Subsidy Advice Unit Report on the Heat Pump Investment Accelerator Competition Round 2

Referred by the Department for Energy Security and Net Zero

19 November 2025

Subsidy Advice Unit

Part of the Competition and Markets Authority

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1. The Referral

1.1 On 3 October 2025, the Department for Energy Security and Net Zero (DESNZ) requested a report from the Subsidy Advice Unit (the SAU)[1] in relation to its proposed Heat Pumps Investment Accelerator Competition (HPIAC) Round 2 subsidy scheme ('the Scheme') under section 52 of the Subsidy Control Act 2022 (the Act).[2]

1.2 This report evaluates DESNZ's assessment of compliance (the Assessment) of the Scheme with the requirements of Chapters 1 and 2 of Part 2 of the Act.[3] It is based on the information and evidence included in the Assessment.

1.3 This report is provided as non-binding advice to DESNZ. It does not consider whether the Scheme should be implemented or directly assess whether it complies with the subsidy control requirements.

Summary

1.4 The Assessment uses the four-step structure described in the Statutory Guidance for the United Kingdom Subsidy Control Regime (the Statutory Guidance) and as reflected in the SAU's Guidance on the operation of the subsidy control functions of the Subsidy Advice Unit (the SAU Guidance).

1.5 In our view, DESNZ has considered in detail the compliance of HPIAC Round 2 with some of the subsidy control and energy and environment principles. In particular, the Assessment:

(a) describes and evidences what would be likely to happen if the Subsidy was not awarded (Principle C);

(b) demonstrates and evidences that the Scheme is proportionate and limited to the minimum necessary to achieve its specific policy objectives (Principle B); and

(c) explains how the subsidy has been designed to minimise negative effects on competition and investment (Principle F).

[1] The SAU is part of the Competition and Markets Authority

[2] Referral of the proposed Heat Pump Investment Accelerator Competition subsidy scheme – Round 2 by the Department for Energy Security and Net Zero (DESNZ)

[3] Chapter 1 of Part 2 of the Act requires a public authority to consider the subsidy control principles and energy and environment principles before deciding to give a subsidy. The public authority must not award the subsidy unless it is of the view that it is consistent with those principles. Chapter 2 of Part 2 of the Act prohibits the giving of certain kinds of subsidies and, in relation to certain other categories of subsidy creates a number of requirements with which public authorities must comply.

1.6 **However, we have identified the following areas for improvement. The Assessment should:**

(a) more clearly explain why the identified issues that could lead to underinvestment in the manufacture of heat pumps in the UK constitute market failures within the meaning of the Statutory Guidance (Principle A);

(b) explain in further detail all non-subsidy options that were considered to achieve the policy objectives of the Scheme by discussing which specific options DESNZ discounted, in addition to legislation (Principle E);

(c) strengthen the competitive assessment at an enterprise (ie business) level within clearly defined geographic and product markets by analysing how different types of market participants (eg large incumbents, small players, importers) may be affected differently by the Scheme (Principle F);

(d) consider benefits that relate to all policy objectives, rather than focussing mainly on job creation, and only consider benefits that relate to the specific policy objectives identified (Principle G); and

(e) explain how the Scheme will be aimed at and incentivise beneficiaries in delivering a secure, affordable and sustainable energy system (Energy and Environment Principle A).

1.7 We discuss these areas below, along with other issues, for consideration by DESNZ in finalising its assessment.

The referred scheme

1.8 HPIAC Round 2 has been created to support proposals for new factories and to extend, repurpose or retool existing factories for manufacturing heat pump units and their components. The Scheme aims to diversify the UK heat pump supply chain and increase domestic manufacturing capacity and help the UK's Warm Homes Plan and Energy Security objectives.

1.9 The Scheme has a £90 million budget in the form of grant funding; the maximum awards will be £30 million per successful project. The Scheme maintains the same intervention rate as its first round, with large companies eligible for 45%, medium companies up to 55% and small companies up to 65% of eligible costs.[4]

[4]Eligible costs are capital expenditure as defined under the Financial Reporting Standard (FRS) 102 and may include plant, machinery, tooling, robotic arms transport that facilitate project delivery (eg foundations, access roads, flooring windows and roofing. Eligible costs also cover general design, development and management activities and capital expenditure. The scheme will not cover costs associated with installer training, research and development, or internal personnel costs such as director fees.

