Industrial Energy Efficiency Accelerator
External Guidance Note – Project application guidance

This guidance note is designed to guide the submission of an application for funding to the IEEA.
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Appendix A. State Aid

Appendix B. Finance workbook
1. **Introduction**

**Key facts**

- The BEIS Industrial Energy Efficiency Accelerator (IEEA) is a competition designed to help identify new energy efficient technologies and accelerate their deployment in UK industry.

- The key focus is on innovations with large sectoral or cross-sector energy and carbon reduction impact, either from deploying novel technologies or overcoming barriers to deploy known technologies in new sectors. Eligible technologies should have a technology readiness level (TRL) of 5-8.

- The target areas include all industrial and manufacturing sectors in the UK.

- The programme is open to private sector companies and universities; public sector bodies are not eligible.

- Funding for demonstration projects is awarded on a competitive basis, with awards of up to £1m (or more for exceptional projects) for 10-15 projects (typically 40-60% support of eligible costs).

The BEIS IEEA Phase 2 runs from 1st February – 30th April 2019. A support service is provided to applicants. It is highly recommended that you [register your technology/project proposal for initial screening](#) before completing the application form to maximise your chance of a successful application.
2. Programme overview

2.1 Eligibility

Are you eligible to apply?

Technology companies, industrial companies, UK universities, and research organisations, or joint consortia may apply for a grant for a demonstration project at a UK industrial site. It is possible for a company to apply individually; however, it is anticipated that most of the projects will be delivered through a partnership/consortium of at least two organisations.

What types of projects may be eligible?

Projects from all industrial and manufacturing sectors will be considered so long as:

- The technology is novel\(^1\)

or

- The project aims to use commercial technology in a novel way\(^1\)

and

- The result of the project will be a significant reduction in (or avoidance of) energy use and CO\(_2\)e emissions

Types of projects that will not be eligible:

- Buildings technologies
- On-grid electricity generation technologies
- On-site renewables\(^2\)
- Carbon Capture & Storage (CCS)
- Big data / analytics (except for process optimisation)
- Local authority projects (but note that local authorities can propose a UK site for technology implementation)

Other key requirements for eligibility:

- Co-financing must have been secured (which can include in-kind contributions\(^3\))

Further Information

\(^1\) To consider as being 'novel' a technology must either have not been commercialised before, or not have been commercialised in the UK.

\(^2\) The generation of energy or heat as part of an industrial process (e.g. the use of waste heat) for use on-site is within programme scope; general energy generation technologies will be assessed on a case-by-case basis.

\(^3\) Such as provision of equipment to be used in testing, or provision of currently employed staff members' time for the project. Note that when using staff members, ensure that only the time that is actually allocated to the project can be accounted for.
• All parties must accept BEIS’ Terms and Conditions via a Grant Funding Agreement and Grant Offer Letter. A copy of the template for these can be found on the IEEA website.

• The project demonstrates value for money

• A deliverable of the programme will be the public release of a case study for each project – you will need to ensure that all parties agree to providing project information (e.g. performance data and deployment success / failure)

How much funding might I be eligible for?

IEEA grants are offered within the remit of Article 25 of the GBER: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710.

Further information concerning State Aid funding is provided in Appendix A. Applicants are individually responsible for compliance with State Aid law and are therefore strongly advised to review State Aid guidance in full and seek independent legal advice if appropriate.

It is anticipated that projects will be awarded from £150,000 to £1 million, but there is scope for smaller or larger projects also.

Maximum state aid funding intensities towards eligible costs are shown below but note that these amounts are not guaranteed, and the actual amount offered will be decided on a case-by-case basis.

<table>
<thead>
<tr>
<th>EU State Aid Guidance</th>
<th>Small Enterprise</th>
<th>Medium Enterprise</th>
<th>Large Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Research</td>
<td>70%</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>Industrial Research with collaboration uplift</td>
<td>80%</td>
<td>75%</td>
<td>65%</td>
</tr>
<tr>
<td>Experimental Development</td>
<td>45%</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>Experimental Development with collaboration uplift</td>
<td>60%</td>
<td>50%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Where consortium partners are universities and not for profit research and technology organisations, activities they carry out may be funded at up to 80% of full economic costs, as long as the activities are considered to be “non-economic” activity i.e. activities which couldn’t be tendered and delivered by private sector organisations, and where the results will be disseminated widely.

2.2 Scope – Technology Readiness Level

The intention of the programme is to help developers and industrial partners to accelerate development and demonstration of potentially viable projects. To apply for a grant from the IEEA, the project should be at least at Technology Readiness Level (TRL) 5 before the contract is awarded, with a formalised plan in place to move the technology towards commercialisation via demonstration.
3. Application guidance

This section provides guidance for the IEEA application journey. The steps taken through the application journey are outlined in the figure below. Guidance for each step of the journey is provided in the sub-sections that follow:

Application Journey

<table>
<thead>
<tr>
<th>Expected timescale</th>
<th>Activity</th>
<th>Lead</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Feb – 30th April 2019</td>
<td>Submit initial project ideas</td>
<td>Applicant</td>
</tr>
<tr>
<td></td>
<td>Initial ideas screened and feedback provided</td>
<td>Carbon Trust / Jacobs</td>
</tr>
<tr>
<td></td>
<td>Guidance on completing application form if required</td>
<td>Carbon Trust / Jacobs</td>
</tr>
<tr>
<td></td>
<td>Complete and submit applications</td>
<td>Applicant</td>
</tr>
<tr>
<td>April – May 2019</td>
<td>Applications assessed - applicants invited to clarification interview if required</td>
<td>Carbon Trust/Jacobs</td>
</tr>
<tr>
<td>May 2019</td>
<td>Applications evaluated by expert panel</td>
<td>BEIS</td>
</tr>
<tr>
<td></td>
<td>Applicants informed of panel decision</td>
<td>Carbon Trust / Jacobs</td>
</tr>
</tbody>
</table>
June – July | Grant Funding Agreements and Grant Offer letters drafted and agreed | Applicant / BEIS / Carbon Trust / Jacobs
---|---|---
July – August | Project start date | Applicant
December 2020* | Target project completion | Applicant

*All project activity must be completed by 31st March 2021, and therefore it is recommended to plan for completion by December 2020, to allow for any unforeseeable delays.

### 3.1 Idea Submission

Prior to completing a full application form, all applicants should submit their project idea to the IEEA via the programme portal. Applicants are recommended to read Section 2: Programme Summary to ensure the proposed project fits the purpose of the programme.

