



Department for
Business, Energy
& Industrial Strategy

THE SMART ENERGY SAVINGS (SENS) INNOVATION COMPETITION

Competition Guidance Notes

February 2019

THE SMART ENERGY SAVINGS (SENS) INNOVATION COMPETITION

Competition Competition Guidance Notes

The SMART ENERGY SAVINGS (SENS) INNOVATION COMPETITION

© Crown copyright 2019

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence.

To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

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

Contents

The Smart Energy Savings (SENS) Innovation Competition – Guidance for Applicants	2
1. The Smart Energy Savings (SENS) Innovation Competition – Overview	2
2. Aims	4
3. Phase 1 – Development of Smart Energy Saving Products/ Services	11
4. Phase 2 – Trial of Smart Energy Savings Products/ Services	13
5. Applicants and project team make-up	20
6. Competition Timetable, Application and Assessment Process	22
7. Eligibility for funding	27
8. Funding Levels and State Aid requirements	31
9. Assessment Process and Criteria	34
10. Project plans, finances and financial viability	39
11. Privacy	41
12. Notification and Publication of Results	42
13. Project Monitoring, Evaluation, Key Performance Indicators and Cost / Benefit Data	43
14. Feedback and right of appeal	46
15. Confidentiality and Freedom of Information	47
16. Further Instructions to Bidders	48
Appendix 1 – Eligible Costs	49
Appendix 2 – Example Grant Terms and Conditions and Offer Letter	52

The Smart Energy Savings (SENS) Innovation Competition – Guidance for Applicants

1. The Smart Energy Savings (SENS) Innovation Competition – Overview

In the BEIS Smart Energy Savings (SENS) Competition, project teams can apply for a share of up to £4.4 million in grant funding¹ to develop and trial innovative products and services to deliver additional energy savings in homes through the use of smart meter data.

The Government is committed to ensuring that every home and small business in Great Britain is offered a smart meter by the end of 2020. Smart meters are the next generation of gas and electricity meters and will deliver a much-needed digital transformation of our energy system.

It is anticipated that the smart meter roll-out will deliver a range of consumer benefits. Smart meters and In-Home Displays (IHDs) provide domestic consumers with near real time information on their energy consumption, helping them save energy and money, and enable other ways to access and act on energy data, such as via Consumer Access Devices (CADs) and home energy reports.

IHDs and energy efficiency advice (provided at the smart meter installation) are already delivering benefits for domestic consumers, including energy savings². Other products and services can be used alongside smart meters to enable additional consumption reductions. However, currently there is limited availability of these products and services and, where available, they are often relatively basic and have not been designed to give the sort of personalised information that would be most effective to help consumers become more energy efficient. More sophisticated products and services, or packages of products and services, have the potential to deliver larger energy savings.

To support further progress in this area, BEIS has launched the Smart Energy Savings (SENS) Competition. The Competition will offer grant funding to successful applicants to support development of their product or service and in-home trials. BEIS anticipates the Competition will promote residential energy efficiency and drive market development. The trials will also provide robust evidence for BEIS on the impact of products and services that can deliver energy savings in addition to those currently enabled by the smart meter roll-out.

¹ This competition is subject to State aid rules and Section 5 details the maximum amount of grant funding available as a proportion of total project costs. The total budget is £6.25m and includes a programme of monitoring and evaluation.

² <https://www.gov.uk/government/publications/smart-metering-early-learning-project-and-small-scale-behaviour-trials>

Competition Applicants should present products or services that can be offered to households and have a reasonable expectation (e.g. from theory, evidence in other fields, or early piloting) of generating savings additional to those associated with the 'standard' smart meter product (i.e. a smart meter, an IHD and energy efficiency advice delivered by smart meter installers) for domestic customers.

As a requirement of the grant funding, successful applicants must work with a separately contracted expert, the Trial Design and Evaluation Lead (TDEL), who will help ensure the trial design is robust and large enough to provide conclusive findings, to monitor the delivery of the trials and to analyse the data to evaluate trial findings.

The Competition will provide innovation support in two phases.

1. **Phase 1 – Development of Smart Energy Savings Products/ Services:** grants will be awarded to the selected project teams to develop their products and/ or services to a state that they can be trialled in Phase 2. The project team will also be required to work with the TDEL to support the development of a robust trial design to be implemented in Phase 2.
2. **Phase 2 – Trial of Smart Energy Savings Products/ Services:** grants will be awarded to the selected project teams to trial their products and/ or services according to the trial design defined in Phase 1. The project team will be required to work with the TDEL who will be monitoring the delivery of the trials and analysing the data to evaluate trial findings.

Applicants should initially submit a costed proposal for both Phases based on the Phase 2 trial assumptions in these Competition Guidance Notes. If successful, applicants will receive a grant award for Phase 1 work. The successful applicants will then be required to submit a revised proposal for Phase 2 towards the end of Phase 1, based on the trial design developed in Phase 1. If successful, applicants will then receive a grant award for Phase 2 work.

2. Aims

2.1 Introduction

Smart metering creates new opportunities to use energy consumption data to deliver energy savings. Through the SENS (Smart ENergy Savings) Competition, BEIS wishes to:

- identify innovative products and services using smart meter data that can deliver energy savings in homes, in excess of those currently identified in the smart meter impact assessment, for either the GB population or specific groups within it;
- ensure that solutions are attractive and valued by consumers, and are easily available (using existing technologies and delivery channels or cost-effective new hardware);
- support the development of a market for energy products and services, securing investment from technology providers, energy suppliers, and third parties.

By “intervention”, BEIS means any action taken to influence energy consumption in homes, beyond the actions that are currently normal. An intervention could include, for example, new equipment, software, customer services or information.

Following development of the product or service (Phase 1), BEIS will support and evaluate trials in Phase 2. The purpose of the trials is to build knowledge of the impact of interventions, specifically to:

- determine whether the trialled interventions are effective, for reducing domestic energy demand and for achieving other benefits, without unacceptable costs or risks (to identify the most effective interventions, not merely those that have some effect);
- develop understanding of the causal mechanisms of the impact of interventions (this helps to predict impact in different contexts and future impact if the context changes).

BEIS intends the trials to be intensive, detailed and – to the extent possible within the timescale – definitive as to the value of the interventions. BEIS will support the trial design and execution through the separately contracted Trial Design and Evaluation Lead (TDEL).

This remainder of this section describes the Competition design. Further details to support the development and review of interventions can be found in the accompanying document “Interventions and their Impact”.

2.2 Interventions to support household energy consumption reductions

A wide range of individual interventions will be considered, with the requirement that smart meter data must be used in some way. BEIS does not wish to impose unnecessary restrictions on applicants’ options. but by way of illustration, interventions could fall within the following categories:

- Feedback to the resident on their energy use;
- Advice to the resident, e.g. how to interpret energy feedback, what actions to take, or demonstrating that energy saving measures work;
- Practical assistance to the resident such as ‘how to’ demonstrations (e.g. simple DIY tasks or setting heating controls), assistance with maintenance or energy efficiency improvements;
- Financial interventions such as grants/ loans, alternative tariffs or incentives for reducing energy use;

- Social interventions such as local events, word-of-mouth communication, education, competitions to save energy, public commitments, and intra-household deals (e.g. teenagers to share in the money saved by reducing energy use);
- Use of technology, e.g. automation or remote control by the household or energy supplier.

The expectation is that interventions will be combined into ‘packages’ that act more effectively³ and/or are tailored to engage a range of demographic groups. We have provided examples of packages, but applicants should describe and justify their own proposals in sufficient detail to allow a fair and thorough review by BEIS.

Trials should be clear at the outset about the specific actions or functionality are that they are testing, and this should not change as the trial progresses. Some interventions might, by design, develop over time; this is understood and acceptable. For example, a device that learns patterns of temperature demand would naturally change what it does over time. At a simpler level, advice that responds to consumer questions could become more sophisticated as the trials progress – because the consumers are asking more informed questions.

Applicants should also have a risk management in place to ensure that if an intervention appears to have failed in a way that would remove any likelihood of positive impact (or is creating an unacceptable risk of negative impact), use of that intervention can be suspended. It would then be a matter for negotiation, whether some modification would be acceptable in order for the trial to continue.

2.2.1 Energy savings and additional benefits

Delivering energy savings (measured as a net reduction in household energy consumption), in addition to those currently enabled by the smart meter roll-out, is the main aim of the trials and hence the primary criterion that BEIS will use to evaluate proposals.

BEIS wishes to ensure that this Competition supports products and services that benefit all consumers, including those for whom energy savings may not be viable as they would have a detrimental effect on the consumer (for example because they are fuel poor or vulnerable).

BEIS will therefore consider proposals that demonstrate how they will deliver alternative improvements (e.g. on wellbeing factors such as comfort) as a trade-off with potential energy savings for these groups of consumers. **All applications should be able to demonstrate how they achieve savings, or provide alternative improvements, for groups for whom energy reductions may not be desirable.**

Interventions may provide additional benefits, examples of which are included underneath. Evidence provided on these will be assessed as part of the application process subject to the product meeting the primary objective outlined above. Should the product be accepted by the Competition, TDEL will develop evaluation plans for any additional benefits through the trial design. Potential additional benefits include:

³ The accompanying document “Interventions and their Impact” provides the MMO-T framework to help develop and review the effectiveness of potential interventions

- shifts in the timing of energy demand, relieving pressure on generation/ supply at periods of high demand;
- relief of fuel poverty;
- improved consumer wellbeing, including health, comfort, household harmony and sense of control over energy use, bills and indoor environment;
- use of energy that results in lower CO₂ emissions;
- changes to the dwelling or energy systems that would, after the trial period, be expected to reduce energy demand;
- supplementary services using smart meter data or systems, such as home security or support for carers;
- greater consumer understanding of energy use and energy markets.

It is also important to identify and manage risks when designing an intervention, e.g.

- use of energy that results in higher CO₂ emissions;
- saving energy at the expense of consumer wellbeing;
- the intervention does not perform as well as the customer expects and leads to them becoming less engaged / motivated.

