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SOUTH YORKSHIRE
forest
A National *community forest* Partner

 **Yorwoods**



Woodfuel Infrastructure Grants

Further details for applicants

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This is the “Further Details for Applicants” document, which provides key information on the Woodfuel Infrastructure Grants. **It should be read thoroughly before completing an Expression of Interest form (EoI).**

The EoI allows you to provide information on the fundamental aspects of your proposal before a full application is submitted. When completing this form please fill out all sections if possible. If some sections cannot be completed, please state why.

Providing CO2Sense with sufficient information at the EoI stage is important so that we can determine your project’s eligibility for the grants, but also in assessing how long may be needed to complete a robust Full Application, where appropriate.

It should be noted that the grant monies will be paid retrospectively following the production of a recited invoice and a ‘technical assessment’ visit from a WIP representative once the equipment/granted item is in situ.

Furthermore, evidence of ‘value for money’ will be required, in the form of at least 3 competitive quotes for each piece of equipment. Failure to document this in an application will lead to a low score when the project is assessed and hence the application will be unlikely to receive any funding.

Please be aware that, as a minimum, the private sector should invest 60% of the total project cost. Hence where project costs are requested we want to see the quote for the total costs and then a breakdown of what percentage of these costs should be financed by the Infrastructure Grant.

NB: Revisions have been made to this form to reflect changes to the eligible fuel types.

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1 INTRODUCTION

1.1.1 CO2Sense is managing a funding programme backed by Yorkshire Forward totalling £2,554,521 available for woodfuel projects within the Yorkshire and Humber region. This fund will be available until June 2011 and it is designed to improve the region's woodfuel supply chain infrastructure.

1.2 The delivery organisation

1.2.1 CO2Sense will be working in partnership with three sub-regionally based organisations, Yorwoods, White Rose Forest Partnership and South Yorkshire Forest Partnership, in order to deliver this funding programme. All Expressions of Interest must be submitted to CO2Sense for initial assessment. Applications which are successful at this stage will then be allocated to the most suitable delivery organisation for processing of the full application. If your individual project is to be managed by Yorwoods, White Rose Forest or SYFP then you will be contacted by these organisations to follow your application through to a full application.

1.3 What we are looking for

1.3.1 We are looking for woodfuel infrastructure projects that require grant funding. We invite project developers with specific project proposals to bid for this funding.

1.3.2 The funding aims to ensure the provision of a robust supply infrastructure and so to encourage the uptake of biomass heating fuels.

1.3.3 This will be achieved by targeting urban and semi-urban businesses looking to expand into the woodfuel sector which will in turn increase competition for the supply market and ensure fuels are readily available.

1.4 Form of the funding

1.4.1 This programme provides grant funding for applicable projects.

1.4.2 The minimum funding award for any one project is £10,000.

1.4.3 As a minimum, the private sector should invest 60% of the total project cost.

1.4.4 For example, if the total cost of eligible works is £100,000; then the private sector must contribute at least £60,000 towards the project, with a maximum of £40,000 from the Infrastructure Grants.

1.4.5 (This developer contribution can be dropped to 50% where the project developer is a public sector organisation).

1.4.6 Where funding will be required for more than one stage of a project, (for example, wood processing, which leads to a site requiring extended storage facilities) the initial bid must be for all funding that will be required.

1.5 Funding types

1.5.1 Grants are available to support a range of woodfuel supply projects. Examples include, but are not limited to:

- (i) processing equipment (e.g. shredders, chippers);
- (ii) woodland access;
- (iii) storage / drying facilities; and
- (iv) fuel delivery vehicles.

1.5.2 Examples of ineligible items include, but are not limited to:

- (i) training;
- (ii) research;
- (iii) firewood processors;
- (iv) feasibility; and
- (v) biomass boilers.

1.6 Fuel types

1.6.1 The grants are available for companies processing, storing or supplying the following fuels:

- (i) Woodchip;
- (ii) Wood pellet.

1.6.2 They will not support the direct production of the following woodfuel products:

- (i) Logs;
- (ii) Briquettes;
- (iii) Firewood.

1.6.3 The reason for this is that we feel the log/firewood market and corresponding supply chain is sufficiently well developed that it does not require financial support. In addition we want to ensure that the limited biomass resource we have is used in the most efficient systems available. These tend to be either woodchip or wood pellet fuelled boilers. Whereas typical log stoves offer much lower efficiencies.

