



PUBLIC SECTOR ENERGY CAMPAIGN

CENTRAL ENERGY EFFICIENCY FUND 2009/10 TERMS AND CONDITIONS

Contents

1. Introduction	2
2. Background	2
3. Eligibility for Funding	3
4. Application and Assessment Process	4
5. Value Added Tax (VAT).....	6
6. Alternative Sources of Funding	6
7. Green Electricity	7
8. On-site Electricity Generation.....	7
9. Property Identification Number	7
10. Energy Performance	7
11. Grant Offers/Period of Funding.....	8
12. Guidance on Procurement Policy.....	9
13. Project Management and Record Keeping	9
14. Combined Heat and Power (CHP) and Renewable Energy Technologies (RET) ...	10
15. Tungsten Lighting	11
16. Post Project Evaluations	11
17. Publication of Information	11
18. Miscellaneous	12

1. Introduction

- 1.1. Unless otherwise stated, the expressions listed below will have the following meanings when used in these terms and conditions:
 - 1.1.1. "CEEF" refers to the Central Energy Efficiency Fund;
 - 1.1.2. "PSEWG" refers to the Public Sector Energy Working Group;
 - 1.1.3. "PSEC" refers to the Public Sector Energy Campaign;
 - 1.1.4. "Application" or "Application Form" refers to the electronic CEEF 2009 application form;
 - 1.1.5. "Applicant" refers to the NI Department or public sector body identified in the Department and Organisation fields of the Application;
 - 1.1.6. "Grant" refers to the grant funding available from the CEEF for the 2009/10 financial year in relation to the project identified in the Application; and
 - 1.1.7. "the Department" or "DFP" refers to the Department of Finance and Personnel with responsibility for administering CEEF Grants.
- 1.2. These terms and conditions will apply to all Applications made to the CEEF for 2009/10 and any Grant offers made. The date on which these Terms and Conditions were issued is placed at the foot of each page.

2. Background

- 2.1. Since 1990 the Government has been seeking to improve energy efficiency in buildings occupied by public bodies and much valuable progress has been achieved over these years. Policy statements, such as the Government White Paper *"Our Energy Future - creating a low carbon economy"* (2003), the Climate Change Programme 2006 and the more recent review of energy policy *"The Energy Challenge"* seek an increase in the use of renewable energy technologies and combined heat and power; they also emphasise a continuing need for improvements in energy efficiency, aiming for a 60% reduction of carbon dioxide emissions by 2050.
- 2.2. Further, the Sustainable Development Strategy for Northern Ireland, published in May 2006, underlines the need for a positive approach to energy management and also expects Government Departments and other public bodies to lead by example.

3. Eligibility for Funding

- 3.1. The CEEF will support projects that advance the above objectives while offering value for money. The following criteria will be applied by the PSEWG in assessing Applications:
 - 3.1.1. The CEEF is open to Government Departments and other public sector bodies in Northern Ireland for projects within their estates.
 - 3.1.2. Projects will be considered for their potential in reducing energy consumption and/or carbon dioxide emissions.
 - 3.1.3. Applications must be submitted electronically using the CEEF 2009 program. The Applicant should ensure the information on the form or in any subsequent requests by the PSEWG is true, accurate and complete in all respects. Information subsequently found to be untrue, inaccurate, or incomplete, or failure to disclose information, whether or not in error, may affect the Applicant's entitlement to receive the Grant.
 - 3.1.4. The Applicant will only be entitled to receive a Grant if all the eligibility criteria are met by any applicable deadlines, therefore Applicants should ensure their projects comply fully before submitting their form.
 - 3.1.5. Grant offers will be made on the basis of the information submitted in the Application Form or in response to any queries that the PSEWG may make. The PSEWG should be advised immediately if any information changes before a Grant is paid as this may affect the Applicant's entitlement to this Grant.
 - 3.1.6. Projects with a capital cost of less than £3500 are not eligible, although a number of smaller projects may be aggregated to reach this figure, provided that:
 - 3.1.6.1. they all come within the same category (for example, all for lighting or draughtproofing or insulation, etc) even though they may be on different sites; and
 - 3.1.6.2. if on different sites, those sites are all owned or managed by the same organisation.
 - 3.1.7. Applications may be submitted for energy/carbon dioxide saving measures in new build or major refurbishment schemes, when funding is not available within the original budget. However, CEEF support will only be awarded where such measures are included in the original specification *and* the proposals go beyond existing relevant best practice standards and the Building Regulations. Supporting evidence will be required and should be included where possible in or with the application. CEEF support will not subsequently be available for projects associated with these schemes within 3 years of the completion of such major works.

