

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

## The Scottish Ultra-low Emission Bus Scheme (SULEBS)

1. SULEBS aim is to support investment in ultra-low emission buses (ULEBs) in support of the Scottish Government's net zero targets, its commitment to delivering Low Emission Zones, the bold ambitions Scotland has for transport decarbonisation, and a sustainable market in ULEBs in the long term.
2. SULEBS is an evolution of the Scottish Green Bus Fund, run each year between 2011 and 2018. SULEBS supports the purchase of all new ULEBs and the infrastructure to operate these bus technologies. For ULEBs, support of up to 50% (or up to 75% where the bus can operate in zero emission mode) of the cost difference between a ULEB and the standard conventional diesel, equivalent with the same total passenger capacity is available. For infrastructure, SULEBS will also contribute up to 75% of the capital expenditure incurred as a result of its purchase and installation.

## Rules of the Scheme

### Who is eligible?

3. Any bus operator or local authority running local registered bus services can apply for funding. Bidders may submit joint bids (e.g. two or more local authorities or bus operators). However, they will need to define the lead bidder and how the parties will work together in the event of a successful application. 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.

### What is eligible?

4. This is a technology-neutral outcomes focussed programme.
5. All new ULEBs and related infrastructure will be eligible for funding, if they meet the rules set out in this guidance.
6. To qualify as an ULEB, a bus must save 30% well-to-wheel greenhouse gas emissions (WTW GHG) over the UK Bus Test Cycle compared to a Euro VI diesel bus of equivalent passenger capacity, and have a Euro VI certified engine or equivalent emissions capability.
7. Buses will continue to have their greenhouse gas (GHG) emissions assessed on a well-to-wheel (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.

8. 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.
9. Bids will only be accepted for the procurement of new buses.
10. Buses included in this scheme 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, a clear, easily accessible timetable and route map, and has been registered with the Office of the Traffic Commissioner.
11. 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 applied for under this fund are standard, fast, rapid conductive and inductive charging equipment, and hydrogen re-fuelling systems.
12. 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
13. Transport Scotland wants to encourage applicants to work with partners, to see how upgrades to infrastructure can complement 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.

#### What is ineligible?

14. Bids for coaches and minibuses. Only full sized single deck and double deck buses are eligible.
15. Bids for projects and purchases already in place prior to making the SULEBS application.
16. Bids for buses which are retrofitted with technology to reduce their GHG emissions will not be accepted.

### What evidence is required?

17. 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. Bidders will need to approach manufacturers to get the relevant certificates for the buses they are seeking to buy. 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>
18. 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. Where a vehicle has not yet been tested, consideration will be given to this on a case by case basis. The manufacturer will need to be able to demonstrate how and when the bus is expected to be tested and provide assurance on the expected performance from the UK Bus Test Cycle procedure.
19. 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.
20. Bidders should be aware that bids for "efficient diesel" buses will not be accepted as they do not meet the emissions threshold to be certified as an ULEB.
21. A 5 year minimum warranty will be required on any battery and electric drive train. Warranties for infrastructure will also be viewed favourably, especially where bidders fund this themselves.
22. 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 air quality improvement.
23. 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?

24. There is £9.0 million total funding for SULEBS.
25. The maximum value of any single bid to SULEBS is capped at £4.0 million. Where a primary bid is made in excess of £4.0 million, we would encourage

applicants to consider putting forward a second bid capped at £1.0 million in the event that there is insufficient funding for their primary bid. Please see paragraphs 68-70 below for an explanation of how bids will be assessed in the event where total bids to SULEBS exceeds £9.0 million.

26. For ULEBs, the level of funding available is dependent on the CO<sub>2</sub> equivalent saved and the distance in kilometres of zero emissions where applicable. Bids will be awarded £150 per gram CO<sub>2</sub> equivalent saved against the baseline; a 'top-up' amount will be available for bidders that wish to purchase buses capable of running on zero emission only mode, which equates to £500 per kilometre in zero emissions mode with a cap of 80km.
27. Taking account of the above, the scheme will cover up to 50% (or up to 75% where the bus can operate in a zero emissions mode) of the cost difference between the ultra-low emissions bus and the equivalent of a standard diesel bus of the same total passenger capacity.
28. 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. This 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.
29. Capital infrastructure costs are also eligible under the scheme up to a maximum of 75% of the capital costs.
30. Responsibility for estimating and controlling all costs lies entirely with the bidder. Bidders must take on any risk to costs and factor that into their bid from the start.

