

Funding for your energy efficiency and renewable energy projects



Presented by:

Kelly Lee

The Energy Saving Trust

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While this presentation does not attempt to cover every source of funding available, I intend to look at the main sources of funding that you can access, and will concentrate on some of the methods used by certain organisations to access grants or generate revenue.

Overview

- Current situation.
- Energy efficiency.
- Renewable technologies.
- Practical help service.
- What funding would you like to see?



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We'll be covering a great deal of information:

I'll be talking about the **Current situation**, how some funding has now closed but that its not all bad news.

Then I'll be covering a number of funds that can finance your **Energy efficiency** and **Renewables** projects.

I'll then quickly cover **Practical help** for those of you who aren't familiar with our **free** services,

And last but not least, I'd like to talk about **What funding would you like to see?** in the future, **what problems you've encountered** whilst making bids and **what tips you have for success**.

The current situation.....

It's not all bad news!

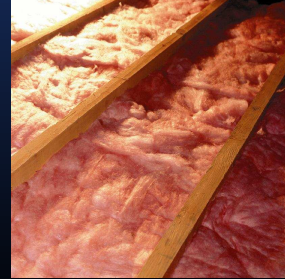


Over the past few months, a number of high profile funding streams have closed. The Energy Saving Trust's Community Energy and Innovation funding streams have closed, along with Clear Skies and the solar grants funding.

However, while the situation seems to be bleak, there are still a number of funding sources out there such as the Energy Efficiency Commitment (EEC) and the introduction of funding through the new Low carbon buildings programme.

Funding for energy efficiency

- Energy Efficiency Commitment (EEC).
- Government funding.
 - Warm Front, HEES, Warm Homes & Warm Deal.
- Green energy loans.
- Energy services.



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So first of all, here are several funds available to fund energy efficiency projects:

We're first going to cover the **Energy Efficiency Commitment (EEC)**, then we'll go through Government funding schemes including **Warm Front**, **HEES**, **Warm Deal** and **Warm Homes**.

I'll then move on to **Green Energy Loans** and what money can be obtained by following the **Energy Services** route.

Energy Efficiency Commitment (EEC)

- EEC - a statutory obligation.
- EEC 2005 - 2008 (130 TWh).
- Target depends on the size of their customer base.
- At least 50 percent of the energy savings must be targeted at a priority group.



EEC is a statutory obligation on energy suppliers in the UK to deliver energy efficiency improvements in housing.

EEC 2005 - 2008 requires gas and electricity suppliers to deliver improvements in domestic energy efficiency that will correspond with an overall saving of 130 terawatt hours between 1 April 2005 and 31 March 2008. It is estimated that this will lead to investments of £1,250 million and a reduction of carbon emissions of approximately 0.7 million tonnes a year.

Each energy supplier has their own target depending on the size of their customer base.

All domestic sector homes are eligible, although at least 50 percent of the energy savings must be targeted at a priority group, which consists of householders receiving certain income-related benefits or tax credits. This priority group is eligible for 100 percent grants to cover the full costs of installing energy efficiency measures and social housing providers can play an important role in helping energy suppliers to access these priority group households.

Please note that energy suppliers are only required to cover up to 50 percent of the installation costs for non-priority households. HE there is still an opportunity for LA to help energy suppliers to target these homes.

EEC benefits

- Social housing providers can influence how and where EEC money is spent.
 - Social housing providers benefit.
 - Tenants benefit.
- EEC supports a range of measures:
 - Cavity wall and loft insulation.
 - Condensing boilers.
 - Energy efficient appliances.
 - Energy saving lightbulbs.



By working in partnership with energy suppliers with EEC obligations, social housing providers can influence how and where EEC money is spent.

This effectively means that social housing providers can use EEC funding to improve their housing stock. EEC money can also play a significant role towards delivering various targets set out in affordable warmth and environmental strategies.

Tenants also benefit with reduced fuel bills and increased thermal comfort.

EEC supports a range of energy efficiency measures including:

- Cavity wall and loft insulation.
- Condensing boilers.
- Energy efficient appliances.

Energy suppliers meet their EEC obligations in a variety of different ways, however the general rule is that they opt for the most cost effective measures.

Developing EEC partnerships

- Energy suppliers want to meet their targets by the simplest, most efficient and cost effective means.
- Well-prepared proposal.
- Shop around.
- Successful schemes can be extended.



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The key to obtaining funding through EEC is through successful partnerships between yourself, energy suppliers and other potential organisations.

