

# Low Carbon Infrastructure Transition Programme

## Scottish Low Carbon Heat Funding Invitation

EAUC Support Network



Scottish Government  
Riaghaltas na h-Alba  
gov.scot





European Union



gov.scot

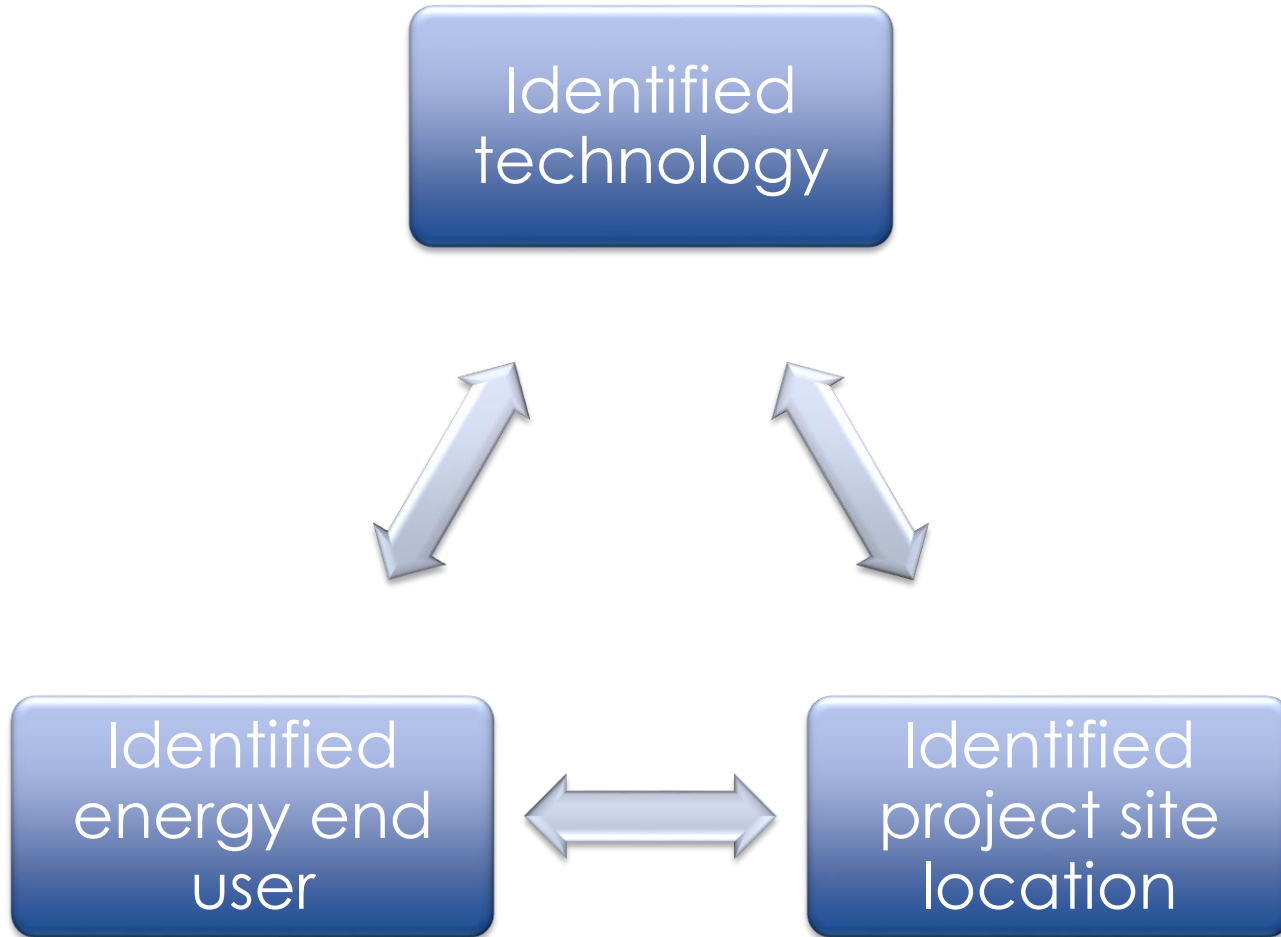
## EUROPE & SCOTLAND

European Regional Development Fund  
Investing in a Smart, Sustainable and Inclusive Future



