October 2026

# TRANSITION ACCESS AGREEMENT

# INDICATIVE HEADS OF TERMS

These Heads of Terms are preliminary and indicative draft terms for the Transition Access Agreement ("**TAA**"). They reflect the outcome of ongoing policy work and stakeholder engagement in relation to the TAA and remain subject to further financial, legal and technical review. They provide a framework for the principal terms and conditions that will, or are expected to be, included in the TAA and do not constitute definitive drafting of the TAA's terms.

The TAA is a new contract being introduced to enable capture projects who do not require the level of support provided by one of the current CCUS Business Model Contracts to connect to the T&S Network and have been selected to proceed to further negotiations under a selection process run by the Department for Energy Security and Net Zero ("**DESNZ**"). While in development, the TAA will offer at a minimum access to the T&S Network and a set registered capacity on the T&S Network.

These Heads of Terms do not indicate any willingness or agreement on the part of DESNZ to enter into, or procure the entry into, a TAA. These Heads of Terms do not constitute an offer and are not capable of acceptance. They do not create a basis for any form of expectation or reliance.

In connection with the above, as these Heads of Terms are preliminary and indicative only, the provisions set out below are subject to further consideration and development by the government, and approval by Ministers, in consultation with relevant regulators and the devolved administrations, as well as the development and Parliamentary approval of any necessary legislation, and completion of necessary contractual documentation. Those provisions and terms which require particular consideration and development (including where DESNZ is yet to make decisions relating to policy matters, commercial issues, risk allocation, and the allocation of the TAA) have been square bracketed (with footnotes) in the Heads of Terms. DESNZ reserves the right to review and amend these square bracketed provisions, and all other provisions set out in the Heads of Terms for any reason, and in particular to ensure that proposals provide value for money and are consistent with subsidy control principles.

These Heads of Terms have been developed on the basis that a project will connect via a pipeline to the T&S Network. DESNZ is also considering what amendments may be required to the TAA in future, if a Capture Entity is to use Non-Pipeline Transport ("**NPT**").

## SECTION A – FRONT END AGREEMENT

| No. | Subject | Terms |
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| **1.** | Contract Structure | The contract structure of the TAA will likely follow the AR8 CfD and the other CCUS Business Model Contracts, where each agreement comprises two instruments: (i) the front end agreement; and (ii) the standard terms and conditions.<br><br>The front end agreement will be a bespoke document that contains project-specific information relating to each Capture Entity. 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. Capture Entities who are allocated a TAA will sign the front end agreement, which will then incorporate the standard terms and conditions. |

## SECTION B – STANDARD TERMS AND CONDITIONS

| No. | Subject | Terms |
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| **1.** | Parties | The parties to the TAA will be the TAA Counterparty and the Capture Entity (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.<br><br>The entity best placed to contract with the Capture Entity as the TAA Counterparty is still under consideration. However, it is anticipated that the TAA Counterparty will be a private law company appointed by DESNZ. |
| **2.** | Technology Type | The TAA will include generic standard terms and conditions designed to be technology agnostic as well as a front end agreement which includes specific provisions designed with each project and technology type in mind. For example, there may be interaction with other support schemes. |
| **3.** | **Term, Milestone Requirement and Conditions Precedent** | |
| 3.1. | Term and Specified Expiry Date | The TAA will have a contract term of up to ten (10) years. This reflects: (i) a balance between providing certainty to Capture Entities 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.<br><br>There will not be 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 straightforward contractual structure, as extension clauses would introduce additional complexity. The [Facility] 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. |

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| | | The TAA will expire on the tenth (10th) anniversary of the earlier of:<br>(a) the Start Date; and<br>(b) the last day of the Target Commissioning Window. |
| 3.2. | Commencement | The TAA term will commence on the earlier of the "Start Date" and the last day of a specified Target Commissioning Window of [twelve (12) months][1] (which will be adjusted day-for-day for any delays that occur due to "Force Majeure" and/or any "T&S Commissioning Delay Events", discussed in further detail below).<br><br>If the Capture Entity fails to commission the [Facility] by the end of the Target Commissioning Window, the term of the TAA will commence and the ten (10) year term will start to erode. This incentivises the relevant Capture Entity to commission the [Facility] as soon as reasonably practicable following the execution of the TAA, but no earlier than the first day of the Target Commissioning Window. |
| 3.3. | Initial Conditions Precedent | The TAA will include two sets of conditions precedent, the "Initial Conditions Precedent" ("**ICPs**") and the "Operational Conditions Precedent" ("**OCPs**"), similar to the AR8 CfD and the other CCUS Business Model Contracts.<br><br>The ICP provisions will require the Capture Entity to meet certain legal and regulatory requirements and conditions relating to the TAA as soon as reasonably practicable and in any event by the ICP deadline (expected to be twenty (20) Business Days after the Agreement Date, other than for any ICPs that may be waived by the TAA Counterparty, in its absolute discretion). ICPs will need to be evidenced in a form and content satisfactory to the TAA Counterparty.<br><br>The decision as to 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.<br><br>Examples of ICPs which may be applicable to all Capture Entities include:<br><br>(a) evidence of compliance with "know your customer" or similar identification procedures; |

[1] Note to Reader: The duration of the Target Commissioning Window remains subject to further consideration by DESNZ.

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| | | (b) a legal opinion addressed to the TAA Counterparty confirming the capacity and the authority of the Capture Entity to enter into the TAA;<br><br>(c) a description of the [Facility] [and any applicable non-pipeline transport infrastructure][2];<br><br>(d) evidence that the relevant planning permissions have been obtained;<br><br>(e) evidence that the Capture Entity has entered into or obtained the T&S Connection Agreement, the T&S Construction Agreement and the Code Agreement or Code Accession Agreement (as applicable);<br><br>(f) supporting documents including the Capture Entity'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; and<br><br>(g) [*others*].[3]<br><br>Examples of additional ICPs which may be applicable to NPT projects include:<br><br>(a) [*others*][4];<br><br>Failure to satisfy any ICP by the ICP deadline will constitute a termination right for the TAA Counterparty. |
| 3.4. | Milestone Requirement | The Capture Entity will be required to demonstrate within a certain period of time that it is committed to the [Project][5] by evidencing (similar to the AR8 CfD and the other CCUS Business Model Contracts requirements):<br><br>(a) an actual spend of at least [ten per cent (10%)] of "Total [●] Pre-Commissioning Costs"; or<br><br>(b) fulfilment of specified "[●] Commitments",<br><br>each a ("**Milestone Requirement**").<br><br>The purpose of the Milestone Requirement is to deter speculative or underdeveloped projects from entering |

[2] Note to Reader: DESNZ is considering the scope of any applicable NPT elements which should be included in this ICP.
[3] Note to Reader: Further Initial Conditions Precedent may be required. The above Initial Conditions Precedent are preliminary only. DESNZ is considering the full list of Initial Conditions Precedent.
[4] Note to Reader: Further Initial Conditions Precedent may be required in relation to NPT Projects specifically. DESNZ is considering the full list of Initial Conditions Precedents which may be applicable to NPT Projects in the context of the TAA.
[5] Note to Reader: DESNZ is considering the scope of the Milestone Requirement, including how the Capture Entity will demonstrate that it is committed to the project.

