



**Future Energy
Yorkshire**

Project S0168

Grid Connected Renewables

Yorkshire Forward

Further Details for Applicants Round 6

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1 INTRODUCTION

1.1.1 Future Energy Yorkshire (FEY) is managing a funding programme backed by Yorkshire Forward totalling £4.6 million, available for renewable electricity projects within the Yorkshire and Humber region. This fund will be available until March 2011 and it is designed to enable the region to become a leader in the renewable energy sector.

1.2 What we are looking for

1.2.1 We are looking for grid connected renewable electricity generation projects that require some form of funding. We invite project developers with specific project proposals to bid for this funding. The aim is to help meet regional renewable energy and greenhouse gas emissions reduction targets.

1.3 Form of the funding

1.3.1 There are two preferred methods of offering funding:

- a loan, repayable with a commercial rate of interest; and
- the purchase of a share of future revenue, for a limited period

1.3.2 Grants will only be awarded in exceptional cases, when a need can be clearly justified and when permitted under state aid rules. A good justification for grant funding would be that the project is not viable without the grant, but the project will in some way lead to cost reductions when the project is replicated elsewhere in the region.

1.3.3 The minimum funding award for any one project is £20 000 and the maximum is £500 000. Loans can only be offered up to maximum of £200 000.

1.3.4 FEY will be flexible where possible about the terms of the funding. We ask bidders to propose drawdown and repayment schedules. Please note that all funding must be drawdown by the project before March 2011.

1.3.5 It is expected that most projects will be re-financed once operating profitably, and FEY's funding will be given with terms that encourage this.

1.3.6 Where funding will be required for more than one stage of a project (for example, the development phase, which leads to a project requiring capital investment) the initial bid must be for all funding that will be required.

1.3.7 Projects that will provide a good revenue stream back to FEY will be preferred. Revenue that FEY receives from these awards will be re-invested in renewable energy projects in the Yorkshire and Humber region.

1.3.8 This funding is intended to complement other funding sources, or to help secure further funding.

1.4 Funding streams

1.4.1 The funding is broken down into three streams, each for a different type of project:

- (i) emerging technologies;
- (ii) community renewables; and
- (iii) flagship projects.

2 ELIGIBILITY AND SELECTION CRITERIA

2.1 General criteria for eligibility

2.1.1 To be eligible for the grid connected renewables selection process, the project must meet all of the following criteria:

- (i) the business case demonstrates economic viability;
- (ii) the installation will generate electricity from a renewable source (this can include waste which is not 100% renewable);
- (iii) the generator will have an installed capacity exceeding 45 kW (electrical);
- (iv) the generator will be connected to the national grid;
- (v) the installation will be located in the Yorkshire and Humber region;
- (vi) all investment from GCR will be drawn-down by March 2011; and
- (vii) the project must have an appropriate “likelihood of success” for public support. That is, there must be a reasonable chance that the project will be successful, but projects which will clearly go ahead without FEY’s support will not be eligible. Too high a risk in any of the following categories would be sufficient to make a project ineligible: team skills and experience, access to finance, regulation, technical risk, partner agreements.

2.2 Stream specific criteria for eligibility

Emerging technologies

2.2.1 The Emerging technologies stream supports the development of emerging renewable energy technology projects. Examples of emerging technologies include medium-scale renewable CHP, medium-scale hydro, gasification or pyrolysis of biomass (including waste with a biomass component), solar electricity generation, wave and tidal power. Any more established technologies (such as onshore wind or combustion of biomass) which are used in a sufficiently technologically advanced or innovative way may be considered under this stream.

2.2.2 A diversity of technologies is preferred under this stream so FEY reserves the right to reject proposals for technologies which are already established in the region.

2.2.3 As well as meeting the general criteria described in section 2.1.1, the project must support the installation of a suitable technology to be considered for this stream of the funding.

- 2.2.4 The funding need not be allocated to a specific activity or piece of equipment, but it must be shown that all other required funding is in place, or that a reasonable strategy exists to secure such funding.