1.10 There are no limitations on the type of company eligible to apply, provided applicants are proposing to manufacture heat pumps or heat pump components. Eligible applicants may include existing UK manufacturers, foreign manufacturers seeking to establish a UK presence, boiler manufacturers transitioning to low carbon-technologies and other industrial manufactures with transferable skills seeking to diversify into the heat pump sector.

1.11 HPIAC Round 2 will operate as two separate schemes: A Great Britain (GB) scheme, covering applicants from England, Scotland and Wales, and a Northern Ireland scheme. The referral to the SAU relates to the GB scheme only. The SAU also reviewed the first round of the HPIAC.[5]

1.12 DESNZ explained that the Scheme is a Subsidy Scheme of Particular Interest because it allows for the provision of one of more Subsidies of Particular Interest to be given as recipients will be allowed to make grant applications for up to £30 million.[6]

[5] Report on the Heat Pump Investment Accelerator Competition Scheme
[6] The Subsidy Control (Subsidies and Schemes of Interest or Particular Interest) (Amendment) Regulations 2025 sets out the conditions under which a subsidy or scheme is considered to be of particular interest.

2. The SAU's Evaluation

2.1 **This section sets out our evaluation of the Assessment, following the four-step structure used by DESNZ**.

Step 1: Identifying the policy objective, ensuring it addresses a market failure or equity concern, and determining whether a subsidy is the right tool to use

2.2 Under Step 1, public authorities should consider compliance of a subsidy with:

(a) Principle A: Subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns); and

(b) Principle E: Subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.[7]

Policy objectives

2.3 The Assessment states that the policy objectives of the Scheme are to:

(a) Support the Government's priorities in ending reliance on fossil fuels, and boosting UK supply chain, thereby boosting energy security.

(b) Unlock and accelerate private sector investment in domestic heat pump manufacturing.

(c) Retain the value of the growing heat pump market in the UK.

(d) Manufacture up to 1.6 million heat pumps or high value components by 2035 in the UK.

(e) Support up to 3,000 direct low carbon jobs in the heat pumps manufacturing sector (both through transition from gas boilers related roles but also new jobs).

(f) Transition jobs and factories currently delivering fossil fuel-based solutions into lower carbon solutions like heat pumps.

[7] See Statutory Guidance, paragraphs 3.33–3.59 and the SAU Guidance, paragraphs 4.7–4.11 for further detail.

2.4 In our view, the Assessment sets out a clear list of policy objectives and provides relevant context on how these relate to wider government priorities for decarbonisation and energy security.

2.5 The Assessment could however further distinguish between the Scheme's central policy objectives and the ancillary benefits that implementing it will achieve. Furthermore, if the Scheme has multiple policy objectives, the Assessment should systematically address each step in relation to all policy objectives.

Market failure

2.6 Market failures arise where market forces alone do not produce an efficient outcome. When this arises, businesses may make investments that are financially rational for themselves, but not socially desirable.[8]

2.7 The Assessment describes the following market failures:

(a) Positive externalities associated with heat pumps: the Assessment states that heat pumps deliver social and environmental benefits (such as lower emissions and cleaner air) that are not reflected in market prices, which leads to underinvestment. The Assessment explains that the Scheme aims to correct this by supporting domestic manufacturing to reduce delivery times, strengthen supply-chain resilience, and enable the production of UK-specific, innovative heat pumps better suited to local housing and consumer needs – making heat pumps more attractive and accessible for UK customers.

(b) High upfront costs and incumbent advantages for other countries deter investment in the UK: the Assessment states that high upfront investment costs and strong foreign incentives have made the UK less attractive for heat pump manufacturing compared to other countries. The Assessment explains that the Scheme is therefore intended to level the playing field by providing targeted subsidies that offset foreign incentives, reduce entry barriers, and encourage major manufacturers to base new or expanded heat pump production facilities in the UK.

(c) Capturing the social benefits of investment in heat pumps: the Assessment states that the Scheme will help align private investment incentives with wider social and economic benefits by supporting the growth of UK-based heat pump manufacturing. The Assessment also states that the Scheme is expected to create around 3,000 jobs, add £400 million in gross value added , and strengthen regional economies by transitioning existing boiler manufacturers toward low-carbon production.

[8] Statutory Guidance, paragraphs 3.36–3.51.

