



[Note: This document is subject to the covering note in the accompanying GGR GFA Standard Terms and Conditions.]

Project Reference Number: [INSERT PROJECT REFERENCE NUMBER HERE]

[INSERT CONTACT IN ORGANISATION]

[INSERT POSITION HELD]

[INSERT LEGAL NAME OF GRANT RECIPIENT]

[INSERT ADDRESS]

[INSERT POSTCODE]

[INSERT EMAIL ADDRESS OF GRANT RECIPIENT CONTACT ABOVE]

[INSERT DATE]

Dear [INSERT NAME OF GRANT RECIPIENT SIGNATORY]

GGR Business Model – Track 1 Expansion Hynet – The Grant Offer Letter – Project at [INSERT GRANT RECIPIENT NAME]

1. I am pleased to tell you that, subject to all the pre-conditions listed in Paragraph 7 being satisfied, The Secretary of State for Energy Security and Net Zero (“**We**”/“**Us**”/“**Our**”/“**the Secretary of State**”), offers [INSERT DETAILS OF GRANT RECIPIENT HERE INCLUDING FULL NAME, COMPANY REGISTRATION NUMBER OR CHARITY NUMBER WHERE APPROPRIATE AND REGISTERED ADDRESS] (“**You**”/“**Your**”) a grant (“**Grant**”) subject to Your agreement to, and compliance with, the Terms and Conditions set out in this Grant Funding Agreement.
2. The offer contained in this Grant Offer Letter is made with regard to Your application submitted for GGR Business Model support in Track-1 Expansion Hynet, as part of the government’s Carbon Capture, Usage and Storage (CCUS) Programme at [23:13] on [XX XXXXX 202X], to deliver [INSERT NAME OF PROJECT] as more fully described at Schedule 1 attached (the “**Funded Activities**”).
3. The Grant is offered under the [INSERT APPROPRIATE GRANT MEASURE¹].
4. Terms used in this Grant Offer Letter shall have the meaning given to them in Paragraph 2 of the Terms and Conditions contained in Schedule 6 unless otherwise stated.
5. In this Grant Offer Letter references to the Grant Funding Agreement means this Grant Offer Letter together with its Schedules, including but not limited to the Terms and Conditions.

Amount of grant

¹ Note to reader: legislative reference to be confirmed.

6. A Grant which shall be the lesser of:

- a) £[*insert agreed monetary amount*] [(£x)]; and
- b) [*insert number below 50*]% of the total actual capex for the Capture Plant which comprises Eligible Expenditure (such percentage being the "**Overall Intervention Rate**"),

(the "**Maximum Sum**") is offered for the Grant Drawdown Period (as defined in Schedule 4). This is the total amount of Grant that We may pay and this amount will not be increased as a result of any overspend or otherwise. A further breakdown of the Eligible Expenditure is provided for at Schedule 2, and the Payment Schedule and Grant Payment Requirements are provided for at Schedule 3.²

Pre-Acceptance Conditions

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

- a) You must provide Us with a Parent Company Guarantee from [INSERT NAME OF PARENTAL COMPANY GUARANTEE PROVIDER] in the same form as Annex 1 of the Terms and Conditions.
- b) Receipt by Us before [INSERT DATE AGREED WITH THE CASE OFFICER] of an up-to-date Funded Activities and Deliverables delivery plan provided by You which covers the scope determined by Us, in a format satisfactory to Us, which demonstrates that You will be able to achieve the Deliverables and complete the Funded Activities.
- c) You must provide Us with a detailed construction schedule, specifying clear milestones and expenditure amounts, in a format acceptable to Us ("**Construction Schedule**").

Pre-Payment Conditions

8. Without prejudice to Schedule 3 to this Grant Offer Letter and Paragraph 4 of the Terms and Conditions, the first payment of Grant is conditional on You providing Us with the following:

- a) [INSERT PRE-PAYMENT CONDITIONS HERE] **OR** insert "There are no pre-payment conditions."

Purpose of grant

9. The Grant is offered to You to contribute to:

- a) the delivery of the Funded Activities set out in Schedule 1 of the Grant Offer Letter;

² Note to reader: Where DESNZ and a Grant Recipient agree to an Intervention Rate profile which is not flat, this paragraph will be amended to reflect this.