#### When is the funding available?

31. The Grant funding is available in 2020-21.
32. 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.
33. Buses should come into service no later than 12 months from the order date.
34. Infrastructure should be in place no later than 12 months from the agreed contract.

#### Checklist:

35. To qualify for SULEBS funding, bids must be:
  - For any full size single decker or double decker ULEB
  - 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 September 2021
- For infrastructure needed to run ULEBs
- Up to 50% (or 75% where the ULEB is effectively zero emission) of the cost difference between an ULEB and diesel equivalent and up to 75% of the total cost of the supporting infrastructure

## **Monitoring and Evaluation**

36. 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.
37. One of the stipulations of receiving 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.
38. 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

## **State aid and other sources of Funding**

39. The maximum grant level represents the maximum level of Scottish Government or other public funding aid allowable for SULEBS as notified to the EU Commission in State aid Notification SA.54830 (2020/N). No other forms of Scottish Government or public aid can be used towards the same eligible costs beyond these limits.
40. All bids must identify the sources of all funding being used. Bidders must ensure that the way they fund their project is compatible with EU State aid rules, especially if receiving aid outwith SULEBS. Where aid is received from more than one public source for the same eligible costs, the bidder must notify this to Transport Scotland to ensure the maximum aid intensities allowable under this scheme are not exceeded.
41. 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.

## **Assessment Criteria**

42. The Scheme is expected to support a range of bids which form part of a long term strategy to increase the uptake of ultra-low emission buses into fleets and tackle poor air quality. Transport Scotland will assess bids in line with the following criteria: Ambition, Deliverability, Air Quality and Value for Money.

43. Bids should be concise, with the relevant information clearly set out.

## **Ambition**

44. A clear explanation of the scale of the bidder's ambitions to replace conventional diesel buses with ultra-low emission alternatives should be given over the period of the grant and beyond. If these form part of a wider strategy to tackle air quality, please make this clear.

45. The following considerations will be used to assess each bid:

- Level of greenhouse gas and air quality savings potential of vehicles, compared to a conventional Euro VI diesel bus. Vehicles with greater greenhouse gas and air quality savings, as evidenced by manufacturer testing, will be favoured.
- Evidence of ambitious fleet replacement or preservation of an already predominantly low/ultra-low emission bus fleet. Your bid must be supported by quantitative evidence where applicable.
- Scalability towards future projects to replace conventional diesel buses with ultra-low emission alternatives over the period of the grant and beyond
- For infrastructure bids: potential for efficient operation of buses - e.g. idle/charging time minimised; bus used on a popular route; buses rotated efficiently to ensure they make a difference to the fleet. One example of this could be the positioning of infrastructure to use the buses most efficiently.
- Assessment of ambition will take into account the size of the local authority or bus operator submitting the bid. We would expect that the larger the bidder, the more ambitious the bid, i.e. we understand that for a small operator, the acquisition of one or two ultra-low emission buses would pose a similar risk to a bigger operator acquiring twenty.

46. A proven track record of acquiring low/ultra-low emission buses (either with or without Government support) is not required, however, we will favour bids with a long term view, which demonstrate an ambition to purchase further ultra-low emission buses after the lifetime of the grant.

## **Innovation**

47. An underlying objective of the scheme is to understand how measures used effectively on some routes can be rolled out more widely.

48. Setting precedents and thinking about how measures might transfer in the future are important factors and attempts to innovate within this area will be looked upon favourably.

### **Deliverability**

49. Bidders are expected to provide evidence to demonstrate plans are credible and deliverable.

50. Bidders should, however, apply the principles of proportionality in doing so; higher value, more complex bids are expected to provide more evidence. For example, a bid for a large number of rapid chargers and electric buses would necessitate more evidence than a bid for a discrete number of hybrid buses.

51. Proposals must demonstrate they have a sound strategy for delivery, including identification of potential risks and subsequent risk management.

52. Supporting evidence of a bidder's case may include, but not be limited to, some or all of the following:

- Thorough project planning, indicating timescales, milestones and dependencies. Clearly structured project management roles and responsibilities. This will clearly identify the roles, responsibilities and the level of involvement of any partnership bodies and stakeholders in the delivery process.

### **Air Quality**

53. Over recent decades, UK air quality has improved significantly thanks to concerted action at all levels but there is more to do. The most immediate air quality challenge is tackling the problem of nitrogen dioxide (NO<sub>2</sub>) concentrations around roads - the only statutory air quality limit that the UK is currently failing to meet.

54. The strongest bids will demonstrate that new buses will operate regularly on roads suffering from poor air quality i.e. on a route covering roads in regular exceedance of statutory limits of NO<sub>2</sub>. Bidders may also wish to consider whether using the bus on other roads can indirectly achieve air quality improvements, for example by adding services to a new or existing park & ride scheme.

