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Home Energy Scotland renewables loan scheme - FAQs

Issue 1 – 2 August 2013

Section 1 – General

1. What support is available under the Home Energy Scotland renewables loan scheme?

Interest free loans up to £10,000 from the Scottish Government are available for owner occupiers in Scotland who want to install a domestic renewables system or who wish to connect to a district heating scheme powered from a renewable energy source.

The Scottish Government is prioritising the funding at homes in fuel poverty to help boost household income. The installation of these technologies will help to develop Scotland's micro-generation market and will contribute to greenhouse gas emission reduction targets.

The amount that can be borrowed will depend on what is being installed, and applicants can choose the repayment period (in years) that they prefer up to a maximum.

Loans are available on a first come first served basis subject to the overall availability of funds.

2. What can I get a loan for and how much is available?

Please see the table below for which domestic renewables systems are eligible for funding.

Note that connections to approved, renewably-powered district heating schemes are now included in the scheme.

The loan amount offered will be based on the installer's quote and will be up to 75% of the quoted cost for renewables systems, and up to 100% of costs for district heating connections, up to the maximum amount available for that measure.

Measure	Maximum proportion of quoted costs	Maximum loan value	Maximum loan Repayment period
Solar photovoltaic (PV)	75%	£2,500	5 years
Wind turbine	75%	£2,500	5 years
Hydro turbine	75%	£2,500	5 years
Solar water heating	75%	£5,000	8 years
Hybrid PV-solar water heating	75%	£7,500	8 years
Air source heat pump	75%	£10,000	12 years
Ground source heat pump	75%	£10,000	12 years
Biomass boiler	75%	£10,000	12 years
District heating scheme connection	100%	£5,000	8 years

Some examples of possible funding are:

- £2,500 loan for a £6,000 PV system
- £3,750 loan for a £5,000 solar water heating system
- £8,250 loan for a £12,000 air source heat pump
- £10,000 loan for a £14,000 biomass boiler

3. What are my monthly repayments likely to be?

Your monthly repayments will depend on how much you borrow and what repayment period you choose.

Some typical examples of monthly repayments are shown in the table below to help you decide what you can afford. Remember that you can make extra payments or pay off the loan in full at any point with no penalty - just let us know.

Example monthly repayments

		Amount borrowed			
		£2,500	£5,000	£7,500	£10,000
Repayment period (years)	5	£42	£83	£125	£167
	6		£69	£104	£139
	7		£60	£89	£119
	8		£52	£78	£104
	9				£93
	10				£83
	11				£76
	12				£69

4. Who can get a loan?

Loans are available for owner occupiers in Scotland.

The application must be submitted by the home owner. Installers are not allowed to apply on behalf of a home owner.

Loans are not available for second homes, holiday homes or for properties which are rented out.

You can apply for a loan if the renewables system is going into an existing home or you are building a new home which you already own (self-build). Loans are not available for property developers who intend on selling the home.

5. I want to apply for a loan, what do I need to do?

- Contact Home Energy Scotland free on 0808 808 2282 where an advisor can tell you about all the different financial and other support available and, should you wish to proceed with a loan application, arrange for an application form to be sent to you.
- Complete the Home Energy Scotland renewables loan application form sent to you. It will have a unique reference number on it which means it can only be used by you. Please do not submit application forms available under the previous scheme name (Energy Saving Scotland home renewables loan) or provided by your installer as these will be rejected.
- Get hold of an 'Energy Report' which must recommend the renewables system you want to install. The only reports we can accept are either an energy report provided by Home Energy Scotland (who can be contacted free on 0808 808 2282), a Green Deal Assessment report or an Energy Performance Certificate (EPC).
- Get hold of a quote from your chosen installer.
- For single renewables systems the installer and product must both be approved under the Microgeneration Certification Scheme (MCS). Where possible, we always recommend you get more than one quote to allow you to compare goods and services.
- If you are connecting to a district heating scheme the installer must be approved by the district heating scheme owner or operator.
- For applicants connecting to district heating schemes only, get written confirmation from the scheme owner or operator that they have secured Energy Company Obligation and/or other public funding to help subsidise the costs of connection. If they cannot provide this please contact us.

