

~~Dated~~

~~[]~~
(as the ~~EMITTER~~)

~~and~~

~~[LOW-CARBON CONTRACTS COMPANY LTD]~~
(as the ~~ICC CONTRACT COUNTERPARTY~~)

~~ICC AGREEMENT~~
~~RELATING TO [name of Project]~~

Dated

[_____]

(as the EMITTER)

and

[LOW CARBON CONTRACTS COMPANY LTD]

(as the ICC CONTRACT COUNTERPARTY)

ICC AGREEMENT

RELATING TO [name of Project]

[Note: This document is intended to be read alongside the Industrial Carbon Capture business model summary (December 2022) and Government response to consultation on the Industrial Carbon Capture business model (December 2022) and is subject to the "Disclaimer" within the Industrial Carbon Capture business model summary (December 2022).]

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THIS ICC AGREEMENT is dated _____ (the "Agreement Date") and made between:

- (1) [●], a company incorporated under the laws of [●] whose registered office is [●] and whose company number is [●] (the "Emitter"); and
- (2) [LOW CARBON CONTRACTS COMPANY LTD, a company incorporated under the laws of England and Wales whose registered office is 10 South Colonnade, London, England, E14 4PU and whose company number is 08818711] (the "ICC Contract Counterparty").

BACKGROUND

- (A) This ICC Agreement is entered into following the [applicable contract allocation or negotiation process established under or by virtue of [●]].³
- (B) The Emitter has satisfied the Eligibility Criteria.
- (C) The ICC Contract Counterparty is [a company wholly owned by the UK Government]⁴ and is entering into this ICC Agreement solely for the purpose of implementing the provisions of the [●].⁵
- (D) This ICC Agreement, together with the terms and conditions set out in [version [1] of the document entitled "ICC Contract Standard Terms and Conditions"] as at [insert date], constitute an "ICC Contract".⁶

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 Except as expressly specified in this ICC Agreement, words and expressions defined in the Conditions shall have the same meanings when used in this ICC Agreement. Where a term is defined in both this ICC Agreement and in the Conditions, the definition in this ICC Agreement shall apply instead of the definition in the Conditions.

- 1.2 In this ICC Agreement and its recitals:

~~["CaaS-Co" means [●], a company incorporated under the laws of [●] whose registered office is [●] and whose company number is [●]].⁷~~

"Capture Plant" means the part of the Installation described in Annex 1 (*Description of the Installation*), which:

- (A) is designed, developed, constructed, commissioned, operated and maintained for the specific purpose of capturing, conditioning, monitoring, metering and exporting CO₂ produced by the Industrial Installation (including all necessary interfaces and any other facilities or equipment required [to export CO₂ to the T&S Network](#) up to the CO₂ T&S Network Delivery Point(s)) which complies with the Delivery CO₂ Quality Standards; and

¹ Note to Reader: Counterparty details to be confirmed, as this remains subject to the LCCC being empowered through legislation to act as the counterparty and administer the ICC Contract.

² Note to Reader: Relevant legislation to be confirmed.

³ Note to Reader: Method of allocating ICC Contract to be confirmed.

⁴ Note to Reader: Counterparty description to be confirmed.

⁵ Note to Reader: Relevant legislation to be confirmed.

⁶ Note to Reader: Document description and date to be confirmed.

~~⁷—Note to Reader: If applicable, insert CaaS-Co details. Delete if not applicable.~~

(B) includes all associated infrastructure required to integrate such installation within the Project;^{8,7}

~~"Capture Plant~~**CO₂ T&S Network Delivery Point(s)**" means the point(s) of connection of the ~~Industrial Installation to the~~ Capture Plant to the T&S Network pursuant to the T&S Connection Agreement as identified on the plan in Annex 1 (*Description of the Installation*);⁹

~~["CO₂ T&S Network Utilisation Delivery Point(s)" means the point(s) of connection of the Capture Plant to the T&S Network as identified on the plan in Annex 1 (*Description of the Installation*);¹⁰~~

~~"CO₂ Usage Delivery Point(s)"~~ means the point(s) of connection of the Capture Plant to the [●] as identified on the plan in Annex 1 (*Description of the Installation*);^{11,12}

"Combined Heat and Power" means the generation of electricity and heat from an integrated generating station.]

"Combined Heat and Power Generating Station" means the Industrial Installation, or the relevant part thereof as specified in Annex 1 (*Description of the Installation*), which generates electricity and is (or may be) operated in order to supply heat produced in association with the electricity generated to any premises;]

"Conditions" means the terms and conditions set out in [version [1]] of the document entitled "ICC Contract Standard Terms and Conditions" as at [insert date] (as amended, modified, supplemented or replaced by this ICC ~~Contract~~Agreement and as may be amended, modified, supplemented or replaced from time to time in accordance with the Conditions);

~~"Eligibility Criteria" means the eligibility criteria for industrial carbon capture projects entering the [applicable contract allocation or negotiation process established under or by virtue of [●]]^{12,13}~~

"Eligible Capture Technology" means any capture technology in respect of which an emitter is eligible to apply for an ICC Contract;^{14,15}

"Eligible Industrial Technology" means any industrial technology which is used to manufacture products, treat materials and/or provide services for use in or as part of an industrial process or collection of industrial process(es) and falls within one (1) or more Eligible Sectors;

"Eligible Sectors" means:

^{8,7} Note to Reader: For clarity, equipment associated with the separation of CO₂ from process streams that is an essential part of the Industrial Installation, whether or not carbon capture is implemented, is not considered to be part of the Capture Plant. In this context, equipment is essential when it is required for the Industrial Installation to meet its design intent, and manufacture the relevant products, treat the relevant materials and/or provide the relevant services, in each case to the required specification, while meeting all necessary health, safety and environmental standards. If the Industrial Installation can achieve these outcomes without the provision or operation of certain equipment, then that equipment is not essential. If that non-essential equipment is installed and/or operated to achieve carbon capture, it is considered to be part of the Capture Plant. For example, the separation of CO₂ from a synthesis gas stream in order to achieve the compositional specification for a downstream process operation (such as a Fischer Tropsch Synthesis plant for the production of alternative fuels, methanol production from synthesis gas, substitute natural gas production from synthesis gas or the production of a high-purity hydrogen stream for use in fertiliser production or for use in refinery operations such as hydro-desulphurisation) would not be considered to be part of the Capture Plant; the CO₂ stream coming from this CO₂ separation unit operation would be regarded as the inlet stream to the Capture Plant which, in this case, would consist of CO₂ conditioning, compression, compositional analysis and flow metering. In addition, any CO₂ compression and related equipment which is required to supply CO₂ to another part of the process (e.g. as feedstock for urea synthesis or as pressurising gas in gasifier lockhoppers) is not considered to be part of the Capture Plant.

⁹ ~~Note to Reader: To be developed alongside metering approach.~~

¹⁰ ~~Note to Reader: BEIS is still considering the requirements for non-pipeline transportation solutions.~~

^{11,12} ~~Note to Reader: To be developed alongside metering approach.~~ If applicable, the CO₂ Utilisation Delivery Point(s) will be identified in Annex 1.

¹² ~~Note to Reader: Relevant legislation to be confirmed.~~

¹³ ~~Note to Reader: Please refer to the discussion on pages 51-61 of the Cluster Sequencing Phase 2 Document. Method of allocating ICC Contract to be confirmed.~~

^{14,15} ~~Note to Reader: Please refer to the discussion on pages 51-2 and 55-6 of the Cluster Sequencing Phase-2 Document.~~

- (A) the Combined Heat and Power sector; and
- (B) the sectors that fall within the Standard Industry Classification (SIC) codes 5 to 33 and 38, but excluding 24.46;⁺⁵₁₀

"Eligibility Criteria" means the eligibility criteria for industrial carbon capture projects entering the [applicable contract allocation or negotiation process established under or by virtue of [●]]¹¹;12

"Industrial Installation" means the industrial equipment and other facilities described in Annex 1 (*Description of the Installation*), which are capable of manufacturing the relevant products, treating the relevant materials and/or providing the relevant services, in each case utilising the Industrial Installation Technology, excluding the Capture Plant;

"Industrial Installation Technology" means the Eligible Industrial Technology deployed by the Industrial Installation, as specified in Annex 1 (*Description of the Installation*);

"Installation" means the Industrial Installation, the Capture Plant and (if applicable) all necessary interfaces and any other facilities or equipment required up to the ~~CO₂ Usage~~^{Utilisation} Delivery Point(s) ~~as set out in Annex 1 (*Description of the Installation*)~~, for the safe, efficient, timely and economical operation of the Industrial Installation and Capture Plant in a manner to satisfy fully the requirements under the ICC Contract;

"Installation Capture Technology" means the Eligible Capture Technology deployed by the Installation, as specified in Annex 1 (*Description of the Installation*); and

"Service Agent" has the meaning given to it in clause 11 (but only if Condition ~~74~~^[75] (*Agent for service of process*) is expressed to apply to the ICC Contract in this ICC Agreement).

2. AGREEMENT

The Emitter

- 2.1 The Emitter shall, as from the Agreement Date, comply with this ICC Agreement (including the Conditions) as the **"Emitter"** and agrees that the Conditions are hereby incorporated into this ICC Agreement as if they were clauses of this ICC Agreement.

The ICC Contract Counterparty

- 2.2 The ICC Contract Counterparty shall, as from the Agreement Date, comply with this ICC Agreement (including the Conditions) as the **"ICC Contract Counterparty"** and agrees that the Conditions are hereby incorporated into this ICC Agreement as if they were clauses of this ICC Agreement.

Modifications

Specific terms

- 2.3 [The Parties have agreed to amend the Conditions as set out in Annex ~~6~~⁸ (*Modification Agreement*).]¹³

~~2.4 Without prejudice to clause 2.6, the Emitter shall, on or around the Agreement Date, enter into a subcontract with CaaS Co (the "**CaaS Co Subcontract**") to provide the~~

⁺⁵₁₀ Note to Reader: Please refer to the discussion on page 54 of the Cluster Sequencing Phase-2 Document.

¹¹ Note to Reader: Relevant legislation to be confirmed.

¹² Note to Reader: Please refer to the discussion on pages 51-61 of the Cluster Sequencing Phase-2 Document.

¹³ Note to Reader: Clause to be retained only if specific amendments to any given ICC Contract are agreed to be made.

