A photograph of two large white wind turbines in a green field under a blue sky with light clouds. Power lines are visible in the foreground, crossing the scene.

ENERGY PROJECT ENABLING FUND – ROUND 3

GUIDANCE DOCUMENT

NORTH EAST AND YORKSHIRE NET ZERO HUB

ENERGY PROJECT ENABLING FUND – ROUND 3 – NORTH EAST AND YORKSHIRE NET ZERO HUB

THE ENERGY PROJECT ENABLING FUND – ROUND 3

The third round of the Energy Project Enabling Fund is a £245,000 investment scheme providing capital grants to a range of organisations across the North East and Yorkshire (NEY) Net Zero Hub's geography to support the delivery of energy projects. The NEY Net Zero Hub geography covers the North East, Tees Valley, York and North Yorkshire, Hull and East Yorkshire, West Yorkshire and South Yorkshire.

Through this programme, grants of between £30,000 and £245,000 are available to eligible organisations wanting to **deliver local energy projects**.

This funding has been provided by the Department for Energy Security and Net Zero as part of their commitment to the Local Net Zero Hubs and has been allocated by the NEY Net Zero Hub to facilitate the development and delivery of local energy projects in the North East and Yorkshire region.

All successful projects must be completed, and funding drawn down by the end of September 2025. Funding may be secured to deliver discrete phases of a project. Project sponsors are recommended to phase larger projects to ensure delivery can be achieved within the required timescale. Please note, projects that can deliver quicker than the 30th September 2025 may be favored.

Successful projects will be expected to include **match funding of a minimum of 50%** of the overall project value, **with at least 20% of this coming from commercial investment**, and applicants will be required to provide a statement of UK Subsidy Control compliance from a reputable source to support their application. Grants will be paid in arrears at the approved intervention rate against evidenced spend. The Grant will be paid by TVCA to the Grant Recipient on a pro-rata basis as the Grant Recipient will be providing the Match Funding.

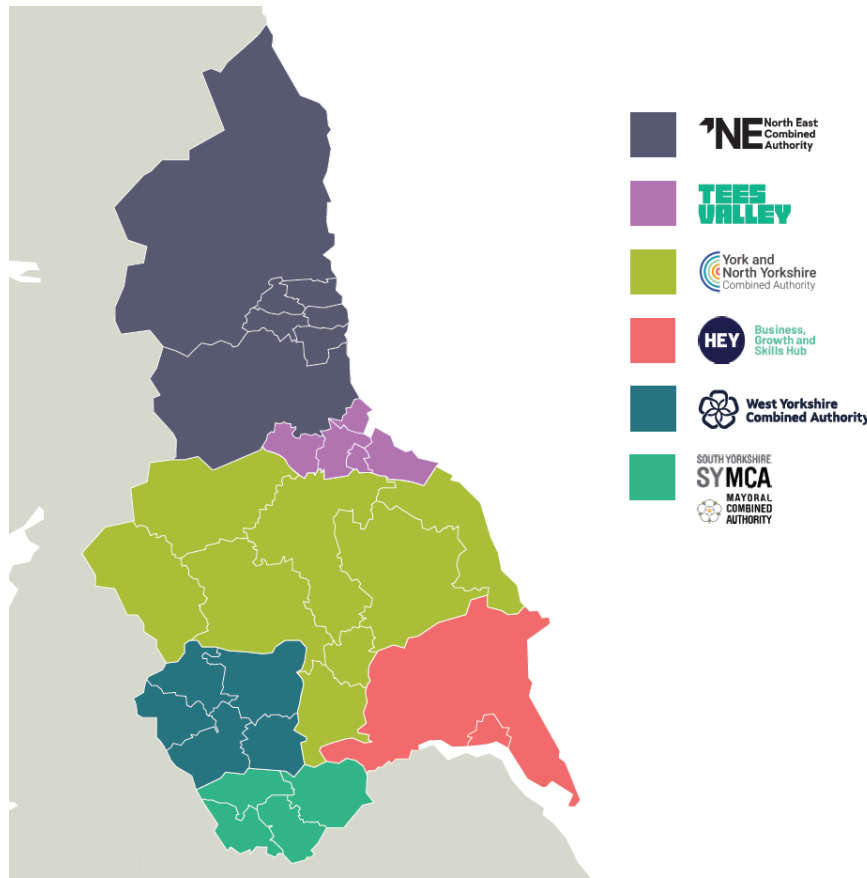
Please read this guidance carefully. During grant projects we often receive a high number of applications that do not meet our grant guidance. We understand that your time is precious, so to ensure you do not waste time on an application that is not eligible for funding, we strongly recommend that you read the grant guidance and application form before deciding to apply. If you are in any doubt that your project would be eligible under the grant guidance, or you have queries then please do contact us for a discussion and we will do our best to help.

