



Llywodraeth Cymru
Welsh Government

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Welsh European Funding Office (WEFO)

Call for Small Scale Renewable Energy Proposals

Guidance for Applicants

Version 1.0

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UNDEB EWROPEAIDD
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Llywodraeth Cymru
Welsh Government

**Cronfeydd yr UE:
Buddsoddi yng Nghymru**
**EU Funds:
Investing in Wales**

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1 Background

Green Growth and the transition to a low-carbon economy represents a key opportunity to support the development of the emerging marine energy sector in Wales and on enabling the development of small scale or community scale renewable energy schemes.

Support will be particularly focused on social enterprises and community groups (possibly in partnership with public authorities or the private sector). It is anticipated schemes will be able to demonstrate a degree of scale greater than micro-generation and of benefit to entire communities, regions, or urban areas.

1.1 Future of EU funds

We are continuing to deliver our EU funding programmes (2014 – 2020) in Wales. Applications for EU funds are still being developed and approved in line with objectives agreed by the European Commission.

The United Kingdom (UK) Government has now confirmed that the formal process for negotiating the terms of the UK's exit from the European Union (EU) has commenced. This action has been taken following the referendum vote of 23rd June 2016, when the UK voted to leave the EU and has been done in accordance with Article 50 of the Treaty on European Union, which outlines the mechanism by which a member state may withdraw from the EU.

Prior to the above, the UK Government informed the Devolved Administrations, stakeholders and beneficiaries that administer / implement and are in receipt of structural fund support:

- That there will be a lifetime guarantee of funding for all approved operations at the point of the UK's exit from the EU – thereby providing assurance to all beneficiaries that they can continue to contribute to delivery of the 2014-2020 Programmes as planned.
- Of its intention to introduce the Great Repeal Bill, whereby the body of existing EU law will be transposed into domestic law and / or some elements will be addressed via the withdrawal agreement – thereby providing clarity, legal certainty and consistency to all during the negotiating period and potentially beyond.

1.2 Background to the call for proposals

EU Structural Funds help support people into work and training, youth employment, research and innovation, business (SMEs) competitiveness, renewable energy and energy efficiency, and connectivity and urban development. Together with match funding, the funds will drive a total investment of at least £2.7bn across Wales. Background information on Structural Funds in Wales is available from the WEFO website². This guidance concerns the Small Scale (up to 10MW) Renewable Energy elements of those programmes. There is separate funding available for the West

² <http://gov.wales/funding/eu-funds/2014-2020/?lang=en>

Wales and the Valleys and the East Wales regions in Wales depending on where your community scheme is located (See **Annex A**).

This guidance concerns Priority 3, Renewable Energy and Energy Efficiency Specific Objective 3.2, To increase the number of small scale renewable energy schemes established in relation to West Wales and the Valleys;

and

Priority 3, Renewable Energy and Energy Efficiency Specific Objective 3.1, To increase the number of small scale renewable energy schemes established in relation to East Wales.

Both objectives are looking to

“increase the number of small scale renewable energy schemes established by increasing the number of sites in Wales generating electricity from renewable sources.”

This is one component of an overarching suite of programmes to help address the issue of energy security which is identified as a significant challenge and opportunity worldwide, including by the Welsh Government. Addressing those challenges through the transition to a low carbon and energy efficient economy is essential to address climate change goals. Volatility of energy prices and reducing resources make energy efficiency and the transition to a low-carbon economy even more important for future jobs and growth.

A key requirement for Small Scale Renewable Energy investments is reducing usage, recognised as an opportunity for smarter technology as well as through behavioural change and energy efficiency. This has close links with opportunities for resource efficiency and the environmental goods and services sector and is a key way to help address fuel poverty.

WEFO also operates a portfolio approach to its investments so that different operations complement and add value to each other. This call for proposals is specifically looking to identify operations that can provide replicable examples of smart energy use in a community context.

