

GREBE

Generating Renewable Energy
Business Enterprise

www.grebeproject.eu



Scotland



Northern Periphery and
Arctic Programme
2014-2020



Scotland

What kind of agencies offer support to SMEs?

Support predominantly comes from central Government, particularly in regard to financial subsidy. This is disseminated at a variety of levels from a UK wide scale to regional agencies, such as Highlands and Islands Enterprise.

QUANGOs and NGOs also provide support to SMEs, the Energy Saving Trust being one of the key agencies in this field.

Membership organisations, such as the Orkney Renewable Energy Forum (OREF), seek to bring individuals and small business together to help achieve certain aims. For example, OREF aims to address strategic issues affecting Orkney's renewables sector through collaboration with members, the local community, key stakeholders, and academics and researchers.

Smaller charities, such as Community Energy Scotland, also aim to provide advice and assistance to SMEs in this sector.

Is it clear to the SME where they should go for support?

There is a Government website (<https://www.mygov.scot/funding-opportunities/>) which lists various funding opportunities; however, this does not necessarily contain all possible funding sources.

If there is a community element to the project Local Energy Scotland clearly lays out how they can get support (<http://www.localenergyscotland.org/>).

Is there one agency which is the first place for businesses to go?

This depends on the type of venture:

- if it is a community based business then Local Energy Scotland is the first calling point;
- if it is innovation or research based Scottish Enterprise, or its subsidiaries, is usually the most relevant place;
- for direct subsidy for electricity generated through the feed-in tariff scheme the Energy Saving Trust is the first point of contact.

Are business supports restricted to certain types of business, or enhanced for certain types of SMEs (e.g. only available for manufacturing or for exporters)?

In Scotland there is a strong focus on community renewable energy projects. These have additional funds available to them through the Community and Renewable Energy Scheme (CARES). Through collaboration with communities this fund can be accessed by others.

The variety of business supports means some SMEs may not necessarily be eligible to all supports. For example many supports are either exclusively for R&D or specifically state such projects are not eligible.

Are there special supports for RE businesses?

Yes, probably the most important of these is the subsidy system for electricity generated by renewable sources through the feed-in tariff for small scale projects (under 5 MW) and ROC (now CfD mechanism) (for larger projects). However, feedback from industry shows that the reduced support of government is having a very negative impact. One of our respondents to another element of GREBE termed these changes as a Government "shutdown of renewables", so although there are specific supports in place the strength of these is becoming questionable.

Business supports available in Scotland are described in more detail in the coming pages under the following themes:

- Financial Support (grants, loans, equity investment)
- Taxation or welfare supports or concessions for businesses
- Soft supports e.g. mentoring, training, specialist advice, networks
- Research and Development supports
- Social and Community supports (focused on not for profit)
- Other- e.g. Incubation space or office space (

Financial Supports

UK Green Investment Bank plc (GIB)

Link to support information on website

<http://www.greeninvestmentbank.com/>

Type of Finance Support

Both fund and direct investment.

Description of the support

This funding institution was created by the UK Government to attract private sector investment in areas relating to environmental preservation and improvement – of which renewable energy are a major element. Financing can be for a wide variety of projects including the deployment of new technologies, community scale projects as well as larger renewable energy developments such as large offshore wind farms.

Agency Responsible for Support

UK Green Investment Bank plc

<http://www.greeninvestmentbank.com/>

Maximum and minimum funding available

Backs small project of £2m to large projects of £1bn.

Is this Specific to Renewable Energy businesses?

Both renewables and energy efficiency.

Is this a local, regional or national support?

National

Other useful/relevant information

So far Scotland has seen very little benefit from this scheme.

Renewable Energy Investment Fund (REIF)

Link to support information on website

<http://www.scottish-enterprise.com/services/attract-investment/renewable-energy-investment-fund/overview>

Type of Finance Support

The fund can provide loans, guarantees and equity investments

Description of the support

The investment fund is designed to drive the growth of renewable energy in Scotland through supporting businesses and community organisations to develop their own local renewable projects. REIF is a discretionary fund with no minimum or maximum deal values stipulated; projects are assessed on a case by case basis.

Companies and community groups working in the area of renewable energy at the test or commercialisation stage, seeking to assemble a funding package, are eligible for support from the REIF. Examples of areas that REIF can support include marine energy, community owned renewables and renewable district heating, although this list is not exhaustive.

Agency Responsible for Support

Scottish Enterprise

<http://www.scottish-enterprise.com/services/attract-investment/renewable-energy-investment-fund/overview>

Maximum and minimum funding available

No maximum or minimum

Is this Specific to Renewable Energy businesses?

