme. The full consultation and market response can be found here: https://www.gov.uk/government/consultations/heat-networks-building-a-market-framework

A further heat networks technical standards consultation is planned for 2025, responses to which will need to be taken into consideration for the implementation of the scheme and the proposed requirements of the HNTAS Scheme Operator.

The Energy Act (2023) provides for Ofgem to be appointed as regulator of the heat networks sector and grants Ofgem the power to authorise individuals to operate heat networks and undertake supply activity. Ofgem will grant authorisation to a heat network operator, provided that the operator's network meets certain authorisation conditions. The Energy Act provides for compliance with minimum technical standards to be included as one of these conditions. This lays the foundation for technical standards secondary legislation which is expected to come into force in 2026 to introduce mandated minimum technical standards for heat networks (e.g. mandating requirements on water flow temperatures, pipe insulation, etc). The majority of heat networks (existing and new) across a range of different characteristics (large city sized district heating to single block communal networks) will be in scope of this requirement.

To promote compliance with these minimum technical standards, we are developing an assurance scheme: HNTAS. The technical specifications which set out the minimum technical standards that heat network operators will need to adhere to, and that will be subject to assurance, is being written and is expected to be completed in 2025. Work is also underway to develop the assurance processes themselves, these being the procedures to assess compliance. Together, the technical specification and assurance processes represent normative documents, a set of documents describing what heat suppliers must do. Once legislation is in place, we intend to designate these normative documents as a Code, adherence to which will be required in regulation.

Heat networks are comprised of several elements (e.g. energy centre, district distribution network, communal distribution network, thermal substation, consumer connection and consumer heat system). Heat networks also have several stages within their lifespans (e.g. feasibility, design, construction, and operation and maintenance). We expect the Code to set minimum technical standards for each of these elements and stages. In order for a heat network to be assured as having met the technical requirements in this rulebook, we intend that heat network operators will be awarded assessment passes by HNTAS licensed assessors once they have demonstrated that they have met the necessary standards. HNTAS licensed certifiers will then need to certify that a network has met these standards across all relevant elements and stages. Assessor and certifier requirements and accreditation processes are currently in development.

DESNZ is currently overseeing a pilot to test the scheme on heat networks, with the pilot being run by a 'Shadow Service Provider'. Lessons learnt from this pilot will be considered

when finalising the requirements of the HNTAS Scheme Operator.

The Energy Act also provides for Ofgem to award a licence to a technical standards Code Manager. The Code Manager, as Ofgem's licensee, is the entity that must carry out the requirements of that licence. DESNZ are currently working to establish the form of legal entity that the code manager will take.

The Code Manager may take the form of an incorporated entity, called HNTAS Ltd, which would be limited by guarantee. The primary functions of the Code Manager include overall responsibility for HNTAS, operating the scheme, and maintaining the Code. The Code documents may comprise of technical specifications, assurance procedures and assessor requirements. We expect that the Code Manager will subcontract many of these functions.

We anticipate that DESNZ will procure the contract, with a possibility that the contract is novated or assigned to the technical standards Code Manager at a later date. We anticipate that the contract would last for 2 years beginning in October 2025, with the options to extend for 6 months + 6 months at the end of year 2 and midway through year 3 respectively. The commencement of the contract is prior to the introduction of minimum standards, planned for 2026, in order to provide the necessary lead-in and setup time.

Further information can be found at Heat Network Technical Assurance Scheme (HNTAS) - GOV.UK

We are looking for a supplier, or consortium of suppliers, to provide the following services:

- Manage the overarching heat network technical assurance scheme
- Maintain the code on behalf of the code manager, in accordance with Ofgem's licence conditions
- Liaise with a Training Provider and Certification Body to ensure the smooth operation of the assurance scheme
- Secretariat to the Heat Network Technical Assurance Scheme Board, currently known as the Code Management Committee, and Executive staff
- Committee administration
- Keep the Heat Network Technial Assurance Scheme and Code Management Committee Terms of Reference up to date
- Deal with any appeals or disputes arising from heat network operators, assessors or certifiers in relation to the scheme

- Manage an online digital service;
- o Manage the registration of stakeholders and heat networks
- o Maintain the Heat Network Technical Assurance Scheme database of information on Heat Networks
- o Utilise the data collected for the effective running of the scheme
- Conduct centralised audits and assessments
- Provide wider sector support to aid the industry's understanding of the scheme's procedures and requirements
- Manage communications to ensure regular updates and changes to scheme are communicated effectively to stakeholders
- Promotion of the scheme to achieve early compliance
- Develop and update content for guidance on the Heat Network Technical Assurance Scheme and the code
- Providing support, including technical support, to heat network operators and assessors in cases where further guidance is needed

Estimated Contract value: Likely to be up to £7m for initial term plus optional extension up to £2.5m

Estimated Contract duration: potentially 2 years initial term plus optional 6 months + 6 months extensions

Please answer the below question and send your responses to katsiaryna.addiego2@energysecurity.gov.uk by 5pm GMT on 17th April 2025.

Interest: Are you provisionally interested in bidding for the contract we are looking to procure? If you would like to send any clarification questions, please use the email address above.

Total value (estimated)

• £9,500,000 excluding VAT

• £11,400,000 including VAT

Above the relevant threshold

Contract dates (estimated)

- 31 October 2025 to 30 October 2027
- Possible extension to 30 October 2028
- 3 years

Main procurement category

Services

CPV classifications

- 72224000 Project management consultancy services
- 79000000 Business services: law, marketing, consulting, recruitment, printing and security
- 79212200 Internal audit services
- 71356000 Technical services
- 73200000 Research and development consultancy services

Contract locations

• UK - United Kingdom

Engagement

Engagement deadline

17 April 2025

Engagement process description

Supplier Engagement Call on 24th March at 10am UK time - details (1 hour call only):

Microsoft Teams:

Meeting ID: 352 745 212 646

Passcode: rm3jr6jf

Dial in by phone:

+44 20 3321 5238, 298660265# United Kingdom, City of London

Phone conference ID: 298 660 265#

For any questions please contact: katsiaryna.addiego2@energysecurity.gov.uk

If you would like to receive more information and receive the EOI (expression of interest) document, please contact katsiaryna.addiego2@energysecurity.gov.uk.

Participation

Particular suitability

- Small and medium-sized enterprises (SME)
- Voluntary, community and social enterprises (VCSE)

Submission

Publication date of tender notice (estimated)

1 July 2025

Contracting authority

Department for Energy Security & Net Zero

• Public Procurement Organisation Number: PDHQ-2163-WYMH

55 Whitehall

London

SW1A 2HP

United Kingdom

Email: commercialexcellence@ics.gov.uk

Region: UKI32 - Westminster

Organisation type: Public authority - central government