

CARES innovation grant

Supplementary guidance



However you take part in a local energy project, the Scottish Governments Community and Renewable Energy Scheme (CARES), can help you to develop and realise your ideas.

Introduction

This Supplementary Guidance Note has been prepared to support potential applicants to the Scottish Government's innovation grant. This grant scheme is part of the Scottish Government's Community and Renewable Energy Scheme (CARES) which is administered by Local Energy Scotland.

Before applying for innovation grant funding please refer to the general [CARES Funding Guidance Notes](#), for information on eligibility, CARES objectives, state aid and procurement guidance. This will also provide you with information on the variety of CARES funding package. You should then complete a [Project Proposal Form](#) to let the team at Local Energy Scotland help you to apply for the right package of support.

If you are at an early stage in developing your project proposal, or would like to discuss CARES funding options in more detail, we would recommend that you talk through your project proposal, with your Local Energy Scotland Development Officer. Contact details for all Development Officers by region can be found [here](#). They will help you to plan your project, think about objectives and consider the risks. It is important that innovation grants build on learning that has been developed through CARES so early engagement and review against existing projects and studies will help establish eligibility.

Contents

Introduction	1
Innovation grant purpose	2
Innovation grant key features	2
What can be funded through an innovation grant	3
Learning from past CARES projects	3
Projects looking specifically at Local Supply	4
Projects looking specifically at grid & capacity issues	4
Requirements - all projects	4
Application process - enquiries	5
Application process – making an application	5
Project approval period	6
Claims	6
Gateway to other CARES Funding	7
Annex 1 – Innovation grant application process chart	8

Innovation grant purpose

The Scottish Government's CARES innovation grant provides funding of up to £150,000 and has been designed to:

1. improve the viability of larger CARES capital projects by grant funding elements of the renewable/local energy system project, or
2. fund local energy system innovation activity

The CARES innovation grant seeks to support organisations taking forward innovative local energy projects aligned with CARES objectives, and wherever possible for this innovation to lead to significant benefits through learning outcomes. It is a grant scheme specifically to support projects or pilots of new approaches & actions, demonstrator projects and those that innovate to overcome common challenges where local ownership, community involvement and/or community benefits are at the heart of the projects developed. The overall aim of this fund is to stimulate innovative approaches to unlock potential for local energy projects with a strong focus on community scale solutions.

Applicants should discuss any potential project proposals with the local CARES Development Officer and ensure interest is registered as early as possible.

In addition to supporting innovation activity the CARES Innovation Grant can provide capital cost funding to projects, as a grant or repayable grant, to support developed projects. Innovation projects normally have higher associated costs in the development and construction phases due to the potentially unknown elements of this development type. A higher level of funding intervention may be available through CARES to help cover the increased costs to improve the financial viability of projects.

Innovation grant key features

- Grant scheme up-to £150,000 to support projects or pilots of new approaches, feasibility activity, demonstrator projects and those that innovate to overcome common challenges.
- We would seek a contribution but in exceptional cases may fund up to 100% for community organisations. Funding is capped at 50% for other applicants.
- Local ownership, community involvement and/or community benefits must be at the heart of the projects developed, in line with CARES priorities.
- Applicants must demonstrate “additionality”, i.e. that the proposed work could not proceed without this funding.
- Projects involving grid issues must engage with the Distribution Network Operators (DNOs).
- Payment of grant is made against evidence of expenditure and compliance with agreed project reporting requirements.
- If you project has received other types of CARES funding such as enablement grant funding before applying for innovation funding you be required to provide an update against milestones and deliverables. This is to demonstrate what you achieved as a result of your previous CARES funding and why applying for further CARES funding is the right choice for your project and good value for CARES.
- Local Energy Scotland can discuss project models to help understand the typical progression of a variety of different projects types, this should help you to develop your project approach

What can be funded through an innovation grant

1. Improve the viability of larger CARES capital projects by grant funding elements of the project linked to innovation, or
2. Fund local energy system innovation, for example:
 - overcoming barriers relating to grid capacity or curtailment issues;
 - new uses and models for energy storage;
 - demand side response;
 - active network management;
 - piloting smart supply of energy and/or energy services;
 - delivering renewable energy to local consumers;
 - addressing commercial and legal barriers to support the delivery of local energy;
 - co-location and combinations of technologies
 - innovative approaches for energy aggregation, procurement, bulk buying;
 - Use of products new to the Scottish market &/or technologies not normally used at a community scale
 - Innovations that deliver local benefit whilst supporting the local electricity network during the transition to Distribution System Operator.

