

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

Introduction

This Guidance Note has been prepared to support potential applicants to the Scottish Government's Community and Renewable Energy Scheme (CARES) which is administered by Local Energy Scotland. If you are still developing your project proposal we would recommend you read this guidance and then complete a [Project Proposal Form](#) to let the team at Local Energy Scotland help you to apply for the right package of support.

Alternatively, if you've done this sort of thing before and consider you are ready to apply for funding, please read all the guidance before you complete an application form.

Contents

Introduction	1
Support available through Local Energy Scotland	1
What type of projects can CARES Support?	2
CARES Funding	3
Who should apply	4
What next?	5
Annex 1 - State Aid Guidance	8
Annex 2 - Procurement Guidance	8
Annex 3: Reference and guidance	10

Support available through Local Energy Scotland

Local Energy Scotland provide free and impartial advice, support, signposting and funding for community groups, rural businesses, social enterprises housing associations, local authorities and other stakeholders to bring your local energy project to life.

Local Energy Scotland can provide a variety of tools and advice to help with your local energy project including; support with project planning, managing contractors, financial matters, shared ownership, and accessing and delivering community benefits.

Support starts with our team of development officers and energy specialists who are based across Scotland and are on hand with expert advice to help you through your project journey.

CARES provides grants and loans to support the development of local energy projects. We can help you to identify and access investment opportunities and financial support to develop your project. We've got a range of resources on our website www.localenergy.scot to help you understand more about local energy projects and help you through the development and investment processes including:

- The CARES toolkit – a downloadable guide to managing renewable energy projects.

- Case studies and project models.
- Good practice principles.
- Framework contractors

Sign-up to our newsletter to keep up-to-date with funding and support click [here](#).

What type of projects can CARES support?

CARES supports projects that:

1. accelerate the uptake of community and locally owned renewable energy, to meet Scotland's 2020 1GW and 2030 2GW targets.
2. support community involvement in local energy systems that lead to new installations of locally owned renewable energy generation.
3. support shared ownership projects. Shared ownership is where a community group invests in a commercial renewable energy project.
4. assist communities to maximise the impact from community benefit funds through community consultation, action planning and good governance.

Local ownership and/or community involvement must be at the heart of the projects developed through CARES.

You can discuss your project ambitions with your Development Officer but examples of project themes supported through CARES include:

- **Local Energy Systems.** New opportunities to integrate community heat, transport and electricity needs within a locally controlled system. Current examples include on-site solar PV generation, energy storage (in batteries or hot water) and new controllable demand (such as electrical transport charging infrastructure) installed by communities and/or rural businesses
- **Urban projects.** Integrated local energy projects in urban areas for example community owned roof top generation on public or community buildings.
- **Rural energy projects.** Develop projects to stimulate local energy projects in our rural communities. Projects that prioritise the decarbonisation of heat and transport.
- **Community buildings** - Planning, legal, technical advice, system design and procurement. Community buildings eligible for CARES support must own the building or have a lease (or option to extend) of at least 20 years for a project to be eligible. Applicants must also be able to demonstrate how the building is used by the local community. Parts of buildings that are exclusively used for religious purposes are not eligible for CARES funding support.
- **Revenue-generating renewable energy projects.** Supporting demonstration projects that show the best potential for future financial viability for community and locally owned renewable energy installations. For example, supporting the transition to developing subsidy free solar PV farms or wind projects using refurbished turbines as these show significant potential.
- **Shared ownership** – support for communities to understand the best way that shared ownership can work for them and to help them evaluate and secure shared ownership opportunities.
- **Community benefit** – use of the CARES toolkit and resources for community consultation, action planning and good Governance to ensure fair distribution and maximise impact.¹

¹ Community benefit support is just through enablement grants.

- **Replication** - As well as supporting organisations to develop their own energy ideas CARES will support the replication of project models that have worked well see [here](#).
- **Innovation**. We welcome new ideas that overcome local issues and/or build on previous projects in order to commercialise project concepts.

