ENERGY ACT 2023

SECTION 7(1) (AS MODIFIED BY SECTION 16 AND SCHEDULE 1)

Carbon Dioxide Transport and Storage Licence

for

Liverpool Bay CCS Limited

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PART I : TERMS OF THE LICENCE

1. This licence, granted by the Secretary of State under section 7(1) (as modified by section 16 and Schedule 1) of the Energy Act 2023 (the **"Act"**), authorises Liverpool Bay CCS Limited, a company registered in England and Wales under company registration number 13194018 (the **"Licensee"**) whose registered office is situated at Eni House, 10 Ebury Bridge Road, London, England, SW1W 8PZ, to participate in carrying out the activities set out in section 2(2) of the Act in the area specified in Schedule 1 (*Specified Area*), during the period specified in paragraph 3 below, subject to:

   (a) the standard conditions set out in Part II (the "**standard conditions**");

   (b) the special conditions, if any, set out in Part III (the "**special conditions**"); and

   (c) such Schedules to the licence, if any, as may be referenced in the standard conditions, the special conditions, or the terms of the licence.

2. This licence is subject to transfer, modification or amendment in accordance with the provisions of the Act, the standard conditions or the special conditions.

3. This licence:

   (a) shall come into force upon the determination of the:

      (i) "PreCOD Cost of Debt";

      (ii) "PostCOD Cost of Debt";

      (iii) "PreCOD WACC"; and

      (iv) "PostCOD WACC",

      in the Financial Settlement Document pursuant to, and in accordance with, the conditions precedent and escrow agreement entered into between, among others, the Secretary of State and the Licensee on or about the date of this licence; and

   (b) unless revoked in accordance with Schedule 2 (*Revocation*), shall continue until determined by not less than 25 years' notice in writing given by the Regulator to the Licensee where such 25 years' notice cannot be served before the date on which Section H of the special conditions of this licence takes effect.

4. All notices or other communications under or in connection with the licence must be in writing.

5. Any such notice or communication will be deemed to have been received, provided it has been addressed and sent to the correct contact person and/or department, notified in accordance with paragraph (c) below:

   (a) at the time of delivery, if delivered by hand or courier (including by postal "signed for" services); or

   (b) at the time of sending, if sent by electronic mail, provided that receipt shall not occur (i) if the sender receives an automated message indicating that the email has not

been delivered to, or received by, the recipient; and/or (ii) until 9.00 am the next Business Day if the time of sending is between 5.00 pm and 9.00 am,

(c) each in accordance with the contact details specified by either the Regulator or the Licensee from time to time (which may include different contact details dependent on the subject matter of the notice or communication).

6. Paragraphs 4 and 5 shall not apply to any document in relation to the service of which provision is made by rules of court.

7. Without prejudice to sections 11 and 23(1) of the Interpretation Act 1978, Parts I to III of this licence and its Schedules shall be interpreted and construed in the same manner as an act of Parliament passed after the commencement of the Interpretation Act 1978.

8. References in this licence to a provision of any enactment, where after the date of this licence:

(a) the enactment has been replaced or supplemented by another enactment; and

(b) such enactment incorporates a corresponding provision in relation to fundamentally the same subject matter,

shall be construed, so far as the context permits, as including a reference to the corresponding provision of that other enactment.

9. Words and expressions used in this Part I that are defined terms for the purposes of any of the standard conditions or the special conditions of this licence have, for the purposes of this Part I, the meaning that is given to them in this licence in the form in which it was in force at Licence Award.

PART II: STANDARD CONDITIONS

Note: the standard conditions set out in this licence are not standard conditions that have been determined as such by the Secretary of State pursuant to section 12 of the Energy Act 2023.

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Section A: Interpretation, application and payments

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Standard Condition A1: Definitions for the standard conditions

Introduction

1.1 This condition sets out the defined words and expressions that are used in the standard conditions of Sections A, B, C and D of this licence, and gives their definitions next to them.

1.2 But, in some cases, where defined words and expressions are used only in a particular standard condition, their definitions are included in that condition.

Structure of this condition

1.3 Part A sets out the definitions used in the standard conditions of this licence.

Part A: Definitions in alphabetical order

1.4 In the standard conditions of this licence, unless the context otherwise requires:

"Act"	means the Energy Act 2023;
"Affiliate"	means, in relation to the Licensee, any Parent Undertaking of the Licensee, any Subsidiary Undertaking of the Licensee, or any Subsidiary Undertaking of a Parent Undertaking of the Licensee;
"Agreed Upon Procedures"	means procedures from time to time agreed between the Regulator, the Appropriate Auditor, and the Licensee for the purpose of enabling the Appropriate Auditor to review and report to the Regulator on matters relating to: (a) in the case of Standard Condition B10 (*Regulatory Accounts*), the Licensee's compliance with the obligation to which Part E of that standard condition refers; and (b) in the case of Standard Condition B19 (*Regulatory Instructions and Guidance*), the Licensee's provision of Specified Information;
"Allowed OffDF Deficit"	has the meaning given to it in Standard Condition D2.24(b)(ii) (*Offshore Decommissioning Fund*);
"Allowed OnDF Deficit"	has the meaning given to it in Standard Condition C2.25(b)(ii) (*Onshore Decommissioning Fund*);
"Allowed Revenue Period"	means that part of the Operational Period during which the Licensee is receiving Allowed Revenue (as that term is defined in Special Condition E1 (*Definitions*));

"Amendment" means, in relation to a contract, any amendment (including amendment of scope), supplement, novation, replacement, waiver, renewal or extension of term (including extension by way of exercise of an option pursuant to that contract) of that contract;

"Annual Iteration Process" has the meaning given to it in Special Condition E1;

"Applicable Accounting Framework" means either:

(a) in respect of any reference to statutory accounts of the Licensee (except for group accounts):

(i) individual accounts prepared in accordance with section 396 of the Companies Act 2006; or

(ii) individual accounts prepared in accordance with international accounting standards;

or

(b) in respect of any reference to statutory accounts of the Licensee that are group accounts:

(i) group accounts prepared in accordance with section 404 of the Companies Act 2006; or

(ii) group accounts prepared in accordance with international accounting standards;

"Applicable Procurement Threshold" means:

(a) £5,000,000 (CPIH Indexed) for contracts for the procurement of works; and

(b) £500,000 (CPIH Indexed) for contracts for the procurement of goods and/or services;

"Appropriate Auditor" means:

(a) in the case of a licensee that is a company within the meaning of section 1 of the Companies Act 2006, a person appointed as auditor under Chapter 2 of Part 16 of that Act; and

(b) in any other case, a person who is eligible for appointment as a company auditor under Part 42 of that Act;

"Appropriate Proportion" has the meaning given to it in Standard Condition A3.5 (*Payment of the Licence Fee*);

"Approved Contracts" means the contracts listed in the List of Approved Contracts, in each case in the form:

(a) entered into as at Licence Award; or

(b) as may be subsequently approved by the Regulator in accordance with Standard Condition B26 (*Approved Contracts*);

"Approved OffDF Opening Value" means the value of the Offshore Decommissioning Fund as assessed by the most recent audit, plus (to the extent it has not been offset by a payment by the Licensee) any Excluded OffDF Deficit;

"Approved Offshore Decommissioning Fund Allowance" means the Offshore Decommissioning Fund Allowance approved or set by the Regulator pursuant to Standard Condition D2.9;

"Approved Offshore Decommissioning Funding and Investment Strategy" means the Offshore Decommissioning Funding and Investment Strategy approved by the Regulator in accordance with Standard Condition D2.7;

"Approved OnDF Opening Value" means the value of the Onshore Decommissioning Fund as assessed by the most recent audit, plus (to the extent it has not been offset by a payment by the Licensee) any Excluded OnDF Deficit;

"Approved Onshore Decommissioning Fund Allowance" means the Onshore Decommissioning Fund Allowance approved or set by the Regulator pursuant to Standard Condition C2.8;

"Approved Onshore Decommissioning Fund Cost Estimate" means the Onshore Decommissioning Fund Cost Estimate approved by the Regulator under C2.8;

"Approved Onshore Decommissioning Funding and Investment Strategy" means an Onshore Decommissioning Funding and Investment Strategy approved by the Regulator under Standard Condition C2.8;

"Approved Onshore Holding Arrangements"	means the Onshore Holding Arrangements approved by the Regulator in accordance with Standard Condition C2.8;
"Approved Project Development Plan" or **"APDP"**	means the project development plan designated as such as at Licence Award, based on the template included in Schedule 6 (*Template Approved Project Development Plan*), as updated in accordance with the conditions of this licence;
"Asset Life"	means the operating life of the relevant Offshore Infrastructure that is applied under the Decommissioning Regulations to determine the Decommissioning Regulations Financial Requirement;
"Asset Management Objectives"	means developing, operating and maintaining the T&S Network in a manner which: (a) is economic, efficient and effective; (b) is consistent with Good Industry Practice; (c) complies with all safety and other applicable Legal Requirements; and (d) complies with such other objectives as the Regulator may set out in Asset Management Plan and Reporting Guidance;
"Asset Management Plan"	means the plan to be provided by the Licensee to the Regulator in accordance with the requirements of Standard Condition B15 (*Asset Management Plans*) as may be updated from time to time in accordance with this licence;
"Asset Management Plan and Reporting Guidance"	means the document issued by the Regulator from time to time pursuant to a direction under Standard Condition B15;
"Associate"	means: (a) an Affiliate or Related Undertaking of the Licensee; (b) an Ultimate Controller of the Licensee; (c) a Participating Owner of the Licensee; or (d) a Common Control Company of the Licensee;
"Backstop Direction"	has the meaning given to it in Standard Condition B5.24 (*CCS Network Code*);
"Business Day"	means a day (other than a Saturday or Sunday) on which banks are open for domestic business in the City of London;

"carbon dioxide" (or **"CO_2"**)	means a stream consisting overwhelmingly of carbon dioxide molecules, and references to carbon dioxide being delivered by a User to the T&S Network assume that the stream being delivered is overwhelmingly carbon dioxide;
"CCS Network Code"	has the meaning given to it in Standard Condition B5;
"CCS Network Code Website"	has the meaning given to it in Standard Condition B5.6(b);
"CCS Offshore Decommissioning Fund Guidance"	means guidance prepared and issued by the Regulator relating to any matters that are the subject of Standard Condition D2 (other than matters that are governed and determined by the Secretary of State or other regulators) (which may be issued as a combined guidance together with the CCS Onshore Decommissioning Fund Guidance);
"CCS Onshore Decommissioning Fund Guidance"	means guidance prepared and issued by the Regulator relating to any matters that are the subject of Standard Condition C2 (which may be issued as a combined guidance together with the CCS Offshore Decommissioning Fund Guidance);
"Change in Scope"	has the meaning given to it in Special Condition E1;
"Charging Year"	means a period of 12 months commencing on 1 April and ending on 31 March, save that: (a) the first Charging Year will commence on Licence Award and end on the immediately following 31 March; and (b) the final Charging Year will commence on 1 April immediately preceding the last day of the term of this licence and end on that day;
"Code Agreement"	has the meaning given to it in the CCS Network Code;
"Commercial Operations Date"	has the meaning given to it in Special Condition E1;
"Commissioning Period"	has the meaning given to it in Special Condition E1;
"Common Control Company"	means, in relation to any person, a company any of whose Ultimate Controllers is also an Ultimate Controller of that person (and, for the purposes of this definition, the definition of "Ultimate Controller" should be read as if references to "the Licensee" were to the relevant person or company);

"Competent Authority" means:

(a) any international, national, federal, regional, state, local, or other court, arbitral tribunal, administrative agency or commission or other governmental, administrative or regulatory body, authority, agency or instrumentality;

(b) any private body to the extent it carries out one or more public functions and whilst acting in that capacity; or

(c) any other body exercising public functions,

in each case, which has jurisdiction in respect of the Licensee, the T&S Network, the Project and/or this licence;

"Compliance Officer" has the meaning given to it in Standard Condition B7.11 (*Independence of the T&S Business and restricted use of Confidential Information*);

"Compliance Report" has the meaning given to it in Standard Condition B7.16;

"Compliance Statement" has the meaning given to it in Standard Condition B7.4;

"Confidential Information" means information relating to, or derived from, the T&S Business that is not published or otherwise legitimately in the public domain;

"Connection Agreement" means a connection agreement entered into between the Licensee and a User of the T&S Network in accordance with the provisions of the CCS Network Code;

"Construction Period" has the meaning given to it in Special Condition E1;

"Control" means, for the purposes of a Qualifying Acquisition, either:

(a) where the percentage of shares or voting rights that the person holds in the Licensee increases:

(i) from 25% or less to more than 25%;

(ii) from 50% or less to more than 50%; or

(iii) from less than 75% to 75% or more, or

(b) where the acquisition is of voting rights in the Licensee that (whether alone or together with other voting rights held by the person) enable the person to secure or prevent the passage of any class of shareholder resolution governing the affairs of the

Licensee with respect to all or substantially all matters relating to the T&S Business; or

(c) where the acquisition is of assets which fall within the regulatory ringfence under this licence, the acquisition of a right or interest such that the person is able:

(i) to use the asset, or use it to a greater extent than prior to the acquisition; or

(ii) to direct or control how the asset is used, or direct or control how it is used to a greater extent than prior to the acquisition;

"Corporate Governance Statement" has the meaning given to it in Standard Condition B10.18;

"Corporate Information" means information of a type that would usually be disclosed in the context of and limited to normal business reporting or governance and oversight of a company;

"Covenantor" has the meaning given to it in Standard Condition B17.4 (*Undertaking from Ultimate Controller*);

"CPIH" means:

(a) all items index of consumer price inflation including owner occupiers' housing costs published each month by the Office for National Statistics;

(b) if that index is no longer being published, such index as the Regulator may reasonably determine to be appropriate in the circumstances; or

(c) if there is a material change to the basis of that index, such other index as the Regulator may from time to time reasonably determine to be appropriate in the circumstances;

"CPIH Indexed" means that the relevant amount is subject to indexation by CPIH at the start of each Charging Year after Licence Award;

"Cross-Default Obligation" means, other than a payment obligation that is a Permitted Payment, a term of any agreement or arrangement whereby the Licensee's liability to pay or repay any debt or other sum arises or is increased or accelerated, or is capable of arising, increasing or of acceleration by reason of a default

	(howsoever such default may be described or defined) of any person other than the Licensee;
"Crown Estate"	means the statutory corporation established under the Crown Estate Act 1961;
"Crown Estate Scotland"	means the public corporation established under the Crown Estate Scotland (Interim Management) Order 2017;
"Data"	means the information contained in any submissions to the Regulator under this licence in respect of which the Licensee must carry out a Risk Assessment, as specified in the Data Assurance Guidance (as may be further clarified in the Data Assurance Guidance);
"Data Assurance Activity"	means, in respect of Data, an activity undertaken by or on behalf of the Licensee in order to verify or provide assurance that the Data meets the required level of accuracy and reliability (as may be further clarified in the Data Assurance Guidance);
"Data Assurance Guidance"	means the document issued by the Regulator from time to time pursuant to a direction under Standard Condition B20 (*Data Assurance*);
"Data Best Practice Guidance"	means the guidance issued by the Regulator pursuant and for the purposes of Standard Condition B25 (*Digitalisation*);
"De Minimis Business"	has the meaning given to it in Standard Condition B13.8 (*Restriction on activity and financial ringfencing*);
"Decommissioning Building Block"	has the meaning given to it in Special Condition E1;
"Decommissioning Regulations"	means any regulations in respect of the decommissioning costs of carbon dioxide-related sites, pipelines or installations, made under section 92 of the Act;
"Decommissioning Regulations Event Re-opener"	means the licence condition with that title set out in Schedule 10 (*Project-specific conditions*), which sets out the circumstances in which Standard Condition D2 will come into force and/or be modified;
"Decommissioning Regulations Financial Requirement"	has the meaning given to it in Standard Condition D2.6(a)(iii);

"Decommissioning Shortfall Agreement" means the agreement of that name entered into between the Secretary of State and the Licensee dated on or around Licence Award;

"Delivery Point" means a point at the boundary between a User's facilities and the T&S Network, more particularly described in the User's Connection Agreement, at which a User transfers title in carbon dioxide to the Licensee;

"Derogated Contract" means a contract or agreement that is referred to in a Licence Derogation, where that Licence Derogation (in whole or in part) relates to that contract or agreement or arrangements pursuant to it;

"Designated Non-Code Party" has the meaning given to it in Standard Condition B5.9;

"Directors' Report" has the meaning given to it in Standard Condition B10.18;

"Discontinuation Agreement" means the agreement of that name entered into between the Secretary of State and the Licensee dated on or around Licence Award;

"Disposal" means (under the laws applicable in any part of the UK) any of the following:

(a) a transfer of any asset (whether or not for value) to a person other than the Licensee (including any disposal of any right or interest in that asset whether legal or beneficial); or

(b) a lease, licence, or loan of (or the grant of any other right of possession in relation to) any asset; or

(c) the grant of any mortgage, charge, or other form of security or encumbrance over any asset; or

(d) if the asset is an interest in land, any transaction or event that is capable under any enactment or rule of law of affecting the title to a registered interest in that land,

and references to "dispose" are to be read accordingly;

"Distribution" means any distribution within the meaning of section 829 of the Companies Act 2006 or any other payment, repayment, redemption, discharge (by way of set-off, counterclaim or otherwise) or other dividend, distribution or the like, whether in cash or in kind, made by or on behalf of the Licensee to

	any Associate howsoever the same may arise and whether pursuant to the terms of an agreement (including any loan agreement) or otherwise or by way of gift other than a payment required under the Approved Contracts;
"Energy System Data"	has the meaning given to that term in the Data Best Practice Guidance;
"Equity Share"	has the meaning given to it in Standard Condition B13.15;
"Examiner"	means a member of the Regulator's staff, or any other person, whose degree of knowledge and experience is appropriate for the purposes of the relevant review under Standard Condition B20;
"Excluded OffDF Deficit"	has the meaning given to it in Standard Condition D2.24(b)(i);
"Excluded OnDF Deficit"	has the meaning given to it in Standard Condition C2.25(b)(i);
"Fast Track Self-Governance Criteria"	means that a proposal, if implemented: (a) would meet the Self-Governance Criteria; and (b) is properly a housekeeping modification required as a result of some error or factual change, including but not limited to: (i) updating names or addresses listed in the CCS Network Code; (ii) correcting minor typographical errors; (iii) correcting formatting and consistency errors, such as paragraph numbering; or (iv) updating out of date references to other documents or paragraphs;
"Fast Track Self-Governance Route"	has the meaning given to it in Standard Condition B5.29;
"Financial Resilience Report"	has the meaning given to it in Standard Condition B18.10 (*Financial Resilience and Credit Quality*);
"Financial Resources Certificate"	means a certificate in the form set out in Part B of Standard Condition B14 (*Availability of resources*);
"Financial Settlement Document"	means the financial settlement document designated as such as at Licence Award, based on the template included in Schedule 3 (*Template Financial Settlement Document*),

as updated in accordance with the standard conditions of this licence;

"Financing Documents" means the financing documents entered into by the Licensee with financial institutions and other parties for the purpose of financing the T&S Business;

"First Regulatory Period" means the period from Licence Award to the first 31 March to occur on or following the third anniversary of the Commercial Operations Date;

"Good Industry Practice" means in relation to any undertaking and any circumstances, the exercise of that degree of skill, care, diligence, prudence, foresight and operating practice which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same or similar type of undertaking as that of the Licensee under the same or similar circumstances;

"Government" means His Majesty's Government of the United Kingdom of Great Britain and Northern Ireland;

"Government Support Package" means the Government support package, consisting of the Supplemental Compensation Agreement, the Discontinuation Agreement, the Decommissioning Shortfall Agreement and the Liaison Agreement, as amended from time to time, or any other agreement that is entered into between the Secretary of State and the Licensee from time to time during the term of this licence;

"Group Relief" means any Relief capable (without a change of accounting date by the Licensee) of being surrendered, transferred or otherwise made available by or to a company pursuant to any fiscal unity, tax grouping, tax sharing or tax consolidation agreements or arrangements under which any losses or Reliefs are surrendered or otherwise made available by or to any other company within the same fiscal unity or same group or consortium for tax purposes;

"Holding Company" means a holding company within the meaning of section 1159 of the Companies Act 2006;

"Housekeeping Modification" means minor changes such as:

(a) renumbering of paragraphs, capitalising defined terms and deleting transitional provisions that have expired;

(b) corrections of evident mistakes including typographical errors, incorrect cross-references and formatting errors; or

(c) updates to:

(i) version numbers of other documents mentioned in the licence or any of the Project-Specific Documents;

(ii) the titles of re-enacted legislation; or

(iii) names of bodies that have been renamed,

but does not include any changes that would have an impact on the Licensee's obligations or economic interests under this licence;

"Housekeeping Modification Working Group" means a working group established for the purposes of considering proposed Housekeeping Modifications under Standard Condition A4 (*Housekeeping Modifications*), consisting of representatives from (among others) the Licensee and the Regulator;

"Indebtedness" means all liabilities that are now or hereafter due, owing, or incurred, whether actual or contingent, whether solely or jointly with any other person, and whether as principal or surety, together with any interest accruing on them and all costs, charges, penalties, and expenses incurred in connection with them;

"Indicative Credit Rating Process" means either a "Rating Evaluation Service" conducted by S&P, a "Rating Assessment Service" conducted by Moody's or Fitch, or an equivalent credit rating assessment conducted by DBRS Morningstar to give an assessment of the potential credit rating of the Licensee;

"Indicative Credit Rating Process Guidance" means the guidance to be issued by the Regulator in accordance with Standard Condition B18.6;

