



Green Business Loan Scheme
Development Bank of Wales

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Introduction

The Green Business Loan Scheme is designed to offer a package of support to enable Welsh businesses to tackle energy efficiency and decarbonisation action. Specifically, the scheme aims to:

- Provide businesses with an invest to save offer of accessible funding to undertake energy efficiency and decarbonisation activity with the aim of reducing operational costs;
- To support businesses to futureproof against volatile energy prices; and
- To start businesses on their journey to net zero goals.

Businesses are able to access two areas of support through the scheme. You may either a) be project ready and therefore wish to apply directly for loan funding, or b) require support in understanding your business specific energy efficiency and decarbonisation opportunities, including building related projects, and wish to apply for match funding for specialised consultancy costs.

Funding support - If your business has decided on which measure, or set of measures, you wish to progress to reduce your energy demand and carbon footprint you can directly apply for funding. You will need to have engaged with a supplier or contractor to support the project and obtained a full quote for the works to be undertaken. We will work with you to develop a funding package that is structured around the expected payback of the project, with the first 12 months loan payments interest only.

Full details on eligibility, terms and how to apply are provided in this document. Alternatively, if you wish to discuss the Green Business Loan Scheme with one of our team then please email greenbusiness@developmentbank.wales or call **0800 587 4140**.

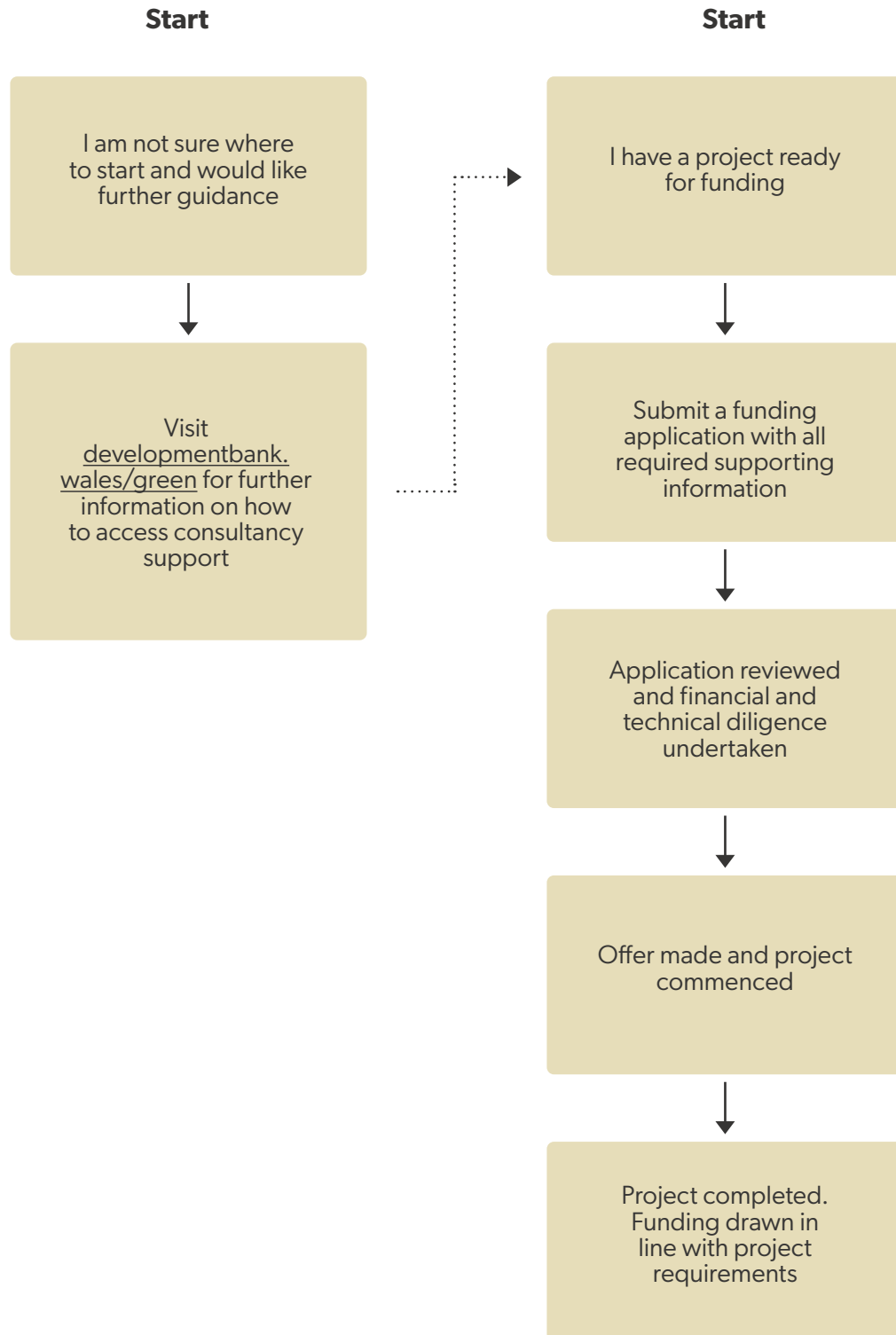
Specialised consultancy - energy audit and project development support - For those businesses wanting to make energy related business enhancements but are uncertain of exactly what to do next, there are two routes for accessing consultancy support through the scheme:

