

# THE SCOTTISH BIOMASS HEAT SCHEME

## APPLICATION GUIDANCE Final Call



## SCOTTISH BIOMASS HEAT SCHEME – 2009/10 & 2010/11


### GUIDANCE NOTES

This guide provides information about the Scottish Biomass Heat Scheme. It will also help you prepare and submit an application for a grant under the scheme. It is divided into 4 chapters, as summarised below. Please read all the chapters very carefully before completing an application form. If you have any queries on any aspects of the application form please contact your local Biomass Development Officer (See Annex A for details) who will be able to assist you.

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## A. OVERVIEW

The Scottish Government aims to build a commercially viable, diverse renewable heat industry in Scotland in support of our 2020 renewable energy target of 11% of heat demand to come from renewable sources.

The Scottish Biomass Heat Scheme (SBHS) builds on the success of the Scottish Biomass Support Scheme which ran in the financial year 2007/08. This time however, the SBHS is targeted specifically at SMEs and will support the installation of heat-only biomass systems.

The key objectives of the SBHS are to increase business competitiveness by tackling rising fuel costs, to reduce carbon emissions and to help deliver renewable energy targets. Support under the scheme will be to install biomass heating, either at new premises or through retrofitting of current premises.

Biomass for the purposes of the scheme is defined as:

- woodfuel derived from small roundwood (SRW) and forestry residues, arboricultural tree management, and primary processing (including sawmilling). This can be in the form of offcuts, slabwood, bark, chips sawdust and pellets;
- wood arising from secondary processing, such as furniture making;
- re-cycled wood;
- short rotation coppice (SRC);
- energy crops;
- grain/straw and other agricultural fuel stocks.

### A.1 Who is the scheme aimed at?

The scheme is aimed at SMEs considering investing in the installation of biomass heating systems. Please note, businesses which are eligible for grants under the Scotland Rural Development Programme (SRDP), will not be considered under this scheme, even if unsuccessful in applying for SRDP funding.

### A.2 What are the aims of the Scheme?

The overall aims of the scheme are to:

- increase business's competitiveness by tackling rising fuel costs and reducing their carbon footprint;
- provide learning benefits that will help accelerate the industry and achieve more efficient and cost-effective use of biomass for heat;
- contribute towards renewable energy targets;
- maximise carbon savings.

In addition, projects supported under the scheme should:

- create a market for biomass equipment and services;

### **A.3 What will a successful project deliver?**

- a good spread of exemplar biomass heat projects across Scotland that will encourage businesses to switch to renewable technologies;
- a range of projects that will deliver learning benefits that will accelerate the use of biomass for heat in the future.

### **A.4 How much funding is available to each project?**

A total of £3.3 million is available under the scheme, of which this is the final call for applications. This round of the scheme is competitive and applicants must bid for the minimum amount of money that will enable their project to go ahead. Please note any costs overruns will be the responsibility of the applicant: no additional costs will be considered at a later stage. The funding is broken down into two regions:

Highlands & Islands Programme Area: £1.3 million

Lowlands & Uplands Programme Area: £2 million

The maximum grant available is £100,000 (unless deemed an exceptional circumstance). Applicants wishing to apply for an increase in grant above this level will be required to provide a detailed justification for such a request as well as demonstrate an ability to spend the grant within the strict timescale outlined below.

### **A.5 Can a company submit multiple applications?**

Where multiple applications are received from an energy services company or a company providing biomass project management services, the grant cap would be per site, in order not to penalise the end user. Please complete Sections 2 to 11 on the application form for each site, as well as a Multiple Application Summary Sheet. We can only accept a maximum of 4 applications per company for this round.

### **A.6 Funding under the scheme must be spent by 31 March 2011.**

## **B. ELIGIBILITY & ASSESSMENT CRITERIA**

Applicants must meet the following key objectives:

- increase business competitiveness;
- decrease carbon footprint;
- maximise carbon savings; and
- be able to deliver projects by end of March 2011.

Where planning permission and/or listed building consent is needed for any building works associated with the project, you must be able to provide evidence that a full and credible

planning application and/or listed building consent application has been submitted to the appropriate authorities.

### B.1 Eligible Applicants

Applicants must be **Small-Medium Sized Enterprises (SMEs)**: Your company is defined as an SME under State Aid rules if:

1. it has fewer than 250 employees, and
2. has either an annual turnover of less than EURO 50 million, or a balance sheet total of less than EURO 43 million, and
3. is independent.

