



Department for  
Business, Energy  
& Industrial Strategy

# Annex

## Indicative Heads of Terms

To the document entitled "Carbon Capture, Usage and Storage: CCS Network Code – Indicative Heads of Terms"

June 2022

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## ANNEX

### CCS Network Code Indicative Heads of Terms

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## SECTION A: INTRODUCTION, STRUCTURE AND INTERPRETATION

No	Subject	Terms
1.	<b>Introduction</b>	<p>1.1 This document is the CCS Network Code prepared and maintained by each T&amp;SCo pursuant to Standard Licence Condition [X] of its Licence. <b>[Note: it is expected that the licence conditions will require each T&amp;SCo to have a network code – with an acknowledgement that this single uniform Code will satisfy that requirement]</b></p> <p>1.2 The Code sets out the commercial and technical rules and arrangements between T&amp;SCos and Users, and between individual T&amp;SCos, in relation to:</p> <ul style="list-style-type: none"> <li>(a) the connection by Users to a T&amp;S Network, or part of a T&amp;S Network;</li> <li>(b) the delivery of carbon dioxide by Users into the T&amp;S Network at a Delivery Point;</li> <li>(c) the transportation and storage of carbon dioxide delivered by Users at Delivery Points;</li> <li>(d) the operation and maintenance of each T&amp;S Network; and</li> <li>(e) the interface between T&amp;SCos in relation to different T&amp;S Networks or parts of a T&amp;S Network.</li> </ul>
2.	<b>Parties</b>	<p>2.1 For the purposes of the Code:</p> <ul style="list-style-type: none"> <li>(a) "T&amp;SCo" means, in relation to each T&amp;S Network or part of a T&amp;S Network, the entity that is the holder of a Licence authorising it to operate that T&amp;S Network or part of a T&amp;S Network; and</li> <li>(b) "User" means a person other than T&amp;SCo who is bound by the provisions of this Code and delivers carbon dioxide into the T&amp;S Network at a Delivery Point.</li> </ul> <p>2.2 For the purposes of the Code:</p> <ul style="list-style-type: none"> <li>(a) a "Party" means a T&amp;SCo or a User;</li> <li>(b) in the context of any Ancillary Agreement, references to "Parties" are to the T&amp;SCo or a User who is party to that agreement;</li> <li>(c) a reference to T&amp;SCos is a reference to all T&amp;SCos collectively; and</li> <li>(d) anything required to be done by T&amp;SCos which is done by or on behalf of all of them shall be treated as having been done by all of them.</li> </ul>

No	Subject	Terms
3.	<b>Contractual effect</b>	<p>3.1 The Code is made binding on a T&amp;SCo or a User pursuant to the Code Agreement. [<b>Note:</b> While the majority of rights and obligations in respect of the Code will be bilateral between a T&amp;SCo and User it will be necessary to create a contractual relationship between all T&amp;SCos and Users for certain specified reasons (eg to administer governance processes and to benefit from other exclusions of liability to each other)].</p> <p><b>T&amp;SCo</b></p> <p>3.2 Each T&amp;SCo shall enter into:</p> <p>(a) the Code Agreement; or</p> <p>(b) an Accession Agreement.</p> <p>[<b>Note:</b> subject to commencement timing it may be the case that multiple parties will sign the initial Code Agreement and/or that all initial T&amp;SCos and initial Users will sign the Code Agreement or Accession Agreement prior to the Code commencing.]</p> <p><b>User accession</b></p> <p>3.3 In order to become a User in relation to a T&amp;S Network, a person must satisfy or secure satisfaction of the following requirements:</p> <p>(a) the applicant shall have entered into:</p> <p>(i) the Code Agreement or an Accession Agreement;</p> <p>(ii) a Construction Agreement with T&amp;SCo; and</p> <p>(iii) a Connection Agreement with T&amp;SCo,</p> <p>and each document shall have become effective in accordance with its terms;</p> <p>(b) the applicant shall have provided to T&amp;SCo, in the form prescribed by T&amp;SCo from time to time, the applicant's name, legal nature and address;</p> <p>(c) the applicant shall have provided the emergency contact details required under section G (<i>industrial procedures</i>); and</p> <p>(d) [<b>Note:</b> other required details to be added as the Code is developed].</p>
4.	<b>Structure</b>	<p>4.1 The Code comprises:</p> <p>(a) the following sections of the main body:</p>

No	Subject	Terms
		<ul style="list-style-type: none"> <li>(i) this Section A: introduction, structure and interpretation;</li> <li>(ii) Section B: governance;</li> <li>(iii) Section C: connection provisions;</li> <li>(iv) Section D: network structure and planning;</li> <li>(v) Section E: network use and capacity;</li> <li>(vi) Section F: network design and specification;</li> <li>(vii) Section G: industrial procedures;</li> <li>(viii) Section H: charges, invoicing and payment;</li> <li>(ix) Section I: general; and</li> <li>(x) Section J: glossary.</li> </ul> <p>(b) the following exhibits:</p> <ul style="list-style-type: none"> <li>(i) Exhibit A: Accession Agreement</li> <li>(ii) Exhibit B: Construction Agreement; and</li> <li>(iii) Exhibit C: Connection Agreement;</li> </ul> <p>(c) the following annexures: [<b>Note:</b> these will set out information specific to each T&amp;S Network. A process will apply to introduce new schedules for new T&amp;S Networks]</p> <ul style="list-style-type: none"> <li>(i) Annexure A: Carbon Dioxide Specifications ([Insert name] T&amp;S Network);</li> <li>(ii) Annexure B: Carbon Dioxide Specifications ([Insert name] T&amp;S Network);</li> <li>(iii) Annexure C: Measurement Requirements ([Insert name] T&amp;S Network); and</li> <li>(iv) Annexure D: Measurement Requirements ([Insert name] T&amp;S Network).</li> </ul> <p>4.2 Sections A to J and Exhibits A to C are referred to as the "Uniform Provisions" and apply equally to all T&amp;S Networks, while the Annexures, referred to as the "Specific Provisions", are specific to each individual T&amp;S Network and.</p> <p>4.3 The Exhibits include the prescribed forms for the Ancillary Agreements.</p> <p>4.4 Where applicable, parties are required to enter into Ancillary Agreements in the form of the relevant Exhibit</p>

No	Subject	Terms
		(save that the contents of the schedules are specific to that User).
5.	<b>Interpretation – general</b>	<p>5.1 Unless the context otherwise requires, words and expressions defined in the Act or the Standard Licence Conditions and not otherwise defined in the Code shall have the meaning given to them in the Act or the Standard Licence Conditions.</p> <p>5.2 References to the Code (or any part thereof) are to the Code (or such part thereof) as from time to time modified in accordance with the Modification Rules.</p> <p>5.3 A reference in the context of any provision of the Code to a "representative" of any person is a reference to any director, officer or employee of that person or any agent, consultant or contractor appointed or engaged by that person for purposes connected with the subject matter of the relevant provision of the Code.</p> <p>5.4 An "Affiliate", in relation to a party, is any entity that directly or indirectly controls, is controlled by, or is under common control with that party from time to time and "control" has the meaning given in section 1124 of the Corporation Tax Act 2010 and controls, controlled and the expression "change of control" shall be interpreted accordingly.</p>
6.	<b>Interpretation – times and dates</b>	<p>6.1 For the purposes of the Code:</p> <p>(a) "Day" means the period from 00:00 hours on one day until 11.59 on the following day;</p> <p>(b) "Business Day" means a Day other than a Saturday or a Sunday or a Day which begins at 00:00 hours on a bank holiday in England, Wales or Scotland;</p> <p>(c) "Charging Year" means the period from 1 April in any year until and including 31 March in the following year;</p> <p>(d) unless the context otherwise requires, "carbon dioxide" means a gaseous stream consisting primarily of carbon dioxide (CO<sub>2</sub>) molecules and references to carbon dioxide being delivered by a User to the T&amp;S Network assume that the gaseous stream being delivered is carbon dioxide;</p> <p>(e) references to:</p> <p>(i) a calendar day (such as 1 January) or a day of the week (such as Sunday) is to the Day which begins at 00:00 hours on that day;</p> <p>(ii) a week is to the period from 00:00 hours on a day until 11:59 on the 7th day following;</p>

CCS Network Code – Heads of Terms  
Section A: introduction, structure and interpretation

No	Subject	Terms
		<p>(iii) a month (or a number of months) is to the period from 00:00 hours on a day in one month until 11:59 on the same day of the month which follows (or follows by the relevant number of months), or if there is no such day in such month 11:59 on the first day of the next following month;</p> <p>(iv) a calendar month is to the period from 00:00 hours on the first day of a month until 11:59 on the first day of the following month, and references to a particular calendar month (such as January) shall be construed accordingly;</p> <p>(v) a year is to the period from 00:00 hours on a day in one year until 11:59 on the same day (or where the day in the first year was 29 February, on 1 March) in the following year;</p> <p>(vi) a calendar year (such as 2022) is to be construed accordingly;</p> <p>(vii) times of the day in the Code are to official time in the United Kingdom.</p> <p>(f) [<b>Note:</b> to be further developed as the other operative sections are developed.]</p>



## SECTION B: GOVERNANCE

This proposed governance framework is being developed concurrently with:

- the development of reforms to the equivalent processes under the gas and electricity industry; and
- as set out in the transport and storage business model January 2022 update, the consultation and development of the Future System Operator.

It is likely that regard may need to be had to the outcome of these processes in finalising this governance framework.

No	Subject	Terms
1.	<b>Modification Panel</b>	<p>1.1 Each T&amp;SCo, together with the other T&amp;SCOs is required to operate a procedure for the Modification of the CCS Network Code so as to better facilitate (consistently with the duties imposed on each T&amp;SCo under [<b>Note: to refer here to any provisions in the Licence imposing duties on T&amp;SCo</b>]) of its Licence.</p> <p>1.2 The T&amp;SCOs shall ensure that a Modification Panel is established within [3 months] from the Code Implementation Date. The Modification Panel will be comprised of:</p> <ul style="list-style-type: none"> <li>(a) the Panel Chairperson, being a non-voting Member;</li> <li>(b) [6] T&amp;SCo Representatives, being Voting Members;</li> <li>(c) [6] User Representatives, being Voting Members, with at least one representative of each User Type; and</li> <li>(d) one representative of the Authority, being a non-voting Member.</li> </ul> <p><b>T&amp;SCo Representatives</b></p> <p>1.3 Subject to paragraph 1.12, the T&amp;SCOs shall appoint (and as the case may be re-appoint) up to [6] T&amp;SCo Representatives to the Modification Panel.</p> <p>1.4 Subject to paragraph 1.5 and 1.6, each T&amp;SCo will have an equal representation of T&amp;SCo Representatives and in such circumstances each T&amp;SCo shall have absolute discretion over the individuals that it appoints as the T&amp;SCo Representative(s) representing that T&amp;SCo.</p> <p>1.5 Subject to paragraph 1.6, where the number of T&amp;SCOs and the limit of [6] T&amp;SCo Representatives prevents equal representation in accordance with paragraph 1.4, each T&amp;SCo shall have at least one T&amp;SCo Representative (the identify of whom shall be determined in that T&amp;SCo's absolute discretion) and the T&amp;SCOs shall collectively by agreement appoint any</p>

No	Subject	Terms
		<p>additional T&amp;SCo Representatives to reach [6] T&amp;SCo Representatives.</p> <p>1.6 Where the number of T&amp;SCos and the limit of [6] T&amp;SCo Representatives prevents each T&amp;SCo having at least one T&amp;SCo Representative, the T&amp;SCos shall collectively by agreement appoint the T&amp;SCo Representatives.</p> <p>1.7 The Authority shall (itself or through a designated independent person appointed by the Authority) appoint the T&amp;SCo Representatives where the T&amp;SCos are unable to collectively agree upon the identity of any T&amp;SCo Representatives under paragraph 1.5 or 1.6.</p> <p><i>[Note: The Code will include standard detailed provisions in relation to the processes of notifications of appointments, re-appointments, retirement of representatives and appointment of alternate Representatives].</i></p> <p><b>Users' Representatives</b></p> <p>1.8 Subject to paragraph 1.12, the Users shall appoint (and as the case may be re-appoint) up to [6] User Representatives to the Modification Panel.</p> <p>1.9 Subject to paragraph 1.10 and 1.11, each User will have an equal representation of User Representatives and in such circumstances each User shall have absolute discretion over the individuals that it appoints as the User Representative(s) representing that User.</p> <p>1.10 Subject to paragraph 1.11, where the number of Users and the limit of [6] User Representatives prevents equal representation in accordance with paragraph 1.9, each User shall have at least one User Representative (the identity of whom shall be determined in that User's absolute discretion) and the Users shall collectively by agreement appoint any additional User Representatives to reach [6] User Representatives.</p> <p>1.11 Where the number of Users and the limit of [6] User Representatives prevents each User having at least one User Representative, the Users shall collectively by agreement appoint the User Representatives, provided that there is at least one User Representative for each User Type.</p> <p>1.12 Where there are more than [6] User Types, the number of User Representatives and T&amp;SCo Representatives on the Modification Panel shall be increased to the number of User Types. <i>[Note: Consideration to be given to how User Types will be defined so as to provide fair representation]</i></p>

No	Subject	Terms
		<p>1.13 The Authority shall (itself or through a designated independent person appointed by the Authority) appoint the relevant User Representatives where the Users (or Users of a User Type) are unable to collectively agree upon the identity of any User Representatives under paragraph 1.10 or 1.11.</p> <p><i>[Note: The Code will include standard detailed provisions in relation to the processes of notifications of appointments, re-appointments, retirement of representatives and appointment of alternate Representatives].</i></p> <p><b>Secretary</b></p> <p>1.14 The T&amp;SCos shall collectively appoint an individual representative to act as the Secretary. The Secretary shall attend meetings of the Modification Panel and carry out the various tasks and duties assigned to it in this section B (<i>governance</i>).</p> <p>1.15 The Authority shall (itself or through a designated independent person appointed by the Authority) appoint the Secretary where the T&amp;SCos are unable to collectively agree upon the identity of the Secretary under paragraph 1.14.</p> <p><b>Meetings of the Panel</b></p> <p>1.16 Meetings of the Modification Panel will provide a forum in which Modifications Proposals can be discussed in accordance with the Modification Procedures.</p> <p>1.17 Except as otherwise permitted in the Code:</p> <ul style="list-style-type: none"> <li>(a) determinations of the Modification Panel shall be made by Panel Majority; and</li> <li>(b) Workgroups may be created or dissolved by Panel Majority,</li> </ul> <p style="padding-left: 40px;">where "Panel Majority" shall mean</p> <ul style="list-style-type: none"> <li>(c) a majority (in number) of the votes exercised by the Voting Members present at that meeting and voting in favour of such matter; or</li> <li>(d) if there is an equal number of votes by the Voting Members present at that meeting in favour of and against such matter, where the representative of the Authority elects to exercise a casting vote in favour of such matter.</li> </ul> <p><b>Frequency of meetings</b></p> <p>1.18 The Secretary shall convene meetings of the Modification Panel by notice to the Members not less</p>

		<p>frequently than once each month unless there is no matter as an agenda item for the Modification Panel to discuss. In any event, a meeting of the Modification Panel will be convened once every three calendar months.</p> <p><b>Notice convening meetings</b></p> <p>1.19 The Secretary shall be responsible for providing notices of meetings with agendas and materials in relation to the matters to be considered at the meeting.</p> <p><b>Location and Form of Meetings</b></p> <p>1.20 Meetings of the Modification Panel may take place by any audio, audio-visual or interactive communication, provided that each Member shall be able to communicate to each of the other Members and be heard by each of the other Members simultaneously.</p> <p>1.21 Any Member who shall be able to participate in the manner envisaged by paragraph 1.20 in any meeting of the Modification Panel shall be treated as being present at such meeting, notwithstanding that the Members may not all be meeting in the same place and accordingly shall, if such Member is a voting Member, be entitled to vote and shall count towards a quorum.</p> <p><b>Quorum</b></p> <p>1.22 [X] Members, of whom [X] shall be T&amp;SCo Representatives and [X] shall be User Representatives present at a meeting of the Modification Panel shall be a quorum.</p> <p><b>Voting</b></p> <p>1.23 Any matter expressed to require a determination of the Modification Panel shall be determined by a vote.</p> <p>1.24 On any vote each Voting Member present shall be entitled to exercise a vote. Where there is:</p> <p>(a) an equal number of T&amp;SCo Representatives and User Representatives present, each Voting member shall be entitled to exercise one (1) vote; and</p> <p>(b) an unequal number of T&amp;SCo Representatives and User Representatives present, votes shall be weighted such that:</p> <p>(i) there shall be an equal number of voting rights between T&amp;SCo Representatives and User Representatives; and</p>
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		<p style="text-align: center;">(ii) each T&amp;SCo Representative and User Representative has equally weighted voting rights.</p> <p>1.25 Subject to paragraph 1.26, it is expected that each Voting Member shall, as appropriate, represent and inform the Modification Panel of the views of that Member's appointor (or appointors) in relation to Modification Proposals. [<b>Note:</b> <i>i.e if a User Representative is appointed by a User it would be entitled to reflect the views of that User, if it was appointed by Users within a User Type it would be expected to reflect the views of the Users of that User Type</i>].</p> <p>1.26 Where a Voting Member has been appointed by the Authority pursuant to paragraph 1.7 or 1.13, such Voting Member shall represent and inform the Modification Panel of the views of the T&amp;SCo, User or User Type (as applicable) of which that Voting Member is a part, in relation to Modification Proposals.</p> <p>1.27 A resolution in writing signed in wet ink or electronically by Voting Members shall be valid and effective for the purposes of discharging any function requiring a determination of the Modification Panel as if such vote were conducted in accordance with paragraph 1.23 at a duly convened meeting of the Modification Panel provided that votes are received by the Secretary from such Members as would, if present, form a quorum in accordance with paragraph 1.22 not later than [three (3)] Business Days (or such shorter period as the Secretary may reasonably notify) following receipt by Voting Members of such documents as are necessary for the purposes of such written resolution.</p> <p style="text-align: center;"><b>Observers and Invitees</b></p> <p>1.28 The Panel Chairperson may at its discretion, authorise any individual (who is not a Member) to attend a meeting of the Modification Panel as an observer on behalf of a User or T&amp;SCo and to participate in the business of the meeting.</p> <p>1.29 The Modification Panel and/or the Authority may, from time to time, determine to invite any individual to attend all or part of a meeting of the Modification Panel.</p> <p>1.30 Where such an invitation is made, the Secretary shall give as much notice as reasonably practicable to Members of the Modification Panel of the name of the individual invited, the organisation that the individual represents and the date of the relevant meeting(s). Where the Authority requests the Secretary to invite any individual, the Secretary shall set out in writing to the</p>

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		<p>Authority details of any objections that the Parties may have to such attendance.</p> <p>1.31 Any invitee to a meeting of the Modification Panel pursuant to paragraph 1.30 shall be entitled to receive copies of any relevant minutes, agendas, notices and Modification Proposals due to be discussed at that meeting (but shall not be entitled to participate in the business of the meeting).</p>
2.	<b>Modification Procedure</b>	<p><b>Modification proposals</b></p> <p>2.1 A Modification Proposal in respect of the Code may be made from time to time by:</p> <ul style="list-style-type: none"> <li>(a) a T&amp;SCo;</li> <li>(b) a User; or</li> <li>(c) the Authority.</li> </ul> <p>2.2 Each Modification Proposal made pursuant to paragraph 2.1 shall set out the information and be in the form specified in the Code. [<b>Note:</b> <i>Requirements of a Proposal to be developed but it will include as a minimum the justification for the proposed modification, proposed timeframe for implementation, suggested process to be followed through the Modification Rules (ie Consultation, Workgroup, Self-Governance Proposal etc).</i>]</p> <p>2.3 The Secretary shall be required to establish and maintain an online register of all Modification Proposals.</p> <p>2.4 Each Modification Proposal shall be given to the Secretary who shall ensure that the information required pursuant to the Code has been provided, and the form of the Modification is as specified in the Code before accepting such Modification Proposal.</p> <p>2.5 Where a purported Modification Proposal, does not comply with paragraph 2.2 the Secretary may reject such Modification Proposal.</p> <p>2.6 On receipt of a Modification Proposal, the Secretary shall:</p> <ul style="list-style-type: none"> <li>(a) allocate a unique reference number to that proposal;</li> <li>(b) update the online register of Modification Proposals established pursuant to paragraph 2.3; and</li> <li>(c) by the later of:</li> </ul>