[Submit project or technology ideas for consideration](www.carbontrust.com/ieea)

The table below provides guidance for completing the online Idea Submission form. Please note that completion of this form does not comprise an application for IEEA funding.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Information</td>
<td>Provide basic contact details for the lead project contact i.e. the person responsible for leading the application or person designated as first point of contact for the IEEA</td>
</tr>
<tr>
<td>Description of your technology and how it is innovative</td>
<td>Provide a brief summary description of the technology and how it is innovative over current practice. Provide links to any websites which describe the technology in more detail. In the context of the IEEA, innovation is regarded as any non TRL9 (i.e. not yet commercial) technology OR application of existing technology to a new UK market sector where there are barriers to deployment other than commercial.</td>
</tr>
<tr>
<td>Target market / sectors for your technology</td>
<td>Identify the target market/sectors for your technology. This can include the sector of the Industrial Partner and any additional sectors that could see implementation following a successful demonstration project. Why is the technology suited to these sectors?</td>
</tr>
<tr>
<td>Proposed demonstration project</td>
<td>Provide a brief summary of the proposed demonstration project. What do you propose to do? What are the timescales? What parties are likely to be involved?</td>
</tr>
<tr>
<td>Benefits, including potential energy savings</td>
<td>Provide an estimate of the potential energy savings of the proposed project. What other non-energy benefits will be realised by the technology?</td>
</tr>
</tbody>
</table>
What Technology Readiness Level (TRL) is the technology (1-9)?
Summarise progress in developing / testing / piloting / commercialising the technology

See section 2.3: The project should be at least at Technology Readiness Level (TRL) 5 before the contract is awarded, with a formalised plan in place to move the technology towards commercialisation via demonstration.

A brief summary of work to date to reach the current stated TRL would be helpful.

Are you in talks with a potential industrial partner willing to test your technology in their plant in the UK? I yes please provide company name.

State if you have already agreed or are in talks with an Industrial partner for demonstrating the technology at their site. If so, please provide a company name

If no, what progress has been made towards identifying a partner? Please describe barriers to gaining interest from an appropriate industrial partner.

Note: All IEEA applications will need a suitable industrial partner to host the demonstration project.

This information will allow an initial screening in order to assess potential eligibility for IEEA funding. This will help you ensure that it is worthwhile to complete a full application, and also allow us to provide further guidance on completing an application.

The programme recognises the challenges of finding suitable project partners and is providing ‘Partnership Support’ as appropriate. Information will not be shared or published without asking your permission in advance.

Partnership support – The information provided in the form above allows us, with your permission, to share information about your proposed project / technology with potential project partners through promotional activities. These could include inclusion in workshop events or webinars, or dissemination through trade associations or directly to industry stakeholders. We may be able to join calls or meetings that you set up with prospective partners in order to describe the programme to all parties.

IEEA Website - We may ask you to complete a one-page PowerPoint slide summary of your proposed technology/project to publish on the IEEA website, to promote to industrial companies who have expressed an interest in the programme.

3.2 Completing the Application Form

The following sections provide specific guidance to each of the application form sections. Applicants should read this guidance prior to completing the application form and finance workbook. If applicants need any further guidance or have questions on completing the form, they are encouraged to contact the IEEA team at ieea@carbontrust.com.

The structure of this section follows the Application Form with further explanation of requirements for each section of the form.

For information regarding State Aid rule please refer to Appendix A. Applicants are reminded they are responsible for ensuring compliance of their project and partnership with State Aid Rules.

3.2.1 Project Overview – Section 1

This section provides guidance for completing Section 1 – Project Overview of the IEEA application form.

In accordance with the Assessment Criteria, there is a 20% weighting to this section and allowance of 4 pages A4 at size 11 Calibri font.
<table>
<thead>
<tr>
<th>1.1</th>
<th>Project Aims and Objectives.</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Summary introduction to the technology and the proposed project.</td>
<td>Provide a very high-level introduction to the project. Applicants may wish to use refined information from the Idea Submission exercise to provide the project summary. The intent of this section is to give the assessment panel an initial introduction to your project application, prior to reviewing the detailed information which follows in the application.</td>
</tr>
<tr>
<td>b) Explain the main aims and objectives of your demonstration project.</td>
<td>Please outline and explain the overarching aims and objectives for your demonstration project and these will be achieved. Explain how the IEEA will help you achieve these aims and objectives, why IEEA funding is required and is an appropriate funding mechanism for the project.</td>
</tr>
</tbody>
</table>
| (ii) the attributes that make your technology/process innovative and how this demonstration project will evidence them | Please make clear the aspect(s) that makes the project innovative and provide evidence to support this claim (please note there is scope for a full technology overview in the following sections):  
- What technology readiness level (TRL) is your technology at and what are the innovative aspects.  
- What development / innovation is required to bring the technology to TRL9?  
- What barriers to current adoption exist which this demonstrator is going to overcome and demonstrate to others to aid uptake?  
- Is it the application of existing technology/processes to a new market?  
Please make clear how the project will demonstrate these innovative aspects. If there are similar or overlapping technologies in the market, please clarify the differentiators and if these constitute as innovations. |
| (c) any criteria you will use to assess project success | Please outline project performance criteria that will clearly demonstrate project success that will be verifiable following project completion. An energy performance related success criterion must be included in the application. Otherwise applicants are free to determine their own project specific success criteria that they feel is appropriate to their project. Applicants should use Table 1: Project Success Criteria (within the application form) to help summarise. |

<table>
<thead>
<tr>
<th>1.2</th>
<th>Technical Overview.</th>
</tr>
</thead>
</table>
| a) What are the basic underlying principles of your new technology/process? | Please describe the basic underlying principles of the novel process/technology i.e.  
- What is the scientific theory underpinning the technology? Is this well-established/assumed knowledge of engineers or a novel concept.  
- If novel, please provide further reading or supplementary information |
Please describe the operating principle of the technology i.e.

- How does the technology work in practice – This is to understand transferability to other sites/sectors.
- How will the technology work in the context of the process/industry chosen for demonstration – This is to understand project specific integration requirements.

Please consider that reviewers of the application may not be directly familiar with the new process/technology therefore clear explanation is required.

**b)** How it will reduce energy consumption in target industry sector(s)?

Please describe how deployment of the technology will reduce energy consumption on site and throughout the target industry sector.

Please describe how the project will demonstrate these energy savings.

**c)** What is this innovative aspect to this technology and how does it improve upon existing solutions?

Please make clear how the demonstrator improves upon any existing technology/process from a technical perspective.

How does this compared to this compare to typical and best practice for the target industry?

If there are similar or competing technologies/processes fulfilling the similar requirements what additional advantages does this technology possess and why would industry adopt this technology?

What metrics have been proposed that demonstrate these improvements/additional advantages?

**d)** What technical barriers will the demonstration project need to overcome to be successful?

Are there any technical assumptions material to the success of this project? If so, please provide reference or justification for the use of said assumptions.

Applicants may wish to provide a table of references and/or assumptions. These can be included and clearly labelled in Error! Reference source not found.

**e)** What testing has been undertaken to prove that the technology/process works?

Please provide evidence of lab/prototype validation (e.g. laboratory or field trial results, details of performance modelling, external validation of the technology and/or test results).

Applicants are encouraged to provide any supplementary evidence or data that either aids understanding of the technology.

If the technology is commercially viable (TRL9) in other sectors, applicants must provide evidence that there are barriers to adoption in this sector other than purely commercial and how this demonstrator will show they are overcome, noting any adaptions required.

This supplementary data can either be added to the appendix or submitted alongside the application and will not count against the page limit.

<table>
<thead>
<tr>
<th>1.3</th>
<th><strong>Project Description</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Please provide a project description covering the following elements:</td>
</tr>
</tbody>
</table>

Please give a summary of the proposed project covering the following topics, noting that applicants are encouraged to give greater detail in later sections of the application:

- Brief description of the what will be delivered and demonstrated during the project
b) Where will the project be undertaken? Briefly describe the company, site and current operations.

State the location and address of the site. Provide an overview description of its operations and production.

