



Department for
Business, Energy
& Industrial Strategy

INDUSTRIAL FUEL SWITCHING PHASE 2 Q&A



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This document covers questions submitted by prospective applicants regarding Phase 2 of the Industrial Fuel Switching competition.

Question 1: The application form asks if this is a collaborative application. Does this mean just a consortium, or does it also cover sub-contractors?

Answer 1: Applicants only need to provide contact details for consortium members. They should do this in Annex 1 of the application form. However, under question 5i in the Industrial Fuel Switching: Phase 2 Application Form, applicants should also provide information on which sub-contractors are being used on the project, and what activity they will deliver.

Question 2: Does the single company activity cover a single company that sub-contracts part of the work out or is that to be covered by the collaboration option?

Answer 2: A project with multiple project partners would be a collaboration. A project delivered by a single company with the use of a sub-contractors would be a single company.

Question 3: If an application is successful, what reporting will be required throughout the project on labour costs and other expenditure? Will there be a requirement to submit time sheet information or interim reporting that isn't covered by the finance form?

Answer 3: All deliverables will be agreed on inception and these will vary depending on the scope of the project.

Question 4: Does project location refer to the sites that are the target beneficiaries or the project partners/sub-contractors undertaking the feasibility study?

Answer 4: Applicants should supply the location of project partners undertaking the feasibility study, and also the location of the target beneficiaries.

Question 5: Under 5i of the application form, does an 'external party' also include official sub-contractors or consortium members that are part of the application?

Answer 5: If a sub-contractor or consortium member is set to complete over 10% of the project, they should be included the response to 5i of the application form.

Question 6: It is possible new project partners join for Phase 3. Consequently, it is challenging to name Phase 3 delivery partners for each milestone in Tables 5c and 5e of the application form. Can BEIS advise if it is appropriate to therefore use the term 'tbc' or similar, along with relevant commentary?

Answer 6: BEIS understands that it may be the case that project partners change between Phase 2 and 3.

Question 7: Assuming further partners (who provided letters of support) join the Consortium during Phase 2, we will need to revise the Collaboration Agreement prior to Phase 3. We assume BEIS would be happy with this approach?

Answer 7: As with answer 6 of this document, BEIS understands that it may be the case that project partners change between Phase 2 and 3.

Question 8: Within the submission deadline, it is challenging to formally agree all relevant sub-contracts for certain elements of the Phase 2 work. For some sub-contracts, therefore, would BEIS find it acceptable for us to submit cost estimates for these (based on our engagement thus far), and then formally agree the sub-contracts subsequent to submission? Allied to this, in the Finance spreadsheet, in the sub-contractors tab, we propose to insert 'tbc' in relation to some sub-contracts along with related commentary in the free-form box at the bottom of the page.

Answer 8: BEIS will use Question 4 of the application form to secure initial outline information about the estimated costs of the proposed demonstration project. Question five of the application form will assess the ability to deliver within the timescales set out in the Competition Guidance and Notes. The detail of evidence provided will be used to score these questions. Please also note that BEIS cannot pay more than the funds requested in the project application.

Question 9: We have some concerns in relation to the contract. We intend to submit the details of these as 'Further Information' to our application form. We assume that these can then be explored following notification of, in principle, award?

Answer 9: This question has been answered by Question 11 of the Q&A found in Industrial Fuel Switching Phase 2: Competition Guidance and Notes. This reads:

Q11. You may wish to raise contractual comments in an appendix however BEIS' position is proposals submitted should not amend the T's and C's set out in the ITT.

Question 10: We are planning on using multiple partners. We would like to use more than 2 but the application form only has room for 2.

Answer 10. Projects may include more than two partners for the Industrial Fuel Switching competition. On P.31 of the application form there is instruction to copy and paste new tables if an application needs to input data for more than two partners.

Question 11: In Table 1 (P7) of the Guidance document, there is an indication of "Hydrogen - up to 25% substitution" for iron ore reduction. Could you please confirm that the potential of **100%** switching from coal/coke to hydrogen for iron making would be within the scope of the competition. i.e. the '*up to 25% substitution*' identified in the guidance notes and the Element Energy and Jacobs Ph.1 Report was indicative only and not a competition constraint.

Answer 11. Projects that aim to achieve 100% switching from coal/coke to hydrogen for iron making would be within scope for this competition.

Question 12: Could you tell me where CHP lies in this consideration of scope?

Answer 12: Combined Heat and Power projects are in scope for the Industrial Fuel Switching competition.

Question 13: For the phase 2 application entry, do we need to have completed a Phase 1 entry before beginning Phase 2, or can we register and apply directly for Phase 2?

Answer 13: Applicants are able to apply to Phase 2 of the competition without having taken part in Phase 1. Applicants are able to apply to the Phase 3 Demonstration Phase, without having completed a Phase 2 study. A pro forma will be published once the Phase 2 studies are under way and this will be the basis for assessing applications to Phase 3.

Question 14: P25 of Guidance and P14 of the Application Form states:

"Applicants will also need to describe their proposed approach to ensuring that the solution(s) can meet the required regularity conditions for safety and will not compromise air quality standards (for biomass and hydrogen), comparing this to the counterfactual....The bid should describe how such a solution fits within the regulatory framework and demonstrates its compliance."

Our understanding is that that this funding is for feasibility studies in relation to whether sites can be converted to other fuels and what the impacts of doing so would be. This feasibility study (as part of the 'counterfactuals' analysis) will therefore determine whether, in principle, the site can meet the above air quality and safety standards. Phase 3 will then test such compliance in practical terms via site demonstration. Consequently, this information cannot form part of this bid submission. Could BEIS please clarify whether it agrees with this understanding?

P26 of the Guidance and P16 of the Application Form states:

"This criterion will look at....the total lifetime costs associated with implementing the proposed fuel switching solution."

Again, our understanding is that (an initial estimate of) lifetime costs will be determined via undertaking this feasibility study and then the Phase 3 demonstration. Could BEIS please clarify whether it agrees with this understanding?

Answer 14: For the feasibility study, it is realistic that the purpose of the study will be to determine whether the proposed solution would meet certain standards or achieve certain results including safety, air quality, life cycle cost. Whilst applicants will not be able to submit the specific information the study intends to determine, the application should make clear what it seeks to determine, and the methodology taken to achieve this.

Question 15: We have looked at the tender opportunity and was wondering if biomass is something you are considering or if you are looking at other renewable energy departments.

Answer 15: The use of biomass as part of a solution to low carbon industrial fuel switching would be within scope for the Industrial Fuel Switching competition.

Question 16: Could you provide details of the Phase 1 projects, and can projects be submitted to Phase 2 by applicants who did not take part in Phase 1?

Answer 16: Phase 1 has now been completed. This was a market assessment phase, which was completed by Element Energy on behalf of BEIS and has been published at: www.gov.uk/guidance/funding-for-low-carbon-industry#industrial-fuel-switching-to-low-carbon-alternatives. Please note that applicants are still eligible to apply for Phase 2 despite having not been involved in Phase 1.

Question 17: Would it be acceptable if on their Finance forms they simply indicate the people/roles working on the project and a total Labour cost for the organisation?

Answer 17: Assessment for question four will be provided on level of quality of the evidence provided by the applicant.

Question 18: Is it the case that partners will not be required by BEIS to provide any evidence of costs and that BEIS will not ask to look at any of their accounts (in particular details relating to salary costs)?

Answer 18: Payment schedule will be agreed at the inception meeting; sufficient evidence will be required for any invoices as part of the schedule.



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