



SEAI Ocean Energy Prototype Development Funding  
Programme  
Budget Policy

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## Introduction

This policy describes Sustainable Energy Authority of Ireland's (SEAI's) cost category requirements in relation to Ocean Energy Prototype Development Funding Programme grant applications and financial management of Ocean Energy Prototype Development grants awarded.

**Instructions for completing the Excel budget template** are in Appendix 1 of this document.

## SEAI research funding

Sustainable Energy Authority of Ireland (SEAI) is Ireland's national sustainable energy authority. SEAI's remit in respect of research activities is to lead and support excellent research, development, demonstration & innovation activities, to be at the forefront of knowledge generation relevant to the energy sector, and to promote its application in policy and practice.

SEAI's research funding is primarily delivered through the following mechanisms:

- The SEAI Research, Development & Demonstration fund
- The SEAI Ocean Energy Prototype Development fund

SEAI research funding programmes are open to public and private sector organisations based in Ireland (including Irish subsidiaries of overseas companies) who wish to carry out projects in Ireland. In some circumstances, the programme may support Irish entities on work undertaken overseas, where this is necessary for the completion of the work. In exceptional cases, funding of work overseas may be supported where there is a demonstrable contribution to resolving specific Irish issues.

Applications will be accepted from Private Enterprises, Research Performing Organisations (e.g. Universities, Institutes of Technology and Publically Funded Research Institutions), Public Sector Bodies and Semi-State Bodies who are based in the Republic of Ireland.

## Eligible costs

Eligible costs are those actual, necessary and economic costs that are incurred during the project timeframe.

Only costs directly associated with delivery of a project are considered eligible costs. Value for money must always be sought and achieved by applicants/grantees, and where relevant, public procurement procedures must be observed.

Eligible costs must be recorded in the grantee organisation's accounts and be maintained throughout the duration of the project. The SEAI Ocean Energy Prototype Development funding programme funds on the basis of costs incurred (on a reimbursement basis).

Applications should detail all costs that are wholly and exclusively necessary for carrying out the project in order to ensure eligibility during the active grant phase.

Examples of ineligible costs for SEAI Ocean Energy Prototype Development Funding Programmes are provided in Appendix 2 of this document.

Please note for successful awards: All cost categories are separate contributions from SEAI. Funds from one category cannot contribute to another category without prior agreement from SEAI.

## Budget Categories

### Staff

Staff costs are costs associated with new or existing staff within an organisation working on the funded research project. Eligible staff costs are restricted to actual salary plus employers PRSI.

SEAI calculates salary on a full time basis, up to a maximum of 7.5 hours per day / 37.5 hours per week over a 230-day working year. If the employee is not full time, appropriate documentation must be provided to show this (e.g. contract of employment). Applicants may be requested to submit evidence of salary scales in use by the organisation to verify rates used. The maximum eligible staff day cost is €350.

Staff costs for project administration / non-technical project management should be no more than 5% of total staff costs. In the case of consortiums, only the project lead is eligible to request project administration costs.

For RPOs, the maximum salary contribution under SEAI's research programmes are per the Irish Universities Association salary guidelines and should be budgeted from first point on the scale for new staff. SEAI does not fund the salary of staff within Irish RPOs that are already in receipt of salaries funded from other sources. Additional to direct project costs, an overhead of 25% of staff costs is eligible for RPOs only.

Please note for successful awards: For financial reporting, signed timesheets and payslips, with corresponding proof of payment may be required for each staff member.

### Materials

Materials are defined as purchases of goods and services that are consumed by the project and not placed on an equipment inventory or treated as capital expenditure in accordance with the accounting conventions and policies of the award holder's organisation, and have a life expectancy not greater than the duration of the project. Material costs must be separately identifiable and necessary for the project.

Applications should outline all materials that will be used during the course of the work programme and provide a detailed justification for all costs. The most accurate costing available should be provided. Quotations justifying costings may be requested by SEAI.

