



The Energy Entrepreneurs Fund

Second Phase Guidance Notes



Energy Entrepreneurs Fund Guidance Notes

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Section 1 – Energy Entrepreneurs Fund Scheme Summary

1. The Department of Energy and Climate Change

The Department of Energy and Climate Change (DECC) leads the UK Government's efforts to counter the risks of dangerous climate change, and of a shortfall in the supply of safe, affordable energy. In the medium term, DECC must address three important, related issues:

- The UK is expecting to import 50% of its oil and gas by 2020, compared with just 20% of oil and 40% of gas today, at a time of rapidly rising demand from emerging economies;
- A quarter of electricity generating capacity is set to close over the next decade;
- Deployment of low-carbon technologies to largely decarbonise the energy sector by 2050, a necessity if we are to meet the requirements of the 2008 Climate Change Act.

DECC's vision for 2050 is for the UK to have made a safe and secure transition to low-carbon electricity, low-carbon homes and buildings, and low-carbon transport and industry, all at least cost to the UK's economy. DECC aims to achieve national and international action towards this goal by mobilising investment in low-carbon infrastructure, by setting an appropriate framework of regulation, by providing incentives and information, and by building a broad coalition for change.

Strategic innovation is needed, if we are to meet our challenging future climate change goal of an 80% reduction in greenhouse gas emissions by 2050 and achieve security of supply. DECC has a proactive Energy Innovation policy which aims to:

- Reduce the cost of existing low-carbon technologies
- Develop new technologies to give the UK a portfolio of energy sources and make best use of our natural resources; and
- Make the UK a better place to create new low carbon technologies and develop associated businesses.

Technology innovation reduces the cost of commercial deployment, making it more cost effective for business to invest in our energy infrastructure and ensure security of supply.

Investment in innovation can grow UK companies, and encourages others to locate their supply chains in the UK.

The Science and Innovation Group (SIG) within DECC works across government, business and the research community to remove barriers to innovation and invest in the development of new technology-based products and services to address 2020 and 2050 targets and security of supply. The overall approach to Science and Innovation within DECC can be found in 'The DECC Science and Innovation Strategy 2012'¹. This and further information can be found at the DECC innovation website at:

<https://www.gov.uk/government/topics/science-and-innovation>

2. The Energy Entrepreneurs Fund – Overview

The objective of the Energy Entrepreneurs Fund (EEF) is to support, through capital grants, the development and demonstration of innovative technologies and/or processes in:

Energy efficiency and building technologies

Power generation and energy storage

The scheme seeks the best ideas, irrespective of source, in these areas from the public and private sector. However, the scheme particularly aims to assist small and medium sized enterprises, including start-ups, and those companies that are selected can receive additional funding for incubation support.

In Autumn 2012, two calls were launched under the first phase of the Entrepreneurs Fund. Thirty projects to develop innovative, low carbon products across a broad range of technologies have since been funded to a value of c. £16m.² The remaining £19m will now be available for funding innovative development and demonstration projects on a rolling, competitive basis with Calls for projects every four to six months from June 2013 until the full funding has been allocated. Further Calls will be announced at <https://www.gov.uk/innovation-funding-for-low-carbon-technologies-opportunities-for-bidders#the-energy-entrepreneurs-fund-scheme>

During the application process, applicants will be expected to demonstrate a robust evidence based case for funding, that will include but not be limited to:

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48335/5107-decc-science-innovation-strategy-2012.pdf

² <https://www.gov.uk/government/news/21million-for-carbon-cutting-technologies>

- the potential impact of the innovation on 2020 and/or 2050 low carbon targets or security of supply
- the technical viability of their innovation and coherent development plan that will commercially progress the innovation
- value for money
- the size and nature of the business opportunity

For the purposes of this scheme, there are two categories to define development and demonstration projects: Industrial Research and Experimental Development.

The funding levels under each definition will vary according to conditions as set out in section 6.

2.2 Definition of Industrial Research

Industrial research is defined as 'the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of component parts to complex systems, which is necessary for the industrial research, notably for generic technology validation, to the exclusion of prototypes'. As a guide using TRL definitions (Annex B) this mainly covers TRL3-5.

2.1 Definition of Experimental Development

Experimental development is defined as 'the use of existing scientific, technological, business and other relevant knowledge and skills gained from research and practical experience to produce new, altered or improved products, processes or services'.

Activities undertaken may include:

- The production of drafts, drawings, plans and other documentation for new, altered or improved products, processes or services provided that they are intended for research and development purposes only
- The development of commercially usable prototypes and pilot projects (TRL 6-8, see Annex B for definitions)
- The experimental production and testing of products, processes and services shall also be eligible, provided that these are not sold for use in industrial applications and providing that no commercial benefit is derived.

Experimental Development shall not include the routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements.

3. Incubation Support

The scheme will provide incubation support to successful applicants. This support will focus on helping the applicant to prepare commercial plans and actions that will increase the chance of successfully bringing the innovation to market or reduce the time to market.

The starting point for incubation support is to consider the current stage of commercial preparation and identify (with the applicant) critical next steps, business strengths and gaps, benchmarked for the stage of the individual business across all key capabilities namely:

- Market understanding
- Business development and sale
- Strategy and Business Planning
- Technology
- Product
- Supply chain and operations
- Team
- Funding and investment readiness

Specialist advisers will be assigned by DECC to support the company in the development of the appropriate knowledge and skills. This may include but will not be limited to services such as:

- Market research, segmentation and validation of market requirements
- Assistance to determine route to market and engaging industrial partners
- Intellectual property advice
- Evaluating alternative commercial strategies and support with business planning
- Investment readiness/fund raising support

All proposals that are awarded funding for innovation development will undergo assessment for incubation support requirements. This planning session will be conducted by an associate from Carbon Limiting Technologies, one of the DECC Framework Suppliers appointed to deliver Incubation Support. A member of the DECC Innovation Team will attend this session to discuss any issues raised during the grant project assessment process as well as explain the content of the Grant Offer Letter.

DECC have designed this strand of the Energy Entrepreneur's Fund to help ensure that grant recipients achieve maximum commercial impact from the grant. Therefore, receiving the identified incubation support is a condition of the grant award and grant recipients are required to co-operate with both the Incubation Planning Session and the Incubation Manager who will oversee the delivery of the incubation support.