- Send all of the above documents by post to the Services Delivery Team, Energy Saving Trust, Ocean Point 1, 94 Ocean Drive, Edinburgh EH6 6JH.
- Remember that work on the renewables system must not start until you have received a written loan offer from us.

6. What are the differences between the Energy Saving Scotland home renewables loan scheme (previous scheme) and the Home Energy Scotland renewables loan scheme (revised scheme)?

The loan scheme has evolved to better take account of the funding potentially available under the UK Government's Green Deal and Renewable Heat Premium Payment schemes, and to encourage uptake by those in fuel poverty. The main changes made to the loan scheme are as follows:

- You will first need to speak to a Home Energy Scotland advisor to help identify all the different support options you have and what renewables or energy efficiency measures may be suitable. If you want to apply for the loan the advisor will arrange for you to be sent an application form. The form will no longer be publically available.
- The maximum loan value has changed for some technologies.
- The maximum proportion of costs covered by the loan will be 75% of the quoted cost instead of 100% for single renewables systems. This is to ensure that the loan scheme doesn't displace potential funding from the Green Deal or Renewable Heat Premium Payment.
- Loans of up to 100% of the costs up to £5,000 will be available to owner occupiers wanting to connect to their local district heating scheme, as long as it is powered from a renewable energy source.
- The maximum loan repayment periods have increased in most cases (up to 12 years for some technologies) and applicants can choose the length of the repayment period.
- A Green Deal Assessment must be completed and sent with the loan claim. This will help highlight which energy efficiency measures may be suitable for the property.
- The name has changed to the 'Home Energy Scotland renewables loan scheme' as it sits within the Scottish Government's range of support services under the Home Energy Scotland banner.

7. Why are loans for single renewables systems capped at 75% of the quoted cost?

The Scottish Government has revised the loan scheme to take account of the financial support that is now available through the Green Deal and the recently increased value of Renewable Heat Premium Payment grants from the UK Government. Financial support from these schemes can be combined with a loan and the Scottish Government do not wish the interest free loan to potentially displace funding which may be available from elsewhere.

8. Why are you introducing a Green Deal assessment requirement?

A Green Deal assessment will identify which energy efficiency measures, and possibly renewables measures, are suitable for your property. Renewables systems work best in energy efficient properties and reducing your energy usage is always the first step in saving energy and money.

A condition of the loan is that you install the following energy efficiency measures: cavity and loft insulation, where appropriate, heating controls and low energy lighting.

Having a Green Deal (GD) assessment report will allow you to apply for a Green Homes Cashback scheme grant from the Scottish Government towards the cost of the required energy efficiency measures. This scheme also provides grants for the installation of other energy efficiency measures.

A GD report will allow you to apply for a Renewable Heat Premium Payment grant from the UK Government and will give you the option of applying for finance under the Green Deal. It will also be needed if you wish to apply for the domestic Renewable Heat Incentive when it launches in Spring 2014. A Green Deal assessment or EPC is also required under the Feed-in Tariff (FIT) scheme if you wish to access the higher FIT rate.

You can include in your loan application a request for the loan to also cover the cost of up to two Green Deal assessments, or one Green Deal assessment and one EPC, up to £150. You cannot apply for a loan if you are also applying for a Green Homes Cashback grant to cover the cost of the Green Deal assessment.

9. Why do I have to speak to Home Energy Scotland to apply for a loan?

Home Energy Scotland is funded by the Scottish Government and delivered by the Energy Saving Trust. It exists to help people and is the only source of clear and impartial advice on making your home cheaper to heat and power.