THE NORTH EAST AND YORKSHIRE NET ZERO HUB

The North East and Yorkshire Net Zero Hub (NEY) is at the center of the region's ambitious efforts to drive a low-carbon, clean-growth future.

Funded by the Department for Energy Security and Net Zero, the Hub is one of five across the country, all focusing on helping the UK reach Net-Zero carbon emissions by 2050.

Our Hub combines six Combined Authorities in the region, bringing local authorities, businesses, organisations and communities together to help us achieve our goals.



FUNDING CONDITIONS

The investment of all grant funding and associated outputs must be within the NEY Net Zero Hub's geography.

Before continuing with your application, it is important to note the following:

- If work on a project has started in advance of an application submission, (including if items have been ordered) then it is not eligible for financial support. Grant funding should be claimed for work undertaken after an application has been submitted, a written offer has been made, and a funding agreement is in place.
 - Please note, if you are claiming for a phase of a stalled pre-existing project, you will still be eligible for funding providing activity on the proposed phase has not begun. Funding will not be awarded for retrospective spend. Please ensure that you clarify in your application if you are applying for funding for a phase of a project.
- In exceptional circumstances work on the project may commence at the applicant's own risk and with the approval of the NEY Net Zero Hub and their Accountable Body Tees Valley Combined Authority once receipt of the full application, with all supporting information, has been acknowledged and a clear rationale has been provided for starting at risk.
- If your proposed project would continue beyond the 30th September 2025, please state clearly in your application which phase of the project you would be using this grant to fund.

- Successful applicants will receive grant funding in arrears against evidence of spend and at the intervention rate approved.
- Successful applicants will be required to source **match funding of a minimum of 50% of the overall project value. At least 20% of this match funding must be sourced from capital investment.**
- The Grant will be paid by TVCA to the Grant Recipient on a pro-rata basis as the Grant Recipient will providing Match Funding.
- All relevant permissions and consents (e.g., planning, grid connection, etc) must be in place at the point of application

ELIGIBILITY

The following organisations are eligible to apply, subject to UK Subsidy Control regulations:

- Public sector (including Local Authorities, Combined Authorities, NHS)
- Schools and Education Providers
- Community Energy Groups
- Charities/Third Sector
- Farming/Food production

Please note the following:

- Businesses in difficulty will not be eligible to apply for the Energy Project Enabling Fund.
- The investment and associated outputs must be within the North East and Yorkshire Net Zero Hub's geography.
- Applications must be made by an incorporated organisation with a legal personality and a bank account in the organisation's name. Applications may be made on behalf of a body or group that is not incorporated by one that is – e.g., a local authority, or registered charity.
- Projects should be completed within the project completion date (as per Application Form) or by 30th September 2025, whichever is sooner. Significant concerns around delivery may result in the funding offer being withdrawn. Please note, projects that can deliver quicker than the 30th September 2025 may be favored.

PROJECT FOCUS

All project proposals must focus on at least one of the NEY Hub's Strategic Priorities:

- Renewable Energy Technologies (Solar, wind, biofuels, Community Energy Projects, batteries and energy storage, etc.)
- Heat Decarbonisation (Public building retrofit, etc.)
- Natural Carbon Sequestration (Biobased construction, low carbon farming, etc.)
- Circular Economy (Heat Networks, etc.)

