

Dated

[       ]

(as the EMITTER)

and

[LOW CARBON CONTRACTS COMPANY LTD]

(as the ICC CONTRACT COUNTERPARTY)

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**ICC AGREEMENT**

**RELATING TO [*name of Project*]**

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**[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 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]<sup>1</sup> (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 [●]]<sup>2</sup>.
- (B) The Emitter has satisfied the Eligibility Criteria.
- (C) The ICC Contract Counterparty is [a company wholly owned by the UK Government]<sup>4</sup> and is entering into this ICC Agreement solely for the purpose of implementing the provisions of the [●].<sup>5</sup>
- (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**".<sup>6</sup>

**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:

"**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 CO<sub>2</sub> produced by the Industrial Installation (including all necessary interfaces and any other facilities or equipment required to export CO<sub>2</sub> to the T&S Network up to the CO<sub>2</sub> T&S Network Delivery Point(s)) which complies with the Delivery CO<sub>2</sub> Quality Standards; and

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<sup>1</sup> 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.

<sup>2</sup> Note to Reader: Relevant legislation to be confirmed.

<sup>3</sup> Note to Reader: Method of allocating ICC Contract to be confirmed.

<sup>4</sup> Note to Reader: Counterparty description to be confirmed.

<sup>5</sup> Note to Reader: Relevant legislation to be confirmed.

<sup>6</sup> Note to Reader: Document description and date to be confirmed.

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

**"CO<sub>2</sub> 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*);

**"CO<sub>2</sub> 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*);<sup>8</sup>

**"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 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 an ICC Contract;<sup>9</sup>

**"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:

- (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;<sup>10</sup>

<sup>7</sup> Note to Reader: For clarity, equipment associated with the separation of CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> stream coming from this CO<sub>2</sub> separation unit operation would be regarded as the inlet stream to the Capture Plant which, in this case, would consist of CO<sub>2</sub> conditioning, compression, compositional analysis and flow metering. In addition, any CO<sub>2</sub> compression and related equipment which is required to supply CO<sub>2</sub> 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.

<sup>8</sup> Note to Reader: If applicable, the CO<sub>2</sub> Utilisation Delivery Point(s) will be identified in Annex 1 (*Description of the Installation*).

<sup>9</sup> 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.

<sup>10</sup> Note to Reader: Please refer to the discussion on page 54 of the "Cluster Sequencing for Carbon Capture Usage and Storage Deployment: Phase-2 (Background and Guidance for Submissions), November 2021" document.

"**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 [●]<sup>11</sup>];<sup>12</sup>

["**HoldCo**" means [●];]

"**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 CO<sub>2</sub> Utilisation Delivery Point(s), 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 12 (but only if Condition [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.

### ***Specific terms***

- 2.3 [The Parties have agreed to amend the Conditions as set out in Annex 7 (*Modification Agreement*).]<sup>13</sup>
- 2.4 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.

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<sup>11</sup> Note to Reader: Relevant legislation to be confirmed.

<sup>12</sup> 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 for Guidance and Submissions), November 2021" document.

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

### 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<sup>14</sup>

#### ***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 CO<sub>2</sub> Measurement***<sup>15</sup>

4.3 The following Annex[(es)] to the Conditions shall apply to this ICC Contract:<sup>16</sup>

(A) [Annex [8] (*Pre-Capture Meter Operational Framework and Technical Specification*)];<sup>17</sup>

(B) [Annex [9] (*Stack Meter Operational Framework and Technical Specification*)];<sup>18</sup> and]

(C) [Annex [10] (*Indirect Measurement Operational Framework and Technical Specification*)];<sup>19</sup>]

4.4 The following definitions shall apply to this ICC Contract:<sup>20</sup>

(A) ["**Auxiliary CO<sub>2</sub> Generated Input Fuel Meter Measurement Point(s)**"] means the point(s) at which the fuel into the Capture Plant is measured by the Auxiliary CO<sub>2</sub> Generated Input Fuel Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]

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

<sup>15</sup> Note to Reader: The inlet CO<sub>2</sub> 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 CO<sub>2</sub> Input, its Measured CO<sub>2</sub> Input from Industrial Installation and, if applicable, its Auxiliary CO<sub>2</sub> Generated Input using different measurement methods and therefore more than one (1) Annex to the Conditions may apply. If an Emitter directs CO<sub>2</sub> from an Auxiliary CO<sub>2</sub> Generation System to the Capture Plant, it must have a minimum of two (2) measurement points in order to measure: (i) the Measured CO<sub>2</sub> Input; (ii) the Measured CO<sub>2</sub> Input from Industrial Installation; and (iii) the Auxiliary CO<sub>2</sub> Generated Input. If an Emitter does not have an Auxiliary CO<sub>2</sub> Generation System which directs CO<sub>2</sub> to the Capture Plant, the Emitter must have a minimum of one (1) measurement point in order to measure the Measured CO<sub>2</sub> Input and the Measured CO<sub>2</sub> Input from Industrial Installation.