- 3.1.8. Routine maintenance projects are not eligible, although support may be provided towards the additional cost of installing high efficiency equipment. In this case, support will be limited to the excess cost of the preferred equipment over that of a like for like replacement, and the costs of each option should be shown in the Project Description box.
- 3.1.9. Projects which can be categorised as other than energy or carbon dioxide saving measures (for example, power factor correction, strategic generation, safety measures etc) are not eligible.
- 3.1.10. Applicants must be in a position to commence projects as soon as possible after 1 April 2009 and be completed by 31 March 2010. In limited cases, the PSEWG may grant funding over two years and in these circumstances the project should be in a position to be completed by 31 March 2011.
- 3.1.11. All required planning permissions, licences and statutory consents must be in place by **31 January 2009**. Projects that do not have necessary approvals by this date will not be eligible for consideration.
- 3.1.12. Any Grants offered will be payable only to the Applicant for the property and project defined in the Application. Grants should not be used for any other purpose and are not transferable.
- 3.1.13. The Department should be advised immediately if it is known a project will not proceed or if a reduced amount of capital is required. Any unspent allocation must be returned to the Department at the earliest opportunity for reallocation to other projects. The Department reserves the right to seek evidence of project progress or completion at any time.
- 3.1.14. The PSEWG needs to ensure that the anticipated benefits outlined in Applications are delivered. For this reason, it is a condition that all projects with a value of £50,000 or higher must complete a Post Project Evaluation (PPE) and submit this to PSEWG within 18 months of the project being commissioned. The PSEWG also reserves the right to select projects at a lower value to complete a PPE as appropriate.

4. Application and Assessment Process

- 4.1. Applications should be prepared using the bids programme found by following the links on the homepage of the PSEC website (www.psecni.gov.uk). This will automatically apply the parameters outlined above and eliminate unsuitable projects. Any questions may be resolved by reference to the Help Screen or the associated Guidance Notes. (If you do not have Internet access, please request a disk from the Energy Performance Unit).
- 4.2. Only the current bids program, **CEEF 2009**, should be used. Versions issued in previous years are no longer applicable, and any Applications using an earlier version will not be considered.

- 4.3. Applications should be completed by entering the details requested in the appropriate fields and then running the "Project Analysis" facility. This will provide an analysis of the potential savings which a project will offer and allow the details to be saved. Only fully completed bids with an .EGY suffix will be accepted.
- 4.4. In completing bids please note the following:-
- 4.4.1. As much detail as possible should be given to facilitate the assessment and selection process and to eliminate the need to seek clarification or supplementary information. This is particularly important where joint funding is under consideration (see section 6 for further information on joint funding).
 - 4.4.2. All figures relating to energy use should be given in megawatt-hours (MWh), and not gigajoules. (NOTE – If conversion is necessary, divide the gigajoule figure by 3.6 to obtain MWh.)
 - 4.4.3. The Climate Change Levy became payable on certain fuel costs with effect from April 2001. All figures relating to fuel costs or savings should include the Climate Change Levy where payable, but exclude VAT.
 - 4.4.4. Any other savings or expenses, such as changes in maintenance costs, should be fully explained.
 - 4.4.5. The PSEWG reserves the right to apply a maximum payback period reasonable for the project in question.
 - 4.4.6. The evaluation process may not allow time to seek clarification or supplementary information and any proposals which are unclear, deficient in detail or ambiguous may be summarily rejected. For this reason, the Application Form now requires an indication of whether planning permission (or other statutory consent) is necessary for the proposed works; and, if so, confirmation that approval has been granted by **31 January 2009** will be required.
 - 4.4.7. All data entered into the Application should reflect a true and accurate representation of energy consumption, costs and savings. Failure to disclose accurate information, including but not limited to total project costs, energy consumption, alternative sources of funding or projected savings, whether or not by error, may result in the rejection of the Application by the PSEWG.
 - 4.4.8. PSEWG reserves the right to invite the Applicant to attend a meeting and make a detailed presentation of their intended scheme.
 - 4.4.9. Completed Applications must be received by DFP Energy Performance Unit no later than **5.00pm on 28 November 2008**.
 - 4.4.10. The objective of this process is to reach a decision on the total programme by mid-February, in order that notifications of

successful bids can be made and work put in hand as early as possible in the new financial year. This timescale dictates that it is imperative that the closing date for submissions is strictly observed; **late responses will not be accepted.**

4.4.11. When making returns, a copy of the completed bid or a printout of each project should be retained by the Applicant for reference in the event of queries.

