UK Government

CCUS ECC Teesside Selection Process

East Coast Cluster Teesside Selection Application Guidance

Closing date: 10 April 2026

Any enquiries regarding this publication should be sent to us at: eccteessideselection@energysecurity.gov.uk

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Acronyms

Table 1 – Acronyms

Acronym	Expanded Term
AACE International	Association for the Advancement of Cost Engineering International
ACT	Advanced Conversion Technologies
APRi	Availability Payment Rates
ATR	Autothermal Methane Reformer
ATT	Advanced Thermal Treatment
BAT	Best Available Technique
BECCS	Bioenergy with Carbon Capture & Storage
CaaS	Capture as a Service
CaaSCo	Capture as a Service Company
CapEx	Capital Expenditure
CCS / CCUS	Carbon Capture and Storage or Carbon Capture, Usage and Storage
CCSA	Carbon Capture and Storage Association
CfD	Contract for Difference
CHP	Combined Heat and Power
CHPQA	Combined Heat and Power Quality Assurance
CO_2	Carbon Dioxide
COD	Commercial Operation Date
DACCS	Direct Air Carbon Capture & Storage
DevEx	Development Expenditure

DESNZ	Department for Energy Security and Net Zero
DfT	Department for Transport
DPA	Dispatchable Power Agreement
DPA 2018	Data Protection Act 2018
EA	Environment Agency
ECC	East Coast Cluster
EfW	Energy from Waste
EIR	The Environmental Information Regulations 2004
EOI	Expression of Interest
ERR	Economic Regulatory Regime
ESO	Electricity Supplier Obligation
FEED	Front-End Engineering Design
FID	Final Investment Decision
FOIA 2000	The Freedom of Information Act 2000
FPO 2005	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
FSMA 2000	Financial Services and Markets Act 2000
GDPR	UK General Data Protection Regulation
GGR	Greenhouse Gas Removal
GHG	Greenhouse Gases
HAR	Hydrogen Allocation Round
HEC	Hydrogen Emissions Calculator
HMG	His Majesty's Government
HSBM	Hydrogen Storage Business Model

HTBM	Hydrogen Transport Business Model
HWI	Hazardous Waste Incinerators
ICC	Industrial Carbon Capture
LCA	Lifecycle Analysis
LCCC	Low Carbon Contracts Company
LCHS	Low Carbon Hydrogen Standard
LCHA	Low Carbon Hydrogen Agreement
MoU	Memorandum of Understanding
MRV	Monitoring, Reporting and Verification
$MtCO_2$	Megatonnes of carbon dioxide
Mtpa	Megatonnes per annum
MW	Megawatt
MWe	Megawatt electric
MWh	Megawatt-hour (MWh)
NDA	Non-Disclosure Agreement
NDC	Net Dependable Capacity
NEP	Northern Endurance Partnership
NISTA	National Infrastructure and Service Transformation Authority
NPT	Non-Pipeline Transportation
NSTA	North Sea Transition Authority
NWF	National Wealth Fund
OCP	Operational Conditions Precedent
OGA	Oil and Gas Authority
OpEx	Operating Expenditure

OPRED	Offshore Petroleum Regulator for Environment and Decommissioning
pBECCS	Power Bioenergy with Carbon Capture & Storage
PCC	Post-Combustion Capture
PNL	Project Negotiation List
RAG	Red, Amber or Green (RAG rating)
RCM	Revenue Certainty Mechanism
RED	Renewable Energy Directive
RO	Renewables Obligation
RTFO	Renewable Transport Fuel Obligation
SAF	Sustainable Aviation Fuel
SIC	Standard Industry Classification
SMEs	Small and Medium-sized Enterprises
SMR	Steam Methane Reformer
TAA	Transition Access Agreement
T&S	Transport & Storage
TRL	Technology Readiness Level
VfM	Value for Money

Definitions

Table 2 - Definitions

Term	Definition
AACE International	AACE International is a professional body that sets standards for cost engineering, estimation, planning, and Project control, including the Cost Estimate Classification System, which groups estimates by Project definition and accuracy. **Related Terms (AACE Estimate Classes):** • **Class 5:** Concept-stage estimate – scaled based on capacity. • **Class 4:** Feasibility-study estimate – equipment level definition. • **Class 3:** Budgetary approval level estimate – assembly level definition. • **Class 2:** Bid control level estimate – high detail informed by comprehensive FEED-study. • **Class 1:** Definitive, highly defined estimate – based on firm bids.
Applicant	Legal entity that intends to apply for support and will be taken through to negotiations if successful (see also Project Representative).
Business Model	Contractual mechanisms to support the implementation and operation of CCUS Clusters.
Capture as a Service (CaaS)	Service provided by a third party to capture emissions on behalf of an industrial Capture Project(s).
CaaSCo	A company offering to capture emissions on behalf of an industrial Capture Project(s).
CaaS Group	The industrial Capture Project(s) and the CaaSCo involved in CaaS.

Cluster	T&S Network (incorporating the onshore and offshore network and offshore storage facility) and associated capture Project(s).
Commercial Operation Date (COD)	The date the plant is confirmed to meet the Operational Conditions Precedent (OCPs) and the Project(s) begin operating and transporting captured CO_2 emissions to permanent storage.
Cross Chain	All elements of the cluster including development, delivery and operation of all Capture Projects as well as Onshore, Offshore and storage infrastructure.
Direct Economic Benefits	Benefits relating directly to the developer's own activity, and/or the activity of primary contractors.
Engineered GGR (Greenhouse Gas Removal) / Engineered Removal	Projects that achieve atmospheric CO_2 removal and require geological storage (CCS) to do so (achieving 'negative emissions'). For the purpose of the Application Guidance, this includes Projects such as DACCS and BECCS and excludes engineered. GGR Projects that do not require CCS access, such as enhanced weathering.
Final Investment Decision (FID)	FID is the point in the Project planning process when the decision to make major financial commitments is taken and contracts are signed for engineering, procurement, and construction.
gCO_2e/MJ_{LHV}	Units of carbon dioxide equivalents per megajoule of hydrogen using lower heating values.
Heads of Terms (HoTs)	A preliminary agreement setting out the key terms and conditions for a future contract, used during negotiations.
Hydrogen Allocation Round (HAR)	A competitive process for awarding support to low-carbon hydrogen production Projects under the Hydrogen Business Model.
CCS enabled Hydrogen Production	CCUS-enabled hydrogen production.
Hydrogen Storage Business Model (HSBM)	A proposed business model to support the development of hydrogen storage infrastructure.

Hydrogen Transport Business Model (HTBM)	A proposed business model to support the development of hydrogen transport infrastructure.
National Wealth Fund (NWF)	A UK government fund aimed at supporting strategic investments in infrastructure and clean energy Projects.
North Sea Transition Authority (NSTA)	The UK regulator responsible for managing oil, gas, and carbon storage activities in the North Sea.
Operational Conditions Precedent	The Operational Conditions Precedent (OCPs) are a set of requirements a Project must demonstrate to the appropriate counterparty to prove that they have commissioned their facility and are ready for commercial operations. The OCP requirements are outlined in the relevant business model terms and conditions.
Offtaker (hydrogen)	In the context of the ECC Teesside Selection Process, an offtaker is both the end User of low carbon hydrogen and, where relevant, any intermediary party who may purchase and resell hydrogen to end users. Where there is an intermediary party or where end Users do not purchase hydrogen directly from producers, information and evidence of both end Users and the intermediary need to be included in the submission form and templates.
Onshore	The onshore element of the CO_2 transportation network which may include intermediate CO_2 storage for T&S operational purposes. Note this excludes non-pipeline transportation, road, rail, and inland waterway transportation.
Project	Power CCUS, ICC including Waste ICC, Hydrogen, GGRs or pBECCS production facility – including carbon dioxide emission source(s) targeted for abatement – development and its associated CO_2 capture facilities, which will be assessed in the ECC Teesside Selection Process.

Project Representative	Legal entity responsible for accessing the submission Portal and submitting the Project Plan and associated Annexes to DESNZ. The Project Representative is expected to be from the primary, or partner, organisation responsible for Project development. For Capture-as-a-Service (CaaS), this must be a CaaS Group Lead. Project Representative may be the same person as the Applicant.
Revenue Certainty Mechanism (RCM)	A policy tool designed to provide revenue stability for certain Projects, such as sustainable aviation fuel producers.
Storage	Geological store for the captured CO_2 from the end of the injection well.
Submission	The total submission submitted by the Project including the Project Plan and associated Annexes.
T&S Co	Transport and Storage Company is a licensed company operating and maintaining a T&S Network (T&S Operator)
T&S Fees	T&S Fees (or T&S Charges) The charges payable by the Capture Projects to the T&S Operator in relation to the use of the T&S Network, as defined in the relevant contractual terms. For clarity, this refers exclusively to fees for access and use of the licensed CO_2 T&S Network and does not include any other transport costs (e.g., rail, road, or inland waterway transportation).
Transition Access Agreement TAA	The Transition Access Agreement (TAA) is a new contract being introduced to enable projects that do not require the support provided by an existing CCUS business model to connect to the carbon dioxide (CO_2) Transport and Storage (T&S) Network.

Transport & Storage Network (T&S Network)	The network consisting (wholly or mainly) of: • pipelines used for the transportation of captured carbon dioxide from one capture plant to a storage facility or to or from any T&S Network; or • pipeline routes used for the transportation of captured carbon dioxide from one capture plant to a storage site or to or from any T&S Network; and • storage site for the geological storage of carbon dioxide.

Chapter 1: Introduction

1.1 Background and Purpose of the Application Guidance

In December 2024, HMG signed contracts for the UK's first Carbon Capture Projects in Teesside, with the Northern Endurance Partnership (NEP) as the T&S construction partner and operator, and Net Zero Teesside (NZT) - anticipated to be the world's first commercial-scale gas-fired CCS power plant.

In the recent Spending Review, the Government allocated £9.4 billion in capital budgets for CCUS over the Spending Review period. This funding will support deployment to fill the storage capacity of the East Coast Cluster and HyNet Cluster.

In November 2025, DESNZ confirmed its intention to run a new ECC Teesside selection process from early 2026 to identify additional projects that could connect to the planned T&S infrastructure and help utilise remaining network capacity.

To support that objective, DESNZ intends to run two complementary processes: (1) the ECC Teesside Selection Process (set out in this guidance); and (2) a subsequent Non-Pipeline Transport (NPT) Pathfinder competition (see section 3.4). The processes have been designed using lessons from earlier phases and informed by feedback from the summer 2025 market engagement exercise.

This application guidance explains how to apply to the ECC Teesside Selection Process, how applications will be assessed, and the information Applicants must provide. CCUS is estimated to support up to 50,000 jobs across the supply chain and £2.8 billion (2022 prices) of gross value added (GVA) per year by 2050.

Chapters 1 and 2 set out the application and assessment process and key dates. Chapter 3 covers general requirements for all applicants. Chapter 4 explains the Transition Access Agreement (TAA) for users who require minimal support. Chapters 5 to 9 set out sector-specific requirements aligned to the CCUS business models: Power CCUS; Industrial Carbon Capture (including waste); Hydrogen; Greenhouse Gas Removals; and Power Bioenergy with Carbon Capture and Storage. Chapter 10 explains shortlisting and cluster integration, including the approach to establishing a Project Negotiation List (PNL) for due diligence and negotiations.

1.2 ECC T&S Capacity Availability

Endurance, the East Coast Cluster's offshore CO_2 storage site, is currently licensed to store up to 4 million tonnes of CO_2 per year ($MtCO_2$/year). The East Coast Cluster T&S network is expected to reach commercial operation from 2028.

To support the delivery of the UK's decarbonisation objectives and to secure value for money for taxpayers and bill payers, it is important that storage capacity is used efficiently.

Subject to future network optimisation, we currently expect that around 1 to 2 $MtCO_2$/year of capacity could be available for allocation through the ECC Teesside Selection Process.

To support deliverability and provide resilience, DESNZ may take forward a portfolio of projects into negotiations with a total requested capacity greater than the capacity available at the point of selection. This provides contingency if some projects do not progress to final agreement and helps maintain competitive tension during negotiations.

For more information on shortlisting and negotiations, see Chapter 10.

1.3 ECC Objectives and Design Principles

ECC Teesside Selection Process Objectives

The ECC Teesside Selection Process is designed to balance a number of outcomes. The primary objective is to allocate the remaining capacity at the Endurance CO_2 storage site as fast as possible, while securing value for money for bill payers and taxpayers.

We are seeking projects that can demonstrate a credible delivery plan to connect to the network as soon as possible after network commissioning, and no later than 2032.

In line with the government's ambition to support a self-sustaining, industry-led CCUS sector, DESNZ is developing a Transition Access Agreement offer (see Chapter 4) to enable eligible projects to connect to the network with reduced ongoing government support. All else being equal, priority may be given to projects that can utilise the TAA, reflecting the lower ongoing subsidy requirements associated with this approach.

The selection process aims to:

1. **Support affordability and value for money** by selecting projects with proportionate subsidy requirements and efficient, economic cost submissions. Government will not provide subsidy beyond the minimum necessary to support delivery and achieve policy objectives.

2. **Support timely connection and deliverability** by selecting projects that can credibly connect to the network from 2030 (or as soon as possible thereafter), supported by

realistic delivery plans, a clear consents and permitting strategy, and appropriate financing.

3. **Support Net Zero and energy security** by selecting Projects that contribute to decarbonisation and the UK's carbon budgets, maximise utilisation of available storage, and strengthen system resilience.

4. **Select Projects that drive UK growth, and supply chain development**. Growth is the number one mission of this government and supply chain development is a key part of that. Ensuring supply chain development alongside deployment will:

    - deliver long-term well-paid jobs across the country;
    - crowd in private finance to develop manufacturing facilities; and
    - foster innovation to drive down costs and strengthen international competitiveness.

5. **Support a clear and fair process** by providing streamlined guidance and requirements informed by lessons from earlier phases and market engagement, to enable consistent, high-quality submissions and timely decision-making.

ECC Teesside Selection Process Design Principles

The ECC Teesside Selection Process will determine which Projects are offered access to ECC T&S capacity and, where applicable, which Projects may be taken forward for revenue support through the relevant CCUS business models, or through the TAA.

The business models and offers in scope are:

- Dispatchable Power Agreement (DPA) – Power CCUS
- Industrial Carbon Capture (ICC) or Waste ICC Contract
- Low Carbon Hydrogen Agreement – Hydrogen Production
- Greenhouse Gas Removals (GGRs)
- Power Bioenergy with Carbon Capture and Storage (pBECCS)
- TAA for Projects who require minimal to no government support.

Applicants must demonstrate that their Project can connect to the ECC Teesside onshore network. Projects seeking connection outside the ECC Teesside network (for example, in the Humber) are out of scope for this selection process.

The process is designed to support the efficient use of the Endurance storage site, integrate additional capacity with the planned ECC network, and provide a clear and fair route for Applicants to compete for access and (where applicable) government support.

1.4 ECC Teesside Selection Process Timeline and Key Dates

Table 3 – Indicative Dates for ECC Teesside Selection Process

Date	ECC Teesside Selection Process stage
Summer 2025	Market engagement to understand potential interest in Teesside-based Projects
19 November 2025	DESNZ signalled its intention to launch a new ECC Teesside Selection Process in 2026
05 February 2026	Selection process launches and publication of application guidance. Expression of Interest (EOI) and application windows open
w/c 02 March 2026	Engagement event
10 March 2026	EOI window closes
10 April 2026	Application Window closes
May 2026	Eligibility check (around 4 weeks). Applicants will be notified of the outcome
Spring to Summer 2026	Deliverability assessment and assurance checks. Applicants will be notified of the outcome (timings may vary depending on volume and complexity)
Autumn 2026 (indicative)	Shortlisting
By end of 2026 (indicative)	Project Negotiation List (PNL) published
Early 2027 (indicative)	Start of Due Diligence and Negotiations
From 2027 (indicative)	Final Investment Decisions (FID)
From 2030 (indicative)	Commercial Operation Dates (COD)

Chapter 2: ECC Teesside Selection Process

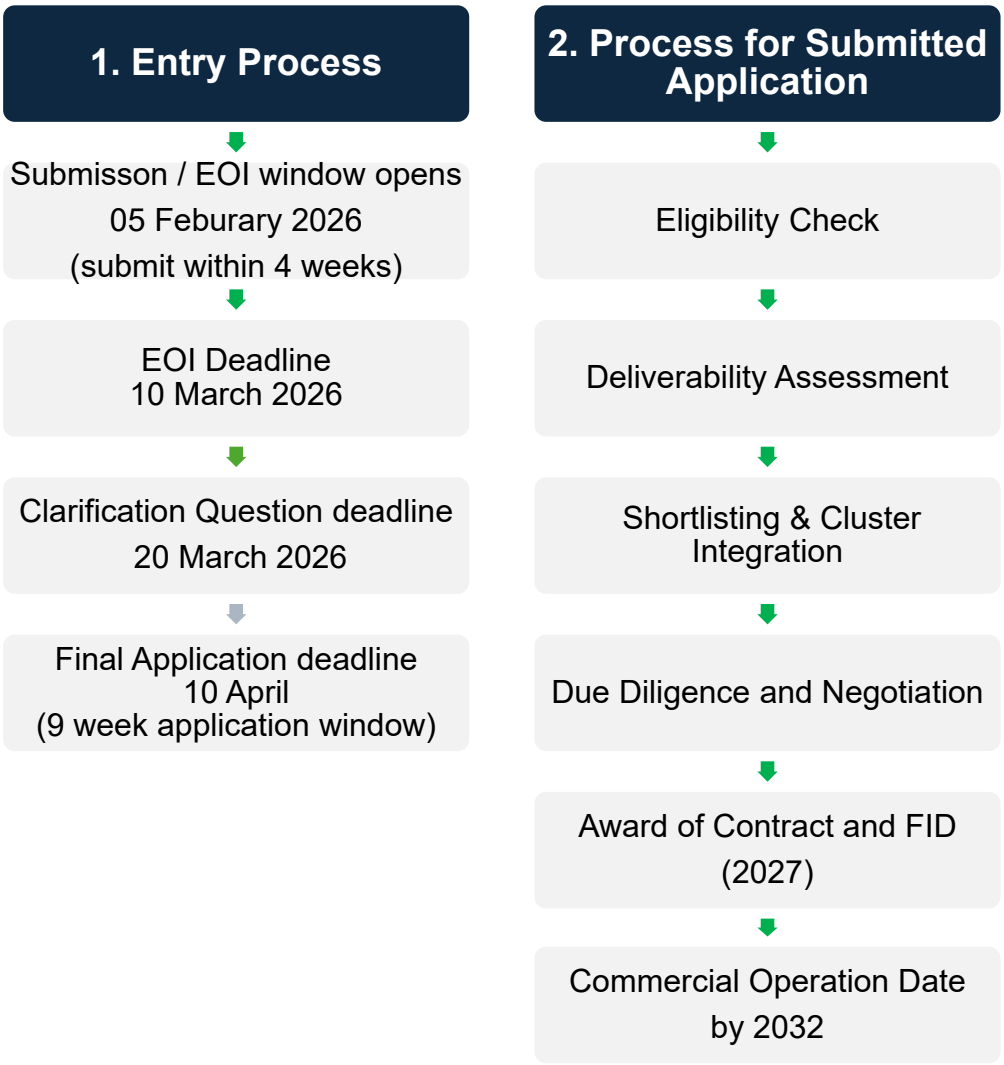
This chapter outlines the ECC Teesside Selection Process to select which Applicants will proceed to negotiations for access to the ECC T&S Network and, where required, CCUS Business Model support.

The detailed requirements for each step of the process are set out in the relevant sector chapters (Chapters 5 to 9). Applicants should review the eligibility criteria for their relevant sector before deciding which guidance to follow when completing their application.

2.1 Process Overview

The process has been designed to be as simple and efficient as possible while still providing HMG with the relevant evidence to determine if a Project should go through to due diligence and negotiations, and to collect data essential for further CCUS policy development and modelling.

Figure 1: ECC Teesside Selection Process Entry, Application Evaluation and Selection Process



2.2 Entry Process

The entry process for ECC Teesside Selection consists of three key stages:

- Expression of Interest (EOI) submission
- Application Window engagement and clarification process
- Application submission

Applicants must nominate a Project Representative. The Project Representative will be given access to the online SharePoint submission portal and will be responsible for submitting the application and supporting information on behalf of the applicant.

EOI Submission

The Project Representative must submit an Expression of Interest (EOI) (available on the GOV.UK landing page) to DESNZ by 23:59 on 10 March 2026 for the Project (or Projects, for CaaS submissions) to be considered for the ECC Teesside Selection Process. Before submitting an EOI, Applicants should check that the Project meets the relevant eligibility criteria set out in the relevant sector chapter (Chapters 5 to 9).

DESNZ will acknowledge receipt of the EOI and will provide the Project Representative with access to the SharePoint submission portal. DESNZ will also provide information on the non-disclosure agreement (NDA) that must be agreed before applying (see below). An acknowledgement of receipt does not confirm that a Project is eligible. DESNZ will assess eligibility based on the information provided in the application forms.

If you wish to take part but expect to miss the EOI deadline, contact DESNZ as soon as possible. DESNZ may, in exceptional circumstances, accept a late EOI.

EOIs must be submitted by email to: eccteessideselection@energysecurity.gov.uk

During the EOI stage, and before an NDA is in place, DESNZ may share EOI information with other government departments and relevant public bodies where necessary to support the assessment process and cross-government planning for the ECC Teesside Selection Process.

Non-Disclosure Agreements

The Applicant must enter into a non-disclosure agreement (NDA) with DESNZ before applying. The NDA is intended to facilitate the sharing of detailed supporting information during the assessment process.

Where a Project is being delivered by a consortium or joint venture (or where a CaaS group is applying), DESNZ expects the Project Representative (or, for a CaaS group, the CaaS group lead) to have appropriate information-sharing arrangements in place between Project partners (or across the CaaS Projects).

The NDA will explain how DESNZ may use and handle confidential information provided as part of the application and during the ECC Teesside Selection Process. It will also reflect the Secretary of State's statutory obligations, including under the Freedom of Information Act 2000, the Data Protection Act 2018, UK GDPR and the Environmental Information Regulations 2004. The NDA does not prevent DESNZ from disclosing information where required by law (for example, under FOIA or the EIR).

The NDA will also include requirements for Projects to share relevant information and documentation with the ECC transport and storage company (NEP) where reasonably required to support network integration / connection discussions and final investment decisions.

In some cases, additional NDAs may be needed to enable information sharing between the Applicant and other parties. DESNZ will advise the Project Representative if this is required.

Anti-Competitive Behaviour

The Competition Act 1998 (and other legislation) prohibits anti-competitive behaviour such as collusion (including bid-rigging).

The NDA will also set out various requirements in relation to anti-competitive behaviour, for example, for the Project Representative to take steps to ensure there is no risk of actual or potential collusion.

In particular, the NDA will require the Project Representative of a CaaS Group (the CaaS Group Lead) to take appropriate measures to prevent anti-competitive behaviour. We expect the Projects within the CaaS group to put in place their own arrangements for information sharing across the group, where it is anticipated that the CaaS Group lead will collate the information, and that information relating to a Capture Projects within a CaaS group must only be passed from each Capture Projects to the CaaSCo and not be shared by a CaaSCo with other Capture Projects.

Application Window Engagement and Clarification Process

Engagement Sessions

To help Applicants prepare submissions that meet the eligibility criteria for the ECC Teesside Selection Process, DESNZ will hold an engagement session covering the application process, eligibility criteria and how to complete the application forms.

The session will take place on w/c 02 March 2026. Attendance is open to all potential applicants. Details of how to join will be published on GOV.UK and shared with those who register.

Figure 2: Clarification Process

Clarification questions (how to submit)

Email: eccteessideselection@energysecurity.gov.uk

Include:

- The relevant sector (Power, ICC, Waste, Hydrogen, GGR, pBECCS or TAA
- The document name and the specific section / text you are asking about
- A short explanation of why the question has been raised (where helpful)

Deadline: 23:59 on 20 March 2026

DESNZ expects to publish clarification questions and responses on GOV.UK so that all Applicants have access to the same information. We will not publish the name of the organisation or individual who submitted the question. This also applies to general questions raised during engagement sessions.

DESNZ aims to respond within 10 working days of receipt. Where we expect a response to take longer, we will inform the applicant.

Applicants may request that a clarification question and response are treated as confidential when they submit the question. DESNZ will confirm whether confidentiality can be applied before providing a response. If DESNZ cannot treat all or part of the question as confidential, the Applicant may withdraw the question or agree to publication (in full or in part).

Applicants remain responsible for submitting a complete application by the deadline. DESNZ may not be able to respond to all clarification questions before the application deadline, and this will not extend the application window.

DESNZ cannot provide bid strategy advice or confirm whether a specific project will be assessed as eligible or successful.

2.3 Overview of Process for Submitted Applications

Eligibility Check

Applicants must meet the eligibility criteria set out in this guidance for the relevant sector. DESNZ will assess eligibility based on the information provided in the application.

Applicants that pass the eligibility check will progress to the deliverability assessment. Applications that do not provide sufficient evidence to demonstrate eligibility will not progress further.

DESNZ expects to notify Applicants of the outcome of the eligibility check in May 2026.

Deliverability Assessment

All eligible Projects will progress to the deliverability assessment. DESNZ will assess each Project's deliverability and assign a Red, Amber or Green (RAG) rating.

Projects assessed as Amber or Green will progress to the shortlisting and cluster integration stage. Projects assessed as Red will not progress.

DESNZ expects to notify Applicants of the outcome of the deliverability assessment in summer 2026.

Further information on how deliverability is assessed, and the evidence required, is set out in the relevant sector chapters (Chapters 4 to 9).

Additional Information: Costs, Economic Benefits and Supply Chains

Applicants must submit:

- cost information (Annex B)
- economic benefits and supply chain information (Annex D1 and D2)

Information provided in Annex B, Annex D1 (excluding Question 4) and Annex D2 will be used in the shortlisting and cluster integration assessments. DESNZ may also use this information to check consistency across the application.

More detail on sector-specific cost information and how it will be used is set out in Chapters 4 to 9.

DESNZ may also use cost, economic benefits and supply chain information to support value for money analysis, modelling and policy development. Applicants must submit the required annexes as part of their application. Applications missing these annexes will not be treated as complete and will not progress.

Costs

Applicants must provide cost data covering capital expenditure (CapEx), operational expenditure (OpEx) and development expenditure (DevEx) as accurately as they can.

