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Government Funding for Industrial Heat Recovery

The Industrial Heat Recovery Support (IHRS) programme is to provide matched funding for feasibility studies and the capital cost of implementing industrial heat recovery projects in England and Wales. The programme is due to run from late 2018 to March 2021. This note provides a summary of the programme.

Scope

BEIS define Industrial Heat Recovery as “a process by which heat generated in or for an industrial process, that otherwise would be wasted, is recovered and used. This waste heat can be used in a number of ways, including within the same industrial facility for heat or cooling, by another end-user (e.g. via a new or existing heat network), or by converting the waste heat to power.”

The process must be within active operational plant – new and replacement equipment is specifically excluded. The programme will be technology and fuel neutral, however there is also mention of ‘supporting the widest possible range of industrial sectors and heat recovery technologies’.

How much funding is available?

The programme has to operate under EU State Aid rules, which caps the funding as a proportion of the total project costs. Funding is available in two phases:

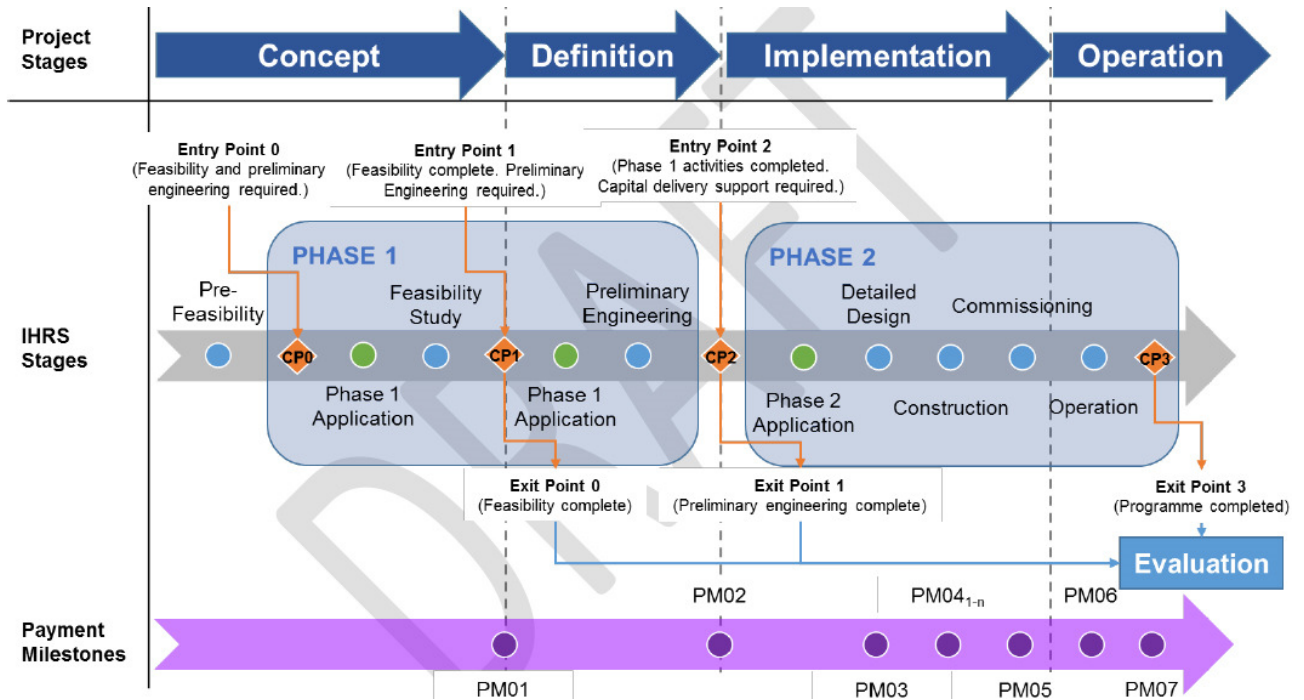
- **Phase 1 Feasibility Studies:** £6m total budget with a maximum matched fund per project of 50%¹
- **Phase 2 Capital Funding:** £12m total budget with a maximum matched fund per project of 30%²

¹ Rising to 60%/70% for SMEs, and by 15 percentage points for investments located in assisted areas

² Rising to 40%/50% for SMEs, and by 15 percentage points for investments located in assisted areas

What is the application process?

BEIS issued draft guidance for the application process in July 2018 which contains the following summary graphic. The finalised guidance is expected to be published in the autumn prior to programme launch in late 2018.



Applications will be on a rolling basis and can be submitted at any time, with ‘assessment windows’ closing every 2 months. It is anticipated that there will be 6-7 assessment windows for each Phase dependent on the uptake and availability of grant funding.

How will applications be assessed?

Applications for both phases will be assessed against the same core criteria of potential for results, deliverability and the economic case. How each phase will be assessed against each of these criteria is summarised in following table.

Criteria	Phase 1	Phase 2
Potential for results	<ul style="list-style-type: none"> • Size of heat source / demand • Replicability 	<ul style="list-style-type: none"> • Volume of heat recovered • CO2 reduction • Replicability • Communication plan
Deliverability	<ul style="list-style-type: none"> • Experience of project team • Project Plan • Quality assurance • Assessment and management of wider environmental impacts 	<ul style="list-style-type: none"> • Volume of heat recovered • CO2 reduction • Replicability • Communication plan • Work Plan • Company financial standing • Experience of project team • Risk management • Quality assurance • Assessment and management of wider environmental impacts
Economic case	<ul style="list-style-type: none"> • Cost of the feasibility study • Project additionality • Value for money 	<ul style="list-style-type: none"> • Appropriateness of cost breakdown • Cost of the feasibility study • Project additionality • Value for money

Which sectors and applications are best placed to obtain funding?

In general industries with significant heating and / or cooling processes are likely to be good candidates. Other considerations would be the grade / temperature of various heating / cooling requirements, along with hours of operation. It is thought that food and drink, chemicals, plastics, metals, health and hospitality sectors are all likely to have potential.

What should I do next to maximise the chance of securing funding?

Given the time-limited and competitive nature of the programme, it makes sense to:

- Get in early:
 - During autumn 2018: Identify potential projects e.g. consult with sites, re-visiting previous energy audits and undertake high-level pre-feasibility work.
 - Post launch (late 2018): respond to application round 1. This offers greater potential to reapply if unsuccessful and will give maximum flexibility before closure of the delivery phase in March 2021. It also reduces the risk of the programme becoming saturated with common sector / technology combinations before you apply.
- Select opportunities with the greatest cost / carbon impact and replicability
- Consider a range of applications

How can Verco help?

Verco has a wealth of experience in heat mapping, process optimisation and industrial heat recovery. To stay informed on the IHRS and to discuss how Verco could support you in accessing the programme please contact:

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