4.4.12. With regard to the Northern Ireland Civil Service (NICS) office estate and specialised Departmental buildings, Applications will be compiled by DFP's Engineering Services and Energy Unit (ESEU) in consultation with the relevant Department. Implementation of projects for which funding is offered will then be the responsibility of ESEU and the Department concerned. Departments should ensure that all Executives, Agencies, Boards, Trusts and Non-Departmental Public Bodies (NDPBs) etc are invited to submit bids.

4.4.13. As in previous years, projects will be evaluated on the basis of their Benefit Cost Ratio (BCR). However, to take account of the Government's targets, projects will additionally be assessed on the capital cost of saving CO₂.

5. Value Added Tax (VAT)

5.1. Although the majority of public bodies do not pay VAT on work of this nature, there will be some organisations that do. To enable a valid comparison of financial benefits to be made, all projects will be assessed on the basis of estimated capital costs excluding VAT. Those organisations that pay VAT at the full rate should tick the "No" box. The amount allocated will then include VAT where appropriate. All other organisations should accept the default setting.

6. Alternative Sources of Funding

6.1. It should be highlighted that the CEEF is cash limited and that consequently the selection of projects for support is highly competitive. Therefore, many worthwhile projects cannot be supported due to the limited finance available. For this reason, it is essential that the CEEF is treated as a measure of last resort and that all other possible sources of funding, both internal and external (not only for CHP and RET but also for other types of project), are explored before submitting an Application for support.

6.2. PSEWG will consider proposals for projects based on joint funding between the CEEF and another source, either an existing budget or another grant scheme (depending on the terms of alternative funding). This approach is likely to be relevant to major schemes, such as those involving CHP, RET, heating systems or projects with a demonstration value.

6.3. Where joint funding is requested, it is essential that the total project value is entered into the Application and that any other sources of funding are

clearly identified along with the name of the funding scheme. The amount of funding offered by other sources should also be detailed so that PSEWG can be satisfied about the overall viability of the proposal. Any alternative funding must be offered to the Applicant named on the Application. If this is not the case, please state to whom the funding has been offered and the relationship to the Applicant. Please ensure full details are entered in the appropriate section of the CEEF Application Form.

7. Green Electricity

- 7.1. The bid program asks for details of green electricity being used on the site in question, and these should be entered in the appropriate box. This information is requested to provide a check on the amount of green electricity being used by public bodies; it will not affect the assessment of the project.

8. On-site Electricity Generation

- 8.1. In showing the amount of electricity used “before and after” the project in the program, the figure given should be the amount purchased from a utility supplier, and exclude any electricity generated on site.

9. Property Identification Number

- 9.1. To assist with the long-term evaluation of projects receiving CEEF support, the program *requires* the insertion of a unique PSEC Property Identification Number and postcode for the building or site in question. The identification number must be the same as that used when reporting that property’s energy consumption in the annual PSEC return, and should be available from local records.
- 9.2. In the case of composite projects which involve more than one property - eg ten schools; three council offices etc, the individual properties, including their Property Identification Number, must be entered in the Facility Name field or listed separately, and an appropriate comment made in the PSEC Property Identification Number box.

10. Energy Performance

- 10.1. A mandatory field has been inserted requiring a statement of recent energy consumption of the site or building where the proposed project will be implemented. This is in order to provide PSEWG with an indication of whether the present energy performance suggests there is scope for some basic energy conservation work before undertaking the more expensive intervention such as installation of CHP or RETs. The figure provided should be taken from the latest annual energy return for the building in question.
- 10.2. In the case of composite projects which involve more than one property - eg ten schools; three council offices etc, energy performance for the individual properties must be provided separately.

