

# The Energy Entrepreneurs Fund

First Phase Guidance Notes

WITHDRAWN

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WITHDRAWN

# Energy Entrepreneurs Fund

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## Section 1 – Energy Entrepreneurs Fund Scheme Summary

### 1. Department of Energy and Climate Change

The Department of Energy and Climate Change (DECC) leads the UK Government's efforts to counter the risks of dangerous climate change, and of a shortfall in the supply of safe, affordable energy. In the medium term, DECC must address three important, related issues:

- the UK is expecting to import 50% of its oil and gas by 2020, compared with just 20% of oil and 40% of gas today, at a time of rapidly rising demand from emerging economies
- a quarter of electricity generating capacity is set to close over the next decade
- deployment of low-carbon technologies to largely decarbonise the energy sector by 2050, a necessity if we are to meet the requirements of the 2008 Climate Change Act.

DECC's vision for 2050 is for the UK to have made a safe and secure transition to low-carbon electricity, low-carbon homes and buildings, and low-carbon transport and industry, all at least cost to the UK's economy. DECC aims to achieve national and international action towards this goal by mobilising investment in low-carbon infrastructure, by setting an appropriate framework of regulation, by providing incentives and information, and by building a broad coalition for change.

Strategic innovation is needed, if we are to meet our challenging future climate change goal of an 80% reduction in greenhouse gas emissions by 2050 and achieve security of supply. DECC has a proactive Energy Innovation policy which aims to:

- reduce the cost of existing low-carbon technologies
- develop new technologies to give the UK a portfolio of energy sources and make best use of our natural resources; and
- make the UK a better place to create new low carbon technologies and develop associated businesses.

Technology innovation reduces the cost of commercial deployment, making it more cost effective for business to invest in our energy infrastructure and ensure security of supply. Investment in innovation can grow UK companies, and encourages others to locate their supply chains in the UK.

The Science and Innovation Group (SIG) within DECC works across government, business and the research community to remove barriers to innovation and invest in the development of new technology-based products and services to address 2020 and 2050 targets and security of supply. The overall approach to Science and Innovation within DECC can be found in 'The DECC Science and Innovation Strategy 2012'<sup>1</sup>. This and further information can be found at the DECC innovation website at [www.decc.gov.uk/innovation](http://www.decc.gov.uk/innovation).

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<sup>1</sup> <http://www.decc.gov.uk/assets/decc/11/about-us/Science/5107-decc-science-innovation-strategy-2012.pdf>

## 2. Energy Entrepreneurs Fund Scheme Summary

The objective of the Energy Entrepreneurs Fund (EEF) scheme is to support the development and demonstration of innovative technologies and/or processes in:

- Energy efficiency and building technologies
- Power generation and energy storage

The scheme seeks the best ideas, irrespective of source, in these areas from the public and private sector. However, the scheme particularly aims to assist small and medium sized enterprises, including start-ups, and those companies that are selected can receive additional funding for incubation support.

This initial call is the first phase of the Entrepreneurs Fund. The second phase of the scheme building on the first phase is expected to be launched in early 2013 on an open call basis.

The first phase of the EEF has up to £16m available for funding innovative development and demonstration projects and is a competitive funding process. During the application process applicants will be expected to demonstrate a robust evidence based case for funding, that will include but not be limited to:

- the potential impact of the innovation on 2020 and/or 2050 low carbon targets or security of supply
- the size and nature of the business opportunity
- the technical viability of their innovation and coherent development plan that will commercially progress the innovation
- value for money

For the purposes of this scheme development and demonstration shall be termed Experimental Development.

### 2.1 Experimental Development Definition

Experimental development is defined as 'The use of existing scientific, technological, business and other relevant knowledge and skills gained from research and practical experience to produce new, altered or improved products, processes or services'.

Activities undertaken may include:

- the production of drafts, drawings, plans and other documentation for new, altered or improved products, processes or services provided that they are intended for research and development purposes only
- the development of commercially usable prototypes and pilot projects (TRL 3-8, see Annex B for definitions)

- The experimental production and testing of products, processes and services shall also be eligible, provided that these are not sold for use in industrial applications and providing that no commercial benefit is derived.

Experimental Development shall **not** include the routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements.

The first phase of the EEF will be open until 31st Oct 2012, during this period a continuous application process will be running. Applications may be submitted at any time during this period and decisions will be made at the end of each of the batch assessment periods that are detailed in section 3.4 below.

## 2.2 Incubation Support - What is it?

The scheme will also provide additional support to successful applicants for incubation support. This support will focus on identifying skills and knowledge gaps within the company that may prevent it from bringing the innovation to market effectively and providing specialist advisers to support the company in the development of the appropriate knowledge and skills. This may include but will not be limited to services such as:

- Market validation and engagement
- Route to market/Industrial partnering
- Commercial and business planning
- Investment readiness/fund raising support
- Intellectual property advice
- Business planning

All proposals that are awarded funding for innovation development will undergo assessment for incubation support requirements.

## 3. Process Overview

The following guidance applies only to the first phase of the EEF.

- The first phase will close at 12pm on Wed Oct 31st
- Applications will be assessed in two batches during the scheme (for more detail see section 3.4 below)
- Funding will be available throughout the entire first phase and there will be no advantage in applying in the first or second batch assessment period
- All applications will be assessed on individual merit and will be subject to meeting the required quality threshold

- An individual organisation may only submit one application during the first phase
- Applicants who do not receive funding from the first phase will be eligible to re-apply for funding in the second phase once it has been launched
- The first phase of the Energy Entrepreneurs Fund is a competitive funding process
- Projects must be no longer than 24mths long.

DECC offers a range of different funding schemes each with different application processes. It is therefore important that you have the correct documentation for the Energy Entrepreneurs Fund and that all the requested documentation is returned to DECC as part of your application.

Once your application has been submitted and entered the assessment process no further material information can be added to your application. Applications will be judged on the information that is provided.

