

RAPID SCOTTISH ULTRA-LOW EMISSION BUS SCHEME – GUIDANCE FOR PARTICIPANTS

Please note that this funding offer is in advance of the full Scottish Ultra-Low Emission Bus Scheme (SULEBS). A round of the full SULEBS will take place later in 2020-21 subject to approval of its State aid Notification. Details will be announced on the Transport Scotland website.

RAPID SULEBS IS PROVIDED THROUGH THE EUROPEAN COMMISSION GENERAL BLOCK EXEMPTION REGULATIONS (GBER).

CLAIMS TO RAPID SULEBS EXCLUDE THE APPLICANT FROM BIDDING FOR FULL SULEBS ASSISTANCE FOR THE SAME BUSES OR SUPPORTING INFRASTRUCTURE TO OPERATE THESE BUS TECHNOLOGIES.

Rapid SULEBS

1. Whilst awaiting formal State aid approval to meet the full objectives of SULEBS, a rapid scheme is being run using GBER rules to maximise the chances of ultra-low emission buses being supported early in 2020-21.
2. Up to a maximum of £3 million of Rapid SULEBS funding is available for the purchase of ultra-low emission buses (ULEBs), including buses which can run as zero emission buses, and the infrastructure to operate them.
3. The full SULEBS will contribute up to 50% (or up to 75% where the bus can operate in zero emission mode) of the cost difference between the ULEB and the standard conventional diesel equivalent of the same total passenger capacity. Full SULEBS will also contribute up to 75% of the capital expenditure incurred as a result of its purchase and installation for infrastructure to operate these bus technologies.
4. The full SULEBS will come into place later in 2020-21 subject to formal State aid notification being received.
5. Transport Scotland's intention is to support a sustainable market in ULEBs in the long term, and will particularly reward those demonstrating a reducing need for Scottish Government subsidy over the period of the scheme and beyond.

SULEBS - Background information in respect of Scottish Government aims

6. In May 2019, the Scottish Government declared a climate emergency and the Climate Change (Emissions Reduction Targets) (Scotland) Act was passed by the Scottish Parliament on 25 September 2019. Scotland now has targets to be net zero emission by 2045, and for a 75% reduction in emissions (against 1990 emission levels) by 2030.

7. Transport is currently Scotland's largest sectoral emitter, responsible for 37% of Scotland's total greenhouse gases in 2017. Reducing emissions from all parts of the transport system is essential to meet our overall climate change ambitions. The National Transport Strategy, which sets the direction for transport over the next 20 years, identifies climate action as a priority. The Scottish Government's Climate Change Plan is also being reviewed and will set new targets for reducing emissions of the Scottish bus fleet.
8. The SULEBS builds on the eight rounds of the Scottish Green Bus Fund, held each year between 2011 and 2018. The new fund increases the level of environmental protection, improved air quality, and supports the acceleration of uptake of the lowest emitting bus technologies in support of net zero emissions targets.
9. The Scottish Government's Programme for Government, published in September 2019, included commitments to consult on the ambition to make the transformative shift to zero or ultra-low emission city centres by 2030. It also committed to explore the potential for new forms of financing to radically accelerate the introduction of zero emission buses across Scotland. This work will continue to be progressed together with SULEBS.

Rapid SULEBS – Rules of the Scheme

Who is eligible?

10. Any bus operator or local authority can apply for funding. Bidders may submit joint bids (e.g. two or more local authorities or bus operators). However, they will need to make clear who the lead bidder is and how they would work together if their bid was accepted. Regional Transport Partnerships (RTP) may bid, or coordinate a bid from the areas they cover. Local authorities may still apply as a separate entity, even where the relevant RTP is bidding. Any company leasing or renting buses to any of the bodies mentioned may also apply.

What is eligible?

11. This is a technology-neutral outcomes focussed programme.
12. All new ULEBs and the related infrastructure will be eligible for funding, as long as they meet the rules set out in this guidance. However, the most ambitious plans for transforming fleets will be most likely to succeed in securing funding. Thus, models with higher Greenhouse Gas (GHG) and Air Quality (AQ) savings as per ULEB certificates, will be favoured.
13. To qualify as an ULEB, a bus must produce at least 30% less Well-To-Wheel (WTW) GHG emissions than a conventional Euro VI diesel bus and meet Euro VI engine regulations. The Low Carbon Vehicle Partnership (Low CVP) publish ULEB certificates on their website. Contact LowCVP for more details

on certification requirements and existing qualified ULEB models, with more information available in the Ultra-Low Emission Bus Guide.