- b) the achievement of the Deliverables set out in Schedule 2 of the Grant Offer Letter; and/or
- c) the Eligible Expenditure specified in Schedule 2 of the Grant Offer Letter.

Save as permitted by this Grant Funding Agreement, You may not make changes to the Funded Activities. The Funded Activities must not proceed before the Commencement Date and must be completed on or before the Conclusion Date.

10. The Grant must not be used other than in accordance with the Terms and Conditions of this Grant Funding Agreement.

Eligible Expenditure

11. The Eligible Expenditure is specified in Schedule 2 and is limited, in all cases, to costs which:
- a) are incurred and defrayed during the Investment Period (as defined in Schedule 4); and
 - b) comply with this Grant Funding Agreement.
12. Under no circumstances may the Grant be claimed or used for the purposes prohibited in the Terms and Conditions or to cover costs incurred for those purposes (and any such costs do not constitute Eligible Expenditure for the purpose of this Grant Funding Agreement).

Payment of grant

13. Before paying any instalment of Grant:
- a) the Secretary of State must be in receipt of a copy of this Grant Offer Letter which has been signed by You in accordance with the requirements at Paragraph 22 and Paragraphs 26 and 27 below;
 - b) You must have complied with the Important Conditions Applying To The Payment Of Grant Instalments set out in Schedule 2 (Investment) and Schedule 3 (Payment Schedule (Grant Instalments) and Grant Payment Requirements); and
 - c) You must have complied with Paragraph 4 (Payment of Grant) of the Terms and Conditions.

Conditions

14. You must:
- a) perform the Funded Activities in full in accordance with and subject to this Grant Funding Agreement and the GGR Contract;

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

Grant Review

17. Pursuant to the Terms and Conditions, the Grant may be reviewed by Us and You shall provide any assistance and information reasonably requested by the Secretary of State to establish whether You have used the Grant in accordance with the Terms and Conditions set out in this Grant Funding Agreement or that is otherwise required to assess Your delivery of the Funded Activities against the Deliverables and Eligible Expenditure. As part of the review, the Secretary of State may (where applicable) consider monitoring information provided under Paragraph 18 below and Paragraphs 6, 7 and 8 of the Terms and Conditions.

Grant Monitoring, Evidencing and Verification

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

Day-to-day contact

19. In communicating with the Secretary of State, or if You have any queries on this Grant award, Your day-to-day contact within the Department for Energy Security and Net Zero shall be [INSERT DESNZ CONTACT HERE INCLUDING ADDRESS, EMAIL AND TELEPHONE NUMBER] (the "**Monitoring Officer**").

Entire agreement

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

Variation

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

Duration of offer

22. Subject to Paragraph 7 above, the offer contained in this Grant Offer Letter remains open until [INSERT ACCEPTANCE DEADLINE DATE (MAX 14 DAYS)] (the "**Acceptance Deadline Date**"), at which point it expires. If You wish to accept this offer, You must ensure that We receive Your formal acceptance, in full compliance with the acceptance requirements at Paragraphs 26 and 27, on or by that time and that all Pre-Acceptance Conditions listed in Paragraph 7 have been satisfied.

Subsidy Control

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

Other public funding assistance

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

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

[INSERT NAME OF PUBLIC ASSISTANCE, PROVIDER AND AMOUNT]

25. Subject to the Terms and Conditions of this Grant Funding Agreement, You may not apply for any other public support for the Funded Activities in the form of grants, guarantees, loans or tax credits without Our prior written approval. You are obliged to inform Us in writing if You seek or are offered any other public sector support for the Funded Activities or any of the Eligible Expenditure included in this Grant Offer Letter as this may affect the amounts defined in Paragraph 6.

Acceptance

26. If You wish to accept this Grant offer, You must sign and date this Grant Offer Letter and return an electronic copy to the Department for Energy Security and Net Zero at

the email address **[insert]** by no later than the Acceptance Deadline Date. It must be signed and dated by an Approved Signatory of Your organisation, who is listed on Companies House records.

