

Carbon Trust

Industrial Energy Efficiency Accelerator Stage 2: Support for Implementation Project Grants

Supplementary Information

Funding and Eligibility Guidelines



Funding and eligibility guidelines

The Carbon Trust Industrial Energy Efficiency Accelerator Stage 2 supports industrial and experimental research in both the public and private sectors with the aim to demonstrate and deploy innovative low carbon technologies or process changes in industry.

Any UK business, university, public sector or voluntary organisation may apply for a grant of between £50k-£250k and a maximum of 60% of eligible project costs.

The diagram below indicates the maximum proportion of funding available for each type of organisation.

		Industrial Research	Experimental Development
Standard Aid Intensity		50%	25%
Allowable Uplifts for beneficiaries (Maximum of 80% total)	Small Companies	20%	20%
	Medium Companies	10%	10%
	Additional Collaboration Bonus	15%	15%
Carbon Trust Maximum Project Funding Level		60%	40%

The standard aid intensity is available to any type of organisation and depends upon the type of work being supported (whether industrial research or experimental development - see notes below).

Uplifts on the standard aid intensity are available for small or medium companies, or for collaborative partnerships between particular types of company. The requirements for uplifts are detailed below.

The maximum aid intensity that can be given by the Carbon Trust is 60% for industrial research and 40% for experimental development.

Example 1: A small company applies to undertake industrial research work to a value of £200,000. They can apply for funding from the Carbon Trust of:

50% (standard aid intensity for industrial research) + 20% (small company uplift) = 70% but this is capped at a maximum of 60%. The company can apply for funding of 60% or £120,000.

Example 2: A medium size company applies to undertake experimental development work to a value of £500,000. They can apply for funding from the Carbon Trust of:

25% (standard aid intensity for experimental development) + 10% (medium company uplift) = 35%. This does not exceed the cap of 40% so the company can apply for funding of 35% or £175,000.

Requirements for Uplifts:

Small Companies:

A small-enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million (about £7 million).

Medium Companies:

A medium-sized enterprise is defined as an enterprise which employs fewer than 250 persons and whose annual turnover does not exceed EUR 50 million (about £35 million) or whose

annual balance-sheet total does not exceed EUR 43 million (about £23 million). The definition of an SME distinguishes three types of enterprise, according to their relationship with other enterprises in terms of holdings of capital or voting rights or the right to exercise a dominant influence.

Collaboration Bonus:

A further 15% (up to a maximum of 80%) for any type of company if the collaboration meets one of these criteria:

a. the project involves companies in two or more EU countries OR at least one small or medium Enterprise (SME), AND no single collaborator bears more than 70% of the project costs.

OR

b. the project involves collaboration between companies and one or more research organisations (such as universities) where the research organisation bears at least 10% of the eligible project costs and has the right to publish the results of research projects that stem from research implemented by that organisation.

OR

c. in the case that the company's contribution to the project qualifies as industrial research, the results of the project are widely disseminated through technical or scientific conferences, published in scientific or technical journals, open access databases or through free or open source software.

Maximum allowable State Aid:

Each organisation can claim state aid support up to the allowable maximum under state aid rules (N.B. for research organisations, this is 100%). The project overall must then be capped under Carbon Trust rules to 60% project funding for Industrial Research activities and 40% project funding for Experimental Development activities. Projects can be presented as a combination of IR and ED as long as they have a breakpoint between the two phases.

Definitions

The Carbon Trust uses the following definitions, which are provided by the EU.

Industrial Research: Planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services.

It comprises the creation of components of complex systems, which is necessary for the industrial research, notably for generic technology validation, to the exclusion of prototypes as covered by the definition of 'Experimental Research'.

Experimental Development: The acquiring, combining, shaping and using of existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements, or designs for new altered or improved products, processes or services.

The development of commercially usable prototypes and pilot projects is also included where the prototype is necessarily the final commercial product and where it is too expensive to produce for it to be used for demonstration and validation purposes.

The experimental production and testing of products, processes and services are also eligible, provided that these cannot be used or transformed to be used in industrial applications or commercially.

Experimental development does 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.

