

Boosting Access for SMEs to Energy Efficiency (BASEE) Competition

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Webinar

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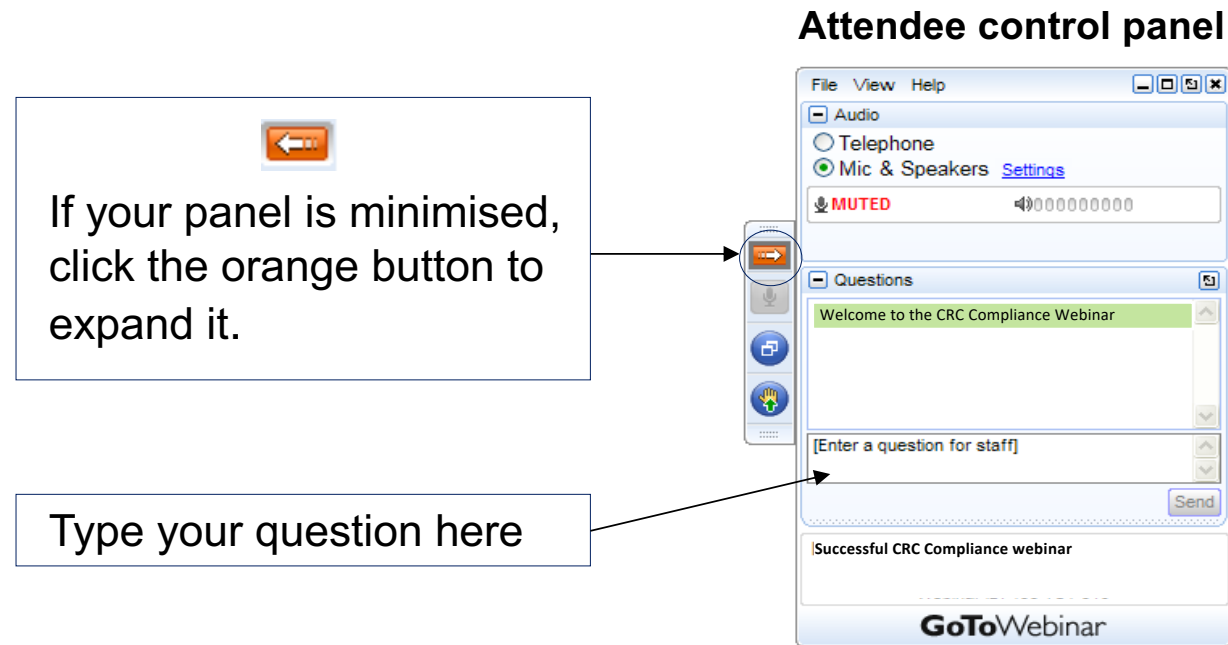
Agenda

- Introductions
- How to use GoToWebinar
- Context for the competition
- Competition scope
- Application and evaluation process
- T&Cs
- Q&A

Any questions?

You can submit your question or comment in writing at any time during the webinar, using the control panel on your screen.

(The control panel is usually located in the top right or top left of your screen.)