~~services set out in Annex 7 (CaaS Co Scope of Services), which shall, as a minimum, satisfy the requirements of the checklist set out in Annex 8 (CaaS Co Subcontract Checklist).~~

~~2.5 The Emitter shall perform its obligations under, and observe all of the provisions of, the CaaS Co Subcontract, and shall not:~~

- ~~(a) make or agree to make any [material] amendment, alteration or variation to such CaaS Co Subcontract;~~
- ~~(b) in any [material] respect depart from its obligations (or waive or allow to lapse any rights it may have in a [material] respect), or allow CaaS Co to depart from its obligations in any [material] respect;~~
- ~~(c) enter into any agreement replacing all or part of (or otherwise [materially and] adversely affecting the interpretation of) such CaaS Co Subcontract;~~
- ~~(d) terminate or agree to the termination of all or part of such CaaS Co Subcontract;~~
- ~~(e) agree to the novation or transfer of the CaaS Co Subcontract to a new entity; or~~
- ~~(f) enter into any new CaaS Co Subcontract;~~

~~without first obtaining the ICC Contract Counterparty's prior written consent to such course of action (such consent not to be unreasonably withheld).~~

~~2.6 Notwithstanding clause 2.4, the Emitter shall:~~

- ~~(a) be primarily responsible and liable in accordance with the terms of this ICC Agreement (including the Conditions) for all acts and omissions of CaaS Co as fully as if they were the acts and omissions of the Emitter, its officers, employees or agents, including (but not limited to) those acts and omissions that are carried out by CaaS Co in connection with the CaaS Co Subcontract, and the Emitter shall not be relieved from any liability or obligation under this ICC Agreement (including the Conditions) in respect of any such acts and omissions; and~~
- ~~(b) procure compliance by CaaS Co with the obligations that CaaS Co is responsible for discharging pursuant to the CaaS Co Subcontract including (but not limited to) those obligations which the Emitter is primarily responsible and liable for discharging under this ICC Agreement (including the Conditions) and which the Emitter has been required to pass down to CaaS Co in accordance with Annex 8 (CaaS Co Subcontract Checklist).~~

~~2.7 The ICC Contract Counterparty:~~

- ~~(a) acknowledges that the Emitter will enter into the CaaS Co Subcontract; and~~
- ~~(b) agrees that, without prejudice to clause 2.6(a), in respect of any obligation, undertaking or liability of or to be given by the Emitter in this ICC Agreement (including the Conditions) that cannot be fulfilled or discharged by the Emitter, the ICC Contract Counterparty shall accept the fulfilment or discharge of such obligation, undertaking or liability by or on behalf of CaaS Co.]¹⁶~~

2.4 ~~2.8~~ The Parties agree that, for the purposes of this ICC Contract, the Conditions shall be amended, modified, supplemented or replaced in accordance with the terms of this ICC Agreement.

¹⁶ Note to Reader: Clauses to be retained only if the specific amendments set out in Annex 6 are agreed to be made to any given ICC Contract pursuant to the applicable contract allocation or negotiation process established under or by virtue of [●].

3. **TERM**

The "**Specified Expiry Date**" applicable to this ICC Contract is the tenth (10th) anniversary of the Contract Payment Term Commencement Date.

4. **TECHNOLOGY TYPE^{17,14}**

Industrial Installation Technology

4.1 The Industrial Installation Technology is the industrial technology deployed by the Industrial Installation, as detailed in Annex 1 (*Description of the Installation*).

Installation Capture Technology

4.2 The Installation Capture Technology is the capture technology deployed by the Installation, as detailed in Annex 1 (*Description of the Installation*).

Inlet CO₂ Measurement

4.3 The definitions in:

(A) [Part A (*Pre-Capture Metering*)¹⁵ of Annex 6 (*Inlet CO₂ Measurement*); and]

(B) [Part [●] (●) of Annex 6 (*Inlet CO₂ Measurement*),

shall apply to this ICC Contract.

4.4 The "**Inlet CO₂ Measurement Equipment**" means:

(A) [in relation to the Pre-Capture Meter Inlet CO₂ Measurement Specification, the Inlet CO₂ Pre-Capture Meter(s), the Industrial Installation Pre-Capture Meter(s) and/or the Auxiliary CO₂ Generated Input Pre-Capture Meter(s) (as applicable) installed, operated and maintained in accordance with the Pre-Capture Meter Inlet CO₂ Measurement Specification; and]

(B) [●]¹⁶.

4.5 The "**Inlet CO₂ Measurement Specification(s)**" means:

(A) [the "**Pre-Capture Meter Inlet CO₂ Measurement Specification**" set out in [Annex 8 (*Pre-Capture Meter Operational Framework and Technical Specification*)]¹⁷ of the ICC Contract; and]

(B) [●]¹⁸.

^{17,14} Note to Reader: BEIS is considering whether any other project-specific information should be added to this section.

¹⁵ Note to Reader: The inlet CO₂ measurement method(s) will be agreed during negotiations following the application of the guidance developed by BEIS. The default measurement method is direct measurement by pre-capture meters and the definitions in Part A (*Pre-Capture Metering*) of Annex 6 will apply if the Emitter uses pre-capture metering. Further definitions will be developed in due course in respect of the two exceptions to this default measurement method (i.e. capture plant stack metering and indirect (UK ETS-compliant) calculation methodology) which an Emitter may be permitted to use in specified circumstances. An Emitter may measure its Measured CO₂ Input and its Auxiliary CO₂ Generated Input (if applicable) using different measurement methods and therefore the definitions in more than one Part may apply.

¹⁶ Note to Reader: The type of Inlet CO₂ Measurement Equipment will depend on the inlet CO₂ measurement method(s) agreed during negotiations. Further annexes will be developed in due course in respect of the two exceptions to the default measurement method (i.e. capture plant stack metering and indirect (UK ETS-compliant) calculation methodology) which an Emitter may be permitted to use in specified circumstances and the Inlet CO₂ Measurement Equipment definition will be developed accordingly.

¹⁷ Note to Reader: Annex 8 (*Pre-Capture Meter Operational Framework and Technical Specification*) of the ICC Contract will apply if the Emitter uses direct pre-capture metering.

¹⁸ Note to Reader: Other annexes will be developed in due course for the two exceptions to the default measurement method which an Emitter may be permitted to use if agreed during negotiations following application of the detailed guidance. An Emitter may measure its Measured CO₂ Input and its Auxiliary CO₂ Generated Input (if applicable) using different measurement methods and therefore more than one Annex may apply.

4.6 The "**Inlet CO₂ Measurement Point(s)**" means:

(A) [in relation to the Pre-Capture Meter Inlet CO₂ Measurement Specification, the Inlet CO₂ Pre-Capture Meter Measurement Point(s), the Industrial Installation Pre-Capture Meter Measurement Point(s) and/or the Auxiliary CO₂ Generated Input Pre-Capture Meter Measurement Point(s) (as applicable); and]

(B) [●]¹⁹

5. **CONDITIONS PRECEDENT AND MILESTONE**

Interpretation

5.1 The "**Initial Target Commissioning Window**" applicable to this ICC Contract shall be twelve (12) months, such period commencing on [●]^{18, 20}

5.2 The "**Target Commissioning Date**" applicable to this ICC Contract shall be [●].^{19, 21}

5.3 The "**Longstop Period**" applicable to this ICC Contract shall be twelve (12) months following the final day of the Target Commissioning Window or such longer period ~~as that~~ results from an extension in accordance with the definition of "**Longstop Date**".

Operational Conditions Precedent

5.4 [An "**Approved Scheme of Funding**" for the purposes of this ICC Contract means: [●].]^{20, 22}

5.5 [The following shall be added as additional Operational Conditions Precedent applicable to this ICC Contract after paragraph [4] of Part B (*Operational Conditions Precedent*) of Annex 1 (*Conditions Precedent*) to the Conditions:

"[5] CHP

Delivery to the ICC Contract Counterparty of:

(A) ~~(A)~~ a copy of a valid CHPQA Certificate; and

(B) ~~(B)~~ where the Capture Plant is only capturing emissions from the ~~Industrial Installation~~ Combined Heat and Power Generating Station, evidence, in form and content satisfactory to the ICC Contract Counterparty, acting reasonably, that the Emitter is supplying thermal and/or electrical energy to one (1) or more Eligible Industrial Installation(s) (excluding thermal and/or electrical energy used by the Emitter for self-consumption)."^{21, 23}

¹⁹ Note to Reader: The Inlet CO₂ Measurement Point(s) will depend on the inlet CO₂ measurement method(s) agreed during negotiations. Further annexes will be developed in due course in respect of the two exceptions to the default measurement method (i.e. capture plant stack metering and indirect (UK ETS-compliant) calculation methodology) which an Emitter may be permitted to use in specified circumstances, and the Inlet CO₂ Measurement Point(s) definition will be developed accordingly.

¹⁸ ~~Note to Reader: This shall be the date notified to BEIS in the Emitter's application for an ICC Contract as the start of the Target Commissioning Window. The Initial Target Commissioning Window must end before 31 December 2027.~~

²⁰ Note to Reader: This date shall be set on a project-by-project basis and agreed during negotiations. The Initial Target Commissioning Window must commence no later than 31 December 2027.

^{19, 21} Note to Reader: This shall be the date notified to BEIS in agreed during negotiations as the Emitter's application for an ICC Contract as its "Target Commissioning Date" and will be a date falling within the Initial Target Commissioning Window.

^{20, 22} Note to Reader: If applicable, this shall be notified to, and verified by, BEIS on a project-by-project basis and shall refer to any funding provided to the Emitter and/or its Affiliates from the Industrial Energy Transformation Fund and/or the Industrial Decarbonisation Challenge for development/pre-development expenditure incurred in respect of the Project prior to the Agreement Date. BEIS is considering whether this provision should also refer to any other relevant scheme(s) of funding.

^{21, 23} Note to Reader: Please refer to the discussion on page 50 and pages 71 to 72 of the April Update Document regarding the CHP-specific OCPs, including the definition of "CHP-only".

5.6 The "CO₂ Capture Rate Estimate" applicable to this ICC Contract is [●] (expressed as a percentage (%)).²²

~~5.7 The "CO₂ T&S Flow Rate Estimate" applicable to this ICC Contract is [●] (expressed in tCO₂/h).²³~~

~~5.8 The "CO₂ Usage Flow Rate Estimate" applicable to this ICC Contract is [●] (expressed in tCO₂/h).²⁴~~

5.7 The "CO₂ Rich Stream T&S Flow Rate Estimate" applicable to this ICC Contract is [●] (expressed in tCO₂RS/h).²⁵

5.8 [The "CO₂ Utilisation Flow Rate Estimate" applicable to this ICC Contract is [●] (expressed in tCO₂/h).²⁶]

5.9 The "Declared CO₂ T&S Flow Rate Percentage" applicable to this ICC Contract is [●] (expressed as a percentage (%)).^{25,27}

5.10 [The "Declared CO₂ Utilisation Flow Rate Percentage" applicable to this ICC Contract is [●] (expressed as a percentage (%)).²⁸]

Milestone

5.11 ~~5.10~~ The "Initial Milestone Delivery Date" applicable to this ICC Contract shall be eighteen (18) months after the Agreement Date.

5.12 ~~5.11~~ The "Total Project Pre-Commissioning Costs" applicable to this ICC Contract shall be £[●] per [●].^{26,29}

5.13 ~~5.12~~ The "Project Commitments" applicable to this ICC Contract shall be the requirements provided for in:

(A) ~~(a)~~ Part A of Annex ~~56~~ (Project Commitments); and

(B) ~~(b)~~ the section of Part B of Annex ~~56~~ (Project Commitments) which is expressed to apply to the Installation Capture Technology.

²² Note to Reader: This shall be the Emitter's estimate of the CO₂ capture rate which shall be notified to BEIS in the Emitter's application for an ICC Contract.

²³ Note to Reader: This shall be the Emitter's estimate of the CO₂ flow rate to the T&S Network (i.e. the total instantaneous mass flow rate of CO₂ that the Emitter estimates will be delivered to the CO₂ T&S Network Delivery Point(s)) which shall be notified to BEIS in the Emitter's application for an ICC Contract.

²⁴ Note to Reader: This shall be the Emitter's estimate of the CO₂ flow capture rate to the [●] (i.e. the total instantaneous mass flow rate of CO₂ that the Emitter estimates will be delivered to the CO₂ Usage Delivery Point(s)) which shall be notified to BEIS in the Emitter's application for an ICC Contract.

²⁵ Note to Reader: This shall be the Emitter's estimate of the CO₂ Rich Stream flow rate to the T&S Network (i.e. the total instantaneous mass flow rate of CO₂ Rich Stream that the Emitter estimates will be delivered to the CO₂ T&S Network Delivery Point(s)) which shall be notified to BEIS in the Emitter's application for an ICC Contract.

²⁶ Note to Reader: If applicable, this shall be the Emitter's estimate of the CO₂ flow rate to Utilisation (i.e. the total instantaneous mass flow rate of CO₂ that the Emitter estimates will be delivered to the CO₂ Utilisation Delivery Point(s)) which shall be notified to BEIS in the Emitter's application for an ICC Contract.