CARES funding

The Scottish Government's Community and Renewable Energy Scheme (CARES) offers a range of financial support to local energy projects. This is available across 4 funding streams:

- CARES Enablement Grant – Up to £25,000 where the value of the grant will be capped based on innovation or scheme complexity and can be used to fund feasibility for energy systems or renewable energy projects, investigation of shared ownership opportunities or work to maximise the impact from community benefit association with renewable energy projects.
- CARES Loans
 - CARES Development Loan – Up to £150,000 (10% interest rate) can be provided for projects with a reasonable chance of success. A write-off can be applied for which allows applicants to develop projects at a lower risk. If the project meets an insurmountable barrier and the write-off request is approved the development risk is mitigated by converting from a CARES loan to a grant.
 - CARES Bridging Loan² – Up to £100,000 (10% interest rate without write-off facility) continues to be available for larger CARES projects at the later stage of development to support additional costs to financial close.
- CARES Innovation Fund – Up to £150,000 to either fund innovation activity or improve the viability of projects by grant funding elements of the project. Please note a level of match funding is now required for projects following the [EV, Storage, PV type model](#).

It is likely projects will be offered a mix of grant and loan funding to ensure financial viability whilst maximising the impact from CARES funds. The Scottish Energy Strategy³ supports innovation to commercialisation so projects will be assessed on their future commercialisation potential.

CARES Enablement Grants can be funded up to 100%. For Innovation Grants we would seek a contribution but in exceptional cases may fund up to 100% for community organisations and generally up to 50% for other applicants. CARES Development Loans are paid up to 95% intervention rate.

CARES grant funding needs to spent by the 31 March 2020. Subject to budget confirmation and ongoing CARES support a proportion of the grant might be available for spent next financial year i.e. between 1st April 2020 and 31st March 2021. However, this will need to be agreed with the Scottish Government and projects should plan for the project or the project milestone being funded to be completed by 31st March 2020.

CARES funding decisions are taken by the CARES Independent Panel which meets every three months, application deadlines are on the [website](#). One exception to this is that most enablement grant applications can be determined and awarded at any time directly by Local Energy Scotland.

² Previously called a post-consent loan

Who should apply
Eligible Applicants

Eligible community organisations include:

- Constituted⁴ non-profit distributing community groups with an open membership that are established and operating across a geographically defined community ('local community groups').
- Societies for the Benefit of the Community (BenCom), a form of Industrial Provident Society, that provide suitable local benefit.
- Bona-fide co-operatives, a form of Industrial Provident Society – where the local community benefit is part of the society's core purpose and interest rates paid to members are capped.

The scheme is also open to:

- National or regional non-profit organisations with charitable aims and objectives.
- Faith groups
- Local authorities and housing associations.
- Rural businesses
 - Rural Scottish Small and Medium-sized Enterprise (SME) i.e. landowner, agricultural business, croft, grazing committee, college or social enterprise.
 - Small and Medium Enterprises in rural areas, where this is defined as Settlements of less than 3,000 people⁵.

Where the project will involve a standard renewable energy generating installation applicants who are not communities are required to follow the good practice principles which for onshore renewables currently includes pledging an equivalent of £5,000 per megawatt of installed capacity, per annum. This rate is the aspiration for all technologies and projects must demonstrate if its considered this isn't affordable. See www.localenergy.scot/goodpractice

Eligibility table

	Community Groups	Rural Businesses ^(4,5)	National or regional organisations and Faith Groups	Housing Association and Local Authorities	Bencom and Co-operatives
CARES Enablement Grant - up to £25,000	Eligible		Eligible	Eligible	Eligible
CARES Development Loan (community) – up to £150,000	Eligible				Eligible
CARES Development Loan (non-community complying with good practice principles ⁶) – up to £150,000		Eligible	Eligible	Eligible	

⁴ Non-constituted groups can be supported to become constituted.

⁵ <http://www.gov.scot/Topics/Statistics/About/Methodology/UrbanRuralClassification>

⁶ Where the project will involve a standard renewable energy generating installation applicants who are not communities are required to follow the good practice principles which for onshore renewables currently includes pledging a minimum of £5,000 per megawatt of installed capacity, per annum. See www.localenergy.scot/goodpractice

CARES Bridging Loan – up to £100k	Eligible		Eligible	Eligible	Eligible
CARES Innovation Grants – up to £150k grant	Eligible	Eligible	Eligible	Eligible	Eligible

Applicants must demonstrate ‘additionality’ and align with the Scottish Government’s Energy Strategy and therefore must include energy demand reduction and efficiency as a priority in terms of developing local, efficient energy systems. As such all applications will need to include a commitment to review what energy reduction and efficiency measures would optimise the proposed energy project. All projects must include a significant element of local ownership.

