**BOOSTING ACCESS TO ENERGY EFFICIENCY for SMEs COMPETITION**

Questions and answers



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1. **HOW WILL THE COMPETITION WORK?**

Government is making available up to £6m of funding for the development of new business models that allow for the aggregation and scaling up of delivery of small-scale energy efficiency building projects in the commercial industrial sectors. The competition will launch on 13 March 2019 and applications should be submitted by 8 May 2019. The competition will be in two phases with up to £100k per project available in Phase 1; and up to £1m per project available in Phase 2.

1. **HOW DO I APPLY?**

The Invitation to Tender (ITT) and Competition Guidance Notes were published as part of the launch. If you are interested in the BASEE competition you should register your interest by emailing BASEE@ricardo.com to ensure you are kept up to date as the scheme progresses. Ricardo Energy & Environment (in partnership with Mott Macdonald) have been contracted as the delivery partner to manage the BASEE Competition on behalf of BEIS.

1. **WHO IS ELIGIBLE FOR FUNDING?**

This competition is open to all organisations that can demonstrate a route to market. This includes SMEs and large enterprises, academic, research, public and third sector organisations.

1. **WHAT TYPES OF PROJECTS ARE WE LOOKING TO FUND? COULD YOU PROVIDE SOME MORE EXAMPLES OF WHAT COULD BE A BUSINESS MODEL?**

We are not prescriptive about the types of business models or other tools/process that might come forward, the key is that ANY proposal addresses the competition and objectives and is within scope. However, some examples could include:

* Business models that look to simplify and standardise elements of the investment or facilitate the aggregation of small-scale projects to attract investment; or
* A new technical tool/solution, such as a platform which provides a standardised method of assessing and displaying potential savings from a portfolio of buildings, or to match potential businesses who want to install energy efficiency with technology providers; or
* Other innovative solutions to facilitate investment in energy efficiency for SMEs.
1. **ARE WE FOCUSING ON SPECIFIC SECTORS OR REGIONS?**

No. The competition is UK wide and we are aiming to fund projects that can demonstrate market potential within any commercial sectors, with a strong possibility of replicability.

1. **WHAT TYPES OF ENERGY EFFICIENCY MEASURES ARE IN SCOPE?**

We will only fund projects that facilitate the investment of physical changes to the energy efficiency of the building and/or building equipment. We are open to projects which propose selling energy efficiency measures alongside other measures such as demand side response, renewable energy and metering technologies, or wider renovation/refurbishment works. However, the proposals must clearly demonstrate how it is facilitating energy efficiency improvements.

1. **WHAT DO YOU MEAN ABOUT TECHNOLOGIES BEING INELIGIBLE FOR FUNDING?**

The scope of the competition does not include funding for the installation or development of energy efficiency technologies (see ineligible costs in the Competition Guidance).

1. **IS MATCH-FUNDING REQUIRED?**

No. This is a Small Business Research Initiative (SBRI) pre-commercial procurement competition, and so match-funding is not required

1. **WHAT PROPORTION OF FUNDING DOES AN APPLICANT NEED TO CONTRIBUTE?**

As noted in the above question, the applicant does not need to contribute any funding. Unlike grant schemes, there is no match funding required for the BASEE competition and there is no expectation that any additional funding will be provided.

1. **COULD YOU FUND MORE THAN TEN PROJECTS AT PHASE 1?**

We have a maximum pot of £1m for phase 1 with some flexibility about how many projects we award funding to depending on the bid values and quality of project that come through.

1. **CAN APPLICANTS ASK FOR LESS THAN THE STATED £100 K MAXIMUM PER BID**

Yes. £100k is the maximum that will be funded for each project so applications for less than the maximum will be eligible.