If a Project passes the deliverability assessment and has materially progressed beyond a technical maturity milestone before the next stage (for example, completion of feasibility, pre-FEED or FEED), DESNZ will request updated cost data to support Value for Money analysis. If no new milestone has been reached, Applicants may submit updated or more detailed cost information if available, but this is not required.

Sector-specific requirements and how cost information will be used are set out in Chapters 4 to 9.

Economic Benefits and Supply chain Development

Applicants must set out the expected economic benefits of their Project and supply chain in Annex D1 and Annex D2.

DESNZ will consider the information in Annex D1 (excluding Question 4) and Annex D2 as part of shortlisting and cluster integration. DESNZ recognises that the level of detail provided will be proportionate to the size and stage of the Project and the organisation(s) involved.

Key considerations include:

- **Supply chain approach** – the technologies, components, services and suppliers selected (or expected to be selected) to date, and the rationale for those choices. This includes evidence of transparent procurement practices and engagement with UK suppliers, including SMEs.

- **Skills** – plans to invest in skills development, including training and apprenticeships, for the Project workforce and the wider supply chain.

For the job and apprenticeship estimates in Annex D2, include a clear explanation of the methodology, assumptions and evidence used. Job numbers are collected for monitoring and analysis, but Applicants must complete the required fields in Annex D2 as part of a complete application. Applications missing the required annexes will not progress.

If a Project is shortlisted and taken forward to negotiations and/or offered access to the T&S network, DESNZ may request more detailed plans and commitments on supply chain and skills. We are also developing mechanisms to ensure these commitments are delivered throughout the lifetime of the Project.

All Projects will be required to use the North Sea Transition Authority (NSTA) Pathfinder Portal to provide visibility of upcoming contracts, and to complete a Supply Chain Action Plan. Full details of the information required in relation to Supply Chain Action Plans can be found here. At assessment stage, we will expect to see evidence of engagement with the NSTA on this with it becoming a contractual condition.

Shortlisting, Due Diligence and Negotiations

Projects that pass the deliverability assessment will progress to the shortlisting stage. DESNZ will assess each Project against value for money, affordability and supply chain criteria. Projects that do not meet the required threshold in any of these areas will not progress, and Applicants will be notified of the outcome.

Projects that pass shortlisting will progress to cluster integration. This stage considers the shortlisted Projects as a portfolio to identify a configuration that can be taken forward for approvals, taking account of constraints such as available capacity and overall affordability. DESNZ will compare portfolio configurations against the same core criteria: deliverability, value for money, affordability and supply chain. DESNZ will also consider the portfolio's contribution to UK decarbonisation objectives, including Carbon Budget 6.

Projects selected following shortlisting and cluster integration will form the Project Negotiation List (PNL). Projects on the PNL will proceed to due diligence and commercial negotiations.

More detail on shortlisting, due diligence and negotiations is set out in Chapter 10.

2.4 Application Structure

The Expression of Interest (EOI) Window and the Application Window will open simultaneously at 00:01 on 05 February 2026. The EOI Window will close at 23:59 on 10 March 2026, and the Application Window will remain open until 23:59 on 10 April 2026.

Although the Application Window opens at the same time as the EOI Window, applications cannot be submitted for consideration until after a corresponding EOI has been received, and an NDA is in place. Applications submitted outside the Application Window, will not be accepted. Formal assessment will begin only after the Application Window closes; late submissions will not be accepted.

Applications must be submitted by the Project Representative via the SharePoint portal during the Application Window.

Full details and further guidance on the materials that must be included in applications are set out in the following chapters of this Application Guidance:

- **Chapter 4**: TAA Users
- **Chapter 5:** Power CCUS
- **Chapter 6:** ICC, including Waste ICC
- **Chapter 7:** Hydrogen
- **Chapter 8:** GGRs
- **Chapter 9:** pBECCS

To apply to the ECC Teesside Selection Process, the Project Representative must provide completed copies of each of the relevant forms, along with supporting evidence where required. After submitting, Project Representatives will receive an email confirming that the application has been received.

The required forms are:

- **Annex A:** Project Plan (Annexes A1–A5 by sector)
- **Annex B:** Cost Data
- **Annex C:** Financial Statement
- **Annex D:** Economic Benefits

Annex A: Project Plan and Supporting Documentation

Project Plan templates for Power CCUS, ICC, Waste ICC, Hydrogen, GGRs and pBECCS sectors can be found on the ECC Teesside Selection Process GOV.UK landing page at Annex A. TAA Projects are expected to complete their relevant sector Project Plan including any additional TAA questions.

The Project Plan templates consist of a series of key questions relating to the details of the Project submission. The relevant Project Plan (and associated supporting documentation which is outlined in the relevant Project Plan template) will form the primary basis for the eligibility check and the initial deliverability assessment.

The intention in designing the Project Plan has been to avoid making the process unnecessarily onerous for Projects, and to allow for references to supporting documentation, rather than reproduction of information, wherever possible. This supporting documentation should be concise and referenced within the Project Plan and submitted alongside it, via the online submission portal.

We encourage Applicants to be aware of the word limits attached to each question in the Project Plan. Any information provided above the word limits will be removed before information is provided to assessors and will not be considered as part of your submission.

Annex B: Cost Information Form

A Cost Information form, covering all Applicants can be found on the on the CCUS East Coast Cluster: Teesside Selection Process GOV.UK landing page at Annex B.

The Cost Information forms require Applicants to input a range of information regarding the lifetime costs of their Projects. Along with information provided in the Project Plan, this template is used to capture the projected cost estimates for all Projects, as well as their level of cost maturity. This data will not be considered in assessing eligibility; however, the credibility of submitted cost will be examined as part of the deliverability assessment. This cost data will be considered as a part of the cluster-wide analysis during shortlisting and integration to inform our decision making, alongside other criteria (see Chapter 10). It will also support DESNZ internal cost modelling and policy development. It is mandatory that Applicants complete and submit a Cost Information form (Annex B), and failure to do so will see Applicants removed from the process.

Following eligibility checks, deliverability assessments will be conducted to determine whether Applicants' Projects are deemed both eligible and deliverable. For Projects that pass deliverability, the cost submissions provided by Applicants—reflecting the technical maturity achieved by each Project—will then be used to support a VfM analysis. This VfM analysis, alongside other evidence, will inform shortlisting decisions (and subsequent cluster integration), including whether a Project should proceed towards negotiation or not progress further. Further information on any updates to cost submission requirements is expected in spring 2026, alongside the outcomes of the eligibility checks..

Annex C: Financial Statement

Financial Statement forms for all Applicants can be found in Annex C.

The Financial Statement forms require Applicants to input a range of financial information including income statements and forecasts to allow HMG to assess the financial status and resilience of the Applicant. These figures should be supported by relevant accounting notes and documentation. This will be used in the deliverability assessment and due diligence.

Annex D: Economic Benefits and Supply Chains Form

Economic Benefits and Supply Chain forms for all Applicants can be found at Annex D1 and D2.

Alongside understanding the jobs and apprenticeships supported and created, this Annex seeks to understand how key components and services required to deliver the Project will be sourced; where suppliers are located; rationale for choices made; and how Projects are engaging with, and creating opportunities for UK companies, new entrants and small and medium-sized enterprises (SMEs). Further details are provided in the sector-specific sections below as well as in Annex D1 and D2.

Annex E: Environment Agency Guidance

The Environment Agency (EA) Guidance for all Applicants can be found in Annex E.

The deliverability assessment will look for evidence that Applicants have applied for and/or secured or have a clear and credible plan to apply for, any relevant planning consents and environmental permits. The EA Guidance provides some environmental considerations likely to be relevant to Projects and steps they may need to take in relation to obtaining permits and consents. The EA Guidance aids the Applicant to identify key environmental risks associated with their proposal and demonstrate awareness of potential control measures and environmental standards and regulations for the areas of risk that may be relevant to Applicants' proposals.

2.5 Important Note

Without prejudice to any other rights reserved in this Application Guidance, HMG reserves the right to discontinue discussions with an Applicant at any point. HMG may discontinue the application process with a particular Applicant where:

- the Applicant seeks to renegotiate elements of its application which would mean that it no longer satisfies HMG's eligibility criteria; or
- the Applicant seeks to renegotiate elements of its application which would have an adverse effect on HMG's assessment of its submission at any stage of this ECC Teesside Selection Process; or
- the Applicant does not comply, or is not able to demonstrate during the negotiation stage that it will be able to comply, with the plans set out in its application and/or at any other stage of this ECC Teesside Selection Process; or
- the Applicant does not comply with the requirements in relation to adherence to the principles and/or terms of the relevant CCUS Business Model or where applicable, the TAA, at any stage of this ECC Teesside Selection Process.
- HMG is unable to verify information contained within that Applicant's submissions which is relevant to the eligibility criteria, the deliverability assessment or HMG's assessment of the Project at any other stage of this ECC Teesside Selection Process; or
- the Applicant has applied for CCUS Business Model support, and HMG decides (in line with the rules of this Selection Process or during negotiations) that the Project will not be offered that support; or
- HMG's contracts with the relevant T&S Co (NEP) are discontinued under the Government Support Package, or the Economic Licence is revoked by the Regulator, Ofgem.

Ultimately, the decision on whether to alter or cancel the ECC Teesside Selection Process will remain at ministers' discretion and may be influenced by factors such as legislative process, development of regulatory framework, compliance with subsidy control requirements, affordability constraints, value for money considerations and wider fiscal implications.

Invitation to participate in any stage of the ECC Teesside Selection Process does not guarantee support or access to the ECC T&S Network. Government may amend or cancel the process at any time and accepts no liability for costs incurred by applicants. Any support offered, including Business Models or Transition Access Agreements, will remain subject to further development, legislative approval, affordability, and compliance with subsidy control requirements.

It is expected that details of support offered to Projects, with the exception of commercially sensitive information, will be published following the completion of any negotiations and awards.

The process will primarily be executed by DESNZ and its technical, commercial, and legal advisors. Support and expertise will also be drawn from across Whitehall including HM Treasury, the National Infrastructure and Service Transformation Authority (NISTA) and National Wealth Fund (NWF) as well as from its various Partner Organisations including: Ofgem, Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) and the Oil and Gas Authority (OGA).

DESNZ may also share information provided by Projects (including information within the applications or EOIs) with other parts of HMG for the purposes of policy development and facilitating coordination in certain areas if relevant, for example, CCUS supply chains. In addition, this information may be aggregated and anonymised for the purposes of engagement with external audiences.

Chapter 3: Further Considerations

This chapter sets out additional considerations for the ECC Teesside Selection Process, including previous applications; projects that do not require CCUS Business Model support; the role of the transport and storage company; the Economic Regulatory Regime (ERR); circumstances in which HMG may discontinue discussions; and potential HMG support through the National Wealth Fund.

3.1 Previous Applications

Projects that were unsuccessful in Phase 2 of the Track-1 Cluster Sequencing Process will not be fast tracked or prioritised in the ECC Teesside Selection Process. They must complete the full set of application forms (Annexes A-D) in line with Chapter 2.

Where an Applicant wishes to rely on information or supporting evidence submitted as part of an earlier application, they must resubmit that material in full as part of their application to the ECC Teesside Selection Process, in accordance with the process set out in Chapter 2.

3.2 Consideration of Information Outside a Project's Submission

HMG may, but is not required to, use publicly available information about the entities involved in the application during the assessment process for the purpose of cross-checking the information provided and seeking to redress any omissions. HMG reserves the right to take relevant information related to any entities listed in the application from other Project submissions into account when assessing a Project, and to contact such third parties to confirm information in the applications, for the purpose of cross-checking the information provided in the applications to ensure consistency and fairness of the assessment of Projects.

3.3 Projects Not Requiring Full CCUS Business Models

DESNZ welcomes applications from Applicants seeking to connect to the CO_2 T&S Network without requiring the level of support provided under a full CCUS Business Model (although they may have received, or may expect to receive, other forms of public support relevant to the project). A number of potential Applicants have indicated to DESNZ that they may be in this position.

In this Application Guidance, we refer to these Projects as the TAA Users (see Chapter 4). The TAA is seen as an important stepping stone towards a fully merchant CCUS sector.

During the assessment process, DESNZ may consider whether a Project applying under the TAA would instead require a full CCUS Business Model, or whether a Project applying for a full CCUS Business Model could be delivered under the TAA. Where DESNZ considers this relevant, we may request additional information from the Applicant to support that consideration, including information relevant to eligibility for Business Model support.

3.4 Non-Pipeline Transport

Projects requiring Non-Pipeline Transport (NPT) will not be eligible for this ECC Teesside Selection Process. Projects requiring NPT should instead refer to the NPT Pathfinder Selection Process which is anticipated to be launched shortly. This NPT Pathfinder Selection Process has been devised in response to feedback from NPT Projects to the ECC BO1 Market Engagement Survey[1] and to the GGR review recommendation to "accelerate planned policies to enable non-pipeline transport"[2].

As a pathfinder for the commercial, technical and regulatory framework for NPT in the UK, the NPT Pathfinder Selection Process will be more limited in scope than anticipated for future selection rounds both in terms of sector applications and T&S Network connection. At this stage, we are minded for the NPT Pathfinder Selection Process to be limited to Projects applying under the TAA (see Chapter 4) or Projects requiring support through the GGR Business Model (see Chapter 8). However, this position remains subject to further policy development and may be refined as our thinking evolves, taking account of delivery capacity, affordability, and competing priorities. Projects requiring support through other CCUS Business Models will not be eligible.

Connections for NPT Projects to the T&S Network are anticipated to be limited to those Projects that do not require material modifications to the CCS Network Code (i.e. Projects that could accede to the CCS Network Code and enter into Connection and Construction Agreements as a single legal entity and based on existing process and Agreement Templates).

Beyond any interim adaptations that will be made to facilitate applications of eligible NPT Projects applying under the NPT Pathfinder Selection Process, the NPT policy proposals for enduring NPT policy will be set out in the upcoming NPT Consultation.

3.5 T&S Co Involvement

We expect Applicants, in completing their application, to have engaged with the ECC T&S Co (NEP) to understand how feasibly they could connect to the network and any connection requirements. During the deliverability assessment, DESNZ will work with the T&S Co, where appropriate, to understand how Projects could be incorporated into the T&S Network and understand any wider network impacts or issues.

[1] CCUS East Coast Cluster Network Optimisation: Projects market survey
[2] Greenhouse gas removals (GGRs): independent review

For example, they may:

- advise DESNZ on how Projects may be incorporated into their T&S Networks; and/or
- share information with DESNZ across a range of issues, including the management of risks and costs.

Applicants can engage NEP via: *enquiries@nep-eastcoastcluster.co.uk*

3.6 T&S Fees

Applicants seeking indicative T&S fees should contact the ECC T&S Co (NEP), directly. NEP can provide a range of indicative T&S fees to support your application. Please reference your engagement with NEP in your submission and ensure any cost estimates are linked to the information provided. Note that all fee information is indicative and provided for planning purposes, and actual charges may change over time.

Applicants are reminded that engagement with NEP on T&S fees should be considered alongside other required interactions with NEP regarding technical feasibility, connection requirements, and network integration, as set out in Section 3.5 above.

3.7 Government Support via the National Wealth Fund

DESNZ has been working with the National Wealth Fund (NWF)[3] to support the sustainable growth of the CCUS sector.

We encourage Projects to engage with NWF alongside private investors once you have submitted your application. If an Applicant would like to discuss potential NWF funding, please visit NWF's enquiries page.

NWF is the UK government's principal investor and policy bank charged with deploying capital at scale in the projects and companies that support two strategic objectives: regional and local economic growth and tackling climate change, in line with the government's Growth and Clean Energy Missions.

Its Mission is to increase investment across the UK to accelerate delivery of the government's Growth and Clean Energy Missions, whilst balancing risk and return for the taxpayer. Further information on NWF's mandate, investment principles and product offering can be found on their website.

[3] National Wealth Fund Limited (NWF) is not a banking institution and does not operate as such. NWF is exempt from the requirement to be authorised to do so under the Financial Services and Markets Act 2000 (Exemptions) Order 2001 and while NWF may conduct regulated activities during the provision of its services, NWF is not authorised or regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA).

Headquartered in Leeds, capitalised with £27.8 billion of which at least £5.8 billion will be committed into five sectors including CCUS. The Fund has a team of investment professionals with expertise to invest across the capital structure, enabling projects to get off the ground and support frontier industries to reach commercial scale.

NWF is operationally independent, with its own decision-making process and governance.

Any offer of NWF funding will be subject to completion of its investment processes and satisfactory due diligence, compliance with applicable subsidy control requirements and legal documentation.

For the avoidance of doubt, NWF does not have any direct involvement in the assessment or award of CCUS contracts by DESNZ to Applicant Projects.

Financial promotions disclaimer. The information contained in this Application Guidance relating to financing opportunities with the NWF may be considered a financial promotion. This Application Guidance is solely intended for, made to or directed at high-net-worth companies, investment professionals or any other persons to whom this communication may lawfully be communicated to within the UK (as per Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"). The content of this document has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 (“FSMA"). Recipients of this document should obtain independent advice as considered appropriate by the recipient in relation to any financing opportunities referred to in this communication.

High Net Worth Companies A high net worth company is one of the following: (i) a company which has, or is in a group with a company which has, at least 20 members and share capital or net assets of £500,000, or fewer than 20 members but share capital or net assets of £5m, or (ii) an unincorporated association or partnership with net assets of £5m, or (iii) a trust with cash and investments in accordance with Article 49 of the FPO of at least £10m.

Investment Professionals The term investment professional is defined in Article 19 FPO and includes someone who is either: (i) an authorised person or exempt person within the meaning of the FSMA (provided the exempt person is exempt relating to the financing activities this communication refers to); or (ii) someone whose ordinary business activities involve that person in financing activities this communication refers to. It also includes governments and local authorities in the UK or elsewhere.

3.8 The Enduring Economic Regulatory Regime

Part 1 of the Energy Act 2023[4] establishes a framework of economic licensing and regulation of carbon dioxide transport and storage activities, establishing Ofgem as the independent economic regulator and setting out Ofgem's statutory mandate, duties, and functions in relation to carbon dioxide transport and storage.

NEP was issued an Economic Licence by the regulator, Ofgem, in December 2024, and has since been subject to the conditions of the Licence granted under the provisions of the Energy Act. As part of the Licence NEP has an Approved Project Development Plan (APDP).

Following a successful selection process NEP will be required to review any changes that might be required to operate the T&S Network, and hence the APDP. Should changes be required then NEP will be required under the Licence to submit a Change in Scope re-opener to expand or enhance the network.

3.9 CCS Network Code

The CCS Network Code (the Code) sets out the commercial, operational and technical arrangements that govern use of CCS networks in the UK. T&S Co's are required under their Economic Licence to maintain and administer the Code. We highlight that the Code defines:

1. Network specific Entry Provisions, including.
   - CO_2 specifications (quality specifications, pressure, temperature)
   - Measurement Requirements (CO_2 quality measurement).
   - (Applicants can find the East Coast Cluster requirements in Annexure B Part 1 and Annexure C Part 1 of the Code).

2. A process through which Eligible Applicants (i.e. those participating in an HMG led selection process) may formally seek and gain a connection from a T&S Co (completed alongside completing the HMG led process).

3. Templates for key Agreements between the User and T&S Co, being.
   - Code Accession Agreement (to accede to the existing Code)
   - Construction Agreement
   - Connection Agreement

4. Formal modification governance processes, including how modifications to the Code can be enacted, and the rights of User's and Third Party's (including possible future Users) in this process.

[4] Energy Act 2023 here: https://bills.parliament.uk/bills/3311

Projects must accede to the live version of the Code at FID. We recommend Applicants familiarise themselves with requirements of the Code (and existing tabled modification proposals). The latest version of the Code and live modification proposals can be found here.

Whilst the Code is an industry owned, live document that will evolve with the sector, we recommend that Applicants plan and design to comply with the Code, and do not assume that compliance can be achieved by modifying it to their own, Project specific needs or preference. It is therefore in an Applicant's interest to understand the Code and to have clear plans to ensure they can adhere and therefore accede to it.

Whilst the Code was established on a minimum viable product basis, its architecture anticipates the need to differentiate certain requirements as different User types, including TAA or fully merchant Projects, connect to networks in due course. Therefore, DESNZ expects that certain universal provisions (i.e. those applying across all networks) will be updated (via Modification) ahead of Project FIDs. This may be in response to the existence of the TAA supported Projects for the first time (e.g. this could include liability caps or financial security requirements differentiated between fully supported and TAA supported Projects), or expansion of defined User Types to include GGR Projects. DESNZ intends to work with NEP and bidding into this process to identify any such changes and ensure they are tabled by an appropriate party and at an appropriate time.

Chapter 4: Transition Access Agreement

4.1 Policy Summary

As part of the government's ambition to support a self-sustaining, industry-led CCUS sector in the UK, we recognise the importance of a market transition phase that reduces government intervention while continuing to support network efficiencies and wider DESNZ and government Net Zero and industrial targets.

For the ECC Teesside Selection Process, the TAA is a new contract being introduced to enable Projects who do not require the support provided by a full CCUS Business Model to connect to the T&S Network. The TAA is aimed at Projects that require limited financial or risk support from government, it is viewed as an important stepping stone towards the introduction of fully merchant Users.

As part of the transition to a self-sustaining market, there are several sources of support that Projects can explore where appropriate, including the National Wealth Fund (NWF), policies such as the Revenue Certainty Mechanism (RCM) for sustainable aviation fuels, and market revenues such as voluntary carbon markets for GGRs. Government also supports the development of markets for low-carbon products.

The proposed terms set out in this chapter remain under development and are subject to further refinement by DESNZ and HMG. All elements of the TAA are dependent on ministerial approval, engagement with relevant regulators, the development and Parliamentary approval of any necessary legislative changes, and the completion of required contractual documentation.

HMG reserves the right to review, amend or withdraw any aspect of the proposed TAA for any reason, including to ensure affordability, value for money, and compliance with applicable subsidy control requirements.

4.2 Eligibility Criteria

Table 5 below outlines the proposed eligibility criteria that all Applicants for the TAA must meet to progress to the technical, commercial & financial deliverability assessment.

Table 4 - Transition Access Agreement eligibility criteria

Criteria	Description
Location	TAA Projects must be located onshore in the UK. Projects must mitigate UK territorial emissions and/or generate UK Greenhouse Gas Removals.
Delivery	Must be able to be reach Commercial Operations Date (COD) no later than the end of December 2032.
Business Model contract	Projects must evidence that they do **not** require support for capital or operational expenditure (other than potential limited support for T&S fees, if essential and clearly evidenced).
Sector Specific Criteria	TAA Projects are **not** required to meet the same sector specific criteria as Business Model Users outlined in later chapters. However, Projects are required to meet the criteria below (where relevant). **Power CCUS[5]** • Electrical output of at least 20 megawatts of low carbon electricity • Electric output connection in place by COD. **TAA Projects planning to generate GGRs.** • Projects will be required to comply with the UK GGR Standard, due to be published in 2027, for the purpose of quantification of removals and monitoring, reporting and verification (MRV). Refer to Chapter 8 for further details.

We define the Commercial Operations Date (COD) as the date when the Project has been fully commissioned and is able to export CO_2 emissions to the T&S Network. Note that at the assessment stage we will consider the Project's schedule and the proposed COD. We expect the TAA will include obligations relating to the construction and performance of the Project.

[5] A Power CCUS plant is defined as a thermal generation with natural gas as the primary fuel input.

4.3 Minded to Policy Positions

The TAA is **not** designed to include ongoing CapEx/OpEx revenue support as provided under CCUS Business Models. However, where support on cost (notably T&S Fees) or risk protection is essential and clearly evidenced, we may, on a case-by-case basis, consider providing limited support. This will be treated as an exception rather than the norm, and our starting position will always be to offer no ongoing revenue support. The potential limited support will be subject to affordability and value-for-money considerations.

Applicants for TAA should note, as highlighted in Section 3.9, the introduction of the TAA is expected to require updates to certain Network Code provisions. DESNZ intends to review the Code, including but not limited to the following provisions, to identify any required updates, to reflect the introduction of the TAA:

- Registered Capacity Financial Security requirement which is currently set at £0 (clause E7.2 of the Code) on the basis that all Users are fully supported.
- Liquidated damages provisions, currently set to £0 on the basis that all Users are fully supported.
- Property damage caps, currently based on reasonable worse case damage assumptions for the types of Users participating in previous selection processes. Various provisions that rely on defined terms including Supported User and holders of a Revenue Support Contract.

Table 6 below outlines the **in-development** positions of the TAA.

Table 5 – In development positions of the TAA.

Aspect	Description
Capacity & Contract Duration	• DESNZ expects an up to 10-year contract term, with aligned Registered Capacity duration. • DESNZ does not expect to include any provision for extending the TAA. • Projects may still seek access to the T&S Network in the future, subject to prevailing policies and competitiveness at that time, but not with the benefit of an extension of the original TAA.
T&S Fees	• DESNZ is considering providing limited support in relation to T&S Fees, but only on a case-by-case basis subject to certain conditions, such as clearly evidencing that T&S Charges support is essential for a Project to sign a TAA. Should such support be provided, this could take the form of:

	• providing support towards a proportion of T&S Fees; or ○ a protection mechanism in relation to the possible variance in T&S Fees which are paid by the Capture Project to the T&S Operator (where a "top-up" payment would be made should the fees exceed a certain £/t threshold).
Cross-Chain Risks	• DESNZ is considering the risk allocation mechanisms currently included within CCUS business models, including cross chain risks. Any potential support that may be provided in relation to cross chain risks would be on a case-by-case basis and subject to certain conditions, such as clearly evidencing that such support is essential for a Project to sign a TAA. • Where an event or circumstance affecting the T&S Network prevents the capture plant from accessing the full entry capacity to such network and this causes the capture plant to be unavailable or curtailed, then a "T&S Outage Event" will have occurred, except where such limited or lack of access is due to any act, omission, breach or default of the Capture Project. • As the TAA is designed for Capture Projects requiring limited support, DESNZ expects the Capture Project to take on most of these risks under the TAA. Any potential support provided by DESNZ in relation to T&S Outage Events would be on a case-by-case basis and subject to certain conditions. • DESNZ is minded not to provide any forms of cost recovery in the case of delays to the User connecting to the T&S Network due to a T&S Commissioning Delay Event.
CapEx/OpEx Payments	• No CfD-style support via this agreement (i.e. no CapEx/OpEx payments). Applicants needing CapEx/OpEx support should apply via their relevant Business Model.
Gainshare mechanism	• DESNZ is considering whether to include a gainshare mechanism within the TAA in cases where access to the T&S Network would enable the Capture Project to generate material additional profits directly derived from this access, which are significantly more than costs associated with

	access to the T&S Network. Further details will be provided in due course as the TAA is further developed.

