

Subsidy Advice Unit Report on the proposed Viking CCUS Development Fund

Referred by Department for Energy Security and
Net Zero

15 April 2026

Subsidy Advice Unit

Part of the Competition and Markets Authority



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1. The Referral

- 1.1 On 3 March 2026, the Department for Energy Security and Net Zero (DESNZ) requested a report from the Subsidy Advice Unit (the SAU)¹ in relation to the Viking Carbon Capture, Utilisation and Storage (CCUS) Development Fund (the Subsidy) 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 Subsidy 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 and any relevant information submitted by third parties.
- 1.3 This report is provided as non-binding advice to DESNZ. It does not consider whether the Subsidy should be given, 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 the Subsidy with the subsidy control and energy and environment principles. In particular, we consider that the Assessment includes the following positive features:
- (a) it clearly describes and evidences the specific policy objective of the Subsidy in the context of the government's wider CCUS ambitions and climate change commitments (Principle A).
 - (b) it clearly explains and evidences how the Subsidy would change the beneficiary's economic behaviour and that the Subsidy brings about changes that would not have occurred absent the Subsidy (Principles C and D).

¹ The SAU is part of the Competition and Markets Authority.

² [Referral of the proposed subsidy for the Viking Carbon Capture, Utilisation and Storage \(CCUS\) Development Fund by the Department for Energy, Security and Net Zero - GOV.UK.](#)

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.

- (c) it demonstrates and evidences that the Subsidy is proportionate and limited to the minimum necessary to achieve its specific policy objective, in line with the Statutory Guidance (Principle B).
 - (d) it clearly considers and evidences the effect of the Subsidy on competition and investment, in line with Annex 3 of the Statutory Guidance (Principle F).
- 1.6 While we have commented on a few areas where, in our view, the Assessment could provide more explanation and detail, we have not considered it necessary to advise on any significant changes or additions to the Assessment.
- 1.7 We discuss these areas below, along with other issues, for consideration by DESNZ in finalising its assessment.

The referred subsidy

- 1.8 The UK government has developed a CCUS⁴ programme to help meet the UK's climate change targets and obligations. DESNZ is responsible for this programme, which is expected to be initially delivered through four CCUS 'clusters'.⁵
- 1.9 The proposed Subsidy relates to the funding for the development of the Viking cluster proposal, located in the Humber region. The Viking cluster was selected through a competitive process in July 2023, as one of the next two clusters⁶ to take forward in the CCUS programme.
- 1.10 The Subsidy will provide financial support to Chrysaor Production UK Ltd (the Beneficiary), who is currently acting as the Viking transport and storage (T&S) developer, for 2.5-years.⁷ The purpose of the Subsidy is to further de-risk and develop the Viking proposal ahead of any Final Investment Decision (FID).
- 1.11 The Subsidy amount will be £65.5 million, following the completion of technical assurance work and associated negotiations between DESNZ and the Beneficiary. The Subsidy will be paid to the Beneficiary in arrears, based on the incurred and defrayed costs, reflecting actual costs incurred.
- 1.12 DESNZ explained that the Subsidy is a Subsidy of Particular Interest because it exceeds £25 million in value.

⁴ CCUS is the process of capturing carbon dioxide (CO₂) and permanently storing it safely underground where it cannot enter the atmosphere.

⁵ A CCUS cluster is the association of CO₂ projects with a Transport and Storage network. The first two clusters, the East Coast Cluster and HyNet, have successfully completed negotiations and recently achieved final investment decision such that they can progress to construction.

⁶ The other selected cluster is the Acorn cluster located in Northeast Scotland.

⁷ Owned by Harbour Energy plc.

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.⁸

Policy objectives

2.3 The Assessment states that the specific policy objective of the Subsidy is to support the continued development of the Viking cluster (due to its significant potential in terms of carbon reduction) by providing targeted support to progress and de-risk key elements of the cluster proposal.

