

Low Carbon Buildings Programme - Phase 2 Extended (LCBP2E)

Frequently Asked Questions

Who qualifies for a grant under the Low Carbon Buildings Programme - Phase 2 (LCBP2E)?

Grants for the installation of microgeneration technologies will be available to public sector organisations (including schools, hospitals, housing associations and local authorities) and charitable bodies. (The applicant will only be able to receive/apply for a grant if it is not an **undertaking** within the meaning of the rules on State Aid laid down under the EC treaty).

With reference to 'State Aid', how can I determine whether my organisation is an undertaking?

An undertaking is an entity which is engaged in commercial activity. This means that it puts goods or services on a given market. The important issue to determine is what the entity does, not its status. Thus a charity, a not for profit company or a Government Department can all be undertakings if they are involved in commercial activities. In view of this the eligibility criteria for LCBP2E have been modified to allow, under certain circumstances, funding to 'undertakings' to be made under 'de minimis' or 'Services of General Economic Interest (SGEI) block exemption' regulations.

This means even if you are involved in an economic activity you are free to make applications under the extension programme but you should be mindful that each application is assessed on a case by case basis. Also you will need to complete the declarations within section C under 'de minimis' or 'SGEI block exemptions' and be aware of its implications. It is the applicants responsibility to make sure they answer this section correctly.

If you are a Housing Association/Trust or Community Amateur Sports Clubs (CASC) public leisure centre please also read the information on the last page of this document.

Please also refer to the summary and examples on the LCBP2E website under the State Aid section: www.lowcarbonbuildingsphase2.org.uk.

What areas of the country are covered?

LCBP2E covers all UK regions (excluding Isle of Man and Channel Islands).

What level of funding is available?

£0 - £200,000 per site

How does the application process work?

Applicants will be able to apply either online or by post. **Online applications are preferred, as they reduce administration costs and can be more promptly processed.**

A letter or email confirming receipt of the application will be sent out within 2 to 5 working days of BRE receiving the application.

The application will be assessed and the applicant contacted with the decision within 20 working days of receiving the signed section C – Compliance and Declaration form. Grant applications over £100,000 and / or larger than 45kW heat and up to 300kW will require more detailed assessments, and therefore results will take up to 40 working days.

Are there any other eligibility criteria for receiving a grant?

The application will be assessed against criteria set out in the application form. The main criteria relate to the type of organisation, use of MCS certificated installation companies and certified products, as well as meeting the £/tonne CO₂ benchmark figures. (See other questions in this document).

What other supporting documents need to be supplied with the application?

Electronic copies of quotations from all installers either attached to the on-line application or enclosed on CD-ROM or floppy disk. Also proof of not-for-profit organisation status/type/legal entity attached to the on-line application or enclosed on CD-ROM or floppy disk. **Please note submitting these documents only as paper copies will render the application invalid.** If you are a Housing Association or Trust please also read the information on the last page of this document.

You will also need to send the signed section C – Compliance & Declaration to confirm your acceptance of the Terms & Conditions. Your application will be processed from the date of receipt of the signed section C.

What can the grant be used for?

The grant must be used to fund the supply and installation of a renewable energy scheme at a permanent building located in the United Kingdom. In general only costs directly related to the installed equipment and work are eligible. A list of eligible costs is set out in the Terms and Conditions.

What are the conditions of the grant being given?

Terms & Conditions can be downloaded from the scheme website at www.lowcarbonbuildingsphase2.org.uk

Which technologies are covered by the LCBP2E grant scheme?

Grants are available for installations of up to a maximum of 50kW electricity and 300kW heat. Qualifying organisations can apply for 50% of the project cost of installing microgeneration technologies (excluding VAT):. Products and installers must be selected from specified certification bodies or other government led technology lists, also see guidance notes section 1.1 and 4.

Solar photovoltaics, with an installation capacity of more than 0.5kW and up to 50kW

Photovoltaic (PV) panels use energy from the sun to create electricity to run appliances and lighting. PV requires only daylight – not direct sunlight – to generate electricity.

Micro-hydro turbines, with an installation capacity of more than 0.5kW and up to 50kW

Hydro-power systems use a turbine to convert the energy stored in water flowing downhill into electricity. Useful power may be produced from even a small stream. The hydro-power source should be relatively close to where the power is needed or to a suitable grid connection.