Where your business is linked or a partner enterprise, relationships with other enterprises should be taken into account. A user guide is available at [ec.europa.eu/enterprise/enterprise\\_policy/sme\\_definition/index\\_en.htm](http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm).

Applications are limited to non-land based businesses, i.e. businesses that are not eligible for grants under SRDP. If your business is eligible for SRDP, even if you have been unsuccessful in obtaining SRDP funding, then you cannot apply for an SBHS grant. Applications from private individuals and householders will also **not** be eligible.

### B.2 Eligible Biomass Fuel

The boiler must be fuelled by biomass. For the purposes of this scheme, biomass fuel is defined as fuel of which at least 90 per cent of the energy content is derived from plant or animal matter or substances derived directly or indirectly from that.

The fuel source must be:

- woodfuel derived from small roundwood (SRW) and forestry residues, arboricultural tree management, and primary processing (including sawmilling). This can be in the form of offcuts, slabwood, bark, chips sawdust and pellets;
- wood arising from secondary processing, such as furniture making, provided the necessary pollution control exemption (PPC) is consented;
- re-cycled wood, provided the necessary pollution control exemption (PPC) is consented;
- short rotation coppice (SRC);
- energy crops;
- food industry wastes and residues not covered by the Waste Incineration Directive;
- grain/straw and other agricultural fuel stocks;
- silage (for anaerobic digesters)

### B.3 Ineligible Biomass

Fuel sources which will not be eligible for funding are:

- animal waste products;
- municipal solid waste (MSW);
- transport bio-fuels;
- landfill gas, sewage gas or energy from non-separated waste;
- co-firing;

**NB. Wastes: installations which are regulated under the Waste Incineration Directive will *not* be eligible. Installations whose primary purpose is the disposal of waste will *not* be eligible.**

#### B.4 Eligible Costs

Grants are available towards the costs of all purchased goods and services necessary to build and commission the project, less the costs of the fossil fuel equivalent, but not heating systems within the buildings (internals). Remedial work on building fabric will be eligible only to the extent necessary to make good after equipment installation.

In applications where one central boiler will replace several fossil fuel boilers, insulated linking pipework with associated calorifiers, pumps and controls to connect to the heat load will be eligible.

You will be expected to prove that all expenditure is value for money, for example, by providing competitive quotations/estimates for any capital items.

Value Added Tax (VAT) is NOT an eligible cost if you are VAT registered. If you are not VAT registered and thus unable to claim back input VAT from Her Majesty's Customs & Excise, you may include the VAT element, at the rate invoiced, in your claims.

#### B.5 Ineligible Costs

- R & D;
- feasibility studies;
- business start up or development;
- all costs associated with planning applications (or other consents);
- purchase cost of any land on which the installation is sited;
- input VAT (except where it cannot be reclaimed);
- interest charges, bad debt, advertising, marketing, sales activities, entertaining;
- loan repayments;
- mark up and profits;
- Profit earned by a subsidiary or by an associate undertaking work sub-contracted under the project;
- notional costs (e.g. opportunity costs);
- audit fees;
- activities that contribute *directly* to a company's distributed profits;
- endowments;
- funds to build up a reservoir or surplus;
- retrospective funding;
- any costs that are already being funded by another grant source, or are to be funded by another grant source in the future;
- hire purchase interest and any associated service charges;
- all costs associated with the operation of the equipment following commissioning.

If the application is for non-woodfuel anaerobic digestion (or similar) equipment, only the digester part of the kit is eligible for funding (i.e. all other costs will be ineligible).

Applicants must show that a viable fuel supply and an adequate installation and after sales support will be available to the end user.

#### B.6 Eligible Installations

Projects which deliver one or more complete and functioning installations, fuelled by solid biomass, whose main purpose is to supply *space or process heating* for business end users.

Several installations (clusters) can be included in the same application. *Separate* quotations for eligible kit must be included in the application.

All appliances must meet the criteria for inclusion on the Energy Technology list as described in the ECA (Enhanced Capital Allowances) scheme ([www.eca.gov.uk](http://www.eca.gov.uk)). If the appliance you wish to install is not on the Energy Technology list, you must provide information on whether it meets the requirements and why listing has not been sought.