Describe the host company (Industrial Partner), noting if they operate in additional market sectors where the technology could be applied.

c) Describe how the technology will be integrated into the current process/site, including simple process diagram(s) where appropriate.

Please explain how you plan to integrate the technology into the existing process/site.

Will the technology constitute a new production line? Will it be a retrofit of an existing line?

How difficult and disruptive will integration of the technology be to the Industrial Partner? Will a shut-down be required and if so, for how long?

1.4 Technology Readiness Level (TRL)

Please outline the TRL of your technology/process as it stands and as it aims to achieve. An overview of TRLs in relation to the IEEA programme can be found in the applicant guide Section 2.2. If available, please provide supplementary evidence/data of the technology TRL as an attachment to this application.

a) Describe the current TRL of your technology/process (examples of TRL are 1 = concept, 5 = proven at laboratory scale, 9 = commercial).

The project should be at least at Technology Readiness Level (TRL) 5 before the contract is awarded.

A summary of work to date to support the current stated TRL is helpful.

b) Describe the TRL that the demonstration project is intended to achieve.

The purpose of the programme is to accelerate technologies towards commercialisation via demonstration projects, therefore it is anticipated that projects will achieve TRL 8/9 through the programme.

3.2.2 Potential Impact

The IEEA programme is to support development of demonstrator projects that allow for replication and provide a sector (or multiple) sector impact. As noted previously, the programme aims to support later TRL technologies, with a focus on how these technologies can be ‘accelerated’ to wider adoption through the funding of a demonstrator project. Therefore, the purpose of this section is for applicants to demonstrate the likely replication, sector reach and ultimately potential future impact of a successful demonstrator project.

2.1 Please state how much energy* your technology / process change will save, including the following:

a) Provide calculations to show the typical

Please detail the energy savings expected to be achieved by implementation of the technology. Please explain how these savings are derived and provide
savings over typical and current best practice of using your technology. This may be a percentage per tonne of product produced, or per typical site per year.

Applicants should differentiate between electrical and thermal energy, and note any fuels consumed.

<table>
<thead>
<tr>
<th>b)</th>
<th>Estimate the savings that will be achieved at the demonstration site for the process it is being applied to, and for the entire site. Baseline and energy savings values for thermal and electrical energy consumption should be stated, including percentage changes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The table within the application form should be used to summarise the savings that will be achieved by the demonstration project.</td>
<td></td>
</tr>
<tr>
<td><strong>Demonstrator Process</strong> – This information should be well defined as it pertains to the process the demonstrator project will be deployed within. State the current energy use of the relevant process(es) on site, and the expected savings that will be achieved.</td>
<td></td>
</tr>
<tr>
<td><strong>Demonstrator Site</strong> – This information provides a high-level summary of the energy efficiency savings associated with the demonstrator project in comparison to the total site consumption. This is helpful in assessing potential impact across multiple sites.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c)</th>
<th>If possible, estimate the potential savings for the sector over the next 5 years, assuming a realistic penetration rate (stating this) for the technology.</th>
</tr>
</thead>
<tbody>
<tr>
<td>If information is known, it is helpful to understand the applicant’s view of potential wider impact across the sector(s) the technology could be deployed to.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>d)</th>
<th>Please provide an outline of how you plan to implement measurement and verification (M&amp;V). What are the key parameters that you intend to monitor, and how?</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is important to be able to provide information regarding the performance of the demonstrator projects. Taking account of the project success criteria (specifically energy efficiency), outline the measurements and data analysis which will be included in the project to determine both baseline and demonstrator project performance. It will be helpful to include any key metering required.</td>
<td></td>
</tr>
<tr>
<td>Note: A full (measurement and verification) M&amp;V plan will be required as part of project initiation for successful applicants. Consideration of developing and implementing the M&amp;V plan should be given when developing the project costing. Guidance on the full M&amp;V plan is included in Section 4 and provides a helpful overview for later requirements.</td>
<td></td>
</tr>
</tbody>
</table>

### 2.2 Description and approximate size of target market(s).

<table>
<thead>
<tr>
<th>(a)</th>
<th>Which industrial processes and sector(s) this technology may be applied to?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A summary of the processes and sector(s) where deployment of the technology is likely. This is to assist in assessing the total potential impact of a demonstrator project.</td>
<td></td>
</tr>
<tr>
<td>It may be that there are immediate sectors for deployment with further development required to achieve access to others, so this should be noted.</td>
<td></td>
</tr>
</tbody>
</table>

| (b) | What are the barriers to deploying the technology and that the demonstrator project addresses these. |
technology/process in the target sector(s)? There may be a longer-term deployment potential (particularly to multiple sectors) with different barriers to deployment. This section is targeted at understanding both the short and long-term market size therefore stating these is helpful. The barriers could include technical, commercial, operational or supply chain issues.

(c) What proportion (%) of your target sector(s) that might realistically implement the technology/process change over the next 10 years (stating any market size estimates)? Noting that whilst a technology might be applicable within a target sector it is important to consider what the realistic implementation potential is.

In responding to this section please consider the following:
- What is the overall size of the market in the UK (if known)
- What proportion of sites is the technology applicable to?
- Provide a realistic estimate of the number of these sites that may take up the technology
- Will implementation at these sites be retrofit or replacement of existing assets?

### 3.2.3 Commercialisation

As part of accelerating nearly commercial technology to industries, the IEEA needs to understand the work required for a technology to become ‘commercial’ post IEEA demonstration and to ensure that funding results in market deployed technologies. Therefore, the purpose of this section is for applicants to demonstrate how commercialisation of the technology will be achieved and the intended business model for doing so.

#### 3.1 Overview of business model

Please give an overview of the intended business model for commercialising your technology and/or process.

a) What is your overall business model? Will you manufacture and sell the product or use licensing/partnership models?

b) Planned route to market / go-to-market strategies (how will you acquire customers / sell product) Following the IEEA demonstrator, how will commercialisation of the technology be achieved? Applicants should consider the following points (as appropriate):
- Who will manufacture the product?
- Has a supply chain been established and is their sufficient capacity to meet expected demand?
- Are there future changes anticipated to the design or manufacture to commercialise the technology?
- Who will sell the product?
- Is there a relationship with the target sectors, if not how will a relationship be built?

c) What is the expected return on investment / payback period for this demonstration project? In the context of the demonstrator project, please state and support with evidence the expected return on investment and years until payback on a simple payback basis. If applicants anticipate cost reductions during commercialisation of the project, please state how these will be achieved and please state the resulting anticipated/targeted payback. The financial saving of the project/commercialised technology should include energy cost savings and any other financial savings that the technology enables.

\[
\text{Simple Payback (years)} = \frac{\text{Cost (£)}}{\text{Financial saving (£/year)}}
\]
Finally, please state the anticipated asset life of the technology.

<table>
<thead>
<tr>
<th>d)</th>
<th>What is the expected cost of the technology once commercialised? What is the expected return on investment / payback period per project once the technology is commercialised?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reference here should be made to how the ‘cost to deploy’ is reduced to a commercially viable level (if required) by moving to scale, and an indication of this likely ‘project cost’ given a cost reduction once commercialisation is reached. Does this bring down the payback period?</td>
</tr>
</tbody>
</table>

(iii) growth strategy and plans (ability to scale up technology once demonstrated).

