

# Overview and Scrutiny Management Board Supplementary Information



**Date:** Monday, 2 March 2020

**Time:** 5.00 pm

**Venue:** The Chamber - City Hall, College Green,  
Bristol, BS1 5TR

## 8. Bristol Heat Networks

Special Purpose Vehicle presentation

(Pages 2 - 7)

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**Date:** Thursday, 05 March 2020



# Bristol Heat Networks - SPV Formation



ENERGY  
SERVICE  
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city leap

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energy

# Background

- In September 19, Cabinet approved the continued development of the Heat Network Programme and the HNIP grant application.
- The Cabinet paper stated: *'Note that, if accepted, the Heat Network Investment Project grant award must be held by a special purpose vehicle rather than the Council, and that a further report will come back to Cabinet for approval to establish such special purpose vehicle.'*
- Two Grant Applications were submitted by the Energy Services team for two networks and associated energy centres (Old Market network and Redcliffe network)

# Successful Grant Award

- BCC Energy Services has been successful in their HNIP grant applications and have been awarded £10.2m across the two networks (Old Market : £6.6m & Redcliffe £3.6m)
- BCC now need to set up SPV's to hold the funds but to fit with the City Leap strategy it is proposed that two SPV's will be formed;
  - 1 to hold heat generation assets
  - 1 to hold heat pipework assets
- A Cabinet paper (3rd March '20) has been submitted requesting approval to set up the SPV's under Bristol Holdings Ltd

# Key Points from Cabinet Paper

- The case for District Heating has already been approved by Cabinet
- The financials for the grant application have previously been approved by Cabinet and no material deviation in aggregate from the Cabinet paper has been identified.
- The SPV's are financially viable and all capital and operational spend approved.
- All management and operations will be undertaken by the Energy Services team supported by BCC finance and legal
- All operational and financial risks will be owned and managed by BCC/Energy Services team – as it is today
- **Without an SPV the HNIP grant cannot be utilised.**
- The deadline for SPV approval and initial drawdown is end March 2020.
- The SPV's will sit under BHL and move under City Leap from 2021

# Next Steps

- Cabinet Approval 3<sup>rd</sup> March 2020
- Finalise initial draw down conditions precedent for Grant Award 20<sup>th</sup> March 2020
- Grant draw down to Triple Point (BEIS agent) 31<sup>st</sup> March 2020
- Legal Formation of SPVs plus governance and administration arrangements end May 2020
- Satisfy remaining conditions precedent by end May 2020
- Draw down of funds into SPV's end May 2020

Page 6

# Q&A