11. Grant Offers/Period of Funding

- 11.1. Applications to the CEEF are invited on the basis that funding will be available from the Department for the 2009/10 financial year. Acceptance of an Application for consideration by PSEWG does not guarantee that an Offer of funding will be made. Based on available funding, Grant offers will be issued for Applications approved by the PSEWG ranked in BCR order up to the limit of funding available.
- 11.2. In previous years, not all projects have been completed within the financial year for which approval has been given. This has led to requests for permission to carry the funding forward under End of Year Flexibility (EYF) arrangements. **The facility for the Department to apply for EYF is no longer available**, therefore Applicants should accurately determine and plan costs at the outset, and put in place effective project management to deliver the project within the financial year to which funding has been allocated.
- 11.3. For the avoidance of doubt, Departments/public bodies should note that:-
 - 11.3.1. The Department will issue a letter of offer to successful Applicants. Acceptance of the Grant will constitute acceptance of these Terms & Conditions. Applicants will be asked to confirm this in writing at the time of offer before any payments can be made.
 - 11.3.2. Funding is applicable only to the financial year(s) defined in the letter of offer.
 - 11.3.3. As the Grant offer is made on the basis of information supplied in the Application, the Department must be advised immediately of any proposed changes to the project, including any increase in capital costs. Depending on the nature of the changes, the PSEWG may approve the changes, alter the terms of the Grant or withdraw it altogether.
 - 11.3.4. Once an offer has been made the value claimed by the Applicant must not exceed this amount, even if the cost of the technology or project increases. The onus for meeting any additional costs lies with the Applicant.
 - 11.3.5. For NI Departments, funding for approved projects will be transferred in the June monitoring round as capital. Departments must confirm that they will accept this transfer upon receipt of the letter of offer. It will be the responsibility for Departments to manage these funds and ensure the project is delivered on schedule.
 - 11.3.6. With regard to District Councils, the Energy Performance Unit will hold funding for approved projects until the end of the financial year. Payment will be made upon receipt of certified notification that the project has been completed. As unspent funding **cannot** be carried forward to the next financial year, where projects

remain unfinished at 31 March 2010 **only** the value of work completed and equipment on site at that date will be covered by the CEEF.

- 11.4. The Application allows Applicants to indicate whether a project is likely to be spread over 2 years and the Applicant should ensure that the funding required for each year is separately identified and matches the project management plan for the project. The financial profiles for each year will only be granted in that year and must be spent in that year.
- 11.5. The 2 year option will only be granted in exceptional cases where it is known at the outset that a large project will not be completed within the financial year. It is expected that the majority of projects receiving support will be completed within 2009/10. The PSEWG may ask that a proportion of the capital cost is provided by the originating body.
- 11.6. Applicants should also note that while the CEEF will provide capital funding, any associated requirement for cost of capital or depreciation etc will be the responsibility of the Department or other public body receiving the Grant.

12. Guidance on Procurement Policy

- 12.1. Applicants' attention is directed to Central Procurement Directorate Guidance Note 01/07 on the Use of Grant for Procurement, issued on 9 March 2007. This provides guidance on best practice procurement as it relates to grant and grant-in-aid. It will also assist in ensuring that grant funding, used for the procurement of goods, services or works by a grant recipient, is spent in accordance with procurement law and policy where appropriate. (See http://www.cpdni.gov.uk/01-07_the_use_of_grant.doc).
- 12.2. It should be noted that Departments and bodies for which Departments are responsible listed in Annex 4 to the Guidance Note (including, but not limited to, HSC Trusts, and Education and Library Boards) are obliged to comply fully with the guidance stated. Other bodies not listed in Annex 4 (principally, but not exclusively, District Councils) will be expected to follow the principles outlined in the Guidance Note as well as any other current relevant guidance.

13. Project Management and Record Keeping

- 13.1. The Energy Performance Unit will request quarterly updates on projects including costs and spend to date to ensure the project is progressing on schedule. Updates may be required more frequently if deemed necessary by the PSEWG. Should issues with the project arise outside of these reporting schedules, it is the responsibility of the Department or other public body to bring these to the attention of the Energy Performance Unit immediately.
- 13.2. The Applicant is required to keep a record of all information relating to the project for a period of 7 years following payment of the grant. The Applicant must allow representatives of the Department, PSEWG or the

Northern Ireland Audit Office to access these records at any time over this retention period.