1.6.4 However although we cannot support direct log production (e.g. firewood processor/log saw) we are happy to assist with equipment that can source the virgin timber from the wood, thereby increasing the volume of wood entering the market, and accept that at this stage in the supply chain it will not be in the form of woodchip or pellet.

2 ELIGIBILITY AND SELECTION CRITERIA

2.1 General criteria for eligibility

- 2.1.1 This funding has been established to specifically target woodfuel processing businesses which are not eligible under existing infrastructure schemes (e.g. Rural Development Programme for England).
- 2.1.2 To be eligible for the woodfuel infrastructure grants, the project must meet all of the following criteria:
- (i) the project will be located in the Yorkshire and Humber region;
 - (ii) evidence of a business case which demonstrates economic viability only with a grant;
 - (iii) the project will process woody biomass and/or energy crops which will ultimately be used as a fuel;
 - (iv) the project will support competition in the woodfuel supply market;
 - (v) the project will ensure that woodfuels are more readily available within the Yorkshire and Humber region;
 - (vi) the project must have an appropriate “likelihood of success” for public support. That is, there must be a reasonable chance that the project will be successful. Too high a risk in any of the following categories would be sufficient to make a project ineligible: team skills and experience, access to finance, regulation, technical risk, partner agreements.
- 2.1.3 The funding will be allocated to a specific activity or piece of equipment and it must be shown that all other required funding is in place, or that a reasonable strategy exists, to ensure the business as a whole will be successful.

2.2 Selection criteria

- 2.2.1 Eligible projects will be judged according to the following criteria with the indicated weightings (see below for a description of these criteria):

Likelihood of success	40%
Carbon saving	30%
Jobs created	10%
Businesses supported	10%
Private sector investment	10%

Likelihood of success

- 2.2.2 Assuming the project has an appropriate likelihood of success to be eligible for the funding (see section 2.1), this likelihood will be scored and used in the selection process.
- 2.2.3 The likelihood that the project will succeed will be evaluated by CO2Sense based on the application form submitted. Relevant factors here are the likelihood of securing funding,

technical and/or business expertise, relevant experience in the sector, track record, technical risk, regulatory risk.

- 2.2.4 Projects which are considered high risk may have some or all of the funding offered on condition that development milestones are reached.

Carbon savings

- 2.2.5 Bidders will be asked to quantify the expected amount of woodfuel (in tonnes) to be processed/produced over the first ten years of operation of the project. The source of the wood should be noted.
- 2.2.6 The cost effectiveness of the investment against carbon savings will be considered, through calculating the cost per tonne of CO₂ equivalent. This calculation will take account, where possible, of the heating fuel used by the end consumer which is being displaced. Hence projects which can demonstrate that a more carbon intensive fuel is being displaced will be viewed more favourably (see figures in Table 1). Where no evidence of the displaced fuel can be given then it will be assumed that the woodfuel is being used to displace heat from gas.
- 2.2.7 Projects with a lower cost per tonne of CO₂ equivalent saved will be viewed favourably.

Table 1

Fuel	Tonnes CO ₂ / MWh
Natural gas	0.194
Coal	0.330
Fuel oil	0.268
Electricity	0.440

Jobs created

- 2.2.8 Bidders should state how many jobs in the region will be created directly by the project. The cost effectiveness of the investment against jobs created will be considered.