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| | | into a TAA and to ensure that budget remains committed only to projects that demonstrate sufficient progress. The TAA Counterparty will be responsible for determining the robustness of the evidence submitted by the Capture Entity.<br><br>The Capture Entity will be required to fulfil the Milestone Requirement prior to the Milestone Delivery Date. The date by which the Milestone Requirement must be met will be adjusted day-for-day for any delays that occur due to Force Majeure and/or T&S Commissioning Delay Events, similar to the extension of periods relating to the Target Commissioning Window and the Longstop Date (see item 3.2 (*Commencement*), item 3.6 (*T&S Commissioning Delay Relief*) and item 4.1 (*Pre-Start Date Termination*)). |
| 3.5. | Operational Conditions Precedent | The TAA will include OCPs which must be satisfied by the Capture Entity for the Start Date to occur (unless waived by the TAA Counterparty, in its absolute discretion). The Start Date is an important term within the TAA to ensure that projects are delivered on time and as expected as at the Agreement Date.<br><br>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].<br><br>Examples of OCPs which may be applicable to all Capture Entities include:<br><br>(a) evidence that all necessary metering and settlement arrangements are in place[6];<br><br>(b) a date and time stamped copy of the metering schematic diagram showing the locations of the $CO_2$ metering equipment (where applicable);<br><br>(c) evidence of compliance with "know your customer" or similar identification procedures;<br><br>(d) evidence that the [Facility] has connected to the relevant T&S Network and the captured $CO_2$ complies with the relevant standards to enable the export of $CO_2$ to the T&S Network; |

[6] Note to Reader: The details of the relevant requirements may vary depending on the sector within which the Capture Entity operates.

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| | | (e) evidence that any applicable $CO_2$ sampling and reporting methodologies have been agreed and documented in a monitoring plan;<br><br>(f) evidence that the $CO_2$ T&S flow rate achieved during the OCP Performance Test is at least [*threshold to be determined*] per cent ([●]%) of the Capture Entity's Registered Capacity;<br><br>(g) delivery to the TAA Counterparty of a subsidy control declaration; and<br><br>(h) [*others*].[7][8]<br><br>Examples of additional OCPs which may be required for certain types of Capture Entities include[9]:<br><br>(a) [for Capture Entities which intend to generate GGR Credits], evidence that the [Facility] can produce GGR Credits which comply with the UK GGR Standard; and<br><br>(b) [*others*][10].<br><br>Examples of additional OCPs which may apply to NPT Projects include:<br><br>(c) [*others*][11];<br><br>Failure to satisfy any OCP by the OCP deadline (to be agreed in the TAA) will constitute a termination right for the TAA Counterparty. |
| 3.6. | T&S Commissioning Delay Relief | The TAA will include provisions relating to the deferral of certain obligations and the extension of deadlines as a result of a T&S Commissioning Delay Event (e.g. the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date) – see item 3.2 (*Commencement*) and item 3.4 (*Milestone Requirement*) above. |

[7] Note to Reader: Further Operational Conditions Precedent may be required. The above Operational Conditions Precedent are preliminary only. DESNZ is considering the full list of Operational Conditions Precedents.
[8] Note to Reader: DESNZ is considering additional Operational Conditions Precedent for Capture Entities that are dependent on other government support schemes, such as the Revenue Certainty Mechanism, which is under development by the Department for Transport. DESNZ is also considering the deadlines associated with these Operational Conditions Precedent, whether an earlier deadline may be appropriate and whether other mechanisms within the TAA may require adjustment.
[9] Note to Reader: These OCPs may apply to Capture Entities depending on the sector within which it operates.
[10] Note to Reader: Further sector-specific Operational Conditions Precedent may be required.
[11] Note to Reader: Further Operational Conditions Precedent may be required in relation to NPT Projects specifically. DESNZ is considering the full list of Operational Conditions Precedents which may be applicable to NPT Projects in the context of the TAA.

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| **4.** | **Termination and Consequences of Termination** | |
| 4.1. | Pre-Start Date Termination | The TAA will contain various rights (but not obligations) for the TAA Counterparty to terminate the TAA prior to the occurrence of the Start Date where the Capture Entity fails to make sufficient progress in developing the [Facility]. Such rights will ensure that T&S Network capacity is not committed indefinitely to a project that has no realistic prospect of being commissioned.<br><br>The TAA will include the right for the TAA Counterparty to terminate the TAA where:<br><br>(a) **Initial Conditions Precedent:** the Capture Entity fails to fulfil the Initial Conditions Precedent within twenty (20) Business Days of the Agreement Date (subject to any waiver by the TAA Counterparty);<br><br>(b) **Milestone Requirement:** the Capture Entity fails to fulfil the Milestone Requirement before the Milestone Delivery Date ([*relevant time period to be determined*][12] after the Agreement Date). The Milestone Delivery Date will be adjusted day-for-day for any delays that occur due to a [Force Majeure and/or a T&S Commissioning Delay Event];[13]<br><br>(c) **Longstop Date:** the Capture Entity fails to satisfy the Operational Conditions Precedent by a specified "Longstop Date" (subject to any waiver by the TAA Counterparty). The Longstop Date will be adjusted day-for-day for any delays that occur due to a [Force Majeure and/or a T&S Commissioning Delay Event];[14]<br><br>(d) **Prolonged Force Majeure:** where there is a prolonged Force Majeure event (please see item 4.8 (*Termination for Prolonged Force Majeure*));<br><br>(e) **T&S Prolonged Unavailability Event:** where there is a T&S Prolonged Unavailability Event (please see item 4.10 (*Termination for Prolonged T&S Unavailability*)); |

[12] Note to Reader: The Milestone Delivery Date remains subject to further consideration by DESNZ.
[13] Note to Reader: DESNZ is considering the relevant events that trigger an adjustment to the Milestone Requirement further.
[14] Note to Reader: DESNZ is considering the relevant events that trigger an adjustment to the Longstop Date further.

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| | | (f) **Capture Entity Default Termination Event prior to the Start Date:** at any time prior to the Start Date, where a Capture Entity Default Termination Event has occurred and is continuing; and<br><br>(g) [*others*].[15] |
| 4.2. | Consequences of Pre-Start Date Termination | If the TAA is terminated pre-Start Date (as summarised in item 4.1 (*Pre-Start Date Termination*)) [*consequences to be determined*].[16] |
| 4.3. | Capture Entity Default Termination Event | The default termination provisions in the TAA will give the TAA Counterparty the right to terminate the TAA for Capture Entity events of default comprising: (a) insolvency; (b) breach of key obligations relating to ownership of the [Facility]; (c) assignment without consent; (d) acts of fraud; (e) breach of key obligations relating to metering; (f) non payment which is not rectified within a specified cure period; and (g) CCS Network Code cross-default, where the Capture Entity ceases to be a User under the CCS Network Code. Each shall constitute a Capture Entity Default Termination Event.<br><br>The TAA will also include other default termination events that are specific to the TAA business model. Such termination events will include termination for prolonged limited flow of $CO_2$ injected into the T&S Network by the Capture Entity (see item 4.4 below) and the sale of GGR Credits which are not compliant with the UK GGR Standard (see item 4.5 below).<br><br>In addition, the TAA is likely to include other termination events such as the provision of misleading $CO_2$ measurement data and breach of specific MRV requirements. |
| 4.4. | Termination for prolonged limited flow of $CO_2$ injected into the T&S Network | The TAA Counterparty will also have the right to terminate the TAA for a Capture Entity Default Termination Event if the quantity of $CO_2$ injected into the T&S Network by the Capture Entity falls below [*a threshold to be determined*] for [*relevant time period to be determined*].[17]<br><br>Such right will be included to ensure that continuously underperforming Capture Entities do not prevent other users from accessing available capacity in the T&S Network. However, the Capture Entity will be relieved from liability and deemed not to be in breach if its failure to meet or exceed the relevant minimum threshold is directly attributable to a T&S Outage Event. |

