Energy Innovation
Grant Funding Options

January 2023 Update

Current and upcoming grant funding options

Low Carbon Innovation Fund 2 (“LCIF2”)

- Focuses on SMEs operating, or committing to operate, in England that make measurable reductions to greenhouse gas emissions. Invests in both late stage ventures and early stage ventures.
- Particularly interested in investing in companies operating in the East of England.
- Seeking to invest £11 million to help close funding rounds worth at least £30 million.
- There are no specified limits for the amount of funding that can be given to one project.
- LCIF2 is seeking to invest only alongside other co-investors (if an eligible SME does not have such co-investors then LCIF2’s fund manager may be able to assist with finding co-investors). There is no specified minimum amount co-investors must invest alongside LCIF2.
- Deadline for applications: no deadline for applications currently specified.

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Local Energy Accelerator (“LEA”)

- Focuses on both public and private organisations developing clean and locally generated energy projects.
- Projects funded must be in Greater London.
- LEA is a £6 million programme delivering funding from November 2020 until the end of July 2023.
- 50% of the LEA funding available is from Greater London Authority, with the remaining 50% from European Regional Development Fund.
- An expert Programme Delivery Unit (“PDU”) will provide free end-to-end project management support to eligible organisations.

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- Funding will be used to provide eligible organisations with expertise to support work involved in the following stages of energy projects:
  i. Energy Masterplanning and Local Area Energy Plans
  ii. Feasibility studies
  iii. Business plans
  iv. Detailed project design/development
  v. Procurement support
  vi. Commercialisation support
  vii. Day-to-day intensive project management support for projects at commercialisation and construction stages, where this support cannot be provided by the PDU, funded by any other means or provided in-house.

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- Funding applications will be prioritised for projects in the later stages of project def-inition and delivery, i.e. those in stages (iii)-(vii) above.
- Support for an existing project may be considered where it would increase the scope or scale, deliver greater carbon savings, or deliver cost savings to residents or businesses.
- Eligible projects will transform the way London generates, supplies and uses clean local energy in buildings and transport. Examples include:
  - District energy networks that use renewable heat sources in heat network priority zones.
  - Renewable energy generation, storage and demand flexibility in areas of electricity grid constraint.
  - Priority areas for transport electrification.

- All LEA projects must be completed no later than 31 July 2023. Funding will be prioritised for projects that will be completed ahead of this date.
- Deadline for applications: no deadline for applications currently specified. However once all funding has been allocated, applications will no longer be accepted.

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Clean Growth Fund (“CGF”)

- Focuses on UK-based companies with commercially viable solutions that are generating early revenues, but also considers pre-revenue businesses with a minimum viable product.
- Criteria for investment are:
  i. Substantial addressable markets
  ii. Scalability with a clear sustainable competitive advantage
  iii. Led by teams that have proven execution ability
  iv. Identifiable exit route within the lifetime of the CGF
  v. Clear and significant contribution to reducing greenhouse gases or improvement to resource efficiency across power, transport, industry, buildings, waste and water.
- Typical first round investment tends to be in region of £500k - £3 million, however the fund actively participates in follow on rounds so the overall investment in a company can be much higher.
- Deadline for proposals: no deadline for proposals currently specified.

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AI for Decarbonisation Innovation Programme

- Focuses on the use of AI to fund a faster transition to renewable energy, decarbonise industry by improving energy productivity and fuel switching, and decrease emissions in the agricultural sector.
- Stream 1 will be used to co-fund a virtual centre of excellence on AI innovation and decarbonisation until March 2025, whilst Stream 2 will fund innovation projects which further the development of AI technologies to support decarbonisation.
- £1.5 million in funding is available, with £500,000 allocated to Stream 1 and £1,000,000 for Stream 2.
- Eligibility:
  i. There must be a degree of private match funding;
  ii. Over 70% of the project's activities must be conducted in the UK;
  iii. Work must be completed no later than 31 March 2025; and
  iv. There must be no actual or perceived conflicts of interest.
- There is the potential for additional funding to support priority areas in AI innovation identified by the virtual centre of excellence as being critical for achieving net-zero.
- Deadline for proposals: 19 January 2023.

