



Department for  
Business, Energy  
& Industrial Strategy

# Future Nuclear Enabling Fund

Questions and Clarifications Report

October 2022



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## 2. Introduction

### 2.1. What is the Future Nuclear Enabling Fund

The Future Nuclear Enabling Fund (FNEF) is a £120m fund that was announced in the government's 'Net Zero Strategy: Build Back Greener' in 2021<sup>1</sup>. The fund is the first in a series of interventions designed to achieve the government's ambition of deploying up to 24GW of nuclear capacity by 2050, as announced in the British Energy Security Strategy (BESS)<sup>2</sup>.

Further information on the fund can be found in the FNEF guidance document.<sup>3</sup>

### 2.2. Questions and clarifications process

Following the opening of the fund application window on the 2 September 2022, the FNEF team held a series of events targeted at interested parties and potential applicants. The first of the events were 'launch events' to provide more details on the scheme, held on the 21<sup>st</sup> and 22<sup>nd</sup> September 2022. On the 29<sup>th</sup> September 2022, potential applicants were also invited to join a session with the nuclear regulators – the Office for Nuclear Regulation, the Environment Agency and Natural Resources Wales – alongside the FNEF team. Questions raised at all three events were recorded by the FNEF team.

Section 3.2.1 of the guidance document outlines a process through which interested parties and potential applicants can pose questions and request clarifications to the guidance. This document is a report of the clarifications received by the department, either through the process outlined in section 3.2.1 of the guidance document or during the three engagement events outlined above. This document only contains answers to questions submitted that the department judged to be materially significant. If interested parties and potential applicants consider that the department has omitted any materially significant questions through this process, interested parties and potential applicants are encouraged to contact the department with their questions.

As a result of the high volume of questions and clarifications received by the department, answers to questions and clarifications have been answered in two parts. An interim report was published on 11 October. This report is the second and final report of questions and clarifications.

The questions in this report have been anonymised. Where questions have been asked by many interested parties, they have been combined. Questions have been categorised according to subject.

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<sup>1</sup> <https://www.gov.uk/government/publications/net-zero-strategy>

<sup>2</sup> <https://www.gov.uk/government/publications/british-energy-security-strategy/british-energy-security-strategy>

<sup>3</sup> <https://www.gov.uk/government/publications/future-nuclear-enabling-fund-fnef>

## 3. Updates to guidance

Since the publication of the FNEF application guidance document on the 2<sup>nd</sup> of September 2022, a number of updates have been made to the scheme guidance:

- a) Section 3.1.2, 3.2.2- deadline for applications was amended to the 4<sup>th</sup> of November 2022.
- b) Section 3.1.2 - entry deadline for GDA entry applications was amended to 3<sup>rd</sup> January 2023.
- c) Section 3.1.2 - indicative assessment timetable amended to reflect above dates.
- d) Section 3.2.2 - notification of intent to apply was amended to 28<sup>th</sup> of October 2022.
- e) Section 2.2.1 - eligibility criterion- date for registering with Companies Act 2006 amended to 3<sup>rd</sup> January 2023 and text updated to reflect only the lead applicant of a consortium must be a registered company in the UK under the Companies Act 2006 (CA06).
- f) Section 2.2.3- work package eligibility criteria amended to clarify work packages must contribute to projects that could feasibly be ready for FID by the end of the next Parliament (2025-2030).
- g) Section 2.3.2 - subsidy intensity was updated to correct the inclusion of the phrase sweat equity. This is now cash or cash equivalent.
- h) Section 4.2 - amendments to guidance document updated with new date of 21<sup>st</sup> October 2022.
- i) Section 4.5.2 paragraph 84 - amended to state strategic assessment.
- j) Section 4.5.3 paragraph 87 - updated to reflect that the economic assessment may be informed by the independent technical assessment of the application's deliverability.
- k) Section 4.5.3 paragraph 87-updated to clarify the VfM assessment will account for 100% of the economic assessment.
- l) Section 4.5.4 paragraph 93 - amended to provide further clarity on the financial assessment.
- m) Section 6.6 - amended to correct 'delivery risks and mitigations worksheet to the 'deliverability' worksheet.

## 4. Final questions and clarifications

### 4.1. Terminology and administrative

#### **What is the government's definition of 'Small Modular Reactor'? Is it the same as the IAEA's definition?**

The IAEA defines SMR as 'advanced reactors that produce electricity of up to 300 MW(e) per module'. They do not distinguish between light-water reactors and those using other coolants. The UK definition differs in two areas: (1) the UK does not limit the definition to >300MWe but includes larger, sub-GW designs; (2) the UK uses SMR to denote solely light water reactors, while classing designs using other coolants (e.g. High Temperature Gas Reactors) as Advanced Modular Reactors (AMRs).

#### **What is the government's definition of 'Advanced Nuclear Technologies'?**

Please see definition <https://www.gov.uk/government/publications/advanced-nuclear-technologies/advanced-nuclear-technologies>

#### **Are tables and graphs included in the application page count/page limit?**

Tables that are predominantly text-based are included in the page count, where page count has been indicated in the guidance. Tables that are predominantly quantitative are not included in the page count. Graphs are not included in the page count.

#### **How should propriety, business confidential, and/or business sensitive information be demarcated within an application to protect that information from being shared in the public domain?**

If applicants wish, they may mark information as 'proprietary' or 'business confidential' or 'business sensitive'. Applicants may also use the header and footer functions. All information provided by applicants will be handled in accordance with the conditions set out in the guidance document (see section 5.1.5) and in line with the department's legal commitments.

#### **Will information submitted by applicants in the course of their application be released by the department to the public? Will any public releases include the release of proprietary information?**

All information provided in applications will be handled in accordance with the conditions set out in the guidance document and in line with the department's legal commitments.

#### **What date should be assumed for Contract Day 1 start?**

We expect contract day 1 will be the date successful applicants sign the Grant Offer Letter and all other relevant documents have been signed by the relevant parties. Grant Funding

Agreement start dates can be discussed with successful applicants during stage 3 of the assessment process.

**Can smaller subsidiary or special purpose vehicles (SPVs) of larger multinational corporations be the lead applicant?**

Yes, smaller subsidiary or special purpose vehicles (SPVs) of larger multinational corporations may act as the lead applicant. It is for applicants to decide who is most appropriate as the lead applicant based on the structure of their company.

**How is 'work package' defined? Can applicants put forward more than one work package related to different areas?**

As stated in table 2 in section 1.2 of the guidance document, a work package is a discrete early-phase development scope of work being proposed by applicants for which funding is sought. A work package must address one or more of the barriers in Table 1, to be completed in the grant period (FY 2022/2023 – 2024/2025) and form a critical early-stage enabler for the nuclear deployment project. For avoidance of doubt, there is no restriction in size or complexity of work packages. Applicants can combine different elements of scope into a single work package. A work package shall cover the totality of the works proposed to be funded via the FNEF.

**Which Design/Technical Readiness Level scales (TRLs) should be used in applications to the fund?**

Applicants should use industry recognised TRLs and include references to the scale they have chosen.

**Will the department extend the application window beyond 21<sup>st</sup> October 2022?**

Yes, the application window has been extended to 3pm 4<sup>th</sup> November 2022. Applications must be submitted by this date. Please note that the deadline for applicants to submit their intent to make an application to the fund has been extended.

**What size/capability should the lead applicant in a consortium be/have?**

We have not provided any specific size criteria, but consortium leads should have the scale and financial ability to manage junior consortium partners and deliver the work package.

**How is the grant award paid?**

The grant award will be paid in quarterly instalments based on the submission of claims reported against the expenditure profile and evidenced by defrayal of expenditure (i.e. funds have left the bank). The expenditure profile and proportionate grant drawdown profile will be set out in the Final Grant Offer Letter.

**Are there minimum font and margin sizes for applications?**

The department will not prescribe minimum font or margin sizes but stipulates that documents must be legible and clear. Documents submitted that cannot be understood may be rejected.

**Define 'project'.**

In the context of the fund, 'project' can be divided into 'work package' and 'nuclear deployment project'. These terms are defined in Table 2 of the guidance document.

**Confirm that the £120 million is a fixed amount.**

The FNEF is a capital fund of up to £120m. This means the total amount of funding available is capped at £120m. The department anticipates allocating the full £120m to a small number of projects, but this will be subject to outcome of the evaluation, value for money, and government approvals.

**Will the department go back to applicants with counteroffers on size of bids if cumulative size of bids is over the £120m?**

No, the department will not negotiate the size of grant awards with applicants.