2.3 Roles and responsibilities

The SENS programme of work will be a collaboration between four organisations (including the successful applicant). This is summarised underneath and detailed on the following pages:

BEIS - BEIS (supported by AECOM) will oversee the Competition, monitoring compliance with grant awards and the delivery of trials and signing off all substantive outputs.

Successful Applicant - Successful applicants will develop products as outlined in their bids and deliver them to households through trials. Trials will be designed by and agreed with TDEL, and the applicant will be expected to provide access to a range of information about the product and trial implementation, along with collecting consents to additional research (for use by TDEL).

Smart Energy Research Laboratory (SERL)⁴ - SERL will provide access to the energy consumption data of consenting trial households for the TDEL

Trial Design and Evaluation Lead - The TDEL will work with successful applicants to design their trial and monitor its implementation. They will carry out additional research as required and use the findings from this alongside their analysis of energy data collected through SERL to evaluate both individual trials and the Competition.

⁴ Formerly known as Smart Meter Research Portal (SMRP):
<https://www.ucl.ac.uk/bartlett/energy/research/research-projects/smart-energy-research-lab-serl>

Stage	Role of BEIS / AECOM	Role of Successful Applicant	Role of Smart Energy Research Laboratory (SERL)	Role of Trial Design and Evaluation Lead (TDEL)
Pre-Competition stage	Organise the Competition and respond to questions from Competition applicants during bid stage.	Prepare and submit a bid to the innovation Competition. <ul style="list-style-type: none"> Propose the package(s) of interventions to be trialled, taking into account the planned form and timescale of trials 	Confirm arrangements and requirements for managing data through SERL.	
Bid evaluation	Co-ordinate Competition bid review, notify successful applicants.	Respond to bid clarification questions if necessary.		Provide a bid review lead to score applications on their consideration of trial implementation (as outlined in BEIS' Competition guidance).
Grant Award phase 1	Agree and award grant for successful applicants' activities in phase 1.			
Phase 1 – Product Development and Trial Design				
Development of product	Review updates from the TDEL and successful applicants to monitor delivery of grant milestones.	Undertake product development and any associated research to ensure that the product or service submitted to the Competition is ready to be rolled out to consumers participating in trials. <ul style="list-style-type: none"> Attend inception meeting with TDEL/ BEIS Provide details of any development research to TDEL, allowing one week for comments Consider feedback from TDEL and incorporate as appropriate 		Light touch review of product development research aims, design and outcomes. <ul style="list-style-type: none"> Attend inception meeting with BEIS Review development research being carried out by successful applicants (providing feedback to agreed

The Smart Energy Savings (SENS) Innovation Competition – Guidance for Applicants

		<ul style="list-style-type: none"> • Create the package(s) of interventions to be trialled • Provide updates to BEIS as agreed in the grant award • Share findings from development research with BEIS and TDEL 		timings)
Design of trials to be implemented in Phase 2	Review and sign-off trial protocols	<p>Work with TDEL to develop an agreed trial protocol.</p> <ul style="list-style-type: none"> • Provide access to BEIS/ TDEL to information about proposed customer journey, available data about potential participants, and potential sample frame • Agree a plan for any data collection (to evaluate the trial) that the TDEL plans to carry out directly with participants, to avoid any confusion or conflict with any contact the applicant plans to have with participants • Hold up to two meetings with BEIS/ TDEL 	Provide information about the functionality of SERL to TDEL in order to inform the development of the trial protocol.	<p>Develop trial protocols with input from successful applicants and provide to BEIS for review and sign-off.</p> <ul style="list-style-type: none"> • Design a trial protocol that defines how the trial will be delivered, required sample sizes and all supplementary research to be carried out (i.e. qualitative and quantitative research carried out by TDEL) • Specify research questions for individual trials • Hold up to two meetings with BEIS and each successful applicant
Consents research	Review and sign off TDEL's research on consent statements.		Feed into specification for consent research and peer review the research findings.	Conduct qualitative research to inform the development of consent statements for successful applicants to use in trials (depending on timing, this may extend to subsequent stages with the intention to complete prior to Phase 1 commencement). Report to BEIS on findings.
Pre-trial stage gate (Prior to	Review bids, taking advice from TDEL with regard to the Competition	Submit revised proposals for Phase 2 based on trial protocol agreed with BEIS and TDEL.	None	Provide an individual staff member to participate in the bid review process by sitting on

awarding grant phase 2 activities)	partner's consideration of the practical issues involved in delivering the agree trial protocol.			BEIS' review board.
Grant Award phase 2	Award phase 2 grant on the basis of revised proposal. This grant will cover the successful applicants' activities in phase 2.	None	None	None
Phase 2 – Trial Delivery, Evaluation and Reporting				
Trial delivery	Review updates from the TDEL, SERL and the successful applicants to ensure that trials are progressing as desired and to take actions to mitigate emerging risk if necessary.	<p>Implement trials and share information with the TDEL to allow the latter to monitor trial progress.</p> <ul style="list-style-type: none"> • Participate in four quarterly meetings with BEIS/ TDEL • Recruit the sample of participating households in treatment group(s) and control group(s), using a sampling strategy and protocol defined by TDEL • Work with TDEL to apply sampling methodology (where feasible sharing data to allow TDEL to draw the sample). • Obtain consent from households to participate in the trial, receive the intervention and provide data that applicant will need in order to manage the trial • Obtain consents from participating households for SERL to acquire their energy data and provide it to TDEL, and for TDEL to obtain other data that will be required for evaluation purposes (could include social research by 	<p>Enable the TDEL to access energy consumption data recorded by the smart meters of trial participants.</p> <p>Provide monitoring updates to BEIS.</p>	<p>Conduct ongoing monitoring of trials to ensure compliance with the trial protocol. Provide regular updates to BEIS about trial progress.</p> <ul style="list-style-type: none"> • Participate in four quarterly meetings with BEIS / each successful applicant • Work with successful applicants to apply sampling methodology. • (Where feasible) draw sample for trial on behalf of successful applicants • Conduct qualitative and quantitative research with trial participants in the treatment conditions. • Collect any supplementary data specified in the trial

		<p>TDEL)</p> <ul style="list-style-type: none"> • Communicate plan for data collection to participants and alert participants before contact from TDEL (data processing notice) • Deploy the interventions in the treatment group(s), to a schedule agreed with TDEL • Collect, store, analyse and apply any data required for managing the interventions (but not data for evaluating the trial), to a plan agreed with TDEL • Deal with any issues arising with participants (including providing technical support for the intervention and any actions to maximise participant retention) • Continuously manage the participant samples to minimise loss of representativeness (e.g. by cross-trial or inter-trial contamination, contamination via interaction between trial participants in the treatment and control groups, or differential attrition between treatment and control groups); • Provide all metadata to TDEL outlined in the Trial Protocol. • Retrieve any equipment placed in participants' homes, if it is not the intention for participants to retain the equipment. 		<p>protocol</p> <ul style="list-style-type: none"> • Monitor delivery of the trial protocol, providing quarterly updates to BEIS
Competition evaluation	Review and approve research design.	Participate in interview with TDEL as required.		Carry out market assessment to inform impact evaluation, including interviews with successful applicants.
Reporting and analysis	Review and sign off all reports and analysis.	<p>Outline plans for further development and commercialisation of the product based on lessons learned from the project.</p> <p>Review conclusions of TDEL evaluation.</p>		Analyse all evidence to draw well-reasoned and empirically justifiable conclusions about the trialled products.

3. Phase 1 – Development of Smart Energy Saving Products/ Services

3.1 Development research on interventions

It is expected that the interventions proposed will be sufficiently well advanced to fit into the Competition timetable. Applicants should consider what development is needed prior to trials, how long that would take and what resources would be required. Phase 1 could address, for example, the following aims.

- Development to fully achieve the required functionality and/ or affordably deliver the intervention;
- Research to work out *how* to use the inventions. You may be confident that the interventions can be effective, however research may be needed to identify how they should be used (i.e. implementation/ delivery details) to ensure this;
- Small scale piloting to test the proposed customer journey and required data flows.

Applicants should consider ability to deliver the development activities within the time available, and the effectiveness (or confidence about effectiveness) of the intervention gained in the course of development.

The TDEL will review and provide advisory feedback on plans for development research. Execution of the development research will be the responsibility of the applicants.

3.2 Design of trials to be implemented in Phase 2

In parallel Successful Applicants will work with TDEL to develop an agreed trial protocol, that reflects BEIS' evidence gathering objectives along with the operational and logistical context the applicant is operating within. This will provide the basis of the Phase 2 grant award and detail how the trial should be delivered, including the respective roles of the applicant and TDEL. To facilitate the development of the protocol Successful Applicants will:

- Provide access to BEIS/ TDEL to information about proposed customer journey, available data about potential participants, and potential sample frame;
- Agree a plan for any data collection (to evaluate the trial) that the TDEL plans to carry out directly with participants, to avoid any confusion or conflict with any contact the applicant plans to have with participants;
- Hold up to two meetings with BEIS/ TDEL.

3.2.1 Phase 1 outputs

Information provided to, and engagement with, the TDEL

1. Development plans, shared with the TDEL and refine based on feedback.
2. Trial design for Phase 2.

Reporting to BEIS

1. A project kick-off meeting with BEIS.
2. Quarterly reports and meetings to discuss project progress against milestones.

3. A final Phase 1 report which is envisaged to include:
 - a. general description of development activities
 - b. testing results and associated learning.
4. Updated Phase 2 application based on the trial design developed in Phase 1.
5. A final presentation at the end of Phase 1 to discuss both the Phase 1 report and the updated Phase 2 application.

These outputs will be for internal BEIS use and will not be published, however BEIS may draw on them to support external reports from Phase 1 of the Competition, including a summary of the products and trials supported by the Competition. Findings from Phase 1 will also be published in TDEL's final evaluation report (see Phase 2 outputs).