Please note that for successful awards: When reporting of costs for reimbursement, an invoice, and proof of payment may be required for each item. Proof of compliance with National and EU procurement guidelines may be requested.

### Equipment

Equipment costs are items that are essential for the effective implementation of the project, are placed on an equipment inventory or treated as capital expenditure in accordance with the accounting conventions and policies of the award holder's organisation. Costs are eligible for the duration that the item is specifically used on the project. Costs of software purchased (perpetual licences, with no recurring cost) may also be entered in this budget category.

Applications should list and describe all equipment requested, and provide a detailed justification for all costs. The most accurate costing available should be provided. Quotations justifying costings may be requested by SEAI. The duration that the asset will be used on the project (in months) must be provided. This cannot be longer than the project duration.

The location of the equipment should be clearly indicated and justified in the budget justification.

To calculate the *depreciation period*, follow the basis of; computer equipment depreciated over 3 years, and other equipment over 5 years, using the following calculation:  $(A/B) \times C \times D$

- A = Number of months equipment is used for the project after invoicing

- B = The depreciation period (for example 36 months for computing equipment)
- C = The actual cost of the equipment
- D = Percentage of usage of the equipment for the project

Otherwise, it is permissible to apply an alternative depreciation method subject to it being an existing formal depreciation policy of the entity, which has been agreed with the entity's auditors and is provided to SEAI.

Please note for successful awards: When reporting of costs for reimbursement, an invoice, and proof of payment may be required for each item.

### Travel and Dissemination

Actual, directly necessary, and economic travel costs of project personnel for successful delivery of the project are reimbursable. Applications should provide a short description that includes: destination and purpose, identifying project personnel (role or name) that will undertake the travel and, number of trips and duration. Conference fees, where relevant, should be included under this category.

Please incorporate the following funding limits to Travel and Dissemination costings, where relevant:

- Domestic travel – mileage (max €0.43c per km, and in line with the applicant organisation's mileage policy), rail economy class and hotel accommodation (max €100 per night, breakfast not included)
- International travel – economy flights and hotel accommodation (max €100 per night, breakfast not included)

Travel costs relating to personnel not included in the staff category or named in the application will require prior approval from the SEAI.

Eligibility of travel and dissemination costs will be based on the applicant's original submission and appropriate justification being provided by the applicant.

Please note for successful awards: When reporting mileage costs for reimbursement, the vehicle details, rate per kilometre, departure & destination points (undertaking shortest duration), number of kilometres, proof of payment, and purpose and necessity of journey must be provided. For all other travel costs when reporting for reimbursement, an invoice, and proof of payment will be required for each item.

### External Consultants

External consultant costs are costs of external labour, sub-contractors, specialist consultancy and equivalent services that are used exclusively for delivery of the project. Every possible effort must be made, in the first instance, to build a project team capable of completing all tasks proposed in the project. However, where this is not feasible, costs associated with external consultants/service providers may be included within the project costs subject to obtaining value for money. Where such external assistance is proposed, strong justification should be provided.

Applicants should include details of the estimated cost associated with engaging external consultants, however a possible supplier should not be named at this stage as the relevant procurement rules will have to be adhered to should the application be successful. Applications should include quotations or provide a reason as to their absence. The maximum eligible cost for consultancy is €600 per day.

## Funding Rate

SEAI's Ocean Energy Prototype Development Funding Programme is subject to [EU Commission Regulation \(EC\) No. 651/2014, updated July 2017](#) under which Articles 25, 41 and 49 apply in respect of different categories of research, development and demonstration projects<sup>1</sup>. This regulation sets limits on the levels of funding support that can be provided by national authorities. The maximum funding level for which a project is eligible depends on the Category of research the project falls under.

EU state aid rules stipulate what types of activities are eligible for support, which costs relating to these activities may be covered in part or in full, and the maximum aid intensity that may be granted for the various activities.

Support from the SEAI constitutes state aid when it is awarded to an "undertaking", i.e. an actor that carries out an economic-activity consisting of offering products or services on a given market.

