



## **Grants, loans and Feed in Tariffs to support renewable energy installations**

### **Homes**

New Feed in Tariffs have replaced the grant system for solar PV and wind turbine customers (see below). The LCPB grants were closed two months ahead of schedule by the government. However the Feed in Tariffs make wind and solar PV installations a far better investment than the old grant system.

There are though still grants available for other technologies, and they are easy and quick to obtain.

The main grant programme for domestic installations is the Low Carbon Buildings Programme- Phase 1. From this programme you can still claim

- Up to £900 towards the cost of an Air Source Heat Pump
- Up to £400 towards the cost of a solar thermal system.

We can help access grants on the above technologies.

All of our installations have attracted the maximum grant available. For full details of this grant visit [www.lowcarbonbuildings.org.uk/how/householders/](http://www.lowcarbonbuildings.org.uk/how/householders/)

Another possibility for households in the Northwest is 'Foundation- A Climate Fund for the Northwest,' details at <http://foundation.climatefund.org.uk/>

Sometimes, dependant on location, there are small grants available from local charities or local authorities as well.

Check your local authority, and try search engines, or give us the details of your proposed project, and let us do the digging for you!

### **Businesses**

#### Grants

Sadly there aren't any grants for businesses on a national basis, but there are some regional pots of money, and other options.

For example businesses in Lancashire can claim up to 50% of the installation costs to install renewable energy systems. Through the 'Lancashire Small Scale Renewables Scheme' [www.lancashire.gov.uk/corporate/lcdl/money/ssrs/index.asp](http://www.lancashire.gov.uk/corporate/lcdl/money/ssrs/index.asp)

The NWDA (North West Development Agency) also have certain pots of grant funding available, for example 'Finance for Business- Grants for improving your resource efficiency' (trips off the tongue doesn't it!) see [www.nwdabusinessfinance.co.uk/improving-your-resource-efficiency](http://www.nwdabusinessfinance.co.uk/improving-your-resource-efficiency)

For larger scale projects there is possible NWDA funding, speak to us and we will put you in touch with the right person for your location and project.

A good source for searching for Green Grants is the aptly names Green Grants Machine, see [www.greengrantsmachine.co.uk](http://www.greengrantsmachine.co.uk)

For farmers and rural businesses, especially those in start up, or looking at expansion, there are monies available from the NWDA again, this time the 'The Rural Development Program for England (RDPE).' This could be used to fund wind turbines or other renewable energies and energy efficiency measures. For further details see <http://www.nwda.co.uk/areas-of-work/people--jobs/rural-economy/rdpe.aspx>

Many of these business grants are hard to locate or to get to grips with, feel free to discuss your project with us, and let us do the leg work for you?

### Loans

The main source of loans for energy efficiency projects is the Carbon Trust interest free loans. Funding up to £400,000 over four years for refurbishment or upgrade projects (not new build). See [www.carbontrust.co.uk/loans](http://www.carbontrust.co.uk/loans)

These wont usually fund your entire renewable energy project but can certainly part fund it, they can though be very good for energy efficiency projects such as replacing inefficient lighting or air-conditioning. The process has been made far easier recently, and we are an approved supplier for Carbon Trust loans and can initiate an application on your behalf.

### Enhanced Capital Allowances

Many energy saving products, such as energy efficient air-conditioning, heat pumps, low energy lighting, solar thermal systems (all of which we supply and install) and some other equipment can be 100% offset against your tax bill in year one. See <http://www.eca.gov.uk/etl/default.htm> or ask for us to send you our ECA summary fact sheet, produced by our nice smiley accountant friends at Alexander Myerson & Co.

### Leasing

One way to reduce your upfront capital costs is to consider a tax efficient leasing option. Most of our equipment can be leased over two to four years, subject to eligibility, and the title transfers to you once the lease is paid for. Just ask us for details.

## **Charities, Schools, Community Groups, Not for Profits**

Great news that the Low Carbon Buildings Programme- Phase 2, has recently been extended and had additional monies made available. Not only that but it is now far easier access. We can now plug you straight into this funding, which is for up to 50% of the capital project costs. See <http://www.lowcarbonbuildingsphase2.org.uk/>

The Solar PV and wind turbine funding has just been stopped and will not be replaced (see Feed in Tariffs below).

