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Scotland's Public Sector Heat Decarbonisation Fund



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Welcome

The Salix Finance team on the webinar today:

- **Heather Jones** – Senior Programme Manager
- **Christian Smaditch** – Energy and Carbon Programme Manager
- **Nadim El Bakri** - Senior Energy and Carbon Analyst
- **Maisie Loggie** – Programme Manager
- **Zoe Hurst** – Programme Coordinator
- **Chris Cain** – Client Support Officer



Scotland's Public Sector Heat Decarbonisation Fund

Schedule for today

Introduction to Salix Finance

Scotland's Public Sector Heat Decarbonisation Fund

- Purpose & policy context
- Application Types
- Eligibility Criteria
- Project Criteria & ECT Guiding Principles
- Application & assessment
- Application Form
- Q&A

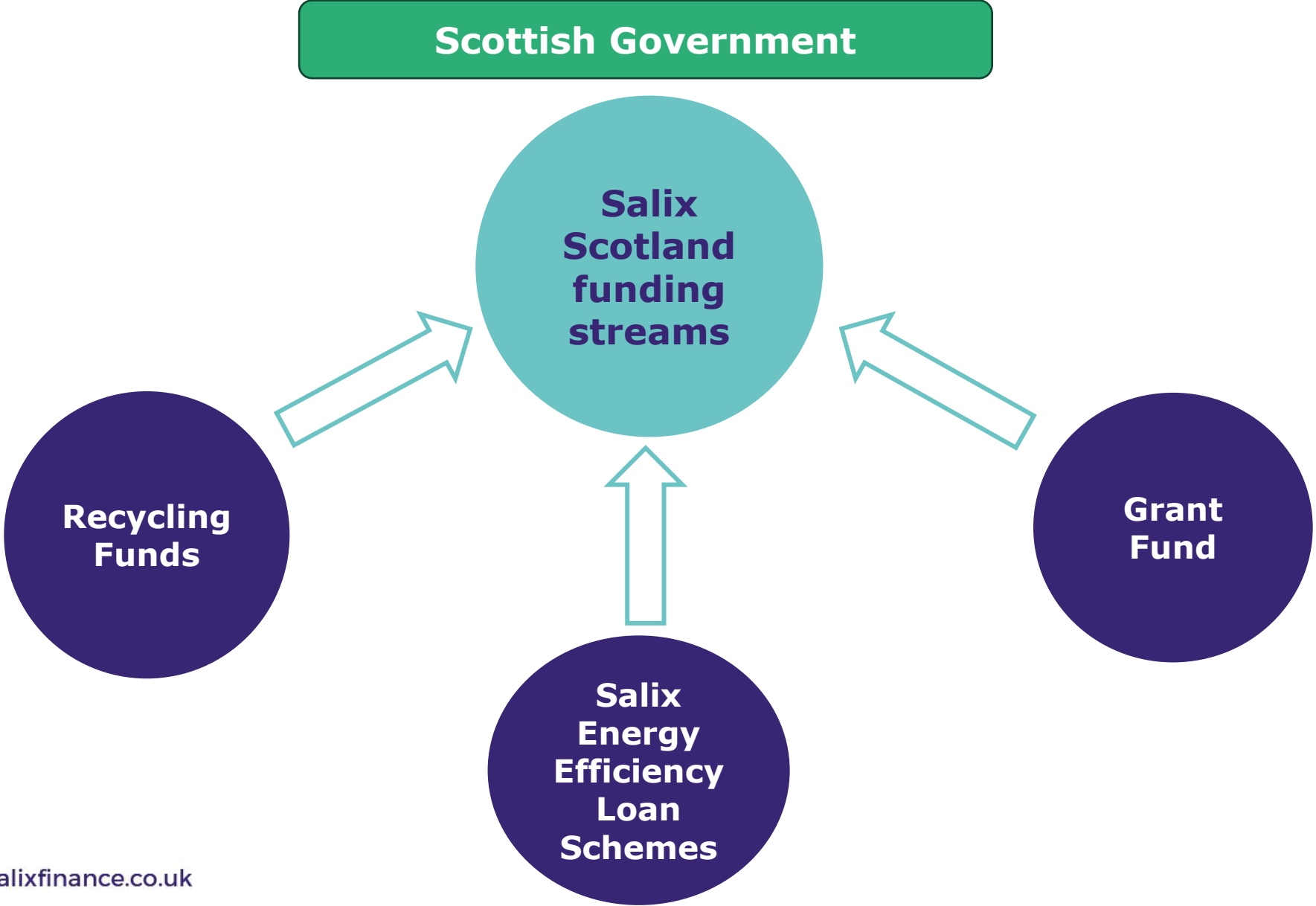


About Salix

- Supporting energy efficiency and heat decarbonisation - public sector buildings across Scotland since 2006, the rest of the UK since 2004
- Became a **Non-Departmental Public Body in 2020**
- Delivering the **Salix Energy Efficiency Loans Scheme (SEELS)**
- Delivering the **Recycling Fund** scheme
- Initiating **Scotland's Public Sector Heat Decarbonisation Fund**



Funding Streams



Purpose and policy context

Scottish Government's
Heat In Buildings Strategy

£20 million of grant funding
to the public sector

Objectives:

- To support projects that will replace existing fossil fuel heating systems with zero direct emissions heating (ZDEH) systems.
- To support energy efficiency projects where they can demonstrate a whole building retrofit approach or broader strategy for heat decarbonization.

Scotland's Public Sector Heat Decarbonisation Fund

- Read the scheme guidance



Scotland's Public Sector Heat Decarbonisation Fund

Guidance Notes

October 2023

- **Introduction**
- **Strategic Objectives**
- **Application Type**
 - Detailed Application
 - Concept Application
- **Eligibility Criteria**
 - Eligible Organisations
 - Eligible Buildings
 - Eligible Technologies
 - Applicant contribution
 - Eligible Costs