1. **DOES THIS COMPETITION OVERLAP WITH OTHER BEIS AREAS SUCH AS RENEWABLE ENERGY?**

As set out in the guidance this competition is about encouraging SMEs to take up energy efficiency services. However, BEIS recognises that in order to be commercially viable, solutions such as business models may also need to include aspects that are outside of the scope of the competition, such as offering renewable energy products alongside energy efficiency measures. Potential applicants must note that if this is the case their application should clearly demonstrate how the funding will be used to develop the aspects of the business case that deliver the competition objectives.

1. **HOW MANY STAKEHOLDER SMES DO WE WANT TO ENGAGE WITH - WHAT IS THE MINIMUM NEEDED FOR A PILOT?**

We would expect a minimum of 5 SMEs customers to take part in a pilot.

1. **ARE BEIS DELIVERY PARTNERS ELIGIBLE TO TAKE PART?**

Mott MacDonald and Ricardo (the competition delivery partners) are excluded from applying to this competition.

1. **CAN AN APPLICANT BE PART OF MORE THAN ONE CONSORTIUM?**

Yes, you can be part of more than one consortium, but you cannot be the consortium lead on more than one bid in the interests of obtaining projects as diverse as possible.

1. **WILL A PROJECT SCORE MORE HIGHLY IF IT TICKS ALL THREE CATEGORIES OF A) BUSINESS MODEL B) IT SOLUTION OR C) OTHER?**

No. We ask all applicants to identify which category their project falls into so that when awarding funding we can pick projects from a range of categories and so bring forward a diverse set of solutions. If you identify all three categories in your application BEIS will assign it a primary category.

1. **IS THE ASSESSMENT OF COSTS BASED ON THE COST OF THE ENTIRE PROJECT OR JUST THE AMOUNT OF FUNDING BEING REQUESTED BY BEIS?**

The assessment of costs will be based on the amount of funding being requested from BEIS.

1. **THERE HAS BEEN RESEARCH COMPLETED BY RICARDO ALREADY, WILL THAT BE MADE AVAILABLE?**

The slides from the Information Day have been published on the BASEE competition website, including the Ricardo slides which used data from BEIS' Business Energy Efficiency Survey (BEES). The BEES data is available here: <https://www.gov.uk/government/publications/building-energy-efficiency-survey-bees>.

Other information can also be found on the gov.uk website, for example research on the non-domestic energy efficiency market can be found here: <https://www.gov.uk/government/publications/non-domestic-energy-efficiency-services-market>.

1. **DO WE HAVE TO APPLY FOR PHASE 1 AND PHASE 2 AT THE SAME TIME?**

There is one application window for this competition, which closes on 8 May. As part of the application process, the application form asks for an understanding of what applicants are intending to do for Phase 2 and that will be evaluated as to how well the project meets the overall objectives of the competition. Only successful phase 1 applicants can then be considered for phase 2. Selection of phase 2 projects will be based on the outputs from phase 1 (see pg. 23 of the guidance for further information), plus supplementary information on detailed project plans and costings.

1. **FOR THE APPLICATION PROCESS ARE WE USING THE STANDARD BEIS APPLICATION?**

There is a specific application form designed for this competition, and available to download from the competition website.

1. **IF THERE IS A PLATFORM THAT ALREADY DELIVERS THE OUTCOMES YOU ARE LOOKING FOR IS THIS OUT OF SCOPE?**

BEIS is not looking to fund any retrospective activities. All projects applying to the competition must be new activities.

1. **IN THE APPLICATION FORM THE WORD LIMITS SEEM UNUSUALLY HIGH, GIVEN THE STRICT LIMITS ON OTHER GOVERNMENT APPLICATIONS. CAN YOU CONFIRM THAT THIS IS REFERRING TO WORD COUNT?**

The indicated word limits are per section rather than per question.

1. **IS THIS COMPETITION UNFAIR FOR ORGANISATIONS THAT HAVE DEVELOPED INNOVATIVE SOLUTIONS BUT FUNDED PRIVATELY?**

BEIS recognises that there will be early market activities that have already taken place, and there is no way to avoid that. BEIS are not looking to fund any retrospective activities. All projects applying to the competition must be new activities.