[15] Note to Reader: DESNZ is considering whether other termination events will be included in the TAA.
[16] Note to Reader: The consequences of pre-Start Date termination remain subject to further consideration by DESNZ.
[17] Note to Reader: DESNZ is considering (i) the relevant threshold and associated time period that will trigger this termination right; (ii) how this will be measured and reported by the Capture Entity; and (iii) any amendments that would be required to this mechanism to account for different types of projects.

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| 4.5. | Termination due to sale of GGR Credits which are not compliant with the UK GGR Standard | The TAA Counterparty will also have the right to terminate the TAA for a Capture Entity Default Termination Event if the Capture Entity sells GGR Credits which (i) are not issued and verified in accordance with the UK GGR Standard and/or (ii) are not issued into an Approved Registry.[18] |
| 4.6. | Consequences of Capture Entity Default Termination Event (including termination for prolonged limited flow of $CO_2$ injected into the T&S Network by the Capture Entity and termination for sale of GGR Credits which are not compliant with the UK GGR Standard) | If a Capture Entity Default Termination Event (including termination for prolonged limited flow of $CO_2$ injected into the T&S Network by the Capture Entity and termination for sale of GGR Credits which are not compliant with the UK GGR Standard) occurs after the Start Date and the TAA Counterparty terminates the TAA, the Capture Entity will be obliged to pay the TAA Counterparty a "Default Termination Payment" (see item 11.3 *below*). |
| 4.7. | No Capture Entity termination right | The Capture Entity will not be entitled to terminate the TAA unilaterally. |
| 4.8. | Termination for Prolonged Force Majeure | A prolonged Force Majeure termination right will arise if a prolonged Force Majeure event that first occurs between the Agreement Date and the Milestone Satisfaction Date, prevents or delays the development, construction, completion, testing or commissioning of the [Facility] for at least [*relevant time period to be determined*][19] after the Agreement Date.<br><br>If such circumstances arise, the TAA Counterparty will have the right to terminate the TAA while the prolonged Force Majeure event is still ongoing. Such right will be included to ensure that T&S Network capacity is not committed indefinitely to a project that has no realistic prospect of being commissioned due to a continuing, unresolved Force Majeure. |
| 4.9. | Consequence of Termination for Prolonged Force Majeure | A termination for prolonged Force Majeure will occur on a no-liability basis given the non-fault nature of the event. |
| 4.10. | Termination for T&S Prolonged Unavailability | The TAA will include a TAA Counterparty termination right in the event that a T&S Prolonged Unavailability Event (see below) prevents the [Facility] from exporting its $CO_2$ to the T&S Network for a prolonged period of time [*to be determined*][20]*.* This termination right will allow an appropriate period of time for the fault in the relevant T&S Network to be rectified or, if that is not possible, an Alternative T&S Network Solution Plan to be put in place.<br><br>A "**T&S Prolonged Unavailability Event**" will likely be defined as the occurrence of: |

[18] Note to Reader: This termination right is being further considered by DESNZ alongside the development of the GGR Business Model.
[19] Note to Reader: The time period which will constitute a prolonged Force Majeure termination event remains subject to further consideration by DESNZ.
[20] Note to Reader: The time period which will constitute a T&S Prolonged Unavailability termination event remains subject to further consideration by DESNZ.

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| | | (a) a Full T&S Outage Event[21] which lasts for at least six (6) months;<br><br>(b) a T&S Commissioning Delay Event which lasts for at least six (6) months; or<br><br>(c) a "**T&S Cessation Event",** being any one of the following:<br><br>(i) a notice of discontinuation is issued by the Secretary of State to the T&S Operator pursuant to the discontinuation agreement entered into between the T&S Operator and the Secretary of State; or<br><br>(ii) the licence of the T&S Operator to operate the T&S Network is (i) revoked; and (ii) not transferred to a substitute T&S Operator, such that the T&S Network ceases to operate or the Capture Entity is no longer able to connect to the T&S Network.<br><br>Where such an event occurs, the TAA Counterparty may issue a notice to the Capture Entity (a "**T&S Prolonged Unavailability Event Notice**"), which will specify the date on and from which the TAA Counterparty has the right to terminate the TAA the ("**T&S Prolonged Unavailability Remediation Deadline**"). The TAA Counterparty shall be obliged to issue a T&S Prolonged Unavailability Event Notice where a T&S Prolonged Unavailability Event has been continuing for a continuous period of twelve (12) months.<br><br>The T&S Prolonged Unavailability Remediation Deadline will be [thirty (30)] months[22] after the date of the T&S Prolonged Unavailability Event Notice.<br><br>Subject to the conditions and procedure which will be set out in the TAA, the TAA Counterparty shall have the right to terminate the TAA if the T&S Prolonged Unavailability Event is continuing after the T&S Prolonged Unavailability Remediation Deadline and the Capture Entity has been unable to provide a feasible Alternative T&S Network Solution Plan. |

[21] Note to Reader: Substantial constraints may also give rise to a termination event if they constitute a Full T&S Outage Event, which may in turn result in a T&S Prolonged Unavailability Event.

[22] Note to Reader: The applicable timeframe remains subject to consideration and development by DESNZ.

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| | | The TAA Counterparty will have the right to suspend payment of any amounts payable to the Capture Entity under the TAA where the Capture Entity fails to comply with certain key T&S Prolonged Unavailability Event obligations.[23] |
| 4.11. | Consequence of Termination for Prolonged T&S Unavailability | If the TAA is terminated as a result of a T&S Prolonged Unavailability Event, such termination will be on a no liability basis.<br><br>DESNZ will not provide any compensation or cost recovery in the case of a T&S Prolonged Unavailability Event (including where the TAA is terminated as a result of a T&S Prolonged Unavailability Event). |
| 4.12. | [Other termination rights] | DESNZ is considering the applicability of other termination rights to the TAA. |
| 4.13. | Qualifying Change in Law Termination | The TAA Counterparty may terminate the TAA if a Qualifying Change in Law occurs which:<br><br>(a) occurs prior to the Start Date and permanently prevents the Capture Entity from commissioning the [T&S Access Assets] by virtue of the necessary construction, conversion, installation, testing, completion or commissioning of the [T&S Access Assets] becoming illegal (a "**QCiL Construction Event**");<br><br>(b) (i) occurs on or after the Start Date and permanently prevents the Capture Entity from operating the [T&S Access Assets] by virtue of such operation becoming illegal; or (ii) HMG or a government authority imposes a requirement which permanently prevents the [T&S Access Assets] from operating or refuses to give approval, for a period exceeding [twenty-four (24) months], to a request to re-start operations of the [T&S Access Assets], subject to certain exceptions (a "**Qualifying Shutdown Event**"), (each a "**QCiL Operations Cessation Event**"); or<br><br>(c) gives rise to or results in eligible out-of-pocket costs being incurred by the Capture Entity arising directly as a result or in anticipation of such Qualifying Change in Law being implemented, occurring or becoming effective and the amount of compensation that would otherwise be payable is greater than the amount that would be paid to the Capture Entity if such Qualifying Change in Law were to have constituted an event under sub-paragraphs (a) or (b) above, as applicable. |

[23] Note to Reader: DESNZ is considering whether this process and the relevant timeframes remain appropriate for the TAA.

