



Department
of Energy &
Climate Change

DECC's Energy Entrepreneurs Fund – Q&A

Phase 4 FAQs

27th November 2014

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

1. What is the Energy Entrepreneurs Fund?

The Energy Entrepreneurs Fund (EEF) is a £40m fund, including the additional £5m available under Phase 4, over the spending review period (April 2010 – Mar 2016) to support the development and demonstration of novel, innovative technologies in a broad range of technology groups across the energy efficiency, power generation and energy storage sectors.

2. Who can apply?

The funding is aimed at, but not limited to, small and medium sized enterprises (SMEs) as well as individual entrepreneurs. However, any company can apply if they meet the competition criteria as specified in the Phase 4 guidance notes. Around 80% of the projects DECC are supporting through EEF are start-ups or SMEs less than 6 years old.

3. How much funding is available?

Under EEF, organisations can bid for up to £1million per proposal to develop and demonstrate innovative technologies and processes and get advice from experts on how to bring their products to market. The scheme is designed to support projects for Experimental Development or Industrial Research at Technology Readiness levels 3-8 (for definitions see Appendix 2, Energy Entrepreneurs Fund Phase 4 Guidance). It is intended that the funding will leverage additional funds from private sector investors both as match funding for the project and through subsequent investment raising activities, where appropriate.

4. How many projects have been funded to date?

EEF has been launched in phases to help assess and effectively manage the demand for this type of funding. To date we have received 441 applications and funded 72 projects to a total value of c.£35m.

The First phase closed on 31st October 2012. DECC received over 200 applications of a total value of £130m. 31 Companies were awarded grants of a total value of c.£16m.

The Second Phase was launched in June 2013 and received 450 expressions of interest. 145 applications were submitted to DECC. Of these, 22 companies have been awarded grants up to c.£10m.

The Third Phase was launched in January 2014 and received 115 expressions of interest. 96 applications were submitted to DECC. Of these, 19 companies have been awarded grants up to c.£9m.

5. Where can I find out about the projects DECC are funding under EEF?

A list of the projects awarded EEF grants since August 2012 is available at:

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

6. Is this the final Call for applications?

DECC have allocated an additional £5million to fund a fourth phase. Decisions for any future phases beyond March 2016 will be a matter for the next Government. We would hope that the scheme may continue but this will be subject to future budgets. In this phase – Phase 4 - up to £2.5million will be prioritised specifically to projects focused on technologies associated with Carbon Capture and Storage (CCS).

7. Why has £2.5m been prioritised for CCS technologies?

Fossil fuel power plants and large energy-intensive industries are amongst the largest emitters of CO₂ both in the UK and globally. CCS technologies have the potential to provide affordable, low carbon electricity; bringing additional benefits for energy security; and a pathway to protecting our energy intensive industry from rising carbon costs. Without CCS, analysis by the Energy Technologies Institute shows that decarbonising the energy system will be £30-£40bn per annum more expensive. Therefore, supporting the development of CCS remains a priority for the Coalition Government. The CCS element of the EEF in Phase 4, will build on the success of the 2012 £20m CCS Innovation Competition to reduce the costs of CCS by developing novel, more efficient, lower cost technologies, and developing the supply chain to reach our long term goal of cost competitive CCS in the 2020s.

8. Is the £2.5M prioritised for CCS part of the funding for £1bn Commercialisation Competition?

No. This £2.5m of the £5m Energy Entrepreneurs Fund, forms part of DECC’s innovation budget for Financial Year 2015/16. This funding is separate and additional to the £1bn CCS Commercialisation competition to support the deployment of the UK’s first commercial scale CCS projects in the UK.

9. Is the £2.5M prioritised for CCS as part of Phase 4 of the EEF part of the £125M cross-Government CCS R&D Programme?

No. The 4-year £125M cross-Government CCS R&D Programme covers the period April 2011 – March 2015. The additional £5M made available for Phase 4 of the EEF, which includes the £2.5M prioritised for CCS, is part of the next spending period covering Financial Year 2015/16.