### **3.1 Overview of Application and Assessment Process**

All application forms and information relating to the first phase of The Energy Entrepreneurs Fund will be available to download from the DECC website at [www.decc.gov.uk](http://www.decc.gov.uk) from Thurs Aug 23rd. The first phase will close on 31st October at 12pm.

The EEF scheme has two elements to it:

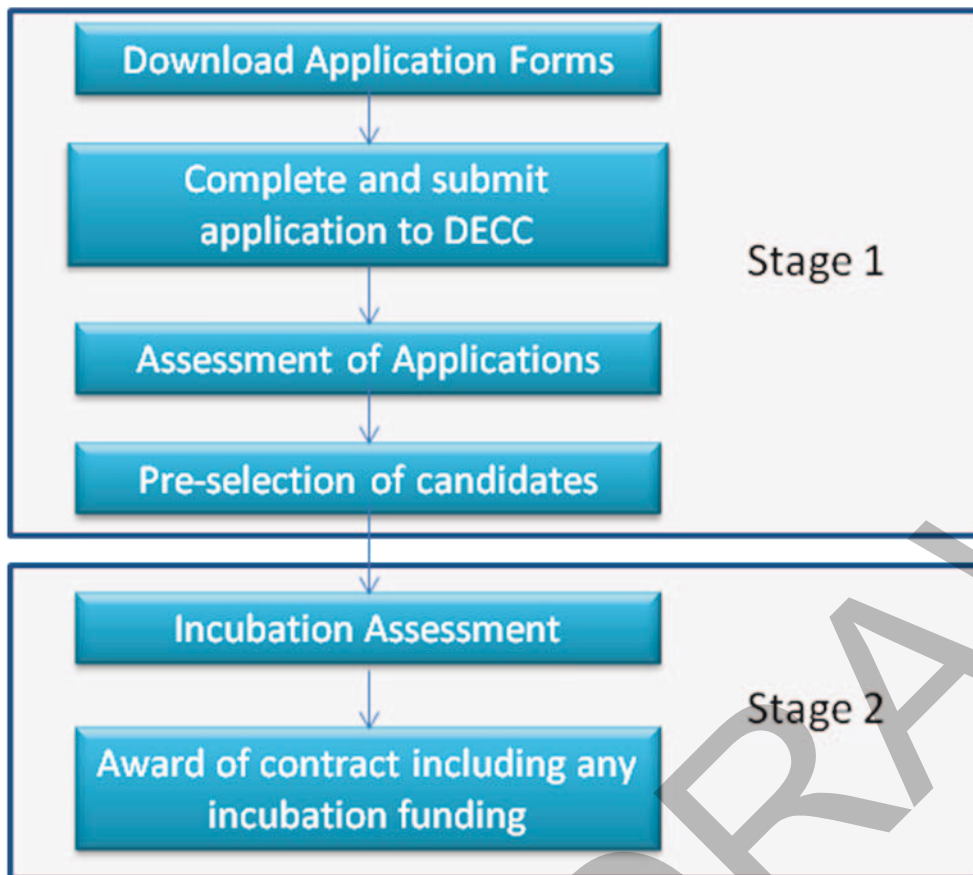
1. Funding for experimental development work
2. Funding for incubation support

All applicants to the scheme must apply for experimental development funding, organisations cannot apply just for incubation support.

The scheme will follow the process outlined in Figure 1 below.

### **3.2 Stage 1 – Application and Conditional Award**

Stage 1 of the scheme captures and assesses all the relevant technical, commercial and financial information of the project. This will include detailed financial forecasts and technical plans for the project. After the assessment process successful applicants will be notified that they have been pre-selected for incubation assessment. Following notification of pre-selection, the eligible costs of proposals will be checked and the company's financial viability confirmed. All applicants will receive feedback regarding their applications irrespective of whether they are successful or not.



**Figure 1 - Overall application, assessment and notification process**

### 3.3 Stage 2 – Incubation Assessment

All pre-selected applicants (except for non SMEs) will undergo an assessment by advisers to DECC to identify any incubation needs they may have.

Once this assessment has taken place those that require incubation support will be required to accept this as part of the conditions of funding and the final contract awarded. The incubation assessment may identify some actions that precede the innovation development project. In such cases funding will be provided to carry out these additional steps and the milestones in the project plan amended accordingly.

If Incubation Assessment identifies a need to review the Project Proposal applicants may be required to submit a revised project plan following further preparation work by the applicant or incubation support. For example if the technology innovation is promising but the project plan involves a relatively high risk first application when there are other market entry options OR more work is needed to find out the industry requirements for the demonstrators/ prototype before starting the development.

It is not expected that all companies will require incubation support.



### 3.4 Batch Assessment Deadlines

The batch assessments dates for the Entrepreneurs Fund are:

Assessment Deadline	Deadline Date and Time
Batch assessment 1	Friday, 28th September 2012, 12pm
Batch assessment 2	Wednesday, 31st October 2012, 12pm

All applications received prior to the batch assessment 1 deadline will be assessed during October, with awards likely to be made during November. All applications received after 12pm on Friday 28th September will be assessed after the batch assessment 2 deadline with awards likely to be made during early January.

Applications can be submitted at any time during the period that the scheme is open and applications for batch assessment 1 and batch assessment 2 will be assessed equally. It is envisaged that there is sufficient funding within the scheme to for both periods with up to £8m for assessment period 1 and £8m for assessment period 2.

## 4. Eligibility for Funding

This scheme is seeking the best ideas irrespective of source in the appropriate technology areas. To be eligible for funding the project must:

- Fit within one of the technology areas defined in section 4.5 below
- Be based on project activity largely conducted in the UK
- Be commercially focussed and present a clear case for business benefit

Companies of any size are eligible to seek funding. Applications from SMEs, as defined by the EU<sup>2</sup>, are particularly encouraged.

### 4.1 Level of Funding and State Aids

This scheme operates under two different General Block Exemption Regulation articles for State Aid. The two articles are Article 31 '*Aid for research and development projects*' and Article 35 '*Aid for Innovative young Enterprises*'<sup>3</sup>.