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| | | If the TAA Counterparty terminates the TAA pursuant to paragraph (a), (b) or (c) above, the TAA Counterparty shall pay QCiL compensation to the Capture Entity (see items 4.14 and 4.15 below). |
| 4.14. | Consequence of Termination for QCiL Construction Event | In the event that the TAA is terminated as a result of a QCiL Construction Event, the Capture Entity will receive compensation for certain irrecoverable and unavoidable out-of-pocket costs which have been, will be or are reasonably likely to be incurred in respect of the Capture Entity's access to the T&S Network arising directly from the QCiL Construction Event. Such costs will comprise:<br><br>(a) [contractual break costs attributable to the [T&S Access Assets];<br><br>(b) financial break costs attributable to the [T&S Access Assets]; and<br><br>(c) T&S Charges payable after the Discontinuance Date,] [24]<br><br>with such compensation reduced to reflect: (i) any savings made by the Capture Entity in relation to the QCiL Construction Event attributable to the [T&S Access Assets] (including avoided out-of-pocket costs, reliefs from or reductions in a QCiL tax liability and insurance proceeds); and (ii) any other compensation received by the Capture Entity in relation to a QCiL Construction Event attributable to the [T&S Access Assets] (including under any other Approved Scheme of Funding).<br><br>Such compensation will specifically exclude certain costs, such as other compensation payable by the Capture Entity and costs associated with the Capture Entity's financing arrangements for the [Project] (excluding the costs referred to in (b) above). |
| 4.15. | Consequence of Termination for QCiL Operations Cessation Event | In the event that the TAA is terminated as a result of a QCiL Operations Cessation Event, the Capture Entity will receive compensation for certain irrecoverable and unavoidable out-of-pocket costs which have been, will be or are reasonably likely to be incurred in respect of the Capture Entity's access to the T&S Network arising directly from the QCiL Operations Cessation Event. Such costs will comprise:<br><br>(a) [QCiL tax liabilities;<br><br>(b) contractual break costs attributable to the [T&S Access Assets];<br><br>(c) financial break costs attributable to the [T&S Access Assets]; and |

[24] Note to Reader: The scope of QCiL Construction Event costs remains subject to further consideration by DESNZ.

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| | | (d) T&S Charges payable after the Discontinuance Date,] [25]<br><br>with such compensation reduced to reflect: (i) any savings made by the Capture Entity in relation to the QCiL Operations Cessation Event attributable to the [T&S Access Assets] (including avoided out-of-pocket costs, reliefs from or reductions in a QCiL tax liability and insurance proceeds); and (ii) any other compensation received by the Capture Entity in relation to a QCiL Operations Cessation Event attributable to the [T&S Access Assets] (including under any other Approved Scheme of Funding).<br><br>Such compensation will specifically exclude certain costs, such as other compensation payable by the Capture Entity and costs associated with the Capture Entity's financing arrangements for the [Project] (excluding the costs referred to in (b) above). |
| **5.** | **Payments and Billing** | |
| 5.1. | Payment Mechanism | DESNZ is considering the mechanisms by which payments (if required) will be made under the TAA. |
| 5.2. | T&S Charges | The TAA will provide limited cost protection to the Capture Entity in relation to the variance in T&S Charges, subject to certain conditions being met.<br><br>Capture Entities that enter into a TAA will be responsible for all T&S Charges (including the T&S flow charge, the T&S capacity charge and the T&S network charge) that are payable to the relevant T&S Operator, up to an agreed £/t$CO_2$ threshold (the "[**T&S Charges Top-Up Threshold**]"[26]). The T&S Charges Top-Up Threshold will be agreed on a project-by-project basis during negotiations and set out in the front end agreement. The T&S Charges Top-Up Threshold will increase over time at [*rate to be determined*] [27]. Such rate will, at a minimum, be indexed to inflation or set at a higher rate, resulting in a progressive tapering down of the level of T&S Charges support provided to the Capture Entity over time.<br><br>However, where the [aggregate of all][28] T&S Charges payable to the relevant T&S Operator by a Capture Entity exceeds the T&S Charges Top-Up Threshold, a top-up payment will be made by the TAA Counterparty to the Capture Entity under the TAA. DESNZ is considering the specific mechanism and the conditions which will apply in relation to this top-up payment. |

[25] Note to Reader: The scope of QCiL Operation Cessation Event costs remains subject to further consideration by DESNZ.
[26] Note to Reader: This defined term will be confirmed once the mechanism is developed.
[27] Note to Reader: The rate of increase in respect of the T&S Charges Top-Up Threshold is subject to further consideration by DESNZ.
[28] Note to Reader: The mechanism by which T&S Charges will be calculated / aggregated remains subject to further consideration by DESNZ.

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| | | DESNZ is also considering whether payments under the TAA should operate on the basis of "two-way" or "symmetric" payments. |
| 5.3. | Billing and Payment | Once the Start Date has been achieved, the Capture Entity will be required to deliver to the TAA Counterparty statements relating to T&S Charges in each relevant "**Billing Period**" (being a period of one (1) calendar month), no later than [ten (10)] Business Days after the end of each Billing Period, including where no T&S Charges are payable by the Capture Entity. Any top-up payments (referred to in item 5.2 above) will be due to the Capture Entity within [twenty eight (28)] calendar days after receipt of the relevant statement.[29] |
| 5.4. | Set-Off | The TAA will include reciprocal set-off rights for the Capture Entity and the TAA Counterparty (i.e. a Party may reduce the amounts owed by them to the other Party by any amounts that are owed to them by the other Party). |
| 5.5. | T&S Outage Events | If a T&S Outage Event occurs, T&S Charges support (see item 5.2 above) will continue (except where such T&S Outage Event is due to any act, omission, breach or default of the Capture Entity), but the TAA will not offer any other financial support. |

[29] Note to Reader: The time periods in this section are subject to further consideration by DESNZ.