The Draft Commercial Principles for the TAA, which will include more information on the positions listed above, is expected to be published in Q1 2026.

Projects applying for a TAA will be assessed against the same technical, commercial & financial deliverability criteria as those applying under CCUS Business Model that would otherwise apply to a Project in their sector. Any support required will be considered in the deliverability assessment / shortlisting processes.

Applicants should note, we will always assess whether any government support is necessary for Projects. Projects that believe they only require access to the ECC T&S Network, and no government support are still be expected to participate in the ECC Teesside Selection Process, and apply for a TAA initially, to ensure capacity requirements can be considered and there are effective system planning and appropriate oversight. However, where application evidence shows that no DESNZ support is required and it is confirmed that no subsidy is needed, the TAA will not be relevant, and we will set out the appropriate pathway for your connection to the ECC T&S Network following the application process.

Applicants for the TAA are expected to complete their relevant sector Project Plan (Annex A) including any TAA specific questions**.** Applicants should also complete Annexes B, C, D1 & D2 and review Annex E.

4.4 Deliverability Assessment

The deliverability assessment will consider the Applicant's credibility, capability, and capacity to successfully deliver a compliant and commercially operational CCUS facility by the end of 2032 or earlier where possible. The assessment criteria and associated evidence requirements are broadly consistent across sectors, though some sector-specific sub-criteria may apply. Evidence provided may be considered across all criteria.

As part of the assessment, Projects will have to evidence they have considered, and would need limited support in relation to, the additional elements included in sector Business Models i.e., cross-chain protections.

The TAA assessment will consider:

- The Applicant's plans to deliver and operate the CCUS enabled facility, and their capability to do so.
- Integration with the necessary CO_2 transport and storage (T&S) infrastructure.

DESNZ will assign a deliverability rating based on performance against two key factors:

1. **Technical Deliverability –** HMG's confidence that the Project can be credibly and effectively delivered and become operational by the end of 2032 or earlier where possible.

2. **Commercial/Financial Deliverability –** The commercial robustness of the Project. HMG's confidence that the Applicant is capable of securing a Final Investment Decision for the Project, adequate funding can be secured to deliver an operational facility by the end of 2032 or earlier where possible, and that the underlying industrial facility (where applicable) demonstrates sufficient financial health to operate sustainably over the contract term.

1) Technical Deliverability

This assessment will consider the:

- Technical credibility and track record of the Applicant and supporting organisations.
- Organisational and technical maturity of the Project.
- Credibility of the presented Project schedule, and confidence that governance and Project controls will ensure that the planned schedule can be managed and maintained through Project execution.
- Project's risk management approach.
- Viability of CO_2 T&S Connection(s) and operation in line with relevant published network Codes.

Evidence

Evidence may be considered across all criteria and the below is considered a non-exhaustive list of evidence. Applicants should provide clear and credible evidence of the following:

- A Project description, including but not limited to process description(s); CO_2 capture quantities anticipated; CO_2 capture rate; energy efficiency, any associated emissions; operational life; and supply chain engagement.

- Access to appropriate level of resource with the capability to deliver the Project, demonstrated through:

    - Key contracts in place with core suppliers – or, at a minimum, meaningful engagement with – prospective suppliers.

    - Evidence of engagement with technology licensors and details of any shortlisting or selection process planned or completed, including any shortlisting or selection of technology licensors.

- Demonstration of the Applicant's competence to manage and coordinate a Project of this scale and complexity, demonstrated through:

- Assessment of the capability of supply chains to deliver required materials, goods and skills.
- Evidence of supply chain engagement for major equipment.
- A credible contracting strategy to secure the necessary resources to deliver the Project, balancing risk to the supply chain, Project and government.

- A fully logic-linked, integrated Project schedule, showing, at minimum, all Level 2 activity durations, which are expected to be reasonable and benchmarked against comparable activities in previous Projects. The schedule should clearly identify the critical path, interdependencies with external milestones (e.g. grid/T&S Connections), relevant lead times for procurement, planning and permitting etc., and include appropriate float.

- Progress to date against the stated Project schedule, with documentation and engineering information, demonstrating that the Project is progressing as expected. If the Project has fallen behind schedule, a robust justification for all delays and a clear strategy for schedule recovery should be provided.

- Accurate identification of critical planning and consenting stages, including planning consents, environmental permitting, and abstraction licensing. These should be accurately reflected in the Project schedule, with evidence of progress in securing the necessary approvals or a clear and credible plan for doing so.

- A comprehensive risk register, identifying key risks accurately, proposed mitigations, and recognition of residual risks. The Submission should highlight schedule-related risks, indicate where mitigations are already in place, and provide a clear implementation plan where they are not. Contingency plans, and/or other considerations for residual risks should also be presented where applicable.

- A practical organisational structure enabling effective communication between, and operation of all entities involved in the Project.

- A description of the proposed connection between the Project and the CO_2 T&S Network, including, but not limited to, the battery limits of the Project, the intended interface point, any intermediate pipework or infrastructure required, and how the Project will meet the required CO_2 entry specification (including entry temperature and pressure ranges, as well as CO_2 stream composition).

- Confirmation of familiarity with the published CCS Network Code and acknowledgement of the processes defined therein, as well as evidence of engagement with the relevant T&S Co, including any agreements in place, should also be provided. This should include Memoranda of Understanding, Collaboration Agreements, or draft Heads of Terms between the Capture Project and the T&S Co., and any risks of conflict with the published Code must be included in the risk register. NB: The CCS Network Code defines a specific

process for applying for a connection and seeking provisional offers from a T&S Co. This process prescribes when applications are made, their content, and a timeline for when draft agreements are exchanged. It is expected that engagements and agreements align with the Code requirements.

While costs are assessed in detail under the Value for Money section, any relevant cost information that supports the deliverability case should also be included here. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

2) Commercial/Financial Deliverability

Assessment against this criterion will evaluate whether the Project is commercially robust enough to ensure successful delivery and long-term viability. DESNZ recognises that the level of evidence provided should be proportionate to the Project's maturity. While early-stage Projects are not expected to have secured financing or finalised commercial arrangements, they should demonstrate a clear understanding of the steps required to do so, a credible plan to progress these, and the presence of capable people or processes to deliver them.

This criterion will focus on three interlinked areas:

- **Financial health** of the organisation(s) executing the Project; and, where applicable, the underlying industrial facility(ies) whose emissions are being captured.
- **Organisational approach to financing**, including evidence that the Applicant understands the steps required to secure necessary finance and has a credible plan, supported by appropriate people and processes, to do so. Evidence may include positive engagement with financiers (e.g., detailed letters of support, board-level commitments, or confirmation of access to liquidity), and examples of successfully financing similar Projects.
- **Project controls and governance structures** that demonstrate the ability to manage costs, risks, and delivery milestones effectively throughout Project execution.

Evidence:

In assessing against this criterion, the Project will be credited for providing clear and credible evidence of the following in particular:

- The financial health of the organisations involved, supported by the Financial Statement Template (Annex C), and credible financing arrangements for funding the Project.

- Business plans for the organisation(s) involved and details of how the Project fits with the organisation's overall strategic ambition, including at the Parent company level (if different). This information must be supported by the Financial Statement Template (Annex C).

- A clear financing strategy, including the status of key commercial agreements needed to realise the Project. For Applicants applying as TAA Projects, demonstration that alternative sources of support (from public sources or otherwise) will be sufficient to give DESNZ confidence in the Project's deliverability and, in particular, its ability to meet those costs / liabilities associated with the Project that might otherwise be supported through an existing CCUS Business Model. The assessment will seek to determine the credibility of the financing plans and schedules, how funding gaps are settled and if this is in line with the Project's requirements. TAA Projects will need to evidence they have considered the implications of cross-chain risks such as T&S fee variance and T&S constraints / outages.

- Costs are considered in detail under the Cost and Value for Money section. However, Applicants should ensure consistency in cost assumptions and provide any relevant financial data that supports commercial robustness.

Rating

Considering the responses and supporting evidence provided (and DESNZ reserves the right to, in its absolute discretion, request clarification or further information from Applicants on any aspect of their Submission, including with respect to technical, legal, financial and/or commercial matters), alongside future discussions with the Project, assessors will assign a rating to the Project by reviewing the deliverability assessment in aggregate, considering all information provided by the Project as well as its credibility.

The rating categories for this criterion are defined as follows:

Table 6 - TAA Deliverability Rating

Rating	Description
Red (R)	• Evidence and responses provided in relation to one or more relevant questions are missing or incomplete. • Limited to no confidence in the ability of the Project to be operational by December 2032, or in its ability to deliver more generally[6] or in the operability of the proposed T&S Connection.
Amber (A)	• All relevant questions are fully answered (i.e. no missing answers), and a reasonable level of supporting evidence is provided. • Responses and supporting information give a reasonable level of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and in the operability of the proposed T&S Connection. However, there may be reservations regarding the credibility of some supporting information, or the Project's capability in certain delivery areas.
Green (G)	• Comprehensive responses given to all relevant questions, with clear and credible evidence provided to demonstrate delivery capability. • Responses and supporting evidence give a high degree of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and the operability of the proposed T&S Connection.

Projects rated Amber and Green will progress into the shortlisting and cluster integration stage (please refer to Chapter 10 for more details). Projects rated Red will not progress further in this ECC Teesside Selection Process.

[6] While delivery assumptions might be more uncertain for less mature Projects (e.g. those at pre-FEED stage), it is expected that they may be in a position to receive a score above a RAG rating of Red provided that sufficient evidence and responses are provided in the Project Plan and uncertainties are adequately reflected in the submitted risk registers, costs, Projects schedule, emissions reduction and other contingencies.

4.5 Cost, Economic Benefits and Supply Chains

Value for Money Assessment

The Value for Money Assessment will consider both the level of support and the economic benefits of each Project. While cost data will not be used as a pass/fail criterion during the eligibility or deliverability assessments, it will inform cluster-wide VfM considerations at the shortlisting and integration stage (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

Cost Information Collection

Applicants are required to submit cost data for their proposed Project as part of the application. This data is mandatory – applications without this information will be considered incomplete and will not be considered to have submitted a valid application and will not progress further in the process.

The overall magnitude of costs presented will not be considered during the eligibility and deliverability assessments. As part of the deliverability assessment, cost information provided will be evaluated for credibility and will be checked for consistency against the commercial and financial information provided. All aspects of the cost information provided will inform cluster-wide considerations at the shortlisting and cluster integration stage (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

We acknowledge that cost estimates will be at differing levels of maturity depending on the stage of development. However, Applicants should make every effort to provide the most accurate and realistic cost information available at the time of application. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

Applicants will need to complete a **Cost Information Form (Annex B)**, which includes providing details of:

- Development Expenditure (DevEx), with and without contingency for projected spend,
- Capital Expenditure (CapEx), with and without contingency
- Both fixed and variable Operating Expenditure (OpEx), with and without contingency,
- Expected Project revenue from all planned products (See Section 10 of the Project tab in Annex B),

- Monthly breakdown across all phases of the Project lifespan.

Cost data should be provided in real terms (excluding inflation), rather than nominal terms, and cover the whole plant (that is, the BAU operating plant as well as CCUS components). Applicants must specify the base year for their cost estimate – this should reflect the year in which the estimate was received or created.

Cost Data Collection Update: Summer 2026

Projects that pass the eligibility check and meet the minimum deliverability threshold will be given the opportunity to submit updated cost data in summer 2026. This is expected to include more granular estimated estimates and refined assumptions, which will be subject to assurance checks to validate accuracy and maturity.

This data will be used to:

- Conduct VfM analysis.
- Inform decisions on which Projects will proceed to due diligence and negotiations.

More information on this stage of the process will be shared alongside the outcomes of the eligibility check in spring 2026.

Other Cost Considerations: Network Costs

The cost impact on the CO_2 T&S Network, such as T&S extension costs, will also be factored into the wider shortlisting and cluster integration process. Applicants should provide the most mature estimate available for their proposed connection. For the avoidance of doubt, Applicants should provide at least an AACE Class IV estimate for overall project costs. For connection and routing costs, where information is less developed at application stage, DESNZ will accept an AACE Class V estimate provided it is clearly evidenced, includes key assumptions, and has been discussed with the transport and storage company.

More information on the role of the T&S Co is set out in Chapter 3.

Economic Benefits and Supply Chain Development

Applicants must set out the expected economic benefits of their Project and supply chain in Annex D1 and Annex D2.

DESNZ will consider the information in Annex D1 (excluding Question 4) and Annex D2 as part of shortlisting and cluster integration. DESNZ recognises that the level of detail provided will be proportionate to the size and stage of the Project and the organisation(s) involved.

Key considerations include:

- **Supply chain approach** – the technologies, components, services and suppliers selected (or expected to be selected) to date, and the rationale for those choices. This includes evidence of transparent procurement practices and engagement with UK suppliers, including SMEs.

- **Skills** – plans to invest in skills development, including training and apprenticeships, for the Project workforce and the wider supply chain.

For the job and apprenticeship estimates in Annex D2, include a clear explanation of the methodology, assumptions and evidence used. Job numbers are collected for monitoring and analysis, but Applicants must complete the required fields in Annex D2 as part of a complete application. Applications missing the required annexes will not progress.

If a Project is shortlisted and taken forward to negotiations and/or offered access to the T&S network, DESNZ may request more detailed plans and commitments on supply chain and skills. We are also developing mechanisms to ensure these commitments are delivered throughout the lifetime of the Project.

All Projects will be required to use the North Sea Transition Authority (NSTA) Pathfinder Portal to provide visibility of upcoming contracts, and to complete a Supply Chain Action Plan. Full details of the information required in relation to Supply Chain Action Plans can be found here. At assessment stage, we will expect to see evidence of engagement with the NSTA on this with it becoming a contractual condition.

Chapter 5: Power CCUS

5.1 Support Package

Where support is required, Projects that are selected following successful assessment and negotiations are expected to receive a Dispatchable Power Agreement (DPA), which is proposed to be funded through the Electricity Supplier Obligation (ESO). For further details of the design of the Power CCUS Business Model please refer to the Business Model updates [7]. Applicants should familiarise themselves with the DPA and the contractual requirements that need to be fulfilled. However, it is important to note that we may make some changes to the DPA to clarify policy positions and would engage with industry on these in due course.

Participation in any stage of the ECC Teesside Selection Process, including due diligence and negotiations, does not guarantee that a Dispatchable Power Agreement (DPA) will be offered or that access to the CO_2 Transport & Storage Network will be enabled. Any decision to provide support or grant network access remains at the discretion of HMG and may depend on factors such as regulatory development, compliance with subsidy control requirements, affordability constraints, value-for-money considerations, balance sheet implications, obtaining all necessary consents, and successful completion of due diligence and negotiations.

DESNZ reserves the right to pause or terminate negotiations at any time. More information about the due diligence and negotiations stage is set out in Chapter 10.

For the ECC Teesside Selection Process, Projects that require T&S access, but do not require a Business Model contract are known as the TAA Users. The TAA may include certain limited protections on a case-by-case basis. Refer to Chapter 4 for more details.

[7] https://www.gov.uk/government/publications/carbon-capture-usage-and-storage-ccus-business-models#fullpublication-update-history

5.2 Eligibility Criteria

This section includes the proposed eligibility criteria that all Power CCUS Applicants must meet in order to progress to the deliverability assessment.

Table 7 - Power CCUS Eligibility Criteria

Eligibility Criteria	Description
Central eligibility criteria	
Applicant	The Applicant must be incorporated and registered in the UK.
Transport and Storage Connection	Must be able to demonstrate potential for direct, onshore, pipeline access to the ECC T&S Network, with no intermediate non-pipeline transportation of CO_2. Projects requiring NPT should instead refer to the NPT Pathfinder Selection Process which is anticipated to be launched shortly. See section 3.4 for further details.
Commercial Operation Date	Must be able to be operational (defined below) no later than the end of December 2032.
Power CCUS specific eligibility criteria	
Location	Projects are required to be located onshore in Great Britain to ensure that they are compliant with the technical and commercial parameters of the DPA. Projects in Northern Ireland are not eligible for support because electricity policy is devolved, and Northern Ireland has a separate electricity market from Great Britain.
Technology / Configurations	The Power CCUS plant must be a thermal generation plant with natural gas as the primary fuel input. The Power CCUS plant could be: • new build (where both generation and capture units are constructed), or • retrofit (where CCUS technology is applied to an existing generating station, which could range from adding a

	capture unit, through to repowering the generating station and adding a capture unit). The Power CCUS plant must be one of the following technology types: • Post-combustion, • Pre-combustion (on-site), or • Oxy-fuelled combustion. CHP Projects Combined Heat and Power (CHP) Projects must utilise any of the above technology configurations for the generation of power. For CHPs meeting Power CCUS eligibility criteria, the DPA support provided will be assessed on the basis of their NDC, which does not include heat output or electricity output that is not provided to the national transmission or regional distribution networks (e.g., private wire output). Any DPA support for CHPs is dependent on the Project meeting the requirements set out in the DPA. DESNZ is considering options available to support CHP Projects in respect of their non-NDC energy output, but this remains subject to matters that are still to be determined, including those requiring ministerial decisions, and the application of subsidy control rules. We cannot guarantee at this stage that any support for non-NDC energy output will be available. If DESNZ concludes that a mechanism for non-NDC energy output support is available, support may be provided through other existing or new Business Models. In this case, Projects would need to demonstrate that they meet any relevant eligibility criteria, and we reserve the right to require Projects to provide additional information for DESNZ to assess compliance with such criteria. For the avoidance of doubt, any communication that a Project is eligible for support through the DPA does not indicate that any support would be available for non-NDC energy output, nor that the Project would be eligible for such support

<table>
<tr>
<td>Minimum Capture Rate</td>
<td>
The Project must be designed to achieve at least 90% capture rate.

This capture rate percentage is the designed annual average and therefore includes periods of transient operation, including start up and shutdown. The designed capture rate percentage should take account of the plant's expected operation pattern, start up and shut down times, and design features. This approach will provide a projection of the Project's Achieved CO_2 Capture Rate (%) under a DPA.

Capture Rate calculations should include any associated on-site CO_2 emissions required for the provision of energy into the power generation and capture process.

Capture rate should be calculated by using:
$$Capture\ Rate\ (\%) = \frac{CO_{2exp}}{CO_{2gen}}$$
<table>
<tr><th>Term</th><th>Definition</th></tr>
<tr><td>CO_2exp</td><td>Total projected annual flow of CO_2 into the T&S Network.</td></tr>
<tr><td>CO_2gen</td><td>Total projected annual generation of CO_2, including any associated combustion sources required for the provision of energy input into the capture process (where appropriate).</td></tr>
</table>

A Heat and Mass Balance and/or Process Basis of Design for the plant, should be provided as supporting evidence for the Application.
</td>
</tr>
<tr>
<td>Minimum Output</td>
<td>Must be able to generate and export at least 100 megawatts of low-carbon electricity (100 MWe) to the electricity grid. We are aiming to bring forward commercial scale Power CCUS plants that can make a significant contribution to decarbonising the electricity system.</td>
</tr>
</table>

	However, Power CCUS Projects that are not seeking a DPA contract and instead want to apply through the TAA , must be able to generate and export at least 20 megawatts of low-carbon electricity (20 MWe) electricity.
Grid Connection Date	Power CCUS Projects should demonstrate their ability to connect to the grid by the end of December 2032 and therefore export CO_2 to ECC by 2032. The grid connection capability should be in the form of a firm connection offer or a grid connection queue position that will allow connection by 2032. If grid connection queue position is indicating a post-2032 position, Applicants should demonstrate a credible strategy is in place to bring this date forward to 2032.

Commercial Operation Date

We define operational as the Project being fully commissioned and able to export CO_2 emissions to the T&S Network. Note that at the assessment stage we will consider the Project's schedule and the suggested completion date, but if a Project progresses to negotiations and receives a business model contract, in order to demonstrate that the Project is operational and receive business model payments it will have to satisfy Operational Conditions Precedent or relevant performance requirements set out in the business model Terms and Conditions, and achieve its Commercial Operation Date.

Note that similar contractual arrangements and/or performance requirements may need to be put in place for TAA Projects to ensure their delivery against the plans in their submission.

The eligibility criteria set out in the individual capture technology sections (i.e. sector specific eligibility criteria) have been specifically developed for this ECC Teesside Selection Process. Only those Applicants that meet the relevant sector eligibility criteria will be evaluated further and be capable of progressing to the Deliverability Assessment.

5.3 Deliverability Assessment

Overview

The deliverability assessment will consider the Applicant's credibility, capability, and capacity to successfully deliver a compliant and commercially operational dispatchable, mid-merit, low carbon, power generation facility by the end of 2032 or earlier where possible. The assessment criteria and associated evidence requirements are broadly consistent across all sectors though some sector-specific sub-criteria apply. Evidence provided may be considered across all criteria.

The Power CCUS sector assessment will consider:

- The Applicant's plans to deliver and operate the CCUS enabled dispatchable power plant, and their capability to do so.
- Integration with the necessary CO_2 Transport and Storage infrastructure.

DESNZ will assign a deliverability rating based on performance against two key factors:

1. **Technical Deliverability**: Technical Deliverability – HMG's confidence that the Project can be credibly and effectively delivered in accordance with the technical requirements of the relevant business model and become operational by the end of 2032 or earlier where possible.

2. **Commercial/Financial Deliverability**: The commercial robustness of the Project. HMG's confidence that the Applicant is capable of securing a Final Investment Decision for the Project, adequate funding can be secured to deliver an operational facility by the end of 2032 or earlier where possible, and that the underlying facility (where applicable) demonstrates sufficient financial health to operate sustainably over the contract term.

1) Technical Deliverability

- In assessing the application against this criterion, the evaluation will consider the:
- Technical credibility and track record of the Applicant and supporting organisations.
- Organisational and technical maturity of the Project.
- Credibility of the presented Project schedule, and confidence that governance and Project controls will ensure that the planned schedule can be managed and maintained through Project execution.
- Project's risk management approach.
- Viability of CO_2 T&S Connection(s) and operation in line with relevant published Network Codes.

Evidence

Evidence may be considered across all criteria and the below is considered a non-exhaustive list. Applicants should provide clear and credible evidence of the following:

- A project description, including but not limited to process description(s); Power Output; Heat Rate; CO_2 capture quantities anticipated; CO_2 Capture Rate; energy efficiency, any associated emissions; operational life; and supply chain engagement.

- Access to appropriate level of resource with the capability to deliver the Project, demonstrated through:

    - Key contracts in place with core suppliers – or, at a minimum, meaningful engagement with prospective suppliers.

    - Evidence of engagement with technology licensors and details of any shortlisting or selection process planned or completed, including any shortlisting or selection of technology licensors.

- Demonstration of the Applicant's competence to manage and coordinate a Project of this scale and complexity, demonstrated through:

    - An assessment of supply chain capability to deliver required materials, goods, and skills.

    - Evidence of supply chain engagement for major equipment.

    - A credible contracting strategy to secure necessary resources for delivery of the Project, balancing risk to the supply chain, Project and government.

- A fully logic-linked integrated project schedule, showing, at minimum, all Level 2 activity durations, which are expected to be reasonable and benchmarked against comparable activities in previous projects. The schedule should clearly identify the critical path, interdependencies with external milestones (e.g. grid/T&S Connections), relevant lead times for procurement, planning and permitting etc., and include appropriate float.

- Evidence of progress in applying for and/or securing grid connection agreements for both electricity and gas. If not yet secured, these should be clearly accounted for in the schedule, with a credible strategy to achieve connection by 2032.

- Progress to date against the stated Project schedule, with documentation and engineering information, demonstrating that the Project is proceeding as expected. If the Project has fallen behind schedule, a robust justification for all delays and a clear strategy for schedule recovery should be provided.

- Accurate identification of critical planning and consenting stages, including planning consents, environmental permitting, and abstraction licensing. These should be

accurately reflected in the Project schedule, with evidence of progress in securing the necessary approvals or a clear and credible plan for doing so.

- A comprehensive risk register, identifying key risks accurately, proposed mitigations, and recognition of residual risks. The Submission should highlight schedule-related risks, indicate where mitigations are already in place, and provide a clear implementation plan where they are not. Contingency plans, and/or other considerations for residual risks should also be presented where applicable.

- A practical organisational structure enabling effective communication between, and operation of all entities involved in the Project.

- A description of the proposed connection between the Project and the CO_2 T&S Network, including, but not limited to, the battery limits of the Project, the intended interface point, any intermediate pipework or infrastructure required, and how the Project will meet the required CO_2 entry specification (including entry temperature and pressure ranges, as well as CO_2 stream composition), along with demonstration that the Project understands the suitability of the store and transport network to accommodate intermittent CO_2 flows to enable dispatchable operation.

- Confirmation of familiarity with the published CCS Network Code and acknowledgement of the processes defined therein, as well as evidence of engagement with the relevant T&S Co, including any agreements in place, should also be provided. This should include Memoranda of Understanding, Collaboration Agreements, or draft Heads of Terms between the Capture Project and the T&S Co., and any risks of conflict with the published Code must be included in the risk register. NB: The CCS Network Code defines a specific process for applying for a connection and seeking provisional offers from a T&S Co. This process prescribes when applications are made, their content, and a timeline for when draft agreements are exchanged. It is expected that engagements and agreements align with the Code requirements.

  While costs are assessed in detail under the Value for Money section, any relevant cost information that supports the deliverability case should also be included here. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant’s estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

2) Commercial/Financial Deliverability

Assessment against this criterion will evaluate whether the Project is commercially robust enough to ensure successful delivery and long-term viability. In assessing commercial robustness, DESNZ recognises that the level of evidence provided should be proportionate to the Project's maturity. While early-stage Projects are not expected to have secured financing or finalised commercial arrangements, they should demonstrate:

- A clear understanding of the steps required to secure finance.
- A credible plan to progress these steps.
- Competent expertise is available and/or appropriate processes are in place to deliver.

This criterion will focus on three interlinked areas:

- **Financial health** of the organisation(s) executing the Project; and, where applicable, the underlying facility(ies) whose emissions are being captured.
- **Organisational approach to financing**, including evidence that the Applicant understands the steps required to secure necessary finance and has a credible plan, supported by appropriate people and processes, to do so. Evidence may include positive engagement with financiers (e.g., detailed letters of support, board-level commitments, or confirmation of access to liquidity), and examples of successfully financing similar Projects.
- **Project controls and governance structures** that demonstrate the ability to manage costs, risks, and delivery milestones effectively throughout project execution.

