

Nearly £50 million boost for Britain's industrial future

- £49.4 million government funding to help British industry end their reliance on fossil fuels and reduce energy costs
- funding will back the development of fuel switching technology, helping to drive growth by attracting private investment and creating new jobs across the country
- part of the government's plan to support British industry as we transition to a low-carbon economy

Nearly £50 million in government funding is being made available today (23 September 2022) to support the future of British industry.

£49.4 million will be awarded to pioneering projects across the country, helping drive economic growth through the development of fuel switching technology which will see a wide range of industries, including steel, ceramics, pharmaceuticals and food production, reduce their reliance on fossil fuels and slash energy costs.

Business and Energy Minister Lord Callanan said:

We're investing nearly £50 million to back British industry, making sure they're fit for the future and helping end their dependency on expensive fossil fuels.

Developing fuel switching technology will make this possible, accelerating the transition to cleaner fuels across our economy, and driving down costs for businesses.

Industrial fuel switching shifts industrial energy use from high carbon to low carbon fuels, with the aim of decarbonising industry in line with the UK's target of reaching Net Zero by 2050 while boosting economic growth, jobs and prosperity.

Fossil fuels (including coal, gas and oil) made up around [55% of industrial energy consumption in 2019](#). As set out in the [Industrial Decarbonisation Strategy](#), to decarbonise industry in line with net zero, it is expected that industrial emissions need to fall by around 2 thirds by 2035 and at least 90% by 2050.

Investing in this technology will make it easier and more cost-effective for industry to be powered by cleaner fuels like hydrogen and renewable electricity, instead of fossil fuels. The funding announced today, available through Phase 2 of the £55 million [Industrial Fuel Switching competition](#), will support the development of new fuel switching technology in the UK, helping to attract private investment into the country and supporting new

green jobs.

Supporting British industry to end their dependency on fossil fuels is a vital part of the government's plans to boost domestic energy resilience, alongside accelerating renewables and scaling up nuclear.

Under Phase 2 of the Industrial Fuel Switching competition, fuel switching projects can apply for a share of £49.4 million government funding. This follows Phase 1 of the competition, which saw £5.6 million awarded in May 2022 to [21 projects](#) for early-stage feasibility studies into their project designs.

Previous winners under Phase 1 included:

- projects helping the ceramics, food production and steel sectors become powered by hydrogen instead of natural gas
- technology to develop heat pumps for food and pharmaceutical businesses
- studies exploring switching glass making facilities from natural gas to gasified waste and biomass
- The Industrial Fuel Switching competition is funded through the BEIS £1 billion [Net Zero Innovation Portfolio](#)
- the competition supports innovation in the development of pre-commercial fuel switch and fuel switch enabling technology for the industrial sector, to help industry switch from high to lower carbon fuels
- funding will be awarded through Small Business Research Initiative (SBRI) contracts, providing 100% funding for projects developing pre-commercial solutions

There are 2 phases to the competition:

- Phase 1 – Feasibility: funding for feasibility studies into fuel switch and fuel switch enabling solutions, with £50,000 to £300,000 available per application
- Phase 2 – Demonstration: funding for projects to demonstrate fuel switch and fuel switch enabling solutions, with £1 million to £6 million available per project
- funding is divided into 3 Lots:
 - fuel switch and fuel switch enabling technologies for hydrogen
 - fuel switch and fuel switch enabling technologies for electrification
 - fuel switch and fuel switch enabling technologies for biomass, wastes, and other net zero compatible fuels
- Phase 2 (Demonstration Projects) is open to all applicants, whether or not they took part in Phase 1