"Indirect Control" means, in relation to a Qualifying Acquisition, where the person does not directly hold the relevant right or interest, but holds a Majority Stake in an entity and that entity:

(a) holds the interest or right; or

(b) is part of a chain of entities and either:

(i) each of those entities other than the last has a Majority Stake in the entity immediately

below it in the chain, and the last entity holds the interest or right; or

(ii) if the last entity in the chain holds a Majority Stake in the Licensee, all but one of the other entities in the chain hold a Majority Stake in the entity immediately below it in the chain, and the other entity in the chain holds more than 25% of the shares or voting rights in the entity immediately below it;

"Information" means information (other than information subject to legal privilege) in any form or medium and of any description specified by the Regulator and includes any documents, accounts, estimates, returns, records, or reports and data of any kind, whether or not prepared specifically at the request of the Regulator;

"Information Covenantor" has the meaning given to it in Standard Condition B11.5 (*Provision of Information to the Regulator*);

"Information Undertaking" has the meaning given to it in Standard Condition B11.4;

"Interim Period" has the meaning given in the Act;

"Intervention Plan" has the meaning given to it in Standard Condition B14.15;

"Investment Grade Issuer Credit Rating" means an investment grade issuer credit rating of the Licensee from S&P, Moody's, Fitch or DBRS Morningstar, required by the Regulator in accordance with Part C of Standard Condition B18;

"Investment Grade Issuer Credit Rating Guidance" means the guidance issued by the Regulator in accordance with Standard Condition B18.8;

"Known Risk" means:

(a) a risk that the Licensee considered could jeopardise the satisfactory performance of the contract but, because of its nature, could not be addressed in the contract as awarded; and

(b) the risk was identified in the tender for award of the contract, including by reference to it meeting the description in paragraph (a) and the possibility of modification under Standard Condition B24.6(d);

"Land Rights" means any legal or beneficial interest in (or right, title or interest in) land upon which the T&S Network is situated

(including any estate, interest, easement, right of access or other leasehold right in or over land including any leasehold interests or other rights to occupy or use and any contractual or personal rights in favour of the Licensee relating to the occupation, use or acquisition of such property for the purposes of the T&S Business);

"LCCC" has the meaning given to it in Special Condition E1;

"Legal Requirement" means a requirement under:

(a) any licences (but excluding any requirement arising only by virtue of any condition of this licence), permits, approvals and consents issued by any body of competent jurisdiction (including, for the avoidance of doubt, the consents of any devolved administration and agreements entered into with a Competent Authority as part of a consenting process) in relation to the construction, commissioning, operation or decommissioning (and post-decommissioning monitoring) of the T&S Network; and

(b) any act of Parliament, subordinate legislation, ordinance, code (including the CCS Network Code), decision, directive, direction, requirement, order, decree, regulation, determination or published procedure, policy or guidance of any Competent Authority (including courts and tribunals) which is legally binding on the Licensee;

"Liaison Agreement" means the agreement of that name entered into between the Secretary of State and the Licensee on or around Licence Award;

"Licence Award" means the date on which this licence comes into force;

"Licence Compliance Certificate" means a certificate in the form set out in Part F of Standard Condition B14;

"Licence Derogation" has the meaning given to it in Standard Condition B28.3 (*Licence Derogations*);

"Licence Derogations Document" means the document setting out the Licence Derogations that apply to the Licensee, based on the template included in Schedule 5 (*Template Licence Derogations Document*), as updated in accordance with the conditions of this licence;

"Licence Fee" has the meaning given to it in Standard Condition A3.5;

"Licensee" is the licensee named in the terms of this licence;

"List of Approved Contracts" means the list of Approved Contracts designated as such as at Licence Award, based on the template included in Schedule 9 (*Template List of Approved Contracts*), as updated in accordance with the conditions of this licence;

"Local Content" means:

(a) in respect of works or services, those works or services carried out or provided by a company carrying on business in the UK; and

(b) in respect of goods, those goods which are being made, changed or improved in the UK (using the same definition as goods eligible for a UK country of origin certificate);

"Majority Stake" means, in relation to a Qualifying Acquisition, that 'A' has a majority stake in 'B' if:

(a) 'A' holds a majority of voting rights in 'B';

(b) 'A' is a member of 'B' and has the right to appoint or remove a majority of the board of directors of 'B';

(c) 'A' is a member of 'B' and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in 'B'; or

(d) 'A' has the right to exercise, or actually exercises, dominant influence over 'B' for the purposes of section 1162(2)(c) and paragraph 4 of schedule 7 of the Companies Act 2006,

where:

(i) majority means a simple majority of more than 50%;

(ii) the reference to the right to appoint or remove a majority of the board of directors of an entity is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all or substantially all matters; and

(iii) the reference to the board of directors, in the case of an entity that does not have such a board, is to be read as a reference to the equivalent management body of that entity;

"Mandated Financing Terms"	has the meaning given to it in Standard Condition B18.17;
"Maximum Annual Cumulative Flow"	means the maximum quantity of carbon dioxide that the Licensee is permitted to inject into a Storage Site(s) that forms part of the T&S Network in any period of 12 consecutive months in accordance with its Storage Permit(s) (expressed in $MtCO_2$), as set out in section 3.4 of the Approved Project Development Plan;
"Maximum Instantaneous Flow Rate"	means the maximum instantaneous flow rate of carbon dioxide, that can be offered to Users (in aggregate) as network capacity, on the T&S Network (expressed in $kgCO_2/s$ and $MtCO_2$/year), as set out in section 3.4 of the Approved Project Development Plan;
"Metering Equipment"	means all equipment used to measure and/or assess the rate of flow, quantity and composition of all carbon dioxide in the T&S Network, at different points of the T&S Network;
"Minimum Instantaneous Flow Rate"	means the minimum instantaneous flow rate of carbon dioxide required for the reliable and safe operation of the T&S Network (expressed in $kgCO_2/s$ and $MtCO_2$/year), as set out in section 3.4 of the Approved Project Development Plan;
"Modification Panel"	has the meaning given to it in Standard Condition B5.6(a);
"Modification Procedures"	has the meaning given to it in Standard Condition B5.5(c);
"Modification Proposal"	has the meaning given to it in Standard Condition B5.6(c);
"Modification Report"	has the meaning given to it in Standard Condition B5.6(c);
"Non-Code Party"	means any person that is not a party to the CCS Network Code, other than a Third Party Participant, the Regulator or the Secretary of State;
"**North Sea Transition Deal**"	means the initiative agreed between the Government and the oil and gas industry, as documented in the document of that name, dated March 2021, as may be updated or supplemented, or replaced by any similar initiative involving the Government and the oil and gas industry and/or the carbon capture and storage industry;
"NSTA"	means the North Sea Transition Authority, which is the business name of the Oil and Gas Authority, which is the

	regulatory authority for offshore carbon dioxide storage, responsible for permitting and licensing;
"Obligated Network Capacity"	means the Obligated Network Capacity as set out in section 3.4 of the Approved Project Development Plan, comprising the following elements (as set out in the APDP): (a) the Maximum Instantaneous Flow Rate; (b) the Maximum Annual Cumulative Flow; (c) the Minimum Instantaneous Flow Rate; and (d) the Overall Store Capacity;
"Obsolete"	means that the asset consumables and/or key spare parts can no longer be procured, or support has been withdrawn, or like-for-like replacement of a failed component is no longer possible without resorting to the Licensee commissioning, engineering and manufacturing a compatible replacement, unless commissioning, engineering and manufacturing a compatible replacement is an economic, efficient and effective solution to replacing such failed component;
"OffDF Deficit"	has the meaning given to it in Standard Condition D2.21(a);
"OffDF Deficit Submission"	means a notice submitted by the Licensee to the Regulator pursuant to Standard Condition D2.21 which complies with the requirements of Standard Condition D2.22;
"OffDF Monthly Contribution"	has the meaning given to it in Standard Condition D2.13;
"Offshore Decommissioning Fund"	means a decommissioning fund or funds within the meaning of section 92(7) of the Act, established in relation to Offshore Infrastructure pursuant to the requirements of the Decommissioning Regulations;
"Offshore Decommissioning Fund Accrual Profile"	means the accrual profile applied under the Decommissioning Regulations to determine the Decommissioning Regulations Financial Requirement or, if an accrual profile is not determined under the Decommissioning Regulations, then a straight line accrual profile (in real terms) over the operational life of the Offshore Infrastructure;
"Offshore Decommissioning Fund Allowance"	has the meaning given to it in Standard Condition D2.8;

"Offshore Decommissioning Fund Cost Estimate"	has the meaning given to it in Standard Condition D2.6(a)(ii);
"Offshore Decommissioning Funding and Investment Strategy"	has the meaning given to it in Standard Condition D2.6(b);
"Offshore Decommissioning Programme"	means a decommissioning programme prepared under the Petroleum Act 1998 (as modified by the Energy Act 2008) in the form approved by the Secretary of State, as may be amended from time to time with the Secretary of State's approval;
"Offshore Decommissioning Requirements"	means the Legal Requirements relating to the decommissioning and post-decommissioning monitoring obligations with respect to Offshore Infrastructure (including relating to providing security for the costs of fulfilling such obligations), including those arising under: (a) Part 4 of the Petroleum Act 1998 (as modified by the Energy Act 2008); (b) the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010; (c) the Storage of Carbon Dioxide (Termination of Licences) Regulations 2011; or (d) any Decommissioning Regulations;
"Offshore Holding Arrangements"	means the structure for the Offshore Decommissioning Fund, which meets the ringfencing and holding criteria and requirements set out in any Decommissioning Regulations, as approved by the Secretary of State in accordance with any Decommissioning Regulations;
"Offshore Infrastructure"	means those parts of the T&S Network that are carbon dioxide-related sites, pipelines or installations (within the meaning of sections 92(1) and (2) of the Act), which are located in, under or over a controlled place (within the meaning of section 17(3) of the Energy Act 2008);
"Offshore Pipeline Infrastructure"	means that part of the T&S Network which is offshore, being the pipelines and related infrastructure from the pig trap(s) at the outlet(s) of the Terminal(s) to the pig trap(s) or

	manifold entry flange(s) at the entry to the T&S Storage Site;
"Offshore Transportation and Storage System"	means: (a) the Offshore Pipeline Infrastructure; (b) the T&S Storage Site(s); and (c) the Terminal(s);
"OnDF Deficit"	has the meaning given to it in Standard Condition C2.22(a);
"OnDF Deficit Submission"	means a notice submitted by the Licensee to the Regulator pursuant to Standard Condition C2.22 which complies with the requirements of Standard Condition C2.23;
"OnDF Monthly Contribution"	has the meaning given to it in Standard Condition C2.14;
"Onshore Decommissioning Authority"	means: (a) the local planning authority; or (b) multiple local planning authorities, where the Onshore Infrastructure is located in a geographical area that straddles more than one local planning authority area; or (c) any other Competent Authority, in charge of enforcing the Onshore Decommissioning Requirements that apply to the Onshore Infrastructure;
"Onshore Decommissioning Fund"	means a fund or funds established for providing security for the discharge of liabilities in respect of decommissioning costs (and costs of related activities) in relation to the Onshore Infrastructure, established in accordance with Standard Condition C2;
"Onshore Decommissioning Fund Accrual Profile"	means a straight line accrual profile (in real terms) over the RAV Asset Life of the T&S Network;
"Onshore Decommissioning Fund Allowance"	has the meaning given to it in Standard Condition C2.9;
"Onshore Decommissioning Fund Cost Estimate"	has the meaning given to it in Standard Condition C2.7(b);

"Onshore Decommissioning Funding and Investment Strategy"	has the meaning given to it in Standard Condition C2.7;
"Onshore Decommissioning Plan"	has the meaning given to it in Standard Condition C2.7;
"Onshore Decommissioning Requirements"	means any Legal Requirements that require Onshore Infrastructure to be decommissioned (and any activities related to decommissioning to be carried out), including but not limited to any requirements imposed or administered by any local planning authority;
"Onshore Holding Arrangements"	has the meaning given to it in Standard Condition C2.7;
"Onshore Infrastructure"	means any part of the T&S Network which is not Offshore Infrastructure;
"Onshore Transportation System"	means those part(s) of the T&S Network which are located onshore, including the pipelines and related infrastructure from the User(s) boundary fence to a pipeline entry pig trap at the entry to a Terminal, but excluding any part(s) of the T&S Network which constitute the Offshore Transportation and Storage System;
"Operational Charging Year"	has the meaning given to it in Special Condition E1;
"Operational Period"	has the meaning given to it in Special Condition E1;
"Operational Resources Certificate"	means a certificate in the form set out in Part D of Standard Condition B14;
"OPRED"	means the Offshore Petroleum Regulator for Environment and Decommissioning, which is a part of the Department for Energy Security and Net Zero;
"Overall Store Capacity"	means the total carbon dioxide storage capacity of a Storage Site(s) that forms part of the T&S Network (expressed in $MtCO_2$), as set out in section 3.4 of the Approved Project Development Plan;
"Panel Chairperson"	has the meaning given to it in the CCS Network Code;
"Parent Undertaking"	means a parent undertaking within the meaning of section 1162 of the Companies Act 2006;

"Participating Interest" has the meaning given to it in section 421A of the Financial Services and Markets Act 2000;

"Participating Owner" means, in relation to any person, a company which:

(a) holds a Participating Interest in that person; or

(b) holds a Participating Interest in an Affiliate of that person;

"PCFM Variable Value" has the meaning given to it in Special Condition E1;

"Periodic Review" means the reviews undertaken by the Regulator at regular intervals in accordance with Special Condition H27 (*Periodic Reviews*);

"Permitted Payment" means any of the following:

(a) a payment made pursuant to and in accordance with the Government Support Package; or

(b) a payment made pursuant to and in accordance with any Approved Contract;

"Permitted Purpose" means the purpose of all or any of the following:

(a) the T&S Business;

(b) any other business or activity within the limits of Standard Condition B13;

(c) any business or activity to which the Regulator has given its consent in accordance with Standard Condition B13; and

(d) without prejudice to the generality of paragraphs (a) to (c), any payment or transaction lawfully made or undertaken by the Licensee for a purpose within Standard Condition B16 (*Indebtedness*);

"Permitted Transaction" means any arrangements put in place pursuant to and in accordance with any or all of the following:

(a) the Government Support Package; and

(b) the Approved Contracts;

"Post Commissioning Review" has the meaning given to it in Special Condition E1;

"Post Construction Review" has the meaning given to it in Special Condition E1;

"Potential Mitigating Actions" means actions designed to improve the financial resilience of the Licensee, which may include:

(a) dividend restraint;

(b) equity injection or other additional sources of finance;

(c) profiling of investment within the Regulatory Period;

(d) cost reduction;

(e) profiling of financial liabilities within the Regulatory Period; and

(f) if relevant, negotiations with lenders regarding covenants and possible exemptions;

"Potential Provider" means any entity that responds to an invitation to tender;

"PR Determination" means the determination issued by the Regulator to the Licensee at the conclusion of each Periodic Review, in accordance with Special Condition H27;

"Price Control Financial Handbook" or "PCFH" means the handbook to be issued and updated by the Regulator, and published on the Regulator's Website, that sets out the steps that the Licensee must comply with when completing the Annual Iteration Process and which includes, amongst other things:

(a) instructions and guidance on how to populate the PCFM Variable Values for submission for an Annual Iteration Process;

(b) instructions and guidance on the process and timeframe for reporting and submitting the required data; and

(c) any requirements for Supporting Information, documentation or commentary that are to be submitted;

"Price Control Financial Model" or "PCFM" means the model, represented by a workbook in Microsoft Excel, that is issued by the Regulator to the Licensee as amended from time to time in accordance with this licence;

"Project" has the meaning given in Special Condition E1;

"Project-Specific Documents" means:

(a) the Approved Project Development Plan;

(b) the Financial Settlement Document;

(c) the Technical Details Document;

(d) the List of Approved Contracts;

(e) the Licence Derogations Document;

(f) the Price Control Financial Model; and

(g) the Price Control Financial Handbook;

"Prospective User" means any person (other than a User) who has applied to connect to the T&S Network pursuant to Section C of the CCS Network Code;

"Qualifying Acquisition" means an event in which a person:

(a) acquires Control or Indirect Control of the Licensee; or

(b) acquires Control or Indirect Control of the T&S Network;

"Qualifying Acquisition Notice" has the meaning given to it in Standard Condition B22.3 (*Qualifying Acquisition*);

"Quoted Company" has the meaning given to that term in section 385 of the Companies Act 2006;

"RAV Asset Life" has the meaning given to that term in the Technical Details Document;

"Receivable" means a contractual right to receive any sum or sums or any other financial asset from another person;

"Redundant" means:

(a) that the asset is no longer required or necessary to enable the Licensee to comply with its obligations under this licence or the CCS Network Code in relation to its T&S Network, provided that an asset can only be considered Redundant where:

(i) it is:

(A) a fixed, installed asset (that is, not held as a spare in a warehouse) and

has an installed new build value of less than £5,000,000 (CPIH Indexed); or

(B) a non-fixed item of plant, installation/maintenance equipment, spares or consumables that has a value of less than £200,000 (CPIH Indexed) (provided that the Licensee must not seek to circumvent the £200,000 limit by valuing separate batches of a single item); and

(ii) it does not constitute Strategic Spares or Land Rights and buildings;

(b) in the case of surplus construction materials, that the materials are no longer required to enable the Licensee to carry out any construction work for which the materials were acquired, provided that any surplus construction materials related to Phase 1 Activities cannot be considered to be Redundant until after the Commercial Operations Date, and the same principle applies to any surplus construction materials related to Phase 2 Activities and Expansion Activities (where "Phase 1 Activities", "Phase 2 Activities" and "Expansion Activities" have the meaning given to those terms in Special Condition E1);

"Regulator" means the Gas and Electricity Markets Authority in its role as the economic regulator under Part 1 of the Act;

"Regulator Costs" has the meaning given to it in Standard Condition A3.3;

"Regulator's Website" means www.ofgem.gov.uk, as updated from time to time;

"Regulatory Accounts" means the accounts of the Licensee produced in accordance with Standard Condition B10;

"Regulatory Period" means the First Regulatory Period and any subsequent period ending on 31 March immediately before a PR Determination takes effect;

"Related Undertaking" means, in relation to any person, any undertaking in which such person has a Participating Interest;

"Relevant Objectives" means:

(a) the safe, economic, efficient and effective development and operation of the T&S Network to which the licence relates (as well as the coordinated, safe, economic, efficient and effective development and operation of the carbon dioxide transport and storage networks of one or more other T&S Licensees where relevant); and

(b) the economic, efficient and effective discharge of the Licensee's obligations under the licence;

"Relevant Obligations" has the meaning given to it in Standard Condition B7;

"Relief" means any allowance, credit, exemption, deduction or relief from or in computing tax or any right to the repayment of tax;

"Relinquishment of Operational Control" includes entering into any agreement or arrangement under which decisions relating to the operational management and control of the T&S Assets are not (or cease to be) at the sole direction of the Licensee, and "relinquish" and any related expressions in this context are to be read accordingly;

"Re-use Service" means the re-use service provided by the Licensee to some Users under the CCS Network Code, whereby such Users are given the right to temporarily withdraw some carbon dioxide from the T&S Network for certain operational purposes, on the condition that such carbon dioxide is subsequently re-delivered into the T&S Network;

"Revenue Support Agreement" means the carbon dioxide transport and storage revenue support contract (within the meaning of the Act) entered into between the Licensee and the LCCC (or any successor entity);

"RIGs" means the Regulatory Instructions and Guidance published by the Regulator under Standard Condition B19;

"Risk Assessment" means an assessment of the likelihood and potential impact of any inaccurate or incomplete reporting, or any misreporting, of Data by the Licensee to the Regulator under this licence (as may be further clarified in the Data Assurance Guidance);

"SAR Transfer Scheme" means the T&S transfer scheme within the meaning of paragraph 3(1) of schedule 21 of the Energy Act 2004 as applied and modified by section 44 of the Act;

"Scheduled COD" has the meaning given to it in Special Condition E1;

"SCR Directions" means directions issued by the Regulator following publication of Significant Code Review conclusions which contain:

(a) instructions to the Licensee to make (and not withdraw, without the Regulator's prior consent) a Modification Proposal;

(b) the timetable for the Licensee to comply with the Regulator's directions; and

(c) the Regulator's reasons for its directions;

"Secretary of State" or **"SoS"** means the Secretary of State for the Department for Energy Security and Net Zero;

"Section 50 Transfer Scheme" means a scheme for the transfer of designated property, rights and/or liabilities of a T&S Licensee made by the Secretary of State under section 50 of the Act;

"Segmental Information" means such financial and descriptive information in respect of the T&S Business Activities of the Licensee as would be disclosable under International Financial Reporting Standard 8 (or Statement of Standard Accounting Practice 25) if each of those activities were an operating segment (or reportable segment) of the Licensee within the meaning of those respective standards;

"Self-Governance Criteria" means that a Modification Proposal, if implemented,

(a) is unlikely to have a material effect on:

(i) existing or future Users;

(ii) competition in the pipeline transportation and storage of carbon dioxide or any commercial activities connected with the pipeline transportation and storage of carbon dioxide;

(iii) matters relating to the operation of the T&S Network, including emergencies; and

(iv) the Modification Procedure; and

(b) is unlikely to discriminate between different classes of parties to the CCS Network Code;

"Self-Governance Route" has the meaning given to it in Standard Condition B5.26;

"Self-Governance Statement" means the statement made by the Modification Panel and submitted to the Regulator in accordance with Standard Condition B5.26(a):

(a) confirming that, in its opinion, the Self-Governance Criteria are met and the modification is suitable for the Self-Governance Route; and

(b) the Modification Panel's reasons for that opinion;

