

Challenge Fund for Short Rotation Coppice Energy Crops

Information Booklet



Contents

Page

Summary	1
General Information	3-4
Introduction .....	.3
What is Challenge Funding? .....	.3
What is a Short Rotation Coppice Energy Crop? .....	.3
Aims of the Challenge Fund .....	.3
The Challenge Fund Contract .....	.3
How to Apply .....	.4
Eligibility Criteria .....	.4
Requirements	5-6
Essential Assessment Criteria .....	.5
Desirable Assessment Criteria .....	.6
Technical Requirements .....	.6
Frequently Asked Questions	7-8
Appendix A: Contacts	9
Appendix B: Energy end-use	11
What to do next	13

Summary

This booklet provides information about the Challenge Fund for Short Rotation Coppice Energy Crops, which is a support programme aimed at establishing willow coppice plantations for an energy end use.

It will also help you prepare and submit an application for funding.

You should note that the information contained in this booklet is not exhaustive and should only be taken as a guide. It complements and is complemented by information in the *Woodland Grant Scheme / Farm Woodland Premium Scheme Information Booklet*. This booklet may be updated during the lifetime of the Fund to take account of any necessary developments and applicant feedback. You should therefore check with DARD to ensure that you have the most up to date version.

Applicants are strongly advised not to commit themselves to any expenditure on which grant may be sought until their application has been approved by DARD. You should consider carefully the financial implications for your business of diversifying into energy crops.

Please read this booklet very carefully before submitting an application.

The main rules

- Crops must be used for heat, combined heat and power (CHP) or power generation. Own use is permitted.
- Crops must be located within a reasonable distance of the end-use(s).
- The land and the applicant must be eligible for support (see Section 2).
- At least 3 hectares must be established.
- The Fund will be open for applications until 31st July 2006.
- Successful applicants will be asked to sign a contract committing them to carrying out the proposed work and maintaining the coppice stools for a minimum of 5 years.

General Information

Introduction

1. This booklet is a supplement to the *Woodland Grant Scheme / Farm Woodland Premium Scheme Information Booklet* ("WGS / FWPS booklet"). It explains how to apply for Challenge Funding towards the cost of establishing Short Rotation Coppice (SRC) for an energy end use. The Fund operates as a Special Grant within the Woodland Grant Scheme (WGS), part of the Northern Ireland Rural Development Regulation Plan. It is administered by the Department of Agriculture and Rural Development (DARD). The Fund will be open for applications from September 2004 to July 2006.

What is Challenge Funding?

2. The Challenge Fund is so called because it is competitive: applicants are required to bid for the money they need to establish Short Rotation Coppice for an energy end use.
3. Every application is judged in terms of its value for money in relation to the aims of the Challenge Fund and the assessment criteria set out in this booklet. A judging panel awards grants to those schemes that best meet the aims of the Challenge, which offer best value for money and maximise public benefit.
4. Your bid competes with other bids and constitutes an important element of your application for Funding.
5. Land planted under the Challenge Fund is not eligible for other forestry grants such as the Farm Woodland Premium Scheme, Community Woodland Supplement, Woodland Improvement Grant and Sustainable Forestry Operations Grant. Enclosed Land Supplement will not be payable.

What is a Short Rotation Coppice Energy Crop?

6. Short Rotation Coppice (SRC) is a specialised form of forestry plantation and involves growing high yielding trees, such as willow, at close spacing and harvesting at regular intervals (about every three years). The harvested crop is usually converted into wood chips which can be used as fuel to generate heat and electricity.

Aims of the Challenge Fund

7. The Challenge Fund for SRC Energy Crops aims to increase the amount of willow grown for an energy use in Northern Ireland. It will fulfil the aims of the WGS detailed in paragraph 3 of the WGS / FWPS booklet. Challenge Funding is awarded on a competitive basis and successful applications are approved by reference to assessment criteria set out in this booklet. The purpose of the competitive nature of this grant is:
 - to ensure that only those applications of the highest quality are approved and to set a high silvicultural, economic and environmental standard for future developments to aspire to;
 - to maximise the public benefit by supporting those projects which represent the best value for money;
 - to enable the Department to determine realistic estimates of the costs associated with the establishment of Short Rotation Coppice. This will be achieved by requiring successful applicants to provide a detailed breakdown of their costs when they submit claims for payment.

