

Dated

[]

(as the **EMITTER**)

and

[LOW CARBON CONTRACTS COMPANY LTD]

(as the **WASTE ICC CONTRACT COUNTERPARTY**)

WASTE ICC AGREEMENT

RELATING TO [name of Project]

[Note: This document is intended to be read alongside the Industrial Carbon Capture business model summary (October 2023) and is subject to the "Disclaimer" within the Industrial Carbon Capture business model summary (October 2023).]

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THIS WASTE ICC AGREEMENT is dated
and made between:

(the "**Agreement Date**")

- (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]¹ (the "**Waste ICC Contract Counterparty**").

BACKGROUND

- (A) This Waste ICC Agreement is entered into following the [applicable contract allocation or negotiation process established under or by virtue of [●]]².³
- (B) The Emitter has satisfied the Waste Eligibility Criteria.
- (C) The Waste ICC Contract Counterparty is [a company wholly owned by the UK Government]⁴ and is entering into this Waste ICC Agreement solely for the purpose of implementing the provisions of the [●].⁵
- (D) This Waste ICC Agreement, together with the terms and conditions set out in [version [1] of the document entitled "Waste ICC Contract Standard Terms and Conditions"] as at [insert date], constitute a "**Waste ICC Contract**".⁶

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

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

"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 Waste 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 Waste ICC Contract.

² Note to Reader: Relevant legislation to be confirmed.

³ Note to Reader: Method of allocating Waste 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.

- (B) includes all associated infrastructure required to integrate such installation within the Project;⁷

"CO₂ T&S Network Delivery Point(s)" means the point(s) of connection of 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*);

"CO₂ Utilisation 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*);⁸

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

"Eligible Capture Technology" means any capture technology in respect of which an emitter is eligible to apply for a Waste ICC Contract;⁹

"Eligible Sectors" means the sectors that fall within the Standard Industry Classification (SIC) code 38;¹⁰

"Eligible Waste Technologies" means any waste management facility which:

- (A) recovers energy from the thermal treatment of residual waste; or
- (B) incinerates hazardous waste;

"HoldCo" means [●];

"Installation" means the Waste Installation, the Capture Plant and (if applicable) all necessary interfaces and any other facilities or equipment required up to the CO₂ Utilisation Delivery Point(s), for the safe, efficient, timely and economical operation of the Waste Installation and Capture Plant in a manner to satisfy fully the requirements under the Waste ICC Contract;

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

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.

⁸ Note to Reader: If applicable, the CO₂ Utilisation Delivery Point(s) will be identified in Annex 1 (*Description of the Installation*).

⁹ Note to Reader: Please refer to the discussion on pages 51-2 and 55-6 of the "Cluster Sequencing for Carbon Capture Usage and Storage Deployment: Phase-2 (Background and Guidance for Submissions), November 2021" document.

¹⁰ Note to Reader: Please refer to the discussion on pages 54-5 and 58-9 of the "Cluster Sequencing for Carbon Capture Usage and Storage Deployment: Phase-2 (Background and Guidance for Submissions), November 2021" document.

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

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

"**Waste Installation**" means the equipment and other facilities described in Annex 1 (*Description of the Installation*), in each case utilising the Waste Installation Technology, excluding the Capture Plant; and

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

2. AGREEMENT

The Emitter

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

The Waste ICC Contract Counterparty

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

Specific terms

- 2.3 [The Parties have agreed to amend the Conditions as set out in Annex 6 (*Modification Agreement*).]¹³
- 2.4 The Parties agree that, for the purposes of this Waste ICC Contract, the Conditions shall be amended, modified, supplemented or replaced in accordance with the terms of this Waste ICC Agreement.

3. TERM

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

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 for Carbon Capture Usage and Storage Deployment: Phase-2 (Background and Guidance for Submissions)*", November 2021" document.

¹³ Note to Reader: Clause to be retained only if it is agreed that specific amendments to any given Waste ICC Contract will be made.

4. TECHNOLOGY TYPE¹⁴

Waste Installation Technology

- 4.1 The Waste Installation Technology is the waste technology deployed by the Waste 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 Measurement¹⁵

- 4.3 The following Annex[(es)] to the Conditions shall apply to this Waste ICC Contract:¹⁶
- (A) [Annex [9] (*Pre-Capture Meter Operational Framework and Technical Specification*);¹⁷and]
 - (B) [Annex [10] (*Stack Meter Operational Framework and Technical Specification*).¹⁸]
- 4.4 The following definitions shall apply to this Waste ICC Contract:¹⁹
- (A) [**"Bypass Stack Meter Measurement Point(s)"** means the point(s) at which the Measured CO₂ Emitted is measured by the Bypass Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]
 - (B) [**"Capture Plant Stack Meter Measurement Point(s)"** means the point(s) at which the Measured CO₂ Emitted is measured by the Capture Plant Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]
 - (C) [**"Combined Stack Meter Measurement Point(s)"** means the point(s) at which the Measured CO₂ Emitted is measured by the Combined Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]
 - (D) [**"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*); and]

¹⁴ Note to Reader: DESNZ is considering whether any other project-specific information should be added to this section.