2 Scope of the call

WEFO is looking for proposals that will demonstrate the ability of a community to produce its own energy source and manage it through a smart grid application. For the purposes of this call ‘community’ is not only a clearly defined cluster of housing, for example a business community might also come forward, such as a small industrial estate, or a co-operative community. Proposals should be able to deliver the infrastructure and be operational within the programme timescales. It should be noted that WEFO cannot support proposals that are looking to benefit from Feed In Tariffs or the Renewable Heat Incentive, due to State Aid regulations. Proposals should complement existing operations and be focused on infrastructure as opposed

to research. The main focus should be on the result being delivered. As a means of demonstrating this, a number of targets will need to be delivered (see 2.1 below). Proposals should involve the increase in the number of small scale renewable energy schemes established (as per the description of the objective in Section 1).

The types of proposals **likely** to be supported are:

- Schemes that will deliver the infrastructure and be operational before the programmes close. Schemes that demonstrate sustainability beyond the ERDF intervention and the ability to future-proof energy supply reducing the complete reliance upon existing energy suppliers.
- Schemes that incorporate a storage solution to time-shift the energy created to when it is needed.
- Schemes that are already beyond the initial scoping phase with a clear idea of the solutions and infrastructure to be put in place.
- Schemes that are able to demonstrate a strong sustainable plan for continuation of the community energy solution after the ERDF intervention.
- Schemes that have a clear understanding of where match funding for the proposal can be sourced.

The types of proposals **unlikely** to be supported are:

- Schemes which are solely delivered through Photovoltaic (solar) installation.
- Schemes that include a wind farm. One or two wind turbines as part of the solution may be considered.
- Schemes that are looking to benefit from Feed In Tariffs or the Renewable Heat Incentive.
- Schemes which are Research and Development and Innovation investments that relate to Renewable Energy and Energy Efficiency technology developments

Proposals are invited that can deliver in the West Wales and the Valleys region **and/or** East Wales region but must deliver appropriate targets, in the relevant region (See **Annex A** for a map). There is no restriction on the type of organisation (private, public or third sector) that can put forward a proposal.

2.1 Targets to be met

In demonstrating the logic for your proposal, you will need to describe how you contribute directly to the objective described in Section 1 (To increase the number of small scale renewable energy schemes established). In doing so we expect a quantifiable and directly measurable contribution to the targets described below. These are not exhaustive, and different proposals may select different targets, but a combination of these will be the core metrics used to assess performance of approved operations.

Targets for SO3.1 East Wales

- Number of pilot projects completed
- Community energy schemes
- Energy support site preparation schemes
- Number of renewable energy prototypes tested (this is the unique combination of energy creation/management/distribution to the scheme)

Targets for SO3.2 West Wales and the Valleys

- Number of pilot projects completed
- Community energy schemes
- Energy support site preparation schemes
- Number of renewable energy prototypes tested (this is the unique combination of energy creation/management/distribution to the scheme)

In addition there are a number of indicators relating to Cross Cutting Themes which should also be considered when preparing your proposal (Pages 23-24 <http://gov.wales/docs/wefo/publications/170213-cct-erdf-key-document-en.pdf>). These include themes around Equal Opportunities, Sustainable Development and Tackling Poverty and Social Exclusion. This information should NOT be included in your proposal but should be considered now in preparation for the next stage if successful.

2.2 Eligible activities

The type of activities eligible for support are wide-ranging and most activity can be accommodated if it can be demonstrated to directly contribute to the objective and help deliver targets. Some indicative activities have been listed in the overarching programming documents³, but these are intended only as illustrations. Innovative approaches are particularly welcome if they provide better means to achieve the targets being sought.

- **Some** feasibility activity where it is the final part of feasibility to better determine the detail of the infrastructure to be delivered.
- Procurement of devices and their installation.

³ West Wales and Valleys programmes (Operational Programmes) ERDF - <http://gov.wales/funding/eu-funds/2014-2020/west-wales/?lang=en> & East Wales programmes (Operational Programmes) ERDF - <http://gov.wales/funding/eu-funds/2014-2020/east-wales/?lang=en>

- Project management costs. This does not include costs related to the preparation of the proposals.