14. An ULEB which is effectively zero emission is a bus that emits no exhaust gas from the drive train on-board source of power and can travel at least 50km in zero emission mode.
15. Buses will continue to have their GHG emissions assessed on a WTW basis, using a grid average for all fuels, i.e. the most recent Scottish grid annual average of electricity, diesel or methane, and will not be allowed to count the savings achieved by using renewable fuels.
16. As there is not currently a grid average for hydrogen, bids will be assessed on a case by case basis, with the need for infrastructure to clearly demonstrate renewably sourced hydrogen.
17. Bids will only be accepted for the procurement of new buses.
18. Bids for buses which are retrofitted with technology to reduce their GHG emissions will not be accepted.
19. Buses bid for must be used on one or more local registered bus services. A local registered bus service is one which is available to members of the general public, has scheduled stopping places and a clear, easily accessible timetable and route map, and has been registered with the Office of the Traffic Commissioner.
20. For infrastructure, Transport Scotland will contribute funding for the capital expenditure incurred as a result of its purchase and installation. Examples of the infrastructure most likely to be bid for under this fund are standard, fast, rapid conductive and inductive charging equipment and hydrogen re-fuelling systems.
21. The capital cost can include surveys at the point of procuring the infrastructure provided that these are capitalised. The eligible expenditure also includes (but is not limited to):
 - cost of charging unit or refuelling station
 - electrical or other power components
 - civil engineering works
 - labour costs (for installation)
 - hardware costs
 - capital costs of developing associated software systems
 - the capitalised cost of surveys at the point of the infrastructure procurement
22. Transport Scotland wants to encourage applicants to work internally and externally with project partners, to see how upgrades to infrastructure can draw from other funding streams to support uptake of other low carbon vehicle types

e.g. publicly available charging points for cars, taxis, vans. This should in no way affect the efficient and effective operation of any buses and must meet official Transport Scotland guidelines.

What evidence is required?

23. An ULEB certificate will be required in support of all bids for each bus type purchased. The Low Carbon Vehicle Partnership (LowCVP) have developed the ULEB definition and accreditation process, and a certification of compliance is provided as each bus type is tested.
24. Transport Scotland may make an offer of grant (subject to its wider assessment), but no funds will be paid out until the certificate of compliance with the current UK Bus Test Cycle procedure has been sent to Transport Scotland, or as set out in paragraphs 43-46 below.
25. Bidders should be aware that bids for “efficient diesel” buses will be unsuccessful in their bid for funding as they do not meet the emissions threshold to be certified as an ULEB.
26. A 3 year minimum warranty will be required on any battery and electric drive train, with the option to extend the warranty for an extra 2 years, or extra evidence of battery performance to show reasonable performance after three years of use. Warranties for infrastructure will also be viewed favourably, especially where bidders fund this themselves.
27. Organisations submitting bids for *infrastructure only*, will need to demonstrate how this infrastructure links to plans for the purchase and operation of ULEBs in the short to medium term. Bids must demonstrate planning for data collection to prove GHG emissions reduction and AQ improvement.
28. A full list of the documents that bidders must provide as part of their application is listed in the application form - Annex A.

How much funding is available?

29. There is £3 million total funding for this rapid round of SULEBS.
30. The level of aid available will depend on whether the applicant is a Large, Small or Medium Sized Enterprise, as defined by the European Commission. Small and Medium Sized Enterprises are undertakings fulfilling the criteria laid down in Annex 1 to the General Block Exemption Regulation [European Commission SME definition \(Annex 1\)](#)

Undertakings not fulfilling the criteria are Large Enterprises.

31. As set out under Article 36 of the General Block Exemption Regulations on Aid for environmental protection, the maximum aid intensity allowed shall not exceed 40% of the eligible costs.
32. The eligible costs are the cost difference between the ULEB and the standard conventional diesel equivalent of the same total passenger capacity, and the capital expenditure incurred as a result of the purchase and installation for infrastructure to operate these bus technologies.
33. The aid intensity may be increased by 10% for aid granted to medium sized undertakings and by 20% for aid granted to small undertakings.
34. The aid intensity may also be increased by 5% for investments located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty on the Functioning of the European Union (TFEU).
35. The criteria must be applied to the company as a whole (including subsidiaries located in other Member States and outside the EU). The Regulation provides definitions of an autonomous enterprise, partner enterprise and linked enterprise in order to assess the real economic position of the SME in question.

When is the funding available?

