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Moderator questions in Bold, Respondents in Regular text.

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Lily Tozer: Hi, everyone. My name is Lily Tozer and I'm going to talk to you today about the Industrial Energy Transformation Fund. It's a fund that's open to sites and companies based in Northern Ireland, as well as England and Wales. And, and we'll be opening a new competition for this in January of this year. And, so we really hope that, if this is of interest, that you can get your applications in and I'll talk you through how you can go about doing that. As some context, you'll be aware that the UK was one of the first countries to set in place a net zero target. And to get there is going to involve some serious changes in the way that industry, as well as other sectors of the economy, work. Industrial emissions account for around 16% of all UK emissions, and they'll need to reduce to 90% by 2050 if we're to meet our target. There are various ways we're getting there. The Industrial Decarbonisation Strategy, which was published in early 2021, sets out some of the road maps and some of the means by which different industrial sectors could achieve this. And, more recently, the net zero strategy provides a little bit more detail. With this in mind, we've set up the Industrial Energy Transformation Fund. And this has two main objectives.

First of all, we recognise that delivering energy savings and delivering emissions savings is costly, and, in a competitive business environment, we want to make sure that we can retain a thriving industrial sector across all regions of the UK. So, one of our key objectives is, therefore, to help you to reduce your energy costs. So, any proposes that you can bring forward to us, where you can show that you'll be reducing your energy consumption, and thereby reducing your bills, is something that we'd be interested to hear about. Similarly, we obviously want to help you to reduce your emissions, that's both for your direct on-site emissions, so, for example, where your combustion fuels, as well as the emissions that you are indirectly producing by your energy consumption. And we recognise as well that some of the technologies that you require to do this can be relatively new or novel. This is a new challenge for the whole of industry and, therefore, we want to help first movers to install these technologies, bringing down the costs and risks of making that investment. So, our grant funding that we'll offer should help to bring down those upfront costs, as well as the overall application process, hopefully assisting you in thinking about some of the key challenges and opportunities that will be involved in bringing these technologies onto your sites.

The IETF itself is targeted very much at industrial processes. So, this is the, the area of your site that we know is really hard to (mw 02.46). We're not looking at buildings or measures related to lighting and heated, we're specifically focused on industrial processes. We also don't include within that definition energy and fuel production. So, there are other schemes that are out there to help assist you in, for example, producing bio-gasses or moving to other renewable fuels. The IETF is just looking to help switch your on-site equipment. We're open to businesses of any size, and I'll talk you through some case

studies a little bit later that demonstrate that we've had applications from all different sectors of the economy, all different class and size of business. And, as I said, it's open to sites and companies based in England, Wales and Northern Ireland. If, as a company, you have any sites that might be based in Scotland, there is a competition which is open to them as well. This is the Scottish IETF, so it's a sister scheme to us, and many of the rules that I'll talk through today will be quite similar.

So, crucially, who is eligible to apply? Now, I mentioned that this is based on us supporting the industrial sector. And we've tried to make sure that our eligibility criteria therefore reflects some of the more high-emitting energy-intensive, industrial activities that you might be undertaking. So, the key here is to check whether any of your sites or processes that you're currently conducting fit within these criteria. And we've used standard industrial classification codes to help you to identify eligible processes. You can find your SIC code by looking on Companies House, and there you'll be registered with potentially one, or maybe two, three, four different classes of activity that your business undertakes. If that standard classification fits against any of these criteria, you would be eligible, provided that you can show that it's your specific site that meets that definition.

There might well be cases where you look on Companies House and you find that, actually, the code there doesn't reflect the activity that you're carrying out on site. For example, you might have a parent company that carries out multiple different kinds of activities, and the specific activity that you are doing isn't reflected. So, for example, a telecoms company might own a data centre, and the data centre SIC code doesn't appear on your file. That's not a problem at all. We don't want to rule you out just on a, sort of, administrative issue. What we'd just ask is that you explain in your application how you activity meets these definitions, and we'll give you space to describe that in full. And, as I say, the, the eligible activities here capture manufacturing, mining and quarrying, recovery and recycling of materials, and data centres.

