

# LBTH Carbon Offset Solution Study

## LBTH Carbon Offsetting Guidance

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### AIM OF THIS NOTE

This document focuses on the LBTH Carbon Offsetting Guidance.

It summarises the requirements applying to any applicant for funding from the LBTH Carbon Offset Fund and the application procedure. The draft application proforma is also provided in Section 4.0.

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## 1.0 INTRODUCTION

The London Borough of Tower Hamlets has undertaken an extensive study to identify dwellings and public buildings most in need of energy improvements. Energy and carbon databases have been developed and linked to the Council's Geographic Information System (GIS) tool in order to enable the visualisation of current energy / carbon performance of more than 120 public buildings and 8,000 social housing properties. The GIS tool and databases also provide information on the carbon saving potential and budget.

The main objective of these tools is to inform investment decisions so that resources from the Carbon Offset Fund can deliver carbon savings to offset emissions from new developments. Funding carbon saving measures (i.e. energy efficient retrofits, renewable energy system, connection to an existing low carbon district heating network) also helps to deliver other objectives of the Council, including reducing fuel poverty and energy bills, developing skills for the low carbon economy and creating local jobs.

Tower Hamlets Council is also keen to enable organisations across the Borough to apply for funding from the LBTH Carbon Offset Fund in the future for any carbon saving project. This specific '*LBTH Carbon Offsetting Guidance*' sets out the **requirements** for all applications. It also includes an **application form** which will need to be filled in by all applicants. The same application form will be completed by Tower Hamlets Council for any of the projects requiring funding.

The aim of the Council has been to set up a simple application process in order to make it easy for organisations to apply. It is therefore essential that organisations comply with the requirements below, complete the application form accurately and accept to provide additional information to the London Borough of Tower Hamlets if necessary.

## 2.0 REQUIREMENTS

The primary objective of the LBTH Carbon Offset Fund is to save carbon. As one of the potential hurdles to carbon saving is the need to convince the future 'beneficiary' of the benefits of the carbon saving works, enabling a voluntary application process can help to attract funding applications from organisations which are already convinced of these advantages. However, an open application process also introduces significant risks which should be managed carefully. Therefore a set of requirements has been established and are summarised in this section. Failure to comply with these requirements or to respond accurately to the questions in the application form can lead to funds not being awarded or being withdrawn at any point during the project.

### 2.1 Location

All projects applying for funding from the LBTH Carbon Offset Fund must be located in Tower Hamlets.

### 2.2 Additionality

It is fundamental that the LBTH Carbon Offset Fund helps to deliver projects which would not have happened without it within a reasonable timeframe (i.e. 3 years).

Two examples of projects which should not be funded by the LBTH Carbon Offset Fund include:

- An organisation using the funds to finance replacement/maintenance/improvement works which have already been or should reasonably have been budgeted for by the organisation. This could include the replacement of a heating system which is reaching the end of its life or a lighting improvement scheme for LEDs.

- A private landlord using the funds to finance the installation of a renewable energy system and then benefitting from the ongoing benefits (e.g. Feed in Tariff, Renewable Heat Incentive). These incentives should be sufficient to enable the private landlord to make the investment.

The London Borough of Tower Hamlets therefore requires, as a pre-requisite, that any applicant for funding acknowledges that the works requiring funding are truly additional and, if the application is successful, commits to seeking other forms of funding in order to ensure additionality (e.g. ECO funding).

Any successful applicant should expect the London Borough of Tower Hamlets to question additionality and request appropriate evidence.

### 2.3 Eligibility for funding

The LBTH Carbon Offset Fund is a source of public funding. Therefore, the London Borough of Tower Hamlets has to comply with strict rules in terms of how these financial resources can be spent and the same rules apply to beneficiaries of this fund as of any other public fund. It is therefore crucial that any applicant ensures that the organisation is eligible for funding from the LBTH Carbon Offset Fund and that the scale of funding applied for does not reach any aid restriction thresholds (e.g. State Aid Rules).