**If a company fails after the point of fund award, will the money be awarded to another applicant?**

The Grant Offer Letters will set out the grant awarded and outlines the allocation profile across the project period. Any recovered funds would not be allocated to other applicants.

**Does an application need a nuclear development project as well as a work package?**

Yes, the assessment process takes both the work package and the potential nuclear deployment project into account. These terms are defined in section 4.5 of the guidance document.

The aim of the fund is to help potential nuclear deployment projects to mature. As a result, whilst maturity will be assessed as part of the deliverability assessment, there is no requirement or expectation that the potential nuclear deployment project must be mature at this stage. It is also expected that, as nascent projects, applications will have a range of uncertainties, and there will be outstanding decisions that yet to be taken with regards to their potential nuclear deployment project.

**Will the department accept proposals that do not include all the information outlined in the guidance document?**

No, applicants must submit all the information outlined in section 1.1.3 of the guidance document. Applications that are incomplete may be rejected.



## 4.2. Eligibility

**Will participating in country-specific activities that are linked, similar or the same as the work package proposed in the application and funded from another country result in an application being rejected under eligibility criteria set out in Table 3**

In relation to section 2.2.1 of the guidance document, the same or similar work packages which are country-specific, outside of the UK and funded by a foreign government are eligible to apply as this constitutes a new work package within the UK.

**Paragraph 26, page 12 of the guidance document states ‘applicants should note that, should they be successful in applying for funding as the lead applicant of a consortium, any future proposed change in relation to membership of that consortium must be submitted to the department for approval.’**

**Does this apply only during the execution of the work package or does the department require that this continue after completion of the funded work package scope?**

It would be expected that any proposed changes to the membership of a consortium successful in receiving funding should be submitted to the department for review for the duration of the grant period. This includes the monitoring and evaluation of the work package by the department.

**Can scope that is already funded partially by a foreign government be included in an application to the fund?**

Work packages that are already partially funded by a foreign government can be included in an application. Applicants are reminded that they will need to demonstrate that the amount sought from the fund is the lowest amount required to take forward the work package. This criterion would not be met if an applicant had already secured funding for any aspect of the work package for which they also sought FNEF funding.

**Can consortium leads rely upon the expertise and capability of the delivery entities to execute the work packages?**

Yes, consortium leads can utilise the expertise and capability of the delivery entities that will execute the work package.

**Can applications be made for a work package/new nuclear project on or adjacent to an existing nuclear electricity generation station site?**

Yes, applicants proposing a work package/new nuclear deployment package on or adjacent to an existing nuclear electricity generation station site are eligible to apply for the fund. However, this must not directly or indirectly be linked to or benefit already existing or proposed nuclear projects.

**Can non-UK entities submit international financial data and accounts?**

Where applicants are not already registered in the UK, the department will accept equivalent financial accounts from other jurisdictions as required under section 6.7 of the guidance document.

**Will a work package which has characteristics of co-generation be in scope of the fund?**

Yes, an application supporting co-generation will be within scope. However, applications driven purely by co-generation will be out of scope. The primary focus of the proposal should be to support on-grid electricity.

**Do applicants need to own or have access to a site to be eligible or to put forward a nuclear deployment project?**

Applicants are not required to have a site or access to a site for their potential nuclear deployment project to be eligible.

**Are applications for non-site-specific activities that can de-risk a site in the future eligible for the fund?**

Yes, applications for non-site-specific activities that can de-risk a site are eligible to apply for the fund.

**Confirm whether the requirement of a track record of past projects will be applied.**

Applications will be assessed in accordance with the methodology set out in the guidance document, which includes a criterion on the delivery of past projects in section 6.8.1 'Work package deliverability' of the assessment.

**Are project developers eligible to apply?**

Provided all eligibility criteria are met, project developers are eligible to apply to the fund.

**Are supply chain companies eligible to apply?**

It is expected that supply chain companies can apply to the fund as a consortium partner, rather than a lead applicant, given the nature of the projects which the fund is seeking to support.

**When is the grant period?**

Funding will be allocated through the process set out in the guidance document over the grant period. The grant period is aligned with the duration of Spending Review 2021 which runs from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2025. Funding will therefore expire on 31<sup>st</sup> March 2025, as stated in paragraph 5 of the guidance document.

**Clarify whether just the lead company in a consortium or all consortium members need to be UK registered companies.**

Only the lead applicant in a consortium must be a UK registered company. Applicants must confirm that they are already registered in the UK under the Companies Act 2006, or able to make the necessary arrangements to do so by 3<sup>rd</sup> January 2023, if their application is successful.

**Can co-investment be provided by a government entity?**

Funding which has been paid to an applicant by a non-UK public body or government, or which a non-UK public body or government has made a binding commitment to provide to the applicant, can be used towards the minimum requirement of 50% co-funding. As set out in paragraph 31 of the guidance document, all co-investment funding must either be in the form of cash or cash equivalent. In-kind support in lieu of cash cannot be used towards meeting this minimum requirement.

**If one of the consortium partners is working on another project receiving government funding, does that mean their application will be ineligible?**

No, applications will not be ineligible if one of the partners in a consortium is working on another project in receipt of government funding.

**Does 'alternative public funding' in section 2.2.1 include other countries and governments or only funds from public authorities in the UK?**

S2.2.1: Eligibility criteria 'alternative public funding' states:

Applicants must state if they, their associated entities or their consortium partners are participating in any activities that are similar or linked to the work package and funded elsewhere by:

- a) the government; and/or
- b) another public authority in the UK; and/or
- c) another government.

As a result, applicants must state in their applications if they, their associated entities or their consortium partners are participating in any activities that are similar or linked to the work package and funded elsewhere by the government and or another public authority and or another government. This does refer to foreign governments. However, please note that being in receipt of alternative public funding from a foreign government for a similar or linked work package does not preclude applicants from being eligible for the fund.

**Will the project's ability to reach Final Investment Decision (FID) and/or connect to the grid before other projects receive higher scores in the assessment?**

As stated in section 2.2.3 of the guidance document, to be eligible to apply for the fund, applicants must put forward work packages that contribute to projects that could feasibly be ready for FID during the next Parliament (2025-2030). The deliverability of work package and

the nuclear deployment project will be assessed in accordance with the methodology set out in sections 4.5.5.

**Does the department encourage applicants to focus on siting and consenting?**

Siting and consenting are eligible activities, and it is for applicants to make the case to the department about what activity will be most useful for progressing their project concepts. However, as stated in section 2.1 siting and consenting are later stage activities in the development of a nuclear project, so applications should not focus solely on these areas.

## 4.3. Costs

**Can funding be used for work packages which begin prior to grant award?**

No, the department does not anticipate grant funding will cover expenditure incurred by an applicant before a Grant Funding Agreement has been entered into between the applicant and the Secretary of State. Applicants are reminded that the application amount from the FNEF should be the minimum necessary to bring the work package forward. For more information, please see paragraph 32 of the guidance document.

**What are the costs associated with securing intellectual property arising from or associated with the work package?**

Section 5.1.3 of the guidance document, paragraph 136 states 'costs associated with securing intellectual property arising from or associated with the work package will not be eligible for reimbursement.' This means that the department will not be liable for the costs associated with securing intellectual property arising as a result of the work package or associated with the work package after the grant award period. For example, costs of securing intellectual property rights for phases of work outside of the grant period and or the work package outlined in the application.

**Confirm whether Research & Development costs can be capitalised.**

Yes, we confirm that Research & Development (R&D) costs can be capitalised for the purposes of applying to the fund.

**Is there a requirement to set out capital spend profiles for work package designed to last beyond March 2025?**

Work packages must be completed within the grant funding period. The grant period is aligned with the duration of Spending Review 2021 which runs from 1st April 2022 to 31st March 2025. Applicants must not propose work packages beyond the grant funding period. The economic assessment will consider spend on the work package and the proposed nuclear deployment project whilst the financial assessment considers spend on the work package only.

**Define 'sweat equity'.**

We have issued a correction to the inclusion of the phrase 'sweat equity'. This is now 'cash or cash equivalent'.

**Are there any caps on foreign vs domestic cost/spend?**

The fund does not have any requirements for foreign vs domestic cost/spend.

**Can a foreign company's personnel be considered FTE?**

Consultants/contractors from parent or other foreign companies may be considered FTE as long as they meet the definition of FTE set out in section 6.3 of the guidance document.