Yes

Is this a local, regional or national support?

Regional (Scotland only)

Scottish Innovative Foundation Technologies fund

Link to support information on website

<http://www.scottish-enterprise.com/services/develop-new-products-and-services/sift/overview>

Type of Finance Support

Grant

Description of the support

The aim of the fund is to help drive down the cost of energy and develop the offshore wind sector in Scotland through innovation in deep-water offshore wind foundation design and installation. Although the funding is open to larger organisations it is also available for SMEs.

Agency Responsible for Support

Scottish Enterprise

<http://www.scottish-enterprise.com/services/develop-new-products-and-services/sift/whats-involved>

Maximum and minimum funding available

Up to £15 million available, rates of support vary depending on project

Is this Specific to Renewable Energy businesses?

Yes – offshore renewables

Is this a local, regional or national support?

Regional (Scotland only)

InnovFin Energy Demo Projects**Link to support information on website**

<http://www.eib.org/products/blending/innovfin/products/energy-demo-projects.htm>

Type of Finance Support

Provides loans or loan guarantees

Description of the support

InnovFin Energy Demo Projects provides loans or loan guarantees between €7.5 million and €75 million to first-of-a-kind commercial-scale demonstration projects in the fields of renewable energy and hydrogen and fuel cells, helping to bridge the gap from demonstration to commercialisation.

Agency Responsible for Support

European Investment Bank

<http://www.eib.org/index.htm>

Maximum and minimum funding available

Loans and guarantees from €7.5 million to €75 million. The total project costs must be a minimum of €15 million.

Is this Specific to Renewable Energy businesses?

Yes

Is this a local, regional or national support?

European wide

Barclays Renewable Energy Fund**Link to support information on website**

<https://www.barclayscorporate.com/sector-expertise/agriculture/renewable-energy.html>

Type of Finance Support

Provides loans

Description of the support

The £100 million fund for loans is designed to help farmers in the UK meet the costs of renewable energy initiatives like wind farms, solar panels, organic waste power and hydro plants.

Agency Responsible for Support

Barclays bank

<https://www.barclayscorporate.com/>

Maximum and minimum funding available

A term loan of £25,000 and above is available.

Is this Specific to Renewable Energy businesses?

Yes

Is this a local, regional or national support?

National

Other useful/relevant information

With the changes to the feed-in tariff the effectiveness of this scheme is likely to be reduced.

EIB - European Fund for Strategic Investments (EFSI)**Link to support information on website**

<http://www.eif.org/index.htm>

Type of Finance Support

Both debt and equity products

Description of the support

EFSI is an EU initiative which aims to help overcome the investment gap in the EU by mobilising private financing for strategic investments.

Agency Responsible for Support

SMEs interested in EFSI transactions financed via the EIF (European Investment Fund) should refer to information on EIF financial intermediaries:

http://www.eif.org/what_we_do/where/gb/index.htm

Maximum and minimum funding available

No specific maximum or minimum requirements in place.

Is this Specific to Renewable Energy businesses?

No

Is this a local, regional or national support?

National

Other useful/relevant information

After the UK exit from Europe the status of this fund in Scotland is uncertain

District Heating Loan Fund**Link to support information on website**

<http://www.energysavingtrust.org.uk/scotland/grants-loans/district-heating-loan>

Type of Finance Support

Provides loans

Description of the support

Loans offered on a commercial basis for both renewable and low carbon, low emission technologies in Scotland, for heating distributed through a network of pipes to provide space and water heating in homes or offices.

Loans of up to £400,000 per project are available over a 10-year period.

Technical support is also available through the programme.

The interest rate on loans is set at 3.5%

Agency Responsible for Support

Energy Saving Trust Scotland

<http://www.energysavingtrust.org.uk/scotland>

Maximum and minimum funding available

Maximum £400,000, no minimum given

Is this Specific to Renewable Energy businesses?

Although it is designed to promote renewable energy any business may apply.

Is this a local, regional or national support?

Regional (Scotland)

Taxation or welfare supports or concessions for businesses

Enterprise Investment Scheme

Link to support information on website

<https://www.gov.uk/government/publications/the-enterprise-investment-scheme-introduction>

Type of Taxation or Welfare Support (be specific)

Tax and income gains relief

Description of the support

The purpose of the support is to encourage investment to companies not listed on the stock exchange and often have a high level of associated. The headline benefits are:

- 30% upfront Income tax relief up to maximum investment of £1 million, which can be carried back to the previous tax year
- 100% Inheritance Tax relief (provided the investments have been held for at least 2 years at time of death)
- Capital gains tax deferral for the life of the investment
- Tax-free growth
- Tax relief from investment losses

Agency Responsible for Support

HM Revenue and Customs and administered through their Small Company Enterprise Centre office.

