



Department for Business, Energy & Industrial Strategy

[Note: This document is subject to further development as the T&S business model develops. 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).]

Project Reference Number: [INSERT PROJECT REFERENCE NUMBER HERE]

[INSERT CONTACT IN ORGANISATION]
[INSERT POSITION HELD]
[INSERT LEGAL NAME OF GRANT RECIPIENT]
[INSERT ADDRESS]
[INSERT POSTCODE]

[INSERT EMAIL ADDRESS OF GRANT RECIPIENT CONTACT ABOVE]

[INSERT DATE]

Dear [INSERT NAME OF GRANT RECIPIENT SIGNATORY]

**[INSERT SCHEME NAME] – The Grant Offer Letter – [INSERT SCHEME ACRONYM]
Project at [INSERT GRANT RECIPIENT NAME]**

1. I am pleased to tell you that, subject to all the pre-conditions listed in Paragraph 6 being satisfied, The Secretary of State for Business, Energy and Industrial Strategy (“**We**”/“**Us**”/“**Our**”/“**the Secretary of State**”), offers [INSERT DETAILS OF GRANT RECIPIENT HERE INCLUDING FULL NAME, COMPANY REGISTRATION NUMBER OR CHARITY NUMBER WHERE APPROPRIATE AND REGISTERED ADDRESS] (“**You**”/“**Your**”) a grant (“**Grant**”) subject to Your agreement to, and compliance with, the Terms and Conditions set out in this Grant Funding Agreement.
2. The offer contained in this Grant Offer Letter is made with regard to your application submitted to the Carbon Capture and Storage Infrastructure Fund (CIF) as part of the Carbon Capture, Usage and Storage Cluster Sequencing Process Phase 2 at [23:13] on [XX XXXXX 202X], to deliver [INSERT NAME OF PROJECT] as more fully described at Schedule 1 attached (the “**Funded Activities**”).
3. The Grant is offered under [INSERT APPROPRIATE GRANT MEASURE¹].
4. Terms used in this Grant Offer Letter shall have the meaning given to them in Paragraph 2 of the Terms and Conditions contained in Schedule 6 unless otherwise stated.

Amount of grant

¹ Note to reader: legislative reference to be confirmed.

5. A Grant which shall be the lesser of:

- (i) £[*insert agreed monetary amount*](£x); and
 - (ii) [*insert number below 50*]% of the total forecast capex² for the Capture Plant (which is inclusive of the % of any agreed construction cost overruns),
- (the “**Maximum Sum**”),

is offered for the Grant Drawdown Period (as defined in Schedule 4) and is summarised in the table below. A further breakdown of the Eligible Expenditure is provided for at Schedule 2 and the Payment Schedule is provided for at Schedule 3.

Any agreed construction cost overruns shall be reconciled in the final year of delivery of the Funded Activities.

Capital Expenditure	Total Eligible Project Spend to be invested by You £	% of agreed construction overrun costs	MAXIMUM total Grant payable to You £	MAXIMUM Intervention Rate ALLOWABLE %
[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	xx%
[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	xx%
[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	xx%
[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	xx%
[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	xx%
TOTAL	[INSERT VALUE]	[INSERT VALUE]	[INSERT VALUE]	xx%

Pre-Acceptance Conditions

6. The offer of Grant is conditional on You providing Us with the following:

² Note to reader: this is the total forecast capital expenditure for the Capture Plant (and associated facilities/equipment). 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, up to the earlier of the start date and the longstop date, is what will be subsidised via the ICC Grant. Schedules 2 and 3 of this agreement will be agreed with projects post-FEED.

- a) Confirmation that, where legally required, clearance from the relevant authority responsible for monitoring state subsidies has been obtained.
- b) Receipt by Us before [INSERT DATE AGREED WITH THE CASE OFFICER] of an up-to-date Funded Activities and Deliverables delivery plan provided by You which covers the scope determined by Us, in a format satisfactory to Us, which demonstrates that You will be able to achieve the Deliverables and complete the Funded Activities.
- c) You must provide Us with a Parent Company Guarantee or such other form of security as may be specified by the Secretary of State from time to time.
- d) You must provide Us with a detailed construction schedule, specifying clear milestones and expenditure amounts, in a format acceptable to Us.