Private sector investment

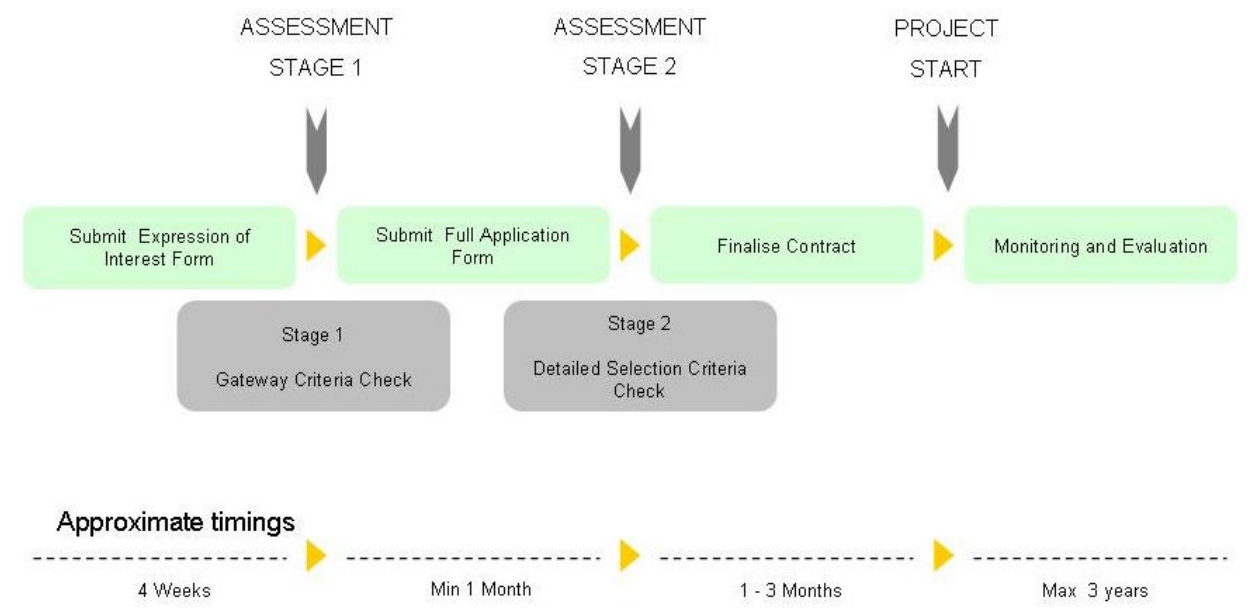
- 2.2.9 The application must show clearly the sources of all the funding for the project.
- 2.2.10 As a minimum, the private sector should invest 60% of the total project cost. Only in very exceptional circumstances will a lower rate of private sector investment be accepted. Whether this is applicable will be addressed on a case by case basis.
- 2.2.11 The ratio of private sector funding to CO2Sense funding will be used for evaluation.

3 APPLICATION PROCESS

- 3.1.1 An application for funding is made by submitting an Expression of Interest form followed by a full application form. The Expression of Interest form can be submitted to CO2Sense at any time over the course of the funding process. Within five working days of submission you will be contacted by CO2Sense to confirm receipt of the Expression of Interest.

- 3.1.2 If following a preliminary check the project appears eligible for funding, then the project will be assigned to one of the delivery partners: CO2Sense, Yorwoods, White Rose Forest or South Yorkshire Forest Partnership (SYFP). The delivery organisation chosen will be the one best placed to assist with the specific project. This decision will be based upon project location, whether the project involves the public or private sector and also the type of wood to be processed.
- 3.1.3 You will then be invited to meet with the delivery organisation to discuss the project. Following the meeting, you will be advised of the deadline by which a full application form should be received. The minimum time provided for preparation of the full application is one month.
- 3.1.4 Late or incomplete applications will not be considered. Full applications will not be considered if a corresponding Expression of Interest form has not been submitted.
- 3.1.5 The Expression of Interest form can be downloaded from the CO2Sense website. Once this has been submitted, we strongly recommend that all full applications are completed in discussion with the delivery organisation.
- 3.1.6 Figure 1 shows the application process diagrammatically.

Figure 1 – Application process



4 SCHEDULE

- 4.1.1 Completed Expression of Interest forms will be accepted from the 17th March 2009.
- 4.1.2 Bidders will be informed of the success or otherwise of their applications within three months of receipt of a full application.

- 4.1.3 All funds awarded under the Woodfuel Infrastructure Grants fund must be claimed by July 2011. To simplify the management of the fund, it is likely that specific funding offers will have earlier deadlines for claims.
- 4.1.4 Additionally, a grant award will usually have an associated deadline by which the specified items should be purchased.

5 STATE AID

- 5.1.1 The Woodfuel Infrastructure Programme is state funded so awards must be given in way which is not state aid, or under acceptable terms as far a state aid is concerned. For this reason, the grant funding will be given under *de minimis* rules if the bidder is eligible. For more information on state aid rules see: <http://www.berr.gov.uk/whatwedo/businesslaw/state-aid/index.html>