**Pathfinder biomass district heating schemes** - Where applications include district heating pipework and associated boiler and the total grant requested is less than the £100,000 maximum allowable grant, the grant will be processed as normal. However, where the district heating element of the project (pipework, individual heat exchangers etc.) mean that grant requested exceeds the maximum, these additional costs will be considered on a case by case basis. Projects will only be considered where they are using tried and tested technology. Key requirements for a pathfinder scheme are:

- An exemplar project which could be replicated elsewhere;
- Value for money;
- Maximising energy efficiency; and
- Additional social and environmental benefits

**CHP schemes** are excluded from the SBHS.

### **B.7 Financial Eligibility**

Your application must demonstrate that you have adequate financing as part of a robust business plan to complete the project within the agreed timescale (March 2011). The funds requested must fall within agreed State Aid limits. Under these rules the total State Aid for any purpose from any UK source (or other member state) may not be more than 50% of the eligible costs. The eligible costs are those costs that are incurred over and above the costs of delivering the same energy output using an equivalent fossil fuel scheme.

Providing the appropriate conditions are fulfilled, you may be able to combine grants under the SBHS with other governmental schemes. This would **not** be the case where:

- you would receive payment twice for the same activity;
- total grants paid from public sector sources for the project would exceed the maximum amount eligible under State Aid rules (i.e. *50% of additional costs*);
- the objectives of the schemes conflict.

It is your responsibility to check this before applying. You must provide details on your application form of all relevant grant funding received or being sought for your project.

Public sector sources include UK, local or European government, government agencies, Local Enterprise Companies, non-departmental public bodies, statutory levies and the National Lottery.

### **B.8 Private Sector Funding (match funding and “in-kind” contributions)**

Once the maximum grant levels set out in this section have been reached, whether from this scheme or from any other public sector sources, all further funding (i.e. match funding) for your project must come from private sector sources. This could come from your own financial reserves, from loans, or financial contributions and “in-kind” contributions from others.

“In-kind” contributions are goods and/or services (such as voluntary work or specialist advice etc) provided free of charge to the project from individuals or organisations who are not part of the business and are not party to the Offer Letter that is issued by the Scottish Government when an application is approved. Such contributions will need to be well documented, e.g. by the use of timesheets and agreed hourly rates.

### B.9 Assessment Criteria

All the applicants will be assessed and scored on a competitive basis against an agreed set of objective criteria.

The broad indicators are:

**Relevance:** How well do the aims and objectives match the key objectives of the scheme overall?

**Cost:** Do the costs represent good value for money compared to similar schemes?

**Deliverability:** Will the project be able to spend the grant in time for the March 2011 deadline?

**Technical credibility:** How technically sound is the proposed project?

**Credibility of the applicants:** Do the applicants have the necessary experience to deliver the objectives and ensure that the project will be properly managed?

**Business Competitiveness:** Will the project increase your business' competitiveness?

**Environmental impact:** Does the project make a positive contribution to the environment, and will it generate significant carbon savings in relation to the levels of funding required?

**Demonstration value:** Is the project novel in a local regional or national context?

## C. THE APPLICATION PROCESS

This section explains the application process and how you should plan your application. A timetable is given at the end of this section with key dates outlined.

- Formal application forms available from 25 November 2009.
- If you need further information or support in completing your application form, please contact the SBHS support team. Support will be available at all stages both pre and post application (for successful applicants). Contact details can be found in Annex A and at [www.usewoodfuel.co.uk](http://www.usewoodfuel.co.uk).
- Applications will be assessed competitively against an agreed set of indicators, see [B.9 'Assessment Criteria'](#).

### C.1 Application Forms

Application forms and guidance notes will be available to download from [www.usewoodfuel.co.uk](http://www.usewoodfuel.co.uk) or the Scottish Government Renewable Energy website at <http://www.scotland.gov.uk/Topics/Business-Industry/Energy/19185/20805>. You can also phone **01349 860919** to request hard copies of the forms.

Applications must be complete and properly signed by a senior member of the lead organisation seeking grant funding. We need to receive two copies of completed forms ***one of which must contain original signatures.***

Send the completed forms to: SBHS Administration  
Forestry Commission Scotland  
Bothwell House  
Hamilton Business Park  
Caird Park  
Hamilton ML3 0QA

## **C.2 Assessment and Decision Procedure**

- We will acknowledge receipt of application within 10 working days.
- Applicants whose applications are ineligible will be informed as to the reason(s) for their ineligibility.
- Applications will be assessed and checked by the SBHS support team before being passed to the independent advisory panel for fast-tracking of final adjudication within 4 weeks of receipt of the application.
- Applications approved by the Assessment Panel will be notified of grant approval as soon as possible.
- Final grant offer will be made to successful applicants subject to all financial and technical checks and any other terms that are deemed to be appropriate.