As with all proposals, WEFO will carry out the necessary due diligence checks to ensure organisations are in an appropriate financial and resource position to deliver the proposed activity. It is not a requirement to have experience of delivering a structural fund operation, and new organisations to Structural Funds are welcomed.

2.3 Available finance

The amount of funding available is subject to change with exchange rate fluctuations:

West Wales & the Valleys	£10m
East Wales	£ 4m

The aim is to commit all available funds through this call and as such WEFO is anticipating interest in the call to be high and competition for funds to be intense.

Potential applicants therefore need to be mindful that although the Structural Funds can provide significant support towards the eligible costs of an operation, you will also normally be required to contribute towards meeting these costs. You may do this directly from your own resources and/or from funding from external funding sources. We can also recognise eligible contributions in-kind in developing the overall funding package. This is called match-funding.

2.4 State Aid

Please be aware, this support is granted in line with GBER Aid for Environmental Protection and cannot be cumulated with any other forms of State aid. If your proposal will benefit from other forms of support such as Feed in Tariffs or Renewables Obligation Certificates you will not be eligible for Structural Fund support.

3 Call Approach

Exercise Start Date	12 th April 2017
Drop in Session Dates	Llandudno Junction – 16 th May 2017 Merthyr Tydfil – 31 st May 2017 Aberystwyth – 1 st June 2017
Deadline for Submission of Proposals	30 th June 2017
Decision to Applicants	30 th September 2017

4 How to apply

STEP 1: Potential applicants will need to register their contact (email) details with WEFO at the Energy mailbox - WEFOEnergyBranch@wales.gsi.gov.uk

STEP 2: You will be offered the option to attend an information drop in session in either North or South Wales (Dates above). Specific details provided upon request.

STEP 3: You will be asked to submit an **Operation Logic Table** (OLT) and a **Supporting Information Document** (SID). The OLT sets out in a short table the logic for your proposal, ensuring the outcome and target groups are clear⁴. The SID will include administrative information on your proposal and provide an opportunity for you to describe how it fits with the scope of the call.

STEP 4: These documents will then be assessed by WEFO and successful applicants will be invited in to the formal Business Planning Stage' to further develop the proposal into a Business Plan. It should be noted however that taking an OLT into the Business Planning phase is not an offer or guarantee of funding. WEFO however will work with you to further develop your proposal into a Business Plan.

In completing the OLT and SID:

- Ensure you have read and understand the relevant supporting information and guidance documents referred to in this document (see useful documents at end of this guidance, section 7).
- Keep the wording brief and concise. The OLT and SID should not exceed more than 2 sides of A4 for each document. Excess information, for example annexes, will not be considered when prioritising proposals. References to independent evidence are welcome however.

⁴ An example of a completed OLT can be seen in Annex A of the “Applying for EU Funding – Part 1: The Pre Planning Stage” - <http://gov.wales/docs/wefo/publications/140325applyingforfundingpart1en.pdf>

- Clearly demonstrate how your proposal closely fits with the scope of the call (Section 2).
- Demonstrate value for money by highlighting the realistic and direct impact your proposal could achieve relative to the costs.

An electronic copy of your Operation Logic Table and Supporting Information Document will need to be submitted to the Energy Branch Mailbox (WEFOEnergyBranch@wales.gsi.gov.uk) before **5pm on 30th June 2017**. WEFO will not accept any late submissions.

5 Assessment and decision process

WEFO will follow its standard operation selection and prioritisation processes⁵. As described in section 4, proposals submitted in response to this call will be prioritised by WEFO on the basis of the Operation Logic Table (OLT), and the Supporting Information Document (SID). Each proposal will be judged on its own merits and in comparison to other proposals. In assisting with the prioritisation of proposals WEFO may seek advice from experts, but WEFO will make the final decision. All applicants will be informed of the results of the exercise.