¹⁵ Note to Reader: The inlet CO₂ measurement methods will be agreed during negotiations. The default measurement method is direct measurement by pre-capture meters however an Emitter may be permitted to use one of the two exceptions to the default measurement method if agreed by DESNZ following discussions with the relevant Emitter. If agreed by DESNZ, an Emitter may measure its Measured CO₂ Input using different measurement methods and therefore more than one (1) Annex to the Conditions may apply.

¹⁶ Note to Reader: Delete as applicable. An Emitter may measure its Measured CO₂ Input using different measurement methods and therefore more than one (1) Annex may apply.

¹⁷ Note to Reader: Annex [9] (*Pre-Capture Meter Operational Framework and Technical Specification*) of the Conditions will apply if the Emitter uses direct pre-capture metering to measure its Measured CO₂ Input.

¹⁸ Note to Reader: Annex [10] (*Stack Meter Operational Framework and Technical Specification*) of the Conditions will apply if the Emitter uses stack metering to measure its Measured CO₂ Input.

¹⁹ Note to Reader: Delete as applicable. The relevant definitions will depend on the inlet CO₂ measurement method(s) agreed during negotiations.

- (E) **"T&S Bypass Stack Meter Measurement Point(s)"** means the point(s) at which the Measured CO₂ Emitted is measured by the T&S Bypass Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*).]

4.5 The **"Inlet CO₂ Measurement Data"** means:²⁰

- (a) [in relation to Annex [9] (*Pre-Capture Meter Operational Framework and Technical Specification*) of the Conditions, the Pre-Capture Meter Inlet CO₂ Measurement Data; and]
- (b) [in relation to Annex [10] (*Stack Meter Operational Framework and Technical Specification*) of the Conditions, the Stack Meter Inlet CO₂ Measurement Data.]

4.6 The **"Inlet CO₂ Measurement Point(s)"** means [*the Bypass Stack Meter Measurement Point(s), the Capture Plant Stack Meter Measurement Point(s), the Combined Stack Meter Measurement Point(s), the Inlet CO₂ Pre-Capture Meter Measurement Point(s) and/or the T&S Bypass Stack Meter Measurement Point(s)*]²¹.

4.7 The **"Inlet CO₂ Measurement Specification[(s)]"** means:²²

- (A) [Annex [9] (*Pre-Capture Meter Operational Framework and Technical Specification*) of the Conditions; and]
- (B) [Annex [10] (*Stack Meter Operational Framework and Technical Specification*) of the Conditions.]

Biogenic LTSS

4.8 The following definition shall apply to this Waste ICC Contract:

"Biogenic LTSS Measurement Point(s)" means the point(s) at which the Biogenic CO₂ Emissions is measured by the Biogenic LTSS, as identified on the plan in Annex 1 (*Description of the Installation*).

5. CONDITIONS PRECEDENT AND MILESTONE

Interpretation

5.1 The **"Initial Target Commissioning Window"** applicable to this Waste ICC Contract shall be twelve (12) months, such period commencing on [●].²³

5.2 The **"Target Commissioning Date"** applicable to this Waste ICC Contract shall be [●].²⁴

²⁰ Note to Reader: Delete as applicable. The relevant definition(s) will depend on the inlet CO₂ measurement method(s) agreed during negotiations.

²¹ Note to Reader: Delete as applicable. The relevant Inlet CO₂ Measurement Point(s) will depend on the inlet CO₂ measurement method(s) agreed during negotiations.

²² Note to Reader: Delete as applicable. The relevant Inlet CO₂ Measurement Specification(s) will depend on the inlet CO₂ measurement method(s) agreed during negotiations and more than one (1) Annex may apply.

²³ Note to Reader: This date shall be set on a project-by-project basis and agreed during negotiations.

²⁴ Note to Reader: This shall be the date agreed during negotiations as the Emitter's "Target Commissioning Date" and will be a date falling within the Initial Target Commissioning Window.

