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Home Energy Scotland renewables loan scheme - FAQs

Issue 12 – 27 November 2015

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 particularly keen that the scheme benefits homeowners who would like more support with their fuel bills or who are heating homes in off-gas areas. The installation of these technologies will also help to develop Scotland's micro-generation market and will contribute to renewable heat, energy demand reduction and/or 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 is the purpose of the Home Energy Scotland renewables loan scheme?

The loan can help more Scottish householders install a renewables system, further support Scotland's microgeneration industry and contribute towards Scotland's climate change targets. In addition, the UK Government's domestic Renewable Heat Incentive (RHI) has launched and the loan scheme from the Scottish Government will help as many Scottish householders as possible to install a renewable heating system so that they can then benefit from payments from the domestic RHI.

Please note that eligibility for the HESRL is not an indication that a system is eligible for the Renewable Heat Incentive (RHI) or Feed-In Tariff (FIT) scheme. Ofgem decide eligibility for the domestic RHI and the electricity supplier you choose for your FITs payments decides eligibility for FITs.

To check RHI eligibility please contact Home Energy Scotland on 0808 808 2282 or visit <http://www.energysavingtrust.org.uk/scotland>

New applications will continue to be accepted on a first come first served basis subject to the overall availability of loan funds.

3. How do I apply for a loan?

If you are interested in a loan, or have questions, please contact Home Energy Scotland on 0808 808 2282. An advisor will be able to discuss options with you, explain the loan scheme and will arrange for an application form to be sent to you.

4. 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.

System	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
- Please note that hybrid air source heat pumps can also be eligible for the loan but eligibility will be assessed on an individual basis. A breakdown of the costs, split between the renewable and fossil fuel elements of the system, must be shown in the quote provided in the loan application.
 - If you are installing a heat pump and wish to also claim some funding towards a necessary upgrade to your heating distribution system to ensure that the system works efficiently, your quote must include these upgrade costs and you must also provide written notification from your installer as to why the distribution system upgrade is necessary. The maximum loan value for heat pumps remains at £10,000.

5. What are my monthly repayments likely to be?

Your monthly repayments will depend on how much you borrow, the system you install 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 the loan is interest free, you can make extra payments or pay off the loan in full at any point with no penalty - just let us know.

Your exact monthly loan repayments will be shown in the loan offer documents sent to you.

Example monthly repayments (rounded to the nearest £)

		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

6. Who can get a loan?

Loans are available for domestic 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.

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

- a) 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 they will arrange for an application form to be sent to you.
- b) 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.
- c) Get-hold of an 'Energy Report' which must recommend the renewables system you want to install. The only energy reports we can accept are those provided by Home Energy Scotland (who can be contacted free on 0808 808 2282), a Green Deal Advice report or an Energy Performance Certificate (EPC).

Please note that regardless of which report is provided at the time of application a Green Deal Advice report must be provided at some point between applying for and claiming the loan. The only exceptions to this requirement for a Green Deal Advice Report are for new build applicants (see point 28). Green Deal Advice Reports are sometimes also known as Green Deal Assessments.

- d) Get a quote from your chosen installer.

For single renewables systems being installed in your home 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. The only exception to the requirement of using a MCS approved installer and product are customers installing microhydro systems. In this instance a ROO-FIT accreditation letter following installation must be provided.

If you are connecting to a district heating scheme the installer must be approved by the district heating scheme owner or operator. A list of approved district heating scheme providers will be made available in due course.

- e) 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 detail this in your application.
- f) Send all these documents by post to the Services Delivery Team, Energy Saving Trust, Ocean Point 1, 94 Ocean Drive, Edinburgh EH6 6JH.

Remember that it is a condition of the loan that work on the renewables system, or district heating scheme connection must not start until you have **received a written loan offer from us**.