### 2.4 Accuracy

Estimating carbon savings can be difficult and subject to interpretation and a number of methodologies are available to quantify potential carbon savings, e.g:

- Carbon savings can be calculated on a measure by measure basis using manufacturer's information (e.g. lighting replacement);
- An energy survey of an existing building can be undertaken following an accepted methodology (e.g. TM22) and form the basis of energy saving calculations undertaken to estimate carbon savings;
- A site visit could be undertaken to gather a number of assumptions which will inform the development of an energy model which can then be used to estimate carbon savings.

Although the London Borough of Tower Hamlets does not wish to be prescriptive in terms of carbon saving assessment method at least initially, it is essential that applicants declare the methodology they have used to assess potential carbon savings and that, if required, this assessment is communicated to the London Borough of Tower Hamlets.

### 2.5 Cost efficiency

The main purpose of the LBTH Carbon Offset Fund is to deliver carbon savings. The scale and cost efficiency of carbon savings must be clearly set out in all applications. Although the London Borough of Tower Hamlets does not require a minimum cost efficiency in terms of £/tCO<sub>2</sub>, projects delivering large carbon savings cost efficiently should be rewarded.

### 2.6 Benefits to the community

Carbon saving projects already identified by the London Borough of Tower Hamlets 'converge' with other Council's responsibilities and objectives. Carbon saving projects applying for funding from the LBTH Carbon Offset Fund may not deliver benefits to the community. Examples include:

- A private landlord applying for funding to improve the energy efficiency of a private block of apartments. Beyond CO<sub>2</sub> savings, the benefits would be exclusively for the landlord and the private residents;

- A local business applying for funding to connect to a local district heating scheme. Beyond CO<sub>2</sub> savings, the benefits would be for the local business itself and the company operating the district heating system.

The London Borough of Tower Hamlets will therefore require all applicants to declare the potential benefits to the community associated with the project in order to be able to reward those with the most significant impact. These can include reduction of fuel poverty, job creation, skills development.

## 2.7 Delivery

Once a project has been awarded funding from the LBTH Carbon Offset Fund, it must be started within 6 months and completed within a reasonable timeframe, up to a maximum of 3 years.

Funding will be in the form of reimbursement of receipts. Indicative reimbursement schedules may be agreed with Tower Hamlets Council but it is very important to note that the applicant will have to pay for the works to be undertaken and that it is only with the associated receipts and satisfactory evidence that the works have been undertaken that these will be reimbursed.

It must also be noted that funding will be awarded in the form of a capped sum of money. If the works funded are more expensive than initially estimated by the applicant, the London Borough of Tower Hamlets will not provide any additional funding.

## 2.8 Verification of carbon savings

When a carbon saving project is supported financially by the Carbon Offset Fund, the applicant should expect the London Borough of Tower Hamlets to check that the funds are used as intended, that the works are being undertaken to a satisfactory level of quality and that the funded measures do indeed deliver the carbon savings anticipated.

It is a condition of funding that the applicant:

- submits written and photographic evidence to the LBTH Carbon Offset Fund to demonstrate that the carbon saving measures are implemented;
- allows representatives of the LBTH Carbon Offset Fund to attend site at any time subject to two days' prior notice;
- installs energy metering and monitoring equipment which will enable a detailed energy assessment of the building after the works;
- provides a detailed analysis of the energy performance for the first three years after completion of the works.

Any applicant should also accept in principle the monitoring of the carbon saving project for a period of at least 3 years by the Council.

## 3.0 APPLICATION PROCEDURE

All application forms will be gathered by the LBTH Carbon Offset Fund Operational team which will:

- acknowledge receipt of the application;
- contact the applicant if any of the information provided is missing or unclear;
- gather and analyse all applications received and provide a summary to the LBTH Carbon Offset Fund Panel.