Energy suppliers want to meet their targets by the simplest, most efficient and cost effective means possible. Therefore if social housing providers can help them do this, they're generally quite interested to hear from you!

It obvious that energy suppliers with EEC obligations receive a great number of requests for funding, so you will need to prepare a proposal that will attract their attention.

It's also true that you should shop around for an energy supplier partner, as different suppliers often have very different approaches to meeting their EEC targets. You may find that you can get a better deal with one supplier than with another.

Local authorities can also make the energy suppliers task easier by presenting them with an already established, successfully operating schemes, and in the meantime you'll benefit by extending the life of your existing scheme. This way energy suppliers don't have to worry about the complications involved in setting up a scheme, and all they need to do in order to claim the full energy savings towards their EEC obligations is provide grants for the energy efficiency measures.

Practical help have published a briefing note on how to go about obtaining EEC funding through energy suppliers, and there are a number of case studies providing examples.

Previous EEC schemes

- **CHILLout**

- Northamptonshire.
- Powergen grants for insulation measures as well as discounted condensing boilers and solar thermal systems.

- **SHEEP**

- North and North East Lincolnshire.
- Scottish Power grants for insulation measures and condensing boilers.



There are a great number of schemes that have already benefited from EEC funding. I'm going to tell you about two examples, however please note that there is further information available including case studies on our website.

The **CHILLout** scheme was a partnership between Northamptonshire councils and Powergen. This energy supplier provides energy efficiency grants for cavity wall and loft insulation, as well as discounted condensing boilers and solar water heating systems. The lead local authority, Daventry District Council, built upon an already well established relationship with Powergen in developing this scheme. Since 2002 the scheme has received 20,000 applications and has spent £6m on energy efficiency works (£3m of this has been from EEC).

The **SHEEP** scheme in North and North East Lincolnshire worked with Scottish Power to provide grants for insulation measures and condensing boilers. This scheme represented a new partnership between North and North East Lincolnshire Councils and Scottish Power, who had not worked together before.

What I'm emphasising here is that if social housing providers don't already have an established relationship with energy suppliers, EEC is the perfect opportunity for doing so.

Government funding

- England - Warm Front.
- Wales - HEES & HEES Plus.
- Scotland - Warm Deal & Central Heating Programme.
- Northern Ireland - Warm Homes & Warm Homes Plus.



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Funding is also available through the Government's fuel poverty schemes, which are managed by Eaga Partnerships.

In England, **Warm Front Grants** provide a package of energy efficiency and heating measures up to the value of £2,700 (except where oil central heating is installed or repaired where a maximum grant of £4,000 available).

In Wales the **Home Energy Efficiency Scheme (HEES)**, which is funded by the National Assembly of Wales, provides a grant of up to £1,500 to make a home warmer, more energy efficient and more secure. The **HEES Plus** grant provides the same energy efficiency measures as listed under HEES, but may also offer a gas or electric central heating systems.

In Scotland, **Warm Deal** grants provide up to £500 to make homes more energy efficient and warmer during the colder months. In addition, the **Central Heating Programme** provides a package of measures to eligible households including a central heating system and advice how to use it, loft, tank and pipe insulation, cavity wall insulation and draught proofing, carbon monoxide detectors and energy advice.

The **Warm Homes** grant in Northern Ireland provides a package of energy efficiency and heating measures, up to the value of £750. Measures depend on the construction, type of property and existing arrangements for hot water and heating. In addition, **Warm Homes Plus** offers funding up to the value of £3,700 for an enhanced package of heating and insulation measures, including central heating.

BUDGET ANNOUNCEMENT

Previous schemes

- **Doncaster Metropolitan Council**
 - 2000 - high fuel poverty and low SAP.
 - 2003 - significant improvements.
- **London Borough of Lewisham**
 - Housing Energy Programme (HEP) to eradicate fuel poverty.
 - Variety of energy efficiency measures installed and £25 million investment by Lewisham Council.



In 2000, 11 out of 21 of Doncaster Metropolitan Council's wards were in the top ten per cent of deprived wards in England. However by 2003, these wards were no longer in this top 10 per cent and the local authority housing stock has a SAP rating of 56.9, compared to the national average of 46.

Doncaster made substantial progress in tackling fuel poverty within the region and there were three main elements to their approach:

- The Energy Action for Health Scheme, which delivered fuel poverty assistance in partnership with the health authority.
- The use of an affordable Warmth Index, which was used to target assistance and monitor the effectiveness of interventions.
- Promotion of the Government's Warm Front Grant.