1. **The 50%/50% split of gas & electric between all SME’s in the BEES survey analysis didn’t show the whole picture. Given the enormous size range within the SME definition it would be helpful to see across the range.**

Please see the details at Annex A at the end of this document.

1. **What proportion of SMEs are landlord rented?**

Around 60% of SMEs occupy rented premises. This figure is calculated using Building weights which are found in the Building Energy Efficiency Survey Energy Use Model 2015.

1. **If 50% of SMEs rent then are we missing something in terms of this competition?**

The BASEE Competition is focussed on improving the energy efficiency market for SMEs regardless of tenure. Energy efficiency will typically be driven by the end user/bill payer but in rented premises energy efficiency may also be driven by the landlord.

The Government has a range of policies to support the ambition to reduce energy use in business by at least 20% by 2030. In particular, the Private Rented Sector (PRS) Minimum Energy Efficiency Standards place requirements on landlords which drives action in the private rented sector. The Government is planning to consult this Spring on further tightening the future PRS trajectory.

1. **Do you know what the impact of the PRS Regulations will be?**

From 1st April 2018 all newly leased or renewed leases on non-domestic buildings are required to upgrade their buildings to a minimum EPC E standard, provided they do not have a valid exemption. From 2023, all leased buildings will be required to comply with this standard. The Government intends to consult in Spring 2019 on further tightening the future trajectory of the non-domestic private rented sector regulations. The Impact Assessment of the current regulations is set out in <https://www.gov.uk/government/consultations/private-rented-sector-energy-efficiency-regulations-non-domestic>. An impact assessment for the Spring 2019 consultation will be published alongside the consultation document.

1. **Could a project primarily target SME freeholder owners of buildings that are leased to non-SME occupiers, where the energy saving will be delivered through improvements to common parts of the building they own? E.g could an SME freeholder be supported to improve the external wall insulation, roof insulation, lighting (in communal area) and lifts in a residential apartment block? Does it depend on the measure or who benefits from the energy saving [I believe external insulation in blocks of flats can in theory be supported under residential EE programmes, but communal lighting and lift upgrades (which benefit the landlord) cannot be]?**

The BASEE competition is aimed at funding projects that can demonstrate market potential within any SME sector, with a strong possibility of scalability either across multiple sectors or within a sector. A SME landlord operating in the non-domestic sector would be within scope of the competition. However, models to support SME landlords operating in the residential sector would not be within the scope of the BASEE Competition. This is because the Competition is aiming to improve the energy efficiency of SMEs not homes. The Competition supports the ambition in the Clean Growth Strategy to improve business energy efficiency by at least 20% by 2030.

1. **Could the project primarily or substantially support non-SME freeholders/landlords to improve the common parts of buildings occupied by SME leaseholders/tenants?**

The BASEE competition is aimed at funding projects that can demonstrate market potential within any SME sector, with a strong possibility of scalability either across multiple sectors or within a sector. A project which "substantially" supported non-SME freeholders/landlords to improve the common parts of buildings occupied by SME leaseholders/tenants is likely to be out of scope of the competition. Business models that aggregate projects within the same site with buildings owned by a single owner are specifically out of scope.

1. **The ITT describes the award of a grant following a competition, but Annex 3 contains terms and conditions which read as though they were designed for service provision. Is there a reason for this?**

The BASEE competition ITT does not reference a grant award. This competition will be using SBRI (Small Business Research Initiative)/pre-commercial procurement contracts. There is no grant funding associated with this competition as the funding will be provided through contracts. In this way BEIS is procuring the service of the projects which are selected for the competition.

1. **The introduction to Annex 3 suggests the terms and conditions are illustrative. When will competition participants know what the finalised terms and conditions are?**

The terms and conditions will be the same as those published as an illustrative example in Annex 3.

1. **Kindly provide the State Aid exemption that BEIS is relying upon as part of this competition.**

This competition will be delivered through a pre-commercial procurement (PRP) mechanism. As such, we do not need to rely on the GBER because PCP provides a way to secure R&D services in a way which does not constitute state aid.

