

# THE WOOD ENERGY BUSINESS SCHEME GUIDANCE NOTES

## Fact Sheet 7

Guidance notes and registration form

[www.woodenergybusiness.co.uk](http://www.woodenergybusiness.co.uk)



## **What will the Wood Energy Business scheme achieve?**

This grant is designed to encourage the establishment of a network of small to medium scale heat and CHP wood fuel markets in Wales. By targeting this scale of development it is hoped that public acceptance of wood fuel as a clean, practical and efficient energy technology will increase. Only projects at the appropriate scale, which can demonstrate efficiency, sustainability and technical suitability will be supported. Likely markets for wood fuel installations of the scale envisaged by this scheme include public or private buildings such as schools, hospitals, hotels, factories or offices. The Wood Energy Business scheme will support a number of these projects in order to create a critical mass of installations in Wales, which can demonstrate reliable clean energy technology and sustain a robust supply chain for wood fuel. It is hoped that a whole new industry based on wood fuel will emerge, leading directly to job creation and increased utilisation of the woodland resource in rural Wales.

## **Who can apply?**

Businesses<sup>1</sup> who wish to produce, sell or buy wood fuel, or supply heat from woodfuel can apply for capital grants from the Wood Energy Business Scheme (WEBS). This is an excellent opportunity for businesses already involved in the growing, harvesting, haulage or processing of timber to diversify or collaborate with others in the wood fuel supply chain. WEBS staff will be able to discuss your eligibility and give guidance on

how to align your applications to the strategic objectives of the scheme as a whole.

A public sector body may apply although each public sector project will need to be considered as an exemplar project which can demonstrate benefits to the private sector. A private sector developer wishing to install and operate a woodfuel heat or power installation in a public sector building will also be eligible.

Direct applications from private individuals seeking support for domestic heating will not be eligible.

## **How else can the Forestry Commission help?**

The Forestry Commission is supporting this new industry by offering supply contracts for wood from the National Assembly's Woodlands. This will enable Wood Energy Businesses without access to their own supply of wood to strengthen their business proposals by securing a reliable and consistent supply. Supply contracts will be administered by the Forestry Commission, in association with the Wood Energy Business Scheme. Wood fuel will be sold by the Forestry Commission at commercially competitive prices. It is hoped that a pricing structure will emerge which will encourage private sector woodland owners to supply wood fuel into the market. The Forestry Commission has no intention of selling wood fuel at subsidised prices which would undercut the prices which private growers would need to charge in order to enter the market.

## **Where is the Wood Energy Business Scheme operating?**

Projects will have to be located in either the Objective 1 or Objective 2 (Powys) areas of Wales to be eligible. If you are not sure if your location is eligible you can contact the WEBS team for further guidance. It is important to determine accurately where the project site is located as this may influence the level of funding available and the source of funding.

## **What costs are eligible?**

Any businesses will be entitled to apply for any of the following WEBS grants. Any applicant may apply for more than one grant. The WEBS staff will be responsible for ensuring an appropriate spread of approvals between companies, between different types of application and geographically across different parts of Wales. Such strategic considerations may determine whether a particular application is approved and may influence the level of grant approved. The Forestry Commission also retains the right to refuse any application. The three types of grant are as follows:

### **1. WEBS HEAT**

Grants are available towards the capital costs of installing wood fuel heating systems. All capital costs are eligible including the boiler, electrical controls, fuel storage and feed, boiler house construction and integration with existing wet heating systems. Capital costs for major civil works may not be eligible if they are disproportionately high relative to the costs of the project as a whole.

<sup>1</sup> An SME must have fewer than 250 employees, have either an annual turnover not exceeding ECU 40 million or an annual balance sheet total not exceeding ECU 27 million and be independent.

## 2. WEBS CHP

Grants are available towards the costs of installing wood-fuelled CHP systems below 5MWe. Schemes greater than 2MWe are unlikely to receive 48.2% funding due to the high capital costs involved. Eligible schemes will need to be able to demonstrate how the annual heat load from the scheme will be used or sold. Schemes which cannot demonstrate this will not be eligible.

All capital costs associated directly with the installation will be eligible. In view of the likely scale and commissioning time for such larger schemes it is expected that applications will have to be received and approved early on in the WEBS project life.