<sup>16</sup> Note to Reader: Delete as applicable. An Emitter may measure its Measured CO<sub>2</sub> Input, its Measured CO<sub>2</sub> Input from Industrial Installation and (if applicable) its Auxiliary CO<sub>2</sub> Generated Input using different measurement methods and therefore more than one (1) Annex may apply.

<sup>17</sup> Note to Reader: Annex [8] (*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 CO<sub>2</sub> Input, its Measured CO<sub>2</sub> Input from Industrial Installation and/or its Auxiliary CO<sub>2</sub> Generated Input (as applicable).

<sup>18</sup> Note to Reader: Annex [9] (*Stack Meter Operational Framework and Technical Specification*) of the Conditions will apply if the Emitter uses stack metering to measure its Measured CO<sub>2</sub> Input and/or its Measured CO<sub>2</sub> Input from Industrial Installation.

<sup>19</sup> Note to Reader: Annex [10] (*Indirect Measurement Operational Framework and Technical Specification*) of the ICC Contract will apply if the Emitter uses indirect measurement to measure its Measured CO<sub>2</sub> Input, its Measured CO<sub>2</sub> Input from Industrial Installation and/or its Auxiliary CO<sub>2</sub> Generated Input (as applicable).

<sup>20</sup> Note to Reader: Delete as applicable. The relevant definitions will depend on the inlet CO<sub>2</sub> measurement method(s) agreed during negotiations.

- (B) ["**Auxiliary CO<sub>2</sub> Generated Input Pre-Capture Meter Measurement Point(s)**"] means the point(s) at which the Auxiliary CO<sub>2</sub> Generated Input is measured by the Auxiliary CO<sub>2</sub> Generated Input Pre-Capture Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]
- (C) ["**Bypass Stack Meter Measurement Point(s)**"] means the point(s) at which the Measured CO<sub>2</sub> Emitted is measured by the Bypass Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]
- (D) ["**Capture Plant Stack Meter Measurement Point(s)**"] means the point(s) at which the Measured CO<sub>2</sub> Emitted is measured by the Capture Plant Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]
- (E) ["**Combined Stack Meter Measurement Point(s)**"] means the point(s) at which the Measured CO<sub>2</sub> Emitted is measured by the Combined Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]
- (F) ["**Industrial Installation Fuel Meter Measurement Point(s)**"] means the point(s) at which the fuel into the Industrial Installation is measured by the Industrial Installation Fuel Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]
- (G) ["**Industrial Installation Pre-Capture Meter Measurement Point(s)**"] means the point(s) at which the Measured CO<sub>2</sub> 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*);]
- (H) ["**Inlet CO<sub>2</sub> Pre-Capture Meter Measurement Point(s)**"] means the point(s) at which the Measured CO<sub>2</sub> Input is measured by the Inlet CO<sub>2</sub> Pre-Capture Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*); and]
- (I) ["**T&S Bypass Stack Meter Measurement Point(s)**"] means the point(s) at which the Measured CO<sub>2</sub> 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 CO<sub>2</sub> Measurement Data**" means:<sup>21</sup>

- (a) [in relation to Annex [8] (*Pre-Capture Meter Operational Framework and Technical Specification*) of the Conditions, the Pre-Capture Meter Inlet CO<sub>2</sub> Measurement Data;]
- (b) [in relation to Annex [9] (*Stack Meter Operational Framework and Technical Specification*) of the Conditions, the Stack Meter Inlet CO<sub>2</sub> Measurement Data; and]
- (c) [in relation to Annex [10] (*Indirect Measurement Operational Framework and Technical Specification*) of the Conditions, the Fuel Meter Inlet CO<sub>2</sub> Measurement Data.]

4.6 The "**Inlet CO<sub>2</sub> Measurement Point(s)**" means [*the Auxiliary CO<sub>2</sub> Generated Input Fuel Meter Measurement Point(s), the Auxiliary CO<sub>2</sub> Generated Input Pre-Capture Meter Measurement Point(s), the Bypass Stack Meter Measurement Point(s), the Capture Plant Stack Meter Measurement Point(s), the Combined Stack Meter Measurement Point(s), the Industrial Installation Fuel Meter Measurement Point(s), the Industrial Installation Pre-Capture Meter*

<sup>21</sup> Note to Reader: Delete as applicable. The relevant definition(s) will depend on the inlet CO<sub>2</sub> measurement method(s) agreed during negotiations.

