



Phase 1: Spring 2021 window of the IETF is now open

March 2021

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8th March 2021

BEIS launched Phase 1: Spring 2021 (i.e. the second window) of the Industrial Energy Transformation Fund (IETF) providing up to £40 million matched funding for feasibility studies, engineering studies and demonstration projects in England, Wales and NI. The fund will be managed by Innovate UK.

What is the IETF?

The Industrial Energy Transformation Fund (IETF) competition aims to help energy intensive industries carry out feasibility studies, engineering studies and demonstration projects in England, Wales and NI with the provision of grant funding. There is a separate scheme for Scotland. IETF support will provide a proportion of the funding for projects, with the rest match-funded by industry. The objective is to help companies cut their energy bills and carbon emissions through investing in energy efficiency and low-carbon technologies and reducing risks and costs of decarbonisation technologies by demonstrating relevant technologies. Phase 2 will provide funding for:

- projects deploying technologies that improve the energy efficiency, specifically of industrial processes
- feasibility and engineering studies of energy efficiency and deep decarbonisation projects

Energy intensive industries with significant heating and/ or cooling processes are likely to be good candidates for funding.

Key principles

1. Projects should aim to reduce energy and/or carbon emissions from existing industrial processes
2. Projects to align to the Government's 2050 Net Zero goal
3. Projects where there is existing Government support or well-established and affordable do not qualify.

What happened in Phase 1 Summer 2020?

39 applications have been approved for funding in the first window (subject to due diligence) for a total of £31m. Projects included sectors such as food and drink, pharmaceuticals, steel and paper and funds were allocated in England Wales and NI.

Funding and eligibility

Data centres and organisations within the manufacturing SIC codes SIC 10 (000) through to SIC 33 (200) are eligible. The funding will be provided in the form of grants. Organisations that are conducting activities which will affect trade of goods and electricity between NI and EU must apply under EC State aid rules. The minimum and maximum grant funding and duration of projects is as follows:

1. **Deployment of mature** energy efficiency technologies that improve industrial process energy efficiency and reduce demand (minimum grant funding £100k, max £14m per project, up to 24 months length)
2. **Feasibility studies** for projects deploying mature energy efficiency technologies or deep decarbonisation (minimum eligible project cost £30k, max £7m per project, up to 12 months duration)
3. **Engineering studies** for projects deploying mature energy efficiency technologies or deep decarbonisation (minimum eligible project cost £50k, max £14m per project, up to 24 months duration)

This competition does allow resubmissions from the earlier window. Aid intensity (funding as a proportion of eligible costs) for businesses depends on the size of the business and location and varies between:

- 30% and 65% for deployment projects
- 50 and 70% for technical feasibility studies and
- 25% and 60% for engineering studies

The Lead business must be registered in England, Wales or NI, and equally the project will have to take place and results be exploited from England, Wales and NI. Operating costs are not supported.

Project eligibility

Technology readiness level (TRL) must be 8 and above for all deployment projects, TRL 8 above for energy efficiency studies and TRL 7 and above for deep decarbonisation studies. The application will need to show kWh savings by measuring or estimating consumption before and after implementation. Deep decarbonisation projects must show significant GHG reduction even if energy efficiency is not improved. The IETF will not support projects where there is already Government support, or where there is an established market.

Deployment project examples include: improved process control, improved heat exchange, more efficient drying, waste heat and pressure recovery, process optimisation.

There are certain exclusions that operators need to be aware of, including CHP (except for in feasibility/engineering studies, >1MWe and involving fuel switching), building heating and cooling, transport measures, electricity generation (unless it is from waste heat/fuel) or production of hydrogen, biogas or biofuel, but within these areas there are certain exemptions. Fuel switching is generally encouraged as long as the new process results in carbon reduction. Carbon capture, utilisation and storage (CCUS) is included under certain criteria.

Timescales for Phase 1: Spring

Timeline	Dates
Competition opens	8 th March 2021
Briefing event	11 th March 2021
Submission deadline	14 th July 2021
Applicants notified	30 th November 2021

What you could be doing now

Experience from other similar programmes is that IETF is likely to favour projects that have already had pre-feasibility assessments and can get ‘first mover advantage’ in the competitive selection process. The application window is short relative to typical project development timescales.

To maximise your chances of securing IETF support we recommend:

- Reviewing your ESOS audits for possible projects
- Undertaking rapid pre-feasibility assessments to provide the information required to make a strong application.
- Seeking internal support / approval for the project(s) now
- Engaging with Innovate UK to ask key questions
ietf@innovateuk.ukri.org

Remainder of the IET fund

If you feel you are unlikely to be ready for Phase 1, Phase 2 opens later in 2021 and will fund both studies and deployment projects for energy efficiency and deep decarbonisation.

Further information

[Industrial Energy Transformation Fund \(IETF\) Phase 1: how to apply](#)

[IETF industrial energy efficiency and decarbonisation studies](#)

[IETF deployment of energy efficiency technologies in industry](#)

How can Verco help?

We have a wealth of experience in industrial energy efficiency and decarbonisation as well as the sourcing of Government grants. To find out more on how Verco can both support the development of project and the application process, please contact: **Thanos Patsos**, Head of Deliver for Zero (Corporates).

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