PROJECT COSTS

Eligible project costs can include:

- Equipment, plant, and machinery (directly leading to quantifiable resource/energy efficiency)
- Energy Technology installations (low carbon / renewable technologies only). TVCA as Accountable Body reserve the right to take a charge on the asset.
- Groundworks / building works and other necessary preparations.
- Site surveys, mitigations or other abnormal costs associated with project construction or installation
- Internal labour costs only where there is a compelling case, and the market is not able to supply or provide value. If agreed, internal labour costs will be supported at base salary rate, subject to a review of how reasonable the costs are).

The following costs are not eligible under the Energy Project Enabling Fund:

- Transport or vehicles
- EV infrastructure including EV chargers.
- Feasibility studies, surveys and other early-stage activities. Projects should be ready to deliver at the point of application - funds are available to support the implementation of recommendations from studies and surveys.
- Marketing, promotion, and sales. Funds may, however, be used to promote evaluation, knowledge sharing and learning.
- Retrospective or prior start activity
- School and college curriculum delivery or trips
- General IT software such as Microsoft Office packages and renewal of software licenses
- VAT

See also Annex A for more details on ineligible activity.

If in doubt about whether your project or costs would be eligible, please contact the NEY Hub at enquiries@NEYnetzerohub.com.

Quotes for all project costs should be supplied with the application to evidence the total eligible cost and calculate the eligible grant. To ensure that value for money is being obtained, ideally three quotes should be obtained for major purchases. It is not always necessary for the chosen supplier to be the cheapest if a higher quote can be demonstrated to provide better value for money.

PROJECT OUTPUTS

The following are priority targets and at least one must be achieved by your proposed project. Please note, your project may be scored more favorably if your proposed project achieves more than one of these targets:

- CO2 savings achieved.

- Installed energy generation technology.
- Installed energy storage technology.
- Follow on investment/commercial leverage.

The following are ancillary targets, and you should aim to achieve these through your proposed project. Please note, your project may be scored more favorably if your proposed project achieves one or more of these targets:

- New jobs created as a direct result of the intervention (permanent full-time employment (FTE), excluding construction)
- Jobs safeguarded as a direct result of the intervention (permanent FTE, excluding construction)

GRANT PARAMETERS

The minimum grant value that you can apply for is £30,000, whilst the maximum grant value is £245,000. All applicants will be required to provide a statement of UK Subsidy Control compliance. Delivery of all projects and agreed outputs must be complete by 30th September 2025, however, projects that can deliver before this deadline may be scored more favorably.

More information regarding Subsidy Control guidelines can be found in Annex B.

MATCH FUNDING

Successful applications will be awarded up to a maximum value of 50% of their overall eligible project costs. All successful applicants will be expected to obtain match funding of a minimum of 50% of the overall project value. At least 20% of the match funding must be sourced from capital investment. Funding representing 100% total eligible project costs will not be awarded. There is no maximum project cost value.

There is an expectation that grant funding will be used to meet an identified funding gap and therefore 50% is the minimum threshold. Applications providing a higher proportion of match may be scored more favorably.

Match funding must be capital, in-kind funding will not be considered.

Eligibility of match funding may be restricted by UK Subsidy Control or terms applied to other grant funding sources. Please check with the provider if you intend to use other grant funding as a match and with the NEY Net Zero Hub at enquiries@NEYnetzerohub.com.

CASE STUDY REQUIREMENT

If your application is successful, the North East and Yorkshire Net Zero Hub will require you to provide a detailed case study of your project, alongside your final claim, describing how the funds were used and the impact they had. A template for this case study will be provided. This case study will help the Hub to assess the successes of the grant, showcase the carbon reduction work in the region, and compile lessons 'learnt' which can be used to benefit future projects.