*Measurement Point(s), the Inlet CO<sub>2</sub> Pre-Capture Meter Measurement Point(s) and/or the T&S Bypass Stack Meter Measurement Point(s)]*<sup>22</sup>.

4.7 The **"Inlet CO<sub>2</sub> Measurement Specification[(s)]"** means:<sup>23</sup>

- (A) [Annex [8] (*Pre-Capture Meter Operational Framework and Technical Specification*) of the Conditions;]
- (B) [Annex [9] (*Stack Meter Operational Framework and Technical Specification*) of the Conditions; and]
- (C) [Annex [10] (*Indirect Measurement Operational Framework and Technical Specification*) of the Conditions].

## 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 [●].<sup>24</sup>
- 5.2 The **"Target Commissioning Date"** applicable to this ICC Contract shall be [●].<sup>25</sup>
- 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 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: [●].]<sup>26</sup>
- 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 copy of a valid CHPQA Certificate; and
- (B) where the Capture Plant is only capturing emissions from the 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

<sup>22</sup> Note to Reader: Delete as applicable. The relevant Inlet CO<sub>2</sub> Measurement Point(s) will depend on the inlet CO<sub>2</sub> measurement method(s) agreed during negotiations.

<sup>23</sup> Note to Reader: Delete as applicable. The relevant Inlet CO<sub>2</sub> Measurement Specification(s) will depend on the inlet CO<sub>2</sub> measurement method(s) agreed during negotiations and more than one (1) Annex may apply.

<sup>24</sup> Note to Reader: This date shall be set on a project-by-project basis and agreed during negotiations.

<sup>25</sup> 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.

<sup>26</sup> 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.

electrical energy to one (1) or more Eligible Industrial Installation(s) (excluding thermal and/or electrical energy used by the Emitter for self-consumption)."]<sup>27</sup>

- 5.6 The "**CO<sub>2</sub> Capture Rate Estimate**" applicable to this ICC Contract is [●] (*expressed as a percentage (%)*).<sup>28</sup>
- 5.7 The "**CO<sub>2</sub> T&S Flow Rate Estimate**" applicable to this ICC Contract is [●] (*expressed in tCO<sub>2</sub>/h*).<sup>29</sup>
- 5.8 [The "**CO<sub>2</sub> Utilisation Flow Rate Estimate**" applicable to this ICC Contract is [●] (*expressed in tCO<sub>2</sub>/h*).<sup>30</sup>]
- 5.9 The "**Declared CO<sub>2</sub> T&S Flow Rate Percentage**" applicable to this ICC Contract is [●] (*expressed as a percentage (%)*).<sup>31</sup>
- 5.10 [The "**Declared CO<sub>2</sub> Utilisation Flow Rate Percentage**" applicable to this ICC Contract is [●] (*expressed as a percentage (%)*).<sup>32</sup>]

### **Milestone**

- 5.11 The "**Initial Milestone Delivery Date**" applicable to this ICC Contract shall be eighteen (18) months after the Agreement Date.
- 5.12 The "**Total Project Pre-Commissioning Costs**" applicable to this ICC Contract shall be £[●].<sup>33</sup>
- 5.13 The "**Project Commitments**" applicable to this ICC Contract shall be the requirements provided for in:
- (A) Part A of Annex 6 (*Project Commitments*); and
  - (B) the section of Part B of Annex 6 (*Project Commitments*) which is expressed to apply to the Installation Capture Technology.

<sup>27</sup> 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".

<sup>28</sup> Note to Reader: This shall be the Emitter's estimate of the CO<sub>2</sub> capture rate which shall be notified to DESNZ in the Emitter's application for an ICC Contract.

<sup>29</sup> Note to Reader: This shall be the Emitter's estimate of the CO<sub>2</sub> flow rate to the T&S Network (i.e. the total instantaneous mass flow rate of CO<sub>2</sub> that the Emitter estimates will be delivered to the CO<sub>2</sub> T&S Network Delivery Point(s)) which shall be notified to DESNZ in the Emitter's application for an ICC Contract.

<sup>30</sup> Note to Reader: If applicable, this shall be the Emitter's estimate of the CO<sub>2</sub> flow rate to CO<sub>2</sub> Utilisation (i.e. the total instantaneous mass flow rate of CO<sub>2</sub> that the Emitter estimates will be delivered to the CO<sub>2</sub> Utilisation Delivery Point(s)) which shall be notified to DESNZ in the Emitter's application for an ICC Contract.

<sup>31</sup> Note to Reader: This shall be the percentage of CO<sub>2</sub> 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 an ICC Contract. This figure shall be verified by DESNZ on a project-by-project basis.

<sup>32</sup> Note to Reader: If applicable, this shall be the percentage of CO<sub>2</sub> 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 an ICC Contract. This figure shall be verified by DESNZ on a project-by-project basis.

