


Biomass Funding Solutions

MAKING YOUR INVESTMENT PAY



With Rural Energy's finance solutions you can invest in biomass today at no additional cost to your business because the energy savings you make pay for the new equipment.

Biomass made easy

As a leading installer of biomass equipment we know that committing to biomass heating requires a serious investment in both time and money.

At Rural Energy we make sure biomass works for your budget. We can provide a variety of financial solutions that enable you to invest in renewable energy and benefit from cheaper heating without any upfront capital costs.

- Access to specialist finance for green technologies
- ESCO and Asset Finance available
- Installation costs can be included
- No impact on your working capital
- Fast – credit approval within 24 hours



ESCO & Asset Finance Explained

As a frontrunner in engineering biomass solutions and with over 12 years experience, Rural Energy has installed biomass heating systems for hundreds of prestigious projects across the UK. Working in partnership with leading financial providers including Siemens and The Carbon Trust, Rural Energy can create a finance package that will work for you.

	Operating Lease	Finance Lease	Hire/Lease Purchase	ESCO
How it works	The finance company buys the asset on behalf of the customer and rents the asset to the customer for a fixed period.	The finance company buys the asset on behalf of the customer and rents the asset to the customer for a fixed period.	The finance company purchases the asset on behalf of the customer. The finance company retains the title to the equipment until the final installment is paid at which point the customer takes the title to the equipment.	A financial arrangement with a company where they fund the supply, installation, operation, servicing and maintenance of a boiler. The customer then buys their heating energy directly from them over a predetermined period.
Set up costs	Yes small admin fee + deposit	Yes small admin fee + deposit	Yes small admin fee + deposit	No
Amount that can be borrowed	N/A	Up to 100% of the project value (subject to credit approval)	Up to 100% of the project value (subject to credit approval)	Everything will be funded by Rural Energy
Is the asset off-balance sheet?	Yes	No	No	Yes
Capital allowance claimed by	Leasing Company	Leasing Company	Customer	Rural Energy
Infrastructure costs (civils/grid/distribution piping)	Customer pays (or potentially can be included under the School Operating Solution option)	Customer pays (or potentially can be covered under the finance agreement)	Customer pays (or potentially can be covered under the finance agreement)	Rural Energy pays
Will customer own the asset?	No	No	Yes	No
Credit check required?	Yes	Yes	Yes	Yes
Secure fuel supply required?	Generally arranged by the customer	Generally arranged by the customer	Generally arranged by the customer	Arranged by Rural Energy
Minimum heat generation required?	Sometimes	Sometimes	Sometimes	Yes - Underwritten by customer
RHI benefit for customer	Yes	Yes	Yes	RHI goes to Rural Energy to allow reduced heat price to the customer
Maintenance responsibility	Customer	Customer	Customer	Rural Energy
Suitable for	Schools and government organisations	Private sector organisations	Private sector organisations	Private sector organisations
Term	5-9 years typically	5-7 years typically	5-7 years typically	10-15 years

Driving down energy costs and helping you plan ahead



WHAT IS AN ESCO?

An **Energy Supply Contract** or **ESCO** is essentially a financial arrangement with a company who takes complete responsibility for owning, operating, maintaining and fuelling the heating boiler. The customer simply purchases metered heat at a fixed tariff. This arrangement can help you significantly reduce your heating and energy costs whilst also achieving long-term energy security for your organisation or business. For many kinds of business, heating and energy costs represent one of the largest budget items annually. With an ESCO you can access a high quality Herz boiler, financed, installed and serviced by Rural Energy.

Key benefits:

- Zero capital outlay
- Reduced heating bills
- No maintenance costs
- New biomass boiler
- Low carbon emissions
- A clean and renewable energy source
- Secure energy supply
- Frees up capital spend
- Reduced heating cost up to 30% or significantly more with RHI payment scheme from Ofgem

HOW DO THEY WORK?

Brand new biomass boiler installations can cost in excess of £100,000 and are therefore a huge investment for any client or business. An ESCO can provide a unique financial solution, removing the capital investment.

ESCO's have no upfront costs and can include installation, operating and maintenance costs plus wood supply for a 20 or 10 year period which will provide energy security for the periods mentioned.

ESCO's are suited to any client or business that is currently experiencing high fuel cost particularly with LPG or oil.

ESCO's are ideal for:

- Care Homes
- Large Primary or Secondary Schools, Colleges & Universities
- Business Parks
- Hotels
- Apartment blocks (District heating schemes)
- Poultry and Glasshouses
- Leisure Centres, Spa's and Pools

Most off-grid users generating 400,000kW per annum will make savings with an ESCO and if the government RHI scheme is applicable, savings could double. The best ESCOs are supported by the City of London financial institutions.

WHAT IS ASSET FINANCE?

Asset finance is the most common way of financing plant, equipment and machinery. It usually involves paying a regular charge for use of the asset over an agreed period, thus avoiding the full cost of buying outright.

Options include:

- Leasing or hire purchase
- Funding up to £500,000 as standard
- Repayments available up to 7 years
- Funding 100% of the net cost
- Ability to transfer funds prior to installation commencing

No security (other than assets) is taken and each application is underwritten and approved on the strength of credit history and ability to service debt via day to day business activity. The Net Worth of business should be no greater than the amount being borrowed and the client's full accounts must be available on request.

Asset finance benefits to the client or business

- ✓ Security is via the asset finance
- ✓ Preserves working capital
- ✓ 'Ring-fenced' funding outside banking facilities
- ✓ Potential tax efficiency
- ✓ Helps businesses & organisations save energy & money
- ✓ 100% finance available
- ✓ Installation costs can be included
- ✓ Improves cash flow for the client
- ✓ Staged affordable payment options
- ✓ Leaves existing lines of credit intact
- ✓ Funding available for all types of business

Example finance illustration

500kW Herz boiler turn key installation with plant room building and fuel silo

Cost £190,000

Heat load of 750,000kWh p/a replacing heating oil at 43p per litre

Wood chip cost £118 per tonne

Without finance the payback is 5.5 years

With lease finance at 8%* paid over 7 years, the project is cash positive from year 1.

*Lower rates available dependent upon client credit score, project value, etc.



For further illustrations and financial forecasts, please call 0203 189 0654

Subject to status

Images: Ista Heat Meters and Remote Billing

Rural Energy

INSTALLING BIOMASS SINCE 2002

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Design / Project Management / Distribution / Servicing / Training

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