Community renewables

- 2.2.5 The aim of this stream is to encourage communities to develop renewable electricity projects. Developers who wish to involve local communities in their projects will also be accepted under this stream. The community renewables stream supports the community ownership or involvement in renewable electricity projects. To be considered for this stream of funding the installation will be owned at least 50% by a clearly identifiable local community, or will have a similar scale of community involvement with a corresponding financial benefit to the local community.
- 2.2.6 The definition of “community” here is flexible. It may be individuals in the local or wider area, or, for example, a group of businesses investing in local installation to supply their own electricity needs.

Regional flagship projects

- 2.2.7 The aim of this stream is to encourage the development of iconic renewable electricity generation installations, which will have high visibility to the general public and promote a positive image of renewable energy. Any renewable electricity technology is eligible, if the project is commercially viable. Examples of flagship projects could be a wind turbine in an interesting, highly visible location, such as an appropriate city site, or safely visible from a busy road or renewable generation that can be made a feature of a visitor attraction. Projects which show creative ways of engaging or educating the public while generating significant amounts of energy are preferred.

2.3 Selection criteria

- 2.3.1 Eligible projects will be judged according to the following criteria with the indicated weightings (see below for a description of these criteria):

(i)	Likelihood of success	40%
(ii)	Carbon saving	30%
(iii)	Private sector investment	10%
(iv)	Jobs created	10%
(v)	Businesses created	10%

Likelihood of success

- 2.3.2 Assuming the project has an appropriate likelihood of success to be eligible for the funding (see section 2.1), this likelihood will be scored and used in the selection process.

- 2.3.3 The likelihood that the project will succeed will be evaluated by FEY based on the application form submitted. Relevant factors here are the likelihood of securing funding, technical and/or business expertise, relevant experience in the sector, track record, technical risk, regulatory risk. In general more advanced project developments are likely to be favoured.
- 2.3.4 Projects which are considered high risk may have some or all of the funding offered on condition that development milestones are reached.

Carbon saving

- 2.3.5 Bidders will be asked to quantify the expected generation of electrical energy over the first ten years of operation of the installation. If the project diverts biomass from landfill, this should also be quantified.
- 2.3.6 The cost effectiveness of the investment against carbon savings will be considered. The cost per tonne of CO₂ equivalent will be calculated using 0.43 tonnes/MWh for electricity generated and 0.33 tonnes/tonne for biomass diverted from landfill. Projects with a lower cost per tonne of CO₂ equivalent saved will be viewed favourably.

Private sector investment

- 2.3.7 The business plan must show clearly the sources of all the funding for the project. The ratio of private sector funding to FEY funding will be used for evaluation.