## **C.3 Grant Offer Letter**

This will detail the amount of grant offered and contain a unique reference number. This number will be used to identify the application and must be used in all future correspondence with the SBHS support team.

## **C.4 Standard Conditions of Grant**

This will contain a list of responsibilities relating to the grant, and will outline the consequences of failing to meet them.

**D. NOTES ON THE APPLICATION FORM****APPLICATION SECTION 1: ADMINISTRATIVE INFORMATION**

The information in this section will be used for database and management purposes. The project title given will be used throughout the award and grant process.

For multiple applications, Section 1 on the Multiple Application Summary Sheet should be completed.

**1.1 Applicant Details**

**Lead organisation:** We will carry out financial checks on this organisation to establish the credentials of the projects and subject to award, our contract will be with this organisation, who will be liable for the conditions under which the grant is awarded.

**Key contact name and address:** We will use this contact name and address for all correspondence.

**Second contact name:** Please give us the name of a second contact, who can be contacted in the absence of the individual named above.

**UK company or other registration number:** Give either your UK company registration number or other registration number as applicable, e.g. charity registration number.

**VAT registration number:** If you have a VAT registration number you will be able to reclaim the VAT on project costs, so all costs must be **exclusive** of VAT. You must include your VAT registration number on the application form.

**Establishment date:** The date that the lead organisation was formally established.

**Main activity:** The main activity of the lead organisation. This information is for monitoring purposes only.

**Small-Medium Sized Enterprise (SME):** Your company is defined as an SME under State Aid rules if:

- it has fewer than 250 employees, and
- has either an annual turnover of less than  $\leq$  EURO 50 million, or a balance sheet total of less than EURO  $\leq$  43 million, and
- is independent.

Where your business is linked or a partner enterprise, relationships with other enterprises should be taken into account. A user guide is available at [ec.europa.eu/enterprise/enterprise\\_policy/sme\\_definition/index\\_en.htm](http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm).

Applications are limited to non-land based businesses, i.e. businesses that are not eligible for grants under SRDP. If your business is eligible for SRDP, even if you have been unsuccessful in obtaining SRDP funding, then you cannot apply for an SBHS grant. Applications from private individuals and householders will also **not** be eligible.

**APPLICATION SECTION 2: PROJECT OVERVIEW**

This section summarises the key information on the funding and timing of your project, to be taken from the detailed information requested in Section 4: Project Costs and Section 6.2 Project Planning.

Please check that the grant application is within State Aid and Programme rules – i.e. not more than 50% of additional eligible costs, see guidance [B.7 'Financial Eligibility'](#).

**2.1 Project costs and funding** (refer to table 4.1)

**Overall project costs:** This is the entire cost of the project (*including all eligible costs and ineligible costs such as internals and feasibility work*).

**Total eligible project costs:** These are all eligible goods and services necessary to implement the project as outlined in page 7 of the Guidance Notes. Eligible costs are defined as those costs that are specifically related to the design and build of the biomass project itself. This includes all elements of the kit including valves controls and metering systems (where appropriate) as well as insulated pipework connecting to buildings, and any direct costs associated with housing the kit (i.e. energy centre). See guidance, [B.5 'Ineligible Costs'](#).

**Equivalent fossil fuel installation:** Please provide the costs of building an equivalent fossil fuel installation. (i.e. gas, oil, solid fuel etc). To calculate these costs you should either obtain an accurate estimate by means of quotations or use a standard deduction of £40 per kW of installed heat capacity and attach the calculation as an Appendix.

**Total permitted eligible costs:** This is worked out by subtracting the equivalent fossil fuel installation (box B) from the eligible project costs (box A).

**Total funding requested:** This is the grant amount requested up to a maximum of 50% of the total permitted eligible costs (box C).

**Other public sector funding:** give the total public sector funding (excluding SBHS grant), the amount in Application Section 5, Table 5.1.

**2.2 Project timetable**

**Project start date:** The start date for the project should be after the anticipated grant award date.

**Project completion date:** Give the final date for completion and commissioning of the project.

**2.3 Additionality:** Indicate the effect that grant aid will have on the project.**APPLICATION SECTION 3: PROJECT MANAGEMENT**

This section asks for information on the organisations directly involved in the project. This will allow us to assess the credibility of the project team and clearly identify the lines of responsibility.

