

# CARBON REDUCTION FUND

## APPLICATION FOR FUNDS – GUIDANCE NOTES

### 1. Introduction

This document describes the process that needs to be followed when applying for funding from the Carbon Reduction Fund, to ensure consistency with relevant University procedures.

### 2. Background

The Carbon Reduction Fund (formerly known as the Energy and Carbon Reduction Project, ECRP) is a University budget that supports carbon reduction initiatives across the operational estate. Its primary purpose is to support delivery of the University's [Carbon Reduction Strategy](#) and associated targets.

The University's long-term aspiration for carbon reduction, set out in the Strategy, is to have zero carbon emissions for scopes 1 and 2 and minimal carbon for scope 3, which will be offset to obtain carbon neutrality.

The Fund can support measures to reduce carbon emissions across all scopes – scopes 1, 2 and 3. Projects that might be eligible for support from the Fund include:

- Carbon reduction projects – scope 1 and 2. These are projects that will help to reduce the University's energy use and/or develop renewable energy sources.
- Carbon reduction projects – scope 3. These are projects that will reduce the University's indirect carbon emissions, for example from the supply chain, business travel and water use.
- Engagement and behaviour change initiatives. For example, awareness campaigns aimed at staff and students and initiatives to improve data provision.
- Feasibility work. For example, feasibility studies, design work, and other work needed to identify potential measures and develop them into robust proposals that can be taken forward to implementation

The Fund is governed by the [Environmental Sustainability Strategy Committee](#) (ESSC).

### 3. Eligibility

The Fund can support measures to reduce carbon emissions across all scopes - 1, 2 and 3. Applications must demonstrate that they meet the relevant assessment criteria (Annex 1).

Priority will be given to measures that cannot be resourced through other University budgets.

The Fund can only support measures that reduce carbon emissions from the University's operational estate.

Some projects that are supported by the Fund are expected to deliver a financial return. However, provision is made within the Fund to support some measures that will not provide a financial return, provided that there is a strong carbon case to do so and that investment from the Fund as a whole is expected to achieve a financial return.

Below is an overview of which types of projects are expected to deliver a financial return. Please also refer to the assessment criteria in Annex 1.

		Expected to deliver a financial return? <sup>1</sup>
<b>Scope 1 and 2 projects</b>		
Building-related projects:	Energy efficiency measures	Yes
	Degasification projects	No
	Building fabric improvements	No
	Renewable energy projects	Yes
Equipment-related projects	Replacement of inefficient equipment with an energy efficient alternative <sup>2</sup>	Yes
<b>Scope 3 projects</b>		
Water reduction projects		Yes
Other scope 3 measures		No
<b>Engagement and Behaviour change initiatives</b>		No
<b>Feasibility work</b>		No

<sup>1</sup> Based on contribution from the Carbon Reduction Fund.

<sup>2</sup> Please note: If you are seeking funding for the replacement of -80 °C freezers or drying cabinets, please do not apply to the Carbon Reduction Fund, but instead refer to our Equipment Replacement Programme: <https://www.environment.admin.cam.ac.uk/equipment-replacement-programme>

In situations where the Fund budget is limited, or the Fund is over-subscribed with applications, priority will be given to projects that deliver a carbon saving and financial return.

Exclusions:

- The Fund cannot support carbon reduction measures in capital projects (new builds and major refurbishments). However, additional feasibility and design work, required to expand the scope of an existing capital project in order to maximise its carbon reduction potential, will be considered for funding.
- Projects that do not meet the assessment criteria (Annex 1) for the Fund are not eligible for support.

#### 4. How to apply

You should apply for funding by completing the relevant business case form:

For projects that involve <u>any works to a University building</u> <ul style="list-style-type: none"><li>• Energy efficiency measures</li><li>• Degasification projects</li><li>• Building fabric improvements</li><li>• Renewable energy projects</li><li>• Water reduction projects</li></ul>	Complete Form 1
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For <u>equipment-related projects</u>  (provided they do not involve any works to a University building or have any impact on building fabric and fittings)	Complete Form 2 <i>If the project involves making alterations to a building, please complete Form 1 instead.</i>
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For <u>all other projects</u>  (provided they do not involve any work to a University building or have any impact on building fabric and fittings) <ul style="list-style-type: none"><li>• Scope 3 projects</li><li>• Engagement and behaviour change initiatives</li><li>• Feasibility work</li></ul>	Complete Form 3 <i>If the project involves making alterations to a building, please complete Form 1 instead.</i>
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If you are in any doubt over how to apply for funding, please contact the [Sustainability Team](#).

