

BEIS Responses to Questions about the Smart Energy Savings (SENS) Innovation Competition.

13th March 2019.

Q1: You state [9.3.1] "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). Please clarify whether "Category 1 – Advice" is seen as additional to "providing improved feedback"?

BEIS expects all interventions to provide improved (compared to current smart meter offer) feedback as a minimum, with advice or other functionality in addition.

Q2: Please confirm that there are 10 funding packages available, i.e., 2 for each of the 5 categories, plus additional packages if there is any funding remaining.

BEIS will fund up to 8 trials in total. Once bids have been assessed against the assessment criteria and weighting, the process will be as follows:

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.
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.

Q3: Is there a standard Consortium Agreement to use (Page 24)?

Applicants should ensure that any Consortium Agreement is set up in accordance with the conditions as set out in the grant agreements.

BEIS does not have a Standard Consortium Agreement template. However we can suggest usage of the Lambert Toolkit: <https://www.gov.uk/guidance/university-and-business-collaboration-agreements-lambert-toolkit>.

Q4: Can you provide the standard Terms & Conditions for Grant Awards (page 52)?

The Standard Terms and Conditions for the SENS Grant Award Agreement are published here: <https://www.gov.uk/government/publications/smart-energy-savings-sens-competition>

Q5: Are any of the T&C's negotiable (page 52)?

BEIS has published Standard Terms and Conditions. See question 4.

Q6: As far as eligible applicants, could you please clarify if a company, located in a foreign country (other than UK), will be eligible as one beneficiaries?

- **As in the guide part 7 section 9) Applicant and project team make-up is written that “Projects may either be delivered by sole organisations or by a consortium of project partners, which must be UK based”;**

- **In the slide presentation is written that**

Location of works

Combined Phase 1 and Phase 2 activities procured must be conducted largely in the UK (and the majority (>50%) of the eligible project costs across both phases must be incurred in the UK).

Could you please confirm that all the participants must have at least one branch of the company in UK?

The requirement around location of works which was outlined at the information day has not been included in the final grant guidance. We note that trials will need to recruit GB households.

Both the lead organisation and consortium partners do need a UK branch or establishment. The SENS guidance (page 29) says that “Projects may either be delivered by sole organisations or by a consortium of project partners, which must be UK based”. This is derived from Article 1(5) of the General Block Exemption Regulation 2014 which says that aid can be granted subject to “the requirement to have an establishment or branch in the aid granting Member State [i.e. the UK] at the

moment of payment of the aid". Since all consortia members can get the aid, it would make sense to apply this to all of them.

Q7. Is there any restriction on non-GB companies being involved in funding application (and Brexit implications for same)?

See Answer to Question 6.

Availability of Competition funding will not be impacted by EU Exit.

Q8. Can we get confirmation that pilot deployment does not cover Northern Ireland?

GB installations only are in-scope for SENS.

Q9: As far as recruiting of trial participants is concerned, in the guidance at point 5 it states, "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".

- a. Could you please indicate which specific activities TDEL will provide?**
- b. Will the *recruitment of trial participants* be in charge of the applicants or will it be delivered /managed by the TDEL?**

The TDEL will decide on the number of participants that need to be recruited (and how they should be recruited) for each trial to ensure a robust design and agree this with Competition partners for their implementation.

Competition partners will be responsible for recruiting participants and will be required to adhere to the trial protocol agreed with the TDEL, and to continuously manage the participant sample to minimise loss of representativeness.

Specific activities to be carried out by participants and by TDEL are outlined in the Table detailed on pages 7 to 10 of the Competition Guidance.

Q10: As far as *covering the balance of the eligible project costs* at point 7 section 6) Aid Intensity, it states "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.

- a. Could you please specify how will this balance be assessed?**
- b. Can internal personnel cost can be considered as co-funding?**

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 for example, a plan/ timings as to when you will get matched funding, along with letters of credit or other such mechanisms.