<sup>33</sup> Note to Reader: This shall be set on a project-by-project basis and agreed during negotiations.

## 6. CHANGES IN LAW

The **"Post-Tax Real Discount Rate"** applicable to this ICC Contract is [●].<sup>34</sup>

## 7. PAYMENT CALCULATIONS

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

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

$$CPR = \frac{TCP + r}{[CO2\_Out\_T\&S\_E]/[CO2\_Out\_E]}$$

where:

*CPR* = Capex Payment Rate (£/tCO<sub>2</sub>);

*TCP* = Total Capex Payment (£);

*r* = Total Return Component (£); and

$\frac{[CO2\_Out\_T\&S\_E]}{[CO2\_Out\_E]}$  =  $\frac{[Metered\ CO_2\ Output\ to\ T\&S\ Estimate]}{[Metered\ CO_2\ Output\ Estimate]}^{35}$  (tCO<sub>2</sub>).

7.3 The **"Eligible Opex Items"** applicable to this ICC Contract are set out in Annex 2 (*Eligible Opex Items*).<sup>36</sup>

7.4 The **"Fixed Trajectory Reference Price"** has the meaning given to that term in Annex 3 (*Fixed Trajectory Reference Price*).<sup>37</sup>

7.5 The **"Initial Strike Price"** applicable to this ICC Contract is £[●]/tCO<sub>2</sub>.<sup>38</sup>

7.6 The **"Maximum Annual CO<sub>2</sub> Capture Quantity"** applicable to this ICC Contract is [●] (expressed in tCO<sub>2</sub>).<sup>39</sup>

<sup>34</sup> 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.

<sup>35</sup> Note to Reader: For hybrid CCS/CCU projects, the denominator for the Capex Payment Rate calculation will be the Metered CO<sub>2</sub> Output Estimate (i.e. the Emitter's estimate of the total amount of CO<sub>2</sub> that will be captured during the first five (5) years of the Capex Payment Period) whereas, for CCS only projects, the denominator will be the Metered CO<sub>2</sub> Output to T&S Estimate (i.e. the Emitter's estimate of the total amount of CO<sub>2</sub> that will be captured and stored during the same period).

<sup>36</sup> 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*).

<sup>37</sup> 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 (*Fixed Trajectory Reference Price*).

<sup>38</sup> 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.

<sup>39</sup> Note to Reader: The Maximum Annual CO<sub>2</sub> Capture Quantity will be the greatest mass quantity of CO<sub>2</sub> 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.

- 7.7 The "**Maximum CO<sub>2</sub> Rich Stream Output to T&S**" applicable to this ICC Contract is [●] (*expressed in tCO<sub>2</sub>RS*) in respect of each Opex Payment Year.<sup>40</sup>
- 7.8 The "**Maximum T&S Capacity**" applicable to this ICC Contract is [●] (*expressed in tCO<sub>2</sub>RS*) in respect of each Settlement Unit.<sup>41</sup>
- 7.9 The "**Maximum T&S Delivery Point Size**" applicable to this ICC Contract is [●] (*expressed in tCO<sub>2</sub>RS*) in respect of each Settlement Unit.<sup>42</sup>
- 7.10 The "**Metered CO<sub>2</sub> Output Estimate**" applicable to this ICC Contract is [●] (*expressed in tCO<sub>2</sub>*).<sup>43</sup>
- 7.11 The "**Metered CO<sub>2</sub> Output to T&S Estimate**" applicable to this ICC Contract is [●] (*expressed in tCO<sub>2</sub>*).<sup>44</sup>
- 7.12 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.<sup>45</sup>
- 7.13 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 4 (*OP Mitigation Adjustment*).
- 7.14 The "**Opex Costs Early Reopener Cap**" applicable to this ICC Contract is [●] per cent. ([●]%).<sup>46</sup>
- 7.15 The "**Opex Costs Early Reopener Materiality Threshold**" applicable to this ICC Contract is [●] per cent. ([●]%).<sup>47</sup>

<sup>40</sup> Note to Reader: This shall be the maximum amount of CO<sub>2</sub> 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.

<sup>41</sup> Note to Reader: This shall be the maximum amount of CO<sub>2</sub> 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.

<sup>42</sup> 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 CO<sub>2</sub> 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.

<sup>43</sup> Note to Reader: This shall be the Emitter's estimate of the mass quantity of CO<sub>2</sub> that will be captured in all Billing Periods in the first five (5) years of the Capex Payment Period based on the CO<sub>2</sub> Capture Rate Estimate, which shall be notified to DESNZ in the Emitter's application for an ICC Contract.