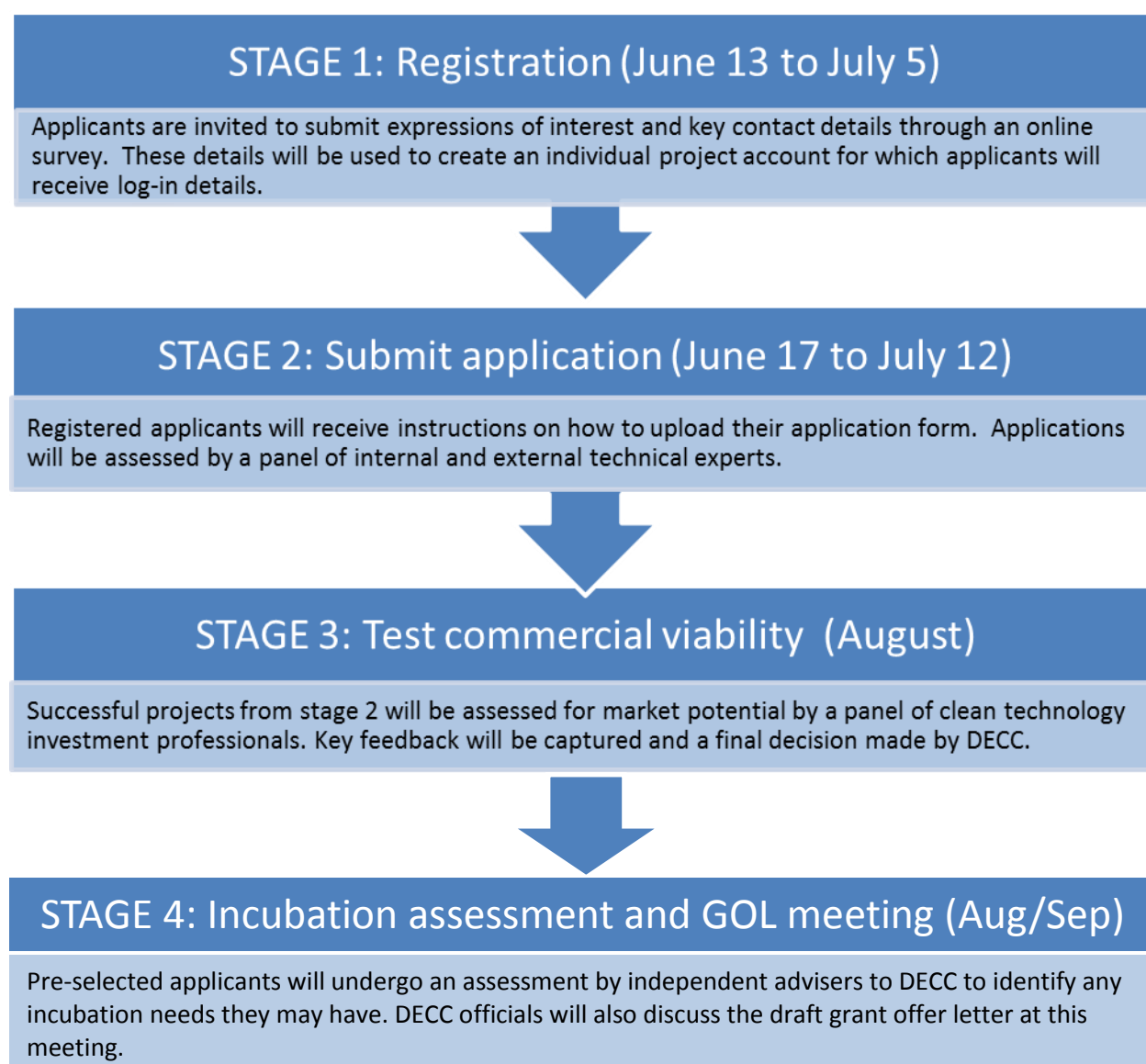
The role of the Incubation Manager has been integrated into the grant monitoring processes and thus any failure or refusal to support this element of the programme will result in termination of the grant.

4. Application and Assessment Process

The following dates are applicable to the first Call (June 2013) of this second phase. DECC expects to open new Calls every 4-6 months until the £19m allocated to this second phase has been awarded. New Calls and updated timings will be published at:

<https://www.gov.uk/innovation-funding-for-low-carbon-technologies-opportunities-for-bidders#the-energy-entrepreneurs-fund-scheme>

First Call: June 2013



As outlined in the diagram above, the assessment process under the EEF will be undertaken in four stages:

Stage 1: Registration

Applicants who have determined they meet the Eligibility Criteria (see below) are invited to submit their contact details via Survey Monkey:

<https://www.surveymonkey.com/s/EnergyEntrepreneurs>

These details will be used to generate your log-in access to a secure file sharing site (Basecamp) where you can access all the application templates and guidance notes. The latest date for registration is 5pm on Friday 5th July, as final applications (Stage 2) must be received by 5pm on 12th July 2013.

Stage 2: Submit application

From 17th June to 12th July, completed application forms and any supporting information may be uploaded to the applicant's project folder on the Basecamp website.

DECC offers a range of different funding schemes each with different application processes. It is therefore important that you have the correct documentation for the Energy Entrepreneurs Fund and that all the requested documentation is returned in complete to DECC as part of your application. The complete documentation that must be returned comprises:

- Application form
- Finance form
- Gantt chart
- Letters of support from collaborators/partners (if appropriate)

DECC will accept additional supporting information in the form of further annexes, however you should not assume that any additional information will be reviewed as part of the selection process and your application should not rely on information cross-referenced within annexes.

Once your application has been submitted and entered the assessment process, no further material information can be added to your application. Applications will be judged on the information that is provided.

Stage 3: DECC Assessment and Investment Panel

Applications will be initially checked according to Eligibility Criteria detailed in section 5.

N.B. Applications which fail the Eligibility Criteria will not be assessed further, so it is essential to ensure that your project meets these before you submit your application.