^{25,27} Note to Reader: This shall be the percentage of CO₂ captured by the Capture Plant which enters the T&S Network during the normal operation of the Capture Plant (i.e. where there are no Capture Outage Events or Full Capture Outage Events), which shall be notified to BEIS in the Emitter's application for an ICC Contract. This figure shall be verified during negotiations by BEIS on a project-by-project basis.

²⁸ Note to Reader: If applicable, this shall be the percentage of CO₂ captured by the Capture Plant for utilisation during the normal operation of the Capture Plant (i.e. where there are no Capture Outage Events or Full Capture Outage Events), which shall be notified to BEIS in the Emitter's application for an ICC Contract. This figure shall be verified by BEIS on a project-by-project basis.

^{26,29} Note to Reader: This shall be set on a project-by-project basis and agreed during negotiations. In a CaaS-Co scenario, this figure will be the Total Project Pre-Commissioning Costs for the whole capture plant, so that for Milestone Requirement purposes, the requirement is to evidence spend of 10% or more of the whole Capture Plant capex.

6. **CHANGES IN LAW²⁷**

~~6.1~~ The "Post-Tax Real Discount Rate" applicable to this ICC Contract is [●].^{28,30}

7. **PAYMENT CALCULATIONS**

7.1 The "Base Year" applicable to this ICC Contract is ~~2021~~2022.

7.2 The "**Capex Payment Rate**" applicable to this ICC Contract means the capex payment rate calculated in accordance with the following formula:

$$CPR = \frac{TCP + r}{[CO_2_Out_T\&S_E]/[CO_2_Out_E]}$$

where:

CPR	≡	Capex Payment Rate (£/tCO ₂)
TCP	≡	Total Capex Payment (£)
r	≡	Total Return Component (£)
[CO ₂ _Out_T&S_E]/[CO ₂ _Out_E]	≡	[Metered CO ₂ Output to T&S Estimate]/[Metered CO ₂ Output Estimate] ³¹ (tCO ₂)

7.3 The "**Eligible Opex Costs/Items**" applicable to this ICC Contract are ~~{●}~~ set out in Annex 2 (Eligible Opex Items).^{29,32}

7.4 The "**Fixed Trajectory Reference Price**" has the meaning given to that term in Annex 3 (Fixed Trajectory Reference Price).³³

7.5 ~~7.3~~ The "**Initial Expected Annual Capture Factor**" applicable to this ICC Contract is [●] (expressed as a percentage (%)).³⁰

~~7.4 The "**Fixed Trajectory Reference Price**" has the meaning given to it in Annex 2 (Fixed Trajectory Reference Price).^{31,34}~~

7.6 ~~7.5~~ The "**Initial Strike Price**" applicable to this ICC Contract is £[●]/tCO₂.^{32,35}

²⁷ — Note to Reader: This part is subject to further development of the QCIL compensation provisions.

^{28,30} — Note to Reader: This shall be equal to the Post-Tax Real Discount Rate which shall be notified to and agreed by BEIS on a project-by-project basis.

³¹ — Note to Reader: For hybrid CCS/CCU projects, the denominator for the Capex Payment Rate calculation will be the Metered CO₂ Output Estimate (i.e. the Emitter's estimate of the total amount of CO₂ that will be captured during the first five years of the Capex Payment Period) whereas, for CCS only projects, the denominator will be the Metered CO₂ Output to T&S Estimate (i.e. the Emitter's estimate of the total amount of CO₂ that will be captured and stored during the same period).

^{29,32} — Note to Reader: Elements of the Strike Price that are subject to the Opex Costs Early Reopener will be agreed during negotiations and set out in this clause Annex 2.

³³ — Note to Reader: During the Initial Term, the Fixed Trajectory Reference Price shall be the Reference Price for the purposes of the Opex Payment calculation. Please see Annex 3.

³⁰ — Note to Reader: The EACF for year 1 of the Opex Payment Period shall be set on a project-by-project basis and agreed during negotiations.

³¹ — Note to Reader: During the Initial Term, the Fixed Trajectory Reference Price shall be the Reference Price for the purposes of the opex payment calculation. Please see Annex 2.³⁴ Note to Reader: The EACF for year 1 of the Opex Payment Period shall be set on a project-by-project basis and agreed during negotiations.

^{32,35} — Note to Reader: The Initial Strike Price shall be set on a project-by-project basis and agreed during negotiations. The Strike Price relates to the Opex Payment only and the Initial Strike Price shall be the Strike Price in the Base Year.

- 7.7 ~~7.6~~ The "Maximum Annual CO₂ Capture Quantity" applicable to this ICC Contract is [●] (expressed in tCO₂).^{33,36}
- 7.8 The "Maximum CO₂ Rich Stream Output to T&S" applicable to this ICC Contract is [●] (expressed in tCO₂RS) in respect of each Opex Payment Year.³⁷
- 7.9 ~~7.7~~ The "Maximum T&S Capacity" applicable to this ICC Contract is [●] (expressed in ~~[●]~~ tCO₂RS) in respect of each Settlement Unit.^{34,38}
- 7.10 ~~7.8~~ The "Maximum T&S Delivery Point Size of Connection" applicable to this ICC Contract is [●] (expressed in tCO₂RS) in respect of each Settlement Unit.³⁹
- 7.11 The "Metered CO₂ Output Estimate" applicable to this ICC Contract is [●] (expressed in tCO₂).^{35,40}
- 7.12 ~~7.9~~ The "Metered CO₂ Output to T&S Estimate" applicable to this ICC Contract is [●] (expressed in tCO₂).^{36,41}
- 7.13 ~~7.10~~ The "OP Mitigation Adjustment" means an adjustment to the Strike Price (expressed as a percentage (%)) during a T&S Outage Event by reference to the duration of the T&S Outage Event and the Available T&S Capacity set out in the OP Mitigation Adjustment Table.⁴²
- 7.14 The "OP Mitigation Adjustment Table" applicable to this ICC Contract is set out in [Part A (Post-Combustion Capture)/Part B (Pre-Combustion Capture)] of Annex 34 (OP Mitigation Adjustment).³⁷
- 7.15 ~~7.11~~ The "Opex Costs Early Reopener Cap" applicable to this ICC Contract is [●] per cent.³⁸ ([●]%).⁴³

^{33, 36} Note to Reader: The Maximum Annual CO₂ Capture Quantity will be the greatest mass quantity of CO₂ that the Emitter is expected to capture in any of years one (1) to fifteen (15) of the Opex Payment Period, based on the design capacity and projected availability of the Capture Plant. This figure will be set on a project-by-project basis and will be agreed during negotiations.

³⁷ Note to Reader: This shall be the maximum amount of CO₂ Rich Stream that the Emitter can deliver to the T&S Network in an Opex Payment Year and will be agreed on a project-by-project basis. This definition is subject to further review as the T&S business model develops.

^{34, 38} Note to Reader: This shall be the maximum amount of CO₂ Rich Stream that the Emitter can deliver to the T&S Network in a ~~day~~ Settlement Unit and will be agreed on a project-by-project basis. This definition is subject to change as the T&S charging and capacity booking methodology is developed. This definition is subject to further review as the T&S business model is developed.

³⁹ Note to Reader: This shall be the maximum aggregate size of the T&S Network delivery point(s) that the Emitter will be deemed to require for the purposes of the ICC Contract (even where the Emitter has secured excess/redundant CO₂ injection capacity), and will be agreed on a project-by-project basis. This definition is subject to further review as the T&S business model is developed.

^{35, 40} Note to Reader: This shall be the ~~maximum size~~ Emitter's estimate of connection to the T&S Network mass quantity of CO₂ that ~~the Emitter will be captured in all Billing Periods in the first five (5) years of the Capex Payment Period based on the CO₂ Capture Rate Estimate, which shall be deemed notified to require BEIS in the Emitter's application for the purposes of the an ICC Contract (even where the Emitter has secured excess/redundant CO₂ injection capacity), and will be agreed on a project-by-project basis.~~

^{36, 41} Note to Reader: This shall be the Emitter's estimate of the mass quantity of CO₂ that will be captured and stored in all Billing Periods in the first five years of the Capex Payment Period based on the CO₂ Capture Rate Estimate and the Declared CO₂ T&S Flow Rate Percentage, which shall be notified to BEIS in the Emitter's application for an ICC Contract.

⁴² Note to Reader: The Variable Component of Strike Price will be adjusted during a T&S Outage Event by reference to the duration of the T&S Outage Event, the Available T&S Capacity, and the variable energy-related operating costs that an Emitter will be able to mitigate, and will be deemed to have mitigated, from reduced energy consumption by turning down the throughput of the Capture Plant from a full load to a part-load operating condition during such T&S Outage Event (please see Annex 4).

³⁷ ~~Note to Reader: The Strike Price will be adjusted during a T&S outage or capacity constraint by reference to costs that an Emitter will be able to mitigate, and deemed to have mitigated, in specific T&S outage or capacity constraint scenarios (please see Annex 3).~~

³⁸ ~~Note to Reader: The size and nature of the cap (e.g. a £ or % figure) shall be set on a project-by-project basis in advance of the negotiation stage. As stated on pages 35 to 39 of the April Update Document, the cap will only apply to cost increases, so there will not be a cap on the amount by which costs can decrease.⁴³ Note to Reader: In respect of each Eligible Opex Item, if at the Opex Costs Early Reopener Calculation Date, the volume has increased and the magnitude of the change in volume (i.e. the differential) exceeds both the Opex Costs Early Reopener Materiality Threshold and the Opex Costs Early Reopener Cap, the increase to the Strike Price will capped by reference to the Opex Costs Early Reopener Cap. The Opex Costs Early Reopener Cap does not apply to volume decreases. The Opex Costs Early Reopener Cap is anticipated to be set at 15% however, the cap will be set on a project-by-project basis and agreed during negotiations.~~

7.16 ~~7.12~~ The "Opex Costs Early Reopener Materiality Threshold" applicable to this ICC Contract is [●].³⁹

~~7.13~~ The "~~Total Annual FA Allocation~~" applicable to this ICC Contract is per cent. ([●].⁴⁰%).⁴⁴

7.17 ~~7.14~~ The "Total Capex Payment" applicable to this ICC Contract is £[●].^{44,45}

7.18 ~~7.15~~ The "Total Return Component" applicable to this ICC Contract is £[●].^{42,46}

7.19 The "Variable Component of Strike Price" applicable to this ICC Contract is [●]%.⁴⁷

7.20 ~~7.16~~ The "YCCM" or "Yearly Capex Cap Multiplier" applicable to this ICC Contract has the meaning given to it in Annex 45 (Yearly Capex Cap Multiplier).^{43,48}

7.21 [Condition 7.2(A)] (Capex Payment Calculation) shall be deleted and replaced with the following:

"(A) at any time during any Capex Payment Year (Cn):

$$\sum CO2_Out_{i,Cn} \geq CO2_Out_E \times YCCM_{Cn}$$

where:

$CO2_Out_{i,Cn}$ \equiv the Metered CO₂ Output (tCO₂) for each Settlement Unit (i) in the relevant Capex Payment Year (Cn)

$CO2_Out_E$ \equiv the Metered CO₂ Output Estimate (tCO₂)

$YCCM_{Cn}$ \equiv the Yearly Capex Cap Multiplier for the relevant Capex Payment Year (Cn)

then all further CP_i amounts in that Capex Payment Year (Cn) shall be zero (0); and"⁴⁹

7.22 [Condition 7.2(B)] (Capex Payment Calculation) shall be deleted and replaced with the following:

³⁹- ~~Note to Reader: As set out on pages 35 to 39 of the April Update Document, amendments to the Strike Price will only occur if the magnitude of the total changes in cost exceed the magnitude of this threshold, and the threshold shall be set on a project-by-project basis in advance of the negotiation stage.~~

⁴⁰- ~~Note to Reader: This shall be the total number of Free Allowances allocated to the Emitter in a given UK ETS year, which is a calendar year beginning on 1 January.~~⁴⁴ Note to Reader: The Strike Price will only be adjusted if, in respect of an Eligible Opex Item, the magnitude of the change in volume (i.e. the differential) exceeds this threshold. This threshold is an absolute value. The Opex Costs Early Reopener Materiality Threshold is anticipated to be set at 5% however, the threshold will be set on a project-by-project basis and agreed during negotiations.

