



Scottish Government
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Low Carbon Infrastructure Transition Programme

Green Recovery: Low Carbon Energy Project Capital Funding Invitation

1.1 Low Carbon Infrastructure Transition Programme (LCITP)

Launched in March 2015, the LCITP is led by the Scottish Government in partnership with Scottish Enterprise, Highlands & Islands Enterprise, Scottish Futures Trust and Resource Efficient Scotland. A range of support mechanisms including project development, expert advice and financial support (where applicable) is available through the LCITP to support the delivery of substantive private, public and community low-carbon projects across Scotland.

The programme aims to stimulate commercial interest and investment and maximise Scotland's vast potential in the low carbon sector whilst contributing to the positive progress of the Scottish Government in reducing Scotland's greenhouse gas emissions. To date, LCITP has supported the successful delivery of over 20 demonstration projects and the development of over 30 early stage projects.

1.2 Scope of Invitation

This LCITP funding invitation will target a minimum of £50 million of support for projects that demonstrate innovative low carbon heat solutions for buildings, as well as proposals for integrated energy systems that support the ambitions for Scotland to achieve net zero emissions by 2045 and further catalyse economic recovery from the challenges imposed by the COVID-19 Pandemic.

- This invitation has been designed to stimulate and accelerate the delivery of low carbon energy opportunities across Scotland, including the provision of support to projects in urban, rural, island and remote parts of Scotland and areas that are off gas grid;

- Applications will be considered from private, public and community-led projects, although it is acknowledged that most projects are likely to be supported by consortia of partners;
- Projects must be of a large scale and must be based in Scotland. As well as delivering emissions reduction, successful projects will also demonstrate economic and social benefits for Scotland and be replicable;
- Projects that expand capacity and increase end users of an existing low carbon scheme will be considered;
- Applications for single domestic properties will not meet the requirements of this infrastructure call, however support for these projects is available through Energy Savings Trust;
- In order to decarbonise Scotland's energy system it is recognised that a range of technology solutions will be deployed depending on buildings, location and requirements of the end user;
- This invitation has a focus on demonstrating new approaches, therefore established technologies that are commercially available in Scotland, such as stand-alone on-shore wind, solar, biomass and energy from waste are not eligible unless where one of the above is an element of a wider innovative project combining a range of technologies;
- Please also note that energy generated by natural gas and projects utilising the Green Gas Certification Scheme (GGCS) administered by Renewable Energy Assurance Limited are not eligible;
- Supported technologies include, but are not limited to, heat pumps, heat networks, waste water heat, geothermal, hydrogen, electric heat, heat recovery, thermal storage, electric storage, anaerobic digestion, bio- gas and grid services. Projects must be at Technology Readiness Levels (TRL) 7-9.

LCITP wishes to consider support for projects at capital readiness that can demonstrate a funding gap. For capital ready projects, support may be offered in the form of financial assistance for up to 50% of the total eligible capital costs of a project up to a maximum of £5 million per project, where capital costs covers financial costs associated with the build and installation of an exemplar project.

1.3 Policy Context

The Scottish Government is committed to developing low carbon infrastructure across Scotland, both to respond to the economic challenges created by the COVID-

19 Pandemic and to the global climate emergency. Scotland's long-term climate change targets will require the near-complete decarbonisation of the Scottish energy system by 2045, with renewable energy meeting a significant share of the country's future needs.

The Scottish Energy Strategy (published in December 2017) sets a 2030 target for the equivalent of 50% of the energy for Scotland's heat, transport and electricity consumption to be supplied by renewable sources. This target demonstrates the Scottish Government's commitment to a low-carbon energy system and to the continued growth of the renewable energy sector in Scotland and to building on the achievements of the sector.

The COVID-19 Pandemic has caused us to pause in our efforts but we have not lost our overall ambition on net zero. The Scottish Government is committed to a green recovery and to building Scotland's reputation for excellence in energy and demonstrating success through the continued investment in innovative, replicable low carbon infrastructure and technology projects.

Alongside increasing uptake of renewable generation technology, reducing Scotland's energy demand is a key component of the energy transition. Local energy systems, combined with more energy efficient homes, businesses and public buildings will be large factors in achieving a net zero economy.