2.8 The Assessment explains that the Scheme is necessary because relying heavily on imported heat pumps to meet installation targets would be subject to several challenges, including increasing global demand that limits supply availability, potential risks of supply disruption, and the high upfront costs involved in adapting products specifically for the UK market.

2.9 In our view, the Assessment identifies several issues that could lead to underinvestment in the manufacture of heat pumps in the UK. It should however more clearly explain why each of these constitute market failures within the meaning of the Statutory Guidance, rather than broader commercial or structural challenges. In particular**:**

(a) Externalities relating to the carbon emissions associated with fossil fuels are a well-established market failure which provides a credible justification for intervention. The Assessment develops a plausible narrative around facilitating faster UK take-up of heat pumps, including through supporting UK-tailored products and supply chain resilience. However, the Assessment could more clearly explain why existing demand-side support mechanisms do not sufficiently address the identified externalities, including why UK-located production provides advantages (over lower-cost imports).

(b) The Assessment identifies high upfront costs and incumbent advantages in other countries as key factors deterring investment in UK heat pump manufacturing. However, while these factors present credible challenges that support the broader rationale for intervention, the Assessment should better explain whether and how these factors fit into a market failures framework, for example, whether subsidies which have supported investment in other countries have negative spillover effects on UK production possibilities, and how this links to the first market failure.

(c) the Assessment frames the third market failure as capturing the social benefits of greater investment in heat pumps. The arguments presented under this heading describe wider social and economic benefits, such as job creation, skills growth, regional growth, and industrial transition, and mention potential positive externalities associated with research and development of UK-tailored heat pumps. The Assessment should better distinct between elements that may include positive spillovers and therefore constitute positive externalities, and others that appear to be consequential benefits of the intervention rather than coherent market failures.

Appropriateness

2.10 **Public authorities must determine whether a subsidy is the most appropriate instrument for achieving the policy objective. As part of this, they should consider other ways of addressing the market failure or equity issue.[9]**

2.11 The Assessment explains that DESNZ has considered and rejected the following means to achieve the policy objective: doing nothing, freeports, extending the super deduction tax scheme (providing tax benefits for investment in capital), subsidised government loans, and rewarding manufacturers in arrears for each heat pump manufactured in the UK.

2.12 The Assessment states that it did not consider legislation as a policy tool because existing measures, such as the Clean Heat Market Mechanism, do not directly support UK manufacturing and allow firms to meet obligations through imports or credit trading. Introducing new laws to require local content would breach WTO rules and changing product standards could hinder heat pump deployment by creating regulatory divergence from Europe. The Assessment also states that other non-subsidy options (without specifying which ones) are also similarly restricted by limitations from WTO rules for local content.

2.13 In our view, the Assessment should explain in further detail all non-subsidy options that were considered to achieve the policy objectives of the Scheme rather than focussing mainly on other form of subsidies that could have been granted, which is not relevant for demonstrating compliance with Principle E.

Step 2: Ensuring that the subsidy is designed to create the right incentives for the beneficiary and bring about a change

2.14 **Under Step 2, public authorities should consider compliance of a subsidy with:**

(a) **Principle C: Subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change should be something that would not happen without the subsidy and be conducive to achieving its specific policy objective; and**

(b) **Principle D: Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.[10]**

[9] Statutory Guidance, paragraphs 3.57–3.59.
[10] See Statutory Guidance, paragraphs 3.60–3.74 and the SAU Guidance, paragraphs 4.12–4.14 for further detail.

Counterfactual

2.15 In assessing the counterfactual, public authorities should consider what would likely happen in the future – over both the long and short term – if no subsidy were awarded (the 'do nothing' scenario).[11]

2.16 The Assessment sets out a counterfactual scenario where, without the Scheme, there would be a lack of investment in heat pumps and heat pump component manufacturing in the UK.

2.17 It explains that investment in the UK is less attractive than in the EU, because of public interventions in the EU and the significantly larger size of the EU market.

2.18 The Assessment concludes that investments in heat pumps are likely to go to other European countries in the absence of the Scheme (leaving the UK at the end of a long supply chain where demand exceeds supply), which could compromise the UK's ability to decarbonise. It states that there may still be small investments in domestic heat pump production, but these are unlikely to be of the industrial scale needed to strengthen the UK's supply chains.

2.19 In our view, the Assessment clearly describes and evidences what would be likely to happen if the Scheme was not implemented.