4. Phase 2 – Trial of Smart Energy Savings Products/ Services

BEIS will separately contract for secure access to smart meter consumption data for all of the participating households across all trials through the Smart Energy Research Laboratory (SERL). The Laboratory will provide access to data from all DCC-enrolled meters. **It is therefore a requirement of the Competition that only smart meters enrolled in the DCC before trial implementation are used for trialling interventions.** This will allow the TDEL to analyse trial findings centrally, standardising methods and reducing burden on trial and Competition participants. Access to data via SERL will require customer consent and we will require Successful Applicants to collect this as part of their trial recruitment strategy.

SERL is being contracted to provide access to data for evaluation only, and Competition applicants will need to separately identify a means to access smart meter data for the delivery of their intervention.

During the trial recruitment period, the majority of meters enrolled in the DCC are likely to be SMETS 2 meters. For this reason, we anticipate that trials will need to recruit SMETS 2 metered customers specifically. Applicants may use SMETS 1 customers where they can provide assurance that these customers will be enrolled in the DCC before trial implementation. The Competition aims to demonstrate the potential for savings in excess of the current smart meter offer, **therefore trials should ideally recruit existing smart meter customers unless there is a compelling reason to deliver the intervention at installation.**

Deployment issues to be considered include:

- whether the interventions should target all GB homes or only defined groups based on dwelling or household characteristics;
- the resources required to deploy the interventions in a trial and how long the deployment would take for a given number of homes.

The form and the practical viability of the ‘customer journey’ also need to be considered, including:

- first contact and obtaining consents;
- trialling the intervention itself;
- collecting data (in addition to the data required to deliver the intervention) from trial participants and other parties involved in delivering the intervention and providing it to the TDEL, for example household and property characteristics;
- recovering any equipment that will not remain in the participating homes.

The whole customer journey in the trials needs to be realistic in relation to how the intervention could be deployed widely following the trials.

The time required for the trials depends on two main factors: how quickly the intervention can be delivered to all participating households and how long is required to see the impact of any intervention. BEIS wishes to have a minimum trial period of one year to assess impacts, though we accept that some impacts may take longer than this. To achieve this within the Competition timings, applicants will need to show that they can deliver their intervention to all consumers selected to receive it, by end of March 2020. This will allow a year’s monitoring of the impact of the intervention, commencing from the start of April 2020 at the latest.

4.1 Data requirements to deliver the intervention

Applicants will need to have a plan to source, access and manage the energy data (alongside any other data, for example set point temperatures or information about the household) they require to deliver their product's and/ or service's functionality, either working through the Data Communications Company (with energy suppliers or third parties), or using Consumer Access Devices (CADs) such as IHDs, smart appliances, or devices that upload data to the cloud.

The granularity of available data and consent required to collect it will vary depending on the access route used.

Data provided by the Data Communications Company (DCC) is available at up to 30-minute resolution. Access to this data will require opt in consent from customers. Energy suppliers can access data at lower resolutions on an opt-out (daily) or statutory (monthly) basis. Higher resolution data is available from CADs subject to appropriate customer consent being collected.

4.2 Trial design and methods

The development of the design and methods for the trials will be led by the TDEL in Phase 1. Competition applicants do not at this tender stage need to describe how they will conduct trials, though BEIS does require applicants to show how they will meet some key design requirements (outlined in the application form). Nevertheless, applicants should review the guidance provided to ensure that expectations are realistic as to what will be required.

The underlying requirement is that the trials should be sufficiently robust in design and delivery to meet the project aims. These will ideally take the form of randomised controlled trials (RCTs) in which a sample of consumers will be randomly assigned to a control or treatment condition. Consumers in the control condition will have received the baseline Smart Meter consumer proposition (i.e. a smart meter installation, an IHD, and energy efficiency advice delivered at the point of installation); consumers in the treatment conditions will receive all of the above in addition to the product or service being trialled, which will be delivered sometime after the smart meter installation (unless there is a compelling operational reason to do so).

The recruitment process needs to be effective for the trial aims but also realistic in relation to how the intervention could be deployed widely following the trials. Applicants will need to consider the following in their tender.

- Definition of the target population and the group of potential participants that you intend to obtain the sample from (e.g. energy suppliers, third parties who work with consumers or a representative survey of consumers);
- Identifying consumers who have a DCC-enrolled smart meter;
- Who will lead the recruitment, who will approach consumers to participate, and by what means;
- What promotion activities or incentives might be necessary to recruit and retain participants;
- A proposed recruitment schedule.

Other key areas that will be considered in trial design are as follows.

1. Research must be subject to a review of ethical practice, e.g. in relation to data protection, consents (to offer interventions or to access data), discrimination, treatment of vulnerable consumers, and health and safety risks.

2. The trials must have samples of sufficient size to detect small percentage changes in energy consumption and variations among customer segments. Sample sizes are therefore likely to be in the range of thousands of homes.
3. Delivering packages is more complex than delivering single interventions, particularly if the interventions are delivered by different actors and/ or at different times.
4. The analytical strategy will need to be robust and reflect the design of the trial.

The trials will focus on the impact of product or package of interventions proposed rather than seeking to understand the relative contribution of each element within a package, although the latter is also of interest.

The trials will include direct quantitative measurement of household energy consumption, alongside other outcomes (where relevant and recommended by TDEL) such as the time-pattern of energy consumption, the indoor environment and physical changes to the dwelling, together with self-reported data on consumers' attitudes and behaviours. Quantitative (survey) and qualitative research will also be carried out by TDEL to capture the consumer attitudes and viewpoints that affect engagement or the causal mechanisms that lead to high/ low uptake, behaviour change and energy savings.

When BEIS evaluates proposals, the focus will be on impact among households that participate in trials, rather than taking into account the lack of impact among households that are invited to participate but decline the invitation. This reflects the clear possibility that uptake could differ substantially between trials and post-trial roll-out because:

- recruiting for trials could involve some form of incentive that is not feasible in a full roll-out (possibly including free or discounted trial technology);
- attitudes to assisting with research could encourage some households to participate but discourage others;
- trial roll-out will need to be completed within a limited period whereas any post-trial roll-out can take longer and have the opportunity to attract consumers at a time that is most convenient or when the interventions are most relevant to them;
- the trials could provide evidence on how best to promote the interventions;
- if the trials show the benefit of an intervention, households might be more likely to take it up following the trials.

The potential wider impact of an intervention package will depend on a series of factors:

- how widely the interventions are applicable across GB households;
- realistically how many homes can be given or offered the interventions in the trials;
- if the interventions are offered (with or without a cost to the consumer), rather than given without consumer choice, what is the take-up rate;
- in households that accept the interventions, what is the rate of continued engagement;
- in households that accept the interventions, what is the impact (a) in the period immediately following receipt and (b) in the longer term?

Proposals should therefore state the understandings, assumptions or predictions made for each of these factors. These understandings, assumptions or predictions should then be taken into account in relation to applicants' assessment of:

- the number of consumers who would need to be approached in order to obtain the required number of participants;
- anything else that impacts on the applicants' role in the trials;

- costs.

4.2.1 Costing Phase 2 at the application stage

The Phase 1 costs are dictated by the applicant's proposal. In practice, the Phase 2 costs will depend on the trial design which will be led by the TDEL. However, *for the purpose of providing Phase 2 costs in this proposal*, the following assumptions should be used.

1. Intervention development

Applicants should assume that the intervention development phase will proceed as they have proposed, and the final package will be as they currently envisage it at the end of Phase 1.

2. Period of trial

The trial will make use of baseline data collected from the smart meter prior to the intervention being offered to the participant. The TDEL will agree with successful applicants the duration of this period, however bidders should assume the intervention will be offered at least three months after installation of the smart meter.

Complete deployment of interventions by end of March 2020 at the latest.

Complete trials, and provide TDEL with relevant data for their analysis, by end of March 2021. It is assumed that the trials will run for at least one year.

3. Sample size

It will be for TDEL to determine how large the samples will need to be but BEIS does not propose to fund trials where fewer than 1,000 homes receive the intervention. Therefore, please provide costs for:

- 1,000 participants in the treatment group (or in each treatment group if more than one package is to be trialled as part of a single application) and 1,000 participants in one "business as usual" control group.

This is the price that will be used within the Assessment Criteria (see Section 9.2) for evaluating applications.

Interventions that are expected to have a relatively modest impact (2-3% savings) would generally require larger sample sizes. It is therefore probable that larger samples will be needed in at least some trials, hence the possibility of achieving larger samples will be given due credit in the evaluation of proposals. So that BEIS can see the probable range of costs, please also provide costs for, either:

- 6,000 participants in each group

or where this would not be realistic in the required timetable;

- the maximum number of participants who could be provided with the intervention (on the assumption that this number can also successfully be recruited to the trial).

The total cost of your proposal for Phases 1 and 2 and including the higher sample size (either 6,000 or the maximum deliverable) should not exceed £700,000.

This will enable BEIS to:

- ensure that the winning proposals are all still fundable if larger samples are needed;
- at the Stage Gate, agree the cost for Phase 2 based on a known range of costs, taking into account the actual sample size that has been determined by TDEL.

The total number of consumers invited to participate in the trial will need to be larger, to allow for those who do not wish to participate.

4. Sample distribution

Bidders should assume that trial participants will be recruited through a simple random sample (or a census – where all eligible customers are included) of households, drawn from the available sampling frame (e.g. an energy supplier's list of customers, or all customers meeting certain eligibility criteria). This could result in the sample being highly distributed across GB and/ or in a limited geographic area; hence some revision of the sample distribution (including geographic clustering) may be desirable where possible ensure the trial's findings provide as much value as possible.

Trials will need to recruit customers with a DCC-enrolled smart meter.

5. Recruitment

Applicants will need to:

- provide TDEL with the sampling frame (e.g. an energy supplier's list of customers) so that TDEL can select the sample to be approached;
- recruit the sample of participants ideally on an opt-out basis, following a protocol provided by TDEL (TDEL will then randomly assign them to treatment and control groups);
- obtain all necessary consents from households, following a protocol provided by TDEL, prior to assignment to groups and further participation.