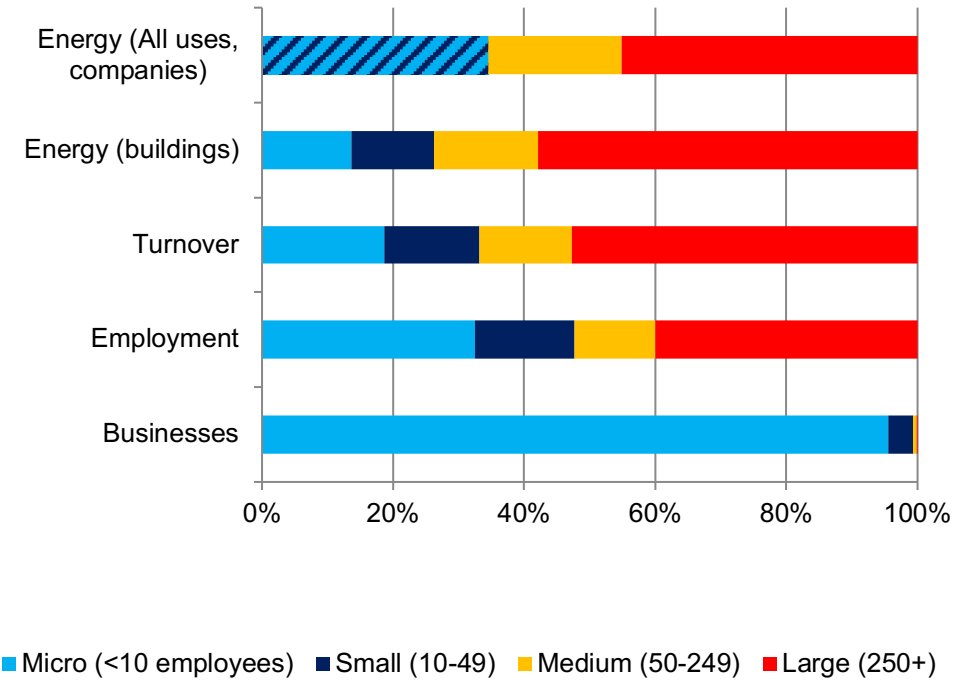
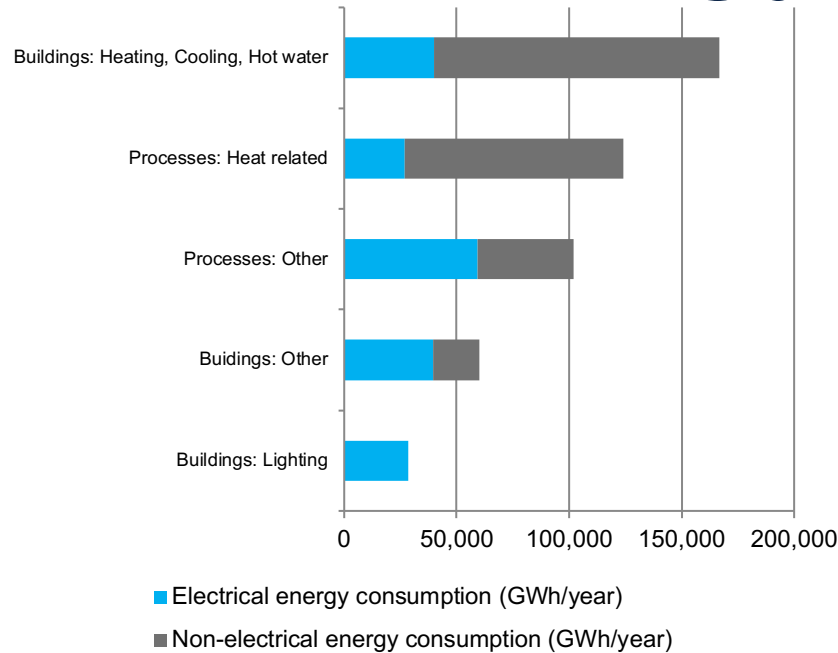


Clean Growth Strategy

- The Clean Growth Strategy sets an ambition to improve business productivity by enabling businesses to improve their energy efficiency by at least 20 per cent by 2030.
- This means that energy use would need to fall by 20% and energy intensity by 45% in 2030 compared to 2015 levels.
- This will deliver:
 - Up to £6bn in cost savings for businesses
 - Carbon savings of up to 22 MtCO₂e



Business energy demand



Heating and cooling in buildings are the biggest sources of energy use, followed by energy used in industrial processes.

Optimisation of building energy use can deliver energy savings of up to 20% or even more.

SMEs comprise about half of energy demand in this sector – although they account for over 90% of businesses.

We therefore need to target our interventions on these areas.

Helping businesses with energy use

- Call for Evidence in July 2018 sought views on how to deliver the 20% ambition.
- A Government response was published on the 13th March 2019 which set out proposals and approaches in the non-domestic energy services market:
- **Launch of the £6m Boosting Access for SMEs to Energy Efficiency.**
- Taking forward options to address issues around trust, standards and quality assurance.
- Having better quality energy consumption data.
- Participate in the Retrofit Standard Task Group, an output of the EHC quality and standards workstreams.
- Budget 2018 committed to a Call for Evidence on introducing a new energy efficiency scheme focused on small business. This was published alongside the Spring Statement.

