



UK Government

# Transition Access Agreement

Draft Commercial Principles

February 2026



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# Contents

Introductory notes	4
Transition Access Agreement	5
Contract Structure	5
Parties	5
Eligibility Criteria	5
Term and Conditions Precedent	6
Term	6
Initial Conditions Precedent (ICP)	7
Operational Conditions Precedent (OCP)	8
Representations, Warranties and Undertakings	8
Termination	9
Payments and Billing	9
Revenue Support	9
T&S Charges	10
Gainshare mechanism	10
Contract Protections	10
Change in Law	10
Cross-chain Risks	11
Force Majeure Relief	11
Dispute Resolution Procedure	12
Other	12
Network Code	12
GGR Methodologies	12
Provision of Information	12
Confidentiality	13
Variation	13
Assignment	13
Transfers (i.e., Change of Control)	14
Boilerplate Provisions	14
Definitions/Glossary	15

## Introductory notes

These draft commercial principles set out the government's current proposals on the potential Transition Access Agreement (TAA) expected to be offered by the Department of Energy Security and Net Zero (DESNZ).

The contents of these commercial principles are indicative only and do not constitute an offer by HMG or DESNZ and do not create a basis for any form of expectation or reliance.

The proposed terms are not final and are subject to further development by DESNZ and HMG, and approval by ministers, in consultation with the relevant regulators, as well as the development and Parliamentary approval of any necessary legislative amendments, and completion of necessary contractual documentation. We reserve the right to review and amend all provisions within this document for any reason and in particular to ensure that proposals provide value for money and are consistent with any subsidy control regime.

We expect to publish Heads of Terms in due course which will provide more detailed positions on the TAA's contractual elements.

## Transition Access Agreement

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.

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<sub>2</sub>) transport and storage (T&S) Network. While in development, the offer will at minimum include access to the T&S Network and set registered capacity on the T&S Network.

Whilst the TAA will initially be developed for projects connecting via pipeline, we will also be considering how the TAA can be adapted for projects connecting via Non-Pipeline Transport (NPT).

## Contract Structure

The contract structure of the TAA will likely follow that of other CCUS Business Model Contracts, where each agreement comprises two instruments: (i) the front end agreement; and (ii) the standard terms and conditions.

The front end agreement will be a bespoke document that contains project-specific information relating to each Capture Project. The standard terms and conditions will be a set of contractual terms governing matters which will be applicable to all TAAs unless otherwise specified in the front end agreement.

## Parties

DESNZ expects the parties to the TAA will be a TAA Counterparty and the Capture Project (each, a "Party" and together the "Parties"). The Parties intend to be legally bound by the TAA which will be a private law, commercial contract. The entity best placed to contract with the Capture Project is still under consideration.

## Eligibility Criteria

Table 1 outlines the proposed eligibility criteria that all applicants for the TAA must meet to progress to the deliverability assessment. These criterion were included as part of the "CCUS ECC Teesside selection process - application guidance" document published on gov.uk<sup>1</sup>.

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<sup>1</sup> <https://www.gov.uk/government/publications/ccus-east-coast-cluster-updated-selection-process>

**Table 1 - TAA Eligibility Criteria**

Criteria	Description
<b>Location</b>	TAA projects must be located onshore in the UK.  TAA projects must mitigate UK territorial emissions and/or generate UK Greenhouse Gas Removals.
<b>Delivery</b>	TAA projects must be able to reach Commercial Operation Date (COD) no later than the end of December 2032.
<b>Business Model contract</b>	TAA 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).
<b>Sector Specific Criteria</b>	TAA projects are <b>not</b> required to meet the same sector specific criteria as Business Model users supported by other CCUS Business Model Contracts. However, projects are required to meet the criteria below (where relevant).  <b>Power CCUS<sup>2</sup></b>  Generate and export at least 20 megawatts of low-carbon electricity.  Grid Connection Date or private wire agreement by COD.  <b>TAA projects planning to generate Greenhouse Gas Removals (GGRs)</b>  TAA 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).

## Term and Conditions Precedent

### Term

DESNZ expects the TAA to have a contract term of up to ten (10) years. This reflects: (i) a balance between providing certainty to Capture Projects on protections provided via the TAA, and limiting DESNZ's exposure, in line with DESNZ's market transition objectives; and (ii) the general precedents set by the initial term in other CCUS Business Model Contracts.