The Challenge Fund Contract

8. To ensure the aims of the Fund are met, we will require you to sign a contract. This will cover your obligations in the following areas:
 - to establish short rotation coppice plantation(s) as proposed by you and approved by us;
 - to maintain the coppice stools for a minimum period of 5 years from the date of planting.
9. Sanctions as described in paragraph 51 of the WGS / FWPS booklet will be applied to those who fail to comply with the terms of the contract.

General Information

How to Apply

Applications

10. You should complete the Woodland Grant Scheme / Farm Woodland Premium Scheme application form *PG1*. Refer to Part I, paragraphs 7-12 of the WGS / FWPS booklet. In addition, you should complete the *Supplementary Application Form SRC1*, and attach any required supporting information. Once a properly completed application is received, and initial checks have confirmed its eligibility, an acknowledgement letter will be issued and a Private Woodlands Forester will contact you to arrange a site visit to confirm whether the site is suitable.

Timing

11. Properly completed applications must be received at Forest Service Headquarters by 10.00 am on the 31st July 2006. You may submit your application any time up to this date. All applications received prior to the deadline each year will be assessed together.

Assessment

12. Proposals which meet the basic eligibility requirements opposite, and the essential assessment criteria overleaf, will then enter the competitive assessment stage, where they will be judged with other applications against the desirable criteria. Successful applicants will then be sent a letter of approval and a contract.

Eligibility Criteria

Eligibility

13. The Department recognises that as with any pioneer industry there are risks attached to the growing of Short Rotation Coppice. In order to reduce the risks, strict controls will be applied to ensure that only those proposals with the greatest potential for success, both silviculturally and commercially, will be approved for support under the Challenge Fund. These controls consist of basic eligibility checks as well as essential and desirable assessment criteria.
14. Applications will only be considered eligible if they satisfy the requirements of the Woodland Grant Scheme (see Part I, paragraphs 2 and 7-12 of the WGS / FWPS booklet).
15. In addition, Challenge Funded SRC plantations must be at least 3ha per site, with all planting completed by 2007.

Requirements

Essential Assessment Criteria

Challenge Fund applications must fulfil the following:

Ownership

16. Eligible applicants are those defined in the Forestry Act (Northern Ireland) 1953, ie any person who appears to have a substantial estate or interest in the land. This will include outright owners as well as tenants. We will consider applications from groups of farmers who wish to co-operate to increase the economies of scale, or from end-users, for example an energy supply company, a social housing project or an institution who can satisfy the requirements for land ownership. District Councils will also be eligible.

End-User Commitment

17. Applicants will have to provide evidence that an energy generating end-user is prepared to buy their harvested coppice, or that they will be burning the biomass themselves, either with existing plant or in a planned installation which has been approved by the Planning Service at least in principle. See Appendix B.

Business Plan

18. A business plan must be supplied with the application which demonstrates the financial viability and value for money of the Challenge Funded plantation, along with any associated activities such as harvesting, chip storage, transport and energy production, if these are to be undertaken as part of the proposed project.
19. Operations eligible for Challenge Funding include all those directly associated with the establishment of the crop such as cultivation, planting, cutting back and herbicide application, as well as certain overheads such as the preparation of accounts. If work is to be carried out in-house, man hours and machinery costs (fuel, depreciation) should be included. A template detailing the required information will be provided.

Site Characteristics and Planting Plan

20. Critical silvicultural factors for successful SRC production include soil type, elevation and exposure. For example, soils must be mineral in character and be capable of being ploughed to a depth of 25cm; peaty soils are unsuitable due to weed control difficulties. Exposure will limit growth so high elevation sites without sufficient shelter are unsuitable.
21. Limiting logistical factors consist of slope, which must not exceed 13°, and the overall size of the site: at least 3ha per land holding must be planted by 2007.