Projects supported under this scheme will involve substantial amounts of public funding. Where a number of organisations are involved in a project, it is important that we are able to ensure that all organisations receiving grants are credible, have the right skills to carry out the project, and are able to ensure that the projects are well planned and managed.

### 3.1 Partners

Where you are applying as a joint venture or consortia, all the partners that will be signatories to the contract should be listed here.

### 3.2 Sub-contractors

We appreciate that it may not be possible, or commercially wise, to identify specific sub-contractors at an early stage. However, a list of the purchasing packages, e.g. construction of fuel storage, should be given with an indicated cost. This will help us assess the credibility of your project. You must also include these major purchasing contracts as milestones in Section 6 of this application form. If your application is successful we may ask you to provide more detailed information before the final offer of grant.

### 3.3 Project Management Structure

Please provide details of the proposed management structure of the project as a separate attachment with the above heading. This document should indicate key personnel involved, coupled with CVs/capability statements where appropriate. If the project involves partnership(s) please indicate partners' lines of responsibility/input.

## APPLICATION SECTION 4: PROJECT COSTS

This section enables us to work out eligible project costs and check the amount of grant assistance requested. All costs must be denominated in GB pounds. Costs must be exclusive of VAT (except where organisations are not registered for VAT and VAT on the project costs cannot be reclaimed). Please note that you will be unable to claim additional costs once your grant application form has been submitted so it is important that you ensure that all costs are listed.

### 4.1 Project costs breakdown

Input all eligible costs for which you wish to apply for grant assistance under the categories described in the table. Please provide details for each category on a separate sheet, for example, under the general category of 'Purchased biomass equipment/boiler', list all capital items to be purchased, e.g. boiler, flue, underground pipework, etc. on a separate sheet and input the total cost into the table.

Complete the table by:

1. calculating the total eligible project costs;
2. subtracting the costs of equivalent fossil-fuel systems (see Section 2 above for details of the calculation);
3. detailing the total funding requested as an amount and as a percentage of the eligible costs.
4. finally, provide a figure for the overall project costs *including non-eligible costs*.

(Please refer to guidance notes [B.4 'Eligible Costs'](#) and [B.5 'Ineligible Costs'](#)).

## 4.2 Predicted annual operating costs

Please provide details of the predicted annual operating costs including:

- operating and maintenance: either the costs of a service contract or staff time and maintenance expenditure as appropriate;
- the delivered fuel costs;
- any other costs associated with the running of the plant.

## APPLICATION SECTION 5: FUNDING AND FUNDING LEVERAGE

This section asks for information on the funding package for the project. This will allow us to assess the financial viability of the application and ensure it meets State Aids rules.

It is important to demonstrate that the project is financially viable and able to go ahead within the timescale for the Scottish Biomass Heat Scheme. Each application must demonstrate that they have a robust funding package in place to deliver the project – including (where appropriate) letters of intent from finance directors or other funders. Applicants *must* identify any other public support (including loans) allocated or applied for.

### 5.1 Source of funding – public sector

Details of other public sector funding are important (both allocated and applied for), where relying on additional sources of funding so that we can ensure your project meets State Aids rules and that the project timescale is realistic. You must include the expected confirmation dates for any other funding which has not yet been awarded in your project milestones. Public sector sources include UK, local or European government, government agencies, Local Enterprise Companies, non-departmental public bodies, statutory levies and the National Lottery.

### 5.2 Source of funding – private sector

Private sector funding towards the project costs must be accompanied by evidence, such as a letter of support, demonstrating that the investment will be in place if the project progresses, subject only to award of the grant at the level requested.

Loans secured against the project itself or unsecured loans specifically for the project must be shown separately, whether made to a joint venture or to one or more partners in a collaboration or to a single applicant. Applications must be accompanied by evidence that the prospective lenders will provide the loans required if the project proceeds, subject only to award of the grant at the level requested and valid for at least a year after the scheduled award date.

### 5.3 Funding Breakdown

Where several partners are involved in the project, please give a breakdown of each partner's contribution to the project costs and the breakdown of how each partner is funding their contribution. If you are applying as an individual organisation, please complete the first line only of the table.