No	Subject	Terms
		<p>(i) the end of [three (3)] Business Days following receipt of a Modification Proposal; or</p> <p>(ii) the end of the first Business Day following the date on which the Secretary receives notification of any decision of the Authority pursuant to paragraph 2.32 as to whether the Modification Proposal should be treated as an Urgent Modification Proposal,</p> <p>send a copy of that Modification Proposal to each T&amp;SCo, each User and the Authority; and</p> <p>(d) subject to paragraph 2.32, put initial discussion of the Modification Proposal, on the Agenda for the next meeting of the Modification Panel (provided the Modification Proposal is received no later than [X] Business Days prior to the date of the next meeting of the Modification Panel).</p> <p><b>Discussion of Modification Proposal</b></p> <p>2.7 The Modification Panel shall discuss each new Modification Proposal at a meeting of the Modification Panel. The Modification Panel shall make determinations having:</p> <p>(a) discussed the Modification Proposal;</p> <p>(b) heard the presentation of the Proposer's representative (provided that the Modification Panel shall be entitled to determine to proceed where the Proposer's representative fails to attend); and</p> <p>(c) considered whether there are any other persons from whom representations should be invited and considered.</p> <p>2.8 Subject to paragraph 6, the Modification Panel may determine that a Modification Proposal:</p> <p>(a) either satisfies the Self-Governance Criteria or does not;</p> <p>(b) where the Self-Governance Criteria has been determined to be satisfied, either satisfies the Fast Track Self-Governance Criteria (which must be determined Unanimously by the Modification Panel) or does not;</p> <p>(c) where the Fast-Track Self-Governance Criteria has been determined to be satisfied, the Modification be implemented (which must be</p>

No	Subject	Terms
		<p>determined Unanimously by the Modification Panel) ;</p> <p>(d) should be referred to a Workgroup for a Workgroup Assessment (and the Modification Panel may determine the Terms of Reference for such work (including terms as to the identity of any third parties to be consulted) and the date upon which it requires the Workgroup to submit its Workgroup Report);</p> <p>(e) should proceed to Consultation;</p> <p>(f) should be deferred to a subsequent meeting of the Modification Panel for further discussions; or</p> <p>(g) be referred back to the Proposer for further development (provided this can only be determined once per Modification Proposal).</p> <p><b>Workgroup Assessment</b></p> <p>2.9 If the Modification Panel determines that the Modification Proposal should proceed to Workgroup Assessment then the Secretary shall within [ten (10)] Business Days of such determination finalise the Terms of Reference for that Workgroup Assessment and notify each T&amp;SCo and User and invite them to make representations in respect of the Modification Proposal within [fifteen (15)] Business Days.</p> <p>2.10 Once the Terms of Reference for the Workgroup Assessment have been finalised:</p> <p>(a) the Workgroup shall meet and consider the Modification Proposal in accordance with the details and timescales set out in the Terms of Reference;</p> <p>(b) the Secretary shall ensure that the Authority is notified of all meetings of the Workgroup and invited to attend; and</p> <p>(c) the Workgroup shall prepare a Workgroup Report containing a recommendation based on the Workgroup's consideration of the Modification Proposal within the timescale set out in the Terms of Reference and send a copy to all Members as soon as reasonably practicable but in any event not less than [eight (8)] Business Days prior to the meeting of the Modification Panel at which that report is to be discussed. [<b>Note:</b> <i>The minimum requirements of a Workgroup Report will be specified in the Code</i>]</p>



No	Subject	Terms
		<p><i>[Note: The Code shall allow for a Party to make Alternative Proposals for consideration by the Workgroup (including where the initial proposer of a proposal withdraws that original proposal).]</i></p> <p>2.11 Having considered the Workgroup Report, the Modification Panel shall determine if the Modification Proposal shall proceed to Consultation or whether it should be referred back to the Workgroup for further work.</p> <p><b>Consultation</b></p> <p>2.12 If the Modification Panel determines that the Modification Proposal should proceed to Consultation (including in circumstances where the Modification Proposal has already been the subject of a Workgroup Report), the Secretary shall prepare a draft Modification Report and circulate the draft Modification Report to each T&amp;SCo and each User, inviting them to make representations to the Secretary within [fifteen (15)] Business Days.</p> <p>2.13 The Secretary shall update the online register of Modification Proposals established pursuant to paragraph 2.3 to include details of all representations received during Consultation in respect of such Modification Proposal.</p> <p>2.14 Within [ten (10)] Business Days following the last day for making representations to the Secretary in respect of the draft Modification Report, the Secretary shall:</p> <ul style="list-style-type: none"> <li>(a) prepare a final Modification Report;</li> <li>(b) submit a copy of the final Modification Report to each T&amp;SCo, each User and each Member;</li> <li>(c) add the Modification Proposal as an agenda item for the Modification Panel to discuss;</li> <li>(d) where the Secretary considers that any representation made identifies issues that may arise through implementation of the proposal then the Secretary shall record such issues and include them in the final Modification Report and the Secretary shall submit it to the next Modification Panel for determination pursuant to paragraph 2.15.</li> </ul> <p>2.15 Where the Modification Panel determines that views on such issues identified under paragraph 2.14(d) should be obtained by the relevant Workgroup then:</p>

No	Subject	Terms
		<p>(a) the Secretary shall submit the final Modification Report to the relevant Workgroup and obtain a report containing their views;</p> <p>(b) within [three (3)] Business Days following receipt of such report the Secretary shall submit a copy of the final Modification Report to each T&amp;SCo, each User and each Member; and</p> <p>(c) the Secretary shall add the Modification Proposal as an Agenda item for the Modification Panel to discuss.</p> <p>2.16 Subject to paragraph 2.28, upon receipt of the final Modification Report under paragraphs 2.14 or 2.15, the Modification Panel shall assess whether the final Modification Report complies with the requirements of the Code, and if it is compliant, shall:</p> <p>(a) determine whether or not to recommend the implementation of the Modification Proposal to the Authority;</p> <p>(b) submit to the Authority its determination under paragraph 2.16(a) and the factors which (in its opinion), justify its determination (including how that meet T&amp;SCo's statutory objectives); and</p> <p>(c) instruct the Secretary to send the final Modification Report, together with its recommendation to the Authority.</p> <p><b>[Note: Requirements of a final Modification Report will be specified in the Code but it is expected that they will include:</b></p> <ul style="list-style-type: none"> <li>○ <i>Summary, background and rationale for the change;</i></li> <li>○ <i>Proposed governance route (i.e. Authority determined or self-governance) + justification for the governance route;</i></li> <li>○ <i>Proposed solution (inc. proposed legal text)</i></li> <li>○ <i>Impacts of the modification (inc. on GHG emissions and consumer impacts)</i></li> <li>○ <i>Assessment against statutory objectives</i></li> <li>○ <i>Proposed implementation approach</i></li> <li>○ <i>Consultation responses</i></li> <li>○ <i>Panel discussions and recommendation (inc. in relation to statutory objectives)]</i></li> </ul>

No	Subject	Terms
		<p>2.17 The Secretary shall, within [one (1)] Business Day of receipt from the Secretary of the final Modification Report, circulate to the Authority and each T&amp;SCo and each User the following:</p> <ul style="list-style-type: none"> <li>(a) a copy of the final Modification Report and any other attachments; and</li> <li>(b) a copy of the Modification Panel's recommendation to the Authority seeking a determination of the Authority as to whether the Modification should be implemented or not.</li> </ul> <p><b>Implementation</b></p> <p>2.18 Where the Authority receives a final Modification Report pursuant to paragraph 2.17, the Authority may determine:</p> <ul style="list-style-type: none"> <li>(a) that the final Modification Report provides insufficient detail in order to make a decision, in which case the Secretary shall make the necessary arrangements to address the deficiency and re-submit it to the Modification Panel and paragraph 2.16 shall re-apply; or</li> <li>(b) whether the proposed Modification shall be implemented and may give notice of its decision to the Secretary, in which case on receipt of such notice from the Authority: <ul style="list-style-type: none"> <li>(i) if the notice confirms the Authority's determination not to implement the proposed Modification, the Secretary shall circulate to each T&amp;SCo, each User and each Member a non-implementation notice; and</li> <li>(ii) if the notice confirms the Authority's determination to implement the Modification, the Secretary shall circulate to each T&amp;SCo, each User and each Member an implementation notice.</li> </ul> </li> </ul> <p><b>Modification</b></p> <p>2.19 Subject to paragraph 2.20, the Secretary shall modify the Code in accordance with each consent given and each direction made by the Authority.</p> <p>2.20 The Secretary shall modify the Code without the consent of the Authority in accordance with a determination made by the Modification Panel in respect of a Self-Governance Modification Proposal under paragraph 2.29(a) no less than [fifteen (15)] Business Days after the date of such determination provided that</p>

No	Subject	Terms
		<p>no Appeal has been made or the Authority has not directed that its approval is required in accordance with paragraph 2.23(b).</p> <p>2.21 The Secretary shall, as soon as reasonably practicable, notify each T&amp;SCo, each User and each Member of each Modification. Each such notice shall specify the legal text of the Modification and the date upon which the Modification shall become effective and may provide (for the purposes of information only) an explanatory note (which note should not be relied upon) in respect of the Modification. Each Modification shall become effective upon the date specified in the relevant notice.</p> <p><b>Self-Governance Modifications</b></p> <p>2.22 Where the Modification Panel determines that the Modification Panel satisfies the Self-Governance Criteria and paragraph 2.8(a) applies, the Secretary shall submit a Self-Governance Statement to the Authority with a proposed Self-Governance Determination Date.</p> <p>2.23 The Authority may, at any time before the proposed Self-Governance Determination Date:</p> <p>(a) reject the Modification Panel's determination that the Self-Governance Criteria have been satisfied; or</p> <p>(b) direct that its approval is required to implement the Self-Modification Proposal.</p> <p>2.24 Notwithstanding any determination to the contrary under paragraph 2.8(a), the Authority may determine that a Modification Proposal satisfies the Self-Governance Criteria.</p> <p>2.25 Where paragraph 2.8(b) applies but paragraph 2.8(c) does not (ie the Modification Proposal satisfies the Fast Track Self Governance Criteria but the Modification Panel does not determine that it should be implemented immediately), the Modification shall become a Self-Governance Modification Proposal and be further determined by the Modification Panel under paragraph 2.8.</p> <p>2.26 Where the Modification Panel makes a determination in respect of a Self-Governance Modification Proposal under paragraph 2.8(c) (i.e. in respect of a fast tracked Modification) a Party or the Authority may object to such determination and the Self-Governance Modification Proposal shall not be implemented. Any such objection shall be received within [fifteen (15)] Business Days of the implementation notice under paragraph 2.18(b)(ii)</p>

No	Subject	Terms
		<p>being issued. [<b>Note:</b> <i>Appeal rights and basis for objection to be developed</i>]</p> <p>2.27 Where a (fast tracked) Self-Governance Modification Proposal is objected to under paragraph 2.26 then the Self-Governance Modification Proposal shall return to the Modification Panel and be considered as a Modification Proposal under the provisions of paragraph 2.8.</p> <p>2.28 Where the Modification Proposal is a Self-Governance Modification Proposal paragraphs 2.16 to 2.18 (inclusive) shall not apply to such proposal.</p> <p>2.29 The Modification Panel shall upon receipt of the final Modification Report under paragraph 2.14 or 2.15, in respect of a Self-Governance Modification Proposal:</p> <ul style="list-style-type: none"> <li>(a) assess whether the final Modification Report complies with the requirements of the Code, and if it is compliant, shall make a determination as to whether or not the Self-Governance Modification Proposal should be implemented;</li> <li>(b) instruct the Secretary to include such determination and the Modification Panel’s reasoning for such determination in the Final Modification Report; and</li> <li>(c) instruct the Secretary to circulate an implementation notice or a non-implementation notice (as the case may be) in respect of such proposal to each T&amp;SCo, each User and each Member.</li> </ul> <p>2.30 Where the Modification Panel makes a determination in respect of a Self-Governance Modification Proposal under paragraph 2.29(a), a T&amp;SCo or User may appeal such determination and the Self-Governance Modification Proposal shall not be implemented until the Authority has confirmed a determination in respect of an appeal and an implementation notice has been sent.</p> <p style="text-align: center;"><b>Urgent Modification Proposals</b></p> <p>2.31 If the Proposer considers that a Modification Proposal should be treated as an Urgent Modification Proposal it shall state so in its Modification Proposal and the Secretary shall as soon as possible send a copy of the Modification Proposal to the Authority.</p> <p>2.32 Where the Authority:</p> <ul style="list-style-type: none"> <li>(a) agrees that the Modification Proposal should be treated as an Urgent Modification Proposal, all or any of the Modification Rules (including, but</li> </ul>

No	Subject	Terms
		<p>without limitation, consulting with the Modification Panel and seeking representations from each T&amp;SCo and Users or any other person may be deviated from an any other procedure accepted by the Authority may be followed; or</p> <p>(b) does not agree that the Modification Proposal should be treated as an Urgent Modification Proposal the Secretary shall notify the Modification Panel and the standard Modification Rules will apply.</p>
3.	<b>Specific Provisions</b>	<p>3.1 Subject to paragraph 4, Modification Proposals in respect of Specific Provisions shall be addressed using an equivalent Modification Procedure, save that only:</p> <p>(a) the T&amp;SCo that owns and operates the T&amp;S Network to which those Specific Provisions apply; and</p> <p>(b) a User that is the holder of a Connection Agreement relating to the T&amp;S Network, or relevant part of the T&amp;S Network, to which those Specific Provisions apply,</p> <p>shall be deemed a "T&amp;SCo or a "User" for the purposes of the Modification Rules.</p> <p><i>[Note: Position subject to the development of the Modification Rules generally]</i></p>
4.	<b>Ancillary Agreement</b>	<p>4.1 The "User-specific provisions" of an Ancillary Agreement may be amended by agreement of the parties to that Agreement and not otherwise, and accordingly "User-specific provisions" of an Ancillary Agreement shall not be subject to modification pursuant to the Modification Rules (but without prejudice to any modification of any provisions of the Code which apply to or are incorporated into such Agreement).</p> <p>4.2 The Uniform Provisions of an Ancillary Agreement may only be amended pursuant to the Modification Rules.</p> <p>4.3 <i>[Note: Distinction between the "User-specific provisions" and the Uniform Provisions of an Ancillary Agreement are subject to the development of those agreements but it may be that the "User-specific provisions" comprise the schedules and the Uniform Provisions comprise the main body]</i></p>
5.	<b>Modifications General</b>	<p><b>View</b></p> <p>5.1 The Secretary may decide to seek a view from the Authority on any matter arising (under these Rules or otherwise) from a Modification Proposal that is not a Self-Governance Modification Proposal at any stage</p>

No	Subject	Terms
		prior to the date on which the Secretary finalises the Modification Report.
6.	<b>Authority rights</b>	6.1 <i>[Note: It is expected that the Authority will have a right to impose Modifications arising from a specified code review process.]</i>
7.	<b>[Secretary of State rights]</b>	<i>[Note: Role of Secretary of State (if any) in Modification Procedure remains under review]</i>
8.	<b>Dispute resolution</b>	<p><b>Dispute avoidance</b></p> <p>8.1 The Parties shall at all times deal proactively with any issues through Code governance processes to reduce the scope for disputes to arise. The Parties shall take all reasonable steps to identify solutions and mitigations that address the concerns of other parties and at all times to act reasonably to avoid or minimise the scope for disputes.</p> <p>8.2 Where the relevant Parties are unable to avoid or resolve a dispute, the dispute shall be resolved in accordance with the procedures summarised in this paragraph 8.</p> <p><b>Introduction</b></p> <p>8.3 For the purposes of this section:</p> <p>(a) a "<b>dispute</b>" is any dispute or difference arising between the parties under or in connection with the Code, the Code Agreement or any Ancillary Agreement; and <i>[Note: Subject to the development of the Code, some disputes may be excluded from this process if there is an alternative process (such as in respect of charging disputes)]</i></p> <p>(b) in respect of any dispute "<b>parties</b>" means the T&amp;SCo(s) and/or the User(s) party to such dispute, and "party" shall be construed accordingly.</p> <p>8.4 The Secretary appointed in accordance with paragraph 1.14 shall perform the administrative functions set out in this paragraph 8.</p> <p>8.5 Where any relevant provision provides or the parties have agreed that a dispute is to be referred to or resolved by Expert Determination:</p> <p>(a) paragraphs 9.1 to 9.23 shall apply; and</p> <p>(b) subject to paragraph 8.7, no party shall commence proceedings in any court in respect of or otherwise in connection with such dispute.</p>

No	Subject	Terms
		<p>8.6 The parties may agree to refer any dispute (including such a dispute as is referred to in paragraph 8.4) to mediation in accordance with paragraph 10.1.</p> <p>8.7 Nothing in this section shall prevent any party from seeking interim or interlocutory relief in any court.</p> <p><b>Related Disputes</b></p> <p>8.8 If, acting reasonably, a T&amp;SCo believes that a dispute between a T&amp;SCo and a User raises the same or similar issues to a dispute between that T&amp;SCo and another User, T&amp;SCo may require that the related disputes are addressed as a single dispute under this paragraph 8.</p> <p>8.9 If the Secretary identifies that a dispute between a T&amp;SCo and a User(s) raises the same or similar issues to a dispute between another T&amp;SCo(s) and another User(s), the Secretary may notify the relevant T&amp;SCos and if agreed by those T&amp;SCos, the T&amp;SCos may require that the related disputes are addressed as a single dispute under the Code.</p>
9.	<b>Expert determination</b>	<p><b>Expert Determination</b></p> <p>9.1 A dispute which is to be referred to or resolved by Expert Determination shall be determined by an individual appointed as an expert in accordance with the relevant provisions of the Code.</p> <p>9.2 Any party to a dispute which is to be resolved by or referred to Expert Determination may give notice of the dispute in accordance with this paragraph. The notice shall be given to each other party and shall:</p> <ul style="list-style-type: none"> <li>(a) provide brief details of the issues to be resolved; and</li> <li>(b) nominate four persons as proposed experts.</li> </ul> <p>9.3 Within [five (5)] Business days after receiving a notice under paragraph 9.2, each party (other than the party giving such notice) shall by notice to each other party nominate four persons as proposed experts.</p> <p>9.4 The parties shall endeavour within [ten (10)] Business Days after the notice under paragraph 9.2 being given to agree upon the selection of an expert and may meet for this purpose.</p> <p><i>[Note: A procedure will apply if no agreement can be reached on the identity of the expert. This will include a process for seeking to agree from an existing list of experts and/or a process for appointment by an independent third party/professional body.]</i></p>



No	Subject	Terms
		<p style="text-align: center;"><b>Appointment of the Expert</b></p> <p>9.5 Once the expert is selected, the parties shall notify the expert of the selection and request that the expert confirm within [five (5)] Business days whether they are willing to accept the appointment.</p> <p><i>[Note: Requirements of such notice will be prescribed in the Code.]</i></p> <p>9.6 If the selected expert is unwilling or unable to accept the appointment, or shall not have confirmed their willingness and ability to accept such appointment within the period required, the parties shall endeavour to agree upon the selection of another expert within [three (3)] Business Days, failing which another expert shall be selected in accordance with paragraph 9.5.</p> <p style="text-align: center;"><b>Timetable and Procedure</b></p> <p>9.7 No later than [five (5)] Business Days following their appointment, the expert shall by giving reasonable notice to each party convene a meeting with the parties at which the expert shall raise any matters upon which they requires clarification and discuss with the parties any additional procedural requirements the expert or the parties may have.</p> <p>9.8 The parties shall, not later than [ten (10)] Business Days after the appointment of the expert, submit to the expert and to each other party written submissions of not more than 10 pages in length together with all supporting documentation, information and data which they wish to submit in respect of the dispute; and the parties may also submit a statement of facts which they have agreed between themselves to the expert.</p> <p>9.9 Each party may, not later than [twenty (20)] Business Days after the appointment of the expert, submit to the expert and each other party written submissions of not more than 10 pages in length, together with any additional supporting documentation, information and data, in reply to the submissions made under paragraph 9.8.</p> <p>9.10 The expert shall disregard any documentation, information, data or submissions supplied or made (other than pursuant to paragraph 9.15) by any party later than [twenty (20)] Business Days after their appointment unless the same are provided in response to a request from the expert.</p> <p>9.11 If the expert shall wish to obtain independent professional and/or technical advice in connection with the dispute:</p>

No	Subject	Terms
		<p>(a) they shall first provide the parties with details of the name, organisation and estimated fees of the professional or technical adviser; and</p> <p>(b) they may engage such adviser with the consent of the parties (which consent shall not be unreasonably withheld) for the purposes of obtaining such professional and/or technical advice as they may reasonably require.</p> <p>9.12 The expert may at their discretion and at any time request information from any of the parties orally but shall only do so in the presence of the other parties.</p> <p>9.13 At any time after the period referred to in paragraph 9.9 expires, with the written consent of the parties, the expert may (but shall not be required to) convene a hearing upon giving the parties reasonable notice.</p> <p>9.14 The expert shall provide a draft of their determination, which shall be a report in writing giving reasons for the determination, to the parties not later than [thirty-five (35)] Business Days following the expert’s appointment.</p> <p>9.15 Each party may, within [ten (10)] Business Days following delivery of the draft determination, submit to the expert any documentation, information, data, submissions or comments not exceeding 5 pages in length on or in respect of the draft determination.</p> <p>9.16 The expert shall submit their final determination, which shall be a report in writing giving reasons for their determination of the dispute, to the parties not later than [fifty (50)] Business Days following the expert’s appointment.</p> <p>9.17 If the expert fails to submit the final determination by the time required under paragraph 9.16, at the request of any party another expert may be appointed in accordance with the provisions of this paragraph 8 and the appointment of the previous expert shall cease unless, before the appointment of the new expert, the previous expert shall have submitted their final determination hereunder, in which case the new expert shall be forthwith informed that their services will not be required.</p> <p><b>Effect of determination</b></p> <p>9.18 The expert's final determination shall be final and binding on the parties except in the event of fraud or where it is so clearly erroneous on its face that it would be unconscionable for it to stand, in which case another expert may be appointed in accordance with the provisions of this paragraph 9.</p>