DESNZ does not expect to include any provision for extending the TAA beyond its initial ten (10) year term. This approach is intended to limit DESNZ's exposure while maintaining a

<sup>2</sup> A Power CCUS plant is defined as a thermal generation with natural gas as the primary fuel input.

straightforward contractual structure, as extension clauses would introduce additional complexity. 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.

We expect TAA users to commission on time, and a structure similar to the Target Commissioning Window and Longstop Period may be introduced, whereby delays to commissioning would reduce the effective TAA term.

Applicants should familiarise themselves with the current provisions in the Network Code, as well as relevant T&S related documents, such as the June 2023 CO<sub>2</sub> Transport and Storage Business Model update<sup>3</sup>.

### Initial Conditions Precedent (ICP)

It is expected that the TAA will include two sets of conditions precedent, the "Initial Conditions Precedent" (ICPs) and the "Operational Conditions Precedent" (OCPs), similar to other CCUS Business Model Contracts. The decision of which ICPs to incorporate into the TAA is contingent upon further development and the evolution of contractual requirements. Specific obligations and conditions relating to ICPs will need to be defined as the TAA is further developed, and may vary depending on the broader positions adopted, the protections afforded, and the particular characteristics of the relevant arrangements.

Examples of suitable ICPs may include:

- (i) evidence of compliance with "know your customer" or similar identification procedures.
- (ii) a description of the facility.
- (iii) evidence that the relevant planning permissions have been obtained.
- (iv) evidence that the Capture Project has entered into or obtained the T&S Connection Agreement, the T&S Construction Agreement and the Code Agreement or Code Accession Agreement.
- (v) supporting documents including the capture organisation's incorporation and tax certificates, a Board resolution approving the TAA, and a declaration on receipt of any non-UK public funding with details if applicable.
- (vi) [others].

Failure to satisfy any ICP by the ICP deadline (expected to be 20 business days after contract signature) may constitute a termination right for the TAA Counterparty.

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<sup>3</sup> 'Carbon Capture Usage and Storage - An update on the business model for Transport and Storage – indicative head of terms: explanatory note' published in June 2023 update  
<https://www.gov.uk/government/publications/carbon-capture-usage-and-storage-ccus-business-models>

DESNZ is considering the full list of ICPs and whether any further ICPs will be required.

## Operational Conditions Precedent (OCP)

It is expected the TAA will include Operational Conditions Precedent (OCPs) to be satisfied for the Start Date to occur. Whilst financial payments relating to CO<sub>2</sub> being directed to the T&S Network, such as opex and capex support, are not expected to be relevant to the TAA, the Start Date is expected to remain an important term within the TAA to ensure that projects are delivered on time and as expected at the point of contract signature, and potentially to tie to other elements of the TAA (e.g. T&S Commissioning Delay Events). The final list of OCPs incorporated in the TAA will be contingent on further contract development and associated requirements. Specific conditions may vary depending on the protections offered, the capture technology employed, and the characteristics of the facility.

Examples of suitable OCPs may include:

- (i) evidence that all necessary metering and settlement arrangements are in place.
- (ii) provision of a metering schematic diagram (where necessary).
- (iii) evidence of compliance with "know your customer" or similar identification procedures.
- (iv) evidence that required capacity has been commissioned.
- (v) evidence that any applicable CO<sub>2</sub> sampling and reporting methodologies are agreed.
- (vi) evidence that any applicable methodology for estimating any unmetered quantities of fuel and CO<sub>2</sub> etc. (as applicable) has been agreed.
- (vii) evidence that the facility has connected to the relevant T&S Network.
- (viii) [others].

Failure to satisfy any OCP by the OCP deadline (to be agreed in the TAA) may constitute a termination right for the TAA Counterparty.

DESNZ is considering the full list of OCPs and whether any further OCPs will be required.

## Representations, Warranties and Undertakings

The TAA is likely to follow the AR7 CfD and the CCUS Business Model Contracts in respect of the representations and warranties that both the Capture Project and the TAA Counterparty are required to provide to each other on the Agreement Date and the Start Date. The Capture Project will also be required to give certain undertakings to the TAA Counterparty in relation to general matters such as compliance with laws and authorisations as well as undertakings relating to matter such as metering and measurement, access and data rights, operational matters such as planned outages, supply chain reporting and subsidy cumulation.

