



APPENDIX 25 - EXTRACT FROM AXIS 3 OPERATING RULES

GUIDANCE NOTE ON FUNDING RENEWABLE PROJECTS THROUGH RDP

Applications for stand alone renewable energy projects may be deemed as eligible in the following circumstances except Anaerobic Digestors:-

Measure 3.1 - Farm Diversification

A stand alone renewable project can be funded at up to 50% grant aid to a maximum grant level of £50,000 providing the diversification project is for the farm owner or farm family member to become an energy producer and **100%** of the output is sold to a third party eg NIE (none of the energy produced is used to increase the profitability of a farm business, increase GVA or reduce any farm home domestic running costs). Under State Aid Rules the European Commission has determined that under Axis 3 energy cannot be used to reduce the running costs of a farm business and can only be used to supplement the income of the farm family.

Existing Farm diversification projects wishing to use renewable technology.

Renewable energy applications from farm owners or farm family members that are intended to increase the profitability and increase GVA of a farm diversification business new or existing ie a business free standing from the main farm business may be accepted under Measure 3.2 or, if appropriate, Measure 3.3. In these cases, the diversified business **MUST** be completely separate to the existing farm business and that appropriate technology is in place (eg metering) to monitor the project and verify that none of the energy produced is diverted to the farm business or the farm home domestic running costs. In other words all energy generated must either be used by the diversified business and/or sold to a third party eg NIE.

Measure 3.2 - 3.6

Private Promoter -A renewable energy project can be funded at up to 50% grant aid to a maximum grant level of £50,000 to increase the profitability and increase GVA of the business.

Social Economy Enterprise - A renewable project can be funded at up to 75% grant aid to a maximum grant level of £170,000 to increase the profitability and increase GVA of the SEE business.

GENERAL RULES

Any Public Match-Funding must be non-EU funding e.g. Carbon Trust Funding is ineligible as match-funding

Stand alone renewable equipment (except Anaerobic Digestors) can be applied for under all six Axis 3 measures.

Second hand equipment can be purchased as long as the conditions for same under the operating rules are followed.

Applications should be split into two categories:-

Technologies generating electricity

Technologies generating space heat and/or hot water

TECHNOLOGIES GENERATING ELECTRICITY

State aid rules apply to all grant aid under Axis 3 and are subject to the overall funding threshold of 200,000 euros. Therefore in calculating possible grant aid, all applications involving generation of electricity must take any potential renewable obligation certificates (ROC's) earnings into account for a period of 3 years. This information **MUST** be included in the feasibility assessment and included with the application.

ROC's calculation

A 'ROC's' calculation must be carried out using the guidance and examples at annex 1.

The 'earnings' from ROC's plus any other European grant aid previously funded within the last 3 years should be taken into account to assess if an application for grant aid is worth while.

Electricity Pre-requisites

All projects **MUST** provide at time of application:-

(a) An independent* (i.e. not produced by the installer) feasibility assessment which **MUST** include projected outputs and have been produced within the last 2 years.

(b) Planning permission

http://www.planningni.gov.uk/index/policy/policy_publications/planning_statements/planning_policy_statement_18_renewable_energy-2.htm

(c) NIE connection agreement quotation (G83 for under 50kW and G59 for over 50kW) confirming D Code compliance of proposed kit.

If any of the above are not included then the application can not be accepted as eligible.

*this should be by a Registered Company with Insurance: Public Liability £5m, Employer's Liability £10m, Professional Indemnity £2m, and should not be an installer

Banding of output

Equipment will be processed under two bands, equipment rated up to 50kW and equipment rated over 50kW.

Up to 50KW(excluding hydro where 2 years track record will apply)

Only equipment and installers accredited under the 'Micro generation Certification Scheme (MCS) will be eligible.

To check if equipment MCS certified look up on link below <http://www.microgenerationcertification.org/mcs-consumer/product-search.php>

To check if installer is certified look up following link <http://www.microgenerationcertification.org/mcs-consumer/installer-search.php>



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Over 50kW

Applicant will have to provide evidence of track record of equipment and installer (at least installing for 2 years and equipment on the market for two years) who must provide details of previous installations including contact details of purchaser and date of installation. Similarly reference sites for the equipment must be provided if different from installations, again contact details and date of installation.

Successful applications

If an application is successful and a letter of offer is issued then there will be 3 mandatory requirements (to be included in Letter of offer) that will have to be put in place before any claims for payment can be accepted by the council administration unit as follows :-

Warranty

All projects **MUST** have a minimum of a 2 year warranty agreement in place.