You should submit your completed application by email to the [Sustainability Team](#).

*If your project involves any work to a University building, then you need to observe the following, additional requirements in advance of any works being undertaken:*

1. Regardless of the cost of your project, if it involves any works to a University building, then permission to undertake the work must be given by the Space Management and Minor Works Sub Committee (SMMWSC), either through the delegated authority route or directly by the Sub Committee. The Estates Division will prepare the necessary paper work, based on the information provided in your application (but may require further information from you).
  
2. In accordance with the University Sites and Buildings Regulations, a department cannot undertake or arrange any works to a University building without the involvement of Estates Division, until/unless they have received formal technical approval from Buildings Committee. This requirement must be observed for all requests for funding from the Carbon Reduction Fund.
  
3. The University estate is undergoing constant change. Before a funding request to undertake works to a University building is submitted, consideration must be given to any other planned changes that will affect the use and/or lifetime of that building. If the building in question is scheduled to undergo any changes that will affect the lifetime of your project, then the proposed project must be able to achieve simple payback in advance of these changes taking place. In such cases, members of Estate Division will use their discretion to determine whether the proposed project should receive support from the Carbon Reduction Fund.

## **5. Approval process**

Approval of applications to the Carbon Reduction Fund will differ depending on the amount of funding requested, as summarised below:

Projects costing £50,000 or less:	Will be considered for approval by the Head of Sustainability
Projects costing £50,001 - £250,000:	Will be considered by the Chair of the ESSC. The Chair may also wish to consult other members of the ESSC before taking a decision.
Projects costing more than £250,000:	Will be presented to the ESSC for consideration.

## **6. Monitoring and evaluation of projects**

When applying to the Carbon Reduction Fund, the project lead must outline what pre- and post-monitoring arrangements they will put in place to measure the success of their project, including those that will be put in place before the start of the project, in order to establish a baseline for measuring success. The monitoring arrangements are expected to be proportionate to the size and cost of the project in question. Further details are provided in the application forms.

The Sustainability Team may request information and/or data on the success of your project at any time, for reporting purposes.

**Annex 1: Assessment criteria for the Carbon Reduction Fund**

**Overview of which assessment criteria apply to which projects:**

	Scope 1 and 2 projects					Scope 3 projects		Other	
<b>Criteria</b>	<b>Energy efficiency measures</b>	<b>Degasification projects</b>	<b>Building fabric improvements</b>	<b>Renewable energy projects</b>	<b>Equipment related projects</b>	<b>Water reduction projects</b>	<b>Other scope 3 measures</b>	<b>Engagement &amp; behaviour change initiatives</b>	<b>Feasibility work</b>
<b>Additionality</b>	Applies to all projects								
<b>Compatibility</b>	Applies to all projects								
<b>Best practice</b>	Applies to all projects								
<b>Annual carbon savings (tCO2/year)</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
<b>Cost per tonne of CO2 saved over project lifetime (£/tCO2 LT)</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes		

<b>Simple financial payback (yrs)</b>	Yes			Yes	Yes	Yes			
<b>Net Present Value</b>	Yes			Yes	Yes	Yes			
<b>Cost Effectiveness Indicator (£/tCO2LT)</b>	Yes			Yes	Yes	Yes			

**Explanation of assessment criteria:**

<b>Criteria</b>	<b>Explanation</b>	<b>Requirement</b>
<b>Additionality</b>	<p>Investments for the Fund are intended to deliver benefits from new activity, which are additional to those that would occur anyway.</p> <p>Funding cannot be sought to fund existing activities, or for use in place of existing departmental budgets, although the Fund can provide top up funding to departmental budgets, where this is needed to deliver a more energy efficient solution</p>	<p>Applications for funding must demonstrate that they are for new activity and not replacing funding for existing activity.</p> <p><b>Note:</b> In the case of an equipment-related project, the Fund can only fund <u>the cost differential</u> between a standard or 'business as usual' model and an energy efficient alternative.</p>
<b>Compatibility</b>	<p>Projects must demonstrate compatibility with the University's Carbon Reduction Strategy in the round. For example, a project that reduces carbon emissions in one area, but leads to an increase in emissions in other areas, resulting in a net increase overall, will not be supported.</p>	