Pre-Payment Conditions

- 7. Without prejudice to Schedule 3 to this Grant Offer Letter and Paragraph 4 of the Terms and Conditions, the first payment of Grant is conditional on You providing Us with the following:
 - a) [INSERT PRE-PAYMENT CONDITIONS HERE] **OR** insert “There are no pre-payment conditions”

Purpose of grant

- 8. The Grant is offered to You to contribute to:
 - a) the delivery of the Funded Activities set out in Schedule 1 of the Grant Offer Letter;
 - b) the achievement of the Deliverables set out in Schedule 2 of the Grant Offer Letter; and/or
 - c) the Eligible Expenditure specified in Schedule 2 of the Grant Offer Letter.
- 9. The Grant must not be used other than in accordance with the Terms and Conditions of the Grant Funding Agreement.

Eligible Expenditure

- 10. The Eligible Expenditure is specified in Schedule 2 and is limited, in all cases, to costs which comply with the Grant Funding Agreement.
- 11. Under no circumstances may the Grant be claimed or used for the purposes prohibited in the Terms and Conditions or to cover costs incurred for those purposes (and any such costs do not constitute Eligible Expenditure for the purpose of the Grant Funding Agreement).

Payment of grant

- 12. Before paying any instalment of Grant, the Secretary of State must be in receipt of a copy of this Grant Offer Letter which has been signed by You in accordance with the requirements at Paragraph 22 and Paragraph 26 below.

Conditions

13. You must:
 - a) perform the Funded Activities in full;
 - b) complete the Investment as set out in Schedule 2;
 - c) comply with the Terms and Conditions, in addition to all other requirements set out or referred to in the Grant Funding Agreement; and
 - d) continue to comply with the Terms and Conditions, in addition to all other requirements set out or referred to in this Grant Funding Agreement (where relevant) after payment of the Grant.
15. You will be the sole recipient of the Grant and, as such, You will be responsible for managing the Grant.
16. You must complete and sign the Confirmation of Bank Details Form in Schedule 5 of this Grant Offer Letter as part of Your acceptance of the Grant. Grant payments will be made into the bank account listed in this form. No payment will be made in advance of receipt of a correctly completed and signed Grant Offer Letter and Confirmation of Bank Details Form. The signatory to Your Confirmation of Bank Details Form must be the Chief Finance Officer or a Director with proper delegated authority, who must be listed as such on Companies House records. Any change of bank details must be notified to Us immediately on the same form and signed by an Approved Signatory, who should be listed on Companies House record. Any change of Approved Signatory must be notified to the Secretary of State for approval, as soon as known.

Grant Review

17. Pursuant to the Terms and Conditions, the Grant may be reviewed by Us and You shall provide any assistance and information reasonably requested by the Secretary of State to establish whether You have used the Grant in accordance with the Terms and Conditions set out in the Grant Funding Agreement or that is otherwise required to assess Your delivery of the Funded Activities against the Deliverables and Eligible Expenditure. As part of the review, the Secretary of State may (where applicable) consider monitoring information provided under Paragraph 18 below and Paragraphs 6-8 inclusive of the Terms and Conditions.

Grant Monitoring, Evidencing and Verification

18. In addition to the Monitoring and Reporting requirements set out in Paragraphs 6, 7 and 8 of the Terms and Conditions, you shall provide the Secretary of State the following information during the Monitoring Period:
 - a. [INSERT ADDITIONAL MONITORING REQUIREMENTS] OR INSERT "No additional requirements"

Day-to-day contact

19. In communicating with the Secretary of State, or if you have any queries on this Grant award, Your day-to-day contact within the Department for Business, Energy and

Industrial Strategy shall be [INSERT BEIS CONTACT HERE INCLUDING ADDRESS, EMAIL AND TELEPHONE NUMBER] (the "**Monitoring Officer**").

Entire agreement

20. If this Grant Offer Letter is accepted, the Grant Funding Agreement shall form the entire agreement relating to the Grant. The Grant Funding Agreement will supersede previous correspondence and understandings. However, this does not exclude the liability of either party in respect of any previous fraud or fraudulent misrepresentation.