Evidence

In assessing against this criterion, the Project will be credited for providing clear and credible evidence of:

- The financial health of the organisations involved, supported by the Financial Statement Template (Annex C).
- Business plans for the organisation(s) involved and details of how the Project fits with the organisation's overall strategic ambition, including at the parent company level (if different). This information must be supported by the Financial Statement Template (Annex C).
- A clear financing strategy, including the status of key commercial agreements and identification of any funding gaps. For TAA Projects, evidence of alternative support (e.g., public funding or private investment) should be provided to demonstrate financial viability giving DESNZ confidence in the Project's deliverability and, in particular, its ability to meet those costs/liabilities associated with the Project that might otherwise be supported through the DPA. The assessment will seek to determine the credibility of the financing

plans and schedules, how funding gaps are settled and if this is in line with the Project's requirements.

- Applicants should provide evidence that is proportionate to the maturity of the Project. While full financing is not expected at early stages, Applicants should demonstrate a clear understanding of the steps required to secure finance, a credible plan to do so, and the presence of capable people and processes. Examples may include positive engagement with financiers (e.g., detailed letters of support, board-level commitments, or confirmation of access to liquidity) or examples of previous successful project financings.

- Costs are considered in detail under the Cost and Value for Money section. However, Applicants should ensure consistency in cost assumptions and provide any relevant financial data that supports commercial robustness.

Rating

Considering the responses and supporting evidence provided (and DESNZ reserves the right to, in its absolute discretion, request clarification or further information from Applicants on any aspect of their Submission, including with respect to technical, legal, financial and/or commercial matters), assessors will assign a rating to the Project by reviewing the deliverability assessment in aggregate, considering all information provided by the Project as well as its credibility.

The rating categories for this criterion are defined as follows:

Table 8 - Power CCUS Deliverability Rating

Rating	Description
Red (R)	• Evidence and responses provided in relation to relevant questions are missing or materially incomplete. • Limited to no confidence in the ability of the Project to be operational by December 2032, or in its ability to deliver more generally[8] or in the operability of the proposed T&S Connection.
	• All relevant questions are fully answered (i.e. no missing answers), and a reasonable level of supporting evidence is provided. • Responses and supporting information give a reasonable level of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and in the operability of the proposed T&S Connection.

[8] While delivery assumptions might be more uncertain for less mature Projects (e.g. those at pre-FEED stage), it is expected that they may be in a position to receive a score above a RAG rating of Red provided that sufficient evidence and responses are provided in the Project Plan and uncertainties are adequately reflected in the submitted risk registers, costs, Project schedule, emissions reduction and other contingencies.

	However, there may be reservations regarding the credibility of some supporting information, or the Project's capability in certain delivery areas.
Green (G)	• Comprehensive responses given to all relevant questions, with clear and credible evidence provided to demonstrate delivery capability. • Responses and supporting evidence give a high degree of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and the operability of the proposed T&S Connection.

Projects rated Amber and Green will progress into the shortlisting and cluster integration stage (please refer to Chapter 10 for more details). Projects rated Red will not progress further in this ECC Teesside Selection Process.

5.4 Cost, Economic Benefits and Supply Chains

Value for Money Assessment

The Value for Money Assessment will consider both the costs and the economic benefits of each Project. While cost data will not be used as a pass/fail criterion during the eligibility or deliverability assessments, it will inform cluster-wide VfM considerations at the shortlisting and negotiation (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

Cost Information Collection

Applicants are required to submit cost data for their proposed Project as part of the application. This data is mandatory, applications without this information will be considered incomplete and will not be considered to have submitted a valid application and will not progress further in the process.

The overall magnitude of costs presented will not be considered during the eligibility and deliverability assessments. As part of the deliverability assessment, cost information provided will be evaluated for credibility and will be checked for consistency against the commercial and financial information provided. All aspects of the cost information provided will inform cluster-wide considerations at the shortlisting and cluster integration (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

We acknowledge that cost estimates will be at differing levels of maturity depending on the stage of development. However, Applicants should make every effort to provide the most accurate and realistic cost information available at the time of application. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial

deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

Applicants will need to complete a **Cost Information Form (Annex B)**, which includes providing details of:

- Development Expenditure (DevEx), with and without contingency for projected spend.
- Capital Expenditure (CapEx), with and without contingency.
- Both fixed and variable Operating Expenditure (OpEx), with and without contingency.
- Monthly breakdown across all phases of the Project lifespan.

Power CCUS Projects seeking support under a DPA must also provide their expected Availability Payment Rate (APRi). This should be expressed in £/MW/Settlement Unit and include a breakdown of the assumptions and calculations used to derive the estimate.

Cost data should be provided in real terms (excluding inflation), rather than nominal terms. Applicants must specify the base year for their cost estimate, this should reflect the year in which the estimate was received or created.

Updated Cost Data Collection: Summer 2026

Projects that pass the eligibility check and meet the minimum deliverability threshold will be given the opportunity to submit updated cost data in summer 2026. This is expected to include more granular estimates and refined assumptions, which will be subject to assurance checks to validate accuracy and maturity.

This data will be used to:

- Conduct VfM analysis.
- Inform decisions on which Projects will proceed to due diligence and negotiations.

More information on this stage of the process will be shared alongside the outcomes of the eligibility check in spring 2026.

Other Cost Considerations: Network Costs

The cost impact on the CO_2 T&S Network, such as T&S extension costs, will also be factored into the wider shortlisting and cluster integration. Applicants are expected to develop AACE Class V cost estimates for a proposed connection and should consult the T&S Co on the reasonableness of the routing and costing.

More information on the role of the T&S Co is set out in Chapter 3.

Power Projects Specific Cost Considerations: APRi Level

The Availability Payment Rate (APRi), measured in £/MW/Settlement unit, is the term which defines the size of the Availability Payment that will be made to the Project, as adjusted by the net dependable capacity, availability of power generation and the capture rate of the Project.

For Power Projects, Applicants are required to submit an APRi estimate reflective of the current status of the Project, which should be expressed as the £/MW/Settlement Unit. This is the APRi that they would hope to receive if they were awarded a DPA. Projects should provide a detailed breakdown of the elements they have considered to develop their APRi estimate, and the assumptions and calculations that fed into their estimate.

To calculate their APRi estimates, Projects should use the information published to date on the Availability Payment, including in our DPA Business Model updates.

The final APRi for a Project will be agreed as part of the negotiation process between that Project and the government if it passes the assessment stage.

When determining the value of the APRi submitted for assessment, some of the elements Projects may wish to consider including:

- The anticipated costs associated with the Project, in particular its DevEx, CapEx and fixed OpEx.
- The confidence interval associated with these cost estimates.
- The anticipated weighted average cost of capital for the Project and assumptions as to how the Project will be financed.
- The average Capture Rate the Project will operate at in market conditions, including assumptions for reductions in Capture rate while during start up and shut down due to market conditions.
- The anticipated availability of low carbon generation, which is the percentage of time the Project would anticipate being available to dispatch power across the DPA term length, including assumptions for generation outages, derating events and shutdowns for maintenance.
- Projections for market revenues and other sources of income for the Project, including those projected post-DPA term, and assumptions that are used to derive these projections.

Economic Benefits and Supply Chain Development

Applicants must set out the expected economic benefits of their Project and supply chain in Annex D1 and Annex D2.

DESNZ will consider the information in Annex D1 (excluding Question 4) and Annex D2 as part of shortlisting and cluster integration. DESNZ recognises that the level of detail provided will be proportionate to the size and stage of the Project and the organisation(s) involved.

Key considerations include:

- **Supply chain approach –** the technologies, components, services and suppliers selected (or expected to be selected) to date, and the rationale for those choices. This includes evidence of transparent procurement practices and engagement with UK suppliers, including SMEs.

- **Skills –** plans to invest in skills development, including training and apprenticeships, for the Project workforce and the wider supply chain.

For the job and apprenticeship estimates in Annex D2, include a clear explanation of the methodology, assumptions and evidence used. Job numbers are collected for monitoring and analysis, but Applicants must complete the required fields in Annex D2 as part of a complete application. Applications missing the required annexes will not progress.

If a Project is shortlisted and taken forward to negotiations and/or offered access to the T&S network, DESNZ may request more detailed plans and commitments on supply chain and skills. We are also developing mechanisms to ensure these commitments are delivered throughout the lifetime of the Project.

All Projects will be required to use the North Sea Transition Authority (NSTA) Pathfinder Portal to provide visibility of upcoming contracts, and to complete a Supply Chain Action Plan. Full details of the information required in relation to Supply Chain Action Plans can be found here. At assessment stage, we will expect to see evidence of engagement with the NSTA on this with it ultimately becoming a contractual condition.

All Projects will be required to use the NSTA's Pathfinder Portal, to provide visibility of upcoming contracts, as well as completing a Supply Chain Action Plan. Full details of the information required in relation to Supply Chain Action Plans can be found here.

Chapter 6: Industrial Carbon Capture (ICC) and Waste ICC

6.1 Support Package

Where support is required, Projects that are selected following successful assessment and negotiations are expected to receive support through an ICC Contract or Waste ICC Contract. Subject to affordability and subsidy control considerations, we are considering if support could be given by an element of capital co-funding, where this would improve Value for Money.

Applicants can submit one application for the ECC Teesside Selection Process to be considered for Business Model support, comprising revenue support through the ICC or Waste ICC contracts and, if applicable, CapEx co-funding[9].

Participation in any stage of the ECC Teesside Selection Process, including due diligence and negotiations, does not guarantee that an ICC or Waste ICC Contract, any capital co-funding, or access to the CO_2 Transport & Storage Network will be offered. Any decision to provide support or grant network access remains at the discretion of HMG and may depend on factors such as regulatory development, compliance with subsidy control requirements, affordability constraints, value-for-money considerations, balance sheet implications, obtaining all necessary consents, and successful completion of due diligence and negotiations.

DESNZ reserves the right to pause or terminate negotiations at any time. More information about the due diligence and negotiations stage is set out in Chapter 10.

Further details on the ICC Business Models can be found in the previous ICC Business Model publications. [10] Applicants should familiarise themselves with the ICC and Waste ICC Contracts and the contractual requirements that need to be fulfilled. However, it is important to note that we may make some changes to these to reflect policy positions and would engage with industry on these in due course.

We are aware that other schemes may be, or may have been, in place to support Projects with similar activities. Revenues a Project may receive because of any support scheme[11] or subsidy may be factored into any support provided through the ICC or Waste ICC Business

[9] Capture-as-a-service (CaaS) Projects will be assessed as one single Project. Section 5.2 provides further detail on how we intend to evaluate CaaS group Projects.

[10] The ICC business model publications can be found at: https://www.gov.uk/government/publications/carboncapture-usage-and-storage-ccus-business-models

[11] An example of this is an ICC or Waste ICC Project producing Sustainable Aviation Fuel (SAF) that has received or will receive revenue because of the SAF Mandate. For more details on the SAF Mandate please see https://www.gov.uk/government/consultations/pathway-to-net-zero-aviation-developing-the-uk-sustainable-aviation-fuel-mandate

Model. Appropriate adjustments to the business model support available will be required to ensure compliance with applicable subsidy control rules and, often, the rules of those other schemes.[12] Projects should refer to the positions set out in the April 2024 ICC business models update[13] for further detail on interactions with other government schemes.

For the ECC Teesside Selection Process, Projects that do not require significant support in addition to T&S access are known as the TAA Users. The TAA may include certain limited protections on a case-by-case basis. Refer to Chapter 4 for more details.

6.2 CaaS Submission Structure

Each CaaS[14] Project must identify a CaaS Group Lead which should be the representative for the CaaS Group. We expect the CaaS Group Lead to be the CaaSCo (Capture as a Service provider), providing a service to capture emissions on behalf of one or more industrial Capture Projects. The CaaS Group Lead should represent the Project on behalf of all entities, including the Capture Projects, in the CaaS Group.

The CaaS Group Lead should submit only one Submission to DESNZ on behalf of the Projects in the group, including completed copies of each of the relevant submission forms detailed earlier in Chapter 2.

CaaS Group Leads are reminded that care must be taken to ensure that any commercial information passing between the CaaS Group Lead and CaaS Group entities relates solely to the preparation of an ECC Teesside Selection application and any other information provided by one party to the other must be provided on a strictly 'need to know' basis. For reasons of commercial sensitivity, CaaS Group entities can submit information separately from the main submission for defined sections of the Industrial Capture Project Plan, as outlined in Annex A2. Further detail on information sharing arrangements and anticompetitive behaviour considerations is detailed in Chapter 2.

The Industrial Capture Project Plan will set out what additional information is required from the CaaSCo to assess the CaaS Group as a whole. All CaaS Group entities will be individually assessed according to the relevant criteria. The CaaS Group will receive a single RAG rating as detailed later in this chapter in section 5.4. It is the responsibility of all CaaS Group entities to ensure there is sufficient information across all submissions made to fulfil the requirements of the assessment.

The information provided should not duplicate emissions, costs or benefits to reduce the risk of assessors double counting evidence. The CaaS Group Lead should state where evidence

[12] We recognise some Projects may receive IETF support and should refer to IETF guidance for subsidy control rules when considering possible impacts on their ability to claim for certain business model support.
[13] https://www.gov.uk/government/publications/carbon-capture-usage-and-storage-ccus-business-models
[14] A company may offer 'Capture as a Service' (CaaS) on behalf of an industrial Capture Projects(s) to capture the emissions, please see the May 2021 and October 2021 ICC Business Model publications for further details.

is attributed to a Capture Projects in the CaaS Group or where evidence represents the CaaS Group as a whole. Requests for clarification may be made to facilitate interpretation of the bid(s). If assessors interpret or infer duplication of information, DESNZ may contact the CaaS Group Lead to clarify the evidence that has been submitted.

Individual Capture Projects applying in a CaaS Group will only be considered as part of the entire CaaS Group. A Submission received from an individual Capture Project in addition to its Submission as part of the CaaS Group will not be considered. All Capture Projects associated with a CaaS Group must individually be an eligible industrial capture Project. There will be no recourse option to reconfigure the CaaS Group if one of the CaaS Group entities demonstrates ineligibility, or failure to achieve minimum deliverability rating. In this scenario the CaaS Group will not be further assessed. DESNZ will not reconsider the CaaS Group with the remaining industrial Capture Projects or accept additional or re-submissions of industrial Capture Projects to that CaaS Group.

For a CaaS Group to be eligible for the ECC Teesside Selection Process, the application must demonstrate that:

Capture Projects connect to the CaaSCo by pipeline, with no intermediate non-pipeline transport; and all CO_2 pipeline transport prior to the T&S delivery point falls entirely outside the prohibition on carrying out carbon storage activities under Part 1 of the Energy Act 2023, by demonstrating that all CO_2 pipeline transport prior to the T&S delivery point[15] does not fall within this definition of a licensable activity[16].

Note on exemptions: while DESNZ has run a Call for Evidence[17] on exemptions from the requirement to hold a carbon dioxide transport and storage licence, and further consultation is planned, exemptions policy remains subject to development and the need for a Licence exemption cannot be relied upon at this stage for the purposes of ECC Teesside Selection.

The number of CaaS Group entities may mean that an increase to the word count limit is needed to ensure quality submissions. Further details on CaaS word count adjustments can be found in the Industrial Capture Project Plan (Annex A2).

[15] T&S delivery point means the point(s) of connection of the Capture Plant to the T&S Network.

[16] Providing a service of transporting CO_2 by a pipeline or system of pipes is classified as a licensable activity under section 2 of the Energy Act 2023.

[17] Exemptions from the requirement to hold a Carbon Dioxide Transport and Storage Licence: call for evidence

6.3 Eligibility Criteria

This section includes the proposed eligibility criteria that ICC and Waste ICC Applicants must meet to progress to the assessment stage.

In addition to the eligibility criteria common to all sectors, ICC Applicants, which include Waste ICC Applicants, must also satisfy the ICC specific eligibility criteria in respect to their Project. All eligibility criteria are listed in the table below.

Capture as a Service (CaaS) Projects can be eligible for support. Specific eligibility criteria may apply to individual Capture Projects, the CaaSCo or the CaaS group, as detailed below.

Please refer to Annex A2 for the justification required for each eligibility criterion.

Table 10 – Eligibility Criteria for ICC and Waste ICC Applicants

ICC & Waste ICC Eligibility Criteria	Description
Central eligibility criteria	
Applicant	The Applicant must be incorporated and registered in the UK.
Transport and Storage Connection	Must be able to demonstrate potential for direct, onshore, pipeline access to the ECC T&S Network, with no intermediate non-pipeline transportation of CO_2. Projects requiring NPT should instead refer to the NPT Pathfinder Selection Process which is anticipated to be launched shortly. See section 3.4 for further details.
Commercial Operation Date	Must be able to be operational (defined below) no later than the end of December 2032.
ICC and Waste specific eligibility criteria	
Location	Must be located onshore in the UK.
Industrial facility	Must meet the definition of an industrial facility.

CCUS technology	Must deploy an eligible CCUS technology.
Minimum Capture Rate	Must be designed to meet a minimum projected Monthly CO_2 Capture Rate of 85%.
Industrial sector specific criteria	Must meet specific eligibility criteria for Projects in the Oil and Gas, CCUS-Enabled Hydrogen, Waste Management, and CHP industrial sectors only.
Capture as a Service (CaaS)	CaaS Projects will be eligible for support. Eligibility criteria may apply to individual Capture Projects, the CaaSCo or the CaaS Group as a whole. Capture Projects applying in a CaaS Group will only be considered as part of the entire CaaS Group. Business Model contracts would be entered into by each Capture Project within the CaaS Group.

Commercial Operation Date

We define operational as the Project being fully commissioned and able to export CO_2 to the T&S Network. Note that at the assessment stage we will consider the Project's schedule and the suggested completion date, but if a Project progresses to negotiations and receives a Business Model contract, in order to demonstrate that the Project is operational and to receive Business Model payments it will have to satisfy Operational Conditions Precedent or relevant performance requirements set out in the business model terms and conditions, to achieve its COD.

The eligibility criteria set out in the individual capture technology sections (Sector Eligibility Criteria) have been specifically developed for this ECC Teesside Selection Process. Only those Applicants that meet the relevant eligibility criteria will be evaluated further and be capable of being shortlisted to participate in the negotiation and due diligence stage.

Must meet the definition of an industrial facility.

For the purpose of this document, DESNZ is defining an 'industrial facility' as a:

- facility; or
- part of a facility (which can include an industrial process or collection of industrial process(es)

that manufactures products, treats materials and/or provides services for use in or as part of an industrial process or collection of industrial process(es) and falls within one or more eligible industrial sectors, set out below.

Industrial sectors in scope of the ICC sector are Combined Heat and Power and those sectors that fall within the Standard Industry Classification (SIC) codes 5 to 33 and 38 (excluding 24.46).

This includes, but is not limited to, oil and gas (such as crude oil processing, natural gas processing, refining), iron and steel, cement, lime, chemicals (such as fertilisers and hydrogen), waste management, food and drink, non-metallic minerals, paper and pulp, and nonferrous metals.

Projects which could reasonably be classified under the eligible SIC codes but are registered with a non-eligible SIC code may also be eligible and can provide evidence for eligibility during the application process.[18]

However, Applicants should note that there may be cases where a Project that falls within an eligible industrial sector is out of scope owing to the application of industrial sector-specific criteria. These are:

- Offshore operations for oil and gas (such as the extraction of oil and gas from offshore platforms).
- New build CCUS-enabled hydrogen production facilities, or existing hydrogen production facilities proposing to retrofit Carbon Capture and carry out works to increase the capacity of the facility (see Chapter 6 for details on eligibility for the hydrogen production sector).
- CHP and waste management Projects that do not meet the industrial sector-specific criteria set out below.

Please refer to the industrial sector-specific criteria set out further below in this Chapter for more details of the specific eligibility criteria for oil and gas, CCUS-enabled hydrogen, waste management and CHP Projects.

For CaaS Groups, each Capture Projects within the Group must individually meet the definition of an industrial facility as set out above. All emissions to be captured by a capture plant within a Capture as a Service Company (CaaSCo) Project must be generated by an eligible industrial facility.

[18] We reserve the right to determine if a Project could reasonably be classified under an eligible SIC code.

Must Deploy an Eligible CCUS Technology

CCUS Technologies in Scope

With the exception of new build CCUS-enabled hydrogen production, both existing industrial facilities retrofitting Carbon Capture and new industrial facilities built with Carbon Capture technology are in scope. In the case of new industrial facilities, only costs related to the capture plant element of a new facility will be eligible to receive ICC Business Model support.

Full-scale carbon capture and modular carbon capture, and all carbon capture configurations (including pre- and post-combustion, oxyfuel and emerging technologies), are in scope.

CCUS Technologies Out of Scope

Industrial Carbon Capture and Usage (CCU) Projects are out of scope. Projects that are looking to implement a combination of CCS and CCU are within scope. However, these Projects will only be eligible for ICC Business Model support in relation to the captured CO_2 emissions directed to the T&S Network and will not be supported for captured CO_2 directed to utilisation.

Projects that utilise Direct Air Carbon Capture and Storage (DACCS) are out of scope for the ICC sector. DACCS Projects may be eligible for the Greenhouse Gas Removal Business Model. For further details please refer to Chapter 8.

A Project in receipt of ICC Business Model support will not be eligible to apply for the GGR Business Model support over the duration of the ICC Contract term. This is because, although the ICC Business Model is not intended to provide supplementary support to incentivise negative emissions, if any negative emissions occur as a consequence of utilising sustainable biomass feedstocks in that installation (e.g., biogenic waste in an Energy from Waste plant), then support for the costs of the capture plant would already have been provided. More information on next steps for GGR Projects can be found in Chapter 8.

For CaaS Groups, this criterion regarding CCUS technology deployment eligibility only applies specifically to the CaaSCo.

Minimum Capture Rate

For the purposes of this eligibility criterion, the projected Monthly CO_2 Capture Rate refers to the technology efficiency of the capture plant and is defined as the percentage of CO_2 emissions captured from the specific emissions stream(s) intended to be routed to the capture plant (upstream of any capture plant bypass) on a monthly average basis. As this Capture Rate percentage is the designed monthly average it therefore includes start up and shut down and other periods of transient operation. However, it should exclude periods in which the Capture Project is prevented from accessing the full entry capacity to the T&S Network to export CO_2 for a period of one day or more (and where this does not arise out of or in connection with any act of the Capture Projects), or during which the underlying

industrial installation is fully unavailable. The designed Capture Rate Percentage should take account of the plant's expected operation pattern and design features.

Projected monthly Capture Rate (%) is defined as:

$$Capture\ rate\ (\%) = \frac{CO_{2out}}{CO_{2in}}$$

Where:

Term	Definition
CO_{2out}	Total projected monthly flow of CO_2 into the T&S Network (and, if applicable, to CCU)
CO_{2in}	Total projected monthly flow of CO_2 intended to be routed to the capture plant.

Projects must be able to demonstrate the ability to meet a projected monthly CO_2 Capture Rate of 85%. In the event that the Project does not require a new build CO_2 separation plant (i.e. pre-combustion capture is an integral part of the process plant design), the CO_2 Capture Rate will be defined based on the CO_2 content of streams that are inputted to what is considered to be the capture plant[19], as defined by the ICC and Waste ICC Contracts, (which may, for example, consist of CO_2 conditioning, compression and metering where pre-combustion capture is already integral to the process plant).

Although a minimum Capture Rate of 85% is required to meet the ICC eligibility criteria, to receive environmental permits from the Environment Agency , Projects will be required to demonstrate that they intend to meet the EA's Best Available Techniques (BAT)[20] or provide rationale explaining why BAT cannot be achieved. BAT for post-combustion capture (PCC) from the flue gases of power and CHP plants fuelled by natural gas and biomass currently states Projects should aim to achieve a design CO_2 Capture Rate of at least 95%, although operationally this can vary, up or down. The Environmental Agency are currently preparing guidance for Industrial CCUS.

[19] The capture plant as defined in the ICC/ Waste ICC contract is the part of the installation which is designed, developed, constructed, commissioned, operated and maintained for the specific purpose of capturing, conditioning, monitoring, metering and exporting CO_2 produced by the Industrial Installation (including all necessary interfaces and any other facilities or equipment required up to the CO_2 T&S Network Delivery Point(s)) which complies with the Delivery CO_2 Quality Standards and includes all associated infrastructure required to integrate such installation within the Project.

18 The production of hydrogen from the reformation of natural gas. This does not include any processes that produce hydrogen as a by-product or intermediate product.

[20] https://www.gov.uk/guidance/post-combustion-carbon-dioxide-capture-best-available-techniques-bat

For CaaS Groups, this criterion only applies specifically to the CaaSCo.

Must meet specific eligibility criteria for Projects in the Oil and Gas, CCUS-Enabled Hydrogen, and CHP sectors only.

Oil and Gas

Onshore operations for oil and gas are in scope for the ICC sector. This refers to up-, mid- and downstream onshore operations in the oil and gas sector, such as crude oil processing, the refining of waste oils and natural gas processing and refining.

Offshore operations in the oil and gas sector, such as the extraction of oil and gas from offshore platforms, are not eligible to apply under the ICC sector.

CCUS-enabled Hydrogen

Retrofitting CCUS in existing 'grey' hydrogen facilities[21] is in scope of the ICC sector, provided work is not carried out to increase the hydrogen production capacity of the facility (see below). This is because hydrogen production in existing facilities, whose capacity is not being changed, has already been proven to be commercially viable and, if needed, ICC Business Model support will only cover the costs of retrofitting Carbon Capture to an existing hydrogen production facility. Therefore, existing hydrogen facilities retrofitting CCUS without increasing hydrogen production capacity will only be able to apply under the ICC sector and will be ineligible to apply under the hydrogen production sector.

New build CCUS-enabled hydrogen production facilities, or existing hydrogen production facilities proposing to retrofit Carbon Capture and carry out works to increase the capacity of the facility, are out of scope of the ICC sector but may be eligible to apply to ECC Teesside Selection via the hydrogen production sector. This includes existing hydrogen facilities looking to add additional hydrogen capacity by extending, refurbishing or reducing bottle necks at an existing hydrogen production technology (e.g., an existing reformer). See Chapter 7 for further details on hydrogen production eligibility. For the purpose of this document, HMG is defining 'New-Build CCUS-enabled hydrogen production plant' as a new facility or part of a facility built for the specific purpose of producing hydrogen with CCS, where this requires the installation of new hydrogen production technology such as a new reformer or reactor. This includes full new build facilities and existing facilities looking to add additional hydrogen capacity by installing new hydrogen production technology.

For existing hydrogen facilities, only facilities seeking to upgrade existing technology and install CCS without increasing hydrogen production capacity are in scope for the ICC sector. Under the ICC Business Model, only costs related to the CCS installation are eligible for support.