COMMUNICATIONS AND PUBLICITY

Successful applicants will be expected to:

- Recognise the financial contribution of the NEY Net Zero Hub in all published materials and publicity (including boards, hoardings and plaques as appropriate). Logos and comments for media releases can be supplied.

- All successful applicants will be expected to participate in press releases and provide quotes, comments and images when requested by the NEY Net Zero Hub.
- Not engage in any media activity around the project without first consulting with the Hub and shall support the Hub in its own associated media activity
- Support the NEY Net Zero Hub in promoting its activity and impact by taking part in evaluations, media releases etc.
- Allow any associated reports, evaluations or other media generated as a result of the investment to be published by the Hub on its website
- Provide a final Case Study upon completion of their project, on a template to be provided by the Hub

COMPLETING THE APPLICATION FORM

When completing your application form, please refer back to this guidance document. All of the information requested within the application form is key to the consideration of your application, and in completing the application you should be as thorough and comprehensive as possible.

Please pay particular attention to ensuring the following sections are completed fully and accurately:

- The eligibility checklist at the beginning of your application form must be completed, with all evidence and supporting documents provided alongside your application.
- Total Project Costings
 - The values you provide should be based on the total cost of your submitted quotations. Please do not estimate or round the total amount as your grant will be calculated against actual quotations submitted.
- Value of Grant Requested
 - Grant value requests must fall between £30,000 and £245,000. Please be aware, if your application is successful, in some exceptional circumstances, we may not award the full requested grant amount.
- Funding Options
 - The Energy Project Enabling Fund is intended to fill a gap in funding and therefore it is important that you show you have already explored other options before requesting a grant.
- Total Project Value and Identified Funding Sources
 - You will need to show that all the remaining funds needed to undertake your project are confirmed by appropriate sources.
- Previous Funding Awards
 - You must provide details of all previous public funding awards that you have received within the last 3 years.
- Relevant Permissions
 - This may also include things like land and building ownership/tenure, planning permission, environmental permits, etc. As previously noted, projects must be ready to deliver and there is a strong expectation that permissions will have been sought (and preferably acquired) before a funding application is submitted. Because of this, associated costs are not eligible for funding and should be covered by the applicant.

- Quotations for Works
 - Ideally three for each significant purchase. Quotations are required to verify your project costs. If supplying more than one quote for a single item, please indicate clearly within the supporting information if you have a preferred supplier. Likewise, if a quote provides costs for multiple options, please indicate clearly which the preferred option is. If this is not the cheapest quote, then you should also indicate why this choice has been made or demonstrate that a recognized procurement framework has been used.
- Declaration
 - Please ensure that you have read and understood the declaration within the application form. The application is not complete until you have agreed to the declaration and provided all relevant supporting information/documentation.

Once you have submitted the application you will receive confirmation of receipt and may be contacted again for further information or clarifications once an appraisal of the application is underway. The Application Form and associated documentation will be treated with the strictest of confidence. If you need assistance in completing the Application Form or have any questions, please contact enquiries@NEYnetzerohub.com.

Please read the guidance above carefully. During grant projects we often receive a high number of applications that do not meet our grant guidance. We understand that your time is precious, so to ensure you do not waste time on an application that is not eligible for funding, we strongly recommend that you read the grant guidance and application form before deciding to apply. If you are in any doubt that your project would be eligible under the grant guidance, or you have queries then please do contact us for a discussion and we will do our best to help.