"Significant Code Review" means a review of one or more matters which:

(a) relate to the CCS Network Code;

(b) the Regulator considers likely to be of particular significance in relation to the Regulator's principal objectives and/or general duties (under section 1 of the Act); and

(c) concerning which the Regulator has issued a notice to the parties listed in Standard Condition B5.11(a) (among others, as appropriate) stating:

(i) that the review will constitute a Significant Code Review;

(ii) the start date of the Significant Code Review; and

(iii) the matters that will fall within the scope of the review;

"Significant Code Review Phase" means the period:

(a) commencing either:

(i) on the start date of a Significant Code Review as stated by the Regulator; or

(ii) on the date the Regulator makes a Backstop Direction; and

(b) ending in one of the following ways:

(i) on the date on which the Regulator issues a statement under Standard Condition B5.18(b) that no SCR Directions will be issued in relation to the CCS Network Code; or

(ii) if no statement is made under Standard Condition B5.18(b) or 5.18(d), on the date on which the Licensee has made a Modification Proposal in accordance with SCR Directions issued by the Regulator under Standard Condition B5.18(a), or the Regulator makes a Modification Proposal under Standard Condition B5.18(c); or

(iii) immediately under Standard Condition B5.18(e) if neither a statement, a Modification Proposal nor SCR Directions are made by the Regulator within (and including) twenty eight (28) days from the Regulator's publication of its Significant Code Review conclusions; or

(iv) if a statement has been made under Standard Condition B5.18(d) or a Backstop Direction has been made, on the date specified in accordance with Standard Condition B5.20;

"Significant Managerial Responsibility or Influence" means where a person plays a role in:

(a) the making of decisions about how the whole or a substantial part of a Licensee's activities are to be managed or organised; or

(b) the actual managing or organising of the whole or a substantial part of those activities;

"Specific Provisions" has the meaning given to that term in the CCS Network Code;

"Specified Area" means the area stated in Schedule 1 (*Specified Area*);

"Specified Information" means information (or a category of information) that is so described or defined in the RIGs;

"Storage Licence" means a licence or licences held by the Licensee in relation to one or more T&S Storage Site under section 18 of the Energy Act 2008 and expressly referenced in the Licensee's Approved Project Development Plan;

"Storage Permit" means a storage permit or storage permits held by the Licensee in relation to one or more T&S Storage Site, under the Storage Licence(s) and the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010;

"Storage Site" has the meaning given to it in the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010;

"Strategic Report" has the meaning given to it in Standard Condition B10.18;

"Strategic Spares" means spare parts that are essential for the effective operation of the T&S Network and:

(a) have a high risk of current or future obsolescence, are subject to long delivery lead times or need to be held on standby to address high failure rates; and

(b) holding them as spares is an economic, efficient and effective solution,

subject to any guidance on (a) and (b) that may be issued by the Regulator;

"Subsidiary Undertaking" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006;

"Supplemental Compensation Agreement" means the agreement of that name entered into between the Licensee and the Secretary of State on or around Licence Award;

"Supporting Information" has the meaning given to it in Special Condition E1;

"System Development Statement" has the meaning given to it in Standard Condition B2.3 (*System Development Statement*);

"T&S Asset" means any asset that for the time being forms part of the Licensee's T&S Network, including:

(a) all infrastructure and equipment that makes up the T&S Network;

(b) the Land Rights;

(c) the T&S Storage Site(s); and

(d) any items on the Licensee's register of Strategic Spares;

"T&S Business" means the development and operation of a network for the transportation and storage of carbon dioxide, including:

(a) compliance with the Licensee's obligations under this licence;

(b) compliance with all decommissioning obligations (including the Onshore Decommissioning Requirements and the Offshore Decommissioning Requirements); and

(c) compliance with and discharge of the Licensee's obligations and rights relating to the maintenance, administration and modification of the CCS Network Code;

"T&S Business Activities" has the meaning given to that term in Standard Condition B10.3;

"T&S Licensee" means any holder of a licence granted under section 7 of the Act or under section 7 (as modified by section 16 and Schedule 1) of the Act;

"T&S Network" means the Licensee's Onshore Transportation System and/or Offshore Transportation and Storage System, and includes any part of them, the location of which is described in Standard Condition A5 (*T&S Network Area*);

"T&S Storage Site" means a Storage Site or Storage Sites which forms part of the T&S Network, as described in the Licensee's Storage Permit;

"T&SCo of Last Resort Direction" means a direction issued by the Regulator in accordance with Standard Condition B23 (*T&SCo of Last Resort*);

"Technical Details Document" means the technical details document designated as such as at Licence Award, based on the template in Schedule 4 (*Template Technical Details Document*), as updated in accordance with the conditions of this licence;

"Terminal" means an onshore terminal facility and all ancillaries between the pig trap(s) at the outlet of the Onshore Transportation System(s) and the pipeline pig trap(s) at the inlet(s) of the Offshore Pipeline Infrastructure, which is deemed to form part of the Offshore Transportation and Storage System and not form part of the Onshore Transportation System;

"Third Party Participant" has the meaning given to it in Standard Condition B5.8;

"UK ETS" means the UK Emissions Trading Scheme established under the Greenhouse Gas Emissions Trading Scheme Order 2020 (as amended or supplemented by other legislation) and any guidance issued in relation to it;

"UK Listing Authority" means the Financial Conduct Authority (FCA) acting in its capacity as the Competent Authority for the purposes of Part VI (Official Listing) of the Financial Services and Markets Act 2000 or any successor body;

"Ultimate Controller" means any of the following:

(a) a Parent Undertaking of the Licensee, which is not itself a Subsidiary Undertaking of another company; and

(b) subject to notes 1 to 3 below, any person who (whether alone or with a person or persons connected with them) is in a position to control, or to exercise significant influence over, the policy of the Licensee or the policy of any Parent Undertaking or Participating Owner of the Licensee by virtue of:

(i) rights under contractual arrangements to which they or any of their Affiliates are a party or of which they are a beneficiary; or

(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by them or any of their Affiliates or of which they are a beneficiary;

note 1: sub-paragraph (b) does not include any director or employee of a corporate body in their capacity as such;

note 2: for the purposes of sub-paragraph (b), a person is connected with another person if they are party to any arrangement regarding the exercise of any such rights as are described in that sub-paragraph;

note 3: a person that falls within the scope of sub-paragraph (b) shall be deemed not to be an Ultimate Controller for the purposes of Standard Conditions B11 (*Provision of Information to the Regulator*), B17 (*Undertaking from Ultimate Controller*) and B22 (*Qualifying Acquisition*) where:

(i) that person is a Subsidiary Undertaking of another person who falls within the scope of sub-paragraph (b) ("other person"); and

(ii) that other person provides an Ultimate Controller undertaking pursuant to Standard Conditions B11, B17 and B22;

"Urgent Modification Proposal"	means a Modification Proposal which the Regulator agrees or determines should be treated as urgent, in accordance with the CCS Network Code;
"Use of System"	means use of the T&S Network (or part of it) by any person to deliver carbon dioxide at a Delivery Point in the T&S Network, for the transportation and/or storage of carbon dioxide by the Licensee, including the Re-use Service;
"User"	means a person other than the Licensee or any other holder of a licence issued under section 7 of the Act who is for the time being bound by the CCS Network Code;
"User Arrangements"	means arrangements between the Licensee and Users/ future Users for use of the T&S Network, including arrangements for the connection of Users' and future Users' facilities to the T&S Network, and the delivery of carbon dioxide by Users at a Delivery Point; and
"User Metering Equipment"	has the meaning given to it in Standard Condition C3.4 (*Onshore Metering*) and in Standard Condition D3.4 (*Offshore Metering*).

Standard Condition A2: Interpretation of this licence

Introduction

2.1 The purpose of this condition is to set out some general principles of interpretation that apply to this licence.

Structure of this condition

2.2 This condition is structured as follows:

(a) Part A sets out the general rules of interpretation applying to this licence;

(b) Part B sets out the Licensee's performance of obligations;

(c) Part C sets out the specific application of Regulator's powers;

(d) Part D sets out the ability of the Regulator when it may specify a date;

(e) Part E sets out the method of calculation of periods of time;

(f) Part F sets out things done which have a continuing effect;

(g) Part G sets out the meaning of references to "the Licensee"; and

(h) Part H sets out that the provisions of this licence should be read and understood as if they were an act of Parliament and the Interpretation Act 1978 applied to them.

Part A: General rules of interpretation

2.3 Unless the context otherwise requires, any word or expression defined in the Act has the same meaning when used in this licence.

2.4 Unless the context otherwise requires, any reference in this licence to an industry code, an agreement, or a statement is a reference to that code, agreement, or statement as modified, supplemented, transferred, novated, revised, or replaced from time to time.

2.5 The heading or title of any section, standard condition, schedule, paragraph, or sub-paragraph in the licence is for convenience only and does not affect the interpretation of the text to which it relates.

2.6 In the event of any conflict or inconsistency between the provisions of the licence and any headings, sub-headings or introductory text, the provisions of the licence will prevail.

2.7 Any reference to this licence includes the schedules, each of which forms part of this licence for all purposes.

2.8 Unless the context otherwise requires, any reference to a condition or schedule (other than to a schedule to a statutory provision), paragraph, annex, appendix or part in this licence shall be a reference to a condition, schedule, paragraph, annex, appendix or part (as the case may be) of or to this licence and a reference in a schedule to a paragraph, annex,

appendix or part shall mean references to a paragraph, annex, appendix or part of that schedule, provided that:

(a) any reference in the standard conditions or special conditions of this licence to a section, standard or special condition (as the case may be), schedule, paragraph, or sub-paragraph is a reference to it in the standard or special conditions of this licence (as the case may be);

(b) any reference in a standard condition or special condition of this licence to a paragraph or subparagraph is a reference to it in that standard or special condition (as applicable); and

(c) any reference in this licence to a provision of the standard conditions or special conditions of this licence, is to be read, if the standard or special conditions of this licence are subsequently modified, as a reference (so far as the context permits) to the corresponding provision of the modified standard or special conditions.

2.9 Unless the context otherwise requires, any reference in this licence to a person or company includes any person, firm, company, corporation, government, state or agency of a state, or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing and their successors and permitted assignees or transferees.

2.10 Any reference to "writing" in this licence includes typing, printing, photography and other modes of representing or reproducing words in a visible form and expressions referring to writing are to be construed accordingly.

2.11 Any references to "includes" or "including" in this licence is to be construed as "includes without limitation" or "including without limitation".

2.12 Any use of the singular in this licence includes the plural and vice versa.

2.13 Any words denoting any gender in this licence includes any other gender.

2.14 Any reference to an enactment or statutory provision in this licence shall, unless otherwise expressly specified in this licence, include:

(a) a reference to any subordinate legislation made under the relevant enactment or statutory provision whether before or after Licence Award; and

(b) be a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after Licence Award.

2.15 Any references in this licence to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include that which most nearly approximates the English legal term in that jurisdiction and references to any English statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction.

2.16 Any references to the Regulator or the Licensee in this licence includes their respective (and any subsequent) successor(s) in title, and their respective permitted transferee(s) or assignee(s).

2.17 Where any condition of this licence requires the Licensee to do or not to do anything, the Licensee shall remain responsible for compliance with that condition notwithstanding the fact that:

(a) the Licensee has delegated or contracted responsibility for any matters related to that requirement to an agent, servant, contractor or subcontractor; and/or

(b) any action or inaction by the agent, servant, contractor or subcontractor has caused the Licensee to be in breach of the condition.

2.18 Any references in this licence to costs, expenses and losses which are to be indemnified to, or recovered by, the person incurring the same shall be construed as references to an amount equal to the amount of such costs, expenses and losses together with any amount that represents VAT or other similar tax properly chargeable therein in any jurisdiction.

Part B: Licensee's performance of obligations

2.19 Where any obligation in this licence is required to be performed by a specified date or time or within a specified period and the Licensee has failed to do so, the obligation will continue to be binding and enforceable after the specified date or time or after the end of the specified period, but without prejudice to all rights and remedies available against the Licensee in relation to its failure.

2.20 Unless otherwise stated in the licence, the Licensee must provide any information requested by the Regulator as soon as reasonably practicable, or as may otherwise be specified by the Regulator in its notice requesting the information.

Part C: Specific application of Regulator's powers

2.21 Unless a contrary intention appears, any power of the Regulator under any provision of this licence to give a direction, consent, derogation, approval, or designation is a power:

(a) to give it to such extent, for such period of time, and subject to such conditions as the Regulator thinks reasonable in all the circumstances of the case; and

(b) to revoke or amend it (after consulting with the Licensee) or give it again under that power.

2.22 Unless a contrary intention appears, any power of the Regulator under any provision of this licence to make a determination or a decision is a power:

(a) to make it subject to such conditions as the Regulator thinks reasonable in all the circumstances of the case; and

(b) to make it again under that power.

2.23 Any direction, consent, derogation, determination, approval, designation, decision, or other instrument given or made by the Regulator under this licence will be given or made in writing.

2.24 The time periods for the Regulator to take any action, issue any notification, or make any determination under or pursuant to this licence will be suspended during any period when:

(a) a request by the Regulator for information from the Licensee is outstanding; and/or

(b) the Regulator is consulting on the action, notification or determination.

Part D: Date to be specified by the Regulator

2.25 In each case in which the Regulator may specify a date under any of the standard conditions of this licence, it may specify:

(a) that date; or

(b) the means by which that date is to be determined.

Part E: Calculation of periods of time

2.26 Periods of time under this licence are to be calculated as follows:

(a) where an act is required to be done within a specified period after or from a specified date, the period begins on the day immediately after that date;

(b) where the period would include Christmas Day, Good Friday, or a day which under the Banking and Financial Dealings Act 1971 is a bank holiday in England and Wales or, as the case may be, in Scotland, that day is to be excluded from the calculation;

(c) where the period is expressed in terms of Business Days, any day that is a Saturday or Sunday is also to be excluded from the calculation; and

(d) references to a time of day shall be deemed to be a reference to that time in London (United Kingdom) on the date in question.

Part F: Things done to have continuing effect

2.27 Anything done under or because of a standard condition of this licence, which is in effect immediately before that condition is modified, has continuing effect for so long as it is permitted or required by or under the modified condition.

2.28 Without prejudice to the generality of Standard Condition A2.27, every direction, consent, determination, designation, approval, decision, or other instrument given or made by the Regulator in relation to a standard condition of this licence, which is in effect immediately before that condition is modified, has continuing effect for so long as it is permitted or required by or under that modified condition.

Part G: References to the Licensee

2.29 References to "the Licensee" in this licence are references to the person to whom this licence has been granted, or is to be treated as so granted, under section 7 of the Act and

include references to any person to whom the whole or any part of this licence has been transferred under section 18 of the Act.

Part H: Interpretation Act 1978

2.30 The provisions of this licence are to be read and understood as if they were in an act of Parliament and the Interpretation Act 1978 applied to them.

2.31 Any references to standard conditions in this licence shall be standard conditions for the purposes of this licence only and shall not be construed as standard conditions determined by the Secretary of State pursuant to section 12 of the Act.

Standard Condition A3: Payment of the Licence Fee

Introduction

3.1 The purpose of this condition is to set out the Licensee's obligation to pay the Licence Fee and set out how the Licence Fee is calculated.

Structure of this condition

3.2 This condition is structured as follows:

(a) Part A sets out how the Licence Fee is calculated; and

(b) Part B sets out when the Licensee is required to pay the Licence Fee.

Part A: Calculation of the Licence Fee

3.3 For each Charging Year, the Regulator shall estimate the costs (the "**Regulator Costs**") which are likely to be or which have been the costs of the Regulator in performing its functions under the Act as the economic regulator for carbon dioxide transport and storage networks (and excluding any costs of the Regulator associated with the performance by the Regulator of any of its other functions).

3.4 In estimating the costs referred to in Standard Condition A3.3, the Regulator shall have regard to principles determined by the Regulator for the purpose of this condition (after consulting the Licensee and others likely to be affected by the application of such principles) and notified to the Licensee in advance.

3.5 To calculate the Licence Fee and give notice of it to the Licensee, the Regulator shall:

(a) determine the proportion (as a percentage figure) of the Regulator Costs attributable to the Licensee (the "**Appropriate Proportion**") in accordance with the principles determined by the Regulator for the purposes of this condition (after consulting the Licensee and others likely to be affected by the application of such principles);

(b) calculate the amount (the "**Licence Fee**") which is equal to the Appropriate Proportion of the Regulator Costs; and

(c) notify the Licensee of the Appropriate Proportion, the Regulator Costs and the Licence Fee.

Part B: Payment of Licence Fee

3.6 In respect of each Charging Year at the beginning of which the Licensee holds this licence, the Licensee must pay to the Regulator the Licence Fee, in respect of the Regulator Costs for that Charging Year, in accordance with Standard Condition A3.5.

3.7 The Licence Fee calculated in accordance with Standard Condition A3.5 must be paid by the Licensee to the Regulator in two instalments:

(a) the first of which must be paid by 31 July in each year, if the Regulator gives the Licensee notice of the amount of that instalment by 30 June in the year; and

(b) the second of which must be paid by 31 January in each year, if the Regulator gives the Licensee notice of the amount of that instalment by 1 January in the year.

3.8 If the Regulator does not give the Licensee notice of the amount of the instalment by 30 June or (as the case may be) 1 January in the year, the Licensee must pay the amount in question within 30 days after the date on which the Regulator does give such notice to the Licensee.

3.9 If the Licensee does not pay the amount determined in accordance with Standard Condition A3.5 within 30 days after the relevant payment date referred to in Standard Condition A3.7(a) or A3.7(b), it must with effect from that date pay simple interest on the amount:

(a) at the rate which is from time to time equivalent to the base rate of NatWest Bank plc; or

(b) if there is no rate equivalent to the base rate of NatWest Bank plc, the base rate of an equivalent institution designated by the Regulator for this purpose.

Standard Condition A4: Housekeeping Modifications

Introduction

4.1 The purpose of this condition is to provide a process for making Housekeeping Modifications to the licence and any Project-Specific Document.

Structure of this condition

4.2 This condition is structured as follows:

(a) Part A sets out the process for determining whether a modification constitutes a Housekeeping Modification; and

(b) Part B sets out the process for making Housekeeping Modifications.

Part A: Assessment of proposed modification

4.3 Notwithstanding any other provision of this licence, the Regulator may make Housekeeping Modifications to this licence or any Project-Specific Document in accordance with this condition.

4.4 Before initiating any modification under this condition, the Regulator will assess whether that modification is a Housekeeping Modification.

4.5 In making the assessment required by Standard Condition A4.4, the Regulator will have regard to all relevant factors, including the views of the Housekeeping Modification Working Group.

Part B: Process for implementing Housekeeping Modifications

4.6 If, having carried out the assessment required under Part A, the Regulator considers that the intended modification is a Housekeeping Modification, it may modify the licence or a Project-Specific Document (as relevant) by direction to implement the intended modification.

4.7 Subject to Standard Condition A4.8, before making a direction under Standard Condition A4.6, the Regulator will publish on the Regulator's Website:

(a) the text of the proposed direction;

(b) the reasons for the proposed direction, including why the Regulator considers that it is a Housekeeping Modification; and

(c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.

4.8 Where a Housekeeping Modification relates to a Project-Specific Document, then instead of publishing the information referred to in Standard Condition A4.7, the Regulator will:

(a) send that information to the Licensee;

(b) provide the reasons for the proposed direction, including why the Regulator considers that it is a Housekeeping Modification; and

(c) state a period during which representations may be made on the proposed direction, which will not be less than 28 days.

4.9 A direction under Standard Condition A4.6 will set out:

(a) the modification to the conditions of this licence or a Project-Specific Document (as relevant); and

(b) the date on which it is to have effect or the mechanism by which that date is to be determined.

Standard Condition A5: T&S Network Area

Introduction

5.1 The purpose of this condition is to set out the geographical area covered by this licence.

Structure

5.2 This condition is structured as follows:

(a) Part A sets out the Specified Area in relation to which the licence is granted; and

(b) Part B sets out the more detailed geographical details of the location of the T&S Network to be built, operated and maintained by the Licensee.

Part A: Specified Area

5.3 This licence is granted for the "Liverpool Bay T&S" within the Specified Area and more particularly defined in Standard Condition A5.4.

Part B: T&S Network

5.4 In this condition, "Liverpool Bay T&S" means the T&S Network to be built, operated and maintained by the Licensee of which:

(a) the geographical location of the Onshore Transportation System is identified in Annex A to section A, as expanded or varied in accordance with this licence; and

(b) the assets of the Offshore Transportation and Storage System are identified in Annex A to section A, as expanded or varied in accordance with this licence.

Annex A to Section A

Any capitalised words and expressions used in this Annex A to Section A have the meaning given to them in the licence or the APDP, unless otherwise specified.

1. **Geographical location of the Onshore Transportation System**

1.1 The Onshore Transportation System consists of the pipeline, above ground installations (AGIs) and all ancillary equipment. This system will be located in the northwest of England running from Runcorn in Halton, through Cheshire West and Chester to Point of Ayr in Flintshire, in the area shown in Exhibit A.

1.2 The assets of the Onshore Transportation System are shown in Exhibit A, and are as follows:

(a) pipelines:

(i) existing pipeline from Flint AGI to PoA Terminal in Flintshire that will be re-purposed to CO_2 service;

(ii) new pipeline from Stanlow AGI in Cheshire West and Chester to Flint AGI;

(iii) new pipeline from Ince AGI to Stanlow AGI both in Cheshire West and Chester;

(iv) new pipeline from Protos AGI to Ince AGI both in Cheshire West and Chester;

(v) new pipeline from Runcorn AGI in Halton to Ince AGI (i.e. the Runcorn Spurline); and

(vi) new pipeline from Padeswood AGI to Northop Hall AGI in Flintshire (i.e. the Padeswood Spurline).