1. **Please confirm whether the terms and conditions that apply to the ITT will cover both phases of the competition, or whether those successful participants who pass to phase two will be expected to sign a separate agreement with BEIS.**

The Terms and Conditions would be the same. However, successful phase 2 participants will be required to sign a new contract for Phase 2.

1. **If a number of participants come together to submit a bid, will BEIS require a collaboration agreement between each of the participants, or could a lead participant structure its bid on the basis the other participants are sub-contractors to the lead participant?**

Applicants can take either approach, but we would expect it to be more straightforward for lead participants to sub-contract with other participants.

1. **How are overheads handled?**

Overhead costs can be charged as part of indirect eligible costs but should be charged in proportion to the amount of effort deployed on the project. See Annex 1, pg. 35 of the Guidance for a full list of eligible and ineligible costs.

1. **What about projects that are currently receiving GOVERNMENT funding?**

Applicants should include details of any existing government funding, match or co funding from other sources in their application. The applicant would need to make it very clear where the BEIS funding would either be complementary with existing funding or used for a separate activity. The BASEE competition will not provide funding for organisations that are already active in delivering their proposed solution.

1. **Does a completely new extension to existing product/project count as novel?**

The BASEE competition will not provide funding for organisations that are already active in delivering their proposed solution. If a product/project is completely new and falls within the scope of the competition, then this is likely to be treated as novel/innovative.

1. **Can you please clarify how you will assess the SBRI cost saving for phase 1 and phase 2 of this competition?**

BEIS will assess the SBRI cost saving for Phase 1 and Phase 2 separately. For Phase 1, the bidder’s estimation of the SBRI cost savings will be assessed under the sub-criteria ‘Robustness of detailed project costing for Phase 1, including justification of the costs’. BEIS are seeking a clear and justified distinction, supported by market evidence, between the total cost of the project if it were to be developed exclusively by the bidder, and the total cost requested from BEIS. Any proposal that does not show this clearly will be scored ‘not satisfactory’ for that sub-criteria and this will affect the overall score for the cost criterion.

We expect that at the end of Phase 1 feasibility studies, competition participants will have more information to be able to refine their IP cost estimation and as such they will be required to provide us with an updated price reduction. Further details on the phase 2 evaluation criteria will be issued at the same time as Phase 1 contracts are awarded. Reference - section 6.4 of the guidance.

1. **The Guidance on the competition doesn’t seem to be definitive about the scope with respect to what would be made more efficient. Is there scope for manufacturing energy efficiency in the BASEE competition?**

The Guidance clearly indicates that in scope activities are those that support energy efficiency investments in the building fabric and/or energy efficiency equipment within the building such as overhead lighting or heating/cooling. Investment in more energy efficient manufacturing equipment is specifically out of scope (pg. 16 of the Guidance). Therefore, manufacturing process energy efficiency activities would be out of scope unless an element of the building fabric was to be improved.

1. **Is it possible to use some of this competition funding to offer SMEs free or subsidised energy saving works, similar to ECO in the domestic sector? So the proof of model would be whether a subsidy drives demand from SMEs to take up energy saving works?**

No. This competition is aimed at funding business models or solutions which have the potential to be eventually commercially viable. It is not aimed at deployment of energy saving plant and equipment nor at exploring solutions which require ongoing subsidy.

1. **We may not know until we've completed Phase 1 whether it is possible to deliver a pilot, would that make us ineligible?**

No, it will not make you ineligible to apply to the competition. However, applicants should note that the application form asks for an understanding of what applicants are intending to do for Phase 2 and that will be evaluated as to how well the project meets the overall objectives of the competition.

1. **The project and Pilot will be located in the UK. The Software development work will be located abroad. Is this an issue?
Relating to - Eligibility, is the project located in the UK?**

Whilst the project should be deployed in the UK, the software development could take place outside of the UK.