- Recognising the need to scale up post commercialisation what plans are in place? This could include organisational, funding, production or marketing activities.
- Are any partnerships for production envisaged?

### 3.2 Intellectual Property

What Intellectual Property (IP) do you have (if any)?

<table>
<thead>
<tr>
<th>a)</th>
<th>Are there patents in place (or pending) for the technology and/or process? Who owns these?</th>
</tr>
</thead>
<tbody>
<tr>
<td>b)</td>
<td>Identify any intellectual property that is likely to be generated by the demonstrator project.</td>
</tr>
<tr>
<td>c)</td>
<td>Who will have ownership any IP generated and how it will be protected?</td>
</tr>
</tbody>
</table>
|    | As a publicly funded demonstrator project it is important to ensure that there are no barriers to adoption into the market place, therefore consideration must be given to who holds the rights to Intellectual Property concerning the technology. As such the IEEA is interested in understanding the following:
|    | • Who owns the IP rights to the technology and its development? |
|    | • Is there any competitor IP which may restrict rights to develop and commercialise the technology (or are any licensing agreements in place)? |
|    | • Who will own the rights to the commercialised technology after the demonstrator project? |
|    | • Are there any restrictions on the IP rights e.g. can only use technology in certain geographies, or certain sectors or in certain applications? |
|    | • If IP rights are shared, please describe the structure of this. If the industrial partner will own some of the rights following the project, then will they allow roll out to other companies in the sector? |
|    | • At the end of the project will the IP be sufficiently protected to allow the partners to commercialise the technology. |

Please note, it is not necessarily a requirement that technology developers have patents in place before or after the project. However, it is the applicant’s responsibility to ensure that they do not infringe on the IP rights of others.

### 3.3 Investor Funding

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<table>
<thead>
<tr>
<th></th>
<th>Please describe any investor interest in your technology including any sources of funding already secured and the value of funding secured. Please note we cannot fund projects which are already publicly funded.</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Describe the funding that has been used to date.</td>
<td>It is important to know that demonstrator projects have a good chance of commercialisation and understanding continued funding sources (beyond the grant funding stage) is important. Please indicate secured funding or plans for raising additional funds.</td>
</tr>
<tr>
<td>b) State any funding that has been secured for future activities, including the proposed project</td>
<td></td>
</tr>
</tbody>
</table>

### 3.4 Incubation Support

Please indicate any incubation support you are likely to require. The IEEA can provide Technology Developers with incubation support to assist with the commercialisation and market uptake of your technology.

<table>
<thead>
<tr>
<th>a) What value might incubation support bring to the commercialisation prospects for the technology?</th>
</tr>
</thead>
<tbody>
<tr>
<td>b) Which of type(s) of support are likely to be most helpful – explain briefly why.</td>
</tr>
</tbody>
</table>

The IEEA would like to understand if you require incubation support and how this might be effectively provided. Example types of support are listed below. If there are other types of support required please let this be known:

- Market research and analysis
- Strategy and business planning
- Business development and sales
- Designing, building and developing the team
- Developing the board
- Technology and intellectual property
- Product design and development
- Supply chain and operations
- Funding and administration

### 3.2.4 Project Design and Deliverability

For market interest to be stimulated in the ‘accelerated’ technologies, demonstration projects of sufficient quality must be delivered. To ensure this the IEEA programme must be assured that projects are well designed, are practically deliverable, and capable of meeting the stated success criteria in the timescales available. Therefore, the purpose of these sections is for applicants to demonstrate they have developed a logical, well-considered project that aligns with the aims and objectives of the IEEA project.

<table>
<thead>
<tr>
<th>4.1 Work Packages</th>
</tr>
</thead>
</table>

Please outline the suggested work packages for this project. Each work package must have an aim, a list of tasks indicating which partner is responsible for each task and specific, a deliverable. These work packages should then be presented against on a Gantt chart (See Sec 4.2).

Please outline work-packages for the delivery of this demonstrator project. These work-packages should be logical and tied to key deliverables.

Each work-package must have an aim, a list of tasks to be completed, and include a named member responsible for delivery. Each work-package must include specific, measurable, achievable, realistic and timely (SMART) deliverables.

A simplified example is provided below (applicants are expected to provide greater detail):
<table>
<thead>
<tr>
<th>Work Package</th>
<th>Sub Task</th>
<th>Tasks</th>
<th>Deliverables</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>WP1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** These work package headings should be utilised in the finance workbook for consistency.

4.2 **Project Gantt chart.** A project Gantt chart must be provided and can be attached to the application (clearly labelled).

Please indicate the following on the Gantt Chart:

- Work-packages and sub tasks as a minimum (as outlined in Sec 4.1a) including key dates and length of duration
- Payment Milestones and their dates
In planning programme timescales, applicants should allow 6 weeks for the assessment process and signed the grant agreement to be completed, therefore the **project should not commence prior to 15th June 2019.**

**Reminder:** Any work carried out before returning a signed Grant Funding Agreement (GFA) cannot be claimed for.

### 4.3 Overview of Project Team

Provide an overview of the Project Team. Please include CVs as appropriate in the appendix and attach Letters of Support from your project partners.

<table>
<thead>
<tr>
<th>a) Provide an organogram outlining the combined project team structure (key roles only)</th>
<th>The organogram should cover all partners within the consortium. The intention is to indicate key roles and the structure for the combined project team. This need only cover key roles, but should include name, role and organisation for clarity.</th>
</tr>
</thead>
<tbody>
<tr>
<td>b) Provide a brief summary of the consortium / partner organisations</td>
<td>It is helpful to have a short description for each partner organisation. Details of experience for these in included in Section 4.3. Please also included details of any significant 3rd parties e.g. contractors, laboratories which are required for the demonstrator project.</td>
</tr>
<tr>
<td>c) Provide brief summaries for each of the key personnel. Describe their current role, relevant experience, and role in the project</td>
<td>For each key member describe their experience, skills and qualifications and explain how they will help ensure the project success criteria are met. CVs are required for the key members identified.</td>
</tr>
</tbody>
</table>

### 4.4 Experience of Consortium

Existing consortium experience with technology demonstration and innovation projects. Please outline any consortium member's relevant experience delivering projects that have developed a new and novel technology offering.

In considering the project team structure outline above, provide details of relevant experience. Examples of projects delivered by project partners (either technology developer and/or industrial partner) would be beneficial for demonstrating relevant experience.

### 4.4 Risk Assessment.

All demonstration projects involve a level of risk. We want to know that you have identified these risks and have, as far as possible, put in place procedures to ensure they are managed effectively. Please identify the likely risks to project success in terms of: timescale, budget; and outcomes. Explain how you plan to manage these risks. The following table may provide a useful starting point.
Please complete or attach a risk register (or similar), that has been created in collaboration with the project consortium members, which identifies and mitigates any reasonable risk to project success. The risk register should consider the items in the table below, stronger applications will provide more extensive risk registers.

It is important that the Industrial Partner has assessed the project, specifically with respect to deployment into the ‘demonstrator’ setting.

Applicants are expected to actively manage the risk register throughout the project duration and are expected to update and submit the risk register as part of the monthly reporting cycle.

In addition to risks, applicants may wish to include potential opportunities on this register.