| No. | Subject | Terms |
|---|---|---|
| **6.** | **Compliance Reporting** | |
| 6.1. | GGR methodologies, including Monitoring, Reporting and Verification ("**MRV**") (for GGR projects) | The TAA business model will include requirements that any Capture Entity which generates greenhouse gas removal credits ("**GGR Credits**") will be required to comply with. These will include:<br><br>(a) that all GGR Credits generated by the Capture Entity shall be issued and verified in accordance with the UK GGR Standard; and<br><br>(b) that all GGR Credits generated by the Capture Entity shall be issued into an Approved Registry.[30]<br><br>Where a Capture Entity which did not initially expect to generate GGR Credits at the commencement of the TAA subsequently intends to generate GGR Credits during the TAA term, such Capture Entity will be required to:<br><br>(a) notify the TAA Counterparty of their intention to begin generating GGR Credits; and<br><br>(b) comply with the relevant GGR requirements set out in the TAA.[31] |
| 6.2. | Metering | The TAA will follow the other CCUS Business Model Contracts in respect of relevant $CO_2$ metering obligations. These will include $CO_2$ flow meters and associated composition analysis equipment measuring the quantity of $CO_2$ flowing into the T&S Network.<br><br>The Capture Entity will be required to comply with metering obligations and specifications, to enable (i) the accurate measurement of the flow of $CO_2$ injected into the T&S Network (see item 4.4 above); and (ii) the efficient and accurate allocation of capacity to Capture Entities under the TAA. |
| **7.** | **Change in Law** | |
| 7.1. | Qualifying Change in Law | The TAA will provide limited Qualifying Change in Law ("**QCiL**") protection in relation to a T&S Change in Law which is not foreseeable. A "**T&S Change in Law**" will occur where legislative or regulatory changes directly affect the Capture Entity's access to the T&S Network. Such legislative or regulatory changes may include changes to the CCS Network Code, T&S licensing conditions, or other statutory requirements governing access to or the use of the T&S Network. |
| 7.2. | QCiL Compensation | DESNZ is considering how any payments or compensation relating to a Qualifying Change in Law would be calculated, administered and delivered. The QCiL compensation provisions will broadly follow 'no |

[30] Note to Reader: DESNZ is considering how compliance with these obligations will be assessed and / or monitored in the context of the TAA.
[31] Note to Reader: DESNZ is considering how this mechanism may operate under the TAA.

| No. | Subject | Terms |
|---|---|---|
| | | better, no worse' principles (i.e. to place the parties in the position they would have been in had the QCiL not occurred). Any QCiL compensation will likely be limited to additional capital or operating costs associated with the Capture Entity's access to the T&S Network, including in relation to the [T&S Access Assets].[32] |
| 7.3. | Change in Applicable Law | In line with the AR8 CfD and other CCUS Business Model Contracts, the TAA Counterparty will be entitled to propose amendments to the TAA where any new law, or a change to the manner in which an existing law is interpreted or applied, renders the TAA illegal, invalid, unenforceable or inoperable. |
| **8.** | **Representations, Warranties and Undertakings** | |
| 8.1. | Representations and Warranties | The TAA will require that both the Capture Entity and the TAA Counterparty provide representations and warranties in favour of each other on the Agreement Date and the Start Date. These will cover matters such as:<br><br>(a) corporate status;<br><br>(b) power and authority;<br><br>(c) enforceability;<br><br>(d) non-conflict with other obligations;<br><br>(e) required authorisations;<br><br>(f) no default;<br><br>(g) no litigation;<br><br>(h) no requirement to deduct or withhold; and<br><br>(i) other Capture Entity specific representations and warranties.<br><br>These representations will be deemed to be repeated by the Capture Entity on the Start Date in each case by reference to the facts and circumstances then existing. DESNZ is considering whether further bespoke representations and warranties will be required in the TAA. |
| 8.2. | Capture Entity's General Undertakings | The Capture Entities will be required to provide various general undertakings to the TAA Counterparty, including:<br><br>(a) **Compliance with Laws and Directives:** The Capture Entity shall at all times comply with all laws and directives to which it may be subject, if a failure to do so would have or would |

[32] Note to Reader: DESNZ is considering how QCiL compensation is likely to operate in relation to NPT projects.

| No. | Subject | Terms |
|---|---|---|
| | | reasonably be expected to have a [Material Adverse Effect][33].<br><br>(b) **Required Authorisations:** The Capture Entity shall: (i) promptly obtain all required authorisations; (ii) at all times perform, comply with and satisfy all conditions of, and all obligations and liabilities under, all required authorisations; and (iii) do all that is necessary to maintain in full force and effect all required authorisations, to the extent, in each case, that failure to do so would have or would reasonably be expected to have a [Material Adverse Effect].<br><br>(c) **Industry Documents:** The Capture Entity shall at all times comply with all terms of those industry documents to which it is a party or by which it is bound if failure to do so would have or would reasonably be expected to have a [Material Adverse Effect].<br><br>(d) **Insolvency Action:** The Capture Entity shall not petition, apply for, institute, support or vote for the administration, winding-up or liquidation of the TAA Counterparty or seek any other relief as against the TAA Counterparty under any administration, insolvency or bankruptcy law or similar law affecting creditors' rights generally.<br><br>(e) **Ownership:** The Capture Entity shall at all times be the legal and beneficial owner of the [Facility], subject only to any third party rights arising by reason of any security interest created or subsisting over or in respect of the [Facility].<br><br>The Capture Entity will also be required to give certain undertakings to the TAA Counterparty in relation to more bespoke matters such as access and data rights, operational matters such as planned outages, supply chain reporting and subsidy cumulation. |
| 8.3. | Capture Entity's Metering Undertakings | The Capture Entity will be required to provide metering and measurement undertakings to the TAA Counterparty to ensure consistency with the CCUS Business Model Contracts carbon metering undertakings, as appropriate. These will include the following:<br><br>(a) **Installation and upkeep:** the Capture Entity should ensure that appropriate meters are installed, maintained and in operation at each relevant output stream;<br><br>(b) **Rectification:** the Capture Entity should resolve any metering issues promptly; |

[33] Note to Reader: This definition is subject to further consideration by DESNZ.

| No. | Subject | Terms |
|---|---|---|
| | | (c) **Access:** the Capture Entity should grant access to meters for testing and verification;<br><br>(d) **Risk-mitigation:** the Capture Entity should put in place appropriate measures to mitigate the risk of omission, misrepresentation or error in all metering and other data flows; and<br><br>(e) [*others*][34]. |
| **9.** | **Force Majeure** | |
| 9.1. | Force Majeure Relief | The Capture Entity will be entitled to day-for-day extensions of time (pre-Start Date) and relief from performance of its TAA obligations where a Force Majeure event occurs which is beyond the Capture Entity's control and which could not have been reasonably avoided or overcome by the Capture Entity.<br><br>As with the AR8 CfD and other CCUS Business Model Contracts, such protection will not apply where the relevant event is caused by the Capture Entity's fault or negligence, or where the relevant event occurred before the Agreement Date. The 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 separate regimes under the TAA. |
| **10.** | **Other** | |
| 10.1. | Reporting and Confidentiality | The confidentiality provisions in the TAA will be based on the AR8 CfD and the CCUS Business Model Contracts and 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 Capture Entity-specific provisions that are included in the front end agreement of the TAA (including, for example, the Longstop Date). However, this ability to disclose will exclude:<br><br>(a) "**Capture Entity Confidential Information**" which includes:<br><br>(i) commercially sensitive information such as corporate strategy or proprietary information;<br><br>(ii) any information that is disclosed during negotiations in relation to whether a QCiL has in fact occurred or not; and<br><br>(iii) any information that emerges in relation to any negotiations, discussions and correspondence in connection with the TAA. |

[34] Note to Reader: DESNZ is considering whether any further metering requirements may apply.