<sup>44</sup> Note to Reader: This shall be the Emitter's estimate of the mass quantity of CO<sub>2</sub> that will be captured and stored in all Billing Periods in the first five (5) years of the Capex Payment Period based on the CO<sub>2</sub> Capture Rate Estimate and the Declared CO<sub>2</sub> T&S Flow Rate Percentage, which shall be notified to DESNZ in the Emitter's application for an ICC Contract.

<sup>45</sup> 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 (*OP Mitigation Adjustment*)).

<sup>46</sup> 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.

<sup>47</sup> 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.

- 7.16 The **"Total Capex Payment"** applicable to this ICC Contract is £[●].<sup>48</sup>
- 7.17 The **"Total Return Component"** applicable to this ICC Contract is £[●].<sup>49</sup>
- 7.18 The **"Variable Component of Strike Price"** applicable to this ICC Contract is [●]%.<sup>50</sup>
- 7.19 The **"YCCM"** or **"Yearly Capex Cap Multiplier"** applicable to this ICC Contract has the meaning given to it in Annex 5 (*Yearly Capex Cap Multiplier*).<sup>51</sup>
- 7.20 [Condition [7.2(A)] (*Capex Payment Calculation*) shall be deleted and replaced with the following:

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

$$\sum_{i=1}^n CO2\_Out_{i,C_n} \geq CO2\_Out\_E \times YCCM_{C_n}$$

where:

$CO2\_Out_{i,C_n}$  = the Metered CO<sub>2</sub> Output ( $tCO_2$ ) for each Settlement Unit ( $i$ ) in the relevant Capex Payment Year ( $C_n$ );

$CO2\_Out\_E$  = the Metered CO<sub>2</sub> Output Estimate ( $tCO_2$ );

$YCCM_{C_n}$  = 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]"<sup>52</sup>

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

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

<sup>48</sup> Note to Reader: This shall be the total capital expenditure for the Capture Plant (and associated facilities/equipment) which will be subsidised via the 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. 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.

<sup>49</sup> 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.

<sup>50</sup> 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.

<sup>51</sup> 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 CO<sub>2</sub> delivered by the Capture Plant to the CO<sub>2</sub> T&S Network Delivery Point(s) during the relevant year; or (ii) for hybrid CCS/CCU projects, the estimated maximum quantity of CO<sub>2</sub> delivered to both the CO<sub>2</sub> T&S Network Delivery Point(s) and the CO<sub>2</sub> Utilisation Delivery Point(s), 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.

<sup>52</sup> Note to Reader: For hybrid CCS/CCU projects, Condition [7.2(A)] shall be deleted and replaced with this Condition.

$$\sum_{i=1}^n CO2_{Out_{i,Cp}} \geq CO2_{Out\_E}$$

where:

$CO2_{Out_{i,Cp}}$	=	the Metered CO <sub>2</sub> Output (tCO <sub>2</sub> ) for each Settlement Unit ( <i>i</i> ) in the Capex Payment Period ( <i>Cp</i> );
$n$	=	the number of Settlement Units ( <i>i</i> ) in the Capex Payment Period ( <i>Cp</i> ); and
$CO2_{Out\_E}$	=	the Metered CO <sub>2</sub> Output Estimate (tCO <sub>2</sub> ),

then all further  $CP_i$  amounts in the Capex Payment Period (*Cp*) shall be zero (0)."<sup>53</sup>

## 8. **EMITTER UNDERTAKINGS: CARBON CAPTURE AND CO<sub>2</sub> UTILISATION**

Condition [26] (*Emitter Undertakings: Carbon Capture and CO<sub>2</sub> Utilisation*) [*does not apply*]/[*applies*] to this ICC Contract.<sup>54</sup>

## 9. **EMITTER UNDERTAKINGS: INFORMATION PROVISION**

9.1 Condition [28.1(C)] (*Provision of Information to the ICC Contract Counterparty*) [*does not apply*]/[*applies*] to this ICC Contract.<sup>55</sup>

9.2 Condition [28.1(D)] (*Provision of Information to the ICC Contract Counterparty*) [*does not apply*]/[*applies*] to this ICC Contract.<sup>56</sup>

## 10. **UK ETS FREE ALLOWANCES**

10.1 The "**FA Trajectory**" applicable to this ICC Contract is set out in [Part A]/[Part B] of Annex 9 (*FA Trajectory*).<sup>57</sup>

10.2 The "**Initial Auxiliary CO<sub>2</sub> Generated**" applicable to this ICC Contract is [●]<sup>58</sup>.

10.3 The "**Initial Auxiliary CO<sub>2</sub> Generated Methodology**" applicable to this ICC Contract is set out in Part B (*Auxiliary CO<sub>2</sub> Generated Methodology*) of Annex 8 (*Initial Capture Factor Methodology*).