⁴¹⁻⁴⁵ ~~Note to Reader: This shall be the total capital expenditure for the Capture Plant (and associated facilities/equipment) that will be subsidised via the ICC Contract. Please refer to pages 30 to 31 of the April Update Document for a discussion in respect of how capex may be treated for hybrid CCS/CCU projects. Such capital expenditure must have been incurred post-Agreement Date. It will not include development (i.e. pre-FEED and FEED) costs, as such costs will be incurred prior to the Agreement Date and may be subsidised under the Industrial Energy Transformation Fund and/or Industrial Decarbonisation Challenge. During FEED, the cost estimate for the Project will be defined to a level sufficient for a financial investment decision to be taken and the implementation stage to commence; the total capital expenditure for the implementation stage is what will be subsidised via the ICC Contract.~~

⁴²⁻⁴⁶ ~~Note to Reader: This shall be the total return component, which will be a fixed quantum reflecting an agreed rate of return on capital investment over five (5) years, expressed in pounds sterling.~~

⁴⁷ Note to Reader: The Variable Component of Strike Price shall be the proportion of the Strike Price that relates to the variable energy-related operating costs (expressed as a percentage (%)), which shall be notified to, and agreed by, BEIS on a project-by-project basis.

⁴³⁻⁴⁸ ~~Note to Reader: The YCCM is used to determine the relevant annual cap on capex payments, by reference to ~~an either: (i) for CCS only projects, the estimated maximum quantity of CO₂ either delivered by the Capture Plant to the CO₂ T&S Network Delivery Point(s) or (where during the relevant year, or (ii) for hybrid CCS/CCU projects, although this is still being considered by BEIS) the estimated maximum quantity of CO₂ delivered to both the CO₂ T&S Network Delivery Point(s) and the CO₂ Usage Utilisation Delivery Point(s), in each case during the relevant year. This cap may vary each year, depending on expected changes in production over the first five (5) years of the Capex Payment Period, and the cap for each year will be agreed during negotiations. Please refer to pages 30 to 31 of the April Update Document for a discussion in respect of how this cap may be set for hybrid CCS/CCU projects.~~~~

⁴⁹ Note to Reader: For hybrid CCS/CCU projects, Condition 7.2(A) shall be deleted and replaced with this Condition.

"(B) at any time during the Capex Payment Period (C_p):

$$\sum CO2_Out_{i,Cp} \geq CO2_Out_E$$

where:

$CO2_Out_{i,Cp}$ \equiv the Metered CO_2 Output (tCO_2) for each Settlement Unit (i) in the Capex Payment Period (C_p)

$CO2_Out_E$ \equiv the Metered CO_2 Output Estimate (tCO_2)

then all further CP_i amounts in the Capex Payment Period (C_p) shall be zero (0)."⁵⁰

8. EMITTER UNDERTAKING: CARBON CAPTURE AND CO_2 UTILISATION

Condition 26 [does not apply]/[applies] to this ICC Contract.⁵¹

9. ~~8.~~ **EMITTER UNDERTAKINGS: INFORMATION PROVISION**

9.1 ~~8.1~~ Condition ~~25.1~~28.1(B) [does not apply]/[applies] to this ICC Contract.^{44,52}

9.2 ~~8.2~~ Condition ~~25.1~~28.1(C) [does not apply]/[applies] to this ICC Contract.^{45,53}

9. ~~EMITTER UNDERTAKING: EXCESSIVE CARBON CREATION~~

9.1 ~~The "Agreed Carbon Intensity Baseline" applicable to this ICC Contract is [●].~~⁴⁶

10. **NOTICES**

10.1 The address and email address of each Party for any notice to be given under this ICC Contract, and the department or ~~office~~officer (if any) for whose attention the notice is to be made, is:

(A) ~~(a)~~ in the case of the Emitter:

Address:

Email address:

For the attention of:

(B) ~~(b)~~ in the case of the ICC Contract Counterparty:

Address:

Email address:

⁵⁰ Note to Reader: For a hybrid CCS/CCU project, Condition 7.2(B) shall be deleted and replaced with this Condition.

⁵¹ Note to Reader: For a hybrid CCS/CCU project, Condition 26 shall not apply as the Emitter would be entitled to commence utilisation from the Start Date.

⁴⁴ ⁵² Note to Reader: Delete as applicable. Condition ~~25.1~~28.1(B) applies to all CHP facilities awarded an ICC Contract.

⁴⁵ ⁵³ Note to Reader: Delete as applicable. Condition ~~25.1~~28.1(C) applies to CHP facilities awarded an ICC Contract, where the Capture Plant is only capturing emissions from the ~~Industrial Installation~~Combined Heat and Power Generating Station.

⁴⁶ ~~Note to Reader: This shall be the Emitter's estimate of the [Metered CO_2 Input from Industrial Installation] per unit of product manufactured, material treated and/or service provided by the Industrial Installation, with such estimate to be agreed during negotiations with BEIS.~~

For the attention of:

11. **AGENT FOR SERVICE OF PROCESS**

[Condition ~~71~~⁷⁵] (*Agent for service of process*) shall not apply to this ICC Contract and there shall be no Service Agent.]/[Condition ~~71~~⁷⁵] (*Agent for service of process*) shall apply to this ICC Contract and the "**Service Agent**" shall be [●] of [●].]⁴⁷_{s4}

⁴⁷_{s4} Note to Reader: Delete as applicable. This shall be the agent notified to BEIS in the Emitter's application for an ICC Contract as ~~the~~ the Emitter agent for service of process, where the Emitter is not based in England/Wales.

Annex 1

(Description of the Installation)~~(Description of the Installation)~~~~Part A~~ **Part A: Overview**

The Installation is the [NAME OF PROJECT], falling within the area delineated by the following grid references:

Corner Point ID	Latitude	Longitude
Northerly corner	[●]	[●]
Easterly corner	[●]	[●]
Southerly corner	[●]	[●]
Westerly corner	[●]	[●]

[Drafting note: Description of the Installation to be populated using information provided in the Emitter's application for an ICC Contract and to include the unique geographical coordinates of the Installation, the CO₂ T&S Network Delivery Point(s), the CO₂ Utilisation Delivery Point(s) (if applicable), the Auxiliary CO₂ Generated Input Pre-Capture Meter Measurement Point(s) (if applicable), the Industrial Installation Pre-Capture Meter Measurement Point(s) (if applicable), the Inlet CO₂ Pre-Capture Meter Measurement Point(s) (if applicable) and the Combined Heat and Power Generation Station (if applicable).]

~~Part B~~ **Part B: Industrial Installation Technology**

[Drafting note: Description of the Industrial Installation Technology to be populated using information provided in the relevant section of the Emitter's application for an ICC Contract.]

~~Part C~~ **Part C: Installation Capture Technology**

[Drafting note: Description of the Installation Capture Technology to be populated using information provided in the relevant section of the Emitter's application for an ICC Contract.]

Annex 2
(Eligible Opex Items)⁵⁵










~~(Fixed-Trajectory-Reference-Price)~~

Calendar Year-	Price (£/tCO₂)⁴⁸
2025	{●}
2026	{●}
2027	{●}
2028	{●}
2029	{●}
2030	{●}
2031	{●}
2032	{●}
2033	{●}
2034	{●}
2035	{●}
2036	{●}
2037	{●}
2038	{●}
2039	{●}
2040	{●}

<u>Eligible Opex Item</u>	<u>Price (£/unit of Eligible Opex Item)</u>	<u>Estimated volume in each Billing Period (unit of Eligible Opex Item/tCO₂)</u>
{●}	{●}	{●}

⁵⁵ Note to Reader: The purpose of the Opex Costs Early Reopener Adjustment is to align those elements that were estimated during negotiations to their actual value. The principles that will guide which elements are Eligible Opex Items are: (i) the relevant opex components must be a significant part of the Emitter's overall opex; and (ii) there must be considerable uncertainty in relation to the relevant opex components prior to operation. The main elements that are expected to be included in the Opex Costs Early Reopener are fuel and electricity volumes.

⁴⁸ Note to Reader: The Fixed-Trajectory-Reference-Price will be set by BEIS in advance of the negotiation stage. Despite the range of dates set out above, Opex Payments will not commence unless and until the Start Date occurs and will not continue beyond the Expiry Date.

Annex 3
(Fixed Trajectory Reference Price)

<u>Calendar Year</u>	<u>Price (£/tCO₂)⁵⁶</u>
<u>2022</u>	<u>83.00</u>
<u>2023</u>	<u>85.50</u>
<u>2024</u>	<u>88.00</u>
<u>2025</u>	<u>90.50</u>
<u>2026</u>	<u>93.00</u>
<u>2027</u>	<u>95.50</u>
<u>2028</u>	<u>98.00</u>
<u>2029</u>	<u>100.50</u>
<u>2030</u>	<u>103.00</u>
<u>2031</u>	<u>105.50</u>
<u>2032</u>	<u>108.00</u>
<u>2033</u>	<u>110.50</u>
<u>2034</u>	<u>113.00</u>
<u>2035</u>	<u>115.50</u>
<u>2036</u>	<u>118.00</u>
<u>2037</u>	<u>120.50</u>
<u>2038</u>	<u>123.00</u>
<u>2039</u>	<u>125.50</u>
<u>2040</u>	<u>128.00</u>

⁵⁶ Note to Reader: For the avoidance of doubt, despite the range of dates set out above, Opex Payments will not commence unless and until the Start Date occurs and will not continue beyond the expiry or termination of the ICC Contract.

Annex 4
(OP Mitigation Adjustment)^{49,57}

T&S Outage Scenario	Assumed Mitigation Steps	Percentage of Strike Price Reduction (%)
{●}	{●}	{●}
{●}	{●}	{●}
{●}	{●}	{●}
{●}	{●}	{●}
{●}	{●}	{●}
{●}	{●}	{●}
{●}	{●}	{●}
{●}	{●}	{●}

^{49,57} Note to Reader: ~~These details~~The Variable Component of Strike Price will be ~~agreed~~adjusted during ~~negotiations~~. ~~Once drafted, the Conditions will state that where a specific T&S Outage Scenario occurs, the~~ a T&S Outage Event by reference to the duration of the T&S Outage Event, the Available T&S Capacity, and the variable energy-related operating costs that an ~~Emitter will be able to mitigate, and will be~~ deemed to have taken the relevant Assumed Mitigation Steps, and the Percentage of Strike Price Reduction will apply until the T&S Outage Scenario comes to an end. Finally, BEIS is considering the interaction of the OP Mitigation Adjustment and Opex Cost Early Reopener mechanisms mitigated, from reduced energy consumption by turning down the throughput of the Capture Plant from a full load to a part-load operating condition during such T&S Outage Event.