No	Subject	Terms
		<p>9.19 Except in respect of the application of paragraph 9.18, no party shall commence proceedings in respect of or refer to any court any finding by the expert, whether made at any time after the expert's appointment or in his determination, as to the dispute or the construction of or otherwise in respect of the Code, the Code Agreement or any Ancillary Agreement.</p> <p><b>Conflict of interest</b></p> <p>9.20 The expert shall confirm to the parties before the expert's appointment that they do not hold any interest or duty which would or potentially would conflict with the performance of their duties under their contract with the parties.</p> <p><b>Confidentiality</b></p> <p>9.21 Subject to paragraphs 8.8 and 8.9 parties and the expert shall keep the fact that the Expert Determination is taking place and its outcome confidential.</p> <p><b>Costs</b></p> <p>9.22 Each party shall bear its own costs including, without limitation, costs of providing documentation, information, data, submissions or comments and all costs of and expenses of all witnesses and other persons retained by it.</p> <p>9.23 The expert's fees and expenses shall be payable by the parties in equal amounts, unless the expert (having regard to the conduct of the parties with respect to the dispute in question) shall direct in their final determination that such costs and expenses should be borne by one or some only of the parties, in which case the parties shall pay such fees and expenses in accordance with such direction.</p>
10.	<b>Mediation</b>	<p>10.1 A dispute which is to be referred to mediation shall be referred to a single mediator who shall explore the interests of the parties to the dispute and encourage the parties to resolve the dispute in light of such interests.</p> <p><b>Appointment of mediator</b></p> <p>10.2 Within [five (5)] Business Days after agreeing to refer a dispute to mediation the parties shall meet and use their best endeavours to agree upon a person to act as mediator.</p> <p>10.3 Where the parties agree upon a mediator they shall request such person to accept appointment as mediator, and shall use all reasonable endeavours to agree</p>

No	Subject	Terms
		<p>(between themselves and with the mediator) upon the terms of their appointment.</p> <p>10.4 A person shall be treated as appointed as a mediator f when they have confirmed their acceptance to act as mediator in accordance herewith.</p> <p><b>Procedure and timetable</b></p> <p>10.5 Within [five (5)] Business Days following their appointment, the mediator shall require each party to provide them with a written summary of the dispute, which written summary shall not exceed 5 pages.</p> <p>10.6 The mediator may in their discretion:</p> <p>(a) request any party to provide them with copies of any documentation or information which the mediator believes will assist to explain any such summary; and</p> <p>(b) provide any such written summary and/or any information or copy documentation received under paragraph (a) to the other party(ies) to the dispute.</p> <p>10.7 Within [ten (10)] Business Days following their appointment, the mediator shall contact the parties and shall arrange to meet them.</p> <p>10.8 Each party shall attend the meeting with the mediator with a maximum of three representatives, one of whom shall be a person with decision making authority in relation to the subject matter of the dispute and one of whom may be the legal adviser of that party.</p> <p>10.9 No additional persons shall attend without the prior written consent of the mediator.</p> <p>10.10 The mediator may convene more than one meeting with the parties but shall not convene any meetings later than [forty (40)] Business Days following their appointment, unless the parties agree otherwise.</p> <p>10.11 The mediator may at their discretion meet each party on their own whether during a meeting attended by the other parties or otherwise, but they shall not disclose to any other party matters disclosed to the mediator in such circumstances without the consent of the disclosing party.</p> <p>10.12 At any meeting attended by the parties, the mediator may require each party to make a brief presentation of its case and the mediator may also require the other parties to reply to another party's presentation.</p>

No	Subject	Terms
		<p>10.13 The mediator shall not act as an arbitrator (and accordingly the provisions of the Arbitration Acts shall not apply).</p> <p style="text-align: center;"><b>Result of mediation</b></p> <p>10.14 No party shall be bound to adopt the views or advice expressed or provided by the mediator.</p> <p>10.15 If the dispute is resolved or the parties accept the views and advice of the mediator, the parties shall use their best endeavours, within [five (5)] Business Days after such resolution or acceptance, to enter into a settlement agreement which shall:</p> <ul style="list-style-type: none"> <li>(a) set out the terms accepted by the parties or on which the dispute was resolved; and</li> <li>(b) contain provisions of confidentiality.</li> </ul> <p style="text-align: center;"><b>Confidentiality</b></p> <p>10.16 The parties shall keep confidential the fact that the mediation is taking place.</p> <p style="text-align: center;"><b>Costs</b></p> <p>10.17 The parties shall unless they agree otherwise bear their own costs and expenses of whatsoever nature of the mediation.</p> <p>The parties shall bear the fees and expenses of the mediator and all administrative costs arising from the mediation equally.</p>

**SECTION C: CONNECTION**

No	Subject	Terms
1.	<b>Initial Users</b>	<p>1.1 It is acknowledged that at the Code Implementation Date:</p> <ul style="list-style-type: none"> <li>(a) certain Users (the "<b>Initial Users</b>") have agreed to connect to the T&amp;S Network and T&amp;SCo has agreed to allow these Users to connect to the T&amp;S Network as part of the Government's CCUS Cluster Sequencing Process;</li> <li>(b) each of these Initial Users has entered into or will accede to a Code Agreement, a Construction Agreement and a Connection Agreement; and</li> <li>(c) each of these Initial Users holds Registered Capacity.</li> </ul>
2.	<b>New and modified Connections</b>	<p>2.1 [<b>Note:</b> Provisions addressing the process for applying for and connecting to a T&amp;S Network (after the Code Implementation Date) are to be developed.]</p>

## SECTION D: NETWORK STRUCTURE AND PLANNING

No	Subject	Terms
1.	<b>Network Classification</b>	<p><b>Overview of T&amp;S Network</b></p> <p>1.1 Each T&amp;S Network owned and operated by each T&amp;SCo is made up of the following:</p> <ul style="list-style-type: none"> <li>(a) the Onshore Transportation System;</li> <li>(b) the Offshore Transportation System; and</li> <li>(c) Store.</li> </ul> <p><i>[Note: The relevant T&amp;S Network and Delivery Points etc. will be specifically defined in the relevant Connection Agreement.]</i></p>
2.	<b>Network Planning</b>	<p>2.1 For the purposes of assisting T&amp;SCo in planning the operation and future development of the T&amp;S Network, all Users shall, by 31 October of each Charging Year provide to T&amp;SCo a forecast of:</p> <ul style="list-style-type: none"> <li>(a) the mass of carbon dioxide to be delivered to the T&amp;S Network through the User's Delivery Point; and</li> <li>(b) the User's capacity requirements,</li> </ul> <p>for the following (20) twenty Charging Years.</p>
3.	<b>Interface between Onshore System and Offshore System</b>	<p>3.1 <i>[Note: If the onshore and offshore components of the T&amp;S Network are, in the future, under separate ownership and control, then the CCS Network Code will need to include some provisions dealing with the interface between the two systems and overall operation of the total system. It is not envisaged that this will apply under the initial CCS Network Code.]</i></p>

**SECTION E: NETWORK USE AND CAPACITY**

No	Subject	Terms
1.	<b>Network use</b>	<p data-bbox="708 320 922 342"><b>Use of Network</b></p> <p data-bbox="608 383 1391 501">1.1 Users may use the T&amp;S Network by delivering carbon dioxide to the Onshore Transportation System or Offshore Transportation System at a Delivery Point for permanent sequestration in the Store.</p> <p data-bbox="708 539 1391 629"><i>[Note: Each User's Connection Agreement will identify (by description or a diagram or both) the Delivery Point to which that User will deliver carbon dioxide].</i></p> <p data-bbox="708 667 890 689"><b>Title and risk</b></p> <p data-bbox="608 728 1391 846">1.2 Title and risk in carbon dioxide delivered to the T&amp;S Network at a Delivery Point in accordance with paragraph 1.1 shall pass to T&amp;SCo at that Delivery Point.</p> <p data-bbox="708 884 954 907"><b>Network Capacity</b></p> <p data-bbox="608 945 1391 1003">1.3 Users may apply for and register as holding capacity in the Network ("<b>Network Capacity</b>") at Delivery Points.</p> <p data-bbox="608 1041 1241 1064">1.4 Network Capacity is expressed in tCo<sub>2</sub>/day.</p> <p data-bbox="608 1102 1391 1384">1.5 T&amp;SCo will be required to make available a minimum mass of Network Capacity ("<b>Obligated Network Capacity</b>") in accordance with the terms of the Licence. The Obligated Network Capacity available shall be determined by the most restricted communal element of the T&amp;S Network, with the maximum Network Capacity available for registration to a User at a Delivery Point being subject to the Maximum Eligible Capacity set out in the User's Connection Agreement.</p> <p data-bbox="608 1422 1391 1512">1.6 A User's ("<b>Registered Capacity</b>") is the Network Capacity which the User is registered (in accordance with this Section E) as holding at a Delivery Point.</p> <p data-bbox="608 1550 1391 1796">1.7 A User's Registered Capacity is a User's entitlement to deliver carbon dioxide at a constant rate in tCo<sub>2</sub>/Day on an hourly basis. For the purposes of determining the Registered Capacity available to the User within a Day, the User shall hold in respect of each hour in the Day the Registered Capacity held by the User, divided by 24. <i>[Note: to be decided how the network operation of this booked capacity at an hourly rate will work]</i></p> <p data-bbox="608 1834 1391 2040">1.8 Where a User holds Registered Capacity for a period of time which includes part of a Day, the User's hourly Registered Capacity shall be determined on a pro rata basis according to the principles set out in paragraph 1.7. Where the number of hours in day is 23 hours or 25 hours (by reason of a change in the time from BST to GMT or GMT to BST, as the case may be),</p>



No	Subject	Terms
		<p>then the User's hourly Registered Capacity shall be calculated by dividing the Registered Capacity for that day by 24 and the User's Registered Capacity for that Day shall be deemed to be increased or decreased by that amount, as the case may be.</p>
2.	<p><b>Categories of Network Capacity</b></p>	<p><b>Categories of Network Capacity</b></p> <p>2.1 Network Capacity may be allocated to and registered as held by Users as:</p> <p>(a) Long-term Network Capacity which may be applied for by a User and become Registered Capacity for each Day in a period of between one (1) Charging Year and fifteen (15) Charging Years; or</p> <p>(b) Annual Network Capacity which may be applied for by a User and become Registered Capacity by a User for each Day in a particular Charging Year.</p> <p><i>[Note: It is expected that shorter-term capacity products and interruptible capacity will be introduced by modification when there is demand].</i></p>
3.	<p><b>Allocation of Network Capacity</b></p>	<p>3.1 It is acknowledged that each Initial User holds the Registered Capacity specified in <i>[to confirm where Registered Capacity is recorded]</i>.</p> <p>3.2 T&amp;SCo shall publish on its [Network Capacity Portal] information about the amount of Network Capacity available to Users on the basis of Obligated Network Capacity and Users shall be invited to apply for Network Capacity during a Capacity Application Window, which may be Long-term Network Capacity or Annual Network Capacity.</p> <p>3.3 The "<b>Capacity Application Window</b>" shall be a period of [X] from [X] to [X].</p> <p><i>[Note: A single "Capacity Application Window" will apply so that the future capacity requirements of new Users and potential Users can be considered together].</i></p> <p>3.4 An application for Network Capacity shall specify:</p> <p>(a) the identity of the User;</p> <p>(b) the Delivery Point;</p> <p>(c) the period for which the Network Capacity is applied for; and</p> <p>(d) the amount (not less than the Minimum Eligible Amount and not more than the Maximum Eligible</p>

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		<p>Amount for that User) of Network Capacity being applied for.</p> <p>3.5 T&amp;SCo shall only be entitled to refuse the application for Network Capacity if:</p> <p>(a) the application does not comply with paragraph 3.4 and the User fails to rectify such non-compliance within 5 Business Days of a notice from the T&amp;SCo requesting such rectification; or</p> <p>(b) the requested Network Capacity is not available in accordance with the following principles: [<b>Note:</b> <i>Initial Code will include principles for the allocation of capacity where all capacity applications cannot be accommodated.</i>]</p> <p>3.6 Where paragraph 3.5(b) applies, the available Network Capacity will be allocated in accordance with the following principles: [<b>Note:</b> <i>Initial Code will include principles for the allocation of capacity where all capacity applications cannot be accommodated.</i>]</p> <p>3.7 T&amp;SCo will inform the User of the Network Capacity which has been allocated to it and registered as being held by that User within [X] of the closing of the Capacity Application Window.</p> <p><b>Application for prospective Users</b></p> <p>3.8 [<b>Note:</b> <i>It is expected that the process to be developed under Section C (connection) for prospective User applying to connect to the Network will include applications for Network Capacity to be determined within the single Capacity Application Window.</i>]</p>
4.	<b>Security</b>	4.1 [ <b>Note:</b> <i>Users may be required to provide additional security to secure post-termination liabilities for Long-term Network Capacity.</i> ]
5.	<b>Nomination procedure</b>	<p><b>Nominations</b></p> <p>5.1 Users will nominate quantities of carbon dioxide for delivery at a Delivery Point each Day in accordance with this paragraph 5 for the purposes of enabling T&amp;SCo to plan and carry out the operation of the T&amp;S Network.</p> <p>5.2 A User shall submit a separate Nomination in respect of each Delivery Point.</p> <p>5.3 Each Nomination shall specify:</p> <p>(a) the Day it relates to;</p> <p>(b) the identity of the User;</p>

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		<p>(c) the Delivery Point; and</p> <p>(d) the quantity of carbon dioxide nominated for delivery for each Hour of the Day ("the <b>Nominated Quantity</b>").</p> <p>5.4 A User shall not submit a Nomination in respect of a Delivery Point at which, under the prevailing Maintenance Programme or because of some other notified Capacity Constraint, carbon dioxide is not to be delivered to the T&amp;S Network from that Delivery Point on the Day.</p> <p>5.5 The User shall submit a Nomination on the basis of its good faith estimated quantity of carbon dioxide to be delivered on the relevant Day.</p> <p>5.6 The aggregate of the Nominated Quantities specified by a User in a Nomination shall not be less than [<i>insert</i>] and shall not be greater than the Maximum Eligible Capacity.</p> <p>5.7 [<b>Note:</b> <i>The inclusion of a process for re-nomination is to be considered</i>]</p> <p><b>Over-nomination</b></p> <p>5.8 [<b>Note:</b> <i>The initial Code may include a process to address Users nominating quantities greater than their Registered Capacity and consequences for Users delivering carbon dioxide in quantities substantially deviating from their Nominated Quantities.</i>]</p> <p><b>Nomination timetable</b></p> <p>5.9 A Nomination in relation to each Day shall be made by [X] on the preceding Day.</p> <p><b>Approval and rejection</b></p> <p>5.10 T&amp;SCo may reject or (in its discretion) approve a Nomination which is not submitted in accordance with, or does not comply with, the requirements of the Code.</p> <p>5.11 If in respect of any Delivery Point:</p> <p>(a) a User has not submitted a Nomination by the Nomination Time; or</p> <p>(b) T&amp;SCo has rejected a Nomination submitted by a User,</p> <p>the User shall have failed to make a Nomination.</p>

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		5.12 A Nomination submitted to T&SCo which has not been rejected within [X] shall be deemed to have been approved.
6.	<b>Transfer of Registered Capacity</b>	6.1 [ <b>Note:</b> <i>It is expected that a process for User's trading capacity could be introduced by modification when there is demand</i> ].
7.	<b>Surrender of Registered Capacity</b>	<p>7.1 Users may offer to surrender Registered Capacity:</p> <ul style="list-style-type: none"> <li>(a) for a Year; or</li> <li>(b) for the remainder of the period of the User's Registered Long Term Network Capacity,</li> </ul> <p>provided that a User may not surrender more than 10% in aggregate of the original quantity of the Registered Capacity.</p> <p>7.2 An offer ("<b>Capacity Offer</b>") to surrender Registered Capacity pursuant to paragraph 7.1 shall specify:</p> <ul style="list-style-type: none"> <li>(a) the identity of the User;</li> <li>(b) the Delivery Point;</li> <li>(c) the period for which Registered Capacity is offered for surrender;</li> <li>(d) the amount (not less than the Minimum Eligible Amount) of Registered Capacity offered for surrender; and</li> <li>(e) the minimum amount (not less than the Minimum Eligible Amount) of Registered Capacity for which the User is willing to have the offer accepted;</li> </ul> <p>7.3 T&amp;SCo shall only be obliged to accept a Capacity Offer where such Registered Capacity can be re-allocated to a User in accordance with paragraph 3.1 after all available Obligated Network Capacity which is not the subject of a Capacity Offer has been allocated.</p> <p>7.4 A User shall remain liable for Capacity Charges for any surrendered Registered Capacity until such capacity becomes registered to another User.</p>
8.	<b>Underutilisation</b>	8.1 [ <b>Note:</b> <i>"Use it or Lose it" provisions may be introduced by modification where available capacity in T&amp;S Networks becomes limited</i> ].
9.	<b>Maintenance Planning</b>	<p><b>Decisions on maintenance planning</b></p> <p>9.1 T&amp;SCo will plan the maintenance of the T&amp;S Network and prepare Maintenance Programmes in good faith with a view to, so far as is practicable having regard to:</p>

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		<p>(a) the nature and urgency of the requirements for such maintenance;</p> <p>(b) any Legal Requirements applying to the operation of the T&amp;S Network; and</p> <p>(c) T&amp;SCo's normal working practices,</p> <p>coordinating the timing of such maintenance to maximise the quantity of carbon dioxide transported and stored that is produced by Users.</p> <p><b>Maintenance</b></p> <p>9.2 References in the Code to maintenance (of a T&amp;S Network or any part of it) include:</p> <p>(a) maintenance, inspection, repair, replacement, reinstatement and recommissioning of a T&amp;S Network or such part of it;</p> <p>(b) Network Expansion Works; and</p> <p>(c) any inspection, testing and commissioning of works within paragraphs (a) and (b), and works preparatory thereto, and any works required for bringing any new or existing part of the T&amp;S Network into or back into service.</p> <p><b>Users' Planning information</b></p> <p>9.3 In each year each User shall provide, not later than <i>[insert]</i> for the purposes of the Maintenance Programme an estimate in respect of each week in the relevant Planning Period, of the following:</p> <p>(a) the quantities of carbon dioxide expected to be delivered to the T&amp;S Network on a Day (in each such week) at each Delivery Point; and</p> <p>(b) details of the times and periods for which maintenance of relevant User Facilities is planned during the relevant Planning Period which may affect the delivery of carbon dioxide to the Delivery Point; and</p> <p>(c) such further information (if any) as T&amp;SCo may reasonably require for the purposes of this Section E.</p> <p>9.4 A User must promptly upon becoming aware of any requirement to perform maintenance of relevant User Facilities, notify T&amp;SCo with details of times and periods and the anticipated impact on its delivery of carbon dioxide where such requirement was not known and</p>

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		<p>therefore notified at the time that the information was provided under paragraph 9.3.</p> <p><i>[Note: The requirement to provide this information shall be reviewed in light of all other information requirements included in the Code with the intent of eliminating any duplication of obligations for the provision of information.]</i></p> <p>9.5 A User shall use reasonable endeavours to co-ordinate the maintenance of relevant User Facilities with any Planned Maintenance of the T&amp;S Network which may affect the delivery of carbon dioxide to the Delivery Point in order to maximise the quantity of carbon dioxide transported and stored that is produced by Users.</p>
10.	<b>Maintenance Programme</b>	<p><b>T&amp;SCo Maintenance Programme</b></p> <p>10.1 T&amp;SCo will within [X] period of a T&amp;SCo's accession to the Code and thereafter, not later than [x] each year, prepare and publish an updated Maintenance Programme for the Planning Period ahead.</p> <p><i>[Note: The intention is to have a rolling 6 year maintenance programme, updated annually]</i></p> <p><b>Content of Maintenance Programme</b></p> <p>10.2 A Maintenance Programme will identify:</p> <ul style="list-style-type: none"> <li>(a) the Delivery Points at which the ability of T&amp;SCo to accept delivery of carbon dioxide will be constrained by planned maintenance of the T&amp;S Network;</li> <li>(b) the periods for which such Delivery Points will be so affected;</li> <li>(c) whether T&amp;SCo expects that it will continue within such period (or part thereof) to be able to accept delivery of carbon dioxide at any such Delivery Point, but (by reason of such maintenance) on a restricted basis, and if so, [an indicative estimate of the maximum rate at which T&amp;SCo expects to be able to accept delivery of carbon dioxide];</li> <li>(d) relevant maintenance activities to be performed by Users in accordance with information provided under paragraph 9.3; and</li> <li>(e) such other information as T&amp;SCo shall reasonably decide to include.</li> </ul> <p><b>Publication of draft Maintenance Programme</b></p>