27. For the avoidance of doubt, the version of this Grant Offer Letter that will take precedence and shall be relied upon in the case of any ambiguity or dispute will be the Department for Energy Security and Net Zero signed and issued version of the document and not the signed Acceptance copy. Any changes made to the Grant Offer Letter after it is signed and issued by the Department for Energy Security and Net Zero that are not made by Us, will automatically mean the grant offer is rescinded and rendered null and void.

Yours sincerely,

[INSERT NAME OF SUITABLE G5 OR HIGHER WITH AUTHORITY TO SIGN],
Senior Responsible Officer. [CCUS Programme],
On behalf of the Secretary of State for Energy Security and Net Zero,
Department for Energy Security and Net Zero,
3-8 Whitehall Place,
London.
SW1A 2EG

Agreement

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

Signed:

Printed Name:

Position:

Date:



Schedule 1

Funded Activities

Background of the Business Model

Engineered Greenhouse Gas Removal (GGR) technologies have the potential to play an important role in the UK's Clean Energy Superpower Mission – delivering clean power by 2030 and accelerating to net zero across the economy by 2050.

The GGR Business Model is designed to incentivise private investment in GGR technologies. The Grant Funding Agreement forms part of the package of support from the government that may be available to any projects that receive GGR Business Model support as part of the HyNet Track-1 expansion process.

Background of this Award

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

- A commercially operational Capture Plant being Commissioned during the Target Commissioning Window, and in any case no later than the Longstop Date.
- For BECCS Facilities, the Capture Plant capturing and storing an estimated minimum quantity of CO₂ which is consistent with the Grant Recipient's Minimum CO₂ Storage Rate.³

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

The Funded Activities

The Funded Activities will [insert description, approved activity, total investment, deliverables and premises.].

The Funded Activities will be monitored against:

- the Grant Recipient's investment of:
 - a total of £ [enter amount] of Eligible Expenditure;
 - [a total of £ [enter amount] of Ineligible Expenditure;]
 - an overall total of £ [enter amount] of expenditure (Eligible Expenditure + Ineligible Expenditure); and
- the Deliverables specified in Schedule 2 of this Grant Offer Letter in relation to the construction and commissioning of the Capture Plant in line with agreed schedules.

Timing and Detail

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

³ **Note to Reader:** an equivalent minimum efficiency threshold for DACCS will be developed following publication of the August GGR Contract.

Schedule 2

Investment

Schedule 2, Table [A]: Eligible Expenditure (£) related to the Funded Activities.

	Financial Years (ending 31 March)					TOTAL
	20[●]	20[●]	20[●]	20[●]	20[●]	
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]	[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]	[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]	[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]	[insert]
Total expenditure	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]
Cumulative expenditure	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]

IMPORTANT CONDITIONS APPLYING TO THE PAYMENT OF GRANT INSTALMENTS:

1. For money to have been defrayed, liabilities must have been both incurred and discharged by payment. VAT, finance, and interest charges should be excluded. The Grant will only be paid in respect of Eligible Expenditure at the Premises for the Funded Activities described in Schedule 1 and subject to satisfying the Grant Payment Requirements set out in Schedule 3 below.
2. Claims must be submitted by the date which falls fifteen (15) Working Days following each Date for Claim set out in Schedule 3, with such date also constituting the No Obligation To Pay Date in respect of each such claim.
3. Evidence of expenditure defrayed must be retained and available to demonstrate the audit trail of all submitted costs as per the terms of this Grant Funding Agreement.
4. Tangible assets must be at the location(s) of the Funded Activities and used exclusively at the Premises.

Schedule 2, Table [B]: Ineligible Expenditure (£) related to the Funded Activities.