The list above is intended to be wide and inclusive; however, projects applying should include significant consideration of the CARES focus on local energy, local benefit and local and / or shared ownership. All applications should ensure they clearly convey the potential local benefits and long-term economics of the proposals put forward.

Energy Efficiency must be at the heart of any proposal, and must consider all aspects of energy in the given situation. As examples; developing a new model to generate renewable heat must also consider the purpose or process the heat is used for; developing storage solutions must consider the round trip efficiency; product efficiency (where applicable) should be compared to alternative and existing products.

Applicants are strongly encouraged to discuss any potential project proposals with the local CARES Development Officer by ensuring that interest is registered as early as possible.

Learning from past CARES projects

CARES seeks to support innovation in Scotland's renewable energy industry and wherever possible for this innovation to lead to significant benefits through learning outcomes by example. The overall aim of this fund is to stimulate innovative approaches to unlock potential for local energy projects with a strong focus on community scale solutions.

To this end we anticipate that the learning from past CARES projects will have been considered in advance of new applications, such that new projects are not anticipated to replicate past project ideas. ***New project proposal should build upon past projects or be sufficiently unique to provide significant and important new learning.***

We have provided a list of some important past CARES projects, noting the subject considered and linking to published reports where these are applicable. All applicants must reference these projects where subjects overlap, and demonstrate in their application where their proposal shows new benefits or potential. A list of past CARES projects is available [here](#).

The priorities for CARES Innovation funding has changed to reflect learnings, the changing subsidy regime and evolving energy system. The fund has awarded support to a wide range of projects across Scotland, from the central belt to the Outer Hebrides. Case study summaries are available [here](#).

Projects looking specifically at Local Supply

CARES seeks to support innovation in linking local generation with local customers where this does not impact negatively on others and has not yet been investigated or trialled. It is particularly important that the impact any proposal might have outside the project participants must be recognised in any application addressing local supply.

To ensure there is sufficient information to review local supply proposals, the commercial case for where financial or other benefits may be realised between generation of energy and end use must be clearly stated. For example, this could be considered as a clear explanation of the rationale for a financial saving in a proposal where direct sale of energy is being considered between generator and user (including intermediary transactions). The description should define how this saving is of benefit to the project participants and an improvement over than that which would normally be realised in a standard or existing supply arrangement.

Several local supply options have been investigated with CARES support and by many actors across the wider industry. Applications to IIF are encouraged to address new approaches and not seek to repeat past projects. The Local Supply projects listed in the document referred to above should be researched and referenced in any application addressing local supply. How proposals build on past learning, or address new areas must be fully explained. It is not anticipated that IIF funding will be used to repeat investigation into areas previously considered through CARES funding or widely explored by other projects.

Projects looking specifically at grid & capacity issues

Any projects considering applications for funding towards private wire solutions and microgrids must review and consider the learnings from the Highlands and Islands Enterprise tools on microgrids available [here](#).

It is anticipated that projects proposing activities on private wire solutions or microgrids will advance knowledge in this area so it is essential that past projects are referenced in applications and any potential new learning in the proposed project clearly articulated.

All projects involving grid issues must engage with the Distribution Network Operators (DNOs) and have a clear indication of their support, or otherwise, where this is of significance to the project.

Requirements - all projects

- CARES funded projects must share outcomes and findings to benefit local energy generation in Scotland.
- All intellectual property (IP) must be shared with the Scottish Government. All partners/contractors involved in the project must be in agreement with this obligation. (The CARES IP innovation grant condition can be shared on request).
- To facilitate sharing of information any resources developed whilst undertaking the innovation grant project, that have the potential to support the wider sector, will be hosted on

the Local Energy Scotland website located here:- <https://www.localenergy.scot/> and branded accordingly. Please note in these situations the applicant organisation(s) will also be credited for their work.