Variation

21. No variation of the Terms and Conditions set out or referred to in the Grant Funding Agreement will be effective unless it is agreed in writing and signed by both parties. This does not prevent the Secretary of State making reasonable changes in relation to the administrative arrangements in this letter (such as day-to-day departmental contact details).

Duration of offer

22. Subject to Paragraph 6 above, the offer contained in this Grant Offer Letter remains open until [INSERT ACCEPTANCE DEADLINE DATE (MAX 14 DAYS)] (the "**Acceptance Deadline Date**"), at which point it expires. If You wish to accept this offer, You must ensure that We receive Your formal acceptance, in full compliance with the acceptance requirements at Paragraph 26, on or by that time and that all Pre-Acceptance Conditions listed in Paragraph 6 have been satisfied.

Subsidy Control

23. The Grant has been awarded on the basis that it is compliant with the principles set out in the Subsidy Control Act 2022 and any other relevant subsidy control legislation or obligations in the UK.

Other public funding assistance

24. By accepting this Grant offer You confirm to Us that no other public financial assistance has been sought or offered to You for the Funded Activities or Deliverables.

[We have taken into account the following other public assistance for the Funded Activities or Deliverables in making the offer of support.]

[INSERT NAME OF PUBLIC ASSISTANCE, PROVIDER AND AMOUNT]

25. You may not apply for any other public support for the Funded Activities in the form of grants, guarantees, loans or tax credits without Our prior written approval. You are obliged to inform Us in writing if You seek or are offered any other public sector support for the Funded Activities or any of the Eligible Expenditure included in this Grant Offer Letter as this may affect the amounts defined in Paragraph 5.

Acceptance

26. If You wish to accept this Grant offer, You must sign and date this Grant Offer Letter and return it to BEIS at the address indicated below. It must be signed and dated by an

Approved Signatory of Your organisation, who is listed on Companies House records.
They should also sign and date the duplicate copy of this letter as indicated below.

Yours sincerely,

[INSERT NAME OF SUITABLE G5 OR HIGHER WITH AUTHORITY TO SIGN],
Senior Responsible Officer. CCUS Programme,
On behalf of the Secretary of State for Business, Energy & Industrial Strategy,
Department for Business, Energy & Industrial Strategy,
1 Victoria Street,
London.
SW1H 0ET

Agreement

I confirm, for and on behalf of [INSERT NAME OF GRANT RECIPIENT], the agreement of
[INSERT NAME OF GRANT RECIPIENT] to the terms of this Grant Offer Letter, its
Schedules and the Terms and Conditions.

Signed:

Printed Name:

Position:

Date:



Schedule 1

Funded Activities

Background of the Scheme

The £1 billion Carbon Capture and Storage Infrastructure Fund (CIF) supports the capital costs of strategic Carbon Capture Usage and Storage (CCUS) infrastructure, primarily transport and storage networks and industrial carbon capture projects.

It is part of a package of government support for CCUS, which will also include the industrial decarbonisation and hydrogen revenue support (IDHRS) scheme and the £240 million net zero hydrogen fund supporting both carbon capture and storage-enabled 'blue' and electrolytic 'green' hydrogen.

The CIF supports the Government's aim to use CCUS technology to capture and store 20-30Mt CO₂ per year by 2030. Through the CCUS cluster sequencing process we aim to deliver up to 3 MtCO₂/yr of industrial carbon capture by the mid-2020s.

Background of this Award

This grant award contributes to this scheme, and in particular the following key deliverables (noting that all of the following capitalised terms shall have the meaning given to them the ICC Contract or Waste ICC Contract):

- A commercially operational Capture Plant being Commissioned during the Target Commissioning Window, and in any case no later than the Longstop Date.
- The Capture Plant capturing and storing an estimated minimum quantity of CO₂ which is consistent with the Grant Recipient's Minimum CO₂ Capture Rate

This basis for this assistance is [insert additionality and/or value for money argument #1 and #2].

