

## **UNITED KINGDOM**

### 100% Enhanced Capital Allowances For Low Emission Cars, Refuelling Infrastructure And Energy-Saving Technologies

Enhanced Capital Allowances (ECAs) enable a business to claim 100% first-year capital allowances on their spending on qualifying plant and machinery. There are three schemes for ECAs:

- Energy-saving plant and machinery
- Low carbon dioxide emission cars and natural gas and hydrogen refueling infrastructure
- Water conservation plant and machinery

Businesses can write off the whole of the capital cost of their investment in these technologies against their taxable profits of the period during which they make the investment. The technologies that currently appear on the Energy Technology List (as from 26th August 2004) are as follows:

- Air-to-air energy recovery
- Automatic Monitoring and Targeting
- Boilers
- Combined heat and power (CHP)
- Compact heat exchangers
- Compressed air equipment
- Heat pumps for space heating
- HVAC zone controls
- Lighting
- Motors
- Pipework insulation
- Refrigeration equipment
- Solar thermal systems
- Thermal screens
- Variable speed drives
- Warm air and radiant heaters

ECA are claimed in the same way as other capital allowances on the Corporation Tax Return for companies and the Income Tax Return for individuals and partnerships. Capital Allowances are given in respect of capital expenditure incurred wholly and exclusively on the provision of Plant and Machinery for use in a person's trade.

Effective date: 2002

More information: <http://www.inlandrevenue.gov.uk/budget2002/faqs/business.htm>

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### Bio-energy Capital Grants Scheme

Under the Bio-energy Capital Grants Scheme, £66 million in capital grants will be jointly made available through the Department of Trade and Industry (DTI) and the National Lottery New Opportunities Fund (NOF). The package of support is being developed under a project board with representatives from DTI, NOF and the

Department of Environment, Food and Rural Affairs (DEFRA). Funds were allocated to 20 projects at a range of scales in 2003.

£10 million will go to generation of energy from energy crops/wood fuel (focus on CHP), £18 million to demonstration of advanced energy crop technologies and £2 million for industrial heat using energy crops and forestry wood fuel. These funds are coordinated by DTI. £36 million is to be committed by 2006 by the NOF. Of this, £33 million will be allocated to energy crop power generation projects and £3 million will be allocated for heat and CHP projects using energy crops/biomass.

Funding: £66 million

Effective date: 2002

Contact:

Department of Trade and Industry (DTI), 7th Floor

1 Victoria Street

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<http://www.dti.gov.uk>

More information: <http://www.dti.gov.uk/renew/eoi.htm>

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### Bio-energy Infrastructure Scheme

The Bio-energy Infrastructure Scheme will provide grants to farmers and foresters to set up producer groups to supply eligible biomass to energy end-users (SRC producer groups in England are not eligible as these are funded under DEFRA's Energy Crops Scheme). Grants are likely to be available towards administrative start-up costs, training costs and possibly for the purchase of specialist capital items. Grants will also be available to businesses entering into the supply of eligible biomass to energy end-users. The amount of grant will vary according to which activities are undertaken by the group or business. The maximum grant per application will be £200,000.

To be eligible, applicants must provide evidence that the producer group or business is linked with an energy end-user and make clear how the project will impact on the environment, as a formal environmental assessment will not be carried out.

Funding £3.5m will be available to be spent by 2007

Effective date: October 2004

Contact:

Department for Environment, Food, and Rural Affairs (DEFRA)

Information Resource Centre, Lower Ground Floor

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More information: <http://www.defra.gov.uk/industrialcrops/energy/infrastructure.htm>

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## Offshore Wind Capital Grants

Supports offshore wind developments through competitive grants. Support is targeted so as to help reduce both the costs and risks involved in offshore wind developments. 40% of total investment costs are subsidised, subject to budget availability. Individual companies and consortia are eligible. Proposed projects must have an installed capacity of 20 MW or greater.

Funding: the DTI's original funding of 64 million GBP has been increased by 28 million GBP, and an additional 10 million has been provided through the National Lottery New Opportunities Fund.

Effective date: 2002

Contact:

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More information: <http://www.dti.gov.uk/energy/renewables/support>

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## Department of Trade and Industry (DTI) Low Carbon Buildings Grants

DTI's Low Carbon Buildings Programme will provide grants for microgeneration technologies, including solar PV. The programme will run over three years, starting from 1st April 2006. It replaces DTI's Clear Skies and Solar PV programmes, which closed for applications on the 31st March 2006.

Businesses can apply for "Stream two" grants:

Available funding is divided as follows:

Retrofit	£6 million
<u>New build and refurbishment</u>	<u>£12 million</u>
<i>Total Stream 2 funding</i>	<i>£18 million</i>

Stream 2 grants are further subdivided as follows:

Category 1 – grants up to £100,000 for large retrofit projects grants

Category 2 – grants up to £1 million for major refurbishment and new build projects

It is likely that up to 40% of the capital and installation costs of a technology can be grant funded, but this will be dependent on State Aid requirements. The first call for grant applications will commence once the European Commission authorizes State Aid approval, which is hoped to be in June 2006.

NB Energy efficiency advice for Stream 2 - category 2 applicants will be undertaken by the Carbon Trust, and will be part of the eligible costs and will therefore count as State Aid.

If an organization has a grant approved under the current DTI PV programme or Clear Skies, it cannot apply for an LCBP grant for the same installation.

More Information:

<http://www.est.org.uk/housingbuildings/funding/lowcarbonbuildings/>

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### Wave and Tidal Power Grant Scheme

The Marine Research Development Fund, launched in August 2004, aims towards developing wave and tidal stream power as a potential source of renewable energy.

Funding: £50 million

Effective date: 2004

Contact:

Department of Trade and Industry (DTI)

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<http://www.dti.gov.uk>

More information:

[http://www.gnn.gov.uk/environment/detail.asp?ReleaseID=125300&NewsAreaID=2  
&NavigatedFromDepartment=False](http://www.gnn.gov.uk/environment/detail.asp?ReleaseID=125300&NewsAreaID=2&NavigatedFromDepartment=False)

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