- All material produced, publicity undertaken or events delivered must adequately acknowledge the assistance of the Scottish Government and CARES.
- Monthly updates and spend forecasts for Local Energy Scotland will be required.

Approvals

- Any applications considered by Local Energy Scotland to be incomplete, of insufficient quality, unclear in aims, or that are considered not to meet the schemes objectives will be rejected.
- Community projects with match funding are welcomed as funding is limited. All other applicants should provide at least 50% match funding.
- It is expected that demand for grants will exceed available budget so only projects assessed to best meet the CARES criteria will be considered for funding.
- Final decisions on applications to be granted funding will be made by the CARES Panel and there is no right of appeal.

Application process - enquiries

- If you are considering submitting an application you should contact your Local Development Officer. The contact details for all Local Energy Scotland Development Officers by region are available [here](#).
- If you have a general project enquiry you can also contact the Local Energy Scotland's central office by emailing info@localenergy.scot or calling 0800 808 2288
- Application forms and the guidance are available online and can be accessed [here](#)
- Projects which have not contacted Local Energy Scotland prior to submitting an application will not be considered for funding.

Application process – making an application

Application forms should be fully completed and a word version emailed to your Local Development Officer and copied to info@localenergy.scot. Following initial review and approval from Local Energy Scotland the signed application form should be sent to:-

The Energy Saving Trust
Local Energy Scotland Team
Ocean Point 1
94 Ocean Drive
Edinburgh
EH6 6JH

1. Applications will be supported by your Development Officer who will complete an appraisal form assessing the application. Your application will then be independently assessed by the Local Energy Scotland management team who will make a decision on whether to put your application forward to the CARES Panel for a decision on whether to award CARES innovation funding or not.
2. The CARES Panel is an independent panel made up of key stakeholders from Government, academia and industry and all CARES innovation funding decision will be made by them.

- a. After the panel has reviewed your application they will either award funding (with or without conditions) defer funding (for further information) or reject funding.
 - b. The decision of the CARES Panel is final and there is no right of appeal to the Scottish Government on any funding decision although you will be provided with feedback and may be invited to reapply.
3. All applicants will be contacted by Local Energy Scotland within 2 working days of the decision having been made.
4. For applications approved for funding, applicants will be issued a Grant Offer Letter which will include a claim profile.
5. Following any approval and before a grant offer can be made a credit check will be carried out. Applicants are asked specifically to provide a credit check authority to Energy Saving Trust as part of the application process. Please note applicants who fail the credit check process maybe deemed ineligible.
6. Following satisfactory completion of organisational and financial checks, successful applicants will receive a grant offer letter from the Energy Saving Trust using standard Scottish Government Terms and Conditions.
 - a. The grant offer will be subject to general and project-specific conditions.
 - b. The grant offer will only be valid for a limited period, which will be specified in the letter.
 - c. The grant may be offered in staged payments aligned to agreed milestones. Successful applicants would be awarded the full amount but release of staged funds would be dependent on achieving these agreed milestones. All CARES funding is paid in accordance with the CARES claims process and this is normally retrospective.
7. Work that is included as an eligible cost within the application should not commence until you have signed and returned your grant offer letter to the Energy Saving Trust.

Project approval period

Please refer to the general guidance for information on the approval period:

[CARES funding guidance](#)

Claims

Finance is released against work carried out rather than a lump sum on approval. Funds are claimed against evidence of expenditure in the form of a receipted invoice, accompanied by evidence or copies of work undertaken and a CARES Claim Form

Should it not be possible to pay costs in advance, you may alternatively submit evidence of lack of funds and the payment can be made in advance. This would require Local Development Officer approval and must be followed with a complete set of receipts as soon as these are available.

Claim Form:

- A claim form will be issued with your letter of offer.
- After each stage of work is completed you will be expected to complete and submit a CARES claim form.