(b) AGIs:

(i) three new BVSs on the Stanlow AGI to Flint AGI pipeline, at Aston Hill, Mollington, Rock Bank;

(ii) three new BVSs on the re-purposed Flint AGI to PoA Terminal pipeline, at Cornist Lane, Pentre Halken and Barbell;

(iii) three new system entry AGIs (Protos AGI, Runcorn AGI and Padeswood AGI); and

(iv) four multi-junction AGIs (Ince AGI, Stanlow AGI, Northop AGI and Flint AGI).

Exhibit A

2. Assets of the Offshore Transportation and Storage System

2.1 The assets being:

(a) the Offshore Pipeline Infrastructure, which includes the Douglas CCS Platform, the approximate route of which is shown on the map in Exhibit B, and which, as at Licence Award, is subject to Agreement for Lease of carbon dioxide storage and injection site under the bed of the sea at Liverpool Bay and associated pipeline, between the Licensee, His Majesty the King and the Crown Estate Commissioners, dated 7 August 2024 ("**Agreement for Lease**");

(b) the Terminal, as shown on the map in Exhibit B; and

(c) the T&S Storage Sites, being the Hamilton Carbon Store, Hamilton North Carbon Store and Lennox Carbon Store which are depleted hydrocarbon fields located in the south-eastern part of the East Irish Sea Basin (EISB) as shown on the map in Exhibit B, and which are subject to carbon dioxide appraisal and storage licence numbers CS004A (Hamilton), CS004B (Hamilton North) and CS004C (Lennox), and subject to the Agreement for Lease.

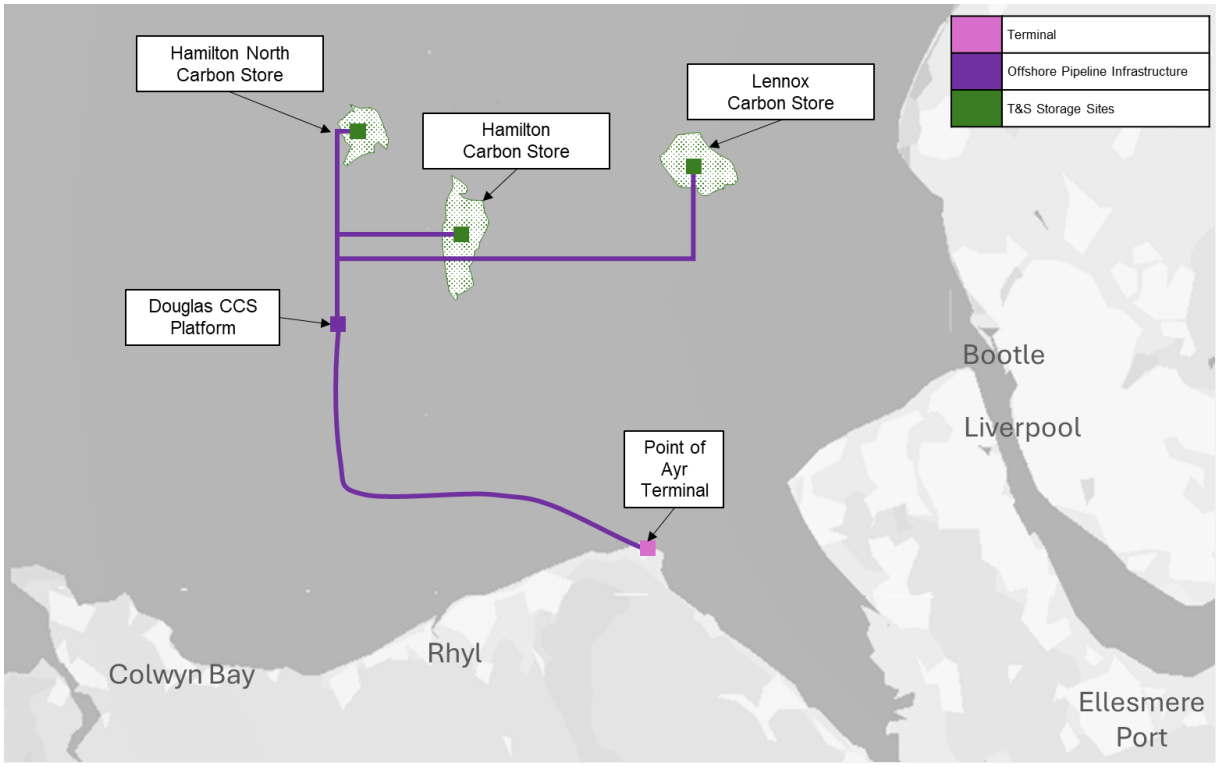
Hamilton North Carbon Store
Hamilton Carbon Store
Lennox Carbon Store
Douglas CCS Platform
Point of Ayr Terminal
Terminal
Offshore Pipeline Infrastructure
T&S Storage Sites
Bootle
Liverpool
Rhyl
Colwyn Bay
Ellesmere Port

Exhibit B

Section B: General

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Standard Condition B1: System development obligations

1.1 The purpose of this condition is to set out obligations of the Licensee to develop the T&S Network.

1.2 The Licensee must develop, maintain and operate the T&S Network in an economic, efficient, effective and co-ordinated manner, having regard to, among other things:

(a) the duty to offer access in accordance with Standard Condition B3 (*Access to T&S Network*);

(b) the Licensee's obligations under the CCS Network Code;

(c) the Licensee's obligations and commitments under the Approved Project Development Plan; and

(d) the Storage Licence and Storage Permit.

Standard Condition B2: System Development Statement

Introduction

2.1 This condition applies for the purpose of ensuring that the Licensee prepares and publishes a System Development Statement.

Structure of this condition

2.2 This condition is structured as follows:

(a) Part A sets out the obligation of the Licensee to prepare a System Development Statement;

(b) Part B sets out the information to be included in a System Development Statement;

(c) Part C sets out the Licensee's obligation to publish the System Development Statement; and

(d) Part D sets out details of any future guidance that the Regulator may issue in relation to the content of the System Development Statement.

Part A: Obligation to prepare System Development Statement

2.3 Unless the Regulator has otherwise consented, on an annual basis, by the start of each Charging Year, the Licensee must prepare a document, to be known as the System Development Statement, which:

(a) sets out a forward-looking summary of the development activities that the Licensee is or will be carrying out in discharging its obligations under Standard Condition B1 (*System development obligations*);

(b) includes, among other things, the information expressly specified in this condition;

(c) is consistent with the Approved Project Development Plan; and

(d) is in a form approved by the Regulator.

Part B: Information to be included in System Development Statement

2.4 The System Development Statement must include:

(a) information about current activities relating to the use, development and expansion of the T&S Network;

(b) information by way of forward-looking forecasts, for the next ten (10) years ahead, of:

(i) the use likely to be made of the T&S Network, covering aspects including, but not limited to, potential new User connections and forecasted storage demand;

(ii) the likely development and expansion of the T&S Network, covering aspects including, but not limited to, potential new spur lines and pipeline routing, potential access points for new Users and options for expansion of existing Storage Sites or development of new Storage Sites, to facilitate an efficient, economical, effective and coordinated T&S Network;

(iii) the Licensee's plans for modifying the T&S Network, including works that it expects to be carried out for that purpose; and

(iv) the Licensee's plans to reduce or put right any predicted shortcomings in the operation or capability of its T&S Network,

as it is reasonably practicable for the Licensee to provide; and

(c) information about the Licensee's decommissioning obligations, and proposals for the discharge of those obligations, in relation to the Onshore Infrastructure and the Offshore Infrastructure, as the case may be.

2.5 Where the Licensee considers that any details included in its System Development Statement would materially and prejudicially affect the commercial interests of the Licensee or any third party if made public, then, with the prior consent of the Regulator, the Licensee may redact such details from the version of the System Development Statement which is to be published in accordance with this condition.

Part C: Publication obligations

2.6 The Licensee must publish its System Development Statement on its website in a readily accessible form and manner and must give a copy of it on request and free of charge to any person who asks for one.

Part D: Future guidance

2.7 In preparing the System Development Statement, the Licensee must have regard to any future guidance which may be issued by the Regulator which may, among other things, include requirements relating to:

(a) interaction of the Licensee's System Development Statement with development plans of the wider UK carbon dioxide transport and storage network and possible interactions with international carbon dioxide import network connections and non-pipeline carbon dioxide transportation; and

(b) any policy objectives being taken forward by the Regulator in response to a CCUS strategy and policy statement prepared by the Secretary of State pursuant to the Act.

Standard Condition B3: Access to T&S Network

Introduction

3.1 The purpose of this condition is to set out the Licensee's obligations relating to offering access to the T&S Network.

Structure of this condition

3.2 This condition is structured as follows:

(a) Part A sets out the obligation of the Licensee to offer access to its T&S Network in accordance with the CCS Network Code;

(b) Part B sets out the Obligated Network Capacity that the Licensee must make available; and

(c) Part C sets out the exceptions to the obligation to offer access.

Part A: Obligation to offer access

3.3 The Licensee must offer access to its T&S Network in accordance with the CCS Network Code and any legislative requirements relating to third party access to carbon dioxide transport and storage facilities.

3.4 Subject to Standard Condition B3.5, the minimum amount of capacity in the T&S Network that the Licensee must make available to Users is based on the Obligated Network Capacity as set out in Standard Condition B3.6.

3.5 The Licensee is entitled to relief from the obligation to make available capacity in the T&S Network to the extent that any relief is provided pursuant to Special Conditions H18 (*Availability incentive*), J2 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*), J6 (*Uncertain Cost Events*) and J9 (*Project-specific conditions*).

Part B: Obligated Network Capacity

3.6 In operating the T&S Network, the Licensee must make available to Users:

(a) the Obligated Network Capacity, which may be updated in accordance with the conditions of this licence; and

(b) without limiting the generality of Standard Condition B3.6(a), network capacity that, in aggregate and expressed in tCO_2/hour, is equal to the Maximum Instantaneous Flow Rate (ONC_i) (being an element of the Obligated Network Capacity, which may be updated in accordance with the conditions of this licence).

Part C: Exceptions to obligation to offer access

3.7 The Licensee shall not be obliged pursuant to this condition to offer access to its T&S Network and/or make available capacity in the T&S Network if:

(a) to do so would be likely to involve the Licensee being in breach of:

(i) any regulations made under section 128 of the Act; or

(ii) any other Legal Requirement applicable to the T&S Network; or

(iii) the CCS Network Code;

(b) the person making the application does not undertake to be bound by the terms of the CCS Network Code; or

(c) to do so would require an expansion or enhancement of the T&S Network, requiring the Licensee to apply to the Regulator for a Change in Scope in accordance with this licence, and such Change in Scope is not approved by the Regulator.

Standard Condition B4: Requirement to enter into User Arrangements in conformity with CCS Network Code

Introduction

4.1 The purpose of this condition is to set out a requirement that any arrangements entered into with Users of the T&S Network are on the terms set out in the CCS Network Code.

Structure of this condition

4.2 This condition is structured as follows:

(a) Part A sets out the general obligation of the Licensee in relation to User Arrangements; and

(b) Part B sets out the requirement that the Licensee comply with disclosure obligations in the CCS Network Code.

Part A: General obligation

4.3 Unless the Regulator has otherwise consented, the Licensee must only enter into User Arrangements which are:

(a) in conformity with any relevant provisions of the CCS Network Code; and

(b) on such terms as may be prescribed under the CCS Network Code.

4.4 The restriction in Standard Condition B4.3 does not apply to any User Arrangements that is an Approved Contract, but only to the extent that such Approved Contract does not entitle the relevant counterparty to connect to and/or deliver carbon dioxide to a Delivery Point on the T&S Network or otherwise impact the entitlement of any User or future User to connect to and/or deliver carbon dioxide to a Delivery Point on the T&S Network.

Part B: Disclosure of information

4.5 The Licensee must comply with any obligation in the CCS Network Code to disclose information relating to the operation of the T&S Network.

Standard Condition B5: CCS Network Code

Introduction

5.1 The purpose of this condition is to set out:

(a) an obligation on the Licensee to have in place, maintain and comply with the CCS Network Code;

(b) the purpose and objectives of the CCS Network Code;

(c) the requirements relating to the Modification Procedures that apply to the CCS Network Code; and

(d) an obligation on the Licensee to carry out a review of certain provisions of the CCS Network Code.

Structure

5.2 This condition is structured as follows:

(a) Part A sets out a general proviso in relation to the Licensee's obligations under this condition;

(b) Part B sets out the nature and purpose of the CCS Network Code;

(c) Part C sets out the Licensee's general obligations in relation to the CCS Network Code;

(d) Part D sets out the bodies and functions to be established for the purposes of the Modification Procedures;

(e) Part E sets out general provisions relating to the Modification Procedures;

(f) Part F sets out the Regulator's ability to propose Urgent Modification Proposals;

(g) Part G deals with Significant Code Reviews by the Regulator;

(h) Part H deals with "self-governance" modifications;

(i) Part I deals with the Secretary of State's ability to modify the CCS Network Code during the Interim Period;

(j) Part J deals with the Modification Procedures as they apply to Specific Provisions;

(k) Part K deals with publication of modified versions of the CCS Network Code;

(l) Part L deals with determinations by the Regulator;

(m) Part M deals with reviews of Section E of the CCS Network Code; and

(n) Part N deals with the Licensee's reporting obligations on the Carbon Dioxide Specifications and Measurement Requirements.

Part A: General

5.3 Where the Licensee has taken all possible steps to comply with the requirements of this Standard Condition B5, the Licensee shall not be considered to be in breach of these requirements where they have not been able to be fulfilled as a result of any action or inaction by another T&S Licensee.

Part B: Nature of the CCS Network Code

5.4 The CCS Network Code is the document which:

(a) sets out terms that apply to the use of the T&S Network of every T&S Licensee (unless otherwise provided in the CCS Network Code);

(b) covers all material commercial and technical aspects relating to connections to and the operation and use of every T&S Licensee's T&S Network;

(c) includes procedures for the modification of the terms of the CCS Network Code, in accordance with the requirements of this condition; and

(d) is designed to facilitate the achievement of the Relevant Objectives.

Part C: Licensee's general obligations with respect to the CCS Network Code

5.5 The Licensee must:

(a) have in place and maintain the CCS Network Code;

(b) be a party to (by signing or acceding to the Code Agreement) and comply with the CCS Network Code from Licence Award; and

(c) take all reasonable steps to:

(i) ensure that the CCS Network Code is administered to facilitate the achievement of the Relevant Objectives;

(ii) maintain and operate procedures for the modification of the CCS Network Code (the "**Modification Procedures**") so as to better facilitate the achievement of the Relevant Objectives;

(iii) ensure that the Modification Procedures comply with this condition and that the CCS Network Code provides for all matters set out in this condition; and

(iv) establish, develop and operate (or otherwise procure the operation of (including without limitation on a subcontracted basis)) arrangements for the administration of the CCS Network Code (including its governance and modification).

Part D: Bodies and functions to be established for the purposes of the Modification Procedure

5.6 The CCS Network Code must provide for:

(a) a panel body (the "**Modification Panel**") whose functions shall include the matters required by this condition and as set out in the CCS Network Code;

(b) the maintenance of a portal or website for the publication of the CCS Network Code and the Code Agreement (the "**CCS Network Code Website**"); and

(c) an impartial secretarial or administrative person or body, as specified in the CCS Network Code, to perform administrative functions relating to maintenance and modification of the CCS Network Code (the "**Secretary**") whose functions shall include the following:

(i) maintaining the CCS Network Code Website, for the purpose of publication of:

(A) the CCS Network Code (to facilitate compliance by the Licensee of its obligation under Standard Condition B5.32) and the Code Agreement; and

(B) the documents/information relating to and arising under the Modification Procedures;

(ii) convening meetings of the Modification Panel and notifying all relevant persons of the date of such meetings;

(iii) keeping record of all proposals to modify the CCS Network Code ("**Modification Proposals**");

(iv) preparing reports relating to Modification Proposals ("**Modification Reports**");

(v) circulating all Modification Proposals, Modification Reports and associated documents to all members of the Modification Panel, any Third Party Participants and any Designated Non-Code Parties.

5.7 The composition of the Modification Panel must at all times be such as to allow for:

(a) equal voting rights as between T&S Licensees and Users;

(b) representation from Users from different industry types (as specified in the CCS Network Code);

(c) a chairperson, who is a non-voting member of the Modification Panel (other than having a limited casting vote, as specified in the CCS Network Code);

(d) one (1) representative of the Regulator, who is a non-voting member of the Modification Panel; and

(e) one (1) representative of the Secretary of State, who is a non-voting member of the Modification Panel.

5.8 The Regulator may designate (and de-designate), from time to time, any person or body who is not a party to the CCS Network Code but who is representative of interested third parties to participate in the Modification Procedure as a third party participant ("**Third Party Participant**").

5.9 The Regulator may designate (and de-designate), from time to time, any Non-Code Party as a "**Designated Non-Code Party**" to give them the right to be sent copies of any Modification Proposals, Modification Reports and associated documents.

Part E: General provisions relating to the Modification Procedures

5.10 The CCS Network Code Modification Procedures must provide for:

(a) a mechanism by which the CCS Network Code may be modified;

(b) the making of Modification Proposals in accordance with Standard Condition B5.11(a);

(c) the making of alternative Modification Proposals in accordance with Standard Condition B5.11(b);

(d) the giving of adequate publicity to any Modification Proposal by:

(i) publishing a copy on the CCS Network Code Website; and

(ii) circulating a copy to all relevant T&S Licensees, all Users, any Third Party Participants and any Designated Non-Code Parties;

(e) proper evaluation of the suitability of the Self-Governance Route (in accordance with Standard Condition B5.26) for a particular Modification Proposal;

(f) proper evaluation of the suitability of the Fast Track Self-Governance Route (in accordance with Standard Condition B5.29) for a particular Modification Proposal;

(g) during a Significant Code Review Phase, proper evaluation of the relevance of the Significant Code Review to a particular Modification Proposal;

(h) the seeking of the views of the Regulator on any matter connected with any Modification Proposal (other than a Modification Proposal that is the subject of the Self-Governance Route or the Fast Track Self-Governance Route);

(i) the consideration of any representations relating to a Modification Proposal made (and not withdrawn) by the Licensee, any other relevant T&S Licensee, any User, any Third Party Participant, the Secretary of State and any Non-Code Party;

(j) a proposed implementation date to be either:

(i) a date set out in any SCR Directions; or

(ii) where no SCR Directions have been issued by the Regulator, a date that would enable any proposed modification to take effect as soon as practicable

after the decision to implement it has been reached, taking into account the complexity, importance, and urgency of that modification;

(k) where the Regulator accepts (or determines pursuant to Standard Condition B5.15) that the CCS Network Code may require modification as a matter of urgency, meaning that the proposal in question is an Urgent Modification Proposal, the exclusion, acceleration or other variation, subject to the Regulator's approval, of any particular procedural steps which would otherwise be applicable;

(l) Modification Proposals made by the Regulator or the Licensee in accordance with Standard Condition B5.11(a) and Standard Condition B5.10(m)(i) respectively:

(i) to be accepted into the Modification Procedures by the Modification Panel;

(ii) where they are raised by the Licensee, not to be withdrawn without the Regulator's prior consent; and

(iii) to proceed in accordance with any timetable(s) directed by the Regulator in accordance with Standard Condition B5.10(m);

(m) compliance by the Licensee and (where applicable) the Modification Panel with any direction(s) issued by the Regulator setting and/or amending a timetable (in relation to a modification within the scope of Standard Condition B5.25) for the:

(i) Licensee to raise a Modification Proposal; and/or

(ii) completion of each of the procedural steps outlined in this Part D, to the extent that they are relevant; and/or

(iii) implementation of a modification; and

(n) each of the procedural steps outlined in this Standard Condition B5.10, to the extent that they are relevant, to be in accordance with any timetable(s) directed by the Regulator under Standard Condition B5.10(m).

5.11 The CCS Network Code Modification Procedures must provide that:

(a) a Modification Proposal may be made by the following:

(i) the Licensee;

(ii) any other relevant T&S Licensee that is a party to the CCS Network Code;

(iii) any User that is a party to the CCS Network Code;

(iv) a Third Party Participant;

(v) the Regulator (but only in relation to modifications within the scope of Standard Condition B5.15 or Standard Condition B5.25); and/or

(vi) the Secretary of State (generally, and in relation to modifications within the scope of Standard Condition B5.30);

(b) where a Modification Proposal has been made under Standard Condition B5.11(a) (an "original proposal") alternative Modification Proposals may be made, in respect of any such original proposal, by any of the parties listed in Standard Condition B5.11(a) with the exception of the person who made the original proposal.

5.12 Any proposals to modify the CCS Network Code must be designed to better facilitate the achievement of the Relevant Objectives.

5.13 The Licensee must not implement or permit the implementation of any modification to the CCS Network Code except:

(a) to comply with Standard Condition B5.14(b) or Standard Condition B5.22(b)(i); or

(b) with the written consent of the Regulator; or

(c) in accordance with Standard Condition B5.26 (the "**Self-Governance Route**"); or

(d) in accordance with Standard Condition B5.29 (the "**Fast Track Self-Governance Route**"),

and shall furnish the Regulator with a copy of any such modification made.