Small or Medium Enterprises (SME)

The Carbon Trust has updated its definition of an SME to bring it in line with a new definition that the EU Commission adopted on 6th May 2003 and brought into use as of the 1st January 2005:

- To be recognised as an SME, a business must comply with the staff thresholds and the thresholds for either the balance-sheet total or the turnover. An SME
 - Has fewer than 250 occupied persons, and
 - Has an annual turnover not exceeding Euro 50 million (about £35 million) or
 - Has an annual balance sheet total not exceeding Euro 43 million (about £30 million)
- The definition of an SME distinguishes three types of enterprise, according to their relationship with other enterprises in terms of holdings of capital or voting rights or the right to exercise a dominant influence. For details of the types of enterprise and the corresponding restrictions, please visit http://ec.europa.eu/research/sme-techweb/pdf/sme-definition_en.pdf

The obligation to ensure compliance with the State Aid Legislation lies with the applicant.

Further Information

Funding Intensity

There is no automatic entitlement to the maximum funding level for which you may be eligible; preference will be given to those who ask for the minimum required to make their project viable.

Funding is dependent on:

- The type of organisation or collaboration undertaking the project: public or private;
- How close the project is to commercial viability; and
- The percentage of the total project funded by other public bodies.

Collaborative projects involving technology providers and end-users are particularly encouraged where this is likely to lead the more effective sector-wide implementation of the technology.

The Carbon Trust also requires:

- That your project demonstrates value for money;
- That you meet the objectives outlined in the project plan;
- That you have leveraged a high proportion of non-Carbon Trust funds. There is an expectation that those who stand to directly benefit from the work will contribute, in part, to the cost of undertaking it.

Project costs that are eligible as match funding:

- **Personnel costs:** operations staff, technicians, researchers and other supporting staff when employed solely on the supported activity
- **Instruments, equipment, land and premises** used solely and on a continual basis (except where transferred commercially) for the supported activity
- **Services:** cost of consultancy and equivalent services used exclusively for the supported activity, including monitoring, data analysis, research, technical knowledge and patents, etc. bought from outside sources
- **Additional overheads** incurred directly as a result of the supported activity
- **Other operating expenses:** materials, supplies and similar products incurred directly as a result of the supported activity
- **Patenting costs**
 - The cost of generating the information required for the application of a patent is an eligible cost where the IP is developed as part of the project.
 - Obtaining licenses to use relevant background IP for the project is an eligible cost.
 - The costs of filing, prosecuting and maintaining all IP generated as part of the project are considered business expenses and are therefore **not** eligible costs.

Project costs that are not eligible for support:

- Profit
- Bonuses
- Interest payments of any kind

- Dividend payments
- Loss of salaries, revenue or consultancy income
- Production and sales costs
- Recoverable VAT
- Direct sales and marketing costs.

When is the Carbon Trust's grant repayable?

If capital equipment is purchased as part of the project, when the project ends the residual value of the capital equipment must not be used for commercial purposes. If the equipment is sold or otherwise used for commercial purposes a proportion of the sale proceeds or residual value must be used to repay the grant received. This requirement is necessary to comply with EU State Aid legislation. See our standard contract for further information.

Funding Appeal

Funding is awarded at the sole discretion of the Carbon Trust; its decisions are final and are not subject to appeal.

Non-Exclusivity and Confidentiality Policy

The Carbon Trust may award grants to businesses that compete with each other; however we are always careful to ensure that information disclosed to it in confidence is treated in accordance with its funding contracts.

General Block Exemption Regulation

The funding made available under this scheme has been cleared as compatible with the common market under the COMMISSION REGULATION (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation). All grant funding awarded to Private Sector organisations must be compliant with regulation. Applications that do not comply with this regulation cannot be funded.

Non-Compliance of EU State Aid Legislation

It is the responsibility of the recipient to ensure that the application for funding is compliant; in the event of non-compliance the European Commission could demand that the recipient repay the grant in full with interest. Therefore:

- Satisfy yourselves that your application is compliant
- Seek qualified professional advice if unsure (the Carbon Trust does not supply legal advice)
- The Carbon Trust endeavours to check all applications for compliance but it does not accept liability for any breach

All queries and completed application forms should be sent to ieea@carbontrust.co.uk.

Footnotes

The Carbon Trust is funded by the Department for Energy and Climate Change (DECC), the Department for Business, Innovation and Skills (BIS), the Scottish Executive, the National Assembly for Wales and Invest Northern Ireland.