Changes in economic behaviour of the beneficiary and additionality

2.20 Subsidies must bring about something that would not have occurred without the subsidy.[12] They should not be used to finance a project or activity that the beneficiary would have undertaken in a similar form, manner, and timeframe without the subsidy ('additionality').[13] For schemes, this means that public authorities should, where possible and reasonable, ensure the scheme's design can identify in advance and exclude those beneficiaries for which it can be reasonably determined would likely proceed without subsidy.[14]

2.21 The Assessment explains that the Scheme has been designed to overcome the lack of investment in heat pumps and heat pump component manufacturing in the UK by providing manufacturers with an incentive when considering their investment options.

2.22 It sets out that that as the £15 million maximum grant award for HPIAC Round 1 was not sufficient to overcome investor uncertainty, the maximum award has been increased to £30 million for Round 2 to support the larger size of heat pump factories required to meet net zero targets. The Assessment states that the

[11] Statutory Guidance, paragraphs 3.63–3.65.
[12] Statutory Guidance, paragraph 3.67.
[13] Statutory Guidance, paragraphs 3.66–3.70.
[14] Statutory Guidance, paragraphs 3.71–3.73.

Scheme's primary purpose is to change the economic behaviour of heat pump manufacturers by inducing them to invest in the UK when they otherwise would not have done, as well as encouraging them to bring their investment and activities forward to occur at an earlier time than would otherwise take place.

2.23 The Assessment claims that the Scheme will unlock and accelerate private sector investment in domestic heat pump manufacturing and help to retain the value of the growing heat pump market in the UK. It explains that the increased funding for HPIAC Round 2 is designed to help transition jobs and factories currently delivering fossil-fuel based solutions, including gas boilers and central heating radiators, into lower carbon solutions with the Scheme predicted to support up to 3,000 direct low carbon jobs in the heat pumps manufacturing sector in the UK.

2.24 To ensure additionality, the Assessment states that applicants will have to complete an application form and provide evidence of their case for assistance, which will be evaluated and scored. This includes how the grant requested is the minimum amount required to make their project happen, along with a breakdown of the activities that it will be spent on and when. Applicants will also be required to provide information on their usual investment metrics and the impact if awarded grant funding. DESNZ intends to conduct due diligence with this information to ensure only the minimum amount required is offered even if a company requests a larger figure.

2.25 In our view, the Assessment explains and evidences at a high level how the Scheme would change the beneficiaries' economic behaviour and that the Subsidy brings about changes that would not have occurred without it. It could however make better use of available evidence,[15] to demonstrate why the increased grant is expected to be sufficient to change the beneficiaries' economic behaviour to invest in the UK, given that the Assessment notes that larger factories at higher investment values need to be built to scale up capacity compared with HPIAC Round 1.

Step 3: Considering the distortive impacts that the subsidy may have and keeping them as low as possible

2.26 Under Step 3, public authorities should consider compliance of a subsidy with:

(a) Principle B: Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it; and

[15] Such as the Outline Business Case, Multi Criteria Decision Analysis and the Warm Homes Plan.

(b) Principle F: Subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition or investment within the United Kingdom.[16]

Proportionality

2.27 The Assessment describes a comprehensive range of design features to ensure that the Scheme is proportionate and limited to the minimum necessary, including:

(a) an absolute cap of £30 million subsidy value per project and relative caps on the subsidy intensity (45%, 55%, or 65% for large, medium, and small businesses respectively);

(b) a competitive award process with clear assessment criteria, where projects generating higher gross value added per pound of grant requested score more highly, incentivising cost-efficiency and reduced subsidy requests. Applicants must provide evidence to demonstrate how their grant request represents the minimum amount required to facilitate the project;

(c) an application and awards process which includes due diligence checks conducted by DESNZ to verify applications, with DESNZ retaining the ability to offer a reduced grant amount where the subsidy requested is not deemed proportionate (as occurred in Round 1 for one manufacturer);

(d) ringfencing requirements to ensure subsidy funding is used solely for the intended project purposes; and

(e) a sense of relative scale, illustrated by comparing the maximum subsidy value (£30m) to typical project costs estimates (£173m-£260m), showing a moderate intervention rate (12-17%).

2.28 The Assessment clearly demonstrates and evidences that the Scheme is proportionate and limited to the minimum necessary to achieve its specific policy objectives, in line with the Statutory Guidance. In particular, it describes an application process that creates clear incentives for cost efficiency. It could further consider the size of the Scheme compared to the overall value of the activity that the Scheme aims to support.