10. DECC made available £20M for CCS innovation in 2012, but only £2.5M for this competition. Why?

For the first time, this phase of the EEF has prioritised some of its funding (half: £2.5M) for a specific technology area – in this case, CCS. The £2.5M for CCS in this competition is for a 1 year period (April 2015- March 2016). The £20M funding for innovation made in 2012 was for a 3 year period (April 2012-March 2015).

11. How is DECC’s Energy Entrepreneurs Fund (EEF) Phase 4 different to Innovate UK’s upcoming “Cleaner, More Efficient Conventional Fuels” competition, and the joint DECC – Innovate UK – EPSRC Energy Catalyst competition, both announced by Vince Cable on 5th November 2014

DECC and Innovate UK are also running other competitions that complement in terms of the technology scope, but each competition offers something different either at TRL level, timeframe for funding, type of funding or focussing on different objectives. We anticipate that this should provide applicants with the opportunity to apply for funding for CCS focussed (or related technology)

projects. The table at Annex I summarises the relationships between each of them, which we also refer to below.

A feature of Phase 4 of DECC's EEF is that £2.5 million of its £5 million fund has been prioritised specifically for CCS. Only capital funding is available for the EEF – meaning that funding may only be spent on eligible costs consistent with that definition¹ and the current EU General Block Exemption Regulation. This funding is also only available for Financial Year 2015/16. The competition will close 26th January 2015. The deadline for registering your interest is 19th December 2014.

Innovate UK's upcoming "Cleaner, More Efficient Conventional Fuels" competition makes available up to £5 million funding for collaborative R&D projects and feasibility studies. Up to £4m of the total funding will be available for business-led, collaborative R&D projects and up to £1 million of the total funding will be available for smaller scale feasibility studies specifically. This funding, which is programme funding², will be available later than the EEF Phase 4, with the application process opening on 2nd March 2015 and closing on 10th June 2015. With funding available over a longer timescale than Phase 4 of the EEF, projects applying to this competition can be up to three years in duration, whereas EEF Phase 4 projects must be financially complete by March 2016.

The Energy Catalyst has been established to accelerate innovation in the energy sector from concept to pre-commercial readiness by providing investment and support at the time, in the way and at the scale innovators need it. This is a **joint DECC, Innovate UK and EPSRC competition** which offers awards at three development stages:

- **Early Stage Award – Technical Feasibility** – Round 2
- **Mid Stage Award – Technology Development** – Round 2
- **Late Stage Award – Pre-commercial Technology Validation** – Round 2

EEF Phase 4 and Energy Catalyst differ in terms of project size, as well as the timeframe – which is longer for Energy Catalyst than the EEF.

12. How long does the assessment process take?

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

13. I heard that this fund also provides projects with incubation support?

To help ensure that companies achieve maximum commercial impact from an EEF grant, DECC also contracts industry specialists to provide incubation support to grant recipients – in addition to their capital grant. Incubation support includes helping companies prepare commercial plans and actions that will increase the chance of successfully bringing the innovation to market or reduce the time to market. To date we have commissioned some 75 incubation support tasks for the projects in Phase 1 and companies are really benefiting from this extra guidance to get their products to market.

14. How does DECC define Capital Costs?

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

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

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

15. Why must grant spend be completed by 31st March 2016?

DECC can only commit funding within the current spending period – i.e. up to the end of Financial Year 2015/16 - due to the General Election in May 2015, which will lead to a new spending review period.

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

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

17. Can I discuss my application with someone in DECC?

DECC cannot engage in detailed discussions about specific project ideas or technologies. Questions should be e-mailed to entrepreneur@DECC.gsi.gov.uk

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

18. Are you running briefing / information days?

For the first time, this phase of the EEF has prioritised some of its funding (half: £2.5M) for a specific technology area – in this case, CCS. We will be running a CCS Briefing and Engagement Workshop in London on 10th December 2014. As part of this, we will outline how the EEF Phase 4 competition works and give CCS applicants the opportunity to collaborate with others on projects.

