



Low Carbon Infrastructure Transition Programme (LCITP)

Scotland's Development Unit for Low Carbon Projects

Scottish Low Carbon Heat Funding Invitation

Frequently Asked Questions

Project Support

Q: Is it mandatory to attend workshops?

- We strongly recommend that projects attend one of the seven workshops hosted across Scotland.
- The workshops have been developed to provide projects with background information to the Call, the application process, information and guidance relating to eligibility and application criteria.
- The workshops will also provide projects with an opportunity to engage directly with the LCITP Team.

Q: What support is available to help complete the application form?

- In addition to the seven workshops, a number of guidance documents are available on the Scottish Government LCITP website including the invite for applications, the application form and associated guidance documents.
- These documents and this FAQs section will be kept under review.
- As this is an open, competitive and transparent process, dedicated support to assist with the completion of the application form is not available for this stage.
- If having read all supporting information / guidance and this FAQ section, you still have a query about the invitation process, please e-mail lcitp@gov.scot. All responses provided via this address will be made available to others through this FAQ document.

Q: When will I find out if my Application for Capital Support has been successful?

- The closing date for applications is 25 October 2019. LCITP will endeavour to inform projects of the initial outcome of their applications by end of November.
- A detailed timeline, dates etc. are listed in the Call Paper.

Project Funding

Q: Are there limits to the total project value?

- **Enabling Support may be considered on a project by project basis**
- Capital Projects - Total capital funding available to projects from LCITP is up to £10 million for a single project. **Projects must provide a minimum of 50%**
- 50% is the maximum intervention rate that will be considered for all projects under this invitation at both stages.
- Where applicants or project types have previously received LCITP support, lower intervention rates will be considered.

Q: What costs are covered by the financial support?

- The financial support for Capital projects will be in the form of Repayable Assistance and is likely to cover:
 - Financial costs occurred for the purchase of physical assets.
 - Financial costs incurred for the costs of installation, construction and commissioning.
 - Staff costs for staff contracted to work 100% on the capital project.
- Please note that consultancy costs are not eligible capital costs.
- Further information on eligible costs are contained in the call document

Q: Do projects have to match the LCITP funding with cash?

- Projects applying for capital support must have documentary evidence confirming that they have the required match funding in place.

Q: Does match funding need to be paid back to the funder?

- This is a contractual issue between the project and match funder. LCITP will not release grant funding in advance of need. Projects can only seek payment of grant following the successful completion of agreed milestones or agree deliverables. This also limits the potential for LCITP having to claw back grant

Project Eligibility

Q: It is a requirement to have completed a feasibility study. What does this mean?

- Yes. All projects seeking capital support from LCITP must have a completed and up-to-date feasibility study to support their application.
- The feasibility study will provide LCITP with an accurate assessment of the practicality of a proposed project or system.
- This document must objectively cover the strengths and weaknesses of the project proposal and make a recommendation about project scope.
- It should also set out at a high level the total cost for delivery and an assessment of the value or benefit to be derived from the project.
- Projects at the proof of concept stage will not be supported.

Q: There are eligibility criteria listed on the invitation to apply document, how many of these should projects be able to demonstrate?

- The LCITP Assessment Panel, including external technical advisers where appropriate, will assess and evaluate all applications received against the eligibility criteria listed in the call document and in the application form. The application highlights where an assessment will be made. If your project cannot meet these criteria, it is unlikely to be successful in securing funding.
- Projects must also detail a project location, end user and technology

Q: Which, if any, of the eligibility criteria are mandatory for projects?

- A list of the mandatory eligibility criteria (show-stoppers) are listed below:

Mandatory criteria that must be demonstrated and evidenced by project

1. Ability to meet at least one of the funding invitation priority themes;
2. The potential to deliver a significant reduction of greenhouse gas emissions (MtCO₂e) and energy consumption;
3. the ability to secure other sources of funding/finance that make a minimum of 50% contribution towards the cost of the final delivery costs of the project – it is vital that projects provide evidence of having match funding in place at time of application.
4. the potential to have a positive and significant social and economic impact on Scotland;
5. sets out clearly the requirement for and value added from LCITP support;
6. can be fully commissioned by 31 March 2022, where 'commissioned' means the completion of such procedures and tests in order to demonstrate that the generating station is capable of commercial operation;

Q: What evidence of match funding does LCITP require in order to demonstrate that a project has the required match funding in place?