The local health authority, Primary Care Groups and the Health Action Zone, along with the local EEAC and community and voluntary sector representatives were all key consultees and partners.

The second case study that I am going to talk about is the **London Borough of Lewisham's** scheme to increase access to affordable warmth to tenants.

The Council's Home Energy Programme (HEP) was set up to eradicate fuel poverty in the Borough. The programme of work included the installation of various energy efficiency measures including gas central heating, insulation, energy saving lightbulbs, thermostatic radiator valves (TRVs) and mechanical extractor fans.

The Council has spent over £25 million on domestic energy efficiency work. The scheme also incorporated funding from the Government's Warm Front Grant as well as funding from successful EEC partnerships with British Gas and London Electricity.

Green Energy Loans

- Aimed at individuals who can't obtain grants, but who probably wouldn't get loans elsewhere.
- £1000 over 2 years (12.7 APR) = £1118.45.
- Incentive to pay back - £47.38.
- Total interest = £71.07.
- Increased loans available for heating systems.
- Cheques made payable to contractor.



In the past, Credit Unions have been an important source for low interest unsecured loans for low income households. Social housing providers can work in partnership with credit unions to promote low interest loans to communities to fund energy efficiency measures such as cavity wall and loft insulation.

Until recently, local authorities did not have the necessary legal powers to offer loans directly however, the Regulatory Reform (Housing Assistance) Order, which came into force in July 2002, changed this. The general power provided by the Order enables local authorities to consider offering loans to householders to undertake improvements to their housing.

For example, there is a Green Energy Loan Scheme operating in Coventry, Nuneaton and Bedworth and Warwick District. It is aimed at those individuals who are not eligible for grants i.e. they own their own home, have a job or privately rent properties, but who probably wouldn't be offered loans elsewhere.

A typical loan could be for £1000, which would be paid back over two years. Interest is set at 12.7 APR, which is standard for all Credit Unions. The amount paid back is £1118.45, however those individuals who complete their payments are given a bonus into their account of £47.38. This means that the interest paid back is only £71.07.

Loans can be used for a variety of energy efficiency measures, including cavity wall and loft insulation, TRVs and central heating systems. This particular scheme is considering extending the loan use for renewables.

The system is very simple: it includes simple forms, a free home energy check and benefit check and cheques are made payable to the contractor rather than the individual. The scheme has trained advisors to City and Guilds standard.

NOTES: 5% of individuals do not pay back (used to be 20% with white goods).

Energy services

- Cheaper fuel for tenants.
- Funding for energy efficiency measures.
- Potential energy advice for tenants.

- Manweb preferred supplier deal case study
 - Suffolk Heritage Housing Association.
 - £15 per property for energy efficiency measures.



Social housing providers can partner with energy suppliers to obtain fuel for their tenants and potentially energy efficiency measures to improve their housing stock. These **Energy services packages** can also provide advice to tenants.

Manweb preferred supplier deal with Suffolk Heritage Housing Association (SHHA)

This particular scheme is a preferred supplier deal on electricity and gas with Manweb, which is now incorporated into ScottishPower, and was set up and managed by the Suffolk Heritage Housing Association (SHHA). The energy services package involved switching the current tenants and voids to the preferred supplier.

SHHA already carried out regular tariff optimisation for gas supply to their stock, which involved gathering together information on supplier tariffs and negotiating with those that offered the best rates. The HA then identified the need for an **affinity deal** to extend this tariff optimisation to their tenants and so approached suppliers who were known to have preferred supplier schemes available. After shortlisting potential partners, Manweb (ScottishPower) emerged as the favoured partner.

The scheme is open to all of the 6,500 properties under HA's control. In addition, all voids are also automatically signed up to the deal. A payment of £15 is made for new customers that switch their supply of gas and/or electricity. The HA has created a ring-fenced fund from the referral fees to fund energy efficiency improvements in vulnerable homes.

Funding for renewables

- Low carbon buildings programme.
- SCHRI.
- The Green Energy Fund.
- Energy Efficiency Commitment (EEC).



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As with energy efficiency, there are a number of funding sources for renewable technologies.

As you may already be aware, the Clear Skies and solar grants initiatives are no longer taking applications. However these funding sources have now been replaced by the new Low carbon buildings programme, which is the first funding source we're going to discuss.

Low carbon buildings programme

- Energy efficiency and microgeneration.
- April 2006 for 3 years.
- £30 million.
- Stream 1 – householders = ongoing.
- Stream 1 – community = ongoing.
- Stream 2 = quarterly.