4.3 Geographic Scope

The trials are restricted to residential energy users within Great Britain, in line with the scope of the smart meter roll-out.

4.4 Data collection to support trial evaluation

Applicants will need to source, access and manage all the data they require for management of the interventions. There may be some overlap with data required by TDEL for trial evaluation but data sharing cannot be guaranteed at this stage – it would need to be discussed during trial design.

Applicants will also need to provide meta-data for TDEL, including:

- details on the customer journey, e.g. how the customers were recruited, including any electronic or hard-copy literature provided;
- details on the intervention delivery process, including any guidance, instructions or advice given at the time of installation;
- response rates at each stage of selection, assignment to treatment and control groups, and achieved samples;
- blank forms used to obtain consents from trial participants (e.g. to join the trial, provide consumption data, receive the interventions or participate actively in any data collection)

or from other parties (completed and signed forms where required for action by TDEL or SERL);

- sample characteristics⁵, updated regularly to reflect sample attrition (to allow TDEL to monitor the match to target population);
- details of the actual intervention (e.g. text, pictures, screen shots, examples of what consumers received);
- if the applicants carry out social research, details such as any topic guides, survey questionnaires (with specification of data fields) and other consumer research instruments used, the length of interviews and mode of interview (whether by telephone or face-to-face, etc.);
- details of any physical and online measuring instruments and observations, including mechanisms for data communication;
- analysis framework for analysis done by the applicants to manage the interventions.

It might also be necessary for applicants to collect additional data for use by TDEL in trial evaluation; this should be ignored for costing purposes.

BEIS will fund only the data collection and analysis that applicants need in order to manage the interventions or to provide data required by TDEL or SERL.

4.4.1 Phase 2 outputs

Information to and engagement with the TDEL

1. Trial recruitment (including consent statements)
2. Quarterly reports to TDEL on trial delivery
3. The TDEL will be responsible for analysing and reporting on the findings from the trials. The successful applicants will be expected to provide to the TDEL:
 1. meta-data to describe the interventions and their deployment;
 2. any research findings collected on behalf of the TDEL;
 3. copies of any other relevant documentation or outputs used in delivery of Phase 2.

Reporting to BEIS

1. Quarterly reports and meetings to discuss project progress against milestones.
2. A final report and presentation to BEIS. It is envisaged that this Phase 2 report will include:
 - a. logistical and commercial learning for roll-out of interventions;
 - b. summary of plans for future roll-out of the intervention (BEIS wishes to understand the intended customer market and roll-out plans as this potentially impacts on policy considerations).

The reports outlined above will be BEIS internal use, however it is important to be aware that the TDEL's evaluation findings will be published in full, including a full technical annex capturing the methodology and wider lessons from working with smart meter data. Reporting will respect commercial sensitivities, but it will be a requirement that findings be

⁵ Expected to be basic information that the applicants will need to acquire anyway, e.g. dwelling type, household type, age and gender of customer, geographic location.

published in sufficient detail to understand the specific functionality that has led to changes in consumption.

Anonymised supporting survey data will also be published but not energy consumption data obtained separately by BEIS for the TDEL. BEIS may also publish anonymised information in support of future Cost Benefit Analysis exercises.

Other information provided by the applicant during Phases 1 and 2, for example on its wider business plans, will not be published.

Further details on expected report content and the process for BEIS to provide comments and agree changes to reports would be agreed prior to commencement of the work for each Phase and included in the milestone schedule of the contract.

5. Applicants and project team make-up

The Competition may be delivered by a project team or consortium rather than a sole organisation. In such cases, a single project application must be submitted by the lead project member – the project co-ordinator. The project team co-ordinator can be a private sector company, academic, research, public, third sector or community organisation as long as they can demonstrate that they have the necessary skills and capacity to effectively lead the proposed demonstration project.

BEIS will separately fund a Trial Design and Evaluation Lead (TDEL). All applicants will need to demonstrate that they will provide sufficient expertise to work effectively with this Lead but not to duplicate their role.

Applicants should consider what expertise they will need to deploy, for example to work effectively with the TDEL, and to cover recruitment of trial participants, intervention design/development and intervention delivery. Depending on the planned types of intervention and need for development work, any or all of the following may be needed.

a. One or more energy suppliers

Energy suppliers offer a number of benefits to trials of the kind envisaged.

- They have contact details for consumers and have some information about them if they are recorded as vulnerable consumers;
- They know which consumers have a DCC-enrolled smart meter;
- They will have some historic energy consumption data;
- Consumers will know the supplier and be familiar with hearing from them;
- Accessing a consumer's consumption data via SERL will require authenticated consumer consent (i.e. where checks have taken place to assure that the consent was provided by the customer); suppliers would be able to provide these checks;
- Some interventions would, by necessity, involve the supplier.

b. Technology expertise

Some interventions require existing or new equipment or software to be supplied and/or delivered to homes. In such cases, successful project teams are likely to include relevant expertise in these areas.

c. Behaviour change expertise

Interventions will require some form of engagement with consumers to change behaviour, through the use of technology or by some other means. Successful project teams are likely to include relevant expertise in this area.

d. Intermediaries

For some types of intervention, it may be useful or necessary to have some kind of intermediary with established or easy access to particular groups of consumer. This could be at the recruitment stage or for implementing interventions. Examples would be national or local Government departments, other public bodies (e.g. the NHS) charities, energy advice providers, community groups, housing providers, market research organisations, publicity specialists and consumer organisations. Any arrangements with such intermediaries would be the responsibility of applicants rather than BEIS or other parties contracted by BEIS.

e. Measurement/ data specialists

If implementing interventions requires additional measurements or data, the relevant expertise will need to be engaged in the applicant's team. For example, if an energy supplier is not included in the team, alternative access to data via DCC or a CAD may be necessary.

Additional data might be needed for two main purposes.

- For recruitment. Additional data could be needed, for example, to stratify the sample by household type, dwelling type, and energy-relevant actions already taken.
- For the intervention. For example, interventions based on a SMETER⁶ will require additional data, possibly including internal temperature, occupancy, relative humidity, carbon dioxide concentration, and hot water lost to drain. Some interventions would, by their nature, collect data (e.g. smart thermostats).

If several types of data are needed, it could be a major exercise to: set up for data collection, manage data collection, and ensure that different types of data can be collated. To minimise the challenge, it would help to have them all collected by a single party, which might need to sub-contract specialists.

This applies to data for implementing the intervention, as distinct from data required solely for evaluating the intervention and its impact. The latter would not be the applicant's responsibility. In the event that applicants wish to collect evaluation data other than what TDEL requires, that would need to be negotiated during Phase 1 and BEIS does not guarantee to fund this. Similarly, any opportunities for data sharing with TDEL would need to be discussed during Phase 1; at this stage, applicants should include only their costs for collecting, managing and analysing data that they need in order to implement the interventions.

f. Coordination and administration

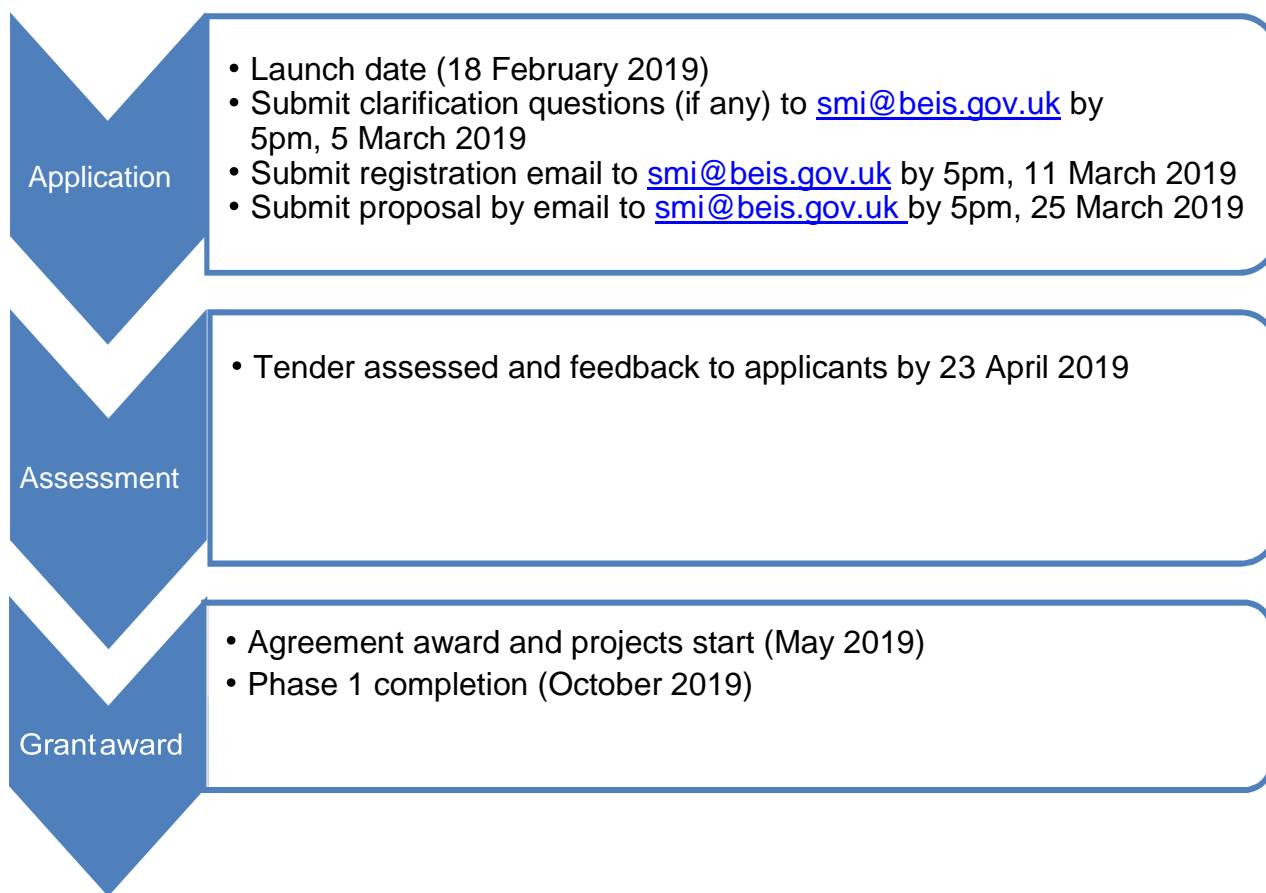
The potential complexity of the trials should not be underestimated. High quality project management will be needed, to ensure reliable coordination and administration of all aspects.