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		<p>10.3 Before publishing the Maintenance Programme in accordance with paragraph 10.1, T&amp;SCo shall:</p> <ul style="list-style-type: none"> <li>(a) publish a draft of the Maintenance Programme by [X]; and</li> <li>(b) convene, on not less than [X] Weeks' notice, a meeting ("<b>Annual Maintenance Meeting</b>"), for review of the timing of planned maintenance of the T&amp;S Network under such draft Maintenance Programme.</li> </ul> <p>10.4 Users may, up to but not later than 8 weeks before the date of the Annual Maintenance Meeting (or first such meeting) submit to T&amp;SCo details of the dates and periods of maintenance planned in respect of any relevant User Facilities and/or comments in relation to the timing of any planned maintenance under the draft Maintenance Programme.</p> <p>10.5 Before holding the Annual Maintenance Meeting(s) T&amp;SCo will discuss with each User, to such extent as it deems appropriate, the details and comments submitted to it by that User under paragraph 10.4.</p> <p>10.6 Subject to paragraphs 9.1 and 10.7, Maintenance Programme decisions shall be taken by T&amp;SCo in its sole discretion, after liaising with Users in accordance with paragraphs 10.3, 10.4 and 10.5.</p> <p><b>Co-ordination of maintenance between different T&amp;SCos</b></p> <p>10.7 In preparing the draft Maintenance Programme, the T&amp;SCos shall consult each other with a view, to minimising any adverse impacts on T&amp;SCos and Users (collectively) of maintenance activities.</p> <p><b>Carrying out maintenance</b></p> <p>10.8 Subject to paragraph 10.9, T&amp;SCo will, so far as is reasonably practicable, carry out maintenance of the T&amp;S Network in accordance with the dates and periods provided for in the applicable Maintenance Programme.</p> <p>10.9 T&amp;SCo may revise the Maintenance Programme by providing for additional maintenance and/or by varying the dates or periods of any maintenance already provided for, upon notifying relevant Users not less than [30] Days (or such lesser period as relevant Users may agree) before:</p> <ul style="list-style-type: none"> <li>(a) the date on which (following such revision) such maintenance is to commence; or</li> </ul>

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		<p>(b) where the effect of the revision is to defer maintenance, the date of commencement thereof as shown in the Maintenance Programme before such revision.</p> <p>10.10 T&amp;SCo will notify relevant Users, by way of reminder, of the carrying out of maintenance provided for in the Maintenance Programme (as revised under paragraph 10.9) not less than [7] Days before the commencement of such maintenance, provided that no accidental failure to notify a User shall prejudice T&amp;SCo's rights to carry out maintenance.</p> <p>10.11 T&amp;SCo will comply with notification/reporting obligations to ensure that Users have ongoing visibility of the progress of any activities under the Maintenance Programme and when any constraint arising from maintenance will conclude.</p>
11.	<b>Capacity Constraints</b>	<p><b>Introduction to Capacity Constraints</b></p> <p>11.1 A "<b>Capacity Constraint</b>" is a constraint in or affecting any part of the T&amp;S Network at any time, as a result of which carbon dioxide flows in any part of the T&amp;S Network are, (or but for anything done by T&amp;SCo would be), less than the affected User's Registered Capacity, whether such constraint results from:</p> <p>(a) the size of any part of the T&amp;S Network; or</p> <p>(b) the operation or failure to operate any part of the T&amp;S Network.</p> <p>11.2 A Delivery Point is "affected" by a Capacity Constraint where T&amp;SCo is, or (but for anything done by that T&amp;SCo) would be unable to accept delivery of the Registered Capacity of carbon dioxide at that Delivery Point, or its ability to do so is impaired, by reason of a Capacity Constraint.</p> <p>11.3 A Capacity Constraint includes a constraint which arises by reason of:</p> <p>(a) Programmed Maintenance; or</p> <p>(b) unplanned circumstances.</p> <p>11.4 [<b>Note:</b> T&amp;SCos will be required to record details of any constraint and ensure supporting evidence is retained however this may be addressed in the Licence rather than the Code]</p>
12.	<b>Response to Capacity Constraints</b>	<p><b>Notification</b></p> <p>12.1 To the extent not already provided in accordance with paragraph 10, as soon as is practicable after T&amp;SCo</p>



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		<p>becomes aware that a Capacity Constraint has arisen or will arise, T&amp;SCo shall take the following actions:</p> <ul style="list-style-type: none"> <li>(a) T&amp;SCo shall publish information about the Capacity Constraint on the [Network Capacity Portal];</li> <li>(b) T&amp;SCo shall send notification of the Capacity Constraint to all Users of Delivery Points affected by the Capacity Constraint; and</li> <li>(c) T&amp;SCo shall keep the information referred to in paragraphs (a) and (b) reasonably updated, including in respect of the anticipated conclusion of the Capacity Constraint.</li> </ul> <p>12.2 The information about the Capacity Constraint, which T&amp;SCo must publish and notify to Users in accordance with paragraph 12.1 includes:</p> <ul style="list-style-type: none"> <li>(a) the nature and cause of the Capacity Constraint;</li> <li>(b) the Delivery Points affected by the Capacity Constraint;</li> <li>(c) the action which T&amp;SCo is intending to take to address the Capacity Constraint; and</li> <li>(d) the magnitude and expected duration of the Capacity Constraint.</li> </ul> <p><b>Response</b></p> <p>12.3 Subject to paragraph 12.6, where a Capacity Constraint arises which is not a total constraint T&amp;SCo shall respond to the Capacity Constraint as follows: [<b>Note:</b> <i>Initial Code will include principles for the approach to the curtailment of User's Registered Capacity in response to a constraint.</i>]</p> <p>12.4 A User must stop delivering or reduce the quantity of carbon dioxide being delivered to a Delivery Point in accordance with:</p> <ul style="list-style-type: none"> <li>(a) any Maintenance Programme; or</li> <li>(b) any direction given by T&amp;SCo to do so.</li> </ul> <p>12.5 If a User fails to comply with any direction given by T&amp;SCo in accordance with paragraph 12.4, T&amp;SCo may take steps to prevent the User from delivering carbon dioxide to the Delivery Point acting as a Reasonable and Prudent Operator to minimise any adverse impact on User Facilities.</p> <p><b>Consequences of Capacity Constraints</b></p>

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		<p>12.6 Where a Capacity Constraint [is caused by/arises in connection with] an act, omission, breach or default of a User under the Code T&amp;SCo shall prioritise the reduction of that User's Registered Capacity under paragraph 12.3 over the reduction of any other User's Registered Capacity.</p> <p>12.7 T&amp;SCo will be relieved of its obligations to accept delivery of carbon dioxide of Registered Capacity to the extent that it is not feasible to do so by reason of:</p> <ul style="list-style-type: none"> <li>(a) Programmed Maintenance;</li> <li>(b) Reactive Maintenance; or</li> <li>(c) Emergency.</li> </ul> <p>12.8 For the avoidance of doubt a User will remain liable to pay Capacity Charges and Network Charges in respect of its Registered Capacity notwithstanding that the T&amp;SCo is unable to take delivery of carbon dioxide at the quantity of its Registered Capacity at such delivery point by reason of a Capacity Constraint. [<b>Note:</b> While T&amp;SCo will continue to recover these charges, capacity constraints will affect its availability incentives under the TRI model]</p>
13.	<b>Curtailment of Capacity</b>	<p><b>Determination of constraint</b></p> <p>13.1 Where at any time after [X] hours on the preceding Day, T&amp;SCo determines that there is or will be a Capacity Constraint that T&amp;SCo believes may be avoided or remedied by the curtailment of Capacity held by a User at one or more Delivery Points, the Capacity held by a User at that Delivery Point or Delivery Points may be curtailed in accordance with this section.</p> <p>13.2 T&amp;SCo will give a notice ("<b>Curtailment Notice</b>") to all affected Users specifying:</p> <ul style="list-style-type: none"> <li>(a) the Delivery Point or Delivery Points and the Day to which the notice relates;</li> <li>(b) the time ("<b>Curtailment Effective Time</b>") with effect from which such curtailment is to take place, which shall be not be less than [60] minutes after such notice is given; and</li> <li>(c) the extent to which the User's System Capacity has been curtailed.</li> </ul> <p>13.3 A User will remain liable to pay Capacity Charges and Network Charges in respect of its Registered Capacity notwithstanding the curtailment of such Registered Capacity. [<b>Note:</b> While T&amp;SCo will continue to recover</p>

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		<i>these charges, capacity constraints will affect its availability incentives under the TRI model]</i>

**SECTION F: NETWORK DESIGN AND SPECIFICATION**

No	Subject	Terms
1.	<b>Introduction</b>	<p><b>Introduction to specifications</b></p> <p>1.1 The provisions of this Section F shall apply in respect of the delivery of carbon dioxide to the T&amp;S Network at Delivery Points.</p> <p>1.2 Users delivering carbon dioxide to any part of the T&amp;S Network at a Delivery Point shall comply with the relevant requirements of this Section F.</p> <p><b>User Facilities</b></p> <p>1.3 For the purposes of this Section F a "User Facility" is a single facility or several facilities (where such facilities share a single Delivery Point) connected to the T&amp;S Network at a Delivery Point.</p> <p><b>Existence of Connection Agreement</b></p> <p>1.4 A User may not deliver carbon dioxide into the T&amp;S Network at any Delivery Point unless there is in force a Connection Agreement between the User and T&amp;SCo which, among other things:</p> <ul style="list-style-type: none"> <li>(a) identifies the User Facility;</li> <li>(b) identifies the Delivery Point; and</li> <li>(c) specifies the Entry Provisions applicable to that Delivery Point.</li> </ul>
2.	<b>Entry Provisions</b>	<p><b>Content of Entry Provisions</b></p> <p>2.1 The Entry Provisions for each Delivery Point are:</p> <ul style="list-style-type: none"> <li>(a) the Carbon Dioxide Specifications, as defined in paragraph 2.2;</li> <li>(b) the Measurement Requirements, as defined in paragraph 2.3; and</li> <li>(c) the Local Requirements, as defined in paragraph 2.5</li> </ul> <p><b>Carbon Dioxide Specifications</b></p> <p>2.2 The Carbon Dioxide Specifications are specific to each individual T&amp;S Network and are set out:</p> <ul style="list-style-type: none"> <li>(a) in Annexure A for the [<i>Insert name</i>] T&amp;S Network; and</li> <li>(b) in Annexure B for the [<i>Insert name</i>] T&amp;S Network.</li> </ul>

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		<p><b>Measurement Requirements</b></p> <p>2.3 The Measurement Requirements which are specific to each individual T&amp;S Network and are set out:</p> <ul style="list-style-type: none"> <li>(a) in Annexure C for the <i>[Insert name]</i> T&amp;S Network; and</li> <li>(b) in Annexure D for the <i>[Insert name]</i> T&amp;S Network.</li> </ul> <p>2.4 <b>[Note:</b> Further consideration to be given to whether a single form of Measurement Requirements could apply to all T&amp;S Networks.]</p> <p><b>Local Requirements</b></p> <p>2.5 The Local Requirements are additional technical requirements that apply to a User's Delivery Point or equipment, as specified in a User's Connection Agreement.</p> <p><b>Compliance with Regulatory Requirements</b></p> <p>2.6 The Users acknowledge that:</p> <ul style="list-style-type: none"> <li>(a) T&amp;SCo is required to comply with the Regulatory Requirements in relation to the T&amp;S Network; and</li> <li>(b) in developing the Entry Provisions, T&amp;SCo has had regard to the Regulatory Requirements.</li> </ul> <p>2.7 Notwithstanding any other provision in this Section F, if any aspect of the Entry Provisions cause T&amp;SCo to be in breach of the Regulatory Requirements, then:</p> <ul style="list-style-type: none"> <li>(a) T&amp;SCo will give notice to each User specifying any changes required to the Entry Provisions to ensure that T&amp;SCo is compliant with the Regulatory Requirements; and</li> <li>(b) each User must use best endeavours to comply with the notice received pursuant to paragraph 2.7(a) forthwith.</li> </ul>
3.	<b>Compliance</b>	<p><b>Compliance with Carbon Dioxide Specifications</b></p> <p>3.1 Where carbon dioxide which does not comply with the Entry Provisions is tendered for delivery to the T&amp;S Network at a Delivery Point then T&amp;SCo may, from time to time until such time as the relevant non-compliance is rectified, in its discretion either:</p> <ul style="list-style-type: none"> <li>(a) refuse to accept delivery or continued delivery of such carbon dioxide; or</li> <li>(b) accept such delivery or accept such delivery as to part only of what is tendered for delivery.</li> </ul>

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		<p>3.2 T&amp;SCo shall be entitled to take any steps available to it to limit the rate at which non-compliant carbon dioxide is delivered to the T&amp;S Network or to secure that such carbon dioxide is not so delivered.</p>
4.	<b>Data acquisition and storage</b>	<p>4.1 <i>[Note: Provisions relating to data acquisition and storage to be developed by industry]</i></p>
5.	<b>General Measurement Provisions</b>	<p><b>Measurement Equipment</b></p> <p>5.1 In this section, "<b>Measurement Equipment</b>" is the metering, sampling, analysis and other equipment required by the Measurement Provisions to be installed at each User's Delivery Point.</p> <p><b>Installation of Measurement Equipment</b></p> <p>5.2 A User may not deliver any carbon dioxide at a Delivery Point until and unless Measurement Equipment which complies with the requirements of this Section F has been installed at the Delivery Point.</p> <p>5.3 At the time a User applies to be connected to the T&amp;S Network in accordance with Section C, T&amp;SCo will determine whether the Measurement Equipment is to be installed by T&amp;SCo or the User. Where the User is to install the Measurement Equipment, the User shall obtain T&amp;SCo's prior approval in relation to the siting, specifications and installation of the Measurement Equipment.</p> <p><b>Standards for Measurement Equipment</b></p> <p>5.4 The Measurement Equipment must comply with standards that allow for the determination of the Carbon Dioxide Specifications.</p> <p>5.5 The Measurement Equipment must also determine the quantity (measured in tCO<sub>2</sub>) of all the carbon dioxide delivered by a User at a Delivery Point.</p> <p>5.6 The Measurement Equipment shall be validated by T&amp;SCo prior to any carbon dioxide being allowed to be delivered at a Delivery Point to flow in the T&amp;S Network.</p> <p><b>Measuring Carbon Dioxide Specifications</b></p> <p>5.7 The User or T&amp;SCo (as applicable) shall install, commission, operate and maintain Measurement Equipment to determine the characteristics defined in the Carbon Dioxide Specifications of any carbon dioxide that is delivered at a Delivery Point. Such Measurement Equipment shall meet the following criteria:</p>

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		<p>(a) all measurement biases shall as far as is practicable be eliminated or compensated for;</p> <p>(b) the uncertainty of measurement shall be such that the risk of the User and T&amp;SCo flowing carbon dioxide that they are both unaware is minimised;</p> <p>(c) the sampling system used to obtain the composition sample of carbon dioxide for quality measurements shall ensure that the sample is representative of the carbon dioxide delivered at a Delivery Point and that no change to the carbon dioxide composition occurs between the sample point and the analytical instrument; and</p> <p>(d) measurements and validation of equipment to make such measurement shall, where feasible, be traceable to national or international standards.</p> <p><b>Measuring quantity of carbon dioxide</b></p> <p>5.8 The User or T&amp;SCo (as applicable) shall install, commission, operate and maintain flow measurement equipment to determine the quantity of CO<sub>2</sub> flowing into the T&amp;S Network at a Delivery Point such that:</p> <p>(a) all mass flows into the T&amp;S Network shall comply with this paragraph; and</p> <p>(b) the measurement of quantity of mass shall be without bias and with an uncertainty of better than + [insert]% of reading over the specified flow range.</p>
6.	<b>Access to Measurement Equipment</b>	<p><b>Access to inspect Measurement Equipment</b></p> <p>6.1 Where any part of the Measurement Equipment is located at a site owned or controlled by the User, T&amp;SCo shall be entitled, upon reasonable notice to the User, to inspect the Measurement Equipment (and to have access to the site of it accordingly), for the purpose of determining whether the requirements of this section are satisfied.</p> <p><b>Non-compliant Measurement Equipment</b></p> <p>6.2 If any Measurement Equipment does not comply with the requirements of this section, T&amp;SCo can require the User to immediately cease delivery of carbon dioxide at the User's Delivery Point.</p>

**SECTION G: INDUSTRIAL PROCEDURES**

No	Subject	Terms
1.	<b>Preparation, execution and process, recovery</b>	<i>[Note: Industry working groups to develop provisions to deal with procedures to be followed upon the occurrence of specified events.]</i>
2.		
3.		
4.		



## SECTION H: CHARGES, INVOICING AND PAYMENT

Various concepts set out in these indicative terms are likely to overlap with the provisions of the Licence and it may ultimately be the case that some of these indicative terms will instead be included in the Licence.

No	Subject	Terms
1.	<b>Charges</b>	<p style="text-align: center;"><b>Payment of charges</b></p> <p>1.1 This Section H sets out the Charging Methodology deemed established by the T&amp;SCos pursuant to the Licence for determining the Charges. [<b>Note:</b> Any change to the Charging Methodology would need to be made in accordance with the Modification Rules]</p> <p>1.2 The User agrees to pay to T&amp;SCo the Charges calculated in accordance with this Section H.</p> <p>1.3 The Charges shall be calculated on the basis of:</p> <ul style="list-style-type: none"> <li>(a) the Onshore Flow Charge, calculated using the rate determined in accordance with paragraph 2.1;</li> <li>(b) the Offshore Flow Charge, calculated using the rate determined in accordance with paragraph 2.2;</li> <li>(c) the Onshore Capacity Charge, calculated using the rate determined in accordance with paragraph 3.1;</li> <li>(d) the Offshore Capacity Charge, calculated using the rate determined in accordance with paragraph 3.2;</li> <li>(e) the Onshore Network Charge, calculated using the rate determined in accordance with paragraph 4.1; or</li> <li>(f) the Offshore Network Charge, calculated using the rate determined in accordance with paragraph 4.5.</li> </ul> <p style="text-align: center;"><b>Flow Charges</b></p> <p>1.4 A User shall pay to deliver carbon dioxide to the T&amp;S Network each Day on the following basis:</p> <ul style="list-style-type: none"> <li>(a) an Onshore User shall pay: <ul style="list-style-type: none"> <li>(i) the Onshore Flow Rate multiplied by the User's Daily Quantity (the "<b>Onshore Flow Charge</b>"); and</li> <li>(ii) the Offshore Flow Rate, multiplied by the User's Daily Quantity (the "<b>Offshore Flow Charge</b>"); and</li> </ul> </li> <li>(b) an Offshore User shall pay the Offshore Flow Charge.</li> </ul> <p>1.5 A User's "<b>Daily Quantity</b>" is the quantity of carbon dioxide that the User delivers at the Delivery Point expressed in</p>

No	Subject	Terms
		<p>tCO<sub>2</sub>/Day, as measured in accordance with Section F (<i>network design and specification</i>).</p> <p><b>Capacity Charges</b></p> <p>1.6 A User shall pay for its Registered Capacity on the following basis:</p> <p>(a) an Onshore User shall pay:</p> <p>(i) the Onshore Capacity Rate multiplied by the User's Registered Capacity (the "<b>Onshore Capacity Charge</b>"); and</p> <p>(ii) the Offshore Capacity Rate multiplied by the User's Registered Capacity (the "<b>Offshore Capacity Charge</b>"); and</p> <p>(b) an Offshore User shall pay the Offshore Capacity Charge.</p> <p>1.7 A User's "<b>Registered Capacity</b>" is as defined in Section E (<i>network Use and capacity allocation</i>).</p> <p>1.8 Unless otherwise provided in this Code or agreed, the Capacity Charges shall be payable by a User irrespective of whether the User utilises its Registered Capacity by delivering carbon dioxide at its Delivery Point. [<b>Note:</b> <i>Send or pay principle applies to capacity charges but not flow charges.</i>]</p> <p>1.9 A new User connecting to the T&amp;S Network shall not be liable to pay for its Registered Capacity until Commissioning has been completed in accordance with its Construction Agreement.</p> <p><b>Network Charges</b></p> <p>1.10 A User shall pay charges in respect of amounts of Allowed Revenue which will not be recovered under the Flow Charges or Capacity Charges but which are recoverable from Users on the following basis:</p> <p>(a) an Onshore User shall pay:</p> <p>(i) the Onshore Network Charge Rate multiplied by the User's Delivery Point Size ("<b>Onshore Network Charge</b>"); and</p> <p>(ii) the Offshore Network Charge Rate multiplied by the User's Delivery Point Size ("<b>Offshore Network Charge</b>"); and</p> <p>(b) an Offshore User shall pay the Offshore Network Charge.</p>