Grant funding to cover salaried staff/ personnel working on the project is permissible. When [successful competition partners] submit claim forms for Grant Funding (as per milestones agreed with BEIS at point of Grant Award), they will need to set out eligible project costs to claim for and provide evidence of project spend, for example, staff salary transactions and staff hours/ resources on the project.

Q11. What stage should the product/intervention be at pre-application stage? Are you able to elaborate on, "Interventions will need to be already sufficiently well advanced..."?

It is expected that the interventions proposed will be sufficiently well advanced to fit into the Competition timetable, ready to trial in Phase 2. Phase 1 could include further development (to fully achieve required functionality), research to work out how to use the interventions, or small-scale piloting to test the proposed customer journey and required data flows.

12. Can further product development happen during Phase 1?

Yes, further product development can take place during Phase 1, as long as it fits within the Competition timetable for phase 2 trials.

Q13. Would focusing on customers and recipients who own an Electric Car qualify?

Applicants will need to clearly explain the proposed intervention, including how they are integrated into a package and how smart data would be used and why they are expected to reduce domestic energy use.

The 'target' population will need to be defined and explained, including whether the interventions are suitable for all GB customers or only defined groups, based on, for example, dwelling or household characteristics. Where not suitable for all GB homes, applicants will need to make clear and justify the benefit of the interventions e.g. in terms of overall benefit and practicality. Furthermore, to make clear if the interventions are guided by the needs of a particular group and would also work well for the majority of the GB population.

Q14. Annex 1: In the section "Who can incur eligible costs" it is written : "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"

Could you please provide clarification on this aspect? What does it mean?

The General Block Exemption Regulation sets limits on how much aid can be provided and defines exactly what things aid can be paid towards, referred to as "eligible costs". What costs are eligible depends on which bit of GBER we want to rely on. In this case, Article 25(3). Appendix 1 copies out the details of the eligible costs in that Article, e.g. personal costs etc. The above quote tries to clarify that eligible costs like personnel costs include those of the applicant, any members of the applicant's consortium, and any connected companies. Any contracting out of work needs to be for work that is considered an eligible cost and not something else. Otherwise, an applicant could easily use State aid monies for ineligible costs simply by sub-contracting for example.

Q15. Annex 1: In the section "Use of contractors", it is written: "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." If the persons in key post are employed by the company with a employment contract can their cost be considered as personnel cost and calculated at their actual costs?

See Answer to Q 10.

Q16. Annexe 1: In the section "List of Eligible Costs" it is written : "e) Additional overheads" and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project" Can you please clarify how this amount must be calculated in the budget? Is there any percentage on direct cost to be used? In the budget table (financial spreadsheet) there is the column " Overhead rate as % of salary" does it mean that the overheads are calculated ONLY a % compared to the labour costs and not considering (including costs of materials, supplies and similar products,) as stated above?

Overheads: Organisations should include details of all overheads linked to salaries in the 'Labour and Overhead Costs' sheet of the Finance Form – both quantitative information and a description of the overheads included should be provided on this sheet. BEIS recognises that different organisations treat overheads in different ways, so no specific overhead rates or limits are set. However, when assessing the project funding, BEIS will look at the labour and overhead costs of each applicant and compare them to the average rates used by other applicant organisations in this and other recent innovation competitions to determine whether the proposed costs are reasonable and proportionate.

Profit cannot be included within a project partner's overheads or other project costs.

Other Operating Expenses: Organisations should include details of other operating expenses, including 'costs of materials, supplies and similar products, incurred

directly as a result of the project', as allowed under the GBER, in the 'Materials' sheet of the Finance Form.

Q17. Annexe 1: Could you please clarify the definition "Consortium Bids" with regards to the funding instrument? as it is a call for proposal and a grant funding scheme.

This is a grant funding scheme only. The Competition may be delivered by a project team or consortium rather than a sole organisation. In the case of projects which are delivered by several organisations, BEIS would enter into a grant agreement with the lead applicant only. Other organisations may enter into agreements with the lead applicant, here the lead applicants will be responsible for managing payment of grant funding to the other project partners.

