

Advanced Fuels Fund Competition

Stakeholder enquires and responses

Ref	Question	Response
1	Would site related activity (geo survey, contamination surveys etc) be covered under eligible activities?	Site related activities such as geo surveys and contamination surveys would be deemed eligible activities as they are key parts of the site selection stage.
2	Can the confirmation of receipt of application be speeded up?	Any applications received before 4.00 pm BST will be acknowledged on the same day. Any applications received after 4.00 pm BST will be acknowledged on the next working day.
3	Is there a limit (% of total) on funding towards non-UK partners that may be part of a UK led consortium?	There is not a limit on funding so long as the project meets the other eligibility criteria and the terms of the Grant Funding Agreement.
4	Can we add rows to the cash flow model (appendix E) for additional inputs and outputs, or do you prefer us to group them together to keep the same number of rows?	Initial capital/investment costs should be grouped into a maximum of five component headings. Similarly, revenue should be grouped into five separate revenue streams, three of which can be linked to litres of advanced fuel solid. Two other revenue streams are available to cover co-products. Please see "Guidance on cash flow" sheet in appendix E for more details.
5	Is there a sample letter to be completed by any partners being involved in the application? (Appendix A)	There is no sample letter to use. We suggest that any organisation you will be working with as a partner provides a letter stating who they are, a little background on their organisation, their commitment to and role in the project as well as stating their acceptance of the terms and conditions set out in the grant funding agreement.
6	Do all partners have to complete a legal or commercial view of the grant offer letter, cf. 2.2.8 in application?	The Lead applicant organisation would be responsible for reviewing and accepting the terms and conditions set out in the grant funding agreement on behalf of your consortium/partners/alliance. All organisations should review and accept the terms and conditions and state their acceptance of these in their confirmation letter.
7	Is it ok for one of our main partners to be outside the UK?	The lead applicant organisation must be registered in the UK and the project itself must be located in the UK. Any partners can be based outside of the UK, but would be subject to the terms and conditions set out in the grant funding agreement.

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8	<p>We are integrating technologies that have each been demonstrated to more than TRL5 elsewhere. We consider that the whole process is therefore at least at TRL5 and plan to move directly to a TRL6 demonstration plant as the next stage in supporting fuel qualification. Do you agree with our TRL assessment and eligibility to enter, even though the pilot-scale demonstrations of the key technologies have been performed by others?</p>	<ul style="list-style-type: none"> • If all the component technologies are proven at TRL5 (or above), then it is likely that the overall pathway will be at TRL5 (or above). However, there may be some exceptions to this general rule, for example, where the key innovation is the integration of the component technologies (using completely novel utilities systems), or where there is a merger of two key component technologies into a single combined reactor (putting at doubt the TRL of the new combined component). Determination of a potential applicant's overall pathway TRL cannot be done in the abstract, so we would welcome more technical information about their pathway, and we can then provide a more informed response. • A TRL6 small demonstration plant would be within the eligible TRL range for the Advanced Fuels Fund. A final determination of applicant eligibility takes into account multiple factors (not just TRL), and can only be made during the formal assessment process for a full application. We can only provide guidance on likely eligibility/ineligibility upfront. • It is not a requirement that pilot activities have been performed by the potential applicant, as long as the proposed plant will use the same technology as the pilot(s) and there is technical evidence from these pilot activities provided in their application. They cannot rely on pilot activities performed by others if this is for a different technology that will not be used in the proposed plant, as this is irrelevant for determining whether their current TRL meets the TRL5+ threshold.
9	<p>We are considering whether to apply to AFF in the current Window or (with further match funding) in 2023, but we are concerned that all of the funds will be allocated in the current Window. Can you give us any reassurance that there will be some funds available in the second round?</p>	<p>There is no guarantee of the amount of funding in the second application window and DfT reserves the right to allocate any portion of the £165m in the first window as they see fit. Therefore, we would suggest that you apply this time round and then re-apply with match funding in 2023 if unsuccessful.</p>
10	<p>What do we do if we have more than 5 revenue streams?</p>	<p>Please group your revenue into a maximum of 5 separate revenue streams. There is no advantage in having more than 5 streams in the assessment.</p>
11	<p>How do we send very large files to you for assessment?</p>	<p>We would encourage you to send the files by email in the first instance. If this does not work or is bounced back to you for being too large, let us know via email and we will send you a link to a secure folder on Ricardo Box where you can upload your entire application.</p> <p>All of this would need to be done before the deadline of 16:00 BST on Wednesday 14 September.</p>