- All projects must be in a position to provide LCITP with copies of documentary, legally binding contracts or agreements, as evidence of having secured the required match funding. LCITP will only finalise funding awards to projects i.e. countersigned grant offer letters, upon receipt of this documentary evidence.
- LCITP reserves the right to contact the match funding providers named in the application to request confirmation of their commitment to investment in your project.

Eligible Technologies

Q: What low carbon technologies are eligible under this invitation?

- This invitation has been designed to encourage innovation in the design of low carbon and renewable heat systems and encourages consideration of a range of solutions in heat.
- Technologies that are not eligible includes:
 - Projects or technologies at the research and development (R&D) stage or any research and development related activities.

- Established generation technologies in Scotland such as large scale onshore wind, biomass, or conventional gas technologies including CHP (unless where one of the above is an element of a wider innovative project combining a range of technologies).
- Developing technologies at EU Technology Readiness Level 1-5.
- Transport other than energy infrastructure projects that support the uptake of ultra low emission vehicles or as part of a local integrated energy solution.

Q: How does LCITP differentiate between R&D projects and projects that have progressed beyond R&D?

- Projects that are still at the concept proving stage i.e. is the project technically viable, are considered to be at the research and development stage TRL 1-5. These will not be eligible for funding by LCITP. Projects that have moved beyond TRL 1-5 may be eligible for funding.

Q. Using the EU Technology Readiness Levels Definitions, what technologies are eligible under this Invitation?

- Stages 1-5 - not eligible
- Stage 6 – considered on case by case basis
- Stages 7-9 - eligible

Q: If a project comprises multiple technologies that include some technologies excluded under the call, would this have an impact on eligibility?

- These projects will be assessed on a case by case basis with only eligible low carbon costs being supported through the call.

Q: Are circular economy projects eligible?

- The [Zero Waste Scotland Circular Economy Investment Fund](#) is a more appropriate source of funding for projects with this focus.
- If you would like advice email LCITP@gov.scot

Q: If my project covers Multiple themes of the call, what theme should projects highlight to apply for funding?

Projects should choose the theme that is most relevant to their project.

Q: Are water/waste water projects eligible?

- Not if solely about water demand reduction. However, water/waste water projects can be considered alongside energy generation.

Q: Is biogas CHP technology eligible?

- Yes, renewable gas sources (e.g. hydrogen/bio-methane) are eligible.
- However projects that utilise of natural gas in CHP technology are not eligible for financial support

Q: Would a gas-fired CHP be eligible if it were more financially viable than a heat pump?

- Not if using conventional natural gas. This invitation focusses on low carbon renewable or recovered heat projects

Q: What % of fossil fuel is eligible as part of the fuel mix?

- Fossil fuel projects are not eligible for support under LCITP. Where projects use a small percentage of fossil fuel, LCITP will seek advice from technology experts and EU Managing Authority on acceptability as well as judging against the eligibility criteria.

Q: Large scale biomass is not eligible under this call. What is considered to be “large scale” biomass?

- large scale biomass is >20 MWth - this refers to using woodchip and pellets as fuel source.
- For a completely new thermal cycle i.e. biomass technology that does not utilise woodchip and pellets, the >20MWth threshold would not apply but the additional environmental benefits of the new thermal cycle would be compared to the conventional biomass technology.

General Project Questions

Q: Would a project with purely social aims be exempt from repayment if supported through repayable assistance?

- Repayable Assistance will be used to support all capital projects
- All successful projects will receive the most appropriate type of support which would be discussed with each project on a case by case basis.

Q: What is repayable assistance?

- All projects, receiving capital support, will likely have a repayment clause within their grant offer letters. The repayment clause will come into effect once a project reaches a specific trigger point. Any and all funds reimbursed to LCITP through the repayable assistance clause will be reinvested to provide support to other low carbon projects and activity.
- The repayable assistance clause will vary depending on the project and dependent on the information obtained from the detailed due diligence taken forward on the project by the LCITP Client Engineer. Information taken into account will include the project financial model, technical readiness and the information detailed within the project's mandatory documentation.
- The repayment clause will apply for five years after the commissioning date.

Q: Can LCITP offer projects any further guidance on your intent/requirement when designing terms e.g. you must recover the capital amount?; you will seek to recover capital if the project exceeds or fails to meet its commercial targets?

