



Department for  
Business, Energy  
& Industrial Strategy

# Carbon Capture, Usage and Storage

CCS Network Code – Indicative Heads of Terms

June 2022

## **Disclaimer:**

The details, as set out in this document, in whatever form they are expressed, are indicative only and do not constitute an offer by government and do not create a basis for any form of expectation or reliance. Parties are expected to get their own financial and legal advice. The business models referred to are not final and are subject to further development by the government, and approval by Ministers, in consultation with relevant regulators and the devolved administrations, as well as the development and Parliamentary approval of any necessary legislation, and completion of necessary contractual documentation. Government reserves the right to review and amend all provisions, for any reason and in particular to ensure that any proposals provide value for money (VfM) and are consistent with the current subsidy control regime.



© Crown copyright 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at: [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)

---

# Contents

CCS Network Code – Indicative Heads of Terms: Explanatory Note	4
Overview	4
Heads of Terms	4
CCS Network Code	4
A single CCS Network Code	5
Initial Code	5
Structure	5
Contents	5
Uniform Provisions and Specific Provisions	7
Development Process	7
Development Process to Date	7
Future Development Process	8
Feedback on existing draft Heads of Terms	8
Development of Further Technical Areas Workstreams	8

# CCS Network Code – Indicative Heads of Terms: Explanatory Note

*This document, and the Annex to it, set out our initial proposals for a CCS Network Code. The role of a Network Code was referred to in the January 2022 update entitled "Carbon Capture, Usage and Storage - An update on the business model for Transport and Storage".*

## Overview

### Heads of Terms

The indicative heads of terms dated June 2022 (published as an Annex to this document) set out the current proposals on the matters to be addressed in the CCS Network Code.

They remain subject to ongoing development in conjunction with the development of all other relevant components of the CCUS programme, in particular the T&S Regulatory Investment (TRI) model.

### CCS Network Code

Legislation will provide for a licensing regime that will prohibit the carrying out of the activities of carbon dioxide transportation and storage unless authorised by a licence (or exempt in limited circumstances).

The licence conditions will require T&SCo to have in place a network code, to be known as the "CCS Network Code".

The CCS Network Code will set out the commercial and technical rules and arrangements between T&SCos and Users, and between individual T&SCos, in relation to:

1. the connection by Users to a transport and storage network ("T&S Network"), or part of a T&S Network;
2. the delivery of carbon dioxide by Users into the T&S Network at a delivery point;
3. the transportation and storage of carbon dioxide delivered by Users at delivery points;
4. the operation and maintenance of each T&S Network; and
5. the interface between T&SCos in relation to different T&S Networks or parts of a T&S Network.

## A single CCS Network Code

It is intended that there will be a single CCS Network Code, rather than each T&S Network having its own network code with different terms. A single CCS Network Code will allow for expedient development and could facilitate growth (as it is possible that some clusters may be interconnected in the future).

Each T&SCo and User will enter into the "Code Agreement" or accede to it in order for the CCS Network Code to become binding upon it.

A T&SCo will therefore satisfy its licence condition to have a network code in place by entering into the Code Agreement (or acceding to it) and agreeing to be bound by the CCS Network Code.

## Initial Code

The immediate intention is to produce a form of CCS Network Code sufficient to support the Final Investment Decision of the T1 T&SCos and initial Users (the "Initial Code"). Accordingly government and industry are targeting simplicity in the development of the Initial Code.

The CCS Network Code will need to be modified as carbon capture, use and storage expands to include new or expanded T&S Networks (including the accommodation of non-pipeline transportation) and more and different types of Users connect to those T&S Networks.

## Structure

### Contents

The Code comprises:

1. the following sections of the main body:

Section A: introduction, structure and interpretation	explanation of this structure and the rules for interpreting the CCS Network Code
Section B: governance	process for modifying the CCS Network Code and the dispute resolution process
Section C: connection provisions	process for a User applying to connect to a T&S Network
Section D: network structure and planning	description of the different parts of a T&S Network and obligations in respect of network planning

Section E: network use and capacity	process for applying for and registering network capacity to a User as well as the consequences of constraints in the T&S Network
Section F: network design and specification	carbon dioxide entry conditions, network design specifications and metering/measurement requirements
Section G: industrial procedures	procedures to be followed if there is an incident impacting the network
Section H: charges, invoicing and payment	methodology for determining the charges and the processes for subsequent invoicing and payment
Section I: general	(among other things) information sharing, exclusions and limitations of liability and termination of a User
Section J: glossary	meaning of the terms used in the CCS Network Code

2. the following exhibits:

Exhibit	Description
Exhibit A: Accession Agreement	prescribed form of agreement for a User acceding to the Code Agreement which will make the CCS Network Code binding upon the relevant T&SCo or User
Exhibit B: Construction Agreement	prescribed form of agreement regulating the construction works necessary to connect a User Facility to the T&S Network
Exhibit C: Connection Agreement	prescribed form of agreement regulating the ongoing connection of the User Facility to the T&S Network and the rights to deliver carbon dioxide at the Delivery Point