[21] The production of hydrogen from the reformation of natural gas. This does not include any processes that produce hydrogen as a by-product or intermediate product.

Projects with industrial processes that produce hydrogen as a by-product or intermediate product will be considered eligible if they meet the wider eligibility criteria conditions and industrial sector-specific criteria (if applicable) set out in the rest of the eligibility criteria section and will not be treated as a new build CCUS-enabled hydrogen Project.

Projects will not be required to meet the UK Low Carbon Hydrogen Standard to apply for the ICC Business Model.

Combined Heat and Power

In order for an existing or proposed industrial CHP facility to be eligible, the facility must meet the general eligibility criteria for ICC sector set out above. In certain cases, it must also provide at least 70% of its energy output[22] to industrial facilities. The intention is for ICC Projects to only be eligible in circumstances in which the CHP facility (including where the CHP facility is owned by a different entity (i.e., a standalone CHP)) is primarily used by industrial facilities.

CHP-only Projects i.e., ICC Projects that are deploying CCUS and capturing emissions from a CHP facility only and not combining flue gas streams with other industrial process(es)[23], need to supply a minimum of 70% of its energy output to one or more industrial facilities[24] to be eligible to apply under the ICC sector. CHP-only Projects which are ineligible for ICC solely because they do not meet the requirement for 70% of their energy output to go to an industrial installation may be eligible to apply for support through the DPA instead – such Projects would still need to demonstrate they meet the Power CCUS eligibility criteria. Please refer to Chapter 5 for more detail.

CHP-included Projects, i.e., ICC Projects that are deploying CCUS to both a CHP facility, including a CHP facility providing power to the capture plant, and an industrial process(es) whereby the CHP facility's flue gas stream is combined with other industrial process(es)' streams, will not be subject to the 70% energy output criterion. Please note that, in such cases, a separate submission in respect of the CHP facility is not required, because the wider industrial facility with the CHP is considered a single Project. As such, the CHP facility should be included as part of the submission of the Project that its flue gas stream will be combined with and directed to the capture plant.

[22] Energy output refers to the heat and electricity output. The heat and electricity outputs are not required to both individually meet the 70% threshold.

[23] Please note that this does not refer to the combination of multiple Capture Projects flue gas streams in a CaaS Group, but the combination of flue gas streams within the wider industrial facility.

[24] For the purpose of CHP only, we define an 'industrial facility' as a facility or part of a facility that is classified under SIC codes 5 to 33 (excluding 24.46). Capture plants that are solely capturing emissions from the CHP facility are also an eligible end-use of the energy output, but only where energy output from the CHP is also provided to other eligible industrial facilities.

For CHP-included Projects, all emissions routed to the capture plant must arise from eligible industrial facilities. Projects looking to apply CCUS to a CHP facility as well as a non-industrial process(es) are out of scope of the ICC sector.

Under the terms of the ICC Contract, all CHP Projects (including where the CHP is combining flue gas streams with those from the wider industrial facility) will be required to hold a valid Combined Heat and Power Quality Assurance (CHPQA)[25] certificate at the commencement of CCUS operations and every year for the duration of contract.

Please note that the industrial sector-specific eligibility criteria for CHP facilities do not apply to waste management facilities with a CHP facility attached. Please refer to the waste management eligibility criteria (section 6.3.2) for further details.

For CaaS Groups, each Capture Projects within the Group must all individually meet these criteria, if applicable.

6.3.2 Waste Management

In order for a waste management facility to be eligible for the Waste ICC sector, the facility must meet the general eligibility criteria for the ICC sector set out above (section 6.3.2), and it must also:

- Process an eligible waste feedstock.
- Be classed as an eligible waste management technology.
- Be classed as 'energy recovery' (for specified waste management technology types).

Further details on these criteria are provided below.

For CaaS Groups, individual industrial capture Projects within the Group must all individually meet these criteria, if applicable.

Must process an eligible waste feedstock.

Facilities must process at least one of the following feedstocks:

- Municipal Waste[26].
- Commercial and Industrial Waste[27].
- Clinical Waste[28].

[25] This criterion is subject to any potential future policy change on the CHPQA programme.
[26] Household waste and waste of a similar composition from other sources.
[27] Waste from commercial and industrial activities.
[28] Waste produced from healthcare or similar activities.

- Hazardous Waste[29] .

The feedstock used must be appropriate for use in the waste management facility type in line with the priority order of the Waste Hierarchy[30] and environmental permit expectations.

The Project must plan to use a feedstock composition which will generate under 90% biogenic CO_2. Payments under the Waste ICC contract may be adjusted where Projects generate 90% biogenic CO_2 or above and we are considering how this will be implemented.

If a Project is planning to use a feedstock composition which will consistently produce ≥ 90% biogenic CO_2 then the Project should apply under the Greenhouse Gas Removal (GGR) sector (see Chapter 8) instead of the Waste ICC sector (subject to meeting all other GGR sector criteria).

Must be classed as an eligible waste management technology.

To be eligible under the Waste ICC sector, the facility must be classed as an eligible waste management technology. Eligible waste management technologies are:

- **Energy from Waste (EfW) Facilities:** Waste incineration or combustion with energy recovery in the form of heat and/or electricity. Existing facilities using these technologies with no form of energy recovery currently will be asked to set out credible plans for becoming energy recovery facilities (by the time of CCUS operations) to be eligible for support.

- **Advanced Thermal Treatment (ATT) or Advanced Conversion Technologies** (ACT): Using gasification or pyrolysis for the conversion of waste into either useful energy (i.e. electricity or heat), chemicals or fuel (excluding new build hydrogen production facilities31).

- **Hazardous Waste Incinerators (HWI): The incineration of hazardous waste.**
  Types of waste technology not eligible for support include:
  - Incineration or combustion of eligible waste without credible plans for energy recovery.
  - Advanced Biological Treatment (i.e., anaerobic digestion).

[29] Waste containing substances harmful to humans or the environment such as chemicals or asbestos: https://www.gov.uk/dispose-hazardous-waste

[30] The Waste Hierarchy can be viewed here: https://www.legislation.gov.uk/uksi/2011/988/contents/made

[31] New build waste-to-hydrogen facilities should apply to the hydrogen sector within the ECC Teesside Selection Process (Chapter 7). For the purpose of this document, HMG is defining a 'New-Build CCS-enabled hydrogen production plant' as a new facility or part of a facility built for the specific purpose of producing hydrogen with CCS, where this requires the installation of new hydrogen production technology. This includes full new build facilities and existing facilities looking to add additional hydrogen capacity by the installation of new hydrogen production technology.

Must be classed as 'energy recovery' (for specified waste management technology types)

With the exception of HWIs[32] and chemical recycling facilities[33], only the waste management technologies in the 'Energy Recovery' category of the Waste Hierarchy will be eligible.

6.4 Deliverability Assessment

Overview

The deliverability assessment will consider the Applicant's credibility, capability, and capacity to successfully deliver a compliant and commercially operational Industrial Carbon Capture (ICC) or Waste ICC facility by the end of 2032 or earlier where possible. The assessment criteria and associated evidence requirements are broadly consistent across sectors, though some sector-specific sub-criteria may apply. Evidence provided may be considered across all criteria.

The ICC/ICC Waste sector assessment will consider:

- The Applicant's plans to deliver and operate the CCUS enabled facility, and their capability to do so.
- Integration with the necessary CO_2 Transport and Storage infrastructure.

DESNZ will assign a deliverability rating based on performance against two key factors:

1. **Technical Deliverability -** HMG's confidence that the Project can be credibly and effectively delivered in accordance with the technical requirements of the relevant business model and become operational by the end of 2032 or earlier where possible.

2. **Commercial/Financial Deliverability –** The commercial robustness of the Project. HMG's confidence that the Applicant is capable of securing a Final Investment Decision for the Project, adequate funding can be secured to deliver an operational facility by the end of 2032 or earlier where possible, and that the underlying industrial facility (where applicable) demonstrates sufficient financial health to operate sustainably over the contract term.

[32] Energy recovery from HWI facilities may present as a challenge due to a variety of reasons, such as the requirement for as much heat to be utilised for the process as possible. Therefore, these facilities are not required to have energy recovery to be eligible.

[33] Some ATT/ACT facilities may be classed as chemical/non-mechanical recycling, which is part of the higher priority 'Recycling' category of the Waste Hierarchy, therefore these facilities do not require energy recovery.

1) Technical Deliverability

This assessment will consider the:

- Technical credibility and track record of the Applicant and supporting organisations.
- Organisational and technical maturity of the Project.
- Credibility of the presented project schedule, and confidence that governance and project controls will ensure that the planned schedule can be managed and maintained through project execution.
- Project's risk management approach.
- Viability of CO_2 T&S Connection(s) and operation in line with relevant published network Codes.

Evidence

Evidence may be considered across all criteria and the below is considered a non-exhaustive list of evidence. Applicants should provide clear and credible evidence of the following:

- A project description, including but not limited to process description(s); CO_2 capture quantities anticipated; CO_2 capture rate; energy efficiency, any associated emissions; operational life; and supply chain engagement.
- Access to appropriate level of resource with the capability to deliver the Project, demonstrated through:
    - Key contracts in place with core suppliers – or, at a minimum, meaningful engagement with prospective suppliers.
    - Evidence of engagement with technology licensors and details of any shortlisting or selection process planned or completed, including any shortlisting or selection of technology licensors.
- Demonstration of the Applicant's competence to manage and coordinate a project of this scale and complexity, demonstrated through:
        - Assessment of the capability of supply chains to deliver required materials, goods and skills.
        - Evidence of supply chain engagement for major equipment.
        - A credible contracting strategy to secure the necessary resources to deliver the Project, balancing risk to the supply chain, Project and government.
- A fully logic-linked, integrated project schedule, showing, at minimum, all Level 2 activity durations, which are expected to be reasonable and benchmarked against comparable activities in previous projects. The schedule should clearly identify the critical path,

interdependencies with external milestones (e.g. grid/T&S Connections), relevant lead times for procurement, planning and permitting etc., and include appropriate float.

- Progress to date against the stated project schedule, with documentation and engineering information, demonstrating that the Project is progressing as expected. If the Project has fallen behind schedule, a robust justification for all delays and a clear strategy for schedule recovery should be provided.

- Accurate identification of critical planning and consenting stages, including planning consents, environmental permitting, and abstraction licensing. These should be accurately reflected in the project schedule, with evidence of progress in securing the necessary approvals or a clear and credible plan for doing so.

- A comprehensive risk register, identifying key risks accurately, proposed mitigations, and recognition of residual risks. The Submission should highlight schedule-related risks, indicate where mitigations are already in place, and provide a clear implementation plan where they are not. Contingency plans, and/or other considerations for residual risks should also be presented where applicable.

- A practical organisational structure enabling effective communication between, and operation of all entities involved in the Project.

- A description of the proposed connection between the Project and the CO_2 T&S Network, including, but not limited to, the battery limits of the Project, the intended interface point, any intermediate pipework or infrastructure required, and how the Project will meet the required CO_2 entry specification (including entry temperature and pressure ranges, as well as CO_2 stream composition).

- Confirmation of familiarity with the published CCS Network Code and acknowledgement of the processes defined therein, as well as evidence of engagement with the relevant T&S Co, including any agreements in place, should also be provided. This should include Memoranda of Understanding, Collaboration Agreements, or draft Heads of Terms between the Capture Project and the T&S Co, and any risks of conflict with the published Code must be included in the risk register. NB: The CCS Network Code defines a specific process for applying for a connection and seeking provisional offers from a T&S Co. This process prescribes when applications are made, their content, and a timeline for when draft agreements are exchanged. It is expected that engagements and agreements align with the Code requirements.

While costs are assessed in detail under the Value for Money section, any relevant cost information that supports the deliverability case should also be included here. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant’s estimate may be

taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

2) Commercial/Financial Deliverability

Assessment against this criterion will evaluate whether the Project is commercially robust enough to ensure successful delivery and long-term viability. DESNZ recognises that the level of evidence provided should be proportionate to the Project's maturity. While early-stage Projects are not expected to have secured financing or finalised commercial arrangements, they should demonstrate a clear understanding of the steps required to do so, a credible plan to progress these, and the presence of capable people or processes to deliver them.

This criterion will focus on three interlinked areas:

- **Financial health** of the organisation(s) executing the Project; and, where applicable, the underlying industrial facility(ies) whose emissions are being captured.
- **Organisational approach to financing,** including evidence that the Applicant understands the steps required to secure necessary finance and has a credible plan, supported by appropriate people and processes, to do so. Evidence may include positive engagement with financiers (e.g., detailed letters of support, board-level commitments, or confirmation of access to liquidity), and examples of successfully financing similar Projects.
- **Project controls and governance structures** that demonstrate the ability to manage costs, risks, and delivery milestones effectively throughout project execution.

Evidence:

In assessing against this criterion, the Project will be credited for providing clear and credible evidence of the following in particular:

- The financial health of the organisations involved, supported by the Financial Statement Template (Annex C), and credible financing arrangements for funding the Project.
- Business plans for the organisation(s) involved and details of how the Project fits with the organisation's overall strategic ambition, including at the Parent company level (if different). This information must be supported by the Financial Statement Template (Annex C).
- A clear financing strategy, including the status of key commercial agreements needed to realise the Project, and for Applicants applying as TAA Projects, demonstration that alternative sources of support (from public sources or otherwise) will be sufficient to give DESNZ confidence in the Project's deliverability and, in particular, its ability to meet those costs /liabilities associated with the Project that might otherwise be supported through an ICC Business Model. The assessment will seek to determine the credibility of the

financing plans and schedules, how funding gaps are settled and if this is in line with the Project's requirements.

- Costs are considered in detail under the Cost and Value for Money section. However, Applicants should ensure consistency in cost assumptions and provide any relevant financial data that supports commercial robustness.

Rating

Considering the responses and supporting evidence provided (and DESNZ reserves the right to, in its absolute discretion, request clarification or further information from Applicants on any aspect of their Submission, including with respect to technical, legal, financial and/or commercial matters), alongside future discussions with the Project, assessors will assign a rating to the Project by reviewing the deliverability assessment in aggregate, considering all information provided by the Project as well as its credibility.

The rating categories for this criterion are defined as follows:

Table 10 - ICC & Waste ICC Deliverability Rating

Rating	Description
Red (R)	• Evidence and responses provided in relation to one or more relevant questions are missing or incomplete. • Limited to no confidence in the ability of the Project to be operational by December 2032, or in its ability to deliver more generally[34] or in the operability of the proposed T&S Connection.
Amber (A)	• All relevant questions are fully answered (i.e. no missing answers), and a reasonable level of supporting evidence is provided. • Responses and supporting information give a reasonable level of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and in the operability of the proposed T&S Connection. However, there may be reservations regarding the credibility of some supporting information, or the Project's capability in certain delivery areas.

[34] While delivery assumptions might be more uncertain for less mature Projects (e.g. those at pre-FEED stage), it is expected that they may be in a position to receive a score above a RAG rating of Red provided that sufficient evidence and responses are provided in the Project Plan and uncertainties are adequately reflected in the submitted risk registers, costs, Projects schedule, emissions reduction and other contingencies.

Green (G)	• Comprehensive responses given to all relevant questions, with clear and credible evidence provided to demonstrate delivery capability. • Responses and supporting evidence give a high degree of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and the operability of the proposed T&S Connection.

Projects rated Amber and Green will progress into the shortlisting and cluster negotiation (please refer to Chapter 10 for more details). Projects rated Red will not progress further in this ECC Teesside Selection Process.

6.5 Cost, Economic Benefits and Supply Chains

Value for Money Assessment

The Value for Money Assessment will consider both the costs and the economic benefits of each Project. While cost data will not be used as a pass/fail criterion during the eligibility or deliverability assessments, it will inform cluster-wide VfM considerations at the shortlisting and integration, (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

Cost Information Collection

Applicants are required to submit cost data for their proposed Project as part of the application. This data is mandatory – applications without this information will be considered incomplete and will not be considered to have submitted a valid application and will not progress further in the process.

The overall magnitude of costs presented will not be considered during the eligibility and deliverability assessments. As part of the deliverability assessment, cost information provided will be evaluated for credibility and will be checked for consistency against the commercial and financial information provided. All aspects of the cost information provided will inform cluster-wide considerations at the shortlisting and cluster integration, (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

We acknowledge that cost estimates will be at differing levels of maturity depending on the stage of development. However, Applicants should make every effort to provide the most accurate and realistic cost information available at the time of application. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be

taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

Applicants will need to complete a **Cost Information Form (Annex B)**, which includes providing details of:

- Development Expenditure (DevEx), with and without contingency for projected spend.
- Capital Expenditure (CapEx), with and without contingency.
- Both fixed and variable Operating Expenditure (OpEx), with and without contingency.
- Monthly breakdown across all phases of the Project lifespan.

Cost data should be provided in real terms (excluding inflation), rather than nominal terms. Applicants must specify the base year for their cost estimate, this should reflect the year in which the estimate was received or created.

Cost Data Collection Update: Summer 2026

Projects that pass the eligibility check and meet the minimum deliverability threshold will be given the opportunity to submit updated cost data in summer 2026. This is expected to include more granular estimated estimates and refined assumptions, which will be subject to assurance checks to validate accuracy and maturity.

This data will be used to:

- Conduct VfM analysis.
- Inform decisions on which Projects will proceed to due diligence and negotiations.

More information on this stage of the process will be shared alongside the outcomes of the eligibility check in spring 2026.

Other Cost Considerations: Network Costs

The cost impact on the CO_2 T&S network, such as T&S extension costs, will also be factored into the wider shortlisting and cluster integration process. Applicants are expected to develop AACE Class V cost estimates for a proposed connection and should consult the T&S Co on the reasonableness of the routing and costing.

More information on the role of the T&S Co is set out in Chapter 3.

Economic benefits and supply chain development

Applicants must set out the expected economic benefits of their Project and supply chain in Annex D1 and Annex D2.

DESNZ will consider the information in Annex D1 (excluding Question 4) and Annex D2 as part of shortlisting and cluster integration. DESNZ recognises that the level of detail provided will be proportionate to the size and stage of the Project and the organisation(s) involved.

Key considerations include:

- **Supply chain approach** – the technologies, components, services and suppliers selected (or expected to be selected) to date, and the rationale for those choices. This includes evidence of transparent procurement practices and engagement with UK suppliers, including SMEs.

- **Skills** – plans to invest in skills development, including training and apprenticeships, for the Project workforce and the wider supply chain.

For the job and apprenticeship estimates in Annex D2, include a clear explanation of the methodology, assumptions and evidence used. Job numbers are collected for monitoring and analysis, but Applicants must complete the required fields in Annex D2 as part of a complete application. Applications missing the required annexes will not progress.

If a Project is shortlisted and taken forward to negotiations and/or offered access to the T&S network, DESNZ may request more detailed plans and commitments on supply chain and skills. We are also developing mechanisms to ensure these commitments are delivered throughout the lifetime of the Project.

All Projects will be required to use the North Sea Transition Authority (NSTA) Pathfinder Portal to provide visibility of upcoming contracts, and to complete a Supply Chain Action Plan. Full details of the information required in relation to Supply Chain Action Plans can be found here. At assessment stage, we will expect to see evidence of engagement with the NSTA on this with it becoming a contractual condition.

Chapter 7: Hydrogen

7.1 Support Package

Where support is required, Projects that are selected following successful assessment and negotiations may be offered revenue support via the Hydrogen Production Business Model (HPBM).

The Low Carbon Hydrogen Agreement (LCHA) is a contract that underpins the HPBM. It is a private law contract between a hydrogen production counterparty[35] and an eligible low carbon hydrogen producer. Applicants may refer to the LCHA dated December 2024[36] and the contractual requirements that may need to be fulfilled, noting that changes are expected to be made between allocation rounds. Projects may contact the HPBM Team (hydrogen.businessmodels@energysecurity.gov.uk) to request the latest draft version of the LCHA applicable to CCUS-enabled hydrogen Projects, including amendments made since the LCHA dated December 2024. It is important to note that we may make some changes to the LCHA to reflect policy development and would update industry on these in due course.

For example, we are exploring whether to amend the LCHA to reflect our improved understanding of the cost of hydrogen and alternative decarbonisation pathways since the initial design of the HPBM. For instance, this could include introducing end-use-specific reference price floors. Should we introduce these changes, we would provide further guidance to Projects in due course.

Government has announced plans to establish the first regional hydrogen network from 2031, supported by over £500 million in hydrogen infrastructure support. We would therefore strongly encourage Projects that could connect to a regional hydrogen network to engage with hydrogen network transport and storage developers to explore this. However, in addition, support through the HPBM may include revenue support for limited hydrogen T&S agreed on a Project-by-Project basis by taking several factors into account, including necessity, affordability and VfM. More specifically, this could include:

- The CapEx, but not OpEx, costs associated with limited hydrogen transport infrastructure, and
- The CapEx and/or OpEx costs associated with limited storage infrastructure.

Government recognises that some Projects may wish to pursue support through the HPBM *and* the Renewable Transport Fuel Obligation (RTFO) and/or Sustainable Aviation Fuel Mandate (SAFM). This is permitted, where use of the hydrogen in question is allowed under

[35] The Energy Security and Net Zero Secretary of State gave notice to the Low Carbon Contracts Company Ltd (LCCC) on 2 January 2024 designating the company as a counterparty for hydrogen production revenue support contracts under section 65(1) of the Energy Act 2023.
[36] DESNZ (2024) Low Carbon Hydrogen Agreement

the relevant RTFO/SAFM rules, provided that the same volume of hydrogen is never claimed under both the HPBM and the RTFO/SAFM.

Specific reporting, monitoring and enforcement arrangements guarding against producers claiming under multiple schemes for the same costs can be found in the LCHA.

If your Project relies on RTFO/SAFM support, you must upload evidence confirming that the hydrogen intended to be claimed against the RTFO/SAFM may be eligible for RTFO/SAFM support. Further details of how this should be demonstrated are included in Annex A3: Hydrogen Project Plan.

Participation in any stage of the ECC Teesside Selection Process, including due diligence and negotiations, does not guarantee that an LCHA will be offered or that access to the CO_2 Transport & Storage Network will be enabled. Any decision to provide support or grant network access remains at the discretion of HMG and may depend on factors such as regulatory development, compliance with subsidy control requirements, affordability constraints, value-for-money considerations, balance sheet implications, obtaining all necessary consents, and successful completion of due diligence and negotiations.

DESNZ reserves the right to pause or terminate negotiations at any time. More information about the due diligence and negotiations stage is set out in Chapter 10.

HPBM support may be available for non-CCUS-enabled low carbon hydrogen Projects outside of the Cluster Sequencing Process, via the Hydrogen Allocation Rounds (HARs). To receive support via HARs, Projects will be required to meet the specific requirements of those rounds. Further information on these rounds and how to apply can be found on GOV.UK.

For the ECC Teesside Selection Process, Projects that do not require significant support in addition to T&S access are known as Transition Access Agreement TAA Users. The TAA may include certain limited protections on a case-by-case basis. Refer to Chapter 4 for more details.

Strategic Alignment

Since the last Hydrogen Strategy was published over four years ago, we have seen a huge amount of progress in this sector but also change. The evidence is increasingly clear that electrification will play a major role in most industrial decarbonisation. Hydrogen's role is therefore expected to be more focused in helping decarbonise industrial processes that are especially difficult to electrify such as in chemical production and refining. It can also provide long duration dispatchable power and inter-seasonal energy storage, to help balance a renewables-based power system. Therefore, we expect shortlisting decisions in this ECC Teesside Selection Process to include consideration of supply to hard-to-abate sectors, alongside other factors.

Government has also confirmed over £500 million to enable the development of the first regional hydrogen transport and storage network. To deliver this, we aim to launch the first allocation round for the Hydrogen Transport Business Model (HTBM) and Hydrogen Storage Business Model (HSBM) in 2026. When assessing applications for the UK's first regional hydrogen network, government will assess applications holistically. For example, we would expect to consider, among other factors, any potential Hydrogen Projects in the ECC Teesside Selection Process that could connect to a regional network which submits an application to the T&S Business Models.

By connecting offtakers and producers through hydrogen T&S Networks we hope to improve system resilience, support clean power and energy security, reduce demand risk, and enable cost reductions. We are therefore strongly encouraging Projects to engage with hydrogen network T&S developers and explore any potential to play a role in the future network.

We expect to take a more strategic approach to the VfM and shortlisting process for CCUS-enabled Hydrogen Projects in this ECC Teesside Selection Process. This may include considering how Projects align with broader Government priorities, such as supporting Net Zero and clean power goals, and the objectives of the Modern Industrial Strategy[37]. In Annex A3: Hydrogen Project Plan, Projects will be asked to provide detail on:

- Their proposed offtakers and;
- Their proposed plans and ability to explore a role within a future hydrogen network, should one develop in the region.

This data may be factored into considerations at the VfM Assessment, Shortlisting and Cluster Integration stages to inform our decision making, alongside other factors (see Chapter 10). If Projects pass the deliverability assessment, we may request more detailed information from Projects as part of this shortlisting process.

Responses in any section of Annex A3 may also be used to inform VfM and affordability assessments, and to evaluate the Project's alignment with the CCUS programme and DESNZ's wider strategic goals when shortlisting. For example, this could include information submitted in the Project overview section, such as the Project's CO_2 capture rate.

We plan to publish a renewed Hydrogen Strategy, alongside a package of other hydrogen policy documents, in early 2026. The renewed Hydrogen Strategy will set out Government's vision and objectives for hydrogen, and how we intend to work together with industry to continue to transform ambition into action. Our understanding of where hydrogen can deliver the greatest value in our energy system has matured and our strategy will sharpen our priorities, deepen industry collaboration, and unlock the full potential of hydrogen over the next decade. We encourage Projects to engage with future Hydrogen Strategy publications.

[37] Industrial Strategy - GOV.UK

7.2 Eligibility Criteria

This section includes the proposed eligibility criteria that all CCUS-enabled Hydrogen Production Applicants must meet to progress to the deliverability assessment.

Table 11 – Hydrogen Eligibility Criteria

Eligibility Criteria	Description
Central eligibility criteria	
Applicant	The Applicant must be incorporated and registered in the UK.
Transport and Storage Connection	Must be able to demonstrate potential for direct, onshore, pipeline access to the ECC CO_2 T&S Network, with no intermediate non-pipeline transportation of CO_2. Projects requiring NPT should instead refer to the NPT Pathfinder Selection Process which is anticipated to be launched shortly. See section 3.4 for further details.
Commercial Operation Date	Must be able to be operational (defined below) no later than the end of December 2032.
Hydrogen specific eligibility criteria	
Location	Project must be located in the UK.
Eligible Facility	New-build CCUS-enabled hydrogen production plant, excluding Biomass-to-Hydrogen plants (see below Eligible Facility section). Existing hydrogen production plant proposing to retro-fit carbon capture, provided that the proposal is to carry out works to increase the capacity of the facility. Waste-to-Hydrogen Projects must meet additional waste feedstock specific criteria (defined below).