55. Bids which aim to replace the most polluting buses in the fleet will be favoured.

56. In addition, stronger bids will indicate a greater use of zero-emission running in these areas.

### **Value for Money**

57. We want to ensure that the funding delivers the maximum number of ULEBS on the road and therefore the maximum GHG and air pollutant saving during the

funding period of the scheme and in the longer term.

58. The following considerations will therefore be used to assess value for money in each bid:

- Resulting reduction in GHG/Air pollutant emissions: higher reductions in CO<sub>2</sub> receive a higher score as does a longer range of zero emissions capability.
- Bidders are also required to submit a separate GHG and air quality improvement spreadsheet which will be published alongside the guidance. This spreadsheet will contain information relating to the number of buses bid for, the planned routes for these buses as well as average annual mileage expected for these buses. The full set of information and further details are located within the spreadsheet.

59. A calculator is provided with this guidance in order to assist applicants in calculating their total allowable grant. This calculator will show applicants their VFM score for each applicable type of bus. In order to calculate the total score for each applicant the VFM scores for each type of bus will be weighed as a proportion of their total grant bid and aggregated.

*[Example: If an applicant bid for 2 buses, one with a grant allowable of £50,000 and a VFM score of 4, the second with a grant allowable of £100,000 and a VFM score of*

*3. Then the combined VFM score would be  $\frac{50,000}{150,000} * 4 + \frac{100,000}{150,000} * 3 = 3.33$ ]*

## **Infrastructure**

60. The bidder should fully justify the value for money of infrastructure sought. 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 ULEBs, this should be indicated.

61. The strongest bids for infrastructure will demonstrate how they will enable the purchase of more ultra-low emission buses and facilitate a faster uptake of low emission buses both within the funding window and beyond.

62. Finally, careful consideration of location in order to contribute to tackling air quality issues as highlighted in the bid will be favourably viewed; The 'do minimum' scenario in your calculations as well as any assumptions underlying the calculations should be made clear.

63. In order for Transport Scotland to understand how these impacts have been estimated, the bidder must illustrate the state of the bus fleet, the effect of replacing older buses and how this has been considered in your calculations.

## **Assessment of bids**

64. The bids will be given a mark of nought to four against the scheme criteria.

65. Each mark out of four will be then be weighted according to the percentages allocated to their category and core scheme criteria to give a final mark.



66. 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.

67. If there is an infrastructure component to the bid then the infrastructure component will be scored by the same criteria with both the bus and infrastructure bids weighted then summed. The weighting applied will be the share of each component of the total bid.

*[Example: If an applicant bid £100,000 for buses, and £50,000 for infrastructure with a total score of 3 for the bus component and 4 for the infrastructure component. Then the combined bid score would be  $\frac{100,000}{150,000} * 3 + \frac{50,000}{150,000} * 4 = 3.33$ ]*

68. In the event of the total bids exceeding the budget then bids will be ranked by their scores with the highest scoring bids being awarded their budget until no more fully funded bids can be given.

69. At this point the bidder can be offered the budget available which if refused will go to the next scored bid.

70. In the event that the bidder put in a second, reduced bid, then this smaller bid will be ranked against the remaining bids, and if **above** the remaining bids, they can be offered the budget for this smaller bid instead.

Deliverability 10%	- 100% Project Planning
Air Quality 30%	- 50% Operating in Problem Area - 50% Reduction of Emissions
Value for Money 30%	- 50% Pollution Reduction - 50% Range of Buses - *100% Infrastructure VFM
Ambition 30%	- 25% Level of air quality savings - 25% Scalability - 25% Ambition of operator - 25% Innovation

\*If infrastructure is included this will be the sole component for the infrastructure VFM.

Scoring:

- 4 – Comprehensive measures
- 3 – Comprehensive measures but with some issues
- 2 – Some good ideas but room for improvement
- 1 – Major issues
- 0 – No consideration

## Application Process

71. If you would like to apply to the scheme, please fill out the application form (Annex A), and supporting table (Annex B), available online.

72. 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

73. Bids need to be submitted by **midnight 6 September 2020**. We intend to announce the successful applicants w/c 21 September 2020.

74. Please express your interest in bidding by email to [SULEBS@transport.gov.scot](mailto:SULEBS@transport.gov.scot). An electronic copy of the completed bid application form and supporting evidence should also be sent to [the same email address](#).

75. 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

76. 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](mailto:SULEBS@transport.gov.scot)