The applicant must be able to demonstrate that the team delivering the work has sufficient expertise and experience to carry out the proposed work.

All work must be procured through a competitive process. Please refer to the procurement section below for further details.

Ineligibilities:

The following will not be funded through CARES:

- Development of a pipeline of work for a specific company.
- Projects where the applicant is not willing to share the outputs.
- CARES can’t fund developing/novel technologies at Technology Readiness Level 1-6⁽⁷⁾.
- Normal commercial business activities.
- Applicants or projects based outside Scotland.
- Applicants not noted in the list of eligible applicants detailed in this guidance note.
- Costs already incurred prior to the award of funding.
- Projects not progressing within the spirit of the CARES scheme.
- Unusual circumstances will be taken on their merits.

What next?

Now that you have reviewed this guidance, if you are still developing your project proposal we would recommend you complete a Project proposal form [Project Proposal Form](#) to let the team at Local Energy Scotland help you put together the right package of support. Alternatively, if you’ve done this sort of thing before please refer to the relevant supplementary guidance:

- [Enablement Grant](#)
- [Development Loan Guidance](#)
- Bridging loan - this is mainly for active CARES projects and you should review your eligibility with your development officers
- [Innovation Fund Guidance](#)

For further information and support identifying which types of funding are available to your project please contact your local Development Officer <https://www.localenergy.scot/who-we-are>

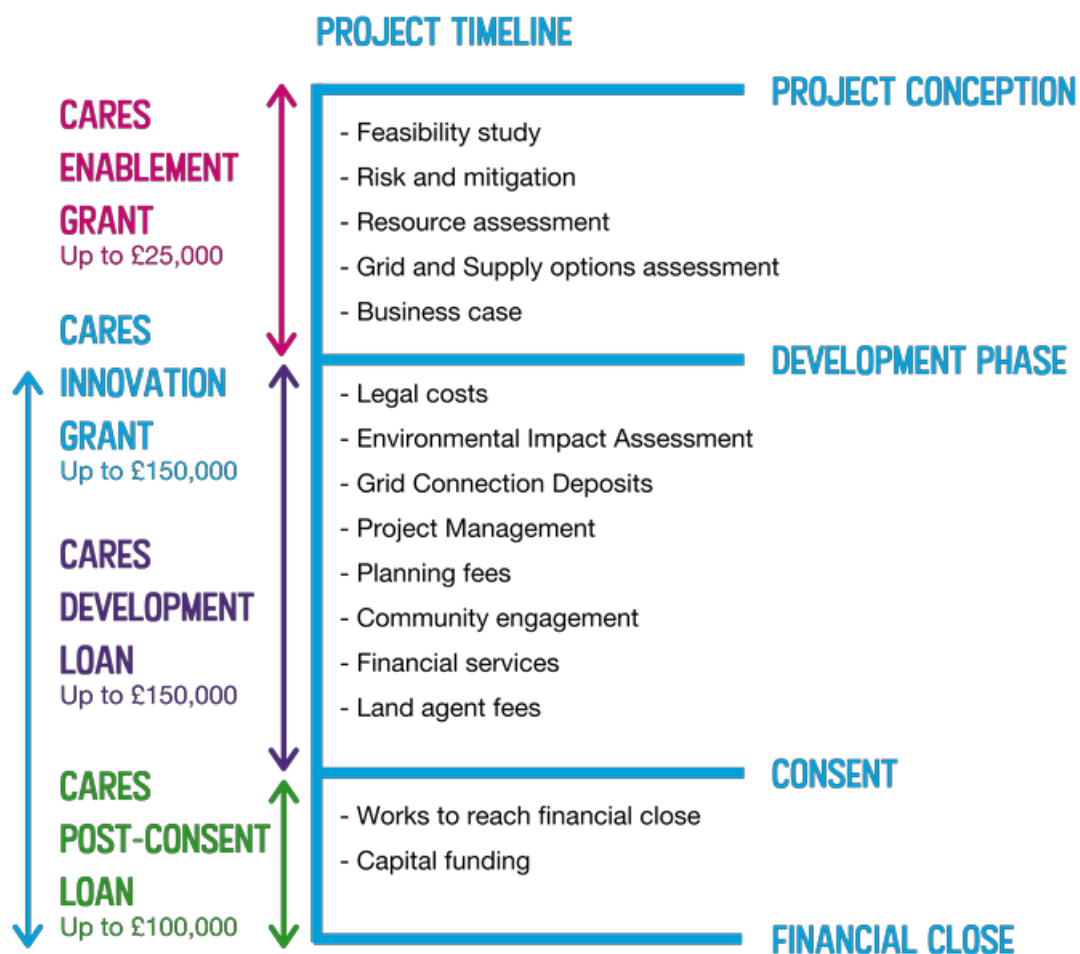
⁷ Example TRL <https://publications.parliament.uk/pa/cm201011/cmselect/cmsctech/619/61913.htm>