- LCITP will seek to recover the capital should the project begin to generate an income. The level of income that triggers repayment is assessed by independent advisors based on the project's financial model. The threshold for triggering the repayment clause will be clearly detailed within the project grant offer letter.
- LCITP will not release grant funding in advance of need. Projects can only seek payment of grant following the successful completion of agreed milestones or agreed deliverables. This also limits the potential for LCITP having to claw back grant.
- To assist with the monitoring of projects, LCITP will secure the services of a client engineer to support LCITP with the release of grant funding.

Q: Does LCITP charge interest on repayable assistance?

- No interest is charged on repayable assistance.

Q: How do you build in other potential incentives i.e. Contracts for Difference etc.?

- The base case finance model submitted by projects should contain no incentives.

Q: Should the project's financial models include indexation?

- Yes, where appropriate, indexation should be applied to cashflow projections in the financial model.

Q: Can you provide a better definition of publically available funding and other potential funding routes open to projects?

- There are a number of funding options available to projects. LCITP expects projects to have made significant progress to ensuring that they have match funding in place at the time of submitting an application.
- Projects may, for example, have secured funding through the Energy Investment Fund (EIF).

Q: How can a project demonstrate a clear plan for community engagement?

- The invite requires all applicants to demonstrate a plan is in place for community engagement to help form and develop the project within the local community. Ideally, engagement should start as early as possible and should continue throughout the project.
- When planning community consultation it may be helpful to consider:
 - What should be the geographical area to engage?
 - Within that area, who should be the appropriate contacts and communities of interest for consultation?
- For more information on identifying stakeholders, see Scottish Government Good Practice for Community Benefits available at: www.localenergyscotland.org/goodpractice

Q: Who can apply?

- The LCITP application process is a fair, open and competitive process with all applications being considered.
- Projects can be led by the private, public and community sectors; however, we also welcome consortia or partnerships.
- Inward investment from companies based out-with Scotland is welcome as long as the project is wholly based in Scotland.

Q: We are a consortium. Which organisation should be the lead applicant?

- In the case of a consortia application a lead body must be clearly identified in the application form.
- It is for the consortia to decide which partner is best placed to lead the project application.
- The lead organisation should be the organisation that absorbs the risk, has the rights and responsibilities in regards to the project during the delivery process, and is responsible for the 50% match funding in terms of sharing of financial risk.

- The lead organisation will be responsible for all aspects of the management and delivery of the project including in the majority of cases, accepting the responsibility on behalf of the consortia for any funding and any associated conditions of funding.
- The lead body will be responsible for all aspects of the management and delivery of the project including, in the majority of cases, accepting responsibility on behalf of the consortia for all offers of funding and any associated conditions of funding.
- All partners must be identified in application form with a named contact to confirm commitment to the project on behalf of that organisation. Evidence of partner participation must be provided.
- LCITP reserves the right to contact the partners named in the application for confirmation of the nature and level of their involvement in the project and to ask any pertinent questions in relation to the application.

Q: How formal does the partnership agreement need to be at the point of application?

- To demonstrate and evidence the full commitment of project partners, any and all legal agreements must be in place at the time of the project submitting its application – this must include all legal agreements demonstrating that all match funding for the project is in place at the time of the project submitting its application, with clear evidence and all legal agreements.

Q: Can LCITP provide support to facilitate building consortia and matching projects and technologies?

- No but LCITP will circulate share information wherever possible to maximise learning from the exercise
- It is for interested parties to share project information where appropriate prior to applying.

Q: If repayable assistance is provided, is it still deemed as state aid?

- The state aid rules will still apply
- LCITP will consider the rules and assess each project for state aid compliance on a case by case basis before making any award.

Q: Will the financial support offered have an impact on RHI eligibility?

- Chapter 4 of Ofgem’s guidance on Non-Domestic RHI sets out how the receipt of public funded grant can impact on RHI eligibility and further advice is available from Ofgem: https://www.ofgem.gov.uk/system/files/docs/2019/01/guidance_volume_1_oct_2018.pdf

Q: How do I know which parts of my project will be eligible for RHI support?

- General guidance on the eligible costs covered by RHI is available in the Ofgem guidance available at https://www.ofgem.gov.uk/system/files/docs/2019/01/guidance_volume_1_oct_2018.pdf. Specific queries should be directed to Ofgem.