Part A: Post-Combustion Capture











<u>Available T&S Capacity</u>	<u>Duration of T&S Outage Event and corresponding OP Mitigation Adjustment (%)</u>		
	<u>> 1 day ≤ 1 week</u>	<u>> 1 week ≤ 1 month</u>	<u>> 1 month</u>
<u>< 80% ≤ 100%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
<u>< 60% ≤ 80%</u>	<u>10%</u>	<u>25%</u>	<u>35%</u>
<u>< 40% ≤ 60%</u>	<u>20%</u>	<u>40%</u>	<u>55%</u>
<u>< 20% ≤ 40%</u>	<u>25%</u>	<u>50%</u>	<u>70%</u>
<u>0% ≤ 20%</u>	<u>50%</u>	<u>75%</u>	<u>90%</u>

Part B: Pre-Combustion Capture

<u>Available T&S Capacity</u>	<u>Duration of T&S Outage Event and corresponding OP Mitigation Adjustment (%)</u>		
	<u>> 1 day ≤ 1 week</u>	<u>> 1 week ≤ 1 month</u>	<u>> 1 month</u>
<u>< 80% ≤ 100%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
<u>< 60% ≤ 80%</u>	<u>10%</u>	<u>20%</u>	<u>25%</u>
<u>< 40% ≤ 60%</u>	<u>15%</u>	<u>30%</u>	<u>40%</u>
<u>< 20% ≤ 40%</u>	<u>20%</u>	<u>40%</u>	<u>55%</u>
<u>0% ≤ 20%</u>	<u>50%</u>	<u>75%</u>	<u>90%</u>

~~Annex 4~~

Annex 5
(Yearly Capex Cap Multiplier)

Year of Capex Payment Period	YCCM <i>(expressed as a decimal fraction)</i> ^{50s8}
1	
2	
3	
4	
5	
6	
7	
8	
9	
10 ^{51s9}	

^{50s8} Note to Reader: Please refer to footnote ^{43s48} for a discussion relating to the application of the YCCM.

^{51s9} Note to Reader: It is anticipated that the YCCM for years 6 to 10 of the Capex Payment Period will be the same as the YCCM for year 5 of the Capex Payment Period.

~~Annex 5~~

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Annex 6
(Inlet CO₂ Measurement)

Part A: Pre-Capture Metering

1. DEFINITIONS⁶⁰

The following definitions shall apply to this ICC Contract:

["Auxiliary CO₂ Generated Input Pre-Capture Meter Measurement Point(s)"] means the point(s) at which the Auxiliary CO₂ Generated Input is measured by the Auxiliary CO₂ Generated Input Pre-Capture Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]

["Auxiliary CO₂ Generated Input Pre-Capture Meter(s)"] has the meaning given to that term in the Inlet CO₂ Measurement Specification;]

["Industrial Installation Pre-Capture Meter Measurement Point(s)"] means the point(s) at which the Metered CO₂ Input from Industrial Installation is measured by the Industrial Installation Pre-Capture Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]

["Industrial Installation Pre-Capture Meter(s)"] has the meaning given to that term in the Inlet CO₂ Measurement Specification;]

["Inlet CO₂ Measurement Data"] has the meaning given to that term in the Inlet CO₂ Measurement Specification;]

["Inlet CO₂ Pre-Capture Meter(s)"] has the meaning given to that term in the Inlet CO₂ Measurement Specification;] and

["Inlet CO₂ Pre-Capture Meter Measurement Point(s)"] means the point(s) at which the Measured CO₂ Input is measured by the Inlet CO₂ Pre-Capture Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*).]

2. INLET CO₂ MEASUREMENT SPECIFICATION

The **"Inlet CO₂ Measurement Specification"** applicable to this ICC Contract is [Annex [8] (*Pre-Capture Meter Operational Framework and Technical Specification*)].

⁶⁰ Note to Reader: Each Emitter must have a minimum of two (2) measurement points in order to measure: (i) the Measured CO₂ Input from Industrial Installation; (ii) the Auxiliary CO₂ Generated Input (if applicable); and (iii) the Measured CO₂ Input. Relevant definitions to be included depending on the location of the Emitter's measurement points and the measurement method utilised.

Annex 7
(Project Commitments)

Part A: General Project Commitments

~~Part A: General Project Commitments~~

Delivery to the ICC Contract Counterparty of the following:

- (A) a copy of a resolution of the Emitter's board of directors (or an equivalent management committee or body) to:
 - (i) undertake the Project;
 - (ii) approve the total financial commitments required to commission the Project (the "**Total Project Spend**"); and
 - (iii) approve a timetable for undertaking the Project which demonstrates that the Installation can reasonably be expected to be Commissioned no later than the Longstop Date;
 - (B) a Directors' Certificate certifying that:
 - (i) the Emitter has, or will have, sufficient financial resources to meet the Total Project Spend;
 - (ii) any contract entered into and provided as Supporting Information pursuant to the Milestone Requirement Notice, in the reasonable opinion of the Emitter by reference to the facts and circumstances then existing, is:
 - (a) legal, valid and binding; and
 - (b) entered into with one or more counterparties who are each able to perform their obligations under such contract;
 - (iii) the Emitter has a leasehold or freehold interest in the site where the Installation is based (the "**Installation Site**") or a contract to obtain the same;
 - (iv) the Installation Site is not subject to any covenants, restrictions, agreements, planning obligations, estate contracts, options, rights of way or other encumbrances which materially inhibit the use of the Installation Site for the purposes of the Project;
 - (v) there are available to the Installation Site such rights, easements and services as are necessary to undertake the Project and operate the Installation;
 - (vi) the Emitter has identified all necessary consents to undertake the Project (the "**Necessary Consents**"); and
 - (vii) there is a credible strategy in place to obtain the Necessary Consents and the Necessary Consents are not subject to any condition for which there does not exist a plan to satisfy that condition, such that the Emitter is not aware of any necessary consents which cannot be obtained or complied with^{7.4};
- ((iii) to (vii), together the "**Installation Requirements**"); and

- (C) Supporting Information evidencing (i) that the Emitter has, or will have, sufficient financial resources to meet the Total Project Spend and (ii) the Installation Requirements.

~~Part B~~ **Part B: Technology Specific Project Commitments**

1. **POST-COMBUSTION TECHNOLOGY**

Delivery to the ICC Contract Counterparty of Supporting Information evidencing any one of the following:

- (A) entry by the Emitter into an engineering, procurement and construction contract for the Installation, providing for the supply and installation of the Material Equipment;
- (B) entry by the Emitter into an agreement for the supply of the Material Equipment; and
- (C) entry by the Emitter into: (i) a framework agreement for the supply of the Material Equipment; and (ii) a binding purchase order for the Material Equipment.

For the purpose of this section of Part B, the following definition shall apply to this ICC Contract:

"Material Equipment" means such equipment in respect of the Project, which, acting in accordance with a Reasonable and Prudent Standard, the Emitter could reasonably be expected to have ordered, and/or concluded a supply agreement in respect of, to enable the Facility to be Commissioned at the start of the Target Commissioning Window, and in any event, such equipment shall include:

- (i) absorber column;
- (ii) stripper column; and
- (iii) CO₂ compressors.

2. **OXY-FUEL TECHNOLOGY**

Delivery to the ICC Contract Counterparty of Supporting Information evidencing any one of the following:

- (A) entry by the Emitter into an engineering, procurement and construction contract for the Installation, providing for the supply and installation of the Material Equipment;
- (B) entry by the Emitter into an agreement for the supply of the Material Equipment; and
- (C) entry by the Emitter into: (i) a framework agreement for the supply of the Material Equipment; and (ii) a binding purchase order for the Material Equipment.

For the purpose of this section of Part B, the following definition shall apply to this ICC Contract:

"Material Equipment" means such equipment in respect of the Project, which, acting in accordance with a Reasonable and Prudent Standard, the Emitter could reasonably be expected to have ordered, and/or concluded a supply agreement in respect of, to enable the Facility to be Commissioned at the start of the Target Commissioning Window.

3. **PRE-COMBUSTION TECHNOLOGY**

Delivery to the ICC Contract Counterparty of Supporting Information evidencing any one of the following:

- (A) entry by the Emitter into an engineering, procurement and construction contract for the Installation, providing for the supply and installation of the Material Equipment;
- (B) entry by the Emitter into an agreement for the supply of the Material Equipment; and
- (C) entry by the Emitter into: (i) a framework agreement for the supply of the Material Equipment; and (ii) a binding purchase order for the Material Equipment.

For the purpose of this section of Part B, the following definition shall apply to this ICC Contract:

"Material Equipment" means such equipment in respect of the Project, which, acting in accordance with a Reasonable and Prudent Standard, the Emitter could reasonably be expected to have ordered, and/or concluded a supply agreement in respect of, to enable the Facility to be Commissioned at the start of the Target Commissioning Window, and in any event, such equipment shall include CO₂ compressors.

4. **EMERGING TECHNOLOGY**

Delivery to the ICC Contract Counterparty of Supporting Information evidencing any one of the following:

- (A) entry by the Emitter into an engineering, procurement and construction contract for the Installation, providing for the supply and installation of the Material Equipment;
- (B) entry by the Emitter into an agreement for the supply of the Material Equipment; and
- (C) entry by the Emitter into: (i) a framework agreement for the supply of the Material Equipment; and (ii) a binding purchase order for the Material Equipment.

For the purpose of this section of Part B, the following definition shall apply to this ICC Contract:

"Material Equipment" means such equipment in respect of the Project, which, acting in accordance with a Reasonable and Prudent Standard, the Emitter could reasonably be expected to have ordered, and/or concluded a supply agreement in respect of, to enable the Facility to be Commissioned at the start of the Target Commissioning Window.

~~Annex 6-~~

Annex 8
(Modification Agreement)⁵²

1. ~~DEFINITIONS AND INTERPRETATION~~⁵³

~~1.1 Condition [1.1] is amended by deleting the words "and the Emitter" in the definition of "Grant Funding Agreement" and replacing them with the words "and the CaaS Co".~~

~~1.2 Condition [1.1] is amended by deleting sub-paragraph [(B)(ii)] of the definition of "Representatives" and replacing it with a new sub-paragraph [(B)(ii)], as follows:~~

~~"any of its Contractors, agents, consultants and advisers which are engaged in connection with the Project, the ICC Contract, any other ICC Document, the Grant Funding Agreement or the CaaS Co Subcontract; and".~~

~~1.3 Condition [1.1] is amended by deleting sub-paragraph [(B)(iii)] of the definition of "Representatives" and replacing it with a new sub-paragraph [(B)(iii)], as follows:~~

~~"the directors, officers, employees, agents, consultants and advisers of any of its Contractors which are engaged in connection with the Project, the ICC Contract, any other ICC Document, the Grant Funding Agreement or the CaaS Co Subcontract;".~~

~~1.4 Condition [1.11] is amended by deleting the words "any person other than the Emitter" and replacing them with the words "any person other than the Emitter or the CaaS Co (as applicable)".~~

2. ~~TERM~~

~~Condition [2.4(C)(i)] shall be amended by deleting the words "the Emitter shall provide the Requested Extension Supporting Information" and replacing them with the words "the Emitter shall provide and (if applicable) shall procure that the CaaS Co provides the Requested Extension Supporting Information".~~

3. ~~CONDITIONS PRECEDENT~~⁵⁴

~~3.1 Condition [3.2] is amended by:~~

~~(a) deleting the word "or" from the end of sub-paragraph [(A)];~~

~~(b) deleting the full stop at the end of sub-paragraph [(B)] and replacing it with "; or"; and~~

~~(c) inserting a new sub-paragraph [(C)] after sub-paragraph [(B)], as follows:~~

~~"fulfilled by the CaaS Co, to the extent that the CaaS Co is responsible [under the CaaS Co Subcontract] for fulfilling the Initial Conditions Precedent set out at paragraphs 1A, 2, 3(B) and 4 of Part A of Annex 1 (Conditions Precedent)".~~

~~3.2 Condition [3.5] is amended by:~~

~~(a) deleting the word "or" from the end of sub-paragraph [(A)];~~

⁵² Note to Reader: The following potential amendments/additions to the Conditions to reflect CaaS Co arrangements will need to be kept under review as the ICC Contract is finalised.