5.14 Where a Modification Proposal is made in accordance with the Modification Procedures, the Licensee must:

(a) except in the case of a modification falling within the scope of Standard Condition B5.22 or Standard Condition B5.29, as soon as is reasonably practicable, and no later than the time specified in the Modification Procedures, give notice to the Regulator:

(i) giving particulars of the Modification Proposal;

(ii) where an alternative Modification Proposal is made in respect of the same matter as the original proposal, giving particulars of that alternative proposal;

(iii) giving particulars of any representations made by any persons with respect to those Modification Proposals;

(iv) including a recommendation (or, in the case of a proposal falling within the scope of Standard Condition B5.26, a determination) by the Modification Panel as to whether any proposed modification should or should not be made, and the factors which (in the opinion of such body) justify the making or not making of a proposed modification, which shall include a detailed explanation of whether and, if so how, the proposed modification would better facilitate the achievement of the Relevant Objectives; and

(v) giving such further information as may be required to be given to the Regulator by the Modification Procedures; and

(b) without prejudice to Standard Condition B5.28, except in the case of a modification falling within the scope of Standard Condition B5.26 or Standard Condition B5.29, comply with any direction of the Regulator:

(i) to make a modification to the CCS Network Code in accordance with a proposal described in a notice given to the Regulator under Standard Condition B5.14(a) which, in the opinion of the Regulator, will, as compared to the existing provisions of the CCS Network Code or any alternative Modification Proposal, better facilitate the achievement of the Relevant Objectives; or

(ii) to revise and resubmit a notice provided in accordance with Standard Condition B5.14(a) to reflect the additional steps (including drafting or amending existing drafting of the amendment to the CCS Network Code), revisions (including timetable revisions), analysis or additional information specified in the direction to enable the Regulator to form such an opinion in accordance with Standard Condition B5.14(b)(i) as soon after the Regulator's direction as is appropriate (taking into account the complexity, importance and urgency of the modification).

Part F: Regulator's ability to propose Urgent Modification Proposals

5.15 The Modification Procedures must include provision for the Regulator to make a Modification Proposal, in accordance with the procedures that apply to Urgent Modification Proposals as set out in the Modification Procedures, where:

(a) the Regulator considers that circumstances have arisen which mean that the CCS Network Code needs to be amended as a matter of urgency through an Urgent Modification Proposal; and

(b) no other party has made such an Urgent Modification Proposal.

Part G: Significant Code Reviews

5.16 Without prejudice to Standard Condition B5.21, the Modification Procedures must provide that proposals for the modification of the CCS Network Code falling within the scope of a Significant Code Review may not be made during the Significant Code Review Phase, except:

(a) where the Regulator determines that the Modification Proposal may be made, having taken into account (among other things) the urgency of the subject matter of the proposal; or

(b) at the direction of, or by, the Regulator.

5.17 The Modification Procedures must provide that, where a Modification Proposal is made during a Significant Code Review Phase the Modification Panel shall:

(a) unless exempted by the Regulator, notify the Regulator as soon as practicable of:

(i) any representations received in relation to the suitability of the Significant Code Review; and

(ii) the Modification Panel's assessment of, whether the proposal falls within the scope of the Significant Code Review and its reasons for that assessment; and

(b) if the Regulator so directs, not proceed with the Modification Proposal until the Significant Code Review Phase has ended.

5.18 If within twenty-eight (28) days after the Regulator has published its Significant Code Review conclusions:

(a) where the Regulator issues SCR Directions to the Licensee, the Licensee must comply with those SCR Directions and shall treat the Significant Code Review Phase as ended;

(b) where the Regulator issues to the Licensee a statement that no SCR Directions will be issued in relation to the CCS Network Code, the Licensee shall treat the Significant Code Review Phase as ended;

(c) where the Regulator raises a Modification Proposal in accordance with Standard Condition B5.11(a), the Licensee shall treat the Significant Code Review Phase as ended;

(d) where the Regulator issues a statement that it will continue work on the Significant Code Review, the Licensee shall treat the Significant Code Review Phase as continuing until it is brought to an end in accordance with Standard Condition B5.20;

(e) where neither SCR Directions, nor a statement under Standard Condition B5.18(b) or Standard Condition B5.18(d) have been issued, nor a Modification Proposal under Standard Condition B5.18(c) has been made, the Significant Code Review Phase will be deemed to have ended.

5.19 The Regulator's published conclusions and SCR Directions to the Licensee will not fetter any voting rights of the members of the Modification Panel or the procedures informing the recommendation described at Standard Condition B5.14(a)(iv).

5.20 If the Regulator issues a statement under Standard Condition B5.18(d) and/or a Backstop Direction in accordance with Standard Condition B5.24, the Significant Code Review Phase will be deemed to have ended when:

(a) the Regulator issues a statement that the Significant Code Review Phase has ended;

(b) one of the circumstances in Standard Condition B5.18(a) or 5.18(c) occurs (irrespective of whether such circumstance occurs within twenty-eight (28) days after the Regulator has published its Significant Code Review conclusions); or

(c) the Regulator makes a decision consenting or otherwise to the modification of the CCS Network Code following the submission of the report under Standard Condition B5.22(a).

5.21 The Modification Procedure must provide that, where the Regulator has issued a statement in accordance with Standard Condition B5.18(d) and/or a Backstop Direction, the Regulator

may submit a Modification Proposal for a modification falling within the scope of Standard Condition B5.26 to the Modification Panel.

5.22 The Modification Procedures must provide, where the Regulator submits a Significant Code Review or Modification Proposal to the Modification Panel in accordance with Standard Condition B5.21:

(a) for the Licensee to give a report to the Regulator:

(i) including a recommendation by the Modification Panel as to whether the proposed modification should or should not be made, and the factors which (in the opinion of such body) justify the making or not making of the proposed modification, which shall include a detailed explanation of whether and, if so how, the proposed modification would better facilitate the achievement of the Relevant Objectives; and

(ii) giving such further information as may be required to be given to the Regulator by the Modification Procedure;

(b) for the Licensee to comply with any direction of the Regulator:

(i) to make a modification to the CCS Network Code in accordance with a proposal described in a notice given to the Regulator under Standard Condition B5.22(a) which, in the opinion of the Regulator, will, as compared to the existing provisions of the CCS Network Code or any alternative Modification Proposal, better facilitate the achievement of the Relevant Objectives; or

(ii) to revise and resubmit a report provided in accordance with Standard Condition B5.22(a) where the Regulator determines that it cannot properly form an opinion on the approval of the Modification Proposal in accordance with Standard Condition B5.22(b)(i);

(c) for each of the procedural steps outlined in this Standard Condition B5.22, to the extent that they are relevant, to be in accordance with any timetable(s) directed by the Regulator under Standard Condition B5.10(l).

5.23 The Regulator's published conclusions and Significant Code Review Modification Proposal shall not fetter the voting rights of the members of the Modification Panel or the recommendation procedures informing the recommendation described at Standard Condition B5.22(a)(i).

5.24 The Modification Procedures shall provide that, where a proposal has been raised in accordance with Standard Condition B5.18(a) or Standard Condition B5.10(l), or by the Regulator under Standard Condition B5.18(c) and it falls within the scope of Standard Condition B5.25, the Regulator may issue a direction (a "**Backstop Direction**"), which requires such proposal(s) and any alternatives to be withdrawn and which causes the Significant Code Review Phase to recommence.

5.25 Modification proposals fall within the scope of this Standard Condition B5.25 where the Modification Proposal is in respect of a Significant Code Review.

Part H: Self-governance

5.26 The Modification Procedure must provide that Modification Proposals shall only be implemented without the Regulator's approval pursuant to this Standard Condition B5.26 (the "**Self Governance Route**") where:

(a) in the view of the Modification Panel, the Modification Proposal meets all of the Self-Governance Criteria and the Modification Panel has submitted to the Regulator in respect of the Modification Proposal and not withdrawn a Self-Governance Statement; or if a Self-Governance Statement has not been made, or has been withdrawn, the Regulator has determined that the Self-Governance Criteria are satisfied and the Modification Proposal is suitable for the Self-Governance Route; and

(b) unless otherwise exempted by the Regulator, the Modification Panel has sent copies of all consultation responses to the Regulator at least seven (7) days before the Modification Panel intends to make its determination under Standard Condition B5.26(d); and

(c) the Regulator has not directed that the Regulator's decision is required prior to the Modification Panel's determination under Standard Condition B5.26(d); and

(d) the Modification Panel has, no earlier than seven (7) days after sending the consultation responses referred to at Standard Condition B5.26(b), determined that the Modification Proposal should be implemented on the basis that it would, as compared with the then existing provisions of the CCS Network Code and any other modifications proposed in accordance with Standard Condition B5.11(b), better facilitate the achievement of the Relevant Objectives; and

(e) either:

(i) no appeal has been raised up to and including 15 Business Days after the Modification Panel's determination under Standard Condition B5.26(d) in respect of such Modification Proposal and any alternative Modification Proposal in accordance with Standard Condition B5.27; or

(ii) an appeal has been raised in respect of such a Modification Proposal and any alternative Modification Proposal in accordance with Standard Condition B5.27 and the Regulator has not quashed the Modification Panel's determination referred to at Standard Condition B5.26(d), and either remitted the relevant Modification Proposal and any alternative Modification Proposal back to the Modification Panel for reconsideration or taken the decision on the relevant Modification Proposal and any alternative Modification Proposal itself following the appeal.

5.27 The Modification Procedure must provide that those persons set out at Standard Condition B5.11(a) may appeal to the Regulator the approval or rejection by the Modification Panel of a

Modification Proposal and any alternative Modification Proposal falling under the Self-Governance Route, provided the appeal has been made up to and including 15 Business Days after the approval or rejection and in accordance with Modification Procedure and, in the opinion of the Regulator:

(a) the appealing party is likely to be unfairly prejudiced by the implementation or non-implementation of that Modification Proposal and any alternative Modification Proposal; or

(b) the appeal is on the grounds that:

(i) in the case of implementation, the modification may not better facilitate the achievement of at least one of the Relevant Objectives; or

(ii) in the case of non-implementation, the modification may better facilitate the achievement of at least one of the Relevant Objectives; and

(c) the appeal is not brought for reasons that are trivial or vexatious, nor does the appeal have no reasonable prospect of success.

5.28 The Modification Procedure must provide that:

(a) where an appeal has been raised in respect of a Modification Proposal in accordance with Standard Condition B5.27, that Modification Proposal shall be treated in accordance with any decision and/or direction of the Regulator following that appeal; and

(b) if the Regulator quashes the Modification Panel's determination referred to at Standard Condition B5.26(d) and takes the decision on the relevant Modification Proposal itself following an appeal in accordance with Standard Condition B5.28, the Modification Panel's determination of that modification shall be treated as a recommendation under Standard Condition B5.14(a)(iv).

5.29 The Modification Procedure shall provide that modifications shall only be implemented without the Regulator's approval pursuant to this Standard Condition B5.29 (the "**Fast Track Self-Governance Route**") where:

(a) in the unanimous view of the Modification Panel, the proposed modification meets all of the Fast Track Self-Governance Criteria;

(b) the Modification Panel unanimously determines that the modification should be made;

(c) parties to the CCS Network Code, any Third Party Participants, the Secretary of State and the Regulator, have been notified of the proposed modification;

(d) none of the persons named in Standard Condition B5.29(c) have objected to the proposed modification being made via the Fast Track Self-Governance Route in the fifteen (15) Business Days immediately following the day on which notification was sent; and

(e) notification under Standard Condition B5.29(c) contains details of the modification proposed, that it is proposed to be made via the Fast Track Self-Governance Route, how to object to the modification being made via the Fast Track Self-Governance Route, the proposed legal drafting and the proposed implementation date.

Part I: Secretary of State's ability to modify the CCS Network Code

5.30 The Modification Procedures must provide that in addition to the Secretary of State's general rights to make Modification Proposals in accordance with Standard Condition B5.11(a), during the Interim Period, the Secretary of State may follow certain additional procedures to modify the CCS Network Code, as are set out in the CCS Network Code as at Licence Award.

Part J: Modification Provisions relating to Specific Provisions

5.31 The Modification Procedure must provide that where a Modification Proposal relates to any Specific Provisions, the following will apply:

(a) a Modification Proposal in respect of a Specific Provision may only be initiated by:

(i) the T&S Licensee that owns and operates the T&S Network to which those Specific Provisions apply;

(ii) a User that is the holder of a Connection Agreement relating to the T&S Network, or relevant part of the T&S Network, to which those Specific Provisions apply;

(iii) the Secretary of State; and

(iv) the Regulator where the Modification Proposal is in respect of a Significant Code Review;

(b) where a Modification Proposal in respect of a Specific Provision is initiated, the Secretary must convene a special modification panel comprising:

(i) the Panel Chairperson of the Modification Panel;

(ii) the T&S Licensee that owns and operates the T&S Network to which those Specific Provisions apply, being a voting member;

(iii) each User that is the holder of a Connection Agreement relating to the T&S Network, or relevant part of the T&S Network, to which those Specific Provisions apply, being voting members;

(iv) the Secretary of State, being a non-voting member; and

(v) the Regulator, being a non-voting member,

but preserving an equal number of voting rights as between the T&S Licensee and the Users, and otherwise adopting the Modification Procedures in relation to that Modification Proposal.

Part K: Publication of modified versions of the CCS Network Code

5.32 The Licensee must make available a copy of the CCS Network Code as modified from time to time on the CCS Network Code Website freely available to all interested parties (the website address of which must be given adequate publicity).

Part L: Determinations by the Regulator

5.33 Where the Licensee is required, as specified in the CCS Network Code, to make a determination as is calculated to facilitate the achievement of the Relevant Objectives, any question as to whether the Licensee has complied with that requirement shall be determined by the Regulator.

5.34 The Modification Procedures shall provide that any question arising under those procedures as to:

(a) whether any party is likely to be materially affected by a proposal to modify the CCS Network Code were it to be implemented; or

(b) whether representations relating to such a proposal and made in pursuance of the rules have been properly considered by the Licensee,

shall be determined by the Regulator.

5.35 Following a direction under Standard Condition B5.14(b), the implementation date for the relevant modification may only be altered with the consent of, or as directed by the Regulator.

Part M: Reviews of Section E of the CCS Network Code

5.36 The Licensee must carry out reviews of certain operational matters governed by Section E of the CCS Network Code (the "**Section E Reviews**") in accordance with the requirements set out in Section E of the CCS Network Code.

5.37 Within six (6) months of commencement of a Section E Review, the Licensee must publish and provide to the Regulator and the Secretary of State a report setting out a summary of its findings and:

(a) where the Licensee was able to agree on a set of recommendations with the Users of its T&S Network, the agreed recommendations; and

(b) where the Licensee and the Users were not able to agree on a set of recommendations, the different views of the Licensee and the Users of its T&S Network.

5.38 For the purposes of this Part M, the term "Section E Reviews" has the meaning given to that term in the CCS Network Code, and the subject matter and scope of each Section E Review is as set out in the CCS Network Code.

Part N: Annual reporting on Carbon Dioxide Specifications and Measurement Requirements prescribed under the CCS Network Code

5.39 By 30 June following each Operational Charging Year, the Licensee must report to the Regulator and the Secretary of State on the following matters, based on operational data for that preceding Operational Charging Year:

(a) whether the Licensee considers that the Licensee's Carbon Dioxide Specifications continue to be appropriate, having regard to the technical specifications of the Licensee's T&S Network, the composition of carbon dioxide being delivered by Users at Delivery Points in the T&S Network, and current carbon dioxide transport and storage industry best practice;

(b) the extent and frequency of any Users delivering carbon dioxide that does not comply with the Carbon Dioxide Specifications, with or without any temporary and longer-term derogations (including any Local Requirements) from compliance with the Carbon Dioxide Specifications;

(c) whether the Licensee considers that the Licensee's Measurement Requirements continue to be appropriate, having regard to current carbon dioxide transport and storage industry best practice.

5.40 The Regulator may require the Licensee to provide further information in relation to the matters referred to in Standard Condition B5.39.

5.41 In this Part M:

(a) "**Carbon Dioxide Specifications**" means the Carbon Dioxide Specifications for the Licensee's T&S Network, set out in the CCS Network Code, that Users of the T&S Network must comply with;

(b) "**Measurement Requirements**" means the Measurement Requirements for the Licensee's T&S Network, as set out in the CCS Network Code, that Users of the T&S Network must comply with; and

(c) "**Local Requirements**" has the meaning given in the CCS Network Code.

Standard Condition B6: Conduct of T&S Business

Introduction

6.1 The purpose of this condition is to set out the principles that the Licensee must adhere to when conducting the T&S Business.

Structure of this condition

6.2 This condition is structured as follows:

(a) Part A sets out the general obligation of the Licensee in relation to how it conducts its T&S Business; and

(b) Part B sets out more detailed requirements relating to Use of System, connection obligations and the CCS Network Code.

Part A: General obligation

6.3 The Licensee must conduct its T&S Business in the manner best calculated to secure that neither:

(a) the Licensee or any Associate of the Licensee, nor

(b) any User or future User,

obtains any unfair commercial advantage including, in particular, any such advantage from a preferential or discriminatory arrangement, being, in the case of such an advantage accruing to the Licensee, one in connection with a business other than the T&S Business.

Part B: Use of System, connection and CCS Network Code

6.4 Subject to the provisions of the CCS Network Code and any legislation dealing with access to the T&S Network, the Licensee must not unduly discriminate between any person or class or classes of persons:

(a) in providing Use of System;

(b) in carrying out works for the purposes of connection to the T&S Network; or

(c) in providing for a modification to or the retention of an existing connection to the T&S Network.

6.5 Without prejudice to Standard Condition B6.4, and subject to Special Condition H24 (*Use of System Charging Methodology*), the Licensee must not make charges for providing Use of System to any person or class or classes of persons which differ from the charges for such provision to any other person or any other class or classes of persons, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

6.6 In implementing and maintaining the CCS Network Code and in complying with its obligations under that CCS Network Code (including in respect of the scheduling of the maintenance of its T&S Network), the Licensee must not show undue preference to, or unduly discriminate between, any person or class or classes of persons.

Standard Condition B7: Independence of the T&S Business and restricted use of Confidential Information

Introduction

7.1 The purpose of this condition is to impose certain restrictions and requirements on the Licensee to protect the independence of the T&S Business.

Structure of this condition

7.2 This condition is structured as follows:

(a) Part A sets out the general obligation of the Licensee to maintain independence and restrict access to Confidential Information;

(b) Part B sets out the requirement to prepare and publish a Compliance Statement;

(c) Part C sets out the obligation to comply with the Compliance Statement;

(d) Part D sets out the obligation to appoint a Compliance Officer;

(e) Part E sets out the tasks of the Compliance Officer; and

(f) Part F sets out the obligation to prepare a Compliance Report.

Part A: General obligation

7.3 The Licensee must at all times:

(a) maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and

(b) maintain managerial and operational systems that prevent any Associate of the Licensee from having access to Confidential Information except and to the extent that such information:

(i) is made available on an equal basis to any User or Prospective User of the T&S Network; or

(ii) is of a type that is Corporate Information.

Part B: Preparation and content of Compliance Statement

7.4 The Licensee must, within 90 days of Licence Award (and after that at all times, subject to Standard Condition B7.5), have in place a statement (the "**Compliance Statement**"), approved by the Regulator, that describes the practices, procedures, and systems which the Licensee has adopted (or intends to adopt) to ensure compliance with Standard Condition B7.3.

7.5 The Licensee may, with the Regulator's approval, revise a Compliance Statement prepared in accordance with Standard Condition B7.4.

7.6 The Licensee must publish an up-to-date Compliance Statement on its website within 21 days of its approval by the Regulator.

7.7 The Compliance Statement must, in particular, set out how the Licensee will:

(a) maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and

(b) manage the transfer of employees from the T&S Business to any businesses carried out by any Associate of the Licensee.

7.8 The Compliance Statement must also set out how the Licensee will ensure that:

(a) any arrangements to which the Licensee is party that fall within any of the descriptions given in Standard Condition B7.9(a) are such as to prevent any breach of the requirements under Standard Condition B7.3; and

(b) any such arrangements comply with the requirements of Standard Condition B7.9(b).

7.9 The arrangements referred to in Standard Condition B7.8 are those that:

(a) enable any Associate of the Licensee (other than an Associate who is a User or a Prospective User), or any person engaged in the activities of an Associate of the Licensee (other than an Associate who is a User or a Prospective User), to have any use of or access to:

(i) premises or parts of premises occupied by persons engaged in the management or operation of the T&S Business;

(ii) systems for recording, processing, or storing data to which persons engaged in the management or operation of the T&S Business also have access;

(iii) equipment, facilities, or property employed for the management or operation of the T&S Business; and

(iv) the services of any persons who are (whether or not as their principal occupation) engaged in the management or operation of the T&S Business;

(b) ensure that any Associate of the Licensee who is a User or a Prospective User does not have access to any of the items listed in (i) to (iv) of Standard Condition B7.9(a).

Part C: Obligation to comply with the Compliance Statement

7.10 The Licensee must take all reasonable steps to ensure that it complies with the terms of the Compliance Statement in place under this condition.

Part D: Appointment of Compliance Officer

7.11 The Licensee must ensure, following consultation with the Regulator, that a competent person (who is to be known as the "**Compliance Officer**") is appointed for the purpose of facilitating compliance by the Licensee with the Relevant Obligations.

7.12 For the purposes of this condition, Relevant Obligations means:

(a) the requirements of this condition; and

(b) so far as they relate to relationships with Associates of the Licensee, the requirements of:

(i) Standard Condition B6 (*Conduct of T&S Business*);

(ii) Standard Condition B9 (*Prohibition of cross-subsidies*).

Part E: Tasks of Compliance Officer

7.13 The Licensee must at all times ensure that the Compliance Officer is engaged for the performance of such duties and tasks as the Licensee considers it appropriate to assign to the Compliance Officer for the purpose specified at Standard Condition B7.11.