**Are administrative costs, such as business support services (IT, HR, QA) Eligible Cost in the form of a % overhead if justified as being directly attributed to the work package?**

Yes, costs such as IT, HR, and QA can be eligible as a percentage overhead as long as they meet the criteria set out in Table 6, section 2.3.1 of the guidance document, including being directly attributable to the work package.

## 4.4. Co-investment

**Can co-investment be in the form of debt or equity?**

Co-investment should be in the form of cash or cash equivalent. Debt and equity issuance are acceptable means of raising cash/cash equivalent.

**Can co-investment come from a foreign government?**

Funding which has been paid to an applicant by a non-UK public body or government, or where a non-UK public body or government has made a binding commitment to provide to the applicant, can be used towards the minimum requirement of 50% co-funding. As set out in paragraph 31 of the guidance document, all co-investments must be in the form of cash or cash equivalent. In-kind support in lieu of cash cannot be used towards meeting this minimum requirement.

**Can funding awarded by the devolved administrations be used as co-investment?**

Applicants must demonstrate that their work package has or will attract at least 50% co-investment during the grant period. Funding provided by other public authorities in the UK for the work package cannot be used, in whole or in part, to meet this criterion. This includes funding provided by the Devolved Administrations. Applicants are reminded that they must demonstrate that the amount being bid for is the minimum needed from the fund to bring the work package forward.

**Who can provide the co-investment?**

The department's requirements are that co-investment is provided in the form of cash or cash equivalent, and that applicants are transparent with us about the sources of co-investment so that we can confirm that the co-investment is compliant with anti-money laundering and sanctions checks. However, other sources of UK public funding, such as funding from the Devolved Administrations, is not acceptable as co-investment.

**Can non-UK state owned entities apply to the fund?**

Yes, as long as the applicant registers as a company in the UK under the Companies Act 2006 (CA06) by the 3rd January 2023 as outlined in table 3 of the guidance document.

**Over what period is co-investment required; the first two years or the life of the project?**

As stated in section 2.2.3 of the guidance document, co-investment for the work package must be spent during the grant period (FY 2022/2023-2024/2025).

**Is a sovereign wealth fund able to provide co-investment?**

A sovereign wealth fund would be eligible to provide co-investment.

**Does the 50% co-investment constitute 50% of the total work package value i.e. £1/£1?**

This is correct. We are looking for at least 50% of the work package value to be co-invested by the applicant.

**What is meant by the term 'third party' in regard to co-investment, are consortium members, who are not the lead applicant, considered a 'third party'?**

It is for applicants to determine who to involve in their consortia.

**Can co-investment come from a third-party source and if so, how does this relate to the parent company guarantee?**

Co-investment may be provided by a third-party source. If co-investment comes from a third party, the third party will be subject to the same degree of due diligence as the applicant.

**In the economic assessment if an applicant goes beyond the 50% co-investment, will this be weighted more favourably?**

The proportion of co-investment offered will feed into the economic assessment. So, the amount of co-investment will contribute to the overall Value for Money (VfM) assessment.

**Do work packages with higher co-investment rates score higher?**

As stated in Section 4.5.4 of the guidance document, co-investment accounts for 50% of the overall financial assessment. The degree of co-investment for each application will be assessed relative to the highest percentage of co-investment proposed by eligible applicants. The application with the highest proportion of co-investment will score 100%. Other applications will score a percentage determined by the relative proportion of co-investment

proposed. Unlike the other assessments, this strand of the financial assessment will not utilise the five-point scale found in the scoring matrix.

A hypothetical worked example is shown below. In this scenario, there are 5 applicants to the fund, each proposing between 50% and 90% co-investment.

	Applicant A	Applicant B	Applicant C	Applicant D	Applicant E
<b>Meets all eligibility criteria in table x (yes/no)</b>	Yes	Yes	No	Yes	Yes
<b>Co-investment proposed for work package (%)</b>	50	65	90	50	80
<b>Score on this criterion (%)</b>	62.50	81.25	Not applicable	62.50	100.00

One applicant – Applicant C – does not meet all of the eligibility criteria listed in section 2.2 of the guidance document, so the percentage of co-investment they are proposing is discounted from the calculation.

Out of the eligible applications, Applicant E is proposing the highest degree of co-investment. Applicant E therefore scores 100% on this criterion.

The remaining applications are assessed relative to Applicant E’s 100% score. Applicants A and D therefore score 63% and Applicant B scores 81% on this criterion. Please note that these percentages are given to the nearest integer.

This criterion will be weighted at 50% of the financial assessment, which itself is weighted at 30% of the quality assessment.

## 4.5. Generic Design Assessment (GDA) and the FNEF

**Clarify the notification process for applying to enter GDA. Does applying to the FNEF constitute for Notice of Intention to apply for GDA Entry.**

Applicants wishing to apply to the fund to cover part of the costs of taking a nuclear design through GDA should provide the department notice of their intention to apply for GDA Entry as soon as possible.

**Can the department provide estimates for regulatory costs for Generic Design Assessment?**

The Office for Nuclear Regulation costs for previously completed GDAs are published in summary reports – these can be viewed on the ONR's website<sup>4</sup> or at table 1. The Environment Agency costs estimation for a full GDA is £7m and a step 1 and 2 GDA is estimated at £3.5m. However, the proposed scope of GDA, documentation/design maturity available at the start of GDA, the applicant's organisational capability and the requested steps will inform cost estimation, this will be made clearer once successful applicants enter cost recovery agreements with the nuclear regulators.

Requesting Party	UK EPR	AP1000	UK ABWR	UK HPR1000
<b>Step 1 – 4 Total Cost (including TSC cost)</b>	£23,500,000	£23,000,000	£34,000,000	£41,900,000
<b>GDA Closure Phase Total Cost (including TSC cost)</b>	£7,500,000	£11,500,000	N/A	N/A
<b>Overall Total Cost (including TSC cost)</b>	£31,000,000	£34,500,000	£34,000,000	£41,900,000
<b>Step 1 – 4 TSC Cost</b>				
<b>Step 1 – 4 TSC Cost</b>	£7,500,000	£7,500,000	£9,500,000	£9,300,000
<b>GDA Closure Phase TSC Cost</b>	£1,100,000	£2,470,000	N/A	N/A
<b>Overall TSC Cost</b>	£8,600,000	£9,970,000	£9,500,000	£9,300,000

**Table 1: ONR Costs (please note that these are ONR costs only for completed GDAs – i.e. the Environment Agency's costs and those of the Requesting Parties are not published and ONR does not hold this information)**

### **Do you need to apply for FNEF to enter GDA?**

No, an award from the fund is not a precondition of entering GDA. GDA Entry is an open and ongoing process, with a standing invitation for advanced nuclear companies to apply when they believe they are ready to do so. However, if an applicant is applying for FNEF funding to contribute towards the costs of GDA, then a GDA Entry application must be submitted on the 3 January 2023 as published in the guidance document and GDA Entry guidance.

<sup>4</sup> <http://www.onr.org.uk/new-reactors/index.htm>



**Will ONR resources be preferential towards FNEF applicants?**

The department and the regulators will continue to assess the requirements for regulatory resource for GDA.

**Is entry to GDA contingent on completing all FNEF and GDA Entry processes?**

Yes, applicants wishing to submit an application to the FNEF for GDA costs must also submit an application to the GDA Entry process. Where an applicant is applying to the FNEF for funding to contribute towards the costs of a GDA, success in either the fund or GDA Entry process will be contingent on success in the other process. The applicant is best placed to evaluate which aspects of the work package benefits from FNEF funding.

**Does the department have capacity for all FNEF awards to be GDA applicants?**

The department and the regulators will continue to assess the regulatory resource requirements for GDA.

**Clarify whether entry to the GDA entry process is contingent on committing to funding the whole process, regardless of whether an FNEF award is made.**

Applicants wishing to submit an application to the FNEF fund for GDA costs must also submit an application to the GDA Entry process.

Success in either the fund or GDA Entry process will be contingent on success in the other process.

An applicant is not required to commit to bearing the whole costs of GDA in their associated GDA Entry Application but should set out the expected use of FNEF funding in relevant sections of their GDA Entry Application, for instance in the Financial Plan.

**If vendors approach beyond 3 January 2023 (later in the funding window) will ONR have the capacity to handle later applications?**

The opportunity to apply to enter GDA will remain an open, ongoing process. The department anticipates that Requesting Party's with credible requests for entry will only come forward as and when they are ready. If a situation arises where credible interest in entering GDA approaches the limit of available regulatory resource, the department reserves the right to request additional information and could set out a more competitive application and evaluation process. Further details can be found in the published GDA Entry guidance on the GOV.UK web page<sup>5</sup>.