⁵³ Note to Reader: Some proposed changes to definitions are set out in this Annex 6. Definitions to be reviewed further to identify any other minor amendments that are required to reflect CaaS Co arrangements (including to identify the relevant CaaS Co).

⁵⁴ Note to Reader: This paragraph will be kept under review as the Conditions Precedent are further developed.

~~(b) deleting the full stop at the end of sub-paragraph [(B)] and replacing it with "; or"; and~~

~~(c) inserting a new sub-paragraph [(C)] after sub-paragraph [(B)], as follows:~~

~~"fulfilled by the CaaS Co, to the extent that the CaaS Co is responsible [under the CaaS Co Subcontract] for fulfilling the Operational Conditions Precedent set out at paragraphs 2 and 3 of Part B of Annex 1 (Conditions Precedent)."~~

~~3.3 Conditions [3.7] to [3.12] are amended by:~~

~~(a) deleting the words "the Emitter shall keep the ICC Contract Counterparty reasonably informed as to progress towards fulfilment of the Operational Conditions Precedent and in particular (but without limitation) shall" in Condition [3.7] and replacing them with the words "the Emitter shall keep and (as applicable) shall procure that the CaaS Co keeps the ICC Contract Counterparty reasonably informed as to progress towards fulfilment of the Operational Conditions Precedent and in particular (but without limitation) shall (or shall procure that the CaaS Co shall)";~~

~~(b) deleting the words "each time the Emitter considers an Operational Condition Precedent has been fulfilled" in Condition [3.7(B)] and replacing them with the words "each time the Emitter or the CaaS Co (as applicable) considers an Operational Condition Precedent has been fulfilled";~~

~~(c) deleting the words "which the Emitter considers to have been fulfilled" in Condition [3.7(B)(i)] and replacing them with the words "which the Emitter or the CaaS Co (as applicable) considers to have been fulfilled";~~

~~(d) deleting the words "as the Emitter considers to be relevant" in Condition [3.7(B)(ii)] and replacing them with the words "as the Emitter or the CaaS Co (as applicable) considers to be relevant";~~

~~(e) deleting the words "the Emitter has or has not fulfilled" in Condition [3.9(A)] and replacing them with the words "the Emitter or the CaaS Co (as applicable) has or has not fulfilled";~~

~~(f) deleting the words "whether the Emitter has fulfilled" in Condition [3.9(B)] and replacing them with the words "whether the Emitter or the CaaS Co (as applicable) has fulfilled";~~

~~(g) deleting the words "the Emitter has fulfilled" in Conditions [3.10(A)] and [3.10(C)] and replacing them with the words "the Emitter or the CaaS Co (as applicable) has fulfilled";~~

~~(h) deleting the words "the Emitter has not fulfilled" in Condition [3.10(B)] and replacing them with the words "the Emitter or the CaaS Co (as applicable) has not fulfilled";~~

~~(i) deleting the words "the Emitter has not provided the ICC Contract Counterparty with sufficient Supporting Information to determine whether the Emitter has fulfilled" in Condition [3.10(C)] and replacing them with the words "the Emitter or the CaaS Co (as applicable) has not provided the ICC Contract Counterparty with sufficient Supporting Information to determine whether the Emitter or the CaaS Co (as applicable) has fulfilled";~~

- (j) ~~deleting the words "the Emitter shall provide" in Condition [3.10(C)(i)] and replacing them with the words "the Emitter or the CaaS Co (as applicable) shall provide";~~
- (k) ~~deleting the words "the Emitter has or has not fulfilled" in Condition [3.10(C)(ii)] and replacing them with the words "the Emitter or the CaaS Co (as applicable) has or has not fulfilled";~~
- (l) ~~deleting the words "The Emitter shall give the ICC Contract Counterparty a notice promptly upon the Emitter becoming aware" in Condition [3.11] and replacing them with the words "The Emitter shall give or (as appropriate) shall procure that the CaaS Co gives the ICC Contract Counterparty a notice promptly upon the Emitter or the CaaS Co (as applicable) becoming aware";~~
- (m) ~~deleting the words "as the Emitter considers to be relevant" in Condition [3.11(iii)] and replacing them with the words "as the Emitter or the CaaS Co (as applicable) considers to be relevant";~~
- (n) ~~deleting the words "that the Emitter is taking or proposes to take" in Condition [3.11(iv)] and replacing them with the words "that the Emitter or the CaaS Co (as appropriate) is taking or proposes to take"; and~~
- (o) ~~deleting the words "need be given by the Emitter" in Condition [3.11] and replacing them with the words "need be given by the Emitter or the CaaS Co (as applicable)";~~

3.4 ~~Conditions [3.14] to [3.20] are amended by:~~

- (a) ~~deleting the words "the Emitter shall keep the ICC Contract Counterparty fully informed" in Condition [3.14] and replacing them with the words "the Emitter shall keep or (as appropriate) shall procure that the CaaS Co keeps the ICC Contract Counterparty fully informed";~~
- (b) ~~deleting the words "provided to the Emitter's board of Directors" in Condition [3.14(B)] and replacing them with the words "provided to the Emitter's and/or the CaaS Co's board of Directors (as appropriate)";~~
- (c) ~~deleting the words "the Emitter shall notify the ICC Contract Counterparty in writing (a "**Project Delay Notice**") together with Supporting Information, promptly upon the Emitter becoming aware of" in Condition [3.15] and replacing them with the words "the Emitter shall notify or (as appropriate) shall procure that the CaaS Co notifies the ICC Contract Counterparty in writing (a "**Project Delay Notice**") together with Supporting Information, promptly upon the Emitter or the CaaS Co becoming aware of";~~
- (d) ~~deleting the words "any remedial action that the Emitter is taking" in Condition [3.15(B)] and replacing them with the words "any remedial action that the Emitter or the CaaS Co (as appropriate) is taking";~~
- (e) ~~deleting the words "the Emitter shall grant the ICC Contract Counterparty [...] access" in Condition [3.17] and replacing them with the words "the Emitter shall grant or (as appropriate) shall procure that the CaaS Co grants the ICC Contract Counterparty [...] access";~~
- (f) ~~deleting the words "owned, occupied or controlled by the Emitter and to which the Emitter can lawfully grant access" in Condition [3.17(A)(ii)] and replacing them~~

~~with the words "owned, occupied or controlled by the Emitter or the CaaS Co and to which the Emitter or the CaaS Co can lawfully grant access";~~

~~(g) deleting the words "the Emitter's personnel, systems, books, records and any other information" in Condition [3.17(B)] and replacing them with the words "the Emitter's or the CaaS Co's personnel, systems, books, records and any other information";~~

~~(h) deleting the words "to assess the Emitter's compliance with" in Condition [3.17] and replacing them with the words "to assess the Emitter's and/or the CaaS Co's compliance with";~~

~~(i) deleting the words "by which the Emitter must" in Condition [3.18(B)] and replacing them with the words "by which the Emitter and/or the CaaS Co must";~~

~~(j) deleting the words "the Emitter shall permit" in Condition [3.19] and replacing them with the words "the Emitter and/or the CaaS Co (as applicable) shall permit"; and~~

~~(k) deleting the words "and shall procure that any Representative cooperates and provides" in Condition [3.20] and replacing them with the words "and shall procure that any Representative and the CaaS Co cooperates and provides".~~

~~3.5 A new paragraph [1A] of Part [A] of Annex 1 (Conditions Precedent) is inserted after paragraph [1], as follows:-~~

~~"Delivery to the ICC Contract Counterparty of a legal opinion addressed to the ICC Contract Counterparty, in form and content satisfactory to the ICC Contract Counterparty (acting reasonably), from the legal advisers to the CaaS Co confirming that the CaaS Co:~~

~~(A) is duly formed and validly existing under the laws of the jurisdiction of formation; and~~

~~(B) has the power to enter into and perform, and has taken all necessary action to authorise its entry into and performance of, the CaaS Co Subcontract.".~~

~~3.6 Paragraph [2] of Part [A] of Annex 1 (Conditions Precedent) is amended by deleting the words "compliance by the Emitter" and replacing them with the words "compliance by the Emitter and the CaaS Co".~~

~~3.7 Paragraph [4] of Part [A] of Annex 1 (Conditions Precedent) is amended as follows:-~~

~~(a) paragraph [4] of Part [A] of Annex 1 (Conditions Precedent) is amended by deleting the words "entered into or obtained by the Emitter:" and replacing them with the words "entered into or obtained by the Emitter and/or, where indicated below, the CaaS Co:";~~

~~(b) [deleting the word "Emitter" from sub-paragraph [(A)] and replacing it with "CaaS Co";]~~

~~(c) [deleting the word "Emitter" from sub-paragraph [(B)] and replacing it with "CaaS Co";]⁵⁵~~

~~(d) deleting the words "the Emitter" in sub-paragraph [(C)] and replacing them with the words "the CaaS Co";~~

⁵⁵— Note to Reader: At this stage, BEIS expects the T&S Connection Agreement and the T&S Construction Agreement to be entered into by CaaS Co.

- ~~(e) — deleting the word "and" from the end of sub-paragraph [(C)];~~
- ~~(f) — inserting the words "in the case of the CaaS Co," at the start of sub-paragraph [(D)];~~
- ~~(g) — deleting the full stop at the end of sub-paragraph [(D)] and replacing it with "; and";~~
- ~~(h) — inserting a new sub-paragraph [(E)], as follows:~~

~~"the CaaS Co Subcontract signed by the Emitter and the CaaS Co which complies with the terms of the CaaS Subcontract Checklist."~~

- ~~3.8 — Paragraph [5] of Part [A] of Annex [1] (Conditions Precedent) is amended by deleting all references to "the Emitter" and "the Emitter's" and replacing them with "the Emitter and the CaaS Co" and "the Emitter's and the CaaS Co's" (as applicable);~~
- ~~3.9 — Paragraph [2(A)] of Part [B] of Annex [1] (Conditions Precedent) is amended by deleting the words "that the Emitter is complying in full" and replacing them with the words "that the CaaS Co is complying in full";~~
- ~~3.10 — Paragraph [2(E)] of Part [B] of Annex [1] (Conditions Precedent) is amended by deleting the words "director or company secretary of the Emitter" and replacing them with the words "director or company secretary of the CaaS Co".⁵⁶~~

~~4. — MILESTONE REQUIREMENT~~

~~4.1 — Condition [1.1] is amended by:~~

- ~~(a) — adding the following words to the end of the definition of "Contractor": "(which, for the avoidance of doubt, shall include the CaaS Co)";~~
- ~~(b) — deleting the words "two (2) directors of the Emitter or one (1) director of the Emitter" in the definition of "Directors' Certificate" and replacing them with the words "two (2) directors of the Emitter or of the CaaS Co (as applicable) or one (1) director of the Emitter or of the CaaS Co (as applicable)"; and~~
- ~~(c) — deleting the words "that is not a holding company or subsidiary of the Emitter or a Representative of any such party or the Emitter" in the definition of "Directors' Certificate" and replacing them with the words "that is not a holding company or subsidiary of the Emitter or the CaaS Co (as applicable) or a Representative of any such party or the Emitter or the CaaS Co (as applicable)";~~

~~4.2 — Condition [4] is amended by:~~

- ~~(a) — deleting the words "that the Emitter considers that it has complied with and fulfilled" in Condition [4.1] and replacing them with the words "that the Emitter considers that it (and/or, if applicable, the CaaS Co) has complied with and fulfilled";~~
- ~~(b) — deleting the words "as the Emitter considers relevant to evidence that it and its direct shareholders have in aggregate spent" in Condition [4.1(A)] and replacing them with the words "as the Emitter considers relevant to evidence that it and its direct shareholders and/or (if applicable) the CaaS Co and its direct shareholders have in aggregate spent";~~

⁵⁶ — Note to Reader: BEIS is considering whether a similar amendment will be required to Paragraph [3] of Part [B] of Annex [1] (Conditions Precedent).