Micro-wind turbines, with an installation capacity of more than 0.5kW and up to 50kW

A wind turbine converts wind to electricity. The most common design is of three blades mounted on a horizontal axis which is free to rotate in the wind on a tall tower. The blades drive a generator either directly or via gearbox (generally for larger machines) to produce electricity.

Solar thermal, with an installation capacity of up to 300kW

Solar panels, also known as collectors, can be fitted to the roof of a building. They use the sun's heat to warm water, or another fluid, which passes through the panel. The fluid is then fed to a heat store and helps provide hot water for the building.

Heat pumps, with an installation capacity of up to 300kW

Heat pumps can be used effectively for space and water heating. Heat pumps take heat energy from a source such as the ground, a body of water (eg river, lake or well) or simply the outside air and transfer it to the building. The heat is upgraded by using a pump and compressor which removes heat from one side of the circuit and ejects it to the other side.

Heat pumps require electricity for their operation and users may consider buying this through a green tariff scheme, which promotes the use of renewable energy sources by power generators.

Biomass, with an installation capacity of up to 300kW

Wood burning systems, unlike other renewable energy sources, emit carbon dioxide. However, as the wood fuel is cultivated, it absorbs the same amount of carbon dioxide as is released when burnt. As such it does not add to the carbon dioxide in the atmosphere.

Wood fuelled boilers – these systems must comprise the main heating system of the building and can be run on logs, wood chips and wood pellets.

Automated wood pellet room heaters / stoves (with and without integral boilers) – an eligible system can be used for heating a single room, hot water or the whole building.

How many technologies can I apply for?

There is no limit to how many different technologies can be applied for, however additional questions might be asked in cases where the stated limits of 50kW el and 300kW th is exceeded per site.

Can I apply for a Phase 2 grant for an installation which is larger than the stated maximum heat/ power output for any of the technologies?

For electricity generating technologies, the maximum limit for each installation is 50kW in line with the definitions of microgeneration stated in section 82 of the Energy Act 2004. For heat projects the limit has been amended to support larger scale heat projects up to 300kWth. Although only applications that meet the stated limits (50kWel and 300kW th) will be accepted, LCBP2E may contribute to the first 50kW of electricity for a larger PV installation in a property.

How many grants can an organisation receive under LCBP2E?

Organisations can apply for a maximum of up to £200,000 in grant funds per site. A site may include more than one property and multiple applications from one organisation for different sites will be considered.

Am I able to match fund from any other programmes?

The applicant is not entitled to apply for or receive a grant if the applicant has already received or expects to receive any other funding from the national government or devolved administrations in relation to the proposed technology and/or its installation at the property. This includes any funding under Low Carbon Buildings Phase 1, Bioenergy Capital Grants Scheme; Community and Renewable Energy Scheme (CARES); or Scottish Biomass Support Scheme.

However, applicants may receive funding from other public sources (including BIG Lottery, local government and EU programmes) and funding is available from LCBP2E for new technologies, even if other technologies have previously been grant-aided at the same property.

Can schools apply for funding from both the Building Schools for the Future Programme and the LCBP2E Scheme?

Yes, this is possible

Can projects apply for funding from both the Carbon Emissions Reduction Target (CERT) and the LCBP2E?

CERT funding towards an installation does not affect whether or not an installation is eligible for LCBP2E funding. As long as the applicant is not using other national government or a devolved authority funds, as part CERT funded installation may (subject to all other relevant conditions being met) therefore be eligible for LCBP2E funding.

If I wish to apply for a grant under the LCBP2E, does the building need to meet Part L of the Building Regulations?

Buildings need to meet the building regulations applicable at the time of construction or major refurbishment. Although there are no additional energy efficiency criteria to be met within the application process of Phase 2 extension, we strongly encourage prospective applicants to ensure

they have taken all necessary energy efficiency measures as this will ensure a more effective microgeneration installation. Additional questions might need to be answered to ensure that good levels of energy efficiency have been implemented in order to obtain maximum benefit from the installation. If none have been implemented a strong commitment to do so needs to be demonstrated.

For further information on buildings regulations please go to www.planningportal.gov.uk.

What are the main aims of LCBP2E?

- see microgeneration products demonstrated on a wider scale;
- achieve greater visibility and understanding of these products by the general public as a result of their installation on a wide range of buildings.
- achieve reductions in the costs of microgeneration products, against a 2005 baseline, by stimulating the industry through the demand provided by the capital grants;

What can the grant NOT be used for?