7.14 The duties and tasks of the Compliance Officer, as referred to in Standard Condition B7.13, must include:

(a) providing relevant advice and information to the Licensee (including directors of the Licensee) for the purpose of facilitating the Licensee's compliance with the Relevant Obligations;

(b) monitoring the effectiveness of the practices, procedures and systems adopted by the Licensee in accordance with its Compliance Statement;

(c) investigating any complaint or representation made available to them in accordance with Standard Condition B7.15, and recommending and advising on the remedial action that any such investigation has demonstrated to be necessary or desirable; and

(d) providing Information about compliance with the Relevant Obligations for the purpose of the Compliance Report to be prepared by the Licensee under Part F of this condition.

7.15 The Licensee must give the Compliance Officer a copy of any complaint or representation that it receives from any person about a matter arising under or because of the Relevant Obligations.

Part F: Compliance Report

7.16 The Licensee must, within 90 days of Licence Award and after that no later than every 12 months, provide to the Regulator a report (the "**Compliance Report**") setting out details of the activities of the Compliance Officer during the relevant period covered by the Compliance Report, as well as the procedures in place to ensure that the Licensee is complying with this condition.

7.17 The Compliance Report must also set out the details of any investigations conducted by the Compliance Officer, including:

(a) the number, type, and source of the complaints or representation on which those investigations were based;

(b) the outcome of the investigations; and

(c) any remedial action taken by the Licensee following them.

7.18 The Compliance Report must be accompanied by a compliance certificate, in a form approved by the Regulator, certifying the accuracy of the Compliance Report, and which has been approved by a resolution of the Licensee's board of directors and signed by a director of the Licensee.

Standard Condition B8: Requirement for Sufficiently Independent Directors

Introduction

8.1 The purpose of this condition is to set out the Licensee's obligations relating to the requirement for the Licensee to have two sufficiently independent directors.

Structure

8.2 This condition is structured as follows:

(a) Part A sets out the general obligation of the Licensee to ensure it has at least two non-executive directors;

(b) Part B sets out the criteria for a sufficiently independent director;

(c) Part C sets out the required notification to the Regulator of the names of its sufficiently independent directors;

(d) Part D sets out the terms of appointment of each sufficiently independent director; and

(e) Part E deals with associated obligations, including notification to the Regulator.

Part A: General obligation

8.3 Subject to Standard Condition B8.14, except and to the extent that the Regulator consents otherwise, the Licensee must ensure that at all times it has at least two non-executive directors who meet the criteria set out in Standard Conditions B8.4, B8.5 and B8.7. In this condition, such directors are referred to as "sufficiently independent directors".

Part B: Criteria for a sufficiently independent director

8.4 A sufficiently independent director must:

(a) be a natural person; and

(b) in the reasonable opinion of the Licensee, have the skills, knowledge, experience, and personal qualities necessary to perform effectively as a non-executive director of the Licensee; and

(c) not have any executive duties within the T&S Business.

8.5 Except and to the extent that the Regulator consents otherwise, and subject to Standard Condition B8.4, a sufficiently independent director must not be, and must not have been during the 12 months before their appointment as a director of the Licensee or Licence Award (whichever is the later):

(a) an employee of the Licensee; or

(b) a director or employee of an Associate of the Licensee.

8.6 The reference to "director" in Standard Condition B8.5(b) does not include appointment as a non-executive director of a wholly-owned subsidiary of the Licensee that has been incorporated by it solely for the purpose of raising finance for a Permitted Purpose.

8.7 A sufficiently independent director must not:

(a) have, or have had during the 12 months before their appointment as a director or the coming into force of this condition (whichever is the later), any material business relationship with the Licensee or any Associate of the Licensee;

(b) hold a remit to represent the interests of any particular shareholder or group of shareholders of the Licensee or the interests of any Associate of the Licensee; or

(c) receive remuneration from the Licensee or any Associate of the Licensee apart from a director's fee and reasonable expenses.

8.8 For the purposes of Standard Conditions B8.7(a) and B8.7(c) respectively:

(a) the holding of a small number of shares or associated rights shall not, of itself, be considered a material business relationship; and

(b) the receipt or retention of any benefit accrued as a result of prior employment by or service with the Licensee or any Associate of the Licensee shall not be considered to be remuneration.

Part C: Notification to Regulator

8.9 The Licensee must notify the Regulator of the names of its sufficiently independent directors within 14 days of Licence Award and must notify the Regulator within 14 days where any new directors are appointed to fulfil the obligation in Standard Condition B8.3.

Part D: Terms of appointment of each sufficiently independent director

8.10 The terms of appointment of each sufficiently independent director must include a condition stipulating that both the Licensee and the appointee will use their best endeavours to ensure that the appointee remains sufficiently independent during their term of office, having particular regard to the criteria set out in Standard Conditions B8.4, B8.5 and B8.7.

8.11 A term of appointment for a sufficiently independent director may not be for longer than eight years, but an individual may be reappointed thereafter provided that they continue to meet the criteria set out in Standard Conditions B8.5 and B8.7.

8.12 The terms of appointment and/or the articles of association of the Licensee must not restrict the ability of each sufficiently independent director to vote at board meetings of the Licensee.

Part E: Other obligations

8.13 The Licensee must notify the Regulator in writing within 14 days if any sufficiently independent director is removed from office or resigns, giving reasons for the removal or (to the extent that they are known to the Licensee) the resignation. For the purposes of this

requirement, the reasons for a resignation may, if appropriate, be stated to be personal reasons.

8.14 If at any time the Licensee has fewer than two sufficiently independent directors because of a removal or resignation or other reason (including death or incapacity), the Licensee must use its reasonable endeavours to ensure that a new director is, or new directors are, appointed to fulfil the obligation in Standard Condition B8.3 as soon as is reasonably practicable to bring the number of sufficiently independent directors up to at least two.

Standard Condition B9: Prohibition of cross-subsidy

Introduction

9.1 The purpose of this condition is to set out a prohibition on any cross-subsidy to or from the T&S Business.

Structure of this condition

9.2 This condition is structured as follows:

(a) Part A sets out the general prohibition of any cross-subsidy; and

(b) Part B sets out additional points of interpretation for this condition.

Part A: General prohibition

9.3 Unless the Regulator has otherwise consented, the Licensee must ensure that the T&S Business does not give any cross-subsidy to, or receive any cross-subsidy from, any other business of:

(a) the Licensee; or

(b) any Associate of the Licensee.

Part B: Interpretation

9.4 In this condition, any reference to the T&S Business includes a reference to any activity that is part of the T&S Business to the extent that it is carried on by any third party acting on the Licensee's instruction or behalf.

Standard Condition B10: Regulatory Accounts

Introduction

10.1 This condition applies to Regulatory Accounts prepared for each Charging Year and requires the Licensee to:

(a) prepare and publish Regulatory Accounts within the meaning set out in Standard Conditions B10.3 to B10.9; and

(b) maintain (and ensure that any Affiliate or Related Undertaking of the Licensee maintains) such accounting records, other records, and reporting arrangements as are necessary to enable the Licensee to comply with that obligation.

Structure of this condition

10.2 This condition is structured as follows:

(a) Part A sets out the requirement to prepare Regulatory Accounts;

(b) Part B sets out the required consistency with the statutory accounts;

(c) Part C sets out the required audit and delivery of Regulatory Accounts;

(d) Part D sets out the terms of appointment of an Appropriate Auditor;

(e) Part E deals with Agreed Upon Procedures in relation to the prohibition of cross-subsidy and discrimination;

(f) Part F sets out the requirement that the Licensee publish its Regulatory Accounts; and

(g) Part G sets out additional points of interpretation for this condition.

Part A: Preparation of Regulatory Accounts

10.3 For the purposes of this condition, but without prejudice to Standard Condition B10.10, the Licensee must prepare separate Regulatory Accounts for each of the following activities (where the Licensee is conducting that activity) for each Charging Year (referred to as the "**T&S Business Activities**"):

(a) the T&S Business; and

(b) other activities to which this licence relates and to which the Regulator has given its consent in accordance with Standard Condition B13 (*Restriction on activity and financial ringfencing*).

10.4 Except and so far as the Regulator otherwise consents, the Licensee must comply with the obligations imposed by Standard Conditions B10.3 to B10.9.

10.5 The Licensee must keep or cause to be kept, for a period approved by the Regulator that is not less than the period referred to in section 388(4)(b) of the Companies Act 2006, and in the manner referred to in that section 388, such accounting and other records as are necessary to ensure that all of the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each of the T&S Business Activities of the Licensee are separately identifiable as such in those records (and in those of any Affiliate or Related Undertaking of the Licensee).

10.6 The Regulatory Accounts must be prepared on a consistent basis derived from the accounting and other records referred to in Standard Condition B10.5.

10.7 The Regulatory Accounts must be prepared under the same Applicable Accounting Framework as the most recent or concurrent statutory accounts of the Licensee and must comprise the accounting items set out at Standard Condition B10.8, supported by the explanatory notes mentioned at Standard Condition B10.9.

10.8 The accounting items to which Standard Condition B10.7 refers are:

(a) a profit and loss account (or, as appropriate, a statement of profit or loss and other comprehensive income);

(b) a statement of income;

(c) a statement of total recognised gains and losses (or, as appropriate, a statement of changes in equity and, if appropriate, a statement of recognised income and expense);

(d) a balance sheet (or, as appropriate, a statement of financial position);

(e) a cash flow statement (or, as appropriate, a statement of cash flows);

(f) a Corporate Governance Statement;

(g) a Strategic Report; and

(h) a Directors' Report.

10.9 The explanatory notes to which Standard Condition B10.7 refers must:

(a) provide a summary of the accounting policies adopted by the Licensee for the purpose of producing Regulatory Accounts;

(b) disclose, in relation to the accounts to which Standard Condition B10.8(a) refers, Segmental Information for each of the T&S Business Activities of the Licensee for each of the disclosure lines in the relevant account or statement down to the total operating profit level; and

(c) disclose, in relation to the accounts to which Standard Condition B10.8(c) refers, Segmental Information for each of the T&S Business Activities of the Licensee for gross additions to tangible and intangible assets in the case of a balance sheet, or for

gross additions to non-current assets by category in the case of a statement of financial position.

Part B: Consistency with the statutory accounts

10.10 Regulatory Accounts prepared in respect of a Charging Year under Standard Conditions B10.3 to B10.9 must, so far as is reasonably practicable and except with the Regulator's approval, having regard to the purposes of this condition:

(a) have the same content and format as the most recent or concurrent statutory accounts of the Licensee prepared under Chapter 4 of Part 15 of the Companies Act 2006 and follow the reporting requirements of the Applicable Accounting Framework, subject to the inclusion of Segmental Information as prescribed in Standard Conditions B10.9(b) and B10.9(c);

(b) comply with all relevant accounting and reporting standards currently in force under the Applicable Accounting Framework as set out in section 395 of the Companies Act 2006; and

(c) also be prepared as group accounts in the format required under the Applicable Accounting Framework if the holder of this licence is a Parent Undertaking and itself prepares group accounts under the Applicable Accounting Framework.

Part C: Audit and delivery of Regulatory Accounts

10.11 Unless the Regulator otherwise consents, the Licensee must:

(a) procure an audit by an Appropriate Auditor of such parts of its Regulatory Accounts and the Directors' Report as would be required by the Companies Act 2006 if the Licensee were a Quoted Company and they were the Licensee's statutory accounts drawn up to 31 March and prepared under Part 15 of the Companies Act 2006;

(b) procure a report by the Appropriate Auditor, addressed to the Regulator, that states whether in his opinion those accounts fairly present the Licensee's financial position, financial performance, and cash flows in accordance with the requirements of this condition; and

(c) deliver those accounts and the Appropriate Auditor's report required under Standard Condition B10.11(b) to the Regulator as soon as is reasonably practicable and in any event before the date of their publication under Standard Condition B10.16.

Part D: Terms of appointment of Appropriate Auditor

10.12 For the purposes of Standard Condition B10.11, the Licensee must enter into a contract of appointment with an Appropriate Auditor that includes a term requiring that the audit of the Licensee's Regulatory Accounts must be conducted by that Appropriate Auditor in accordance with all such relevant auditing standards in force on the last day of the Charging Year to which the audit relates as would be appropriate for accounts prepared in accordance with the provisions of Part 15 of the Companies Act 2006.

Part E: Agreed Upon Procedures: prohibition of cross-subsidy and discrimination

10.13 The Licensee must enter into a contract of appointment with an Appropriate Auditor for the completion of Agreed Upon Procedures in relation to the prohibition of cross-subsidy and discrimination generally and in particular under Standard Condition B6 (*Conduct of T&S Business*) and under Standard Condition B9 (*Prohibition of cross-subsidy*).

10.14 The contract of appointment must require that the Agreed Upon Procedures are conducted in relation to each Charging Year and that the Licensee will arrange for the Appropriate Auditor to address a report to the Regulator by 31 July following the end of each Charging Year that:

(a) states that he has, in a manner consistent with the relevant auditing standards, completed the Agreed Upon Procedures issued by the Regulator in respect of the Charging Year under report; and

(b) sets out the Appropriate Auditor's findings.

10.15 If the Regulator is satisfied that the report referred to in Standard Condition B10.14 demonstrates that the Licensee has complied with the obligation to avoid discrimination and cross-subsidy that is imposed on the Licensee by the standard conditions of this licence referred to in Standard Condition B10.13, the report will be deemed to represent the results of an audit of that obligation.

Part F: Publication and provision of Regulatory Accounts

10.16 Unless the Regulator, after consulting with the Licensee, directs otherwise, the Licensee must publish its Regulatory Accounts:

(a) as a stand-alone document in accordance with this condition;

(b) by 31 July after the end of the Charging Year to which the accounts relate;

(c) on, and in a way that is readily accessible from, its website or a website of an Affiliate or Ultimate Controller of the Licensee provided that the link is both clear and readily accessible; and

(d) in any other manner that, in the opinion of the Licensee, is necessary to secure adequate publicity for the accounts.

10.17 The Licensee must provide a copy of the Regulatory Accounts free of charge to any person who requests a copy.

Part G: Interpretation

10.18 The requirement under Standard Condition B10.8 for the Licensee to include a Strategic Report, a Corporate Governance Statement, and a Directors' Report in its Regulatory Accounts must be read as if the requirement applied to the Licensee as a Quoted Company, whether or not it is such a company, such that:

(a) the Corporate Governance Statement has the coverage and content of the corporate governance statement that a Quoted Company is required to prepare under the UK

Corporate Governance Code issued under the UK Listing Authority's listing rules and interpretations on corporate governance;

(b) the Strategic Report has the coverage and content of the strategic report that a Quoted Company is required to prepare under sections 414A, 414C and 414D of the Companies Act 2006; and

(c) the Directors' Report has the coverage and content of the directors' report that a Quoted Company is required to prepare under sections 415, 416, 418(2), and 419(3) and (4) of the Companies Act 2006.

Standard Condition B11: Provision of Information to the Regulator

Introduction

11.1 The purpose of this condition is to set out a general obligation on the Licensee to provide Information to the Regulator and to procure an undertaking from its Ultimate Controller to facilitate the provision of such Information.

Structure of this condition

11.2 This condition is structured as follows:

(a) Part A sets out the general obligation of the Licensee to provide Information to the Regulator as reasonably required;

(b) Part B sets out the requirement that the Licensee procure Information Undertakings;

(c) Part C sets out the evidence requirements to show compliance and the duty to enforce;

(d) Part D sets out the restriction of arrangements with any Ultimate Controller;

(e) Part E sets out the presumption that the provision of Information is sufficient for the purposes of the relevant condition; and

(f) Part F sets out the exception to the general obligation set out in Part A.

Part A: General obligation

11.3 Subject to Standard Condition B11.11, the Licensee must, in addition to any requirements under the Act, provide to the Regulator, in such manner and at such times as the Regulator may require, such Information as the Regulator may reasonably require or as may be necessary for the purpose of performing:

(a) any functions conferred on the Regulator by or under the Act; and

(b) the regulatory functions conferred on the Regulator by other statute or enactment.

Part B: Procurement of Information Undertaking

11.4 The Licensee must procure from each company or other person which the Licensee knows or reasonably should know is at any time an Ultimate Controller of the Licensee a legally enforceable undertaking (the "**Information Undertaking**") in favour of the Licensee, in a form specified by the Regulator for the purposes of this condition and on the terms set out in Standard Condition B11.5.

11.5 The terms of the Information Undertaking are that the Ultimate Controller (the "**Information Covenantor**"):

(a) will give to the Licensee; and

(b) will procure that any person (including a corporate body) which is a Subsidiary Undertaking of, or is controlled by, the Information Covenantor (other than the Licensee and the Licensee's Subsidiary Undertakings) will give to the Licensee,

all such Information as may be necessary to enable the Licensee to comply fully with its obligation under Standard Condition B11.3.

11.6 The Information Undertaking to be procured under Standard Condition B11.4:

(a) must have been obtained before the end of seven (7) days after the date on which the corporate body or other person in question becomes an Ultimate Controller of the Licensee; and

(b) must remain in force for so long as the Licensee remains the holder of this licence and the Information Covenantor remains an Ultimate Controller of the Licensee.

Part C: Evidence of compliance and duty to enforce

11.7 Whenever the Licensee obtains an Information Undertaking in accordance with Standard Condition B11.6(a), it must:

(a) give the Regulator evidence of its compliance without delay, including a copy of the Information Undertaking in question; and

(b) at all times comply with any direction from the Regulator to enforce that Information Undertaking.

Part D: Restriction of arrangements with Ultimate Controller

11.8 Except with the Regulator's consent, the Licensee must not enter (directly or indirectly) into any agreement or arrangement with any Ultimate Controller of the Licensee or, where the Ultimate Controller is a corporate body, with any of the Subsidiary Undertakings of such a corporate Ultimate Controller (other than the Subsidiary Undertakings of the Licensee) at any time when:

(a) an Information Undertaking complying with Standard Condition B11.4 is not in place in relation to that Ultimate Controller; or

(b) there is an unremedied breach of an Information Undertaking that is in place in relation to that Ultimate Controller; or

(c) the Licensee is in breach of the terms of any direction issued by the Regulator under Standard Condition B11.7(b).

Part E: Sufficiency of Information

11.9 The power of the Regulator to request Information under this condition is in addition to the power of the Regulator to call for Information under or pursuant to any other condition and under any statutory powers.

11.10 There shall be a presumption that the provision of Information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted if the Regulator states in writing that in its opinion such further Information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

Part F: Exception to general obligation

11.11 This condition shall not require the Licensee to produce any documents or give any Information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Standard Condition B12: Disposal of assets and restrictions on charges

Introduction

12.1 The purpose of this condition is to impose restrictions on the ability of the Licensee to dispose of T&S Assets and grant security.

Structure of this condition

12.2 This condition is structured as follows:

(a) Part A sets out the general prohibition on the Licensee regarding the disposal of T&S Assets and the grant of security;

(b) Part B sets out the arrangements for Regulator's consent;

(c) Part C sets out exceptions to the general prohibition set out in Part A; and

(d) Part D sets out a restriction on the surrender of Group Relief.

Part A: General prohibition

12.3 The Licensee must not, except with the consent of the Regulator or unless otherwise permitted under this condition:

(a) take any action that is or would be a Disposal of, or Relinquishment of Operational Control over, any T&S Asset (in whole or in part); or

(b) grant any mortgage, charge, or other form of security over any Receivables and/or any T&S Asset.

12.4 Notwithstanding any other provision of this licence, the Licensee must ensure that any Disposal of, or Relinquishment of Operational Control over, any T&S Asset is always subject to the Licensee complying with applicable Legal Requirements, and any terms of the Government Support Package.

Part B: Arrangements for Regulator's consent

12.5 Where the Licensee is:

(a) seeking the Regulator's consent to a transaction otherwise prohibited under Standard Condition B12.3; or

(b) intending to proceed with a transaction that would be prohibited under Standard Condition B12.3 except that it falls within the exception set out in Standard Condition B12.8(a),

the Licensee shall give the Regulator not less than three months' prior written notice of its intention to proceed with the transaction, together with such further information as the Regulator may request relating to such transaction (including details of the relevant Legal

Requirement, where the Licensee is seeking to rely on the exception in Standard Condition B12.8(a)).

12.6 A consent by the Regulator under Standard Condition B12.5(a) may be given subject to the acceptance by the Licensee, or by any third party to the transaction in question, of such conditions as may be specified in that consent.

12.7 The Licensee may proceed with the transaction in relation to which it is seeking the Regulator's consent pursuant to Standard Condition B12.5(a) if:

(a) the Regulator consents to the transaction in question;

(b) the Licensee has complied with such conditions as the Regulator may attach to its consent; and

(c) if applicable, the Licensee has procured that any third party to the transaction in question complies with such conditions.

Part C: Exceptions to general prohibition

12.8 Notwithstanding Standard Condition B12.3 above, the Licensee may:

(a) take any action referred to in Standard Conditions B12.3(a) or B12.3(b) without the consent of the Regulator if the Licensee is required to do so pursuant to a requirement falling within limb (b) of the definition Legal Requirement;

(b) take any action referred to in Standard Condition B12.3(a) without the consent of the Regulator if:

(i) the Regulator has issued directions for the purposes of this condition containing a general consent (whether or not subject to conditions) to (A) transactions of a specified description; or (B) the Disposal of, or Relinquishment of Operational Control over, a T&S Asset of a specified description; and

(ii) the transaction or the T&S Asset subject to the proposed Disposal or Relinquishment of Operational Control are of a description to which such directions apply and the Disposal or Relinquishment of Operational Control is in accordance with any conditions to which such directions are subject;

(c) take any action referred to in Standard Condition B12.3(a) without the consent of the Regulator where this is a Disposal which:

(i) is a Disposal at arm's length and on normal commercial terms of Redundant or Obsolete assets (other than any part of the T&S Storage Site(s)) which, in the case of Obsolete assets, have been replaced by items of equivalent or better quality in accordance with the Licensee's usual maintenance programme; or

(ii) is a Disposal at arm's length of any asset (other than any part of the T&S Storage Site(s)) having a market value which, when aggregated with the market value of all other assets disposed of by it under this condition in any

Charging Year, does not exceed £50,000 (CPIH Indexed), provided that any such Disposal (either alone or when aggregated with any related disposal) does not result in a material adverse effect on the T&S Network.