2.4 The Assessment explains that this specific policy objective sits within broader policy ambitions designed to meet climate change commitments and the delivery of the UK's Carbon Budget and Net Zero targets.⁹

2.5 The Assessment states that the Viking cluster will provide a route to decarbonisation in one of the UK's most industrialised regions, enabling decarbonisation for some of the hardest to abate industries.¹⁰

2.6 The Assessment further explains that the UK government is also supporting the development of a competitive CCUS market through the Subsidy, by supporting the planning and potential expansion and diversification of CO₂ T&S infrastructure.

⁸ See [Statutory Guidance](#), paragraphs 3.33–3.59 and the [SAU Guidance](#), paragraphs 3.6–3.10 for further detail.

⁹ The Climate Change Act 2008 established a system of carbon budgets to help the UK meet its legally binding emission reduction targets. The Act sets a legally binding cap on the maximum level of emissions allowed from the UK in successive five-year periods, with the aim of reaching 'net zero' by 2050.

¹⁰ For example, sectors such as chemicals, oil refining and cement.

It will provide assurance and signal confidence to the market, which in turn could attract private investment in the CCUS programme.

- 2.7 In our view, the Assessment clearly describes and evidences the specific policy objective of the Subsidy in the context of the UK government's wider CCUS ambitions and climate change commitments.

Market failure

- 2.8 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.¹¹

- 2.9 The Assessment describes three market failures and describes how the proposed subsidy aims to address them:

- (a) **Negative externalities:** the Assessment states that CO₂ emissions impose a significant cost on society through the impacts of pollution on health and climate change. It explains that businesses do not face the full cost of these emissions because carbon prices¹² are not high or stable enough in the near term to fully reflect the true societal cost of carbon. This means that they are likely to continue to produce emissions at socially inefficient levels, ie where social costs are greater than social benefits. The Assessment explains that, while carbon capture technology represents a way to reduce CO₂ emissions, emitters have no financial incentive to install these technologies as they are currently significantly more expensive than operating unabated. This constitutes a barrier to the development of CCUS.
- (b) **Coordination failure:** The Assessment highlights the need for coordination in a CCUS network. It explains that, at this stage of project development, the coordination between T&S operators and users is vital to determine and deliver an initial configuration of the network. Complex commercial and technical arrangements are needed between projects, which include the allocation and management of risks. The Assessment explains how these cross-chain risks deter investments.
- (c) **Imperfect information:** The Assessment explains that significant uncertainties regarding project development, construction and/or operation leads to additional costs and increased risks aversion from investors. The Assessment further states that investors require a return on their investment

¹¹ [Statutory Guidance](#), paragraphs 3.36–3.51.

¹² The UK Emissions Trading Scheme (UK ETS) operates on a cap-and-trade principle to reduce greenhouse gas. The resulting policies are referred to as the carbon price. Further information is available at [UK Emissions Trading Scheme \(UK ETS\): a policy overview - GOV.UK](#).

over the short term and may not invest if there is a lack of certainty over that timeframe.

- 2.10 The Assessment then describes how the Subsidy aims to address these market failures by supporting further development and de-risking which will help progress the project towards FID and signal to other partners involved that the UK government remains committed to the development of this cluster.
- 2.11 In our view, the Assessment clearly identifies the market failures that the Subsidy seeks to remedy and describes how the further development and de-risking of the cluster proposal could contribute to addressing these.

Appropriateness

- 2.12 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.¹³
- 2.13 The Assessment states that the Subsidy is the most appropriate instrument to address the policy objective, as it enables the delivery of technical studies and related works necessary to de-risk the cluster proposal and support its progression in line with the timelines required to reach FID within this Parliament.
- 2.14 The Assessment explains that DESNZ considered a range of non-subsidy options but concluded that these would not enable the activities needed to de-risk and progress the cluster within the required timeframe. They would also prevent DESNZ from drawing on significant private-sector experience to deliver this work. Alternative policy options considered include:
- (a) **Carbon pricing policies**, which were rejected because they do not yet provide a sufficiently stable or high carbon price to stimulate the necessary private sector investment.
 - (b) **Government delivery**, which was rejected as it could reduce private-sector participation and expertise in developing complex CCUS infrastructure; would risk higher short-term costs, delays and reduced commercial capability; and may hinder longer-term market development.
 - (c) **Loans and debt instruments**, which were rejected as not viable at the pre-FID stage due to high perceived risk, uncertain revenue streams, and the novel nature of large-scale CCUS.

