



Department of Energy & Climate Change

By email:
c.williams@nottinghamcity.gov.uk

11 July 2016

Department of Energy & Climate Change

Heat Networks Delivery Unit
3 Whitehall Place,
London SW1A 2AW
hndu@decc.gsi.gov.uk
www.gov.uk/decc

Dear Clive Williams

RE: Heat Network Delivery Unit funding – Round 6 application

Thank you for Nottingham City Council's (your) application to the DECC Heat Networks Delivery Unit (HNDU) grant support programme. All of the bids for support have now been considered in accordance with the process and based on the criteria set out in the HNDU round 6 overview document dated April 2016, and Ministers have agreed with the recommendations.

I am pleased to advise you that your bid for HNDU support for the project(s) listed below has been agreed subject to:

- resolution of any requirements set out below;
- agreement with and receipt of a signed Memorandum of Understanding ('the MoU');
- issuance of grant offer letter and purchase order by DECC; and
- subsequently receipt of a signed grant claim form.

The stages for which we are providing support are detailed in the MoU.

Successful projects: Island Site District Heating project

Requirements to be satisfied before support awarded: None

How grant will be paid: Funding will be granted in a state aid compliant way, under the GBER exemption.

I attach the MoU which outlines, among other things, the monies available and how they may be spent. In particular, I would like to draw your attention to the section of the MoU on State Aid and Procurement. The MoU records the agreement that:

1. you will publish on your website the results of all work which has benefitted from HNDU support in a manner which does not confer an advantage on you or any other person over third parties;
2. you will procure, in the manner specified by the MoU, work which benefits from HNDU support;
3. you will spend grant funding in a manner which ensures compliance with the rules governing EU State Aid and be responsible for such compliance; and
4. you will administer the grant funding in a manner which ensures the grant funding is received by you in compliance with the State Aid rules, taking into consideration all the circumstances, including any decision of the local authority to play any role in the future delivery of a heat network to which the results of the project relate, and you are responsible for such compliance (every project and grant is different, you will therefore want to think carefully about how this can be achieved in respect of your circumstances).

By signing this MoU, your local authority is agreeing that they will:

- ensure that HNDU have up-to-date contact details for your project;

- arrange an inception meeting with HNDU at the earliest opportunity and agree to regular meetings with the appointed HNDU Project Lead at a frequency deemed appropriate by the Project Lead;
- ensure supported work will not be commissioned prior to HNDU engagement;
- ensure that adequate notice of meetings or requested input will be given to HNDU to enable them to plan resources and provide your local authority with quality support;
- ensure key project documentation (tender specifications, tender responses, monthly highlight reports and final consultant reports) will be submitted to HNDU in good time so that HNDU can provide guidance;
- provide to HNDU a copy of all project outputs at the end of each stage; and
- will participate in a post-support review at the end of HNDU support.

I would be grateful if you could arrange for the MoU to be signed (scanned or electronic signature) by the project sponsor or other appropriate senior officer; and at Annex 3 by the Section 151 Officer. The document should be returned to the HNDU central mailbox hndu@decc.gsi.gov.uk **as soon as possible please**. Please also send any queries you may have to the central mailbox so we can be sure to respond quickly.

Subject to receipt of the signed MoU, we will send you the formal grant offer paperwork (grant offer letter, grant claim form and purchase order). Once we receive a completed grant claim form from you, the grant award can be paid in full.

You are strongly advised not to incur any expense or enter into any binding arrangements until all the grant funding paperwork is complete and you have received your grant payment. Although there is no explicit deadline on when HNDU grant funding is to be used by, we expect that funding is to be allocated within 12 months of it being granted to your local authority, to ensure HNDU are able to assist with your project.

My team and I look forward to working with you.

Yours sincerely



John Saunders
Investment Director, Heat Networks Delivery Unit, DECC