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The DTI's Low carbon buildings programme will be managed by the Energy Saving Trust. It aims to support a more holistic approach to reducing carbon emissions from buildings by demonstrating combinations of both energy efficiency measures and microgeneration products in a single development. The programme started in April and has £80 million funding available over three years.

£30 million has already been allocated to the different streams, however in March 2006's budget statement, it was announced that there would be a further £50 million for the programme. The Energy Saving Trust is still awaiting further information on how the additional £50 million will be allocated through the programme

The programme is divided into different streams:

Stream 1 has two categories:

- One for individual property owners including private householders. Applications are now being accepted this will be on a continual basis.
- Another is for non-profit community organisations including local authorities and schools. Applications will be accepted on a continual basis from May 2006.

Stream 2 is for applications for large projects from non-profit community organisations and businesses and includes local authorities, (the calls will be quarterly, with the first call being confirmed once State Aid approval has been received from the European Commission. It is hoped the first call will be in summer 2006).

The way it achieves the holistic approach, is different for householders and other organisations.

• For householders, there are a number of energy efficiency measures that must be undertaken before you are eligible to apply for a grant under the low carbon buildings programme. These measures will ensure that you are minimising your energy requirements and are as follows:

- a. A minimum of loft insulation to comply with building regulations eg 270mm mineral wool insulation
- b. Installed cavity wall insulation (if you have cavity walls)
- c. Using low energy light bulbs in all appropriate light fittings
- d. Installed basic controls for your heating system to include a room thermostat and a programmer or timer.

All of these are "where practicable". In some cases, you can carry out the work during, or straight after, installing the renewables.

For stream 1 – community and for stream 2, the organisations applying must demonstrate that energy efficiency has been taken into account already, by supplying written evidence or supporting documents.

Low carbon buildings programme

- Solar photovoltaics.
- Wind turbines.
- Small hydro.
- Solar thermal hot water.
- Bio-energy.
- Renewable CHP.
- MicroCHP.
- Fuel cells.
- Ground/water/air source heat pumps.



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The technologies listed on the slide are those that are funded by the project.

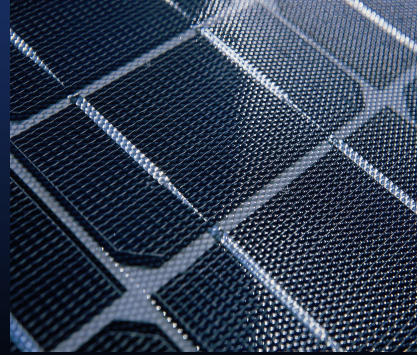
Please note that Community energy schemes are funded, but only renewable fired ones – not gas fired schemes.

For the householder grants, there are different limits for each technology. This is different for stream 1 Community and Stream 2.

Accredited installers for the next three months (maybe more) are those that were accredited under the Solar PV and Clear Skies grants. Some technologies ie microCHP, fuel cells and renewable CHP, do not have any accredited installers as these were not covered by the previous grants. The government is developing a new accreditation system (for all of them), but it is not yet know when this will go live, or what it will entail.

Low carbon buildings programme

Stream 1 - Community



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DETAILS OF THIS NEW FUNDING PROGRAMME ARE STILL BEING WORKED OUT. FURTHER INFORMATION CAN BE FOUND ON THE LOW CARBON BUILDINGS PROGRAMME WEBSITE: www.lowcarbonbuildings.org.uk OR BY CALLING 0800 915 0990.

ALTERNATIVELY CONTACT THE ENERGY SAVING TRUST'S PRACTICAL HELP ADVISORY SERVICE:

T: 0870 241 2089

E: practicalhelp@est.org.uk.

Low carbon buildings programme

Stream 2



DETAILS OF THIS NEW FUNDING PROGRAMME ARE STILL BEING WORKED OUT. FURTHER INFORMATION CAN BE FOUND ON THE LOW CARBON BUILDINGS PROGRAMME WEBSITE: www.lowcarbonbuildings.org.uk OR BY CALLING 0800 915 0990.

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SCHRI

- Technologies funded:
 - Hydro.
 - Wind.
 - Solar thermal systems.
 - Ground source heat pumps.
 - Biomass.
- 2 streams: Householder & Community.



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The Highlands and Islands Enterprise




The **Scottish Community and Householder Renewables Initiative (SCHRI)** is a Scottish Executive programme for small-scale renewables, delivered by the Energy Saving Trust and the Highlands and Islands Enterprise. It offers grants to community groups and households.