1. **What is considered evidence of a credible market place,
market research? Relating to - Application Form Question 1.4**

Bidders are asked to demonstrate the potential of the project to have an impact on SMEs accessing energy efficiency. Market research could include stakeholder engagement, literature research and other methods to ascertain the likelihood that the project will achieve its objectives.

1. **What is meant by fraudulent activity? Relating to Application Form Question 1.5?**

Fraudulent activity covers a range of activity. Specific to the Question 1.5 in the BASEE application form, this could be the misuse of a business model where SMEs end-up directing money requested to develop the business model to supporting the installation of energy efficiency measures.

1. **Can market research form part of the Feasibility Study? Relating to - Application Form Question 2.2**

Yes, market research can form part of the Feasibility Study activities.

1. **Further clarity on this question please? Relating to - Application Form Question 2.4 'Describe how the project deliverables from Phase 2 will contribute to the commercial advancement and scalability of the concept.**

In support of the findings from bidders' understanding of the market and the potential for the proposed project to impact that market, please describe how your Phase 2 project will achieve that potential.

1. **If funding for Energy Efficiency technology is not available, what is considered material/equipment costs? Could it be hardware required to gather data? Relating to - Application Form 5. Costs.**

Material/equipment costs could cover hardware required to gather data for the pilot.

1. **Further clarity on this question please? It is a requirement that projects must be scalable. Does this mean scalable to the SME market as a whole? Or within our sector or target market such as small highstreet stores or care homes. Relating to - Guidance Notes - Scalability**

Scalable can mean within and/or across market sectors. The potential for scalability will depend on the specific project being proposed, although the overall competition ambition is to support projects with potential for large scale impact across the SME market.

1. **"An EE investment delivered to a property occupied by an SME. For the purpose of this competition the European Commission definition of a SME is used – i.e. an enterprise which employs fewer than 250 persons and which has an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.22". interested to know the logic behind setting such a higher lower limit for the competition. This definition will still include larger energy users, as opposed to SMEs. Relating to - Guidance notes - Page 16.**

This is a standard definition used for SMEs. However, the competition is looking to facilitate energy efficiency uptake at the smaller end of the definition.  Larger companies are not the desired target market as they are typically able to self-finance or have access to financing packages that small and medium companies do not.  Applications should clearly explain the size and type of SMEs they are targeting and why their business model delivers additional energy efficiency activity that wouldn’t have happened anyway.

1. **If BEIS did not find 5 suitable proposals to achieve "value for money", as outlined in the guidance notes, is there an opportunity to obtain a larger % of the £5m funding? Alternatively, if the net benefit of 1 of the proposals far outweighs the proposals lower down the rankings, could a higher % of the £5m potentially be offered to the number 1 ranked proposal? Document implies maximum of £1m per project. Is this fixed? Relating to - Guidance notes - page 20.**

As noted in an earlier question there may be some flexibility about how many projects we award funding to depending on the bid values and quality of project that come through. However, the Guidance is clear that for Phase 1 the maximum funding a project can bid for is £100k and for Phase 2 the maximum funding a project can bid for is £1million. Projects which bid for more will be ineligible for consideration (see pg.41 of the criteria).

1. **What is the definition of "annual value" in this context? Value to BEIS, the customer or the project? Relating to - Guidance notes - page 21.**

We understand the question relates to the evaluation criteria: Overall market size in terms of annual value & potential customers (including targeted sector and measure types where applicable).

The definition of annual value sought in bidders' answers is the overall market turnover, overall current value of measures being installed, and the potential value of measures that could be installed. We do not expect this to be known in great detail for all markets at this stage, as many Phase 1 projects will use the feasibility study to assess the overall market.

1. **Please could you provide guidance on the recommended/expected recruitment levels of SMEs for the Phase 2 pilot?**

We would expect a minimum of 5 SMEs customers to take part in a pilot.

