



European Union

European Regional
Development Fund

Guidance for the European Regional Development Fund

Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in all Sectors

December 2015

Investment Priority 4a – promoting the production and distribution of energy derived from renewable sources

Guidance

- The emphasis is on micro generation and can include small scale infrastructure which focuses on the development of supply chains or to unlock a larger scheme.
- Proposals must demonstrate how the activity will support the delivery of a local low carbon strategy with the benchmark set against 2013 local authority areas. Where there is partial coverage of a Local Authority area then this should be apportioned. A low carbon strategy may cover a city, LEP area or down to a business park and will focus on.
- Proposals coming forward seeking support for renewable technologies would need to clearly detail why the proposal could not be supported through a Financial Instrument or commercial loan and not be in receipt of FIT's/ RHI.
- Where a proposal is coming forward with an innovative/ demonstration low carbon renewable technology, it would be expected that the technology will have gone from a design to proof of concept process. This should be verified through an independent assessment ideally by a university to ensure that the technology is viable. Consideration may be for an element of revenue to be made available for the technology to be independently assessed prior to investing in installation.
- Consideration will be given to support technologies that are not widely adopted in the UK but have been deployed within other countries.

Call Requirements for 4a

- [The Renewable Energy Directive \(2009/28/EC\)](#) provides a definition of energy from renewable sources'. It means energy from renewable non-fossil sources, namely wind, solar, aero-thermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases.
- Projects will need to evidence how they will support the [UK Renewable Energy Road Map](#). This will be achieved by detailing which of the key renewable energy areas they will be supporting:
 - Biomass Electricity
 - Onshore and Off shore Wind
 - Marine
 - Solar PV
 - Renewable Heat
- Proposals will need to detail how the project supports the delivery of a named local carbon strategy.

Investment Priority 4b – promoting energy efficiency and renewable energy use in enterprises

Guidance

- The focus within this strand is energy efficiency not resource efficiency as this is picked up in PA 3 and PA 6 which provides scope for wider green audits, supply chain, material substitution etc.
- Proposals coming forward that incorporate capital support for SME's for capital equipment or improving the energy efficiency of the building would need to demonstrate that a suitably detailed diagnostic had been undertaken, which would normally form part of a projects delivery.
- At full application, projects delivering diagnostic activity to SME's should provide a detailed approach to how they would assess an SME's viability for grant support.
- ERDF grant cannot be used to support standard retrofit as the focus is next phase technologies. It would be expected that work would have been undertaken to ensure the building has had basic energy efficient measures applied.
- The expectation is that deep renovation would be delivered through a Financial Instrument not through an ERDF grant.

Call Requirements for 4b

- It should be detailed in the call that projects supporting SME's need to deliver energy efficiency not wider resource efficiency.

Investment Priority 4c – supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings and in the housing sector.

Guidance

- There is a requirement in this investment priority to ensure that activity undertaken can demonstrate that the proposal delivers an innovative approach.
- ERDF cannot be used to fund basic retrofit activity such as loft, cavity & solid wall insulation, double/ standard triple glazing, boilers, and other standard retrofit technologies.
- Street Lighting and similar public infrastructure - Street lighting as a stand alone project is not something we would support on mass via grant but might be supported through a financial instrument. Where a project can demonstrate that it would support a whole place solution or it supports the delivery of research and innovation this could be considered.
- Public Buildings cover a wide range of buildings and organisations who occupy them. The application of an ERDF grant to support low carbon activity on a public buildings would need to demonstrate clearly why:
 - The use of a financial instrument has not be utilised;
 - A capital loan to deliver the activity has not been applied for which could be repaid through FIT's/RHI and/or through savings made.
- The use of grant based support by ERDF to support the application of energy efficiency, renewable energy or smart energy management should be to deliver demonstration and applying innovative low carbon technologies across housing and public buildings.
- Revenue based projects could be supported where they provide advice and support to a wide range of public buildings above and beyond what is currently provided. Applications would need to clearly demonstrate that they are not duplicating or subsidising existing provision.

Call Requirements for 4c

- It should be detailed that standard retrofit projects will not be supported as part of the call.

Investment Priority 4e – promoting low carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation- relevant adaptation measures

Guidance

- Investment Priority (IP) 4e aims to deliver a holistic approach within a defined area to reduce greenhouse gas emissions across a range of thematic areas to create an integrated approach to reducing emissions. Whilst in some instances the implementation of individual low carbon activities can bring significant greenhouse gas reductions, an integrated approach which combines several connected measures within an area is likely to generate greater impacts in the short and long term, and maximise the value of investments.
- In order to deliver this integrated, whole-place approach, it is therefore a requirement under IP4e to have in place a low carbon strategy(s) that will provide a framework for measuring activities that reduce CO₂ emissions. In practice, since local areas already typically plan on this integrated basis, it is expected that that majority of activity could be covered by existing plans. These plans can include:
 - Local Authority or locally agreed Low Carbon Strategy
 - Low Carbon Energy Strategy
 - Low Carbon Transport Strategy
 - Low Carbon Housing Strategy
 - Covenant of Mayor Strategy
 - University Low Carbon Strategies
 - Low Carbon Strategy for a Business/ Industrial Park
- Where an existing low carbon strategy doesn't cover the full breadth of the activity proposed, the use of supplementary strategies can be combined to deliver a whole place approach. The agreement of the ERDF Managing Authority should also be obtained in this instance.

