

# Looking for an energy boost?

## How a new £100m Carbon and Energy Fund could help you upgrade your energy infrastructure

IN THE PAST, if you were embarking on upgrades to your premises to save carbon and energy, capital came from self-funding, private funding, and/or the £100m Energy and Sustainability Fund, which was followed by the funding from Salix. A review of the last 20 projects shows that an investment of £70m into NHS energy facilities upgrades is yielding £10m savings per annum to the trusts involved and is saving 53,000 tonnes per annum of carbon dioxide – going a long way towards the sector’s commitment.

The current constraints on capital mean that it has become increasingly hard for trusts to invest in their core energy infrastructure. But now there is support in a new incarnation – the Carbon and Energy Fund: find out more about how you could benefit from the Fund and about the processes involved.

### The Carbon and Energy Fund

The Carbon and Energy Fund is a natural successor to the widely acclaimed Energy and Sustainability fund and it will allow all trusts joining the Fund to benefit from having a funded Energy Services Performance Contract (ESPC; see below) for their trust energy infrastructure.

A recent review of ERIC data from 12 East of England trusts shows that the Fund could save the sector £7.7m per annum and 25,000 tonnes per annum of carbon, if it were to do the most basic combined heat power (CHP) and energy upgrades under the Fund.

The new £100m Carbon and Energy fund offers members funding and a standard contract, which through a procurement framework will significantly reduce the costs and complexity of implementing energy projects in the NHS. The London Development Agency (LDA) and the European Investment Bank are working with the Fund and the NHS, and with their endorsement there could be a second tranche of £100m of funding available to the Fund.

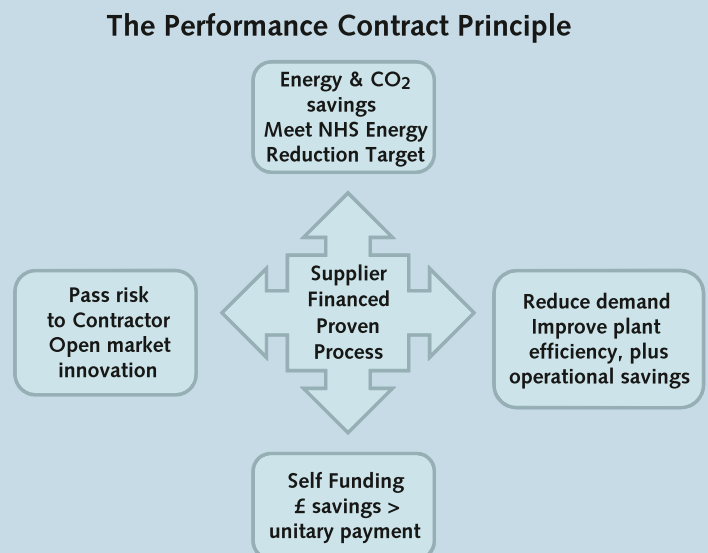
### Boost your energy for less

So far, 28 NHS trusts have found that they can upgrade or replace their core energy systems at no increase in capital or revenue cost using an ESPC.

ESPCs have allowed hospitals to focus their capital on clinical projects, while benefiting from the latest, most carbon-efficient plant. Contractors carry the risks associated with design, build, performance and operation. The projects are

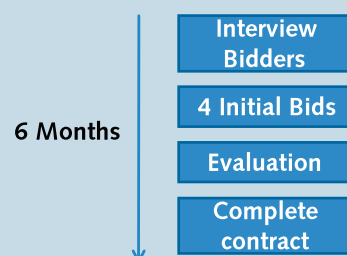
underwritten by guaranteed savings that are audited annually, and repaid if there is any shortfall.

A standardised ESPC has been developed that provides guaranteed savings and risk transfer, with the off balance sheet benefits of Enhanced Capital Allowances, and avoids Capital Charges and depreciation. The diagram below summarises the principles involved:



### Upgrades without the pain

Previously, trusts have had to issue an OJEU and follow a time-consuming and expensive competitive dialogue process to upgrade their energy infrastructure using a performance contract. The Fund and its framework offers trusts a simple call-off arrangement that takes six months and works as follows:



## Join the Fund

Fund Membership is open to the whole NHS, and with LDA support, the whole public sector. Joining has the following benefits:

- an allocation of capital funding for your project;
- usage of the Fund framework, ESPC contract, and advisors (financial, technical and legal);
- no fees – all costs are wrapped in the final solution.



If you feel that your trust might be interested in using the Fund, you can send a simple email expressing your interest to the East of England Procurement hub, who with the LDA are looking to run the framework for the whole NHS and other public sector bodies. The email address is [john.streeton@hsmc.nhs.uk](mailto:john.streeton@hsmc.nhs.uk).

If you would like further information about the Fund please copy your email to [EOI@carbonandenergyfund.net](mailto:EOI@carbonandenergyfund.net) or write to the Carbon and Energy Fund, 5th Floor, 189 Sloane Street, London SW1X 9QT, and the Fund will keep you up to date directly.

It is thought that, just as with the DH Energy fund, the £100m will be allocated swiftly.