



**GUIDANCE NOTES FOR  
APPLICANTS**

***Wave and Tidal-stream  
Energy Demonstration  
Scheme***

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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.

## CONTENTS

1	INTRODUCTION	1
2	SCHEME DOCUMENTATION	1
	2.1.1 Scheme Definition Document	2
	2.1.2 The Application Form	2
	2.1.3 Draft Grant Offer Letter	2
3	OVERVIEW OF THE SCHEME	3
	3.1 Who should apply?	3
4	THE APPLICATION PROCESS AND TIMETABLE	4
	4.1 Description of the process	4
	4.2 How to prepare and submit an Application	4
5	HOW WE WILL ASSESS YOUR APPLICATION	4
	5.1 The assessment process	4
	5.2 Notification of decision	5
6	INFORMATION AND COMMUNICATION DURING THE ASSESSMENT PROCESS	5
7	COMPLAINTS AND APPEALS	5
8	METERING AND MONITORING	5
9	PUBLICATION OF RESULTS	6

Appendix 1 - Section-by-section notes

Appendix 2 - Key Staff at AEA Energy & Environment



## **1 INTRODUCTION**

These guidance notes are intended be used in conjunction with the application form to help you submit the best possible quality application to the Scheme.

However, your first step in applying to the Scheme should be to discuss your plans with the DTI's management contractor for the Scheme, AEA Energy & Environment. They will then guide you through the rest of the process. Contact details are given at the end of these notes. We do not recommend submitting an Application without having spoken to them first.

These guidance notes are in two parts. The main sections describe the Scheme, its key requirements and the application, assessment and management processes involved. These sections do not map directly onto the structure of the application form. Section-by-section guidance to help answer the specific questions asked in the he Application Form is provided in Appendix 1. The structure of the guidance notes is as follows:

Section 3 gives an overview of the Scheme, explaining what it is and who it is intended for.

Section 4 describes the application process and the timetable for key stages in the process.

Section 5 gives an overview of how we will assess your application.

Section 6 explains the rules governing information and communication during the assessment process.

Section 7 explains the procedure for complaints and appeals.

Section 8 gives some guidance on the requirements for metering and monitoring.

Section 9 explains DTI's requirements for the publication of results.

Appendix 1 gives some more detailed guidance on each section of the application form.

Appendix 2 lists key staff at AEA Energy and Environment who are involved in the management of the Scheme.

## **2 SCHEME DOCUMENTATION**

In addition to these Guidance Notes, there are three other key documents that all applicants to the Scheme should read. They are:

1. Scheme Definition Document
2. Application Form
3. Draft Grant Offer Letter

These can be downloaded, together with other key Scheme documentation, from:

[www.dti.gov.uk/energy/sources/renewables/business-investment/funding/marine/page19419.html](http://www.dti.gov.uk/energy/sources/renewables/business-investment/funding/marine/page19419.html)  
(Checked 08/06/07)

### 2.1.1 Scheme Definition Document

The Scheme Definition Document sets out the defining characteristics of the Scheme. A draft version was put out to consultation by DTI in January 2005. A final version, modified in the light of the responses received, was published in May 2005.

### 2.1.2 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, and the information required, is very likely to change from time to time. You should therefore **always download the latest version of the form** even if you intend to submit your application in a different format.

If you choose to use the form that we have provided for your application, please type your answers below each question. There is no word limit. Any reports, files or datasets requested should be sent with the application, in the appropriate format. Electronic versions are preferred. All applicants should supply as much of the requested information they can, given the stage of development of their plans.

All terms in these Guidance Notes and the Application Form have the meaning assigned to them in the Draft Grant Offer Letter (see Section 2.1.3 below).

### 2.1.3 Draft Grant Offer Letter

The DTI has also published a **draft** version of the Grant Offer Letter that will be sent to successful applicants. When this document is finalised, its content will govern the legal and financial relationship between the DTI and the Scheme Participant.