ADDITIONAL INFORMATION REQUIRED IN SUPPORT OF YOUR APPLICATION

- **Financial Accounts**
 - If your organisation has been formed for 12 months or more, please provide a copy of your most recent financial accounts which must be signed by the most senior representative within your organisation or by your accountant or auditor. If your organisation has been formed within the last 12 months, please provide a set of your management accounts and forecasts/business plan.
- **Signed Sub-Threshold Subsidy Declaration Form**
 - Please note that you must complete a Sub-Threshold Subsidy Declaration Form and return a signed copy together with this application. Even if your legal entity has not previously received any form of public funding, you are still required to submit a signed declaration form back to us.
- **Quotes**
 - Ideally three for each significant purchase. Quotations are required to verify your project costs. If supplying more than one quote for a single item, please indicate clearly within the supporting information if you have a preferred supplier. Likewise, if a quote provides costs for multiple options, please indicate clearly which the preferred option is. If this is not the cheapest quote, then you should also indicate why this choice has been made or demonstrate that a recognised procurement framework has been used.
- **Proof of Match Funding**
 - Please provide evidence that you have secured match funding for at least 50% of your overall project costs, and that at least 20% of this match is from commercial investment. This could be bank statements showing the funds in your account, grant/loan confirmation, written confirmation from the funding source, etc.

- **Existing Feasibility Study and Development documents**
 - Please provide a copy of all development work for your project including feasibility studies, survey outcomes, planning permission, grid applications, etc.
- **Proposed Carbon Savings Calculation**
 - Please provide the expected carbon savings that the project will produce and how you have calculated these. This should be expressed as tonnes of carbon (tCO₂e).

Greenhouse gas emissions or carbon equivalent (CO₂e) is calculated using conversion factors. Conversion factors are updated and published by the government on an annual basis, to account for changes in carbon intensity of electricity. The latest set of emissions factors can be found here: [Government conversion factors for company reporting of greenhouse gas emissions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/government-conversion-factors-for-company-reporting-of-greenhouse-gas-emissions). Carbon conversion factors for some common fuels are provided in the table on the next page:

Fuel	Emissions factor (kgCO ₂ e/kWh)
Electricity	0.21107
Gas	0.18254
Fuel oil	0.26816
LPG	0.21449

As an example, to calculate the carbon emissions of 500,000 kWh of gas: $500,000\text{kWh} \times 0.18254 = 91,270\text{kgCO}_2\text{e}$

To calculate this in tonnes of carbon, you can divide kilograms by 1,000, so:
 $91,270\text{kgCO}_2\text{e}/1,000 = 91.27\text{tCO}_2\text{e}$

To measure change in greenhouse gas emissions into the future, you will need to use modelled emissions factors published by the government. The Green Book supplementary guidance: valuation of energy use and greenhouse gas emissions for appraisal provides modelled conversion factors out to 2050. The data set is also updated annually, so it is recommended you download the latest information from the .GOV website: [Green Book supplementary guidance: valuation of energy use and greenhouse gas emissions for appraisal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/green-book-supplementary-guidance-valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal).

Once you have calculated your current carbon emissions, you will need to calculate the savings as a result of your project. To do this, you should provide the difference between anticipated carbon savings of your installation and the current carbon emissions.

The NEY Net Zero Hub has published a toolkit to assist organisations to develop a Heat Decarbonisation Plan which includes guidance on calculating carbon emissions. This can be accessed on the Hub's website: [Decarbonising Public Buildings Toolkit - North East & Yorkshire Net Zero Hub \(neynetzerohub.com\)](https://www.neynetzerohub.com/).

APPRAISAL PROCESS

1. For your project to be considered for a grant award, it must comply with the eligibility criteria as well as UK Subsidy Control Rules. Meeting both of these criteria alone does not automatically result in a grant award, your application then needs to be appraised.

2. In the first instance, the Project Manager will do a high-level check to ensure your application meets the eligibility criteria. All eligible applications will then be appraised by members of the NEY Net Zero Hub using an appraisal matrix.
 - a. If your application is complex, incomplete, requires additional due diligence or if you do not respond to requests for information in a timely manner, a decision may be delayed, or your application may not be put forward for recommendation.
 - b. Your application may be subject to a due diligence check and/or finance and legal checks which will normally be undertaken as part of the appraisal process but in some circumstances may take place after the Investment Panel meeting at the request of the Investment Panel and before a decision has been made. These checks will be completed by TVCA.
3. Following Hub level assessment, your application will then be appraised by the NEY Net Zero Hub's volunteer Investment Panel, who will make recommendations based on their expertise.
4. The highest scoring and most recommended projects will then be presented to the Hub's Board for a funding decision with final sign-off by TVCA as the Accountable Body.
 - a. Funding will be awarded at the discretion of the Net Zero Hub and its Accountable Body and is subject to the availability of funds and the terms of the offer.