The Funded Activities

This Funded Activities is to [insert description, approved activity, total investment, deliverables and premises.].

Summary of the Deliverables

The Funded Activities will be monitored against the following deliverables:

- Invest a total of £ [enter amount] Eligible Expenditure;
- [Invest a total of £ [enter amount] Ineligible Expenditure;]
- Invest an overall total of £ [enter amount] expenditure (Eligible Expenditure + Ineligible Expenditure).
- Construction and commissioning of the capture plant in line with agreed schedules.

Timing and Detail

The timing and detail of the Deliverables to be monitored are more fully described in Schedule 2 and the Investment in Schedule 2 of this Grant Offer Letter.

Note to reader: definitions such as 'deliverables' are available in the Terms and Conditions.

Schedule 2

Investment³

Schedule 2, Table [A]: Eligible Expenditure (£) related to the [insert capital expenditure] component of the Funded Activities.

	Financial Years (ending 31 March) excluding cost overruns)					Agreed Construction Overruns (which shall be payable in the calendar year prior to the Start Date under the ICC Contract or Waste ICC Contract)	TOTAL
	2022	2023	2024	2025	2026		
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]		[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]		[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]		[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]		[insert]
Total expenditure	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]		[insert amount]
Cumulative expenditure	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]		[insert amount]

IMPORTANT:

- For money to have been defrayed, liabilities must have been both incurred and discharged by payment. VAT, finance, and interest charges should be excluded.
- Evidence of expenditure defrayed must be retained and available to demonstrate the audit trail of all submitted costs.
- Tangible assets should be at the location/s of the Funded Activities and used exclusively at the Premises.

Schedule 2, Table [B] – Construction and Commissioning Schedule and Milestones

Construction Milestone ⁴	Milestone Date	Expenditure
[Milestones to be populated from the construction schedule provided pursuant to [x]]	[xx xxxx 202x]	[£]
[●]	[●]	[●]

³ Note to reader: BEIS' minded to position is to withhold funding if the Grant Recipient is late against the construction milestones.

⁴ Note to reader: The Grant Recipient will be monitored against its ability to meet the Metered CO2 Output to T&S Estimate.

Schedule 3

Payment Schedule (Grant Instalments)

Schedule 3, Table [A]: [insert type of subsidy, capital asset type] Grant Instalments

Date of claims	Requirements for payment	No Obligation To Pay Date	Maximum Grant
xx xxxx [202x] xx xxxx [202x] xx xxxx [202x] xx xxxx [202x]	When You have defrayed [X] (excluding VAT) on Eligible Expenditure [at the Premises], as specified in Schedule 2, for the Funded Activities described in Schedule 1 and You have provided a Monitoring Report in which You have confirmed that You reasonably believe (i) that the Deliverables described in Schedule 2 will be achieved; (ii) the cumulative total Eligible Expenditure and Ineligible Expenditure as set out in Schedule 2 will be met and maintained throughout the Monitoring Period.	[xx xxxx 202x]	[£]
xx xxxx [202x] xx xxxx [202x] xx xxxx [202x] xx xxxx [202x]	When You have defrayed [X] (excluding VAT) on Eligible Expenditure [at the Premises], as specified in Schedule 2, for the Funded Activities described in Schedule 1 and You have provided a Monitoring Report in which You have confirmed that You reasonably believe (i) that the Deliverables described in Schedule 2 will be achieved; (ii) the cumulative total Eligible Expenditure and Ineligible Expenditure as set out in Schedule 2 will be met and maintained throughout the Monitoring Period.	[xx xxxx 202x]	[£]
xx xxxx [202x] xx xxxx [202x] xx xxxx [202x] Final claim [date]	When You have defrayed [X] (excluding VAT) on Eligible Expenditure [at the Premises], as specified in Schedule 2, for the Funded Activities described in Schedule 1, and You have provided a Monitoring Report in which You have confirmed that You reasonably believe (i) that the Deliverables described in Schedule 2 will be achieved; (ii) the cumulative total Eligible Expenditure and Ineligible Expenditure as set out in Schedule 2 will be met and maintained throughout the Monitoring Period.	[xx xxxx 202x]	[£]