The size and type of funding that the project can receive will depend upon the type of applicant and which GBER Article they qualify under. These can broadly be defined as "small enterprises" (as defined by the EU) and "all other applicants".

<sup>2</sup> [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm)

<sup>3</sup> [http://ec.europa.eu/competition/state\\_aid/reform/gber\\_final\\_en.pdf](http://ec.europa.eu/competition/state_aid/reform/gber_final_en.pdf)

## 4.2 Funding for Innovative Small Enterprises

Small enterprises applying under this scheme may be eligible to be funded under Article 35. In order to be eligible the company must be:

- A small enterprise as defined by the EU<sup>2</sup>
- Been in existence for less than 6yrs
- R&D expenses must represent at least 15 % of total operating expenses in at least one of the three years preceding the date of application or in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor

The maximum amount of funding that a company may receive shall not exceed €1million. There is no specific necessity for matched funding to be provided by the enterprise, however, DECC is seeking value for money from its funding and therefore will look favourably on applicants who can demonstrate some matched funding for the project. Contributions in kind are considered as eligible match.

Companies that are successful in receiving funding and that have indicated that they are eligible for funding under this State Aid article, may additionally be asked to provide a copy of their business plan prior to the final award letter being issued.

If as a 'Small Enterprise' you are not eligible for the Small Enterprises scheme defined above (have been in existence for over 6 years, or have not spent 15% of total operating expenses in one of the last 3 years on R&D) then it is still possible to qualify for funding under the All other Applicants scheme as detailed below.

## 4.3 Funding for All Other Applicants

The scheme is also open to:

- all SMEs (including Small Enterprises who do not qualify above)
- other private sector organisations irrespective of size
- collaborative proposals
- Universities and Public Sector Research organisations (it is expected that these will be part of a collaborative proposal, preferably with a SME partner)

These applicant(s) to the scheme will be eligible to receive up to £1m for funding a project under Article 31<sup>4</sup>. The maximum percentage of public funding that can be provided for the project is summarised below in Table 1.

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<sup>4</sup> [http://ec.europa.eu/competition/state\\_aid/reform/gber\\_final\\_en.pdf](http://ec.europa.eu/competition/state_aid/reform/gber_final_en.pdf)

Research Category	Size of Enterprise	Aid Intensity
Experimental Development - Single companies	Small	45%
	Medium	35%
	Large	25%
Experimental Development - Collaborations (Either business to business or business to research organisation)	Small	60%
	Medium	50%
	Large	40%

**Table 1 - Maximum %age of public funding**

The figures represent the maximum aid intensity that DECC can provide. As for small enterprises, DECC is seeking value for money from its funding and proposals that demonstrate matched funding greater than minimum requirement will be looked on favourably.

#### 4.4 State Aid Legislation

Whilst DECC will check the information provided to try and ensure that applicants meet the requirements of State Aid, applicants should establish that they fall within the state aid rules before submitting applications. DECC requires applicants to notify them of any change to situation or circumstance during the project.

If there is a breach of State aid regulations, for whatever reason, the European Commission requires repayment of any grant received, including interest, above that which was due. In this situation applicants will be required to repay any funding received. It is also important to ensure that the total grant funding for the project from public sources (including from the European Commission) does not exceed the permitted percentages stated.

#### 4.5 Eligible Technology Areas

The EEF is open to applications for innovative technology development and demonstration projects in the following areas:

- Energy efficiency and building technologies
- Power generation and storage

Both areas will be considered in their broadest context and support could be given to proposals that whilst helping achieve the 2020 and 2050 targets might demonstrate any of the following:

- Improved performance characteristics over existing technologies or products
- Novel component technologies that can be implemented in existing systems to deliver improved performance or reduced costs of the system

- Products, processes or technologies that can reduce the cost of installation or maintenance of existing systems

Types of technology supported may include but not be limited to those listed in Table 2.

The scheme will not fund basic research, but will fund innovations that are Technology Readiness Level (TRL) 3 up to TRL8. TRLs provide an indication of the level of maturity of a particular technology and DECCs descriptions of the TRLs is provided in Appendix 2. As part of the application form applicants will be asked to provide the TRL of their innovation and provide details of the work that has been undertaken to demonstrate that the innovation is that stage.

<b>Energy Efficiency and Building Technologies</b>	<b>Power Generation and Energy Storage</b>
Insulation, glazing and ventilation technologies	Renewable Microgeneration technologies
Building control systems	Fuel cell technology
Novel or improved building fabric	Wind Technologies
Advanced lighting systems	Solar
Space heating and cooling technologies	Biomass boilers
Improved design, surveying or measurement technology	Ground source and air source heat pumps
Manufacturing systems and installation processes that reduce costs	Micro-CHP
Energy demand reduction technologies	Marine Energy Technologies
Energy efficient motors and/or pumps	Bio-fuels
Water efficiency	Super-capacitors and flywheels
Installation techniques	Batteries
	Cryogenic electricity storage
	Energy or fuel from waste or waste heat
	Energy storage technologies
	Electricity network process or technologies to support deployment of low carbon generation or storage technologies

**Table 2 - Examples of technologies**

## 5. Project Plans, Finances and Financial Viability

### 5.1 Project Plans

Projects are expected to be between 6-24mths in duration, projects **must not** last longer than 24mths. All projects must submit a gannt chart, or equivalent as part of their application, that details the project timeline, the various work packages and the project milestones.

### 5.2 Project Costs

All applicants must complete the Entrepreneurs Fund Finance Form detailing their expected expenditure and spending profile for the project on a quarterly basis. Further details about this form can be found in Section 2 of this document.

During the assessment of applications, the project costs and plans that are submitted as part of the application process will be fully assessed along with the answers to the questions on the application form to ensure they are what might be reasonably expected.

The eligibility of all costs under state aid rules and the financial viability of your organisation will be checked following the decision to pre-select an applicant but before a formal offer is made. A high level initial review takes place before the panel assessment and you may be contacted during either stage if we have any queries about your project costs.

Being contacted for this information does not indicate either success or failure in the assessment process.