Q18. What level of personal data does TDEL require? (p17) There is a limit to what can be supplied, and some concern as to the extent to which gaining these consents for a third party could deter participation?

The exact data required by the TDEL is to be agreed with Consortium partners. The minimum information is likely to be their name and contact details. Competition partners may also be required to provide any demographic data they hold for trial participants to the TDEL.

The TDEL will be required to design the appropriate (including consideration of response rates) consent statements for Competition partners to use to secure participation consent for access to energy consumption data (via SERL) and for evaluation research (e.g. surveys).

Q19. We understand that the TDEL will ultimately decide the design of the trials, but we do have some questions about this as it obviously affects the anticipated costs for phase 2. Our questions are:

a. We would like to compare subgroups (segments) within the treatment and control groups - e.g. grouped by a mix socio-economic characteristics conforming to certain customer archetypes. Subject to sample size, will this be possible?

Yes, subject to TDEL evaluation research priorities.

b. Must a "treatment" group have exactly the same intervention applied to all the households in that group - or could "a treatment group" have variations of the intervention within it? If so, what are the implications for sample size?

If the aims of the intervention are to have one product or service and tailor this to different household groups in different ways, then this could be considered one intervention package (here it is likely that one associated treatment group would be

required). However, if different interventions (products or services) are proposed, then these are likely to require separate treatment groups.

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 your application you are required to explain your proposed intervention, along with the target population (whether these are suitable for all GB customers or only defined groups based on, for example dwelling or household characteristics).

c. Is “treatment” group a euphemism for “intervention”?

The intervention group are those that receive the innovative products and services designed to deliver additional energy savings in homes through the use of smart meter data. During the trial phase, the intervention group is referred to as the treatment group.

d. At present we have 2 types of intervention planned. Does this mean we need to recruit a minimum of 4000 households to test both?

Yes, two types of interventions also require two control groups and should be costed on this basis. In practice, opportunities for a shared control group could look to be exploited- the TDEL will decide on the number of participants that need to be recruited (and how they should be recruited) for each trial to ensure a robust design and agree this with Competition partners for their implementation.

See also answer to 19b.

e. A related question is on the design of the control group. The guidance describes how “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”.

Our question:

If our intervention is a “smartened” version of a service that is not always offered as part of the “baseline Smart Meter consumer proposition” – is the recommended control group for the smartened service either:

- i) a “standard” non smart service intervention? or**
- ii) no service?**

The control ‘business as usual’ group are those with a standard smart meter product i.e. a smart meter, an IHD and energy efficiency advice delivered by smart meter installers for domestic customers. BEIS expects the proposed interventions to deliver additional energy savings in homes, compared to the control group (smart meter as usual).

Q20. Would it be beneficial to have an energy supplier as part of our pitch consortium pitch?

Competition applicants are required to consider what team make-up and approach they require to cover recruitment of trial participants. Working with energy suppliers offers a number of benefits to the trials of the kind envisaged, but this is not an essential requirement. Applicants will need to provide assurance as to how they will get access to consumers and the data required to deliver the intervention.

Q21. Can we access data directly from the smart meter or do we need to go through DCC?

Successful Competition Applicants can use any source of smart meter data to deliver their product. BEIS will use the Smart Energy Research Lab (SERL) formally known as the Smart Meter Research Portal (SMRP), to access energy consumption data for evaluation purposes (therefore it also a requirement that trial participants have DCC enrolled meters). Competition partners will be required to gain consents from trial participants for the TDEL to access their energy consumption data from the SERL.

Q22. Can we use SMETS1 customers if they are subsequently enrolled on the DCC during 2020?

Only smart meters that are registered with the Data Communications Company (DCC) are accessible through the Smart Energy Research Lab (SERL). All SMETS2 meters will be enrolled in the DCC at installation, SMETS 1 meters will begin being enrolled in 2019.