The objectives of SCHRI are:

- To support the development of community scale renewable projects.
- To support the installation of household renewables.
- To raise awareness of renewable technologies and their benefits to Scotland.

The main technologies eligible under the scheme include:

- Hydro-electric.
- Micro wind.
- Solar water and space heating.
- Ground sourced heat pumps.
- Wood fuel heating systems.

Other technologies will be considered on a case by case basis.

There are two streams of funding. The first is for householders and the second for community groups, which I'll focus on.

SCHRI offers two types of grant for communities:

1) Technical grants

You can get up to 100% of the cost of non-capital projects to a maximum of £10,000.

Funding is available for:

- Part or all of the costs associated with feasibility studies or community consultation.
- Support for your staff to develop a proposal.
- Capacity building (renewable energy awareness raising, training and skills development).

2) Capital grants

These fund up to 100% of the capital cost of a project to a maximum of £100,000.

Funding is available for:

- Installing renewable energy generation plant.
- Supporting infrastructure, such as roads.
- Project management costs for developing and installing generating equipment.
- Your community establishing a partnership with a third party such as a developer, or setting up a new company or purchasing an equity share in an existing company.
- putting into place regulations that encourage renewable energy generation or use (such as metering equipment, licences or Renewable Obligation Certificates).

The Green Energy Fund

- Funding for small scale renewables.
- EDF Energy.
- Only eligible in specific areas.

Energy Efficiency Commitment (EEC)

- Funding for solar thermal systems, microCHP, heat pumps.



The Green Energy Fund provides funding to cover the costs associated with the installation of small-scale renewable technology. A proportion of the funding requested may also be used for educational purposes (up to 20 per cent) or for feasibility studies into the installation of small-scale renewable technology. It is open to non profit or charitable organisations and/or organisations involved in education and/or work at the community level.

The fund should fulfil the following criteria:

- It should support less established technologies where possible.
- The installations should benefit the local communities as well as the environment.
- The project must be located within SWEB Energy, London Energy or Seeboard Energy supply areas. **See website.**

Energy Efficiency Commitment (EEC)

EEC funding can also be used to fund solar thermal systems, microCHP and heat pump systems. We would recommend that you contact energy suppliers to find out if they will fund renewables.

Points to remember....

- Your bid.
- Strategy.
- Partnerships.
- Self-sustaining funds.



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Your bid

Funding bodies will receive a great number of requests for funding, so you will need to prepare a proposal that will attract their attention.

Strategy

Social housing providers are more likely to succeed in attaining funding if they have a clear and comprehensive strategy behind the proposed project.

Partnerships

As mentioned throughout this presentation, the development of partnerships, either with other public bodies or voluntary or private organisations, is one way of insuring the longevity of a sustainable energy programme.


Self-sustaining funds

Local authorities must have also developed long-term plans for financial sustainability into their bid or business plan. A number of organisations have undertaken schemes that have generated revenue, which can then be reinvested in sustainable energy projects.

These are all central concerns for most funding agencies when considering a bid. There is a hand out available that provides some general principals that should always be kept in mind.

Practical help

- Enquiries.
- Website.
- Presentations.
- Newsletter.
- Email bulletin.



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We have a **free enquiries** service, where we can spend up to two hours researching any sustainable energy or sustainable transport questions that you may have. Can't find something on the website, want to know how much carbon dioxide is saved by installing particular measures? Just contact us and we'll help you out!

We also have a **Website** that contains a number of resources:

- The **What's new** webpage highlights new resources that have been loaded onto the website.
- We have a great number of **Publications** including briefing notes, case studies and policy summaries as well as signposting you to technical information on energy efficiency and renewable technologies.
- Energy efficiency the guide** has been developed as a single, comprehensive source of information for housing management organisations across the UK. It aims to provide all of the information needed by a social housing provider to develop and implement an energy efficiency strategy.
- Look for funding using our **funding database**.
- You can ask questions or share ideas on our **Discussion forum**.
- Look at other resources from other organisations with our **Non-EST resources database**.

We can also visit your organisation and deliver tailor made **presentations** to other members of your organisation.

The feedback form that I mentioned earlier will allow you to sign up for our quarterly **Newsletter**, which highlights new legislation and projects around the UK, and our **Email bulletin** which highlights new resources on the website.

Contact Practical help:

T: 0870 241 2089

www.est.org.uk/housingbuildings

practicalhelp@est.org.uk



Discussion

- Any questions?
- Are there any funding gaps?
 - Is there a project you would like to start but can't find any funding for?
- Any tips for a successful bid?
- Any projects you think would be good to replicate?

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