**Can applicants propose funding for a direct licensing approach under FNEF rather than a GDA approach?**

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<sup>5</sup> <https://www.gov.uk/government/publications/entry-to-the-generic-design-assessment-for-advanced-nuclear-reactors>

Yes, applicants may bid into the fund to cover part of the costs for GDA or GDA-like processes.

**Clarify if the department would directly pay regulator costs for their time and materials associated with providing services to applicants for GDA/regulatory reviews or will funding pass through to the applicant/lead applicant with regulators fees to be paid from the grant awarded to applicants.**

The grant award must be used for the intended work package. The department pays the grant recipient, and the grant recipient pays the regulators afterwards. If successful, applicants will enter a cost recovery agreement with the nuclear regulators as outlined in the GDA Entry guidance.

**Can applications for funding of a GDA within the fund period (FY22/23 – FY24/25) be considered where the applicant does not intend for immediate commencement of a GDA?**

Yes, an applicant can bid for FNEF support towards a Generic Design Assessment (GDA) with the intention of starting that GDA later in the grant period. However, if an applicant wishes to apply to the FNEF fund to cover part of the costs of taking a nuclear design through GDA, then a GDA Entry application must be submitted by the 3 January 2023 as outlined in the FNEF and GDA Entry guidance. The applicant should state when they are seeking to begin the GDA if successful.

Applicants should note that FNEF funded work must be completed within the grant period which ends on 31st March 2025.

**If technology has already undergone GDA, will this affect the evaluation under FNEF?**

Yes, the maturity of the technology development will be assessed during the deliverability assessment as outlined in section 6.8 of the guidance document.

**Can regulatory feedback following GDA be an eligible work package?**

Any proposed work package is subject to the eligibility criteria set out in the guidance document. Subject to those criteria being met, including the work package being undertaken in the grant period, work to address regulatory feedback from GDA is within scope of the fund.

**If technology has been licensed elsewhere outside UK, will applicants still have to go through full GDA?**

No, the GDA process is voluntary. However, the department anticipates that it will usually be requested for new nuclear power stations intended for construction in Great Britain, including for designs previously licensed overseas, because of its advantages for both reactor vendors and potential site licensees.

Applicants must submit a GDA Entry application by the 3 January 2023, if seeking funding through FNEF.

Documents submitted to international regulators for the assessment and licensing of a design will be accepted by the nuclear regulators for assessment during GDA. However, it is important to note that it is the applicant that needs to demonstrate the safety case, not overseas regulators. A 'gap analysis' would be undertaken in Step 1 of GDA to identify gaps against UK expectations that would need to be closed.

GDA has been modernised to offer new flexibilities and better adapt the process to the differing levels of maturity and development amongst advanced nuclear technologies and different business models of developers.

One of the new flexibilities is the introduction of an official regulatory statement at the end of GDA Step 2. This opens new pathways through regulation for companies including allowing companies to exit GDA at the end of Step 2 - for instance in order to begin statutory site licensing rather than undertake GDA Step 3.

This option is open to all advanced nuclear GDA requesting parties, not just those which have been through regulation in other jurisdictions.

When applying for GDA through the GDA Entry process, advanced nuclear companies should specify the type of GDA for which they are applying.

**Will FNEF cover the whole GDA process or only ONR and regulatory costs?**

Any proposed work package is subject to the eligibility criteria set out in the guidance document. Subject to those criteria being met, GDA costs over and above direct fees charged by the regulators may be eligible.

The applicant will be best placed to evaluate which aspects of the work package will benefit most from FNEF funding when making an application. If successful, the grant award must then be used for the intended work package. In the case of an application for GDA regulatory costs, a successful applicant will need to enter cost recovery agreements with the nuclear regulators.

**Can you clarify the notification process for the GDA application.**

Applicants wishing to apply to the fund to cover part of the costs of taking a nuclear design through GDA should provide the department notice of their intention to apply for GDA Entry as soon as possible. Applicants must submit a GDA Entry application by the 3<sup>rd</sup> of January 2023 as outlined in the guidance document and GDA Entry guidance.

**What is the strategy for GDA and prioritisation of GDA applications for entering GDA?**

GDA Entry is an open and ongoing process, with a standing invitation for advanced nuclear companies to apply when they believe they are ready to do so. The department and the regulators will assess the requirements for regulatory resource.

**When using FNEF funding for costs associated with GDA, are the ONR charges for the assessment waived?**

No, the regulators' fees are not waived when using an award from the fund for costs associated with GDA. However, applicants may seek to use a grant award towards these costs. If both the FNEF and GDA Entry applications are successful, applicants would enter a cost recovery agreement with the nuclear regulators as outlined in the GDA Entry guidance.

The grant award must be used for the intended work package, including the costs of the Regulators.

**If the technology companies pay all their own internal expenses related to this process, is it then likely that the department will pay for all expenses on the government side to bring this new technology to market?**

No, the department will not incur costs to bring new technology to market. The guidance document sets out applicants' eligible costs in section 2.3.1. The applicant is best placed to evaluate which aspects of the work package benefits from FNEF funding. The grant award must be used for the intended work package.

**Is there a process for GDA for GW-scale technologies?**

The Regulators have completed the GDA process for 4 different GW scale reactor designs so there is an established process. It is important that any GW vendor wishing, or considering, to enter the GDA process or other regulatory activities expresses their intent to BEIS and ONR/EA officials at the earliest practicable date. The department will carefully consider each request to formally enter GDA.

**What are the costs for applications for Gigawatt Reactor Design Generic Design Assessment?**

Applicants should note that the FNEF and the Gigawatt GDA process are separate assessments, success in one process does not guarantee that an application will be successful in the other. However, where an applicant is applying for funding to contribute towards the costs of a GDA, success in either the fund or GDA process will be contingent on success in the other process. It is also expected that, where relevant, information provided for each assessment will be consistent with one another for example, on the timelines for the proposed work package.

**Having previously licensed single site technologies, how are the regulators approaching licencing technology to be deployed on the multiple sites required for SMRs and AMRs?**

The nuclear regulators do not licence technologies, the regulators grant a licence to a corporate body to undertake specific activities on an identified site. GDA to date has always been conducted with a specific site in mind, but the process was always envisaged to be applied to multiple sites, this will be discussed during step 1 of GDA. A suitable generic site envelope would need to be developed that would be useful for the proposed sites, but it may not be bounding for all sites.

**Many nuclear experts generally believe that molten salt reactors risk profile is much smaller than classic reactors, wherefore the approval process and risk assessment can potentially also be shorter. Is this something which has been discussed in the ONR organization?**

**Are there any assessments of how this can potentially make the approval process lighter, specifically, will it be possible to make a type of approval of molten salt reactors, such that subsequent copies can be installed rapidly?**

The GDA is conducted against a specific reactor design and not a generic technology/ reactor type such as PWR, MSR, HTGR, etc. However, the intent of GDA is to gain confidence that the 'generic' reactor design could, on a site bounded by the generic site envelope, be built and operated in GB. Therefore, the process supports multi-site/ fleet deployment – such as is the case with Sizewell C which will be deploying the same UK EPR design that is being deployed at Hinkley Point C and which completed GDA in 2012. The regulators acknowledge that safety outcomes can be achieved in different ways with different technologies. There may well be efficiencies that can be achieved with designs where the risk profile is smaller, but it is for the Requesting Party to make the case by setting out the key safety, security and environmental claims and demonstrating that risks are reduced ALARP.

**Will priority be given to full scope (i.e. 3 step) GDA entry applications over partial scope (i.e. 2 step) GDA entry applications?**

The FNEF and GDA Entry applications are assessed against the published criteria outlined in the guidance document and GDA Entry guidance. Applicants work package and nuclear deployment project must meet the eligibility and assessment criteria.

**Clarify the deadline for GDA application.**

This has been clarified in the guidance document. The deadline for GDA entry is the 3<sup>rd</sup> January 2023.

**Clarify the intellectual property rights (IPR) requirements. If a work package is for GDA, does that imply that the reactor design IPR is handed to the department?**

In previous GDAs, the RP has retained IPR but has provided access to the regulators. To facilitate a meaningful assessment the regulators will need access to IPR, and this will need to be shared with the regulators' technical support contractors. A charging agreement will be negotiated and signed that will set out the requirements for access to IPR and the terms on which this will be provided. The GDA process does need to be transparent, so there is an expectation that safety and environmental submissions will be in the public domain, as will be our assessment reports.