 - Grant Timeframes
- **Subsidy Control Rules**
- **Project Criteria**
 - Project Type
 - Replacing Fossil Fuel technologies
 - Whole Building & Fabric First Approach
 - Energy Efficiency Technologies
 - Carbon Cost Ratio
 - Energy Cost Ratio
 - Current Electrical Capacity
- **Additionality**
- **Responsibilities & Competencies**
- **Application Process**
- **Application and Supporting Documentation**
- **Application Authorisation**
- **Assessment Process**
- **Assessment Outcomes**
- **Funding Allocation**
- **Monthly Monitoring Requirements**
- **Payment Process**
- **Timeline**
- **Further Information**
- **Contact**





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Application Types

Detailed
Application

Concept
Application

Decision
Point

Guidance Section 2
& Section 7.1



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Detailed Application

- Single assessment approach.
- Applicants will have typically set their decarbonisation strategy and/or undertaken feasibility studies to identify specific project(s), have commenced design work, begun procurement and be at a point where works are ready to begin to deliver the project(s).
- All sections of application form to be completed in full.
- Capital funding confirmed via Grant Offer Letter (GOL) after successful full assessment.
- Funding utilised for supporting implementation through to project completion.

Decision
Point



Concept Application

- Two-stage assessment approach.
- Applicants will have typically set their decarbonisation strategy, undertaken feasibility studies to identify specific project(s) and begun design work. There will be elements of design to confirm and project(s) is likely to be pre-tender.
- Capital funding will be reserved, via a Reservation of Funding Letter (RFL), based on a successful Concept Application.
- Capital funding will be confirmed via Grant Offer Letter (GOL) at a later date pending submission of a Detailed Application and full, successful assessment of the detailed application.
- The Fund cannot be used for development and design costs incurred prior to the grant start date in the GOL.