BEIS, so this is the organisation that I work for, will be delivering the IETF. So, we'll be working with you at application stage. So, when you start to write your application and submit it, all of the information relevant to that will be on our Gov.uk pages, under the department for Business, Energy and Industrial Strategy. All of the post-application support will also be provided by BEIS, as well as any monitoring, doing the work to set your project up, and signing grant agreements. Down here, it references the phase two competition. So, our Autumn 2021 competition has just closed, but there'll be fiurther competition windows open in 2022, which I'll speak through. We are partnered with the KTN, who I believe are also talking today, and they will be providing some further support to us. Communications and publications, that you'll be seeing during the application window, as well as some really helpful support around helping you to find other companies, where you might be able to partner up to produce an application. And there is a technology marketplace as well, that's available to help you to find relevant technologies for your site. And then, finally, I mentioned that there's a further scheme set up in Scotland. Please do go and look on their pages if you have an interest in that fund.

Overall, the IETF has a budget of £289 million, and this is available out to 2025. So, that's when all of our funding must be spent. So, we're really keen to get your applications in. We've concluded the first phase of the competition, which means that we've allocated up to £70 million from the first two competitions. We'll be providing details about those competition winners to you, so you can see the kinds of projects that have got through. Phase two is now open. We've had our first competition round, which I mentioned was in Autumn 2021. There'll be a further three competition windows open to you in 2022. As far as possible, we've tried to keep the fund continuously open, because we recognise that it can take some time to get your application together, that you might have different times of the year at which your board can make these types of funding decisions. So, please look at these future deadlines and see which competition might be most relevant to you. The only thing I'd note is that the earlier you can get your application in, the better. So, we do expect that demand for the competition might build over the next year. So, early applicants are likely to stand a, a good chance, as this is a competitive process, so you'll be assessed against the other applications that come in.

And the reason that we call this phase two is because it expands on the original scope of the competition that we had in phase one. So, we are now open to decarbonisation deployment projects, whereas in phase one we could only support decarbonisation studies, as well as energy efficiency deployment projects and energy efficiency studies. The budgets that are down here for each of those competition windows are indicative, but that should give you a sense of the amount of funding that's on offer. So, I touched on the scope just now. So, this covers three competition strands. If you have a project that's ready to be deployed, so you're ready to start installing that equipment on your site, and it will deliver you a reduction in your energy consumption and your energy bills, then that will classify under the Energy Efficiency Deployment strand of the competition. Similarly, if you are ready to go and install a project that will deliver you direct emission savings on your site, then that will classify under the Deep Decarbonisation Deployment strand of the competition.

And finally, if you're a little bit earlier in your thinking, so you have an idea of a potential technology solution that you'd like to deploy on your site but you need to do some further investigation before you're able to take an investment decision, then you can apply under the studies strand of the competition. And this will support proposals that are either for energy efficiency technologies or deep decarbonisation technologies. And you'd be able to apply for a feasibility study, so to help you do some of that early scoping work, or for an engineering study, which is similar to a feed study, so where you're looking to do some of the more detailed engineering planning ahead of making your investment decision. There's more information on our guidance pages around the different types of funding thresholds that apply to these, and the specific rules and scope, so please do take a look at our guidance before making an application.

I want to talk now through a little bit more detail around what we mean by 'Energy efficiency technologies'. So, as I said, the key here is that you must be able to show that pre- and post-intervention there will be a reduction in the amount of energy that you're consuming on your site. So, we're technology neutral as a fund. There are a few things that aren't in scope, as I mentioned at the beginning. Again, look

at our guidance for more details. But, generally, we want you to come forward with the kind of technology proposal that you believe will be the most appropriate for your individual site and your individual process. So, this could include technologies such as process optimisation. So, where you might be looking to install control systems to better manage the energy that you're using. Where you're looking to install higher spec equipment that incorporates that kind of controllable side of things. Or where you're maybe looking for specific pieces of equipment that are, overall, just higher performing. So, we've got an example here of higher efficiency heat exchanges.