22. You must also provide information on your proposed establishment techniques in the form of a planting plan or prescription.

Technical Expertise

23. You will need to provide evidence of adequate skills and competence in managing either arable, improved grassland, horticultural or forestry enterprises either personally or through access to professional advice. A testimonial letter or details of appropriate qualifications may suffice. The testimonial letter will need to take the form of a declaration from a solicitor, accountant, land agent or someone similarly qualified, confirming that they are content with your levels of occupational skill and competence.

Social Issues

24. There may be adverse social impacts. For example, planting SRC in close proximity to housing or management of SRC for biofiltration or bioremediation may cause concern to neighbours. Applicants must consult with neighbours as defined below, and take their views into consideration. You should invite neighbours to raise any concerns with the Forest Service.
25. Neighbours are considered to be occupiers of land neighbouring the proposed site who live within 90m of the site boundary. Neighbouring land is that which adjoins the boundary of the site or would do but for an entry or a road less than 20 metres wide.

Environmental Considerations

26. Potentially adverse effects on the environment include landscape impacts and loss of habitat. Applicants must therefore demonstrate that their proposals are compatible with the *UK Forestry Standard* and associated guidelines, in particular the *Forests and Water Guidelines 4th Edition* (Forestry Commission / DARD 2003). Applications will also be subject to the *Environmental Impact Assessment (Forestry) Regulations (NI) 2000*.
27. **Applicants must consult** with the official bodies charged with responsibility for any sensitive areas close to or on the proposed site, such as historic monuments, AONBs, ASSIs, and ESAs. They must show that their proposals take due account of biodiversity, landscaping and archaeology, as well as any other physical constraints on the site such as access, crop protection, utilities (electricity, water, gas etc.) and neighbours, and that any potentially detrimental effects are minimised.

Requirements

Desirable Assessment Criteria

These are the criteria that will be used to score proposals and rank competing applications which have demonstrated that they fully meet the eligibility check-list and essential criteria. They are listed in order of importance and will be weighted accordingly.

Silviculture

28. It is important that Short Rotation Coppice is only planted on land that is capable of producing a high yielding crop. Proposals for more marginal sites will be ranked lower than those on the most suitable land, which is typically arable or improved grassland. Elevations greater than 100m will normally be unsuitable. Consideration may be given to higher elevation sites that are particularly sheltered. For ease of operations slope should not normally exceed 6°.
29. In addition we will assess the extent to which your proposed establishment and management plan conforms to best practice guidelines.

Economics

30. The economic viability of a project will be dependent upon issues such as the overall size of the plantation and the distance from the end-user. Generally field sizes less than 1.0 ha are not viable in relation to establishment and harvesting costs. The end-use(s) must be within a reasonable distance of the crops. Crops should be within **10 miles of small installations** (net rated thermal input of 4 megawatts or less) and **25 miles of large installations** (net rated thermal input of more than 4 megawatts). However, we are willing to consider representations on environmental and economic grounds for greater distances. In addition we will assess: the extent to which your project provides value for money, the strength of the commitment between grower and the end user, how thorough and realistic are your business plan projections and the extent to which your proposals are supported by funds generated by secondary uses of the SRC.

Social and Environmental Sustainability

31. Evidence of positive social and environmental impacts is desirable. Both planting and harvesting design should follow best practice guidelines. Social impacts will be assessed by the extent to which the proposal improves opportunities for public access and evidence provided of stakeholder support. Environmental impacts will be assessed by the extent to which the project protects and improves biodiversity and enhances the landscape.

Technical Requirements

General

32. The Challenge Fund is only available for the growing of short rotation coppice from recognised varieties of willow which have been approved by the Northern Ireland Horticultural and Plant Breeding Station, Loughgall. It must meet the environmental requirements as laid down by the *UK Forestry Standard*. In addition, industry best practice must be followed regarding all aspects of establishment including cultivation, herbicide application, planting techniques and cutting back in year 1.

Planting Material

33. Using the right planting material is very important. Advice should be sought from the NI Horticultural and Plant Breeding Station, Loughgall. You should not use reclaimed (farm-saved) material for replanting SRC unless you have the consent of the breeder (EC Regulation No. 2100/94).

