

Fuel Cells and Hydrogen Demonstration Programme

Guidance for applicants

Scope

The scope of this competition includes only capital items, the goods and services and purchases necessary to develop, build and install capital items and own labour for development, construction, installation, commissioning and project management.

The total indicative budget for this competition is £7.2m and is subjected to the following constraints:

- Funding is for Capital Expenditure only.
- A total of £2.1m must be defrayed by March 2010.
- A total of £5.1m must be defrayed by March 2011.
- The Technology Strategy Board and DECC assume no liability beyond the time limit indicated.

Some information on the definition of capital expenditure can be found in HMG Treasury website: http://www.hm-treasury.gov.uk/d/capital_classification_paper.pdf

Percentage of public funding

It is anticipated that this programme will comprise of projects attracting 25% public funding. SMEs, Academic centres and consortia and research organisations might attract a higher percentage of funding and this will be considered on a case by case basis. For clarifications on maximum percentage that a specific project might attract, please email FCHDemo@tsb.gov.uk

Competition process and eligibility

This is a one stage only collaborative competition. The competition will consist of two strands that differ on eligibility, timescale for defraying payment and assessment process.

Strand 1 is open to application for projects with a capital expenditure payment schedule that:

- Defray all payments by March 2010.

- Defray payments partly by March 2010, partly by March 2011, as appropriate for the nature of the capital items requested (e.g. off the shelf or ad hoc).

Strand 2 is open to application for projects with a capital expenditure payment schedule that:

- Defray all payments by March 2011.

Decisions on Strand 1 successful projects will be taken earlier than Strand 2. More details on eligibility and process for each Strand are in the sections below. Note that there is no fixed or specific allocation of budget per each Strand. Allocation will be decided by DECC and TSB by taking into account demand of high quality proposals in each Strand and considering that a total of £2.1m must be defrayed by March 2010.

STRAND 1

Strand 1 - Eligibility:

Consortia eligible for Strand 1

- Must be recipient of public sector funded ongoing or recently finished near-demonstration projects (within 12 months).
- Must have a clear commitment for follow on work.
- Must have an existing collaboration agreement.

This competition is aimed at business, however Universities and Research and Technology Organisations with explicit partnerships with businesses are eligible to participate provided that:

- Capital items will enable industry and business demonstration programmes.
- Formal partnership with business can be demonstrated, either through an existing collaboration agreement, a sufficiently binding Memorandum of Understanding or contractual arrangement.
- The capital expenditure requested underpins an ongoing activity that has been funded by the Research Councils (e.g. SuperGen, DTC).

Strand 1 - Application Process:

Consortia wishing to apply for Strand 1 of this competition must use the FCH Demo Strand 1 form. Applications should be sent to FCHDemo@tsb.gov.uk **no later than 12 noon on 1st October 2009**. Late applications will not be accepted. Feedback to applicants on decision will be given by 12th October 2009.

Strand 1 - Assessment Process:

Applications accepted within Strand 1 will be assessed against the following criteria:

- How the capital investment will augment and improve the applicants' existing project.
- Project targets.
- Ability to defray the larger part of expenditures by March 2010 in the first instance, but in any event all costs by March 2011.

As the applications to Strand 1 are for capital expenditure underpinning existing projects that have been subject to independent technical assessment, this will not be repeated.

STRAND 2

Strand 2 - Eligibility:

Consortia eligible for Strand 2 can be new consortia without an ongoing or recently completed public sector funded project, however they must be able to:

- Provide a detailed description of a planned near-demonstration project that will require capital expenditure, including timescales and funding arrangements.
- Prove that the capital funding requested are essential for these intended demonstration projects.
- Demonstrate that they are able to formally enter a collaboration agreement within the timescale indicated for feedback on decision and in any event no later than capital expenditure project intended start date.

As with Strand 1, this competition is aimed at business, however Universities and Research and Technology Organisations with explicit partnerships with businesses are eligible to participate provided that:

- Capital items will enable industry and business demonstration programmes.
- Formal partnership with business can be demonstrated, either through an existing collaboration agreement, a sufficiently binding Memorandum of Understanding or contractual arrangement.
- The capital expenditure requested underpins an ongoing activity that has been funded by the Research Councils (e.g. Supergen, DTC).

Strand 2 - Application Process:

Consortia wishing to apply for Strand 2 of this competition must use the FCH Demo Strand 2 form. Applications should be sent to FCHDemo@tsb.gov.uk **no later than 12 noon on 29th October 2009**. Late applications will not be accepted. Feedback to applicants on decision will be given by 9th November 2009.