- Where the purpose is to reduce whole place energy requirements or carbon emissions, green and blue infrastructure and other climate change mitigation or adaptation activities are important components.
- Within the outline & full application proposal will need to detail which low carbon strategy(s) will be used as the framework to deliver the activity.
- All low carbon strategies will be required to set a bench mark against [2011 local authority data](#) and this will need to be agreed by the ERDF Managing Authority.
- Where proposed activity is delivered in an area smaller than the strategy then the baseline local authority data for 2011 would need to be apportioned to enable a benchmark to be set.
- Where an area isn't covered by a suitable strategy then this will need to be developed. In such cases, an application for Technical Assistance can be made to support its development, although it is expected that the majority of areas will be able to make use of existing strategies.
- It is expected that the strategy will cover a geographically defined area. Since a low carbon strategy and related CO₂ reduction measures will typically cover areas where there is a greater concentration of infrastructure, such areas will tend to be predominantly urban. This does not exclude peri-urban or rural areas where CO₂ reduction measures may also be appropriate. The extent of this geographical area will be defined by the scale and type of activity being proposed. Where the primary focus of the strategy is low carbon transport for example, the geographical scale may be considerably larger than the delivery of low carbon energy solutions element which could have a more closely defined area.
- To deliver a whole place solution it is expected that a strategy will focus on a least two thematic areas to deliver an integrated approach. . It is expected that energy efficiency/renewable technologies or low carbon transport activity would form the lead thematic areas.

Call Requirements for 4e

- Calls will need to detail that a whole place solution is required which focuses on more than one thematic low carbon activity e.g. not just low carbon transport.
- Calls will need to ensure that applications detail the baseline information from the [2011 Local Authority CO₂ data](#).

Technical requirements for IP4e

- The measurement of greenhouse gases is generally measured through the term CO₂e where the e' refers to equivalent. Carbon dioxide is one of a number of greenhouse gases such as methane. Where carbon dioxide has a value of one, methane for example is 21 times a more potent greenhouse gas and therefore CO₂e incorporates all other green house gases and is used in standard conversation factors.

- To enable reductions to be measured within IP4e, CO₂ will be measured not CO₂e as the Local Authority emissions data below measures CO₂ only. CO₂e is a measure of all climate change gases such as methane; however the Local Authority statistics have focused on CO₂ as this is the single largest volume of greenhouse gas emitted.
- Savings generated through the low carbon strategy should be benchmarked against 2011 data for a local authority area. Details of the 2011 data for local authorities can be found at [Local Authority CO₂ emissions](#).

Investment Priority 4f – promoting research and innovation in, and adoption of low carbon technologies.

Guidance

- Where a project is working with an SME on a low carbon technology, the project may not be able to report CO₂e savings as they are working with business on the low carbon products and the saving generated by these cannot be evidenced.

Call Requirements for 4f

- The call should detail that applicants will need to reference how the project is consistent with the priorities in [England Smart Specialisation Strategy](#).
- Applications will need to reference how the activity being undertaken will support the strategic framework, and the underpinning technology focus areas of the [Low Carbon Innovation Coordination Group](#).

Technical measurement factors across all Priority Axis 4 Investment Priorities

- The measurement of greenhouse gases should be through CO₂e where the e' refers to equivalent (the exception to this is in 4e as the local authority data is measured in CO₂). Carbon dioxide is one of a number of greenhouse gases such as methane. Where carbon dioxide has a value of one, methane for example is 21 times a more potent greenhouse gas and therefore CO₂e incorporates all other green house gases and is used in standard conversation factors.
- Direct grant or Financial Engineering based support for renewable technologies in receipt of Feed in Tariff or Renewable Heat Incentive (FIT's/RHI) would not be supported.
- Projects detailing CO₂e savings will need to provide a breakdown of their methodology, detailing how the savings will be generated and measured.
- Where applicable projects will need to use **DECC Conversion Factors** as part of the methodology. Where the area of activity is not covered by this then [DEFRA Conversation Factors](#) can be used. It would need to be detailed which has been used and referenced as part of the carbon saving methodology.
- For DEFRA figures the scope of the CO₂e emissions will need to be detailed. The definition of scope of CO₂e emissions are:
 - **Scope 1:** All direct GHG emissions.
 - **Scope 2:** Indirect GHG emissions from consumption of purchased electricity, heat or steam.
 - **Scope 3:** Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

Terms

- Whole Place Solution - This means the combination of a number of actions within a building or within a location as part of a low carbon strategy where the actions combine to deliver an integrated approach.
- Standard Retrofit – The application of measures that deliver basic energy efficiency in buildings that can include the standard application of cavity and solid wall insulation, double& triple glazing, boiler replacement for example.