DESNZ is also considering whether further bespoke representations, warranties and undertakings will be required in the TAA.

## Termination

Similar to other CCUS Business Model Contracts, it is expected that the TAA will contain various rights for the TAA Counterparty to terminate the TAA in certain defined situations. Further development is required to define these provisions, as termination rights will be contingent upon key commercial terms incorporated into the contract.

Potential termination rights include, but are not limited to:

- (i) failure to satisfy any ICPs within 20 business days of contract signature (subject to any waiver by the TAA Counterparty).
- (ii) failure to satisfy any OCPs by the date agreed in the TAA (subject to any waiver by the TAA Counterparty).
- (iii) failure to satisfy any milestone requirement by the date agreed in the TAA (subject to any agreed extension) (expected to be 18 months after contract signature).
- (iv) termination for prolonged force majeure.
- (v) termination for T&S prolonged unavailability event.
- (vi) termination for prolonged limited flow of CO<sub>2</sub> injected into the T&S Network by the Capture Project.
- (vii) default termination.
- (viii) [others].

DESNZ is considering the TAA termination provisions further, including the consequences of such termination and whether any compensation should be payable. These provisions remain under review and will be subject to further development.

## Payments and Billing

### Revenue Support

Unlike other CCUS Business Model Contracts, the TAA is not expected to include capex or opex revenue support.

The TAA is designed for Capture Projects requiring limited support from the CCUS Programme. Capture Projects requiring capex and/or opex support should apply to their relevant sector business model instead of the TAA.

## T&S Charges

Unlike other CCUS Business Model Contracts, it is expected that Capture Projects who enter into a TAA will be fully responsible for all T&S Charges that are payable to the relevant T&S Operator without full passthrough of T&S Charges via a CCUS business model. However, DESNZ is considering providing limited support in relation to T&S Charges on a case-by-case basis, but only where certain conditions are met and it is clearly evidenced that an element of 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 Charges; or
- a protection mechanism in relation to the possible variance in T&S Charges 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).

Applicants should familiarise themselves with the current provisions in the Network Code, including current T&S Charges. T&S Charges will include:

- (a) Flow Charge: This charge is based on the mass quantity of the gaseous stream consisting primarily of CO<sub>2</sub> injected into the T&S Network by the Capture Project;
- (b) Capacity Charge: This charge is based on the Capture Project's reserved capacity on the T&S Network; and
- (c) Network Charge: This charge covers the remainder of the Capture Project's share of the T&S allowed revenue (i.e. the amount that the T&S Operator is entitled to recover in accordance with its licence).

## 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 in excess of costs associated with access to the T&S Network. Further details will be provided in due course as the TAA is further developed.

## Contract Protections

### Change in Law

DESNZ is considering whether or not any limited change in law protection should be included within the TAA. The precise approach remains under review and will be subject to further development.

## Cross-chain Risks

DESNZ is considering the risk allocation mechanisms currently included within CCUS Business Model Contracts, including cross-chain risk protections. Any potential support that may be provided in relation to cross-chain risks would be considered on a case-by-case basis and it will have to be clearly evidenced that such support is essential for a project to sign a TAA. Further information is set out below.

### **T&S Commissioning Delay**

DESNZ is considering the interface risks between the Capture Project and the T&S Network, including the impact of delays to the construction and commissioning of the T&S Network, noting that DESNZ expects that for the ECC Teesside Selection Process, Capture Projects will have more certainty regarding the commissioning of the T&S Network than has been the case in previous allocation rounds. DESNZ is considering the application of existing provisions under the CCUS Business Model contracts and whether it would be appropriate to include similar provisions in the TAA.

The TAA is likely to include provisions relating to the deferral of certain obligations and the extension of deadlines as a result of a T&S Commissioning Delay Event.

However, DESNZ is minded **not** to provide any forms of cost recovery in the case of a T&S Commissioning Delay Event.

### **T&S Outages, T&S Capacity Constraints and T&S prolonged unavailability**

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 considered on a case-by-case basis and it will have to be clearly evidenced that such support is essential for a project to sign a TAA. If there is prolonged unavailability of the T&S Network then there will likely be a termination right for the TAA Counterparty.