The onus is on the Applicant organisations to select a research category which appropriately reflects the proposed project activities. The Categories below represent the maximum level of support that could be available.

Ocean Prototype activities subject to EU State Aid Regulations					
Research Category	Base Level	Type of Company		Effective Collaboration or publication of project results	Maximum Support
		Small Enterprise	Medium Enterprise		
Industrial Research	50% of approved eligible costs	+20%	+10%	+15%	80%
Experimental Development	25% of approved eligible costs	+20%	+10%	+15%	60%
Feasibility Studies <sup>2</sup>	65% of Industrial Research approved eligible costs	+10%			75%
	40% of Experimental Development approved eligible costs	+10%			50%
Fundamental Research					100%

<sup>1</sup>COMMISSION REGULATION (EC) No 651/2014 revised 10.07.2017 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty:

- Article 25: Aid for research and development and innovation: fundamental research, industrial research, experimental development and feasibility studies
- Article 41: Investment aid for the promotion of energy from renewable sources
- Article 49: Aid for environmental studies

<sup>2</sup> Aid for technical feasibility studies preparatory to industrial research or experimental development activities. A Feasibility study should clearly align to a future proposed research activity.

## Research categories

'Industrial Research' - means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation;

'*Experimental Development*' - means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services;

Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes.

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements;

'*Fundamental Research*' - means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view

'*Feasibility Study*' - means the evaluation and analysis of the potential of a project, which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success;

SEAI reserves the right to final assessment of project research classification.

## Company sizes

The European Commission defines Small Enterprises, and Small & Medium-Sized Enterprise (SME). In general, the staff headcount and financial thresholds determine the enterprise category

- A *Small Enterprise* is an enterprise, or (if part of a group) a group of enterprises where the total number of full-time employees in the enterprise (or the entire group), which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10 million
- A *Medium Enterprise* is an enterprises, or (if part of a group) a group of enterprises where the total number of full-time employees in the enterprise (or the entire group), which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, and/or annual balance sheet total not exceeding €43 million

Small Enterprises and SMEs are required to verify their SME status in order to avail of increased grant rates and will need to submit with their application an SME declaration along with a copy of the most recent annual audited accounts (P&L and balance sheet).

Where an applicant/award holder is connected to another enterprise, the following is applied to determine their SME aid intensifier status eligibility:

*Partner treatment* (>25% holding):- enterprise in question must add a proportion of its partner's staff headcount and financial data to its own when determining its eligibility for SME status. This proportion will reflect the percentage of shares or voting rights — whichever is higher — that are held.

*Linked treatment (>50% holding):- 100 % of the linked enterprise's data must be added to those of the enterprise in question to determine if it meets the staff headcount and one of the financial thresholds of the SME Definition. To note: enterprises that draw up consolidated accounts or that are included by way of full consolidation in the consolidated accounts of another enterprise are usually treated as linked enterprises.*

## Effective collaboration

State Aid provides that a project involves effective collaboration, if:

(a) Collaboration

- between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs, **or**
- between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results, **or**

(b) Dissemination

- The results of the project are *widely disseminated* through
  - o Technical and scientific conferences\*, **or**
  - o Publication in scientific or technical journals\*, **or**
  - o open access repositories (databases where raw research data can be accessed by anyone), **or**
  - o free or open source software

Please note - Contract research and provision of research services are *not* forms of collaboration.

\* In cases where applicants intend to claim the extra 15% support associated with State Aid effective collaboration via wide dissemination of project results through technical & scientific conferences or publication in scientific or technical journals, they will be expected to share project results in a sufficient level of detail and in an open manner such that other organisations can directly replicate, make use of and/or benefit from the outputs of the project. Grantees are responsible for ensuring compliance with this requirement.

## VAT

Where an applicant organisation is *registered for Value Added Tax (VAT)* and able to reclaim any VAT they incur on their costs then all expenditure items included in their application for funding and subsequent claims for reimbursement should be shown at the VAT exclusive amount.

