

Finance Scheme For Green Business

A new green finance initiative - backed by the Carbon Trust in partnership with Siemens Financial Services, providing a fund worth £550 million to UK-based businesses for the installation of low carbon and energy efficient technologies - opened for applications in late April this year.

The scheme is the first dedicated low carbon private finance initiative in the United Kingdom and aims to provide finance for energy efficient 'green' equipment to businesses over the next three years. Financing of £1000 upwards will be provided from Siemens Financial Services to eligible businesses to spend on any equipment or measures meeting the scheme's energy-saving criteria based on a cost, energy and carbon saving assessment carried out by the Carbon Trust. Repayments will be calculated so as to be offset by the resulting anticipated energy savings; the financing option is designed to pay for itself.

The new scheme replaces the Carbon Trust's government funded 0% interest SME Loan Scheme for businesses sited in England and Scotland. However, these 0% loans are still available to business sites in Wales or Northern Ireland.

Energy Efficiency Financing for Business Scheme

Who can apply?

Any UK business seeking to invest in cost-effective energy saving equipment is eligible, provided they have been trading for at least 12 months (for an incorporated business) or 36 months (for an unincorporated business) and subject to credit approval. Charities and public sector bodies that meet the eligibility criteria may also apply to the scheme. The application process is predominantly online, although there will be alternative methods.

How much can be borrowed?

There is no maximum amount that can be applied for, but the loan will be subject to credit checks and asset risk assessments. Loans will range from £1000 - c.£1 million according to the Carbon Trust spokesperson, averaging £30,000 for SMEs. Part-financing may also be available if the projected energy saving of the overall project does not satisfy all the criteria. In this case, it will be necessary to show how the remainder of the project will be funded.

Interest Rates

The interest rate on each loan will be variable based on the applicant's credit history and the cost of the project. The Carbon Trust say interest will be at a commercial but market competitive rate.

How is the loan repaid?

The payments will be fixed at a rate calculated to match or exceed the recipients anticipated energy savings. The loan term will be pre-arranged and will last between 1 to 7 years. Longer term loans may become available.

What would I spend the loan on?

The new scheme aims to enable businesses to implement energy saving technology and install more energy-efficient equipment. The funding can cover the entire cost of

any project for which the anticipated cost of energy used after completion can be shown to create a significant reduction compared to the customer's existing energy bill. Such projects could include building improvements, combined projects and improvements to industrial processes. Assets and/or measures of any nature proposed by the applicant, provided that they are shown to be carbon, energy and cost saving solutions, will therefore be eligible under this scheme.

A further Siemens financed venture is set to be launched later this year which will offer procurement support in purchasing equipment from accredited suppliers.

To apply for a loan and for further details, visit the [Energy Efficiency Financing website](#).

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