

ETZ Ltd Subsidy Scheme for Energy Supply Chain Challenge and Property Fund

This Subsidy Scheme has been developed by ETZ Limited ("ETZ") under the Subsidy Control Act 2022. It may be used to award subsidies, at the sole discretion of ETZ, provided the relevant terms and conditions are met. The Scheme is intended to facilitate the delivery of a 10 year innovative capital grant challenge fund programme to stimulate significant CAPEX investment from energy supply chain companies in North East Scotland (Aberdeen City, Aberdeenshire and Moray) with the Scheme Value of £50m.

- This funding will support the supply chain to pursue new energy opportunities and create high quality sustainable green jobs and jobs transitioning away from oil and gas into low carbon and green energy markets.
- The fund will support investment into reducing carbon emissions through energy reduction within industrial facilities.
- The fund will also support landlords looking to upgrade industrial units/facilities to attract energy supply chain companies looking to exploit the low carbon and/green energy markets.

It will focus on encouraging significant capital projects to build and strengthen the capability and capacity of North East Scotland (including Aberdeen City Aberdeenshire and Moray) energy supply chain companies to address UK and international energy transition opportunities.

Part A: Common Provisions

1. ETZ Limited ("ETZ") makes the following subsidy scheme (the "Scheme") in compliance with the [Subsidy Control Act 2022](#) (the "Act") having due regard to, inter alia, Section 10(1) of the Act, Section 29 of the Act, and the Subsidy Control Principles set out at Schedule 1 of the Act and relevant [Statutory Guidance](#) ("SG").
2. The Scheme is made by David Beattie, CFO on behalf of ETZ on 1 January 2026.
3. The purpose of the Scheme ("the Purpose") is to allow ETZ to award subsidies (using its funds received from State resources) to energy supply chain companies based in North East Scotland (Aberdeen City, Aberdeenshire and Moray towards the costs of investment in the following eligible activities:
 - i. automation of equipment – fit for purpose equipment to support low carbon and green energy markets;

- ii industrial equipment such as cranes/ welding bays required to support low carbon/green energy market transition;
- iii clean industrial space for low carbon/green energy market transition;
- iv Research, Development and Innovation Support (which shall mean any of the activities permitted within the [Research, Development & Innovation Streamlined Route](#)) for low carbon/green energy markets;
- v Research and Development product testing and lab facilities to support the development of products for low carbon/green energy markets;
- vi late stage product development – prototype/commercialisation stage - Innovation of products to support low carbon/green energy market transition, including people costs to support innovation activities;
- vii increasing space and size of industrial units including office fit out to support low carbon market transition;
- viii speculative funding to landlords who are looking to attract energy supply chain companies looking to exploit low carbon market/green energy markets, this could include fit for purpose; modernisation of existing industrial space ensuring suitability to and efficiency;
- ix Supporting occupiers (energy supply chain companies) to reposition vacant industrial space to be fit for purpose in low carbon/green energy market where it can be reasonably demonstrated there is a viability challenge and funding will unlock investment;
- x Energy Usage (which shall mean any of the activities permitted within the [Energy Usage Streamlined Route](#) as adopted by the Secretary of State of the Department for Business, Energy and Industrial Strategy on 5 January 2023, as set out in Annex I of this Scheme;
- xi any other activity relating to safeguarding jobs and job creation into low carbon and green energy markets;
- xii digital infrastructure to support efficiencies and increase capacity and capability relating to productivity and advancing into low carbon/green energy markets - this would include hardware and software;;
- xiii whole life carbon assessment activity

and thereby enabling those activities to take place. A subsidy will only be awarded under the Scheme provided that it relates to one of the above activities, and therefore aligns with the Purpose.