No	Subject	Terms
		<p>1.11 A User's "<b>Delivery Point Size</b>" is the size of the Delivery Point connecting the User's Facility to the T&amp;S Network, as set out in the Connection Agreement, expressed in tCO<sub>2</sub>/Day.</p>
2.	<b>Charging Methodology – Flow Charges</b>	<p><b>Onshore Flow Rate</b></p> <p>2.1 The Onshore Flow Rate for a Charging Year is calculated as follows:</p> $\frac{AOnFR_t}{TFOnFt}$ <p>where:</p> <p>(a) "AOnFR<sub>t</sub>" is the "<b>Allowed Onshore Flow Revenue</b>" being the amount allowed for Variable Opex for the Onshore Transportation System within the determination of the Allowed Revenue under the Licence for the Charging Year; and</p> <p><i>[Note: These costs are intended to be those costs that reflect the operational costs imposed by a User in using the Onshore Transportation System to transport and store each unit of carbon dioxide.]</i></p> <p>(b) "TFOnF<sub>t</sub>" is the total forecast flow of carbon dioxide to be delivered to and transported through the Onshore Transportation System in the Charging Year using the forecasts provided by Users in accordance with paragraph 5, <i>[Note: The difference in fees on the basis of actual carbon dioxide delivered and the fees based on total forecast flow will form part of the adjustments to determine the Allowed Revenue in Year t+2,</i></p> <p>expressed as £[X]/tCO<sub>2</sub>.</p> <p><b>Offshore Flow Rate</b></p> <p>2.2 The Offshore Flow Rate for a Charging Year is calculated as follows:</p> $\frac{AOfFR_t}{TFOfFt}$ <p>where:</p> <p>(a) "AOfFR<sub>t</sub>" is the "<b>Allowed Offshore Flow Revenue</b>" being the amount allowed for Variable Opex for the Offshore Transportation System within the determination of the Allowed Revenue under the Licence for the Charging Year; and</p> <p><i>[Note: These costs are intended to be those costs that reflect the operational costs imposed by a User in using the Offshore Transportation System to transport and store each unit of carbon dioxide.]</i></p>

No	Subject	Terms
		<p>(b) "TFOFF<sub>t</sub>" is the total forecast flow of carbon dioxide to be delivered to and transported through the Offshore Transportation Network in the Charging Year using the forecasts provided by Users in accordance with paragraph 5,</p> <p>expressed as £[X]/tCO<sub>2</sub>.</p>
3.	<p><b>Charging Methodology – Capacity Charges</b></p>	<p><b>Onshore Capacity Rate</b></p> <p>3.1 The Onshore Capacity Rate for a Charging Year is calculated as follows:</p> $\frac{AOnCRt}{OOnNCt}$ <p>where:</p> <p>(a) "AOnCRt" is the "<b>Allowed Onshore Capacity Revenue</b>" being the amount allowed for Depreciation and WACC for the Onshore Transportation System within the determination of the Allowed Revenue under the Licence for the Charging Year; and</p> <p><i>[Note: These costs are intended to be those capital costs that reflect the costs imposed by a User in reserving capacity in the Onshore Transportation System.]</i></p> <p>(b) "OOnNC<sub>t</sub>" is the capacity of the most restricted communal element of the T&amp;S Network for the relevant Charging Year,</p> <p>expressed as £[X]/tCO<sub>2</sub>.</p> <p><b>Offshore Capacity Rate</b></p> <p>3.2 The Offshore Capacity Rate for a Charging Year is calculated as follows:</p> $\frac{AOfCRt}{MREOfT}$ <p>where:</p> <p>(a) "AOfCRt" is the "<b>Allowed Offshore Capacity Revenue</b>" being the amount allowed for Depreciation and WACC for the Offshore Transportation System within the determination of the Allowed Revenue under the Licence for the Charging Year; and</p> <p><i>[Note: These costs are intended to be those capital costs that reflect the costs imposed by a User in reserving capacity in the Offshore Transportation System.]</i></p>

No	Subject	Terms
		<p>(b) "MREOf<sub>t</sub>" is the capacity of the most restricted communal element of the Offshore Transportation System for the relevant Charging Year,</p> <p>expressed as £[X]/tCO<sub>2</sub>.</p>
4.	<b>Charging Methodology – Network Charges</b>	<p>[<b>Note:</b> <i>The Network Charge is proposed to collect the remainder of a User's share of Allowed Revenue provided such charge does not exceed the relevant caps</i>]</p> <p><b>Calculation of Onshore Network Charge Rate</b></p> <p>4.1 The Onshore Network Charge Rate for a Charging Year is calculated as follows:</p> $OnPNCr_t + OnMNCr_t$ <p>where:</p> <p>(a) "OnPNCr<sub>t</sub>" is the "<b>Onshore Proportionate Network Charge Rate</b>" for the Charging Year calculated in accordance with paragraph 4.2; and</p> <p>(b) "OnMNCr<sub>t</sub>" is the "<b>Onshore Mutualised Network Charge Rate</b>" for the Charging Year calculated in accordance with paragraph 4.3.</p> <p><b>Calculation of Onshore Proportionate Network Charge Rate</b></p> <p>4.2 The Onshore Proportionate Network Charge Rate is calculated as follows:</p> $\frac{AOnNCR_t}{OnNDP}$ <p>where:</p> <p>(a) AOnRR<sub>t</sub> is the Allowed Onshore Network Charge Revenue for the Charging Year being:</p> $Allowed\ Onshore\ Revenue\ for\ the\ Charging\ Year - AOnFR_t - EAOnCR_t$ <p>where:</p> <p>(i) the Allowed Onshore Revenue for the Charging Year is the amount of Allowed Revenue for the Onshore Transportation System affirmed by the Authority; [<b>Note:</b> <i>The Allowed Revenue will be affirmed by the Authority in accordance with the T&amp;SCo's licence and will include mutualisation from year t-2 for underutilisation and bad debt.</i>]</p> <p>(ii) "AOnFR<sub>t</sub>" has the meaning given in paragraph 2.1(a);</p>

No	Subject	Terms
		<p>(iii) "EAO<sub>nCR<sub>t</sub></sub>" is the amount of Allowed Onshore Capacity Revenue expected to be recovered from Users on the basis of total forecast Registered Capacity calculated as follows:</p> $AOnCR_t - (OnCC_t \times TFO_nRC_t)$ <p>where:</p> <p>(A) "AOnCR<sub>t</sub>" has the meaning given in paragraph 3.1(a);</p> <p>(B) "OnCC<sub>t</sub>" is the Onshore Capacity Rate for the Charging Year calculated in accordance with paragraph 3.1; and</p> <p>(C) "TFO<sub>nRC<sub>t</sub></sub>" is the total forecast Registered Capacity in the Onshore Transportation System in the Charging Year; and [<b>Note:</b> <i>The difference in fees on the basis of actual Registered Capacity and the fees based on total forecast Registered Capacity will form part of the adjustments to determine the Allowed Revenue in Year t+2</i>]</p> <p>(b) "OnNDP" is the aggregate size of Delivery Points to the Onshore Transportation System that the Onshore Transportation System could accommodate,</p> <p>expressed as £[X]/tCO<sub>2</sub>.</p> <p><b>Calculation of Onshore Mutualised Network Charge Rate</b></p> <p>4.3 The Onshore Mutualised Network Charge Rate for a Charging Year is the lesser of the Onshore Network Charges CAP and the amount calculated as follows:</p> $\frac{UAOnNCR_t}{UDPt}$ <p>where:</p> <p>(a) "UAOnNCR<sub>t</sub>" is the Allowed Onshore Network Charge Revenue for the Charging Year which will not be recovered through the application of the Onshore Proportionate Network Charge Rate to be calculated as follows:</p> $AOnNCR_t - (OnPNCR_t \times UDP_t)$ <p>where:</p>

No	Subject	Terms
		<p>(i) "AOnNCR<sub>t</sub>" is the Allowed Onshore Network Charge Revenue calculated in accordance with paragraph 4.2(a);</p> <p>(ii) "OnPNCR<sub>t</sub>" is the Onshore Proportionate Network Charge Rate calculated in accordance with paragraph 4.2; and</p> <p>(iii) "UDP<sub>t</sub>" is the aggregate size of User's Delivery Points to the Onshore Transportation System in the Charging Year; and</p> <p>(b) "UDP<sub>t</sub>" is the aggregate size of User's Delivery Points to the Onshore Transportation System in the Charging Year,</p> <p>expressed as £[X]/tCO<sub>2</sub>.</p> <p>4.4 The <b>Onshore Network Charges Cap</b> is [<i>insert proposed rate</i>]. [<b>Note:</b> <i>Cap is to be confirmed. BEIS is considering the UK carbon price as a basis for the cap but it shall be set at a level that appropriately incentivises a User to use the T&amp;S Network</i>]</p> <p><b>Calculation of Offshore Network Charge Rate</b></p> <p>4.5 The Offshore Network Charge Rate for a Charging Year is calculated as follows:</p> $OfPNCR_t + OfMNCR_t$ <p>where:</p> <p>(a) "OfPNCR<sub>t</sub>" is the "<b>Offshore Proportionate Network Charge Rate</b>" for the Charging Year calculated in accordance with paragraph 4.6; and</p> <p>(b) "OfMNCR<sub>t</sub>" is the "<b>Offshore Mutualised Network Charge Rate</b>" for the Charging Year calculated in accordance with paragraph 4.7.</p> <p>4.6 <b>Calculation of Offshore Proportionate Network Charge Rate</b></p> $\frac{AOfNCR_t}{NDP}$ <p>where:</p> <p>(a) "AOfNCR<sub>t</sub>" is the Allowed Offshore Network Charge Revenue for the Charging Year being:</p> $Allowed\ Offshore\ Revenue\ for\ the\ Charging\ Year - AOfFR_t - EAOFCR_t$ <p>where:</p>

No	Subject	Terms
		<p>(i) the Allowed Offshore Revenue for the Charging Year is the amount of Allowed Revenue for the Offshore Transportation System affirmed by the Authority; [<b>Note:</b> <i>The Allowed Revenue will be affirmed by the Authority in accordance with the T&amp;S Co's licence and will include mutualisation from year t-2 for underutilisation and bad debt.</i>]</p> <p>(ii) "AOfFR<sub>t</sub>" has the meaning given in paragraph 2.2(a);</p> <p>(iii) "EAOFCR<sub>t</sub>" is the amount of Allowed Offshore Capacity Revenue expected to be recovered from Users on the basis of total forecast Registered Capacity calculated as follows:</p> $AOfCR_t - (OfCC_t \times TFOfRC_t)$ <p>where:</p> <p>(A) "AOfCR<sub>t</sub>" has the meaning given in paragraph 3.2(a);</p> <p>(B) "OfCC<sub>t</sub>" is the Offshore Capacity Rate calculated in accordance with paragraph 3.2; and</p> <p>(C) "TFOfRC<sub>t</sub>" is the total forecast Registered Capacity in the Offshore Transportation System in the Charging Year; and [<b>Note:</b> <i>The difference in fees on the basis of actual Registered Capacity and the fees based on total forecast Registered Capacity will form part of the adjustments to determine the Allowed Revenue in Year t+2</i>]</p> <p>(b) "NDP" is the aggregate size of Delivery Points that the T&amp;S Network could accommodate,</p> <p>expressed as £[X]/tCO<sub>2</sub>.</p> <p><b>Calculation of Offshore Mutualised Network Charge Rate</b></p> <p>4.7 The Offshore Mutualised Network Charge Rate for a Charging Year is the lesser of the Offshore Network Charges CAP and the amount calculated as follows:</p> $\frac{UAOfNCR_t}{UDP_t}$ <p>where:</p> <p>(a) "UAOfRR<sub>t</sub>" is the Allowed Offshore Network Charges Revenue for the Charging Year which will not be recovered through the application of the Offshore</p>



No	Subject	Terms
		<p>Proportionate Network Charges Rate to be calculated as follows:</p> $AOfNCR_t - (OfPNCR_t \times UDP_t)$ <p>where:</p> <ul style="list-style-type: none"> <li>(i) "AOfNCR<sub>t</sub>" is the Allowed Offshore Network Charges Revenue calculated in accordance with 4.2(a);</li> <li>(ii) "OfPNCR<sub>t</sub>" is the Offshore Proportionate Network Charges Rate calculated in accordance with paragraph 4.6; and</li> <li>(iii) "UDP<sub>t</sub>" is the aggregate size of the User's Delivery Points in the Charging Year; and</li> </ul> <p>(b) "UDP<sub>t</sub>" is the aggregate size of User's Delivery Points in the Charging Year,</p> <p>expressed as £[X]/tCO<sub>2</sub>.</p> <p>4.8 The <b>Offshore Network Charges Cap</b> is [<i>insert proposed rate</i>]. [<b>Note:</b> Cap is to be confirmed. BEIS is considering the UK carbon price as a basis for the cap but it shall be set at a level that appropriately incentivises a User to use the T&amp;S Network]</p>
5.	<b>Charging Methodology: forecasting</b>	<p>5.1 T&amp;SCo will use forecasts provided by Users in relation to:</p> <ul style="list-style-type: none"> <li>(a) the mass of carbon dioxide to be delivered to the T&amp;S Network through the User's Delivery Point;</li> <li>(b) the User's expected and/or booked Registered Capacity; and</li> <li>(c) size of the User's Delivery Point,</li> </ul> <p>to calculate the Charges, in accordance with the Charging Methodology, for each Year (Year t).</p> <p>5.2 By 31 October of Year t-1, T&amp;SCo shall send the Forecasting Pro Forma to Users.</p> <p>5.3 Users shall:</p> <ul style="list-style-type: none"> <li>(a) complete the Forecasting Pro Forma by providing the required information for Year t, Year t+1 and Year t+2; and</li> <li>(b) send the completed Forecasting Pro Forma to T&amp;SCo by 3 December of Year t-1.</li> </ul> <p>[<b>Notes:</b></p>

No	Subject	Terms
		<ul style="list-style-type: none"> <li>• <i>Forecasts for Years t+1 and t+2 will be used to provide Users with estimates of the rates to apply in those years.</i></li> <li>• <i>It is assumed that obligations relating to sending information to the Authority, etc will be dealt with in the licence conditions.</i></li> <li>• <i>Forecast requirements to be reconciled with other forecasting/information sharing-requirements as the Code develops to limit duplication/potential inconsistencies.]</i></li> </ul> <p>5.4 Users shall use best endeavours to provide accurate forecasts when providing information to T&amp;SCo under this paragraph 5 and all such forecasts must be provided on a bona fide basis.</p> <p>5.5 Users shall respond promptly to any queries from T&amp;SCo regarding such forecasts.</p>
6.	<b>Preparation and publication of Charges Statement</b>	<p>6.1 For any Charging Year (Year t), T&amp;SCo shall prepare a statement of the Charges that apply in Year t in accordance with the Charging Methodology ("<b>Charges Statement</b>"). The Charges payable by Users during each Charging Year shall be as set out in the Charges Statement published by T&amp;SCo in accordance with its Licence and this paragraph 6.</p> <p>6.2 Once the Charges Statement has been prepared and approved by the Authority in accordance with the Licence, T&amp;SCo shall publish the Charges Statement by [31 December] of Year t-1.</p>
7.	<b>Required Security</b>	<p>7.1 The User must provide the Required Security by 31 January of each year and thereafter maintain the Required Security. [<b>Note:</b> <i>The obligation to maintain the security shall include the circumstances in which T&amp;SCo has had recourse to the existing security (ie the User is required to replace the security in such circumstances).</i>]</p> <p>7.2 The "<b>Required Security</b>" shall be a:</p> <p>(a) Letter of Credit; or</p> <p>(b) Deposit Deed,</p> <p>which:</p> <p>(c) is for the value of the aggregate of the forecast two highest value Invoice Documents for the relevant Charging Year; and</p> <p>(d) provides for the rights of T&amp;SCo required by paragraph 12.</p> <p>7.3 If at any time a User fails to comply with paragraph 7.1 on or T&amp;SCo may issue a notice ("<b>Security Default Notice</b>")</p>

No	Subject	Terms
		<p>requiring the User to rectify such non-compliance within [5] Business Days.</p> <p>7.4 Where a User has not rectified its non-compliance within 5 Business Days of its receipt of a Security Default Notice T&amp;SCo shall be entitled to reject or refuse to accept all or any of the following by the relevant User:</p> <ul style="list-style-type: none"> <li>(a) delivery of carbon dioxide at the User's Delivery Point; or</li> <li>(b) an application for Registered Capacity or increased Registered Capacity at any Delivery Point under Section E (<i>network use and capacity</i>),</li> </ul> <p>with effect until such time as the relevant User has provided the Required Security.</p> <p>7.5 A User shall remain liable to pay any Capacity Charges and Network Charges during any period in which paragraph 7.4 applies.</p>
8.	<b>Meter readings</b>	<p>8.1 Within one Day of the last Day of a Billing Period, T&amp;SCo must:</p> <ul style="list-style-type: none"> <li>(a) provide the meter reading of actual mass of carbon dioxide injected by each User into the T&amp;S Network during that Billing Period ("<b>User's Meter Reading</b>") to the Authority and the relevant User; and</li> <li>(b) submit the Invoice Documents to the User.</li> </ul>
9.	<b>Invoicing</b>	<p>9.1 For each Billing Period T&amp;SCo will submit an Invoice Document to the User separately identifying the:</p> <ul style="list-style-type: none"> <li>(a) Onshore Flow Charge (if applicable);</li> <li>(b) Onshore Capacity Charge (if applicable);</li> <li>(c) Onshore Network Charge (if applicable);</li> <li>(d) Offshore Flow Charge;</li> <li>(e) Offshore Capacity Charge;</li> <li>(f) Offshore Network Charge; and</li> <li>(g) [insert]. [<b>Note:</b> <i>To include any additional charges/amounts due.</i>]</li> </ul> <p>9.2 Each Invoice Document will specify:</p> <ul style="list-style-type: none"> <li>(a) the identity of the User;</li> <li>(b) the Billing Period to which the Invoice Document relates;</li> </ul>

No	Subject	Terms
		<p>(c) the Invoice Amount;</p> <p>(d) the unique number by which the Invoice Document may be identified; and</p> <p>(e) the amount of VAT (if any) payable.</p> <p>9.3 An Invoice Document may contain an adjustment by way of a credit in respect of:</p> <p>(a) an Invoice Amount in another Invoice Document; and</p> <p>(b) any other amount which is agreed or determined to be payable by a User to T&amp;SCo or by T&amp;SCo to a User under or in connection with this Code.</p> <p>9.4 Invoice Documents will be submitted to Users by [<b>Note:</b> Platform for submission of invoices to be confirmed]</p> <p>9.5 All amounts expressed as payable pursuant to the Code shall be exclusive of VAT (unless expressly stated otherwise).</p>
10.	<b>Invoice payment</b>	<p>10.1 The Invoice Amount under the Invoice Document shall be paid (by the User to T&amp;SCo or by T&amp;SCo to the User) on or before the Invoice Due Date.</p> <p>10.2 The Invoice Due Date shall be the date falling [30] Days after the date of receipt of the relevant Invoice Document.</p> <p>10.3 Amounts payable under the Code shall be paid:</p> <p>(a) free and clear of any restriction, reservation or condition; and</p> <p>(b) except to the extent (if any) required by law, without deduction or withholding in respect of tax or on account of any amount due or to become due to the paying party, whether by way of set off counterclaim or otherwise.</p>
11.	<b>Invoice Disputes</b>	<p>11.1 [<b>Note:</b> A process for disputing invoices may apply if determined appropriate following the development of metering arrangements].</p>
12.	<b>Late payment</b>	<p>12.1 Where any amount payable under an Invoice Document is not paid on or before the [5th] Business Day after the Invoice Due Date, T&amp;SCo shall be entitled to issue a notice of demand for payment of the outstanding amount ("<b>Late Payment Notice</b>").</p> <p>12.2 Where a party has not made payment of an amount the subject of a Late Payment Notice within [5 Business Days] of such Late Payment Notice:</p>