Applications which meet the Eligibility Criteria will then be assessed using a two-part process:

Part 1: Assessment against Project Criteria (technical, commercial and project feasibility) summarised below and described in more detail in section 8:

- Level and nature of the innovation
- Impact on energy and climate targets
- Value for money
- Market viability and potential for commercialisation

This assessment will be conducted by both internal and external low carbon technology professionals appointed by DECC. According to the demand and quality of applications, DECC will rank the top scoring applications for submission to the Investment Panel.

Part 2: Review by an external Investment Panel.

The panel will consider the following areas:

- Market viability and potential for commercialisation
- Impact on energy and climate targets
- Value for money
- Attractiveness of target market and business proposition for investment

The panel will provide feedback and recommendations to DECC based on these considerations.

After this stage, all applicants will receive a short summary of key feedback regarding their applications irrespective of whether they are successful or not. DECC aims to have provided all feedback to applicants within two months of the final funding decision. However, applicants are asked to remember that DECC may receive a significant number of applications and the timing of the release of feedback will be at DECC's discretion. You will receive a notification e-mail from Basecamp once the feedback document has been uploaded.

Stage 4: Incubation Planning

Following stage 3, successful applicants will be notified via email that they have been pre-selected for an incubation planning session. Following notification of pre-selection, the eligible costs of proposals will be checked and the company's financial viability confirmed. A meeting will be set up with the applicant, the incubation co-ordinator and manager, and a DECC official.

Once this planning session has taken place, any funding pre-requisites and receipt of the identified incubation support will become conditions of the grant. The incubation planning may identify some actions that need to precede the innovation development project. In such cases funding may be provided at DECC's discretion to help carry out these actions and the milestones in the project plan amended accordingly.

There will also be an opportunity to discuss the Grant Offer Letter at this meeting and an official from DECC will explain the conditions of the letter and respond to any queries which the applicant may have at this stage.

5. Eligibility for funding

To be eligible for funding, proposed projects must meet all of the following criteria:

1. Innovation and technology readiness:

- i. The project is at TRL 3 or above (proof-of-technical-concept is complete).³
- ii. Projects must fall within the EU General Block Exemption regulation definitions of industrial research and/or experimental development (as described above in section 2) and be eligible under Article 35 (Young Innovative Enterprises) or Article 31 (R&D).⁴

2. Project Status: DECC is unable to fund retrospective work on projects. The value of retrospective work may, however, be taken into account in the assessment process.

3. Aid Intensity including cumulation: The funding levels applied for must be consistent with the appropriate Block Exemption aid intensity levels (including consideration of the cumulative effect of other forms of state aid) and costs must be consistent with the eligible cost criteria (as set out in Appendix 1).

4. Match-funding: Given the aid intensity rules, applicants will need to have private funding in place to cover the balance of the eligible costs. Such funding may come from a company's own resources or external private sector investors, but may not include funding attributable to any public authority or EU institution.

5. Project Location: The project's activities must largely be conducted in the UK.

6. Grant size: The total requested grant does not exceed £1m, or £800,000 if applying as a Young Innovative Enterprise under Article 35. Since DECC is seeking to maximise the impact of government funding, projects looking for public funding

³ Technology Readiness Level 3 is defined as: Experimental proof of critical technical functions and validation of feasibility for an application. A key output from this stage is to identify how results differ from the expected or necessary performance for future applications and where improvement is necessary.

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:214:0003:0047:EN:PDF>

intensities that are lower than the applicable maximum are likely to be marked higher in the appraisal process.

7. Technology scope: The project must fit within one of the technology areas defined in part 7 below.

8. Project duration: Must not exceed 31st March 2015

5.1 General conditions:

Companies of any size are eligible to seek funding. Applications from SMEs, as defined by the EU⁵, are particularly encouraged.

Applicants who did not receive funding in the first phase will be eligible to re-apply for funding in this second phase. Applicants who have already received funding in the first phase may not re-apply.

Applicants are only permitted to submit their application twice. If they are unsuccessful on both occasions they are not allowed to resubmit a third time.

An individual organisation may not submit more than one application to a specific funding phase.

6. Funding Levels and State aid requirements

This scheme operates under two different General Block Exemption Regulation articles for State Aid. The two articles are Article 31 '*Aid for research and development projects*' and Article 35 '*Aid for Young Innovative Enterprises*'⁶.

The size and type of funding that the project can receive will depend upon the type of applicant and which GBER Article they qualify under. These can broadly be defined as "small enterprises" (as defined by the EU) and "all other applicants".

6.1 Funding for Young Innovative Enterprises

Small enterprises applying under this scheme may be eligible to be funded under Article 35. In order to be eligible the company must be:

⁵ http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

⁶ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:214:0003:0047:EN:PDF>

A small enterprise as defined by the EU²

In existence for less than 6yrs

R&D expenses must represent at least 15% of total operating expenses in at least one of the three years preceding the date of application or in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor.

The maximum amount of funding that a company may receive shall not exceed €1million. SMEs need to demonstrate a 10% cash match. DECC is seeking value for money from its funding and will therefore look favourably on applicants who can demonstrate a match that is greater than 10%. Contributions in kind are not considered as eligible match.

Companies that are successful in receiving funding and that have indicated that they are eligible for funding under this State Aid article, may additionally be asked to provide a copy of their business plan prior to the final award letter being issued.

If as a 'Small Enterprise' you are not eligible for the Small Enterprises scheme defined above (have been in existence for over 6 years, or have not spent 15% of total operating expenses in one of the last 3 years on R&D) then it is still possible to qualify for funding under the All other Applicants scheme as detailed below.

6.2 Funding for All Other Applicants

The scheme is also open to:

all SMEs (including Small Enterprises who do not qualify above)

other private sector organisations irrespective of size

collaborative proposals

Universities and Public Sector Research organisations (it is expected that these will be part of a collaborative proposal, preferably with a SME partner)

These applicant(s) to the scheme will be eligible to receive up to £1m for funding a project under Article 31⁷. The maximum percentage of public funding that can be provided for the project is summarised below in Table 1.

⁷ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:214:0003:0047:EN:PDF>

NOTE: If you are applying as a Young Innovative Enterprise, this table is not applicable please refer to section 6.1.