Strand 2 - Assessment Process:

Applications accepted within Strand 2 will be assessed against the following criteria.

- Likelihood that the planned underpinning near-demonstration project will take place.

- How the capital investment will augment and improve the planned near-demonstration projects.
- Project targets.
- Ability to defray all costs by March 2011.

In addition the planned near-demonstration project that underpins capital expenditure requested will undergo technical assessment.

For enquiries and question on the process, funding and competition rules please contact FCHDemo@tsb.gov.uk

FAQs

Q1. If there is a pre-existing collaboration that was unsuccessful in a recent competition, but can present an improved bid, can they apply for this funding?

Yes, they can apply to Strand 2 but for capital expenditure only.

Q2. Will a consortium that has finished a project in the last 12 months qualify for Strand 1?

Yes.

Q3. Do applications for Strand 2 need to be linked to a university (academic institutions)?

No, they do not.

Q4. Is there a list of projects already being funded?

There is a list of TSB funded projects at <http://www.innovateuk.org/assets/pdf/annual%20report%20main%20body.pdf>, an updated version will be published soon. Some projects successful at the latest TSB Fuel Cells and Hydrogen competition can be found in the TSB press release and Notes for editors: <http://www.innovateuk.org/assets/pdf/press-releases/press%20release%20egs%20fcht%20final%2028aug09.pdf>.

Note that this information is incomplete as it requires permission of the grant recipient.

Carbon Trust's website should also have a list of existing projects. It should be noted that trying to partner or form collaboration with existing projects would be eligible for Strand 2 as this would be viewed as a new collaboration. The application would therefore not meet the criteria for Strand 1 where there needs to be an existing and ongoing collaboration as that is what will enable costs to be defrayed by March 2010. (Collaborations can take about 3-4 months to put together).

Q5. Would investment that would augment other projects be acceptable, for example collaboration on what exists?

Yes, provided a credible case is made on the added value, augmenting other projects should help attract a higher ranking in the application approval process.

Q6. How will State Aid Rules affect the proposed call as funding is being mixed up?

As a general rule, successful applicants are eligible for 25% funding. Applicants are advised to make their proposals based on attracting this percentage.

They should include all other information that might attract bonuses. For example information as to whether consortium has SMEs, academic institutions, European partner may all help attract a higher percentage.

Having an European partner **may** help attract 40% funding, just as having a university as part of the consortium **may** attract 100% funding. To reiterate, the advice is that it is best to include all information that might attract additional bonuses and therefore potentially achieve a higher percentage (%) of eligible costs. Contact TSB at FCHDemo@tsb.gov.uk for advice as to whether funding at levels above 25% is allowable in specific cases.

Q7. Could you define 'spend'?

This is viewed as when cash leaves the account of the company or organisation. However, the grant spend must be claimed and reimbursed by the timescales indicated.

Payment for equipment and other assets before receipt of such items can be reimbursed.

Q8. If payment for a capital item is staggered over 11/2 years, could part of the payment be made against this?

Yes, but there needs to be evidence to show that the rest of the payment would be made.

Q9. Is there an obligation that the capital expenditure has to be on a UK product?

No, there is no obligation, though there would be the need to justify the choice of product.

Q10. Would the location of the demonstration project need to be in the UK?

Most of the programme would need to be in the UK. One of the underlying reasons for the demonstration programme is the creation of jobs.

The applicants need to justify other scenarios, for example where international collaboration would be involved, and demonstrate the benefits for the UK in any case. In this competition, there will be much more of an emphasis on a case by case basis justification.

Q11. Is there an upper limit to the funding that can be received by any one project?

No, provided that it is within the budget of the competition and that it's fully justified.

Q12. If the application has to do with a contract that is not a TSB existing project, how would this be dealt with?

It would be considered a new contract. In this instance, it would be best to send evidence of the existing collaboration to the TSB and an offer letter will be sent out to the consortia for their

perusal and decision as to whether or not to go ahead with the process. For successful projects underpinning existing TSB projects, the new grant will be issued as an amendment of the existing grant.

Q13. Would it be full capital cost and not depreciation that will be eligible?

Yes, the full capital cost will be eligible but not the depreciation. If the capital equipment depreciation is associated with the lifetime of the existing underpinning project, applicants are advised to make a case for consideration.