12.9 If the relevant T&S Asset that is subject to a proposed Disposal or Relinquishment of Operational Control comprises a significant part of the T&S Network, notwithstanding that the Disposal or Relinquishment of Operational Control is permitted under Standard Condition B12.8(a) or Standard Condition B12.8(b), the Licensee must:

(a) notify the Regulator at least 60 days in advance of the proposed Disposal or Relinquishment of Operational Control over the T&S Asset; and

(b) not proceed with the proposed Disposal or Relinquishment of Operational Control unless the Regulator has provided its consent.

12.10 For the purposes of Standard Condition B12.9, "a significant part of the T&S Network" means such that, if a Disposal or Relinquishment of Operational Control of that part proceeded, then this would reduce the capacity available to existing and/or future Users and/or cause constraints in the T&S Network.

Part D: Surrender of Group Relief

12.11 The Licensee must not make any surrender of Group Relief to any Associate of the Licensee or to any other person, even where such a surrender is for value, unless agreed by the Regulator at the end of the asset life.

Standard Condition B13: Restriction on activity and financial ringfencing

Introduction

13.1 The purpose of this condition is to require the Licensee to comply with certain requirements so that, subject to some limited exceptions, the T&S Business is ringfenced and the Licensee does not carry out any other business.

Structure of this condition

13.2 This condition is structured as follows:

(a) Part A sets out the general prohibition on the Licensee in conducting any business other than the T&S Business or the holding of any other investments;

(b) Part B sets out the activities which are not prevented by the general prohibition;

(c) Part C sets out that the conduct of De Minimis Business is permitted;

(d) Part D sets out the limitations of De Minimis Business which cannot be exceeded;

(e) Part E sets out the calculation of total amount of investments;

(f) Part F sets out the ability to invest any Onshore Decommissioning Fund and/or any Offshore Decommissioning Fund; and

(g) Part G sets out additional points of interpretation for this condition.

Part A: General prohibitions

13.3 The Licensee must not, without the prior consent of the Regulator, conduct any business or carry on any activity other than the T&S Business.

13.4 The Licensee must not, without the prior consent of the Regulator, hold or acquire shares or other investments of any kind except:

(a) shares or other investments in a body corporate the sole activity of which is to carry on the activities of the T&S Business;

(b) shares or other investments in a body corporate which is a Subsidiary Undertaking of the Licensee and incorporated by it solely for the purpose of raising finance for the T&S Business; or

(c) subject to Standard Condition B13.5, investments acquired in the usual and ordinary course of the Licensee's treasury management operations.

13.5 The Licensee can only rely on the exception permitted by Standard Condition B13.4(c) if it has in force, in relation to those operations, a system of internal controls which complies with such best corporate governance practice as required (or, in the absence of any such requirement, recommended) from time to time by the UK Listing Authority.

Part B: Activities not prevented by the general prohibition

13.6 Subject to the provisions of Standard Conditions B13.4 and B13.5, nothing in this condition prevents:

(a) any Affiliate, in which the Licensee does not hold shares or other investments, conducting any business or carrying on any activity;

(b) the Licensee holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest consistent with the provisions of this licence; or

(c) the Licensee carrying on any business or conducting any activity to which the Regulator has given its consent; or

(d) the Licensee performing the supervisory or management functions of a Holding Company in respect of any Subsidiary Undertaking to which the Regulator has given its consent.

Part C: Permission to conduct De Minimis Business

13.7 Nothing in this condition prevents the Licensee or an Affiliate or Related Undertaking of the Licensee in which the Licensee holds shares or other investments (a "**relevant associate**") conducting De Minimis Business as defined in Standard Condition B13.8 provided that and for so long as each of the limitations specified in Standard Conditions B13.9 to B13.11 are complied with.

13.8 For the purpose of this condition, "De Minimis Business" means any business or activity carried on by the Licensee or a relevant associate or relevant associates other than:

(a) the T&S Business; and

(b) any other business activity to which the Regulator has given its consent in writing in accordance with Standard Condition B13.6(c).

Part D: Limitations of De Minimis Business not to be exceeded

13.9 The Licensee or a relevant associate may carry on De Minimis Business so long as neither the following limitations is exceeded.

13.10 The first limitation is that the total turnover of all the De Minimis Business carried on by the Licensee plus the Equity Share of the total turnover of all the De Minimis Business carried on by all its relevant associates must not in any Charging Year exceed 2.5 per cent of the total turnover of the Licensee as shown by the most recent audited Regulatory Accounts of the Licensee.

13.11 The second limitation is that the total amount (calculated in accordance with Standard Condition B13.12) of all investments made by the Licensee in De Minimis Business, as carried on by the Licensee and all relevant associates, must not at any time after the date at which this condition takes effect in this licence exceed 2.5 per cent of the sum of the Licensee's share capital in issue, its share premium and its consolidated reserves (including

retained earnings) as shown by its most recent audited Regulatory Accounts available at that date.

Part E: Calculation of total amount of investments

13.12 For the purpose of calculating the total amount of the investments referred to in Standard Condition B13.11:

(a) "investments" means any form of financial support or assistance given by or on behalf of the Licensee for the De Minimis Business whether on a temporary or permanent basis and including any commitment to provide any such support or assistance in the future; and

(b) at any relevant time, the amount of an investment is the sum of:

(i) the fair value of such investment, having regard to the audited historical cost balance sheet of the Licensee as at its latest accounting reference date to have occurred prior to Licence Award and any other information considered as relevant by the Regulator in assessing the fair value of such investment;

(ii) the total gross amount of all expenditure (whether of a capital or revenue nature) howsoever incurred by the Licensee in respect of such investment in all completed accounting reference periods since such accounting reference date; and

(iii) all commitments and liabilities (whether actual or contingent) of the Licensee relating to such investment outstanding at the end of the most recently completed accounting reference period,

less the sum of the total gross amount of all income (whether of a capital or a revenue nature and however received by the Licensee) in respect of such investment in all completed accounting reference periods since the accounting reference date referred to in sub-paragraph (i).

Part F: Investment of Onshore and Offshore Decommissioning Funds

13.13 Subject to Standard Condition B13.14, nothing in this condition shall prevent the Licensee from investing any amount in any Onshore Decommissioning Funds or any Offshore Decommissioning Funds.

13.14 The Licensee shall not invest any amount in any Onshore Decommissioning Funds or any Offshore Decommissioning Funds except in accordance with (as applicable to any Onshore Decommissioning Funds and any Offshore Decommissioning Funds respectively):

(a) the Onshore Decommissioning Requirements and Offshore Decommissioning Requirements;

(b) the Approved Offshore Decommissioning Funding and Investment Strategy or Approved Onshore Decommissioning Funding and Investment Strategy; and

(c) the conditions of this licence.

Part G: Interpretation

13.15 In Standard Condition B13.10, Equity Share, in relation to any shareholding, means the nominal value of the equity shares held by the Licensee in a relevant associate, as a percentage of the nominal value of the entire issued equity share capital of that relevant associate.

Standard Condition B14: Availability of resources

Introduction

14.1 The purpose of this condition is to set out certain obligations of the Licensee, so that the Licensee has, at all times, the necessary financial and other resources available to it.

Structure of this condition

14.2 This condition is structured as follows:

(a) Part A sets out the general obligation on the Licensee to act in a manner designed to secure for itself such resources as required and to provide a document to the Regulator certifying the availability of such resources;

(b) Part B sets out the required content of a Financial Resources Certificate;

(c) Part C sets out the statement of factors and report by auditors in relation to the Financial Resources Certificate;

(d) Part D sets out the required content of a Operational Resources Certificate;

(e) Part E sets out the statement of factors in relation to the Operational Resources Certificate;

(f) Part F sets out the required content of a Licence Compliance Certificate;

(g) Part G sets out the obligation to report any adverse circumstance;

(h) Part H sets out the restriction on payment of Distributions; and

(i) Part I sets out an obligation for the Licensee to prepare and maintain an Intervention Plan.

Part A: General obligations

14.3 The Licensee must at all times act in a manner designed to secure that it has available to itself such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licences, consents and facilities, on such terms and with such rights, as shall ensure that it is at all times able to:

(a) economically, efficiently and effectively carry on the T&S Business; and

(b) comply in all respects with its obligations under this licence, the CCS Network Code and any Legal Requirements.

14.4 The Licensee must by 31 July each year give the Regulator a document:

(a) that comprises the Financial Resources Certificate, the Operational Resources Certificate and the Licence Compliance Certificate; and

(b) the contents of which (that is, the certificates) have been approved by a resolution of the Licensee's board of directors and signed by a director of the Licensee pursuant to that resolution.

Part B: Financial Resources Certificate

14.5 The Financial Resources Certificate, to be provided in accordance with Standard Condition B14.4, must take one of the following forms:

(a) **Certificate 1F**

"After making enquiries and having taken into account all relevant information, including (without limitation) any Distribution that might reasonably be expected to be declared or paid by the Licensee, the Licensee's directors have a reasonable expectation that the Licensee will have available to it sufficient financial resources and financial facilities available to enable the Licensee to carry on the T&S Business economically, efficiently and effectively for the following period:

(i) where the certificate is being provided before the Commercial Operations Date, for the period up to the Commercial Operations Date or 36 months from the date of the certificate, whichever is the longer; and

(ii) where the certificate is being provided on or after the Commercial Operations Date, for the period of 36 months from the date of the certificate."

or

(b) **Certificate 2F**

"After making enquiries, and subject to what is explained below, having taken into account all relevant information, including (without limitation) any Distribution that might reasonably be expected to be declared or paid by the Licensee, the Licensee's directors have a reasonable expectation, subject to what is explained below, that the Licensee will have available to it sufficient financial resources and financial facilities to enable the Licensee to carry on the T&S Business economically, efficiently and effectively for the following period:

(i) where the certificate is being provided before the Commercial Operations Date, for the period up to the Commercial Operations Date or 36 months from the date of the certificate, whichever is the longer; and

(ii) where the certificate is being provided on or after the Commercial Operations Date, for the period of 36 months from the date of the certificate.

However, the directors of the Licensee would like to draw attention to the following factors, which may cast doubt on the Licensee's ability to carry on the T&S Business economically, efficiently and effectively [*followed by a description of the factors concerned*]."

or

(c) **Certificate 3F**

"In the opinion of the Licensee's directors, the Licensee will not have available to it sufficient financial resources and financial facilities to enable the Licensee to carry on the T&S Business economically, efficiently and effectively for the following period:

(i) where the certificate is being provided before the Commercial Operations Date, for the period up to the Commercial Operations Date or 36 months from the date of the certificate, whichever is the longer; and

(ii) where the certificate is being provided on or after the Commercial Operations Date, for the period of 36 months from the date of the certificate."

Part C: Statement of factors and report by auditors in relation to Financial Resources Certificate

14.6 The Licensee must ensure that the Financial Resources Certificate is accompanied by:

(a) a statement of the main factors that the Licensee's directors have taken into account in giving that certificate including reference to:

(i) the main financial resources and financial facilities available to the Licensee;

(ii) the most recent cash flow statement and cash flow forecast for the period covered by the certificate, prepared for the Licensee;

(iii) assumptions the Licensee has made in relation to the availability of financial markets for any financing or refinancing requirements needed to be able to carry on the T&S Business economically, efficiently and effectively for the relevant period; and

(b) a report prepared by its auditors and addressed to the Regulator that states whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it under Standard Condition B14.6(a) and, on the other hand, any Information that they obtained during their audit work under Standard Condition B10 (*Regulatory Accounts*) on the Licensee's Regulatory Accounts.

Part D: Operational Resources Certificate

14.7 The Operational Resources Certificate, to be provided in accordance with Standard Condition B14.4, must take one of the following forms:

(a) **Certificate 1R**

"After making enquiries the Licensee's directors have a reasonable expectation that the Licensee will have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents, and facilities available to itself to enable the Licensee to carry on the T&S Business for the following period:

(i) where the certificate is being provided before the Commercial Operations Date, for the period up to the Commercial Operations Date or 36 months from the date of the certificate, whichever is the longer; and

(ii) where the certificate is being provided on or after the Commercial Operations Date, for the period of 36 months from the date of the certificate."

or

(b) **Certificate 2R**

"After making enquiries, and subject to what is explained below, the Licensee's directors have a reasonable expectation, subject to what is explained below, that the Licensee will have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents and facilities available to itself to enable the Licensee to carry on the T&S Business for the following period:

(i) where the certificate is being provided before the Commercial Operations Date, for the period up to the Commercial Operations Date or 36 months from the date of the certificate, whichever is the longer; and

(ii) where the certificate is being provided on or after the Commercial Operations Date, for the period of 36 months from the date of the certificate."

However, the directors of the Licensee would like to draw attention to the following factors, which may cast doubt on the Licensee's ability to carry on the T&S Business [*followed by a description of the factors concerned*]."

or

(c) **Certificate 3R**

"In the opinion of the Licensee's directors, the Licensee will not have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents, and facilities available to itself to enable the Licensee to carry on the T&S Business for the following period:

(i) where the certificate is being provided before the Commercial Operations Date, for the period up to the Commercial Operations Date or 36 months from the date of the certificate, whichever is the longer; and

(ii) where the certificate is being provided on or after the Commercial Operations Date, for the period of 36 months from the date of the certificate."

Part E: Statement of factors in relation to Operational Resources Certificate

14.8 The Licensee must ensure that the Operational Resources Certificate is accompanied by a statement of the main factors that the Licensee's directors have taken into account in giving that certificate.

Part F: Licence Compliance Certificate

14.9 The Licence Compliance Certificate, to be provided in accordance with Standard Condition B14.4, must take one of the following forms:

(a) **Certificate 1C**

"After making enquiries the Licensee's directors consider that, at the time of their approval of this certificate, the Licensee is in compliance in all material respects with all of the obligations imposed on it by Standard Condition B11 (*Provision of Information to the Regulator*), Standard Condition B13 (*Restriction on activity and financial ringfencing*), Standard Condition B14, Standard Condition B16 (*Indebtedness*) and Standard Condition B17 (*Undertaking from Ultimate Controller*)."

(b) **Certificate 2C**

"After making enquiries the Licensee's directors consider that, at the time of their approval of this certificate, the Licensee is not in compliance in all material respects with all of the obligations imposed on it by Standard Condition B11, Standard Condition B13, Standard Condition B14, Standard Condition B16 and Standard Condition B17 because [*followed by an explanation as to why the directors are of this opinion*]."

Part G: Obligation to report any adverse circumstance

14.10 The Licensee must inform the Regulator in writing immediately if:

(a) the directors of the Licensee become aware of any circumstance that causes them no longer to have the reasonable expectations expressed in the most recent certificate given in the form of Certificate 1F, Certificate 2F, Certificate 1R or Certificate 2R; or

(b) the directors of the Licensee consider that any adverse circumstance that caused them to give the Regulator a certificate in the form of Certificate 3F or Certificate 3R has materially worsened; or

(c) the directors of the Licensee become aware of any disciplinary, compliance, enforcement or regulatory action (including investigations) taken by any regulatory body against the Licensee.

Part H: Restriction of the declaration and payment of Distributions

14.11 The Licensee must only declare, make, pay or permit Distributions in accordance with a Distribution policy which has been approved by the board of the Licensee and which complies with the principle that any Distributions declared, made, paid or permitted will not cause a default or event of default under the Financing Documents nor impair the ability of the Licensee to finance the T&S Business.

14.12 The Licensee must not declare, make, pay or permit Distributions where:

(a) the Licensee is required not to declare, make, pay or permit Distributions pursuant to the Government Support Package or the Mandated Financing Terms; or

(b) the Licensee is in breach of Standard Condition B18.14 (*Financial Resilience and Credit Quality*).

Part I: Requirement to maintain an Intervention Plan

14.13 The Licensee must prepare within 12 months of Licence Award, and thereafter maintain, an Intervention Plan fulfilling the criteria described in the definition of Intervention Plan in Standard Condition B14.15.

14.14 The requirement for the information described in any of sub-paragraphs (a) to (k) in the definition of Intervention Plan in Standard Condition B14.15 to be included in the Intervention Plan will be satisfied if the plan provides details of other documents or records (including electronic records) where that information can be readily obtained and those documents or records are either maintained by the Licensee itself or are available to the Licensee at all times under a legal or contractual right.

14.15 For the purposes of this condition, an "Intervention Plan" means a document or set of documents (which may be in a suitably secure electronic format) containing information that would be sufficient to allow a T&S administrator (within the meaning of section 42 of the Act) readily to obtain information on:

(a) the financial assets, resources, and facilities of the Licensee;

(b) the non-financial assets, rights, and resources of the Licensee including information on key management and operational personnel and information technology systems;

(c) the liabilities of the Licensee, including contingent and contractual liabilities, with counterparty and maturity information;

(d) the tax affairs of the Licensee;

(e) the personnel of the Licensee and any pension schemes sponsored or administered by the Licensee;

(f) any mortgages, charges, or other forms of security over the Licensee's assets;

(g) the systems and processes by which the Licensee carries on the T&S Business with information on any significant contractual arrangements, including those that impose obligations on the Licensee;

(h) any arrangements under which the Licensee has relinquished operation control over any assets that form part of the T&S Network to an Associate of the Licensee (where permitted to do so under this licence);

(i) any contractual rights to receive cash or other financial assets from any Associate of the Licensee;

(j) any contractual obligations to deliver cash or other financial assets to any Associate of the Licensee; and

(k) the Licensee's arrangements and procedures for ensuring compliance with Legal Requirements and with its obligations under this licence, including Periodic Review reporting requirements.

Standard Condition B15: Asset Management Plans

Introduction

15.1 The purpose of this condition is to set out the Licensee's obligations in respect of the development and amendment of the Asset Management Plans and the associated reports that the Licensee must provide to the Regulator.

Structure of this condition

15.2 This condition is structured as follows:

(a) Part A sets out the process for the Regulator to publish and update Asset Management Plan and Reporting Guidance;

(b) Part B sets out the Licensee's obligations in respect of the Asset Management Plan and Reporting Guidance and Asset Management Plans; and

(c) Part C provides the minimum content requirements of any Asset Management Plan.

Part A: Asset Management Plan and Reporting Guidance

15.3 The Regulator will prepare and publish Asset Management Plan and Reporting Guidance from time to time in accordance with this Part A.

15.4 The Regulator will issue and amend Asset Management Plan and Reporting Guidance by direction.

15.5 The Regulator will publish Asset Management Plan and Reporting Guidance on the Regulator's Website.

15.6 Before issuing the Asset Management Plan and Reporting Guidance by direction, the Regulator will publish on the Regulator's Website:

(a) the text of the proposed Asset Management Plan and Reporting Guidance;

(b) the date on which the Regulator intends the Asset Management Plan and Reporting Guidance to come into effect; and

(c) a period during which representations may be made on the content of the Asset Management Plan and Reporting Guidance, which will not be less than 28 days.

15.7 Before amending the Asset Management Plan and Reporting Guidance by direction, the Regulator will publish on the Regulator's Website:

(a) the text of the amended Asset Management Plan and Reporting Guidance;

(b) the date on which the Regulator intends the amended Asset Management Plan and Reporting Guidance to come into effect;

(c) the reasons for the amendments to the Asset Management Plan and Reporting Guidance; and

(d) a period during which representations may be made on the amendments to the Asset Management Plan and Reporting Guidance, which will not be less than 28 days.

Part B: Licensee's obligations in respect of the Asset Management Plan and Reporting Guidance and Asset Management Plans

15.8 The Licensee must comply with its obligations under the Asset Management Plan and Reporting Guidance.

15.9 The Asset Management Plan and Reporting Guidance may, amongst other things, require the Licensee to:

(a) submit (or resubmit pursuant to and in accordance with Standard Condition B15.11) Asset Management Plans to the Regulator for its approval;

(b) provide an evaluation of its performance against the Asset Management Plan and the Asset Management Objectives;

(c) develop and maintain a methodology that enables the Licensee to achieve and report on the Asset Management Objectives;

(d) in each case, in accordance with such provisions and timescales as are specified for that purpose in the Asset Management Plan and Reporting Guidance.

15.10 Amongst other things, the Licensee's asset management related reporting obligations will include submitting:

(a) an initial Asset Management Plan, no less than 12 months prior to Scheduled COD;

(b) an updated Asset Management Plan, at Commercial Operations Date; and

(c) an updated or revised Asset Management Plan as and when required pursuant to the Asset Management Plan and Reporting Guidance.

15.11 The Licensee must keep the Asset Management Plan under constant review and revise it in accordance with the Asset Management Plan and Reporting Guidance.

15.12 The Licensee must ensure that any updated or revised Asset Management Plan clearly identifies any changes made and a reasonable explanation for such changes, together with relevant supporting information. Following consideration of the Licensee's submission pursuant to Standard Condition B15.10 the Regulator will:

(a) confirm that the Licensee's Asset Management Plan is accepted;

(b) require the Licensee to revise and resubmit a valid Asset Management Plan, which addresses any issues notified to it by the Regulator; or

(c) require further supporting information from the Licensee to confirm whether the Licensee's Asset Management Plan can be accepted.