Decision
Point



Eligibility Criteria



- **Eligible Organisations**
 - **Eligible Buildings**
- **Eligible Technologies**
- **Applicant Contribution**
 - **Eligible Costs**

Guidance Section 3



Eligible Organisations and Buildings

Eligible organisations

- Arms-Length External Organisations (ALEOs)
- Local Authorities
 - Including Schools
- Universities

Must be located within Scotland

Ineligible Organisations:

- Private sector organisations
- Public bodies classified by the ONS as Scottish central government
- Public corporations
- Registered charities

Eligible Buildings

Existing non-domestic buildings

Applicant benefits from savings

Long term leases (case-by-case)

Ineligible Buildings:

- Rented or short-term leases from private sector
- Domestic buildings
- Buildings with PPI/ PFI contracts - see section 3.2 for full guidance

Eligible Technologies and Costs

Eligible Technologies

- Zero Direct Emissions Heating Solutions
- Building Energy Management Systems
- Cooling
- Energy from Waste (excluding incineration)
- Heating
- Hot Water
- Insulation
- Lighting Controls
- Motors & Controls
- Renewable Energy
- Swimming pool covers
- Transformers
- Ventilation

Ineligible Technologies:

- LED Lighting
- New fossil fuel systems including replacement boilers, hybrid heat pumps & CHP

Guidance Section 3.3

Eligible Costs

- Funding will be offered to cover the capital costs of purchasing, installing and commissioning eligible measures.
- **Grant Timeframes**
 - **Grant Start date:** date the Grant Offer Letter is issued
 - **Grant End date:** 31st March 2025
- Early spend in 2023/24 is eligible

Ineligible Costs:

- Concept applications - Development and design costs

Guidance Section 3.5



Eligible Costs and Applicant Contribution



Applicants are required to contribute **20%** of the total project cost



Applicants can apply for up to **£2.5m**



All applications must be scheduled to complete by **31st March 2025.**



The funding pot available for **FY 23/24 is £20m; FY 24/25 has not yet been confirmed**

Project Criteria



- **Strategic Approach**
 - **Project Type**
- **Impact Cost Ratios**

Guidance Section 4



Strategic Approach



Planned



Project



Future



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Energy and Carbon Technical Guiding Principles