Trials will need to recruit SMETS 2 metered customers or SMETS 1 customers where the applicant can provide assurance that these customers will be enrolled in the DCC before trial implementation.

See also response to question 21.

Q23. As we already have built up significant IP in previous energy related project can you confirm the position between ownership of background and foreground IP?

Intellectual Property in all IPR Material will be the Property of the Grant Recipient. Other than as expressly set out in these Conditions, neither Party will have any right to use any of the other Party's names, logos or trade marks on any of its products or services without the other Party's prior written consent.

See Section 15 of the Example Grant Agreement Terms and Conditions and Offer Letter, published here: <https://www.gov.uk/government/publications/smart-energy-savings-sens-competition>.

Q24. Our proposal has the opportunity to extend beyond this competition phase. Can you provide any information on what role BEIS will play beyond the competition end?

The timescales for grant funding are as outlined in the Competition Guidance. Applicants will need to demonstrate that they can work within these timescales.

Q25. Can complimentary funding pots be used in conjunction with this e.g. energy Supplier ECO innovation funds / Network innovation funds?

Yes, complimentary funding pots can be used in conjunction with this, subject to any specific rules in those schemes, and also State aid rules against 'over-cumulation' of aid towards the same eligible costs. GBER imposes limits on how much aid a project can receive towards a particular cost, which mustn't be exceeded (irrespective of which bit of the State the aid comes from).

Q26. Can the energy provider roll out the interventions to a wider customer population at any point during the trial?

Any roll-out of interventions to the recruited control group will need to be avoided, throughout the duration of the trial and until after the TDEL has completed their research evaluation, in order to avoid cross-contamination of results. Competition partners will need to maintain the control group as agreed with the TDEL.

Any wider roll-out to a wider customer population, outside of the recruited trial participants, is acceptable, including during the trial period (and is not dependent upon the trial outcome).

Q27. We are a registered national charity as well as an SME. Previous innovation competitions (for example those led by Innovate UK) have allowed charities participating in projects but not leading bids to claim 100% of eligible costs. Is this the case for this competition? Or would we need to participate under the rules of an SME?

The level of funding which public, third sector or research organisation partners can claim is potentially up to 100% - but this is on the basis that:

- Research organisations (e.g. universities) fit into the GBER definition of 'research and knowledge-transfer organisations' (Article 2(83) of GBER);
- Both research organisations and any other public or third sector organisations are carrying out activities which fit within the GBER R&D definitions (for feasibility studies, industrial research or experimental development) which are applicable to the specific innovation competition;
- Both research organisations and any other public or third sector organisations are only carrying out '**non-economic activities**' – i.e. activities which could be competed and delivered by private sector organisations. There isn't a GBER definition of 'non-economic' activities, but carrying out wide

dissemination of the activities completed is one of the key tests of non-economic activities - there's further information about non-economic activities in the following 'BIS' guidance document on the GBER (see Annex D): https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607691/bis-15-148-state-aid-manual-update.pdf .

- The organisations are not securing funding for the same 'funded activities' (i.e. the project) from other sources – e.g. from research council funding.

If research or public sector organisations are carrying out economic activities within a project, then the standard GBER grant intensity levels would apply (universities, for example, would be classified as a large enterprise and would qualify for a lower grant intensity).

BEIS will review and confirm the relevant funding level for each project partner before finalising any grant agreement.

Q28. Can you please clarify how we would go about making submissions in multiple categories?

An applicant may choose to trial more than one package of interventions across multiple categories. 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.

Q29. We would like to launch our product/ service to our wider customer base, not just the 6k sample, with a view to exclude a control group for measurement in this competition. Would this approach be feasible or would we need to launch within the test and control groups specified for the competition only?

See answer to Question 26.

Q30. Are you still planning on having the submission deadline date for the SENS Competition as 25th March or is there a plan to extend this?

The deadline for receipt of applications is **25th March at 5pm**, BEIS does not intend to extend this deadline. We are not able to offer an extension to applicants on an individual basis.