Scottish Government  
Riaghaltas na h-Alba  
gov.scot





**TECHNOLOGIES  
WITHOUT  
PROJECTS**

**ESTABLISHED  
GENERATION  
TECHNOLOGIES**

**DEVELOPING  
TECHNOLOGIES  
TRL 1-6**

**RESEARCH &  
DEVELOPMENT**

**STATUTORY  
REQUIREMENTS**

**Pre-Capital  
Costs**



- **Programme for Government** priority
- £30 million Investment Through **Fair, Open** and **Competitive** funding invitation
- Accelerate Delivery of Large Scale **Innovative** Low Carbon Heat Infrastructure Projects in Scotland
- Support Ambitions set out in **Scottish Energy Strategy**



**Theme 1 – Renewable Heat for Rural Off Gas Grid**

**Theme 2 – Heat and Industry**

**Theme 3 – Renewable Heat for Urban Areas**



# LCIFI - Mandatory Eligibility Criteria - Showstoppers

- ✓ the potential to deliver a significant reduction of greenhouse gas emissions (MtCO<sub>2</sub>e) and energy consumption
- ✓ the ability to secure other sources of funding/finance that make a minimum of 50% contribution towards the costs of the project
- ✓ the potential to have a positive and significant social and economic impact on Scotland
- ✓ sets out clearly the requirement for and value added from LCITP support
- ✓ can be fully commissioned by 31 March 2022



## SLCHFI- Desirable Criteria

- An innovative approach to cross sector collaboration and/or partnership to ensure successful project delivery;
- Demonstrate a potential for replication and an intended route to commercialisation should demonstration provide successful or a plan for integration into business as usual;
- Explores the potential for community investment or ownership;
- Demonstrates clear plans for community and consumer engagement;
- Considers how the technology will address consumer needs of the future energy systems and delivery benefits to end users; and
- Demonstrations discussion with relevant local partners that are involved in the development of Local Heat and Energy Efficiency Strategies or other energy planning processes.





# Scottish Low Carbon Heat Funding Invitation Capital Support



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



## SLCHFI– Capital support

- 50% of total eligible capital costs
- Up to a maximum of £10 million per project
- Where applicants or project types have previously received LCITP support, lower intervention rates will be considered
- Financial support in form of Repayable Assistance
- Must have Investment Ready Business Case
- Additionality of LCITP support must be demonstrated
- Must be able to be commissioned by **31 March 2022**



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



## Eligible

- Financial costs incurred to the purchase of physical assets;
- Costs of project build, installation and construction;
- Costs of project commissioning
- Non reclaimable VAT for eligible capital costs;
- Staff costs where staff members are contracted to work 100% on the capital project

## Not Eligible

- External consultancy costs
- External project management costs
- Existing internal staff costs

## State Aid

- LCITP has GBER
- State aid compliance is responsibility of applicant



## SLCHFI - Repayable Assistance

- Grant with project specific thresholds for repayment identified - based on financial performance
- Calculated from projects financial model and defined following due diligence
- No interest charged
- Typical repayment threshold is project achieving 10% over forecast revenue
- Partial repayment required rather than full capital award



- General questions on application form can be emailed to [lcitp@gov.scot](mailto:lcitp@gov.scot)
- FAQ will be kept up to date

## **LCITP Team cannot:**

- Write the application or any sections of it.
- Proof read or comment on versions of the application form.
- Be directive in terms of technology/ investors.
- Do anything which might lead to a conflict of interest in an Assessment Process.



# Scottish Low Carbon Heat Funding Invitation

## Application Timeline



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



# SLCHFI- Timeline

3  
September  
2019

- Publication of Invitation

18-26  
September  
2019

- Workshops on full application process.

25  
October  
2019

- Deadline for submission of full application and business case

4  
November  
2019

- Appraisal Panels

End of  
Nov 2019

- Notification of initial outcome

Dec 2019

- Independent due diligence



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



# SLCHFI Timeline

January 2020

- Conclusion of due diligence and funding offer

February 2020

- Conclusion of final Grant Offers

March 2020-  
March 2022

- Formal Review Panels x4

31 March 2022

- Project operational



Scottish Government  
Riaghaltas na h-Alba  
gov.scot





# Scottish Low Carbon Heat Funding Invitation

## Application and Assessment



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



- Final Application received 17:00 on **25 October 2019**
- Supporting evidence required with application
  - Business Case
  - Financial Model
  - Risk Register
  - Match Funding
  - Project Programme
  - Dissemination Strategy
  - Community Engagement Strategy
- Comprehensive guidance and FAQ available online
- Submit additional questions to [lcitp@gov.scot](mailto:lcitp@gov.scot)