Note that this event is focused on the CCS element of the competition and has limited spaces for the number of attendees. We reserve the right to prioritise attendance to applicants whose projects are in CCS and related technologies.

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

To register for this event, please email: occs@decc.gsi.gov.uk

19. How do I use the Basecamp application folder?

The Basecamp application folder to which you will be invited by DECC, once you have expressed an interest and confirmed this to DECC, provides a secure and restricted access means by which you can submit your EEF Phase 4 application. The folder is pre-populated with discussions (including this one) to provide advice on using it and asking further questions; the EEF Phase 4 application templates and guidance notes; and a task list to guide you through the submission process.

Before the application deadline you must ensure that all necessary application documents have been uploaded into this Basecamp folder. The task list entitled "**EEF Phase 4 application - submission by applicant**" is designed to provide a useful checklist to ensure that you complete all the necessary steps and upload all of the required documents for your application to be assessed.

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

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

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

20. Whom should I inform when I have uploaded my application?

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

21. Within a collaboration which partner should provide the match for the project?

Match can be provided by all of the members of a collaborative application.

22. Does DECC provide any pre-financing?

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

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

Match funding needs to be demonstrated by a transfer of money. The simplest form of match is therefore cash. Staff time is acceptable as the staff are paid for their time and therefore money has changed hands in respect of the staff time. In kind match, i.e. where a good or service is gifted to the

project, is more problematic as there can be significant audit issues in assigning a value to this type of match and it should therefore be avoided.

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

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

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

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

26. How many applications can one company make?

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

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

There is no specific limit to the size of the supporting appendices, however applicants should be aware that assessors have limited time to spend going through too much information. Ideally the application should stand alone, however we accept that there may be additional information which needs to be appended.

28. Can I access the materials from the CCS briefing session on 10th December?

The materials are available at the following link: <https://ukccsrc.ac.uk/news-events/news/new-decc-funding-carbon-capture-and-storage-ccs-innovation>

29. We use a Mac and the drop-down lists do not function correctly.

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

Is this a collaborative application? (Yes / No)

Is this a CCS application? (Yes / No)

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

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

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

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

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

Are you applying as a "small innovative start-up" (Article 22)? (Yes / No)

Are you applying as an R&D project (Article 25)? (Yes / No)

Under which category? (Experimental development - single company / Experimental development – collaboration / Industrial research - single company / Industrial research – collaboration)

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

Technology Readiness Level (TRL 1 – Basic Research / TRL 2 – Applied Research / TRL 3 – Critical Function or Proof of Concept Established / TRL 4 – Laboratory Testing/Validation of Component(s)/Process(es) / TRL 5 – Laboratory Testing of Integrated/Semi-Integrated System / TRL 6 – Prototype System Verified / TRL 7 – Integrated Pilot System Demonstrated / TRL 8 – System Incorporated in Commercial Design / TRL 9 – System Proven and Ready for Full Commercial Deployment)

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

A partner is named within the Grant Offer Letter and the relationship between the lead and partner is governed by a collaboration agreement. A partner's costs must be reimbursed at cost, i.e. unlike a sub-contractor they may not include a profit in the costs they are paid. A sub-contractor is selected by the lead to complete specific tasks. They can make a profit and, if not named in the application, must be correctly procured.

31. Can the product developed under a phase 4 project be installed and tested outside the UK but within the European Union? Can a part of the total project expenditure be spent outside UK, and if so, is there a minimum threshold for expenditure within the UK?

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

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

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

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

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

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

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

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

At the application date, though it would still need to be correct at the point we award a grant.