- 5.3 The **"Longstop Period"** applicable to this Waste ICC Contract shall be twelve (12) months following the final day of the Target Commissioning Window or such longer period 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 Waste ICC Contract means: [●].]²⁵
- 5.5 The **"CO₂ Capture Rate Estimate"** applicable to this Waste ICC Contract is [●] (*expressed as a percentage (%)*).²⁶
- 5.6 The **"CO₂ T&S Flow Rate Estimate"** applicable to this Waste ICC Contract is [●] (*expressed in tCO₂/h*).²⁷
- 5.7 [The **"CO₂ Utilisation Flow Rate Estimate"** applicable to this Waste ICC Contract is [●] (*expressed in tCO₂/h*).²⁸]
- 5.8 The **"Declared CO₂ T&S Flow Rate Percentage"** applicable to this Waste ICC Contract is [●] (*expressed as a percentage (%)*).²⁹
- 5.9 [The **"Declared CO₂ Utilisation Flow Rate Percentage"** applicable to this Waste ICC Contract is [●] (*expressed as a percentage (%)*).³⁰]

Milestone

- 5.10 The **"Initial Milestone Delivery Date"** applicable to this Waste ICC Contract shall be eighteen (18) months after the Agreement Date.
- 5.11 The **"Total Project Pre-Commissioning Costs"** applicable to this Waste ICC Contract shall be £[●].³¹
- 5.12 The **"Project Commitments"** applicable to this Waste ICC Contract shall be the requirements provided for in:
- (A) Part A of Annex 5 (*Project Commitments*); and

²⁵ Note to Reader: If applicable, this shall be notified to, and verified by, DESNZ 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 which is incurred in respect of the Project prior to the Agreement Date.

²⁶ Note to Reader: This shall be the Emitter's estimate of the CO₂ capture rate which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract.

²⁷ 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 DESNZ in the Emitter's application for a Waste ICC Contract.

²⁸ Note to Reader: If applicable, this shall be the Emitter's estimate of the CO₂ flow rate to CO₂ 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 DESNZ in the Emitter's application for a Waste ICC Contract.

²⁹ 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 DESNZ in the Emitter's application for a Waste ICC Contract. This figure shall be verified by DESNZ on a project-by-project basis.

³⁰ 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 DESNZ in the Emitter's application for a Waste ICC Contract. This figure shall be verified by DESNZ on a project-by-project basis.

³¹ Note to Reader: This shall be set on a project-by-project basis and agreed during negotiations.

- (B) the section of Part B of Annex 5 (*Project Commitments*) which is expressed to apply to the Installation Capture Technology.

6. CHANGES IN LAW

The "Post-Tax Real Discount Rate" applicable to this Waste ICC Contract is [●].³²

7. PAYMENT CALCULATIONS

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

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

$$CPR = \frac{TCP + r}{[CO2_Out_T\&S_E]/[CO2_Out_E]}$$

where:

CPR = Capex Payment Rate (£/tCO₂);

TCP = Total Capex Payment (£);

r = Total Return Component (£); and

$[CO2_Out_T\&S_E]$ = $[Metered\ CO_2\ Output\ to\ T\&S\ Estimate]/[Metered\ CO_2\ Output\ Estimate]$ ³³ (tCO₂).

7.3 The "Eligible Opex Items" applicable to this Waste ICC Contract are set out in Annex 2 (*Eligible Opex Items*).³⁴

7.4 The "Initial Strike Price" applicable to this Waste ICC Contract is £[●]/tCO₂.³⁵

7.5 The "Maximum Annual CO₂ Capture Quantity" applicable to this Waste ICC Contract is [●] (*expressed in tCO₂*).³⁶

7.6 The "Maximum CO₂ Rich Stream Output to T&S" applicable to this Waste ICC Contract is [●] (*expressed in tCO₂RS*) in respect of each Opex Payment Year.³⁷

³² Note to Reader: This shall be equal to the Post-Tax Real Discount Rate which shall be notified to, and agreed by, DESNZ on a project-by-project basis.

³³ 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 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).

³⁴ 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 Annex 2 (*Eligible Opex Items*).

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.

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 CCS Network Code develops.