## • Detailed Guidance on LCITP website

- Description of project and investment opportunity; including confirmation of match funding for minimum of 50% capital costs;
- Long term governance, operation and maintenance arrangements;
- Project capital delivery programme and timeline to enable commissioning by March 2022;
- Detailed financial model;
- Project risk register;
- Named dedicated project manager



- Project procurement strategy and timetable for capital delivery;
- Clear details of potential consumers with supporting market testing documentation;
- Outline Energy off take agreements – including a costs per unit;
- Partnership agreements where necessary to support project delivery;
- Plans for community engagement and dissemination of project learning;
- Summary of Project Delivery Team, including pen portraits where possible



- Ties in to the figures set out in the application
- Covers the construction and commissioning period on a monthly basis and the operating period on a six monthly basis
- Shows all expected capital expenditure, showing a monthly profile of the construction and commissioning phase
- Shows all finance cashflows (debt/equity/grants/etc.), including a monthly drawdown profile of the construction and commissioning phase, interest payments, dividend and repayments
- Includes return on investment calculations in the form of IRR and NPV calculations, and the model should be able to show any debt servicing ratios where the project has external debt/equity



- Includes all expected revenues (including incentives) for the project with each line item shown separately
- Includes all expected costs of the project with each line item shown separately
- Is dynamic (ie, calculations do not contain hardcoded figures) and allows for sensitivity testing of key assumptions (including inflation)
- Provide an associated Record of Assumptions document that explains the basis of the assumptions made in the financial model.



- The LCITP Assessment Panel, including external technical advisers, will assess and evaluate all applications received
- The sections of the application form labelled as Assessed on the top right hand side indicates where an assessment and score will be given
- Projects will be asked to attend an Evaluation Panel in the w/c 4 November 2019
- Feedback will be provided to all applicants



## SLCHFI- Renewable Heat Incentive (RHI)

- Deadline for submission and commissioning of projects under Tariff Guarantees is 31 January 2021.
- The RHI scheme is due to close 31 March 2021.
- Installations seeking support under the RHI alongside LCITP funding have to be commissioned and connected to an eligible heat use by this date.



Scottish Government  
Riaghaltas na h-Alba  
gov.scot





# Scottish Low Carbon Heat Funding Invitation

## Application Form Guidance



Scottish Government  
Riaghaltas na h-Alba  
gov.scot





European Union



gov.scot

**EUROPE & SCOTLAND**  
European Regional Development Fund  
Investing in a Smart, Sustainable and Inclusive Future



**Highlands and Islands Enterprise**  
Iomairt na Gàidhealtachd 's nan Eilean



## Low Carbon Infrastructure Transition Programme

*Scotland's Development Unit for Low Carbon Projects*

### Scottish Low Carbon Heat Funding Invitation

#### Application Form

To help you complete the application form please read the LCITP Guidance Notes for this invitation, which will be provided as a separate document. You must confirm on page 14 that you accept the terms and conditions of this application and that you have read and understood the privacy policy. Further information on the handling of personal data can be found on page 19.

Electronic and hardcopy completed application forms are accepted – **but a signed hard copy of the exact same completed application must be provided by post.** Please submit completed electronic applications to: [lcitp@gov.scot](mailto:lcitp@gov.scot) and signed hard copy applications to: LCITP Project Team, 4th Floor, 5 Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU.

Please note the closing date for receipt of your electronic Application Form is **5.00 pm on 25 October 2019**. Signed hard copies by post must be received by **1 November 2019**.



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



**PART 1: Lead Organisation- Please read Guidance Note 1 - for Lead Organisation**

1.1 Name of lead organisation	
1.2 Head office address	
1.3 Town/city	
1.4 Postcode	
1.5 Local Authority area	
1.6 Contact name	
1.7 Job title/position	
1.8 Telephone number	
1.9 Email	
1.10 Website	
1.11 Type of organisation	<div><input type="checkbox"/> SME</div> <div><input type="checkbox"/> Third Sector</div> <div><input type="checkbox"/> Non-SME</div> <div><input type="checkbox"/> Community Group</div> <div><input type="checkbox"/> Local Authority</div> <div><input type="checkbox"/> Academic Institution</div> <div><input type="checkbox"/> Other (Please state):</div> <div></div>