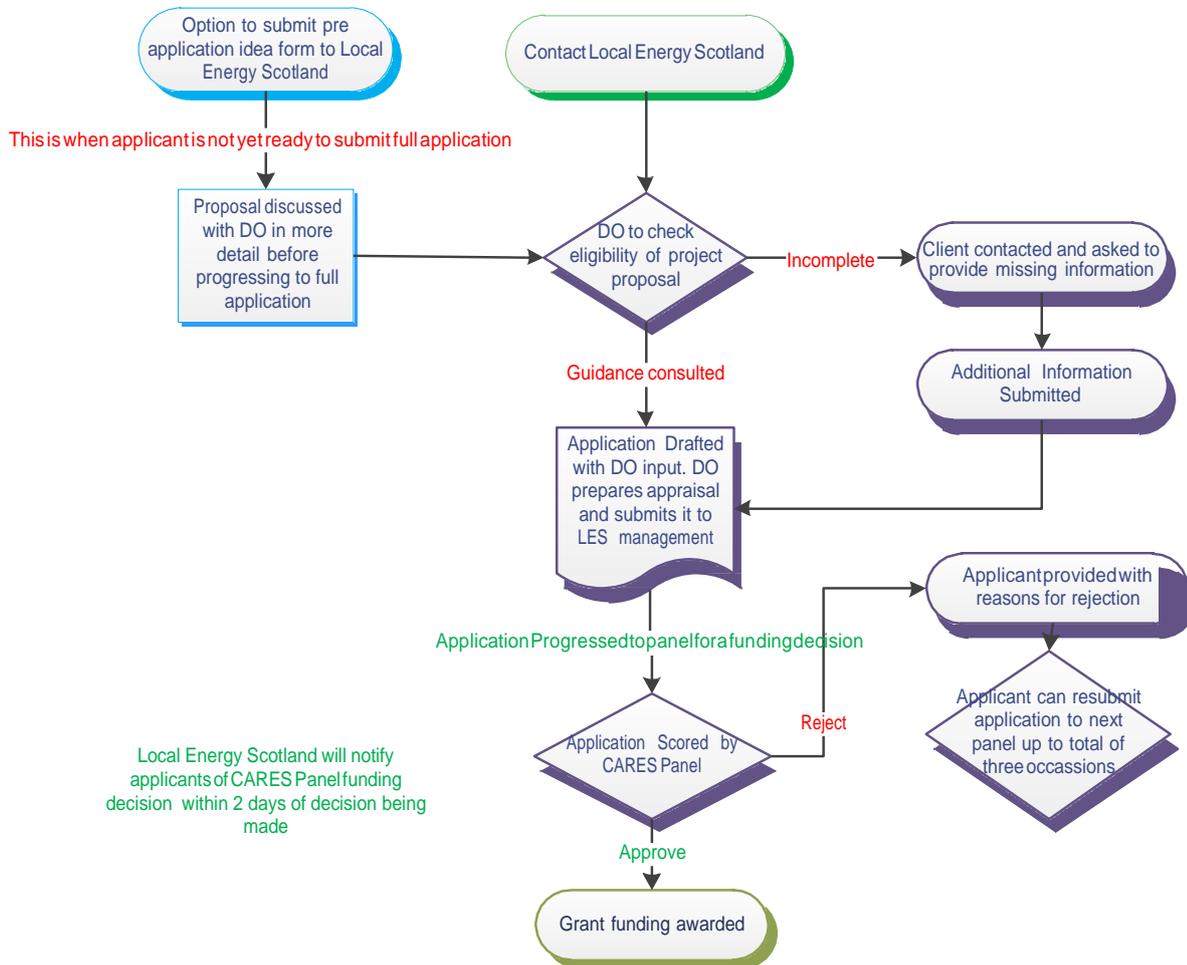
- Claims are submitted to your Local Energy Scotland Development officer for processing.
- Claims will be processed within 10 working days of receipt of completed claim being received by Local Energy Scotland and agreed to be complete and accurate.

Gateway to other CARES Funding

A range of other CARES support is available to and further information is available via www.localenergy.scot/funding.

Please refer to the [CARES Funding Guidance Notes](#) for information on eligibility, CARES objectives, state aid and procurement guidance and the package of support available through CARES

Annex 1 – Innovation grant application process chart



Abbreviations
 DO- Development Officer
 LES- Local Energy Scotland