3.2.5 Finance Form

<table>
<thead>
<tr>
<th>5. Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project costs and financial details should be completed in the finance form (Excel workbook)</strong></td>
</tr>
<tr>
<td>☐ Confirm finance form completed and attached</td>
</tr>
</tbody>
</table>

Overview

Applicants are required to complete the Finance Form (Excel workbook) in order to demonstrate that an appropriate and accurate cost build up has been developed and to provide transparency that an appropriate level of funding is being requested. As such, separate costing for each project party must be provided (within the same workbook) i.e. the Technology Developer, Industrial Partner, and additional key partner as appropriate e.g. consortium members. If there are more than three members in your consortium, please contact the IEEA for an amended templated.

The Finance Workbook has been developed to standardise collection of information in a format to use during the programme, if any minor changes are required e.g. text space, additional rows for data entry lines, etc; applicants are encouraged to contact the IEEA.

Completing the Form

The table below provides a high-level overview of the project finance form and the requirements of each section. Further to this Appendix B contains some FAQ’s (with worked examples) for the finance form and is referenced as appropriate in the guidance below.

<table>
<thead>
<tr>
<th>Section</th>
<th>Overview and Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Summary</strong></td>
<td>The main purpose of this sheet is to summarise the details entered in later sheets. The inputs required for this sheet may be revisited and completed after completing sheets 3 – 8. The main requirement for this sheet is for applicants to enter:</td>
</tr>
<tr>
<td></td>
<td>• Project Title – As per Application Form</td>
</tr>
<tr>
<td></td>
<td>• Lead Contact – Name and Details</td>
</tr>
</tbody>
</table>
- Names/Titles of organisation - According to their involvement in the project

- Proposed BEIS Grant Funding (as %, £ value is calculated) – This is the amount of funding that you are requesting from the IEEA (BEIS) as a percentage of the total eligible costs. Separate values for each partner organisation must be entered.

**Note:** This should be reviewed in line with the state aid guidance – See section 2.1 and Appendix A for eligible funding intensities.

- Source and Nature of Organisation’s Contribution – For each organisation please state how they are funding their remaining cost burden and the sources of this funding e.g. ‘cash raised from investors’, ‘bank-loans’, etc

*Please note:* Additional Partner details are only to be completed if required. Otherwise all ‘Additional Partner’ sections can be left blank throughout the workbook

<table>
<thead>
<tr>
<th>2. Work Package Costing</th>
</tr>
</thead>
<tbody>
<tr>
<td>The purpose of this sheet is to outline costs and funding for each Work Package. Applicants will have defined and explained the constituents of their work packages in the Application Form. Applicants should complete sections 3-8 of the workbook before completing this section. The main inputs required from applicants for this section are:</td>
</tr>
</tbody>
</table>

**Work Package Costs and Funding**

- Title or brief description of Work Package - As per Application Form

Total and Subtotal cost values will be automatically calculated from data entered in section 3-8.

<table>
<thead>
<tr>
<th>3. Labour &amp; Overhead Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>This sheet is to detail the expected labour and associated overhead costs for project team personnel required to complete the project. Sub-contractors and 3rd party suppliers should be noted in section 6 (subcontractor costs), and not be included here. Applicants should input data to the following fields for 1) Technology Developer 2) Industrial Partner 3) Additional Partner (if required);</td>
</tr>
</tbody>
</table>

**Working Year**

- Number of Bank Holidays in the year – Enter the number of bank holiday days in the working year that would apply to the site location country.

- Average Holiday Entitlement per annum – Enter the average holiday entitlement in days for employees of each organisation.

**Labour Costs**

- Work Package – Select the appropriate “Work Package” from the drop-down list.

- Position, grade or role within the project – State the position, grade or role of the personnel to be costed for under this line. Examples could include; project manager, senior engineer, demonstration plant operative. Names may be added for clarity if that is helpful. E.g. Director – J. Smith
### Rate (£/day)
- Enter the average rate per day in £GBP for the personnel at this position/grade. This rate must be the direct cost of employment i.e. salary, pensions, National Insurance, etc. See Appendix A for further info.

### Total days spent by staff at this grade
- Enter the total days all personnel spend at this grade/position for the identified Work Package e.g. if 2 x junior engineers are required for 100 days each for WP1 then 200 (=2 x 100) days would be input to this field.

### Total project labour costs (£)
- This field is automatically calculated and should not be manually overridden by applicants.

### Overhead rate as % of salary
- Enter the relevant calculated overhead rate. Further detail on calculating overhead is available in Appendix B.

### Overhead Calculations
- Applicants should use this space to provide supporting data and calculations which explain how the overhead rate is derived.
- Universities and RTOs should provide a calculation to show how their overheads have been determined or alternatively a statement from the university declaring the agreed overhead rate used for Government grant funded work (as used, for example, for Innovate UK funding applications made using the Je-S system).

**Important Note:** Organisations will need to retain evidence for all expenditure e.g. timesheets, purchase orders and invoices, etc.

### 4. Materials & Consumables Costs
- This sheet should detail the expected cost of materials and consumables to be consumed during the project. Items under £1,000 value need not be reported individually - instead they should be appropriately grouped and reported accordingly.

Applicants should input data into the following fields:
- **Work Package** – Select the appropriate “Work Package” from the drop-down list.
- **Item** – State and provide a brief description of the material or consumable to be costed for under this line. Example items could include but are not limited to: replacement parts, cleaning chemicals, equipment oils/lubricants, non-specialist IT equipment, etc.
- **Quantity** – The total number of these items required under this line. If the same item is utilised across multiple work packs, it is recommended that the full cost is attributed to one work package only. Data should be input as a numerical value.
- **Cost per unit** – The cost in £GBP of one unit of the noted item.

### 5. Capital Equipment Costs
- This sheet is to detail the expected cost of capital items/equipment. Packaged plant/turn-key solutions can be reported as one line. Any items under £1000 value should not be reported individually - instead they should be appropriately grouped and reported accordingly.

Applicants should input data into the following fields:
- Work Package – Select the appropriate “Work Package” from the drop-down list.

- Capital equipment description and use within the project – State the capital item to be acquired and its purpose within the project. For example; concrete plinths, large pumps and motors, steel structures.

- New purchase or existing item – Select if this item is a new purchase or an existing item.

- Depreciation Period (Months) – Enter the period over which this item will be or is currently depreciated. The data input must be a numerical value.

- NPV or item at project start or purchase price – For new equipment, please enter the price of the item excluding VAT in £GBP. For existing equipment, please estimate the NPV of the item at the start of the project in £GBP.

- Residual value at project end – Estimate the NPV of the item at the end of the project in £GBP. Further info can be found in Appendix A.

- Utilisation – Estimate the proportion of time this item is used in the project. For example, if the item is used for 100hrs by the project and 100hrs for other activities, the utilisation is 50% (=100/ (100+100)).

6. Sub-Contractor Costs

This sheet is to detail expected cost of sub-contractors or 3rd party service providers. This is to capture costs of project work (services, labour, not manufacture of commodities) delivered by companies which are not a part of the formal project consortium. Please provide justification for using the sub-contractors listed.

Applicants should input data into the following fields:

- Work Package – Select the appropriate “Work Package” from the drop-down list.

- Company to whom sub-contract will be made – Name the organisation that is intended to be used as a sub-contractor to the project.

- Role in the project and/or description of work to be carried out – Briefly describe the role of the sub-contractor and the work/services they will be completing as part of the contract.

