



GUIDANCE NOTES FOR
APPLICANTS

*Wave and Tidal-stream
Energy Demonstration
Scheme*

2ND COMPETITION

JULY 2006



The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

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1 INTRODUCTION

1.1 The Application Form

The Application Form, when completed, constitutes an application to the DTI for admission to its Wave and Tidal-stream Energy Demonstration Scheme.

The use of the form is not mandatory, but if you choose to present your application in a different format it should include the same information.

The form has been designed for the second competition under the scheme. For subsequent competitions the form, and the information required, is very likely to have changed. You should therefore **always download the latest application form for the competition to which you are applying** even if you intend to submit your application in a different format.

DTI's preference is that at the time of application your plans for your proposed facility should be fully worked out with no remaining uncertainty in the economics of the project and with no remaining hurdles to surmount. This should include firm unconditional offers of finance and all necessary consents and permissions having been obtained for the full period of operation under the scheme.

However, we recognise that in some cases this may not be possible. If you have not yet identified a deployment site, or have done so but have not yet carried out the work necessary to characterise its resource and obtain the required consents and permissions, you may still apply for admission to the Scheme. If you are successful you will receive a conditional Grant Offer that will automatically lapse if you do not meet the conditions by a specified date.

All applicants should supply as much of the requested information they can, given the stage of development of their plans.

If your proposed facility is to be located in an area where ownership of the seabed falls to The Crown Estate (CE), and you do not already have a seabed lease, then this form may also constitute the first step in the process of obtaining a lease. DTI and CE intend to work together to assess applications, but CE may require further information before deciding whether to grant a lease.

However, to do this you must have identified an intended deployment site and have a well-developed plan for its development. If your plan is not yet sufficiently advanced for this to be the case, then you should apply to CE separately at a later date.

If your facility is to be located outside CE owned areas, then it is your responsibility to ensure that you have the necessary permission to locate there.

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If you choose to use the form that we have provided for your application, please type your answers below each question. You may use as much space as you like.

Any reports, files or datasets requested should be sent with the application, in the appropriate format. Electronic versions are preferred.

These Guidance Notes should be read in conjunction with the Scheme Definition Document and the Draft Grant Offer Template. The Scheme Definition Document* explains the key features of the Scheme and the rationale behind them. It has been subject to consultation with industry and other stakeholders and has been modified in the light of the responses received.

All terms in these Guidance Notes and the Application Form have the meaning assigned to them in the Draft Grant Offer Template.

If a Grant is offered and accepted, the DTI will publish certain information supplied in the application. However, DTI accepts that some of the information may be kept from publication on grounds of commercial confidentiality.

Section 8 below includes a list of information that DTI deems not to be commercially confidential and that DTI will publish. By submitting an application the applicant agrees to the DTI publishing this information on award of a Grant.

Applications should be sent:

By e-mail to:

wave-tidalstream-scheme@aeat.co.uk

or by post to

John Clarke
Future Energy Solutions
AEA Technology
The Gemini Building
Fermi Avenue
Harwell International Business Centre
DIDCOT
OX11 0QR

by noon on Monday 06 November 2006.

* Downloadable from: <http://www.dti.gov.uk/energy/sources/renewables/business-investment/funding/marine/page19419.html> (checked 04/07/2006)

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Your application will be acknowledged.

1.2 The Guidance Notes

These guidance notes have been written to help applicants prepare and submit the best quality applications to the Scheme.

Section 2 gives an overview of the Scheme, explaining what it is and who it is intended for.

Section 3 describes the application process and the timetable for key stages in the process.

Section 4 gives an overview of how we will assess your application.

Section 5 explains the rules governing information and communication during the assessment process and Section 6 explains the procedure for complaints and appeals.

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Section 7 gives some guidance on the requirements for metering and monitoring and Section 8 explains DTI's requirements for the publication of results.

Appendix 1 gives some more detailed guidance on each section of the application form and Appendix 2 lists key staff at Future Energy Solutions who are involved in the management of the Scheme.

2 OVERVIEW OF THE SCHEME

The scheme is comprehensively described in the scheme definition document that can be downloaded, together with other key scheme documentation, from:

www.dti.gov.uk/energy/sources/renewables/business-investment/funding/marine/page19419.html
(Checked 04/07/06)

This document was first published by DTI in January 2005. An updated version, modified in the light of consultation responses received from industry and other stakeholders, was published in May 2005.

The Scheme was granted EU State Aid Approval in October 2005.

2.1 Who should apply?

The Scheme is intended for technologies that

- have completed their pre-competitive R&D,
- have been demonstrated at full scale in a representative range of realistic sea conditions for at least 3 months continuously (except for planned shutdown) or 6 months cumulatively in any 12-month period, during which designs, performances and costs of your project have been verified and
- are ready to begin commercial operation

thereby reducing the technical risk involved.