No	Subject	Terms
		<p>(a) without prejudice to any other rights of T&amp;SCo under the Code, T&amp;SCo shall be entitled to reject or refuse to accept all or any of the following by the relevant User:</p> <p>(i) delivery of carbon dioxide at the User's Delivery Point; or</p> <p>(ii) an application for Registered Capacity or increased Registered Capacity at any Delivery Point under Section E (<i>network use and capacity</i>),</p> <p>with effect from the day after the due date for payment until such time as the relevant User has paid the amount due for payment in full; and</p> <p>(b) T&amp;SCo shall be entitled to have recourse to the Required Security. [<b>Note:</b> <i>It is expected that the Licence will require a T&amp;SCo to access the late paying User's collateral before accessing the bad debt allowance</i>]</p> <p>12.3 A User shall remain liable to pay Capacity Charges and Network Charges during any period in which paragraph 12.2 applies.</p> <p>12.4 Where any amount payable under an Invoice is not paid on or before the Invoice Due Date, the User shall pay interest, after as well as before judgment, at the Applicable Interest Rate, on the unpaid amount from the Invoice Due Date until the Day on which payment is made.</p> <p>12.5 The "<b>Applicable Interest Rate</b>" is the rate of interest, expressed as a percentage rate per annum, payable in respect of amounts overdue for payment, or subject to repayment, under the Code.</p> <p>12.6 The Applicable Interest Rate shall be:</p> <p>(a) except as provided in paragraph (b), the rate of interest set for the relevant period as the statutory interest rate for the purposes of the Late Payment of Commercial Debts (Interest) Act 1998; or</p> <p>(b) in certain specified circumstances the base rate for the time being of [<i>insert</i>]. [<b>Note:</b> <i>Alternative interest rate to apply in certain circumstances to be confirmed</i>]</p>

**SECTION I: GENERAL**

No	Subject	Terms
1.	<b>Information sharing</b>	<p>1.1 <i>[Note: Provisions relating to information sharing obligations will be developed in parallel with other areas of the Code to ensure that:</i></p> <ul style="list-style-type: none"> <li>(a) <i>any information held by Users which is required to be provided by T&amp;SCo to the Authority (pursuant to its licence), the North Sea Transition Authority (pursuant to its licence/permit) or any other body pursuant to legal requirements is provided by Users to T&amp;SCo;</i></li> <li>(b) <i>any information held by T&amp;SCo which is required to be provided by the Users to a Support Contract counterparty (pursuant to its Support Contract) or any other body pursuant to legal requirements is provided by T&amp;SCo to Users;</i></li> <li>(c) <i>any information sharing obligations comply with law including in respect of data protection and competition;</i></li> <li>(d) <i>appropriate confidentiality obligations are in place to protect the reasonable commercial interests of any parties provided such obligations do not prejudice the requirements of (a) to (c) above; and</i></li> <li>(e) <i>the various obligations to provide notifications, forecasts and other information in the Code (and outside the Code) are reconciled to ensure that there is no unnecessary duplication/scope for inconsistency.</i></li> </ul> <p>1.2 Where any provision of the Code requires or entitles a T&amp;SCo (or the T&amp;SCos) to "publish" any information or document, the T&amp;SCo will provide such information or document to each Party, any other person to whom the T&amp;SCo may (pursuant to its Licence or any other Legal Requirement or any provision of the Code) be required to provide such information and (subject to any confidentiality restrictions under the Code) such other persons as the T&amp;SCo shall think fit.</p>
2.	<b>Notices and communications</b>	<p>2.1 Except where the means by which a particular Communication is to be given is specified in the Code, such communication shall be given by Conventional Notice. <i>[Note: It is expected that different means may be required for particular technical notifications (eg capacity availability and capacity constraints)]</i></p> <p>2.2 References in this paragraph to "a notice" are to any communication or other notice to be given by one Party to another under the Code or an Ancillary Agreement, other than one which is given as a <i>[Note: insert any</i></p>

No	Subject	Terms
		<p><i>special mode of communication for specific communications (eg using an online portal system] or by telephone.</i></p> <p>2.3 Any notice shall be in writing and shall be addressed to the recipient Party at the recipient Party's address or e-mail address notified pursuant to paragraph 2.4 and marked for the attention of the representative identified in accordance with paragraph 2.4.</p> <p>2.4 The initial address, e-mail address and details of the representative for whose attention notices are to be marked shall be as specified in a Connection Agreement and any changes shall be communicated by each Party to the other Party before taking effect.</p> <p>2.5 <b>[Note:</b> <i>The Code will include standard provisions relating to methods of delivery and when deemed receipt shall occur.]</i></p> <p>2.6 <b>[Note:</b> <i>Any technical issues relating to communications to be developed further with input from industry.]</i></p>
3.	<b>Liability between T&amp;SCo and a User</b>	<p>3.1 For the purposes of this paragraph 3, each of:</p> <p>(a) T&amp;SCo; and</p> <p>(b) the User that is a counterparty to the T&amp;SCo under a Connection Agreement,</p> <p>shall be a "<b>Counterparty</b>".</p> <p><b>Liability</b></p> <p>3.2 Subject to the remainder of this paragraph 3 and any other express provision to the contrary, no Party shall be liable to its Counterparty for any claims, losses, damages costs, expenses or liabilities arising from any default, negligence or breach of duty (whether statutory or otherwise) or the Party's performance of its obligations under this Code or an Ancillary Agreement, except for any such claims, losses, damages costs, expenses or liabilities in respect of:</p> <p>(a) physical damage to the property of the Counterparty; and/or</p> <p>(b) the liability (in law) of the Counterparty to any other person for loss in respect of death, personal injury or physical damage to the property of such person.</p> <p>3.3 The amount or amounts for which a Party may be liable to a Counterparty pursuant to paragraph 3.2 in respect of any one event or circumstance shall not exceed:</p>

No	Subject	Terms
		<p>(a) in respect of the liability of the T&amp;SCo to any one User or of any one User to T&amp;SCo, £[insert]; or</p> <p>(b) in respect of the liability in aggregate of T&amp;SCo to more than one User, £[insert].</p> <p><b>Exclusions and exceptions</b></p> <p>3.4 No Party shall in any circumstances be liable in respect of any breach of the Code or any Ancillary Agreement to any Counterparty for:</p> <p>(a) any loss of profit, loss of revenue, loss of use, loss of contract, loss of goodwill, or increased cost of working; or</p> <p>(b) any indirect or consequential loss; or</p> <p>(c) except as provided in paragraphs 3.2(b) and 3.5, loss resulting from the liability of any Counterparty to any other person howsoever and whensoever arising.</p> <p>3.5 Nothing in this Code or any Ancillary Agreement exclude or limits the liability of any Party for death or personal injury result from the negligence of such Party.</p> <p>3.6 Paragraph 3.2 is without prejudice to any provision of the Code or any Ancillary Agreement which provides for a Party to make a payment to a Counterparty.</p> <p>3.7 Nothing in this Code or any Ancillary Agreement shall prevent any T&amp;SCo or User from seeking injunctive relief, specific performance or other equitable relief.</p> <p>3.8 The rights and remedies of the Parties pursuant to the Code and any Ancillary Agreement exclude and are in place of any rights or remedies of any Party in tort (including negligence and nuisance) or misrepresentation in respect of the subject matter of the Code or such Ancillary Agreement and accordingly, but without prejudice to paragraphs 3.5, each Party (to the fullest extent permitted by law):</p> <p>(a) waives any rights or remedies; and</p> <p>(b) releases the Counterparty from any duties or liabilities arising in tort or misrepresentation in respect of the subject matter of the Code or such Ancillary Agreement.</p> <p>3.9 Without prejudice to paragraph 3.8, where any provision of the Code or any Ancillary Agreement provides for any amount to be payable by a Party upon or in respect of that Party's breach of any provision of the Code or any Ancillary Agreement, each Party agrees and acknowledges that the remedy conferred by such</p>



No	Subject	Terms
		<p>provision is exclusive of and is in substitution for any remedy in damages in respect of such breach or the event or circumstance giving rise thereto.</p> <p>3.10 Nothing in this paragraph 3 shall prevent any Party from or restrict it in enforcing any obligation owed to under or pursuant to the Code, the Code Agreement or any Ancillary Agreement.</p>
4.	<b>Liabilities between Users, between T&amp;SCos and cross-network liabilities</b>	<p>4.1 Except as provided under paragraphs [X] [<b>Note:</b> <i>In the development of the Code it may be necessary to provide for certain rights and liabilities such as in Part B (Governance)</i>] nothing in the Code or any Ancillary Agreement creates contractual rights or liabilities:</p> <ul style="list-style-type: none"> <li>(a) between Users inter se;</li> <li>(b) between T&amp;SCos inter se; or</li> <li>(c) between Users of a T&amp;S Network and the T&amp;SCo of another T&amp;S Network.</li> </ul> <p>4.2 Each</p> <ul style="list-style-type: none"> <li>(a) T&amp;SCo: <ul style="list-style-type: none"> <li>(i) waives any rights or remedies against any: <ul style="list-style-type: none"> <li>(A) other T&amp;SCo; and</li> <li>(B) User other than the User which is its Connection Agreement counterparty; and</li> </ul> </li> <li>(ii) releases: <ul style="list-style-type: none"> <li>(A) each other T&amp;SCo; and</li> <li>(B) User other than the User which is its Connection Agreement counterparty; and</li> </ul> </li> </ul> </li> <li>(b) User: <ul style="list-style-type: none"> <li>(i) waives any rights or remedies against any: <ul style="list-style-type: none"> <li>(A) other User; and</li> <li>(B) T&amp;SCo other than the T&amp;SCo which is its Connection Agreement counterparty ; and</li> </ul> </li> <li>(ii) releases:</li> </ul> </li> </ul>

No	Subject	Terms
		<p>(A) each other User; and</p> <p>(B) T&amp;SCo other than the T&amp;SCo which is its Connection Agreement counterparty,</p> <p>from of any duties or liabilities arising in tort (including negligence and nuisance) or misrepresentation in respect of the subject matter of the Code or any Ancillary Agreement.</p>
5.	<b>Default and remedy</b>	<p>5.1 Where:</p> <p>(a) a User is in breach of the Code; and</p> <p>(b) such breach is not a Payment Default or Insolvency Default,</p> <p>T&amp;SCo may give notice of such breach to the User ("<b>Breach Notice</b>").</p> <p>5.2 Within 14 Days of such notice the User must:</p> <p>(a) where the breach is reasonably capable of remedy within such period of 14 Days, remedy the breach in all material respects;</p> <p>(b) where the breach is capable of remedy but not reasonably within 14 Days, provide to T&amp;SCo a remediation plan setting out the steps to be taken by the User and the timetable for taking such steps for the remedy of the breach as soon as is reasonably practicable;</p> <p>(c) where the breach is not capable of remedy, provide a remediation plan setting out:</p> <p>(i) the steps to be taken by the User and the timetable for taking such steps to mitigate the impact of the breach so far as is reasonably practicable; and</p> <p>(ii) the steps to be taken to prevent the recurrence or re-occurrence of the relevant breach so far as is reasonably practicable.</p> <p>5.3 For the purposes of paragraphs 5.1(a) the following breaches are excluded:</p> <p>(a) a breach which results from a breach by T&amp;SCo of the Code or an Ancillary Agreement; or</p> <p>(b) a breach other than a wilful breach of a provision of the Code where the Code specifically provides some other remedy for such breach and such</p>

No	Subject	Terms
		<p>other remedy may reasonably be considered to be adequate in the circumstances.</p>
6.	<b>General Default</b>	<p>6.1 A 'General Default' occurs when a Breach Notice has been issued for a material breach and:</p> <ul style="list-style-type: none"> <li>(a) paragraph 5.2(a) applies and the breach remains unremedied in any material respect after the expiry of 7 Days after a further notice by T&amp;SCo to the User to the effect that the User has not complied with paragraph 5.2(a); or</li> <li>(b) paragraph 5.2(b) applies and the User does not: <ul style="list-style-type: none"> <li>(i) remedy the breach in all material respects with all reasonable diligence and so far as reasonably practicable in accordance with the remediation plan provided under 5.2(b) or a revised remediation plan pursuant to paragraph 6.1(b)(ii) below; or</li> <li>(ii) where notwithstanding the reasonable diligence of the User it is not reasonably practicable for the User to remedy the breach in accordance with that remediation plan, provide to T&amp;SCo a revised remediation plan,</li> </ul> <p>and such failure remains unremedied in any material respect after the expiry of 7 Days after a further notice by T&amp;SCo to the User to the effect that the User has not complied with this paragraph 6.1(b);</p> </li> <li>(c) paragraph 5.2(c) applies and: <ul style="list-style-type: none"> <li>(i) the User does not : <ul style="list-style-type: none"> <li>(A) comply in all material respects with the remediation plan provided under 5.2(c) or a revised remediation plan pursuant to paragraph below; or</li> <li>(B) where notwithstanding the reasonable diligence of the User it is not reasonably practicable for the User to comply in all material respects with that remediation plan, provide to T&amp;SCo a revised remediation plan,</li> </ul> <p>and such failure remains unremedied in any material respect after the expiry of 7 Days after a further notice by T&amp;SCo to</p> </li> </ul> </li> </ul>

No	Subject	Terms
		<p>the User to the effect that the User has not complied with this paragraph 6.1(c); or</p> <p>(ii) at any time within the period of 12 months following T&amp;SCo's Breach Notice, there occurs a further material breach by the User of the same provision of the Code; and T&amp;SCo has given a notice of such further breach to the User and a period of 7 Days has expired following such notice.</p> <p>6.2 Without prejudice to any other rights of T&amp;SCo under the Code, during any period in which a Material Default is subsisting, T&amp;SCo shall be entitled to reject or refuse to accept all or any of the following by the relevant User:</p> <p>(a) delivery of carbon dioxide at the User's Delivery Point; or</p> <p>(b) an application for Registered Capacity or increased Registered Capacity at any Delivery Point under Section E (<i>network use and capacity</i>).</p> <p>6.3 A User shall remain liable to pay Capacity Charges and Network Charges during any period in which paragraph 6.2 applies.</p>
7.	<b>Insolvency Default</b>	<p>7.1 An Insolvency Default occurs, save if and to the extent the provisions of section 233B of the Insolvency Act 1986 apply, when a User:</p> <p>(a) is unable to pay its debts (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986, but subject to paragraph ), or any voluntary arrangement is proposed in relation to it under Section I of that Act or it enters into any composition or scheme of arrangement (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or</p> <p>(b) has a receiver (which expression shall include an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed; or</p> <p>(c) has an administration order under Section 8 of the Insolvency Act 1986 made in relation to it; or</p> <p>(d) passes any resolution for winding-up (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or</p> <p>(e) becomes subject to an order by the High Court for winding-up; or</p>

No	Subject	Terms
		<p>(f) becomes subject to a bankruptcy order; or</p> <p>(g) becomes subject to an event made in a jurisdiction outside England and Wales, equivalent or analogous to any one or more of those events listed in paragraphs 7.1(a) to 7.1(f) above.</p> <p>7.2 For the purposes of paragraph 7.1(a), Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for '£750' there was substituted ['£insert'], and the User shall not be deemed to be unable to pay its debts for the purposes of that paragraph if any such demand as is mentioned in the said Section is being contested in good faith by the User with recourse to all appropriate measures and procedures.</p>
8.	<b>Payment Default</b>	<p>8.1 A Payment Default occurs where in relation to any amount (or amounts in aggregate) of not less than £[insert] which has become due for payment by the User under the Code:</p> <p>(a) the T&amp;SCo has issued a notice of demand for payment of the outstanding amount (a "<b>Late Payment Notice</b>"); and</p> <p>(b) the User has not paid such amount in full by the [insert] Day after the date of the Late Payment Notice.</p>
9.	<b>Default Termination</b>	<p>9.1 Upon the occurrence of a User Default, T&amp;SCo may give notice ("<b>Termination Notice</b>") to the User to the effect that the User shall cease to be a User of or in relation to the T&amp;S Network with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.</p> <p>9.2 [<b>Note:</b> <i>Alternative arrangements may apply for Users with the benefit of a DPA, ICCC or similar contract</i>]</p> <p>9.3 Where T&amp;SCo gives a Termination Notice to a User, with effect from the date specified in the notice, the User will cease to be a User of the T&amp;S Network and paragraph 11.2 shall apply.</p> <p>9.4 The giving of a Termination Notice and the application of paragraph 9.2 shall not affect the rights and obligations of T&amp;SCo and the User under the Code or any Ancillary Agreement (including rights and obligations in respect of the User Default, and in respect of amounts including interest payable by either Party, and rights and obligations arising pursuant to any provision of the Code in respect of the User's ceasing to be a User) accrued up to the date referred to in paragraph 9.3, which shall continue to be enforceable notwithstanding that paragraph.</p>

No	Subject	Terms
10.	<b>User discontinuation</b>	<p>10.1 A User may by giving notice ("<b>Discontinuance Notice</b>") to T&amp;SCo apply to cease to be a User of or in relation to the T&amp;SCo Network:</p> <ul style="list-style-type: none"> <li>(a) where it no longer intends to hold Registered Capacity; or</li> <li>(b) while a Construction Longstop Default is subsisting in respect of a failure of T&amp;SCo to complete the relevant T&amp;SCo Works.</li> </ul> <p>10.2 A User may not cease to be a User under this paragraph 10 until such time as:</p> <ul style="list-style-type: none"> <li>(a) where paragraph 10.1(a) applies, the User's Registered Capacity has expired;</li> <li>(b) all amounts payable or (other than in respect of any recurrent charge becoming payable by reason only of the lapse of time after the date on which the last of the other requirements of this paragraph 10.2 is satisfied) which may become payable by the User to T&amp;SCo pursuant to any provision of the Code or any Ancillary Agreement have been paid in full;</li> <li>(c) any requirements under any Ancillary Agreement in respect of termination have been complied with; and</li> <li>(d) any outstanding breach, being a breach capable of remedy and of which T&amp;SCo has given notice to the User, by the User of any provision of the Code or any Ancillary Agreement shall have been remedied.</li> </ul> <p>10.3 Where a User has given notice under paragraph 10.1, the User and T&amp;SCo shall remain bound by the Code and any Ancillary Agreement to which the User is party until the requirements of paragraph 10.2 are satisfied;</p> <p>10.4 Where a User has given notice under paragraph 10.1 after the satisfaction of the last of the requirements of paragraph 10.2 to be satisfied:</p> <ul style="list-style-type: none"> <li>(a) with effect from the 5th Business Day following such satisfaction, the User will cease to be a User;</li> <li>(b) without prejudice to paragraph 10.5, T&amp;SCo will as soon as reasonably practicable (and where possible before such date) inform the User of the date on which it ceases to be a User under paragraph (a).</li> </ul> <p>10.5 Notwithstanding paragraph 10.3, T&amp;SCo or (as the case may be) the User shall remain liable, subject to and in</p>

No	Subject	Terms
		<p>accordance with the Code, to the other and after the User Discontinuance Date:</p> <p>(a) for any amount which was or becomes payable under the Code or any Ancillary Agreement in respect of any period before the User Discontinuance Date; and</p> <p>(b) in respect of any outstanding breach of any provision of the Code or any Ancillary Agreement where such breach was not (for the purposes of paragraph 10.2(d)) capable of remedy or (notwithstanding that paragraph) was capable of remedy but was not remedied.</p>
11.	<b>Discontinuing Users and termination</b>	<p>11.1 A User may cease to be a User of or in relation to a T&amp;S Network pursuant to paragraph 9 or 10 and for the purposes of the Code a "<b>Discontinuing User</b>" is a User who so ceases to be a User and the "<b>User Discontinuance Date</b>" is the date with effect from which (in accordance with paragraph 9 or 10) a Discontinuing User ceases to be a User.</p> <p>11.2 Upon a User's ceasing to be a User:</p> <p>(a) subject to any provision of the Code expressed to survive termination and to paragraph 9.4, the Code Agreement shall cease to bind the Discontinuing User and (as respects the Discontinuing User) the T&amp;SCo;</p> <p>(b) each Ancillary Agreement to which a Discontinuing User is party shall, unless otherwise provided in such Ancillary Agreement, terminate as respects that User (but without prejudice to the continuance of that Agreement as respects any other User(s) party thereto) with effect from the User Discontinuance Date.</p> <p>11.3 A Discontinuing User's Registered Capacity shall not be reduced or cancelled (and the User will remain liable for payment of Capacity Charges in respect thereof but may elect to make prepayment thereof) other than:</p> <p>(a) Long Term Registered Network Capacity after the date which is three years from the Discontinuance Date; or</p> <p>(b) by agreement with the T&amp;SCo.</p> <p>11.4 A Discontinuing User will remain liable for payment of Network Charges for the period in which it is liable for Capacity Charges in accordance with paragraph 11.3.</p> <p>11.5 [<b>Note:</b> <i>Alternative arrangements may apply for Discontinuing Users that discontinue as a consequence</i></p>

No	Subject	Terms
		<p><i>of a Non-User default termination of a DPA, ICCC or similar contract].</i></p> <p>11.6 [<b>Note:</b> <i>Consideration to be given to responsibility for the costs of any decommissioning and disassembly/removal of assets]</i></p>
12.	<b>Boilerplate</b>	<p><b>[Note:</b> <i>This section will include various boilerplate provisions including in relation to:</i></p> <ul style="list-style-type: none"> <li>• <i>Assignment</i></li> <li>• <i>Waiver</i></li> <li>• <i>Language</i></li> <li>• <i>Severance</i></li> <li>• <i>Third Party rights</i></li> <li>• <i>Entire Agreement</i></li> <li>• <i>Jurisdiction</i></li> <li>• <i>Governing Law]</i></li> </ul>



## SECTION J: GLOSSARY

Capitalised terms used in these Heads of Terms: Section B Governance have the following meanings:

Term	Meaning
<b>Accession Agreement</b>	means an agreement in the form set out in Exhibit A pursuant to a which a User accedes to the Code Agreement. [ <b>Note:</b> <i>This will be a short-form standard accession agreement</i> ]
<b>Act</b>	[ <b>Note:</b> <i>this will refer to the legislation which provides for the grant of the Economic Licence to each T&amp;SCo.</i> ]
<b>Allowed Revenue</b>	means the amount that T&SCo is entitled to recover in accordance with its Licence.
<b>Ancillary Agreements</b>	means: <ul style="list-style-type: none"> <li>• the Construction Agreement; and</li> <li>• the Connection Agreement.</li> </ul> <p>[<b>Note:</b> <i>Ancillary Agreements may be expanded to the extent that the process of developing the Code identifies the need for further agreements. However, the general intent is to minimise the number of separate documents/agreements required</i>]</p>
<b>Annual Maintenance Meeting</b>	has the meaning given in paragraph 10.3 of Section E ( <i>network use and capacity</i> ).
<b>Annual Network Capacity</b>	means Network Capacity allocated by T&SCo on an annual basis.
<b>Applicable Interest Rate</b>	has the meaning given in paragraph 12.5 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Authority</b>	means the economic regulator.
<b>Billing Period</b>	means a calendar month
<b>Breach Notice</b>	has the meaning given in paragraph 5.1 of Section I ( <i>general</i> ).
<b>Capacity Application Window</b>	has the meaning given in paragraph 3.3 of Section E ( <i>network use and capacity</i> ).
<b>Capacity Charges</b>	means the Onshore Capacity Charge and/or the Offshore Capacity Charge.
<b>Capacity Constraint</b>	has the meaning given to that term in paragraph 11.1 of Section E ( <i>network use and capacity</i> ).
<b>Carbon Dioxide Specifications</b>	has the meaning given in paragraph 2.2 of Section F ( <i>network design and specification</i> ).
<b>CCS Network Code or Code</b>	means this CCS Network Code, including all Uniform Provisions and Specific Provisions, as may be applicable.
<b>Charges</b>	means each of the charges listed in paragraph 1.3 of Section H ( <i>charges, invoicing and payment</i> ).

