Industrial Energy Transformation Fund

Summary

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Background

In the Autumn Budget, the government announced a further funding for the IETF, providing support for businesses with high energy use in their efforts to;

- Cut energy bills and emissions through increased energy efficiency
- Transition to a low carbon future through use of lower carbon energy and processes.

The fund is intended to support adoption of proven technology to improve efficiency and reduce emissions from energy and processes.

This fund is for projects in England, Wales and Northern Ireland. There is a Scottish scheme with similar requirements, but it is currently closed to applications pending funding decisions from the Scottish Parliament

IETF Phase 3

The funding covers three strands of funding:

- Energy efficiency and decarbonization feasibility or engineering studies
- Deployment of energy efficiency technologies
- Deployment of deep decarbonisation technologies

Eligible industrial processes	Standard Industrial Classification (SIC) codes
Mining and quarrying	05101 through to 05200; 07100 through to 08990; and 09900
Manufacturing	10000 through to 33200
Recovery and recycling of materials	38320
Data centre	63110

IETF

Most applications will be for a single site in England, Wales or Northern Ireland. Applicants may include up to five projects for one site in one application. Alternatively, applications can cover the same project at up to five sites in a single legal entity.

Energy Efficiency technologies

Aim to generate energy savings, measured/estimated in MWh, these include:

- Process optimisation
- Equipment upgrades (not including end of life replacement)
- Process heat and energy recovery and heat pumps
- Resource efficiency measures

Deep Decarbonisation technologies

should generate emissions savings, measured/estimated in CO2e, these include:

- Fuel switching to low/zero emissions fuels.
- Onsite carbon capture for storage or utilisation

Technological Scope for Deployment

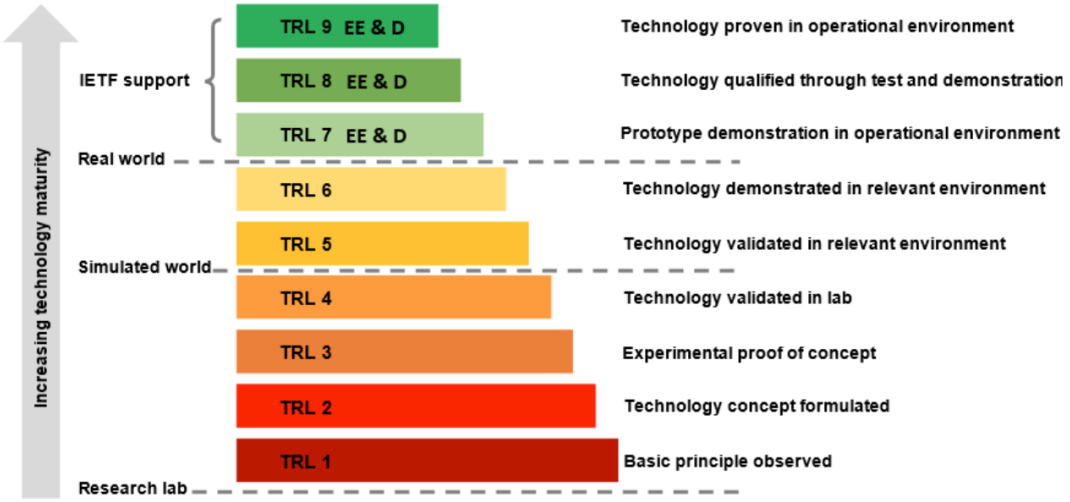
- Must show kWh energy or CO2 savings at a site level, before and after the implementation of the project.
- Industrial processes may be changed to switch fuels to lower carbon intensities

e.g.
gas → electricity,
or,
coal → gas

Out of Scope	Exceptions that are in scope
New builds and expansions	
Repair and maintenance projects that would be undertaken in the normal course of business	
Plant closure projects	
Energy efficiency measures in transport	
Building improvements; e.g. space heating and cooling, lighting	Unless integral to industrial process itself
Electricity generation (e.g. solar, wind, combined heat and power)	Electricity generation using waste heat, waste pressure, waste process gas, or waste process liquid not suitable for transport use
Production of hydrogen fuels, biogas and biofuels	
Waste heat recovery from plant and production processes that are not already in use	Heat recovery that is a retrofit solution to existing plant

Technology Readiness

- Must involve the deployment of technology that is Technology Readiness Level >7
  - TRL7 = Prototype demonstration in an operational environment
  - TRL8 = Technology qualified through test and demonstration
  - TRL9 = System Proven and Ready for Full Commercial Deployment



Funding amounts available

Competition strand	Minimum threshold	Maximum threshold	Aggregation	Typical maximum grant	Additional support
Feasibility study	£30,000 total eligible cost	£7m grant funding	Up to 5 sites if the technology solution is the same	Large- 50% Med- 60% Small- 70%	No
Engineering Study	£50,000 total eligible cost	£14m grant funding	Up to 5 sites if the technology solution is the same	Large- 25% Med- 35% Small- 45%	Additional available for knowledge sharing
Energy Efficiency Deployment	SMEs- £75k Large- £100k	£14m grant funding	Multiple projects across or within sites	Large- 30% Med- 40% Small- 50%	15% “Tier 1” 5% “Tier 2”
Decarbonisation Deployment	SMEs- £75k Large- £100k	£30m grant funding	Multiple projects across or within sites	Large- 50% Med- 60% Small- 70%	15% “Tier 1” 5% “Tier 2”
Decarbonisation Deployment – subject to Windsor Framework	SMEs- £75k Large- £100k	£30m grant funding	Multiple projects across or within sites	Large- 40% Med- 50% Small- 60%	5% “Tier 2”

Areas of the UK eligible for additional funding

Sites located in certain areas in the UK may receive additional levels of support, as determined by the UK regional aid legislation: The Assisted Areas Order 2014 and amendments made in 2017.

Areas indicated as “a” areas on the map are Tier 1 in IETF, “c” areas are Tier 2

Timescales & How to apply

- From our experience, expect approval, due diligence and pre-award checks to take 7-8 months.
- Projects should be planned to commence before the end of 2025 and be completed in mid-2028
- Application via online portal with extensive questions about
  - The nature of the project
  - Expected energy & carbon savings
  - Costings, other sources of funding, reasons the project couldn’t go ahead without the IETF

Ameresco Experience

- Phase 1
  - 3 Deployment projects approved totalling £1.68m grant funding
  - 3 Feasibility studies approved totalling £150k grant funding
- Phase 2
  - 2 Deployment projects approved totalling £2m grant funding
- Phase 3
  - Spring round - 5 applications for deployment projects totalling £4.65m requested funding

Thank You

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