## 4.6. Applicant structure and governance

**Do the Audited Statements provided need to be translated into GBP? Or can they remain in foreign currency?**

No, they can remain in the relevant foreign currency.

**Will the Grant Recipient be permitted to appoint a substitute/alternate as POC for day-to-day activities?**

Yes.

**Can the lead applicant benefit from a Parent Company Guarantee (PCG) and who should lead, subsidiary or Parent Company?**

The most appropriate organisation should lead bids. Where an applicant is part of a wider group, an ultimate parent company guarantee is needed.

**Section 6.4 of the guidance document refers to Section D: Applicant equalities information. Clauses 162 and 163 request the submission of equalities information for the applicant and consortium partners.**

**Clarify whether this information is required for divisions of the company, its subsidiaries, or consortium partners that are located inside of the UK.**

Yes, applicants should endeavour to provide as much information as they are able to do, noting that the Public Sector Equality Duty (PSED) onus is on the department rather than applicants.

**If applicants do not collect all of the protective characteristic data outlined in paragraph 105, is the department content for applicants to share the protective characteristic data information that an applicant has collected?**

Applicants should endeavour to provide as much information as they are able to do, noting that the PSED onus is on the department rather than applicants.

**In the situation where the UK corporation applying for the fund is supported by their foreign parent company:**

- **Could the department confirm who is the lead organisation?**
- **Is a separate agreement required between UK corporations and their foreign parent company under FNEF?**
- **Is financial data and from the parent company permitted when demonstrating annual turnover for the past three years?**

It is for consortium members, not the department, to determine which consortium member should lead the consortium. As outlined in section 5.1.2 where applicants have a parent company, if successful they will be asked to provide a parent company guarantee from their ultimate parent company (as determined by the department). We may also consider other arrangements as necessary. Applicants/lead applicants must provide evidence outlined under section 6.7.2.

## 4.7. Economic assessment

### **Define the term 'related work package' in the Economic Assessment Application Template.**

The guidance in the tab states that we are looking for applicants to record any additional spend on related work (to the FNEF funded work package) in the UK or extension of work relating to that funded by FNEF. Any expected expenditure beyond March 2025 should be recorded. There is a deliberately broad definition in the guidance. All the examples provided by applicants could be relevant to the FNEF funded project and so could be included. We are looking to understand what this work might lead to by way for future investment in the UK.

### **What level of detail will be required in the 'programme schedule with a detailed work breakdown structure'?**

An example of the level of detail required is provided in the guidance notes in the tab. We are looking for as much detail as possible. The example in the tab is 'Machine X for use in development of process Y which is necessary for or contributes to outcome Z'. Applicants are asked to list the items of expenditure and briefly describe them.

### **Would a BCR of at least 2 get the full 30% of the economic assessment weighting or whether it is a sliding scale depending on how much above 2 an applicant's BCR is?**

A Benefit Cost Ratio of at least 2 is the minimum threshold required to be eligible for funding. Applications with BCRs above 2 will be scored on a sliding scale depending on how much above 2 an applicant's BCR is. For example, an application that has a BCR of 4 will be scored more highly (get a larger proportion of the 30% economic assessment weighting) than an application with a BCR of 2.2. The scoring will also account for unquantified and non-monetarised benefits and costs associated with the work package.

### **In Annex\_F-\_FNEF\_application\_economic\_assessment\_template under the guidance in tab 'annual profile of expenditure' under the section 'UK Government Spending Requested for this work Package', under the dropdown list for 'funding Type' and 'funding source' it includes a number of 'private funding' options Should this record the amount of FNEF funding requested only?**

Under 'funding type', pick the option 'Public funding - UK (please specify)' and under funding source pick the option 'public funding UK -based funding (please specify)'. Then in cell S23 where there is an opportunity to provide additional text regarding the funding type and source - enter 'FNEF'.

### **Confirm whether applicants are expected to discount expenditure in future years to provide a present value.**

Yes, please present cost and benefit estimates in current 2022 prices.

### **What is the rationale for applicants including economic information on the nuclear deployment project up to and including 2032 (if the project falls within these timescales)?**

The purpose of asking for information beyond the grant funding period is to give the FNEF work package context. Please include information about planned nuclear deployment if it falls within the period for which information is requested. However, the focus of the economic assessment undertaken will be for the work package for which the applicant is seeking funding.

**Provide further details of how the BCR is calculated.**

[The BCR will be calculated as per the Green Book guidelines.](#)

**Confirm whether 'wider benefits' refers to benefits of both the work package and nuclear deployment project.**

Please focus on the wider benefits of the work package for which you are seeking FNEF support. However, in order to provide context, it will be useful for applicants to demonstrate how the funded work package links to the nuclear deployment project and the benefits of that.

**What is the price base for grant funding, and will it be escalated?**

Funding will be allocated in 2022 prices. Once awarded, the level of the award is fixed.

**Over what period is BCR measured and does it allow for like-for-like comparison between proposals?**

The BCR calculation will be done for each application for FNEF funding up to end of the FNEF funding period, March 2025. The BCR metric allows for like for like comparison. This is only part of the economic assessment; the other part of the economic assessment is to account for unquantified and non-monetarised benefits and costs. These will be accounted for as per the Green Book guidance.

**How is the work package weighted relative to the nuclear deployment project in the economic assessment?**

The work package is weighted at 70%. The nuclear deployment project is weighted at 30%.

**Define the definitions of 'capital expenditure', 'capital equipment expenditure', 'R&D expenditure', 'skills and training expenditure' used in the guidance document.**

Capital expenditures can be defined as long-term investments, meaning the assets purchased have a useful life of one year or more. Types of capital expenditures can include purchases of property, equipment, land, computers, furniture, and software. Capital Equipment Expenditure is the same as Capital Expenditure.

Please see section 6.29, 6.30 and 6.31 and Annex C of the Consolidated Budgeting Guidance which provides information on what R&D costs can be classified as capital expenditure. R&D estimates should be entered in row 29 of the Annual profile of expenditure tab and also the R&D tab in Annex F. It should be made clear by applicants that they have not double counted R&D expenditure in the totals presented.

Further information on Skills & Training Expenditure can be found in the annual profile of expenditure and training tab of Annex F under guidance.



**Is the Cost Benefit Analysis conducted on the work package or nuclear deployment project?**

The information requested is to enable the department to prepare a CBA of the work package(s) seeking an award from the fund. The additional information requested on the nuclear deployment project will enable us to understand the context of the FNEF funded work package. The more detailed information provided the better.

**Under what title should evidence for Annex F detailed under paragraph 172 be submitted?**

Submit under the title 'ANNEX F supporting evidence-[name of the relevant cost or benefit item that the evidence supports]'.

**What are the criteria for fair market value for highly experienced nuclear market specialist in 2.3.1? Is current salary the basis of this or some other criteria?**

Current salary is useful indicator. It should be provided alongside a note detailing how current salary compares to the salary of others of comparable expertise.

**How is the BCR treated in the Economic Assessment as a whole?**

The BCR is only one component of the economic assessment. In addition to the quantified benefits, we will also consider unquantified and non-monetarised benefits and costs. So, a BCR higher than 2 with significant unquantified and non-monetised benefits will score more highly than a BCR of 2 with very small unquantified and non-monetised benefits.

**Will jobs created in a postcode with socioeconomic deprivation be weighted more highly in the BCR calculation compared to jobs created in areas with higher income and productivity?**

The jobs created will feed into the VfM assessment. The benefit of job creation will be valued using the GVA of additional the FTE that has been created. In addition to quantitative benefits, the locational impact of the jobs will be accounted for in the qualitative part of the VfM assessment.

**Clarify that 'delivery risks and mitigations worksheet referred to in paragraph 175 is referring to the "Deliverability" worksheet in the Economic Assessment Template?**

This is correct, the 'delivery risks and mitigations worksheet referred to in paragraph 175 is referring to the 'deliverability' worksheet in the Economic Assessment Template. This has been updated in the most recent version of the guidance document.

**Are the outputs expected to be based directly on the work package or the nuclear deployment project at project-level?**

The primary focus should be on the outputs of the FNEF funded work package. However, it will be useful for applicants to detail how work package outputs fit within the wider nuclear deployment project so that the context of the work package is clear.

**Can you clarify if the funding could pay for costs associated with capitalisation activities such as part funding roles within the organisation who are undertaking such activities?**

Yes, as long as these costs are directly attributable to the work package.