- For fully-funded advice, businesses are invited to contact Business Wales to access the services of their Resource Efficiency Advisers. These advisers will work with your business to review your energy usage and provide you with a report outlining key action areas for your business.
- Alternatively, if you are an SME and require a 'deeper dive' review into your business activity, or have more complex considerations, grant funding is available on a 50:50 match basis with your business to engage a qualified energy consultant to complete an energy audit and develop a project action plan with you.

If you are interested in exploring either of these options further, please contact the Business Wales team at **0300 060 3000** or visit [Business Wales](https://businesswales.co.uk).

Further information is also available [here](#).

Customer journey flow chart



Eligibility

Business eligibility

Who can apply?

To be eligible, your business:

- Must be based in Wales and evidence trading out of Welsh premises.
- Must have been trading for at least two years and have at least one set of filed annual accounts.
- Will be applying for a loan of between £1,000 and £1,500,000.
- Can be a limited company, sole trader, or partnership.
- Must have a satisfactory credit history and evidence that HMRC & PAYE payments are up to date.
- Can be a small, medium or large sized enterprise.
- Must qualify under the Energy Usage Streamlined Subsidy Scheme or, alternatively, must have sufficient allowance remaining under the Minimal Financial Assistance subsidy exemption. This is in order to ensure compliance with the UK's subsidy control rules. See the FAQ section for further information.
- Must not be operating in an ineligible sector- see FAQ section for further information.

Note: Private sector landlords are not eligible for the Green Business Loans but may wish to contact Business Wales for further advice and guidance. Further details can be found [here](#).

Project eligibility

Which projects are eligible?

The aim of the Green Business Loan Scheme is to provide businesses with appropriate funding packages to undertake energy efficiency and decarbonisation enhancements that will help them reduce costs and support the achievement of Wales's long-term net zero strategic objectives.

To be eligible for funding, projects must have a carbon cost that does not exceed £325 per tonne of CO₂e saved to determine a sufficient level of carbon effectiveness for the measures you are implementing, as well as value for money. Projects that do not fit this criteria will still be assessed on a case by case basis to consider wider benefits and impacts. As part of your application for funding you will be required to complete the Project information template. Through the information submitted here your carbon cost will be shown.

As a simplified example: Your project is looking to install energy saving measures at a cost of £25,000. Total carbon saved in year one is 10 tonnes CO₂e. Total carbon saved over the lifetime of the project is 100 tonnes CO₂e. Therefore, your project carbon efficiency is calculated at £250/tonne CO₂e over the lifetime of the project, qualifying as eligible.

Typical projects that are eligible for funding through the Green Business Loan Scheme are:

- Heating, ventilation and air conditioning – replacement, management, low carbon technology
- Building fabric improvements – insulation, double glazing, LED lighting
- Renewables – solar PV, ground/air/water source heat pumps
- Key equipment improvement – monitoring & controls, replacement, low carbon technology
- Water usage & waste reduction/improvements

Examples of the types of projects supported are provided in **Annex 1**. If the project you are considering is not listed then please contact our team for further advice greenbusiness@developmentbank.wales

What projects are not eligible for funding?

The following will not be eligible for support:

- Projects that result in no carbon or energy savings, or result in carbon increases, are ineligible for funding.
- Any project that involves a new installation that uses fossil fuels is ineligible for funding.
- Applications from businesses where a significant proportion of the heat or energy generated is intended to be sold to third parties i.e. grid, other businesses or domestic properties - would not be eligible for funding.
- Projects, particularly building fabric projects, that solely meet compliance or other legislative energy efficiency requirements. i.e. projects that are to bring a building into compliance with legislation, including building regulations or health and safety standards;
- Projects that cover on-going software licensing costs.
- In-house personnel costs associated with the project.
- Gas heating systems or gas connections.
- If funding from other support schemes or incentives, has already been granted to the project to cover the same costs;

If you are unsure if your project is eligible and require further guidance please contact our team at greenbusiness@developmentbank.wales.