**Please read Guidance Note 3 - on who can apply for support**



### PART 3: Overall Project Details

Building a picture	To help us understand the reasons why you are applying for support, it would be helpful if you could provide key details about the structure of the project.				
3.1 Final Project title					
3.2 Project Location  Please provide <u>UPRN</u> [if the project has one], the postcode(s) and local authority area(s) <b>where the project will be delivered</b>	<p>Projects that have obtained planning permission <b>must</b> provide a <u>UPRN</u> (Unique Property Reference Number).</p> <p>Click on the link to guidance where you can find if your property (project) has a <u>UPRN</u>:  <a href="http://www.onescotlandgazetteer.org.uk/">http://www.onescotlandgazetteer.org.uk/</a></p> <table border="1"> <tr> <td><u>UPRN</u>(s):</td><td>Postcode(s):</td></tr> <tr> <td colspan="2">Local Authority area(s) where project will be delivered:</td></tr> </table>	<u>UPRN</u> (s):	Postcode(s):	Local Authority area(s) where project will be delivered:	
<u>UPRN</u> (s):	Postcode(s):				
Local Authority area(s) where project will be delivered:					
3.3 Final Project Outline  Please provide a summary of your project.	<p>Remember that the Project Outline you provide here may be published on the LCITP webpage if the application is supported. Keep in mind the following guidance:</p> <ul style="list-style-type: none"> <li>• Limit length to 350 words</li> <li>• Include a brief description of the current situation, your aims, anticipated outcomes and significance of the project</li> <li>• Include a description of the technology and methods for achieving the stated objectives</li> <li>• <b>Explain how your project contributes toward delivery of the Scottish Energy Strategy - <a href="#">Scottish Energy Strategy: The Future of Energy in Scotland</a></b></li> <li>• Do NOT include confidential information in this summary (however, we expect to see confidential information elsewhere in the supporting documents, and this information may be disclosed as required by law or judicial order)</li> <li>• Write in Plain English, so even a non-technical reader can understand the importance of the project</li> </ul>				



PART 4: Project Themes		Assessed
4.1 How does your project fit with the themes of this call?	<p>Please Read the Scottish Low Carbon Heat Funding Invitation for further information about the three strategic priorities are aiming to deliver</p> <p>Clearly identify the <u>priority theme</u> that your project fits with and explain below why you think that your low carbon heat solution would contribute to the delivery of that particular strategic priority:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Theme 1 - Renewable Heat for Rural Off Gas Grid Areas</li><li><input type="checkbox"/> Theme 2 - Heat and Industry</li><li><input type="checkbox"/> Theme 3 - Renewable Heat for Urban Areas</li></ul>	



## PART 5: Funding

ssessed

### 5.1 CAPEX breakdown

Anticipated final total CAPEX of your Project?

Please submit a full Financial Model with this application.

Detail of the work to be undertaken	Anticipated cost of work	% of total CAPEX
	£	
	£	
	£	
	£	
	£	
	£	
TOTAL CAPEX	£	100%

Please read **Guidance Note 5- on Investment, Financial Planning and Financial Due Diligence for the Project;** and

**Guidance Note 6 - on what information to include about the final total CAPEX of your project**

Please provide a statement below on how project CAPEX costs have been derived and the subsequent level of accuracy. Also ensure you include any major influences on CAPEX e.g. exchange rates, procurement route etc.



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



## 5.2 LCITP Support Requested

Please confirm the financial support being requested from LCITP for your project? The total amount being requested cannot exceed 50% of

Anticipated financial support - represents a funding contribution of up to £10 million per project, where the contribution represents a maximum of 50% of total project capital cost.

Detail of the work to be undertaken	Anticipated total cost of work	Amount requested from LCITP
	£	£
	£	£
	£	£
	£	£
<b>Total</b>	<b>£</b>	<b>£</b>

**TOTAL LCITP SUPPORT BEING REQUESTED: £**

**LCITP SUPPORT AS A PERCENTAGE OF TOTAL CAPEX (as detailed in 5.1 above)**



Scottish Government  
Riaghaltas na h-Alba  
gov.scot





### 5.3 Other funding/finance secured for the project

Please provide details of the other financial contributions to fund the cost of the project (note this must as a minimum be 50% of the TOTAL CAPEX (as detailed in 5.1 above).

Any legally binding agreement document the Project has in place with funders **must be submitted** with this application.

Please provide details of funding from alternative sources secured for the project and evidence available to LCITP to substantiate this.

You must be able to evidence that your project can secure other sources of funding/finance that contribute a minimum of 50% towards the cost of the project.