**Partner:** Include all partners in the joint venture or consortium who are signatories to the application.

**Brief description of role and project costs to be incurred:** Give a short description of the role of each partner in implementing the project and the project costs each will incur.

**Total eligible project costs:** This is the total costs of the project apportioned to each partner. The total of all partners' project costs should be the same as the total in Section 2.1 (box A).

**Total permitted eligible costs:** The total should be the same as the total eligible costs included in Section 2.1 (box C).

**Partner's own cash contribution:** This is the total amount of money to be spent by each partner, not including any loans, grant or other investment

**Other private sector contribution:** Any investment each partner will receive towards meeting project costs.

**Funding from public sources:** Any other grant funding from public sources that each partner will receive towards project costs

**Loans:** Any loans secured against the project or unsecured specifically for the project

**Proposed grant request:** The amount of funding each partner will receive against their share of the eligible costs.

## APPLICATION SECTION 6: YOUR PROJECT

This section asks for information to allow us to assess the viability of the project and how well it meets the aims of the Scheme. This includes information on timing, planning and key indicators.

### 6.1 Project Summary

**Project Title:** The same as page 1 of the application form.

**Project location and post code:** Please provide the address and postcode of the project. If there is no post code please obtain a six figure grid reference from an Ordnance Survey Map (or Satellite Navigation system).

**Project summary:** The description should describe the aims and objectives of your project. This may be used in any publicity or information dissemination. It should also include the following key points:

- **The technology for conversion to heat:** Briefly state the reasons for choosing the technology to be used in the project.
- **Fuel supply:** Reliable and efficient fuel supply is crucial to the success of your project. You should describe where you propose to source supply from, and what arrangements you will put in place to secure an adequate fuel supply that meets the specifications of the equipment you are using. This should take account seasonal variability in fuel demand. You should also describe the fuel delivery arrangements to your project as well as supply agreements including pricing structures. *Priority will be given to developing local supply chains.*
- **Applications for several installations:** If you are applying for a grant for several installations, the two topics above could be combined into a table showing location, client, boiler type, fuel type, fuel source and application description for each installation. This should also show the rated outputs and expected annual production for each installation.
- **Applications from consortia:** If you are a consortium, you must have the collaboration agreement or joint venture vehicle in place at the time you submit your application. You should attach as an appendix a copy of the signed legal agreement.

- **Qualifications and track record of the organisations involved:** You should present the skills and experience of the team. This is a key indicator to assess the credibility of the application and the ability of the team to manage the project effectively.
- **Scottish Biomass Heat Scheme priorities:** You should show how the project meets the priorities of the Scottish Biomass Heat Scheme. You must demonstrate that the primary purpose of the installation is heat and not waste disposal. Typically this will be by demonstrating that the principle revenue streams will be from heat sales. You must also demonstrate that it will not, or should not, be regulated under the Waste Incineration Directive.
- **Evaluation and dissemination:** You should describe how you will evaluate and disseminate the results of your project. It is important to the aims of the scheme to demonstrate best practice so that knowledge can be shared and used to inspire others. You should state what you are prepared to publish and what you regard as confidential.
- **Deliverability** is a key component of the Scottish Biomass Heat Scheme and a *clear project timetable* has to be set out mapping the key milestones of your project. If successful, larger grant recipients (over 50K) will have to submit a brief quarterly report indicating whether the project is on target, whether key milestones have been met and, if not, what remedial measures are being taken to ensure that the project delivers on time.

## 6.2 Project Planning

**Pre-requisites:** If your project requires any certificates, contracts or licences to be in place, please indicate those which are required and whether they have been applied for or are already in place. Evidence should be provided to show the status of any pre-requisites applied for or in place. If you have not yet received the relevant permissions, you should include the date you anticipate receipt in the project milestones.

**Project milestones:** Your project milestones will be important measures for ongoing assessment of your project and we will check project progress against these milestones. They should include any key stages in the project from the start date until completion. The following milestones have been included in the application form as a minimum requirement, please note these will form part of the grant contract should your application be successful. However they are not prescriptive:

- grant awarded
- planning approval
- PPC approval
- financial close\*
- fuel supply secured
- start of site work
- major equipment purchases
- mechanical completion

\* "Financial Close" means the date on which all project contracts and financing documentation are signed and conditions precedent to initial drawing of the debt have been satisfied or waived. The date at which the project financing becomes available for drawdown.