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Project Types

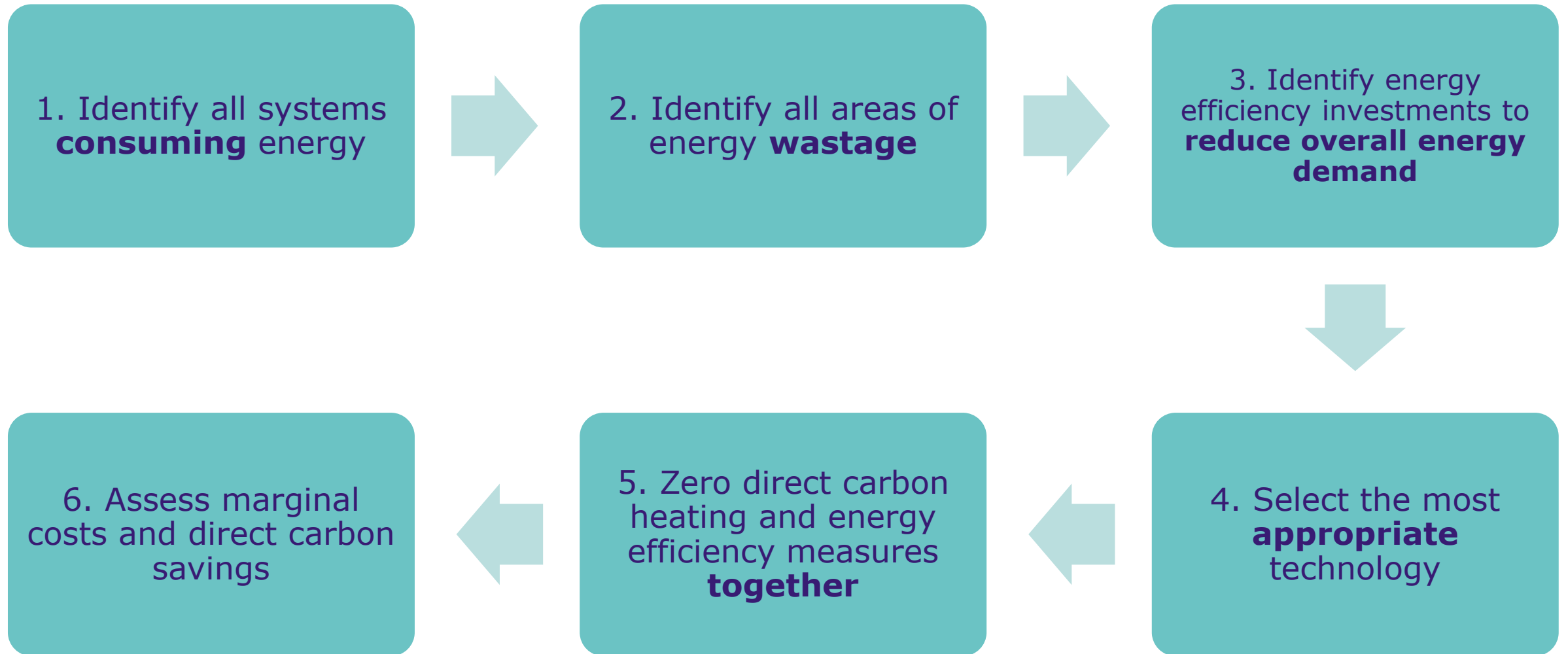
Zero Direct Emissions
Heating + Fabric First

Fabric First Only

Decision
Point



Whole building & Fabric First approach



Compliance

Impact Cost Ratios

- **The Carbon Cost Ratio (CCR)** is used as a measure to assess the cost effectiveness of the application and should be below **£450/tCO₂eLT**.

- $$£450 \text{ tCO}_2\text{eLT} \geq \frac{(\text{£}) \text{ Full capital cost of bundle} - (\text{£}) \text{ Client minimum contribution}}{\text{Total direct carbon emissions saved over the lifetime of the project (tCO}_2\text{eLT)}}$$

Guidance Section 4.3

- **The Energy Cost Ratio (ECR)** takes into consideration the lifetime energy savings apportioned by each technology listed in the scope of the project in relation to the total cost.
 - Energy Cost Ratio (ECR) will indicate the cost to save a kWh over the project lifetime.

Eligible Technologies

- Full list of eligible technologies can be found on the Guidance Notes and on the Application Form published on our website

What affects the grant value?

- Applicant contribution at a minimum of **20%** of the total project costs.
- The **Lifetime** or **Persistence Factor** of the technology.



Application Form

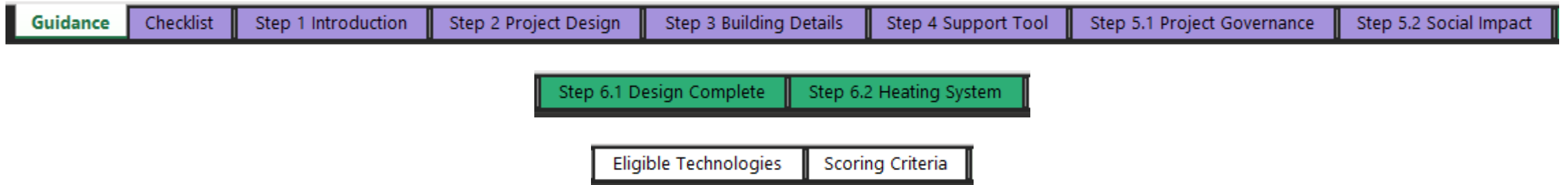
The **Guidance tab** contains a step-by-step guide for completing the form