<https://www.gov.uk/government/organisations/hm-revenue-customs>

Maximum and minimum funding available

The maximum tax relief is £300,000

Is this Specific to Renewable Energy businesses?

No

Is this a local, regional or national support?

National

Seed Enterprise Investment Scheme**Link to support information on website**<https://www.gov.uk/guidance/seed-enterprise-investment-scheme-background>**Type of Taxation or Welfare Support (be specific)**

Tax and income gains relief

Description of the support

The scheme aims to encourage investment in start-ups which are otherwise deemed too risky. The headline benefits are:

- Investors get 50% income tax relief on the cost of shares, for a maximum annual investment of £100,000.
- No Capital Gains Tax is paid on profits earned on shares held for more than three years. Capital gains which are realised before three years has expired, but which are reinvested into qualifying SEIS shares, are also exempt from Capital gains tax (again £100,000 limit).
- If the company goes bankrupt, investors may claim loss relief on their investment which is equal to half of their total investment multiplied by their tax rate.
- 100% Inheritance Tax relief.

Agency Responsible for Support

HM Revenue and Customs and administered through their Small Company Enterprise Centre office.

<https://www.gov.uk/government/organisations/hm-revenue-customs>**Maximum and minimum funding available**

Cannot raise more than £150,000 through the scheme

Is this Specific to Renewable Energy businesses?

No

Is this a local, regional or national support?

National

Soft supports e.g. mentoring, training, specialist advice, networks

Low Carbon Skills Fund**Link to support information on website**<https://www.skillsdevelopmentscotland.co.uk/what-we-do/our-products/low-carbon-skills-fund/>**Type of Support****Fund for training****Description of the support**

The LCSF enables small businesses from any sector to access training in low carbon methods. Up to £5,000 is available. We refund up to 50% of employee training costs, up to a maximum of £1,000 per employee.

- Training might include:
- Energy efficiency measures
- Waste management and re-use
- Energy assessors or advisers
- Sustainable resource management
- Installing microgeneration products such as biomass boilers, ground source heat pumps, or solar panels.

Agency Responsible for Support

Skills Development Scotland

<https://www.skillsdevelopmentscotland.co.uk/>

Maximum and minimum funding available

£5,000

Is this Specific to Renewable Energy businesses?

It relates to renewables but non-renewable businesses can apply

Is this a local, regional or national support?

Regional (Scotland only)

Scottish Enterprise 2015 – 2018 Business Plan

Link to support information on website

<http://www.scottish-enterprise.com/about-us/what-we-do/business-plan>

Type of Support

Development strategy

Description of the support

Scottish Enterprise is a sponsored (but non-departmental) Scottish Government body. The 2015 – 2018 Business plan sets out their approach to delivering economic growth for Scotland. Whilst not exclusively aimed at renewable energy it is relevant to many schemes. Particularly pertinent is the aim to encourage innovation in SMEs.

Agency Responsible for Support

Scottish Enterprise

www.scottish-enterprise.com

Maximum and minimum funding available

N/A

Is this Specific to Renewable Energy businesses?

No

Is this a local, regional or national support?

Regional (Scotland only)

Marine Energy Parks

Link to support information on website

<http://www.hi-energy.org.uk/hi-marine-energy-park.htm>

Type of Support

Brings stakeholders together and creates a supportive business environment.

Description of the support

Marine Energy Parks (MEPs) are a UK government initiative that brings together local and national government, Local Enterprise Partnerships, technology developers, academia and industry for the development of the marine energy sector, with the aim of creating a supportive business environment for accelerating the commercialisation of wave and tidal technology. MEPs should help provide an arena where SMEs can provide their services to this growing sector.

Agency Responsible for Support

HI Energy

<http://www.hi-energy.org.uk>

Maximum and minimum funding available

N/A

Is this Specific to Renewable Energy businesses?

It can benefit others but primarily yes

Is this a local, regional or national support?

National but region/local marine energy parks

Scotland's International Technology and Renewable Energy Zone (ITREZ)

Link to support information on website

<http://www.scottish-enterprise.com/services/develop-new-products-and-services/itrez/overview>

Type of Support

Provides SMEs with the opportunity to have a base closer to large industry and build partnerships

Description of the support

The project aim is to bring business and academia together by stimulating co-location, innovation, and investment in Scotland's offshore renewable energy sector. Centered in Glasgow, ITREZ has two purpose built buildings: 'inovo', and the Technology and Innovation Centre, acting as a hub for around 450 renewables engineers and project managers, and 850 energy academics and researchers. For SMEs the project allows them to be located closer to large industry within ITREZ.