Table 1: Maximum public funding for projects

Research Category	Size of Enterprise	Maximum amount of aid towards eligible Project Costs
Experimental Development - Single Companies	Small	45%
	Medium	35%
	Large	25%
Experimental Development - Collaborations (either Business to Business or between Business and research organisations) Note: certain conditions must be fulfilled for collaboration (See Article 31(4) of the Block Exemption ⁸)	Small	60%
	Medium	50%
	Large	40%
Industrial Research - Single Companies	Small	70%
	Medium	60%
	Large	50%

⁸ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:214:0003:0047:EN:PDF>

Industrial Research - Collaborations (either Business to Business or between Business and research organisations) Note: certain conditions must be fulfilled for collaboration (See Article 31(4) of the Block Exemption ⁹)	Small	80%
	Medium	75%
	Large	65%

The figures represent the maximum aid intensity that DECC can provide. State Aid compliance is a legal requirement and the risk of non-compliance rests with the grant recipient. It is therefore crucial that you address State Aid fully within the application, as any errors at this stage may result in DECC being able only to offer a reduced level of funding. DECC is seeking value for money from its funding and proposals that demonstrate matched funding greater than minimum requirement will be looked on favourably.

6.3 Public funding

When considering levels of aid intensity (described below), public funding includes the grant and all other funding from, or which is attributable to, other government departments, UK public bodies, other Member States or the EU institutions. Such funding includes grants or other subsidies made available by those bodies or their agents or intermediaries (such as grant funded bodies).

In applying to this Call you must state if you are applying for, or expect to receive, any funding for your project from public authorities (in the UK or in other Member States) or the EU or its agencies. Any other public funding will be cumulated with DECC funding to ensure that the public funding limit and the aid intensity levels are not exceeded for the project.

Whilst DECC will check the information provided to try and ensure that applicants meet the requirements of State Aid, applicants should establish that they fall within the state aid rules before submitting applications. DECC requires applicants to notify them of any change to situation or circumstance during the project.

If there is a breach of State aid regulations, for whatever reason, the European Commission requires repayment of any grant received, including interest, above that which was due. In

⁹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:214:0003:0047:EN:PDF>

this situation applicants will be required to repay any funding received. It is also important to ensure that the total grant funding for the project from public sources (including from the European Commission) does not exceed the permitted percentages stated for the relevant Article.

As part of the assessment process, the added value and additionality of public funding will be tested. Applicants will need to demonstrate why public funding is required to deliver this project.

7. Eligible Technology Areas

The EEF is open to applications for innovative technology development and demonstration projects in the following areas:

Energy efficiency and building technologies

Power generation and storage

Both areas will be considered in their broadest context and support could be given to proposals that whilst helping achieve the 2020 and 2050 targets might demonstrate any of the following:

- Improved performance characteristics over existing technologies or products
- Novel component technologies that can be implemented in existing systems to deliver improved performance or reduced costs of the system
- Products, processes or technologies that can reduce the cost of installation or maintenance of existing systems
- Types of technology supported may include but not be limited to those listed in Table 2.

The scheme will not fund basic research, but will fund innovations that are Technology Readiness Level (TRL) 3 up to TRL8. TRLs provide an indication of the level of maturity of a particular technology and DECCs descriptions of the TRLs is provided in Appendix 2. As part of the application form applicants will be asked to provide the TRL of their innovation and provide details of the work that has been undertaken to demonstrate that the innovation is that stage.

Table 2: Examples of technology areas supported

Energy Efficiency and Building Technologies	Power Generation and Energy Storage
Insulation, glazing and ventilation technologies	Renewable Microgeneration technologies
Building control systems	Fuel cell technology
Novel or improved building fabric	Wind Technologies
Advanced lighting systems	Solar
Space heating and cooling technologies	Biomass boilers
Improved design, surveying or measurement technology	Ground source and air source heat pumps
Manufacturing systems and installation processes that reduce costs	Micro-CHP
Energy demand reduction technologies	Marine Energy Technologies
Energy efficient motors and/or pumps	Bio-fuels
Water efficiency	Super-capacitors and flywheels
Installation techniques	Batteries
	Cryogenic electricity storage
	Energy or fuel from waste or waste heat
	Energy storage technologies
	Electricity network process or technologies to support deployment of low carbon generation or storage technologies

8. Project Plans, Finances and Financial Viability

8.1 Project Plans

Projects are expected to be between 6-18mths in duration and must not last longer than 18mths. All projects must be complete by 31st March 2015. All projects must submit a Gantt chart, or equivalent as part of their application, which details the project timeline, the various work packages and the project milestones.

8.2 Project Costs

All applicants must complete the Entrepreneurs Fund Finance Form detailing their expected expenditure and spending profile for the project on a quarterly basis. Further details about this form can be found in Section 2 of this document.

During the assessment of applications, the project costs and plans that are submitted as part of the application process will be fully assessed along with the answers to the questions on the application form to ensure they are what might be reasonably expected.

The eligibility of all costs under state aid rules and the financial viability of your organisation will be checked following the decision to pre-select an applicant but before a formal offer is made. Being contacted for this information does not indicate either success or failure in the assessment process.

8.3 Financial viability checks

DECC will undertake financial viability checks on all successful applicants. These will include looking at the latest independently audited accounts filed on the Companies House database.

Where a business is not required to file accounts with Companies House, other financial information may be requested to enable an appropriate financial viability review to be undertaken. We will be looking for evidence of your ability to resource the project appropriately, so the information we request will be focused on understanding how your business operates in this respect.

Before your project starts, DECC will ask for evidence that you have the funding mechanisms in place to manage your cash flow across the life of your project. This could include letters of credit or other such mechanisms. We do not expect you to have cash deposits to cover the entirety of your project at the start. If you do not complete your project due to cash flow problems that you could have anticipated and managed, we may request repayment of any grant already issued to you.

DECC will not make payments in advance of need. DECC understands, however, the difficulties which small businesses may face when cashflowing this type of project. DECC will explore cashflow issues with the applicant as part of developing the financial and milestone profile within the Grant Offer Letter. DECC will offer flexibility in terms of profiles and payments, within the confines of the requirements for use of public money within which it operates.

8.4 Grant Use

Grants provided will only cover eligible costs within the meaning of Article 31(5) of the Block Exemption. Companies should note that the grant may not be used to subsidise commercial activities and that where DECC awards a grant for the purpose of the development of commercially usable prototypes or pilot projects, any revenue generated from such commercial use will be deducted from the grant (and, where the grant has already been paid, will be required to be returned to DECC).