**Clarify how to submit supporting evidence for Annex F.**

Supporting evidence should be uploaded as separate documents accompanying Annex F. In Annex F, where there is the opportunity to cite evidence, please include the name of the relevant supporting evidence file. When assessing your application, we will cross-check the evidence files with the data and information included in Annex F.

**What is the rationale for the schedulers in Annex F spanning 10 years?**

We recognise that each work package is likely to be different, including delivering benefits and incurring costs at different points. The request for information beyond the grant funding period aims to allow the department to understand the context of the work package. The department would expect assumptions to be made as appropriate, recognising the uncertainties. The more information that is provide by applicants about assumptions made the better.

**On scalability if the technology has the ability to scale up would this give a greater weighting during the assessment?**

The wider context into which the work package fits is considered in the assessment process, so scalability will be viewed favourably as the work package is considered in the round.

## 4.8. Financial assessment

**Do the Audited Statements provided need to be signed by the external auditor?**

Yes, the department needs to be able to review audited and signed-off accounts.

**What financial information should newly formed entities provide?**

In the case where a newly formed UK registered company is the applicant but is a wholly-owned subsidiary of a larger parent company the department would assess the financial status of the parent, to ensure that that the department is satisfied (via financial analysis and financial due diligence) that the co-investment funds will be available to at least match any award from the FNEF.

**Section 3.1.3 table 7 section G2 – is this required for all consortium members or just the lead?**

As detailed in section 4.5.4 of the guidance document, financial information is required for all consortium partners. However, financial information for the lead applicant will be weighted more heavily than the other consortium partner(s).

**The guidance document requires various information under paragraph 188. Please confirm that items d), e) & f) refer to the work package and not the nuclear deployment package.**

Yes, these refer to the work package rather than the nuclear deployment project.

**Paragraph 91 in the guidance document states "In all strands of the financial assessment, applicants must demonstrate that applicants have access to sufficient funds to complete the work package within the scope of the fund, inclusive of funding to be made available from the fund." What does "Have Access" mean? Liquid funds prior to commencement of the project hypothecated to it for the entire period of the execution of the work package to 2025 in the amount of the co-investment, or, for example, a proven ability to satisfy funding requirements for committed projects over their lifetime? What evidence will be required?**

The department will carry out financial analysis and financial due diligence on applicants (either sole or consortia) in order to establish that the applicants have the funding available to meet their co-investment percentage. Whilst we do not expect every applicant to provide liquid funds immediately, our analysis and due diligence is designed to establish that applicants can show that the co-investment funds for the project will be available.

## 4.9. Deliverability assessment

**The department has been asked to clarify the schedule level being requested in section 6.8.2e nuclear deployment project development and delivery project schedule. Does the department agree with a high level/level 2 (WBS Level 2-3) schedule that shows post currently funded FNEF (2-3 years) period to delivery close out?**

WBS levels have not been defined to account for the potential differences in the work packages and nuclear deployment projects that can be proposed (i.e. some projects may require different WBS levels to organise their scope). Applicants should submit a schedule with sufficient WBS detail to satisfy the requirements that have been defined by the department (Section 6.8.2e).

**Section 6.8.2.b paragraph 218 b) in the FNEF guidance document asks for evidence of interaction with the regulators, engagement with local authorities and current site owners, despite engagement with the ONR being prohibited and the FNEF guidance requesting applicants to not be site specific, could the department clarify what they are looking for here in this particular section in light of the restrictions around siting?**

The department understands the restrictions in place. Applicants should detail any past, present or planned interactions (of either a generic or site-specific nature) which lend credibility to the assumptions and approach outlined in the planning strategy document (noting the restrictions in place). This can include the strategy for future regulatory engagement if there has been none to date. The purpose is for applicants to demonstrate understanding of UK processes and requirements coupled with a justifiable approach to underpin programme assumptions.

By way of clarification, the guidance document does not request that applicants are not site specific. It states that there is no expectation that they are site specific. It is recommended that there is consideration towards compatibility of the proposed technology/project with UK sites, i.e., the approach to be taken by the applicant in developing the technology/project specifically for the UK market.

**Clarify the weighting split between section 4.5.5.a 'work package deliverability' and 4.5.5.b 'nuclear deployment project deliverability'?**

The split between Section 4.5.5.a Work Package deliverability and 4.5.5.b Nuclear Deployment project deliverability will be done on a 70:30 basis.

**It is not stated in 'section 6.8.2: nuclear Deployment project deliverability' how applicants should title the sections. Please clarify?**

For Section 6.8.2, applicants must provide five return documents as defined by Section 6.8.2 a-e. Applicants should title their return documents to align with the headings in the guidance document.

**Clarify the following points in section 6.8.2a paragraph 214:**

- **Part b is this related to our achievements, or general nuclear build achievements that represent our technology in some way**
- **Part c-1, is this related to future or past interactions?**
- **Part a-3, is this for the full GDA scope (full scope to include all 3 steps) as per ONR guidance ONR-GDA-GD-006, or a partial scope that would be expected to be achieved within FNEF e.g. step 1 & 2?**

Clarifications:

1. General nuclear build achievements that demonstrate credibility of the technology and proposal.
2. Applicants can provide details of any interactions they consider to be relevant.
3. This is for the GDA scope that applicants propose to undertake as part of the nuclear deployment project. The GDA process in this context does not need to be linked to FNEF timescales. Of more relevance is applicants understanding of and approach to GDA and regulatory interaction as part of their entire project.

**In the guidance document, section 6.8.2d paragraph 225a-4 could the department clarify what they mean by "the contract packaging strategy"?**

In the context of applicants' procurement and sourcing strategy, the allocation of scope between different supply contracts and management of resulting integration risks.

**Clarify the definition of 'work package.'**

As detailed in section 6.8.1 of the guidance document, work package is a discrete early-phase development scope of work being proposed by applicants for which funding is sought. A work

package must address one or more of the barriers in Table 1, to be completed in the grant period (FY 2022/2023 – 2024/2025) and form a critical early-stage enabler for the nuclear deployment project. there is no restriction in size or complexity of work packages. Applicants can combine different elements of scope into a single work package. A work package should cover the totality of the works proposed to be funded via the FNEF.

**We assume the 'Risk Register' and 'Risk Narrative' described in clauses 209, 210, and 211 are to be submitted with the heading 'Section H 'Work package risks and learning from experience'.**

That is correct; they are both part of '6.8.1.e. work package risks and learning from experience'.

**We assume the 'paper and return document' described in paragraphs 213, and 214 are to be submitted with the heading 'Section H 'Nuclear deployment project technology strategy'.**

That is correct.

**We assume the paper described in paragraph 217 and 218 is to be submitted with the heading 'Section H 'Nuclear deployment project siting strategy'.**

That is correct.

**We assume the paper described in paragraph 220 and 221 is to be submitted with the heading 'Section H 'Nuclear deployment project development and delivery organisation strategy'.**

That is correct.

**We assume the paper described in paragraph 224 and 225 is to be submitted with the heading 'Section H 'Nuclear deployment project procurement and commercial strategy'.**

That is correct.

**We assume the schedule described in paragraphs 228 and 229 is to be submitted with the heading 'Section H 'Nuclear deployment project development and delivery project schedule'.**

That is correct.

**We assume the project example(s) described in paragraphs 191, 192, 193, and 194 can be non-nuclear project examples, as well as nuclear project examples.**

This is correct. The aim of the question is to invite applicants demonstrate relevant experience, which does not have to be limited to nuclear projects but should aim collectively to meet the objectives in 191, and satisfy the response requirements in 192, 193, 194 and 195.

**In section 6.8.1 of the FNEF guidance document, Is the request for 5 CVs a fixed no. or an upper or lower bound?**

As defined in the guidance document, submissions addressing the requirements outlined in Section 6.8.1 will be scored by the department. Applicants should provide no more than 5 CVs.

**Section 6.8.2 of the guidance document suggests that GDA will be the mechanism followed for licensing. Does the department accept other licensing routes for FNEF proposals?**

GDA is a voluntary process, which does not have to be pursued. The applicant should outline their proposed approach to meeting statutory licensing requirements and provide justification for this approach.

## 4.10. Security and intellectual property plan

**Clarify the definition of 'Sensitive Nuclear Information'.**

SNI can broadly be considered to be 'information relating to activities carried out on or in relation to civil nuclear premises; and deemed to be of value to an adversary planning a hostile act.'. The nature of an applicant's work package will determine whether or not they will need to handle SNI. ONR's SNI classification policy document provides guidance on identifying, categorising and handling SNI. (<https://www.onr.org.uk/cnss/regulation-of-sensitive-nuclear-information-list-n.htm>).