### 5.3 Financial viability checks

DECC will undertake financial viability checks on all successful applicants. These will include looking at the latest independently audited accounts filed on the Companies House database.

Where a business is not required to file accounts with Companies House, other financial information may be requested to enable appropriate financial viability review to be undertaken. We will be looking for evidence of your ability to resource the project appropriately, so the information we request will be focused on understanding how your business operates in this respect.

Before your project starts, DECC will ask for evidence that you have the funding mechanisms in place to manage your cash flow across the life of your project. This could include letters of credit or other such mechanisms. We do not expect you to have cash deposits to cover the entirety of your project at the start. If you do not complete your project due to cash flow problems that you could have anticipated and managed, we may request repayment of any grant already issued to you.

In certain cases, particular for Small Enterprises, DECC will consider upfront payment of the grant if an appropriate business case can be made by the applicant. DECC will consider this on a case-by-case basis and will only do this where there is a strong business justification for doing so.

## 5.4 Grant Use

Grants provided will only cover eligible costs within the meaning of Article 31(5) of the Block Exemption. Companies should note that the grant may not be used to subsidise commercial activities and that where DECC awards a grant for the purpose of the development of commercially usable prototypes or pilot projects any revenue generated from such commercial use will be deducted from the grant (and, where the grant has already been paid, will be required to be returned to DECC).

## 6. Assessment Process and Criteria

The scheme will operate a batch assessment process whilst it is open and the batch assessment dates are provided in Section 3.4. All applications will be considered against the assessment areas and ranked against each other.

Each application will have to meet a minimum threshold either with regard to impact on climate change or security of supply. An application will not be successful where it does not meet the minimum threshold even if that project scores highly according to the other criteria. Equally, meeting the minimum threshold does not guarantee that an application will be successful.

### Either Impact on Climate Change or Security of Supply, as applicable

For this aspect of the proposal assessors will consider a range of criteria these will include but not be limited to the following:

- How big are the relative savings against existing products, processes and technologies?
- How long will it take the innovation to have an impact on carbon targets or security of supply?
- What is the size of the overall impact of the innovation on climate change or security of supply?

Further information regarding the type of information to be provided can be found in Section 2, 1.3 of this document.

The application form and questions along with the guidance notes are designed to inform you about the types of information you should provide to DECC in order to enable it to assess the proposal. The individual questions listed under each heading below are for guidance only, and are not exhaustive lists of the sub-criteria relevant to each heading.

In assessing each of these areas minimum thresholds will be applied and there will be a minimum threshold across all assessment areas below which no funding will be received. We will select projects that offer the best value for money taking account of the following areas:

### 1. Business Opportunity

20%

For this aspect of the proposal assessors will consider a range of criteria these will include but not be limited to the following:

- How large is the market? (niche/small/medium/large)
- Nature of the market and ease of market penetration?
- Does the route to market and business model make sense?

### 2. Innovation

20%

For this aspect of the proposal assessors will consider a range of criteria these will include but not be limited to the following:

- How innovative is the project? Is it a simple improvement on an existing product?
- Does it push boundaries over and beyond current leading-edge world science and technology?
- Is it looking to apply existing technologies in new areas?
- Can the innovation be protected?

### 3. Project Details (+ Gantt Chart)

20%

For this aspect of the proposal assessors will consider a range of criteria these will include but not be limited to the following:

- Is the technical and methodological approach appropriate to the needs of the project and are the innovative steps achievable through the proposed approach?
- Is the project plan sufficiently detailed in comparison to the complexity of the project?
- Is the timing of key milestones realistic?
- Has the applicant demonstrated sufficient resource commitment and capability to undertake the project?

### 3. Project Details (+ Gantt Chart)

20%

For this aspect of the proposal assessors will consider a range of criteria these will include but not be limited to the following:

- Are state aid criteria being met?
- Is the budget realistic for the scale and complexity of the project?
- Has the applicant provided a realistic budget breakdown?
- Do the work packages tie into with the predicted spend profile shown on the finance form?
- Assessors will also consider whether or not the proposal offers a good value for money proposition.

## 5. Experience and Skills

20%

For this aspect of the proposal assessors will consider a range of criteria these will include but not be limited to the following:

- Does the business has the right, available mix of skills and experience to deliver the project successfully?
- Is appropriate use being made of sub-contractors where in-house skills are either insufficient or not available in the right timeframe?
- Where sub-contractors are being used, does the management team have experience of managing external contractors? Can any skills gaps be addressed by the incubation support?

Each application will be assessed by internal DECC engineers and an advisory panel consisting of investment professionals and entrepreneurs who will be subject to a confidentiality agreement.

## 7. Notification

During the first phase, DECC will aim to notify applicants regarding the success of their application within 6 weeks of the batch assessment date. However, this will be dependent on the volume of applications received. Applicants will be informed by email whether the application has been successful, subject to compliance with the terms and conditions of the Conditional Offer Letter that will be received.

DECC may wish to publicise the results of the scheme which would include engagement with the media. At the end of the application and assessment process, DECC may issue a press release or publish a notice on its website. These may, for example, outline the overall results of competitions and describe some of the projects to be funded.

Some organisations may want their activities to remain confidential and you will be given a chance to opt out of any involvement in media relations activity and further case study coverage of projects, should you see this as being absolutely necessary. However, the public description of the project you provide in your application will be made available in the public domain if your application is successful, and you are not able to opt out of the project description being published.

Any organisation that wishes to publicise its project, at any stage, must contact the Project Manager for the Energy Entrepreneurs Fund at DECC before doing so.

## 8. Feedback, re-application and right of appeal

Feedback regarding the applications will be provided to all applicants, this feedback will be based on the comments of DECC engineers and the Investment Advisory Panel. No additional feedback will be provided and there will be no further discussion on the application.

If unsuccessful, applicants to the first phase may choose to re-apply to the Entrepreneurs Fund Scheme when it re-opens. The decision to reapply rests with applicants, and addressing



specific feedback from DECC and its assessors, does not guarantee success in any future assessment.