	Financial Years (ending 31 March)					TOTAL
	20[●]	20[●]	20[●]	20[●]	20[●]	
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]	[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]	[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]	[insert]
[enter cost name]	[insert]	[insert]	[insert]	[insert]	[insert]	[insert]
Total expenditure	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]
Cumulative expenditure	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]	[insert amount]

Schedule 2, Table [C] – Deliverables

Deliverable	Deliverable Date
[Milestones to be populated from the construction schedule provided pursuant to [x]]	[xx xxxx 202x]
[●]	[●]

Schedule 3

Payment Schedule (Grant Instalments) and Grant Payment Requirements

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

Dates of Claim	Grant Payment Requirements	No Obligation To Pay Date	Maximum Annual Grant Value	Minimum Threshold for Full Grant Recovery ⁴
- 1 July [202x] - 1 October [202x] - 1 January [202x] - 1 March [202x]	You must have: 1. provided a Monitoring Report in which You have confirmed whether or not You reasonably believe: (i) that the Deliverables described in Schedule 2 will be achieved by the applicable Deliverable Dates; (ii) the cumulative total Eligible Expenditure and Ineligible Expenditure as set out in Schedule 2 will be met and maintained throughout the Monitoring Period; and 2. provided an Independent Accountant's Report in accordance with Paragraph 8.1 of the Terms and Conditions (if applicable in respect of the specific Grant Claim). No further payments will be made if the cumulative Grant amounts reach the Maximum Annual Grant Value, in each case in the relevant Financial Year.	Fifteen (15) Working Days following each "Date of Claim"	[£]	[£]
- 1 July [202x] - 1 October [202x] - 1 January [202x] - 1 March [202x]	You must have: 1. provided a Monitoring Report in which You have confirmed whether or not You reasonably believe: (i) that the Deliverables described in Schedule 2 will be achieved by the applicable Deliverable Dates; (ii) the cumulative total Eligible Expenditure and Ineligible Expenditure as set out in Schedule 2 will be met and maintained throughout the Monitoring Period; and 2. provided an Independent Accountant's Report in accordance with Paragraph 8.1 of the Terms and Conditions (if applicable in respect of the specific Grant Claim). No further payments will be made if the cumulative Grant amounts reach the Maximum Annual Grant Value, in each case in the relevant Financial Year.	Fifteen (15) Working Days following each "Date of Claim"	[£]	[£]
- 1 July [202x] - 1 October [202x] - 1 January [202x] - 1 March [202x]	You must have: 1. provided a Monitoring Report in which You have confirmed whether or not You reasonably believe: (i) that the Deliverables described in Schedule 2 will be achieved by the applicable Deliverable Dates; (ii) the cumulative total Eligible Expenditure and Ineligible Expenditure as set out in Schedule 2 will be met and maintained throughout the Monitoring Period; and 2. provided an Independent Accountant's Report in accordance with Paragraph 8.1 of the Terms and Conditions (if applicable in respect of the specific Grant Claim). No further payments will be made if the cumulative Grant amounts reach the Maximum Annual Grant Value, in each case in the relevant Financial Year.	Fifteen (15) Working Days following each "Date of Claim"	[£]	[£]

⁴ Note to reader: The Minimum Threshold for Full Grant Recovery in each Financial Year will be an amount equal to 90% of the Grant Recipient's forecast Eligible Expenditure for that Financial Year.

- 1 July [202x]	You must have: 1. provided a Monitoring Report in which You have confirmed whether or not You reasonably believe: (i) that the Deliverables described in Schedule 2 will be achieved by the applicable Deliverable Dates; (ii) the cumulative total Eligible Expenditure and Ineligible Expenditure as set out in Schedule 2 will be met and maintained throughout the Monitoring Period;	Fifteen (15) Working Days following each "Date of Claim"	[£]	[£]
- 1 October [202x]	and 2. provided an Independent Accountant's Report in accordance with Paragraph 8.1 of the Terms and Conditions (if applicable in respect of the specific Grant Claim). No further payments will be made if the cumulative Grant amounts reach the Maximum Annual Grant Value, in each case in the relevant Financial Year.			
- 1 January [202x]				
- 1 March [202x]				