Fund offer and application requirements

What is the green business loan offer?

| | |
|--|--|
| Loan size | <p>From £1,000 up to £1,500,000.</p> <p>Larger projects may be considered on a case-by-case basis</p> |
| Loan term | <p>Linked to the payback on the project with flexibility for two additional years over the calculated payback - up to a maximum 15 years</p> |
| Arrangement fee | <p>0% (Legal costs and due diligence fees may however be charged)</p> |
| Interest rate with green discount | <p>Calculated as the net of the standard risk-based interest rate applicable for your business less the Green discount applicable for the specific project. Our standard risk based interest rates currently range from 4.8% to 12.5% depending on risk level of the business.</p> <p>Green discount:</p> <p>standard</p> <p>3.5% discount for all qualifying projects</p> <p>Enhanced</p> <p>5.0% discount for projects with unattractive payback (i.e. over the term of the loan) and/or low carbon heat solutions. This may include renewable heat technology and building fabric upgrades.</p> <p>In all cases the lowest net interest rate that can be charged after discount is 3%.</p> <p>The net interest rate is fixed for the term of the loan.</p> |
| Security | <p>Anticipated but not limited to the following:</p> <ul style="list-style-type: none">— Debenture from the borrowing entity— Chattels mortgage/legal charge— Personal guarantee(s) from director/shareholder(s). |
| Eligible costs | <p>Eligible costs must be:</p> <ul style="list-style-type: none">— incurred directly as a result of the project or activity— limited to those strictly necessary for the project or activity— limited to the time period of the project. <p>All costs associated with the project need to be clearly detailed in the Project information template found within the application form.</p> |

What supporting information is required when applying?

| | |
|--|---|
| Supporting financial information requirements | <ul style="list-style-type: none"> — Business plan summary — Historic accounts (one year minimum, up to two years if available) including profit and loss detail — For loans up to £150,000: Completion of a 12-month cash flow via our financial information template is required. — For loans between £150,001 up to £350,000: Depending on credit history you'll either need to provide a 12-month cash flow via our financial information template or a monthly integrated forecast (two years inc. profit and loss, cash flow and balance sheet). Post receipt of application we'll contact you to confirm which we require. — For loans greater than £350,000: Completion of a monthly integrated forecast (two years inc. profit and loss, cash flow and balance sheet) is required. — Up-to-date management information (to included profit and loss and balance sheet) — Previous three months bank statements — Declaration of any other public funding support received by your business in the last three years to comply with Subsidy Control Regime rules. <p>Mandatory supporting financial information will be requested as part of the online application form.</p> |
| Project information requirements | <p>In addition to the financial information outlined above, you will be required to provide the following project specific information:</p> <ul style="list-style-type: none"> — description of the proposed project including its location, and its expected start and end — date;expected outcomes/benefits of project/measure; — key risks and mitigants of proposal; — the anticipated project costs, before any deductions, which must be supported by relevant documentation; — all project costs must be clearly detailed including a supplier quote and specify if inclusive or exclusive of VAT. All project costs must be quoted in GBP £. — the business will also, be required to provide the following: — current annual energy usage kWh and cost £, split across its main usages e.g. electricity, gas, etc. — the estimated like for like annual energy saving kWh forecast and cost saving £ as a result of the project — Quotation(s) for proposed project(s) — Supplier/contractor contact details and the value to each supplier <p>We require applicants to contract reputable and accredited suppliers with relevant qualifications to be advised as part of the application.</p> <p>For low carbon heat projects, new heating systems and renewable energy projects it is important that building fabric and energy efficiency measures are identified and implemented prior to sizing and installation.</p> |

Funding application guidance

How do I access the application form?

The Green Business Loan Scheme application form is available online at www.developmentbank.wales/green. If you require a PDF version of the application please contact greenbusiness@developmentbank.wales

To complete the application form you will need:

- Information about your business background and directors/shareholders plus financial information including bank statements, cash flow forecasts and filed accounts.
- Information about the project you will undertake (such as cost, forecast cost savings, carbon savings, operational risks).
- Quotation from suppliers for the installation you propose to undertake.
- Supporting project information depending on your project i.e., funding drawdown project plan and evidence that you have other sources of funding available to cover the remaining project costs where you are not applying for a Green Business Loan to cover the project costs in their entirety
- Details of any other publicly funded support for the same project which your business has received or applied for in the last three years.