<b>Term</b>	<b>Meaning</b>
<b>Charges Statement</b>	means the statement to be published in accordance with paragraph 6 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Charging Half Year</b>	means a period from: <ul style="list-style-type: none"> <li>• 1 April until and including 30 September in any year; or</li> <li>• 1 October until and including 31 March in the following year.</li> </ul>
<b>Charging Methodology</b>	means the methodology for determining the Charges in accordance with Section H ( <i>charges, invoicing and payment</i> ).
<b>Charging Year</b>	means the period from 1 April in any year until and including 31 March in the following year.
<b>Code Agreement</b>	means the agreement which makes the Code binding on a T&SCo or a User.
<b>Code Implementation Date</b>	means the effective date of the Code Agreement when the CCS Network Code will become binding on the first T&SCo(s) and User(s).
<b>Communication</b>	<i>[Note: to be developed – this will include different categories of communications under the Code, such as nominations, curtailment notices, etc.]</i>
<b>Competent Authority</b>	means the Authority, or any local, national or supra-national agency, authority, department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof) which has jurisdiction over the T&SCo or a User or the subject matter of the Code.
<b>Connection Agreement</b>	means an agreement between a T&SCo and a User in the form set out in Exhibit C.  <i>[Note: In the interests of consistency it is expected that T&amp;SCos and Users will enter into a Connection Agreement in a prescribed form, save that some provisions may need to differ based on the type of User].</i>
<b>Construction Agreement</b>	means an agreement between a T&SCo and a User in the form set out in Exhibit B.  <i>[Note: In the interests of consistency it is expected that T&amp;SCos and Users will enter into a Construction Agreement in a prescribed form, save that some provisions may need to differ based on the type of User].</i>
<b>Construction Longstop Default</b>	means a failure by T&SCo to complete the T&SCo Works or the User to complete the User Works by the applicable longstop date (as extended in accordance with the Construction Agreement) in accordance with paragraph [14] of the Construction Agreement.

<b>Term</b>	<b>Meaning</b>
<b>Consultation</b>	means the consultation process described in paragraph 2.12 and 2.14 of Section B ( <i>governance</i> ).
<b>Conventional Notice</b>	means a notice which complies with the general requirements of the notice provisions in the Code.
<b>Credit Rating Agency</b>	means: <ul style="list-style-type: none"> <li>• Fitch Ratings,</li> <li>• Moody’s Investment Service and Standard; and/or</li> <li>• Poor’s Rating Group and any of their subsidiaries.</li> </ul>
<b>Curtailment Effective Time</b>	has the meaning given in paragraph 13.2(b) of Section E ( <i>network use and capacity</i> ).
<b>Daily Quantity</b>	has the meaning given in paragraph 1.5 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Day</b>	means the period from 00:00 hours on one day until 11:59 on the following day
<b>Delivery Point</b>	means the point of connection between a User's Facility and the T&S Network at which point a User will deliver carbon dioxide into the T&S Network.
<b>Delivery Point Size</b>	means the size of the Delivery Point to which the User's Facility is connected, as set out in the Connection Agreement, expressed in tCO <sub>2</sub> /Day.
<b>Deposit Deed</b>	means an agreement that is Enforceable and in such form as provided to the User from time to time by T&SCo enabling the deposit of cash as security.
<b>Depreciation</b>	has the meaning given in the Economic Licence.
<b>Directive</b>	means any present or future directive, request, requirement, instruction, code of practice, direction or rule of any Competent Authority (but only, if not having the force of law, if it is reasonable in all the circumstances for it to be treated as though it had legal force), and any modification, extension or replacement thereof.
<b>Discontinuance Notice</b>	has the meaning given in paragraph 10 of Section I ( <i>general</i> ).
<b>Discontinuing User</b>	has the meaning given in paragraph 11.1 of Section I ( <i>general</i> ).
<b>Enforceable</b>	means T&SCo (acting reasonably) is satisfied that the instrument of security or surety is legally enforceable and in this respect, where surety is provided by a company registered outside of England and Wales, the country of residence of such company must have a sovereign credit rating of a Qualifying Company (where such ratings conflict, the lower of the ratings will be used)

Term	Meaning
	and the User shall at its own expense provides such legal opinion as the T&SCo may reasonably require.
<b>Entry Provisions</b>	has the meaning given in paragraph 2.1 of Section F ( <i>network design and specification</i> ).
<b>Expert Determination</b>	means the process for determination of a dispute by Experts in accordance with paragraph 9 of Section B ( <i>governance</i> ).
<b>Fast Track Self-Governance Procedure</b>	<p>means that a proposal, if implemented:</p> <ul style="list-style-type: none"> <li>(a) would meet the self-governance criteria; and</li> <li>(b) is properly a housekeeping modification required as a result of some error or factual change, including but not limited to: <ul style="list-style-type: none"> <li>(i) updating names or addresses listed in the uniform network code;</li> <li>(ii) correcting minor typographical errors;</li> <li>(iii) correcting formatting and consistency errors, such as paragraph numbering; or</li> </ul> </li> </ul> <p>updating out of date references to other documents or paragraphs.</p>
<b>Flow Charges</b>	means the Onshore Flow Charge and/or the Offshore Flow Charge.
<b>Forecasting Pro-Forma</b>	means the pro-forma document issued by T&SCo identifying the information to be provided by Users in accordance with paragraph 5.2 of Section H ( <i>charges, invoicing and payment</i> ).
<b>General Default</b>	has the meaning given in paragraph 6.1 of Section I ( <i>general</i> ).
<b>Initial Users</b>	has the meaning given in paragraph 1.1(a)1.1(a) of Section C ( <i>connection</i> ).
<b>Insolvency Default</b>	has the meaning given in paragraph 7 of Section I ( <i>general</i> ).
<b>Invoice Amount</b>	means the amount shown as payable by the User or T&SCo in respect of that item under the relevant Invoice Document.
<b>Invoice Document</b>	means an invoice document submitted by T&SCo to a User pursuant to this Section H ( <i>charges, invoicing and payment</i> ).
<b>Invoice Due Date</b>	has the meaning given in paragraph 10.2 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Late Payment Notice</b>	has the meaning given in paragraph 12.1 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Local Requirements</b>	has the meaning given in paragraph 2.5 of Section F ( <i>network design and specification</i> ).

<b>Term</b>	<b>Meaning</b>
<b>Legal Requirement</b>	means any Act of Parliament, regulation, licence or Directive of a Competent Authority.
<b>Letter of Credit</b>	means an unconditional irrevocable standby letter of credit in such form as reasonably provided to the User from time to time by T&SCo from such bank as T&SCo may approve, (provided that payment may be made at a United Kingdom branch of such issuing bank) with a long term debt rating of not less than that of a Qualifying Company (where such ratings conflict, the lower of the ratings will be used).
<b>Licence</b>	means the Economic Licence granted to each T&SCo under the Act.
<b>Long-term Network Capacity</b>	means Network Capacity allocated by T&SCo for a period exceeding one year.
<b>Maintenance Programme</b>	the programme of planned maintenance of the T&S Network, containing in relation to the relevant Planning Period the information specified in paragraph 10.2 of Section E ( <i>network use and capacity</i> ).
<b>Maximum Eligible Capacity</b>	means the maximum Network Capacity that a User could apply for as specified in its Connection Agreement.
<b>Measurement Equipment</b>	has the meaning given in paragraph 5.1 of Section F ( <i>network design and specification</i> ).
<b>Measurement Requirements</b>	has the meaning give in paragraph 2.3 of Section F ( <i>network design and specification</i> ).
<b>Member</b>	means any individual for the time being appointed to the Modification Panel.
<b>Minimum Eligible Capacity</b>	means the maximum Network Capacity that a User could apply for as specified in its Connection Agreement.
<b>Modification</b>	means any modification of the CCS Network Code made pursuant to the Modification Rules.
<b>Modification Panel</b>	means the panel comprised in accordance with paragraph 1.2 of Section B ( <i>governance</i> ) which is to perform the functions described in paragraph 1 of Section B ( <i>governance</i> ).
<b>Modification Procedures</b>	means the provisions relating to Modifications and Modification Proposals set out in paragraphs 1 and 2 to 7 of Section B ( <i>governance</i> ) and, as the context may require, any of those provisions.
<b>Modification Proposal</b>	means a proposal for a Modification which meets the requirements of the Code.
<b>Modification Report</b>	means a draft, final or amended final report prepared in accordance with paragraphs 2.12 to 2.17 of Section B ( <i>governance</i> ).

<b>Term</b>	<b>Meaning</b>
<b>Modification Rules</b>	means the rules set out in paragraphs 1 and 2 to 7 of Section B ( <i>governance</i> ).
<b>Network Capacity</b>	has the meaning given in paragraph 1.3 of Section E ( <i>network use and capacity</i> ).
<b>Network Capacity Portal</b>	[ <b>Note:</b> <i>It is assumed that T&amp;SCos will have the ability to maintain a portal which will facilitate various processes with Users such as capacity allocation.</i> ]
<b>Network Charges</b>	means the Onshore Network Charge and/or the Offshore Network Charge.
<b>Network Expansion Works</b>	means works for the expansion, reinforcement or extension of a T&S Network, including works in relation to existing parts of a T&S Network (including taking any part of a T&S Network out of service, whether on a provisional or permanent basis) to enable such works to be carried out.
<b>Nominated Quantity</b>	has the meaning given in paragraph 5.3 of Section E ( <i>network use and capacity</i> ).
<b>Nomination</b>	means a nomination by a User in respect of a quantity of carbon dioxide to be delivered to the T&S Network on a Day.
<b>Obligated Network Capacity</b>	has the meaning given in paragraph 1.6 of Section E ( <i>network use and capacity</i> ).
<b>Offshore Capacity Charge</b>	has the meaning given in paragraph 1.6(a)(ii) of Section H ( <i>charges, invoicing and payment</i> ).
<b>Offshore Capacity Rate</b>	means the rate determined in accordance with paragraph 3.2 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Offshore Flow Charge</b>	has the meaning given in paragraph 1.4(a)(ii) of Section H ( <i>charges, invoicing and payment</i> ).
<b>Offshore Flow Rate</b>	means the rate determined in accordance with paragraph 2.2 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Offshore Mutualised Network Charge Rate</b>	means the rate determined in accordance with paragraph 4.7 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Offshore Network Charge</b>	has the meaning given in paragraph 1.10(a)(ii) of Section H ( <i>charges, invoicing and payment</i> ).
<b>Offshore Network Charge Cap</b>	has the meaning given in paragraph 4.8 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Offshore Network Charge Rate</b>	means the rate determined in accordance with paragraph 4.2 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Offshore Proportionate Network Charge Rate</b>	means the rate determined in accordance with paragraph 4.6 of Section H ( <i>charges, invoicing and payment</i> ).

<b>Term</b>	<b>Meaning</b>
<b>Offshore System Charge Invoice</b>	means an invoice for the Offshore Flow Charge, Offshore Capacity Charge and the Offshore Network Charge.
<b>Offshore Transportation System</b>	<i>[Note: Definition to be developed]</i>
<b>Offshore User</b>	means a User with a Delivery Point which connects to the T&S Network at the Offshore Transportation System.
<b>Onshore Capacity Charge</b>	has the meaning given in paragraph 1.6(a)(i) of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore Capacity Rate</b>	means the rate determined in accordance with paragraph 3.1 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore Flow Charge</b>	has the meaning given in paragraph 1.4(a)(i) of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore Flow Rate</b>	means the rate determined in accordance with paragraph 2.1 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore Mutualised Network Charge Rate</b>	means the rate determined in accordance with paragraph 4.3 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore Network Charge</b>	has the meaning given in paragraph 1.10(a)(i) of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore Network Charges Cap</b>	has the meaning given in paragraph 4.4 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore Network Charge Rate</b>	means the rate determined in accordance with paragraph 4.1 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore Proportionate Network Charge Rate</b>	means the rate determined in accordance with paragraph 4.2 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Onshore System Charge Invoice</b>	means an invoice for the Onshore Flow Charge, Onshore Capacity Charge and the Onshore Network Charge.
<b>Onshore Transportation System</b>	<i>[Note: Definition to be developed]</i>
<b>Onshore User</b>	means a User with a Delivery Point which connects to the T&S Network at the Onshore Transportation System.
<b>Panel Chairperson</b>	<i>[Note: role of Panel Chairperson to be developed.]</i>
<b>Panel Majority</b>	has the meaning given in paragraph 1.17 of Section B ( <i>governance</i> ).
<b>Payment Default</b>	has the meaning given in paragraph 8 of Section I ( <i>general</i> ).
<b>Planning Period</b>	means a period of 5 Charging Years commencing on 1 April.

<b>Term</b>	<b>Meaning</b>
<b>Programmed Maintenance</b>	means maintenance performed in accordance with the prevailing Maintenance Programme.
<b>Proposer</b>	means the person that submitted a Modification Proposal.
<b>Qualifying Company</b>	means: <ul style="list-style-type: none"> <li>• in the case of a company registered in England and Wales a public or private company within the meaning of section 1(3) of the Companies Act 1985 with a long term debt rating of [at least A] provided by a Credit Rating Agency (where such ratings conflict, the lower of the ratings will be used); or</li> <li>• in the case of an entity registered outside of England and Wales, such equivalent entity to (i) above that is acceptable to the Transporter, acting reasonably.</li> </ul>
<b>Reasonable and Prudent Operator</b>	means a person seeking, in good faith, to perform its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator complying with all applicable Legal Requirements engaged in the same type of undertaking in similar circumstances and conditions.
<b>Registered Capacity</b>	has the meaning given in paragraph 1.5 of Section E ( <i>network use and capacity</i> ).
<b>Registered Long-Term Network Capacity</b>	means Long Term Network Capacity that is registered as held by a User.
<b>Regulatory Requirements</b>	means various laws, regulations, permits and licences relating to the operation of the T&S Network, as well as orders and directions issued by relevant regulators under these instruments, including (but not limited to) the storage permit held by T&SCo.
<b>Required Security</b>	has the meaning given in paragraph 7.2.
<b>Secretary</b>	means the individual appointed under paragraph 1.14 of Section B ( <i>governance</i> ).
<b>Secretary of State</b>	means the Secretary of State for Business, Energy and Industrial Strategy.
<b>Self-Governance Criteria</b>	means a proposal that, if implemented: <ul style="list-style-type: none"> <li>(a) is unlikely to have a material effect on: <ul style="list-style-type: none"> <li>(i) competition in the transportation or storage of carbon dioxide conveyed through pipes or any commercial activities connected with the transportation or storage of carbon dioxide conveyed through pipes; and</li> </ul> </li> </ul>



Term	Meaning
	<ul style="list-style-type: none"> <li>(ii) the operation of one or more pipe-line system(s); and</li> <li>(iii) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and</li> <li>(iv) the Code governance procedures or the Code Modification procedures; and</li> </ul> <p>(b) is unlikely to discriminate between different classes of parties to the Code.</p>
<b>Self-Governance Determination Date</b>	means the date on which the Modification Panel makes a determination whether to implement or not to implement a Self-Governance Modification Proposal.
<b>Self-Governance Modification Proposal</b>	<p>means a Modification Proposal which:</p> <ul style="list-style-type: none"> <li>(a) the Modification Panel has determined satisfies the Self-Governance Criteria and in respect of which the Secretary has submitted to the Authority a Self-Governance Statement (which has not been rejected by the Authority by the Self-Governance Modification Proposal Determination Date); or</li> <li>(b) the Authority has determined satisfies the Self-Governance Criteria under paragraph 2.24 of Section B (<i>governance</i>).</li> </ul>
<b>Self-Governance Statement</b>	means a statement complying with the requirements of the Code which identifies the proposed Self-Governance Determination Date.
<b>Specific Provisions</b>	means the provisions of the Code which only apply to a particular T&S Network, or part of a T&S Network, as set out in the Annexures.
<b>Standard Licence Conditions</b>	means the standard licence conditions of the Licence.
<b>Store</b>	<b>[Note: Definition to be developed]</b>
<b>T&amp;SCo</b>	means the holder of a Licence, who operates a T&S Network.
<b>T&amp;S Network</b>	means a pipeline system for the transportation and storage of carbon dioxide, which may include onshore and offshore components.
<b>T&amp;SCo Representative</b>	means a representative of a T&SCo or T&SCos appointed to the Modification Panel.
<b>Termination Notice</b>	has the meaning given in paragraph 9 of Section I ( <i>general</i> ).

<b>Term</b>	<b>Meaning</b>
<b>Uniform Provisions</b>	means all the provisions of the Code, other than the Specific Provisions, which apply to each T&S Network or part of a T&S Network, unless otherwise specified.
<b>Urgent Modification</b>	means a Modification made pursuant to an Urgent Modification Proposal.
<b>Urgent Modification Proposal</b>	means a Modification Proposal in respect of which it is to be submitted to the Authority that the Modification is required as a matter of urgency as described in Licence Condition [X].
<b>User</b>	means a person other than a T&SCo who is for the time being bound by the Code.
<b>User Default</b>	means a: <ul style="list-style-type: none"> <li>• General Default;</li> <li>• Payment Default.</li> <li>• Insolvency Default; or</li> <li>• Construction Longstop Default.</li> </ul>
<b>User Discontinuance Date</b>	means the date determined under paragraph 10.4 of Section I ( <i>general</i> ).
<b>User Facility</b>	means a single facility or several facilities (where such facilities share a single Delivery Point) operated by a User connected to the T&S Network at a Delivery Point.
<b>User Representative</b>	means a representative of a User or Users appointed to the Modification Panel.
<b>User Type</b>	means: [ <b>Note:</b> To include list of types of users eg dispatchable power, industrial, hydrogen etc.]
<b>User's Meter Readings</b>	has the meaning given in paragraph 8.1 of Section H ( <i>charges, invoicing and payment</i> ).
<b>Variable Opex</b>	has the meaning given in the Economic Licence.
<b>Voting Member</b>	means a T&SCo Representative or User Representative appointed as a Voting Member.
<b>WACC</b>	has the meaning given in the Economic Licence.
<b>Workgroup</b>	means a group constituted of T&SCos and Users, , which is convened for the general purposes of consideration and discussion of matters relating to the Code or a Modification Proposal in accordance with its Terms of Reference.
<b>Workgroup Assessment</b>	means an assessment of a Modification Proposal by a Workgroup in accordance with paragraph 2.9 to 2.10 of Section B ( <i>governance</i> ).