All relevant fields must be filled to be considered a complete application

Please open in the **desktop app**, **enable editing** and **automatically calculate formulas** in order for this tool to fully function

Written responses should be **unique** to your application

Do not paste values into cells, or always paste '**as values**', and please use dropdown lists where applicable



Documents to submit – Section 7.2 and check tab in the application form

ALL APPLICANTS (CONCEPT AND DETAILED)	<ul style="list-style-type: none">• Project Programme• Evidence of current fossil fuel and electrical energy use• EPC Certificates• Energy Saving Calculations• Applicant financial contingency allocated to the project• Risk Register
DETAILED ONLY	<ul style="list-style-type: none">• Feasibility Study• Peak Heat Loss Survey and evidence of impact on building heat loss• Project Costs

Documents provided **MUST** match the information in the Application Form



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Application & Assessment



Guidance Section 8



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How to Apply

Create a Salix profile before portal opening

Ensure guidance is fully understood

Email your expression of interest

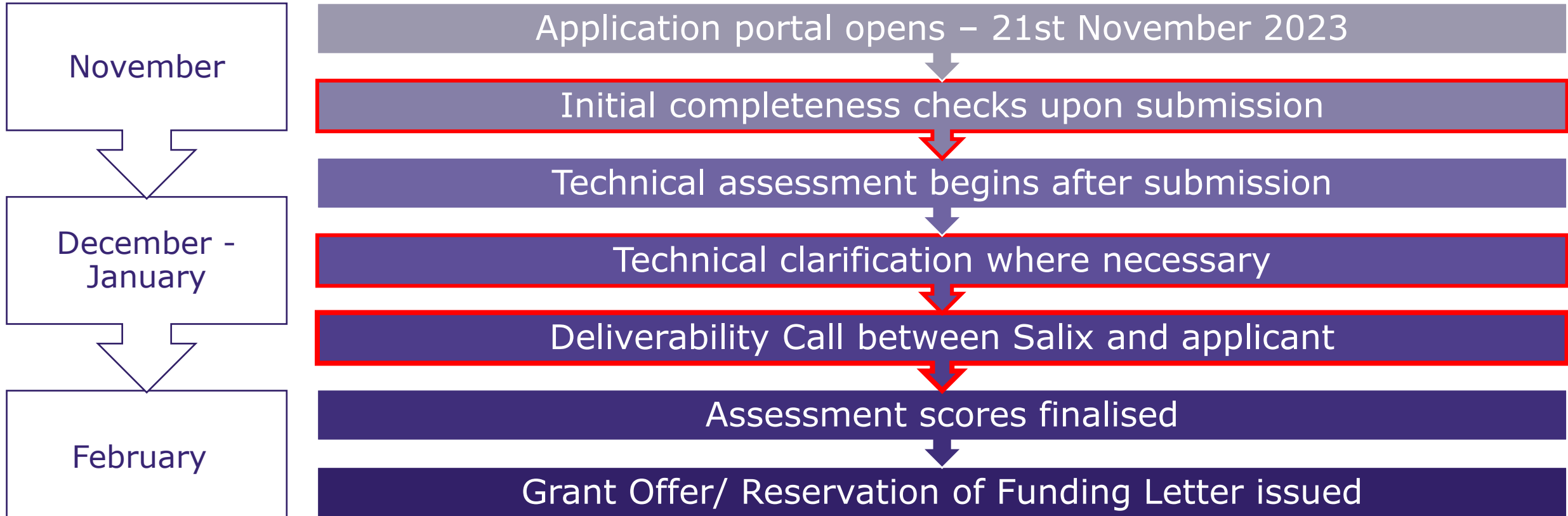
Familiarise yourself with the portal questions