Offtakers	Project detailed within application has identified and engaged with at least one qualifying offtaker.
Technology readiness	Using core production technology that has been tested in a commercial environment, with a Technology Readiness Level (TRL) of 7 or more.
Low Carbon Hydrogen Standard	Capable of meeting the requirements of latest version of the Low Carbon Hydrogen Standard.[38]

Commercial Operation Date

We define operational as the hydrogen production facility being fully commissioned, connected to the CO_2 T&S Network to enable the export of CO_2 emissions and capable of producing hydrogen that is LCHS compliant. At the assessment stage, we will consider the Project's schedule and proposed completion date. If the Project enters into a Business Model contract, it must demonstrate that it is operational to receive Business Model payments. To do this, the Project must satisfy the Operational Conditions Precedent or relevant performance requirements set out in the business model terms and conditions, subject to any additional contractual obligations, to achieve its COD.

Similar contractual arrangements and/or performance requirements may need to be put in place for TAA Projects to ensure their delivery against the plans in their submission.

OCPs are a set of requirements a hydrogen producer must demonstrate to the LCHA Counterparty to prove that they have commissioned their facility and are ready for commercial operations. The OCP requirements are outlined in the LCHA Standard Terms and Conditions.

Please note that successful Applicants will agree, in the Negotiations stage, a Target Commissioning Date and Target Commissioning Window within which the Project is expecting to complete commissioning of the facility and fulfil the LCHA's OCPs[39]. The latter must be fulfilled before a Start Date can be declared and payments can commence. If the Producer has not satisfied the OCP by the end of the Target Commissioning Window, the 15-year term of the LCHA will start to erode. However, payments will not commence unless nor until the Start Date occurs. The Longstop Date is the last day of a 12-month period following the final day of the Target Commissioning Window. If the Producer fails to satisfy the OCPs by the Longstop Date, the LCHA Counterparty has a right to terminate the LCHA.

[38] UK Low Carbon Hydrogen Standard - GOV.UK

[39] The Target Commissioning Window is set at 12 months where the commencement of this period will be agreed with each Project.

Projects will also need to meet the Initial Conditions Precedent set out in the LCHA, and which require the Producers to meet certain legal and regulatory requirements and conditions as soon as reasonably practicable and by no later than 20 days after the contract signature.

Eligible Facility

In order to apply under the hydrogen sector, Projects must be either a new-build CCUS-enabled hydrogen production plant or an existing hydrogen production plant proposing to retrofit carbon capture, provided that the proposal is to carry out works to increase the capacity of the facility. For the purpose of this document, government is defining a new-build CCUS-enabled hydrogen production plant as a new facility or part of a facility built for the specific purpose of producing hydrogen with CCUS, where this requires the installation of new hydrogen production technology such as a new reformer or reactor. This includes full new build facilities and existing facilities looking to add additional hydrogen capacity by the installation of new hydrogen production technology. Existing hydrogen facilities adding CCUS but not carrying out works to increase the capacity of the facility should apply via the ICC sector (see Chapter 6). Government is further considering the design of the business model for plants proposing to retrofit Carbon Capture and Applicants should be aware that the form of business model contract offered, if successful, may change.

In order for a Waste-to-Hydrogen Project to be eligible for the hydrogen sector, the facility must be using gasification or pyrolysis to convert an eligible waste feedstock into hydrogen.

Eligible waste feedstocks

Facilities must process at least one of the following feedstocks:

- Municipal Waste,[40]
- Commercial and Industrial Waste,[41]
- Clinical Waste,[42] and/or
- Hazardous Waste.[43]

The waste feedstock used must be appropriate for use in the waste management facility type in line with the priority order of the Waste Hierarchy[44] and environmental permit expectations.

[40] Household waste and waste of a similar composition from other sources
[41] Waste from commercial and industrial activities
[42] Waste produced from healthcare or similar activities
[43] Waste containing substances harmful to humans or the environment such as chemicals or asbestos: https://www.GOV.UK /dispose-hazardous-waste
[44] The Waste Hierarchy can be viewed here: https://www.legislation.gov.uk/uksi/2011/988/contents/made

The Project must plan to use a feedstock composition which will generate under 90% biogenic CO_2. We are considering whether or not the Business Model will include any contractual consequences if Projects generate ≥ 90% biogenic CO_2.

Biomass-to-Hydrogen plants (where Projects use feedstock which produces ≥ 90% biogenic CO_2) are not eligible to apply under the hydrogen sector and should apply instead under the Greenhouse Gas Removal (GGR) sector (subject to meeting all other GGR sector criteria).

We are aware that some Projects may intend to use biomethane as feedstock. As part of ongoing policy development, we are considering whether to introduce a limit on the proportion of biomethane permitted within a Project's feedstock mix. Further guidance will be provided in due course.

Qualifying Offtakers

To be eligible, Applicants need to have identified and engaged with at least one qualifying offtaker for their hydrogen. This is to give assurance that, if the Project were to receive funding, it is sufficiently developed in concept to deploy and deliver carbon savings. Volumes sold to non-qualifying offtakers will not be eligible for HPBM financial support.

For the purpose of this Application Guidance, any offtaker of low carbon hydrogen is a "qualifying offtaker" except where:

- thier planned end use of the hydrogen is for hydrogen blending into the gas network,
- the hydrogen is to be exported,
- the offtaker is a risk-taking intermediary (RTI). For the purpose of determining eligibility, an RTI is defined as an offtaker that purchases hydrogen for the purpose of resale, and/or
- the offtaker exports any hydrogen carrier, containing HPBM-subsidised hydrogen, outside the UK where it is to be reconverted to hydrogen.

Applicants will be required to provide details of their proposed offtakers and provide an agreement or evidence of progress towards an agreement with potential qualifying offtakers. This should be shown, for example, by a Memorandum of Understanding or letter of intent between the hydrogen producer and proposed offtaker.

In December 2023, following consultation, a strategic decision was published by the previous government recognising the potential strategic and economic value in supporting the blending of up to 20% hydrogen by volume into GB gas distribution networks in certain circumstances. Work is ongoing to assess the case for transmission blending. In July 2025, government published a consultation which sought to gather further evidence to inform costs,

benefits and technical implications of enabling transmission blending. Government aims to publish the response to this consultation in early 2026.

We must await the outcome of the safety assessment by the Health and Safety Executive (HSE) to ensure blending is safe. Any policy decision on whether to enable and support blending will consider any implications from the safety assessment and further evidence gathered on blending's feasibility and economic case. Due to this, blending is considered a non-qualifying offtaker for this allocation round. We will consider how any Project that is awarded an LCHA for CCUS ECC Teesside Selection may be able to request a change to their contract to the government-appointed counterparty, aligned with our strategic position on blending, if a positive decision is taken to enable and support blending.

However, if blending is enabled, allowing CCUS-enabled hydrogen Projects to blend as a majority offtaker risks diverting low carbon hydrogen away from local end Users with greater decarbonisation potential. Therefore, government does not envisage awarding HPBM support to CCUS-enabled hydrogen Projects to use blending as a majority offtaker from the outset.

Through the RTI position, the Government is not excluding intermediaries from playing a role in the market. Hydrogen volumes may qualify for support where non-risk-taking intermediaries charge a fee to a hydrogen producer or end User for a service (for example, brokerage or hydrogen storage) but do not take ownership of the hydrogen. In addition, volumes of hydrogen not supported under the HPBM may be sold to an RTI.

The Eligibility Assessment serves as an initial step for determining basic eligibility for CCUS-enabled hydrogen Projects. However, Applicants should be aware that in subsequent stages, such as VfM and shortlisting, consideration may be given to how Projects align with broader Government priorities, such as supporting Net Zero and clean power goals, by helping to decarbonise critical, hard-to-electrify industries, alongside other factors.

Technology Readiness

To be eligible to apply, Projects must use a core production technology that has been tested in a commercial environment, with a Technology Readiness Level (TRL) of 7 or more. In this context, examples include:

- Autothermal methane reformation (ATR) or steam methane reformation (SMR) (for fossil fuel feedstocks); or

- Some Gasifier or pyrolysis reactors (for waste feedstocks).

For the purpose of the Application Guidance, HMG is defining TRL 7 as 'Integrated Pilot System Demonstrated: Prototype near or at planned operational system, requiring

demonstration of an actual system prototype in an operational environment'. The table below sets out definitions of Technology Readiness Levels 1 to 9 for reference. Projects are required to explain how the proposed production technology meets this requirement using the TRL definitions listed below.

Table 13 - Hydrogen Definitions of Technology Readiness Levels

Definitions of Technology Readiness Levels 1 to 9	
TRL 1 – Basic Research	Scientific research begins to be translated into applied research and development.
TRL 2 – Applied Research	Basic physical principles are observed; practical applications of those characteristics can be 'invented' or identified. At this level, the application is still speculative: there is not experimental proof or detailed analysis to support the conjecture.
Applied research and development	
TRL 3 – Critical Function or Proof of Concept Established	Active research and development is initiated. This includes analytical studies and laboratory studies to physically validate analytical predictions of separate elements of the technology. Examples include components that are not yet integrated or representative.
TRL 4 – Laboratory Testing/Validation of Component(s)/Process(es)	Basic technological components are integrated - to establish that the pieces will work together.
TRL 5 – Laboratory Testing of Integrated/Semi-Integrated System	The basic technological components are integrated with reasonably realistic supporting elements so it can be tested in a simulated environment.
Demonstration	

TRL 6 – Prototype System Verified	Representative model or prototype system is tested in a relevant environment.
TRL 7 – Integrated Pilot System Demonstrated	Prototype near or at planned operational system, requiring demonstration of an actual system prototype in an operational environment.
Pre-commercial deployment	
TRL 8 – System Incorporated in Commercial Design	Technology is proven to work - actual technology completed and qualified through test and demonstration.
TRL 9 – System Proven and Ready for Full Commercial Deployment	Actual application of technology is in its final form - technology proven through successful operations.

Compliance with the Low Carbon Hydrogen Standard

To be eligible, Projects must demonstrate that they are capable of meeting the requirements of the latest version of the UK Low Carbon Hydrogen Standard [45]. For the purposes of eligibility for this round, this is Version 4 of the LCHS and the accompanying LCHS Data Annex, published in January 2026. All Projects (new-builds or an existing plant proposing to retrofit carbon capture) must apply the latest Data Annex immediately upon its publication. Projects may be required to comply with an updated version of the LCHS and accompanying Data Annex, should updated versions be published between application stage and contract award.

This criterion will help ensure that government-supported hydrogen production directly contributes to the UK's carbon reduction targets. Specifically, the LCHS outlines a methodology for calculating lifecycle emissions from hydrogen production and sets compliance requirements, including a GHG emissions threshold, for hydrogen to be defined as 'low carbon'. The LCHS sets a single threshold for absolute emissions of hydrogen at point of production at 20 $gCO_2e/MJ\ LHV\ H_2$[46]. The LCHS also sets Biomass Requirements – these are Sustainability Criteria, a Minimum Waste and Residue Requirement, and the need to report estimated indirect land-use change emissions. These requirements are intended to

[45] UK Low Carbon Hydrogen Standard - GOV.UK

[46] This is expressed in units of carbon dioxide equivalents per megajoule of hydrogen using lower heating values ($gCO_2e/MJ\ LHV\ H_2$).

mitigate negative environmental and social consequences that can arise from the sourcing of biomass used as a feedstock. Please see the LCHS for further details of its requirements.

To be eligible to apply, a Project must demonstrate that it is likely to comply with the LCHS, including the 20gCO_2e/MJLHV H_2 emissions threshold and the Conditions of Standard Compliance, which includes Biomass Requirements where relevant. Projects will be required to complete and upload the Hydrogen Emissions Calculator (HEC) to evidence the projected emissions intensity of their hydrogen. An assessment by DESNZ of the Project's completed HEC will confirm, based on the data submitted, whether the Project is likely to be compliant with the LCHS.

Projects must also provide a Fugitive Hydrogen Emission Risk Reduction Plan, in accordance with the LCHS's Conditions of Standard Compliance, demonstrating how fugitive hydrogen emissions at the production plant will be minimised. Projects must detail the possible sources of emissions and their expected rate of fugitive hydrogen losses in kg H_2/year, with justifications of the estimates, and a proposed monitoring methodology. A template for this plan is provided on the LCHS GOV.UK web page[45].

7.3 Deliverability Assessment

Overview

The deliverability assessment will consider the Applicant's credibility, capability, and capacity to successfully deliver a compliant and commercially operational low carbon hydrogen production facility by the end of 2032, or earlier where possible. The assessment criteria and associated evidence requirements are broadly consistent across all sectors though some sector-specific sub-criteria apply. Evidence provided may be considered across all criteria.

The Hydrogen sector assessment will consider:

- The Applicant's plans to deliver and operate the hydrogen production plant, and their capability to do so.
- Arrangements with their proposed offtakers and the viability of those offtakers.
- The necessary hydrogen and CO_2 transport and storage infrastructure.

DESNZ will assign a deliverability rating based on performance against two key factors:

1. **Technical Deliverability** – HMG's confidence that the Project can be delivered credibly and effectively, in line with the expected technical requirements of the business model and become operational by the end of 2032 or earlier where possible.

2. **Commercial/Financial Deliverability** – The commercial robustness of the Project. HMG's confidence that the Applicant is capable of securing a Final Investment Decision for the Project, adequate funding can be secured to deliver an operational

facility by the end of 2032 or earlier where possible, and that the underlying industrial facility (where applicable) demonstrates sufficient financial health to operate sustainably over the contract term.

1) Technical Deliverability

In assessing the application against this criterion, the evaluation will consider the:

- Technical credibility and track record of the Applicant and supporting organisations,
- Organisational and technical maturity of the Project,
- Credibility of the presented Project schedule, and confidence that governance and Project controls will ensure that the planned schedule can be managed and maintained through Project execution,
- Project's risk management approach,
- Viability of CO_2 T&S Connection(s) and operation in line with relevant published network Codes,
- Viability of Hydrogen T&S Connections, if applicable.

Evidence

Evidence may be considered across all criteria and the below is considered a non-exhaustive list of evidence. Applicants should provide clear and credible evidence of the following:

- A Project Description, including but not limited to process description(s); hydrogen production volumes; CO_2 capture quantities anticipated; CO_2 capture rate; hydrogen emissions intensity; energy efficiency, any associated emissions; operational life; and supply chain engagement.

- Access to appropriate level of resource with the capability to deliver the Project, demonstrated through:

    - Key contracts in place with core suppliers – or, at a minimum, meaningful engagement with prospective suppliers.

    - Evidence of engagement with technology licensors and details of any shortlisting or selection process planned or completed, including any shortlisting or selection of technology licensors.

- Demonstration of the Applicant's competence to manage and coordinate a Project of this scale and complexity, demonstrated through:

    - An assessment of supply chain capability to deliver required materials, goods, and skills.

    - Evidence of supply chain engagement for major equipment

- A credible contracting strategy to secure necessary resources for delivery of the Project, balancing risk to the supply chain, Project and government.

- A fully logic-linked, integrated Project schedule, showing, at minimum, all Level 2 activity durations, which are expected to be reasonable and benchmarked against comparable activities in previous Projects. The schedule should clearly identify the critical path, interdependencies with external milestones (e.g. grid and T&S Connections), relevant lead times for procurement, planning and permitting etc., and include appropriate float. It should clearly demonstrate interdependencies with the plans of proposed offtakers to receive hydrogen volumes.

- Progress to date against the stated Project schedule, with documentation and engineering information, demonstrating that the Project is proceeding as expected. If the Project has fallen behind schedule, a robust justification for all delays and a clear strategy for schedule recovery should be provided.

- Evidence of progress in applying for and/or securing a supply/connection agreement for feedstock/gas. If not yet secured, this should be clearly accounted for in the schedule, with a credible strategy to achieve connection by 2032.

- Accurate identification of critical planning and consenting stages, including planning consents, environmental permitting, and abstraction licensing. These should be accurately reflected in the project schedule, with evidence of progress in securing the necessary approvals or a clear and credible plan for doing so.

- A comprehensive risk register, identifying key risks accurately, proposed mitigations, and recognition of residual risks. The submission should highlight schedule-related risks, indicate where mitigations are already in place, and provide a clear implementation plan where they are not. Contingency plans, and/or other considerations for residual risks should also be presented where applicable.

- A practical organisational structure enabling effective communication between, and operation of all entities involved in the Project.

- A description of the proposed connection between the Project and the CO_2 Transport and Storage Network, including, but not limited to, the battery limits of the Project, the intended interface point, any intermediate pipework or infrastructure required, and how the Project will meet the required CO_2 entry specification (including entry temperature and pressure ranges, as well as CO_2 stream composition).

- Confirmation of familiarity with the published CCS Network Code and acknowledgement of the processes defined therein, as well as evidence of engagement with the relevant T&S Co, including any agreements in place, should also be provided. This should include Memoranda of Understanding, Collaboration Agreements, or draft Heads of Terms between the Capture Project and the T&S Co., and any risks of conflict with the published Code must be included in the risk register. NB: The CCS Network Code defines a specific

process for applying for a connection and seeking provisional offers from a T&S Co. This process prescribes when applications are made, their content, and a timeline for when draft agreements are exchanged. It is expected that engagements and agreements align with the Code requirements.

- An operational plant schedule, demonstrating the availability of LCHS compliant hydrogen volumes and likely demand profile(s) of proposed offtakers, demonstrating alignment between supply and demand. A description of any mitigation measures to address potential inconsistencies, such as misaligned maintenance outages, should also be provided.

- A clear operational plan that explains how the hydrogen plant will interact with offtakers. This should include the physical location of offtakers relative to the facility, transport, storage, purification, or compression requirements, and the role of any hydrogen distribution and storage infrastructure. The producer's day-to-day operational philosophy should also be outlined. Details of proposed offtakers will also be required, including their rationale for pursuing hydrogen as a decarbonisation pathway rather than others.

- Adherence to safety regulations, as well as identification and mitigation of any residual safety risks across all components of the hydrogen plant and its offtakers, ensuring risks are reduced to as low as reasonably practicable.

While costs are assessed in detail under the Value for Money section, any relevant cost information that supports the deliverability case should also be included here. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

2) Commercial/Financial Deliverability

Assessment against this criterion will evaluate whether the Project is commercially robust enough to ensure successful delivery and long-term viability. DESNZ recognises that the level of evidence provided should be proportionate to the Project's maturity. While early-stage Projects are not expected to have secured financing or finalised commercial arrangements, they should demonstrate a clear understanding of the steps required to do so, a credible plan to progress these, and the presence of capable people or processes to deliver them.

This criterion will focus on three interlinked areas:

- **Financial health** of the organisation(s) executing the Project; and, where applicable, the underlying industrial facility(ies) whose emissions are being captured.

- **Organisational approach to financing**, including evidence that the Applicant understands the steps required to secure necessary finance and has a credible plan, supported by appropriate people and processes, to do so. Evidence may include positive engagement with financiers (e.g., letters of support, board-level commitments, or confirmation of access to liquidity), and examples of successfully financing similar Projects (e.g., previous Projects funded through Project finance).

- **Project controls and governance structures** that demonstrate the ability to manage costs, risks, and delivery milestones effectively throughout Project execution.

For Projects seeking support in the form of a LCHA, consideration will also be given to HMG's confidence that the CCUS-enabled hydrogen plant has commercial and technical arrangements in place with a viable offtaker or offtakers for most (75% and above) of their hydrogen volumes, and that at least one of these viable offtakers is a qualifying offtaker.

Evidence

In assessing against this criterion, the Project will be credited for providing clear and credible evidence of:

- Financial health of the organisations involved, supported by the Financial Statement Template (Annex C).

- Business plans for the organisation(s) involved and details of how the Project fits with the organisation's overall strategic ambition, including at the Parent company level (if different). The Financial Statement Template (Annex C) must support this information.

- A clear financing strategy, including the status of key commercial agreements and identification of any funding gaps. For TAA Projects, evidence of alternative support (e.g. public funding or private investment) should be provided to demonstrate financial viability giving DESNZ confidence in the Project's deliverability and, in particular, its ability to meet those costs / liabilities associated with the Project that might otherwise be supported through the LCHA. The assessment will seek to determine the credibility of the financing plans and schedules, how funding gaps are settled and if this is in line with the Project's requirements.

- Applicants should provide evidence that is proportionate to the maturity of the Project. While full financing is not expected at early stages, Applicants should demonstrate a clear understanding of the steps required to secure finance, a credible plan to do so, and the presence of capable people and processes. Examples may include positive

engagement with financiers (e.g., detailed letters of support, board-level commitments, or confirmation of access to liquidity) or examples of previous successful project financings.

- Costs are considered in detail under the Cost and Value for Money section. However, Applicants should ensure consistency in cost assumptions and provide any relevant financial data that supports commercial robustness.

- Agreement or evidence of progress towards agreement with viable hydrogen offtakers for most (75% and above) of planned hydrogen production volumes, including at least one qualifying offtaker. Projects should submit signed Memoranda of Understanding or Letters of Intent to demonstrate credible demand and alignment with production volumes.

Rating

Considering the responses and supporting evidence provided (and DESNZ reserves the right to, in its absolute discretion, request clarification or further information from Applicants on any aspect of their Submission, including with respect to technical, legal, financial and/or commercial matters), alongside future discussions with the Project, assessors will assign a rating to the Project by reviewing the deliverability assessment in aggregate, considering all information provided by the Project as well as its credibility.

The rating categories for this criterion are defined as follows:

Table 13 – Hydrogen Deliverability Rating

Rating	Description
Red (R)	• Evidence and responses provided in relation to one or more relevant questions are missing or incomplete. • Limited to no confidence in the ability of the Project to deploy by December 2032, or in its ability to deliver more generally[47] or in the operability of the proposed CO_2 T&S Connection. • Limited to no evidence of viable commercial or technical arrangements with offtakers of hydrogen, and/or no viable qualifying offtaker. • Limited to no confidence that proposed offtakers for at least 75% of hydrogen volumes are commercially or technically viable.

47 While delivery assumptions might be more uncertain for less mature Projects (e.g. those at pre-FEED stage), it is expected that they may be in a position to receive a score above Red (R) provided that sufficient evidence and responses are provided in the Project Plan and uncertainties are adequately reflected in the submitted risk registers, costs, Projects schedule, emissions reduction and other contingencies.

Amber (A)	• All relevant questions are fully answered (i.e., no missing answers), and a reasonable level of supporting evidence is provided. • Responses and supporting information give a reasonable level of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and in the operability of the proposed CO_2 T&S Connection. • There may be reservations regarding the credibility of some supporting information, or the Project's capability in certain delivery areas, however, adequate mitigation efforts may allay these concerns. • Some evidence of commercial and technical arrangements with offtakers, including at least one qualifying offtaker, but limited in concept or plan. Further development may allay concerns. • Some confidence that proposed offtakers for 75% or above of hydrogen volumes will be purchased and utilised by commercially or technically viable offtakers.
Green (G)	• Comprehensive responses given to all relevant questions, with clear and credible evidence provided to demonstrate delivery capability. • Responses and supporting evidence give a high degree of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and the operability of the proposed CO_2 T&S connection. • Evidence of commercial and technical arrangements with offtakers for most (75% and above) of the planned hydrogen volumes, including at least one qualifying offtaker. • Good degree of confidence that those offtakers are technically and commercially viable.

Projects rated Amber and Green will progress into the shortlisting and cluster integration stage (please refer to Chapter 10 for more details). Projects rated Red will not progress further in this ECC Teesside Selection Process.

7.4 Cost, Economic Benefits and Supply Chains

Value for Money Assessment

The Value for Money Assessment will consider both the costs and the economic benefits of each Project. While cost data will not be used as a pass/fail criterion during eligibility or deliverability assessments, it will inform cluster-wide VfM considerations at the shortlisting and integration stage (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

Cost Information Collection

Applicants are required to submit cost data for their proposed Project as part of the application. This is mandatory – applications without this information will be considered incomplete and will not progress further in the process.

The overall magnitude of costs presented will not be considered during the eligibility and deliverability assessments. As part of the deliverability assessment, cost information provided will be evaluated for credibility and will be checked for consistency against the commercial and financial information provided. All aspects of the cost information provided will inform cluster-wide considerations at the shortlisting and cluster integration stage (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

HMG recognises that cost estimates will vary in maturity depending on the stage of technical development. However, Applicants should make every effort to provide the most accurate and realistic cost information available at the time of application. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

Applicants will need to complete a **Cost Information Form (Annex B)**, which includes providing details of:

- Development Expenditure (DevEx), with and without contingency for projected spend,
- Capital Expenditure (CapEx), with and without contingency,
- Both fixed and variable Operating Expenditure (OpEx), with and without contingency,
- Monthly breakdown across all phases of the Project lifespan.

Cost data should be provided in real terms (i.e. excluding inflation), rather than nominal terms. Applicants must specify the base year for their cost estimate – this should reflect the year in which the estimate was received or created.

Updated Cost Data Collection: Summer 2026

Projects that pass the eligibility check and meet the minimum deliverability threshold will be given the opportunity to submit updated cost data in summer 2026. This is expected to include more granular estimated estimates and refined assumptions, which will be subject to assurance checks to validate accuracy and maturity.

This data will be used to:

- Conduct VfM analysis.
- Inform decisions on which Projects will proceed to due diligence and negotiations.

More information on this stage of the process will be shared alongside the outcomes of the eligibility check in spring 2026.

Other Cost Considerations: Network Costs

The cost impact on the CO_2 T&S Network, such as T&S extension costs, will also be factored into the wider shortlisting and cluster integration process. Applicants are expected to develop AACE Class V cost estimates for a proposed connection and should consult the T&S Co on the reasonableness of the routing and costing.

More information on the role of the T&S Co is set out in Chapter 3.

Economic Benefits and Supply Chain Development

Applicants must set out the expected economic benefits of their Project and supply chain in Annex D1 and Annex D2.

DESNZ will consider the information in Annex D1 (excluding Question 4) and Annex D2 as part of shortlisting and cluster integration. DESNZ recognises that the level of detail provided will be proportionate to the size and stage of the Project and the organisation(s) involved.

Key considerations include:

- **Supply chain approach** – the technologies, components, services and suppliers selected (or expected to be selected) to date, and the rationale for those choices. This includes evidence of transparent procurement practices and engagement with UK suppliers, including SMEs.
- **Skills** – plans to invest in skills development, including training and apprenticeships, for the Project workforce and the wider supply chain.