Regardless of whether a proposal involves Sensitive Nuclear Information or not, organisations are strongly encouraged to establish and maintain security arrangements for effectively protecting their organisations assets including any personally identifiable and/or commercially sensitive information. Further advice and guidance can also be found through ONR's Technical Assessment Guidance, NCSC, the UK technical authority for cyber, and CPNI, the UK's technical authority for physical and personnel security.

**Does the department expect to receive sensitive security information as part of the application to the fund and if so, can guidance be provided guidance on how sensitive information can be submitted under separate cover with additional protections.**

The department does not expect to receive classified security information at this stage. Were the proposal to be successful, we would not expect industry to provide the department with intricate details of their security arrangements.

Where relevant, this information should be provided to ONR as the sector regulator; the ONR will be able to advise on the specific evidence they expect to receive as part of the regulatory process.

All information provided in applications will be handled in accordance with the conditions set out in the FNEF Guidance and in line with the department's legal commitments. This will

include consideration of any exemptions which may apply to the disclosure of information where, for example, a Freedom of Information request is received. The department will consider any such request on a case-by-case basis.

**What security standards are acceptable for assets that require more than baseline controls?**

If the applicant/relevant party is not already a nuclear licensed company or a holder of Sensitive Nuclear Information (SNI), there are no existing requirements for protecting assets. However, we would recommend that the applicant/relevant party follow relevant good practice for security. Advice can be found on the websites of the National Technical Authorities for Security: the National Cyber Security Centre (NCSC)<sup>6</sup>, the Centre for Protection of National Infrastructure (CPNI)<sup>7</sup> and the National Counter-Eavesdropping Agency (NACE)<sup>8</sup>.

Applicants/the relevant party should put in place an effective risk management structure that considers what the critical functions for the delivery of core business objectives are, what the assets required to deliver these are, and the types of threat actors interested in and able to compromise those assets. Up to date threat intelligence is provided by many reputable threat intelligence companies. Specific guidance on establishing good personnel security and for managing sensitive information can be found on CPNI's website. If the applicant/relevant is a nuclear licensed company or holder of Sensitive Nuclear Information, their obligations are set out as per the Office for Nuclear Regulation's requirements. Please see ONR's website for guidance<sup>9</sup>.

**Can we get access to the security annexes (A-M), and the NSIR Classification Policy?**

The OFFICIAL-SENSITIVE Security Assessment Principles' Annexes are the property of the Office for Nuclear Regulation and can be shared with organisations with suitable information security arrangements and a demonstrable need-to-know. It is unlikely that applicants will require access to the SyAPs annexes at this stage. However, further advice and guidance can be found through ONR's Technical Assessment Guidance, NCSC, the UK technical authority for cyber, and CPNI, the UK's technical authority for physical and personnel security, on establishing and maintaining effective security arrangements. The NISR classification policy is published on the ONR website<sup>10</sup>.

**Are there any Personnel Security Controls that we should/ must initiate as part of the application process?**

If the applicant/relevant party is not already a nuclear licensed company or a holder of Sensitive Nuclear Information (SNI) there are no existing requirements for personnel security controls. However, the department would recommend that the applicant/relevant party follow relevant good practice for security. Advice can be found on the websites of the National

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<sup>6</sup> <https://www.cpni.gov.uk/blog/security-planning/information-security-best-practice-construction-sector>

<sup>7</sup> <https://www.cpni.gov.uk/personnel-security-maturity-model>

<sup>8</sup> <https://www.fcdoservices.gov.uk/uk-nace/>

<sup>9</sup> <https://www.onr.org.uk/resources.htm>

<sup>10</sup> <https://www.onr.org.uk/documents/classification-policy.pdf>

Technical Authorities for Security: the National Cyber Security Centre (NCSC), the Centre for Protection of National Infrastructure (CPNI)<sup>11</sup> and the National Counter-Eavesdropping Agency (NACE). Applicants/the relevant party should put in place an effective risk management structure that considers what the critical functions for the delivery of core business objectives are, what the assets required to deliver these are, and the types of threat actors interested in and able to compromise those assets. People management is at the heart of good security and should be considered from the onset. The Office for Nuclear Regulation also sets out fundamental security principles for good personnel security specifically for the civil nuclear sector. These are set out in the Security Assessment Principles (SyAPs), found on ONR's website. If the applicant/relevant is a nuclear licensed company or holder of Sensitive Nuclear Information, their obligations are set out as per the Office for Nuclear Regulation's requirements. Please see guidance on ONR's website<sup>12</sup>.

**Is there a requirement to store data within the UK, or can appropriate protected systems in the US be leveraged?**

There is no specific requirement to store data related to FNEF projects in UK data centres. However, applicants/participants are responsible for ensuring that they comply with all applicable UK laws and regulations, including - where relevant - requirements established by ONR for the protection of Sensitive Nuclear Information.

**Which risk management frameworks are approved for use in the UK?**

The UK Government does not mandate specific risk management frameworks. However, HMG recommends all organisations follow Centre for Protection of National Infrastructure (CPNI) and National Cyber Security Centre (NCSC) guidance on effective risk management. Once an applicant/relevant party becomes a duty holder within the civil nuclear sector, the strength of their risk management must meet the outcomes set by the Office for Nuclear Regulation (ONR). ONR provide guidance on establishing risk management frameworks in their Technical Assessment Guides. See guidance on the ONR<sup>13</sup>, CPNI<sup>14</sup> and NCSC<sup>15</sup> websites.

**Define 'effective cyber security'.**

Organisations are strongly encouraged to consider security throughout the lifecycle of their proposal. Further advice and guidance can be found through ONR's Technical Assessment Guidance, NCSC, the UK technical authority for cyber, and CPNI, the UK's technical authority for physical and personnel security.

Due to ONR's outcome-focussed regulatory approach, organisations are able to select an approach that is appropriate for effectively managing their organisation's cyber security risks and helps them in demonstrating how they meet the relevant outcome as set out under ONR's

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<sup>11</sup> <https://www.cpni.gov.uk/personnel-security-maturity-model>

<sup>12</sup> <https://www.onr.org.uk/resources.htm>

<sup>13</sup> <https://www.onr.org.uk/resources.htm>

<sup>14</sup> <https://www.cpni.gov.uk/protective-security-management-systems-psems>

<sup>15</sup> <https://www.ncsc.gov.uk/collection/risk-management-collection>



Security Assessment Principles. Further guidance and examples of standards can be found in the relevant Technical Assessment Guides, which support the Security Assessment Principles and provide insight into ONR's regulatory approach. For instance, Section 10 "CS&IA Risk Assessment Approach" of Effective Cyber and Information Risk Management offers examples of standards (including international standards), such as ISO27005:2011, US National Institute of Standards and Technology SP 800-30 etc.

Suggested ONR Technical Assessment Guides on Cyber and Information Security<sup>16</sup>:

- CNS-TAST-GD-7.1 – Effective Cyber and Information Risk Management
- CNS-TAST-GD-7.2 (Rev 1) – Information Security
- CNSS-TAST-GD-7.5 (Rev 3)- Preparation for and Response to Cyber Security Events.

## 4.11. Annex E: Grant terms and conditions

**Please clarify the Intellectual Property Rights (IPR) requirements. If a work package is for GDA, does that imply that the reactor design IPR is handed to government?**

The department anticipates that the conditions on IPR will cover any material produced by applicants in relation to the work package during the funding period. See for example the indicative definition of 'IPR Material' in Annex E on the FNEF page on gov.uk.

**Will FNEF applications be Public or Confidential?**

All applications, and information contained within will be treated with confidence. However, applicants should note all information provided as part of an application may be disclosed in accordance with any applicable law. All information provided will be handled in accordance with the conditions set out in the guidance document (see section 5.1.5) and in line with the department's legal commitments.

**Annex E section 20.2 refers to Assignment. The department was asked to clarify under what circumstances the Grant Recipient would be required to work with another organisation.**

This would normally entail working with other partners that the department may work with through the delivery of a scheme, such as external delivery partners or technical monitoring officers.

**Will grant claims be subject to VAT?**

Grant payments are paid on a successful claim and are not liable for VAT. However, there could be corporation tax to be paid on the income. We advise financial advice is sought on this by applicants if they are concerned.