Agency Responsible for Support

Scottish Enterprise

Maximum and minimum funding available

N/A

Is this Specific to Renewable Energy businesses?

Yes - offshore

Is this a local, regional or national support?

Regional (Scotland only)

Research and Development supports**European Marine Energy Centre (EMEC)****Link to support information on website**

<http://www.emec.org.uk/>

Type of R&D Support

Provides test facilities for wave and tidal devices.

Description of the support

EMEC is an accredited test and research centre for wave and tidal stream devices based in Orkney, off the north coast of mainland Scotland. It provides developers with the opportunity to test full-scale prototype devices in high energy wave and tidal environments. In addition to full scale test sites there are also nursery sites for testing of small scale prototypes.

Agency Responsible for Support

EMEC

<http://www.emec.org.uk/>

Maximum and minimum funding available

Rather than providing funding this is testing enabler scheme.

Is this Specific to Renewable Energy businesses?

Yes

Is this a local, regional or national support?

Although the test centre is based in Orkney it has been used by many developers (including international).

Other useful/relevant information

As a result of EMEC there has been substantial growth in Orkney based around or stemming from the marine energy industry (including enterprises set up for servicing devices).

SMART: Scotland**Link to support information on website**

<http://www.scottish-enterprise.com/services/develop-new-products-and-services/smart-scotland/overview>

Type of R&D Support

Provides grants to SMEs to help undertake technical feasibility studies and research and development (R&D) projects that have a commercial endpoint.

Description of the support

Feasibility studies

Supports up to 70% of the eligible costs for a small SME and up to 60% of the eligible costs for a medium SME:

- A Small SME has less than 50 employees and a turnover of less than €10m
- A Medium SME has 50-250 employees and a turnover of less than €50m

Studies must last between 6 and 18 months, and the maximum grant is £100,000. One third of the grant is paid upfront when the project starts. The remainder is paid quarterly in arrears against claims submitted.

R&D Projects

This covers projects that aim to develop a pre-production prototype of a new product or process. Support is available at up to 35 per cent of the eligible project costs. Projects must last between 6 and 36 months, and the maximum grant is £600,000. The grant is paid quarterly in arrears and minimum total project cost is £75,000.

Agency Responsible for Support

Scottish Enterprise

<http://www.scottish-enterprise.com/services/develop-new-products-and-services/smart-scotland/overview>

Maximum and minimum funding available

For feasibility maximum £100k, for R&D £600k

Is this Specific to Renewable Energy businesses?

No

Is this a local, regional or national support?

Regional (Scotland only)

Social and Community supports

Community And Renewable Energy Scheme (CARES)

Link to support information on website

<http://www.gov.scot/Topics/Business-Industry/Energy/Energy-sources/19185/Communities/CRES>

Type of Social Enterprise/Community Enterprise Support (be specific)

For the development of locally-owned renewable energy projects which provide wider community benefits.

Description of the support

The scheme is aimed at renewable projects that offer significant community engagement and benefit, providing loans towards the high risk, pre-planning consent stages of renewable energy projects. The Scottish Government's Community Energy Policy Statement and Good Practice for community benefit and shared ownership means all CARES applications require a degree of community ownership.

Agency Responsible for Support

Local energy Scotland <http://localenergyscotland.org/>

Maximum and minimum funding available

Up to £150,000

Is this Specific to Renewable Energy businesses?

Yes but only locally-owned ones

Is this a local, regional or national support?

Regional (Scotland only)

Community Energy Scotland**Link to support information on website**

<http://www.communityenergyscotland.org.uk/index.asp>

Type of Social Enterprise/Community Enterprise Support

Facilitates knowledge transfer and can also provide consultancy

Description of the support

CES is a Scottish registered charity that provides support throughout the process of community renewable energy developments. The charity is member based and facilitates knowledge transfer through partners.

Agency Responsible for Support

Community Energy Scotland

Maximum and minimum funding available

N/A

Is this Specific to Renewable Energy businesses?

Yes

Is this a local, regional or national support?