IMPORTANT CONDITIONS APPLYING TO THE PAYMENT OF GRANT INSTALMENTS

1. For money to have been defrayed, liabilities must have been both incurred and discharged by payment. VAT, finance and interest charges should be excluded.
2. Tangible assets must be at the location(s) of the Funded Activities and used exclusively at the Premises.
3. Evidence of the expenditure defrayed must be retained and made available to demonstrate the audit trail of all submitted costs as per the terms of this Grant Funding Agreement.
4. The above table sets out the Dates of Claim and Grant Payment Requirements for the drawdown of Grant. You are still required to meet the Deliverables and Investment listed in the schedules to be eligible to drawdown the Grant. Please also refer to the Important Conditions Applying To The Payment Of Grant Instalments set out in Schedule 2 which should be read alongside the provisions of this Schedule 3.
5. If, at the final Date of Claim specified in this Schedule 3 for a given Financial Year, the Grant Recipient is underspending against the Maximum Annual Grant Value however the Eligible Expenditure incurred and defrayed by the Grant Recipient is greater than or equal to the Minimum Threshold for Full Grant Recovery for that Financial Year, the Secretary of State shall increase the Intervention Rate in respect of such final Date of Claim to enable the Grant Recipient to claim the Maximum Annual Grant Value for that Financial Year, subject to the Overall Intervention Rate not being exceeded over the Grant Drawdown Period.
6. Details of the subsidy used and the Overall Intervention Rate is set out in Paragraph 6 of this Grant Offer Letter. While in certain circumstances the Intervention Rate in a given Financial Year may be adjusted (see note 5 above), we are unable to exceed the Overall Intervention Rate over the Grant Drawdown Period. If Eligible Expenditure reduces, the Maximum Sum set out in Paragraph 6 of this Grant Offer Letter will reduce accordingly, as will the corresponding Maximum Annual Grant Value set out in this Schedule 3.

Schedule 4
Key Dates and Periods

Milestone:	Explanation:	Dates
Commencement Date	The date on which the Grant Funding Agreement comes into effect.	Agreement Date
No Obligation To Pay Dates (NOPD)	The dates where the Secretary of State is no longer obligated to pay a Grant instalment, as set out in Schedule 3.	Refer to Schedule 3
Grant Drawdown Period	The period within which the Grant can be drawn down, if requirements specified in this Grant Funding Agreement have been met.	Period between: <ul style="list-style-type: none"> the date on which all Initial Conditions Precedent under the GGR Contract have been fulfilled or waived; and the earlier of: (i) the NOPD specified in relation to the final Grant Instalment; and (ii) the date of termination of this Grant Funding Agreement
Investment Period	The period in which You will make the investment in Eligible Expenditure and Ineligible Expenditure.	Period between the Commencement Date and the earlier of the Start Date and the Longstop Date
Asset Retention Period	The Investment Period and the further period after the Investment Period that the Assets must be retained.	Period between the Agreement Date and the date of expiry or termination of the GGR Contract
Monitoring Period	The period from the Commencement Date to the Conclusion Date in which the Secretary of State will actively monitor the Funded Activities, Deliverables, Eligible Expenditure and Ineligible Expenditure.	Period between the Agreement Date and the date of expiry or termination of the GGR Contract
Conclusion Date	The date when ALL the above periods have completed.	Date of expiry or termination of the GGR Contract
Document Retention Period	The period that documentary evidence must be retained being a period of 10 years after the Conclusion Date .	Period between the date of expiry or termination of the GGR Contract and the date which is 10 years after such date

Schedule 5

Confirmation of Bank Details

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

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

Part 1: Grant recipient details

Name of Main Grant Holder

Address of Grant Holder

Grant Determination number

[INSERT CASE REFERENCE NUMBER]

Postcode:

Grant name

[INSERT SCHEME OR FUND NAME]

Contact telephone number

Part 2: Bank details

Bank / Building Society name

Account name

Branch name

Account number

Bank sort code

- -

Account type

Building Society roll number

Branch address

Postcode:

Part 3: Address for remittance advice

Choose one method only

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

☐

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

☐

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

Part 4: Authorised signatories

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

Name

Position in your organisation

Signature

Date

--	--	--	--	--

Name

Position in your organisation

Signature

Date

--	--	--	--	--

Part 5: Grant recipient declaration

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

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

Name

Signature (the person who signed the agreement)

Date

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

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

Schedule 6
Terms and Conditions