Term	Meaning
<b>Workgroup Report</b>	means the report of a Workgroup in relation to a Modification Proposal referred to it by the Modification Panel prepared pursuant to paragraph 2.10 of Section B ( <i>governance</i> ).

**EXHIBIT A: ACCESSION AGREEMENT**

[**Note:** *This will be a short-form standard accession agreement*]

## EXHIBIT B: CONSTRUCTION AGREEMENT

No	Subject	Terms
1.	<b>Parties</b>	<p>1.1 The parties to the Construction Agreement shall be:</p> <p>(a) "T&amp;SCo" (being the identified party to the Agreement which in relation to each T&amp;S Network or part of a T&amp;S Network, shall be the entity that is the holder of a Licence authorising it to operate that T&amp;S Network or part of a T&amp;S Network); and</p> <p>(b) "User" (being the identified party to the Agreement which is the person other than T&amp;SCo who is bound by the provisions of the CCS Network Code and delivers carbon dioxide into the T&amp;S Network at a Delivery Point).</p>
2.	<b>Scope</b>	<p>2.1 The Construction Agreement relates to the carrying out of work required to be performed by T&amp;SCo ("<b>T&amp;SCo Works</b>") and the User ("<b>User Works</b>") to connect the User Facility to the T&amp;S Network ("<b>the Works</b>").</p> <p><i>[Note: The scope of the works will be specifically described in schedules on an agreement by agreement basis. However, the User will be responsible for all works within the boundary of the User's Facility and the T&amp;SCo will be responsible for all works to connect the T&amp;S Network to the User's Facility at the boundary of the User's Facility.]</i></p>
3.	<b>Carrying out of Works</b>	<p>3.1 T&amp;SCo shall, acting as a Reasonable and Prudent Operator and subject to the terms and conditions of this Agreement, carry out the T&amp;SCo Works in accordance with the Construction Programme.</p> <p>3.2 The User shall, acting as a Reasonable and Prudent Operator and subject to the terms and conditions of this Agreement, carry out the User Works in accordance with the Construction Programme.</p> <p>3.3 The User shall, in carrying out the User Works, comply with the User Work Obligations and any directions issued by T&amp;SCo.</p> <p><i>[Note: In addition to setting out the agreed design details, which will be included in the schedules, there may be some standard safety/technical obligations (the User Work Obligations) included as schedules the Construction Agreement.]</i></p>
4.	<b>Design of the Works</b>	<p>4.1 Without prejudice to the User's obligation to ensure that the Works comply with the requirements of this Construction Agreement, the User shall provide T&amp;SCo with the opportunity to regularly review the User's designs for the User Works and comment where it considers that such design may prevent the User Works</p>

No	Subject	Terms
		from complying with the requirements of this Agreement or the Code.
5.	<b>Consents for the Works</b>	<p>5.1 Following the effective date of the Construction Agreement T&amp;SCo shall use its best endeavours to obtain in relation to the T&amp;SCo Works, and the User shall use its best endeavours to obtain in relation to the User Works, all outstanding Consents. Each shall give advice and assistance to the other to the extent reasonably required by the other in the furtherance of these obligations. [<b>Note:</b> <i>It is expected that all substantive consents will be in place prior to commencement of the Construction Agreement</i>]</p> <p>5.2 Each party shall provide copies of any relevant correspondence and keep the other party regularly updated in writing or by such other means as the parties may agree as to progress made from time to time in the obtaining of relevant Consents.</p>
6.	<b>Liaison</b>	<p>6.1 The parties shall continuously liaise throughout the Construction Programme and Commissioning Programme and each shall provide to the other all information relating to:</p> <p>(a) in the case of the User, the User Works; and</p> <p>(b) in the case of T&amp;SCo, the T&amp;SCo Works,</p> <p>as is reasonably necessary to assist the other in performance of that other's part of the Works, and shall use all reasonable endeavours to coordinate and integrate their respective part of the Works.</p> <p>6.2 There shall be on-site meetings between representatives of the parties at intervals to be agreed between the parties.</p> <p>6.3 Each party shall deliver to the other party a written report of progress during each calendar quarter within 7 days of the end of that quarter.</p> <p>6.4 [<b>Note:</b> <i>A broader forum of T&amp;SCo and Users involved in the commissioning of the T&amp;S Network may be required.</i>]</p>
7.	<b>Shared access</b>	<p>7.1 During the Construction Programme and the Commissioning Programme, the User shall provide T&amp;SCo with access to the site of the User Works, and T&amp;SCo shall provide the User access to the site of the T&amp;SCo Works (and each case that access rights shall be extended to that party' employees, agents, suppliers and contractors) but not so as to disrupt or delay the construction and completion of the other's Works on the said sites or the operation of the other's plant and apparatus located thereon.</p>

No	Subject	Terms
		<p>7.2 Any access under paragraph 7.1 shall be exercised only:</p> <ul style="list-style-type: none"> <li>(a) where it is reasonably necessary for the purposes of carrying out of the Works;</li> <li>(b) with the prior approval of the other party (which should not be unreasonably withheld);</li> <li>(c) in accordance with any reasonable requirements relating to such access.</li> </ul>
8.	<b>Construction Programme</b>	8.1 An agreed Construction Programme for the Works is included as a schedule to the Construction Agreement and amended in specified circumstances under the Construction Agreement.
9.	<b>Commissioning Programme</b>	<p>9.1 Not later than [X] months prior to the Commissioning Programme Commencement Date, T&amp;SCo shall provide the User with a draft Commissioning Programme for the Commissioning of the Works.</p> <p>9.2 The User shall, as quickly as practicable and in any event within [X] months of receipt thereof, determine whether or not to approve the proposed Commissioning Programme (which approval shall not be unreasonably withheld or delayed) and shall within such [X] month period either notify T&amp;SCo of its approval or, in the event that the User reasonably withholds its approval, notify T&amp;SCo of any changes or variations to the proposed Commissioning Programme recommended by the User. If the T&amp;SCo does not accept such changes or variations submitted by the User any dispute shall be addressed in accordance with Section B (<i>governance</i>) of the CCS Network Code.</p> <p>9.3 [<b>Note:</b> <i>Alternative arrangements may apply for Users involved in the commissioning of the T&amp;S Network.</i>]</p>
10.	<b>Commissioning</b>	<p>10.1 Each party shall give written notice to the other declaring its readiness to commence the Commissioning Programme.</p> <p>10.2 The Commissioning Programme shall commence forthwith once both parties have given written notice to the other under paragraph 10.1. The Works shall be deemed to have been Commissioned on the date that T&amp;SCo certifies in writing to that effect.</p>
11.	<b>Delays</b>	11.1 If either party shall have reason to believe that it is being delayed or will be delayed in carrying out that party's Works for any reason (whether it is one entitling it to an adjustment to that date under paragraph 11.2 of this Construction Agreement or not) it shall forthwith notify the other party in writing of the circumstances giving rise

No	Subject	Terms
		<p>to the delay and of the extent of the actual and/or anticipated delay.</p> <p>11.2 If prior to the Completion Date a party (in this paragraph 11.2 “the <b>Affected Party</b>”) shall be delayed in carrying out any of the Affected Party’s Works (including their commissioning) by reason of:</p> <ul style="list-style-type: none"> <li>(a) any act, default or omission on the part of the other Party (in this Clause the “<b>Defaulting Party</b>”) or the Defaulting Party’s employees, agents, contractors or sub-contractors;</li> <li>(b) an event of Force Majeure; or</li> <li>(c) <i>[insert other events giving rise to a right to extend time]</i>,</li> </ul> <p>the Affected Party shall be entitled to have such later date or dates fixed as the Commissioning Programme Commencement Date and/or (as the case may be) the Completion Date as may be fair and reasonable in the circumstances provided that it shall have notified the other Party in writing of such event within 28 days of it becoming aware of the occurrence giving rise to the delay together with an estimate of the proposed delay which it will cause the Affected Party.</p> <p><i>[<b>Note:</b> Under Construction Agreements with some initial Users, an extension to the T&amp;SCo Works programme (which includes the broader T&amp;S Network) may need to be administered consistently across all initial Construction Agreements].</i></p>
12.	<b>Consequences of T&amp;SCo delays</b>	<p><b>Delayed commencement of commissioning</b></p> <p>12.1 <i>[<b>Note:</b> Liquidated damages may apply although different arrangements may apply for Users with the benefit of a DPA, ICCC or similar contract]</i></p> <p><b>Delayed completion of commissioning</b></p> <p>12.2 <i>[<b>Note:</b> As above.]</i></p>
13.	<b>Consequences of User delays</b>	<p><b>Delayed commencement of commissioning</b></p> <p>13.1 <i>[<b>Note: Note:</b> Liquidated damages may apply although different arrangements may apply for Users with the benefit of a DPA, ICCC or similar contract.].</i></p> <p><b>Delayed completion of commissioning</b></p> <p>13.2 <i>[<b>Note:</b> As above.]</i></p>



No	Subject	Terms
14.	<b>Programme</b>	14.1 If either party's Works are delayed, the Construction Programme shall be amended accordingly in accordance with this clause.
15.	<b>Longstop date</b>	<p>15.1 In the event that T&amp;SCo or the User shall have failed, in circumstances not entitling it to the fixing of a new date pursuant to paragraph 11.2, to complete the T&amp;S Works or User Works (as applicable) by the Longstop Date, then such failure shall constitute a Construction Longstop Default and Section I (<i>general</i>) shall apply.</p> <p>15.2 [<b>Note:</b> Different arrangements may apply for Users with the benefit of a DPA, ICCC or similar contract.]</p>
16.	<b>Approval for connection to become operational</b>	16.1 [ <b>Note:</b> the Construction Agreement will provide for a timetable of actions for the parties in the lead up to the start of the Commissioning Programme, including the exchange of technical drawings, contact information and other matters provided for under the T&S Code].
17.	<b>Becoming operational</b>	17.1 T&SCo shall complete the connection at the Connection Site during the course of and in accordance with the Commissioning Programme and thereafter upon compliance by the User with the provisions of paragraph 16 and provided the T&SCo Works shall be Commissioned the T&SCo shall forthwith notify the User in writing that the connection shall become operational.
18.	<b>Termination Events</b>	18.1 This Construction Agreement the associated Connection Agreement and the Code Agreement (in respect of the User) shall be co-terminus.
19.	<b>Definitions</b>	<p>19.1 Capitalised terms used in the Construction Agreement have the meaning given to them in the Code and:</p> <p>(a) <b>"Commissioning Programme Commencement Date"</b> means the date specified in the Construction Programme for the commencement of the Commissioning Programme or any substituted date fixed under the terms of this Construction Agreement.</p> <p>(b) <b>"Completion Date"</b> means [ ] or such other date as may be agreed in terms of this Construction Agreement for completion of the T&amp;S Works/User Works.</p> <p>(c) <b>"Consents"</b></p> <p>(i) all such planning and other statutory consents; and</p> <p>(ii) all wayleaves, easements, rights over or interests in land or any other consent; or</p>

No	Subject	Terms
		<p>(iii) permission of any kind as shall be necessary for the construction of the Works and for commencement and carrying on of any activity proposed to be undertaken at or from such Works when completed.</p> <p>(d) <b>"Construction Longstop Default"</b> has the meaning given in paragraph 15</p> <p>(e) <b>"Commissioning Programme"</b> means the sequence of operations/tests necessary to connect the User Facility to the T&amp;S Network for the purpose of making the User Works operable with the T&amp;S Network.</p> <p>(f) <b>"Construction Programme"</b> means the agreed programme for the Works to be carried out by or on behalf of T&amp;SCo and the User as set out in Schedule [X] to the Construction Agreement or as amended from time to time in accordance with the express terms of the Construction Agreement.</p> <p>(g) <b>"Force Majeure"</b> means [<i>definition to be developed.</i>]</p> <p>(h) <b>"Liquidated Damages"</b> means [<b>Note:</b> <i>Rate of liquidated damages to be stated in the Construction Agreement.</i>]</p> <p>(i) <b>"Longstop Date"</b> means [<b>Note:</b> <i>To be stated in the Construction Agreement</i>]</p> <p>(j) <b>"Reasonable and Prudent Operator"</b> means a person acting, in good faith, to perform its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances.</p> <p>(k) <b>"T&amp;S Network"</b> means a pipeline system for the transportation and storage of carbon dioxide, which may include onshore and offshore components.</p> <p>(l) <b>"T&amp;SCo Works"</b> means those Works specified in the Construction Agreement for which T&amp;SCo is responsible.</p> <p>(m) <b>"User Works"</b> means those Works specified in the Construction Agreement for which the User is responsible.</p>

### Schedules to the Construction Agreement

No.	Schedule subject matter	Terms
1.	<b>T&amp;SCo Works</b>	<i>[details of the T&amp;SCo Works, including design specifications]</i>
2.	<b>User Works</b>	<i>[details of the User Works, including design specifications]</i>
3.	<b>Construction Programme</b>	<i>[the agreed Construction Programme]</i>
4.	<b>User Works Obligations</b>	<i>[any general technical/operational/safety requirements that will apply to all User Works]</i>

## EXHIBIT C: CONNECTION AGREEMENT

It is intended that a T&SCo will enter into a Connection Agreement with each User in relation to the connection of the User Facility at the Delivery Point and the rights to deliver carbon dioxide at the Delivery Point.

In order to maintain the greatest extent of uniformity, it is intended that matters addressed in the Connection Agreement should be minimised and limited to those matters which relate specifically to the T&SCo and the User which could not be addressed in the main body of the Code.

It is contemplated that a separate Construction Agreement will govern the arrangements relating to the construction of the works required to connect a User's facilities to the T&S Network.

This Connection Agreement is intended to relate to Delivery Points in the T&S Network, where carbon dioxide will be delivered by Users. If it is envisaged that in the future there may be offtakers of the carbon dioxide from the T&S Network, a separate Connection Agreement relating to exit points may be required.

Separate contractual arrangements may also be required for Users who deliver carbon dioxide to the Store by ship, depending on what arrangements are made for that carbon dioxide to be injected into the Store.

No	Subject	Terms
1.	<b>Parties</b>	<p>1.1 The parties to the Connection Agreement shall be:</p> <p>(a) "T&amp;SCo" (being the identified party to the Agreement which in relation to each T&amp;S Network or part of a T&amp;S Network, shall be the entity that is the holder of a Licence authorising it to operate that T&amp;S Network or part of a T&amp;S Network); and</p> <p>(b) "User" (being the identified party to the Agreement which is the person other than T&amp;SCo who is bound by the provisions of the CCS Network Code and delivers carbon dioxide into the T&amp;S Network at a Delivery Point).</p> <p><i>[Note: It may become necessary to distinguish between different types of Users.]</i></p>
2.	<b>Recitals</b>	<p>2.1 T&amp;SCo and the User are parties to the Code Agreement (being an agreement by which the CCS Network Code is made contractually binding between CCS Network Code Parties).</p> <p>2.2 This Connection Agreement is entered into pursuant to the CCS Network Code and shall be read as being governed by it.</p>
3.	<b>Scope</b>	<p>3.1 The Connection Agreement relates to the connection of the User Facility at the Delivery Point and the User's rights to deliver carbon dioxide at the Delivery Point.</p> <p>3.2 Except as expressly provided otherwise in this Agreement, each party will perform its duties under this Agreement in accordance with the standard of a Reasonable and Prudent Operator.</p>

No	Subject	Terms
4.	<b>Commencement and Term</b>	<p>4.1 The Connection Agreement commences on the Commencement Date specified in Schedule 1, which is the date when Commissioning has been completed in accordance with the Construction Agreement.</p> <p>4.2 This Connection Agreement shall continue to be in force until it is terminated in accordance with the Provisions of Section I (general) of the CCS Network Code.</p>
5.	<b>Entry Provisions</b>	<p>5.1 The Entry Provisions that apply to the User are specified in Schedule 2.</p> <p>5.2 The User recognises and acknowledges that the Entry Provisions are designed to protect the T&amp;S Network and to ensure that T&amp;SCo can safely transport and store carbon dioxide within the T&amp;S Network in compliance with its Legal Requirements.</p>
6.	<b>Provision of Security</b>	<p>6.1 <i>[Note: User specific requirements for security that may be required in accordance with Section E of Section H could be included].</i></p>
7.	<b>Capacity Allocation</b>	<p>7.1 The User shall acquire Registered Capacity to use the T&amp;S Network in accordance with Section E of the CCS Network Code.</p> <p>7.2 The Registered Capacity that the User acquires to deliver carbon dioxide at the Delivery Point may not:</p> <p>(a) be less than the Minimum Eligible Capacity; or</p> <p>(b) exceed the Maximum Eligible Capacity.</p>
8.	<b>Charges</b>	<p>8.1 The User shall pay all Charges in accordance with the CCS Network Code.</p>
9.	<b>Variations</b>	<p>9.1 T&amp;SCo and the User shall effect any amendment required to be made to this Connection Agreement as a result of a modification to the CCS Network Code or the T&amp;S Licence, or as a result of an order or direction made in accordance with the Regulatory Requirements.</p> <p>9.2 The User authorises and instructs T&amp;SCo to make any such amendment on its behalf and undertakes not to withdraw, qualify or revoke such authority or instruction at any time.</p>
10.	<b>Boilerplate provisions</b>	<p>10.1 <i>[Note: This section will include provisions dealing with:</i></p> <ul style="list-style-type: none"> <li>• <i>assignment and accession to the Agreement where there is a new owner of the User Facility;</i></li> <li>• <i>disputes [possibly by reference to the CCS Network Code]; and</i></li> <li>• <i>confidentiality.]</i></li> </ul>

No	Subject	Terms
11.	<b>Definitions</b>	<p>11.1 Capitalised terms used in the Connection Agreement have the meaning given to them in CCS Network Code and:</p> <ul style="list-style-type: none"> <li>(a) <b>Carbon Dioxide Specifications</b> means the Carbon Dioxide Specifications which are stated to apply to the User's Delivery Point in Schedule 2.</li> <li>(b) <b>Delivery Point</b> means the point of connection between a User's Facility and the T&amp;S Network at which point a User will deliver carbon dioxide into the T&amp;S Network.</li> <li>(c) <b>Entry Provisions</b> means the terms and conditions which specify the requirements in respect of the delivery of carbon dioxide to the T&amp;S Network at the Delivery Point including the Carbon Dioxide Specifications, Measurement Requirements and Local Requirements stated to apply to the User's Delivery Point or specified in Schedule 2.</li> <li>(d) <b>Flow Rate</b> means [the total instantaneous flow rate, in the form of carbon dioxide, expressed in tCO<sub>2</sub>/hour/Day] that is being delivered at the Delivery Point]</li> <li>(e) <b>Local Requirements</b> means the technical requirements that apply to a User's Delivery Point or equipment, as specified in Schedule 2.</li> <li>(f) <b>Measurement Requirements</b> means those procedures, methods and standards in place in respect of the measurement and determination of the quantity and delivery characteristics of carbon dioxide delivered or tendered for delivery at the Delivery Point which are stated to apply to the User's Delivery Point in Schedule 2.</li> <li>(g) <b>Maximum Eligible Capacity</b> means the maximum Flow Rate on a tCO<sub>2</sub>/[hour/Day] basis, as set out in Schedule 1.</li> <li>(h) <b>Minimum Eligible Capacity</b> means [the minimum Flow Rate on a tCO<sub>2</sub>/[hour/Day] basis, as set out in Schedule 1</li> <li>(i) <b>Reasonable and Prudent Operator</b> means a person acting, in good faith, to perform its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator</li> </ul>

CCS Network Code – Heads of Terms  
Exhibit C: connection agreement

No	Subject	Terms
		<p>engaged in the same type of undertaking under the same or similar circumstances.</p> <p>(j) <b>User Facility</b> means the User's facility which is connected at the Delivery Point, as more particularly detailed in Schedule 1.</p>

**Schedules to the Connection Agreement**

No.	Schedule subject matter	Terms
1.	<b>Details of Commencement Date, User, User Facility, Delivery Point</b>	<i>[Note: Various details relating to the User and the particular Delivery Point will be set out here, including any technical diagrams. This section should also show the Delivery Point Size as this will be relevant to charging]</i>
2.	<b>Applicable Entry Provisions</b>	<i>[Note: This will set out details of the Carbon Dioxide Specification, Measurement Requirements and Local Requirements that apply to the User].</i>



**ANNEXURE A – CARBON DIOXIDE SPECIFICATIONS ([INSERT NAME] T&S NETWORK)**

*[to be developed]*

**ANNEXURE B – CARBON DIOXIDE SPECIFICATIONS ([INSERT NAME] T&S NETWORK)**

*[to be developed]*

**ANNEXURE C – MEASUREMENT REQUIREMENTS ([INSERT NAME] T&S NETWORK)**

*[to be developed]*

**ANNEXURE D – MEASUREMENT REQUIREMENTS ([INSERT NAME] T&S NETWORK)**

*[to be developed]*