3. the following annexures:

Annexure	Description
Carbon Dioxide Specification	required specification for the carbon dioxide to be delivered to the T&S Network
Measurement Requirements	specific technical requirements relating to the measurement equipment to be installed by Users

## Uniform Provisions and Specific Provisions

As mentioned above, government is seeking to maximise consistency across T&S Networks. However, it is also recognised that there may be some technical/operational differences between the different T&S Networks, and also some limited technical/operational requirements specific to particular Users. Accordingly the Code will contain:

Uniform Provisions – being the overwhelming majority of provisions intended to apply consistently to all T&S Networks – these will be Sections A to J and Exhibits A to C);

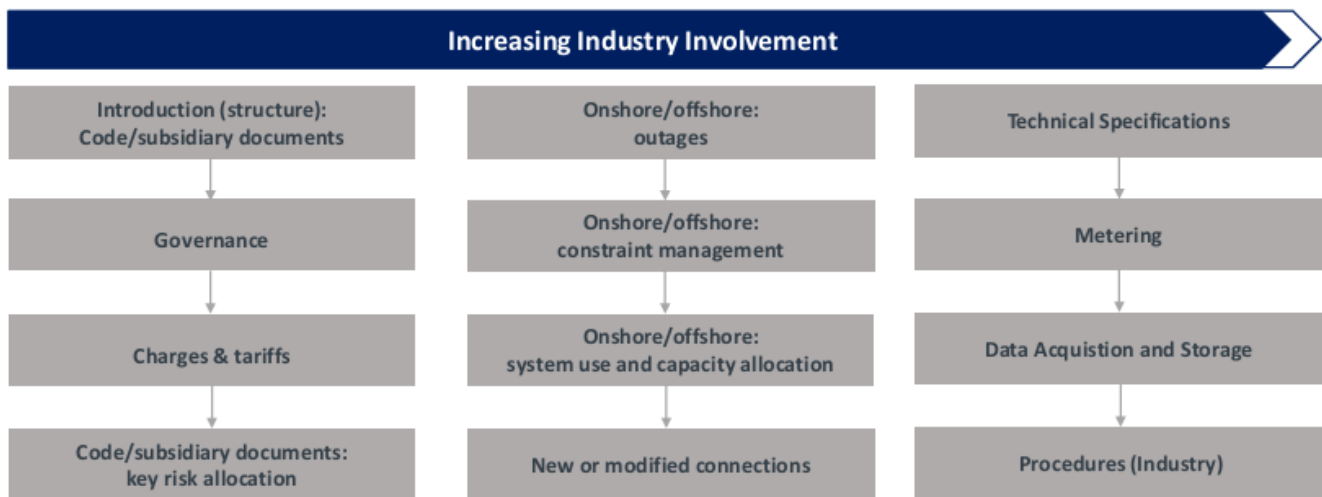
Specific Provisions – being those provisions which cannot be included in the Uniform Provisions because they are specific to a T&S Network or part of a T&S Network – these will be the Annexures; and

User-specific Provisions – being those provisions which are specific to a User – these will likely be the schedules to the Connection Agreement.

## Development Process

### Development Process to Date

The CCS Network Code is being developed in 12 workstreams based on a spectrum of expected industry involvement as follows:



Between March 2022 and May 2022 weekly engagement sessions were conducted between BEIS, Ofgem, T1-T&SCOs and representatives of the CCSA in respect of those workstreams shown in the red boxes above.

During these engagement sessions, BEIS presented key principles and minded to positions on key areas in those workstreams. T1-T&SCOs and the CCSA were given the opportunity to provide written feedback and then discuss that feedback in subsequent engagement sessions. Representatives of the CCSA conferred with the CCSA Members' Network Management sub-groups to produce this feedback.

### Future Development Process

Industry is now requested to:

1. provide feedback on the draft Heads of Terms; and
2. lead the development of the content for those workstreams in the right column of the above diagram ("Further Technical Areas – Workstreams").

### Feedback on existing draft Heads of Terms

The CCSA will use existing Member Working Group sub-groups (also open to non-CCSA members to join) to hold weekly meetings to outline and review the draft Heads of Terms.

### Development of Further Technical Areas Workstreams

The Further Technical Areas Workstreams will be developed as follows:

1. the T1-T&SCOs to prepare initial draft principles in relation to each workstream and presenting them to the existing CCSA Working Groups (also open to non-CCSA members to join);



2. T1-T&SCos and CCSA Working Groups to participate in engagement sessions to develop the proposals;
3. BEIS and Ofgem to provide feedback on proposals to T1-T&SCos and CCSA representatives; and
4. T1-T&SCos and CCSA representatives to finalise and submit draft principles to BEIS for the preparation of updated draft Heads of Terms for Section F (network design and specification) and Section G (industrial procedures).

---

This publication is available from: [www.gov.uk/beis](http://www.gov.uk/beis)

If you need a version of this document in a more accessible format, please email [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk). Please tell us what format you need. It will help us if you say what assistive technology you use.