8. Why is a Green Deal Advice report a requirement?

A Green Deal Advice Report 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. **We also recommend you keep any invoices or receipts for all energy efficiency measures for your records.**

A Green Deal Advice will also be needed if you wish to apply for the domestic Renewable Heat Incentive. A Green Deal Advice report 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 Advice Reports, or one Green Deal Advice Report and one EPC, up to £150.

It can be possible to combine the Home Energy Scotland renewables loan with other schemes and incentives. Please contact Home Energy Scotland on 0808 808 2282 to find out more.

9. I am having problems finding a Green Deal advisor – what can I do?

A Green Deal advice report is a requirement for the Renewable Heat Incentive and the Home Energy Scotland renewables loan scheme. It is also a requirement for Green Deal finance.

The official list of Green Deal Assessor Organisations is available on the Green Deal Oversight and Registration Body (GD ORB) web site - <http://gdorb.decc.gov.uk/> However, it should be noted that this only lists the Assessor Organisations, not the individual advisers themselves.

If you are having difficulties finding a Green Deal adviser (particularly in remote/island areas) then we recommend you contact Home Energy Scotland who will be able to help you find assessors who operate in your area. Home Energy Scotland can be contacted on 0808 808 2282.

10. 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 you know of all the different options available to you so you can make the most informed decision about how to proceed.

11. Why are there questions on the application form asking whether I struggle to pay my fuel bills?

These questions are for Scottish Government and Energy Saving Trust research purposes only, to determine the impact the loan may have in addressing fuel poverty. Your answers will in no way affect your eligibility for the loan.

12. Why are there questions on the application form asking whether I used the Green Homes Network and Renewable Installer Finder tool?

These questions are for Scottish Government and Energy Saving Trust research purposes only, to determine how widely these services are used when customers make the decision to install a renewable system. Your answers will in no way affect your eligibility for the loan.

Section 2 – 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 (to water) heat pumps with an installed capacity of less than 45kWth. Hybrid air source heat pumps (of the same size) may also be eligible for the loan but eligibility will be assessed on an individual basis. A breakdown of the costs, split between the renewable and fossil fuel elements of the system, must be provided in the quote on application.
- 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 Advice report. When do I have to send it in?

You can send in your Green Deal Advice 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.

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

It is therefore possible that you will have a Green Deal Advice report 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 Advice report. However, you must supply a Green Deal Advice report at some point between applying and claiming the loan either before or after the installation of energy efficiency measures takes place. The only exceptions to this requirement are new build applicants (see point 27)

We also recommend you keep any invoices or receipts for all energy efficiency measures such as LED lighting for your records.

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 7 for more information about acceptable Energy reports.

15. I can't get hold of an assessor to carry out a Green Deal assessment at my property; can I use my Energy Performance Certificate to support my claim instead?

No, you will need to submit a copy of your Green Deal Advice report with your claim. If you are experiencing difficulties to get hold of an assessor, please call Home Energy Scotland at 0808 808 2282, an advisor will be able to help you.

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

- Yes. The renewables system you apply for must be recommended in one of the following documents. This is not required for district heating scheme connections (However, please note that a Green Deal Advice report must be provided at some point between application and claiming the loan even if you submitted a different energy report when you applied for the loan. The only exceptions to this requirement are new build applicants (see point 28).
- 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 Advice 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.

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

It is a condition of the loan that 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 or district heating scheme connection.

18. Can I apply for more than one technology/more than one loan?

Yes. You can apply for up to two technologies and two loans 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).

19. 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.

20. 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.

Please note that customers installing microhydro systems do not have to use an MCS certified installer or install a MCS certified system. In these instances a ROO-FIT accreditation letter from Ofgem must be provided following installation.

21. 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.

22. I am installing a microhydro system, do I have to use a Microgeneration Certification Scheme (MCS) certified installer or product?

No, microhydro installations are instead required to provide a ROO-FIT accreditation letter following installation. For more information on ROO-FIT please check here

<https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme/applying-feed-tariff/roo-fit>

23. 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.

24. Will I need planning permission or a building warrant for my installation or do I need to notify my local authority?

It is a condition of the loan that you must have all necessary permission and approvals in place before you apply.

