SOURCES OF FUNDING AND PROPOSED RENEWABLE HEAT INCENTIVE SCHEME (RHI)

The Bio-Energy Capital Grants Scheme –

- Provides for up to 40% of the difference between the installation of a biomass boiler and its fossil fuel equivalent;
- Certain items of the cost of installation are excluded which are defined in the guidance notes on application. This is the last round (Round 6) for this grant stream and there is a cut-off date of 31 March 2010;
- Grants are awarded on a rolling "first come first served" basis and therefore the grant money may be awarded prior to the cut off date, but the application window may be extended if the available grant fund has not been successfully allocated;
- All monies must be spent prior to April 2011. (See also Renewable Heat Incentive, RHI);
- If the Council were to be awarded grant funding under this scheme, and it became apparent that it would be better off under the Renewable Heat Incentive, then it would be possible to pay back the grant (potentially from the savings made under the RHI;)
- It is not permitted to accept grant funding under this scheme AND to take advantage of the RHI.

The second potential source for grant assistance is under the **Low Carbon Buildings Programme;**

- This is available for the installation of a range of renewable energy / low carbon technologies and is limited to a maximum of 200,000 Euros for a qualifying organisation over a 3 year fiscal period;
- There is no cut-off date for applications, but similarly, any grant awarded must be spent before April 2011, when the Renewable Heat Incentive is due to be introduced;
- It has not been ascertained whether grant funding obtained under this scheme would have to be paid back if the Council subsequently took advantage of the RHI. (The scheme administrators are awaiting a decision from the Government).

Renewable Heat Incentive –

- The consultation document for this scheme was announced in early February 2010, which will reward the use of renewable energy technologies, reducing the cost of renewable energy technologies compared with their fossil fuel alternatives.
- The figures currently proposed for a range of renewable technologies have been outlined and could have a significant impact on the payback period on the capital expenditure of any potential installation of renewable heat energy. Figures of between 2p/kWh and 18p/kWh have been published depending on the type and size of the installation, which are payable for between 10 and 23 years (again, depending on the size and type of installation). Whilst there are numerous variables to consider, based on the technology selected and the output of the installation, this might represent a saving, which could easily be in excess of £10K/year for this site.
- It must also be borne in mind that as CLL currently pay for the energy used on site, that any potential savings in the cost of energy would largely be to the benefit of CLL. The capital cost of the installation however, would be largely irrelevant to the operators under the current arrangements and this would need to be taken into consideration should the management agreement be renewed. In order for the

Authority to receive any benefit under this scheme, it would need to be ensured ensure that a mechanism was in place to allow the Authority to recoup some or all of the benefits of reduced energy bills to offset the capital expenditure and therefore provide a "Payback period" for the selected solution.

- There are other available renewable energy technologies, which can provide heat energy with low CO_2 emissions that do not require the level of attendance needed by biomass installations, and as yet these have not been fully explored. These include in particular solar thermal and ground-source heat pumps.