The DTI's Technology Programme provides support for technologies that are not yet at this stage. Details can be found on:

www.dti.gov.uk/innovation/tech-priorities-uk (Checked 04/07/06)

3 THE APPLICATION PROCESS AND TIMETABLE

3.1 Description of the process

The application process will consist of open competitions. We envisage that there will be five such competitions during the course of the three-year period that the scheme is open for applications.

3.2 How to prepare and submit an Application

Appendix 1 provides a detailed question-by-question guidance on the information required.

3.3 Timetable for applications

For the 2nd competition, Future Energy Solutions must receive applications by noon on 6th November 2006.

We will notify you of the DTI's decision by 15th December 2006.

If your application has been successful, we hope to issue a Grant Offer by 15th January 2007.

Appendix 3 sets out the timetable for the competitions.

4 HOW WE WILL ASSESS YOUR APPLICATION

4.1 The assessment process

The formal decision will be made by a DTI Board at a meeting after the deadline for the submission of applications.

One of the principles of the Scheme, as stated in the Scheme definition document, is that:

"Decisions on technologies to be supported by the scheme should as far as reasonable be left to the market."

In accordance with this, the underlying rationale behind the assessment process is that it should be as objective as possible. Provided the project meets the eligibility criteria and sufficient budget remains in the fund, the project should be admitted to the scheme. However, it is inevitable that in some cases the DTI's view on whether or not a project meets one or more of the criteria will differ from that of the applicant. In such cases, the DTI may call on the advice of its panel of independent assessors. The decision on whether to support an application rests solely with the DTI and is final.

4.2 Notification of decision

Future Energy Solutions will notify applicants of the DTI Board's decision approximately one month after the deadline for submission of applications on a date that will be specified when the relevant competition is announced. In the case of the 2nd competition this will be on 15th December 2006.

5 INFORMATION AND COMMUNICATION DURING THE ASSESSMENT PROCESS

Applicants must not submit further information after the deadline. If we require clarification we will ask. Any unsolicited material will be returned to

you. Any attempt to influence the assessment process once it has begun will result in disqualification.

6 COMPLAINTS AND APPEALS

There is no appeal process, but you are welcome to submit an application in a subsequent competition.

7 METERING AND MONITORING

The scheme definition document requires that the performance of the devices in the Scheme be monitored. A protocol for measuring the energy input and output of devices is under development that will enable all technologies deployed in the Scheme to be assessed in a consistent manner. The use of the protocol will be a condition of the Grant. Applicants should allow for the cost of monitoring equipment as part of their projects.

8 PUBLICATION OF RESULTS

The scheme definition documents states that one of the key aims of the scheme is to:

“To produce in a clear, transparent and unambiguous report, an economic evaluation of all projects supported by the scheme, whilst maintaining the confidentiality of commercially sensitive information.”

and one of its key principles is to

“... inform the wider community on the economics of the technologies supported under the scheme through monitoring and publication of results.”

Consequently, on acceptance of the Grant Offer, the DTI will publish the following information:

- The identity of the participant and its partners;
- The number of devices;
- Their installed capacity;
- Expected annual output;
- The estimated capital cost;
- The estimated annual operating cost;
- The type of technology involved;
- Its geographical location;
- The size of the DTI Grant;
- Expected commissioning date.

Appendix 1 - Section-by-section notes

This section gives guidance on the specific questions asked in the main body of the Application Form. The questions in the Appendix are sufficiently precise as not to require any extensive explanation.

1 SUMMARY INFORMATION

In this section we ask for the administrative and legal details of the Applicant, its partners and the project.

1.1 The Project

In this section we ask you to briefly describe the project, saying whether it will involve wave or tidal-current technology, what “brand” of device is to be used, how many devices will be involved, where facility is to be installed and so on.

This should be a relatively “high level” description that briefly paints a picture of the project. Detailed information should be presented in the Appendix to the form.

1.2 Applicant’s Details

In this section we ask you to give details of the “Applicant”. This will be the organisation to which DTI will offer the Grant and to which all capital and revenue Grant payments will be made.

Please see the Scheme definition document and the Draft Grant Offer Template for further information on the requirements for applicant eligibility.

1.3 Other Partners

1.3.1 Collaboration Agreement

A signed copy of the collaboration agreement must be supplied with the application.

1.3.2 Joint Venture Company

Please supply a signed copy of the legal agreement between the parties to the Joint Venture with the application.

1.3.3 Partners

This section asks for the details of any other companies or organisations collaborating in the project.

1.4 The Eligible Facility

This section asks for some key administrative and financial information on the Eligible Facility. Please see the Draft Grant Offer Template for the definition of “Eligible Facility”

1.4.1 Construction Costs

This section asks for the construction cost of the Eligible Facility broken down into two different sets of categories. Table 1.1 asks for the cost to be broken down by project milestone and Table 1.2 asks for the costs to be broken down by a different set of expenditure categories. The bottom row of each table, labelled “TOTAL CONSTRUCTION COSTS” must be the same.

1.4.2 Operation and maintenance costs

In this section we ask you to give an estimate of what you expect will be the operation and maintenance costs of the Eligible Facility. “Operation and Maintenance” should include both planned and unplanned maintenance and repair.