The feedback from the assessors is intended to be constructive. Comments are not a check list of points which must be answered or argued in a resubmitted application as the assessors may be different and it is your decision as to whether you act on the suggestions made.

## 9. Confidentiality and Freedom of Information

Where any request is made to DECC under the Freedom of Information Act 2000 (“FOIA”) for the release of information relating to any project or applicant which would otherwise be reasonably regarded as confidential information, then DECC will notify you of the request as soon as we become aware of it. An applicant must acknowledge that any lists or schedules provided by it outlining information it deems confidential or commercially sensitive are of indicative value only and that DECC may nevertheless be obliged to disclose information which the applicant considers confidential.

As part of the application process all applicants are asked to submit a public description of the project. This should be a public facing form of words that adequately describes the project but that does not disclose any information that may impact on Intellectual Property (IP), is confidential or commercially sensitive. The titles of successful projects, names of organisations, amounts awarded and the description of the project may be published once the award is confirmed as final.

All assessors used during the assessment of applications will be subject to a confidentiality agreement.

## 10. How to Apply

Application forms for the scheme are available to download from the website of the Department of Energy and Climate Change, at:

[http://www.decc.gov.uk/en/content/cms/funding/funding\\_ops/innovation/innov\\_fund/eefs/eefs.a\\_spx](http://www.decc.gov.uk/en/content/cms/funding/funding_ops/innovation/innov_fund/eefs/eefs.a_spx) .

Applicants must return the completed application form as a word or pdf document to [entrepreneur@decc.gsi.gov.uk](mailto:entrepreneur@decc.gsi.gov.uk) with “Entrepreneurs Fund – Lead Applicant Name” in the subject line. The completed application form and the supporting documents specified in the application form must be submitted by either of the batch assessment dates, outlined in section 3.4 above, and the date and time of submission will be taken from the time the email is received at DECC.

Please also provide one signed hard copy of the application to the following address within 10 working days of submitting your electronic application:

**Peter Ainsworth,  
Innovation Delivery Team  
Department of Energy & Climate Change  
Floor 6E, 3 Whitehall Place  
London, SW1A 2AW**

You must provide your answers within the application form, and in the specific additional documents requested. Appendices with information that support your responses in the Application Form (i.e. diagrams, data tables or graphs) should be submitted as a separate word document(s) or pdf(s) and attached to the submission email. All documents and information **must** be appropriately referenced within the application form text to be considered during assessment. Please note that at this stage information **cannot** be appended to the end of the form. A list of all attachments **must** be provided in the body of the email. Do not put any further information relating to your application in the text of the email.

The maximum size email you can send is 10MB. If your application email is larger than 10MB, break the submission down into smaller sizes and ensure the subject line of each additional email takes the following format "Entrepreneurs Fund - Lead Applicant Name – email x of y".

Electronic copies of relevant supporting documents are preferred. If electronic copies are not available please send hard copies (not originals) to Peter Ainsworth at the address above.

Please send the application form as a Word or pdf document. Appendices can be submitted in other common file formats. Any spreadsheets attached should be saved using the file format .xls rather than any more recent format.

You will receive a response by email letting you know that your email has been received.

**Note: DECC may in response to enquiries provide additional information or clarification on its website. Potential applicants are therefore strongly advised to register their interest in the scheme at via the Entrepreneurs Fund website to receive update of further guidance or information.**

## Section 2 - Completion of the Application and Finance Forms

### 1. Completion of the Application Form

This section aims to guide you through the completion of the Entrepreneurs Fund Application Form. It is important that a response is provided to every question. This guidance is intended to explain what type of information applicants should consider providing to DECC in order to assess their application effectively.

Applications will be judged based on the information provided in the application form and any supporting information provided. There will not be the opportunity to enter into discussion about your project with the assessors or DECC. These guidance notes are not intended to be exhaustive; applicants are expected to develop their own responses based on your own skills, knowledge and experience. You are encouraged to be concise and to the point whilst providing all the necessary and relevant information.

Throughout the form there are grey boxes, in order to answer the question or provide information you should simply click on the box and begin typing or select from the drop-down menu. Questions do have character limits and when the text has reached the character limit you will not be able to add any further information and the text must be edited to fit within the character limit.

Any graphs, diagrams or supporting evidence that you are providing to support your application should be attached to your submission

#### 1.1 Summary Information, Contact Details and Business Information

The initial section of the application asks you to provide details about your organisation.

Section/Field	Guidance
<b>Summary Information</b>	
<b>Project Title</b>	A brief title that can be used to summarise the project
<b>Estimated start date</b>	Select the month you would propose to start work assuming successful funding
<b>Project duration</b>	Enter the expected duration in months, taking into consideration the maximum project length of 24 months
<b>Total Project Costs</b>	This figure should match the figure calculated in the Entrepreneurs Fund Finance Form. It should be the total value of the project including all eligible costs.

Section/Field	Guidance
<b>Company contribution</b>	This is the amount of total eligible project costs that you will be paying from your own resources/private sector investment into the project.
<b>DECC Grant Applied for</b>	This is the amount you will be asking for from the DECC. You should ensure that you do not request a grant higher than the maximum allowed, taking into account all public sector funding for the project.
<b>Is this a collaborative project?</b>	If you are applying collaboratively please provide details of the partner organisations in the Entrepreneur Fund Partner Details Form. You should also submit to DECC a copy of the collaboration or joint venture agreement that you propose to work under. Sub-contracting work to a third party does not classify as a collaboration.
<b>Contact Details</b>	Name and details of the person who will be the main point of contact for the application process
<b>Organisation Name</b>	Provide the full registered name of the organisation applying for funding
<b>Business Type</b>	Please select from the drop down menu
<b>Number of employees (including directors)</b>	Number of staff in your organisation (this will help us confirm the nature of your company)
<b>Turnover (in most recent annual accounts)</b>	Please provide your most recent turnover figure from annual accounts and the date of those accounts
<b>Balance Sheet Total</b>	Please provide your most recent balance sheet total (total assets net of depreciation) and the date of the calculation.
<b>Does the business have a parent company?</b>	We need to understand if there any significant shareholders in your business. The parent company details should be provided in the Parent Company details section.
<b>How is your business currently funded?</b>	Please select all the types of funding that your company has received to date
<b>Are you applying as an 'innovative young enterprise'?</b>	If you are applying under this GBER State Aid rule. You must indicate that you comply with the financial obligation rules by providing the relevant information.