Read the Terms and Conditions

Apply using the Salix Application Portal



Timeline



Resources available

The following can be found on the Salix website:

 Frequently Asked Questions

 Applicant Journey

 Guidance Notes

 Application Form

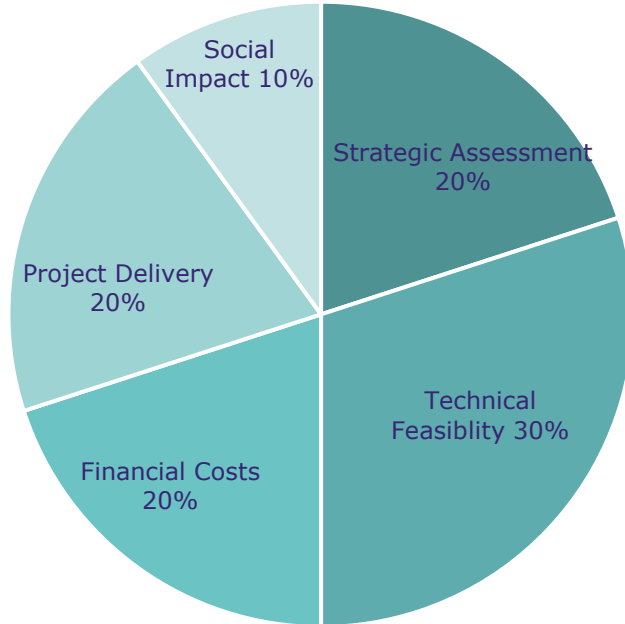
 Terms and Conditions

 Risk Register

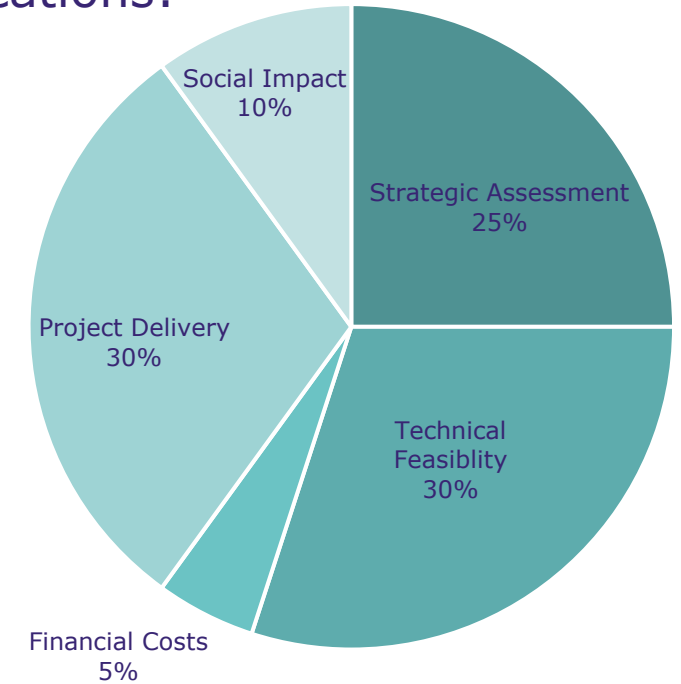


Assessment Process

Detailed Applications:



Concept Applications:



Scoring matrix:

0	Response is inadequate.
1	Response is generally poor.
2	Response is relevant and acceptable.
3	Response is relevant and good.
4	Response is completely relevant and excellent overall.



Application Form Guide Through

- We will now have a brief look at the Application Form, the sections to be filled by applicants and the main information we are looking for.



Questions?



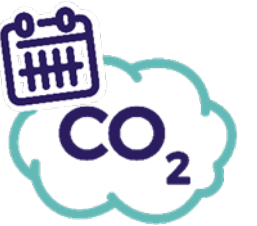
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Queries can be directed to the email below:

ScotlandGrants@salixfinance.co.uk

Or [subscribe to our mailing list](#)



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