Name of Funder/Finance Provider	Amount secured £	Type of agreement in place (e.g. Legally binding Heads of Terms)

**TOTAL AMOUNT OF OTHER FUNDING SECURED: £**

**OTHER FUNDING AS A PERCENTAGE OF TOTAL CAPEX (as detailed in 5.1 above): %**

Projects must be in a position to evidence that match funding of a minimum of 50% of the total eligible CAPEX has been secured through **legally binding agreements. This will be verified as part of due-diligence. Please confirm that this can be provided**

Yes ☐ No ☐

Could support be provided under the LCITP in compliance with State Aid rules?

**How much other public funding has the lead organisation received in the last 3 years?**

Name of Funder/Finance Provider	Amount awarded £	Type of funding
<b>Total</b>	<b>£</b>	

**Please read Guidance Note 8 – on State Aid rules**



Scottish Government  
Riaghaltas na h-Alba  
gov.scot





## PART 6: Project Delivery and Outcomes

Assessed

### 6.1 Project Stage

The low carbon project for which you are requesting support must be a demonstrator project and must have a detailed Business Case

Have you submitted a detailed Business Case? Yes ☐ No ☐

If you have ticked yes to the question above you must submit a copy of your detailed business case with this application.

Please tick to indicated that you are including a copy of your Detailed Business case as part of your submission: Yes ☐ No ☐

**It is important the proposals outlined in the application form are consistent with the business case. Highlight below any areas where your plants diverge from the business case and explain why this is the case. Include details of any work you have undertaken to substantiate this change.**

**Please read Guidance note 9 - on what information to include in the Business Case**



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



## 6.8 Skills to deliver

Please provide details of relevant skills and experience of your project delivery team within your project team/consortium and the role of the partners.  
(max 250 words)

Please make reference in this response to formal or externally verified assessments of skills, such as academic and professional qualifications; accreditations; quality standards etc.

Include, within the summary, details of the delivery of previous projects to support and evidence your application. This summary must also include details of the Project Manager who will lead in the delivery of the project

Also describe how you plan to project manage including a description of the delivery team and experience.

Lastly, attach, as an appendix to your application, CV's for all members of the project delivery team.

**Please read Guidance Note 13 - on relevant skills and any gaps within the project team and how this might impact on delivery**





### 7.5 Replicability

Please explain  
why your Project  
is replicable  
across Scotland.

(max. 250 words)

Please include details/results of any market study undertaken to demonstrate the replicability of your technology/business model and why you are confident that other organisations / consumers / social groups would benefit from replicating your Project.

**Please read Guidance Note 19 – on replicability of your project**



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



**7.7 Describe why you need LCITP support for your project through this invitation**

(max. 250 words)

Set out clearly the requirement for and value that would be added from LCITP . Examples of why you may need LCITP support for the project could include:

- To reduce commercial risk;
- To increase the scope or scale of the project;
- To enable the project to proceed more quickly than would otherwise be possible.

Please indicate what might happen if the project does not gain support within this invitation for funding.



Scottish Government  
Riaghaltas na h-Alba  
gov.scot



PART 8: Project Impact		Assessed
<p><b>8.1 Economic and Social Impact</b></p> <p>Please describe the economic benefits (measured by the creation of FTEs, improvements in sales turnover and infrastructure to Scotland and the social benefits of your project including potential to alleviate fuel poverty (where applicable). (max 250)</p>	<p>Clearly explain how your project will have a positive and significant social and economic impact on Scotland, at a local and/or national level.</p> <p><b>Please read Guidance Note 21 – for Demonstrating Economic Impact of Projects; and</b></p> <p><b>Please read Guidance Note 22 – on Social Impact and Fuel Poverty</b></p>	



© The Scottish Government



Scottish Government  
Riaghaltas na h-Alba  
gov.scot







## Capital Funding – Scottish Low Carbon Heat Funding Invitation

### Workshops

Location	Date	Time
Oban	18/09/2019	10:30-12:30
Inverness	20/09/2019	11:00-13:30
Online Webinar	20/09/2019	14:00-16:00
Glasgow	23/09/2019	10:30-12:30
Perth	24/09/2019	10:30-12:30
Dumfries	25/09/2019	10:30-12:30
Edinburgh	26/09/2019	10:30-12:30



# Thank You

Contact us at [lcitp@gov.scot](mailto:lcitp@gov.scot)

<http://www.gov.scot/lowcarbon>



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