⁶ See "Interventions and their Impact" accompanying document.

6. Competition Timetable, Application and Assessment Process

The Competition funding will be awarded using the Grant funding approach. Phase 1 includes the competition application and assessment processes, followed by initial product development and work to agree the trial protocol. This will be funded by the Phase 1 grant. Competition applicants will deliver the trial in Phase 2, working with TDEL. This will be funded by the Phase 2 grant. The key dates applicable to Phase 1 are:

6.1 Phase 1



As outlined in the diagram above, the Competition process will be delivered in three key stages: Application, Assessment and Grant award.

6.1.1 Phase 1: Application

Bidders are asked to submit a Registration Email. If the bid comprises multiple organisations, only the lead organisation should register.

Bidders are asked to complete and submit a costed proposal for both Phases 1 and 2 based on the Phase 2 trial assumptions in these Competition Guidance Notes (see section 4.2.1 above).

The notes below explain the details of the application process:

- **Registration Email:** Applicants should submit a registration email to smi@beis.gov.uk using the title 'SENS Competition' in the email subject and containing the following information: the name of the lead project organisation (project co-ordinator); the project title; and confirmation of intention to submit an application. The deadline for submitting registration emails is **5pm, 11 March 2019**.

Questions about the Competition: If you have read the Competition Guidance Notes and the accompanying information and still have questions, please submit any queries regarding the Competition process to the following email address: smi@beis.gov.uk. All questions should be submitted by the clarification questions deadline: 5 March 2019; questions submitted after this date may not be answered. We will provide online replies at this link only <https://www.gov.uk/government/publications/smart-energy-savings-sens-competition> to any questions that arise before 5 March and which, in our judgement, are of material significance. All bidders should take these replies into consideration when preparing their own bids and we will assess bids on the assumption that they have done so.

- **Submission of Proposal:** The full proposal for the Competition must be submitted by the deadline:
 - **Competition submission deadline is 25 March 2019.**
 - **File format and size:** Completed application forms, the completed finance templates and any supporting information should be submitted electronically. The completed finance form should be submitted as a spreadsheet (.xls) file; the completed application form should be submitted in pdf format.

The proposal documents must be emailed to smi@beis.gov.uk with 'SENS Competition (name of lead applicant)' in the subject line.

The maximum size email you can send is 10 MB. If your application is larger than 10MB, please break the submission down into smaller sizes and ensure the subject line of each additional email takes the following format 'SENS Competition (name of lead applicant) – email x of y'.

- **Submission Content:** Each proposal must include the following documents:
 - Completed Application Form, including signed declarations and completed 'reasons for exclusion' form, which can be viewed in the Application Form. The Application Form is a separate word document which can be downloaded from <https://www.gov.uk/government/publications/smart-energy-savings-sens-competition>;
 - Completed pricing schedule/ finance forms (this is a separate spreadsheet which can be downloaded from <https://www.gov.uk/government/publications/smart-energy-savings-sens-competition>). We are requesting that applicants submit three forms, outlining their phase 1, phase 2 (1,000 sample) and phase 2 (6,000/ maximum trial size) costs.
 - Completed high level project Gantt chart or project plan for the Phases 1 and 2;
 - Optional: supporting information can also be submitted **where they add substantive information** to the proposal; however, you should not assume that any additional information will be cross-referenced or reviewed as part of the

selection process – for example, it may only be used to help finalise the assessment of projects that receive very similar assessment scores. The application form should include a list of any supporting documents.

You should endeavour to answer all of the questions on the application in full. Incomplete applications and any containing incorrect information will very likely be rejected although BEIS may, at its sole discretion, request clarification or additional data before making a final decision.

Any applications or supporting documentation received after the application deadline will not be considered.

- **Submission Costs:** You will not be entitled to claim from the Department any costs or expenses that you may incur in preparing your bid, whether or not your proposal is successful.
- **Consortium Bids:** Bids for this Competition may come from project teams (consortia). **Only one submission should be submitted for each separate project bid** but all consortium partners are required to sign the completed application form for their project(s) (see Annex 2, Declaration 2 of the application form).

If a consortium is not proposing to form a separate corporate entity, the project partners will need to complete a Consortium Agreement and funding will not be provided by BEIS until a signed consortium agreement has been finalised between all the members of the project consortium.

- BEIS recognises that arrangements in relation to consortia and sub-contractors may (within limits) be subject to future change. Bidders should therefore respond in the light of the arrangements as currently envisaged and are reminded that any future proposed changes in relation to consortia and sub-contractors must be submitted to BEIS for approval.
- **Multiple Bids:** Applicants may put in multiple bids or be part of multiple consortia, for unique projects delivering different Smart Energy Savings products or services. BEIS reserves the right to assess the capability of the team to deliver multiple projects and whether the different projects are unique as part of the assessment.
- **Proposal Validity:** Proposals shall be valid for a minimum of 60 calendar days from the submission deadline (25 March 2019).
- **Information Sharing:** BEIS may share information from applications with other UK Government departments or with Ofgem.

6.1.2 Phase 1: Assessment

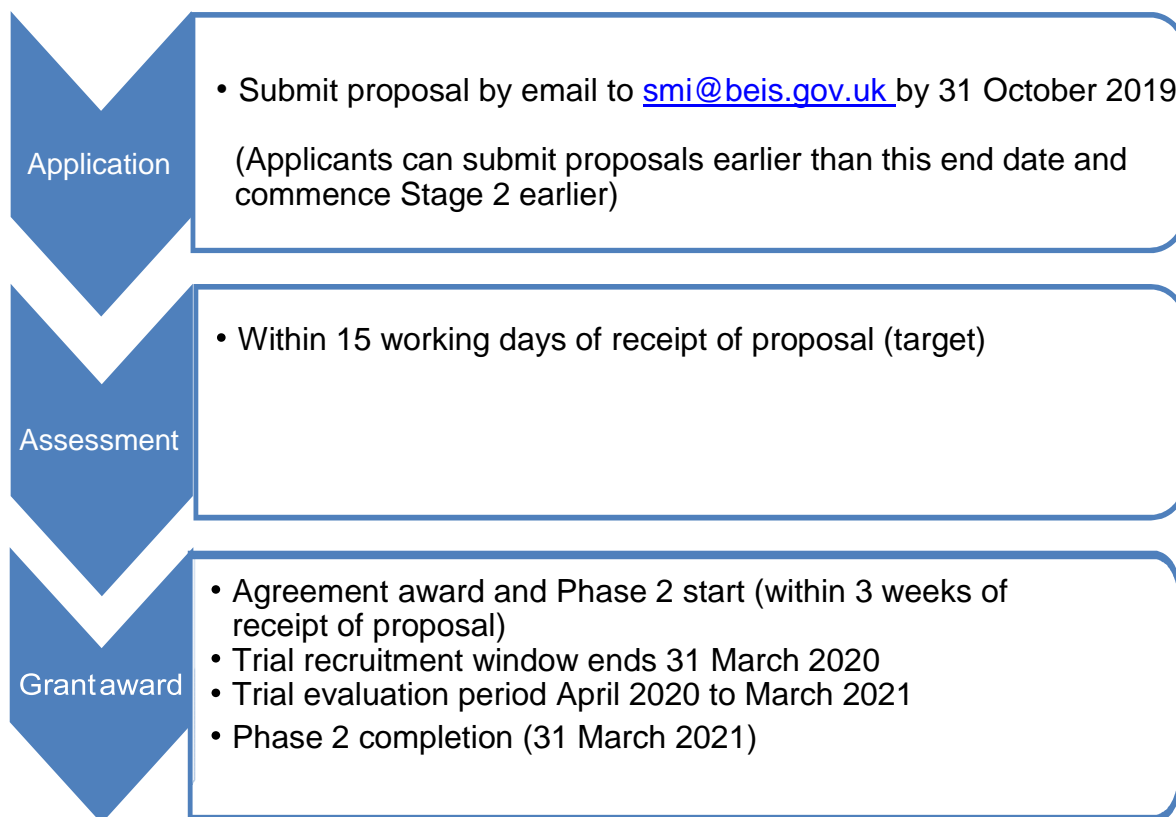
Applications will be assessed as detailed in Section 9.

6.1.3 Phase 1: Grant Award

The proposed grant award timing is May 2019. The grant funding will cover Phase 1 activities only.

6.2 Phase 2

The indicative key dates applicable to the Competition are:



6.2.1 Phase 2: Application

Successful Phase 1 applicants are required to submit a revised proposal for Phase 2 towards the end of Phase 1 based on the trial design developed in Phase 1. Only successful Phase 1 applicants may apply for Phase 2 funding. The lead organisation of the Phase 1 project must remain the same in Phase 2. Project/ consortium partners may change between Phase 1 and Phase 2.

6.2.2 Phase 2: Assessment

The completed Phase 1 work and the fully developed proposal for Phase 2 will be used to assess and select the projects to be funded.

The criteria for progression to Phase 2 will be communicated to successful applicants at the earliest opportunity during Phase 1 but are likely to cover the following points.

1. Confirmation that the projects are on track to deliver against the programme objectives.
2. Successful development activities in Phase 1 and the agreement of a robust trial design.
3. Ability to effectively and affordably deliver the agreed trial design within the programme timetable.

The intention is that all funded projects will progress from Phase 1 to Phase 2; i.e. the intention is not to filter projects out unless significant technical or cost considerations arise during Phase 1.