You can complete an application form for the fund which will allow you to plan your project, think about your objectives and consider the risks.

The following diagrams map out a project pathway of support available for a typical project. CARES funding streams offer community projects a pathway from initial ideas through to construction to being operational.

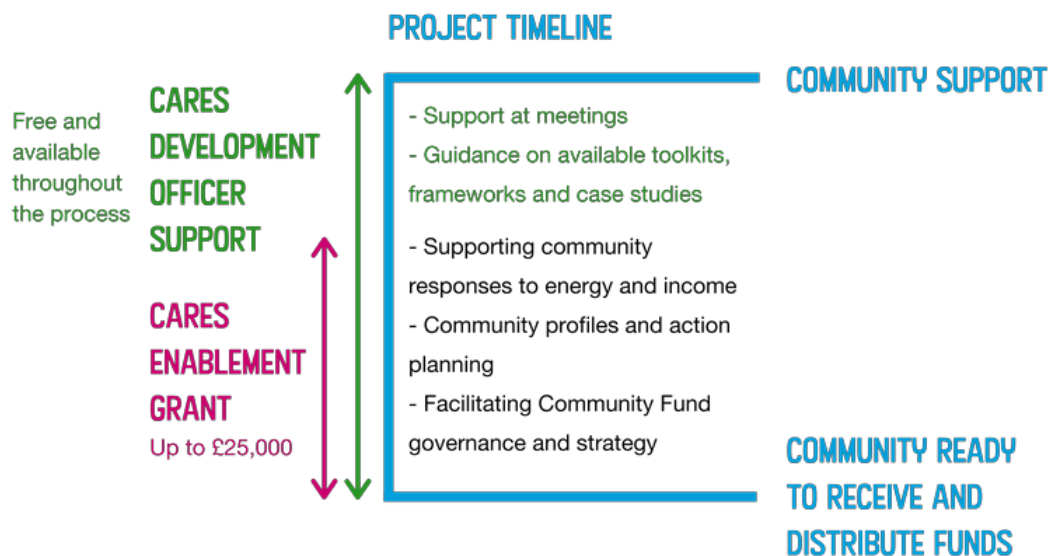
CARES support – Capital projects

A CARES large-scale capital project would follow the basic funding structure, as shown in the diagram below. Applicants can apply for support from the feasibility stages of a project, through to the development and financial close stages with different funding levels available depending on the stage of the project. This is for a complex million pound plus infrastructure project and small projects will be much require less funding and stages.