Q: I am already receiving financial support from the Scottish Government in respect of this project. Am I eligible for additional support through this invitation?

- This will be considered on a case by case basis.
- Full details of the support already being received should be included in the application form.
- The LCITP team will then consider the nature and scope of the Scottish Government financial support already awarded and whether there are any additional elements of the project eligible for LCITP support.

Q: Can I submit an application for more than one project?

- Yes. There is no limit to the number of applications for which an individual, consortium or partnership can submit.
- However, only one project should be outlined in each application and the projects must not be in the same location. If the projects are in the same location, the project/system proposed should be integrated.

Q: Who will assess my application?

- The process for assessing project applications is a robust one. The panel members will comprise of financial and technical experts from LCITP partner organisation including Scottish Enterprise, Highlands & Islands Enterprise, Resource Efficient Scotland and Scottish Futures Trust. There will also be academia representatives too.
- LCITP will also procure the independent services of a client engineer to undertake technical and financial due diligence on all projects recommended for funding by the LCITP panel.
- All panel members will be required to sign a disclaimer agreeing not to release any commercial/confidential information viewed during the assessment process.

Q: Can capital payments to projects be made post- March 2022?

- Where evidence can be produced that a cost was incurred prior to end of March 2022, LCITP will be able to cover those costs where the invoice associated is submitted within three months only up to June 2022. This is according to ESF rules for 'defrayed expenditure'. We will not cover for costs not yet incurred.
- LCITP support is used to fund the gap between the project's committed match funding and the total eligible expenditure. Where underspends or ineligible expenditure reduce the total value of a project, it is the LCITP component of the funding package that will reduce, and not the match funding.
- For example, a project is approved for total capital costs of £5m, of which £2.5m is from LCITP. Owing to delays, only £3m expenditure has been incurred by September 2021. In this case, the LCITP support to this project would be £0.5m with the project contributing £2.5m match as agreed. We may retrospectively recover any overpaid LCITP grant in this scenario.

Q: If our project is successful and is awarded funding under this Invitation, what will be the reporting requirements associated with receipt of support?

- All projects receiving funding through LCITP must adhere to an agreed monitoring and governance process. Projects must complete and submit project progress reports at regular monitoring intervals e.g. monthly reports as agreed by the LCITP project support team. Projects will be expected to complete and submit a reporting template in advance of all project progress and monitoring meetings.
- These reports will provide the evidence that the project milestones have been reached and that projects can submit an invoice, together with supporting documentary evidence, for the release of grant funding
- Project monitoring and stage gateway undertaken by LCITP Partners or an external provider contracted by LCITP to assess progress against project milestones.
- The final project report shall detail the forecast capital or developmental costs and actual capital or developmental costs for the entire project. This report will include details of the progress made towards the criteria identified by LCITP Partners through this fund as well as a likely future timeline for achieving exploitation of project results. The report will also include details on the electrical generation performance achieved by the facilities where this was a project aim.
- Following the end of support provision, LCITP Partners will require annual reports for a period of up to 5 years after completion of the project. These reports will cover the progress of the project and technology towards commercialisation and economic impact in Scotland.

Q: How will LCITP allocate funds if the total funding allocation is over-subscribed?

- The process for allocating funding to projects is a competitive one. Only those projects that are best able to demonstrate and evidence that they meet the eligibility and requirements of the call will receive funding.

Q: Given the size of the supporting documentation, file size etc. how will LCITP manage the submission of materials to ensure that projects are able to submit materials without difficulty?

- The LCITP Project Support Team is looking at options for the submission of project documentation.
- Projects should be submitted by email to LCITP@gov.scot
- You may need to send more than one email in which case these should be clearly marked Email 1, Email 2 and so on.

Q: What is the appeals process if we disagree with the decision made?

- Projects seeking funding through the call will be subjected to a robust evaluation process before recommendations and decisions are made.
- Projects that are concerned with decisions made should raise these in writing within 7 days from outcome notification.
- In this instance an independent assessor will review the decisions made providing clear evidence as to whether the decision/recommendation made by the panel was correct when assessed against the eligibility criteria
- Projects will be unable to provide any further information or answer any questions as the appeal relates to information submitted within the original application deadlines.

Q: What happens if we don't provide all the mandatory documentation?