Payment of Value Added Tax (VAT). Non-associated costs such as, but not limited to, roofing works outside the direct installation of the microgeneration system, preliminaries, profits, project management, feasibility studies, vandal covers, asbestos removal, PV tracking systems, upgrades to the ring main, new radiators or other elements of the heat distribution system,. Warranty costs - all certificated microgeneration installers are required to provide an installation warranty free of charge. Manufacturers usually provide an extensive lifetime warranty for their technology. Consult your installer for details of these warranties before committing.

Please refer to the Terms and Conditions for further details available from the Downloads section of the LCBP2E website

Are the costs of installing district heating pipes eligible?

These costs will be considered on a case by case basis and the final decision will depend on the overall project value for money.

Why do I need to provide two quotes from different installers?

This is in line with achieving good value for money as it is good practice to obtain at least two quotes from different installers for each technology you are intending to install.

Any quotes provided should reflect the cost breakdown within the relevant technology section D as much as possible. This will make it easier to check the costs and speed up processing times.

How long will the grant offer be valid for?

The grant offer letter will specify a deadline, **usually** within 12 months from the date of the letter, by which time the installation of the technology must have been completed.

Please note that this scheme ends on 30th April 2011. Therefore applications for power generation (electricity) can only be accepted up to March 2010 when Feed-in Tariffs will be introduced. Heating only applications can be made up to April 2011 but applicants should take into account that projects must be **completed** before this date.

When is the LCBP2E grant paid?

The applicant will be able to make an interim claim of up to 50% of the total grant for on-going work and/or capital costs based on providing original paid supplier and/or installer invoices.

The applicant will be entitled to claim the total grant, or the remainder following an interim claim, when the installation of all technologies for which the grant offer was made (whether at the same property or various different properties) has been completed.

How long must the microgeneration system operate once installed?

It is a condition of the grant offer that the technology will remain installed and in use at the property and will not be modified or relocated in such a way as may adversely affect its performance, for a

period of at least 5 years following payment of the grant. The applicant will be responsible for assuring this condition is met.

Who installs the systems?

The specific technology to be installed at the property must be supplied and installed by an installation company certificated for that technology through the Government's Microgeneration Certification Scheme (MCS).

I have a programme related question - Who can I ask this?

Please call or email LCBP2E Helpline on 08704 23 23 13 or info@lcbpphase2.org.uk.

I have a policy related question - Who can I ask this?

Please email the DECC at micro.generation@berr.gsi.gov.uk.

I am organising an event and would like a speaker to give a presentation on the Low Carbon Buildings programme Phase 2!

Unfortunately we do not have sufficient resources to attend all the meetings we are invited to. However a Power Point presentation, including speakers notes, that gives general information about LCBP2E will be made available shortly. Event organisers will be able to download the presentation from the LCBP2E website shortly.

What are the benchmark values £/tonne CO₂ for LCBP2E?

Information gathered from section D of the application form will be used to estimate the cost (based on total installation cost) of saving a unit quantity of carbon dioxide over the expected lifetime of the installation. These figures are compared to the following "benchmarks" and if they are higher, it may cause BRE to either:

- reject an application
- reduce the grant amount
- request further information and clarification

The benchmarks (figures in bold) are expressed as pounds sterling per tonne of carbon dioxide (£/tonneCO₂) saved. Please note the benchmark figures may change from time to time and the applicant will need to check these before applying.

	Solar PV	Solar thermal	Heat pumps	Wood pellet stoves	Wood fuelled boilers
	Assumed life (years)				
Displaced fuel/energy	25	20	20	20	20
Electricity	£670	£310	£180	to be confirmed	£250
Natural Gas	N/A	£610	£1050	tbc	£230
Oil		£380	£460	tbc	£120
Coal		£470	£86	tbc	£83
LPG		£470	£263	tbc	£185

	Wind turbines (by size in kW)				
	Assumed life - 20 years				
Displaced energy	less than 1.5	1.6 – 5.0	6.0	15.0	20 and larger
Electricity	£1,049	£490	£420	£345	£300

Carbon dioxide emissions factors to be used in the £/tonneCO₂ calculations:Electricity= 0.43 kgCO₂/kWhCoal= 0.3 kgCO₂/kWhNatural Gas= 0.19 kgCO₂/kWhOil= 0.25 kgCO₂/kWhLPG= 0.21 kgCO₂/kWh**Calculation formula for all technologies apart from Heat Pumps:**

$$\text{£/tonneCO}_2 = (\text{Total cost (based on eligible costs)} \times 1000) / (\text{Energy yield} \times \text{emission factor} \times \text{assumed life})$$