| No. | Subject | Terms |
|---|---|---|
| | | (b) "**TAA Counterparty Confidential Information**" which includes all information relating to HMG policy relevant to the TAA which the Capture Entity, or any of its representatives, receives in relation to the TAA.<br><br>The TAA Counterparty / Capture Entity will not be permitted to disclose or make use of such Capture Entity Confidential Information / TAA Counterparty Confidential Information without the other Party's written consent, unless the TAA Counterparty / Capture Entity (as applicable) plans to use / disclose that information to fulfil one of the permitted purposes set out in the TAA.<br><br>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. |
| 10.2. | Provision of Information | The position surrounding provision of information in the TAA will be based on the AR8 CfD and the CCUS Business Model Contracts. DESNZ is considering: (i) the details of any specific information the Capture Entity will have to provide to the TAA Counterparty and (ii) how the Capture Entity's information can be used by the TAA Counterparty. |
| 10.3. | Assignment | A Capture Entity will not be permitted to transfer or assign its rights or obligations under the TAA unless:<br><br>(a) it has obtained the TAA Counterparty's prior written consent to such transfer / assignment; and<br><br>(b) it transfers ownership of the [Facility] to the same transferee at the same time as the TAA is transferred/assigned.<br><br>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.<br><br>However, a Capture Entity 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. |
| 10.4. | Variation | The TAA will follow the variation procedure detailed in the AR8 CfD and the CCUS Business Model Contracts and will reflect the principle that neither the Capture Entity 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 |

| No. | Subject | Terms |
|---|---|---|
| | | the operation of the 'Change in Applicable Law' procedure and the 'Change Control' procedure (which will follow the equivalent procedures detailed in the AR8 CfD and the CCUS Business Model Contracts). |
| 10.5. | Dispute Resolution Procedure | The TAA will follow the dispute resolution procedure detailed in the AR8 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. |
| 10.6. | Subsidy Control | The TAA will include a prohibition on subsidy cumulation and an obligation for the Capture Entity to repay any subsidy it receives other than the TAA subsidy (with specified exemptions).<br><br>The TAA will reflect particular carve-outs to the no cumulation of subsidy position, provided that support is not given for the same costs (e.g. T&S Charges support). DESNZ is further considering its approach to subsidy cumulation in respect of charges that may be eligible for subsidy under both the TAA and another subsidy scheme. This is to ensure that the TAA is compliant with relevant subsidy control rules.<br><br>Subject to any such carve-outs, a breach of the subsidy cumulation warranty or a failure to comply with the subsidy cumulation undertaking will give the TAA Counterparty the right to suspend all payments under the TAA. |
| 10.7. | Limited Recourse Arrangements | Any payments under the TAA business model will be taxpayer funded (including the payment of T&S Charges), where the liability of the TAA Counterparty will be limited. DESNZ is considering the funding mechanism by which the TAA Counterparty will receive funding from HMG for the purposes administering the TAA. |
| 10.8. | Boilerplate Provisions | The TAA will contain standard boilerplate and other miscellaneous provisions, largely following the AR8 CfD and the CCUS Business Model Contracts, including provisions relating to:<br>(a) intellectual property rights;<br>(b) cyber security;<br>(c) marketing, publicity or communication;<br>(d) notices;<br>(e) excluded losses and liabilities; and<br>(f) governing law. |

| No. | Subject | Terms |
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| 10.9. | Capture Entity's Supply Chain Reporting | The TAA is expected to follow the proposed supply chain reporting requirements in the CCUS Business Model Contracts.[35] This will require the Capture Entity to report on economic benefits and its supply chain to the TAA Counterparty at specified deadlines. A breach of the relevant reporting obligations may result in a fee being levied against the Capture Entity. |
| **11.** | **Annexes** | |
| 11.1. | Conditions Precedent | The TAA will include an annex containing the Conditions Precedent (consisting of the Initial Conditions Precedent and Operational Conditions Precedent) which the Capture Entity must satisfy by the relevant ICP and OCP deadline. Failure to satisfy the ICPs and OCPs by the relevant deadline may constitute a termination right for the TAA Counterparty. |
| 11.2. | Testing Requirements | The TAA will include an annex of Testing Requirements which outline the procedure that the Capture Entity will be required to follow in order to demonstrate that it has satisfied the OCP referred to in item (f)3.5(f) *(Operational Conditions Precedent)* above and to demonstrate that the [Facility] can utilise the relevant T&S Network capacity (the "**OCP Performance Test**"). This annex may include:<br>(a) the process for agreeing the performance test procedure;<br>(b) the duration of the performance test period;<br>(c) the performance test standards; and<br>(d) the [Facility] mode of operation during the performance test.<br>DESNZ is considering what testing requirements will be needed in relation to the TAA. |
| 11.3. | Calculation of Default Termination Payment | In the event that the TAA Counterparty exercises its right to terminate the TAA following a Capture Entity default (see items 4.3 (*Capture Entity Default Termination Event*), 4.4 (*Termination for prolonged limited flow of $CO_2$ injected into the T&S Network)*, 4.5 *(Termination due to sale of GGR Credits which are not compliant with the UK GGR Standard*) and 4.6 (*Consequences of Capture Entity Default Termination Event*)), the Capture Entity will be obliged to pay the TAA Counterparty a Default Termination Payment. The "**Default Termination Payment**" will follow a similar structure to the other CCUS Business Model Contracts and will be calculated using a "**Termination Fee Rate**" of £[*rate to be determined*][36] multiplied by the Capture Entity's initial Registered Capacity. |

[35] Note to Reader: The supply chain reporting regime applicable to the TAA is subject to further consideration and development by DESNZ, including in relation to development of the supply chain reporting regime across existing CCUS Business Models.
[36] Note to Reader: The Termination Fee Rate is subject to further consideration by DESNZ.

| No. | Subject | Terms |
|---|---|---|
| 11.4. | Change Control Procedure | The TAA Counterparty may issue an Amendment Notification to the Capture Entity setting out a proposed amendment to be made to the TAA. The nature of the process will be dictated by the type of amendment that is being proposed, i.e. whether such amendment is categorised as a "Material Amendment" or "Technical Amendment". DESNZ is considering what will constitute a "Material Amendment" and a "Technical Amendment" for the purpose of the TAA. |
| 11.5. | Form of Direct Agreement | The TAA will include a form of lender direct agreement which the TAA Counterparty will enter into if requested to do so by a lender or by an Affected Person (if relevant), in whose favour the Capture Entity assigns its rights under the TAA by way of security. |
| 11.6. | Metering Operational Framework and Specifications | The TAA will include a Metering Operational Framework and Specifications which requires the Capture Entity to ensure that all metering systems comply with certain generic metering requirements and that all meters comply with specific technical specifications, as relevant. |