9. Assessment Process and Criteria

All applications will be considered against the assessment areas and ranked against each other.

The application form and guidance notes are designed to inform you about the types of information you should provide to DECC in order for your proposal to be assessed.

For the avoidance of doubt, the individual questions listed under the headings below do not constitute assessment sub-criteria, but are an indication of the kinds of factors that will be taken into account in assessing each aspect of a proposal.

Each application will have to meet a minimum threshold either with regard to impact on climate change or security of supply. An application will not be successful where it does not meet the minimum threshold even if that project scores highly according to the other criteria. Equally, meeting the minimum threshold does not guarantee that an application will be successful.

1. Impact on Climate Change or Security of Supply

For this aspect of the proposal assessors will consider a range of questions. These will include (but not be limited to) the following:

To what extent does the proposed project offer a potential impact or contribution towards the UK's 2020 and 2050 carbon reduction targets?

How big are the relative savings against existing products, processes and technologies?

To what extent does the proposed innovation offer a potential impact on security of supply? How does this compare with existing products, processes and technologies?

Further information regarding the type of information to be provided can be found in Section 1, 1.2 of this document.

In assessing each of the following areas minimum thresholds will be applied and there will be a minimum threshold across all assessment areas below which no funding will be

received. We will select projects that offer the best value for money taking account of the following areas:

2. Business Opportunity

20%

For this aspect of the proposal assessors will consider a range of questions. These will include (but not be limited to) the following:

Is the market need compelling?

How large is the addressable market? (niche/small/medium/large)

Nature of the market and ease of market penetration?

Does the route to market and business model make sense?

3. Innovation

30%

For this aspect of the proposal assessors will consider a range of questions. These will include (but not be limited to) the following:

How innovative is the project? Is it a simple improvement on an existing product?

How significant is the potential advantage which this innovation offers over existing solutions or alternative technologies that can meet current market needs?

Can the innovation be protected?

4. Project Details (+ Gantt Chart)

10%

For this aspect of the proposal assessors will consider a range of questions. These will include (but not be limited to) the following:

Is the technical and methodological approach appropriate to the needs of the project and are the innovative steps achievable through the proposed approach?

Is the project plan sufficiently detailed in comparison to the complexity of the project?

Is the timing of key milestones realistic?

Has the applicant demonstrated sufficient resource commitment and capability to undertake the project?

5. Value for money

30%

For this aspect of the proposal assessors will consider a range of questions. These will include (but not be limited to) the following:

Is the budget realistic for the scale and complexity of the project?

Has the applicant provided a realistic budget breakdown?

To what extent does the project provide match-funding?

Do the work packages align with the predicted spend profile shown on the finance form?

How strong is the case for added value of public funding?

How strong is the case for reducing the costs of meeting the UK's emissions targets?

Assessors will also consider whether or not the proposal offers a good value for money proposition.

6. Experience and Skills

10%

For this aspect of the proposal assessors will consider a range of questions. These will include (but not be limited to) the following:

Does the business have the right, available mix of skills and experience to deliver the project successfully?

Is appropriate use being made of sub-contractors where in-house skills are either insufficient or not available in the right timeframe?

Where sub-contractors are being used, does the management team have experience of managing external contractors? Can any skills gaps be addressed by the incubation support?

10. Notification

Applicants will be informed by email whether the application has been successful, subject to compliance with the terms and conditions of the Conditional Offer Letter that will be received and successful completion of the Incubation Planning meeting.

DECC may wish to publicise the results of the scheme which would include engagement with the media. At the end of the application and assessment process, DECC may issue a press release or publish a notice on its website. These may, for example, outline the overall results of competitions and describe some of the projects to be funded.

Some organisations may want their activities to remain confidential and you will be given a chance to opt out of any involvement in media relations activity and further case study coverage of projects, should you see this as being absolutely necessary. However, the public description of the project you provide in your application will be made available in the public domain if your application is successful, and you are not able to opt out of the project description being published.

Any organisation that wishes to publicise its project, at any stage, must contact the Project Manager for the Energy Entrepreneurs Fund at DECC before doing so.

11. Feedback, re-application and right of appeal

A short summary of key feedback regarding the applications will be provided to all applicants, this feedback will be based on the comments of technical assessors and the Investment Advisory Panel. No additional feedback will be provided and there will be no further discussion on the application.

The feedback from the assessors is intended to be constructive. Comments are not a check list of points which must be answered or argued in a resubmitted application as the assessors may be different and it is your decision as to whether you act on the suggestions made. Please note, applicants who have been rejected can only re-apply once more with the same project/technology.

12. Confidentiality and Freedom of Information

Where any request is made to DECC under the Freedom of Information Act 2000 (“FOIA”) for the release of information relating to any project or applicant, which would otherwise be reasonably regarded as confidential information, then DECC will notify you of the request as soon as we become aware of it. An applicant must acknowledge that any lists or schedules provided by it outlining information it deems confidential or commercially sensitive are of indicative value only and that DECC may nevertheless be obliged to disclose information which the applicant considers confidential.

As part of the application process all applicants are asked to submit a public description of the project. This should be a public facing form of words that adequately describes the project but that does not disclose any information that may impact on Intellectual Property (IP), is confidential or commercially sensitive. The titles of successful projects, names of organisations, amounts awarded and the description of the project may be published once the award is confirmed as final.

All assessors used during the assessment of applications will be subject to a confidentiality agreement.

Section 2 - Completion of the Application and Finance Forms

1. Completion of the Application Form

This section aims to guide you through the completion of the Entrepreneurs Fund Application Form. It is important that a response is provided to every question. This guidance is intended to explain what type of information applicants should consider providing to DECC in order to assess their application effectively.

Applications will be judged based on the information provided in the application form and any supporting information provided. There will not be the opportunity to enter into discussion about your project with the assessors or DECC. These guidance notes are not intended to be exhaustive; applicants are expected to develop their own responses based on your own skills, knowledge and experience. You are encouraged to be concise and to the point whilst providing all the necessary and relevant information.

Throughout the form there are grey boxes, in order to answer the question or provide information you should simply click on the box and begin typing or select from the drop-down menu. Questions do have character limits and when the text has reached the character limit you will not be able to add any further information and the text must be edited to fit within the character limit.