The Panel will meet every three months and decide which projects to allocate funding to based on an analysis of their respective merits.

All applicants will be contacted within a maximum of 6 months of the date of their application and advised whether it has been successful or not.

#### **4.0 APPLICATION PROFORMA**

See next pages.

### GENERAL INFORMATION

Name of the applicant:

Contact details: email:  Telephone:

Type of applicant: Individual  Charity  Private Company/Partnership  Tenant   
Landlord  or Building Manager

If funding is awarded will you be able to instruct/proceed with the works within 3 months?

YES/NO

If NO who in your organisation will be able to instruct/proceed with the works within 3 months?

Has this person co-signed the form?

YES/NO/NA

Can you confirm that all works will be completed within 2 years from the allocation of funds?

YES/NO

### CARBON SAVING PROJECT REQUIRING FUNDING

Name of the project to be funded:

Project description:

Building address:

Building description:

Can you confirm that the project is in Tower Hamlets:

YES/NO

If a single measure - estimated lifetime:

If multiple measures - estimated lifetime:

Source of information for lifetime of measure(s):

Green Deal  Other (please specify)

### ESTIMATED CARBON SAVINGS

Current building/dwelling energy consumption:  kWh/year  kWh/m<sup>2</sup>/year;

Current building/dwelling CO<sub>2</sub> emissions:  tCO<sub>2</sub>/year  kg CO<sub>2</sub>/m<sup>2</sup>/year;

Estimated annual carbon savings:  tCO<sub>2</sub>/year  kg CO<sub>2</sub>/m<sup>2</sup>/year;

Does this figure include 'in-use factors':

YES/NO

Estimated annual carbon savings over the lifetime:  tCO<sub>2</sub>/lifetime

Methodology used to estimate the savings:

TM22  IPMVP  RdSAP  SAP  SBEM  DSM

Other (please specify and justify)

Name and qualifications of the individual who has carried out the survey/assessment/calculations:

Any additional information deemed relevant:

### FUNDING REQUIREMENTS

Contribution sought from the LBTH Carbon Offset Fund: £

Cost efficiency:  £/annual CO<sub>2</sub>

£/lifetime CO<sub>2</sub>

Targeted energy bill savings: £  / year

Proportion of administration costs:  %

Do you understand that the funding which will be allocated to your project will be fixed and represents the maximum sum payable to you?

YES/NO

Should you be awarded funding, do you commit to seeking complementary funding to ensure that the Carbon Offset Fund will not be used for measures which could have been funded by another programme?

YES/NO If not why?

Which alternative funding will you seek:

Green Deal  ECO  FIT  RHI  Other

### VERIFICATION AND CONTROL

Can you commit to provide LBTH with sufficient written and photographic evidence to demonstrate that the carbon saving measures have been implemented have taken place?

YES/NO

Will you allow representatives of the LBTH Carbon Offset Fund to attend site at any time subject to three days' prior notice?

YES/NO

Will you install energy metering and monitoring equipment to enable a detailed energy assessment of the building after the works?

YES/NO

Will you provide a detailed analysis of the energy performance 1 year after completion of the works?

YES/NO

Will you authorise LBTH to undertake a Post-Occupancy Verification study, monitor data for up to 3 years and publish the findings?

YES/NO

### OTHER COMMUNITY BENEFITS

Fuel poverty  Local skills development  Education opportunity

Health benefits  Creation of local jobs  Reduced public expenditure on energy

Better community facilities  Other

### COMMITMENTS

I, the undersigned, confirm that none of the works covered by this application for funding by the LBTH Carbon Offset Fund, were part of any Capital Works Programme / Budget and that these works will not be undertaken within the next two years if no funding from the LBTH Carbon Offset Fund is allocated to the project. I, the undersigned, confirm that all works and activities the works covered by this application are legally entitled to receive funding from LBTH, and do not breach any rules (e.g. State Aid).

Signed:  Date: