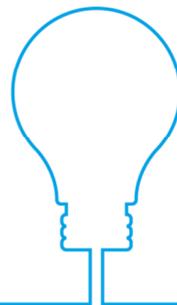




Department for
Business, Energy
& Industrial Strategy

ENERGY ENTREPRENEURS FUND Q&A

Phase 6



October 2017

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Any enquiries regarding this publication should be sent to us at entrepreneur@beis.gov.uk .

1. What is the Energy Entrepreneurs Fund?

The Energy Entrepreneurs Fund (EEF) is BEIS's innovation fund to support the development and demonstration of novel, innovative technologies in a broad range of technology groups across the energy efficiency, power generation and energy storage sectors.

2. Who can apply?

The funding is aimed at, but not limited to, small and medium sized enterprises (SMEs) as well as individual entrepreneurs. However, any company can apply if they meet the competition criteria as specified in the Phase 6 guidance notes. During previous rounds, around 80% of the projects BEIS supported through EEF were start-ups or SMEs less than 6 years old.

3. How much funding is available?

The total amount of funding available through Phase 6 of EEF is £10 million. Organisations can bid for up to £1million per proposal to develop and demonstrate innovative technologies and processes and get advice from experts on how to bring their products to market. The scheme is designed to support projects for Experimental Development or Industrial Research at Technology Readiness levels 3-8 (for definitions see Appendix 2, Energy Entrepreneurs Fund Phase 6 Guidance). It is intended that the funding will leverage additional funds from private sector investors both as match funding for the project and through subsequent investment raising activities, where appropriate.

4. How many projects have been funded to date?

EEF has been launched in phases since 2012. Over the last five phases 113 projects were funded, with a total grants value of c.£50.7m.

5. How long does the assessment process take?

About four months from registration to provisional award of grant, depending on the nature of the project and any outstanding issues being resolved. Applications are assessed by BEIS and external technical experts, with advice from investors on the commercial potential of the bids. Applications are judged against a range of criteria including level of impact on the Government's 2030 and 2050 carbon targets, improved performance characteristics over existing technologies and products and ability to cut the cost of installation or maintenance of existing systems.

6. How long does it take to receive a Grant Offer Letter, if we are successful?

After the provisional award of grant there will be an Incubation Planning Session, after which BEIS will agree with you the Grant Offer Letter, in particular the Annex 2 which sets out milestones linked to grant payments and evidence of activity to be provided to BEIS.

For a collaborative project, you will also need to submit a final draft of your collaboration agreement to BEIS for review and approval. This would normally be in line with the Heads of Terms submitted with your application. Assuming there are no issues with these, it should be possible to progress from provisional offer to Grant Offer Letter within 2-3 months.

7. What is incubation support?

To help ensure that companies achieve maximum commercial impact from an EEF grant, BEIS also contracts industry specialists to provide incubation support to grant recipients – in addition to their capital grant. Incubation support includes helping companies prepare commercial plans and actions that will increase the chance of successfully bringing the innovation to market or reduce the time to market.

8. How does BEIS define Capital Costs?

BEIS will award grant for mainly **capital costs**. EU Law – specifically **State Aid** - governs how BEIS awards public grants. For this competition, BEIS will award grants under Article 22 'Aid for start-ups' and Article 25 'Aid for research and development projects'¹ of the **EU General Block Exemption Regulation (GBER)** . We strongly advise all project applicants to read this.

Applicants should note that the UK's rights and obligations of EU membership, including compliance with State aid rules, continue to apply until the UK's exit from the EU has been completed.

BEIS broadly defines **capital costs** as the construction and start-up costs of a project but not its on-going operation. Capital costs will include expenditure on tangible assets such as land, buildings, machinery and IT systems and intangible assets such as patents, trademarks and some IT software. In all cases, capital costs must fall within Article 25(3) of the **EU General Block Exemption Regulation (GBER)**.

N.B. It is for project applicants to agree with their own auditors what costs can be capitalised on their balance sheets.

9. How do I know whether my technology is eligible for EEF?

BEIS is looking to support a broad range of technology groups within the energy efficiency, power generation and energy storage sectors. A list of eligible technologies is included within the Guidance Notes. However, the technology must be at least at Technology Readiness Level 3.

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

10. Can I discuss my application with someone in BEIS?

BEIS will not be able to engage in detailed discussions about specific project ideas or technologies. If you have a question you can email entrepreneur@beis.gov.uk.

Please note though that BEIS is required to provide any answer or information given to one applicant to all applicants, so answers will also be made public via updated versions of these FAQs. Applicants are therefore reminded that anyone can view the FAQs, thus questions should not reveal anything commercial in confidence or sensitive to your application.

11. How do I use the Basecamp application folder?

The Basecamp application folder to which you will be invited by BEIS, once you have expressed an interest and confirmed this to BEIS, provides a secure and restricted access means by which you can submit your EEF Phase 6 application. The folder is pre-populated with discussions (including this one) to provide advice on using it and asking further questions; the EEF Phase 6 application templates and guidance notes; and a task list to guide you through the submission process.

Before the application deadline you must ensure that all necessary application documents have been uploaded into this Basecamp folder. The task list entitled "**EEF Phase 6 application - submission by applicant**" is designed to provide a useful checklist to ensure that you complete all the necessary steps and upload all of the required documents for your application to be assessed.

Basecamp is an intuitive system and on-line help is available. There are two key tasks which BEIS expects applicants to undertake:

1. To mark a task as complete, you click the check box and the task will disappear.
2. Uploading documents can be done using the "Upload files" button. Please ensure that files have uploaded correctly by opening and reviewing them before logging out of the system.

However, you should not use Basecamp to store draft versions of your application forms. Only the final, completed versions for submission should be uploaded. This is to ensure that there is no confusion during the assessment stages.

12. Who should I inform when I have uploaded my application?

There is no need to inform anyone that your application has been uploaded. Once you have checked that it has uploaded successfully (the easiest way is to log out of Basecamp and then log back in), BEIS will be able to access the application after the closing date.

13. Within a collaboration, which partner should provide the match funding for the project?

Match funding can be provided by any or all of the members of a collaborative application. Your Heads of Terms provided with the application should clarify the match from each collaborator.

14. Does BEIS provide any pre-financing?

BEIS is unable to pay a grant in advance of need, however the cash-flow for the project will form part of the discussions to agree the Grant Offer Letter for successful applicants.

15. What is classed as match funding, can it be time of staff on a project or existing equipment put forward from partners or does it need to be real cash in the bank?

Match funding needs to be demonstrated by a transfer of money. The simplest form of match is therefore cash. Staff time is acceptable as the staff are paid for their time and therefore money has changed hands in respect of the staff time. In kind match, i.e. where a good or service is gifted to the project, is more problematic as there can be significant audit issues in assigning a value to this type of match and it should therefore be avoided.

16. Can we apply for funding from the EEF and then retrospectively gain our match funding?

Match-funding will need to be in place when your project starts as a condition of the grant. This does not need to be signed off at the time of the application, but you should be able to demonstrate the likely source(s).

17. Are companies that are also registered charities allowed to apply?

Companies registered as charities can apply to BEIS's Entrepreneur fund.

18. How many applications can one company make?

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

19. Is there any guidance or size limits associated with the supporting appendices and / or attachments that can be included with the submission?

There is no specific limit to the size of the supporting appendices, however applicants should be aware that assessors have limited time to spend going through too much

information. Ideally the application should stand alone, however we accept that there may be additional information which needs to be appended.

20. We use a Mac and the drop-down lists on the application form do not function correctly.

You can manually type in the correct response using the drop-down lists responses provided below:

Is this a collaborative application? (Yes / No)

Title (Mr / Mrs / Miss / Ms / Dr / Prof)

Business Type (Charity / Co-operative / Limited by Guarantee / Limited Company / Limited Liability Partnership / Other / Partnership / PLC / Sole Trader / University/Educational / Unlimited Company)

Business maturity (Pre-startup / Startup<1yr / 1-5 yrs / 6-10yrs / >10yrs)

Does the business have a parent company? (Yes / No)

Is the company able to recover VAT? (Yes / No)

Which article are you applying under? (Article 22 Small Innovative Start Up / Article 25 Industrial Research / Article 25 Experimental Research)

If you are applying under Article 25, is this a Collaborative Application? (Yes / No)

Company maturity (Pre-startup / Startup<1yr / 1-5 yrs / 6-10yrs / >10yrs)

Technology Readiness Levels (various places in form) (TRL 1 – Basic Research / TRL 2 – Applied Research / TRL 3 –Proof of Concept / TRL 4 – Lab and Test Bench Demonstrations / TRL 5 – Development Prototypes / TRL 6 – Engineering or Development Prototype System Verified / TRL 7 – Operational Prototype (Alpha Product) / TRL 8 – Production Prototype (Saleable Beta Product) / TRL 9 – Marketable Product)