- 7.7 The "**Maximum T&S Capacity**" applicable to this Waste ICC Contract is [●] (*expressed in tCO₂RS*) in respect of each Settlement Unit.³⁸
- 7.8 The "**Maximum T&S Delivery Point Size**" applicable to this Waste ICC Contract is [●] (*expressed in tCO₂RS*) in respect of each Settlement Unit.³⁹
- 7.9 The "**Metered CO₂ Output Estimate**" applicable to this Waste ICC Contract is [●] (*expressed in tCO₂*).⁴⁰
- 7.10 The "**Metered CO₂ Output to T&S Estimate**" applicable to this Waste ICC Contract is [●] (*expressed in tCO₂*).⁴¹
- 7.11 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
- 7.12 The "**OP Mitigation Adjustment Table**" applicable to this Waste ICC Contract is set out in [Part A (*Post-Combustion Capture*)/Part B (*Pre-Combustion Capture*)] of Annex 3 (*OP Mitigation Adjustment*).
- 7.13 The "**Opex Costs Early Reopener Cap**" applicable to this Waste ICC Contract is [●] per cent. ([●]%).⁴³
- 7.14 The "**Opex Costs Early Reopener Materiality Threshold**" applicable to this Waste ICC Contract is [●] per cent. ([●]%).⁴⁴
- 7.15 The "**Total Capex Payment**" applicable to this Waste ICC Contract is £[●].⁴⁵

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 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 CCS Network Code 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 Waste 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 CCS Network Code is developed.

⁴⁰ Note to Reader: This shall be the Emitter's estimate of the mass quantity of CO₂ that will be captured in all Billing Periods during the Capex Payment Period based on the CO₂ Capture Rate Estimate, which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract.

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 during 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 DESNZ in the Emitter's application for a Waste 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 3 (*OP Mitigation Adjustment*)).

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 be 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 fifteen per cent. (15%) however, the cap will be set on a project-by-project basis and agreed during negotiations.

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 five per cent. (5%) however, the threshold will be set on a project-by-project basis and agreed during negotiations.

⁴⁵ Note to Reader: This shall be the total capital expenditure for the Capture Plant (and associated facilities/equipment) which will be subsidised via the Waste ICC Contract as agreed between DESNZ and the Emitter. Such capital expenditure may include capital expenditure relating to long-lead items which is incurred pre-Agreement Date and will include other capital expenditure which is 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.

- 7.16 The "**Total Return Component**" applicable to this Waste ICC Contract is £[●].⁴⁶
- 7.17 The "**Variable Component of Strike Price**" applicable to this Waste ICC Contract is [●]%.⁴⁷
- 7.18 The "**YCCM**" or "**Yearly Capex Cap Multiplier**" applicable to this Waste ICC Contract has the meaning given to it in Annex 4 (*Yearly Capex Cap Multiplier*).⁴⁸
- 7.19 [Condition [7.2(A)] (*Capex Payment Calculation*) shall be deleted and replaced with the following:

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

$$\sum_{i=1}^n CO2_Out_{i,Cn} \geq CO2_Out_E \times YCCM_{Cn}$$

where:

- $CO2_Out_{i,Cn}$ = the Metered CO₂ Output (tCO₂) for each Settlement Unit (i) in the relevant Capex Payment Year (C_n);
- $CO2_Out_E$ = the Metered CO₂ Output Estimate (tCO₂);
- $YCCM_{Cn}$ = the Yearly Capex Cap Multiplier for the relevant Capex Payment Year (C_n); and
- n = the number of Settlement Units (i) for the relevant Capex Payment Year (C_n).

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

8. **EMITTER UNDERTAKINGS: CARBON CAPTURE AND CO₂ UTILISATION**

Condition [26] (*Emitter Undertakings: Carbon Capture and CO₂ Utilisation*) [*does not apply*]/[*applies*] to this Waste ICC Contract.⁵⁰

9. **R1 ENERGY EFFICIENCY THRESHOLD**

- 9.1 The following Conditions [*do not apply*]/[*apply*] to this Waste ICC Contract:⁵¹

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 Waste ICC Contract.

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 ten (10) 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, DESNZ on a project-by-project basis.

⁴⁸ Note to Reader: The YCCM is used to determine the relevant annual cap on Capex Payments, by reference to either: (i) for CCS only projects, the estimated maximum quantity of CO₂ delivered by the Capture Plant to the CO₂ T&S Network Delivery Point(s) during the relevant year; or (ii) for hybrid CCS/CCU projects, the estimated maximum quantity of CO₂ delivered to both the CO₂ T&S Network Delivery Point(s) and the CO₂ Utilisation Delivery Point(s), during the relevant year. This cap may vary each year, depending on expected changes in production over the Capex Payment Period, and the cap for each year will be agreed during negotiations.

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

⁵⁰ Note to Reader: For hybrid CCS/CCU projects, Condition [26] shall not apply as the Emitter would be entitled to commence CO₂ Utilisation from the Start Date.

⁵¹ Note to Reader: These Conditions shall only apply for EfW facilities or gasification to energy (electricity and/or heat) ATT/ACT facilities.