<sup>53</sup> Note to Reader: For hybrid CCS/CCU projects, Condition [7.2(B)] shall be deleted and replaced with this Condition.

<sup>54</sup> Note to Reader: For hybrid CCS/CCU projects, Condition [26] shall not apply as the Emitter would be entitled to commence CO<sub>2</sub> Utilisation from the Start Date.

<sup>55</sup> Note to Reader: Delete as applicable. Condition [28.1(C)] applies to all CHP facilities awarded an ICC Contract.

<sup>56</sup> Note to Reader: Delete as applicable. Condition [28.1(D)] applies to CHP facilities awarded an ICC Contract, where the Capture Plant is only capturing emissions from the Combined Heat and Power Generating Station.

<sup>57</sup> Note to Reader: Delete as applicable. Part A is relevant if the UK ETS Installation is an Incumbent Installation; Part B is relevant if the UK ETS Installation is a New Entrant.

<sup>58</sup> Note to Reader: This shall be Emitter's estimate of the Auxiliary CO<sub>2</sub> Generated for a calendar year, based on the mass quantity of CO<sub>2</sub> that will be generated from heating and/or powering the Capture Plant from any (and all) Auxiliary CO<sub>2</sub> Generation System(s) in all Billing Periods in the first five (5) years of the FA Payment Period divided by five (5), calculated in accordance with the Initial Auxiliary CO<sub>2</sub> Generated Methodology.

- 10.4 The "**Initial Capture Factor**" applicable to this ICC Contract is [●]<sup>59</sup> (*expressed as a percentage (%)*).<sup>60</sup>
- 10.5 The "**Initial Capture Factor Methodology**" applicable to this ICC Contract is set out in Annex 8 (*Initial Capture Factor Methodology*).
- 10.6 The "**Initial Total Generated Emissions**" applicable to this ICC Contract is [●].<sup>61</sup>
- 10.7 The "**Initial Total Generated Emissions Methodology**" applicable to this ICC Contract is set out in Part C (*Initial Total Generated Emissions Methodology*) of Annex 8 (*Initial Capture Factor Methodology*).
- 10.8 [The number of "**Theoretical FAs**" applicable to this ICC Contract is [●].]<sup>62</sup>
- 10.9 The "**UK ETS Installation**" means the installation operated by the Emitter as described in the UK ETS Permit.
- 10.10 The "**UK ETS Permit**" means the permit to emit greenhouse gases issued to the Emitter under the UK ETS Order [*with permit number XXX*]/[*with the permit number to be subsequently confirmed by the Emitter to the ICC Contract Counterparty as soon as reasonably practicable after it is confirmed*]<sup>63</sup> as varied or amended from time to time.

## 11. NOTICES

- 11.1 The address and email address of each Party for any notice to be given under this 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:

<sup>59</sup> Note to Reader: The Initial Capture Factor shall be calculated using the Capture Factor calculation set out in Annex 8 (*Initial Capture Factor Methodology*).

<sup>60</sup> Note to Reader: The capture factor will be rounded to the nearest % and will be fixed for the duration of the ICC Contract (subject to an initial rebasing and any subsequent rebasing). The Initial Capture Factor will be set on a project-by-project basis in accordance with the Initial Capture Factor Methodology set out in Annex 8 (*Initial Capture Factor Methodology*) and agreed during negotiations.

<sup>61</sup> Note to Reader: This shall be the Emitter's estimate of the Total Generated Emissions for a calendar year, based on the total CO<sub>2</sub> emissions (both fossil and biogenic) generated by the UK ETS Installation in a calendar year, consisting of all measured streams of CO<sub>2</sub> generated by the UK ETS Installation which are directed to the Capture Plant and all measured streams of CO<sub>2</sub> which are emitted directly to the atmosphere from the UK ETS Installation, in each case excluding any Auxiliary CO<sub>2</sub> Generated, in all Billing Periods in the first five (5) years of the FA Payment Period divided by five (5), calculated in accordance with the Initial Total Generated Emissions Methodology.

<sup>62</sup> Note to Reader: Delete if the UK ETS Installation is a New Entrant, as this will not be known at the Agreement Date; instead, the Theoretical FAs will be the Emitter's Total Annual FA Allocation for the calendar year in which the third (3rd) anniversary of the Start Date occurs. However, if the UK ETS Installation is an Incumbent Installation, this should be retained; this number will be agreed during negotiations and will be based on the total number of UK ETS Free Allowances allocated in respect of the UK ETS Installation for 2025 as set out in the most recently published FA Allocation Table as at a date during negotiations, but potentially adapted to reflect any proposed changes in law or changes in government policy which are made or announced prior to that date (which are not yet reflected in the FA Allocation Table).