The second would be similar. So, equipment upgrades. So, for example, you might be looking to replace a boiler, a dryer, an oven, a kiln. All of those things would be in scope for the competition. The key here to note would be that we're not able to provide you any support for any work that would be undertaken during the normal process of replacing equipment on your site or undertaking maintenance. What we're really interested in is you being able to show us the additional costs that you're incurring from going above and beyond, sort of, a standard version of that equipment. So, if you're replacing a piece of equipment on site, you'll be asked to identify what the eligible costs of that equipment are. This would normally be in reference to the cost of replacing that equipment on a like-for-like basis, versus the cost of the higher spec equipment that you're looking to install. The difference between the two is the costs that you can claim through the IETF competition. Again, there's more detail about how you can do that on our guidance pages, as well as some case studies that have done this in the past as well. The further examples here include heat pumps and heat recovery. So, for both of those, we'd be able to support any of the on-site adaptations that you'd need to make in order to get that system to work.

And, finally, resource efficiency measures are also in scope. This would be where you might be looking to change your process, reduce wastage, and through that means also, crucially, reduce your energy consumption. Then onto the deep decarbonisation technologies. So, the key here is that these should generate emission savings, which can be measured in the CO_2 equivalent that you're saving, and that should be directly on your site. So, the kinds of technologies that would be in scope include fuel switching technologies. So, if you're currently using a fuel and you believe that there's means to switch to a lower carbon intensity fuel, so, for example, from gas to hydrogen, then you would be encouraged to apply under the Deep Decarbonisation strand of the competition. Other kinds of technologies here would be some electrification, obviously. And the type of costs that we can support there are essentially any that you would incur from retro-fitting and upgrading your existing equipment to use that new fuel, or from installing completely new furnaces, boilers, other combustion equipment, for example, in order to be able to use that fuel. We can support the costs of fuel production itself. So, if you do have a project that's, sort of, quite complex and incorporates various different elements and stages, you're very welcome to get in touch with us to work out which parts of that would be in the scope for funding.

And then, finally, as another example of the deep decarbonisation technologies which are in scope, you can also apply for carbon capture. So, this might be where you have (mw 14.25) and you're looking to install a carbon-, modular carbon capture system onto that. That would in scope for our funding and that's

in scope, whether you're looking to utilise the CO2 or looking to store the CO2. The IETF, as I've mentioned, is really looking to help you to deploy these technologies, ultimately. So, help you to directly receive those benefits that we've mentioned before. Therefore, we're focused on technologies that are-, have already been proven. So, we're not looking to support research and development. There are many other funds that are available and we can help you to, to find those funds if you have an interest and a technology readiness level for a proposal, that's below those that the IETF can accommodate. So, if you have an energy efficiency technology that you'd like to install, or you'd like to carry out a study on, then that must be technology readiness level eight or above. So, that means that you-, it must have already been qualified through test and demonstration. If you're looking for a deep decarbonisation technology, then we recognise that these can be more novel and a little bit less developed, so the technology readiness level we would expect you to have is at least seven. So, that means that it's been demonstrated in at least an operational environment.

So, as I mentioned, we've already been running for some time now, since July 2020, and in that time we've been able to reward a few companies some funding. We'll publish more results as we go through the due diligence stage with all of those award winners, but I wanted to show you this slide, just to demonstrate that companies have been applying from all over the country. In Northern Ireland, we've seen some really good applications come through, and we hope to continue receiving further ones in the future. And this has really come from a huge span of different types of sectors as well. So, again, please do take a look at our Gov.uk pages for examples of case studies. We'll be holding further webinars as well, and inviting past winners to come and talk, so you can put your questions to them.

So, that's all from me. As I say, I really hope to see some applications from yourselves in the future. We'll be open for-, from January onwards for, for applications, and you'll be able to get in touch with us if you have any questions. So, that's ietf@beis.gov.uk, should you want to check the eligibility of a project, find out more about the fund, or otherwise have questions about the policy design and the scheme. Thanks very much.