How do I complete the application form?

Once you have registered on the link provided above you can complete your application in your own time, saving your progress as you go. You will be

able to submit your application once all mandatory fields and supporting information requirements are completed. The sections below provide guidance on completing the application form. If however you need any further support please email greenbusiness@developmentbank.wales

1. Business Information

- Please provide your full legal business name and a brief description of your business along with your current approach to decarbonisation activity.
- Please provide your company number and business address and contact details.
- Please complete the 'business specifics' questions
- Please provide turnover, profit/loss and net asset positions for the last financial year
- Please advise if you trade outside of the UK
- Please provide details of current employee numbers and advise if any jobs are to be created or safeguarded through this project. If none, please enter 0.

2. Additional information

Financial information

Please read the information requirements in each of the grey boxes and provide as necessary. All financial information is mandatory apart from the Business plan summary. You are however encouraged to provide this where it is available to speed up your application review.

The checklist below summarises the financial information requirements:

| Requirement | Description | Yes/No |
|---|---|--------|
| Mandatory at application | | |
| Bank statements | Three month bank statements | Y/N |
| Filed accounts | Minimum one year, two years if available, including P/L | Y/N |
| Where available | | |
| Business plan summary | To include your products and services, competitive landscape, financial assumptions and management information | Y/N |
| Management information | To include P&L, balance sheet, up to date aged debtor and creditor list | Y/N |
| To be requested following application submission | | |
| Cash flow forecasts | <ul style="list-style-type: none"> — For loans up to £150,000: Completion of a 12-month cash flow via our financial information template is required. — For loans between £150,001 up to £350,000: Depending on credit history you'll either need to provide a 12-month cash flow via our financial information template or a monthly integrated forecast (two years inc. profit and loss, cash flow and balance sheet). Post receipt of application we'll contact you to confirm which we require. — - For loans greater than £350,000: Completion of a monthly integrated forecast (two years inc. profit and loss, cash flow and balance sheet) is required. — Where required our financial information template will be forwarded to you on acceptance of your application. | Y/N |



Project information

Project information template - Please download and complete the Project information template. It is advised that this is completed as thoroughly as possible to avoid any delays to your application assessment through the need for additional information requests. Information required here will include:

- Business site information
- Current energy usage
- Energy audit detail (if undertaken)
- Project risks and mitigations
- Carbon cost threshold inputs
- Project cost saving information
- Project energy saving

It is strongly encouraged that you work with your chosen supplier/installer to complete the information requirements on this spreadsheet. Further guidance is provided on the template but should you have any specific questions on completing this document please email greenbusiness@developmentbank.wales

Depending on your specific project further supporting information may also be required such as project plans, evidence that you have secured alternative sources of funding for any project costs which will not be covered by the Green Business Loan and planning permissions.

Please upload this information in the same area as the Project information template on the online application system.

Supplier quote - You will be required to upload a full supplier quote which aligns to the project/s detail provided in the Project information template. The supplier quote must be from a reputable supplier and must clearly show the following information:

- Detail on all products being installed including equipment specifications
- Current energy usage assessment and forecast energy usage saving post installation
- Current energy cost assessment and forecast energy cost saving post installations
- Current carbon emissions and forecast carbon emissions post installations
- Cost of the project/s (noting if inclusive or exclusive or VAT)
- Be provided on company headed paper
- Addressed to the applicant and also include the supplier company address
- Installation address details

Public sector funding information - To ensure compliance with the Subsidy Control Act (2022) through the award of public sector funding, businesses must advise if they have received any other public sector funding into their business over the last three-year period.

The checklist below summarises the financial information requirements:

| Requirement | Description | Yes/No |
|------------------------------|---|--------|
| Mandatory | | |
| Project detail template | Completed project detail template including: <ul style="list-style-type: none"> — Business site information — Current energy usage — Energy audit detail (if undertaken) — Project cost saving information — Project energy saving information | Y/N |
| Supplier quote | Full supplier quote/s for all project work to be undertaken through funding applied for | Y/N |
| Public funding | Details of any subsidised public funding your business has received or applied for during the last three years. See the template for advice on which information to provide | Y/N |
| Other supporting information | As noted on the Project Information Template depending on the specifics of your project | Y/N |

Applicant information and declaration -

Please provide details of each director/partner/sole trader, shareholder of 25% or over and authorised signatory must complete the applicant information and declaration section.