Any graphs, diagrams or supporting evidence that you are providing to support your application should be attached to your submission

1.1 Summary Information, Contact Details and Business Information

The initial section of the application asks you to provide details about your organisation.

Section/Field	Guidance
Summary Information	
Project Title	A brief title that can be used to summarise the project
Estimated start date	Select the month you would propose to start work assuming successful funding
Project duration	Enter the expected duration in months, taking into consideration the maximum project length of 18 months
Total Project Costs	This figure should match the figure calculated in the Entrepreneurs Fund Finance Form. It should be the total

	value of the project including all eligible costs.
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Section/Field	Guidance
Company contribution	This is the amount of total eligible project costs that you will be paying from your own resources/private sector investment into the project.
DECC Grant Applied for	This is the amount you will be asking for from the DECC. You should ensure that you do not request a grant higher than the maximum allowed, taking into account all public sector funding for the project.
Is this a collaborative project?	If you are applying collaboratively please provide details of the partner organisations in the Entrepreneur Fund Partner Details Form. You should also submit to DECC a copy of the collaboration or joint venture agreement that you propose to work under. Sub-contracting work to a third party does not classify as a collaboration.
Contact Details	Name and details of the person who will be the main point of contact for the application process
Organisation Name	Provide the full registered name of the organisation applying for funding
Business Type	Please select from the drop down menu
Number of employees (including directors)	Number of staff in your organisation (this will help us confirm the nature of your company)
Turnover (in most recent annual accounts)	Please provide your most recent turnover figure from annual accounts and the date of those accounts
Balance Sheet Total	Please provide your most recent balance sheet total (total assets net of depreciation) and the date of the calculation.

Does the business have a parent company?	We need to understand if there any significant shareholders in your business. The parent company details should be provided in the Parent Company details section.
How is your business currently funded?	Please select all the types of funding that your company has received to date
Are you applying as an 'innovative young enterprise'?	If you are applying under this GBER State Aid rule. You must indicate that you comply with the financial obligation rules by providing the relevant information.

Section/Field	Guidance
Public Description of the Project	<p>This should be a brief, public facing description the project – no more than 1500 characters – using language that can be understood by people without specialist knowledge or expertise. It should explain why the project is innovative and describe the key aims and objectives. DECC reserves the right to amend the description before publication if necessary, but will consult you about any changes.</p> <p>This should not contain reference to any intellectual property as this description will be made available to the public domain if the application is successful.</p>

1.2 Section 1 - Impact on Climate Targets and/or Security of Supply

This section focuses on the impact on climate targets and/or security of supply that you believe your innovation will have.

Any data or references that might help to support your answer that cannot be included in the application form should be provided to DECC as a separate attachment. These may include for example tables of data, diagrams.

Section/Field	Guidance
<p>How will the innovation impact on carbon targets and/or security of supply and over what timescale? Attempt to quantify the impact your innovation may have.</p>	<p>Applicants should highlight how their innovation will make an impact on climate change targets. For example:</p> <ul style="list-style-type: none"> is it through change in user behaviour resulting in reduced energy usage does the innovation reduce the cost of installation and/or maintenance for existing equipment improved performance characteristics of a component or a material leading to greater efficiency <p>Applicants should attempt to quantify the potential impacts. Using data provided in previous sections around market size, share and assumptions around market penetration they should highlight the potential for carbon or energy savings. Where impacts are around cost reductions and savings the size and scale of these should be estimated.</p> <p>They should identify the timescales over which the impact will take place taking into account when the innovation would expect to reach market and its uptake within the market place.</p> <p>Applicants should consider whether any technologies that are currently being developed will supersede their innovation. These technologies should be highlighted and the potential impact on the timescales considered.</p> <p>Where possible, applicants should also provide relative data against existing technologies, products or processes to highlight the comparative savings.</p> <p>Applicants should outline their methodology and any assumptions they are making.</p> <p>Applicants may also wish to consider calculating the payback period for the innovation to demonstrate the benefits of their innovation. Applicants may also wish to consult DECC's guidance for valuation of energy use and greenhouse gas emissions at the link below. This provides data and information and a toolkit for calculating the impact of changes in energy usage.</p> <p>http://www.decc.gov.uk/en/content/cms/about/ec_social_res/iag_guidance/iag_guidance.aspx</p>

1.3 Section 2 - Business Proposition

This section focuses on the business opportunity that you believe exists, the potential return on investment and the products, processes or outcomes from the project and how you plan to derive value from them.

Section/Field	Guidance
What is the business opportunity that this proposal addresses?	<p>You should outline the business opportunity that you have identified and what you need to do to address it successfully, within the desired timeframe and cost.</p> <p>You should describe the particular problem or issue that is facing your business, marketplace or customers that your innovation addresses. You should outline how the outcomes of the project will help address these problems and issues.</p> <p>If you have customers or potential customers already in place these should be identified and evidence of their support provided.</p>
What is the size and nature of the market opportunity for this innovation?	<p>You should describe the size of the market opportunities that this project might open up, including details of:</p> <p>Current nature of the specific market(s) at which the project is targeted (e.g. is it characterised by price competition amongst commoditised suppliers? Is it dominated by a single leading firm? Is it a UK market or a global one?);</p> <p>The dynamics of this market including quantifying its current size, value, actual and predicted growth rates;</p> <p>The projected market share for the project outcome, with justification in the light of any potential competitors;</p> <p>You should:</p> <p>describe and clearly quantify the return on investment that the project could achieve and provide relevant evidence</p> <p>provide evidence for your statements about the addressable market for project outcomes</p> <p>outline your strategy for developing market share.</p>

	<p>For highly innovative projects where the market may be unexplored, you should explain:</p> <p>what the route to market could or might be;</p> <p>what its size might be, is national, global?; and</p> <p>how the project will seek to explore the market potential</p> <p>what sources you have used to reassure yourself that sufficient demand exists to justify the investment</p>
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<p>How will the outcomes of the project be exploited? What business model will your company use to generate value from the innovation?</p>	<p>Applicants should list the potential exploitable outcomes of the project such as:</p> <p>Products or services</p> <p>Processes</p> <p>Applications</p> <p>You should describe how these outcomes will be exploited including where applicable protection of intellectual property rights, reconfiguration of the value system, changes to business models and business processes and other methods of exploitation and protection.</p> <p>In addition to the immediate practical exploitation of the outcomes, you should identify and quantify the likely impacts of a successful project on your business and indicate the timelines over which these impacts will be realised.</p>
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1.4 Section 3 – Innovation