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12	Do all sub-contractors have to read the terms and conditions?	The Lead applicant organisation would be responsible for reviewing and accepting the terms and conditions set out in the grant funding agreement on behalf of your consortium/partnership/alliance. All organisations should review and accept the terms and conditions and state their acceptance of these in their confirmation letter.
13	The terms and conditions you refer to is that the “grant funding agreement for the advanced fuels fund (AFF)”?	The grant terms and conditions are those set out by the Secretary of State for Transport in the Grant Funding Agreement for the AFF that can be downloaded from the Application Documents section on the AFF website. The applicant must agree to the grant terms & conditions as these are not negotiable.
14	What is the difference between a partner, contractor, subcontractor? And do they all need to sign the terms and conditions?	There is no difference between using a partner/contractor/subcontractor. The Lead applicant organisation would be responsible for accepting the terms and conditions set out in the grant funding agreement on behalf of your consortium/partners/alliance. However, all partners/contractors/subcontracts would have to accept the terms of conditions in their confirmation letter.
15	Are both contractors and subcontractors accepted? And any requirements that they have to be UK?	You may use contractors and/or subcontractors. They can be based outside of the UK, as long as the Lead applicant is registered in the UK and the project is located in the UK.
16	How do we deal with loans and loan repayments?	There is a section in the spreadsheet to take account of any loans and their repayment. These should be entered in the light red cells and should include both interest payments and any principal repayments on any loans. Please see “Guidance on cash flow” and “Cash flow – example” sheets in appendix E for more details.
18	How do we deal with subsidies?	These should be treated in the same way as any grant money.
19	How do we deal with the UK grant in the spreadsheet?	There is a section in the spreadsheet to take account of the grant and any other grants applied for or secured. These should be entered in the light red cells. Please see “Guidance on cash flow” and “Cash flow – example” sheets in appendix E for more details.
20	What details do you need to support this spreadsheet during the evaluation phase?	Relevant documents to demonstrate the project’s current development status should be provided. These may include financial agreements, planning permission, permits, fuel off-take agreements, feedstock supply agreements, engagement with key equipment suppliers and engineering contractors, process safety assessments etc.
21	On the budget: If we have activities that will take the full 12 months, how do you suggest we breakout the costs? Could this be done monthly? If there are activities that involve staff timesheets and 3 rd party invoices, do we split those activities in order to obtain monthly reimbursement for staff activities?	It would be practical to split these out by month or by milestone. Any grant funds would be paid on completion of each milestone. Each milestone could cover multiple months.

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22	Is waste lubricant oil an eligible feedstock?	Waste lubricant oil isn't an eligible recycled carbon fuel feedstock for the AFF's first application window.
23	<p>The example given for Appendix E assumes no inflationary impact on dRTFCs ('Cash flow - example'!G18). In light of the increase in the standard RTFO buy-out price in 2021 please could you confirm whether;</p> <p>a. we should assume no inflation in dRTFC prices; OR</p> <p>b. whether we are free to make their own assessment?</p>	<p>The applicant should set and evidence their own assumptions for the in-year prices they expect to receive for their dRTFCs, as they may have their own contractual arrangements, and may not just be relying on the buy-out price or prices of other similar trades in the market. Continuously high inflation and a short dRTFC market would make it more likely that DfT would eventually have to raise the dRTFC buy-out price. However, technology development and greater supply of dRTFC fuels may change this assumption and result in lower dRTFC prices. This price forecasting is outside of the remit of the AFF team. The applicant also does not have to use a fixed inflation rate each year, and can modify the inflation formula, given the current inflation spike.</p>
24	There appears to be an error in on one of the checks in appendix E.	An updated Appendix E correcting the check error has been loaded onto the AFF webpage.
25	<p>In the Guidance document for applicants on p. 6 in footnote 2 it says "Please note that all single counting feedstocks, used cooking oil, (...) and dedicated energy crops are not eligible feedstocks for producing development fuels". However, if we look at the overview available via the link in the same footnote, used cooking oil is listed as eligible to receive double the number of RTFCs for every litre or kg of biofuel.</p> <p>Does this mean that UCO is eligible or is it only single counting and therefore not eligible for producing development fuels?</p>	<p>UCO is double-counting under the RTFO (and is on the RTFO double-counting list, as identified).</p> <p>However, because UCO is a segregated oil/fat, it is not possible to achieve RTFO "development fuel" certificates using UCO feedstock. See the RTFO development fuel rules, clauses 4.74-4.77, where UCO is specifically excluded.</p> <p>UCO is therefore not eligible for the Advanced Fuels Fund.</p>
26	I would like to challenge the necessity of submitting a P&ID for question 3.1.1. Our P&IDs are commercially sensitive and as such are not frequently shared. Will a PFD be sufficient enough?	We would like to see all your PFDS, a table list of P&IDs including revision version that have been produced, and two examples of P&IDs. This is for AFF team to ensure that the FEED level has been carried out in a robust way and is ready for detailed design stage.
27	In Appendix E, there is no specific line to include Decommissioning fees, please could guidance be provided on how to treat them?	Please include decommissioning costs within the "Refurbishment costs" row, in the relevant year when this would occur, and add a note in column G. We have updated the row label to read "Refurbishment and decommissioning costs" in v1.2.

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28	In Appendix E, the guidance provided states that the combined duration of both set-up and operational periods should not exceed 28 years in total and the template timeline ends on 31/03/2050, how, if at all, should forecast operational years beyond this period be referenced?	We have extended the timeline in the updated v1.2 to allow projects of up to 60 years to be considered.
29	Regarding the “Counterfactual Costs” tab that is part of Appendix E, should this only contain the elements of capex that are eligible to be covered by grant funding, or should the total amount in this tab equal the total capex required?	The costs should be the total costs required.
30	Please can you confirm that the capital cost of a specific Biomass Boiler will also be funded by AFF.	Biomass boilers or other major utility equipment costs are permissible expenditure under the Procurement of Main Equipment stage (with up to 50% grant intensity), provided an applicant can show this utility equipment funding would achieve a significant reduction in the fuel’s GHG emissions (e.g. an alternative fossil fuelled boiler would not be compliant with the AFF emissions threshold). Given there will be competition for funds, and DfT will be assessing value for money across all the grant requests, please note that DfT reserve the right to offer partial funding to a successful project, including offering to fund only some of the proposed equipment.