- Projects must to comply with the criteria set out in the invite and application. This includes the submission of all mandatory project documentation.
- Missing documentation will impact on the evaluation of the project.
- Missing documentation will not be requested by the LCITP after the submission deadline for applications.

Q: Procurement – would private bodies be subject to the application of the Public Contracts Regulations?

- Projects are advised that as the funding is up to or less than 50%, private bodies would not be subject to the application of the Public Contracts Regulations.
- Projects should therefore:
 - Follow procurement rules as they apply to your organisation.
 - Evidence that they have followed their organisation's procurement rules.
 - Put in place fair, open and transparent procurement arrangements to support the delivery of the project. Wherever possible this should include an element of competition to ensure best value. Where a single source is selected without competition, the Project should be in a position to justify this procurement route to the LCITP.

Q: Would a project be able to procure/appoint its own professional advisors?

- Projects can use their own match funding to appoint a professional contractor.
- The appointment of capital contractors will be the responsibility of the contractor.

Q: Under which General Block Exemption Regulation (GBER) article will financial support be provided?

- All financial support provided under LCITP will be in compliance with State Aid rules. Financial support may be provided within the limits set out in the following scheme notified to the European Commission under Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty – General Block Exemption Regulation (GBER).
- Appropriate cover for LCITP has been provisioned for under the General Block Exemption Regulation [[GBER](#)] and a registered scheme has been approved by the Commission - SCHEME REFERENCE NUMBER: SA.41844. This allows for public funding to be given to successful applicants under the specific articles we have cover for using the attached aid intensities. The remainder of the funding for successful applicants must then come from private resources.
- Awards will potentially be made under one of the articles of the GBER listed below but it is recognised that each project circumstances will be unique. It is for each project to form a view at application stage of which article fits best for their project. If your application is successful it will be for the project to explain why that particular article is the best fit with their project. All final decisions will be made by LCITP.
 - **Article 25 - 2. (b) industrial research;**
 - **Article 38 - Investment aid for energy efficiency measures;**

- **Article 41 - Investment aid for the promotion of energy from renewable sources;**
 - **Article 43 - Operating aid for the promotion of energy from renewable sources in small scale installations;**
 - **Article 46 - Investment aid for energy efficient district heating and cooling;**
 - **Article 48 - Investment aid for energy infrastructure.**
- Please check with your key contact what the aid intensity and the eligible costs shall be under each specific article listed above for this Invitation for Funding. N.B. The total LCITP award cannot exceed 50% of the total development or CAPEX costs of the project under Stages 1 or 2.
 - All projects should bear in mind that the maximum aid intensity of total public support to a project is 50%.

Q: Can a project make up the 50% match funding with other public funds?

- No, projects cannot make up any of the match funding with other core government funding.
- Please get in touch with us at lcitp@gov.scot if you are unsure as to whether the funding you are using will be eligible for use as part of match funding.

Q: We work with hotels and the like to help lower their carbon footprint and make them more energy efficient. We are currently running trials at 3 hotels. 1 is all electric and the other 2 use oil and heat the bedrooms with electric panel heating. The trials are infrared heating panels that will cut energy bills by 40%. Is this something that will be funded by the scheme.

- The Scottish Low Carbon Heat Funding Invitation is an open and competitive call and will be scored against a number of criteria as including the reduction of greenhouse gas emissions. Your project and application will need to demonstrate this to be considered eligible.

Q: I was wondering if this fund can be used for training? I used to use the Low Carbon Skills fund which contributed towards the cost of exams and further training but it was closed a few years ago

- This funding is for low carbon heat infrastructure projects and cannot be used to fund training

Q. We currently have plans to install air source heat pumps and EV charging points at each of the new houses in an upcoming development of ours in Fife. We are striving to

make this development as green as possible, with the main goal being that there will be no gas being supplied to the site. A government grant on top of the funds that we have already committed to investing in this site would allow us to make this site even greener and more sustainable.

Full details regarding the call, including application guidance, a video webinar and frequently asked questions can be found at using the following links

- <https://www.gov.scot/publications/scottish-low-carbon-heat-funding-invitation-call-paper/>
- <https://www.gov.scot/publications/scottish-low-carbon-heat-funding-invitation-application-form-and-guidance-notes/>

Q: Please could you clarify the scope of Scottish Low Carbon heat funding that's available via Low Carbon Infrastructure Transition Programme?