**Could a Non- Disclosure Agreement be entered into?**

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<sup>16</sup> [https://www.onr.org.uk/operational/tech\\_asst\\_guides/index.htm](https://www.onr.org.uk/operational/tech_asst_guides/index.htm)

No. The department will not enter into NDAs in relation to the fund. Further information about Non-Disclosure Agreements is in the Guidance at Section 5.1.6, including conditions on BEIS publishing the information set out in Section 4.9 of the Guidance which applicants must agree to on submitting an application to the FNEF.

**Can cancellation happen post award prior to full grant drawdown?**

The department does not envisage 'cancelling' the fund once Grant Funding Agreements and all other relevant agreements have been entered into. The Secretary of State reserves the right to take action in line with the Grant Funding Agreement entered into between the parties where an Event of Default occurs, including (but not limited to) the suspension, termination or reduction of the Grant. For more information, please see Annex E on the FNEF guidance page on gov.uk.

**Are the Annex E standard grant terms and conditions truly non-negotiable?**

Standard Grant Terms and Conditions are based on current Cabinet Office guidance and are not open to negotiation with applicants at this stage. However, the department reserves the right to reserves to adapt the terms of the offer letter and agreement.

**What is the reason for the department waiving all duties and obligations set forth in existing Non-Disclosure Agreements (NDAs)?**

As section 4.9 of the guidance document explains, the department will publish a shortlist of successful applicants and may wish to further publicise the outcomes of the assessment process and nature of the work being supported by the fund. The conditions contained in paragraph 142 relating to existing Non-Disclosure Agreements are limited to supporting the aims described in section 4.9 of the guidance document.

**There is no reference to Annex 1; and Annexes 2 (Independent Accountants Report) and 3 (Small Amount of Financial Assistance Declaration Form) are not attached. The department was asked to confirm that Annex 1 is not used, and to provide copies of Annex 2 and Annex 3.**

Annex 1 is used where a Parental Undertaking and Guarantee is required and annex 2 is the accountants report template that is used when in delivery phase. Annex 3 is for small amounts of financial assistance which is unlikely to apply to this scheme. These can be provided but we would recommend on a need's basis if required and closer to full grant offer letter stage.

**Confirm what pre-payment conditions may be required.**

We cannot confirm the pre-payment conditions as these will vary depending on the outcome of due diligence and technical assessments.

**Can you provide a sample monitoring report to illustrate Annex E section 4.6.1?**

Standardised claims/monitoring reports will be shared with successful applicants at the conclusion of due diligence.

**Annex E section 4.14 states that payment of a Grant Instalment is within 30 days of SoS acceptance, but there is no time limit on Secretary of State acceptance. What is the expected processing time of Grant Claims?**

How long it takes Secretary of State to accept an invoice will depend on the quality of the evidence supplied by grant recipients. We will endeavour to process invoice checks as efficiently as possible.

**Can Eligible Expenditures include costs of Annex E Clause 7 Monitoring and Reporting and Clause 8 Audits?**

No, the applicant must pay for independent accounts audits and reports.

**Please clarify the Intellectual Property Requirements.**

The Intellectual Property conditions are based on standard Cabinet Office terms and conditions for grant awards and reflects the use of public money in developing the applicant's project. BEIS will consider what the appropriate intellectual property conditions in each agreement at the relevant time. This may include the conditions currently set out in the model Grant Funding Agreement contained in Annex E. Further information on Terms & Conditions, including intellectual property rights can be shared with successful applicants.

Annex E states that 'Asset Retention Period means the period that the assets must be retained, as set out in Schedule 5

**Annex E states that 'Asset Retention Period means the period that the Assets must be retained, as set out in Schedule 5 to the Grant Offer Letter'. Please clarify the purpose of Schedule 5. Will the Secretary of State pay for storage charges for assets, for example of rigs built and used with no future utility?**

Schedule 5 provides various dates and is completed at the grant offer letter drafting stage of the process. The asset retention period will depend on the size of the company and any subsidy/state aid regulations that may apply. Any storage/associated upkeep charges will be met by the grant recipient.

## 4.12. Application process

**If a company does not pass the eligibility sift, will the applicant be notified immediately to address non-conformance, with possibility to address/correct to continue to Quality Assessment?**

As stated in section 4.1 of the guidance document, applications that are found to be ineligible at Stage 1 will not be assessed in Stage 2. The eligibility sift is a pass/fail exercise with all applicants to be notified following final decision on awards as set out in section 4.8 of the application guidance.

**How will the portfolio approach be implemented?**

As referenced in section 4.6.3. of the guidance document, the department has set parameters for the use of the portfolio approach. The portfolio approach will only be used if that the fund is oversubscribed with fundable applications and where portfolio decisions could drive diversity in one or more of the following areas:

- a) Diversity of technology types supported by the fund;
- b) Project size/power output of nuclear deployment projects; and
- c) Location of work packages and/or nuclear deployment projects.

**Is financial viability of the applying business, and parent company (if applicable) based on the grant element or the total value of the work package inclusive of co-investment?**

The purpose of financial due diligence is to assess financial risks to the department associated with the proposed grant award. Checks include, but are not limited to, assessment of a) the financial viability of all industry partner organisations; and b) the financial standing of the applying business, and parent company (if applicable) and their ability to finance the work package.

**What is the expected timeline for decisions to be made?**

The department will begin the evaluation of bids after the closure of the application window on 4th November 2022. Our aim is to evaluate applications as quickly and efficiently as possible and to identify a short-list of preferred bids by January 2023. These indicative dates may be affected by the number and complexity of applications. Preferred bids will then be subject to pre-grant award due diligence as set out in Section 4.10 of the guidance document.

**Would the department only apply the portfolio approach to projects/applicants that have passed the eligibility criteria/stage of the process?**

The department may implement the portfolio approach in the event that the fund is oversubscribed with applications that have met the assessment criteria in stages 1 and 2.

**The department was asked about the possibility of a 2-phase assessment process should the fund be undersubscribed.**

No.

## 4.13. Annex C: Northern Ireland protocol questionnaire and declaration

**If the applicant organisation is based in England, is the submission of 'Annex C – Northern Ireland Questionnaire' required to be submitted?**

Yes.

**Please can the department issue an editable Annex C template.**

The questionnaire has been updated on the.GOV.UK website.

## 4.14. Policy Context

**Will compensation or protection be provided to mitigate the impact of policy risks and uncertainties? For example, the risk that an FNEF project/technology proposal is not selected in future GBN processes, the risk of delays occurring whilst Great British Nuclear run their technology selection and site allocation processes?**

As stated in section 5.2.1 of the guidance document, the department reserves the right to withdraw the fund without notice at any time prior to grant award and will not be liable for any costs incurred by applicants during any stage of the process. The department does not anticipate "cancelling" the fund once all relevant agreements have been entered into. At that stage, the fund will be administered in accordance with the conditions in those agreements with each successful applicant. For indicative terms and conditions, please see Annex E on the FNEF page on gov.uk.

**The department was asked to confirm if bid evaluations will be completed by Great British Nuclear.**

The evaluation will be conducted by government and other public body officials and third-party contractors with relevant expertise.

## 4.15. Strategic Assessment

**The department was asked to confirm that where it says, 'financial assessment' in Paragraph 84 P.23, it should read 'strategic assessment'.**

Yes, this should read strategic assessment. This has been updated in the guidance document.

## 4.16. Annex D

**Can the department confirm that director, employee or representative professional success and participation in equity incentive plans relating to their role are not conflicts of interest which would require a declaration, and that the declaration refers to external professional or personal conflicts outside of their interest in a successful outcome for the organization that they represent which is the grant applicant?**

If an individual employee is participating in an equity incentive plan, then this should be declared in the conflict-of-interest form. As stated in Annex D, a declaration of interest will not necessarily mean the individual or organisation cannot work on the project; but it is vital that any interest or conflict is declared so that it can be considered openly.

## 5. Next steps

5. The deadline to submit an application to the FNEF 3pm on the 4<sup>th</sup> of November 2022, as outlined in section 3.1.2 of the FNEF Application Guidance.
6. The deadline to submit an application for GDA is 3pm on the 3<sup>rd</sup> of January 2023, as outlined in section 2.4 of the FNEF Application Guidance.
7. Further information on application deadlines and the indicative assessment timetable is available in section 3.1.2 of the Application Guidance.
8. Applicants should notify the department in advance of their intention to apply to the FNEF by 3pm on the 28<sup>th</sup> of October 2022, as outlined in section 3.2.2 of the Application Guidance.
9. The department looks forward to receiving applications.

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