Policy approach – realising the 20%

1. Energy Savings Opportunity Scheme (ESOS).
2. Private Rented Sector for non-domestic buildings, tightened Minimum Energy Efficiency Standard (MEES) and potentially action on owner occupied buildings.
3. Streamlined Energy and Carbon Reporting.
4. **Boosting Access for SMEs to Energy Efficiency (BASEE) Competition.**
5. Call for evidence on an SME energy efficiency scheme.
6. Industrial Heat Recovery Support (IHRS) Programme.
7. Support for Industrial Energy Efficiency.
8. Buildings Mission.

Research Background to the Competition

- BEIS commissioned IPA Advisory and Databuild (July 2018) to carry out research into the non-domestic energy efficiency services market to increase our understanding of the current market, how it compares internationally and the barriers to further growth.
- Identified barriers such as lack of trust, lack of salience and low financial returns and high transaction costs.
- Found that cost reduction is the strongest driver to help take-up of energy service solutions in the private sector market.

Boosting Access for SMEs to Energy Efficiency (BASEE) Competition

- The **aim** of the Boosting Access for SMEs to Energy Efficiency Competition is to accelerate the growth of the energy services market for SMEs by driving down transaction costs and promoting third party finance in energy efficiency projects.

We know that SMEs face barriers that are particular to them such as:

- lack of economies of scale;
 - high upfront capital costs;
 - high transaction costs; and
 - difficulty accessing finance.
- £6m competition launched on 13 March 2019 to fund innovative business models, services or tools that address this problem.

Aim of the Competition

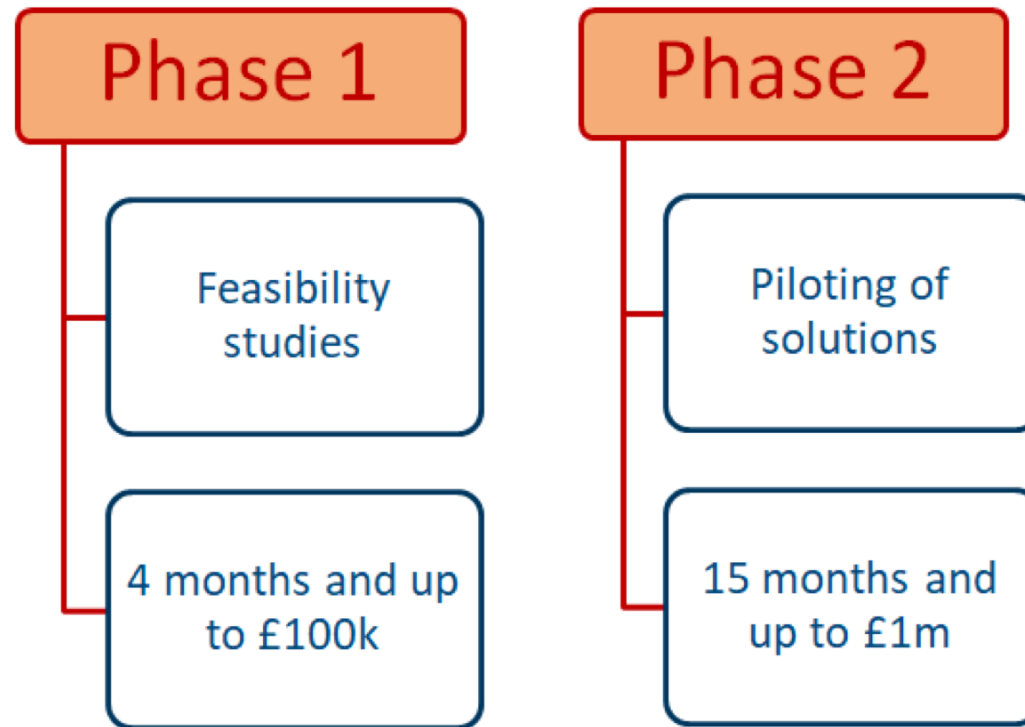
- The BASEE competition aims to pilot the most promising business models or solutions that:
 - Increase demand for investment in EE and growth in the market for high quality EE services for SMEs;
 - Increase investment from lenders;
 - Lower transactional costs through standardised and/or streamlined approaches to contracting;
 - Generate a supply chain of projects.