## 6.3 Fuel specification

**Fuel specification:** ensuring you have the correct fuel supply is essential to the success of your project. Where more than one boiler is being installed or a mix of fuel will be

used, you should indicate the fuel specifications required by the equipment being installed. Key specifications are moisture content and size.

**Predicted annual volume:** show the volume of each fuel type you anticipate will be used, based on the energy to be produced (e.g. tonnes of wood)

**Fuel supplier:** if you have a contract with fuel supplier, please provide details of the supplier and length of contract including agreed price of fuel. You should give the location(s) from which the fuel will be delivered.

**Source of raw material:** state the source of the raw material, i.e. whether it is forestry material, fuel products from timber processing, coppicing, recycled material and whether it is domestic or imported. You should also indicate whether the fuel is from sustainably managed resources, e.g. for woodlands, that it complies with the UK Forestry Standard and for agricultural crops, that it complies with Cross Compliance under the Single Farm Payment. You should check with your fuel supplier that all necessary environmental regulations have been met.

## 6.4 Key Project Indicators

### Calculation of key indicators:

- **CO<sub>2</sub> Savings:** The CO<sub>2</sub> emissions savings are the amount of CO<sub>2</sub> saved in comparison to the equivalent fossil fuel system. To calculate the avoided CO<sub>2</sub> emissions from the equivalent fossil fuelled system, use the formula (1) and follow the steps below:

*Formula 1*

annual energy consumption (existing or planned) x emissions factor x 0.001

#### **Step 1:** Energy consumption

If you know the annual energy consumption of your project in kWh, use this figure.

If you do not know the annual energy consumption (e.g. if the project is a new build), your equipment installer should be able to provide you with an estimate. The energy consumption can also be estimated by multiplying the rated output of the equipment by the load factor. The load factor is the proportion of time which the plant is operational.

For example: at the maximum load factor of 100%, the plant operates 24 hours a day, 365 days a year, i.e. **8760 hours**.

So: if your plant is operating 12 hours a day, 182 days a year, i.e. 2184 hours, the load factor is  $2184/8760 = 25\%$

Therefore: a **100 kW** boiler with a load factor of **25%** will use **100 x 8760 x 25% kWh = 219,000 kWh per year**

**Step 2: Emissions factor**

Standard emissions factors are shown in the table below for most alternative fossil-fuel types:

Energy/Fuel	Emission Factor (kgCO <sub>2</sub> /kWh)
Electricity	0.43
Natural Gas	0.19
Gas/Diesel Oil	0.25
Petrol	0.24
Heavy Fuel Oil	0.26
Coal	0.30
Coking Oil	0.30
Coke	0.37
LPG	0.21
Kerosene	0.24
Ethane	0.20
Naphtha	0.26
Waste Lubricants	0.25
Petroleum Coke	0.34
Refinery Gas	0.20
Other Oil Products	0.24
Renewables	0.00

(From *Environmental Reporting – Guidelines for Company Reporting on Greenhouse Gas Emissions*, DEFRA, 2006. [www.defra.gov.uk/environment/business/envrp/index.htm](http://www.defra.gov.uk/environment/business/envrp/index.htm))

**Step 3:** Use [Formula 1](#) above to calculate the avoided CO<sub>2</sub> from the equivalent fossil fuelled installation to give you the emissions savings in tCO<sub>2</sub>. It is assumed that biomass is carbon neutral.

- **Annual Cost savings:** Cost savings (if any) should be given per year compared to fossil fuel/alternative scheme. Fuel prices should be based on pricing structure as of November 2009.

## APPLICATION SECTION 7: TECHNICAL INFORMATION

This section requests information relating to the technical details of heat only projects.

### 7.1 Equipment

It is important that we understand the technical details of your project so that we can ensure that the project is technically viable and assess whether it offers value for money.

**Equipment:** Details of the biomass kit which you will install. Where several boilers and/or several premises are to be included, please provide a diagram of the heating system including pipework. Information on the equipment and specification sheets should be obtained from the equipment supplier/installer.

**Energy Technology List:** We need to ensure that equipment funded under the project meets minimum standards for emissions. If the equipment you propose to install is not included on the Energy Technology List, please give the reasons so we can assess whether you are proposing to install a suitable heating system. You may be required to provide additional information on the equipment. See [www.eca.gov.uk](http://www.eca.gov.uk) for more information.

**Smoke Control Zone:** If you are located in a Smoke Control Zone, you will need to install an exempt appliance or apply to your local authority for permission to use the equipment. See [www.uksmokecontrolareas.co.uk](http://www.uksmokecontrolareas.co.uk) for more information.