BEIS expects to set a common deadline for all successful applicants to submit the required information for Phase 2. Applications can be submitted at any point prior to this deadline date. Once the programme of trials to be supported by the Competition is known BEIS will confirm timings for its review process, however we expect that different projects will commence Phase 2 at different times and will look to facilitate timely decisions (15 working days from submission).

6.2.3 Phase 2: Grant Award

The grant funding will cover Phase 2 activities only.

6.3 Grants awards to consortia or partnership bids

In the case of projects which are delivered by several organisations, the lead company (project co-ordinator) will be the recipient of the grant funding letter and will be responsible for managing payment of grant funding to the other project partners. For consortium projects, funding will not be provided by BEIS until a consortium agreement for the project has been finalised and signed by all the members of the project consortium.

7. Eligibility for funding

7.1 Competition Eligibility Criteria

To be eligible for funding, proposed projects must meet all of the following eligibility criteria. These will be assessed as part of the assessment process in Section 9.

Note: There is no minimum technology readiness level. This Competition will support proposals that can develop and trial innovative SENS products/ services within the timescales indicated.

1) Technology scope

The Competition is interested in a broad range of products and services. The focus of the Competition is on projects which will deliver energy savings, in addition to those currently enabled by the smart meter roll-out.

BEIS wishes to ensure that this Competition supports products and services that benefit all consumers, including those who are fuel poor, financially constrained, or otherwise, and for whom energy savings may not be viable (as they would have a detrimental effect on the consumer). BEIS will therefore consider proposals that demonstrate how they will deliver alternative improvements (e.g. on wellbeing factors such as comfort) as a trade-off with potential energy savings for these groups of consumers.

Exclusions: Funding will not be provided for:

- businesses that already have contracts in place for the same or similar activities or are already working directly with energy suppliers on programmes for the same or similar activities i.e. BEIS will not duplicate other funding. However, this Competition can fund additional activities e.g. if the current work programme is the same or similar to the Phase 1 development activities only, the applicant could apply for funding required to participate in Phase 1 trial design activities and a Phase 2 trial.

2) Project activity

To be eligible for funding, the proposed demonstration projects must be made up of **industrial research and/ or experimental development**, as defined within the EU General Block Exemption Regulation⁷ (see section 5 below). Projects that involve both industrial research and experimental development are eligible, but the different types of project work involved must be clearly identified and costed from the outset because different types of project activity are eligible for different levels of grant funding. Subsequent changes to project activity type once a project is under way may not be possible and may lead to a reduction in grant funding allocation (no increase in grant funding will be possible).

Grants will be awarded to secure pre-commercial development and trialling activities. The specific activities expected in each phase of the Competition are outlined below.

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

- **Phase 1, Development of product/ service** – It is expected that activities supported by the Competition could include software development, algorithms or processes for creating energy analytics and feedback, or the development of smart technologies that integrate smart meter data to provide new functionality. Given the Phase 1 timetable, it is expected that development activities will focus on late stage development and refinement of products/ services. Phase 1 may comprise a combination of Industrial Research and Experimental Development and, if both types of activity are planned, the applicant will need to separate activities into these two categories to determine maximum level of State aid.
- **Phase 2, Trial of product/ service** – The main activity in this phase will be the trial of a solution that delivers energy savings in homes, in excess of those currently identified in the smart meter impact assessment, and are attractive and valued by consumers. Phase 2 activities are likely to be Experimental Development (but will depend on the specific details).

3) Project status and timescale

BEIS is unable to fund retrospective work on projects. All funding applications must relate to work undertaken in line with the Competition timescales.

4) Additionality

Projects can be funded only where evidence is provided that an innovative product/service would not be taken forward (or would be taken forward at a much slower rate) without public sector funding.

5) Grant size

Grant funding will be awarded in this Competition in two phases with a total grant of up to £700,000 per project across the two phases.

a) Grant Phase 1 – Development. The deliverable will be a product/ service that is ready for Phase 1 trials.

b) Grant Phase 2 – Trial phase. The deliverables in each project will be trial of a SENS solution in an operational environment.

The grant size should be based on the treatment and control groups each having either:

(a) 6,000 participants;

or, if a maximum sample size is proposed that is smaller than this,

(b) the proposed maximum sample size (between 1,000 and 6,000 per group).

An applicant may choose to trial more than one package of interventions. If multiple intervention packages are included in a single application, the maximum grant funding for that application remains £700,000. An organisation may alternatively choose to submit a separate application for each package. In this case, each application will be assessed separately with a maximum funding of £700,000 per application. Applicants may, if they wish, offer a lower cost within each application that would apply if BEIS opted to fund more than one. Any proposed cost reduction that is based on shared control groups should take into account that:

- every control group should be recruited in the same way that the matched treatment group is recruited;

- control and treatment groups should have the same non-intervention interactions with the trials (e.g. measurements being made for the purpose of evaluation).

6) Aid intensity (match funding) and eligible project costs

The funding levels applied for must be consistent with the relevant GBER aid intensity levels (including consideration of the cumulative effect of other forms of State aid). Section 8 sets out the maximum aid intensity limits for the Competition, but applicants should be aware that grant awards may be lower than the maximum limit. The GBER rules on aid intensity require applicants to have private funding in place to cover the balance of the eligible project costs. Such funding may come from a company's own resources or external private sector investors, but it must not include funding attributable to any public authority or EU institution.

The full list of eligible project costs is set out in Appendix 1.

7) Eligible project costs

The project costs must comply with the GBER definition of eligible project costs (article 25(3)) – these are set out in Appendix 1. In addition, project partners must ensure that the project costs do not include any of the non-eligible items listed in Annex 1.

8) Project location

Trial homes need to be within Great Britain (the location of the smart meter roll-out).

9) Applicants and project team make-up

Projects may either be delivered by sole organisations or by a consortium of project partners, which must be UK based⁸.

7.2 General conditions

Applicants (including consortium partners) must be financially viable and undertakings must not be subject to an outstanding order from the Commission to recover incompatible aid already granted or in financial difficulty (e.g. seeking rescue and restructuring aid). In addition, the Application Form lists a number of questions relating to 'reasons for exclusion' including bribery, corruption or fraud and BEIS would not expect to provide grant funding to companies that cannot answer 'No' to all of these questions.

There are five declaration forms which must be completed by each applicant, covering issues such as: conflict of interest; non-collusion; bribery, corruption and fraud; General Data Protection Regulation assurance, and overall agreement to the terms of this pre-commercial procurement process. These declarations are included within the Competition Application Form and must be signed by the applicant.

Applicants must not be an "undertaking in difficulty" for the purpose of the Commission's rules in relation to State aid. The definition of "undertaking in difficulty" is set out in the

⁸ In accordance with Article 1(5) of the General Block Exemption Regulation 2014, the UK-based organisations are not required to have their headquarters in the UK nor to be predominantly established in the UK but they must have an establishment or branch in the UK.

Application Form. Please ensure that you are not an undertaking in difficulty before submitting an application. By applying to this programme, you confirm that you are not an undertaking in difficulty according to this definition.

8. Funding Levels and State Aid requirements

This Competition will be operated in accordance with the terms of the revised General Block Exemption Regulation governing State aid (Commission Regulation (EU) No. 651/2014), which came into force on 1st July 2014 (GBER) – specifically Article 25 (Aid for research and development projects)⁹.

8.1 Competition budget and availability

The total budget available for the Smart Energy Savings Competition is up to £4.4m, although BEIS may allocate less than the total budget depending on the quality of the applications.

A single project can receive up to the maximum State Aid intensity as determined by Article 25 of the General Block Exemption Regulation (see Section 8.2). The number of projects funded depends on the range of products/ services proposed and the quality of the proposals, up to a maximum of 8 projects.

Grant funding under this Competition is only **available until 31 March 2021**. Phase 2 match funding can be retained to deliver the trials (and related reporting) if these activities occur post March 2021; these activities must be complete by June 2021.

Note: Nothing in this funding call requires BEIS to award any applicant a grant agreement of any particular amount or on any particular terms. BEIS reserves the right not to award any grant agreements, in particular if BEIS is not satisfied by the proposals received or if the funding assigned to the scheme is required for other, unforeseen, purposes. BEIS will not, under any circumstances, make any contribution to the costs of preparing proposals and applicants accept the risk that they may not be awarded a grant agreement.

8.2 Grant intensity guidelines

The Competition will be delivered as a grant programme within the terms of the GBER, specifically, Article 25 (Aid for research and development projects) will apply and this will define the type of innovation activities that can be funded and will limit the amount of funding that can be provided to each participant in a funded project.

The Competition will fund industrial research and experimental development as defined in the GBER and outlined below:

Industrial Research means “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 components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment

⁹ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:02014R0651-20170710>

with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation”;

Experimental Development means “acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements”.

Collaboration and Knowledge Dissemination

Under the GBER Article 25 regulation, additional public funding (up to 15%) can be awarded to participants in collaborative projects (not feasibility studies) as long as they meet one of the following conditions:

“(i) the project involves effective collaboration:

— between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70% of the eligible costs, or

— between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results;

(ii) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.”

As BEIS will fully evaluate and publish findings from all trials supported by the Competition, applications will be eligible for funding at the higher level of funding (i.e. where the results of the project are widely disseminated).

The funding levels applied for must be consistent with the appropriate GBER aid intensity levels in Article 25 which are summarised in Table 1 - although these are maximum spending levels and BEIS may decide to provide less than the maximum in order to strengthen leverage and value for money, depending on the specific project requirements:

Table 1: Maximum public funding for projects in the Competition

Research Category	Type & size of applicant	Maximum amount of public sector funding towards eligible Project Costs
Industrial Research – Knowledge dissemination	Small enterprise	80%
	Medium enterprise	75%
	Large enterprise	65%
Experimental Development - Knowledge dissemination	Small enterprise	60%
	Medium enterprise	50%
	Large enterprise	40%

Note: State aid compliance is a legal requirement and the risk of non-compliance rests with the grant recipient. It is therefore crucial that the addresses State aid fully within the application, as any errors at this stage may result in BEIS being able only to offer a reduced level of funding or repayment of grant by applicants.