Categories

- Projects are envisaged to fall broadly into three categories:
 - **Business models** that look to simplify and standardise elements of the 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.
 - **Other innovative solutions** to facilitate investment in energy efficiency for SMEs.

Outline of the Competition

- The competition will be run as a Small Business Research Initiative (SBRI) and will be split into 2 Phases.



You must pass Phase 1 to be eligible for Phase 2

Scope

1

APPLICANT

2

TECHNICAL

3

ACTIVITY

4

SECTORAL

1. Applicant scope - who can apply

- SBRI competitions are **open to all organisations** that can demonstrate a route to market their solution. This includes SMEs and large enterprises, academic, research, public and third sector organisations.
- This competition is UK wide and wants to draw on the widest possible pool of innovative ideas that support UK businesses.

We would welcome applications from the following organisations (though this list is not exhaustive):

Energy service companies	Security/smart control firms
Energy Supplier or utilities	Aggregators
Energy efficiency technology providers	Trade bodies
Financial organisations such as banks	Local org. such as LEPs, local energy hubs
Investors/portfolio managers	Local authorities
Facility management contractors	

2. Technical Scope

In Scope	Out of scope – funding will not be provided for...
<ul style="list-style-type: none">• Not prescriptive about specific projects.• Encourage a wide range of ideas to come forward.• Supportive of proposals that develop, test and demonstrate business models, processes and tools.• Funding for this competition will be awarded using the Small Business Research Initiative (SBRI) approach.	<ul style="list-style-type: none">• The delivery or development of energy efficiency technologies.• A project proposed by an organisation which is already active in delivering its proposed solution.• Solutions targeting the same site with buildings owned by a single owner.• Projects that require additional post-scheme development before being ready for market testing.

3. Activity Scope

In Scope	Out of Scope - funding will not be provided for...
<ul style="list-style-type: none">• Projects that facilitate investment in physical changes to the energy efficiency of the building/equipment within the building.• Will consider projects that include aspects that are outside immediate scope of the competition (if necessary for commercial viability)	<ul style="list-style-type: none">• Behavioural change measures• Investments in more efficient industrial/manufacturing equipment.• Projects aimed at energy efficiency in new builds or public sector buildings.• Projects aimed at investing in one building or site – i.e. they are not scalable or replicable.

4. Sectoral Scope

- We are aiming to fund projects that can demonstrate market potential within an SME sector.
- Projects which target public sector organisations are explicitly out of scope.

What We Are Looking For

- This is an innovation project – it's OK to fail (but we want you to succeed)
- Novelty – there's more to energy efficiency than replacing lighting
- Potential to scale up – how widely can the approach be applied
- Additionality – why does government need to fund this
- Deliverability – do we have confidence the bidder can deliver
- Credibility – real understanding of how to overcome barriers

Application process & evaluation criteria.
Terms and Conditions.

Lisa Groves (Ricardo Energy & Environment)

Application process

Milestone	Planned completion date
Competition launch	13 March 2019
Supplier information day	20 March 2019
Deadline for questions from applicants.	3 April 2019
Deadline whereby BEIS will respond to all applicants' questions	15 April 2019
Deadline for expressions of interest	24 April 2019
Deadline for submission of proposals	8 May 2019
Project selection and Phase 1 contracts awarded	July 2019
Competition participants commence work on Phase 1	August 2019
Assessment of Phase 1 outputs to decide which projects to proceed to Phase 2	November 2019
Phase 2 contracts awarded	December 2019
Final report from participants	31 March 2021