1. **We are currently developing a proposal which responds to the BASEE funding call. Our proposal covers more than one of the listed categories that BEIS are looking to fund (shown below). Can you confirm whether this is acceptable and if so, how would proposals be assessed in this situation?
• Business models that look to simplify and standardise elements of the investment or facilitate the aggregation of small-scale projects to attract investment; or
• A new technical tool/solution, such as a platform which provides a standardised method of assessing and displaying potential savings from a portfolio of buildings, or to match potential businesses who want to install energy efficiency with technology providers; or
• Other innovative solutions to facilitate investment in energy efficiency for SMEs.**

We ask all applicants to identify which category their project falls into so that when awarding funding we can pick projects from a range of categories and so bring forward a diverse set of solutions. It is not advisable to identify more than one category for your project, please pick the one that best describes your project. If you identify more than one category in your application BEIS will assign it a primary category.

1. **The idea that we would like to explore, although a completely new research and service, would also form an extension to a new mobile app, for which we currently have GoverNMENT funding to develop. The service would be an additional, separate service, but would benefit from linking and feeding back to the mobile app we are building.**

**a) Would this project therefore qualify?**

**b) How much detail should we provide about the app development project? And do you envision this will sit under 3.5 - technical development?**

**c) Any tips on how to best ring-fence the app project? Which section of the application is best suited for this?**

**d) This new service that would be developed would be pre-commercial. Would it pose an issue, if we started to commercialise the side app project funded separately, prior to March 2021?**

Based on the information provided, the project would be eligible. The proposal must clearly demonstrate what has been funded separately and any related or bundled work should be described in Question 3.5. Separation of costs should be provided in Question 5.1. If the BASEE funded activities are only focussing on pre-commercial activities for the pilot of the new service, there is no issue with the separate project about starting to commercialise.

1. **Q 2.1 ‘*This should include an indication of the sectors and energy efficiency measures you intend to focus on (where appropriate)*’. Could you please clarify how much detail is expected/specific information you look for?**

It is up to bidders to decide how much information to include, bearing in mind the overall word count for each section

1. **Q 2.2 ‘*Provide evidence of market research to prove demand or interest in the project from the target market.*’ - We haven’t gone out with this new concept yet, so not sure how we can demonstrate demand or interest from the target market? Would you expect to see here e.g. research findings on market barriers for SMEs to access external finance & their low uptake of energy efficient equipment? Would that count as evidence? Could you provide examples?**

We do not expect this to be provided in great detail at this stage, as many Phase 1 projects will use the feasibility study to assess the overall market.

1. **We felt there might be a potential overlap between question 1.6 and 1.7 (red); and question 1.7 and 2.2 (green):**
* **1.6 Describe what is innovative about the project. Clearly explain the added value of the project compared to other existing activities in the area; and**
* **1.7 Describe its distinctiveness compared to alternative approaches, including those developed by other organisations, and how it addresses a market need.**
* **2.2 Provide evidence of market research to prove demand or interest in the project from the target market.**

Your views are noted. Essentially questions 1.6 and 1.7 are about how innovative the project is and its additionality - i.e. what can it bring to the market place. Question 2.2 is seeking some potential for market demand and eventual commercialisation. However, as noted in the above question we do not expect applicants to be able to provide great detail on market demand at this stage.

1. **Q1.5 ‘*Describe how your project, and the commercialised offering that will follow on from Phase 2, will protect SMEs from fraudulent activity within the SME energy efficiency market.’* Could you provide some guidance on this question? Addressing objectives of the competition outlined in the guidance does not necessarily lead to protection against fraudulent activity. Should it therefore be considered as an additional objective of the competition?**

Fraudulent activity covers a range of activity. Specific to the Question 1.5 in the BASEE application form, this could be the misuse of a business model where SMEs end-up directing money requested to develop the business model to supporting the installation of energy efficiency measures. While protection against fraudulent activity is not a competition objective, it must be considered best practice in a competition to disperse Government funds.