¹³ [Statutory Guidance](#), paragraphs 3.57–3.59.

- (d) **Equity investment**, which was rejected as disproportionate and inefficient at the pre-FID stage. The Assessment explains that transaction costs are high relative to funding needs, and equity involvement could create ongoing governance burdens and perceptions that UK government is underwriting full commercial risk.

2.15 In our view, the Assessment demonstrates that DESNZ has considered other ways of achieving its policy objective and clearly explains and evidences why a subsidy was the most appropriate option. However, the Assessment could consider other sources of public finance (such as the National Wealth Fund or Great British Energy) as potential providers of equity or debt and explain why these were deemed inappropriate.

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

2.16 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.¹⁴

Counterfactual

2.17 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).¹⁵

2.18 The Assessment sets out a counterfactual scenario where, in the short term, market failures are too significant for the private sector to deliver the Viking cluster in a timeline consistent with current Carbon Budget and Net Zero plans. The Assessment explains that cluster development would cease once current funds have been exhausted and staff currently working on the Viking proposal would either be reallocated to other projects or made redundant.

2.19 The Assessment states that, if non pipeline transportation (NPT) options became available in the UK, some of the potential Viking cluster users could connect to

¹⁴ See [Statutory Guidance](#), paragraphs 3.60–3.74 and the [SAU Guidance](#), paragraphs 3.11–3.13 for further detail.

¹⁵ [Statutory Guidance](#), paragraphs 3.63–3.65.

other clusters via this transportation method, but this is not a short-term viable solution due to limited available capacity. Therefore, users would likely have to source alternative decarbonisation options, including abroad, may cease operations, or choose not to decarbonise and vent their emissions into the atmosphere. As a result, there will be less decarbonisation overall in this scenario.

- 2.20 The Assessment explains that, without clear commitments from UK government to support the expansion of CCUS, potential investors may become even more cautious, which could impact other cluster development and the sector more broadly. The Assessment further notes that the cluster proposal involves the reuse of existing assets. A delay in the progression of this proposal could lead to these assets being unusable in the future resulting in Government being unable to realise the benefits of this cluster.
- 2.21 The Assessment concludes that short term delay to cluster deployment is highly likely to compromise decarbonisation in line with existing Carbon Budget and Net Zero plans.
- 2.22 In our view, the Assessment clearly describes what would likely happen if the Subsidy was not awarded. However, the Assessment could better evidence its conclusion, for instance by drawing on internal documentation from the Beneficiary.

Changes in economic behaviour of the beneficiary and additionality

- 2.23 Subsidies must bring about something that would not have occurred without the subsidy.¹⁶ 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').¹⁷
- 2.24 The Assessment explains that experts undertook a rigorous technical assurance process to assess the scope, assumptions, costs, schedule and risks put forward by the Beneficiary. The Assessment explains that the Beneficiary's detailed grant funding proposal was subject to technical assurance by DESNZ, supported by external advisers, to assess whether the proposed activities were necessary and appropriate to de-risk the project ahead of FID, and would not have occurred in the absence of the Subsidy.
- 2.25 The Assessment also notes that both the Beneficiary and its partners have previously provided significant capital to progress the cluster to its current point. It explains however that, given increased uncertainty and other significant barriers to

¹⁶ [Statutory Guidance](#), paragraph 3.67.

¹⁷ [Statutory Guidance](#), paragraphs 3.66–3.70.

further capital being sourced from the private market, further activities cannot be carried out with private investment alone.

