

The Energy Industry Funding Landscape 2023

The energy industry funding landscape is dynamic and constantly evolving. With the increasing focus on sustainable and renewable energy solutions, there is a growing need for innovative technologies and processes. As a result, there are various funding mechanisms available to support entrepreneurs and innovators in this field.

These funding options range from Innovation Allowances for Energy Networks, a Strategic Innovation Fund, government grants and loans to venture capital investments and Local Enterprise Partnerships. This document provides an overview of some of the most prominent funding sources currently available in the industry.

However, it is important to note that this list is not exhaustive and that new funding opportunities may arise throughout the year. This document will be regularly updated to reflect any changes or new funding mechanisms that we believe may interest innovators within the Energy Sector.

A collaboration between:

E|C

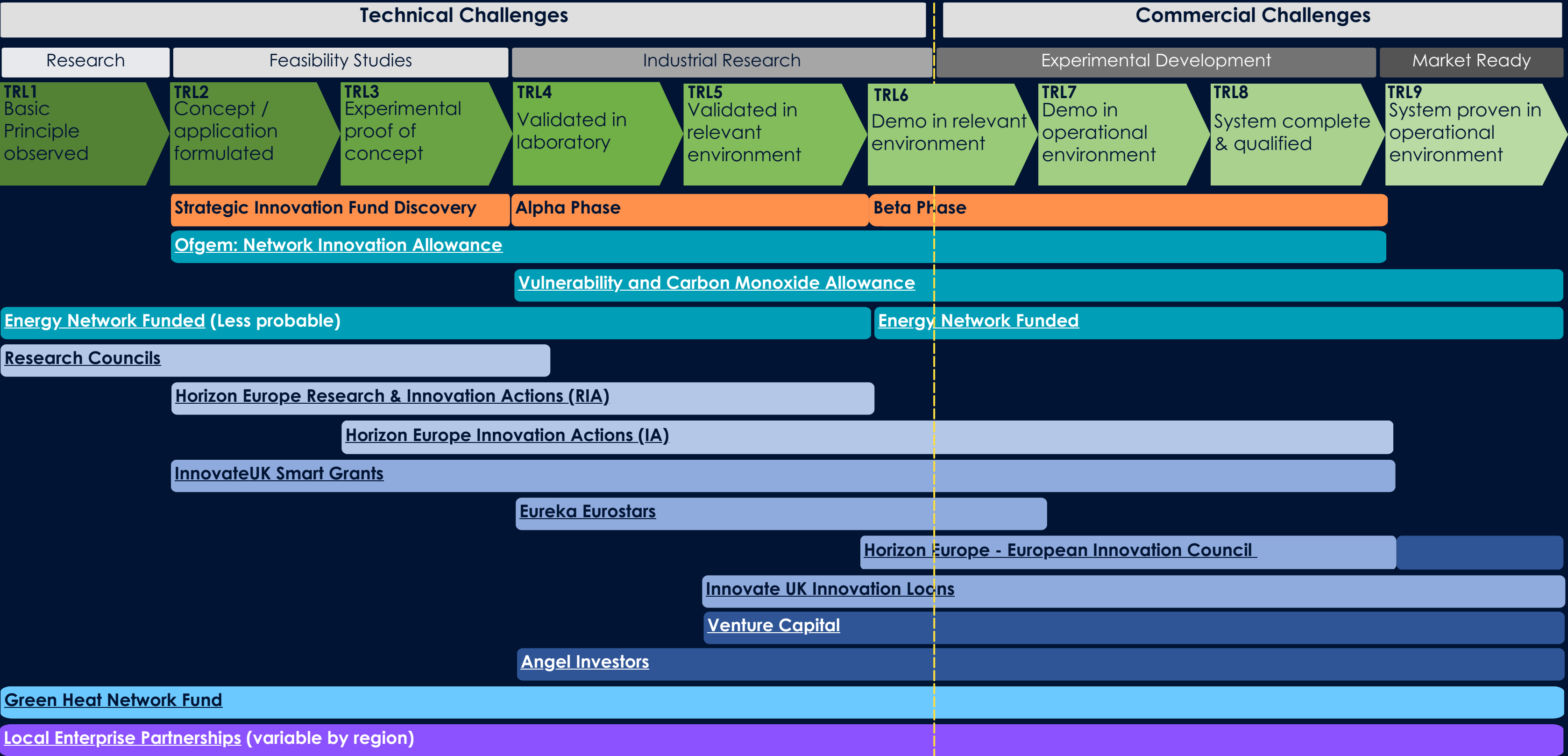
Together we innovate

ixion
innovation

part of Shaw Trust



Energy Research & Innovation Funding Landscape



Funding Key

- Top-down / Directed
- Bottom-up / Open
- Equity based
- Network Directed
- Regulator Directed
- Capital Grant
- Local Government