- Cost (£) – Provide an estimate of the total cost in £GBP of the sub-contract.

7. Travel and Subsistence Costs

This sheet is to detail expected costs for travel and subsistence incurred through project activities. Sub-contractor travel costs should be included in Section 6 and should not be reported here.

Applicants should input data into the following fields:

- Work Package – Select the appropriate “Work Package” from the drop-down list.

- Description of subsistence cost or purpose of journey – Provide a brief description of the nature and need for the travel or subsistence expenditure.
• Frequency – Estimate the number of times this expenditure will be repeated during the project
• Cost per journey – Estimate the costs incurred each time this journey is made.

8. Other Costs
This sheet is to accommodate any remaining costs which applicants do not consider appropriate to place under the main cost sections.

Applicants must state the Work Package(s) these costs are associated with, a description and justification of the costs, and the cost value in £GBP.

3.3 Submitting the Application Form

Before submitting the application form we suggest the following checks are made

☐ Ensure work package and payment milestone details have been completed in the finance form
☐ Check state aid rules for applicable funding intensity
☐ Confirm project Gannt chart appended
☐ Confirm project risk register appended
☐ Ensure CV's for key personnel are appended

Completed forms should be e-mailed to ieea@carbontrust.com before 23:59 on 30th April 2019.
4. Monitoring and verification

Introduction

The purpose of a Measurement and Verification (M&V) Plan is to clearly define the measurement and verification that will be undertaken to confirm the success or otherwise of a proposed project both before (baseline) and during the demonstration period. This section provides guidance for developing an M&V plan and completing the template.

Timing

Consideration and allowances for costs of M&V should be made in the initial application. Please note, no further IEEA funding can be provided to cover unaccounted M&V costs, if not requested in the Application Form. Applicants may wish to subcontract professional M&V consultants to develop and/or implement the M&V plan, but this is not a requirement of the programme.

Further definition of the M&V plan will be made with support from the IEEA at project kick-off following notification of project success in the competitive process.

It is recommended that the M&V plan includes the following sections. Guidance is provided for the content for each section:

A) Measurement Overview

This section provides a short summary of the measurement scope and responsibilities.

As part of this section, applicants are required to outline the measurement boundary of their project, which defines the inputs and outputs of the project technology/process that are deemed relevant to measure and review key performance indicators which were included in the application form.

It is suggested that applicants outline this through a simple high-level diagram showing the key measurement points for the measurement boundary, with narrative to provide context and clarity.

Outline key responsibilities for measurement – particularly if there are requirements for measurement between various parties in the consortium agreement.

In addition, applicants should submit a Process and Instrumentation Diagram (P&ID) or similarly detailed diagram which has both existing and future metering points clearly marked-up. This diagram should be attached to the Appendix and clearly labelled as Measurement Boundary P&ID.

B) Define Demonstrator Project Performance

Applicants are required to confirm the Key Performance Indicators (KPI) including Specific Energy Consumptions (SECs) and other simple measure that will confirm success of the project. These should have been specified in the programme application form.

There may be a number of elements and measures that need to be monitored to obtain an overall evaluation. Please detail all parameters required to demonstrate successful operation.

In responding to this section, applicants should consider the following:

- Duration and frequency of data to be collated to establish demonstrator project performance i.e. How much data needs to be collected, at what frequency and for how long in order to provide confidence that the demonstration phase data is accurate and representative of typical performance.
- Basis for adjustment – Other factors (such as production levels or significant throughput changes) which could affect energy consumption and need to be considered in order to adjust and provide comparable baseline performance. Adjustments for production factors can be expressed as Specific Energy Consumption (SEC) e.g. kWh/unit product (tonnes, m³, litres, etc)
- Unit cost of rates applied to energy savings – these should be consistent across both the baseline and demonstrator performance reporting period. Applicants may wish to use BEIS published energy prices if they are uncomfortable with sharing Industrial Partner energy prices.
**Note:** Carbon savings can be evaluated as part of project close, on the basis that energy performance data will have been collected and appropriate carbon emission factors applied based on energy types and fuels used.

**C) Define the Baseline Performance**

For this section, applicants are required to describe how baseline performance will be determined. This is to give a frame of reference prior to commencement of the demonstration phase of a project.

In responding to this section, applicants should consider the following:

- The metering and monitoring requirements as outlined in previous sections for the demonstrator performance and therefore what is important to measure as the initial baseline to compare against.
- Duration and frequency of data to be collated to establish baseline performance i.e. How much data needs to be collected and for how long in order to provide confidence that baseline data is accurate and representative of typical baseline performance.
- Basis for baseline adjustment – This should be aligned to the demonstrator project performance basis for adjustment for consistency.

**D) Metering / Data Requirements**

For this section, applicants must identify physical metering (electrical, thermal, process flow, pressure, etc) and any additional data monitoring that will be required to monitor and / or verify performance of the project. This will include all meters required to determine both baseline and demonstrator performance for the project.

Applicants should use the table provided below to list out the metering requirements, noting for each meter point if it is existing or requires installation as part of the project. Additional monitoring could include but is not limited to parameters such as production volumes or run hours etc.

Applicants are not required to meter every parameter of the technology/process; only those pertinent to simple demonstration of project performance. Applicants may wish for additional instrumentation for their own evaluation, development or safety assurance purposes, however, these do not need to be included in the M&V plan unless linked to project success criteria.

For example;

- An oil temperature probe to avoid over temperature in a mechanical element does not need to be noted in the M&V plan
- An oil temperature probe to determine heat transfer in/out of a process heating oil system would likely need to be noted in the M&V plan

Example of data to be entered in table

<table>
<thead>
<tr>
<th>Meter / Data ID</th>
<th>Meter / Data Name</th>
<th>Meter location</th>
<th>Unit of measure</th>
<th>Existing / New</th>
<th>Frequency of collection</th>
<th>Method of collection</th>
<th>Baseline</th>
<th>Demonstrator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meter 1 Process_Utility_1.1</td>
<td>Demonstrator Power consumption</td>
<td>Demonstrator MCC metering panel</td>
<td>kW, kWh</td>
<td>New</td>
<td>Once daily at consistent time (9am)</td>
<td>Operator reads meter and logs on spreadsheet</td>
<td>Yes/No</td>
<td>Yes/No</td>
</tr>
</tbody>
</table>

**E) Publication of demonstration data**

A key element of the IEEA is promotion of successfully demonstrated projects to industry to support further adoption. One vehicle for this is publication and sharing of project case studies including relevant data.
However, the need for applicants to protect commercially sensitive data is recognised. Therefore, the key data to be released shall be agreed and discussed prior to commencement of the demonstration.

For this section applicants are required to consider and identify the key data KPIs, SECs or other information that are to be made available to the public domain. It is not intended that all data is released, simply that which demonstrates project success and energy savings achieved in a straightforward manner.

It is important that applicants discuss and agree the data to be publicised with all project stakeholders including the IEEA project manager, technology developer, and industrial partner. Applicants may need to revisit the M&V plan sections as part of this review.

**F) Final checks**

The following final checks should be made before submitting the M&V plan to ensure all sections have been considered and completed:

- ☐ Confirm that all meter and data requirements are accounted for and are consistent across the M&V plan.

- ☐ Confirm metering and data capture requirements are scheduled in the project programme.