- 2.26 The Assessment explains that the Subsidy will enable the Beneficiary to:
- (a) support the development of the Viking cluster proposal and undertake technical work to identify any complexities to be resolved in advance of construction and operation, and advance the commercial understanding of the cluster, leading to more confident estimates of costs;
 - (b) facilitate the development of the CCUS market more generally by addressing novel technical and engineering challenges which could be beneficial for future projects and in turn reduce risks and costs for future CCUS networks, increasing investor confidence; and
 - (c) fund staffing costs for those staff with the relevant expertise to undertake the technical and commercial work required to achieve the policy objective. The Assessment justifies this cost on the grounds that in the absence of the Subsidy, the Beneficiary could reallocate this resource either to alternative projects or through redundancies.
- 2.27 The Assessment explains that the change in economic behaviour will contribute to the specific policy objective by continuing the development of the Viking cluster proposal, which in turn will contribute to the development of the CCUS market and the UK government's Net Zero and Carbon Budget targets.
- 2.28 In our view, the Assessment clearly explains and evidences how the Subsidy would change the Beneficiary's economic behaviour and bring about changes that would not have occurred absent the Subsidy.

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

- 2.29 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
 - (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.¹⁸

¹⁸ See [Statutory Guidance](#) paragraphs 3.75–3.112 and the [SAU Guidance](#), paragraphs 3.14–3.18 for further detail.

Proportionality

- 2.30 The Assessment sets out several features designed to ensure that the Subsidy is the minimum necessary and proportionate to the policy objectives:
- (a) Technical and commercial experts assessed the activities and costs covered by the Subsidy to ensure they provide value for money, are necessary to derisk the project ahead of FID and are ringfenced to Viking cluster development only. The Assessment states that DESNZ and external technical advisors used benchmarks from the first two CCUS clusters and relevant regulatory requirements to verify that the scope of activities under the Subsidy adequately address identified risks for developing the Viking cluster without creating unnecessary expenditure.
 - (b) The Subsidy represents a small proportion of the total expected lifetime costs for the Viking cluster, noting that total costs are uncertain and dependent on, for example, which users connect.
 - (c) Funding is capped at the amount agreed in the Grant Funding Agreement (GFA), meaning the Beneficiary will not be able to use the Subsidy to fund cost overruns arising during the delivery of the agreed programme of work. The GFA also includes a subsidy intensity rate clause, allowing the UK government to reduce the size of the Subsidy should independent assessment validate the Beneficiary's historic spend to be lower than its stated historic spend.
- 2.31 In our view, the Assessment demonstrates and evidences that the Subsidy is proportionate and limited to the minimum necessary to achieve its specific policy objective, in line with the Statutory Guidance.

Design of subsidy to minimise negative effects on competition or investment

- 2.32 The Assessment identifies a number of characteristics of the Scheme's design relevant to minimising the scale of potential negative effects on competition or investment including: (i) the nature of the instrument, (ii) breadth of beneficiaries and selection process, (iii) size of the subsidy, (iv) the timespan over which the subsidy is given, (v) nature of the costs covered, (vi) ringfencing, (vii) performance criteria and (viii) monitoring and evaluation. In particular, the Assessment states that:
- (a) on the nature of the instrument, even if loan or debt financing was offered on sub-market terms, the Beneficiary would consider the investment high-risk and unattractive as it would not be in a position to service debt repayments until there is revenue generation from the CCUS asset, ie after operations

commence. It states the nature of post-FID business models and revenue streams remain uncertain.

- (b) on the breadth of beneficiaries, the sole Beneficiary of the Subsidy is Chrysaor Production UK Ltd, who were selected following a competitive process, building on lessons learnt from the selection of the first two clusters.
- (c) the Subsidy may confer economic advantage to the Beneficiary; however, it considers this is a necessary and proportionate Subsidy for de-risking initial stage CCUS development such that the UK CCUS market can develop.
- (d) the CCUS market is expected to grow and that the Subsidy represents a small proportion of the estimated CCUS market size in 2035, noting that ‘a well-designed subsidy in an emerging and growing market is less likely to cause market distortion or create over-capacity.’ The Assessment acknowledges the potential for future subsidy accumulation (including additional subsidy to the Beneficiary) however states the level of subsidy is expected to fall as a proportion of the market over time. A third-party submission received by the SAU states that potential CCUS market players are scaling back planned investments, referring to a press article on a North Sea carbon storage operator (Equinox).
- (e) the Subsidy provides time-limited financial support for development with ring-fenced, staged payments that consider the Beneficiary’s progress towards specific milestones and deliverables.