1.5 Finance

In this section we ask you to detail all sources of finance for the project.

1.6 Other Public Funding

In this section you must formally declare that the Eligible Facility will not be in receipt of public funding other than those payable by DTI under the Scheme.

1.7 In-kind Contributions to the Eligible Facility

An in-kind contribution is goods or services contributed to the Eligible Facility for which no charge is made. These cannot be counted as project costs for purposes of the Capital Grant, but we do need to know what they are.

1.8 Application Approval and Data Protection

This section is for authorised signatories of all project partners to sign. Although we are happy to accept applications in electronic form via e-mail, indeed we prefer them to be submitted this way, we still need this page and Section 1.6 to be submitted on paper with original signatures.

2 THE TECHNOLOGY TO BE DEPLOYED

In this section we invite you to give a brief description of the technology to be deployed. This should be a relatively brief overview of the technology giving

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its key features. More detailed information on the technology should be presented in Section A2 of the Appendix to the form.

3 PREVIOUS DEPLOYMENT

In this Section we ask for a brief description of the technology's previous deployment. More detailed information should be presented in Section A3 of the Appendix to the application form.

Previous deployment at full or near full scale is a critical eligibility criterion. Please see the scheme definition document for an explanation of this requirement.

4 PREDICTED PERFORMANCE

In this section we ask you to briefly state the predicted performance of the Eligible Facility as calculated by your design models.

Section A5 of the Appendix to the Application Form asks for a more detailed explanation of the predicted performance.

5 THE ELIGIBLE FACILITY

This section asks for an overview of the Eligible Facility showing how many devices are intended to be deployed, where it is to be located and so on. More detailed information can be given in Section A9 of the Appendix to the Application Form.

6 ELECTRICITY, ROCs AND LECs

In this section you are invited to give details of the companies to whom you plan to sell the Electricity, ROCs (or SROCs or NIROCs) and LECs.

7 PERMISSIONS AND CONSENTS

It is the responsibility of the Applicant to identify and obtain all necessary consents and permissions to enable the project to go ahead. The DTI's preference is that at the time of Application the Applicant should have all necessary consents and permissions in place.

This section invites you to give us details of these consents and permissions.

The DTI recognises that in some cases it may not be possible to have all the necessary consents and permissions in place at the time of application. If this is the case, we will expect you to have at least commenced the process of obtaining them, and to describe the current status of each application.

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This section also gives you the opportunity to tell us if you wish your Facility to be considered by The Crown Estate (CE) for a seabed lease. You should only answer “yes” to this question if 1) you have identified your intended deployment site, 2) you plan to deploy your facility in a CE-owned area, 3) you do not already have a lease and 4) you have a well developed plan for the construction of the Facility.

8 THE APPLICANT’S TECHNICAL CREDENTIALS

In this section we ask you to describe your credentials in the areas of:

- Wave or tidal-current energy
- Major engineering works
- Offshore operations

This should take the form of

- CVs of key project team members
- Profiles of projects carried out by the Applicant and other project partners.

This is to give the DTI confidence that the project has a good chance of being implemented successfully with a minimum of problems.

9 PROJECT PLAN

In this section, we ask you to present a detailed project plan. This should be in the form of a Gantt chart showing all major project tasks and events including but not limited to:

- Design Optimisation
- Physical site preparation
- Device manufacture
- The installation and commissioning of each device in the Eligible Facility
- Grid connection
- The dates by which all necessary consents and permissions are expected to be obtained.

10 DECOMMISSIONING PLAN

When the Facility reaches the end of its working life, the deployment site must be returned to its original condition. This section invites you to explain how you will do this. This is a critical aspect of the project. DTI and The Crown Estate need to be sure that it will be done properly. To give us confidence in this, we need to know who will carry out the decommissioning, how it will be done, how much it will cost and who will pay for it.

Appendix 2 - Key Staff at Future Energy Solutions

Function	Name	Telephone	E:mail
Programme Manager	Philip Michael	0870 190 6195 07968 707213	Phil.Michael@aeat.co.uk
Projects Manager	Howard Rudd	0870 190 6240	Howard.Rudd@aeat.co.uk
Grant terms and conditions	Tom Slesenger	0870 190 6257	Tom.Slesenger@aeat.co.uk
Launch and other events	Sheena Newell	0870 190 6207	Sheena.Newell@aeat.co.uk

Appendix 3 - Timetable for the open competitions under the Scheme

	Competition 1	Competition 2	Competition 3	Competition 4	Competition 5
Competition open.	8th February 2006	10th July 2006	4th October 2006	15th August 2007	13th August 2008
Deadline for receipt of complete application.	8th May 2006	6th November 2006	4th January 2007	15th November 2007	13th November 2008
Notification of decision.	14th June 2006	15th December 2006	February 2007	December 2007	December 2008
Grant Offer if successful.	8th August 2006	15th January 2007	April 2007	February 2008	February 2009