### **Force Majeure Relief**

The TAA is likely to follow the provisions of other CCUS Business Model Contracts, whereby the Capture Project will be entitled to day-for-day extensions of time during the construction period (pre-Start Date) and relief from performance of its TAA obligations where a force majeure event occurs which is beyond the Capture Project's control and which could not have been reasonably avoided or overcome by the Capture Project.

As with other CCUS Business Model Contracts, such protection will not apply where the relevant event is caused by the Capture Project's fault or negligence, or where the relevant

event occurred before the Agreement Date. The T&S Outage Events, T&S Commissioning Delay Events and T&S prolonged unavailability events will also be excluded from the Force Majeure protection and will be subject to a separate regime under the TAA.

### Dispute Resolution Procedure

The TAA is likely to follow the dispute resolution procedure detailed in the AR7 CfD and the CCUS Business Model Contracts, with disputes escalated to a meeting of senior representatives followed by final resolution by expert determination or arbitration. DESNZ is considering whether any specific amendments to the dispute resolution procedure are required in the context of the TAA.

## Other

### Network Code

The Network Code was developed as a minimum viable product, reflecting an environment where initial projects would be supported by a CCUS Business Model contract.

DESNZ is now considering what updates may be required, to recognise that Capture Projects may now seek T&S Network Access under the TAA contract, which, unlike other business models, will be designed to provide network access with limited further support. These may include changes to differentiate requirements between the TAA and other CCUS Business Model Contracts, for example relating to financial security provisions, liability caps and delay liquidated damage provisions.

DESNZ acknowledges that some minor/ancillary Network Code changes will likely be required to enable holders of TAAs to accede. However, Capture Projects applying under the TAA should expect to accede to the Network Code without reliance on changes to the existing architecture (e.g. capacity booking products, charging structure and Code Agreements).

### GGR Methodologies

Capture Projects applying under the TAA may include projects generating Greenhouse Gas Removals (GGRs). HMG is currently working to develop detailed methodologies for GGR projects, due to be published in 2027. Capture Projects generating GGRs will be required to comply with these methodologies for the purpose of quantification of removals and monitoring, reporting and verification (MRV).

### Provision of Information

The position surrounding provision of information in the TAA is likely to be based on the AR7 CfD and the CCUS Business Model Contracts. DESNZ is considering: (i) the details of any specific information the Capture Project will have to provide to the TAA Counterparty; and (ii) how the Capture Project's information can be used by the TAA Counterparty.

## Confidentiality

The confidentiality provisions in the TAA are likely to be based on the AR7 CfD and the CCUS Business Model Contracts. This will reflect the principle that no provision of the TAA will be considered to be confidential, and thus either Party will be free to disclose any such provision. This will extend to the Project-specific provisions that are included in the front-end agreement of the TAA. However, this ability to disclose is likely to exclude:

- (a) "Capture Project Confidential Information" which includes:
  - (i) commercially sensitive information such as corporate strategy or proprietary information;
  - (ii) certain categories of information disclosed during negotiations (to be specified); and
  - (iii) any information that emerges in relation to any negotiations, discussions and correspondence in connection with the TAA.
- (b) "TAA Counterparty Confidential Information" which includes all information relating to government policy relevant to the TAA which the Capture Project, or any of its representatives, receives in relation to the TAA.

The TAA Counterparty / Capture Project will not be permitted to disclose or make use of such Capture Project Confidential Information / TAA Counterparty Confidential Information without the other Party's written consent, unless the TAA Counterparty / Capture Project (as applicable) plans to use / disclose that information to fulfil one of the permitted purposes set out in the TAA. DESNZ is considering: (i) the specific permitted purposes required for the TAA; and (ii) what project-specific information (other than the information set out in the front-end agreement of the TAA) will be published.

## Variation

The TAA is likely to follow the variation procedure detailed in the AR7 CfD and the CCUS Business Model Contracts and will reflect the principle that neither the Capture Project nor the TAA Counterparty will be permitted to vary the provisions of the TAA unless such variation is in writing and signed by each Party. However, it is anticipated this restriction on variation will be subject to the operation of the 'Change in Applicable Law' procedure and the 'Change of Control' procedure (which are likely to follow the equivalent procedures detailed in the AR7 and the CCUS Business Model Contracts).