<sup>63</sup> Note to Reader: Delete as applicable. If the UK ETS Permit has been issued at the Agreement Date, the permit number should be inserted. If the UK ETS Permit has not been issued at the Agreement Date, the permit number should be subsequently confirmed by the Emitter.

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

Address:

Email address:

For the attention of:

## 12. AGENT FOR SERVICE OF PROCESS

[Condition [75] (*Agent for service of process*) shall not apply to this ICC Contract and there shall be no Service Agent.]/[Condition [75] (*Agent for service of process*) shall apply to this ICC Contract and the "**Service Agent**" shall be [●] of [●].]<sup>64</sup>

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<sup>64</sup> Note to Reader: Delete as applicable. This shall be the agent notified to DESNZ in the Emitter's application for an 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 an ICC Contract and to include the unique geographical coordinates of the Installation, the CO<sub>2</sub> T&S Network Delivery Point(s), the CO<sub>2</sub> Utilisation Delivery Point(s) (if applicable), the Auxiliary CO<sub>2</sub> Generated Input Fuel Meter Measurement Point(s) (if applicable), the Auxiliary CO<sub>2</sub> Generated Input Pre-Capture Meter Measurement 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 Industrial Installation Fuel Meter Measurement Point(s) (if applicable), the Industrial Installation Pre-Capture Meter Measurement Point(s) (if applicable), the Inlet CO<sub>2</sub> Pre-Capture Meter Measurement Point(s) (if applicable), the T&S Bypass Stack Meter Measurement Point(s) (if applicable) and/or the Combined Heat and Power Generation Station (if applicable).]*

### 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: 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)<sup>65</sup>**

<b>Eligible Opex Item</b>	<b>Price (£/unit of Eligible Opex Item)</b>	<b>Estimated volume in each Billing Period (unit of Eligible Opex Item/tCO<sub>2</sub>)</b>
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

<sup>65</sup>

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**  
**(Fixed Trajectory Reference Price)**

<b>Calendar year</b>	<b>Price (£/tCO<sub>2</sub>)<sup>66</sup></b>
2022	83.00
2023	85.50
2024	88.00
2025	90.50
2026	93.00
2027	95.50
2028	98.00
2029	100.50
2030	103.00
2031	105.50
2032	108.00
2033	110.50
2034	113.00
2035	115.50
2036	118.00
2037	120.50
2038	123.00
2039	125.50
2040	128.00

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<sup>66</sup>

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)<sup>67</sup>**

**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%

<sup>67</sup>

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 5**  
**(Yearly Capex Cap Multiplier)**

<b>Year of Capex Payment Period</b>	<b>YCCM (expressed as a decimal fraction)<sup>68</sup></b>
1	[●]
2	[●]
3	[●]
4	[●]
5	[●]
6	[●]
7	[●]
8	[●]
9	[●]
10 <sup>69</sup>	[●]

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<sup>68</sup> Note to Reader: Please refer to footnote 51 for a discussion relating to the application of the YCCM.

<sup>69</sup> Note to Reader: It is anticipated that the YCCM for years six (6) to ten (10) of the Capex Payment Period will be the same as the YCCM for year five (5) of the Capex Payment Period.

## Annex 6 (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 Industrial 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 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) CO<sub>2</sub> 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 CO<sub>2</sub> 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 7**  
**(Modification Agreement)<sup>70</sup>**

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<sup>70</sup>

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

## Annex 8 (Initial Capture Factor Methodology)<sup>71</sup>

### Part A: Capture Factor Calculation

The Capture Factor shall be calculated as follows:

$$CF_f = \frac{(\sum_{i=1}^n CO2\_Out\_T\&S_{i,f}) - CO2\_Aux_f}{TGE_f} \times PR_f$$

where:

$CF_f$	=	Capture Factor (%) that applies for calendar year (f);
$CO2\_Out\_T\&S_{i,f}$	=	Metered CO <sub>2</sub> Output to T&S (tCO <sub>2</sub> ) for each Settlement Unit (i) in calendar year (f) <sup>72</sup> ;
$n$	=	number of Settlement Units (i) in calendar year (f);
$CO2\_Aux_f$	=	Auxiliary CO <sub>2</sub> Generated (tCO <sub>2</sub> ) for calendar year (f) <sup>73</sup> ;
$TGE_f$	=	Total Generated Emissions (tCO <sub>2</sub> ) for calendar year (f) <sup>74</sup> ; and
$PR_f$	=	percentage reduction to forecast capture factor for calendar year (f).