The Draft Grant Offer Letter contains precise definitions of all terminology to be used.

The Draft Grant Offer Letter currently on the DTI's website is very much a draft and is currently under development. It is therefore **LIKELY TO CHANGE**.

One area where change is likely concerns the rules governing the way that revenue support will be paid when a Facility is in receipt of support under the Renewables Obligation. The Scheme is designed to allow participants to receive **one ROC per MWh** under the **current RO** in addition to the revenue support under the Scheme.

However, the Scottish Executive has recently announced plans to introduce a Marine Obligation that will award certificates worth more than those for other renewables. In addition to this, the Government's recently published Energy Review announced the Government's intention to investigate the possibility of introducing a banded RO, possibly from 2009.

It would be contrary to the rules of the Scheme, and would also violate the Scheme's EU State Aids approval, if Participants were allowed to receive more than the equivalent of one ROC per MWh under the current RO. DTI is currently developing suitable wording to go into the Grant Offer Letter to ensure that such situations cannot arise.

### **3 OVERVIEW OF THE SCHEME**

The Scheme is comprehensively described in the Scheme Definition Document. The Applicant is advised to read this in conjunction with these guidance notes when completing the Application Form.

#### **3.1 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 three months continuously (except for planned shutdown) or six 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.

Support for technologies that are not yet at this stage is available from the DTI's Technology Programme. Details can be found on:

<http://www.dti.gov.uk/innovation/technologystrategy/technologyprogramme/index.html>  
(Checked 08/06/2007)

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.

## **4 THE APPLICATION PROCESS AND TIMETABLE**

### **4.1 Description of the process**

Since March 2007 the Scheme has been able to receive applications at any time. Applicants with projects satisfying the Scheme's eligibility criteria can apply to the Scheme as soon as they are ready to do so.

### **4.2 How to prepare and submit an Application**

The first step in submitting an application should be to discuss your plans with the DTI's programme management contractor AEA Energy & Environment. They will advise you on whether your proposed project is likely to be eligible for the Scheme and give guidance on how to submit an application.

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

## **5 HOW WE WILL ASSESS YOUR APPLICATION**

### **5.1 The assessment process**

The formal decision will be made by a DTI Board.

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.

Depending on the availability of Board members and the timing of applications, it may take up to a month between the date on which the completed application is received to the date on which the Board meeting is held.

## **5.2 Notification of decision**

AEA Energy & Environment will notify applicants of the DTI Board's decision within two weeks after the Board's assessment meeting.

## **6 INFORMATION AND COMMUNICATION DURING THE ASSESSMENT PROCESS**

DTI would prefer that all communications from the applicant should be addressed to its programme management contractor AEA Energy & Environment. Contact details are in Appendix 2.

When a complete application has been received, AEA Energy & Environment will organise a meeting of the DTI Board and circulate your completed application and other relevant information to the Board members in advance of the assessment meeting. Once these papers have been sent out it will not be possible to make any changes to them and no new information can be included in the assessment.

## **7 COMPLAINTS AND APPEALS**

There is no appeal process, but you are welcome to submit another application.

In resubmitting your application you should address the reasons given by the Board for the initial rejection.

## **8 METERING AND MONITORING**

The Scheme definition document requires that the performance of the devices in the Scheme be monitored. The DTI has recently published two protocols\*,

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\* These can be downloaded from:

Tidal-current protocol - <http://www.dti.gov.uk/files/file38991.pdf>

Tidal-current supporting commentary - <http://www.dti.gov.uk/files/file38993.pdf>

Wave protocol - <http://www.dti.gov.uk/files/file38990.pdf>

Wave supporting commentary - <http://www.dti.gov.uk/files/file38990.pdf>

one for wave and one for tidal current, 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.

## **9 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.

### **A1.1 SUMMARY INFORMATION**

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

#### **A1.1.1 The Project**

In this section we ask you to name and 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.

#### **A1.1.2 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 Letter for further information on the requirements for applicant eligibility.