Please note, depending on the volume of applications received, and the completeness of the applications, the NEY Net Zero Hub may choose to present applications to the Investment Panel and Hub Board in several rounds to ensure that complete applications are not delayed while we await information from incomplete applications.

TIMESCALES

1. The Energy Project Enabling Fund will be open for applications from 31st October 2024.
2. This fund will close for applications at midnight on 8th December 2024.
3. The appraisal process, as explained above, will take place between 9th December 2024 and 28th January 2025.
4. Recommended projects will be recommended to the Hub Board during the Board meeting week commencing 10th February 2025.
5. Successful applicants will be notified by no later than 28th February 2025.

FUNDING AGREEMENTS AND CONTRACTING

Following the approval of a funding award, a funding agreement, including an opening offer letter, will be sent to the successful applicant that clearly sets out the conditions of the offer.

Successful applicants will have 14 days from receipt of the funding agreement and offer letter to contract or risk losing their award. The maximum amount payable for the support of the project will be fixed in the Offer Letter.

Once the funding agreement has been signed and returned, it will be countersigned by TVCA. Once the agreement has been signed by both parties, a member of the TVCA Claims and Monitoring team will be assigned to the project who will process grant claims and monitor the progress of the project. The Claims and Monitoring representative will schedule a meeting to ensure that the implications of accepting the fund are fully understood and acknowledged. They will also provide a claims form to be used throughout the claims process and will provide a demonstration of how this should be completed. During this meeting, applicants will be informed of the evidence they need to retain and provided to support their claims.

Any significant changes to the project will require approval from the NEY Net Zero Hub Board and a variation to the contract.

MAKING A CLAIM

Grants are paid in arrears against evidence of spend and at the approved intervention rate. The Grant will be paid by TVCA to the Grant Recipient on a pro-rata basis as the Grant Recipient will provide Match Funding.

Applicants must ensure that they have sufficient cash flow to make purchases in full ahead of drawing down the grant. Grants can be claimed in stages against expenditure incurred to date. It is not necessary to complete the entire investment before submitting a claim, however, all claims must be received before 30th September 2025. Any claims received after this date may not be paid.

Grant Claims will need to be accompanied by invoices and evidence of payment (for example bank statements). This should be provided in electronic format with original copies held by the beneficiary. This evidence may be verified by a monitoring visit.

The total amount of grant payable will be either the maximum sum specified in the Funding Agreement, or (if less) the value of the eligible expenditure.

No payments will be made unless all funding conditions have been complied with and no expenditure incurred before the start date indicated in the offer letter will be eligible for funding.

MONITORING AND EVALUATION

The milestones that have been agreed within the funding agreement will be regularly reviewed to check whether there are any changes, risks or issues that will affect the delivery of the proposed project.

Progress reports will be required from the applicant at both the point of making a claim and by ad-hoc request if required. The completion of these progress updates is a conditional element of the funding and failure to supply them could result in a grant offer being revoked.

Funding recipients must keep a record of all eligible expenditure (receipts, invoices etc.), quotes, tenders and procurement practices and all financial contributions made towards the Project. The Hub and TVCA will require evidence of outputs. In the case of new jobs created or safeguarded, this should include redacted employment contracts.

Recipients of the Energy Project Enabling Fund are asked to support any evaluation of the programme and supply a final case study for their project.

