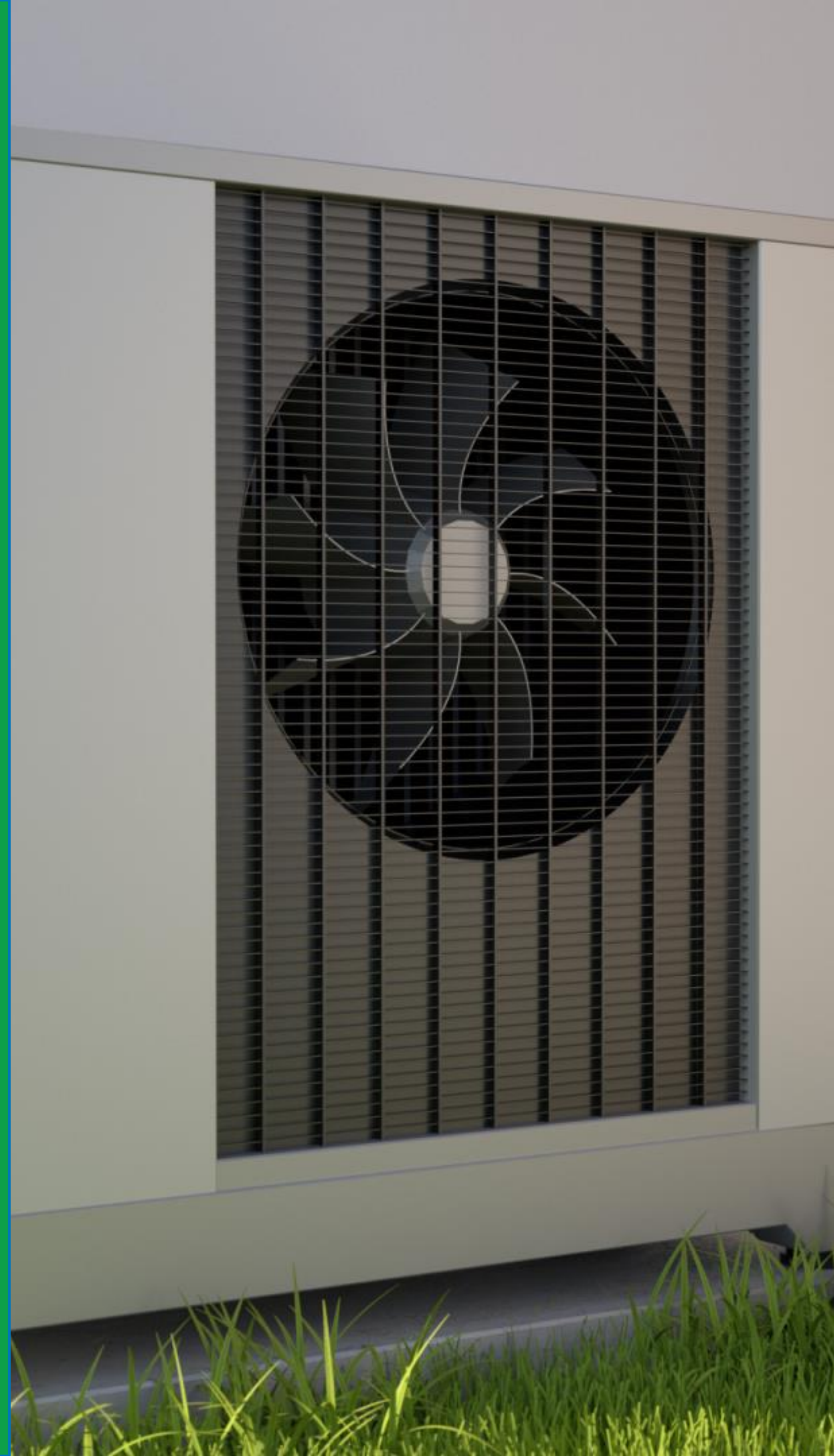




Department for  
Energy Security  
& Net Zero





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# Heat Pump Investment Accelerator Competition Q&A



# Agenda

- Timeline
- General application guidance
- Essential Eligibility & Eligible Costs
- Funding and Subsidy Control
- Strategic Alignment assessment
- Economic assessment
- Deliverability assessment
- Case for assistance assessment
- Q&A