Costs

34. Applicants must provide detailed information of the actual costs incurred to date at the time of submitting a claim for the payment of the first instalment of grant aid, and again when payment of the second instalment is due. This should be in same format as the estimated costs in the business plan. It will enable us to determine the range of costs associated with the establishment of a Short Rotation Coppice plantation, which is one of the aims of the Challenge Fund.

Site Layout

35. It is important that site conditions such as access, slope and drainage are taken into account when planning the layout of a short rotation coppice plantation. In addition, the planting density and arrangement of mixtures of different varieties of willow must be designed in accordance with the latest research findings. Advice on these matters is contained in the publications referred to under Frequently Asked Questions, and is also available from Private Woodlands & Plant Health foresters.
34. Other pre-existing factors such as wildlife habitats and historic monuments must also be taken into consideration. Grant will be payable on open space (ie unplanted ground) up to 20% of the total area of each block, provided it is for environmental or management purposes.

Frequently Asked Questions

Can I plant in several phases?

Planting on a single land holding may be phased over two or three consecutive years provided at least 3ha have been planted by 2007. Each block must be a minimum of 1ha, with at least 1ha planted each year. When assessing such cases, the size of the plantation will be taken as the total area planted.

However, to ensure that this assessment criterion is not abused and other applicants are not disadvantaged, the contract will require you to carry out all the planting as proposed. Sanctions will be imposed by withholding the second instalment from the previous phase if the second or subsequent phases do not proceed as planned.

How will this affect my Single Farm Payments?

You can plant land with SRC and this area can be claimed under your Single Farm Payment.

What about set-aside payments?

Set-aside payments under the AAPS will be incorporated into Single Farm Payments from 1st January 2005.

What additional information do I need to provide?

Refer to the checklist in Section 4 of the *Supplementary Application Form SRC1*.

What if I have another use for my coppice in addition to biomass for energy?

This Challenge Fund is aimed specifically at supporting the growing of willow coppice for an energy end use. However, if you have a secondary use for the land and the crop growing on it that **does not conflict with this primary aim**, for example bioremediation or biofiltration, the Department may find this acceptable. Any additional income arising from such secondary use(s) must be accounted for in your business plan.

What happens next?

Once submitted we will check that your application is correctly completed and all the relevant documents included. We will check its eligibility against the requirements of the WGS and essential assessment criteria listed for the SRC Challenge Fund. We will write to you after these initial checks have been made to tell you whether your application is eligible.

A forester will carry out a site visit in order to confirm whether the site is suitable. Applications will then be ranked according to the desirable criteria by a judging panel.

Once the assessment process is over, we will write to you to tell you whether your application has been successful. Successful applicants will receive a letter of approval, an annotated map, a Challenge Fund contract and a claim form incorporating a template for submitting the breakdown of your actual costs. The signed contract must be returned to us within 10 days of receipt in order to confirm your participation in the Challenge Fund.

Frequently Asked Questions

How long does the application process take?

You will normally be informed whether or not your application has been approved within eight weeks of us acknowledging the eligibility of your application. However this will depend on whether any objections are raised or further information required.

Can I withdraw my application?

You can withdraw your application at any time before you return your signed contract to us. Once we have received the contract you are obliged to carry out the work detailed in your application.

When do I claim my payments?

Claims should be made between 1st May and 31st July. If you fail to submit your claim at the appropriate time, we may not be able to make the payment.

The first instalment of 70% can be claimed once planting has taken place. The claim form and actual cost breakdown included with your letter of approval should be completed and returned to us at this time.

The second instalment of 30% can only be claimed after your plantation has been cut back and residual herbicide has been applied. The claim form and actual cost breakdown should be completed and returned to us at this

time.

How is the grant paid?

DARD aims to pay valid Challenge Fund claims within eight weeks of receipt.

The preferred method of payment is by direct credit (BACS). If you already receive grant and subsidy payments from DARD by direct credit then your payments under the SRC Challenge Fund will be made by this method.