**Air Quality Management:** As local authority Local Air Quality Action Plans may impose restrictions, you should check with your environmental health and planning departments. Under forthcoming legislation, local authorities will be able to withdraw previously permitted developments. For further information see:

<http://www.airquality.co.uk/archive/laqm/laqm.php>.

Please note that impacts on air quality will be checked as part of the project appraisal.

**Environmental Impact Assessment:** State whether an environmental impact assessment is required. If so, this should be included in the key project milestones.

## 7.2 Heating strategy

If you propose to use a secondary equipment for heating *other than a secondary biomass boiler*, which should be listed above, please give details of the type of heating equipment, whether you will use existing equipment at the site or install new equipment and explain the purpose of the secondary system, e.g.:

- peak lopping is where the secondary boiler is used as a *top up* in addition to the biomass boiler at times of maximum heat demand. If your heat demand is variable, this allows a smaller biomass boiler to be installed than would otherwise be required, allowing the biomass boiler to run at or near peak capacity for longer periods, increasing efficiency and reliability (the peak lopping/top up % represent what proportion of the annual heat demand will be met by operating the secondary boiler for peak lopping).
- during summer loads where there is low heat demand from the woodfuel boiler, a secondary system may be used to improve the overall efficiency of the heating system.
- if you have a critical heat demand, you may require a secondary heating system to provide essential back-up as a matter of course.

## 7.3 Heating system

To allow us to assess whether the heating system you are proposing meets the heating requirements, please provide details of the end use of the heating system. The figures you provide should tally with those provided in the cost/income spreadsheets.

**Total installed capacity:** This should be the total installed capacity of all the biomass or other boilers you propose to install.

**Estimated annual energy consumption:** This should be the total energy that will be produced by the biomass or other boilers (see above notes on 6.4 '[Calculation of key indicators](#)').

**Annual load factor:** Estimate the load factor for the boiler (see above notes on 6.4 '[Calculation of key indicators](#)').

**Use of heat:** Please describe how the heat will be used, e.g. for space heating and hot water and/or for other heating requirements such as process heat, catering requirements, swimming pools, etc.

**Will all the heat be used by the applicant?** If your installation is to provide heat to several buildings, please provide details in the table. If you are an Energy Services Company (ESCO) the proportion of heat used by the applicant is likely to be 0%. If you are installing a heating system to provide heat to one building owned by the applicant the proportion of heat lead will be 100%. Where you are supplying heat to third parties under a heat contract, please give details requested for each building to heated.

#### **APPLICATION SECTION 8: PARTNERS' SIGNATURES**

If the application is part of a partnership or a consortium, a senior member of each partnering organisation must sign the form.

#### **APPLICATION SECTION 9: DATA PROTECTION**

Applicants must agree to publication of the following information.

- Identity of applicants (including consortia)
- Project location and capacity
- Expected annual output
- Estimated investment cost
- Grant requested/awarded
- Total public support
- Proposed commissioning date(s)
- Project description (including any key technical features)

We recognise the need to maintain the confidentiality of commercially sensitive information and if information is requested under the Freedom Of Information (Scotland) Act 2002, we will consider it accordingly, under the terms of the Act.

#### **APPLICATION SECTION 10: DECLARATION**

A senior member of the lead organisation should sign the hard copy of this declaration. It must be a different person to the main contact given for the lead organisation in Section 1 unless the application comes from a sole trader.

#### **APPLICATION SECTION 11: APPLICATION CHECKLIST**

This checklist should be used to ensure that the application form is fully completed and all supporting information is submitted along with two copies of the form, appropriately signed.

**ANNEX A****General Enquiries and Regional Biomass Development Officer Contact Details****General enquiries**

Mary Caldwell  
Forestry Commission Scotland  
Highland Conservancy  
Woodlands, Fodderty Way, Dingwall, IV15 9XB  
T: 01349 860 919  
E: [mary.caldwell@forestry.gsi.gov.uk](mailto:mary.caldwell@forestry.gsi.gov.uk)

**North Scotland**

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Forestry Commission Scotland  
Highland Conservancy  
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T: 01349 860 903  
E: [willie.beattie@forestry.gsi.gov.uk](mailto:willie.beattie@forestry.gsi.gov.uk)

**Grampian**

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**Perth and Argyll**

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**South Scotland**

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