# Timeline





# General Application Guidance

- All application documentation must be submitted by 15:00 on 4 October 2023.
- Maximum word limits will be applied strictly and annexes should be used for diagrams, organograms, charts and tables of data.
- Applications should be for individual and clearly identified projects.
- Applications from consortium are welcomed but funding will only be provided to one party.
- Funding will only be paid to a UK registered company – either existing or to be set up if successful.
- Scoring Restrictions – if an application combines the production of a product that has restricted scoring (i.e. A2A HP or domestic hot water only) with a non-restricted item, the scoring restriction will not apply so long as the non-restricted product is not a nominal amount.



# Essential eligibility criteria and eligible costs

- The project must be in the UK.
- The project must be for the construction of a new manufacturing factory, or the expansion, retooling, refurbishing or reworking of an existing building.
- The project must involve the manufacture of heat pump units and/or heat pump components. There are no restrictions to the list of eligible components, which could include heat exchangers, compressors, evaporators, control systems or thermal storage. In the case of hybrid boiler/heat pump factories, only the production of the heat pump units and heat pump components are eligible for support.
- The project should involve some degree of manufacturing (not just assembly) at the project location. Manufacturing is defined as the practice of putting raw or unfinished materials/components through a process to create a finished product or part. Whereas assembly involves combining different parts to form a finished product.
- The project must have a realistic chance of commencing manufacturing activities by no later than March 2026.



# Funding and Subsidy Control

- Maximum funding of £15m per project (€15m for Northern Ireland projects ~£13m).
- Aid intensity rates:
  - 45% for large companies
  - 55% for medium companies – Under €50m turnover and less than 250 employees
  - 65% for small companies – Under €10m turnover and less than 50 employees
- Takes into account all public funding applied for, for the same eligible costs/project i.e. Local Government funding & HPIAC funding
- Applicants will be expected to justify the amount/intensity rate applied for. Lower grant requests will, generally, score better in Strategic Alignment – Qualitative and Economic assessments



# Strategic Alignment Assessment

- Two parts – Quantitative and Qualitative – both scored out of 5 and average taken for overall section score.

## Quantitative

- About **what** and **how much** the proposal will output. Scoring will be based on the **value added**, the **volume of output** and the **amount of grant** being requested.
- Will be based on forecasted production to 2030.

## Qualitative

- About how well the proposal **aligns with the aims of the competition** – modern production methods, cost and non-cost outcomes for consumers, future plans for the proposal, training and R&D that might be co-located with the project and route to market
- Information from the quantitative template to understand the security of supply chains.





# Economic Assessment

- About on the **value** of the jobs that are created, protected or upskilled as a result of the application against the **total amount of public funding requested** – Competition and other sources if applicable.
- The **value** is calculated using **wage premium** – this is calculated by comparing the proposed salaries/wages against a counter-factual.
- Need to evidence the number of jobs expected, particularly around protected jobs.
- This assessment is pass/fail.



# Deliverability Assessment

- About applicant's credibility in delivering a proposal of the scale and timelines proposed
- Demonstrate **previous experience, current capability** and **delivery approach**
- This section will require a business plan, project plan, financial modelling and board minutes that demonstrate internal project sign off.
- Applicant's can provide their own internal versions of templates as long as they provide the same level of detail and in a similar format.



# Case for Assistance assessment

- This section focus on the amount of grant requested, in particular on:
  - Proving **how** the grant request amount has been calculated,
  - How it is the **absolute minimum required** for the investment to go ahead
  - Showing that the grant either **brings forward** investment that might have happened or **enables** an investment that otherwise would not have happened.
- Details on front end payments are about expenditure on items included in the proposal, for example machinery and not about bid preparation costs or costs to show the proposal is viable, such as initial planning studies.
- This section is pass/fail however the score will also inform the economic assessment.



# Clarifications and Question & Answer

- Anyone can submit clarifications to [heatpumpaccelerator@energysecurity.gov.uk](mailto:heatpumpaccelerator@energysecurity.gov.uk), please title them “HPIAC Clarification – [Project title].
- We will share the questions and answers, redacted where necessary, so that all potential applicants have access to the same information.
- Now is the opportunity for you to ask any questions you may have at this point.