Design of subsidy to minimise negative effects on competition and investment

2.29 The Assessment states that the Scheme has been designed to minimise market distortions through several elements listed in Chapter 3 of the Statutory Guidance, including:

[16] See Statutory Guidance paragraphs 3.75–3.112 and the SAU Guidance, paragraphs 4.15–4.19 for further detail.

(a) the open eligibility criteria, noting the Scheme is open to a wide set of eligible applicants;

(b) the nature of the financial instrument, noting that DESNZ considered loans but determined that grants would be more effective in attracting manufacturers to invest in the UK specifically–as loans would not significantly improve the internal rate of return of a project compared with alternative locations, and therefore would be unlikely to influence investment decisions;

(c) limiting costs to eligible capital expenditure, with ringfencing mechanisms ensuring no support for operating costs or product pricing;

(d) the appraisal process, which includes:

(i) minimum eligibility criteria and due diligence to ensure funding is proportionate and targeted

(ii) differentiated intervention rates to allow higher aid intensity for smaller projects

(e) monitoring arrangements before, during, and after commissioning to ensure delivery in line with successful applications, with clawback provisions to recover funding where projects underperform; and

(f) time-limited grants aligned with construction timelines.

2.30 In our view, the Assessment clearly demonstrates and evidences how design features of the Scheme contribute to minimising any negative effects of the Scheme on competition and investment within the United Kingdom.

Assessment of effects on competition or investment

2.31 The Assessment provides context on the heat pump market at UK, EU and global levels, noting that distortive effects may be lower in a growing market, as firms can still enter, expand, or exit. The Scheme's competitive allocation process is open to a wide set of eligible applicants and can foster such entry and expansion. By funding fixed capital costs rather than operational expenses, the Scheme is more likely to affect investment location decisions than pricing behaviour.

2.32 The Assessment explains that the Scheme aims to attract investment to GB rather than abroad in the context of significant international subsidies, including State Aid available in the EU.

2.33 The Assessment states that the Scheme is not expected to significantly disadvantage UK manufacturers who do not receive support, nor importers of heat pumps to the UK, ensuring price and quality competition prevails.

2.34 The Assessment states that there could be a negative impact on boiler manufacturers, as consumers transition to heat pumps, but that the primary impact will come from demand-side measures rather than the Scheme itself. Boiler manufacturers can also apply for the grant to aid their transition to heat pump production.

2.35 In our view, the Assessment considers and evidences some effects of the Scheme on competition and investment, in line with Annex 3 of the Statutory Guidance. In particular, it references the growing nature of the heat pump market, presents a sense of market structure and concentration at enterprise level within defined geographic and product markets, and highlights the nature of costs covered, the competitive allocation process and the context of international subsidies.

However, the Assessment should strengthen the competitive assessment at an enterprise (ie business) level within clearly defined geographic and product markets by analysing how different types of market participants (eg large incumbents, small players, importers) may be affected differently by the Scheme. This would provide a more complete picture of potential distortions, including whether support reinforces market advantages, disadvantages non-supported firms, or affects entry and exit dynamics disproportionately. In particular, the Assessment could draw clearer conclusions from the market structure it presents to better demonstrate the differential effects mentioned above.

Step 4: Carrying out the balancing exercise

2.36 Under step 4 (principle G), public authorities should establish that the benefits of the subsidy (in relation to the specific policy objective) outweigh its negative effects, in particular negative effects on competition or investment within the United Kingdom and on international trade or investment.[17]

2.37 The Assessment identifies various benefits arising from the HPIAC Round 2 programme. DESNZ have utilised a wage premium analysis to quantify how the scheme will create approximately 3,000 jobs. This reflects the estimated employment impact associated with increased domestic manufacturing capacity and upskilling of the workforce to meet, the forecasted, growing demand within the heat pump market.

2.38 In addition to this potential quantified outcome, the Assessment highlights a range of qualitative benefits, including:

(a) improving the UK's energy security, and reduce exposure to global energy markets;

[17] See Statutory Guidance, paragraphs 3.113–3.121 and the SAU Guidance, paragraphs 4.20–4.22 for further detail.