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

2.34 However, the Assessment could more explicitly set out, using information provided under Step 2, the extent to which the framework for technical assurance and validation was able to benchmark the activities and costs included within the Subsidy using information from the first two CCUS clusters.

Assessment of effects on competition or investment

2.35 The Assessment states that the Subsidy will contribute to developing a UK-wide CCUS market, a market which has not yet been established and is nascent in nature.

2.36 The Assessment explains that the Subsidy may reduce first-mover barriers to private investment in CCUS in the Humber region. The Assessment refers to funded activities that may increase business confidence in the technical maturity and deliverability of the Viking CCUS cluster which could unlock further private

investment in this cluster and elsewhere by market entrants (including investment by future cluster ‘users’).

2.37 The Assessment states that:

- (a) The Subsidy is ‘geographically constrained to the UK’ due to regulatory requirements and the nature of the anticipated services - the supply of integrated T&S solutions (including pipeline infrastructure) - in the UK.
- (b) The Subsidy contributes to UK CCUS development in a new region (the Humber) however, in these early stages of CCUS market development, prospective T&S providers face limited competition.
- (c) Following (potential) eventual operationalisation of all four T&S networks (including Viking), the T&S provider at each location will be natural monopolies subject to regulation and the business model (and Government support) that will be in place at FID. It explains that competition between the networks is unlikely, as UK government will likely select initial and subsequent users of the established networks and any additional networks deployed, and their infrastructure, customers and services are strongly geographically constrained.
- (d) Longer term, the Assessment states that competitive constraint on individual T&S providers may increase with the emergence of NPT options which could enable transportation of captured carbon by ship to alternative UK and European stores. It notes potential future users of the Viking cluster may be able to connect to the East Coast Cluster (depending on the criteria and timing of future expansion of the cluster).

2.38 The Assessment further considers the impact of the Subsidy on the offshore energy supply chain, voluntary carbon market and input markets including power, land and labour.

2.39 In our view, the Assessment clearly considers and evidences the effect of the Subsidy on competition or investment, in line with Annex 3 of the Statutory Guidance.

Step 4: Carrying out the balancing exercise

2.40 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.¹⁹

- 2.41 The Assessment lists a number of immediate benefits of the Subsidy including the continued development of the Viking cluster in line with the policy objective, which in turn is anticipated to unlock future private sector investment following the de-risking and maturation of the cluster proposal. The Assessment also states that more widely and in the longer term the Subsidy will support broader UK government ambitions for growth, clean energy and industrial decarbonisation; it could facilitate CO₂ shipping to dispersed UK and EU sites via NPT, support approximately 20,000 jobs, including 1,000 apprenticeships, and in the long term contribute to the development of a competitive domestic CCUS market.
- 2.42 The Assessment then considers various anticipated negative impacts, including on competition or investment in the UK (see above Step 3 paragraphs 2.32 to 2.34). The Assessment also considers potential environmental impacts as a result of intrusive surveys, discharges from carbon capture, storage processes into wastewater or leakages of stored CO₂ and explains why it considers these negative impacts to be minimal.
- 2.43 The Assessment concludes that the Subsidy's benefits outweigh the negative effects and that UK government intervention is necessary to support the Viking cluster and development of the CCUS market more broadly.
- 2.44 In our view, the Assessment clearly sets out the positive effects of the Subsidy in relation to the policy objective, its geographic and distributional impacts, as well as potential negative impacts, and conducts a balancing exercise between them in line with the Statutory Guidance.

Energy and Environment Principles

- 2.45 This section sets out our evaluation of the Assessment against the energy and environment principles.²⁰
- 2.46 The Assessment covers compliance of the Subsidy against the Energy and Environment Principles A, B and H. We are satisfied that the other energy and environment principles are not applicable to this subsidy.

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-

¹⁹ See [Statutory Guidance](#), paragraphs 3.113–3.121 and the [SAU Guidance](#), paragraphs 3.19–3.21 for further detail.

²⁰ See Schedule 2 to the Act, and [Statutory Guidance](#), Chapter 4.