Availability of Competition funding will not be impacted by EU exit. Additionally, BEIS will maintain the funding cap stated in Table 1 after the UK leaves the EU.

8.3 Public funding

When considering levels of aid intensity (described above), 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 Competition, you must state if they are applying for, or expect to receive or have received, 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 BEIS funding to ensure that the public funding limit and the aid intensity levels are not exceeded for the project.

Whilst BEIS 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. BEIS requires applicants to notify them of any change to their 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 this situation, applicants **will be required to repay all funding received**. It is **essential** to ensure that the total grant funding for the project from public sources (including from the European Commission) does not exceed the relevant permitted GBER aid intensity levels.

9. Assessment Process and Criteria

9.1 Assessment Process

All applications will be considered initially against the Competition eligibility criteria (described in section 4) and then against the assessment areas outlined below which are based on the Competition’s objectives and the likelihood of effective project delivery.

To be eligible to receive funding, a project must be allocated a minimum total weighted score of 60% against these assessment criteria.

Applications will be assessed by at least three assessors (these will include BEIS and independent assessors). One or more moderation meetings will be held at the end of the assessment process to agree the overall combined scores for each of the projects and to determine an overall ranking list which will be used to allocate the funding for the Competition.

BEIS may allocate less than the total available budget for this Competition depending on the quality of the applications, and meeting the eligibility criteria is a necessary but not sufficient step to obtain funding.

The Application Form and Competition Guidance Notes are designed to inform applicants about the types of information that applicants should provide to BEIS in order for the application to be assessed.

9.2 Assessment Criteria

Each question in the Application Form is weighted as in Table 2.

Table 2: Assessment Criteria Weighting

Question	Weighting
1. Intervention to be evaluated	25%
2. Wider benefits and risks	5%
3. Phase 1 project plan	10%
4. Phase 2 project plan	10%
5. Sample size (maximum proposed)	5%
6. Project and quality management	5%
7. Experience and skills	25%
8. Project funding	15%

For the purposes of Question 8, the project costs comprise the total BEIS grant being requested by the application for Phase 1 and Phase 2. Applicants are requested to provide costs for achieved samples of both 1,000 and 6,000 (or the proposed maximum sample size, if between 1,000 and 6,000) in each of the control and treatment groups for Phase 2.

For Question 8 (project funding), the assessment scoring is based on the costs for 1,000 homes only. The total cost of your proposal for Phases 1 and 2 and including the higher sample size (either 6,000 or the maximum deliverable) should not exceed £700,000. See Section 4.2.1 for further details on sample size.

9.3 Scoring Guidance

We will select projects that offer the best value for money based on their assessment against the assessment criteria outlined in section 9.2.

Questions 1, 3, 4, 6 and 7 will be scored against these assessment criteria using the following scoring guidance set out in Table 3. Projects must achieve at least 2 for each question to be eligible for funding.

Table 3: Scoring Guidance (questions 1, 3, 4, 6 and 6)

Score	Description
1	Not Satisfactory: Proposal contains significant shortcomings and does not meet the required standard
2	Partially Satisfactory: Proposal partially meets the required standard, with one or more moderate weaknesses or gaps
3	Satisfactory: Proposal mostly meets the required standard, with one or more minor weaknesses or gaps
4	Good: Proposal meets the required standard, with moderate levels of assurance
5	Excellent: Proposal fully meets the required standard with high levels of assurance

Question 2 will be scored against these assessment criteria using the following scoring guidance set out in Table 4. There is no minimum score for this question to be eligible for funding.

Table 4: Scoring Guidance (question 2)

Score	Description
1	There is no evidence of additional benefits
2	There is limited evidence of additional benefits
3	There is some evidence of additional benefits. The benefits are relatively small.
4	There is strong evidence of one or more additional benefits and the benefits are moderate
5	There is strong evidence of one or more additional benefits and the benefits are significant

Question 5 will be scored against these assessment criteria using the following scoring guidance set out in Table 5 and **based on the maximum proposed achievable sample**

size. Projects must score at least 1 for this question i.e. the minimum sample size is 1,000. It is assumed that the control groups are at least as large as the treatment groups and the number of participants in the table is for each of the treatment and control groups (i.e. not combined).

Table 5: Scoring Guidance (question 5)

Score	Description
1	Size of treatment and control groups is 1,000 to 2,499 participants
2	Size of treatment and control groups is 2,500 to 3,999 participants
3	Size of treatment and control groups is 4,000 to 4,999 participants
4	Size of treatment and control groups is 5,000 to 5,999 participants
5	Size of treatment and control groups is 6,000 participants

For Question 8, there will be a maximum of 15 marks (which will be separately assessed for each category - see below).

Cost will be marked proportionately to the lowest amount of grant funding requested (based on a Phase 2 trial of 1,000 participants). The lowest bid will receive maximum marks for the price elements and then all other bids will be marked proportionately to that bid. If contractors indicate options, they should clearly indicate their preferred approach, which the cost and other criteria will be scored against. An example is shown in the table below:

Supplier	Price	Marks
1 (lowest bid)	£500,000	15
2	£600,000	$500/600 * 15 = 12.5$
3	£700,000	$500/700 * 15 = 10.7$

BEIS wishes to fund a mixed portfolio of projects in this Competition to ensure a spread of different SENS approaches is developed and trialled. BEIS will assign proposals to different categories which are described below in section 9.3.1 (bidders should indicate which category they believe their proposal is in). As a consequence BEIS may choose to fund projects in one category with a lower score than projects that BEIS does not fund in another category. See the following section for more details.

9.3.1 Categories

The five categories to which each application will be assigned are described below. The applicant should identify in Question 1 of the Application Form which category is their primary intervention (it is recognised that products may include elements of multiple categories). BEIS will review the category proposed and may choose to amend the category upon evaluation if the assessors of the application consider that it is incorrectly assigned.

This Competition will not support products and services that provide **only** improved feedback (including new ways of communicating energy consumption or contextualising feedback) to consumers. While we are encouraging bids that do include this element (and see it as playing an important role in interventions that can deliver increased savings), we will require bids to include one or more additional feature from the categories below (making the resulting proposal a package of interventions). Bids that include one or more

of the category areas underneath, but do not include improved feedback, will also be accepted.

<p>Category 1 – Advice</p> <p>Intervention offers improved advice to consumers using smart meter data, for example through more tailored, timely or specific suggested actions.</p>
<p>Category 2 – Supporting energy efficiency</p> <p>Intervention provides practical assistance or support (in addition to advice or prompts) with improving energy efficiency e.g. financial interventions, follow up support or demonstrations, referrals.</p>
<p>Category 3 – New technologies, including the offer of additional technology¹⁰</p> <p>Intervention includes the offers of supporting technology to help the household manage and reduce their energy use (e.g. automation or remote control)</p>
<p>Category 4 – Products that <i>exclusively</i> target consumers for whom energy savings may not be desirable or achievable</p> <p>Interventions that (a) are aimed exclusively at fuel poor, financially constrained, or otherwise vulnerable consumers for whom energy savings may not be desirable or achievable and (b) therefore aim to achieve alternative benefits (e.g. wellbeing factors such as comfort) as a trade-off with energy savings that could otherwise have been achieved.</p>
<p>Category 5 – Other</p> <p>Interventions that use smart meter data to support households in reducing their consumption but are not specified above, potentially including innovative tariffs or socially based interventions such as community or locally based schemes.</p>

This stage of the assessment only considers applications which were allocated a minimum total score of 60% against the assessment criteria.

1. BEIS will first select the highest-ranking application from each category.
2. BEIS will then select the second highest-ranking application from each category.
3. BEIS will allocate funding from the highest to the lowest scoring of these applications. If an application for a category exceeds the funding available, BEIS will progress to the other categories as the funding required may be less.

¹⁰ A Consumer Access Device (CAD) will not normally be considered in this category unless it innovative features that mark a clear step forward in the technology. Interventions that are enabled by high resolution data, collected by a CAD, can be included in the relevant category.

4. If sufficient funding is available, a similar approach will be taken for third highest-ranking applications and so on until available funding runs out, with the exception of category 4, where BEIS will fund a maximum of two bids.

In this assessment process, if an application is not awarded funding due to insufficient funding being available, a lower scoring application will not be funded from the same category.

In the scenario that one or more successful applicants do not accept the grant award, then the process above is repeated with those applications that were not initially successful. The exception to this is that BEIS will first look to fund the highest scoring project in the category for the project where the grant award was not accepted, rather than the highest scoring project remaining across all categories. This is to look to fund a mixed portfolio of projects.

10. Project plans, finances and financial viability

Applicants are requested to provide a fixed price budget for their work. For the Phase 1 application, the Phase 2 budget should be based on the Phase 2 trial assumptions in these Competition Guidance Notes (see section 4.2.1). A detailed cost breakdown is required to enable assessment of applications.

Financial information should include costs for labour (including manpower rates), material and capital equipment costs, and any travel and subsistence requirements. Applicants are required to complete a detailed financial summary template (the Competition Finance Form) as part of the application process.

10.1 Project Plans

All projects must submit a project plan (Gantt chart, or equivalent) as part of their application; the plan must detail the project timeline, the various work packages and the project milestones and deliverables.

10.2 Project Costs

In addition to completing the Application Form, all applicants must complete the Competition Finance Form detailing their expected expenditure and spending profile for the project. This Finance Form can be downloaded from <https://www.gov.uk/government/publications/smart-energy-savings-sens-competition>.

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 (along with your consortium partners) will be checked following the decision to 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.

10.3 Financial viability checks

BEIS will undertake financial viability checks on all selected applicants but before a formal offer is made. 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, BEIS 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.

BEIS will not make payments in advance of need and typically makes grant payments in arrears on satisfactory completion of agreed milestones and outputs. BEIS understands, however, the difficulties which small businesses may face when financing this type of project. BEIS will explore cash flow issues with the applicant as part of developing the financial and milestone profile within the Grant Offer Letter. BEIS will offer flexibility in terms of profiles and payments, within the confines of the requirements for use of public money within which it operates.