- (a) Condition [2.2(B)] (*Extension*);
- (b) Condition [20.1(H)] (*Emitter Undertakings: General*);
- (c) Conditions [20.3] to [20.5] (*Failure to satisfy the R1 Energy Efficiency Threshold*); and
- (d) paragraph [5] (*R1 Energy Efficiency Threshold*) of Part B (*Operational Conditions Precedent*) of Annex [1] (*Conditions Precedent*).

10. NOTICES

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

(A) in the case of the Emitter:

Address:

Email address:

For the attention of:

(B) in the case of the Waste ICC Contract Counterparty:

Address:

Email address:

For the attention of:

11. AGENT FOR SERVICE OF PROCESS

[Condition [75] (*Agent for service of process*) shall not apply to this Waste ICC Contract and there shall be no Service Agent.]/[Condition [75] (*Agent for service of process*) shall apply to this Waste ICC Contract and the "**Service Agent**" shall be [●] of [●].]⁵²

⁵²

Note to Reader: Delete as applicable. This shall be the agent notified to DESNZ in the Emitter's application for a Waste ICC Contract as the Emitter's agent for service of process, where the Emitter is not based in England/Wales.

Annex 1 (Description of the Installation)

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 a Waste 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 Bypass Stack Meter Measurement Point(s) (if applicable), the Capture Plant Stack Meter Measurement Point(s) (if applicable), the Combined Stack Meter Measurement Point(s) (if applicable), the Inlet CO₂ Pre-Capture Meter Measurement Point(s) (if applicable), the T&S Bypass Stack Meter Measurement Point(s) (if applicable) and the Biogenic LTSS Measurement Point(s).]

Part B: Waste Installation Technology

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

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 a Waste ICC Contract.]

Annex 2
(Eligible Opex Items)⁵³

Eligible Opex Item	Price (£/unit of Eligible Opex Item)	Estimated volume in each Billing Period (unit of Eligible Opex Item/tCO₂)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

⁵³

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.

Annex 3
(OP Mitigation Adjustment)⁵⁴

Part A: Post-Combustion Capture

Available T&S Capacity	Duration of T&S Outage Event and corresponding OP Mitigation Adjustment (%)		
	$\geq 1 \text{ day} \leq 1 \text{ week}$	$> 1 \text{ week} \leq 1 \text{ month}$	$> 1 \text{ month}$
$> 80\% \leq 100\%$	0%	0%	0%
$> 60\% \leq 80\%$	10%	25%	35%
$> 40\% \leq 60\%$	20%	40%	55%
$> 20\% \leq 40\%$	25%	50%	70%
$0\% \leq 20\%$	50%	75%	90%

Part B: Pre-Combustion Capture

Available T&S Capacity	Duration of T&S Outage Event and corresponding OP Mitigation Adjustment (%)		
	$\geq 1 \text{ day} \leq 1 \text{ week}$	$> 1 \text{ week} \leq 1 \text{ month}$	$> 1 \text{ month}$
$> 80\% \leq 100\%$	0%	0%	0%
$> 60\% \leq 80\%$	10%	20%	25%
$> 40\% \leq 60\%$	15%	30%	40%
$> 20\% \leq 40\%$	20%	40%	55%
$0\% \leq 20\%$	50%	75%	90%

⁵⁴

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.

Annex 4
(Yearly Capex Cap Multiplier)

Year of Capex Payment Period	YCCM (expressed as a decimal fraction)⁵⁵
1	[●]
2	[●]
3	[●]
4	[●]
5	[●]
6	[●]
7	[●]
8	[●]
9	[●]
10 ⁵⁶	[●]

⁵⁵ Note to Reader: Please refer to footnote 48 for a discussion relating to the application of the YCCM.

⁵⁶ Note to Reader: The sum of the YCCM over years one (1) to ten (10) of the Capex Payment Period (being the Initial Term) will be equal to one (1).

Annex 5 (Project Commitments)

Part A: General Project Commitments

Delivery to the Waste 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 Waste Installation and the Capture Plant are 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,

((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: Technology Specific Project Commitments

1. POST-COMBUSTION TECHNOLOGY

Delivery to the Waste 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 Waste 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 Waste 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 Waste 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 Waste 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 Waste 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 Waste 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 Waste 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
(Modification Agreement)⁵⁷

⁵⁷

Note to Reader: Annex to be retained only if it is agreed that specific amendments to any given Waste ICC Contract will be made.

EXECUTION PAGE

The EMITTER

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

.....

Print name

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

The WASTE ICC CONTRACT COUNTERPARTY

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

.....

Print name

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