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Faraday Battery Challenge (“FBC”)

- Focuses on developing a UK battery technology industry that is high tech, high value and high skill.
- UK-based businesses can apply for grants for feasibility studies and collaborative research and innovation projects, to develop new and improved battery technologies for increased performance, lower cost, and considering battery ‘end of life’.
- A further £211 million funding uplift was announced, taking the total amount of available funding to £541 million. The funding uplift will be delivered between 2022 and 2025 and will target technology development that can be used to scale up battery manufacturing.
- Challenge deadline: extended until March 2025.

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SBRI - Net Zero heat and power upgrades

- The competition focusses on accelerating the shift to net zero by developing and testing scalable service proposition.
- The propositions must reduce bills and carbon emissions from buildings with the intention of commercialising the results beyond Phase 2 of the competition.
- Projects must take a data driven approach to designing pathways for targeting decarbonisation, upgrading building portfolios, reducing energy demand and increasing heat efficiency.
- £5 million of investment is available over two phases. A total of £450,000 is allocated to Phase 1.
- At least 50% of the contract value must be attributed to R&D services.
- Project eligibility:
  i. Total project costs must not exceed £22,000 inclusive of VAT;
  ii. The project must start no later than 1 April 2023 and end by 30 June 2023 and can last up to 3 months;
  iii. All of the project work must be carried out in the UK;
  iv. The project must intend to exploit the results from or in the UK; and
  v. The project must be scalable or replicable across the UK.
- Successful applicants will be invited to submit an application into Phase 2.
- Deadline: the competition closes at 11am on 11 January 2023.

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Greenhouse Gas Removal Demonstrators (“GGRD”)

- The fund will support work to address research and engagement gaps identified during the lifetime of the Programme by supporting:
  i. Pathfinder R&D projects to address gaps in greenhouse gas removal innovation;
  ii. Programme and knowledge exchange and capacity building, including the Removals in Residence secondment scheme which aims to facilitate the strategic flow of ideas; and
  iii. Engagement and collaborations.
- There is a flexible fund of £1 million, established by the CO2 Removal Hub. The value of an award will usually be up to £15,000.
- Deadline: 15 January 2025.

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Funding opportunities on the horizon

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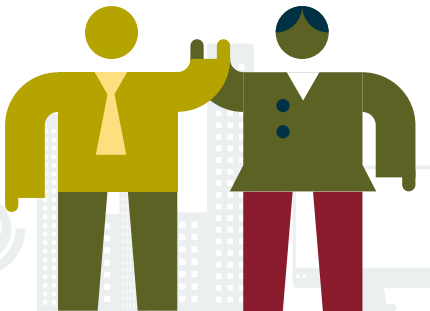
- In 30th October 2021, former Prime Minister Boris Johnson announced up to £160 million of government funding for developers and manufacturers looking to invest in large-scale floating offshore wind ports and factories in Scotland and Wales. This funding will be boosted by private sector investment, and is designed to developed port infrastructure capable of mass-producing floating offshore wind turbines and installing them out at sea. This funding is aimed at supporting the target in the former Prime Minister’s Ten Point Plan to deliver 1GW of energy through floating offshore wind by 2030. In May 2022, the Off-shore Wind Acceleration Taskforce was launched, and a Request for Information was published to help the government understand opportunities available in the UK and how they can most effectively support private investment.

  Source: Click here

- In December 2021, the government announced over £116 million in funding to support green innovation across the UK. The funding is aimed at projects that will develop new technologies to improve energy efficiency and the UK’s energy security, as well as reducing carbon emissions. The funding includes:

  i. £64 million to be invested through the Direct Air Capture and Greenhouse Gas Removal programme, which has the aim of enabling projects that were supported under the first phase of the programme to further develop into demonstration projects that will be in commercial operation by 2025;

  ii. £30 million to be allocated through the Energy Entrepreneurs Fund, to support SMEs develop new technologies across the areas of energy efficiency, power generation, heat generation and energy storage; and



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iii. a further £22.8 million to aid SMEs in accelerating their green innovations, aided by a consortium of expert organisations.

Source: Click here

- In May 2022, the government announced £31 million in funding in order to reduce reliance on fossil fuels and decrease carbon emissions. £6.6 million is allocated to help industry move away from using red diesel, which is commonly used for off-road vehicles and machinery. The fund will be used in the development of e-fuels and green hydrogen, as well as technologies which help capture and store energy that would usually be wasted. £5.5 million is being invested to support industry switching to cleaner fuels.