## Assignment

A Capture Project will not be permitted to transfer or assign its rights or obligations under the TAA unless it has obtained the TAA Counterparty's prior written consent to such transfer / assignment. Any transfer effected, or purported to be effected, in breach of this restriction shall be ineffective and void and will give the TAA Counterparty the right to terminate the TAA.

However, a Capture Project will be permitted to assign all (but not part only) of its rights and benefits under the TAA by way of security to or in favour of a lender, by giving advance written notice to the TAA Counterparty.

### Transfers (i.e., Change of Control)

The TAA is likely to follow the transfer procedure detailed in the AR7 CfD and the CCUS Business Model Contracts and will reflect the general principle that neither Party may:

- (a) assign any rights or benefits under the TAA or any other TAA Document;
- (b) make a declaration of trust in respect of or enter into any arrangement where it agrees to hold on trust for any person all or any of its rights or benefits under the TAA or any other TAA document; or
- (c) transfer any or all of its obligations under the TAA or any TAA Document, without the prior consent of the other Party.

DESNZ is considering what (if any) transfers or assignments will be exempt from the above position, whether in respect of the TAA Counterparty or the Capture Project.

### Boilerplate Provisions

The TAA will contain standard boilerplate and other miscellaneous provisions, largely following the AR7 CfD and the CCUS Business Model Contracts, including provisions relating to:

- (i) intellectual property rights;
- (ii) cyber security;
- (iii) supply chain reporting;
- (iv) marketing, publicity or communication;
- (v) notices;
- (vi) excluded losses and liabilities;
- (vii) limited recourse; and
- (viii) governing law.

## Definitions/Glossary

<b>Term</b>	<b>Description</b>
Capture Project	means the corporate body that enters into a TAA in relation to a specific CCUS project
CCUS	Carbon Capture, Usage and Storage
CCUS Business Model Contracts	means the contracts entered into in relation to the CCUS Programme
CCUS Programme	means HMG's programme relating to CCUS
Code Agreement	means the agreement the Capture Project has entered into, or acceded to, which makes the Network Code binding on such Capture Project
DESNZ	Department for Energy Security and Net Zero
ECC	East Coast Cluster
GGRs	Greenhouse Gas Removals
HMG	His Majesty's Government
ICPs	Initial Conditions Precedent
MRV	means monitoring, reporting and verification
Network Code	means the network code that the Capture Project is required to comply with to access the T&S Network
OCPs	Operational Conditions Precedent
Parties	means the Capture Project and the TAA Counterparty
Selection Process	means a formal, government-run competitive assessment process used to determine which projects are granted access to T&S capacity, and, where required, which Projects receive support through the CCUS Business Models
Start Date	means the start date of the TAA confirmed by the TAA Counterparty to the Capture Project once all OCPs have been fulfilled (or waived)
T&S	Transport and Storage

T&S Charges	means the charges payable by the CO <sub>2</sub> supplier or Capture Project to the T&S Operator in relation to the T&S Network
T&S Commissioning Delay Event	means an event or circumstance which occurs prior to the Start Date that prevents or delays the development, construction, completion, commissioning and/or operation of the relevant T&S Network
T&S Connection Agreement	means the agreement between the relevant T&S Operator and the Capture Project relating to the export of CO <sub>2</sub> to the relevant T&S Network
T&S Construction Agreement	means the agreement between the relevant T&S Operator and the Capture Project relating to the construction of infrastructure connecting the project to the relevant T&S Network
T&S Network	means the network for the transport and storage of CO <sub>2</sub> owned by a T&S Operator in the United Kingdom
T&S Operator	means a licensed company operating and maintaining a T&S Network
T&S Outage Event	means an event or circumstance affecting the relevant T&S Network that prevents the project from accessing the full entry capacity to the relevant T&S Network that the Capture Project has reserved under the T&S Connection Agreement
TAA	Transition Access Agreement
TAA Counterparty	means the party that enters into and is responsible for administering the TAA in relation to a specific project
UK GGR Standard	HMG's standard and methodologies for the quantification, monitoring, reporting verification, accreditation and issuance of greenhouse gas removal credits

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