A Home Energy Scotland advisor can:

- Make sure you are aware of all the support and financial assistance that you could be eligible for.
- Explain what you can do to your property to make it as energy efficient as possible.
- Explain the rules of the loan scheme.
- Give examples of what your repayments may be.
- Describe what you should do next.
- Arrange for a loan application form to be sent to you.

By speaking with an advisor you can be sure that know of all the different options available to you so you can make the most informed decision about how to proceed.

Section 2 – Applications received prior to the re-launch of the loan scheme

10. I have applied for a renewables loan before 28 June 2013 and haven't yet received an offer; under which scheme criteria will my application be processed?

a. If your application was received before 28 June 2013

If your application was received before 28 June 2013, it will be processed as normal under the previous criteria of the scheme and you will hear from us soon if you haven't heard already.

b. If your application was received on or after 28 June 2013

If your application was received on or after 28 June 2013, you will have received a letter from the Energy Saving Trust explaining that your application has been put on hold whilst the scheme is updated. We will contact you as soon as possible after the scheme re-launches to explain how the scheme has changed and if we require any further information to be able to offer a loan under the revised scheme rules.

In both cases, we would like to remind you that you must not commence work on your installation before receiving a written offer of loan from us. You cannot apply for a loan retrospectively i.e. after work has started on your renewables system.

11. I have applied and/or received a loan offer before 28 June 2013. Will the changes to the loan scheme affect me?

No. The updates to the loan scheme only affect new applications received on or after 28 June 2013.

12. I applied before 28 June 2013 and you received my application on or after 28 June 2013. As my application was received before the updated scheme went live on 2nd August 2013, can my application be processed under the previous terms and conditions of the scheme?

No. As made public on 21 June 2013, the loan scheme was put on hold on 28 June 2013 and any applications received from that date onwards will be processed under the revised terms and conditions of the scheme.

Section 3 – Eligibility, application and claim processes

13. Which technologies are eligible?

- Solar photovoltaic (PV) systems with an installed capacity of less than 50kW
- Micro-wind turbines, with an installed capacity of more than 0.5kW and less than 50kW
- Micro-hydro turbines, with an installed capacity of more than 0.5kW and less than 50kW
- Solar water heating systems with an installed capacity of less than 45kWth
- Ground, air and water sourced heat pumps with an installed capacity of less than 45kWth
- Automated feed wood-fuelled room heaters and stoves with an installed capacity of less than 45kWth
- Automated feed and non-automated feed wood-fuelled boiler systems with an installed capacity of less than 45kWth
- Hybrid photovoltaic-solar water heating systems (sometimes known as PV-T systems) with an installed capacity of more than 0.5kWp and less than 50kWp (for the PV element), and less than 45kWth (for the solar water heating element).
- Connections to approved district heating schemes which are powered from renewable energy sources.

14. The rules say I have to provide a Green Deal Assessment report. When do I have to send it in?

You can send in your Green Deal Assessment report at any time between when you apply right up until when you claim your loan.

We recommend you have the assessment done as early as possible so that you can also apply for grant funding under the Green Homes Cashback scheme towards any energy efficiency measures you need or want to install.

If you are installing energy efficiency measures we will need proof that these have been installed by seeing a Green Deal Assessment report or an Energy Performance Certificate (EPC).

It is therefore possible that you will have a Green Deal Assessment done early on to identify which energy efficiency measures are suitable for your property, and then after you have installed the necessary measures you could have an assessor produce an EPC to verify that the measures are in place. EPCs are generally cheaper than a Green Deal Assessment.

Remember that when you apply for a loan your chosen renewables system must be recommended on an 'Energy report'. This is not required for connections to district heating schemes. See question 15 for more information about acceptable Energy Reports.