36. Grant funding is available in 2020-21.
37. All bids for funding for rapid SULEBS should be submitted to Transport Scotland by **midnight Thursday 27 February 2020**. We will aim to let bidders know whether their bids have been successful by w/c 23 March 2020.
38. Grants will only be paid once an order for a bus and/or supporting piece of infrastructure has been made and evidenced as part of the application process. Buses should come into service no later than 12 months from the order date. Infrastructure should be in place no later than two years from the agreed contract.

Checklist:

39. To qualify for Rapid SULEBS funding, bids must be:
- From a bus operator or local authority running bus services in Scotland
 - An ULEB accredited by the LowCVP ULEB Accreditation scheme
 - An ULEB running on one or more local registered bus services
 - An ULEB coming into service no later than April 2021
 - For infrastructure needed to run ULEBs.
 - Between 40% and 65% (dependant on the criteria satisfied through GBER rules) of the cost difference between an ULEB and diesel equivalent and of the total cost of the supporting infrastructure.

Monitoring and Evaluation

40. Bids will need to demonstrate that sufficient consideration has been given to how GHG and air quality pollutant emissions will be monitored and evaluated, in keeping with Transport Scotland's Monitoring and Evaluation Strategy. This could include any existing monitoring arrangements in place on the route(s) set out in the bid. Unless the route is bus-only, there can be difficulties in monitoring specific emission levels. As such, we may monitor and evaluate air quality through other parameters, such as the degree of zero emission running on the route.
41. One of the stipulations of receiving Rapid SULEBS funding is that operators will be required to submit data as part of a longer term data monitoring project run by Transport Scotland. This data will facilitate further research and could encourage further take up of ULEB in the industry. All successful applicants to the Scottish Green Bus Fund also participated in data collection.
42. These are some of the key considerations for operators when collecting and processing data as required by Transport Scotland:
 - Data to be collected
 - Methods to collect data
 - Data format
 - Staff time and resources required

Certification

43. Bidders will need to approach manufacturers to get the relevant certificates for the buses they are bidding for. The LowCVP host an information portal on their website with details of the certified ULEBs and corresponding accreditation certificates, as these become available. See <https://www.lowcvp.org.uk/Hubs/leb/Home.htm>
44. Transport Scotland will consider bids based on non-tested vehicles but which are likely to qualify as a ULEB once tested. The manufacturer will need to set out how and when the bus is expected to be tested and with assurance that the vehicles are likely to pass the current UK Bus Test Cycle procedure. We are aware that no accreditation processes are in place for coaches, mini buses or midi buses, however if assurance as above can be provided, we will consider all applications.
45. In such cases, Transport Scotland may make an offer of grant, and the grant will be paid on the basis of the certification receipt. If no certificate is provided by the time the bus comes into operation, **the funding will have to be repaid**.
46. Transport Scotland's agreed grant contribution will be the maximum the bidder will receive (i.e. the grant will not increase if certified performance is better than estimated). If the certified performance is worse than the predicted

performance, then the agreed contribution may be reduced, depending upon the circumstances.

Calculating Costs

47. Applicants will need to approach manufacturers to obtain cost details for individual bus models. The bid will need to identify the conventional diesel equivalent to the buses being bid for. The conventional diesel equivalent is determined by the average performance of a range of conventional diesel buses. Data from existing vehicles has been evaluated by the LowCVP and final figures have been incorporated into all ULEB certificates published.
48. Responsibility for estimating and controlling all costs lies entirely with the bidder. Transport Scotland's agreed contribution will be the maximum that the bidder will receive. Transport Scotland will not be able to provide any funding out-with this round of rapid SULEBS for buses or infrastructure assisted by it.
49. Bidders must take on any risk to costs and factor that into their bid from the start.

Role of manufacturers

50. Transport Scotland recommend that, as part of their discussions with vehicle manufacturers, bidders emphasise the significant opportunity this scheme offers to increase the size of the market in ULEBS. In turn, we strongly urge manufacturers to respond positively to this opportunity in their pricing and marketing of vehicles eligible for SULEBS funding.
51. By pitching their prices at a reasonable level, they can help ensure that the funding available results in as many orders as possible for new vehicles during the lifetime of the scheme. Moreover, this will help create a permanent, long term, healthy and growing market for these buses.
52. Bidders should include details of any commitments made by bus manufacturers, for example to reduce the up-front cost incrementally over the funding period and beyond. Where they exist, copies of written agreements should be included in the bid.