Regional (Scotland only)

Local Energy Challenge Fund**Link to support information on website**

<http://www.localenergyscotland.org/funding-resources/funding/local-energy-challenge-fund/>

Type of Social Enterprise/Community Enterprise Support

Capital support

Description of the support

The Local Energy Challenge Fund aims to support large-scale local low carbon demonstrator projects which show a local energy economy approach linking local energy generation to local energy use. This includes projects looking to develop innovative energy distribution and storage solutions that have an overall aim of creating more local value and benefit.

Projects which are funded through the Local Energy Challenge Fund should be able to demonstrate:

- Partnership and collaborative working
- Innovation
- Added Local Value

Agency Responsible for Support

Local Energy Scotland

Maximum and minimum funding available

£500k-£6m per project

Is this Specific to Renewable Energy businesses?

Yes

Is this a local, regional or national support?

Regional (Scotland only)

Local Energy Scotland**Link to support information on website**

<http://www.localenergyscotland.org>

Type of Social Enterprise/Community Enterprise Support (be specific)

Advice

Description of the support

Offers a range of support for community and social enterprises who want to develop renewables. This includes information on renewable technologies and information on how to apply for funding.

Agency Responsible for Support

Local Energy Scotland

Maximum and minimum funding available

N/A

Is this Specific to Renewable Energy businesses?

Yes

Is this a local, regional or national support?

Regional (Scotland only)

Other Types of Support**Contracts for Difference****Link to support information on website**

<https://www.gov.uk/government/collections/electricity-market-reform-contracts-for-difference>

Type of Support

Payment for generating renewable electricity.

Description of the support

A Contract for Difference (CFD) is a private law contract between a low carbon electricity generator and the Low Carbon Contracts Company (LCCC), a government-owned company. A generator party to a CFD is paid the difference between the 'strike price' – a price for electricity reflecting the cost of investing in a particular low carbon technology – and the 'reference price' – a measure of the average market price for electricity in the GB market.

To win a contract for difference renewable schemes have to bid against each other.

Contracts for Difference are the main source of subsidy for renewable projects greater than 5 MW

Agency Responsible for Support

Department of Energy and Climate Change through the Low Carbon Contracts Company
<https://lowcarboncontracts.uk/>

Maximum and minimum funding available or maximum value of funding if in kind (or alternative measure)

Depends on several factors including renewable type and the contract decided. Less mature renewables are paid more. The payments are given per MWh of electricity generated. Project under 5 MW go through the feed-in tariff approach instead. There is no maximum project size.

Is this Specific to Renewable Energy businesses?

No, all low carbon forms of generation are eligible

Is this a local, regional or national support?

National

Other useful/relevant information

This scheme is the replacement of the UK Government's old Renewable Obligation Certificate support scheme for large renewable projects.

Feed-in tariff

Link to support information on website

<https://www.gov.uk/feed-in-tariffs/overview>

Type of Support

Payment for electricity above the market price.

Description of the support

If an application is successful a set amount for each unit (kWh) of electricity generated is paid. The rates vary depending on:

- the size of system
- technology type
- when the system was installed
- for household projects how energy efficient the house is

The feed-in tariff is the main support mechanism for renewable projects under 5 MW in size.

Agency Responsible for Support

Department of Energy and Climate Change <https://www.gov.uk/government/organisations/department-of-energy-climate-change>

Maximum and minimum funding available or maximum value of funding if in kind (or alternative measure)

No minimum project size, maximum of 5 MW. Tariff depends on type of renewable, for example wind gets less than solar PV.

Is this Specific to Renewable Energy businesses?

Yes

Is this a local, regional or national support?

National

Other useful/relevant information

The feed-in tariff system has seen dramatic changes (i.e. massive cuts), as a result the ability of many schemes to be profitable is now dramatically reduced and many companies particularly in the solar sector have gone out of business.

Renewable Heat Incentive (RHI)**Link to support information on website**

For non-domestic users <https://www.ofgem.gov.uk/environmental-programmes/non-domestic-renewable-heat-incentive-rhi>

Type of Support

Payments based on the amount of renewable heat generated

Description of the support

The RHI is a government environmental programme that provides financial incentives to increase the uptake of renewable heat by businesses, the public sector and non-profit organisations.

Eligible installations receive quarterly payments over 20 years based on the amount of heat generated. It is the major support mechanism in place for renewable heat, being the equivalent of what the feed-in tariff is for electricity.

Agency Responsible for Support

OFGEM

<https://www.ofgem.gov.uk/>

Maximum and minimum funding available or maximum value of funding if in kind (or alternative measure)

Provides additional income for 20 years, this income depends on the amount of heat generated

Is this Specific to Renewable Energy businesses?

Available to any business which uses heating

Is this a local, regional or national support?

National