Frequently asked questions

Business eligibility

Are all Welsh businesses eligible?

The Scheme is open to all Wales based businesses which satisfy the business eligibility criteria outlined on page 5 of this document.

Businesses that operate in the following sectors are not eligible for support - gambling, tobacco or any sectors that give rise to significant environmental impact or are ethically or morally controversial.

What if I am not eligible for the green business loan scheme?

If you do not satisfy the eligibility criteria we would encourage you to contact [Business Wales](#) for further support and guidance on other opportunities that may be available to you.

You may also qualify for other funding through the [Development Bank for Wales](#) for more details.

Project eligibility

Which projects are not eligible for funding?

The project eligibility section of this document on page 5 provides further information on projects that would not be eligible for a green business loan.

In addition, **Annexe 1** provides a list of the type of projects/measures that are covered by the Green Business Loan Scheme. It is not however a definitive list, and as long as the project/measure can demonstrate annual energy or carbon saving, then it is likely to be eligible. If you are unsure whether your project is eligible, please contact our team at greenbusiness@developmentbank.wales

What happens if my energy source is 100% green electricity?

Where companies utilise 100% green electricity, grid electricity carbon emissions will be used

as a proxy to ensure businesses on renewable tariffs are not penalised within the carbon cost calculation.

What if my chosen supplier is not accredited?

We require applicants to contract reputable and accredited suppliers only with details of their relevant accreditation included in the Project information template. Your energy consultant/auditor may have recommended suppliers to approach. Alternatively, you may have contractors/suppliers you already work with who could deliver the work, or you may prefer to go out to the market.

Funding offer

How will my interest rate be communicated?

Following initial checks, an indicative interest rate will be calculated based on project information and financial standing. This will be communicated to the applicant ahead of further due diligence being undertaken.

How does the interest rate discount work in practice?

Example 1: If under standard the Development Bank's pricing guidelines your loan would have been priced at 9% and the proposed project comprises of energy efficiency measures, you will qualify for a green discount of 3.5%. The Net Interest Rate would be calculated as 9% less 3.5% resulting in 5.5% being applied.

Example 2: If under standard the Development Bank's pricing guidelines your loan would have been priced at 7% and the proposed project includes a renewable heat technology, you will qualify for a green discount of 5%. The Net Interest Rate would be calculated as 7% less 5% = 2%, however this would be adjusted to the 3% as the lowest threshold level allowed through the funding offer.

Can the green loan be used with other finance?

Applicants are actively encouraged to identify all finance options available to them, at a minimum we would encourage the applicants to have spoken to their existing bankers in the first instance. This includes other government schemes, as long as the funding sought is additional, i.e., it is not covering the same costs. Details of any other finance secured or sought to cover the project costs will be required to be detailed within the application form.

Is the loan considered to be a subsidy under the UK Subsidy Control Regime?

Yes, the green discount will amount to a subsidy under the Subsidy Control Act 2022. The value of the subsidy provided to you will equate to the amount of interest you save as a result of us providing the green discount.

We will use one of two alternative routes to ensure that the subsidy we provide to you is compliant with the subsidy control rules. These are detailed further below.

Energy Usage Streamlined Subsidy Scheme

The Energy Usage Streamlined Subsidy Scheme allows a subsidy to be provided for a project which involves the installation of any of the following in buildings:

- Energy efficiency measures (i.e. measures reducing the amount of energy that a building uses)
- Low carbon heating measures
- Additional energy infrastructure

There are a number of conditions which must be satisfied in order for your project to be eligible under the Scheme, and those include the following:

- You, as the loan applicant, must either own or occupy the building that the project relates to. If the owner and occupier are different persons, the owner and occupier will need to have entered into appropriate arrangements to ensure the project can proceed and to decide which of them will receive the benefit of the subsidy.
- The project is not being undertaken to comply with a legislative or regulatory requirement.
- An independent Energy Audit has been undertaken by an accredited energy assessor which supports the project seeking funding.
- You must not have already started on the project when you apply for the Green Business Loan.
- The project must not involve the use of fossil fuels.