The funding invitation states at the beginning:

“This will target a minimum of £30 million of support for projects that demonstrate innovative and low carbon ways of heating buildings.”

However, the second theme around heat and industry suggests the fund could go beyond buildings and consider heat for industrial processes as well?

“Generating heat from renewable sources has the potential to make a significant contribution to the decarbonisation of our commercial and industrial sectors. Engagement with Scotland’s industrial sector has also highlighted the potential to improve the efficiency of processes by recovering waste heat to be reused within the same facility for heating or cooling, or by another end-user. IHRSP There is also the potential to utilise waste streams more efficiently and integrate them as a source of useful heat in existing or expanded processing activity.”

- The Scottish Low Carbon Heat Funding Invitation encourages applications from the Industrial sector, eligible projects include the generation of heat for industrial process.

Q: The FAQs suggest that Biomass is not an eligible technology simpliciter. Your response suggests that biomass below 20MW in capacity is eligible. Please could you clarify?

- Biomass below 20MW in capacity would be eligible to apply for funding under this invitation.

Q: We run a small pottery business that makes tableware. The approximately 40m square workshop is cold and hard to heat. The option of using heat pumps - either air source or re-circular using that emitted from the kilns is something that we would be keen to explore.

- The Scottish Low Carbon Heat Funding Invitation is focussed on delivering large scale low carbon and renewable heat infrastructure projects. Projects that involve single individual buildings are not eligible for this invitation.
- There are some Energy Saving Trust support programmes that maybe more suitable for a project of this size
<https://www.energysavingtrust.org.uk/scotland/grants-loans>

Q: The Investment grade business case guidance documents states “Description of project and investment opportunity including schematic diagram of the overall energy balance.” – please can you confirm what is meant by “schematic diagram of the overall energy balance”

- The schematic diagram is required to show an overview of the technical design of your project

Q: Where there is a project which has finance to proceed but LCITP funding would enable to project to increase in scale (3 x the size) and/or be delivered more quickly; are there any restrictions on the part of the project which has finance being started while the application from the LCITP is being considered?

If the answer to above is that there are no restrictions, can the up to 50% funding be for the entire project including the already funded stage or only for the additional increased scope.

- Projects that have sufficient funding to begin can proceed prior to a grant being awarded from LCITP. However, any costs incurred before a LCITP grant is awarded would be ineligible and would not form part of the overall project costs. They would not contribute toward the minimum of 50% of project match funding.

Q: As timeframes for delivery (March 2022) are absolute, can prospective applicants start the process of procurement, statutory approvals etc while the application from the LCITP is being considered?

- The procurement process can begin before a LCITP funding decision has been made. This is entirely at the project’s own risk and any costs incurred before a LCITP grant is awarded would be ineligible and would not form part of the overall project costs. They would not contribute toward the minimum of 50% of project match funding.

Q. In the preparation of the business case, has the business case to be aimed at why this is a suitable investment for the LCITP to make or should it be a copy of a business case as to why the project should proceed regardless of the LCITP. We ask because in this instance the project would not be able to proceed without the added value of grant funding from LCITP

- The business case and application should communicate the requirement for LCITP funding.

Q. The guidance states the application should contain robust evidence of the potential of the project to contribute to the reduction of greenhouse gas emissions in Scotland. This generally means an estimate of reduction in carbon dioxide equivalent for the project. Can LCITP confirm rough estimates of the kind of lifetime kgCo2 they would be expecting per £ of support provided?

- There is no minimum target for reduction of greenhouse gas emissions per £ of support funding. The invitation is an open and competitive call and will be scored against a number of criteria including the reduction of greenhouse gas emissions. The full list of essential and desirable criteria can be found in the call paper <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2019/09/scottish-low-carbon-heat-funding-invitation-call-paper/documents/scottish-low-carbon-heat-funding-invitation-call-paper/scottish-low-carbon-heat-funding-invitation-call-paper/govscot%3Adocument/Scottish%2BLow%2BCarbon%2BHeat%2BFunding%2Binvitation%2B-%2Bcall%2Bpaper.pdf>

Q. I note from the FAQs that projects have to have completed a feasibility study before bidding.

Can you tell me if it's possible to bid for the feasibility and complete the study, in time to inform a proposal for the capital call? I guess it depends on the turnaround time for approving the feasibility studies?