Example for Solar thermal system costing £15,300 with an estimated annual yield of 13,410 kWh, replacing gas:

$$(\text{£}15,300 \times 1000) / (13,410 \text{ kWh} \times 0.19 \times 20) = \text{£}300 \text{ /tonneCO}_2$$
Heat Pump £/tonne CO₂:

$$\text{£/tonneCO}_2 = (\text{Total cost (based on eligible costs)} \times 1000) / ((\text{Energy yield} \times \text{emission factor} - \text{Electrical input} \times \text{emission factor}) \times \text{lifetime})$$

Example for Ground Source Heat Pump supplying underfloor heating (effective CoP of 3.2), costing £20,000 supplying all of an estimated annual heating load of yield of 21,000kWh replacing oil:

$$(\text{£}20000 \times 1000) / ((21000 \text{ kWh} \times 0.25 - 6562.5 \text{ kWh} \times 0.43) \times 20) = \text{£}412 \text{ / tonneCO}_2$$

Where electrical input = Energy Yield / CoP (efficiency adjustment as defined by SAP 2005 in Tables 4a and 4c (http://projects.bre.co.uk/sap2005/pdf/SAP2005_9-82.pdf))

CoP	Underfloor heating	Radiators
Ground source heat pump	3.2	2.25
Air source heat pump	2.5	1.75

Why does the benchmark calculation use the electricity emission factor or 0.43 kgCO₂/kWh instead of the 0.568 kgCO₂/kWh as per the building regulation part L2A?

The 0.43kgCO₂/kWh is applied in line with calculating general long term figures for likely CO₂ savings. This figure is based on the predicted fuel mix of electricity generation to 2010, 2020 and beyond. Further analysis of the likely fuel mix showed that 0.43 now seems to be too low, hence a higher figure of 0.568 is used in Part L of the Building Regulations. However even though it looks like the 0.43kgCO₂/kWh might have to be revised it is still used for potential savings in the long term, whereas the lower figure is used for more immediate savings.

Are public leisure centres or Community Amateur Sports Clubs (CASC) eligible?

In line with State Aid public leisure centres or CASCs might be deemed to be undertakings as they are involved in an economic activity, providing leisure activities against a membership or entrance fee, therefore competing with other commercial leisure providers. As outlined before any applicants wanting to apply will need to make sure they are able to either meet the 'de minimis' or 'block exemption' ruling and complete the relevant declarations within section C under 'de minimis' or 'block exemptions'.

Please also refer to the summary and examples on the LCBP2E website under the State Aid section: www.lowcarbonbuildingsphase2.org.uk.

I am a Housing Association and would like to install eligible technologies in a range of houses, do I have to complete separate application forms for each house?

If the houses share the first part of the post code they can be included in one application.

I am a Housing Association and would like to use a private developer/leasing company, are there any specific contractual arrangements that need to be in place in order to remain eligible?

Any applications under the Low Carbon Buildings Programme Phase 2 E will have to be made by the eligible organisation in this case the Housing Association, who has to confirm that the technology is to be installed in social housing and that they are entrusted with tasks involving Services of General Economic Interest (SGEI). Also see the social housing condition referred to in section C of the application form.

Any Housing Association eligible to apply for a grant, must ensure that there are proper procedural and accounting systems in place. Without invoices, the Housing Association cannot claim for eligible costs incurred and defrayed. A chain of invoices (from the certificated installer and other sub contractors, to the main contractor and from the main contractor to the Housing Association) would be acceptable evidence (as per condition 14.6 of the terms and conditions). Also the benefit of any grant must remain with the grant applicant, hence BRE will not pay grants directly to any installer or contractor.

Why do Housing Associations and Trusts have to confirm their properties' social housing status?

This is in view of State Aid rules and the European Commissions' decision that undertakings in charge of social housing are exempt from notification if the social housing is provided to disadvantaged citizens or socially less advantaged groups, which due to solvability constraints are unable to obtain housing at market conditions. We therefore need to see proof that the properties in question will solely be occupied by tenants falling within that category. For further clarification please see the "State Aid" page on the LCBP2E website.