14. Combined Heat and Power (CHP) and Renewable Energy Technologies (RET)

14.1. In submitting proposals for CHP or RET, the Applicant must demonstrate that:

14.1.1. an energy audit and feasibility study have been carried out according to a recognised methodology (NB: the CEEF will not meet the costs of these studies), which, in the case of large-scale wind turbines or hydro-schemes, should include data from an on-site analysis of wind speeds and water flows respectively;

14.1.2. where necessary, the appropriate requests for planning permission or other statutory consents must be granted by **31 January 2009**;

14.1.3. all other approaches to funding have been explored and support from the CEEF is essential if the project is to proceed (if joint funding is required see section 6 Alternative Sources of Funding);

14.1.4. all other reasonable and appropriate measures for saving energy and reducing carbon dioxide emissions on the site in question have been implemented.

14.2. As these schemes may absorb large amounts of the available capital, the number of CHP or RET proposals receiving support or the amount of funding to be committed to any one such project may be limited. It is therefore essential that proposals for these schemes are based on sound and realistic estimates of costs and benefits. Projects must also be ready to commence as soon as possible after 1 April 2009 and be completed by the end of the financial year. In cases where funding has been approved over two years, any unspent Grants from the first year will not be carried forward to the second by the Department, nor can funding allocated to year two be brought forward. It is therefore the responsibility of the Applicant to accurately plan and manage their project funds within this timescale.

14.3. PSEWG will consider proposals for RET projects irrespective of the length of payback, *provided that*:

14.3.1. the payback is less than the expected life of the project; *and*

14.3.2. the benefit cost ratio of the project is 1 or greater.

14.4. Applications for schemes utilising RETs should *not* include the value of Renewable Obligation Certificates (ROCs). These will be taken into account and adjustments made where appropriate by the Energy Performance Unit on receipt of the bid. The general effect will be to enhance the value of the scheme.

15. Tungsten Lighting

- 15.1. The CEEF has now been in operation for several years, and requests for replacement of tungsten lighting have been decreasing. It is therefore assumed that all projects of this nature have by now been completed. Applications for the replacement of tungsten lighting will not be accepted.

16. Post Project Evaluations

- 16.1. It is important to be able to demonstrate that CEEF projects offer value for money and are cost-effective in reducing energy consumption and/or the emission of carbon dioxide. It is expected that local managers will wish, as a matter of good practice, to evaluate all projects for which funding is provided and submission of bids will be taken as signifying agreement that such evaluations will be completed.
- 16.2. In addition, a number of projects will be identified for which detailed monitoring over a period of at least 12 months will be required and for which a written report will be requested. This will include all projects with an estimated capital cost of £50,000 or more, and a representative sample of other projects funded. Applicants will be notified to which projects this requirement will apply at the time funding is offered. Acceptance of the Grant in these cases is deemed as agreement to the completion of a PPE.
- 16.3. If a project is selected for a PPE the Applicant should ensure that adequate metering is in place so that a realistic and meaningful evaluation can be performed. This may involve purchasing additional meters, for example electricity meters, heat meters or flow meters. Costs for any additional metering will **not** be covered by the CEEF.
- 16.4. Completed PPEs should be returned to the Department no later than 18 months following project completion. This includes 12 months for monitoring and up to 6 months to complete and submit the report.

17. Publication of Information

- 17.1. The CEEF has now been in operation for over 10 years and over that time a substantial amount of information has been gathered about projects to improve buildings' energy efficiency, or reduce the emission of carbon dioxide. This information has generally been obtained from the evaluations carried out on completed projects and from time to time a selection of these reports will be published, both as good practice guidance and also as "good news stories" to show the action taken and the results achieved. A selection of reports is available on the PSEC website or on request from DFP Energy Performance Unit (contact Pat Thompson on 9054 7631 or pat.thompson@dfpni.gov.uk).
- 17.2. This approach is consistent with the current Code of Practice on Access to Government Information and the Freedom of Information Act 2000, both of which require Government Departments and other public bodies to comply, where appropriate, with all requests for information pertaining to Departments' policies and practices. In this connection, the

Government has indicated that it expects all Departments to respond positively to any requests for information. It has therefore been decided that, wherever possible, any information requested on energy matters within the public sector will be provided.

18. Miscellaneous

- 18.1. The Department reserves the right to amend these terms and conditions at any time on giving written notice to the Applicant.

**Energy Performance Unit
Department of Finance & Personnel**

17 October 2008