State aid

53. Successful bidders must ensure the way they fund their project is compatible with all EU State aid rules, especially if they are receiving funding through more than one (public) scheme. The rules against cumulating aid relate to the same eligible costs (e.g. the cost of a bus).
54. The maximum grant level represents the maximum level of Scottish Government funding which is compatible with the aid levels which we have

notified to the EU Commission (in this case through GBER rulings). The bidder can choose to request a lower sum through Rapid SULEBS and fund the remainder itself up to the maximum grant ceiling, which could be made up from alternative sources of Government aid, however State aid rules would be breached if the additional funding, when added to the funding under Rapid SULEBS, went above that ceiling.

55. Bidders must confirm they are not currently the subject of a recovery order following a Commission decision declaring any aid illegal and incompatible with the internal market. Should the bidder become subject to a recovery order during the period of the grant they must notify Transport Scotland immediately and no further aid will be made whilst the recovery order is in force.

Match funding

56. Please note that no other forms of Scottish Government funding can be used towards the cost of buying the same vehicles. All bids for Rapid SULEBS should make clear the source of any additional funds which the bidder wishes to use for match funding.
57. Match funding is that which a bidder is prepared to contribute towards the cost of ULEB and/or supporting infrastructure, separately from funding they obtain through Rapid SULEBS. That funding can cover all or a proportion of the remaining cost not covered by Rapid SULEBS (though where the source of the funding is other Scottish Government aid, see the previous paragraph for limitations relating to the rules on State aid).
58. Bidders will need to satisfy themselves that any other public funding they receive can be used for this scheme.

Assessment Criteria

59. The scheme is expected to support a range of bids, forming part of the long term strategy to increase the uptake of ULEB into fleets and tackle poor air quality.
60. Bids should be concise, with the relevant information clearly set out.
61. Bids which aim to replace the most polluting buses will be favoured alongside new buses operating regularly on roads suffering from poor air quality, including new services. Transport Scotland will assess bids in line with following criteria.
62. The bids will primarily be assessed relative to one another, but should none of them reach a basic standard we reserve the right not to award any funds.

Ambition

- 63. A clear explanation of the scale of the bidder's ambitions to replace conventional diesel buses with ULEB alternatives and supporting infrastructure should be given for the period of the grant and beyond. Where these form part of a wider strategy to tackle air quality please make this clear.
- 64. Evidence of ambitious fleet replacement or preservation of an already predominantly ULEB fleet.
- 65. Assessment of ambition will take into account the size of the operator and/or local authority making the bid.

Deliverability

- 66. Bidders must provide evidence to demonstrate plans are credible and deliverable. Clearly structured project management roles and responsibilities will identify roles, responsibilities and levels of involvement of any partnership bodies and stakeholders in the delivery process.

Value for Money

- 67. In the event that bids exceed the total funding available, bids will be compared against each other, and ranked in terms of grant sought per bus and emission savings.
- 68. The bidder should fully justify the value for money of the infrastructure. They should indicate why the chosen infrastructure has been selected as the most appropriate. If there is scope for the infrastructure to be used by other vehicles, without impacting the operation of the ULEB, this should be indicated.
- 69. A bidding cap will be put in place if bids exceed the total amount of funding available. Bidders will be notified if this occurs.

Assessment of bids

Application Process

- 70. If you would like to apply to the scheme, please fill out the application form (Annex A), and supporting table (Annex B), available online.
- 71. Applicants should complete all sections as explained on the form and this should be accompanied by any necessary supporting material/evidence. All applications to the scheme will be assessed against the criteria set out above.

Submission of Bids

72. Bids need to be submitted by **midnight Thursday 27 February 2020**. We intend to announce the successful applicants w/c 23 March 2020.
73. You must express your interest in bidding by email. An electronic copy of the bid should be sent to SULEBS@transport.gov.scot.
74. You must provide the following alongside your bid application form:
- if you are an operator of bus services a signed declaration that you hold a current PSV licence and operate local registered bus services;
 - quotes from the manufacturer(s) for the cost of the ultra-low emission bus(es) and its conventional diesel equivalent;
 - manufacturers quotes for infrastructure;
 - a certificate from the manufacturer proving the vehicle is a ULEB;
 - where your bid is based on manufacturer-predicted performance, evidence from the manufacturer setting out how and when the bus is expected to be tested, and verifying it meets the requirements of an ULEB.

Enquiries

75. If you have any questions about this guidance, including clarification on the information and appraisal requirements for bids to the scheme, please email Transport Scotland at SULEBS@transport.gov.scot