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

Costs relating to a partner should be blended into the Finance Form. Specifically, a partner's staff costs should be entered on the Staff costs tab alongside the lead partner's staff costs (though identifying which is which is necessary), etc. etc. Applicants have submitted a Finance Form for each partner. This is allowable but makes evaluating the project more difficult as costs are split across two separate forms.

ANNEX I: Funding Competitions for Financial Years 2014 - 2018

Competition	Funder	Total Funding Available	Division of Funding	Type of Funding	Funding Availability and Spend (Financial Years FY)	Technology Readiness Level (TRL)	Competition Opens ²	Competition Closes
Energy Entrepreneurs Fund (EEF) Phase 4 Scope¹ -Support new and innovative low carbon products to market. - These include, but not limited to: energy efficiency and building technologies; power generation and energy storage technologies; and carbon capture and storage (CCS)	DECC	£5M	£2.5M prioritised for CCS (per project: up £1M) £2.5M for technology areas: energy efficiency, power generation, energy storage	Capital ³	2015-16	3 – 8	27 November 2014	Submission deadline: 26 January 2015 Expressions of interest: 19 December 2014
<u>Cleaner, More Efficient Conventional Fuels</u> Scope¹ - maximise efficiency, effectiveness and sustainability of fossil fuel use. Themes: - oil and gas field efficiency, management and decommissioning -advanced fossil-fuel process technologies and product innovation in power generation and energy-intensive industries -fuel switching with lower-carbon substitutes -carbon capture and storage in power generation and energy-intensive industries.	Innovate UK	£5M	£4M for business-led, collaborative R&D projects (per project: £250k to £1.5m)	Programme ⁴	2015-16 to 2018-19	3 – 6	2 March 2015	2 stage, closes 15 April 2014 for expressions of interest (collaborative R&D) Single stage, closes 10 June 2015 (feasibility studies) Note that applicants must register at least 7 days before these deadlines
			£1M for smaller scale feasibility studies (per project: £100k to £150k)	Programme ³	2015-16 to 2016-17	2 – 4	2 March 2015	
<u>Energy Catalyst Round 2</u> Scope¹	Joint: DECC	£14M	<u>Early Stage Award – Technical Feasibility</u> (per project: max £300k)	Programme ³		2	6 November 2014	Single stage , close 29 April 2015

² Please refer to relevant competition guidance for full registration details, deadlines, application process and competition scope.

³ DECC broadly defines **capital costs** as the construction and start-up costs of a project but not its on-going operation. Capital costs will include expenditure on tangible assets such as land, buildings, machinery and IT systems and intangible assets such as patents, trademarks and some IT software. In all cases, capital costs must fall within Section 4 Article 25(3) of the **EU General Block Exemption Regulation (GBER)**

⁴ Innovate UK broadly defines programme costs as the costs of running the project during its funding period. Programme costs may include expenditure such as labour, overheads, capital depreciation, materials, consumables, sub-contractor costs and travel & subsistence.

Detailed guidance will be available on the competition webpage, and general guidance is available at <https://interact.innovateuk.org/documents/1524978/1866952/Guidance+for+applicants+-+your+project+costs/bf638484-0581-4605-977a-30e726656dee>

ANNEX I: Funding Competitions for Financial Years 2014 - 2018

-Address energy 'trilemma': low carbon; security of supply; affordability. -Developing UK energy supply chain -Support innovation at all stages, incl, but not limited to: CATs, renewables, nuclear fission, hydrogen and fuel cells, energy networks/ system integration, demand side techs, enabling techs & processes	Innovate UK EPSRC		Mid Stage Awards – Technology Development (per project: max £3M)	Programme and capital	£14m spread over FY15-18	3 – 5	6 November 2014	2 stage process (18 February 2015 for expression of interest)
			Late Stage Awards – Pre-commercial technology validation (per project: max £10M)	Programme and capital		6 – 8	6 November 2014	2 stage process (18 February 2015 for expression of interest)

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