Maintenance

All projects **MUST** have a minimum of a 5 year maintenance contract in place.

Insurance

All projects **MUST** have a valid insurance certificate in place. This certificate **MUST** be renewed annually and be available for inspection for a period of at least 5 years from date of last payment. Over and above normal conditions the certificate must cover loss of earnings due to downtime and/or mechanical failure.

TECHNOLOGIES GENERATING SPACE HEAT AND/OR HOT WATER

No calculation is necessary for projects that are simply going to produce heat and/or hot water.

Space heat and/or hot water pre-requisites

All projects **MUST** provide at time of application:-

(a) An independent* (i.e. not producer by the installer) feasibility assessment which **MUST** include projected outputs and have been produced within the last 2 years.

(b) Planning permission

http://www.planningni.gov.uk/index/policy/policy_publications/planning_statements/planning_policy_statement_18_renewable_energy-2.htm

*this should be by a Registered Company with Insurance: Public Liability £5m, Employer's Liability £10m, Professional Indemnity £2m, and should not be an installer

Installers – all bands of equipment

Only installers accredited under the 'Micro generation Certification Scheme (MCS) will be eligible.

To check if installer is certified look up following link
<http://www.microgenerationcertification.org/mcs-consumer/installer-search.php>

Equipment - Banding of output

Equipment will be processed under two bands, equipment rated up to 45kW and equipment rated over 45kW.

Up to 45KW

Only equipment accredited under the 'Micro generation Certification Scheme (MCS) will be eligible.

To check if equipment MCS certified look up on link below
<http://www.microgenerationcertification.org/mcs-consumer/product-search.php>

Over 45kW

Only equipment accredited on the Energy Technology Product List (ETPL) on the ECA website will be eligible.

To check if equipment is eligible look up on link below
<http://www.eca.gov.uk/etl/find/>

Successful applications

If an application is successful and a letter of offer is issued, then there will be 3 mandatory requirements (to be included in Letter of offer) that will have to be put in place before any claims for payment can be accepted by the council administration unit as follows :-

Warranty

All projects **MUST** have a minimum of a 2 year warranty agreement in place.

Maintenance

All projects **MUST** have a minimum of a 5 year maintenance contract in place.

Insurance

All projects **MUST** have a valid insurance certificate in place. This certificate **MUST** be renewed annually and be available for inspection for a period of at least 5 years from date of last payment.



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Annex 1

Calculation for assessing the amount of grant aid available, if any.

Output of equipment in KWh as per independent feasibility assessment

A

Convert to MWh (divided box **A** by 1,000)

B

Number of ROC's issued (multiply box **B** by 4**)

C

Calculate value of ROC's for one year (multiply box **C** by £42.30)

D

Calculate value of ROC's over 3 years (multiply box **D** by 3)

E

Balance available for grant (£170,000 minus box **E**)

F

Grant aid will be paid to a maximum of £50,000 (or £170,000 for SEE or box **F** whichever is lowest and on the normal basis of match funded pound for pound by the applicant. Normal de minimis rules must still be applied with regard to previous funding over the last 3 years.

** this should be the ROC's figure appropriate to the type of output, in this example its 4 for electricity generation, this figure will be on the independent report. The ROC's figure will be set in September of each year



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EXAMPLES 1

Calculation for assessing the amount of grant aid available, if any.

Output of equipment in KWh as per independent feasibility assessment

A 225,140

Convert to MWh (divided box A by 1,000)

B 225

Number of ROC's issued (multiply box B by 4**)

C 900

Calculate value of ROC's for one year (multiply box C by £42.30)

D £38,070

Calculate value of ROC's over 3 years (multiply box D by 3)

E £114,210

Balance available for grant (£170,000 minus box E)

F £55,790

In this case the equipment is costing £205,000 so the applicant may be eligible to receive **£50,000** or **£55,790**. private business in blue, SEE in green

EXAMPLES 2

Calculation for assessing the amount of grant aid available, if any.

Output of equipment in KWh as per independent feasibility assessment

A 131,400

Convert to MWh (divided box A by 1,000)

B 131

Number of ROC's issued (multiply box B by 4**)

C 524

Calculate value of ROC's for one year (multiply box C by £42.30)

D £22,165

Calculate value of ROC's over 3 years (multiply box D by 3)

E £66,495

Balance available for grant (£170,000 minus box E)

F £103,505

In this case the equipment is costing £156,000 so the applicant may be eligible to receive **£50,000** or **£103,505 (75% = £117,000 cap to £103,505)** private business in blue, SEE in green