1. **Can I please be sent a recording of the webinar if it is available?**

If you email BASEE@ricardo.com a link will be provided to you.

1. **In reading through the ITT, Section 4.1 Technical scope refers to three categories, and the way scoring /prioritisation will be handled. We envisage proposing a solution that covers more than one of the categories - how should we present this and does that make the proposal more or less attractive?**

We ask all applicants to identify which category their project falls into so that when awarding funding we can pick projects from a range of categories and so bring forward a diverse set of solutions. It is not advisable to identify more than one category for your project, please pick the one that best describes your project. If you identify more than one category in your application BEIS will assign it a primary category.

1. **If we come up with a successful idea, who would own the IP? The creator or BEIS?**

As per the Guidance Document, any arising IP would be owned by the contractor and not by BEIS. Details about IP are on page 27 of the guidance document.

1. **On Slide 17, you mentioned for the activity scope that behavioural change measures are out of scope – can you expand on this? As behavioural changes must AFFECT all work to some degree.**

We recognise that behavioural change is an important part of reducing energy use, however, the focus of this competition is about facilitating investment in physical changes to the energy efficiency of the building fabric or building equipment, therefore projects that only facilitate behavioural change in SMEs/their staff, and not investment in energy efficiency would be out of scope. However, we would expect that in order to be commercially viable, projects will have to consider how they successfully engage SMEs on their energy efficiency and this may well include additional advice on behavioural changes.

1. **Please can you confirm if the modelling tool software developed for the BEES telephone and site surveys, is available for use/adaptation by Phase 1 or Phase 2 projects?**

Thank you for your e-mail regarding access to the BEES model.  Due to complexity of the model and commercially sensitive information contained in it we are not able to make this available to applicants to the BASEE Competition.

1. **Would energy storage be considered in scope for the competition?**

Energy storage is not in scope for this competition as is it not an energy efficiency measure. Please also see responses to questions 4, 6, 21 and 39.

1. **Is the first round of expressions of interest meant to be from businesses interested in participating (i.e. companies bidding to do the energy savings analysis) or from those who would benefit downstream, i.e. pubs?**

The competition deadline for EOIs is for business interested in bidding for funding under the competition.

1. **Please can the department confirm whether:
(a) Any bid for phase 1 is binding? Could a bidder submit a bid for Phase 1 and decide not to proceed if awarded the contract, by not entering into the contract?
(b) If a bidder completes Phase 1, and is selected for Phase 2, is that bidder obliged to enter into a further contract (or can a bidder decide not to proceed by not entering into the contract)?**

The SBRI procurement is not binding, and both Phase 1 and Phase 2 contracts need to be agreed and signed by both parties before any work takes place.

1. **Could you please advise if the applicants are expected to fill section 1(b) Eligibility Criteria, is a check for completeness or intended for the assessors to utilise?**

Applicants should complete the Eligibility Criteria section to demonstrate to the assessors that their application is compliant.

1. **In relation to SBRI:
1) Please define who is the public purchaser.
2) What is A and what is B.
3) Total price for exclusive development contract; what are you expecting to be included here.
4) What do you mean by cost saving? Cost saving to whom?**

Q1: Please define who is the public purchaser.
A1: BEIS is the public purchaser.

Q2: What is A and what is B?
A2: A = Total price of exclusive development contract, B = total price for SBRI contract.

Q3: Total price for exclusive development contract; what are you expecting to be included here?
A3: See Clarification no. 38.

Q4: What do you mean by cost saving? Cost saving to whom?
A4: See Clarification no. 38.

1. **As the clause says: Your total costs including VAT should not exceed the maximum allowable budget, does that mean the maximum price for a VAT registered supplier is actually £83k + 20% VAT?**

Phase 1 budgets must not exceed £100k including VAT. For Table 5, please provide a narrative indication of the applicable VAT to accompany the table.

1. **GDPR assurance questionnaire:
Training & awareness question – there is no drop down box options to select. Can you confirm that inserting the following sentence is acceptable? “This will be implemented by time of contract award.”**

The suggested response is acceptable.