## 3. WEBS PROCESSING

Grants are available towards the cost of installing Wood Fuel Processing equipment, including wood processing machinery, storage and drying equipment. The strategic objective of WEBS in terms of the wood processing grant, is to encourage the establishment of a network of wood fuel processing centres across Wales. WEBS seeks to encourage suitable scale and spread across Wales and such considerations will be taken into account when considering applications.

## What level of funding will I be eligible for?

WEBS is willing to offer up to 48.2% funding for any of the eligible costs. WEBS reserves to the right to offer less than 48.2% subject to the specific details of each application.

Applicants should note that there are complex and strict rules governing the allocation of public funding, which may have a direct bearing on the level of grant which may be offered for a specific project, in a specific location. It may not be possible for WEBS to offer 48.2% in all cases. Applicants will be advised on a case by case basis of the relevant grant levels and how they have been calculated and approved.

## HOW TO APPLY?

### INITIAL APPLICATION

When you have developed a project proposal, complete the simple registration form (also available on the web site) and return to the WEBS. Your initial application will be registered into the system.

### DETAILED APPLICATION

The WEBS will send you an electronic copy of the detailed application form. WEBS staff will be available to help you to fill in this form. The toolkit (available on the web site) will also assist).

### ASSESSMENT OF PROJECT

Your detailed project application will generate a report regarding the viability and eligibility of your project. A decision regarding your application will be made by the WEBS team.

### OFFER LETTER – CONTRACT ENTERED

If your application is successful, you will be made an offer subject to the terms and conditions of the grant. The terms of the grant will be captured in a contract with the Forestry Commission. Unsuccessful applicants will be informed accordingly.

### PROJECT COMMISSIONED Payment made

### COMMENCE MONITORING PROCESS

Should your initial or detailed applications be unsuccessful, you will be advised as to the reason for this and will be eligible to apply again.

### PROJECT DELAY

Failure to claim project expenditure due to delay may result in a review of your support.

### Criteria for assessing applications

1. All applications must demonstrate that they are offering a technically robust solution to meet the heat load requirements of the buildings in question and provide adequately for fuel supply, fuel delivery and fuel feed logistics. The WEBS team may be able to provide some guidance in this regard or refer applicants for expert advice.
2. Applicants must be able to demonstrate that their project is economically viable, and will be sustainable both to the end user and project applicant in the medium to longer term. A project feasibility assessment will be provided for in the application software.
3. All applicants will need to be able to demonstrate that they have the necessary planning approvals prior to grant approvals being given.
4. Energy produced must contribute to the Welsh Assembly Government's targets for renewable energy production<sup>2</sup> **in Wales**, i.e. wood fuel supply infrastructure designed to produce wood fuel entirely for export would not be eligible.
5. Applicants should demonstrate how they intend to minimise the local environmental and social impacts of any project to help maintain the clean image of the wood fuel industry.
6. Applicants must demonstrate how carbon emissions have been minimised in the design and operation of the system. The project application must show how consideration has been given to:
  - minimising haulage requirements;
  - using energy efficient processing equipment;
  - accurate sizing of boilers;
  - installation of appropriate control equipment; and
  - energy efficiency in building design and operation.
7. The project should use wood from preferred sources. These include wood from Welsh woodlands and sawmills or other wood-processing co-products. Applicants should be able to demonstrate what proportion of fuel will directly or indirectly be sourced from Welsh woodlands. Projects which use contaminated waste wood will not be eligible for grant. Wood fuel supply must be sustainable, suitable (for the boiler and feed systems) and clean.
8. The project should make a positive impact on the Welsh economy by safeguarding or expanding existing employment in the growing or processing of wood, or by contributing to the creation of employment opportunities within this new industry.

<sup>2</sup>10% electricity generation from renewable sources by 2010

### Wood Energy Business Scheme Initial Registration Form

#### Project Name/Title

\_\_\_\_\_

#### Project Address

Building Name/No. \_\_\_\_\_

Street \_\_\_\_\_

Town \_\_\_\_\_

County \_\_\_\_\_

Postcode \_\_\_\_\_

#### Applicants Company Name

\_\_\_\_\_

#### Contact Details

Name \_\_\_\_\_

Email Address \_\_\_\_\_

\_\_\_\_\_

Phone No. \_\_\_\_\_

#### Applicants Address

Building Name/No. \_\_\_\_\_

Street \_\_\_\_\_

Town \_\_\_\_\_

Country \_\_\_\_\_

Postcode \_\_\_\_\_

#### Project Type

\_\_\_\_\_