2.1 Funding Invitation Priority Themes

Expressions of Interest are sought from projects in the below themes:

Theme 1 – Low Carbon Heat

This funding invitation will seek to support the development of projects that aim to deploy low carbon heat projects in Scotland to help meet climate change targets. Projects from both urban, island, rural, off-grid areas providing heat to homes and non-domestic premises, such as businesses and the public sector are welcome to apply.

Theme 2 – Integrated Energy Systems

This invitation will also aim to support the development of projects that can deliver innovative technologies and systems solutions to support Scotland's vision of having a modern, integrated energy system that delivers reliable, low carbon energy at affordable prices to consumers in all parts of Scotland by 2045, as per the Scottish Energy Strategy. This invitation aims to support projects that can deliver integrated low carbon or renewable electricity, heating or storage solutions.

3.1 Eligibility Criteria

Applications are welcome from low carbon energy projects that will be delivered in Scotland, with a project location, proof of technology concept and an end user for output identified and secured at time of submitting an application.

The project proposal submitted should demonstrate an ability to meet the following criteria:

Mandatory criteria that must be demonstrated by projects

1. ability to demonstrate a contribution to delivery of ambitions to decarbonise Scotland's energy system, including the potential to deliver a significant reduction of greenhouse gas emissions (MtCO_{2e}) and energy consumption;
2. ability to provide confirmation of other sources of funding/finance that make a minimum of 50% contribution towards the capital costs;
3. potential of the project to have a positive and significant social and economic impact on Scotland and to contribute to green recovery;
4. ability to demonstrate additionality of and requirement for LCITP support;
5. potential to demonstrate innovation of technology and/or business case;
6. potential to demonstrate replicability and rollout of project;
7. ability for project to commission by 30 April 2023.

4.2 Application Process: Timeline

In order to support fair and open competition, the key application deadline dates are set out below and are applicable to all applicants.

Publication of Funding Invitation	24 September 2020
2. Webinars and applicant discussions	October and November 2020
3. Deadline for receipt of Expression of Interest Form	17:00 on 13 November 2020
4. Notification of EoI outcome	W/C 30 November 2020
5. Deadline for receipt of Final Application	17:00 18 January 2021
6 Independent Due Diligence	February and March 2021
7. Conclusion of Funding Offers	April 2021
8. Monitoring and Review	April 2021 – April 2023
9. Project Commissioned	April 2023

4.3 Application Process: Further Information

Capital support: to provide funding where projects can demonstrate that they have a project has a completed investment case demonstrating readiness for capital support and a clear funding gap.

Eligible capital costs are:

- financial costs incurred for the purchase of physical assets;
- costs of project build, installation and construction;
- costs of project commissioning;

- non-reclaimable VAT for eligible capital costs;

It is important to note that funding contribution intervention levels will be reviewed in relation to previous public support offered to the applicant or project type to support the Programmes intention to support the low carbon transition to a commercial position.

Type of funds: Repayable Assistance.

4.4 Evaluation Criteria

The LCITP Assessment Panel, including external technical advisers where appropriate, will assess and evaluate all Applications received against the eligibility criteria listed above. Independent Technical and Financial experts may be appointed to support the evaluation process as appropriate. Potential conflicts of interests will be fully explored before appointment confirmed.

Quality of evidence provided	Scoring Methodology for Quality Criteria
0 - Unacceptable	Response is inadequate. The response fails to demonstrate an ability to meet the requirement.
1 - Poor	Response is generally poor. The response addresses some elements of the requirement but contains insufficient/limited detail or explanation to demonstrate how the requirement will be fulfilled.
2 – Acceptable	Response is relevant and acceptable. The response addresses a broad understanding of the requirement but may lack details on how the requirement will be fulfilled in certain areas.
3 - Good	Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled.
4- Excellent	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full.

September 2020

Feedback will be provided to all applicants and an **appeal process** can be started whereby indication of an appeal request is received in writing within 7 days from written receipt of outcome.

LCITP reserve the right to recommend alternative, more appropriate, sources of public funding support to projects as part of this feedback.