Successful proposals into the Business Planning phase are likely to have:

- Passed basic eligibility criteria
- A clear focus, intervention logic and delivery approach
- A close fit with the scope of the call
- A strong and realistic contribution to the Targets
- The ability to be able to demonstrate Long Term Sustainability

Unsuccessful proposals at OLT stage are likely to have:

- Not passed basic eligibility criteria
- An unclear focus, intervention logic and delivery approach
- Limited fit with the scope of the call
- A weak and/or unrealistic contribution to the Targets
- Been unable to demonstrate Long Term Sustainability

Due to the limited available funds, proposals that address the scope of the call may still not be prioritised. .

⁵ Guidance for organisations applying for EU funds 2014-2020 - <http://gov.wales/funding/eu-funds/2014-2020/applying/?lang=en>

All proposals that move into the formal “Business Planning Stage” will be subject to a full appraisal against our published selection and prioritisation criteria (<http://gov.wales/funding/eu-funds/2014-2020/applying/?lang=en>).

The evidence provided during the prioritisation exercise will be tested early on in the business planning process and if not proven proposals can be rejected at any stage before an offer of grant is made.

6 Contact / Further queries

WEFO is happy to help clarify the process and its priorities for funding, particularly if you are new to Structural Funds. Discussions about the detail of individual proposals may need to be limited to ensure all applicants have the same opportunities. As previously mentioned in this document there will be drop in sessions run during the process which you may like to attend (see section 3). There will be opportunity at those drop in sessions to hold a one-to-one discussion with WEFO staff.

If you need more information please email WEFO’s Energy Branch Mailbox in the first instance (WEFOEnergyBranch@wales.gsi.gov.uk) and we will respond to any queries you may have.

7 Useful Documents / Further Information

If you are considering submitting a proposal, you should make yourself aware of the following guidance and information documents available from the WEFO website:

- Guidance for organisations applying for EU funds 2014-2020 - <http://gov.wales/funding/eu-funds/2014-2020/applying/?lang=en>
- West Wales and Valleys programmes (Operational Programmes) ERDF - <http://gov.wales/funding/eu-funds/2014-2020/west-wales/?lang=en> [Note: this call for proposals only concerns Priority 3, Specific Objective 3.2]
- East Wales programmes (Operational Programmes) ERDF - <http://gov.wales/funding/eu-funds/2014-2020/east-wales/?lang=en> [Note: this call for proposals only concerns Priority 3, Specific Objective 3.1]
- Economic Prioritisation Framework - <http://gov.wales/funding/eu-funds/2014-2020/wefo-guidance/epf/?skip=1&lang=en>
- Eligibility rules and conditions for funding from the European Structural Funds programmes 2014-2020 in Wales - <http://gov.wales/funding/eu-funds/2014-2020/wefo-guidance/eligibility/?lang=en>
- Guidance on Indicator Definitions, Data and Evidence Requirements: ERDF Priority Axis 3: Renewable Energy & Energy Efficiency -