For the job and apprenticeship estimates in Annex D2, include a clear explanation of the methodology, assumptions and evidence used. Job numbers are collected for monitoring and analysis, but Applicants must complete the required fields in Annex D2 as part of a complete application. Applications missing the required annexes will not progress.

If a Project is shortlisted and taken forward to negotiations and/or offered access to the T&S network, DESNZ may request more detailed plans and commitments on supply chain and skills. We are also developing mechanisms to ensure these commitments are delivered throughout the lifetime of the Project.

All Projects will be required to use the North Sea Transition Authority (NSTA) Pathfinder Portal to provide visibility of upcoming contracts, and to complete a Supply Chain Action Plan. Full details of the information required in relation to Supply Chain Action Plans can be found here. At assessment stage, we will expect to see evidence of engagement with the NSTA on this with it becoming a contractual condition.

Chapter 8: Greenhouse Gas Removals

8.1 Support Package

Where support is required, Projects that are selected following successful assessment and negotiations are expected to receive support through the Greenhouse Gas Removals (GGR) Business Model.

The GGR Business Model is designed to stimulate private investment in GGRs by providing revenue support under a 'contract for difference' mechanism. It aims to leverage growing demand for high-integrity GGRs in the voluntary carbon market and, in the longer-term, the UK Emissions Trading Scheme (UK ETS) – to enable GGR Projects to deploy at scale in the UK whilst ensuring affordability and Value for Money for taxpayers. This is a central pillar of our strategy to kickstart the engineered GGRs industry in the UK, boosting our acceleration to Net Zero as well as creating new jobs and investment opportunities to drive the government's Growth Mission.

The GGR Contract published in August 2025 is subject to further refinement, and amended terms will apply to ECC Projects to reflect policy and market developments. Details of the evolution of the GGR Contract will be provided in due course, and we will continue to engage with industry and other interested stakeholders as we develop our approach. For avoidance of doubt and to provide certainty to prospective GGR Business Model applicants, the foundational design principle of the GGR Business Model will continue to apply, i.e. revenue support for GGRs under a 'contract for difference' model for a 15-year term. No decision has been made on availability of grant funding for potential ECC GGR Projects.

Participation in any stage of the ECC Teesside Selection Process, including due diligence and negotiations, does not guarantee that support through the GGR Business Model will be offered or that access to the CO_2 Transport & Storage Network will be enabled. Any decision to provide support or grant network access remains at the discretion of HMG and may depend on factors such as regulatory development, compliance with subsidy control requirements, affordability constraints, value-for-money considerations, balance sheet implications, obtaining all necessary consents, and successful completion of due diligence and negotiations. DESNZ reserves the right to pause or terminate negotiations at any time. Further details on the due diligence and negotiation stage are set out in Chapter 10.

For the ECC Teesside Selection Process, Projects that do not require significant support in addition to T&S access are known as the TAA Users. The TAA may include certain limited protections on a case-by-case basis. Refer to Chapter 4 for more details.

8.2 Eligibility Criteria

This section includes the eligibility criteria that all Applicants must meet to progress to the deliverability assessment.

Our eligibility criteria apply to all CCS-enabled GGRs Projects, including BECCS and DACCS, with some specific BECCS eligibility requirements. If a pBECCS Project is generating over 100MW the Project should apply under the BECCS business model (see Chapter 9 eligibility criteria) for support instead of the Greenhouse Gas Removal (GGR) business model (subject to meeting all other pBECCS sector criteria). If a Project plans to use a waste stream which will produce less than 90% biogenic CO_2 then the Project should apply under the Waste ICC business model (see Chapter 6 eligibility) instead of the Greenhouse Gas Removal business model (subject to meeting all other Waste ICC sector criteria).

Table 15 – GGR Eligibility Criteria

GGR Eligibility Criteria	Description
Central eligibility criteria	
Applicant	The Applicant must be incorporated and registered in the UK.
Transport and Storage Connection	Must be able to demonstrate potential for direct, onshore, pipeline access to the ECC T&S Network, with no intermediate non-pipeline transportation of CO_2. Projects requiring NPT should instead refer to the NPT Pathfinder Selection Process which is anticipated to be launched shortly. See section 3.4 for further details.
Commercial Operation Date	Must be able to be operational (defined below) no later than the end of December 2032.
GGR specific eligibility criteria	
Location	For BECCS Projects that produce electricity, they must be located onshore in Great Britain. All other GGR Projects must be located onshore in the UK.

Must provide net negative emissions (applies to all GGR technologies, including DACCS).	Projects must achieve permanent atmospheric CO_2 removal through geological storage. For a Project to be considered 'net-negative' it must remove more greenhouse gases (GHGs) from the atmosphere than it creates throughout its entire supply chain (both domestic and international). Net negativity should be quantified as specified in the methodologies referenced in Annex A4.
Must have a minimum net negative contribution of 0.05 Mtpa CO_2 to storage (applies to all GGR technologies, including DACCS).	Through the GGR sector, we are initially aiming to bring forward Projects that can make a significant impact on engineered removals in the UK. GGRs are important to achieving Net Zero, balancing out residual emissions from hard-to-abate sectors whilst delivering new economic opportunities. As detailed in the Carbon Budgets and Growth Delivery Plan, government modelling suggests 21.8MtCO_2e of engineered removals will be required per year by 2035. To maximise the potential for achieving this level of removals, Projects must therefore meet a minimum scale to be considered.
Subsidy	In this application window, the Project must not have applied for or be in receipt of support under another Business Model or support scheme to support the costs of building and operating a Carbon Capture plant; for example, under the pBECCS Business Model, Industrial Carbon Capture Business Model, or Waste ICC Business Model. This does not exclude applications from Projects that may be (or expect to be) in receipt of subsidies for Project costs that are unrelated to Carbon Capture and storage.
Bioenergy Carbon Capture and Storage (BECCS) Projects must have a minimum projected capture rate of 90%.	The Project must be designed to achieve at least 90% capture rate. This capture rate percentage is the designed annual average and therefore includes periods of start-up and shut down. The designed capture rate percentage should take account of the plant's expected operation pattern, start up and shut down times, and design features. This approach will provide a projection of the Project's Achieved CO_2 Capture Rate (%).

<table>
<tr>
<td></td>
<td>Capture rate calculations should include any associated on-site CO_2 emissions required for the provision of energy into the capture process, and primary process (e.g. hydrogen/SAF production, power generation, etc.), where applicable.
Capture rate should be calculated by using:
$$Capture\ Rate\ (\%) = \frac{CO_{2exp}}{CO_{2gen}}$$
<table><tr><td>Term</td><td>Definition</td></tr><tr><td>CO_2exp</td><td>Total projected annual flow of CO_2 into the T&S Network</td></tr><tr><td>CO_2gen</td><td>Total projected annual generation of CO_2, including any associated combustion sources required for the provision of energy input into the capture process (where appropriate).</td></tr></table>
This information should be confirmed within the Heat and Mass Balance or Process Basis of Design of the plant, which should be provided as part of the application.</td>
</tr>
<tr>
<td>For BECCS Projects, must use eligible feedstock (minimum 90% biogenic CO_2 generation).</td>
<td>A minimum of 90% of the CO_2 generated from the feedstock shall be of biogenic origin and to be eligible it must meet relevant sustainability requirements. This is consistent with the criteria used in previous subsidy schemes such as the Renewables Obligation and should ensure a high level of negative emissions.</td>
</tr>
<tr>
<td>BECCS Projects must have an efficiently produced, valuable coproduct.</td>
<td>For BECCS, net-negative emissions are associated with the conversion of biogenic feedstock to a valuable product, e.g., electrical power, hydrogen, ammonia, methanol, aviation fuel, steam or other low carbon fuels. To ensure efficient use of biomass, the intention is not that the</td>
</tr>
</table>

	biomass is merely converted to CO_2 for sequestration, with no or minimal associated product. The Project must demonstrate how it maximises production efficiency (including the host plant, the capture plant and all associated facilities). This will not be assessed against a set threshold.
For hydrogen BECCS Projects where biomass (>90% biogenic CO_2 generation) is used to produce hydrogen as an ancillary service, the following eligibility criteria will also apply.	Compliance with the Low Carbon Hydrogen Standard (for further information see details in Chapter 7 eligibility criteria). Qualifying hydrogen offtakers (for further information see details in Chapter 7 eligibility criteria).

Commercial Operation Date

We define operational as the Project being fully commissioned and able to export CO_2 emissions to the T&S Network. Note that at the assessment stage we will consider the Project's schedule and the suggested completion date, but if a Project progresses to negotiations and receives a business model contract, in order to demonstrate that the Project is operational and receive business model payments it will have to satisfy Operational Conditions Precedent or relevant performance requirements set out in the business model Terms and Conditions, and achieve its Commercial Operation Date.

Note that similar contractual arrangements and/or performance requirements may need to be put in place for TAA Projects to ensure their delivery against the plans in their submission.

The eligibility criteria set out in the individual capture technology Chapter 5-9 (i.e., sector specific eligibility criteria) have been specifically developed for this ECC Teesside Selection Process. Only those Applicants that meet the relevant sector eligibility criteria will be evaluated further and be capable of progressing to the Deliverability Assessment.

GGR Methodologies

HMG is currently working to develop detailed methodologies for GGR Projects, due to be published in 2027. Any GGR Projects which are successful in the ECC Teesside Selection Process will be contractually required to use these methodologies for the purpose of quantification of removals and monitoring, reporting and verification (MRV). Prior to the publication of these methodologies, GGR Projects applying to the selection process will be required to use the removals quantification provisions in the EU Carbon Removals and

Carbon Farming (CRCF) Regulation. Further information on evidence required can be found in Annex A4.

Biomass Sustainability

HMG only supports biomass uses across the economy that demonstrates compliance with the relevant sustainability criteria that currently exist under different sectoral schemes. HMG is consulting on the development of a UK cross-sector sustainability framework for biomass use, which would ensure minimum standards and better alignment between sectors, and to strengthen the existing criteria based on up-to-date evidence. The consultation was published on the 2nd of December 2025 and will be open for responses until the 27th of February 2026.[48]

Bioenergy with Carbon Capture and Storage (BECCS) Projects will be required to comply with the relevant biomass sustainability requirements defined in the detailed GGR methodologies currently under development by HMG, due to be published in 2027. These will reference the common biomass sustainability framework and may include sector-specific requirements.

8.3 Deliverability Assessment

The deliverability assessment will consider the Applicant's credibility, capability, and capacity to successfully deliver a compliant and commercially operational GGR facility by the end of 2032 or earlier where possible. The assessment criteria and associated evidence requirements are broadly consistent across all sectors though some sector-specific sub-criteria apply. Evidence provided may be considered across all criteria.

The GGR sector assessment will consider:

- The Applicant's plans to deliver and operate the GGR facility, and their capability to do so.
- Integration with the necessary CO_2 Transport and Storage infrastructure.
- The Project's ability to credibly deliver permanent negative emissions through geological storage, supported by lifecycle analysis (LCA) and monitoring, reporting and verification (MRV) protocols to quantify removals.

DESNZ will assign a deliverability rating based on performance against two key factors:

1) **Technical Deliverability** –HMG's confidence that the Project can be credibly and effectively delivered in accordance with the technical requirements of the relevant business model and become operational by the end of 2032 or earlier where possible.

[48] Common biomass sustainability framework - GOV.UK

2) **Commercial/Financial Deliverability** – The commercial robustness of the Project. HMG's confidence that the Applicant is capable of securing a Final Investment Decision for the Project, adequate funding can be secured to deliver an operational facility by the end of 2032 or earlier where possible, and that the underlying industrial facility (where applicable) demonstrates sufficient financial health to operate sustainably over the contract term.

1) Technical Deliverability

The assessment will consider the:

- Technical credibility and track record of the Applicant and supporting organisations,
- Organisational and technical maturity of the Project,
- Credibility of the presented Project schedule, and confidence that governance and Project controls will ensure that the planned schedule can be managed and maintained through Project execution,
- Project's risk management approach,
- Viability of CO_2 T&S Connection(s) and operation in line with relevant published network Codes,
- Confidence that the GGR plant can credibly produce negative emissions after accounting for end-to-end GHG emissions,
- Where Hydrogen is produced as an ancillary service, HMG's confidence that the plant has commercial and technical arrangements in place with a viable offtaker or offtakers for most of their hydrogen volumes.

Evidence

Evidence may be considered across all criteria and the below is considered a non-exhaustive list of evidence. Applicants should provide clear and credible evidence of the following:

- A Project Description, including but not limited to process description(s); CO_2 capture quantities anticipated; CO_2 capture rate; energy efficiency, any associated emissions; operational life; and supply chain engagement. Details of any other sector specific requirements relating to business models e.g., removal quantification requirements.

- Access to appropriate level of resource with the capability to deliver the Project, demonstrated through:

    - Key contracts in place with core suppliers – or, at a minimum, meaningful engagement with – prospective suppliers.

- Evidence of engagement with technology licensors and details of any shortlisting or selection process planned or completed, including any shortlisting or selection of technology licensors.

- Demonstration of the Applicant's competence to manage and coordinate a Project of this scale and complexity, demonstrated through:
    - An assessment of the capability of supply chains to deliver required materials, goods and skills;
    - Evidence of supply chain engagement for major equipment;
    - A credible contracting strategy to secure the necessary resources to deliver the Project, balancing risk to the supply chain, Project and government.
- Confidence that the Project can credibly produce negative emissions after accounting for end-to-end GHG emissions. Ahead of the publication of the detailed GGR methodologies currently in development by HMG (due in 2027), this quantification should be in accordance with the EU Carbon Removals and Carbon Farming Regulation (CRCF) regulation on permanent carbon removals. This will include lifecycle analysis (LCA) and a monitoring, reporting and verification (MRV) protocol for the Project, both utilising the equations defined in, and all aspects required by, the EU CRCF. Further details of how this should be demonstrated are included in Annex A4.
- A fully logic-linked, integrated Project schedule, showing, at minimum, all Level 2 activity durations, which are expected to be reasonable and benchmarked against comparable activities in previous Projects. The schedule should clearly identify the critical path, interdependencies with external milestones (e.g. grid/T&S Connections), relevant lead times for procurement, planning and permitting etc, and include appropriate float. Where applicable, it should clearly demonstrate interdependencies with the plans of proposed offtakers to receive hydrogen volumes, or other e-fuels.
- Progress to date against the stated project schedule, with documentation and engineering information, demonstrating that the Project is proceeding as expected. If the Project has fallen behind schedule, a robust justification for all delays and a clear strategy for schedule recovery should be provided.
- Accurate identification of the critical planning and consent stages, including planning consents, environmental permitting and abstraction licensing. These should be accurately reflected in the project schedule, with evidence of progress in securing the necessary approvals or a clear and credible plan for doing so.
- A comprehensive risk register, identifying key risks accurately, proposed mitigations, and recognition of residual risks. The Submission should highlight schedule-related risks, indicate where mitigations are already in place, and provide a clear implementation plan where they are not. Contingency plans, and/or other considerations for residual risks should also be presented where applicable.
- A practical organisational structure in place to connect the various entities involved in the Project, enabling them to operate together effectively.

- A description of the proposed connection between the Project and the CO_2 Transport and Storage Network, including, but not limited to, the battery limits of the Project, the intended interface point, any intermediate pipework or infrastructure required, and how the Project will meet the required CO_2 entry specification (including entry temperature and pressure ranges, as well as CO_2 stream composition)

- Confirmation of familiarity with the published CCS Network Code and acknowledgement of the processes defined therein, as well as evidence of engagement with the relevant T&S Co, including any agreements in place, should also be provided. This should include Memoranda of Understanding, Collaboration Agreements, or draft Heads of Terms between the Capture Project and the T&S Co., and any risks of conflict with the published Code must be included in the risk register. NB: The CCS Network Code defines a specific process for applying for a connection and seeking provisional offers from a T&S Co. This process prescribes when applications are made, their content, and a timeline for when draft agreements are exchanged. It is expected that engagements and agreements align with the Code requirements.

- For BECCS Projects any biomass feedstock used will need to meet sustainability criteria. Outline if the Project meets existing sustainability criteria from other government subsidy schemes e.g., Low Carbon Hydrogen Standard, Renewable Transport Fuel Obligation. In addition, for information only, evaluate whether the Project would meet the sustainability criteria outlined in the EU CRCF permanent carbon removal delegated act.

- For Hydrogen BECCS Projects, provide a delivery schedule showing key milestones to achieve operational status and produce Low Carbon Hydrogen Standard-compliant hydrogen, alongside a supply and demand forecast detailing expected production volumes and the likely demand profile of identified offtakers. The Submission should include a clear plan explaining how the hydrogen plant will serve its offtakers, covering location, transport, storage, purification or compression requirements, and any supporting distribution or storage infrastructure. Applicants must also demonstrate adherence to safety regulations and outline mitigation measures to ensure residual safety risks are reduced to as low as reasonably practicable across all components of the hydrogen plant and offtaker interfaces.

  While costs are assessed in detail under the Value for Money section, any relevant cost information that supports the deliverability case should also be included here. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

3) Commercial/Financial Deliverability

Assessment against this criterion will evaluate whether the Project is commercially robust enough to ensure successful delivery and long-term viability. DESNZ recognises that the level of evidence provided should be proportionate to the Project's maturity. While early-stage Projects are not expected to have secured financing or finalised commercial arrangements, they should demonstrate a clear understanding of the steps required to do so, a credible plan to progress these, and the presence of capable people or processes to deliver them.

This criterion will focus on three interlinked areas:

- **Financial health** of the organisation(s) executing the Project; and, where applicable, the underlying industrial facility(ies) whose emissions are being captured.

- **Organisational approach to financing**, including evidence that the Applicant understands the steps required to secure necessary finance and has a credible plan, supported by appropriate people and processes, to do so. Evidence may include positive engagement with financiers (e.g. detailed letters of support, board-level commitments, or confirmation of access to liquidity), and examples of successfully financing similar Projects.

- **Project controls and governance structures** that demonstrate the ability to manage costs, risks, and delivery milestones effectively throughout Project execution.

Evidence

In assessing against this criterion, the Project will be credited for providing clear and credible evidence of;

- Financial health of the organisations involved, supported by the Financial Statement Template (Annex C), and credible financing arrangements for funding the Project.
- Business plans for the organisation(s) involved and details of how the Project fits with the organisation's overall strategic ambition, including at the Parent company level (if different). This information must be supported by the Financial Statement Template (Annex C).

- A clear financing strategy, including the status of key commercial agreements needed to realise the Project , and for Applicants applying as TAA Projects, demonstration that alternative sources of support (from public sources or otherwise) will be sufficient to give DESNZ confidence in the Project's deliverability and, in particular, its ability to meet those costs / liabilities associated with the Project that might otherwise be supported through a GGR Business Model. The assessment will seek to determine the credibility of the financing plans and schedules, how funding gaps are settled and if this is in line with the Project's requirements.
- For Projects producing hydrogen as an ancillary service, a clear plan identifying how the hydrogen plant relates to its off-takers and the role of any hydrogen distribution and

storage infrastructure, and how the producer plans to operate the plant day to day by outlining their operational philosophy.

- For H_2-BECCS Projects seeking support in the form of an LCHA, an agreement or evidence of progress towards agreement with viable hydrogen offtakers for most (75% and above) of planned hydrogen production volumes, including at least one qualifying offtaker. Projects should submit signed Memoranda of Understanding or Letters of Intent to demonstrate credible demand and alignment with production volumes.

- Costs are considered in detail under the Cost and Value for Money section. However, Applicants should ensure consistency in cost assumptions and provide any relevant financial data that supports commercial robustness.

Rating

Considering the responses and supporting evidence provided (and DESNZ reserves the right to, in its absolute discretion, request clarification or further information from Applicants on any aspect of their Submission, including with respect to technical, legal, financial and/or commercial matters), alongside future discussions with the Project , assessors will assign a final rating to the Project by reviewing the deliverability assessment in aggregate, considering all information provided by the Project as well as its credibility.

The rating categories for this criterion are defined as follows:

Table 16 – GGR Deliverability Rating

Rating	Description
Red (R)	• Evidence and responses provided in relation to one or more relevant questions are missing or incomplete. • Limited to no confidence in the ability of the Project to deploy by December 2032, or in its ability to deliver more generally[49] or in the operability of the proposed T&S Connection. • Evidence and responses provided in Annex A4 relating removal quantifications are missing or incomplete. • Limited to no confidence in the ability of the Project to deliver 0.05 Mtpa of removals (net negativity).

[49] While delivery assumptions might be less certain for less mature Projects (e.g., those at pre-FEED stage), it is expected that they may be able to receive a score above Red (R) provided that sufficient evidence and responses are provided in the Project Plan and uncertainties are adequately reflected in the submitted risk registers, costs, Projects schedule, emissions reduction, and other contingencies.

Amber (A)	• All relevant questions are fully answered (i.e., no missing answers), and a reasonable level of supporting evidence is provided. • Responses and supporting information give a reasonable level of confidence in the ability of the Project's ability to be operational by December 2032, and in its overall deliverability and T&S Connection. • However, there may be reservations regarding the credibility of some supporting information, or the Project's capability in certain delivery areas. • LCA is detailed and system boundaries are justified, and a reasonable level of evidence is provided to support predicted removal quantification calculation. Associated methodology and MRV plan are reasonably detailed and shows an understanding of what is required over the lifetime of the Project. However, there are some issues around the credibility of some supporting information, or the Project's assessment of the LCA or understanding of, or ability to, carry out the MRV proposal, or gaps compared to the quantification requirements of the EU CRCF. Further information provided in Annex A4. • Reasonable confidence in the ability of the Project to deliver 0.05 Mtpa of removals (net negativity).
Green (G)	• Comprehensive responses given to all relevant questions, with clear and credible evidence provided to demonstrate delivery capability. • Responses and supporting evidence give a high degree of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and the operability of the proposed T&S Connection. • Comprehensive LCA, meeting all quantification requirements, with clear and credible evidence provided to demonstrate capability of net negativity. A detailed associated MRV proposal with a good to excellent understanding of what is required for MRV during the Project lifetime, meeting all quantification requirements. Further information in Annex A4. • Good confidence in the ability of the Project to deliver 0.05 Mtpa of removals (net negativity), well supported by evidence.

Projects rated Amber and Green will progress into the shortlisting and cluster integration stage (please refer to Chapter 10 for more details). Projects rated Red will not progress further in this ECC Teesside Selection Process.

8.4 Cost, Economic Benefits and Supply Chains

Value for Money Assessment

The Value for Money Assessment will consider both the costs and the economic benefits of each Project. While cost data will not be used as a pass/fail criterion during eligibility or deliverability assessments, it will inform cluster-wide VfM considerations at the shortlisting and integration stage (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

Cost Information Collection

Applicants are required to submit cost data for their proposed Project as part of the application. This is mandatory – applications without this information will be considered incomplete and will not progress further in the process.

The overall magnitude of costs presented will not be considered during the eligibility and deliverability assessments. As part of the deliverability assessment, cost information provided will be evaluated for credibility and will be checked for consistency against the commercial and financial information provided. All aspects of the cost information provided will inform cluster-wide considerations at the shortlisting and cluster integration stage (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

HMG recognises that cost estimates will vary in maturity depending on the stage of technical development. However, Applicants should make every effort to provide the most accurate and realistic cost information available at the time of application. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

Applicants will need to complete a **Cost Information Form (Annex B)**, which includes providing details of:

- Development Expenditure (DevEx), with and without contingency for Project spend,
- Capital Expenditure (CapEx), with and without contingency,
- Both fixed and variable Operating Expenditure (OpEx), with and without contingency,
- Monthly breakdown across all phases of the Project lifespan.

Cost data should be provided in real terms (i.e. excluding inflation), rather than nominal terms. Applicants must specify the base year for their cost estimate – this should reflect the year in which the estimate was received or created.

Updated Cost Data Collection: Summer 2026

Projects that pass the eligibility check and meet the minimum deliverability threshold will be given the opportunity to submit updated cost data in summer 2026. This is expected to include more granular estimates and refined assumptions, which will be subject to assurance checks to validate accuracy and maturity.

This data will be used to:

- Conduct VfM analysis.
- Inform decisions on which Projects will proceed to due diligence and negotiations.

More information on this stage of the process will be shared alongside the outcomes of the eligibility check in spring 2026.

Other Cost Considerations: Network Costs

The cost impact on the CO_2 T&S Network, such as T&S extension costs, will also be factored into the wider shortlisting and cluster integration process. Applicants are expected to develop AACE Class V cost estimates for a proposed connection and should consult the T&S Co on the reasonableness of the routing and costing.

More information on the role of the T&S Co is set out in Chapter 3.

Economic benefits and supply chain development

Applicants must set out the expected economic benefits of their Project and supply chain in Annex D1 and Annex D2.

DESNZ will consider the information in Annex D1 (excluding Question 4) and Annex D2 as part of shortlisting and cluster integration. DESNZ recognises that the level of detail provided will be proportionate to the size and stage of the Project and the organisation(s) involved.

Key considerations include:

- **Supply chain approach** – the technologies, components, services and suppliers selected (or expected to be selected) to date, and the rationale for those choices. This includes evidence of transparent procurement practices and engagement with UK suppliers, including SMEs.
- **Skills** – plans to invest in skills development, including training and apprenticeships, for the Project workforce and the wider supply chain.

For the job and apprenticeship estimates in Annex D2, include a clear explanation of the methodology, assumptions and evidence used. Job numbers are collected for monitoring and analysis, but Applicants must complete the required fields in Annex D2 as part of a complete application. Applications missing the required annexes will not progress.

If a Project is shortlisted and taken forward to negotiations and/or offered access to the T&S network, DESNZ may request more detailed plans and commitments on supply chain and skills. We are also developing mechanisms to ensure these commitments are delivered throughout the lifetime of the Project.

All Projects will be required to use the North Sea Transition Authority (NSTA) Pathfinder Portal to provide visibility of upcoming contracts, and to complete a Supply Chain Action Plan. Full details of the information required in relation to Supply Chain Action Plans can be found here. At assessment stage, we will expect to see evidence of engagement with the NSTA on this with it becoming a contractual condition.

Chapter 9: Power BECCS

9.1 Support Package

Projects that are selected following successful assessment and negotiations are expected to receive support through the Power Bioenergy with Carbon Capture and Storage (pBECCS) Business Model.