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.²¹

- 2.48 On the first limb, the Assessment does not consider the Subsidy to be in relation to energy, given the limited interaction that it has directly with the energy market. The Assessment however explains that the Subsidy can be viewed as helping to “mature a cluster” that will support a secure, affordable and sustainable energy system, should the Viking cluster enable Power CCUS.²² The Viking cluster optimisation should also support the reduction in transport and storage cost of Power CCUS in the future.
- 2.49 On the second limb, the Assessment states that the Climate Change Committee has stated that they cannot see a route to Net Zero without CCUS. The Assessment further states that the Subsidy for the Viking cluster can be seen as an enabling policy for emissions reductions elsewhere and thus increasing the level of environmental protection.
- 2.50 In our view, the Assessment clearly explains and evidences how the Subsidy complies with Principle A of the Energy and Environment Principles.

Principle B: Beneficiary’s liabilities as a polluter

- 2.51 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.²³
- 2.52 The Assessment sets out that the Subsidy does not relieve Viking from any liabilities arising from its responsibility as a polluter, as the Subsidy does not affect Viking’s current liabilities for assets that Viking holds (and the position created). The Assessment explains that the Subsidy is confined to development work and is therefore unlikely to have any direct impact on environmental pollution or the liabilities associated with environmental pollution.
- 2.53 The Assessment further makes clear that, in the future, Viking will be responsible for any liabilities post FID (if the project reaches that stage), including for decommissioning the relevant components of the T&S network.

²¹ [Statutory Guidance](#), paragraphs 4.19–4.28.

²² Power CCUS can provide reliable low carbon generation when supply from other intermittent low carbon generation is insufficient to meet demand.

²³ [Statutory Guidance](#), paragraphs 4.29–4.34.

2.54 In our view, the Assessment clearly explains and evidences how the Subsidy complies with Principle B of the Energy and Environment Principles.

Principle H: Subsidies for the decarbonisation of emissions linked to industrial activities

2.55 Subsidies for the decarbonisation of emissions linked to industrial activities should achieve an overall reduction in greenhouse gas emissions, and reduce the emissions directly resulting from the industrial activities concerned.²⁴

2.56 The Assessment does not consider that the Subsidy is for the decarbonisation of emissions linked to industrial activities, as it only supports development work in relation to the T&S network and therefore does not have any direct impact on industrial activity emissions.

2.57 However, the Assessment explains that as the T&S network being developed will constitute an “enabling policy” for other industrial decarbonisation, DESNZ has considered some of these impacts as a matter of completeness. In this context the Assessment explains that:

- (a) the Subsidy supports the technical development of the Viking cluster and thereby supports the development of a Transport & Storage network that has a role in decarbonising industrial emissions as connectors to this network will include (but will not be limited to) the following users: Industrial Carbon Capture, Power CCUS, low carbon hydrogen producers and Greenhouse Gas Removal users;
- (b) accordingly, the above users will be using the T&S network to store CO₂ which would otherwise be released into the atmosphere, meaning that emissions produced by the relevant industrial activities are being reduced; and
- (c) further, the emission reductions in the UK would not be associated with an equivalent increase elsewhere, as the T&S network increases the overall capacity for CO₂ T&S, and the capture business models specifically seek to prevent CO₂ leakage to other countries, thus ensuring an overall reduction in greenhouse gas emissions as well as a reduction in emissions directly resulting from the relevant industrial activities.

2.58 The Assessment explains that the above therefore supports the programme’s aim of delivering part of Carbon Budget and Net Zero plans, while helping to support progress towards achieving sectoral targets. The Assessment makes clear that if relevant users involved in industrial activities connect to the Viking Cluster in the

²⁴ [Statutory Guidance](#), paragraphs 4.60–4.68.

future, the Subsidy should support an overall reduction in greenhouse gas emissions as well as a reduction in emissions directly resulting from the legacy industrial activities.

- 2.59 In our view, the Assessment clearly explains and evidences how, in the event that Principle H is applicable, the Subsidy complies with Principle H of the Energy and Environment Principles.

Other Requirements of the Act

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

15 April 2026