- ~~(c) deleting the words "money spent by a direct shareholder of the Emitter to acquire an interest in the Emitter" in Condition [4.1(i)] and replacing them with the words "money spent by a direct shareholder of the Emitter and/or the CaaS Co to acquire an interest in the Emitter or the CaaS Co (as applicable)";~~
- ~~(d) deleting the words "exceeds the amount spent on the Project by the Emitter and its direct shareholders" in Condition [4.1(i)] and replacing them with the words "exceeds the amount spent on the Project by the Emitter and its direct shareholders and/or the CaaS Co and its direct shareholders (as applicable)";~~
- ~~(e) deleting the words "money spent by the Emitter for the purpose of connecting the Installation to any relevant T&S Network" in Condition [4.1(ii)] and replacing them with the words "money spent by the Emitter and/or the CaaS Co (as applicable) for the purpose of connecting the Installation to the T&S Network";~~
- ~~(f) deleting the words "the Emitter has or has not complied with" in Condition [4.3(A)] and replacing them with the words "the Emitter and/or (if applicable) the CaaS Co has or has not complied with";~~
- ~~(g) deleting the words "to determine whether the Emitter has complied with" in Condition [4.3(B)] and replacing them with the words "to determine whether the Emitter and/or (if applicable) the CaaS Co has complied with";~~
- ~~(h) deleting the words "the Emitter has complied with" in Conditions [4.4(A)] and [4.4(C)] and replacing them with the words "the Emitter and/or (if applicable) the CaaS Co has complied with";~~
- ~~(i) deleting the words "the Emitter has not complied with" in Condition [4.4(B)] and replacing them with the words "the Emitter and/or (if applicable) the CaaS Co has not complied with";~~
- ~~(j) deleting the words "the Emitter shall provide the Requested Milestone Supporting Information" in Condition [4.4(C)(i)] and replacing them with the words "the Emitter shall provide and (if applicable) shall procure that the CaaS Co provides the Requested Milestone Supporting Information";~~
- ~~(k) deleting the words "considers that the Emitter has or has not" in Condition [4.4(C)(ii)] and replacing them with the words "considers that the Emitter and/or (if applicable) the CaaS Co has or has not";~~
- ~~(l) deleting the words "to prevent the Emitter fulfilling" in Condition [4.8] and replacing them with the words "to prevent the Emitter and/or (if applicable) the CaaS Co fulfilling"; and~~
- ~~(m) deleting the words "that the Emitter has not complied with" in Condition [4.11(C)] and replacing them with the words "that the Emitter and/or (if applicable) the CaaS Co has not complied with".~~

~~5. PAYMENT CALCULATIONS⁵⁷~~

~~[●]~~

~~6. EMITTER'S REPRESENTATIONS AND WARRANTIES~~

~~6.1 Condition [1.1] is amended by:~~

⁵⁷ Note to Reader: BEIS is developing the payment calculations in the Conditions and they will need to be adapted for CaaS Co arrangements in due course.

- (a) ~~deleting the definition of "Emitter Repeating Representations" in its entirety and replacing it with the following:~~

~~"**Emitter Repeating Representations**" means each of the representations and warranties set out in Condition 16.1 (Emitter representations and warranties) (other than in Conditions 16.1(G) (No litigation), and 16.1(H) (No requirement to deduct or withhold)), and in Condition 16.2 (Emitter representations and warranties) (other than in Condition 16.2(G) (No litigation)[, and 16.2 (H) (No requirement to deduct or withhold)]) of the ICC Contract;"~~; and

- (b) ~~deleting the definition of "Required Authorisation" in its entirety and replacing it with the following:~~

~~"**Required Authorisation**" means at any time in relation to each Party and, in the case of the Grant Funding Agreement and/or the CaaS Co Subcontract, in relation to the CaaS Co, each authorisation, licence, accreditation, permit, consent, certificate, resolution, clearance, exemption, order confirmation, permission or other approval of or from any Competent Authority required at such time to enable the relevant Party or the CaaS Co, as the case may be, to perform and comply with its obligations under the ICC Contract, the other ICC Documents, the Grant Funding Agreement and/or the CaaS Co Subcontract and, in the case of the Emitter and the CaaS Co, for the Project;"~~

6.2 ~~Condition 16 is amended by:~~

- (a) ~~inserting a new Condition [16.2] as follows:~~

~~"The Emitter represents and warrants to the ICC Contract Counterparty that, as at the Agreement Date, the following statements are true, accurate and not misleading to the best of its knowledge and belief:~~

~~(A) Status: The CaaS Co:~~

~~(i) is duly formed and validly existing under the laws of its jurisdiction of formation; and~~

~~(ii) has the power to own its assets and carry on its business as it is currently being conducted and as contemplated by the CaaS Co Subcontract and the Grant Funding Agreement.~~

~~(B) Power and authority: The CaaS Co has the power to enter into, deliver and perform, and has taken all necessary action to authorise its entry into, delivery and performance of, the CaaS Co Subcontract and the Grant Funding Agreement (including the obligations of the CaaS Co under, and the transactions contemplated by or provided for by, the CaaS Co Subcontract and the Grant Funding Agreement);~~

~~(C) Enforceability: The obligations expressed to be assumed by the CaaS Co pursuant to the CaaS Co Subcontract and the Grant Funding Agreement are legal, valid, binding and enforceable subject only to the Legal Reservations.~~

~~(D) Non-conflict with other obligations: The entry into, delivery and performance by the CaaS Co of, and the transactions contemplated by, the CaaS Co Subcontract and the Grant Funding Agreement do not conflict with:~~

~~(i) its constitutional documents;~~

- ~~(ii) any Law or Directive applicable to it to an extent or in a manner which has or is reasonably expected to have a Material Adverse Effect;~~
- ~~(iii) any Required Authorisations to an extent or in a manner which has or is reasonably expected to have a Material Adverse Effect; or~~
- ~~(iv) any agreement or instrument binding upon it or any of its assets to an extent or in a manner which has or is reasonably expected to have a Material Adverse Effect.~~

~~(E) Required Authorisations:~~

- ~~(i) All Required Authorisations which are required to be obtained or effected by the CaaS Co on or before the date on which this representation and warranty is made or deemed to be repeated by the CaaS Co have been obtained or effected by the CaaS Co and are in full force and effect, save to the extent that failure to do so has not had and is not reasonably expected to have a Material Adverse Effect.~~
- ~~(ii) All conditions of, and all obligations and liabilities under, Required Authorisations which are required to be performed, complied with or satisfied by the CaaS Co on or before the date on which this representation and warranty is made or deemed to be repeated by the CaaS Co have been performed, complied with or satisfied, save where failure to do so has not had and is not reasonably expected to have a Material Adverse Effect.~~

~~(F) No Default: No Default with respect to the CaaS Co has occurred and is continuing or might reasonably be expected to result from its entry into or performance of the CaaS Co Subcontract or the Grant Funding Agreement.~~

~~(G) No litigation: No litigation, arbitration or administrative suit or proceeding, adjudication, expert determination, Tax claim or Tax investigation against the CaaS Co (or, so far as the CaaS Co is aware, relating to the Project) is:~~

- ~~(i) current;~~
- ~~(ii) pending before any court, arbitral or other tribunal, administrative or regulatory body or, as the case may be, expert; or~~
- ~~(iii) so far as the CaaS Co is aware, by reason of receipt of a formal written notice before action or similar, threatened;~~

~~and which, if adversely determined, would have or would reasonably be expected to have a Material Adverse Effect.~~

~~(H) [No requirement to deduct or withhold: The CaaS Co is not required by any Law or Directive applicable to it, as applied, interpreted or modified by the published practice of any relevant Competent Authority of any jurisdiction in which it is resident for Tax purposes, to make any deduction or withholding for or on account of any Tax from any payment to be made by it pursuant to the CaaS Co Subcontract or the Grant Funding Agreement.]~~

~~(I) [CO₂ capture: As far as the CaaS Co is aware (having made all due and careful enquiries), the CO₂ captured by the Capture Plant and transferred to a T&S Network will be permanently stored.];"~~

~~(b) deleting existing Condition [16.2(A)] in its entirety and replacing it with a new Condition [16.3(A)], as follows:~~

~~"Industrial Installation Ownership: The Emitter is the legal and beneficial owner of the Industrial Installation, subject only to such rights and benefits as have been assigned by way of security to or in favour of any Lender, Affected Person or parent undertaking of the Emitter (or an agent or security trustee on its behalf) in accordance with Condition 63 (Transfers)";~~

- (c) ~~— deleting existing Condition [16.2(B)] in its entirety and replacing it with a new Condition [16.3(B)], as follows:~~

~~"Compliance of Technology: The industrial technology deployed by the Installation is the Industrial Installation Technology."; and~~

- (d) ~~— inserting a new Condition [16.4] as follows:~~

~~"The Emitter represents and warrants to the ICC Contract Counterparty that, as at and from the Start Date, the following statements are true, accurate and not misleading to the best of its knowledge and belief:~~

~~(A) Capture Plant Ownership: The CaaS Co is the legal and beneficial owner of the Capture Plant, subject only to such rights and benefits as have been assigned by way of security in accordance with Condition [●] of the CaaS Co Subcontract.~~

~~(B) Compliance of Technology: The capture technology deployed by the Installation is the Installation Capture Technology.".~~

~~7. EMITTER'S UNDERTAKINGS: GENERAL~~

Condition 18.1 is amended by:

- (a) ~~— deleting the words "The Emitter undertakes to the ICC Contract Counterparty" and replacing them with the words "The Emitter undertakes to the ICC Contract Counterparty on behalf of itself and, where indicated below, on behalf of the CaaS Co as follows:";~~

- (b) ~~— deleting Condition [18.1(E)] in its entirety and replacing it with the following:~~

~~"Industrial Installation Ownership: The Emitter shall at all times be the legal and beneficial owner of the Industrial Installation, subject only to any third party rights arising by reason of any security interest created or subsisting over or in respect of the Industrial Installation.";~~

- (c) ~~— deleting Condition [18.1(F)] in its entirety and replacing it with the following:~~

~~"Compliance of Industrial Installation technology: The Emitter shall at all times ensure that the industrial technology deployed by the Industrial Installation is the Industrial Installation Technology, provided that (without prejudice to any other provision of the ICC Contract) this provision shall not prevent the operation of the Industrial Installation in unabated mode.";~~

- (d) ~~— inserting a new sub-paragraph [(H)] as follows:-~~

~~"Capture Plant Ownership: The CaaS Co shall at all times be the legal and beneficial owner of the Capture Plant, subject only to any third party rights arising by reason of any security interest created or subsisting over or in respect of the Capture Plant."; and~~

- (e) ~~— inserting a new sub-paragraph [(I)] as follows:~~

~~"Compliance of Capture Plant technology: The CaaS Co shall at all times ensure that the capture technology deployed by the Installation is the Installation Capture Technology."~~