You can apply for up to £5,000 towards the cost of a feasibility study on renewable energy projects. And up to 50% of the capital costs for your renewable energy project, through part of the Big Lottery funding scheme, 'Community Sustainable Energy Programme (CSEP)', another one that trips off the tongue! See [www.communitysustainable.org.uk](http://www.communitysustainable.org.uk)

There are quite a few options for community and not for profits; another one for the Northwest is 'Foundation- A Climate Fund for the Northwest,' details at <http://foundation.climatefund.org.uk/>

Again, it is worth searching around, or giving us details of your project and letting us do some homework for you.

## **Feed in Tariffs**

As from April 2010 the main mechanism to incentivise the installation of solar PV and wind turbine projects are 'Feed in Tariffs'. This is a scheme where you will be paid for every Kilowatt hour (kwh) of electricity you generate, whether you use it or not. You will also save the equivalent amount by not having to buy the amount of electricity you have generated. You will also be paid for any electricity you export. These tariffs are dependent on you using MCS approved products and installers, like us!

### Solar Photovoltaics (PV)

On domestic solar installations this typically means an income/saving of £800 to £1,300 per year, depending on the size of system. This rate is fixed for 25 years, is index linked and tax free.

#### How it works

For retrofitted (not new build) systems under 4kwp (almost all domestic systems are), you will be paid 41.3p for each kilowatt hour (kwh) you generate, whether you use it or not. On top of this you will save the amount of electricity that you would have had to buy, had you not generated it yourself. On top of this you will be paid 3p for each kwh that you export. Typically over a year you will use 60% of the electricity you generate, and export 40%.

As an example, if you were to install a 3.22kwp system, generating 2,666 kwh's a year

Your income from generation would be  $2,666 \times 41.3p = \pounds 1,101.06$

Your saving would be  $1,599 \times 11p = \pounds 175.96$  (60% of generation, 11p typical cost per kwh)

Your income from export would be  $1,066 \times 3p = \pounds 31.99$

A total tax free income/saving of  $\pounds 1,309.01$  per year, and  $\pounds 32,725.25$  over 25 years.

**This equates to a 246% return on investment. (Which will increase as energy prices go up)**

The payback on this system is 10.14 years. However, as the income is tax free, if you consider the amount of money you would have to earn to make this same amount, as a 22% or 40% tax payer, the payback reduces to 7.91 year or 6.09 years respectively.

For new build systems the FIT generation rate is 36.1p per kwh; as is the rate for systems between 4kwp and 10kpw (typically commercial projects). The savings and export rate would be the same.

#### Businesses and non domestic installations

Businesses of any size, schools, churches, community groups, not for profit organisations, in fact any organisation can benefit from Feed in Tariffs. You'd need to speak to your accountants regarding the tax benefits, but the FIT's and savings would be as indicated above.

#### Wind

For a 6kw wind turbine the income/saving is an average of  $\pounds 4,000$  to  $\pounds 5,000$  per year, fixed, index linked and tax free for 20 years.

For wind turbines between 1.5kw and 15kw you will be paid 26.7p for each kilowatt hour (kwh) you generate, whether you use it or not. On top of this you will save the amount of electricity that you would have had to buy, had you not generated it yourself. On top of this you will be paid 3p for each kwh that you export. It is very hard to predict the amount of electricity you will export from your turbine as it depends on whether the use is commercial or domestic. For this example we'll assume 50% is used and 50% exported.

As an example, if you were to install a 6kwp system, generating 14,000 kwh's a year

Your income from generation would be  $14,000 \times 26.7p = \pounds 3,738.00$

Your saving would be  $7,000 \times 11p = \pounds 770.00$  (50% of generation, 11p typical cost per kwh)

Your income from export would be  $7,000 \times 3p = \pounds 210.00$

A total tax free income/saving of  $\pounds 4,718$  per year, and  $\pounds 94,360$  over 20 years.

**This equates to a 314% return on investment. (Which will increase as energy prices go up)**

The payback on this system is 6.35 years. However, as the income is tax free, if you consider the amount of money you would have to earn to make this same amount, as a 22% or 40% tax payer, the payback reduces to xxxx year or xxx years respectively.

### Businesses and non domestic installations

Businesses of any size, schools, churches, community groups, not for profit organisations, in fact any organisation can benefit from Feed in Tariffs. You'd need to speak to your accountants regarding the tax benefits, but the fits and savings would be as indicated above.

If you want any clarification on Feed in Tariffs please call us.

For impartial expert advice on any renewable energy or energy efficiency project, from technical questions to grant applications or for a quotation please give us a call.

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