- LCITP continues to provide catalyst and development support outwith the Scottish Low Carbon Heating Funding Invitation. However, it would not be possible for a LCITP part funded feasibility study to be completed before the 25th October deadline for applications.

Q. We currently have several hundred storage heating systems in our housing stock which we wish to replace with Air source heat pumps.

Is this something that could be supported by the fund?

- The Scottish Low Carbon Heat Funding Invitation is an open and competitive call and will be scored against a number of criteria including the reduction of greenhouse gas emissions. Your project and application will need to demonstrate this to be considered eligible to apply.

Q: Would LCITP be happy that the heat generation source is installed and commissioned and accredited on the scheme in line with Ofgem guidance prior to the March 2021 deadline, with additional properties (and in turn, claimable RHI demand) being added to the project between April 2021 and March 2022. With the entire installation, across both periods being part of the same LCITP project application.

- To be eligible for LCITP funding the entirety of your project must be commissioned by 31 March 2022.
- Any questions regarding eligibility for RHI should be made with Ofgem.

Q: Under the FAQ questions ‘can capital payments to projects be made post March 2022’ two cost incurred dates are referred to : June 2022 (first para) and September 2021 (third para): please clarify

- Eligible costs incurred up until 31 March 2022 can be considered for funding. All grant funding must be claimed by June 2022.

Q: For capital payments after March 22: can these be used to demonstrate a positive impact on % grant , if so what are rules?

- Costs incurred and/or payments made after 31 March 2022 cannot contribute to the overall cost of the project and will not impact on the intervention rate.

Q: A five year reporting period is requested, as is a period of Dissemination. Please advise on the applicability of this or other grants for these types of activities

- The Scottish Low Carbon Heat Funding Invitation is designed to accelerate the decarbonisation of Scotland’s heat and demonstrate that projects are commercially viable. It is a requirement for projects to report on the progress of the project and technology towards commercialisation and the economic impact in Scotland. Sharing the learning from and between projects that are funded through LCITP is a key aim of the programme and a requirement to receive funding.

Q: Can the heat end user be the applicant?

- Yes, the end user can be the project applicant.

Q: Will workshop attendees information be circulated?

- We are unable to distribute delegate information for any of our workshops

Q: Would two applications on separate sites be credible evidence for replicability of projects.

- Two applications for different sites would itself not be sufficient evidence to support replicability of a project. Projects should look to clearly state the potential markets for future roll out and indicate the potential scale of future opportunities.

Q: Would loans from the SPRUCE fund be an eligible source of match funding?

- SPRUCE funding is an eligible source of match funding.

Q: We are starting to complete our application for the Low Carbon Heat Funding Invitation, but have come across another form online – the LCITP Initial Contact Form which says it has to be completed prior to the full application.

- For the purposes of this heat call you are not required to complete the initial contact form prior to completing a full application, you can proceed with completing the main application.

Q: We have an existing case for our project, prepared prior to the heat call being announced. While it covers many areas, it is not structured in line with the Investment Grade Business Case guidance issued with the call. Can this be submitted as part of the application?

- We are happy to accept existing business cases as part of any application. We recognise that organisations have their own structures for these business case. If any of the information requested within the Investment Grade Business Case is not included in the existing business case it is the responsibility of the applicant to ensure that this is provided as supplementary evidence.

Q: What components can the LCITP provide funding (match funding for) and what components are better suited to RHI (Commercial)

- Eligible Capital Costs under the LCITP are:
 - Financial costs incurred for the purchase of physical assets;
 - Costs of project build, installation and construction;
 - Costs of project deployment and commissioning;
 - Non reclaimable VAT for eligible capital costs;
 - Staff costs where staff members are contractor to work 100% on activities funded by LCITP capital support
 - Receipted essential subsistence costs – only including essential travel and reasonable accommodation costs – will be considered in line with ERDF requirements and

associated UK National Rules, which includes the requirement that all costs directly relate to the specified capital project.

- For further details regarding eligible and ineligible costs under the LCITP please see our [Guidance Notes](#).
- Chapter 4 of Ofgem's guidance on the Non-Domestic RHI sets out how the receipt of public funded grant can impact on RHI eligibility including equipment that is included under the definition of 'eligible installation'. Any questions you have in relation to eligibility under the RHI should be directed at Ofgem.

Q: Can the 25th of October deadline be extended?

