

## **Decarbonisation Fund 2**

### **An invitation to social landlords to apply for funding for energy efficiency and heat decarbonisation**

#### **Timeline**

26 June 2019 Scottish Government issues call for applications to Fund  
23 August 2019 Deadline for applications to Fund  
20 September 2019 Scottish Government – offers of grant for Decarbonisation Fund 2

#### **Background**

1. As part of our wider aims for Energy Efficient Scotland and the removal of poor energy efficiency as a driver of fuel poverty, and our ambitions for emission reductions, a second round of £3.5m capital funding is being made available to social landlords across financial years 2019/20 and 2020/21 for decarbonisation activity. This will assist social landlords in maximising compliance with EESSH2 by bringing homes up to, or as close as possible to EPC Band B by 2032, or by ensuring that all housing meets at least EPC Band D for new lets from 2025.

#### **Proposals**

2. Funding will be for energy efficiency measures (e.g. internal works, insulation) within projects that include decarbonisation activity (e.g. ground source heat pumps, air source heat pumps, biomass, solar PV and storage etc) and the conversion of properties from e.g. oil to these technologies
3. Social landlords should consider blending the funding to join up their own proposals and investments for energy efficiency with decarbonisation activity. It should be borne in mind that grant funding cannot be used to install heat technologies that are eligible for the Renewable Heat Incentive (RHI). Scottish Government funding should be used to support energy efficiency measures as well as work to support deployment and use of renewable technologies.
4. Although funding will be allocated to the established technologies identified above, proposals for any innovative activity or technologies will also be considered favourably. This includes measures that are not fully recognised by SAP methodology, provided there is effective monitoring and evaluation, tenant engagement, and landlords are satisfied that the innovation provides tangible benefits for energy efficiency and there is robust evidence to support installation in line with existing EESSH guidance. We will also support elements in projects to provide better data on the impact of investment on energy use or air quality.

#### **Evaluation**

5. An evaluation and monitoring plan will be requested for submission with any final application to the Fund.

#### **Broad principles for choosing areas of activity**

6. Applicants should demonstrate what existing strategies within the area covered, including any work done previously, have been considered to identify either geographical target areas or for a sectoral approach. They should also consider any work underway in the local authority on Local Heat and Energy Efficiency Strategies (LHEES) and we would encourage social landlords to engage with the local authority in identifying priority areas.

### **Deliverability**

7. Proposals can span financial years 2019/2020 and 2020/2021. However, projects will be prioritised which project substantial spend in the current financial year 2019/20.

### **Monitoring**

8. Any successful project will need to develop a monitoring process including pre and post EPCs, fuel savings, and a social survey of households. We also encourage projects to include monitoring of air quality. This is not exhaustive and should be further developed by the applicant.