## SECTION C – DEFINITIONS / GLOSSARY

| Term | Description |
|---|---|
| Affected Person | means any direct or indirect shareholder of the Capture Entity who is able to evidence to the satisfaction of the TAA Counterparty that if it (or an agent or security trustee on its behalf) has or had the benefit of a Direct Agreement, it is or would be:<br><br>(a) contractually obliged to exercise rights under the relevant Direct Agreement in accordance with the instructions of one (1) or more lenders (or a security trustee on its or their behalf); or<br><br>(b) party to an agreement regarding the exercise of rights under such Direct Agreement with a person falling within paragraph (a) above. |
| Agreement Date | means the date set out in the front end agreement of the TAA. |
| Alternative T&S Network Solution Plan | means a plan developed by the Capture Entity setting out the required milestones and actions in order to connect the [Facility] to an alternative $CO_2$ T&S Network Delivery Point and/or alternative T&S Network (either directly by pipeline, or indirectly by other means of transportation), in order to remedy a T&S Prolonged Unavailability Event. |
| Amendment Notification | means a notice given by the TAA Counterparty to the Capture Entity proposing an amendment to the TAA. |
| Approved Registry | means a registry for GGR credits which is approved under the UK GGR Standard. |
| Approved Scheme of Funding | means a funding scheme approved by the TAA Counterparty (to be negotiated on a project-by-project basis). |
| AR8 CfD | means the Contracts for Difference (CfD) Allocation Round 8 (AR8). |
| Available Registered Capacity | has the meaning given to that term in the CCS Network Code. |
| Billing Period | means a period of one (1) calendar month. |
| Business Days | means a day (other than a Saturday or a Sunday) on which banks are open for general business in London. |
| Capture Entity | means the corporate body that enters into a TAA in relation to a specific carbon capture project. |
| Capture Entity Confidential Information | has the meaning given to that term in item 10.1 (*Reporting and Confidentiality*). |
| Capture Entity Default Termination Event | means the termination events set out in items 4.3 (*Capture Entity Default Termination Event*), 4.4 (*Termination for prolonged limited flow of $CO_2$ injected into the T&S Network*) and 4.5 (*Termination due to sale of GGR Credits which are not compliant with the UK GGR Standard*). |
| [Capture Plant] | [means the part of the [Facility] which is designed, constructed and operated for the purpose of capturing and exporting $CO_2$ (or any substance consisting primarily of $CO_2$)][37]. |
| CCS Network Code | means the network code that the Capture Entity is required to comply with to access the T&S Network. |

[37] Note to Reader: The definition of Capture Plant is subject to further consideration by DESNZ, including in relation to NPT Projects.

| Term | Description |
|---|---|
| CCUS | means Carbon Capture, Usage and Storage. |
| CCUS Business Model Contracts | means the contracts entered into by the Low Carbon Contracts Company in relation to the various CCUS Business Models developed by DESNZ. |
| CCUS Programme | means HMG's programme relating to CCUS. |
| $CO_2$ | means carbon dioxide. |
| $CO_2$ Rich Stream | means a stream consisting primarily of $CO_2$ which is produced by the [Facility] and delivered to the relevant T&S Network at the $CO_2$ T&S Network Delivery Point(s). |
| $CO_2$ T&S Network Delivery Point | means the point of connection of the [Facility] to the T&S Network and will be identified in the relevant front end agreement signed by the Capture Entity. |
| Code Agreement or Code Accession Agreement | means the agreement the Capture Entity is required to enter into, or accede to (as applicable), which makes the CCS Network Code binding on such Capture Entity. |
| Default Termination Payment | has the meaning given to that term in item 11.3 (*Calculation of Default Termination Payment*). |
| DESNZ | means the Department for Energy Security and Net Zero. |
| Direct Agreement | means an agreement substantially in the form set out in the TAA, or such other form as may be agreed by the TAA Counterparty (in its sole discretion). |
| Discontinuance Date | has the meaning given to the term "User Discontinuance Date" in the CCS Network Code. |
| [Facility] | means the [installation, the Capture Plant] and all necessary interfaces and any other facilities or equipment for the safe, efficient, timely and economical operation of the [installation and Capture Plant] in a manner to satisfy fully the requirements under the TAA.[38] |
| FM Affected Party | means a party affected by Force Majeure events as per the TAA. |
| Force Majeure | means any event or circumstance, including where such event or circumstance results from any action or omission by or of any [TAA Settlement Services Provider], provided that such event or circumstance:[39]<br><br>(a) is beyond the reasonable control of the FM Affected Party or, if relevant, its Representatives (in the case of the Capture Entity and its Representatives, acting and having acted in accordance with the reasonable and prudent standard);<br><br>(b) could not reasonably have been avoided or overcome by the FM Affected Party or its Representatives (as appropriate);<br><br>(c) is not due to the FM Affected Party's fault or negligence (or that of its Representatives); and<br><br>(d) is not a T&S Commissioning Delay Event or a T&S Cessation Event, |

[38] Note to Reader: The definition of Facility is subject to further consideration by DESNZ, including in relation to NPT Projects.
[39] Note to Reader: The definition of Force Majeure is subject to further consideration by DESNZ.

| Term | Description |
|---|---|
| | provided always that:<br><br>(i) neither non-availability of funds nor the lack of funds shall ever constitute Force Majeure; and<br><br>(ii) no event or circumstance which has occurred before the Agreement Date of which, at or before the Agreement Date, the Capture Entity or any of its Representatives either was aware, or (if it or they had made all due and careful enquiries and acted to the reasonable and prudent standard) could be expected to have been aware, shall constitute a Force Majeure. |
| Full T&S Outage Event | means an event or circumstance affecting the relevant T&S Network which:<br><br>(a) prevents the [Facility] from accessing and exporting any captured $CO_2$ Rich Stream to such T&S Network; or<br><br>(b) as a direct result of the Available Registered Capacity (as defined in the CCS Network Code) which is made available to the Capture Entity as a consequence of such event or circumstance, means that it is not technically feasible for the Capture Entity to continue capturing and injecting $CO_2$ Rich Stream into the T&S Network because such Available Registered Capacity is less than the Capture Entity's [minimum turndown rate][40] (as set out in either the front-end agreement or the Capture Entity's T&S Connection Agreement (as applicable)).<br><br>in each case, for a period equal to or exceeding one (1) day. |
| GGR Credits | has the meaning given to that term in item 6.1 (*GGR methodologies, including Monitoring, Reporting and Verification*). |
| HMG | means His Majesty's Government. |
| ICPs | has the meaning given to that term in item 3.3 (*Initial Conditions Precedent*). |
| Longstop Date | means the last day of the twelve (12) month period following the final day of the Target Commissioning Window. |
| Low Carbon Contracts Company | means the Low Carbon Contracts Company, company registration number 08818711 whose registered office is at 10 South Colonnade, London, England, E14 4PU. |
| [Material Adverse Effect] | [means, in respect of any Party, a material adverse effect on the ability of that Party to perform or comply with its obligations under the TAA][41]. |
| Milestone Delivery Date | means a date [*relevant time period to be determined*][42] after the Agreement Date. |
| Milestone Requirement | has the meaning given to that term in item 3.4 (*Milestone Requirement*). |

[40] Note to Reader: DESNZ is considering the minimum turndown rate further, including whether it will be applicable to all technology types.
[41] Note to Reader: The definition of Material Adverse Effect is subject to further consideration by DESNZ.
[42] Note to Reader: The Milestone Delivery Date remains subject to further consideration by DESNZ.