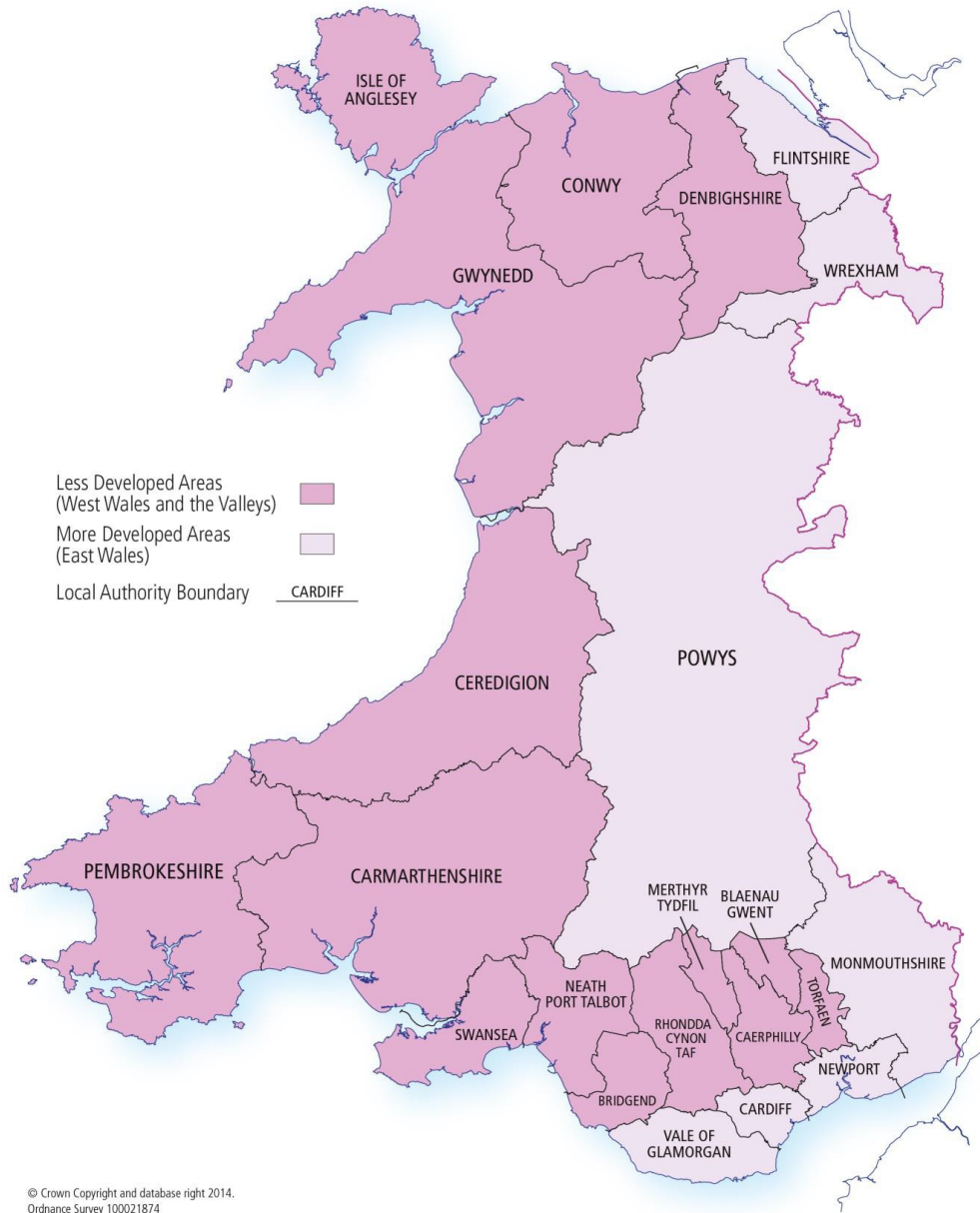
<http://gov.wales/funding/eu-funds/2014-2020/wefo-guidance/monitoring/erdf-indicators/?lang=en>

8 Glossary of Terms

- ERDF – means the European Regional Development Fund
- EW – East Wales
- Match Funding (MF) – Income in addition to the ERDF applied for in this call
- MW – Megawatt
- Operation/Project – means the activity or activities for which you are applying for Financial Support as described in the Operation Logic Table, and which will contribute to the specific objectives of programme priorities as set out in the Operational Programme.
- OLT – Operation Logic Table
- SID – Supporting Information Document
- SO – Specific Objective
- WEFO – means Welsh European Funding Office
- WWV – West Wales and the Valleys

Annex A

European Structural Fund Programme Regions in Wales for 2014-2020



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Ordnance Survey 100021874
Cartographics • Welsh Government • MU/147/14,15
November 2014



For more information:
www.gov.wales/eu-funding
[@wefowales](#) / [@wefocymru](#)

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WEFOEnergyBranch@wales.gsi.gov.uk

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