21. Please explain the difference as far as the application is concerned between a partner or a sub-contractor?

A partner is named within the Grant Offer Letter and the relationship between the lead and partner is governed by a collaboration agreement. A partner's costs must be reimbursed at cost, i.e. unlike a sub-contractor they may not include a profit in the costs they are paid. A sub-contractor is selected by the lead to complete specific tasks. They can make a profit and, if not named in the application, must be correctly procured. Any application involving partners must also submit a formal Heads of Terms setting out the principles for the collaboration agreement to be put in place should the application be successful. The

Heads of Terms will form part of the assessment process and BEIS will review it to ensure that the proposed partnership is robust.

22. Can the product developed under an EEF phase 6 project be installed and tested outside the UK but within the European Union? Can a part of the total project expenditure be spent outside UK, and if so, is there a minimum threshold for expenditure within the UK?

The Guidance Notes state that the project activities “must largely be conducted in the UK.” This does not preclude elements of the project, e.g. testing, from being conducted outside of the UK. Part of the project costs can be spent outside of the UK, however, it would be for you to justify that within your application. There is no specific threshold for this set.

23. Is it possible for one company to apply for more than one allocation as long as each project is separate and meets the criteria? Or would each project application need to come from a different company?

One company can only apply for one project as lead. However, you can participate in more than one as a partner.

24. Could you confirm whether the fund is limited to UK based companies?

Non-UK companies can receive EEF grants. However, as per point 6 of the eligibility criteria within the Guidance Notes “The project’s activities must largely be conducted in the UK.” Provided this can be demonstrated, your application would be eligible.

25. Can the 10% match funding be a contribution in kind (e.g. managerial/expertise time)?

We would not accept contributions in kind as match funding, as these are ascribed a notional cost. However, where money changes hands (e.g. for the time of managers or experts who are paid by yourselves or another partner) this would not be considered as in kind match funding.

26. One of the eligibility conditions for the small innovative start up grant is that the company must not have been in existence for more than 5 years. Is this condition applicable at the application date or the project finish date?

At the application date, though it would still need to be correct at the point we award a grant. This period also includes any periods of dormancy with Companies House.

27. How should we calculate overhead rates?

EEF overhead rates are paid as percentages applied to salary costs. You should calculate your overhead rate based on the overheads incurred in your last financial year. For larger,

more complex organisations you should include only those overheads which are relevant to the delivery of the project. EEF will not fund overheads which do not relate directly to the delivery of the project. You must show clear calculations within the Finance Form to demonstrate how the percentage calculation has been reached. If you do not provide a calculation, then BEIS may award overheads at 0% as there is no evidence that overheads claimed relate to the project activity. In this respect, EEF is different from other funding streams, such as Innovate UK or research councils.

28. Do we need to send 2 finance forms since the project will be a collaboration (e.g. between two or more companies, a company and a university, etc.) or should everything be included into 1 finance form?

Costs relating to a partner must be blended into a single project Finance Form. Specifically, a partner's staff costs should be entered on the Staff costs tab alongside the lead partner's staff costs (though identifying which is which is necessary), etc. Previously, applicants have submitted a Finance Form for each partner. This is no longer allowable as it makes evaluating the project more difficult as costs are split across two separate forms. In Phase 6, any applications submitted with more than one Finance Form will fail their Eligibility Checks.

29. We are a collaborative application and need to submit a Heads of Terms for our eventual collaboration / partnership agreement. What should we include in this?

The contents of the Heads of Terms is at your discretion. However, the assessors and BEIS will use the Heads of Terms to help establish the strength and degree of development of the collaboration, as well as the extent to which the lead applicant will be able to manage collaborators. You should therefore have some detailed discussions with your collaborators while developing your proposed project. The Heads of Terms should outline the main relevant issues and could include, for example:

- Roles and responsibilities of each collaborator / partner
- Agreed response times / deadlines for each collaborator / partner in respect of queries or information needed for claims or queries on the same
- Milestones and deadlines for activities
- Treatment of IP, confidentiality, etc.
- Dispute resolution
- Handling of risks and liabilities between the partners
- Financial reimbursement terms

N.B. BEIS will require a final draft of a collaboration agreement for the partnership before a Grant Offer Letter can be issued. It is hoped that developing a Heads of Terms for this at application stage will expedite this process, however BEIS would not normally expect that

the final draft agreement would be materially different from the Heads of Terms. It is therefore important that the collaborators agree robust Heads of Terms.



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