- ☐ Confirm consortium partners are in agreement with the data to be published – if not revisit the M&V plan and adjust accordingly.
Appendix A. State Aid

EU state aid rules are designed to prevent unfair subsidies. The General Block Exemption Regulation (GBER) define a range of types of state aid that are approved by the European Commission. IEEA grants are offered within the remit of Article 25 of the GBER: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710

The UK’s rights and obligations of EU membership, including compliance with State aid rules, continue to apply until the UK’s exit from the EU has been completed, and therefore for this competition.

This document provides information on state aid but should not be seen as a substitute for taking legal advice, which remains the responsibility of the applicant.

What costs are eligible to claim under state aid rules?

The eligible costs of research and development projects are defined in Article 25 of the General Block Exemption Regulation (GBER).

Eligible costs comprise:

- personnel costs
- costs of instruments and equipment to the extent and for the period used for the project (i.e. the depreciation costs corresponding to the life of the project)
- costs of buildings and land, to the extent and for the period used for the project
- costs of contractual research, knowledge and patents
- costs of consultancy, and
- additional overheads and other operating expenses including costs of materials and supplies.

For full details of eligible costs see Article 25 – paragraph 3 of the GBER:

What level of funding is my organisation entitled to under state aid rules?

Private sector organisations are eligible for different funding intensities dependent on the type of research and the sizes of organisations involved.

The funding intensity allowed under article 25 of the GBER depends upon the size of organisation, and the type of activity undertaken. The maximum allowable funding intensities are shown in Table 1:

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>Small Enterprise</th>
<th>Medium Enterprise</th>
<th>Large Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Research</td>
<td>70%</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>Industrial Research with collaboration uplift</td>
<td>80%</td>
<td>75%</td>
<td>65%</td>
</tr>
<tr>
<td>Experimental Development</td>
<td>45%</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>Experimental Development with collaboration uplift</td>
<td>60%</td>
<td>50%</td>
<td>40%</td>
</tr>
</tbody>
</table>

The definitions of industrial research, experimental development and collaboration can be found in the GBER document (Article 25, paragraphs 5-7). The definition of conditions that must be fulfilled for collaboration uplift can also be found in Article 25, paragraph (6)(b).
It is possible for a project to include a mixture of both industrial research and experimental development, with the funding intensity calculated on a pro rata basis. However, as the IEEA is focused on collaborative demonstration of technology leading to commercialisation, it is expected that the majority of the activity will be experimental development.

State Aid compliance is a legal requirement and the risk of non-compliance rests with the grant recipient. In the event of non-compliance there may be a requirement to repay any funding received. The applicants may wish to seek independent advice on compliance with state aid rules.

Universities and research organisations may be funded up to 80% of eligible costs.

Where consortium partners are universities or not-for-profit research and technology organisations (RTOs), their activities may be funded at up to 80% of full economic costs, as long as the activities are considered to be “non-economic” activity. These include activities which couldn’t be tendered and delivered by private sector organisations, and where the results will be disseminated widely (e.g. by way of teaching, publication or knowledge transfer).


Where universities and RTOs are undertaking tasks which are not considered to be non-economic activity, then the normal EU state aid funding intensities shown above apply, based on the size of organisation and type of research.

Can match funding from my organisation include an “in kind” contribution?

Match funding needs to be demonstrated by a transfer of money. Staff time is acceptable as the staff are paid for their time and therefore money has changed hands in respect of the staff time. In-kind match, i.e. where a good or service is gifted to the project, is difficult to assign a value to, and this type of match should be avoided.

In a consortium arrangement, how should costs be appropriately allocated between partners?

Cost allocations must be made so that appropriate funding intensities are used.

Where the consortium members are different size organisations, each party must claim an appropriate funding intensity against their costs. Costs are typically allocated to the organisation incurring the cost. The exception to this is for equipment costs, where the funding intensity claimed should normally be based on the eligible funding intensity for the organisation that will retain the equipment at the end of the project.

Example: Consider a project where a technology developer (TD) purchases a heat exchanger, incorporates this into a wider system, then installs the system at an industrial site. If the industry company keeps the system at the end of the project, then **EITHER** this cost must be allocated to the industry company **OR** if the cost is allocated to the TD, they should claim the industry company eligible funding intensity. If the TD is expected to retain the equipment at the end of the project, then the TD-eligible funding intensity should be used.

Can materials and equipment be transferred between consortium partners?

Yes – but not for a profit.

It is not permissible for a consortium partner to profit from supplying equipment or materials or consultancy to any other consortium partner. Such transfers should be at cost.

Equipment, materials and consultancy provided by third party suppliers (i.e., not project participants) can be purchased at market rates. The IEEA partner should ensure that the cost is competitive (e.g. through competitive tendering) and good value for money.
How does depreciation affect the costs that can be claimed for capital items?

Grants can only be paid against the amount by which capital items depreciate (during the project)

For capital items purchased during IEEA projects, the grant is only payable against the depreciation, not the full capital cost. According to the GBER state aid exemption “only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles, are considered as eligible”

Different companies will have different approaches to depreciation. For example, in some cases, the depreciation over the life of the product could be considered as the purchase price minus the net realisable value (NRV) at the end of project. The NRV could take into account factors such as how much the equipment could be sold for at the end of the project, costs for decommissioning, costs of transportation away from the demonstration site etc.

Full details within the regulation can be found here: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014R0651-20170710&from=EN

Frequently Asked Questions (FAQ) around the regulation can be found here: http://ec.europa.eu/competition/state_aid/legislation/practical_guide_gber_en.pdf

We will normally require the accounting team of the ultimate owner of the equipment to declare the estimated depreciation and expected NRV of the equipment, to confirm the grant funding.

Where the NRV is predicted to be zero or minimal, the applicant should provide a justification for this.
Appendix B. Finance workbook

How do I calculate direct staff costs and day rates?

It is essential not to include non-eligible costs as part of your staff cost and day rate calculations.

The day rates shown in the IEEA financial proposal spreadsheet (attached to the application form) should be the actual direct staff costs for each planned staff member working on the project (e.g. engineers, project managers, technicians, etc.).

Calculate direct (gross) project labour costs based on your PAYE records. These should include gross salary, National Insurance (NI), company pension contribution, life insurance or other non-discretionary package costs.

The following costs are not eligible for inclusion:

- discretionary bonuses or performance related payments of any kind
- time spent not working directly on the project (e.g. sick, non-productive time or training)
- dividend payments
- forecasted pay increases

Day rates should be based on the direct costs of employing staff and should not include overheads. Overheads are listed separately (see section below). Day rates should not include any element of profit. Consultancy charge-out rates should not be used.

To calculate the day rate:

**Day rate for particular grade/role** = Direct (gross) annual employment cost (salary, NI, pension etc) for that role + number of staff working days per year (usually 260 days minus your organisation’s annual leave entitlement and bank holidays)

The IEEA application finance table should then be completed as shown in Table 2. Enter the number of staff working on the project at each grade, the day rate for each grade and the Total number of days expected to be spent on the project by all staff at each grade.

