



MACQUARIE

Biomass boiler finance

Macquarie now offers specialised
finance for commercial scale
biomass boilers

Why a biomass boiler?

A lower-cost, lower-carbon alternative

Many companies in the UK use boiler systems to generate heat for their business. Biomass boilers are a form of renewable energy generation and offer users a lower carbon form of heating. Biomass boilers may achieve other significant benefits such as a reduction of operating costs and risk including reduced fuel cost savings and fuel price volatility.¹ Case studies conducted by the Carbon Trust, indicate some reviewed businesses saved more than 30% of their annual heating costs by switching to a biomass boiler.²

The Renewable Heat Incentive

The Renewable Heat Incentive (RHI) is a UK Government scheme that provides financial support to owners of eligible renewable heat technology installations. Subject to the requirements of the RHI, a newly installed biomass boiler may be eligible to receive financial support under the RHI scheme for 20 years.

The RHI scheme is administered by Ofgem; visit their website for more details.

Why finance a biomass boiler?

A biomass boiler involves a substantial upfront capital investment. This investment may result in operating cost savings and subject to RHI scheme conditions, income under the RHI scheme. By financing a biomass boiler, your client may be able to better match their cash outflows with any operating cost savings. In some cases, the operating cost savings and RHI income may equal or exceed the financing costs. Subject to your client's other revenues and costs, this may result in a neutral or positive cash flow.

What finance products are available?

Macquarie's standard 'Biomass Hire Purchase Agreement' is available. Please note, RHI scheme payments are only made to the equipment "owner". Accordingly Macquarie only offers hire purchase agreements.

Key Terms

Tenor: Up to 5 years and subject to appropriate warranties from the equipment manufacturer.

Pricing: Please contact Macquarie for its latest pricing information.

Application process

Applying for biomass boilers finance is similar to applying for other equipment finance products offered by Macquarie.

Macquarie will need to accredit the installer and manufacturer of your client's biomass boiler.

Installers and manufacturers will only need to be accredited once by Macquarie. The accreditation process typically takes less than 24 hours and involves Macquarie contacting the installer or manufacturer to collect information about their business and products.

Do you take into account the RHI income for each application?

Yes. Macquarie will consider the potential RHI income when it reviews applications, although eligibility for the RHI does not guarantee approval of an application or guarantee the eligibility for, or grant of, financial support under the RHI scheme.

What if my client is leasing their property?

Macquarie will accept applications with landlord consent.

For more information please contact Stefano Girolami at Macquarie on 07879 110472 or stefano.girolami@macquarie.com.

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References

1. Ibid, page 9.

2. *Biomass heating and biomass boilers*, Carbon Trust, Biomass boiler case studies www.carbontrust.com/resources/guides/renewable-energy-technologies/biomass-heating-tools-and-guidance, accessed 16/01/15; CAF000701/0115