Energy Research & Innovation Funding Landscape - funds information

Network Innovation Allowance

The Network Innovation Allowance (NIA) is a set amount that each RIIO network licensee receives as part of their price control allowance¹. It provides an allowance to fund innovation projects that create value for customers.

Strategic Innovation Fund

The Strategic Innovation Fund (SIF) is an Ofgem programme managed in partnership with Innovate UK, part of UK Research and Innovation (UKRI). It aims to fund network innovation that will contribute to achieving Net Zero rapidly and at lowest cost to consumers.

Research Councils

UKRI is a national funding agency that brings together the seven research councils, Innovate UK and Research England. The Research Councils, together with Research England, use a dual support model with funding provided through grants for individual research projects and block grants to research institutes.

Eureka Eurostars

Eurostars is the largest international funding programme for SMEs wishing to collaborate on R&D projects that create innovative products, processes or services for commercialisation. It is ideal for bringing international capabilities together that collectively deliver the outcome, typically TRL6, but with an expectation to be in the market two years post-project.

European Innovation Council Accelerator

The Accelerator supports individual SMEs, in particular start-ups to develop and scale up game-changing innovations. It is a powerful scale up, demonstration and commercialisation fund designed for single companies to accelerate advancing innovations from TRL6 to TRL8/9, with an expectation to get to market quickly though aligned equity investment.

Innovate UK - Smart Grants

Smart Grants support game-changing and commercially viable innovations that can significantly impact the economy. Designed to help businesses overcome technical barriers, supporting ambitious projects taking innovative concepts to prototype (TRL6) or to address commercialisation barriers, optimising innovations for market readiness (TRL8/9).

Venture Capital

Venture capitalists (VCs) put money into early-stage businesses to help them grow. As well as money, businesses can expect strategic advice from an experienced new board member. Seed round investment is typically offered for proof of concept and can be several hundred thousand pounds. Series A investment onwards can be many millions.

Energy Network Funded

In addition to utilising the Network Innovation Allowance and the Strategic Innovation Fund, the Energy Networks are increasingly funding Innovation developments using their own funds. Projects are more likely to be funded when the potential for benefits to be delivered within the price control period is high.

Innovate UK Innovation Loans

Innovate UK Innovation loans aim to provide flexible and patient capital to support business growth through innovation. They are designed for businesses with highly innovative late-stage research and development projects with a clear route to commercialisation and economic impact.

Local Enterprise Partnerships

The 38 Local Enterprise Partnerships (LEPSs) across England are business led partnerships between local authorities and local private sector businesses. They play a central role in determining local economic priorities and undertaking activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area.

Green Heat Network Fund

The Green Heat Network Fund (GHNF) is a 3-year £288 million capital grant fund that supports the commercialisation and construction of new low and zero carbon heat networks, including cooling supply, as well as retrofitting and expanding existing heat networks.

Horizon Europe

Horizon Europe is the EU's flagship research and innovation programme. It has a budget of €95.5 billion and runs until 2027. Horizon Europe delivers a wide range of funding opportunities through dedicated work programmes, which are searchable via the European Commission's funding and tenders portal.

Angel Investors

Angel investors invest their own money in a small business in exchange for a minority stake, typically up to 25%. They tend to be entrepreneurs or people with extensive experience in the business world. Angels offer mentoring and support, and businesses that receive investment will generally benefit from the investor's time, skills, contacts and business knowledge.

Future Economy Strategy: Net Zero

Future Economy: Net Zero is a key priority within Innovate UK's action plan for business innovation 2021 to 2025 - 'Building the future economy: Plan for action for UK business innovation', which set out how Innovate UK will inspire, involve and invest in UK innovation to make a clearly tangible positive impact on the UK's economy and society.