SEAI will assume projects are being applied for on a VAT exclusive basis unless:

Where an organisation is *not entitled to reclaim the VAT* that they incur in relation to their costs then the amounts included in their application for funding and subsequent claims for reimbursement should be the VAT inclusive amount. To be eligible for VAT inclusive costs companies and State/Semi-State Bodies must provide a letter from revenue confirming VAT eligibility in the year the grant is sought with the application

## SEAI funding of private enterprises

### Eligible private enterprises

- Irish registered company
- Company staffing is consistent with Irish Company Registration Office requirements. SEAI require at least one representative of the company (Director level) to sign the award contract.

### Linked 3<sup>rd</sup> Parties / affiliated entities

If there is an established contractual or other legal link between the project Applicant / Grantee and the contractor, the category of a linked third party or affiliated entity may apply.

Such linked third parties / affiliated entities are allowed to carry out work for the project independently (like subcontractors). Unlike subcontractors, linked third parties / affiliated entities claim their own (actual) costs for the work they perform (i.e. without any profit margin).

Planned involvement of linked Third Parties / affiliated entities must be indicated on the application form. In the budget spreadsheet, costs and requested SEAI funding for linked third parties must be part of the amounts inserted for the Applicant / Partner to which the third party is linked, indicating the linked third party name. For successful proposals, a more detailed budget table, including separate figures for the linked third parties / affiliated entity, must be completed in the grant preparation phase.

### Linked 3<sup>rd</sup> Parties

'Entities with a legal link' refers to an established relationship (between the third party and the beneficiary), which:

- is broad and not specifically created for the work in the project, AND
- a legal relationship

This may be either a legal structure or through an agreement or contract not limited to the project.

If the only relation between two entities is a capital link (i.e. ownership of part of the issued share capital), the entity may participate as an 'affiliated entity' (see below).

### Affiliated Entity

'Affiliated entity' means:

- under the direct or indirect control of the Applicant / Grantee / partner or
- under the same direct or indirect control as the Applicant /Grantee / partner or
- directly or indirectly controlling the Applicant / Grantee / partner.

Affiliated entities cover not only the case of parent companies or holdings and their daughter companies or subsidiaries and vice-versa, but also the case of affiliates between themselves (e.g. entities controlled by the same entity).

'Control' may take any of the following forms:

- a) the direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity;
- b) the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.

## Financial Declarations & Documentation

For each applicant organisation, please include the relevant completed Declarations and include in the grant application. Template Declarations are included in the Application Form.

1. **For all applications:**
  - Declaration of Financial Resources available for the project
2. **For increased grant intensity based on company size:**
  - Declaration of SME status
  - In addition, provide a copy of the most recent annual audited accounts (P&L and balance sheet)
3. For grant applications with a **total budget is in excess of €50,000 (excluding RPOs and public bodies):**
  - Proof of funds (e.g. bank statement demonstrating available resources for the project)
4. For grant applications with a **total budget is in excess of €200,000 (excluding RPOs and public bodies):**
  - Proof of funds (e.g. bank statement demonstrating available resources for the project)
  - Declaration of Solvency
5. For **applicant/partner applicant** requesting **VAT inclusive costs:**
  - A letter from revenue confirming VAT eligibility in the year the grant is sought with the application.

Note: All Declarations must be for the total project costs. Total project costs are the project costs being requested from SEAI plus those costs being contributed by applicant organisations.

## Appendix 1: Budget Template Instructions

The Budget Spreadsheet should be submitted in Microsoft Excel format.

Tab 1 – Project funding summary: This is a linked sheet, with formulas embedded. Therefore, this sheet will fill out automatically when data is entered into the other linked sheets, from the Organisation(s) tabs. Please start input on Organisation tabs.

*Tab 2 and 3 - Organisation tabs:* Each organisation requesting costs is required to complete two tabs. In the case of a single applicant, please complete tabs: 'Organisation 1 details' and 'Organisation 1 project costs' only. For multiple party applications, the Lead Applicant should fill in tabs: 'Organisation 1 details' and 'Organisation 1 project costs', and each partner the subsequent Organisation details and project costs tabs. The template allows for up to two applicants. For applications that have more than two parties, please contact SEAI.