| Term | Description |
|---|---|
| Milestone Satisfaction Date | means the date of the notice from the TAA Counterparty to the Capture Entity specifying that the Capture Entity has complied with and fulfilled a Milestone Requirement. |
| MRV | means monitoring, reporting and verification. |
| NPT | means non-pipeline transport. |
| OCP Performance Test | has the meaning given to that term in item 11.2 (*Testing Requirements*). |
| OCPs | has the meaning given to that term in item 3.5 (*Operational Conditions Precedent).* |
| Parties | means the Capture Entity and the TAA Counterparty. |
| [Project] | means the design, development, construction, completion, testing, commissioning, operation, maintenance and decommissioning of the [T&S Access Assets].[43] |
| Qualifying Change in Law or QCIL | [*This definition is still under development. See item 7.1 for more details.*] |
| Qualifying Shutdown Event | has the meaning given to that term in item 4.13 (*Qualifying Change in Law Termination*). |
| Registered Capacity | has the meaning given to that term in the CCS Network Code. |
| Start Date | means the start date of the TAA confirmed by the TAA Counterparty to the Capture Entity once all OCPs have been fulfilled (or waived). |
| T&S | means Transport and Storage. |
| [T&S Access Assets][44] | means the part of the [Facility] which is designed, constructed and operated for the specific purpose of connecting the Facility to the T&S Network and exporting $CO_2$ to the T&S Network up to the $CO_2$ T&S Network Delivery Point(s). The T&S Access Assets will be identified in the relevant front end agreement signed by the Capture Entity, but may include[45]:<br>(a) intermediate pipework and crossings;<br>(b) $CO_2$ T&S Network Delivery Point infrastructure;<br>(c) $CO_2$ metering and measurement equipment;<br>(d) sampling, monitoring and analysis equipment;<br>(e) custody-transfer and/or interface equipment (e.g. isolation, venting, safety and control equipment);<br>(f) compression and conditioning equipment required to meet $CO_2$ entry specification; |

[43] Note to Reader: The definition of Project is subject to further consideration by DESNZ.
[44] Note to Reader: The definition of T&S Access Assets is subject to further consideration by DESNZ, including in relation to NPT projects.
[45] Note to Reader: For clarity, equipment that is associated with connecting the Facility to the T&S Network, but that also has other purposes and would be installed, whether or not the Facility is connected to the T&S Network, is not considered to be a T&S Access Asset.

| Term | Description |
|---|---|
| | (g) communications/telemetry equipment required for metering and coordination with the T&S Operator; and<br><br>(h) [others].[46][47] |
| T&S Cessation Event | has the meaning given to that term in item 4.10 (*Termination for T&S Prolonged Unavailability*). |
| T&S Change in Law | has the meaning given to that term in item 7.1 (*Qualifying Change in Law*). |
| T&S Charges | means the charges payable by the Capture Entity to the T&S Operator in accordance with the terms of the CCS Network Code in relation to the T&S Network. |
| T&S Charges Top-Up Threshold | has the meaning given to that term in item 5.2 (*T&S Charges*). |
| T&S Commissioning Delay Event | means an event or circumstance which occurs prior to the Start Date (excluding a T&S Outage Event [or a T&S planned outage]) that prevents or delays the development, construction, completion, commissioning and/or operation of the relevant T&S Network and as a result prevents or delays the [Facility] from exporting captured $CO_2$ Rich Stream to the relevant T&S Network (except to the extent that such event or circumstance arises out of or in connection with an act, omission breach or default of the Capture Entity or its representatives, including any breach by the Capture Entity or its representatives of an industry document).<br><br>This includes but is not limited to the failure of the relevant T&S Operator to carry out in a timely manner:<br><br>(a) any connection works specified in the T&S Construction Agreement; or<br><br>(b) any required works to the relevant T&S Network in order for the [Facility] to export captured $CO_2$ Rich Stream to the relevant T&S Network. |
| T&S Connection Agreement | means the agreement between the relevant T&S Operator and the Capture Entity relating to the export of captured $CO_2$ Rich Stream to the relevant T&S Network by the Capture Entity. |
| T&S Construction Agreement | means the agreement between the relevant T&S Operator and the Capture Entity relating to the construction of infrastructure connecting the [Facility] to the relevant T&S Network at the $CO_2$ T&S Network Delivery Point(s). |
| T&S Network | means a network including, but not limited to:<br><br>(a) pipelines used for the transportation of captured $CO_2$ Rich Stream from one (1) or more capture plant(s) to a storage facility or to or from any captured $CO_2$ Rich Stream pipeline network; and<br><br>(b) storage facilities for the permanent storage of captured $CO_2$ Rich Stream, |

[46] Note to Reader: DESNZ is considering which assets may fall within the scope of T&S Access Assets, including in relation to NPT projects. The above list remains subject to further consideration and development by DESNZ.
[47] Note to Reader: DESNZ is considering how certain T&S Network connection infrastructure costs will be funded and allocated under the TAA, including the costs of spurline infrastructure which may be required for piped users. This includes consideration of whether such costs may be covered by TAA projects.

| Term | Description |
|---|---|
| | owned or operated by a T&S Operator within the United Kingdom, which may include onshore and offshore components and which, for the avoidance of doubt, shall not include any pipelines, routes or storage facilities for $CO_2$ utilisation. |
| 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 (excluding a T&S Commissioning Delay Event or a T&S Cessation Event) that prevents the [Facility] from accessing the full entry capacity to the relevant T&S Network that the Capture Entity has reserved under the T&S Connection Agreement. |
| T&S Prolonged Unavailability Event | has the meaning given to that term in item 4.10 (*Termination for T&S Prolonged Unavailability)*. |
| T&S Prolonged Unavailability Event Notice | has the meaning given to that term in item 4.10 (*Termination for T&S Prolonged Unavailability)*. |
| T&S Prolonged Unavailability Remediation Deadline | has the meaning given to that term in item 4.10 (*Termination for T&S Prolonged Unavailability)*. |
| TAA | means the Transition Access Agreement. |
| TAA Counterparty | means the person designated as a counterparty for the TAA. |
| TAA Counterparty Confidential Information | has the meaning given to that term in item 10.1 (*Reporting and Confidentiality*). |
| TAA Settlement Activities | means the calculation, invoicing, recalculation and settlement of payments to be made pursuant to the TAA. |
| TAA Settlement Services Provider | means any person appointed for the time being and from time to time by the TAA Counterparty to carry out any of the TAA Settlement Activities, or who is designated by the Secretary of State to carry out the TAA Settlement Activities, acting in that capacity. |
| Target Commissioning Window | means the [twelve (12) month period][48] commencing on a date to be agreed on a project-by-project basis and set out in the front end agreement. |
| Termination Fee Rate | has the meaning given to that term in item 11.3 (*Calculation of Default Termination Payment*). |
| Total [●] Pre-Commissioning Costs[49] | [*this shall be set on a project-by-project basis and agreed during negotiations*.] |
| UK GGR Standard | HMG's standard and methodologies for the verification, accreditation and issuance of greenhouse gas removal credits, as amended, supplemented or replaced from time to time.[50] |

[48] Note to Reader: The duration of the Target Commissioning Window remains subject to further consideration by DESNZ.
[49] Note to Reader: DESNZ is considering the scope of the Milestone Requirement, including how the Capture Entity will demonstrate that it is committed to the project.
[50] Note to Reader: This definition is subject to further review and development as the GGR Standard is developed. The Capture Entity will be required to comply with the GGR Standard as it evolves.