Section/Field	Guidance
<b>Public Description of the Project</b>	<p>This should be a brief, public facing description the project – no more than 2000 characters – using language that can be understood by people without specialist knowledge or expertise. It should explain why the project is innovative and describe the key aims and objectives. DECC reserves the right to amend the description before publication if necessary, but will consult you about any changes.</p> <p><b>This should not contain reference to any intellectual property as this description will be made available to the public domain if the application is successful.</b></p>

## 1.2 Section 1 - Business Proposition

This section focuses on the business opportunity that you believe exists, the potential return on investment and the products, processes or outcomes from the project and how you plan to derive value from them.

Any data or references that might help to support your answers that cannot be included in the application form should be provided to DECC as a separate attachment. These may include for example tables of data, diagrams.

Section/Field	Guidance
<b>What is the business opportunity that this proposal addresses?</b>	<p>You should outline the business opportunity that you have identified and what you need to do to address it successfully, within the desired timeframe and cost.</p> <p>You should describe the particular problem or issue that is facing your business, marketplace or customers that your innovation addresses. You should outline how the outcomes of the project will help address these problems and issues.</p> <p>If you have customers or potential customers already in place these should be identified and evidence of their support provided.</p>

Section/Field	Guidance
<p><b>What is the size and nature of the market opportunity for this innovation?</b></p>	<p>You should describe the size of the market opportunities that this project might open up, including details of:</p> <ul style="list-style-type: none"> <li>•Current nature of the specific market(s) at which the project is targeted (e.g. is it characterised by price competition amongst commoditised suppliers? Is it dominated by a single leading firm? Is it a UK market or a global one?);</li> <li>•The dynamics of this market including quantifying its current size, actual and predicted growth rates;</li> <li>•The projected market share for the project outcome, with justification in the light of any potential competitors;</li> </ul> <p>You should:</p> <ul style="list-style-type: none"> <li>•describe and clearly quantify the return on investment that the project could achieve and provide relevant evidence</li> <li>•provide evidence for your statements about the addressable market for project outcomes</li> <li>•outline your strategy for developing market share.</li> </ul> <p>For highly innovative projects where the market may be unexplored, you should explain:</p> <ul style="list-style-type: none"> <li>•what the route to market could or might be;</li> <li>•what its size might be, is national, global?; and</li> <li>•how the project will seek to explore the market potential</li> </ul> <p>what sources you have used to reassure yourself that sufficient demand exists to justify the investment</p>
<p><b>How will the outcomes of the project be exploited? What business model will your company use to generate value from the innovation?</b></p>	<p>Applicants should list the potential exploitable outcomes of the project such as:</p> <ul style="list-style-type: none"> <li>•Products or services</li> <li>•Processes</li> <li>•Applications</li> </ul> <p>You should describe how these outcomes will be exploited including where applicable protection of intellectual property rights, reconfiguration of the value system, changes to business models and business processes and other methods of exploitation and protection.</p> <p>In addition to the immediate practical exploitation of the outcomes, you should identify and quantify the likely impacts of a successful project on your business and indicate the timelines over which these impacts will be realised.</p>

### 1.3 Section 2 - Impact on Climate Targets and/or Security of Supply

This section focuses on the impact on climate targets and/or security of supply that you believe your innovation will have.

Any data or references that might help to support your answer that cannot be included in the application form should be provided to DECC as a separate attachment. These may include for example tables of data, diagrams.

Section/Field	Guidance
<p><b>How will the innovation impact on carbon targets and/or security of supply and over what timescale? Attempt to quantify the impact your innovation may have.</b></p>	<p>Applicants should highlight how their innovation will make an impact on climate change targets. For example:</p> <ul style="list-style-type: none"> <li>• is it through change in user behaviour resulting in reduced energy usage</li> <li>• does the innovation reduce the cost of installation and/or maintenance for existing equipment</li> <li>• improved performance characteristics of a component or a material leading to greater efficiency</li> </ul> <p>Applicants should attempt to quantify the potential impacts. Using data provided in previous sections around market size, share and assumptions around market penetration they should highlight the potential for carbon or energy savings. Where impacts are around cost reductions and savings the size and scale of these should be estimated.</p> <p>They should identify the timescales over which the impact will take place taking into account when the innovation would expect to reach market and its uptake within the market place.</p> <p>Applicants should consider whether any technologies that are currently being developed will supersede their innovation. These technologies should be highlighted and the potential impact on the timescales considered.</p> <p>Where possible, applicants should also provide relative data against existing technologies, products or processes to highlight the comparative savings.</p> <p>Applicants should outline their methodology and any assumptions they are making.</p> <p>Applicants may also wish to consider calculating the payback period for the innovation to demonstrate the benefits of their innovation.</p> <p>Applicants may also wish to consult the IAG guidance for valuation of energy use and greenhouse gas emissions at the link below. This provides data and information and a toolkit for calculating the impact of changes in energy usage.</p> <p><a href="http://www.decc.gov.uk/en/content/cms/about/ec_social_res/iag_guidance/iag_guidance.aspx">http://www.decc.gov.uk/en/content/cms/about/ec_social_res/iag_guidance/iag_guidance.aspx</a></p>

## 1.4 Section 3 - Project Plans

This section focuses on what work you plan to do during your project, the key milestones and timings, risks associated with the project and how you propose to manage the project. A project Gantt chart (or similar) should also be submitted as a separate file. The details provided below should match what is provided in the Gantt chart.

Any data or references that might help to support your answers that cannot be included in the application form should be provided to DECC as a separate attachment. These may include for example tables of data, diagrams.