10.4 Grant Use

Grants provided will only cover eligible costs within the meaning of Article 25(3) of the General Block Exemption Regulation and as defined in Annex 1 (which includes additional lists of non-eligible costs).

Grant funding will be supplemented by private investment according to the required State aid funding intensities. The grant funding allocation is required to be used by March 2021. Phase 2 private match funding can be retained to conduct these activities post March 2021.

11. Privacy

All Competition submissions will be reviewed by BEIS and appointed third parties.

11.1 How will the information you provide if applying to this Challenge be used?

The information provided when applying to this Competition will be used within the BEIS, Ofgem and other central Government bodies in the UK to determine funding decisions on innovation projects.

11.2 Using your personal data

Personal information that you supply to us via the proposal will be used as documented immediately above. We will not disclose any information outside this remit unless required to do so by law.

See Annex 2 of the Application Form, declaration 5 for the letter of consent, which must be completed and submitted in order for information to be shared and for applications to be assessed.

12. Notification and Publication of Results

12.1 Notification

Applicants will be informed by email whether their application has been successful, subject to acceptance of the terms and conditions of the Conditional Grant Offer.

BEIS may wish to publicise the results of the Competition which may involve engagement with the media. At the end of the procurement process, BEIS may issue a press release or publish a notice on its website. These public documents may, for example, outline the overall results of Competitions and describe some of the projects to be funded.

Confidentiality request: 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. In addition, all funded projects must include reporting and dissemination milestones – agreed with BEIS - as part of their project deliverables (see sections 4.4.1 and 13 for further information on deliverables).

Any organisation that wishes to publicise its project, at any stage, must contact the Competition Project Manager or their Project Monitoring Officer at BEIS before doing so.

BEIS wishes to publicise details of the award recipients. Therefore, on or after issuing a grant agreement, BEIS intends to publish the following information.

- Identity of the participant and its partners
- Project summary information including aims and expected outcomes of the project and type of intervention
- Total award value.

12.2 Publication of results

In return for provision of funding and support from the TDEL, BEIS expects to be able to use and share the results and outputs of the project with other Government Departments, industry and other stakeholders to further understanding, support policy development and progress SENS product/service development and deployment.

Following completion of the funded projects, BEIS intends to publish the TDEL's evaluation findings (see section 4.4.1 for further details).

BEIS may also revisit projects at a later date and publish an evaluation report for the Competition as a whole.

BEIS however recognises the need to maintain confidentiality of commercially sensitive information. BEIS will consult applicants regarding the nature of information to be published, in order to protect commercially sensitive information.

13. Project Monitoring, Evaluation, Key Performance Indicators and Cost / Benefit Data

There will be a number of reporting requirements on successful applicants during the course of the project, including at the point of the final payment milestone:

- **Reporting:** to track project progress, ongoing compliance with State aid rules and financial forecasting and to ensure that payments are made according to a schedule of milestones to be agreed with successful projects. This reporting will be in confidence to BEIS and its technical advisers and will not be published. Any changes to schedules or project plans will need to be discussed and agreed with BEIS and applicants should expect significant interaction with the team during the project;
- **Evaluation of the Competition:** successful applicants will be expected to work with the TDEL (as set out in sections 2, 3 and 4) appointed separately by BEIS to evaluate the impact of the Competition upon customer energy consumption. The Grant Recipient shall achieve the agreed milestones in the Grant Funding Letter and deliver progress against the key performance indicators.

13.1 Reporting on BEIS Energy Innovation Portfolio KPIs

The successful applicant will be required to report on all relevant BEIS Energy Innovation Portfolio KPI Performance Metrics - to gather evidence in a consistent way to demonstrate what your intervention package has demonstrated and achieved. Successful applicants will be required to complete the Project Data Collection and Reporting Template (to be supplied by BEIS) at the start of the project and to finalise it at the end of the project (reviewing at end of Phase 1), for all relevant KPIs. Upon completion, successful applicants will return the template to the BEIS Project Officer who will review, and quality assure it.

Successful applicants should be aware that a follow-up review, 3+ years post project completion, may also be undertaken, with focus on demonstrated Technology Readiness Levels (TRLs), follow-on funding, and products & services sold.

These Performance KPIs are taken from the BEIS Energy Innovation Portfolio. BEIS will provide guidance on the definition and application of the KPIs for this Competition. The KPIs include but may not be limited to:	
KPI 3	Number (and size) of Organisations supported to deliver project (Lead Partner and Other Organisations as named on grant offer/ contract)
KPI 4	Number of active Business Relationships and Collaborations supported (Formal and Informal, Overall and New)
KPI 5	Advancement of Low Carbon Solutions- Technology Readiness Levels
KPI 6i	Initial Financial Leverage from private sector to deliver project

KPI 6ii	Follow-on Funding to take project further forward
KPI 7i	A. Reduced Unit Cost of energy- LCOE (if relevant)
	B. Potential Reduced Unit Cost up to 2032 (if relevant)
KPI 7ii	A. Increased Energy Efficiency/ Reduced Energy Consumption*
	B. Potential Increased Energy Efficiency up to 2032
KPI 7iii	A. Increased energy system flexibility (if relevant)
	B. Potential Increased Energy System Flexibility up to 2032 (if relevant)
KPI 8	Number of products (and services) sold in UK and Internationally
KPI 9	Potential reduction in CO2 emissions savings of project up to 2032

*Evidence gathered for 7ii (Reduced Energy Consumption) will be collected by the TDEL as part of their evaluation. Successful applicants can expect TDEL support in reporting the data for this metric in the template.

13.2 Provision of Cost and Benefits Information

The collection of costs and benefits information, together with the outcomes being collected as part of the TDEL, will enable BEIS to evaluate the viability, potential and cost-effectiveness of each intervention package. At the end of the trials (phase 2), successful applicants are required to complete a Cost Benefit Proforma (supplied by BEIS).

To enable BEIS to evaluate the economic viability of each intervention package, we require a detailed breakdown understanding of the associated, to include, but not limited to, the following:

- Capital costs;
- Research and development costs;
- Labour costs;
- Overhead costs;
- Delivery costs;
- Wider costs;
- Potential cost savings;
- Other cost areas.

The TDEL evaluation will collect information regarding energy savings and the impacts on and benefits realised by consumers. Successful applicants will complete the Cost Benefit proforma to summarise any additional benefits realised by your organisation through these trials, for example, business benefits, consumer engagement benefits or any other benefits.

We understand it might be difficult for some organisations to provide information in certain areas, and where this is the case, BEIS will discuss and advise. Successful applicants should be assured that all information provided will be used for internal evaluation purposes only and will be fully anonymised in any reporting to avoid the possibility of it being linked to your organisation.

14. Feedback and right of appeal

A short summary of key feedback regarding the unsuccessful applications will be provided to all Phase 1 and Phase 2 applicants on request. This feedback will be based on the comments of the project assessors (both BEIS officials and external technical assessors, if used). No additional feedback will be provided and there will be no further discussion on the unsuccessful application.

15. Confidentiality and Freedom of Information

Where any request is made to BEIS 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 BEIS 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 BEIS 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.

16. Further Instructions to Bidders

The Department reserves the right to amend the enclosed Competition documents at any time prior to the deadline for receipt of applications. Any such amendment will be numbered, dated and issued on the web-site:

<https://www.gov.uk/government/publications/smart-energy-savings-sens-competition>.

The Department reserves the right to withdraw this opportunity without notice and will not be liable for any costs incurred by bidders during any stage of the process.

Appendix 1 – Eligible Costs

General requirements

Timing: In addition to the requirements of Article 25(3)(a) to (e) of the EU General Block Exemption Regulation, BEIS will only provide the grant to cover eligible costs incurred and defrayed in the period between acceptance of the BEIS grant and the deadline specified in the grant offer letter for completion of the project.

Who can incur eligible costs: The definition of eligible costs includes the applicant's own eligible 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.

Use of contractors: BEIS would not normally expect to see contractors in key posts, e.g. CEO, Finance Director, etc included in applications. Exceptionally, where BEIS is willing to provide a grant which covers the cost of staff in key posts, the day rate attributed to each member of key staff within the project must be agreed with BEIS at the outset and cannot be varied without written agreement.

Non-sterling 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 25(3) of the EU General Block Exemption Regulation¹¹, eligible costs are defined as the following:

- a) Personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;
- b) Costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;
- c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the

¹¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible;

- d) Costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- e) Additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project.

List of Ineligible Costs

The following costs must be excluded from Eligible Expenditure:

- a) Payment that supports for lobbying or activity intended to influence or attempt to influence Parliament, Government or political parties, or attempting to influence the awarding or renewal of contracts and grants, or attempting to influence legislative or regulatory action
- b) Using grant funding to petition for additional funding
- c) Input VAT reclaimable by the Grant Recipient from HMRC
- d) Payments for activities of a political or exclusively religious nature
- e) Goods or services that the Grant Recipient has a statutory duty to provide
- f) Payments reimbursed or to be reimbursed by other public or private sector grants
- g) Contributions in kind (i.e. a contribution in goods or services, as opposed to money)
- h) Depreciation, amortisation or impairment of fixed assets owned by the Grant Recipient beyond the extent and period for which they are used for the Grant Funded Activities
- i) The acquisition or improvement of fixed assets by the Grant Recipient (unless the grant is explicitly for capital use – this will be stipulated in the Grant Funding Letter)
- j) Interest payments (including service charge payments for finance leases)
- k) Gifts to individuals other than promotional items with a value of no more than £10 a year to any one individual

- l) Entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations)
- m) Statutory fines, criminal fines or penalties
- n) Liabilities incurred before the issue of this funding agreement unless agreed in writing by the Funder.

Appendix 2 – Example Grant Terms and Conditions and Offer Letter

These will be published in separate document available from:

<https://www.gov.uk/government/publications/smart-energy-savings-sens-competition>

© Crown copyright 2019

Department of Business, Energy and Industrial Strategy

1 Victoria Street, London SW1H 0ET

www.gov.uk/BEIS