### Step 1: Organisation Detail

Please complete cells highlighted in yellow, per steps below. Other cells will auto populate.

1	Organisation name	
2	Organisation's principal business activity	<i>Please select Organisation type from drop-down list</i>
3	Project duration	<i>In months</i>
4	Project VAT status.	<i>Must be authorised by an appropriate financial organisation representative.</i>
5	Organisation's Tax Reference number	<i>nine character format 1234567AA</i>
6	Provide the following and indicate that they are included in the application:	<i>Declaration of available resources</i>
7	If requesting increased grant aid based on company size, provide the required information and indicate that they are included in the application.	<ol style="list-style-type: none"> <li>1. <i>SME declaration</i></li> <li>2. <i>Copy of the most recent annual audited accounts (P &amp; L and balance sheet)</i></li> </ol>
8	Maximum SEAI Financial support available is calculated by each organisation providing the following information.	<ul style="list-style-type: none"> <li>• <i>Select type of research category from drop down list and provide justifying project narrative</i></li> <li>• <i>Select company size from drop down list</i></li> <li>• <i>Select category of collaboration (if relevant) from drop down list and provide justifying project narrative</i></li> </ul>
9	If requesting VAT inclusive costs, provide the following information, and	<i>RPOs: RPO VAT Declaration</i>

	indicate that they are included in the application	<i>Organisations other than RPOs: A letter from revenue confirming VAT eligibility in the year the grant.</i>
10	Provide the following information for higher value grants (excluding RPOs and public bodies)	<i>Total budget ≥ €50k: provide proof of funds, such as bank statement demonstrating available resources for the project</i>
		<i>Total budget ≥ €200k: provide proof of funds, such as bank statement demonstrating available resources for the project and completed Declaration of solvency (annex 1D)</i>

### Step 2: Organisation Project Costs

Please complete cells, highlighted in yellow, in each table as relevant. Please contact SEAI if additional rows are required.

To note, other cells will fill in automatically when data is entered into the linked cells / sheets.

1	Staff	<i>Complete a row per staff member that will be charged to the project.  Duration of roles should be provided in months, and adjusted for pro-rata, <u>i.e.</u> half-time for 4 months is 2 months.</i>
2	Equipment	<i>List all equipment costs, quotation details, total cost, and adjusting for depreciation for eligible RD&amp;D grant charges.</i>
3	Material	<i>List Material costs and quotation details.</i>
4	Travel and Dissemination	<i>List all Travel and Dissemination costs and include description outlining purpose and frequency.</i>
5	External Consultants	<i>List all External Consultancy costs and include description outlining to which task it relates.</i>
6	Cost Categories Summary	<i>Overheads for RPOs will auto-calculate.  Enter SEAI percentage grant support requested.</i>



## Appendix 2: Ineligible Costs

This is not an exhaustive list. If unsure as to whether costs are ineligible, please query with SEAI.

- Non-project related costs
- VAT, when it is considered as recoverable under the applicable national VAT legislation
- Insurance
- Audit & legal fees
- Costs incurred outside of project time frame
- Costs already covered by other funding bodies
- Bank interest & costs
- Debt and debt service charges
- Costs covered by other public research funding bodies that would in aggregate, in EU State Aid limits being exceeded
- Overheads except in the case of 3<sup>rd</sup> level institutions
- Return on capital
- In kind contributions
- Excess or reckless expenditure
- Any profit margin
- Sick pay, redundancy payments, and other social costs
- Recruitment costs
- Bonus payments or other perquisites paid to staff whether in cash or in-kind
- Employer pension
- Journal subscriptions
- Membership fees
- Office supplies
- Part or advance payments
- Entertainment or hospitality expenses
- Patents
- Travel costs incurred when using company vehicles
- Taxi and parking costs