Annex A – Ineligible Activity

The following activity is not eligible for funding and cannot be included in the total project costs:

- Expenditure incurred on the project after the notified deadline or prior to acknowledgement of receipt of the full application.
- Costs incurred prior to the date of the Funding Agreement being signed by the organisation and TVCA, unless agreed as part of the approval process.
- Overheads allocated or apportioned at rates materially in excess of those used for any similar projects or products.
- Work carried out by the Beneficiary at anything other than base salary rate.
- Working capital.
- Acquiring assets under a rental agreement where the applicant will not own the assets at the end of the agreed payment period.
- Acquiring assets for which additional public funding has also been secured or could be secured through payback schemes or similar.
- Costs associated with the preparation of the funding application, including but not confined to consultancy fees and planning application charges.
- Retained or deferred payments of project costs incurred beyond the programme timescales.
- Marketing and sales development related activity, including signage and branding (Funds may, however, be used to promote evaluation, knowledge sharing and learning.)
- General administration costs.
- Notional expenditure.
- Payments for activity of a political nature.
- Legal expenses in respect of litigation.
- Expenditure on activities of an exclusively religious nature.
- Expenditure supported from other government sources, local authority grants, charges paid.
- Any liability arising out of negligence.
- Depreciation, amortisation, and impairment of assets purchased with the help of the Grant.
- Provisions.
- Contingent liabilities.
- Contingencies.
- Interest charges.

- Service charges arising from finance leases, hire purchase and credit arrangements.
- Costs resulting from the deferral of payments to creditors.
- Costs involved in winding up a company.
- Payments for unfair dismissal.
- Payments for un-funded pensions.
- Compensation for loss of office.
- Bad debts arising from loans to employees, proprietors, partners, directors, guarantors, shareholders, or a person connected with any of these:
 - Payments for gifts and donations
 - Entertainments
 - Reclaimable VAT (if a Beneficiary which is not VAT registered at the time the Grant is awarded, registers for VAT during the lifetime of the Project or up to two years after receiving the final payment, they must notify the Council) Statutory fines and penalties
 - Criminal fines and damages
 - Payments made in advance of need
 - Any cost relating to insurance policies
 - Expenditure incurred as a result of a Material Change which has not been approved by the Accountable Body

ANNEX B – UK SUBSIDY CONTROL GUIDELINES

Grants awarded through the Energy Project Enabling Fund are Public Subsidies and awarded under the Sub-Threshold Subsidies Aid regulation. The current limit on subsidies for the purposes of EPEF has been set at £315,000 over a 3-year fiscal period.

What is Subsidy Control?

Public subsidies are support given by the state or through state resources that provides a selective advantage to any entity regardless of legal form that undertakes economic activity (an economic actor), which can include charities. The support given by the state doesn't have to be simply a direct grant of money. It can be a loan, a tax break, or the use of something like a public building for less than the market rate.

Is the support provided through EPEF counted as a Public Subsidy?

Yes. Because the grants and loans available under EPEF are given by the Government to organisations that are engaged in an economic activity (the generation of energy), the support given is deemed to be a Public Subsidy. This does not mean that this financial support can't be given, merely that it must be given using a route that is legal under Subsidy Control rules.

Sub-Threshold Subsidies

It is important to note that the Sub-Threshold Subsidy allowance is for the receiving organisation, not the project. Any Subsidy from a public body in the last 3 years counts towards an organisation's Sub-Threshold Subsidy limit. These 3 years are rolling, and therefore whenever an organisation receives a Sub-Threshold Subsidy, it will have to look back over the last 36 months to ensure the subsidies, taken together, do not exceed the Subsidy Threshold.

Applicants to EPEF are required to declare all public funding received during the previous 3 years and to specify how much of this was a Sub-Threshold Subsidy received during the previous 3 fiscal years. We therefore require Grant Applicants to complete and return a signed Sub-Threshold Subsidy Declaration Form as part of their EPEF Grant Application.

Applicants must keep records of all Sub-Threshold Subsidies paid for 10 years from the last payment (this will include payments made under the previous EU De minimis rules). Beneficiaries must keep records of the Sub-Threshold Subsidies received for 3 years and must declare this when required to do so by other grant giving bodies.

Please Note: grant recipients are responsible for ensuring that they are conforming with Subsidy Control rules. If unlawful subsidy is paid, this will be recoverable from the recipient.