Source: Click here

- Ofgem published its RIIO-ED2 electricity distribution price controls on 30 November 2022. The price controls are intended to prepare DNOs to deliver net zero at a lower cost for consumers. £22.2 billion of spending for the five year period beginning April 2023 has been approved.

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i. The package includes £3.1 billion of investment into network upgrades that support the development of low-carbon technologies such as electric vehicles, heat pumps and low carbon generation such as wind and solar.

ii. There has also been an extension of the Strategic Innovation Fund, in order to improve the research and development of green energy, and allowances worth £68.4 million given to support small scale innovation projects.

iii. £5.7 billion has been allocated to upgrade network assets where required to en-sure system resilience, particularly in adverse weather conditions.

Source: Click here

- In December 2022, the government announced funding of £25 million to accelerate the deployment of hydrogen from bioenergy with carbon capture and storage (BECCS).

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Establishing this technology would make it possible to permanently remove carbon dioxide from the atmosphere. Funding will go towards progressing BECCS projects from design to demonstration, and improving technology.

Source: Click here

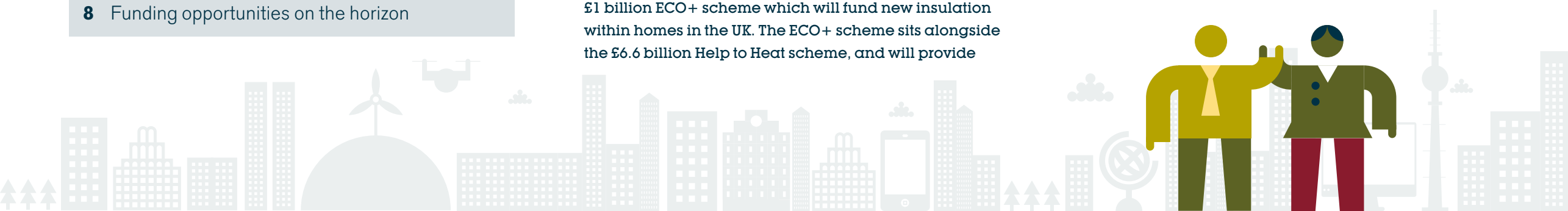
- The government announced £60 million to fund the next phase of research into a new type of advanced modular reactor (AMR), the high temperature gas reactor (HTGR). It is hoped that the HTGRs would reduce reliance on fossil fuels, and generate by-products such as low-carbon hydrogen. £4 million has also been announced for the AMR Knowledge Capture Project, which seeks to facilitate knowledge capture and sharing to reduce the time, risk, and cost of the programme delivery.

Source: Click here

- In December 2022, the government announced a new £1 billion ECO+ scheme which will fund new insulation within homes in the UK. The ECO+ scheme sits alongside the £6.6 billion Help to Heat scheme, and will provide funding to those who have homes with an EPC rating of D or below and are within the lower council tax bands. 20% of the fund will be targeted at the most vulnerable. The Help to Heat scheme will be available to help decarbonise homes and buildings, and aims to ensure that all homes will meet EPC band C by 2035. £635 million was also granted to help provide green updates to public sector build-ings, as part of the Public Sector Decarbonisation Scheme.

Source: Click here

- The government launched the £288 million Green Heat Network Fund in March 2022. The Green Heat Network Fund will support heat network projects where a central energy source provides heat to multiple properties and businesses. This cuts carbon emissions by avoiding the need for households and workplaces to rely on individual



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heating solutions, such as gas boilers, which are more energy-intensive. It is expected to deliver an estimated 9.7 million tonnes of total carbon savings by 2050.

Source: Click here

- In May 2022, the government announced that over £200 million of government funding would be provided for a three year zero-emission road freight programme. The programme will see an open-call for manufacturers, energy providers and fleet and infrastructure operators to showcase their green technology on UK roads, beginning with battery, electric and hydrogen fuel cell heavy goods vehicles. The programme seeks to facilitate a smooth transition to a zero-emission freight sector by 2050. It will gather evidence on zero emission technologies that are best suited to HGVs and the requirements for refuelling and recharging infrastructure. The programme aims to eliminate the sector’s current reliance on fossil fuels and imports of foreign oil, improve air quality and create greener jobs.

  Source: Click here

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