Jobs and businesses created

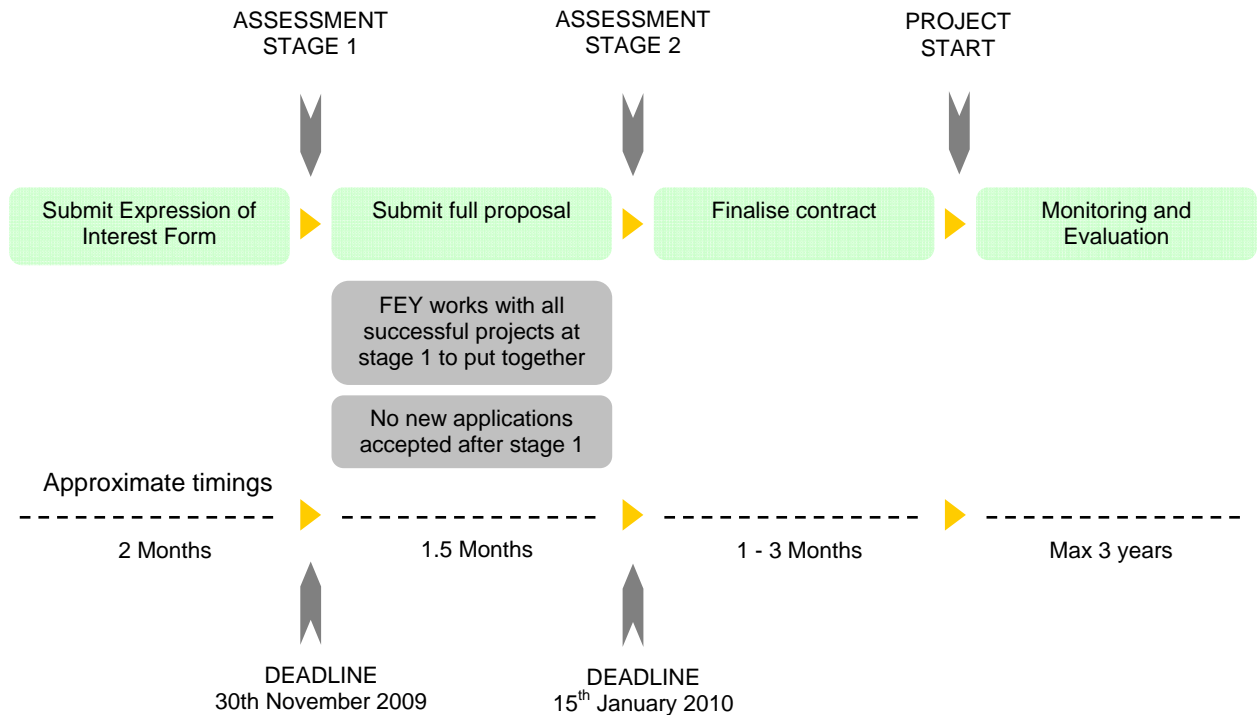
- 2.3.8 Bidders should state how many jobs and businesses in the region will be created directly by the project. The cost effectiveness of the investment against jobs and businesses created will be considered.
- 2.3.9 Please note that as the funding stream closes in March 2011, projects will also need to ensure that all the funding will be requested and paid by Future Energy Yorkshire before this deadline. No funding can be provided to projects after this date.

3 APPLICATION PROCESS

- 3.1.1 An application for funding is made by submitting an Expression of Interest form followed by a full application form. The Expression of Interest form must be received by the **30th November 2009 at 5pm**. The full application form must be received by the **15th January 2010 at 5 pm**. Applicants are encouraged, upon recommendation, to submit a full application as early as possible after discussion with FEY of their Expression of Interest.
- 3.1.2 Late or incomplete applications will not be considered. Full applications will not be considered if a corresponding Expression of Interest form has not been submitted by the due date.
- 3.1.3 The Expression of Interest form can be downloaded from the FEY website. Once this has been received you will be contacted by FEY to start discussions on the full application. We recommend that all full applications are completed in discussion with FEY.

3.1.4 Figure 1 shows the application process diagrammatically.

Figure 1 – Application Process



4 SCHEDULE

- 4.1.1 Completed Expression of Interest forms must be received by the closing date above and will be accepted from the 2nd October 2009. Early submission is encouraged to allow more time for completion of the full application.
- 4.1.2 Bidders will be informed of the success or otherwise of their applications by 26th February 2010. If a funding application is successful the applicant may not publicise the offer or any details of the offer without the prior written approval of Future Energy Yorkshire. This restriction will remain in place until formal funding agreements have been signed which may contain other publicity requirements.
- 4.1.3 All funds awarded under this call to the Grid Connected Renewables programme must be claimed by 31st March 2011. To simplify the management of the fund, it is likely that specific funding offers will have earlier deadlines for claims.

5 STATE AID

- 5.1.1 The Grid Connected Renewables programme is state funded so awards must be given in way which is not state aid, or under acceptable terms as far a state aid is concerned. For this reason, all non-grant investment in projects will be on commercial terms. Grant funding will be given

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under *de minimis* rules if the bidder is eligible. For more information on state aid rules see:
<http://www.berr.gov.uk/whatwedo/businesslaw/state-aid/index.html>.