1. **GDPR assurance questionnaire:
Front Sheet – Row 12 says “select”, but Row 13 already has a declaration statement. How do I agree to the declaration statement? Do I need to insert a signature somewhere on the declaration?**

Please submit the declaration with a covering sheet to confirm your agreement.

1. **Can you advise if we can apply a general overhead allocation of 20% on direct costs to assign overhead.**

This is an acceptable approach to allocation of overhead costs, and is similar to the approach of other innovation programmes (such as Innovate UK).

1. **We also have a law firm, bank and IT consultants on the bid with similar day rates but they have employees (with PAYE). Can a law firm employee charge a standard day rate or does it have to be PAYE rates only?**

Project team arrangements between your organisations will affect how day rates should be charged. Only project partners are subject to the requirement not to charge profit.

**Annex A – answer to question 24**

How many SMEs were in the survey?

The [Building Energy Efficiency Survey](https://www.gov.uk/government/publications/building-energy-efficiency-survey-bees) (BEES) reports on the non-domestic building stock in England and Wales in 2014-15. A total of 3690 buildings were included in the sample. Within this total, 2202 were buildings that were identified as SMEs.

**Table 1: Number of buildings in the BEES survey by organisation size**

|  |  |
| --- | --- |
| **Organisation size** | **Number of buildings** |
| Large | 1088 |
| SMEs | 2202 |
| *Don't Know* | *40* |
| *Not Asked* | *360* |
| ***Total*** | ***3690*** |

*Source:* [*Building Energy Efficiency Survey 2015*](https://www.gov.uk/government/publications/building-energy-efficiency-survey-bees)

What proportion of UK businesses are SMEs?

Latest figures from the [Business Population Estimates](https://www.gov.uk/government/statistics/business-population-estimates-2018) show that SMEs make up a total of almost 5.7 million private sector businesses in the UK (around 99.9%) and £2 trillion in turnover (52%).

**Table 2: Number of businesses and total turnover by organisation size**

|  |  |  |
| --- | --- | --- |
| **Organisation size** | **Number of businesses** | **Turnover (£million)** |
| Micro | 5,415,515 | 808,240 |
| Small | 209,650 | 590,263 |
| Medium | 34,835 | 595,003 |
| Large | 7,510 | 1,868,106 |
| ***Total*** | ***5,667,510*** | ***3,861,612*** |

*Source:* [*Business Population Estimates 2018*](https://www.gov.uk/government/statistics/business-population-estimates-2018)

How much energy is used by SMEs?

SMEs use a total of 98,990 GWh in energy consumption across the UK. 57,150 GWh (58%) of this consumption is electric with the remaining 41,840 GWh (42%) coming from non-electric fuel. Medium organisations use around 38,980 GWh, micro organisations use 30,380 GWh and small organisations use 29,640 GWh. Most of the consumption from micro organisations is electric (16,980 GWh, 56%) whereas non-electric made the greatest proportion in medium and small (26,590 GWh – 68% and 17,160 GWh – 58% respectively) [[1]](#footnote-2).

What proportion of SMEs are landlord rented?

In England and Wales, around 64% of SMEs are rented[[2]](#footnote-3) but use only 62,480 GWh of energy consumption (39%). The reason for this is that for the total floor area taken up by SMEs, 43% comes from landlord rented buildings which would indicate that rented buildings are smaller than owned[[3]](#footnote-4).

1. All figures in this section are from the Building Energy Efficiency Survey 2015 which have been scaled up to the UK using Digest of UK Energy Statistics 2015. [↑](#footnote-ref-2)
2. The number of buildings figure is calculated using Building weights which are found in the Building Energy Efficiency Survey Energy Use model 2015. [↑](#footnote-ref-3)
3. Figures on energy and floor area are calculated using the Building Energy Efficiency Survey Energy Use model 2015. [↑](#footnote-ref-4)