Section/Field	Guidance
What is innovative about your project?	<p>You should clearly identify the extent to which the project is innovative both commercially and technically.</p> <p>The timeliness and novelty of the research aspects of the project should be highlighted and explained in an industrial/business</p>

Technology readiness level	<p>context.</p> <p>You should describe the evidence you have to substantiate your belief that the intended work is innovative – this should not be based on your opinion alone. Evidence could include the results of patent searches, competitor analyses, literature surveys etc. If applicable, you also should briefly outline your own background IPR, as related to the project. You should also include any data that you may already have collected that demonstrates the performance of the innovation.</p> <p>These indicate the level of maturity of the product or process. Using the guidance in Appendix 2, applicants should choose the TRL they feel most appropriate to their proposal. The TRL chosen should be supported by the information provided in the next question.</p> <p>What work has been done to date? What stage of development is the innovation at? You should detail what has been done to date, (lab or bench demos, component tests, development prototypes, engineering or operational prototypes) and over what timescale.</p> <p>Outline any results that you have to date and any sources of technology you have used.</p>
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1.5 Section 4 - Project Plans

This section focuses on what work you plan to do during your project, the key milestones and timings, risks associated with the project and how you propose to manage the project. A project Gantt chart (or similar) should also be submitted as a separate file. The details provided below should match what is provided in the Gantt chart.

Any data or references that might help to support your answers that cannot be included in the application form should be provided to DECC as a separate attachment. These may include for example tables of data, diagrams.

Section/Field	Guidance
What is the technical approach that is being taken to solve the problem? What work do	You should provide an overview of the technical approach you propose to take including the main objectives including an estimate of the minimum level of technical or cost performance that the proposed project needs to demonstrate

<p>you propose to do in your project? Identify other organisations or individuals that you plan to contract/work with and how the work will be managed.</p>	<p>(how big a step is this?)</p> <p>As part of this you should include rival technologies and alternate R&D strategies that could be used and explain why the approach you have chosen will provide better outcomes.</p> <p>You should also describe the programme of work you intend to undertake with the funding. Describing the main work packages identifying who will be carrying these out and outlining the resource and management requirements and highlighting any sub-contracted work and how you propose to manage the project.</p>
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<p>What will be the milestones and deliverables for the project?</p>	<p>Identify the key milestones of the project and any interdependencies between the various work packages. Applicants should also outline the key deliverables for the project.</p> <p>Identify any go/no-go decision points in the project (eg. dependencies on achieving particular performance milestones or component solutions)</p>
<p>What are the key risks associated with the project? What is the risk management strategy?</p>	<p>DECC recognises that projects of this type are inherently risky. However, it seeks assurance that the projects it funds have adequate arrangements for managing this risk. Applicants should consider all risks technical, commercial, and environmental. Your answer should focus on the arrangements for managing and mitigating risk as follows:</p> <p>Identify the key risks and uncertainties of the project and provide a detailed risk analysis for the project content and approach, including the technical, commercial, managerial and environmental risks as well as other uncertainties (e.g. ethical issues) associated with the project. The main risks should then be rated as High/Medium/Low (H/M/L);</p> <p>State how the project would mitigate these key risks.</p> <p>Identify key project management tools and mechanisms that will be implemented to provide confidence that sufficient control will be in place to minimise operational risk and, therefore, promote successful project deliver. This should include the arrangements for managing any significant sub-</p>

	<p>contractors.</p> <p>You may wish to answer this on a separate sheet or within an excel spreadsheet rather than in the application form. However, the answer to this question must be submitted.</p>
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1.6 Section 5 - Project Funding

This section focuses on the finances of the project and the justification for the funding that you require. The Entrepreneurs Fund Finance Form should also be downloaded, completed and submitted as part of the application. The numbers provided in the application form should match those within the Finance Form.

Any data or references that might help to support your answers that cannot be included in the application form should be provided to DECC as a separate attachment. These may include for example tables of data, diagrams.

Section/Field	Guidance
Total company contribution	This is the amount of total eligible project costs that you will be paying from your own resources/private sector investment into the project.
Amount of DECC grant applied for	This is the amount you will be asking for from DECC. You should ensure that you do not request a grant higher than the maximum allowed, taking into account all public sector funding for the project.
Other Public sector funding applied for	<p>Please provide full details of other funding that you are currently applying for or have already applied for or received in relation to this particular project. This data is important as other public sector support is counted as part of the grant you can receive for the project and total state aids contribution.</p> <p>Do not include grants that have been used to reach this point in the development process and are now completed.</p>
Total project value	Please add total company contribution, amount of DECC grant applied for and other public sector funding applied for to give the total value of the project

Funding %age requested	Input percentage calculated in the Finance Form.
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Section/Field	Guidance
Project Start Date and End Date	<p>Please indicate when (subject to approval) you would expect to be able to start your project, and when you expect it to complete. Please be aware that there are restrictions on project length and make sure your project completes within the maximum time allowed.</p> <p>The start date should only be considered as an indication. Should you start your project before final approval any costs will be incurred at your own risk, will not be eligible for grant, and will not be included in project costs you can claim against.</p>
Explain the financial commitment required for this project?	<p>Please indicate the anticipated project cost, making clear the level of contribution from the business and the level of funding required from DECC.</p> <p>This should be provided within the application form as well as completing the Entrepreneurs Fund Finance Form, with supporting information and explanation provided in this section of the application form.</p> <p>You should attempt to demonstrate that:</p> <p>The budget you are proposing is realistic for the scale and complexity of the project</p> <p>If applicable financial commitment from other sources is demonstrated for the balance of the project costs</p> <p>The budget breakdown is realistic and consistent with what is being proposed</p> <p>The spend profile matches the work packages and project plan</p> <p>Guidance on eligible costs is provided in Appendix 1</p>
What is the added value of public funding for this	To demonstrate this you will need to provide evidence that:

project? Why can't you fund this yourself?	<p>There will be an increase in your total Research & Development spend on low carbon technologies in the UK;</p> <p>and either:</p> <p>Why you are not able to wholly fund the project from within your business's own resources; or</p> <p>How DECC's funding would allow you to undertake the project differently or more quickly and why this would be beneficial to the UK</p>
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1.7 Section 6 - Experience and Skills

This section focuses on the experiences, skills and track record of your business and its personnel.