### Part B: Initial Auxiliary CO<sub>2</sub> Generated Methodology

[●]

### Part C: Initial Total Generated Emissions Methodology<sup>75</sup>

[●]

### Part D: Percentage reduction to forecast capture factor

<sup>71</sup> Note to Reader: This Annex will include a methodology for setting the Capture Factor, including how Auxiliary CO<sub>2</sub> Generated and Total Generated Emissions should be determined and what percentage reduction (i.e.  $PR_f$ ) has been applied to the forecast capture factor to account for outages of the Capture Plant / poor Capture Plant performance (noting that such methodology should propose an appropriate reduction for each relevant calendar year during the Initial Term).

<sup>72</sup> Note to Reader: For the calculation of the Initial Capture Factor, this shall be the Metered CO<sub>2</sub> Output to T&S Estimate divided by five (5) divided by the number of days in calendar year (f). For each subsequent calendar year, the Capture Factor shall be calculated using the Metered CO<sub>2</sub> Output to T&S data for the immediately preceding calendar year.

<sup>73</sup> Note to Reader: For the calculation of the Initial Capture Factor, this shall be the Initial Auxiliary CO<sub>2</sub> Generated. For each subsequent calendar year,  $CO2\_Aux_f$  shall be calculated in accordance with the Auxiliary CO<sub>2</sub> Generated Methodology using the Auxiliary CO<sub>2</sub> Generated data for the immediately preceding calendar year.

<sup>74</sup> Note to Reader: For the calculation of the Initial Capture Factor, this shall be the Initial Total Generated Emissions. For each subsequent calendar year,  $TGE_f$  shall be calculated in accordance with the Total Generated Emissions Methodology using the Total Generated Emissions data for the immediately preceding calendar year.

<sup>75</sup> Note to Reader: This part will set out how Total Generated Emissions should be determined (for example, what are the relevant emission sources, are those sources routed to the Capture Plant and where are the measurement points).

Calendar year (f)	Percentage reduction (%)
Start Date occurs	[●]
First (1st) anniversary of Start Date occurs	[●]
Second (2nd) anniversary of Start Date occurs	[●]
Third (3rd) anniversary of Start Date occurs	[●]
Fourth (4th) anniversary of Start Date occurs	[●]
Fifth (5th) anniversary of Start Date occurs	[●]
Sixth (6th) anniversary of Start Date occurs	[●]
Seventh (7th) anniversary of Start Date occurs	[●]
Eighth (8th) anniversary of Start Date occurs	[●]
Ninth (9th) anniversary of Start Date occurs	[●]
Tenth (10th) anniversary of Start Date occurs	[●]

**Annex 9**  
**(FA Trajectory)<sup>76</sup>**

**Part A: Incumbent Installation**

<b>Calendar year (f)</b>	<b>FA Trajectory (%)</b>
Contract Payment Term Commencement Date occurs	100
First (1st) anniversary of Contract Payment Term Commencement Date occurs	94
Second (2nd) anniversary of Contract Payment Term Commencement Date occurs	89
Third (3rd) anniversary of Contract Payment Term Commencement Date occurs	83
Fourth (4th) anniversary of Contract Payment Term Commencement Date occurs	78
Fifth (5th) anniversary of Contract Payment Term Commencement Date occurs	72
Sixth (6th) anniversary of Contract Payment Term Commencement Date occurs	67
Seventh (7th) anniversary of Contract Payment Term Commencement Date occurs	61
Eighth (8th) anniversary of Contract Payment Term Commencement Date occurs	56
Ninth (9th) anniversary of Contract Payment Term Commencement Date occurs	50
Tenth (10th) anniversary of Contract Payment Term Commencement Date occurs	50

<sup>76</sup>

Note to Reader: Part A is relevant if the UK ETS Installation is an Incumbent Installation; Part B is relevant if the UK ETS Installation is a New Entrant.

**Part B: New Entrant**

<b>Calendar year (f)</b>	<b>FA Trajectory (%)</b>
Contract Payment Term Commencement Date occurs	n/a
First (1st) anniversary of Contract Payment Term Commencement Date occurs	n/a
Second (2nd) anniversary of Contract Payment Term Commencement Date occurs	n/a
Third (3rd) anniversary of Contract Payment Term Commencement Date occurs	100
Fourth (4th) anniversary of Contract Payment Term Commencement Date occurs	92
Fifth (5th) anniversary of Contract Payment Term Commencement Date occurs	83
Sixth (6th) anniversary of Contract Payment Term Commencement Date occurs	75
Seventh (7th) anniversary of Contract Payment Term Commencement Date occurs	67
Eighth (8th) anniversary of Contract Payment Term Commencement Date occurs	58
Ninth (9th) anniversary of Contract Payment Term Commencement Date occurs	50
Tenth (10th) anniversary of Contract Payment Term Commencement Date occurs	50

**EXECUTION PAGE**

**The EMITTER**

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

.....

Print name

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

**The ICC CONTRACT COUNTERPARTY**

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

.....

Print name

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