15. Does the renewables system I have applied for need to be recommended somewhere?

Yes. The renewables system you apply for can be recommended in any one of the following documents. This is not required for district heating scheme connections:

- Report on Renewables and Energy Efficiency. This is provided after a home visit from a Home Energy Scotland (previously called Energy Saving Scotland) specialist renewables advisor).
- Home Energy Generation report. This is completed via a telephone survey carried out by a Home Energy Scotland advisor.
- Green Deal Assessment report. This is available from a Green Deal Assessor.
- Energy Performance Certificate (EPC). This is available from a Domestic Energy Assessor or Green Deal Assessor.

16. Can I install my renewables system before applying for a loan?

You must not commence work on your installation before receiving a written offer. You cannot apply for a loan retrospectively i.e. after work has started on your renewables system.

Note that you can apply retrospectively for a grant under the Renewable Heat Premium Payment scheme, so be careful not to get confused between the rules of the Home Energy Scotland renewables loan scheme and the RHPP scheme.

17. Can I apply for more than one technology?

Yes. You can apply for up to two technologies per household by submitting two separate applications. You cannot however apply for two full property space heating systems (heat pumps, biomass boilers and district heating connections). A maximum of two loans per household can be applied for.

18. Can my joint homeowner and I both apply for the same system?

No, two loan applications cannot be made for the same system. However two different people can apply for loans for different technologies provided that in each case the applicant is a joint homeowner.

19. Why do I have to use an installer and product certified under the MCS scheme or equivalent (not applicable to district heating connections)?

The MCS (Microgeneration Certification Scheme) is an independent certification scheme designed to certify microgeneration products and installers in accordance with consistent standards. The primary aim of the MCS is to provide consumers with confidence and protection by guaranteeing that microgeneration products and installers who carry the mark meet, and will continue to meet, these robust quality standards.

We recommend you ensure that your installer is working to the latest version of the MCS installer standard for all technologies.

Only MCS certified products commissioned by MCS certificated installers will be eligible for a loan.

20. How can I find an MCS certificated installer and product?

If you are looking for more detailed information on installers in Scotland, including seeing any offers they have and customer reviews, please visit the Renewables Installer Finder on the Energy Saving Trust website:

<https://www.energysavingtrust.org.uk/scotland/Generating-energy/Find-a-renewables-installer-in-your-area>

You can find lists of all MCS installers and products on the MCS website at <http://www.microgenerationcertification.org/consumers/>

We recommend you always get more than one quote, and ideally three, so you can make a more informed decision about which installer to use and which product to go for.

21. I have a long term tenancy agreement and will be paying all the costs of the system myself. Can I apply for a loan?

You may be eligible for a loan if certain conditions are met.

Please contact Home Energy Scotland free on 0808 808 2282 where an advisor will help you further.

22. Will I need planning permission or a building warrant for my installation or do I need to notify my Local Authority?

Some renewables systems do not require planning permission whereas others do. You may or not require a building warrant depending on what work you are undertaking or the type of property you own.

We therefore recommend you always contact your Local Authority planning and building control departments to explain what you want to do and to seek their guidance on what permissions are required, if any.

23. Can I apply for a loan for a technology while waiting for planning permission?

No. It is a condition of the loan scheme that all required permissions and approvals are in place before you apply.

24. Can I apply for a loan for a new build property?

If it is a self-build i.e. you are building your own property (including using contractors) and will use it as your principal, private residence, then you can apply for a loan.

If you are a property developer and intend on selling the home then you are not eligible to receive a loan.

25. Are air to air heat pumps, exhaust air heat pumps, bioliquid systems, micro-CHP systems, combined biomass and gas systems, biomass hot air systems, or wood burning stoves eligible for loan funding?

No. Only the renewables systems detailed in question 2 are eligible as well as connections to approved renewably-powered district heating schemes.

26. Can I get a loan if I install second hand equipment or if I install the system myself?

No. Only new equipment installed by an approved installer is eligible for loan funding.