**Table 2: Direct cost calculation**

<table>
<thead>
<tr>
<th>Position, grade or role within the project</th>
<th>Rate (£/day)</th>
<th>Total days spent by all staff at this grade</th>
<th>Total project labour costs (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Lead</td>
<td>£A</td>
<td>C</td>
<td>£(A x C)</td>
</tr>
<tr>
<td>Project Engineers</td>
<td>£B</td>
<td>D</td>
<td>£(B x D)</td>
</tr>
</tbody>
</table>

Note that only time directly allocated to the IEEA project can be claimed (at the relevant funding intensity), and staff will need to keep timesheets to record time worked on the project.

How do I calculate overheads and overhead rate?

A breakdown of claimed overhead costs must be provided. Only overheads that are attributable to the project can be claimed (whether direct or indirect).

We understand that every business calculates overheads differently.

For consistency with other Government funded innovation programmes, you may choose to declare a flat 20% overhead rate, which allows you to claim 20% of your labour costs as overhead. This includes both direct and indirect overhead. Selecting this option simplifies the evidence that you need to provide.

Alternatively, you may choose to calculate an overhead rate that is applied as a % increase to the direct labour costs, as described below. Please contact us if you plan to propose an alternative calculation method.
Direct overheads:

Where you expect to incur overhead costs directly related to the delivery of the project, these should normally be listed under “Other costs” on the application financial proposal form. Examples might include provision of additional factory space, IT equipment, or office supplies purely for the delivery of the project. Please contact the Carbon Trust for guidance.

Indirect overheads:

Indirect overheads are costs linked to back office functions (such as finance, HR, administration staff). These costs have as primary function to support the running of your business, irrespective of delivering a particular product or service. Indirect overhead costs must be additional and incurred directly as a result of undertaking the project.

Indirect overheads can include the categories laid out in Table 3, below. Marketing, advertising, and business development costs should not be included.

Full overhead recovery/full absorption costing is not eligible.

Indirect overheads can include the following categories:

Table 3: Indirect Overhead

<table>
<thead>
<tr>
<th>Cost category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board and senior management</td>
<td>Proportion of salary costs (including employer’s NI) of the board and senior management of the company, where they are engaged in strategic or administrative tasks. Do not include those working directly on the project or who are customer facing or operational.</td>
</tr>
<tr>
<td>Administrative staff</td>
<td>Salary costs (including employer’s NI) of main administrative staff, such as receptionists and central administration. Do not include administrative staff employed to support sales, marketing, account management, and profit generating departments.</td>
</tr>
<tr>
<td>Human resources staff</td>
<td>Salary costs (including employer’s NI) of human resource staff.</td>
</tr>
<tr>
<td>Employed estates staff</td>
<td>Salary costs (including employer’s NI) of employed cleaning, maintenance, security and other estates staff.</td>
</tr>
<tr>
<td>Finance department staff</td>
<td>Salary costs (including employer’s NI) of main finance department staff, such as payroll, accounts payable and receivable. Do not include staff employed to support sales, marketing or account management activities.</td>
</tr>
<tr>
<td>Administrative support temporary/agency staff costs</td>
<td>Include fees paid for the provision of temporary staff in administration or support services as listed above. Do not include any staff that are operational, such as marketing, sales, engineering, quality assurance, R&amp;D and supply chain.</td>
</tr>
<tr>
<td>General office IT services</td>
<td>Include general IT services used across the whole organisation. Do not include IT costs where they relate purely to non-eligible staff or manufacturing, production, or fee earning activities.</td>
</tr>
<tr>
<td>General postage</td>
<td>Include postage and courier expenses for general administration needs. Do not include product delivery or any postage costs incurred through promotion, sales, marketing customer relationship, accounts management.</td>
</tr>
</tbody>
</table>

To reduce burden on industry IEEA cost categories presented align with Innovate UK grant funding rules: [https://www.gov.uk/government/publications/innovate-uk-completing-your-application-project-costs-guidance/partner-finance-form-guidance](https://www.gov.uk/government/publications/innovate-uk-completing-your-application-project-costs-guidance/partner-finance-form-guidance)
Office supplies, printing and stationery costs

General office stationery and supplies such as paper, business cards, corporate stationery, and office equipment for support/admin staff listed above. Do not include specific costs associated with sales, marketing, product delivery, product literature, or reports.

Security and safety costs

Include costs associated with site and staff safety and security including signage and health and safety costs.

Building maintenance: administration office facilities only

Include general repair and maintenance costs of administration facilities. Do not include repair and maintenance of manufacturing/production facilities and exceptional items such as new works or extensions, which are not eligible for inclusion in this section.

Building rental: administration office facilities only

Where you are leasing office space, include the rental costs. Do not include rental costs relating to manufacturing/production facilities and the cost of any deposits or penalties.

Contracted site services: administration office facilities only

Include costs of contracted services relating to administration facilities such as cleaning of offices. Do not include contracted service costs related to manufacturing/production facilities.

Site property taxes: administration offices facilities only

Include property taxes and charges relating to office space. Do not include manufacturing/production facility property taxes and charges.

Utilities: administration office facilities only

Electricity, gas, water, waste disposal, telecoms costs relating to administration office facilities.

See below an example calculation for an individual project partner to determine eligible overhead rate. Note that only overheads that are additional and attributable to carrying out the project can be included:

<table>
<thead>
<tr>
<th>Overheads</th>
<th>Total (£)</th>
<th>Proportion of overhead eligible for inclusion</th>
<th>Proportion of eligible overhead attributable to the project%</th>
<th>Attributable Eligible Overhead cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>A1</td>
<td>B1</td>
<td>C1</td>
<td>D1 = A1xB1xC1</td>
</tr>
<tr>
<td>HR, IT, Finance etc. staff</td>
<td>A2</td>
<td>B2</td>
<td>C2</td>
<td>D2 = A2xB2xC2</td>
</tr>
<tr>
<td>Property Rental Costs</td>
<td>A3</td>
<td>B3</td>
<td>C3</td>
<td>D3 = A3xB3xC3</td>
</tr>
<tr>
<td>Utilities</td>
<td>A4</td>
<td>B4</td>
<td>C4</td>
<td>D4 = A4xB4xC4</td>
</tr>
<tr>
<td>Other office costs</td>
<td>A5</td>
<td>B5</td>
<td>C5</td>
<td>D5 = A5xB5xC5</td>
</tr>
<tr>
<td>Lab and Workshop Costs</td>
<td>A6</td>
<td>B6</td>
<td>C6</td>
<td>D6 = A6xB6xC6</td>
</tr>
<tr>
<td>etc</td>
<td>etc</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Overhead costs</td>
<td>A1+A2+...A5</td>
<td></td>
<td>Total eligible attributable overhead costs:</td>
<td>E1=C1+C2+...C5</td>
</tr>
<tr>
<td>Total project labour costs</td>
<td>X1</td>
<td>(where labour costs include salary, National Insurance, Pension etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overhead Rate = Eligible attributable overheads/total project labour cost</td>
<td>Z1=E1/X1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
“Proportion of overhead eligible for inclusion” reflects how much of the relevant category is general administration. Exclude time booked to operation or specific projects or to marketing, sales or customer facing activities.

“Proportion of eligible overhead attributable to the project” is the proportion of the remaining administrative time that can be assigned to this specific project.

Attributable Eligible Overhead cost is the total amount that can then be assigned to the project. Divide it by the project labour costs to determine an overhead rate.

The overhead rate is then applied in the competition finance form to the individual labour cost lines.