The 2023 March government response to the pBECCS Business Model Consultation [50] set out that full contract terms will be available prior to the conclusion of negotiations. The pBECCS Business Model support is for Projects capable of generating and exporting a minimum of 100 MWe (megawatts electricity) to the electricity grid. The development of the pBECCS Business Model is ongoing. Through the pBECCS Business Model, we are aiming to bring forward Projects that can deliver on our policy objectives of both negative emissions and low carbon power to the electricity system.

Participation in any stage of the ECC Teesside Selection Process, including due diligence and negotiations, does not guarantee that support through the pBECCS Business Model will be offered or that access to the CO_2 Transport & Storage Network will be enabled. Any decision to provide support or grant network access remains at the discretion of HMG and may depend on factors such as regulatory development, compliance with subsidy control requirements, affordability constraints, value-for-money considerations, balance sheet implications, obtaining all necessary consents, and successful completion of due diligence and negotiations.

DESNZ reserves the right to pause or terminate negotiations at any time. More information about the due diligence and negotiations stage is set out in Chapter 10.

For the ECC Teesside Selection Process, Projects that do not require significant support in addition to T&S access are known as the TAA Users. The TAA may include certain limited protections on a case-by-case basis. Refer to Chapter 4 for more details.

9.2 Eligibility Criteria

This section includes the proposed eligibility criteria that all Power BECCS Applicants must meet to progress to the deliverability assessment. In addition to the central eligibility criteria, common to all sectors, pBECCS Applicants must also satisfy the pBECCS specific eligibility criteria. All applicable eligibility criteria are listed in the table below.

[50] Consultation Response: Business model for power bioenergy with carbon capture and storage (pBECCS)

Table 14 - pBECCS Eligibility Criteria

Eligibility Criteria	Description
Central eligibility criteria	
Applicant	The Applicant must be incorporated and registered in the UK.
Transport and Storage Connection	Must be able to demonstrate potential for direct, onshore, pipeline access to the ECC T&S Network, with no intermediate non-pipeline transportation of CO_2. Projects requiring NPT should instead refer to the NPT Pathfinder Selection Process which is anticipated to be launched shortly. See section 3.4 for further details.
Commercial Operation Date	Must be able to be operational (defined below) no later than the end of December 2032.
Power BECCS specific eligibility criteria	
Location	Projects are required to be located onshore in Great Britain to ensure that they are compliant with the technical and commercial parameters of the pBECCS Business Model. Projects in Northern Ireland are not eligible for support in this process because electricity policy is devolved, and Northern Ireland has a separate electricity market from Great Britain.
Technology / Configurations	The pBECCS plant must be a thermal generation with sustainable biomass as the primary fuel input. The pBECCS plant could be: • new build (where both generation and capture units are constructed), or • retrofit (where CCUS technology is applied to an existing generating station, which could range from adding a capture unit, through to repowering the generating station and adding a capture unit).

<table>
<tr><td></td><td>The pBECCS plant must be one of the following technology types:

Post-combustion, Pre-combustion (on-site), or Oxy-fuelled combustion.</td></tr>
<tr><td>Minimum Capture Rate</td><td>The Project must be designed to achieve at least 90% capture rate.

This capture rate percentage is the designed annual average and therefore includes periods of start up and shut down. The designed capture rate percentage should take account of the plant's expected operation pattern, start up and shut down times, and design features. This approach will provide a projection of the Project's Achieved CO_2 Capture Rate (%).

Capture rate calculations should include any associated on-site CO_2 emissions required for the provision of energy into the power generation and capture process.

Capture rate should be calculated by using:
$$Capture\ Rate\ (\%) = \frac{CO_{2_{exp}}}{CO_{2_{gen}}}$$
<table><tr><th>Term</th><th>Definition</th></tr><tr><td>CO_2exp</td><td>Total projected annual flow of CO_2 into the T&S Network</td></tr><tr><td>CO_2gen</td><td>Total projected annual generation of CO_2, including any associated combustion sources required for the provision of energy input into the capture process (where appropriate).</td></tr></table>
This information should be confirmed within the Heat and Material Balance or Process Basis of Design of the plant, which should be provided as part of the application.</td></tr>
</table>

Minimum Output	Must be able to generate and export at least 100 megawatts (MW) of low-carbon electricity (100 Mwe) to the electricity grid. Through the pBECCS sector, we are aiming to bring forward commercial scale pBECCS plants that can make a significant contribution to decarbonising the electricity system.
Negative Emissions	Projects must achieve permanent atmospheric CO_2 removal through geological storage. For a Project to be considered 'net-negative' it must remove more greenhouse gases (GHGs) from the atmosphere than it creates throughout its entire supply chain (both domestic and international). Further details of how this should be quantified predictively and demonstrated operationally are included in Annex A5.
Feedstock	A minimum of 90% of the CO_2 generated from the feedstock shall be of biogenic origin and to be eligible it must meet relevant sustainability requirements. This is consistent with the criteria used in previous subsidy schemes such as the Renewables Obligation and will ensure a high level of negative emissions.
Power Subsidy	Projects must not be receiving, for the relevant years of operation, government subsidy or support for the same power generation that would be covered under the pBECCS Business Model.
CCUS Subsidy	In this application window, the Project must not have applied for or be in receipt of support under another Business Model or support scheme to support the costs of building and operating a Carbon Capture plant; for example, under the Greenhouse Gas Removals Business Model or Industrial Carbon Capture Business Model. This does not include applications from Projects that may be (or expect to be) in receipt of subsidies for Project costs that are unrelated to Carbon Capture and storage.

Commercial Operation Date

We define operational as the Project being fully commissioned and able to export CO_2 emissions to the T&S Network. Note that at the assessment stage we will consider the Project's schedule and the suggested completion date, but if a Project progresses to negotiations and receives a business model contract, in order to demonstrate that the Project is operational and receive business model payments it will have to satisfy Operational Conditions Precedent or relevant performance requirements set out in the business model Terms and Conditions, and achieve its Commercial Operation Date.

Note that similar contractual arrangements and/or performance requirements may need to be put in place for TAA Projects to ensure their delivery against the plans in their submission.

The eligibility criteria set out in the individual capture technology Chapters 5-9 (i.e., sector specific eligibility criteria) have been specifically developed for this this ECC Teesside Selection Process. Only those Applicants that meet the relevant sector eligibility criteria will be evaluated further and be capable of progressing to the Deliverability Assessment.

GGR Methodologies

HMG is currently working to develop detailed methodologies for GGR Project's, due to be published in 2027. Any GGR Projects which are successful in the ECC Teesside Selection Process will be contractually required to use these methodologies for the purpose of quantification of removals and monitoring, reporting and verification (MRV). Prior to the publication of these methodologies, GGR Projects applying to the selection process will be required to use the removals quantification provisions in the EU Carbon Removals and Carbon Farming (CRCF) Regulation. Further information on evidence required can be found in Annex A5.

Biomass Sustainability

HMG only supports biomass uses across the economy that demonstrates compliance with the relevant sustainability criteria that currently exist under different sectoral schemes. HMG is consulting on the development of a UK cross-sector sustainability framework for biomass use, which would ensure minimum standards and better alignment between sectors, and to strengthen the existing criteria based on up-to-date evidence. The consultation was published on the 2nd of December 2025 and will be open for responses until the 27th of February.[51]

Bioenergy with Carbon Capture and Storage (BECCS) Projects will be required to comply with the relevant biomass sustainability requirements defined in the detailed GGR methodologies currently under development by HMG, due to be published in 2027. These

[51] Common biomass sustainability framework - GOV.UK

will reference the common biomass sustainability framework and may include sector-specific requirements.

9.3 Deliverability Assessment

Overview

The deliverability assessment will consider the Applicant's capability, and capacity to deliver a compliant and commercially operational pBECCS Project successfully by the end of 2032 or earlier where possible. The assessment criteria and associated evidence requirements are broadly consistent across all sectors though some sector-specific sub-criteria apply. Evidence provided may be considered across all criteria.

The Power BECCS sector assessment will consider:

- The Applicant's plans to deliver and operate the CCUS-enabled biomass power plant, and their capability to do so.
- Integration with the necessary CO_2 Transport and Storage infrastructure.
- The Project's ability to credibly deliver permanent negative emissions through geological storage, supported by verifiable calculations quantifying predicted removals and adequate protocols to quantify actual removals achieved during operation.

DESNZ will assign a deliverability rating based on performance against two key factors:

The deliverability assessment will consider:

1. **Technical Deliverability** – HMG's confidence that the Project can be credibly and effectively delivered in accordance with the technical requirements of the relevant business model and become operational by the end of 2032 or earlier where possible.

2. **Commercial/Financial Deliverability** – The commercial robustness of the Project. HMG's confidence that the Applicant is capable of securing a Final Investment Decision for the Project, adequate funding can be secured to deliver an operational facility by the end of 2032 or earlier where possible, and that the underlying industrial facility (where applicable) demonstrates sufficient financial health to operate sustainably over the contract term.

1) Technical Deliverability

This assessment will consider the:

- Technical credibility and track record of the Applicant and supporting organisations,
- Organisational and technical maturity of the Project,
- Credibility of the presented project schedule, and confidence that governance and Project controls will ensure that the planned schedule can be managed and maintained through Project execution,

- Project's risk management approach,
- Viability of CO_2 T&S Connection(s) and operation in line with relevant published Network Codes,
- Confidence that the power BECCS plant can credibly produce negative emissions after accounting for end-to-end GHG emissions.

Evidence

Evidence may be considered across all criteria and the below is considered a non-exhaustive list of evidence. Applicants should provide clear and credible evidence of the following:

- A Project Description, including but not limited to process description(s); Power Output; Heat Rate; CO_2 capture quantities anticipated; CO_2 capture rate; energy efficiency, any associated emissions; operational life; and supply chain engagement. Details of any other sector specific requirements relating to business models e.g. removal quantification requirements.

- Access to appropriate level of resource with the capability to deliver the Project, demonstrated through:

    - Key contracts in place with core suppliers – or, at a minimum, meaningful engagement with prospective suppliers.

    - Evidence of engagement with technology licensors and details of any shortlisting or selection process planned or completed, including any shortlisting or selection of technology licensors.

- Demonstration of the Applicant's competence to manage and coordinate a Project of this scale and complexity, demonstrated through:

    - An assessment of supply chain capability to deliver required materials, goods, and skills,

    - Evidence of supply chain engagement for major equipment,

    - A credible contracting strategy to secure necessary resources for delivery of the Project.

- Confidence that the Project can credibly produce negative emissions after accounting for end-to-end GHG emissions. Ahead of the publication of the detailed GGR methodologies currently in development by HMG (due in 2027), this quantification should be in accordance with the EU CRCF regulation on permanent carbon removals. This will include lifecycle analysis (LCA) and a monitoring, reporting and verification (MRV) protocol for the Project, both utilising the equations defined in, and all aspects required by, the EU CRCF. Further details of how this should be demonstrated are included in Annex A4.

- A fully logic-linked integrated Project schedule, showing, at minimum, all Level 2 activity durations, which are expected to be reasonable and benchmarked against comparable activities in previous Projects. The schedule should clearly identify the critical path, interdependencies with external milestones (e.g. grid/T&S Connections), relevant lead times for procurement, planning and permitting etc., and include appropriate float.

- Evidence of progress in applying for and/or securing a grid connection agreement for electricity. If not yet secured, this should be clearly accounted for in the schedule, with a credible strategy to achieve connection by 2032.

- Progress to date against the stated project schedule, with documentation and engineering information, demonstrating that the Project is proceeding as expected. If the Project has fallen behind schedule, a robust justification for all delays and a clear strategy for schedule recovery should be provided.

- Accurate identification of critical planning and consenting stages, including planning consents, environmental permitting, and abstraction licensing. These should be accurately reflected in the project schedule, with evidence of progress in securing the necessary approvals or a clear and credible plan for doing so.

- A comprehensive risk register, identifying key risks accurately, proposed mitigations, and recognition of residual risks. The Submission should highlight schedule-related risks, indicate where mitigations are already in place, and provide a clear implementation plan where they are not. Contingency plans, and/or other considerations for residual risks should also be presented where applicable.

- A practical organisational structure enabling effective communication between, and operation of all entities involved in the Project.

- A description of the proposed connection between the Project and the CO_2 Transport and Storage Network, including the battery limits of the Project, the intended interface point, any intermediate pipework or infrastructure required, and how the Project will meet the required CO_2 specification (including entry temperature and pressure ranges, as well as CO_2 stream composition), along with demonstration that the Project understands the suitability of the store and transport network to accommodate intermittent CO_2 flows to enable dispatchable operation, if applicable.

- Confirmation of familiarity with the published CCS Network Code and acknowledgement of the processes defined therein, as well as evidence of engagement with the relevant T&S Co, including any agreements in place, should also be provided. This should include Memoranda of Understanding, Collaboration Agreements, or draft Heads of Terms between the Capture Project and the T&S Co, and any risks of conflict with the published Code must be included in the risk register. NB: The CCS Network Code defines a specific process for applying for a connection and seeking provisional offers from a T&S Co. This process prescribes when applications are made, their content, and a timeline for when

draft agreements are exchanged. It is expected that engagements and agreements align with the Code requirements.

- For BECCS Projects, any biomass feedstock used will need to meet sustainability criteria. Outline if Project meets existing sustainability criteria from other government subsidy schemes e.g., Low Carbon Hydrogen Standard, Renewable Transport Fuel Obligation. In addition, for information only, evaluate whether the Project would meet the sustainability criteria outlined in the EU CRCF permanent carbon removal delegated act.

  While costs are assessed in detail under the Value for Money section, any relevant cost information that supports the deliverability case should also be included here. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant's estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

2) Commercial/Financial Deliverability

Assessment against this criterion will evaluate whether the Project is commercially robust enough to ensure successful delivery and long-term viability. DESNZ recognises that the level of evidence provided should be proportionate to the Project's maturity. While early-stage Projects are not expected to have secured financing or finalised commercial arrangements, they should demonstrate a clear understanding of the steps required to do so, a credible plan to progress these, and the presence of capable people or processes to deliver them.

This criterion will focus on three interlinked areas:

- **Financial health** of the organisation(s) executing the Project; Financial health of the organisation(s) executing the Project; and, where applicable, the underlying industrial facility(ies) whose emissions are being captured.

- **Organisational approach to financing**, including evidence that the Applicant understands the steps required to secure necessary finance and has a credible plan, supported by appropriate people and processes, to do so. Evidence may include positive engagement with financiers (e.g., letters of support, board-level commitments, or confirmation of access to liquidity), and examples of successfully financing similar Projects.

- **Project controls and governance structures** that demonstrate the ability to manage costs, risks, and delivery milestones effectively throughout Project execution.

Evidence

In assessing against this criterion, the Project will be credited for providing clear and credible evidence of;

- The financial health of the organisations involved, supported by the Financial Statement Template (Annex C).
- Business plans for the organisation(s) involved and details of how the Project fits with the organisation's overall strategic ambition, including at the Parent company level (if different). This information must be supported by the Financial Statement Template (Annex C).
- A clear financing strategy, including the status of key commercial agreements and identification of any funding gaps. For TAA Projects, evidence of alternative support (e.g., public funding or private investment) should be provided to demonstrate financial viability.
- Evidence that is proportionate to the maturity of the Project. While full financing is not expected at early stages, Applicants should demonstrate a clear understanding of the steps required to secure finance, a credible plan to do so, and the presence of capable people and processes. Examples may include previous successful Project financing or engagement with financiers (e.g., letters of support, board-level commitments, or confirmation of access to liquidity).
- Consistency in cost assumptions and any relevant financial data that supports commercial robustness, even though costs are assessed in detail under the Value for Money section.

Rating

Considering the responses and supporting evidence provided (and DESNZ reserves the right to, in its absolute discretion, request clarification or further information from Applicants on any aspect of their Submission, including with respect to technical, legal, financial and/or commercial matters), alongside future discussions with the Project, assessors will assign a final rating to the Project by reviewing the deliverability assessment in aggregate, considering all information provided by the Project as well as its credibility.

The rating categories for this criterion are defined as follows:

Table 5 – pBECCS Deliverability Rating

Rating	Description
Red (R)	• Evidence and responses provided in relation to one or more relevant questions are missing or incomplete. • Limited to no confidence in the ability of the Project to deploy by December 2032, or in its ability to deliver more generally or in the operability of the proposed T&S Connection. • Evidence and responses provided in Annex A5 relating to removal quantification are missing or incomplete.
Amber (A)	• All relevant questions are fully answered (i.e., no missing answers), and a reasonable level of supporting evidence is provided. • Responses and supporting information give a reasonable level of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and in the operability of the proposed T&S Connection. • However, there may be reservations regarding the credibility of some supporting information, or the Project's capability in certain delivery areas. • LCA is detailed and system boundaries are justified, and a reasonable level of evidence is provided to support predicted removal quantification calculation. Associated methodology and MRV plan are reasonably detailed and shows an understanding of what is required over the lifetime of the Project. However, there are some issues around the credibility of some supporting information, or the Project's assessment of the LCA or understanding of, or ability to carry out, the MRV proposal, or gaps compared to the quantification requirements of the EU CRCF. Further information provided in Annex A5.
Green (G)	• Comprehensive responses given to all relevant questions, with clear and credible evidence provided to demonstrate delivery capability. • Responses and supporting evidence give a high degree of confidence in the ability of the Project to deploy by December 2032, and in its ability to deliver more generally, and the operability of the proposed T&S Connection. • Comprehensive LCA, meeting all quantification requirements, with clear and credible evidence provided to demonstrate capability of net negativity. A detailed associated MRV proposal with a good to excellent understanding of

	what is required for MRV during the Project lifetime, meeting all quantification requirements. Further information in Annex A5.

Projects rated Amber and Green will progress into the shortlisting and cluster integration stage (please refer to Chapter 10 for more details). Projects rated Red will not progress further in this ECC Teesside Selection Process.

9.4 Cost, Economic Benefits and Supply Chains

Value for Money Assessment

The Value for Money Assessment will consider both the costs and the economic benefits of each Project. While cost data will not be used as a pass/fail criterion during the eligibility or deliverability assessments, it will inform cluster-wide VfM considerations at the shortlisting and integration stage (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

Cost Information Collection

Applicants are required to submit cost data for their proposed Project as part of the application. This data is mandatory – applications without this information will be considered incomplete and will not be considered to have submitted a valid application and will not progress further in the process.

The overall magnitude of costs presented will not be considered during the eligibility and deliverability assessments. As part of the deliverability assessment, cost information provided will be evaluated for credibility and will be checked for consistency against the commercial and financial information provided. All aspects of the cost information provided will inform cluster-wide considerations at the shortlisting and cluster integration stage (see Chapter 10). It will also support internal HMG modelling and provide insight into the cost maturity of each Project.

We acknowledge that cost estimates will be at differing levels of maturity depending on the stage of development. However, Applicants should make every effort to provide the most accurate and realistic cost information available at the time of application. AACE Class IV cost estimates should be provided as a minimum, and the credibility of these values will be assessed against industry benchmarks in the technical deliverability assessment. The consistency of the values with the financing plan will also be assessed in the commercial deliverability assessment. The upper uncertainty bound of the Applicant’s estimate may be taken as a guardrail to discourage unreasonably low estimates, lacking in credibility, and subsequent excessive escalation as the selection process proceeds.

Applicants will need to complete a **Cost Information Form (Annex B)**, which includes providing details of:

- Development Expenditure (DevEx), with and without contingency for projected spend,
- Capital Expenditure (CapEx), with and without contingency,
- Both fixed and variable Operating Expenditure (OpEx), with and without contingency,
- Monthly breakdown across all phases of the Project lifespan.

Cost data should be provided in real terms (excluding inflation), rather than nominal terms. Applicants must specify the base year for their cost estimate — this should reflect the year in which the estimate was received or created.

Updated Cost Data Collection: Summer 2026

Projects that pass the eligibility check and meet the minimum deliverability threshold will be given the opportunity to submit updated cost data in summer 2026. This is expected to include more granular estimated estimates and refined assumptions, which will be subject to assurance checks to validate accuracy and maturity.

This data will be used to:

- Conduct VfM analysis.
- Inform decisions on which Projects will proceed to due diligence and negotiations.

More information on this stage of the process will be shared alongside the outcomes of the eligibility check in spring 2026.

Other Cost Considerations: Network Costs

The cost impact on the CO_2 T&S Network, such as T&S extension costs, will also be factored into the wider shortlisting and cluster integration process. Applicants are expected to develop AACE Class V cost estimates for a proposed connection and should consult the T&S Co on the reasonableness of the routing and costing.

More information on the role of the T&S Co is set out in Chapter 3.

Economic Benefits and Supply Chain Development

Applicants must set out the expected economic benefits of their Project and supply chain in Annex D1 and Annex D2.

DESNZ will consider the information in Annex D1 (excluding Question 4) and Annex D2 as part of shortlisting and cluster integration. DESNZ recognises that the level of detail provided will be proportionate to the size and stage of the Project and the organisation(s) involved.

Key considerations include:

- **Supply chain approach** – the technologies, components, services and suppliers selected (or expected to be selected) to date, and the rationale for those choices. This includes evidence of transparent procurement practices and engagement with UK suppliers, including SMEs.

- **Skills** – plans to invest in skills development, including training and apprenticeships, for the Project workforce and the wider supply chain.

For the job and apprenticeship estimates in Annex D2, include a clear explanation of the methodology, assumptions and evidence used. Job numbers are collected for monitoring and analysis, but Applicants must complete the required fields in Annex D2 as part of a complete application. Applications missing the required annexes will not progress.

If a Project is shortlisted and taken forward to negotiations and/or offered access to the T&S network, DESNZ may request more detailed plans and commitments on supply chain and skills. We are also developing mechanisms to ensure these commitments are delivered throughout the lifetime of the Project.

All Projects will be required to use the North Sea Transition Authority (NSTA) Pathfinder Portal to provide visibility of upcoming contracts, and to complete a Supply Chain Action Plan. Full details of the information required in relation to Supply Chain Action Plans can be found here. At assessment stage, we will expect to see evidence of engagement with the NSTA on this with it ultimately becoming a contractual condition.

Chapter 10: Shortlisting, Due Diligence and Negotiations

10.1 Shortlisting and Cluster Integration

Following the deliverability assessment, Projects rated Amber or Green will progress to shortlisting and cluster integration.

Shortlisting

Shortlisting assesses Projects on their individual merits, to determine which are suitable to progress. We will assess each Project against:

- **Value for Money:** The extent to which the Project delivers expected CO_2 abatement and wider benefits relative to the costs.
- **Affordability**: The extent to which the Project's expected support requirements can be accommodated within HMG affordability considerations and relevant fiscal constraints over the period of support.
- **Supply chain and skills**: The Project's understanding of the technology, component, services, and suppliers chosen, or expected to be chosen, to date. This will consider the justification for those choices, transparency of procurement practices, engagement with, and creation of opportunities for, UK suppliers including SMEs, as well as investment in skills initiatives for their employees and apprentices.

Only Projects that, in DESNZ's view, present a sufficiently strong proposition against these criteria will progress to cluster integration.

Cluster Integration

Cluster integration assesses combinations of shortlisted Projects ("portfolio scenarios") at a cluster level, taking account of relevant system constraints such as expected T&S capacity, operability and any required network modifications.

DESNZ will assess portfolio scenarios at an aggregate, cluster-wide level against the same criteria used at shortlisting (VfM, affordability and supply chain). We will also consider overall deliverability and the portfolios contribution to key Net Zero outcomes, including delivery against Carbon Budgets and other relevant targets).

Where the number of shortlisted Projects, or their combined demand, exceeds expected available capacity, DESNZ will generate and assess multiple portfolio scenarios. Where it does not (including where only one Project is shortlisted), DESNZ will still assess whether

the resulting portfolio scenario meets ECC objectives and represents good VfM. An “undercapacity” position does not guarantee progression.

DESNZ will take a holistic view across shortlisting and cluster integration. The factors described above are indicative and may evolve as the evidence base develops (for example, as T&S capacity assumptions are updated, cost and deliverability information matures, and carbon budget analysis is refreshed). The relative emphasis placed on different factors may also change over the course of the Process, reflecting the latest information, market context and any relevant ministerial steers.

The outcome of shortlisting and cluster integration will be the Project Negotiation List (PNL), which DESNZ intends to publish by the end of 2026. Inclusion on the PNL does not imply an offer of funding. DESNZ reserves the right to cancel or amend the Process if no portfolio scenario meets its objectives, and may include Projects on the PNL which, together, exceed expected capacity to provide appropriate contingency.

10.2 Due Diligence and Negotiations

Objectives of the Due Diligence and Negotiations Stage

Applicants should note that DESNZ is continuing to develop aspects of the due diligence and negotiations stage, which follows shortlisting and cluster integration. DESNZ therefore reserves the right to make changes to the processes described in this Application Guidance. Details of the applicable processes and timelines will be set out in any invitation to participate in due diligence and negotiations.

At due diligence, projects applying for support under a CCUS Business Model or the TAA will be required to confirm their agreement in principle to the standard terms and conditions of the relevant CCUS Business Model contract or TAA (where published). Before submitting an application, Applicants should review the published information about the relevant CCUS Business Model(s) and/or the TAA to understand the nature of the support available and the obligations that may apply.

Due Diligence

DESNZ may review any aspect of an application and may request any information it requires to complete due diligence. This stage enables DESNZ to confirm and verify information provided in the Submission and, where appropriate, to request updated information as projects progress towards key milestones.

DESNZ reserves the right to:

- invite more projects to participate in due diligence and negotiations than the number of projects it expects to take forward, to maintain competitive tension and reduce reliance on any single project; and

- request additional information from Applicants on any aspect of their application, including technical, legal, financial and commercial matters.

Invitation to Participate in Negotiations and Due Diligence

DESNZ will issue a formal invitation to participate in due diligence and negotiations to successful Applicants. The invitation will set out:

- any further information requirements, including additional technical, legal, financial and commercial information;
- instructions for submitting further information;
- how DESNZ will conduct discussions with Applicants during this stage; and
- any other relevant information about the due diligence and negotiations stage.

Negotiations

Participation in any stage of the ECC Teesside Selection Process, including due diligence and negotiations, does not mean that support under a CCUS Business Model or a TAA will be offered, or that access to the T&S network will be enabled.

Any decision to offer support and/or enable access to the T&S network is discretionary and remains subject to matters including (but not limited to): the passage of any necessary legislation; compliance with subsidy control requirements; HMG affordability considerations; DESNZ being satisfied that the Project represents Value for Money for bill payers and taxpayers; consideration of any balance sheet implications; the securing of all relevant statutory and other consents; and successful completion of due diligence and negotiations.

This application guidance is available from: CCUS East Coast Cluster: Teesside selection process - GOV.UK

If you need a version of the Application Guidance in a more accessible format, please email eccteessideselection@energysecurity.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.