Section/Field	Guidance
Provide details of the companies track record and management team and any other key personnel who will be involved in the project	<p>You should highlight the experience of your management team and key personnel within your organisation that are involved in the project. This should focus on experience in project management, technology commercialisation, business development and raising finance (i.e. loans, equity finance).</p> <p>You should detail any track record individuals involved or your business has in undertaking and exploiting the results of research and development projects, to show your capability to develop and exploit the technology.</p> <p>If you feel the incubation support aspect of the scheme might be able to provide additional skills or knowledge necessary for the successful completion of the project you should highlight these in this section.</p>

2. Completion of the Entrepreneurs Fund Finance Form

You will need to complete the financial details in the Financial Summary section of the application form and also complete the Entrepreneurs Fund Finance Form. The information in both sections should be consistent.

The Entrepreneur Fund Finance Form consists of 8 worksheets:

Summary

Labour Costs

Material Costs

Capital equipment costs

Sub-contract costs

Travel and subsistence costs

Other costs

Project quarterly breakdown

Milestone costs breakdown

Each of these sheets can be accessed by using the scroll bar at the bottom of the worksheets.

Within the spreadsheet there are boxes that are shaded grey, these boxes are auto-calculating and can only be altered by changing data in the manual entry boxes. All white boxes are manual entry boxes into which data can be input.

Guidance on eligible costs is provided in Appendix 1 of these guidance notes.

Guidance on what needs to be entered in some fields is provided within the sheet when you click on the box.

Worksheets only need to be completed if you have costs in those categories, so for example if your project has no planned capital equipment or sub-contract costs then the form will assume these entries are £0 and calculate without them.

2.1 Project Quarterly Breakdown Worksheet

This worksheet provides the breakdown of all costs across the duration of the project. It represents the spending profile you expect for your project. In entering this information you should ensure that the profile is consistent with the timings of the various work packages you are proposing within the project plan.

You must ensure that the total, provided after the Year 2 Total in the spreadsheet, for each category matches the total that has been calculated on the individual worksheets.

Appendix 1 – Eligible Costs

In addition to the requirements of the EU Block Exemption Regulation, DECC will only provide the grant to cover eligible costs incurred and defrayed in the period between acceptance of the DECC grant and the deadline specified in the grant offer letter for completion of the project.

The definition of eligible costs includes the applicant's own costs, eligible costs incurred by consortium members and eligible costs incurred by companies connected to any of these. The cost of work contracted to connected companies, to consortium members or to companies connected to consortium members should be on the basis of eligible costs.

Costs must be denominated in GB pounds. Applicants should indicate where conversion has been made to GB pounds from other currencies and indicate the rate and assumptions used.

List of Eligible Costs

Under Article 31(5) of the EU Block Exemption Regulation, eligible costs are defined as the following:

personnel costs (researchers, technicians and other supporting staff to the extent employed on the research project);

costs of instruments and equipment to the extent and for the period used for the research project. If such instruments and equipment are not used for their full life for the research project, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice, shall be considered as eligible;

costs for buildings and land, to the extent and for the duration used for the research project. With regard to buildings, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice shall be considered as eligible. For land, costs of commercial transfer or actually incurred capital costs shall be eligible;

cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, where the transaction has been carried out at arm's length and there is no element of collusion involved, as well as costs of consultancy and equivalent services used exclusively for the research activity;

additional overheads incurred directly as a result of the research project;

other operating expenses, including costs of materials, supplies and similar products incurred directly as a result of the research activity.

List of Non-eligible Costs

Under no circumstances can the grant be claimed or used:

for activities of a political or exclusively religious nature;

in respect of costs reimbursed or to be reimbursed by funding from other public authorities or from the private sector;

in connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money);

to cover interest payments (including service charge payments for finance leases);

for the giving of gifts to individuals, other than promotional items with a value no more than £10 a year to any one individual;

for entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);

to pay statutory fines, criminal fines or penalties; or

in respect of VAT that you are able to claim from HM Revenue and Customs.

Appendix 2 – Technology Readiness Levels (TRLs)

Technology readiness levels is an indication of the maturity stage of development of particular technology on its way to being developed for a particular application or product. Below are some broad definitions of the TRLs

Research

TRL 1 – Basic Research	Scientific research begins to be translated into applied research and development.
TRL 2 – Applied Research	Basic physical principles are observed, practical applications of those characteristics can be 'invented' or identified. At this level, the application is still speculative: there is not experimental proof or detailed analysis to support the conjecture

Industrial Research (guideline)

TRL 3 – Critical Function or Proof of Concept Established	Active research and development is initiated. This includes analytical studies and laboratory studies to physically validate analytical predictions of separate elements of the technology. Examples include showing the performance of critical technical features or components are feasible (even if not yet integrated or representative of real-life environment).
TRL 4 – Laboratory Testing/Validation of Component(s)/Process(es)	Lab and Test Bench Demos of sub-systems & key components. Modelling & experimentation with parameters representing future conditions. Application proof-of-concept
TRL 5 – Laboratory Testing of Integrated/Semi-Integrated System	The system, sub-system, components, or sub-scale units are integrated with reasonably realistic supporting elements so it can be tested in a simulated or representative environment.

Experimental Development (guideline)

TRL 6 – Prototype System Verified	Engineering Prototype. Representative full-scale prototype system, is tested in a relevant environment. Proof-of-application or
TRL 7 – Integrated Pilot System Demonstrated	Operational Prototype. Near or at planned operational system, requiring demonstration of an actual system prototype in an operational environment.

TRL 8 – System Incorporated in Commercial Design

Production Prototype (or process). Technology is proven to work - technology design for production or roll-out is completed and qualified through test and demonstration.

TRL 9 – System Proven and Ready for Full Commercial Deployment

Actual application of technology is in its final form - Technology proven through successful operations.