Section/Field	Guidance
<p><b>What is the technical approach that is being taken to solve the problem? What work do you propose to do in your project? Identify other organisations or individuals that you plan to contract/work with and how the work will be managed.</b></p>	<p>You should provide an overview of the technical approach you propose to take including the main objectives including an estimate of the minimum level of technical or cost performance that the proposed project needs to demonstrate (how big a step is this?)</p> <p>As part of this you should include rival technologies and alternate R&amp;D strategies that could be used and explain why the approach you have chosen will provide better outcomes.</p> <p>You should also describe the programme of work you intend to undertake with the funding. Describing the main work packages identifying who will be carrying these out and outlining the resource and management requirements and highlighting any sub-contracted work and how you propose to manage the project.</p>
<p><b>Technology readiness level</b></p>	<p>These indicate the level of maturity of the product or process. Using the guidance in Appendix 2, applicants should choose the TRL they feel most appropriate to their proposal. The TRL chosen should be supported by the information provided in the next question.</p>
<p><b>What work has been done to date? What stage of development is the innovation at?</b></p>	<p>You should detail what has been done to date, (lab or bench demos, component tests, development prototypes, engineering or operational prototypes) and over what timescale.</p> <p>Outline any results that you have to date and any sources of technology you have used.</p>



Section/Field	Guidance
<p><b>What will be the milestones and deliverables for the project?</b></p>	<p>Identify the key milestones of the project and any interdependencies between the various work packages. Applicants should also outline the key deliverables for the project.</p> <p>Identify any go/no-go decision points in the project (eg. dependencies on achieving particular performance milestones or component solutions)</p>
<p><b>What are the key risks associated with the project? What is the risk management strategy?</b></p>	<p>DECC recognises that projects of this type are inherently risky. However, it seeks assurance that the projects it funds have adequate arrangements for managing this risk. Applicants should consider all risks technical, commercial, and environmental. Your answer should focus on the arrangements for managing and mitigating risk as follows:</p> <ul style="list-style-type: none"> <li>• Identify the key risks and uncertainties of the project and provide a detailed risk analysis for the project content and approach, including the technical, commercial, managerial and environmental risks as well as other uncertainties (e.g. ethical issues) associated with the project. The main risks should then be rated as High/Medium/Low (H/M/L);</li> <li>• State how the project would mitigate these key risks.</li> <li>• Identify key project management tools and mechanisms that will be implemented to provide confidence that sufficient control will be in place to minimise operational risk and, therefore, promote successful project deliver. This should include the arrangements for managing any significant sub-contractors.</li> </ul> <p>You may wish to answer this on a separate sheet or within an excel spreadsheet rather than in the application form. However, the answer to this question must be submitted.</p>
<p><b>What is innovative about your project?</b></p>	<p>You should clearly identify the extent to which the project is innovative both commercially and technically.</p> <p>The timeliness and novelty of the research aspects of the project should be highlighted and explained in an industrial/business context.</p> <p>You should describe the evidence you have to substantiate your belief that the intended work is innovative – this should not be based on your opinion alone. Evidence could include the results of patent searches, competitor analyses, literature surveys etc. If applicable, you also should briefly outline your own background IPR, as related to the project. You should also include any data that you may already have collected that demonstrates the performance of the innovation.</p>

## 1.5 Section 4 - Project Funding

This section focuses on the finances of the project and the justification for the funding that you require. The Entrepreneurs Fund Finance Form should also be downloaded, completed and submitted as part of the application. The numbers provided in the application form should match those within the Finance Form.

Any data or references that might help to support your answers that cannot be included in the application form should be provided to DECC as a separate attachment. These may include for example tables of data, diagrams.

Section/Field	Guidance
<b>Total company contribution</b>	This is the amount of total eligible project costs that you will be paying from your own resources/private sector investment into the project.
<b>Amount of DECC grant applied for</b>	This is the amount you will be asking for from DECC. You should ensure that you do not request a grant higher than the maximum allowed, taking into account all public sector funding for the project.
<b>Other Public sector funding applied for</b>	Please provide full details of other funding that you are currently applying for or have already applied for or received in relation to this particular project. This data is important as other public sector support is counted as part of the grant you can receive for the project and total state aids contribution. Do not include grants that have been used to reach this point in the development process and are now completed.
<b>Total project value</b>	Please add total company contribution, amount of DECC grant applied for and other public sector funding applied for to give the total value of the project
<b>Funding %age requested</b>	Input percentage calculated in the Finance Form.

Section/Field	Guidance
<b>Project Start Date and End Date</b>	<p>Please indicate when (subject to approval) you would expect to be able to start your project, and when you expect it to complete. Please be aware that there are restrictions on project length and make sure your project completes within the maximum time allowed.</p> <p>The start date should only be considered as an indication. Should you start your project before final approval any costs will be incurred at your own risk, will not be eligible for grant, and will not be included in project costs you can claim against.</p>
<b>Explain the financial commitment required for this project?</b>	<p>Please indicate the anticipated project cost, making clear the level of contribution from the business and the level of funding required from DECC.</p> <p>This should be provided within the application form as well as completing the Entrepreneurs Fund Finance Form, with supporting information and explanation provided in this section of the application form.</p> <p>You should attempt to demonstrate that:</p> <ul style="list-style-type: none"> <li>•The budget you are proposing is realistic for the scale and complexity of the project</li> <li>•If applicable financial commitment from other sources is demonstrated for the balance of the project costs</li> <li>•The budget breakdown is realistic and consistent with what is being proposed</li> <li>•The spend profile matches the work packages and project plan</li> </ul> <p>Guidance on eligible costs is provided in Appendix 1</p>
<b>What is the added value of public funding for this project? Why can't you fund this yourself?</b>	<p>To demonstrate this you will need to provide evidence that:</p> <ul style="list-style-type: none"> <li>•There will be an increase in your total Research &amp; Development spend on low carbon technologies in the UK; and either:</li> <li>•Why you are not able to wholly fund the project from within your business's own resources; or</li> <li>•How DECC's funding would allow you to undertake the project differently or more quickly and why this would be beneficial to the UK</li> </ul>

## 1.6 Section 5 - Experience and Skills

This section focuses on the experiences, skills and track record of your business and its personnel.