27. My installer gave me a loan application form. Can I apply using this form?

No. You can only apply using a Home Energy Scotland renewables loan application form sent to you directly by the Energy Saving Trust. This application form will have a unique number on it which has been assigned to you and cannot be used by anyone else.

If your installer gives you an application form to complete please let us know.

28. I have applied for a loan but haven't yet received an offer. Can I get my system installed now and pay my installer when I get the loan offer?

No, you must wait to receive a loan offer before starting any work otherwise you will not be eligible for a loan.

29. What if I can't install the required energy efficiency measures?

Please let us know when you apply for a loan or as soon as possible thereafter we will review your particular circumstances.

30. How long will it take to receive a loan offer?

We aim to send a loan offer within 15 working days of receiving the application form as long as all the necessary information is included. If we have to contact you to request further information to support your application then it may take longer than 15 working days.

31. I have received a loan offer from EST, what do I have to do next?

First you must sign and date both copies of the loan agreement sent to you, and return them to us within 14 days of the date on your offer.

If we do not receive your acceptance within these 14 days then your loan offer may be withdrawn and the loan funds be released for use by other applicants.

You can also start the installation work after receiving the loan offer.

The loan offer is valid for ninety (90) calendar days or until 31 March 2014, whichever is the sooner. We must receive all relevant claim documentation by the date specified in your loan offer otherwise you may lose your loan.

Your loan offer will also explain which documents you must send with your claim including the loan claim form, invoices and verification that the energy efficiency measures have been installed.

32. How long is my offer valid for?

The loan offer is valid for ninety (90) calendar days from the date of the loan offer or until 31 March 2014, whichever is the sooner.

We must have received all of your loan claim documents by this time otherwise you may lose your loan.

33. My installation has been delayed due to unforeseen circumstances and I'll miss the claim deadline. What should I do?

Please contact the Energy Saving Trust's Services Delivery Scotland team as soon as possible on 0131 555 8659.

34. I want to claim my loan; what do I need to do?

To claim your loan you will need to:

- Have your system fully installed and commissioned.
- Submit a review of your installer on our website at: www.energysavingtrust.org.uk/scotland/installers (not required for connections to district heating schemes)
- Receive all invoices from your installer.
- Complete your loan claim form (sent with your loan offer).
- Complete your direct debit mandate form (sent with your loan offer).
- Receive a Green Deal Assessment report
- Get hold of a Green Deal Assessment report or Energy Performance Certificate (EPC) to verify that you have installed the required energy efficiency measures.
- Send all of the above documents by post so that they are received by us by your offer expiry date. We recommend you use a guaranteed postal delivery service.

The address to return your claim documents to is:

Home Energy Scotland Renewables Loans claims
Energy Saving Trust
Ocean Point 1
94 Ocean Drive
Edinburgh EH6 6JH.

35. How will I get my loan and repay it?

Your loan will be paid directly into your bank account and your monthly repayments will come out of your bank account via direct debit. Repayments will start in the middle of the month after your loan has been paid.

Section 4 – Combining financial support

36. Can I combine a Home Energy Scotland renewables loan for my proposed renewables system with other financial support schemes?

Yes, in many cases you can. You can combine a loan for your renewables system with the following financial support schemes for the same system:

- Renewable Heat Premium Payment.
- Green Deal finance.
- Feed-in Tariff scheme.
- Domestic Renewable Heat Incentive (planned to launch in Spring 2014).

You could also get grants to help with paying for any required energy efficiency measures by applying to the Green Homes Cashback Scheme:

<http://www.energysavingtrust.org.uk/scotland/Take-action/Find-a-grant/Green-Homes-Cashback-Scheme>

37. Can I combine a Home Energy Scotland renewables loan for a district heating scheme connection even though the district heating scheme has received other Scottish Government support?

Yes, as long as the loan you apply for is only for your own contribution to the costs of connecting and the scheme operator or owner has factored in any other funding from public sources, for example from the Energy Company Obligation or the Warm Homes Fund.