4. The total budget for the Scheme is £50m.
5. To be eligible to be awarded a subsidy under the Scheme an enterprise must be either a trading energy supply chain company with a trading address within the North East Scotland Aberdeen City, Aberdeenshire and Moray, or for the purposes of clause 3(viii) above, a property owner seeking to let to energy supply chain companies. A property owner can include private individual, tenant, special purpose vehicle, family trusts, institutional landlords and owner occupiers, where that owner is a low carbon supply chain company.
6. The Scheme is effective from 1 January 2026 until 31 December 2035 and shall apply to subsidies which are legally committed by ETZ on or between these dates (the "Term") in line with the relevant terms and conditions herein.
7. A subsidy shall only be regarded as having been made under the Scheme where it can be demonstrated that the award:
 - i is conferred by ETZ, either using its funds alone or together with the funds of another public authority ("Relevant Funds"); and
 - ii fulfils each of the Common Provisions set out in the Scheme and all the conditions of at least one of the Specific Provisions below.
8. Subsidies shall be awarded in the form of grants, but may include within the total subsidy value an additional element comprising the reasonable market value to the beneficiary of any benefit-in-kind provided by ETZ in the form of third party consultancy services provided specifically to that beneficiary and not charged by ETZ.
9. The maximum value of a subsidy awarded by ETZ under the Scheme shall be not more than £3m and otherwise as set out per different activity in the respective Specific Provisions to any eligible beneficiary recipient during the Term.
10. The Scheme may be used to provide a subsidy towards a project which has received subsidy from other public authorities but in such circumstances the recipient shall provide evidence that the ETZ funding will be set towards additional costs and that the activities to be funded under the Scheme are incremental from that which is being separately publicly funded, or that the various sources of subsidy combined do not exceed the levels permitted under the Scheme. ETZ will take account of subsidy provided to the same recipient and activity provided by another public body in order to ensure that no eligible costs are double-counted.
11. The Scheme does not give cover to any subsidy which would be classed as a "Subsidy of Particular Interest" under the Act and any implementing Regulations including the Subsidy Control (Subsidies and Schemes of Interest or Particular Interest) Regulations 2022 and as amended from time to time.
12. The legal basis for awards made by ETZ under this Scheme shall derive from the funding as provided to ETZ by UK Government and Scottish Government in the form of future

Investment Zone funding and Just Transition Fund from December 2022 and the Energy Transition Fund in 2021 (and in turn any other future funding as ETZ may receive from State resources for similar purposes). ETZ reserves the right to make subsidy awards for the Purpose both outside the Scheme and pursuant to under any other legal power available to it.

13. The Scheme shall not be used to award a subsidy which:
 - a is subject to EU State aid law, either because it falls within [Article 10 of the Northern Ireland Protocol](#) (as amended by the Windsor Framework) or [Article 138 of the Withdrawal Agreement 2019](#);
 - b would relieve the beneficiary from any liabilities arising from its responsibilities as a polluter under the law of England and Wales, Scotland or Northern Ireland; or
 - c would, but for Section 30(1) of the Act, be subject to any of the prohibitions or any other requirement contained in Sections 15 to 28 (inclusive) of the Act.
14. ETZ shall be responsible for ensuring that all transparency obligations are fulfilled with respect to each subsidy awarded under the Scheme. This shall include, where relevant, posting the required information on to the national [Subsidy Database](#) in line with Chapter 3 of Part 2 of the Act within not more than 3 months of awarding an individual subsidy.
15. ETZ shall have the right to take all reasonable steps to monitor and check the compliance of any award made under this Scheme, including to ascertain that the subsidy is being used for the Purpose (including the more detailed specification of requirements set out in the instrument by which the subsidy is conveyed) and reserves the right to recover the subsidy in the event of misuse.
16. Any party receiving subsidy under the Scheme is responsible for taking its own independent advice or assessments of Subsidy Control compliance for all grants awarded under the Scheme. ETZ shall not be liable to any recipient for any act or omission if a measure is found not to meet the terms of the Scheme.
17. Nothing written in the Scheme should be interpreted as providing any potential recipient of subsidy with any entitlement to subsidy. In choosing whether to apply the Scheme to a particular proposed award of subsidy ETZ's judgement shall be final.
18. A subsidy may only be given under the Scheme where ETZ has sufficient grounds to determine that the subsidy will cause the beneficiary to act in a manner which is different from that which might reasonably be expected in the absence of the subsidy to be provided, and will be spent upon majority not-yet-incurred eligible investment costs which contribute to the delivery of the Purpose.
19. Where recipients of subsidy under the Scheme use the same to purchase goods, works or services from third parties in order to deliver the relevant investment activities, steps shall be

taken to demonstrate the remuneration is at or below market rate, including, where appropriate, undertaking an open and transparent procurement process.