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.

25. 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.

26. 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.

Self-builder applicants do not have to provide a copy of a Green Deal Advice report or Energy Performance Certificate when claiming their loan, as their property will be at current Building Standards. They do however, still need to provide an Energy Report which recommends the system they are applying for.

Applicants will be required to evidence their self-build status by submitting with their claim:

- Title deeds of the property AND
- Confirmation from HMRC that you have submitted your VAT refund form (either VAT431NB or VAT431C). For more information please visit <http://www.hmrc.gov.uk/vat/sectors/consumers/new-home.htm>

OR

A copy of your Self-Build insurance warranty. For more information please visit <http://www.the-self-build-guide.co.uk/self-build-insurance.html>

If you are a property developer and intend on selling the home then you are not eligible to receive a loan. Nor are you eligible if you are the first occupant of a home that had a renewables system installed by the developer.

27. 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 4 are eligible as well as connections to approved renewably-powered district heating schemes.

28. Are hybrid air source heat pumps (air to water) eligible for the loan?

Hybrid ASHPs can be eligible for the loan however their eligibility will be assessed on a case by case basis. As hybrid ASHPs are connected to an oil or gas boiler a breakdown of the costs of each element (renewable and fossil fuel) will be required when applying. We will then assess whether specific systems can be supported.

29. 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.

30. 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.

31. 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.

32. Can I receive part of the loan to help with paying the deposit or a staged payment?

Yes, in certain circumstances we can pay part of the loan towards staged costs. If you would like to find out if this is an option for you please wait for your loan offer letter and call 0808 108 9414 or email servicesdelivery@est.org.uk

Additionally, your loan payments are based on the invoice you submit with your claim documentation. However, this invoice does not need to have been paid when you claim the loan. This means you can claim some or the entire loan and, if your installer payment period gives you enough time your claim can be processed and the loan funds paid in time for you to pay your installer.

We aim to process claim documentation within 10 working days of receipt. If everything required is provided and there are no queries about the claim, your loan will be sent for payment, otherwise we will request the further details necessary. Once sent for payment funds should then reach your nominated bank account within 5 working days.

Different installers may have different payment terms and periods and these must be agreed with you as required under their MCS certification and these terms must be reasonable.

All requests for advance payment must be made in writing and are assessed on an individual basis.

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

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

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

We aim to be able to send a loan offer within 10 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 10 working days.

35. 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 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 2016, 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.

36. How long is my offer valid for?

As long as you have completed and returned the loan agreement documents the loan offer is valid for ninety (90) calendar days from the date of the loan offer or until 31 March 2016, whichever is the sooner.

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

37. 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. Please note that, an extension request must be received in writing, via email (servicesdeliveryscotland@est.org.uk) or post.

If you have any questions about your application or making an extension request please email servicesdeliveryscotland@est.org.uk or call 0808 108 9414 (free from landlines and most mobile networks).

38. 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.
- Receive all invoices from your installer.
- Submit a review of your installer on our website at: www.energysavingtrust.org.uk/scotland/installers (not required for connections to district heating schemes)
- Have all required energy saving measures in place.
- Get hold of a Green Deal Advice report (the assessment can be carried out before or after installation).
- Get hold of an Energy Performance Certificate (EPC) if the required Green Deal Assessment was carried out before installation of measures.
- Complete your loan claim form (sent with your loan offer).
- Complete your direct debit mandate form (sent with your loan offer).
- Send everything 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.**

39. 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.

40. Do I need to send anything after my loan has been paid?

Yes. If you didn't provide your MCS certificate or receipted (marked as paid) invoice with your loan claim then you must provide these within 60 calendar days of the date of loan payment. If these documents are not received we may request full and immediate return of the loan.

Section 3 – Combining financial support

41. 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. For example you can combine a loan for your renewables system with the following financial support schemes for the same system:

- Feed-in Tariff scheme.
- Domestic Renewable Heat Incentive.

42. 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.