(b) reduce exchange rate risk for developers, and remove risks from trade tariffs;

(c) reduce supply chain bottlenecks and delivery times;

(d) reduce the risk of future increases in shipping and delivery costs;

(e) reduce transport emissions;

(f) boost R&D and create valuable Intellectual Property;

(g) higher quality heat pumps for UK consumers; and

(h) help level-up regions of the UK that are comparatively poorer than other regions

2.39 The Assessment identifies potential negative impacts relating to competition, geographic and distributional outcomes. It explains why these effects are not considered materially significant.

2.40 The Assessment acknowledges that manufacturers investing in UK production may need to develop an export strategy in the short to medium term as the domestic market grows, reflecting the need for supported firms to access demand beyond the UK to justify large-scale capital expenditure, particularly in the context of uncertain domestic uptake and competitive offers available in other European markets.

2.41 The Assessment explains that the Scheme will displace imports gradually as the UK market grows. While imports may increase in the short term due to foreign subsidy schemes, HPIAC Round 2 will gradually increase UK manufacturing capacity. This displacement will be proportionate, as the UK market is expected to grow substantially, and imports will still be required to meet demand.

2.42 The Assessment concludes that any potential negative impacts arising from the scheme are expected to be outweighed by its overall benefits. It states that, while some short-term effects on trade and competition may occur, these are not considered materially significant as the UK heat pump market is projected to expand significantly, creating opportunities for increased trade and supporting the transition away from carbon-intensive boiler installation.

2.43 In our view, the Assessment presents both the benefits and negative effects of the Scheme and includes some qualitative and quantitative analysis in relation to some of the stated policy objectives. However, the balancing exercise should consider benefits that relate to all policy objectives, rather than focussing mainly on job creation, and should only consider benefits that relate to the specific policy objectives identified (unlike benefits to suppliers).

2.44 The Assessment could also adopt a more systematic approach to the balancing exercise to further explain how DESNZ concluded that the benefits of the Scheme outweigh the potential negatives.

Energy and Environment Principles

2.45 This section sets out our evaluation of the Assessment against the energy and environment principles.[18]

2.46 DESNZ has conducted an assessment of the Scheme against Principles A and B. We have not identified any other principle that should have been addressed as part of the assessment.

Principle A: Aim of subsidies in relation to energy and environment

2.47 Subsidies in relation to energy or the environment should be aimed at (1) delivering a secure, affordable and sustainable energy system and a well-functioning and competitive energy market, or (2) increasing the level of environmental protection compared to the level that would be achieved in the absence of the subsidy. If a subsidy is in relation to both energy and environment, it should meet both limbs.[19]

2.48 The Assessment states that the Scheme complies with Principle A of the Energy and Environment Principles because it is consistent with delivering a secure, affordable and sustainable energy system. The Assessment relies on paragraph 4.27 of the Statutory Guidance, which states that schemes with a specific policy objective related to promoting net zero will 'tend to be consistent with Principle A', to explain that the scheme is consistent with the principle.

2.49 In our view, while the Assessment asserts that the Scheme complies with Principle A, it should explain how the Scheme will be aimed at and incentivise beneficiaries in delivering a secure, affordable and sustainable energy system. The Statutory Guidance details that the appropriate level of analysis will usually be similar to that carried out for any business case or impact assessment for the Scheme.[20]

Principle B: Beneficiary's liabilities as a polluter

2.50 Subsidies in relation to energy or the environment should not relieve the beneficiary from liabilities arising from its responsibilities as a polluter under the law of England and Wales, Scotland, or Northern Ireland.[21]

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[18] See Schedule 2 to the Act, and Statutory Guidance, Chapter 4.
[19] Statutory Guidance, paragraphs 4.19–4.28.
[20] Statutory Guidance, paragraph 4.17
[21] Statutory Guidance, paragraphs 4.29–4.34.

2.51 The Assessment explains that no applicants to the Scheme will be relieved from such liabilities. It also details that applicants will have to provide information concerning breaches of environmental regulation to DESNZ when completing an application. The Assessment explains this will be a discretionary exclusion criteria from eligibility for the Scheme.

2.52 In our view, the Assessment explains how the Scheme complies with Principle B of the Energy and Environment Principles. To make this clearer, the Assessment could draw from the Scheme documents to demonstrate the basis for the explanations provided.

Other Requirements of the Act

2.53 DESNZ confirmed that no other requirements or prohibitions set out in Chapter 2 of Part 2 of the Act apply to the Scheme.

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