<p><b>Best practice</b></p>	<p>Projects are expected to reflect current best practice in carbon reduction.</p>	<p>Building related projects are required to comply with the energy hierarchy, which reflects best practice in energy management and stipulates that priority should be given to projects that prevent unnecessary energy use and increase energy efficiency, before implementing renewable energy generation schemes.</p> <p><i>As a minimum</i>, building related measures must achieve a level of performance that is above and beyond that already required through planning and building regulations, and they must be consistent with the requirements of the University’s Design and Standards Brief.</p> <p>Applications to support renewable or low-carbon energy generation initiatives will only be supported if they are part of an integrated package of measures, which includes measures to reduce the building’s overall energy consumption.</p>
<p><b>Annual carbon savings (tCO2/year)</b></p>	<p>Projects need to provide quantified evidence of their potential to reduce the carbon dioxide (CO2) emissions (measured as tonnes of CO2/year) from the University operational estate.</p>	<p>No specific threshold. Priority will be given to those proposals that will deliver the greatest level of carbon savings</p>
<p><b>Cost per tonne of CO2 saved over the project lifetime (£/tCO2 LT)</b></p>	<p>The cost of implementing the project will be compared to the total carbon savings that the project is expected to deliver over its lifetime.</p>	<p>When project applications are being assessed against this metric, they will considered within the context of the following reference costs, which reflect current thinking on the anticipated costs of decarbonising the estate. These reference costs will be used for guidance only, they do not represent hard thresholds for approving projects:</p> <ul style="list-style-type: none"> <li>- Energy efficiency measures (electricity reduction measures and equipment related projects) – £264/tCO2 LT (2019 prices)</li> <li>- Degasification measures –£463 £/tCO2 LT (2019 prices)</li> </ul> <p>(prices can be updated to take account of inflation using the <a href="#">Bank of England inflation calculator</a>).</p> <p>For scope 3 projects, the project’s cost per tonne of CO2 saved over its lifetime will be compared to the cost to offset the emissions that would arise over the same time period, if the project did not go ahead. The</p>



		cost of offsetting a tonne of carbon (carbon price) will be informed by the work of the <a href="#">Carbon Offsetting Working Group</a> .
<b>Simple financial payback (years)</b>	The financial payback will be calculated by dividing the contribution from the Fund (not the total project budget) by the annual operational cost savings delivered by the project.	<p>Projects are expected to achieve financial payback within their anticipated lifetime.</p> <p>Operational cost savings may include energy, water, waste management and maintenance cost savings, and other departmental cost savings.</p> <p>A 10 year model for energy cost projections is maintained by the Energy Manager (contact: <a href="mailto:sustainability@admin.cam.ac.uk">sustainability@admin.cam.ac.uk</a>) as part of our utilities tracking and reporting role. There are two rates for each utility: all inclusive; and a rate that excludes fixed standing and capacity charges. Unless the project involves complete disconnection of a utility then the latter rate should be used. Annual inflation of 3% above CPI can be assumed where the project lifetime extends beyond 10 years.</p>
<b>Net Present Value</b>	NPV is the sum of all project expenditure and income, discounted to present values. It is used to assess the desirability or benefit of investing in a project (the higher the NPV, the more desirable the investment).	<p>No specific threshold. A higher NPV is desirable.</p> <p>NPV will be calculated according to the Fund's contribution, not the total project budget.</p>
<b>Cost Effectiveness Indicator (£/tCO<sub>2</sub>LT)</b>	Takes account the level of carbon reduction, as well as financial return, that a project will achieve over its lifetime. It determines cost effectiveness based on lifetime Net Present Value (rather than capital cost alone).	No specific threshold. A project with a CEI less than zero (a negative value) is expected to achieve carbon reduction and save money over its lifetime.