Application process

- Submit expression of interest to BASEE@ricardo.com by 13.00 on 24th April 2019
- Submit full application to BASEE@ricardo.com by 17.00 on 8th May 2019
 - Completed application form
 - Work plan
 - Project budget
 - Risk assessment
 - Any co-funding arrangements
 - Declaration forms
- There is only 1 application window
- **You must pass Phase 1 to enter Phase 2**

Presentation of proposed budgets

- Total value of BASEE = £6million
 - Phase 1: Max of £100k per project (including VAT where applicable)
 - Phase 2: Max of £1m per project (including VAT where applicable)
- Eligible costs/activities
- Ineligible costs/activities
- ‘Bundled’ projects that include other out-of-scope activities
- Workplan – all project activities, reports and payments **MUST** be complete by 31 March 2021

Evaluation of proposals

- Eligibility assessment
 - The project must be within the competition scope;
 - The project must be at a pre-commercial stage of development in the UK;
 - The project activities for any feasibility study procured in this Competition must be conducted in the UK;
 - The project must be led by a single organisation (although bids from consortia with a single lead partner are acceptable);
 - The application must clearly describe activities for both Phase 1 and Phase 2;
 - The application must clearly indicate the estimated cost savings in line with SBRI requirements;
 - The requested funding must be below the maximum limit of £100k for Phase 1 activities and £1million for Phase 2.

Evaluation of proposals

Criterion	Weighting	Sub-criteria
Technical approach / Innovation (25%)	15%	Credibility of the concept and relevance to the specific challenges and objectives being addressed
	10%	Degree of innovation of the proposal, and the market gap it is filling including the added value compared to existing activities.
Market potential, scalability and marketing plan (20%)	5%	Overall market size in terms of annual value & potential customers (including targeted sector and measure types where applicable). Evidence of market research activities.
	10%	Potential for scalability within and/or across sectors as measured by the potential level of commercial advancement as a result of the project. Assessment of target market potential, including costings (products and services), installation, customer acquisition..
	5%	Strength of the strategic plan to commercialise the product. Business case for roll out and commercialisation, including early commercialisation deployment targets. Includes potential financing options for further commercialisation

Evaluation of proposals

Criterion	Weighting	Sub-criteria
Deliverability (20%)	5%	Appropriateness and credibility of the project work plan, milestones and deliverables.
	5%	Appropriateness of project management structure and partners roles.
	5%	Current status of the project and ability to start and deliver work within BASEE timescales
	5%	Detailed understanding of the project risks and their management
Skills and expertise (10%)	5%	Evidence of track record of project delivery
	5%	Capacity, experience and capability of the proposed project team members

Evaluation of proposals

Criterion	Weighting	Sub-criteria											
Costs (25%)	5%	Robustness of detailed project costing for Phase 1, including justification of the costs.											
	20%	<p>Total cost for Phase 1 activities</p> <p>The lowest priced bid will receive the full 5 marks, all other bids will then be marked as set out below.</p> <p><u>Proportionate pricing scoring example</u></p> <table><tr><th>Applicant</th><th>Price</th><th>Marks</th></tr><tr><td>1 (lowest bid)</td><td>£60,000</td><td>5</td></tr><tr><td>2</td><td>£80,000</td><td>$60/80 * 5 = 3.75$</td></tr><tr><td>3</td><td>£100,000</td><td>$60/100 * 5 = 3$</td></tr></table>	Applicant	Price	Marks	1 (lowest bid)	£60,000	5	2	£80,000	$60/80 * 5 = 3.75$	3	£100,000
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Evaluation of proposals

- To pass through to the ranked list of applications, you must score a minimum of 60% against the assessment criteria
- Funding allocation across categories:

A. Business models and standardisation

B. New technical tool

C. Other innovative solutions

The top two scoring applications from each category will be allocated funding (giving a total of 6 projects) and then the next overall top scoring applications will be allocated until the available funds are used up.

Terms & Conditions

- BASEE is a pre-commercial SBRI procurement
 - Standard SBRI T&Cs apply
- Intellectual Property
- Payment of invoices
- Treatment of VAT
- Monitoring and Reporting
- Evaluation

Next Steps and Q&A Session