You can find full details of the scheme and related guidance here:

- [Energy Usage Streamlined Subsidy Scheme](#)
- [Energy Usage Streamlined Route Guidance](#)

In order to be eligible for support using the Energy Usage Streamlined Subsidy Scheme, the overall amount of public subsidy provided for your project must not exceed £3 million in total, and must not exceed the maximum permitted percentage of the eligible costs. The maximum permitted subsidy intensity is 60%, 50% or 40% of the eligible costs of the project, depending on whether you are a small, medium-sized or large enterprise respectively. If you are not eligible under the Scheme, we will consider instead whether we can still support you using the Minimal Financial Assistance exemption. Please see below.

Minimal Financial Assistance exemption

For projects which are not eligible under the Energy Usage Streamlined Subsidy Scheme, we will consider whether we can provide the loan using the Minimal Financial Assistance (MFA) exemption in section 36 of the Subsidy Control Act 2022. Through MFA, businesses are able to receive subsidy up to a maximum threshold of £315,000 over a three-year period. This replaces the previous State Aid de minimis exemption.

In order to ensure the MFA exemption can be used, we will ask you to provide us with written confirmation that our subsidy will not cause you to exceed your £315,000 entitlement. You will need to take into account any subsidies you have received in the last three years under the MFA exemption or under the State aid de minimis exemption or the exemption for 'small amounts of financial assistance' in the EU-UK Trade and Cooperation Agreement.

If our subsidy would exceed your remaining entitlement under the MFA exemption, we will not be able to provide the green discount through the Green Business Loan Scheme. You may however wish to speak to a member of our team regarding alternative funding available.

Application

What happens if I can't access the online application?

If you are unable to complete the application through the online system then please contact our team to receive an editable pdf version for submission.

What happens once I have submitted my application?

Once we have received your application and all required supporting information we will undertake initial checks to determine financial eligibility. Following this review and review of the project information, one of our team will contact you to advise what your indicative interest rate will be.

Once we have received agreement to continue on the basis of the indicative interest rate, we will undertake technical due diligence on the project as well as more detailed financial due diligence. Subject to satisfactory completion of these stages, we will issue you with an offer letter following which project activity can be commenced.

How long will the application process take?

Our response time for your application will depend on the size of finance you require and complexity of your project. For loans up to £50,000, these typically take c.10 days to process. For loans over £50,000, these typically take c.30 days to process. For more complex cases this can take up to 40 days.

Payment

When will I receive the loan?

The agreed loan amount will be released upon receipt of the draw down notice that will be provided as part of the loan offer letter. This will need to be accompanied by the supplier invoice.

In some circumstances where suppliers require upfront part payment a tranching release of the funding may be agreed. If this is required for your project you must include this within your application form.

Note: The Development Bank reserves the right to delay release if a site inspection is required to be undertaken by a qualified adviser or Development Bank representative.

Contact

Who should I contact if I have a query about a new or existing application?

Please email greenbusiness@developmentbank.wales or call **0800 587 4140**.

Annex

1

Examples of measures supported

| | |
|--|--|
| Heating, ventilation and air conditioning <ul style="list-style-type: none"> — Warm-air units — Radiant heating units — Under-floor heating — Air curtains — Cooling system replacement/upgrade — Heating and cooling controls — Building management systems — Heat recovery units — High efficiency fans (destratification, ventilation system fans etc.) — Commercial hot water systems — Electric Storage Heaters | Building fabric <ul style="list-style-type: none"> — Cavity wall insulation — Loft insulation — Flat roof insulation — Internal wall insulation — External wall insulation — Draught proofing — Floor insulation — Heating system insulation (cylinder, pipes etc.) — High performance external and internal doors — High performance window coverings — Double/triple glazing — Secondary glazing |
| Renewables <ul style="list-style-type: none"> — Solar PV — Wind turbine — Micro-hydro system — Solar Thermal — Biomass boiler — Biomass room heaters (with radiators) — Air source heat pump — Water source heat pump — Ground source heat pump — Biomass combined heat and power — Anaerobic digestion | Other equipment <ul style="list-style-type: none"> — Measuring, monitoring and control equipment — Lighting systems, fitting and controls — Voltage management — Variable speed drives — Energy efficient motors and controls — Air compressors — Commercial cooking and baking equipment — Commercial cleaning equipment e.g. washing machines, dryers, dishwashers — Commercial fridge and freezer units — Multi-glazed refrigeration doors/covers — High efficiency hand dryers — IT equipment — Swimming pool covers |

Note: The greater discount will be applied to projects with unattractive payback (e.g. over the term of the loan) and/or low carbon heat solutions. This may include renewable heat technology and building fabric upgrades.

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Llywodraeth Cymru
Welsh Government