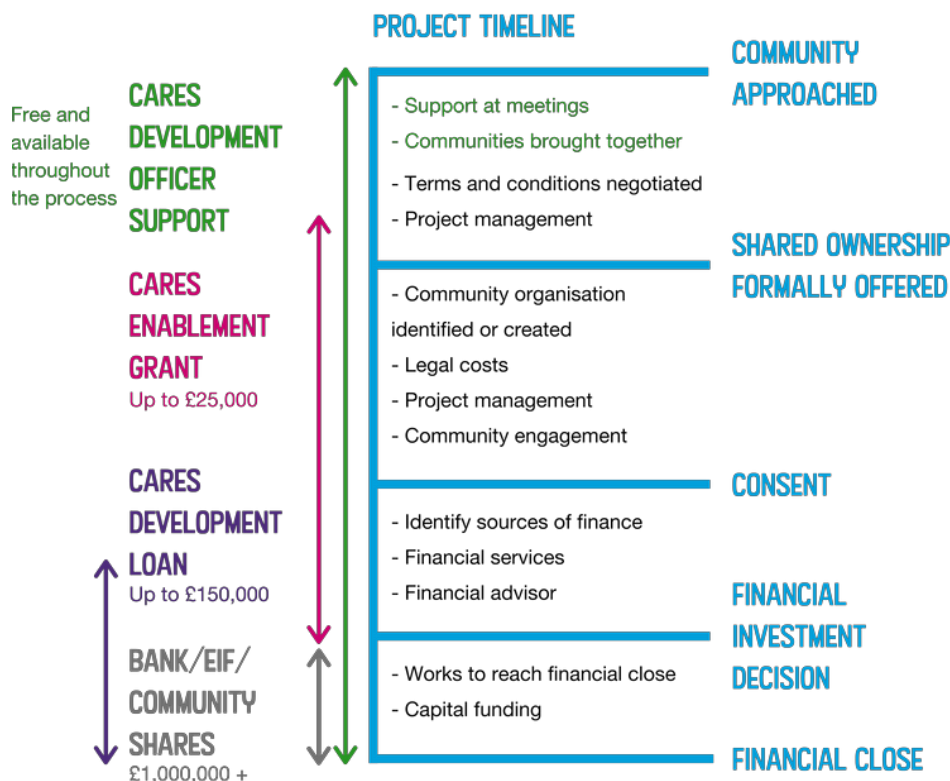
CARES Support – Community benefit

Enablement grants may also support community capacity building projects i.e. those with community benefit.



CARES Support – Shared ownership

CARES also support shared ownership where a community looks to purchase a stake in a commercial development. An example of the support through CARES is set out below.



WHAT'S NEEDED TO APPLY FOR GRANT:

1. An (intention to) offer in writing
2. Communities working together

Annex 1 - State Aid Guidance

Please speak to the team at Local Energy Scotland for guidance. CARES typically uses the following state aid regulations and exemptions and additional guidance is available on our website.

De Minimis

CARES may award grants under De Minimis funding for non-agricultural businesses. The De Minimis exemption permits aid of up to EUR 200,000 to an individual recipient (from all sources) in any rolling three-year fiscal period. As the applicant, it is your responsibility to ensure that any award that may be provided does not breach the EUR 200,000 ceiling.

Successful applicants will need to complete and return a De Minimis declaration. The relevant regulation is the European Commission's De Minimis Regulation (Commission Regulation (EU) 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to De Minimis aid, OJ(L) 352/1). The State Aid is expressed in Euros and can be equated to Pounds Sterling by using the rates shown on the EU website [here](#). Awards will be calculated using the exchange rate applicable on the date of granting.

General Block Exemption Regulation

The Community and Renewable Energy Scheme grants and loans have been notified to the European Commission under its General Block Exemption Regulation (Commission Regulation {EU} No 651/2014), to ensure compliance with EU rules on State Aid. The scheme number is **SA.51726**. Full details of this Regulation can be accessed [here](#).

Proposals which meet the criteria for funding through GBER can be awarded via this scheme. Any award will comply with the terms of the Article and wider conditions of the Regulation.

Agricultural Block Exemption Regulation

CARES funds have been notified to the European Commission under its Agricultural Block Exemption Regulation (Commission Regulation {EU} No 702/2014), to ensure compliance with EU rules on State Aid. The scheme number is **SA.48822**. Full details of this regulation can be accessed [here](#).

In particular, awards will be made under Article 14. Any award made will comply with the terms of this Article and wider conditions of the Regulation.

Agricultural De Minimis

CARES may award grants under the Agricultural De Minimis Regulation (EU) 1408/2013.

The total amount of de minimis aid granted per Member State to a single undertaking shall not exceed EUR 15 000 over any period of 3 fiscal years.

Successful applicants will need to return a De Minimis declaration. The relevant regulation is the European Commission's De Minimis Regulation (Commission Regulation (EU) 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to De Minimis aid, OJ(L) 352/1). The State Aid is expressed in Euros and can be equated to Pounds Sterling by using the rates shown on the EU website [here](#). Awards will be calculated using the exchange rate applicable on the date of granting.