- Due to project timescales, the deadline for applications cannot be extended

Q: Can match funding can be made up of funds received from the District Heating Loan Fund (which is in effect a commercial, unsecured loan)

- Yes, money from the District Heating Loan Fund would be an eligible source of match funding for your project. However it could not constitute the whole amount of match funding. LCITP support is provided on a co-funded basis. This approach encourages the growth of co-funding and allows for risk-sharing between LCITP and low carbon projects. 100% of match funding being provided from the District Heating Loan Fund would not demonstrate risk sharing as both funds are provided by the Scottish Government.

Q: Can a project enter into a a contract with a potential supplier for delivery of a district heating scheme (but not have stated the works or made any payments prior to applying for LCITP funding)?

- Having an existing contract would not necessarily preclude you from LCITP funding. However, the heat call requires projects to demonstrate the requirement for LCITP funding. If you have entered into a contract to deliver your project based upon your current level funding, it could be difficult for you to demonstrate the need for LCITP intervention.

Q: We are an Irish utility company. Can we apply for funding in this call?

- UK Limited companies are eligible to apply for this funding invitation.

Q: Can an application be made with a Outline Business Plan and an Investment Grade Business Case be prepared after funding has been granted?

- No, Please ensure that you have included all of the documents on the checklist, it will not be possible for the panel to assess your application without these. A full breakdown of the specific requirements of an Investment Grade Business Case can be found in our guidance. We require that all of the information listed within this guidance is provided in support of an application for grant funding.

Q: Can you confirm that trigeneration with biomethane option would be eligible for funding and advise on the limitations of the funding i.e. we know that it is limited to 50% of the capital costs, but do these capital costs only refer to the heat generation equipment (the CHP engine), or do they include processing and distribution equipment e.g. thermal storage, adsorption chiller, heat and cooling distribution networks and heat exchangers?

- Trigeneration is eligible to be considered under the Scottish Low Carbon Heat Funding Invitation. Heat generation equipment, thermal storage, absorption chillers, heat and cooling distribution network and heat exchangers would be considered as eligible capital costs.

Q: Confirm whether any of the other GHG emission/water/feedstock saving options would qualify for LCITP?

- GHG emission, water and feedstock saving options can be considered eligible if they form part of the overall energy system. As such you would be required to submit a schematic diagram/energy flow diagram to clearly demonstrate the overall energy system as part of your application.

Q: What evidence is required in relation to biomethane purchased to fuel the trigeneration?

- In order to evidence biomethane purchase we follow Ofgem criteria for sustainability:
https://www.ofgem.gov.uk/system/files/docs/2018/04/ro_sustainability_criteria.pdf

Q: Our project partner is a Brewery, would any of the following equipment be eligible for funding?

- 1. Wort stripper / evaporator system**
 - 2. Mash filter**
 - 3. CO2 recovery plant**
 - 4. Reverse osmosis plant**
- The items above are considered as energy/resource efficiency interventions that deliver significant cost savings to end users and also as best practice for the sector, therefore the case for providing grant funding for these items for a new

build installation is unlikely to be warranted or permitted under State Aid regulations.

- LCITP support is focused on innovative first time demonstrators of low carbon heat generation and distribution that have yet to be delivered commercially in Scotland. Heat generation equipment, thermal storage, absorption chillers, heat and cooling distribution network and heat exchangers would be considered as eligible capital costs.

Q: Can we withdraw our application for LCITP funding once it has been submitted?

- You are able to withdraw your application from the LCITP process prior to an award being made, however we would caution that the assessment and independent due diligence process is resource intensive and expensive.
- It is a condition of LCITP funding awards that if a project withdraws from the LCITP process following grant award without completing the project, any funds paid by LCITP will be recouped by Scottish Government.
- If you have yet to commit to a design, it may be more appropriate to apply for catalyst or development support, rather than capital.

Q: We have a potential project, however we are unsure if we will be able to submit a robust enough application that meets all the criteria. We there be any future invitations of this nature?

- LCITP launches capital funding calls periodically, these are dependent on market demand and budget availability set on an annual basis. Please contact us if you wish to be added to our mailing list for further calls.

Q: Our client has designed their site to RIBA stage 2 standards and are looking to process more accurate information this week to specify and size the proposed eligible technology. Is this information relevant enough to secure LCITP funding?

- Please complete your application using the most recent size and spec of the technology, the panel will assess your application based on that information.