20. Any grant which has not been spent by the end of the Term shall be repayable to ETZ to the extent it has not been fully spent as at that date.

Part B: Specific Provisions

Specific Provision 1: Activities other than Energy Usage

1. The following activities shall be covered by these Specific Provisions Part 1:
 - i. automation of equipment – fit for purpose equipment to support low carbon and green energy markets;
 - ii. industrial equipment such as cranes/ welding bays required to support low carbon/green energy market transition;
 - iii. clean industrial space for low carbon/green energy market transition;
 - iv. Research and Development product testing and lab facilities to support the development of products for low carbon/green energy markets;
 - v. late stage product development – prototype/commercialisation stage - Innovation of products to support low carbon/green energy market transition, including people costs to support innovation activities;
 - vi. increasing space and size of industrial units including office fit out to support low carbon market transition;
 - vii. speculative funding to landlords who are looking to attract energy supply chain companies looking to exploit low carbon market/green energy markets, this could include fit for purpose; modernisation of existing industrial space ensuring suitability to and efficiency;
 - viii. supporting occupiers (supply chain companies) to reposition vacant industrial space for fit for purpose in low carbon/green energy markets where it can be reasonably demonstrated there is a viability challenge and funding will unlock investment;
 - ix. any other activity relating to safeguarding jobs and job creation into low carbon and green energy markets;
 - x. digital infrastructure to support efficiencies and increase capacity and capability relating to productivity and advancing into low carbon/green energy markets - this would include hardware and software;

xi. whole life carbon assessment activity

2. Subsidies must be against costs defrayed for activity taking place after the relevant application for subsidy has been submitted to ETZ.
3. In order to be eligible for support an investment activity must have related investment costs of at least £50,000 and be seeking a subsidy of a minimum of £25,000, notwithstanding the maximum subsidy intensity thresholds per size of applicant detailed below.
4. Subsidies may be awarded up to the following maximum ratios of subsidy against eligible costs of the investment project concerned:
 - a. 50% of eligible costs where the applicant is a small enterprise, that is an enterprise considered to be small, assessed by reference to the qualifying conditions set out in Section 382 of the Companies Act 2006;
 - b. 40% of eligible costs where the applicant is a medium enterprise, that is an enterprise considered to be medium-sized, assessed by reference to the qualifying conditions set out in Section 465 of the Companies Act 2006;
 - c. 30% of eligible costs where the applicant is a large enterprise and unable to be considered a small or medium-sized enterprise as defined in limbs (a) and (b) above.
5. Subsidies may only be given under this Specific Provision where ETZ has reasonable grounds in its sole discretion (and with due regard to proportionality of assessment) to determine that the value of the subsidy is no more than reasonably necessary to enable the subsidised project to proceed.

Specific Provision 2: Energy Usage

1. These Specific Provisions shall concern Energy Usage projects within the meaning of the [Energy Usage Streamlined Route](#) as adopted by the Secretary of State of the Department for Business, Energy and Industrial Strategy on 5 January 2023.

Any subsidy permitted within the three different categories set out in the Energy Usage Streamlined Route (namely (1) Energy Demand Reduction projects; (2) Subsidies for Green Heat Networks; and (3) Green Skills Training) shall be permitted within these Specific Provisions provided all relevant conditions of the Energy Usage Streamlined Route are satisfied to the reasonable satisfaction of ETZ, which is to say compliance with all the General Provisions and all of one of the different categories set out in the Energy Usage Streamlined Route.

Specific Provision 3: Research, Development and Innovation

1. These Specific Provisions shall concern Research, Development and Innovation projects within the meaning of the [Research, Development & Innovation Streamlined Route](#) as adopted by the Secretary of State of the Department for Business, Energy and Industrial Strategy on 5 January 2023.

Any subsidy permitted within the three different categories set out in the Research, Development & Innovation Streamlined Route (namely (1) Feasibility Studies; (2) Industrial Research & Experimental Development Projects; and (3) Small and Medium Sized Enterprise (SME) Research, Development and Innovation Support) shall be permitted within these Specific Provisions provided all relevant conditions of the Research, Development & Innovation Streamlined Route are satisfied to the reasonable satisfaction of ETZ, which is to say compliance with all the General Provisions and all of one of the different categories set out in the Research, Development & Innovation Streamlined Route.