Annex 2 - Procurement Guidance

Local Energy Scotland, operating under the Scottish Government contract to administer the Community and Renewable Energy Scheme (CARES), requires CARES projects to demonstrate a fair procurement process has been undertaken to ensure value for money from

public funding. We recommend that all goods and services are procured through Public Contract Scotland.

As part of the application, projects must demonstrate how they have complied with good procurement practice. Local Energy Scotland have set out below the procurement route to be followed.

Procuring supplies and works

In most instances Local Energy Scotland recommend the use of Public Contracts Scotland (PCS) to procure the work in a fair and open manner. This could either be through a full procurement or through the Quick Quote facility, depending on contract values. Where services have already been procured through PCS, such as the CARES frameworks (or other current or future options facilitated and approved by Local Energy Scotland) additional use of PCS is not required. The easiest way to work out which procurement route will be required is to use the procurement journey decision matrix as specified on the [Scottish Government website](#).

Where supplies and works are being procured with CARES funds, and are being advertised on PCS, the decision matrix should be used to inform the procurement route that is followed. For legal, financial and project management services you can procure through known routes and / or make use of the [CARES framework](#) contractors, details of which are on our website along with information on how to use the framework and the mini competition process that can be followed. It is not a requirement to use these frameworks, but we wanted to highlight that this service is available to CARES applicants.

Procurement process

Where services have been procured, a clear record of the procurement process must be included in your application, including the tender package, responses and evaluation method. Clear rationale must demonstrate value for money in the preferred selection.

Specialist Skills

In the very rare circumstances where there are skills only available through one provider that cannot be competitively tendered but are essential to the project, these must be identified in advance of application and discussed with Local Energy Scotland.

In this instance you should outline:

- how the skilled provider was selected to provide the service
- how costs are benchmarked & how value for money is demonstrated and also provide
 - names of staff, position in organisation and day rate charged
 - example evidence to support claims to accurately record the costs incurred

Note: should Local Energy Scotland or the CARES Panel consider procurement of such services to be possible, this will be conditioned on any approval of funding and may delay project commencement.

Supplies, works and services with a value of less than £5,000

For supplies, works and services (where services are not provided by a project partner) with a value of less than £5,000 the applicant is required to show that they have attempted to obtain at least three quotes before awarding the contract. Where the total value of all contracts given to that contractor

exceeds £5,000 it is expected that procurement is carried out, or value for money demonstrated, as detailed above.

Annex 3: Reference and guidance

Past Projects

The type of funding currently available to communities has changed to reflect learnings, the changing subsidy regime, evolving energy systems and the increased levels of innovation in community renewable energy across Scotland.

Please note Local Energy Scotland and the CARES Panel reserve the right to reject applications where they consider the concept/model has been demonstrated or does not work.

Examples of previous projects supported are available [here](#)

Renewable Heat Incentive (RHI)

OFGEMs general principle is that costs that do not relate to the generating equipment itself, or the direct costs of installing and connecting the generating plant, are potentially compatible with grant support, although currently this will only be confirmed at the point of accreditation. The below table details examples of types of funding that we expect can be awarded under a grant without impacting RHI.

Educational Facilities	Ground Investigation Works
Due Diligence	Balance of Plant Procurement
Uncertainty Analysis	O&M Agreements
Grid Costs/Upgrades	Screening Reports
Infrastructure for Transmitting Heat/Electricity to nearby Buildings	Consultancy Fees
Legal Fees	Environmental Mitigation
Transforming digestate from AD into other products	Environmental Consultancy
Secondary Gas Treatment	Planning Consultancy
Feedstock Storage	Technical Studies
Feasibility Assessments	Pre-design Studies
Community Engagement	

LCITP

The Scottish Governments Low Carbon Infrastructure Transition Programme provides support and funding for the development of substantive private, public and community low-carbon projects across Scotland. Projects undertaking feasibility support for large capital programmes should review the scheme website and the additional guidance to Developing an Investment Grade Proposal (available [here](#)). Feasibility activity undertaken through CARES should support future LCITP applications.

Replication of CARES projects

CARES will support the replication of projects and concepts that have worked well. To this end Local Energy Scotland have produced guidance to help applicants replicate good projects. We've put together a step by step guide for organisations looking to replicate a project combining solar power with energy storage and electric vehicle charging, which you can read [here](#).