~~8. **EMITTER'S UNDERTAKINGS: METERING**⁵⁸~~

~~{●}~~

~~9. **EMITTER UNDERTAKING: MINIMUM CO₂ CAPTURE RATE**⁵⁹~~

~~{●}~~

~~10. **EMITTER UNDERTAKING: METERING DATA**⁶⁰~~

~~{●}~~

~~11. **EMITTER UNDERTAKING: NOTIFICATION OF FULL CAPTURE OUTAGES**⁶¹~~

~~{●}~~

~~12. **EMITTER'S UNDERTAKINGS: INFORMATION PROVISION**~~

~~12.1 Condition [25.1(H)] is amended by deleting the words "regarding the financial condition, business or operations of the Emitter" and replacing them with the words "regarding the financial condition, business or operations of the Emitter and the CaaS Co".~~

~~12.2 Condition [25.1(K)] is amended by:-~~

~~(a) deleting the words "the details of any litigation, arbitration or administrative suit or proceeding, adjudication, expert determination, Tax claim, or Tax investigation against the Emitter" and replacing them with the words "the details of any litigation, arbitration or administrative suit or proceeding, adjudication, expert determination, Tax claim, or Tax investigation against the Emitter or the CaaS Co"; and~~

~~(b) deleting the words "would have or would be reasonably likely to have a Material Adverse Effect" and replacing them with the words "would have or would be reasonably likely to have a Material Adverse Effect or, in the case of the CaaS Co, a material adverse effect on the ability of the CaaS Co to perform or comply with its obligations under the CaaS Co Subcontract".~~

~~12.3 Condition [25.3] is amended by inserting the words "and shall [use reasonable endeavours to] procure that the CaaS Co ensures" after the words "The Emitter shall ensure".~~

~~12.4 Condition [25.3(A)] is amended by inserting the words "and the CaaS Co" after the words "the Emitter".~~

⁵⁸ Note to Reader: BEIS' initial view is that specific changes to Condition 19 are not required on the basis that, as set out in clause 2.6(b), an Emitter is required to "procure compliance by CaaS Co with the obligations it is responsible for discharging pursuant to the CaaS Co Subcontract". However, this point remains subject to further review by BEIS, in particular as the metering provisions develop.

⁵⁹ Note to Reader: BEIS' initial view is that specific changes to Condition 20 are not required for the reason set out in footnote 58.

⁶⁰ Note to Reader: BEIS' initial view is that specific changes to Condition 21 are not required for the reason set out in footnote 58.

⁶¹ Note to Reader: BEIS' initial view is that specific changes to Condition 22 are not required for the reason set out in footnote 58.⁶¹ Note to Reader: The following potential amendments/additions to the Conditions to reflect CaaS Co arrangements will need to be kept under review as the ICC Contract is finalised.

~~12.5 Condition [25.3(B)] is amended by inserting the words "and the CaaS Co" after the words "the Emitter".~~

~~13. **QUALIFYING CHANGE IN LAW**⁶²~~

~~Condition [1.1] is amended by:~~

~~(a) deleting the words "the Emitter and not to any other person" in sub-paragraph [(C)] in the definition of "Discriminatory Change in Law" and replacing them with the words "the Emitter and/or the CaaS Co and not to any other person";~~

~~(b) in the definition of "Other Change in Law":~~

~~(i) deleting the words "discriminatory effect on the out-of-pocket costs incurred or saved by the Emitter or the Project" and replacing them with the words "discriminatory effect on the out-of-pocket costs incurred or saved by the Emitter, the Project and/or the CaaS Co";~~

~~(ii) deleting the word "or" at the end of sub-paragraph [(A)];~~

~~(iii) deleting the comma at the end of sub-paragraph [(B)] and replacing it with "; or"; and~~

~~(iv) inserting a new sub-paragraph [(C)], as follows:~~

~~"all other capture as a service companies deploying CO₂ Capture Technology other than the CaaS Co's CO₂ Capture Technology,"; and~~

~~(c) deleting the words "or CO₂ Capture Technology forming part of such industrial installations" in sub-paragraph [(A)] of the definition of "Specific Change in Law" and replacing them with the words "or CO₂ Capture Technology forming part of or permanently connected to such industrial installations".~~

~~14. **CONSEQUENCES OF TERMINATION**⁶³~~

~~[•]~~

~~15. **TERMINATION EVENTS**~~

~~15.1 Condition [37.1] is amended by:~~

~~(a) deleting the words "the occurrence at any time with respect to the Emitter of any of the following events" and replacing them with the words "the occurrence at any time with respect to the Emitter and/or the CaaS Co of any of the following events";~~

~~(b) in respect of sub-paragraph [(A)], deleting the words "Insolvency: the Emitter" and replacing them with the words "Insolvency: the Emitter and/or the CaaS Co";~~

~~(c) in respect of sub-paragraph [(D)]:~~

~~(i) deleting Condition [37.1(D)(i)] and replacing it with "the Emitter is in breach of any of Conditions [18.1(E)] (Industrial Installation Ownership) or [63] (Transfers)";~~

⁶² Note to Reader: BEIS is developing the QCIL compensation formulae in the Conditions and they will need to be adapted for CaaS Co arrangements in due course.

⁶³ Note to Reader: BEIS is considering how the compensation on termination provisions in the Conditions, including those relating to QCIL, will need to be adapted for CaaS Co arrangements.

- (ii) ~~deleting Condition [37.1(D)(ii)] and replacing it with "any director, officer or other senior manager of the Emitter and/or the CaaS Co commits or procures fraud, or aids, abets or counsels fraud (and fraud is in fact committed) in relation to the ICC Contract, any other ICC Document, the Grant Funding Agreement and/or the CaaS Co Subcontract (as applicable)"; and~~
- (iii) ~~inserting a new Condition [37.1(D)(iii)] as follows: "the CaaS Co is in breach of Condition 18.1(H) (Capture Plant Ownership)"; and~~
- (d) ~~deleting sub-paragraph [(J)] and replacing it with the following new sub-paragraphs [(J)(i)] and [(J)(ii)]:~~

~~"(J)(i) The Grant Funding Agreement is terminated due to the CaaS Co's breach or default; or~~

~~(J)(ii) The CaaS Co Subcontract is terminated for any reason."~~

~~16. FORCE MAJEURE~~

~~Clause [53.1] is amended by deleting the words "Subject to the provisions of this Condition 53 (Force Majeure), a Party affected by Force Majeure (an "FM Affected Party") shall" and replacing them with "Subject to the provisions of this Condition 53 (Force Majeure), a Party affected by Force Majeure (an "FM Affected Party", which shall include the Emitter where any failure or delay in the performance of any of its obligations under the ICC Contract is directly attributable to the occurrence and continuance of a Force Majeure which affects the CaaS Co) shall".~~

~~17. CONFIDENTIALITY~~

~~Condition [56.8(A)] is amended as follows:~~

- (a) ~~deleting the comma at the end of sub-paragraph [(vii)(b)] and replacing it with ";"; and~~
- (b) ~~inserting a new sub-paragraph [(viii)] as follows:-~~

~~"to the CaaS Co to enable or assist the Emitter to fulfil the Emitter Permitted Purpose,".~~

~~18. FREEDOM OF INFORMATION~~

~~Condition [58.4] is amended by inserting the words "or the CaaS Co is holding on behalf of the Emitter under the CaaS Co Subcontract" after the words "in relation to FoIA Information that the Emitter is holding on behalf of the ICC Contract Counterparty".~~

~~19. INTELLECTUAL PROPERTY RIGHTS~~

~~Condition [59.2] is amended by replacing the words "a licence of any Intellectual Property Rights that are created by it, or on its behalf, pursuant to the terms of the ICC Contract, any other ICC Document or (in the case of the ICC Contract Counterparty) any other CCUS Programme ICC Contract that:" and replacing them with the words "a licence of any Intellectual Property Rights that are created by it, on its behalf or by the CaaS Co, pursuant to the terms of the ICC Contract, any other ICC Document, the CaaS Co Subcontract or (in the case of the ICC Contract Counterparty) any other CCUS Programme ICC Contract that:".~~

20. ~~DISPUTE RESOLUTION PROCEDURE~~

Condition [45.1(A)] is amended by inserting the words "~~or the CaaS Co Subcontract~~" after the words "~~relating to or arising out of any other CCUS Programme ICC Contract~~".

21. ~~LIMITED RECOURSE, UNDERTAKINGS AND ACKNOWLEDGEMENTS~~⁶⁴

~~[●]~~

22. ~~GENERAL PROVISIONS~~

22.1 Condition [63] is amended by inserting a new Condition [63.7] (and, accordingly, existing Conditions [63.7] to [63.9] shall become Conditions [63.8] to [63.10]), as follows:

~~"Permitted assignment by the CaaS Co~~

~~The Emitter shall give the ICC Contract Counterparty not less than [ten (10)] Business Days' written notice prior to the CaaS Co effecting an assignment pursuant to Condition [●] of the CaaS Co Subcontract and shall specify in such notice the identity of the assignee and provide such details in relation to such assignee as the ICC Contract Counterparty may reasonably request having received such notification."~~

22.2 Condition [68] is amended by inserting a new Condition [68.3], as follows:

~~"The Emitter shall, at its own cost, enter into a written variation of the provisions of the CaaS Co Subcontract with the CaaS Co if, and to the extent that, a provision of the ICC Contract that is identified in the CaaS Co Subcontract Checklist is varied pursuant to the provisions of the ICC Contract."~~

22.3 Annex 5 (Form of Direct Agreement) is amended by:

(a) inserting a definition of "CaaS Co Subcontract" in clause [1.1], as follows:

~~"a subcontract between the Emitter and the CaaS Co entered into on or around the Agreement Date in accordance with the ICC Agreement";~~

(b) inserting a definition of "ICC Agreement" in clause [1.1], as follows:

~~"has the meaning given to it in the Conditions";~~

(c) inserting a definition of "CaaS Co" in clause [1.1], as follows:

~~"has the meaning given to it in the ICC Agreement";~~

(d) deleting the word "and" between limbs [(a)] and [(b)] of sub-clause [9.3(B)(i)];

(e) inserting a new limb [(c)] in sub-clause [9.3(B)(i)], as follows:

~~"evidence of the transfer (by way of novation) of the CaaS Co Subcontract by the Emitter to the Substitute"; and~~

(f) inserting the word "and" between limbs [(b)] and [(c)] of sub-clause [9.3(B)(i)].

⁶⁴ Note to Reader: Modifications to Condition 55 will need to be considered further when BEIS completes its analysis of the spending powers that will be used to fund ICC Contracts.

~~Annex 7~~

~~(CaaS Co Scope of Services)~~

~~[Drafting note: If applicable, insert detailed scope of services as agreed between CaaS Co and the Emitter and accepted/acknowledged by the ICC Contract Counterparty. Delete if not applicable.]~~

~~Annex 8~~

~~{GaaS Co Subcontract Checklist}~~

[Drafting note: If applicable, insert key terms that BEIS requires to be included in the subcontract between the Emitter and GaaS Co. Delete if not applicable.]

EXECUTION PAGE

The EMITTER

SIGNED BY _____)
_____)
_____)
_____)
_____) (Signature of named signatory)
.....

Print name

For and on behalf of [*name of
the Emitter*]

<u>SIGNED BY</u>)	
)	
)	
)
)	<u>(Signature of named signatory)</u>
.....		
<u>Print name</u>		
<u>For and on behalf of [<i>name of the Emitter</i>]</u>		

The ICC CONTRACT COUNTERPARTY

SIGNED BY _____)
_____)
_____)
_____)
_____) (Signature of named signatory)
.....

Print name

For and on behalf of [*name of
the ICC Contract Counterparty*]

<u>SIGNED BY</u>)	
)	
)	
)
)	<u>(Signature of named signatory)</u>
.....		
<u>Print name</u>		
<u>For and on behalf of [<i>name of the ICC Contract Counterparty</i>]</u>		