When will my land be inspected?

You must allow access at any reasonable time to authorised DARD staff or our agents to inspect your land. You may be required to accompany the inspector during site inspections, which may be unannounced or at short notice.

Where can I get more information?

The advice from DARD and the Forestry Commission (FC) should be followed in preference to other sources. The following publications should be considered “best practice” in this regard:

- *The UK Forestry Standard* (Second edition) (Forestry Commission 2004)
- *Establishment and Management of Short Rotation Coppice* (Forestry Commission 2002)
- *Short Rotation Coppice in the Landscape* (Forestry Commission 1994)

Requests for further technical information should be directed to the Private Woodlands & Plant Health Branch.

Also refer to Appendix A, “Contacts”.

Appendix A

Contacts

Challenge Fund for Short Rotation Coppice Energy Crops.

Forest Service HQ

Private Woodlands & Plant Health Branch
Room 23
Dundonald House
Upper Newtownards Road
BELFAST
BT4 3SB

Tel: 028 9052 4466
Fax: 028 9052 4380
e-mail: grants.forests@ardni.gov.uk
See also www.forestsardni.gov.uk

Forest Service – Forest Officer

Ben Searle
Room 22
Dundonald House
Belfast
BT4 3SB

Tel: 028 9076 5311
Mobile tel: 07717 732 365
Fax: 028 9052 4380
e-mail: ben.searle@ardni.gov.uk

Applied Plant Science Division

Alistair McCracken
Applied Plant Science Division
AFBI
Newforge Lane
Belfast
BT9 5PX

Tel: 028 9025 5244
e-mail: alistair.mccracken@afbini.gov.uk

Appendix B

Energy End-Use

You must be able to demonstrate that you have or will have an energy end-use, or uses, for the crops. These could range from a biomass power station or a community energy scheme using heat or combined heat and power (CHP) technology to providing heat for your own home or business.

Evidence of end-use

Suitable evidence of an energy end-use includes:

- a contract with the end-user(s) showing how much fuel they expect to receive from you and for how long;
- a letter of intent from the end-user(s) (see below);
- proof that you have access to your own equipment (e.g. receipts, photographs, independent references);
- detailed plans and planning permission (if required) to install suitable equipment for own use.

Letter of intent

One form of evidence that you have an energy end-use is a letter of intent from an end-user. The letter should be on the end-user's headed notepaper and should be signed by an authorised signatory (the end-user may be asked to supply a signatory panel for verification). If you have multiple end users, there should be a letter from each one.

The letter should include:

- the volume and frequency of fuel deliveries they expect from you,
- an estimate of the distance the fuel will have to travel, and
- the dates on which supply is expected to start and end.

What to do next

1. Carefully read the information in this guide and the application pack (available from the Private Woodlands & Plant Health Branch office in Dundonald House) to decide if SRC energy crops are right for you.
2. Check if there is an energy end-user in your area or consider own use. Ensure that you can provide evidence of your end-use (Appendix B).
3. Check that you and your land are eligible and that you can meet the Scheme conditions (Sections 2 & 5).
4. Check that your application will not conflict with any other grant scheme in which you are or will be participating (paragraph 5).
5. Consult others who may have an interest in your land and request necessary consents.
6. Advise notifiable neighbours of your intentions and invite them to raise any concerns with the Forest Service (paragraphs 24 & 25).
7. Consider whether you have or can learn the necessary skills to grow energy crops? Decide whether to go it alone, employ a consultant, use contractors or join a producer group.
8. Check planting material supplies.
9. Fill in the application forms *PG1* & *SRC1*, ensuring that you have completed all sections of the checklist, and attached all relevant supporting documents as required.
10. Send to the Private Woodlands & Plant Health Branch office in Dundonald House (no later than 10.00am on the 31st July 2006).

Should accessible formats such as large type, audiocassette or a language other than English be required, please contact the Customer Services Manager at Forest Service Headquarters and appropriate arrangements will be made as soon as possible.



FOREST SERVICE

FS 04/06 2.5C G&H
ISBN 185527 863 4