#### **A1.1.3 Other Partners**

##### **A1.1.3.1 Collaboration Agreement**

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

##### **A1.1.3.2 Joint Venture Company**

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

##### **A1.1.3.3 Partners**

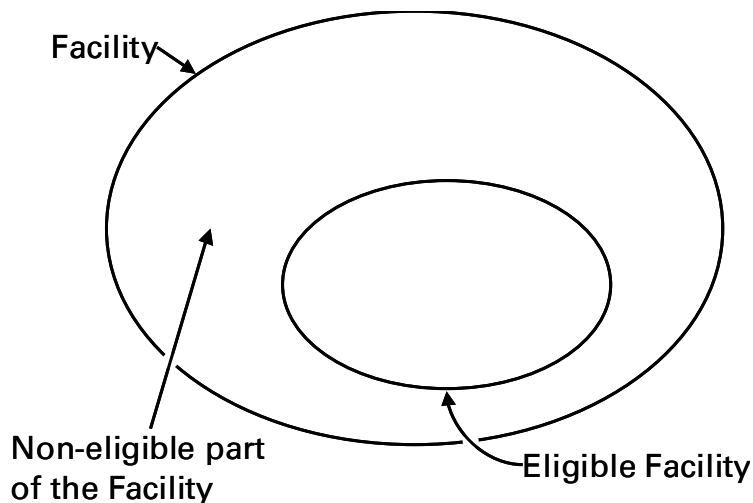
This section asks for the details of any other companies or organisations collaborating in the project.

### A1.1.4 The Eligible Facility

This section asks for some key administrative and financial information on the Eligible Facility.

The Scheme distinguishes between the **Facility**, which is the entire generating farm and all its associated equipment and infrastructure, and the **Eligible Facility**, which may be the Facility or may be a part of the Facility. Figure 9.1 below illustrates the relationship between the two graphically.

**Figure 9.1 - The Facility and the Eligible Facility**



The Eligible Facility can receive grant and revenue support under the Scheme but cannot receive support from any other public source. The non-eligible part of the Facility, on the other hand, can receive support from other public bodies, in accordance with their own legal basis and EU State Aids approval, but not grant or revenue support under the Scheme.

It is the responsibility of the Applicant to declare in its application which items are in the Eligible Facility and which are in the non-eligible part of the Facility.

In most cases we would expect that the Facility and the Eligible Facility would be the same.

Where the Facility and the Eligible Facility are not the same, the Scheme does not prescribe which items of equipment should be in the Eligible Facility and which should be in the non-eligible part of the Facility.

#### A1.1.4.1 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.

#### **A1.1.4.2 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.

#### **A1.1.5 Finance**

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

#### **A1.1.6 Other Public Funding**

In this section you must formally declare that the Eligible Facility, see Section 1.4 above, will not be in receipt of public funding other than those payable by DTI under the Scheme.

#### **A1.1.7 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.

#### **A1.1.8 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.

### **A1.2 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 its key features. More detailed information on the technology should be presented in Section A2 of the Appendix to the form.

### **A1.3 PREVIOUS DEPLOYMENT**

In this Section we ask for a brief description of the technology's previous deployment.

The Scheme definition document states that:

“Prior to entry into the scheme the technology must have been previously demonstrated, operating 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. Your verification evidence must be provided with the application.”

This is a critical eligibility criterion and in this section we ask you to provide your evidence that it is met.

#### **A1.4 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.

#### **A1.5 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.

#### **A1.6 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.

#### **A1.7 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.

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.

This section of the form 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.

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.

### **A1.8 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.

### **A1.9 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.

### **A1.10 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 AEA Energy & Environment

<b>Function</b>	<b>Name</b>	<b>Telephone</b>	<b>Email</b>
Programme Manager	Philip Michael	0870 190 6195 07968 707213	Phil.Michael@aeat.co.uk
Project Manager	Howard Rudd	0870 190 6240	Howard.Rudd@aeat.co.uk