IMPORTANT

- For money to have been defrayed, liabilities must have been both incurred and discharged by payment. VAT, finance and interest charges should be excluded.
- Tangible assets should be on site and used exclusively at the Premises.
- Evidence of the expenditure defrayed should be retained and made available as per the terms of the Grant Funding Agreement.
- The above table represents triggers for the drawdown of Grant. You are still required to meet the Deliverables and Investment listed in the schedules.
- Details of the subsidy used and the intervention rate is provided in Paragraph 5 of this Grant Offer Letter. We are unable to exceed this intervention rate. If Eligible Expenditure reduces Grant will reduce accordingly.

Definitions of key words (such as 'eligible', 'defrayed', 'expenditure', 'incurred', 'discharged' and 'liabilities') are available in the Terms and Conditions.

Schedule 4

Key Dates and Periods

Milestone:	Explanation:	Dates (terms as defined in the ICC Contract or Waste ICC Contract):
Commencement Date	The date investment in Eligible Expenditure for the Funded Activities can commence.	Agreement Date
No Obligation To Pay Dates (NOPD)	The dates where the Secretary of State is no longer obligated to pay a Grant instalment, as set out in Schedule 3.	n/a
Grant Drawdown Period	The period within which the Grant can be drawn down, if requirements specified in the Grant Funding Agreement have been met.	Period between the Agreement Date and the Longstop Date
Investment Period	The period in which You will make the investment in Eligible Expenditure and Ineligible Expenditure.	Period between the Agreement Date and the earlier of the Start Date and the Longstop Date
Asset Retention Period	The Investment Period and the further period after the Investment Period that the Assets must be retained.	Expiry Date under the ICC Contract or Waste ICC Contract
Monitoring Period	The period from the Commencement Date to the Conclusion Date in which the Secretary of State will actively monitor the Funded Activities, Deliverables, Eligible Expenditure and Ineligible Expenditure.	[insert start and end date]
Conclusion Date	The date when ALL the above periods have completed.	Expiry Date under the ICC Contract or Waste ICC Contract
Document Retention Period	The period that documentary evidence must be retained being a period of 10 years after the Conclusion Date .	[insert start and end date]

Schedule 5

Confirmation of Bank Details

Guidance: You (the Grant Recipient) must complete Parts 1 to 5. Part 5 must only be completed by the person who signed the Grant Offer Letter, or their replacement in their signatory role.

You should take a photocopy of the form for your records and return the original along with the signed Grant Offer Letter to the address indicated in the Grant Offer Letter.

Part 1: Grant recipient details

Name of Main Grant Holder

Address of Grant Holder

Grant Determination number

[INSERT CASE REFERENCE NUMBER]

Postcode:

Grant name

[INSERT SCHEME OR FUND NAME]

Contact telephone number

Part 2: Bank details

Bank / Building Society name

Account name

Branch name

Account number

Bank sort code

- -

Account type

Building Society roll number

Branch address

Postcode:

Part 3: Address for remittance advice

Choose one method only

Method 1 - Send our remittance advice by **post** to:

Method 2 - Send our remittance advice by **email** to:

Postal address (if different from Part 1) or email address

Part 4: Authorised signatories

The names and specimen signatures of people authorised to sign claim forms on behalf of the person who signed the Grant Funding Letter are shown below. These signatures are binding on this organisation in respect of the Grant Agreement.

Name

Position in your organisation

Signature

Date

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Name

Position in your organisation

Signature

Date

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Part 5: Grant recipient declaration

[Guidance: to be completed by the person who signed the Grant Offer Letter]

- I certify that the information given on this form is correct.
- I agree that following discussions, any overpayments can be automatically recovered from future payments.

Name

Signature (the person who signed the agreement)

Date

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[Guidance: return this form to the address indicated in the Grant Offer Letter, alongside a signed Grant Offer Letter.]

General Data Protection Regulation (2018): The information on this form will be recorded on the Secretary of State's records, some of this will be computerised. The information provided will be used for paying your fees and will not be passed to anyone outside of BEIS without the permission of the Grant Recipient.

Schedule 6
Terms and Conditions