Section/Field	Guidance
<p>Provide details of the companies track record and management team and any other key personnel who will be involved in the project</p>	<p>You should highlight the experience of your management team and key personnel within your organisation that are involved in the project. This should focus on experience in project management, technology commercialisation, business development and raising finance (i.e. loans, equity finance).</p> <p>You should detail any track record individuals involved or your business has in undertaking and exploiting the results of research and development projects, to show your capability to develop and exploit the technology.</p> <p>If you feel the incubation support aspect of the scheme might be able to provide additional skills or knowledge necessary for the successful completion of the project you should highlight these in this section.</p>

## 2. Completion of the Entrepreneurs Fund Finance Form

You will need to complete the financial details in the Financial Summary section of the application form and also complete the Entrepreneurs Fund Finance Form. The information in both sections should be consistent.

The Entrepreneur Fund Finance Form consists of 8 worksheets:

- Summary
- Labour Costs
- Material Costs
- Capital equipment costs
- Sub-contract costs
- Travel and subsistence costs
- Other costs
- Project quarterly breakdown

Each of these sheets can be accessed by using the scroll bar at the bottom of the worksheets.

Within the spreadsheet there are boxes that are shaded grey, these boxes are auto-calculating and can only be altered by changing data in the manual entry boxes. All white boxes are manual entry boxes into which data can be input.

Guidance on eligible costs is provided in Appendix 1 of these guidance notes.

Guidance on what needs to be entered in some fields is provided within the sheet when you click on the box.

Worksheets only need to be completed if you have costs in those categories, so for example if your project has no planned capital equipment or sub-contract costs then the form will assume these entries are £0 and calculate without them.

### 2.1 Project Quarterly Breakdown Worksheet

This worksheet provides the breakdown of all costs across the duration of the project. It represents the spending profile you expect for your project. In entering this information you should ensure that the profile is consistent with the timings of the various work packages you are proposing within the project plan.

You must ensure that the total, provided after the Year 2 Total in the spreadsheet, for each category matches the total that has been calculated on the individual worksheets.

## Appendix 1 – Eligible Costs

In addition to the requirements of the EU Block Exemption Regulation, DECC will only provide the grant to cover eligible costs incurred and defrayed in the period between acceptance of the DECC grant and the deadline specified in the grant offer letter for completion of the project.

The definition of eligible costs includes the applicant's own costs, eligible costs incurred by consortium members and eligible costs incurred by companies connected to any of these. The cost of work contracted to connected companies, to consortium members or to companies connected to consortium members should be on the basis of eligible costs.

Costs must be denominated in GB pounds. Applicants should indicate where conversion has been made to GB pounds from other currencies and indicate the rate and assumptions used.

### List of Eligible Costs

Under Article 31(5) of the EU Block Exemption Regulation, eligible costs are defined as the following:

- personnel costs (researchers, technicians and other supporting staff to the extent employed on the research project);
- costs of instruments and equipment to the extent and for the period used for the research project. If such instruments and equipment are not used for their full life for the research project, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice, shall be considered as eligible;
- costs for buildings and land, to the extent and for the duration used for the research project. With regard to buildings, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice shall be considered as eligible. For land, costs of commercial transfer or actually incurred capital costs shall be eligible;
- cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, where the transaction has been carried out at arm's length and there is no element of collusion involved, as well as costs of consultancy and equivalent services used exclusively for the research activity;
- additional overheads incurred directly as a result of the research project;
- other operating expenses, including costs of materials, supplies and similar products incurred directly as a result of the research activity.

### List of Non-eligible Costs

Under no circumstances can the grant be claimed or used:

- for activities of a political or exclusively religious nature;
- in respect of costs reimbursed or to be reimbursed by funding from other public authorities or from the private sector;

- in connection with the receipt of contributions in kind (a contribution in goods or services as opposed to money);
- to cover interest payments (including service charge payments for finance leases);
- for the giving of gifts to individuals, other than promotional items with a value no more than £10 a year to any one individual;
- for entertaining (entertaining for this purpose means anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
- to pay statutory fines, criminal fines or penalties; or
- in respect of VAT that you are able to claim from HM Revenue and Customs.

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## Appendix 2 – Technology Readiness Levels (TRLs)

Technology readiness levels is an indication of the maturity stage of development of particular technology on its way to being developed for a particular application or product. Below are some broad definitions of the TRLs

<b>Research</b>	
TRL 1 – Basic Research	Scientific research begins to be translated into applied research and development.
TRL 2 – Applied Research	Basic physical principles are observed, practical applications of those characteristics can be 'invented' or identified. At this level, the application is still speculative: there is not experimental proof or detailed analysis to support the conjecture
<b>Applied research and development</b>	
TRL 3 – Critical Function or Proof of Concept Established	Active research and development is initiated. This includes analytical studies and laboratory studies to physically validate analytical predictions of separate elements of the technology. Examples include components that are not yet integrated or representative.
TRL 4 – Laboratory Testing/Validation of Component(s)/Process(es)	Basic technological components are integrated - Basic technological components are integrated to establish that the pieces will work together.
TRL 5 – Laboratory Testing of Integrated/Semi-Integrated System	The basic technological components are integrated with reasonably realistic supporting elements so it can be tested in a simulated environment.
Demonstration	
TRL 6 – Prototype System Verified	Representative model or prototype system, is tested in a relevant environment.
TRL 7 – Integrated Pilot System Demonstrated	Prototype near or at planned operational system, requiring demonstration of an actual system prototype in an operational environment.
<b>Pre-commercial deployment</b>	
TRL 8 – System Incorporated in Commercial Design	Technology is proven to work - Actual technology completed and qualified through test and demonstration.
TRL 9 – System Proven and Ready for Full Commercial Deployment	Actual application of technology is in its final form - Technology proven through successful operations.



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