Part C: Minimum contents of the Asset Management Plan

15.13 Each Asset Management Plan that the Licensee delivers to the Regulator must:

(a) meet the Asset Management Objectives;

(b) be consistent with the Asset Management Plan and Reporting Guidance and Good Industry Practice; and

(c) contain, as a minimum:

(i) details of how the Licensee will maintain the T&S Network and its proposed approach to asset replacement (including the management of Strategic Spares and obsolescence mitigation); and

(ii) in each case for each Charging Year in the applicable Regulatory Period.

Standard Condition B16: Indebtedness

Introduction

16.1 The purpose of this condition is to set out the restrictions that apply to the Licensee in respect of Indebtedness.

Structure of this condition

16.2 This condition is structured as follows:

(a) Part A sets out the restrictions on the Licensee incurring Indebtedness or entering into associated specified transactions, and any exceptions to those restrictions;

(b) Part B sets out the additional limitations that apply, in certain circumstances, to any permissions set out in Part A; and

(c) Part C sets out an obligation to notify the Regulator of certain breaches.

Part A: Restrictions

16.3 In addition to complying with the requirements of Standard Condition B12 (*Disposal of assets and restrictions on charges*), the Licensee must not enter into any transaction or commitment of a type described or referred to in this condition that does not comply with the restrictions applicable to it under this condition, unless and until:

(a) the Licensee has provided to the Regulator all material facts relating to the proposed transaction or commitment; and

(b) following consideration of such material facts, the Regulator has consented to the proposed transaction or commitment.

16.4 With the exception of any Permitted Transactions, the Licensee must not create or continue or permit to remain in effect any mortgage, charge, pledge, lien or other form of security or encumbrance, or undertake any Indebtedness to any other person, or enter into or continue or permit to remain in effect any guarantee or any obligation, except in accordance with all of the following requirements:

(a) the transaction in question must be on an arm's length basis;

(b) it must be on normal commercial terms;

(c) it must be for a Permitted Purpose; and

(d) if the transaction is within the ambit of Standard Condition B12, it must comply with the requirements of that condition.

16.5 Subject to Standard Condition B16.8, the Licensee must not transfer, lease, license, or lend any sum or sums, asset, right or benefit to any Associate of the Licensee except by way of any of the following transactions:

(a) a Distribution; or

(b) a payment under an Approved Contract; or

(c) a payment, right or benefit conferred on a User under User Arrangements that comply with the CCS Network Code; or

(d) a repayment of capital; or

(e) a payment properly due for any goods, services or assets provided on an arm's length basis and on normal commercial terms; or

(f) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and made in compliance with the payment condition referred to in Standard Condition B16.7; or

(g) a repayment of, or payment of interest on, a loan that is not prohibited by Standard Condition B16.4; or

(h) payments for group corporation tax relief calculated on a basis not exceeding the value of the benefit received (subject to the restriction on the surrender of Group Relief, pursuant to Standard Condition B12.11); or

(i) an acquisition of shares or other investments that is in conformity with Standard Condition B13.4 (*Restriction on activity and financial ringfencing*) and is made on an arm's length basis and on normal commercial terms,

provided, however, that the provisions of Standard Condition B16.8 will prevail in any of the circumstances described or referred to in Standard Condition B16.8.

16.6 The Licensee must not create, incur or permit to remain in effect any agreement or commitment incorporating a Cross-Default Obligation, except that the Licensee may give a guarantee permitted by, and compliant with, the requirements of Standard Condition B16.4.

Part B: Additional limitations

16.7 The payment condition referred to in Standard Condition B16.5(f) is that the consideration due in respect of the transaction in question is paid in full when the transaction is entered into unless either:

(a) the counterparty to the transaction has and maintains until payment is made in full an Investment Grade Issuer Credit Rating; or

(b) the obligations of the counterparty to the transaction are fully and unconditionally guaranteed throughout the period during which any part of the consideration remains outstanding by a guarantor that has and maintains an Investment Grade Issuer Credit Rating.

16.8 Except with the Regulator's consent and subject to Standard Condition B16.9, if any of the circumstances set out in Standard Conditions B16.10 to B16.11 apply, the Licensee must not

enter into or complete any transaction of a type described or referred to in Standard Condition B16.5 otherwise than in accordance with Standard Condition B16.12.

16.9 The provisions of Standard Condition B16.8 do not apply to a transaction of a type described or referred to in Standard Condition B16.5 where the transaction, or arrangements contemplating that transaction, had been entered into prior to the occurrence of any of the circumstances set out in Standard Conditions B16.10 and B16.11.

16.10 The circumstances described by this condition is that the Licensee has:

(a) given the Regulator a certificate in the form of Certificate 3F under the requirement set out in Standard Condition B14.5 (*Availability of resources*) and has not subsequently given the Regulator a certificate in the form of Certificate 1F or Certificate 2F as set out in the same condition;

(b) given the Regulator a certificate in the form of Certificate 3R under the requirement set out in Standard Condition B14.7 and:

(i) the opinion expressed in the certificate arises in whole or in part from circumstances affecting an Associate of the Licensee; and

(ii) the Licensee has not subsequently given the Regulator a certificate in the form of Certificate 1R or Certificate 2R as set out in the same condition; or

(c) informed the Regulator of any circumstance of the type referred to in Standard Condition B14.10 and:

(i) the circumstances giving rise to the Licensee's report related to the Licensee's financial resources and the Licensee has not subsequently given the Regulator a certificate in the form of Certificate 1F or 2F as set out in the same condition; or

(ii) the circumstances giving rise to the Licensee's report relate to the Licensee's operational resources and:

(A) relate in whole or in part to circumstances affecting an Associate of the Licensee; and

(B) the Licensee has not subsequently given the Regulator a certificate in the form of Certificate 1R or 2R as set out in the same condition.

16.11 The circumstance described by this paragraph is that the Licensee has, after Licence Award, breached any formal covenant contained in any loan agreement, commercial paper, bond issue or committed facility that it has entered into with a counterparty, the Government Support Package or the Revenue Support Agreement, unless one of the following applies:

(a) the Licensee has remedied the breach to the satisfaction of the counterparty concerned;

(b) the Licensee has renegotiated the covenant or arrangement to the satisfaction of the counterparty concerned;

and in either case (a) or (b) the remedy or renegotiation has been notified in writing to the Regulator;

or

(c) in response to a written request from the Licensee, the Regulator has confirmed, before the breach occurs, that the breach in question will not trigger the provisions of Standard Conditions B16.8 or B16.12.

16.12 Where, under the provisions of Standard Condition B16.8, the Licensee is prohibited from entering into or completing any transaction of a type referred to or described in Standard Condition B16.5, the Licensee may not, without the consent of the Regulator (following the Licensee's disclosure of all material facts) transfer, lease, license, or lend any sum or sums, asset, right, or benefit (as described or referred to in Standard Condition B16.5) to any Associate of the Licensee unless by way of payments for group corporation tax relief calculated on a basis not exceeding the value of the benefit received, so long as the payments are not made before the date on which the amounts of tax thereby relieved would otherwise have been due (subject to the restriction on the surrender of Group Relief, pursuant to Standard Condition B12.11).

Part C: Notification of breaches

16.13 The Licensee must inform the Regulator in writing immediately if a breach of the type described in Standard Condition B16.11 has occurred.

Standard Condition B17: Undertaking from Ultimate Controller

Introduction

17.1 The purpose of this condition is to require the Licensee to obtain an undertaking from its Ultimate Controller to safeguard the Licensee's ability to comply with this licence.

Structure of this condition

17.2 This condition is structured as follows:

(a) Part A sets out the obligation to procure an undertaking from the Ultimate Controller;

(b) Part B sets out the required evidence of compliance, and the duty to enforce;

(c) Part C sets out the reporting obligations in the event of breach; and

(d) Part D sets out the restriction of arrangements with the Ultimate Controller.

Part A: Obligation to procure undertaking

17.3 The Licensee must procure from each company or other person that is at any time an Ultimate Controller of the Licensee a legally enforceable undertaking in favour of the Licensee, in a form specified by the Regulator for the purposes of this condition generally, and on the terms set out in Standard Condition B17.4.

17.4 The terms referred to in Standard Condition B17.3 are that the Ultimate Controller (the "**Covenantor**"):

(a) will refrain from any action; and

(b) will procure that any person (including a corporate body) that is a Subsidiary Undertaking of, or controlled by, the Covenantor (other than the Licensee and any of its Subsidiary Undertakings) will refrain from any action,

that would be likely to cause the Licensee to breach any of its obligations under this licence.

17.5 The undertaking to be procured under Standard Condition B17.3:

(a) must have been obtained before the end of seven (7) days after the date on which the company or other person in question becomes an Ultimate Controller of the Licensee; and

(b) must remain in force for as long as the Licensee remains the holder of this licence and the Covenantor remains an Ultimate Controller of the Licensee.

Part B: Evidence of compliance and duty to enforce

17.6 Whenever the Licensee obtains an undertaking in accordance with Standard Condition B17.5(a), it must:

(a) give the Regulator evidence of its compliance without delay, including a copy of the undertaking in question; and

(b) at all times comply with any direction from the Regulator to enforce that undertaking.

17.7 The Licensee must, on or before 31 July of each Charging Year, provide to the Regulator with a schedule of the undertakings obtained in accordance with Standard Condition B17.3 that are in force at the time, together with a confirmation that the Licensee has sent each of the Ultimate Controllers concerned a letter, within the preceding 12 months, reiterating to the Ultimate Controller the terms of the undertaking that it has given.

Part C: Reporting obligation in respect of breach

17.8 The Licensee must inform the Regulator immediately in writing if the directors of the Licensee become aware that any undertaking procured under the provisions of this condition has ceased to be legally enforceable or that its terms have been breached.

Part D: Restriction of arrangements with Ultimate Controller

17.9 Except with the Regulator's consent, the Licensee must not enter (directly or indirectly) into any agreement or arrangement with any Ultimate Controller of the Licensee or, where the Ultimate Controller is a corporate body, with any of the Subsidiary Undertakings of such a corporate Ultimate Controller (other than a Subsidiary Undertaking of the Licensee) at any time when:

(a) an undertaking procured under Standard Condition B17.3 is not in place in relation to that Ultimate Controller; or

(b) there is an unremedied breach of any such undertaking that is in place in relation to that Ultimate Controller; or

(c) the Licensee is in breach of the terms of any direction given by the Regulator as under Standard Condition B17.6(b).

Standard Condition B18: Financial Resilience and Credit Quality

Introduction

18.1 The purpose of this condition is to set out various obligations of the Licensee relating to the Licensee's financial resilience, including the process that may be followed which may ultimately require the Licensee to achieve an Investment Grade Issuer Credit Rating.

Structure of this condition

18.2 This condition is structured as follows:

(a) Part A sets out the general obligation that the Licensee ensures at all times that it has sufficient financial resources and standing;

(b) Part B sets out the Indicative Credit Rating Process that may be triggered after the First Regulatory Period;

(c) Part C sets out the requirements relating to achievement of an Investment Grade Issuer Credit Rating;

(d) Part D sets out an obligation for the Licensee to provide a Financial Resilience Report in certain circumstances, where required to do so by the Regulator;

(e) Part E sets out an obligation for the Licensee to publish financial results; and

(f) Part F sets out an obligation for the Licensee to comply with the Mandated Financing Terms.

Part A: General obligation

18.3 As required by Standard Condition B14.3 (*Availability of resources*), the Licensee must ensure that at all times it has the financial resources and standing required to enable the Licensee to:

(a) economically, efficiently and effectively carry on the T&S Business, including the carrying out of any obligations arising under the Onshore Decommissioning Requirements and the Offshore Decommissioning Requirements; and

(b) comply in all respects with its obligations under this licence, the CCS Network Code and any Legal Requirements.

18.4 Without limiting the generality of Standard Condition B18.3, during the First Regulatory Period, the Licensee is not required to obtain or maintain an Investment Grade Issuer Credit Rating.

Part B: Indicative Credit Rating Process after First Regulatory Period

18.5 Following the expiry of the First Regulatory Period and subject to Standard Condition B18.6, the Regulator may, in accordance with the Indicative Credit Rating Process Guidance and

Special Condition H23.4(a) (*Credit rating*), require the Licensee to undertake a Indicative Credit Rating Process to inform the Regulator's assessment of whether the then prevailing conditions or circumstances of the Licensee are such that it would be appropriate to introduce an obligation for the Licensee to obtain/maintain an Investment Grade Issuer Credit Rating of at least BBB- (S&P, Fitch or DBRS Morningstar) or Baa3 (Moody's).

18.6 The Regulator shall only be entitled to require the Licensee to undertake a Indicative Credit Rating Process, in accordance with Standard Condition B18.5, where, by no less than six (6) months prior to requiring this of the Licensee:

(a) the Regulator has issued the Indicative Credit Rating Process Guidance; and

(b) the Indicative Credit Rating Process Guidance provides guidance to the Licensee in relation to, among other things, the conditions or circumstances of the Licensee that would need to apply before the Regulator introduces the requirement for the Licensee to undertake a Indicative Credit Rating Process.

Part C: Investment Grade Issuer Credit Rating requirement

18.7 Following the Licensee undertaking an Indicative Credit Rating Process and subject to Standard Condition B18.8:

(a) the Regulator may, in accordance with the Investment Grade Issuer Credit Rating Guidance and Special Condition H23.5, require that the Licensee use all reasonable endeavours to obtain and maintain an Investment Grade Issuer Credit Rating of at least BBB- (S&P, Fitch or DBRS Morningstar) or Baa3 (Moody's);

(b) where the Regulator confirms under Special Condition H23.5(c) the requirement for the Licensee to use all reasonable endeavours to obtain and maintain the Investment Grade Issuer Credit Rating, the Regulator will, in accordance with Special Condition H23.5(c):

(i) determine the impact (if any) of the requirement; and

(ii) determine any adjustments to be provided to the Licensee to reflect such impact (and any such determination, including any associated amendments to Project-Specific Documents, will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act).

18.8 The Regulator shall only be entitled to require the Licensee to use all reasonable endeavours to obtain and maintain an Investment Grade Issuer Credit Rating of at least BBB- (S&P, Fitch or DBRS Morningstar) or Baa3 (Moody's), in accordance with Standard Condition B18.7, in the following circumstances:

(a) where, by no less than six (6) months prior to requiring this of the Licensee the Regulator has issued the Investment Grade Issuer Credit Rating Guidance;

(b) the Investment Grade Issuer Credit Rating Guidance provides guidance to the Licensee in relation to, among other things, the conditions or circumstances of the Licensee, informed by the Indicative Credit Rating Process, that would need to apply

before the Regulator introduces the requirement for the Licensee to obtain and maintain an Investment Grade Issuer Credit Rating of at least BBB- (S&P, Fitch or DBRS Morningstar) or Baa3 (Moody's); and

(c) the Indicative Credit Rating Process that had been carried out by the Licensee in accordance with this condition indicates:

(i) the existence of the conditions or circumstances of the Licensee, referred to in paragraph (b) above; and

(ii) notwithstanding the generality of sub-paragraph (i) above, that the conditions or circumstances of the Licensee are such that the Licensee is capable of achieving an Investment Grade Issuer Credit Rating of at least BBB (S&P, Fitch or DBRS Morningstar) or Baa2 (Moody's).

18.9 Any determination by the Regulator in accordance with this Part C to require the Licensee to use all reasonable endeavours to obtain and maintain an Investment Grade Issuer Credit Rating will constitute a licence modification to be made by the Regulator in accordance with section 13 of the Act and if any amendments to any Project-Specific Documents are required to give effect to its determination, such amendments will be implemented by way of a new licence condition in accordance with section 13 of the Act.

Part D: Requirement for Financial Resilience Report

18.10 Where, in accordance with Standard Condition B14, the Licensee has:

(a) included in the document required under Standard Condition B14.4 of that condition a Financial Resources Certificate in the form of Certificate 2F or 3F; or

(b) notified the Regulator of a change in circumstances in accordance with Standard Condition B14.10 of that condition, to the extent that change relates to the Financial Resources Certificate,

the Regulator may require the Licensee to provide to the Regulator a report ("**the Financial Resilience Report**") within 60 days.

18.11 The Licensee must ensure that the Financial Resilience Report includes:

(a) an assessment of the Licensee's current and forecast financial standing, including an assessment of resilience to downside scenarios relating to either operational performance or macro-economic events;

(b) financial projections for the next three Charging Years (including the remainder of the current Charging Year) or the remainder of the Regulatory Period, whichever is the longer; and

(c) details of Potential Mitigating Actions the Licensee could take to improve its financial resilience and an indication of whether such actions are planned.

18.12 The financial projections required by Standard Condition B18.11(b) must include:

(a) a forecast balance sheet;

(b) income statements;

(c) cashflow statements;

(d) key financial metric projections; and

(e) results of any stress tests that the Licensee considers to be appropriate.

Part E: Publication of financial results

18.13 The Licensee must, at such times and in such ways as may from time to time be required by the listing rules of the UK Listing Authority, publish on its website such Information about its annual interim and final results as is required by those rules to be announced by a company whose shares are for the time being listed on the London Stock Exchange, unless otherwise agreed by the Regulator.

Part F: Mandated Financing Terms

18.14 The Licensee must at all times (insofar as applicable to it) comply with the Mandated Financing Terms.

18.15 The Licensee acknowledges and agrees that any event or circumstance that causes or results in (directly or indirectly) the Mandated Financing Terms not being satisfied or met shall be a breach of this Standard Condition B18.15.

18.16 The Licensee must inform the Regulator as soon as reasonably practicable and, in any event, within five Business Days, if any event or circumstance occurs that has or could cause the Licensee to be in breach of Standard Condition B18.14.

18.17 In this condition, "Mandated Financing Terms" means each of the terms set out in Part 2 of the Financial Settlement Document.

Standard Condition B19: Regulatory Instructions and Guidance

Introduction

19.1 This condition sets out the scope, contents, and common governance arrangements for the RIGs published by the Regulator pursuant to this condition.

19.2 The RIGs are the primary means by which the Regulator directs the Licensee to collect and provide to it the Information that the Regulator needs to administer the special conditions (and such standard conditions as may be relevant) of this licence.

Structure

19.3 This condition is structured as follows:

(a) Part A sets out the Licensee's obligations under this condition;

(b) Part B sets out the scope and content of the RIGs;

(c) Part C sets out the requirements for new or more detailed Information;

(d) Part D sets out the requirement of the Licensee to comply with the provisions of the RIGs; and

(e) Part E sets out the ability of the Regulator to give a derogation.

Part A: Licensee's obligations under this condition

19.4 Unless and so far as the Regulator otherwise consents, the Licensee must:

(a) measure and record or, where permitted in the RIGs, estimate the Specified Information;

(b) provide such Information to the Regulator in respect of such periods and within such timeframes as are specified in the RIGs; and

(c) have in place and maintain appropriate systems, processes, and procedures to enable it to carry out its obligations in sub-paragraphs (a) and (b).

19.5 To facilitate compliance with Standard Condition B19.4, the accounting records and other records kept by the Licensee with respect to the Specified Information must:

(a) be so arranged as to ensure that such Information can be separately identified and reasonably attributed as between the Licensee's business and the business of any Affiliate or Related Undertaking of the Licensee; and

(b) be maintained for a period that runs from the date that the records are made until the following:

(i) for all Construction Period related records, until the expiry of six (6) years following the Post Construction Review;

(ii) for all Commissioning Period related records, until the expiry of six (6) years following the Post Commissioning Review; and

(iii) for all other records, until the expiry of six (6) years following the next PR Determination,

or such shorter period as may be set out in the RIGs.

Part B: Scope and content of the RIGs

19.6 Subject to Standard Conditions B19.7 and B19.8, the matters that may be included, or for which provision may be made, in the RIGs are:

(a) instructions and guidance on the establishment of systems, processes, procedures, and ways for recording and providing Specified Information;

(b) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of Specified Information (including different classes of such Information);

(c) a timetable for the development of such systems, processes, and procedures as are required to achieve such standards;

(d) instructions on when the Licensee must enter into a contract of appointment with an Appropriate Auditor, and on compliance with the Agreed Upon Procedures;

(e) the methodology for calculating or deriving numbers comprising Specified Information;

(f) provision with respect to the meaning of words and phrases used in defining Specified Information;

(g) requirements as to the form and manner in which, or the frequency with which, Specified Information must be recorded;

(h) requirements as to the form and manner in which, or the frequency with which, Specified Information must be provided to the Regulator;

(i) a statement on whether and to what extent each category of the Specified Information is required for the purposes of the RIGs;

(j) provision about how the Regulator intends to monitor, assess, and enforce compliance with the RIGs;

(k) instructions and guidance on the standards of accuracy and reliability that are applicable to the commentary that supports the Specified Information provided by T&S Licensees under the RIGs (to enable the Regulator to assess efficiency); and

(l) explanation of why the Specified Information is required for the purposes of the RIGs.

19.7 The provisions of the RIGs will not exceed what is reasonably required to achieve the purposes of this condition, with the Regulator having regard to the materiality of the costs likely to be incurred by the Licensee in complying with those provisions.

19.8 No Specified Information may exceed what could be requested from the Licensee by the Regulator under Standard Condition B11 (*Provision of Information to the Regulator*).

Part C: Requirements for new or more detailed Information

19.9 This Part C applies if any modified or new RIGs have the effect of introducing a requirement to provide:

(a) a new category of Specified Information; or

(b) an existing category of Specified Information to a greater level of detail,

and such category of Specified Information has not previously been collected by the Licensee, whether under the provisions of the RIGs or otherwise.

19.10 Where the circumstances set out in Standard Condition B19.9 apply, the Licensee may provide estimates to the Regulator in respect of the relevant category of Specified Information for any Charging Year specified by the Regulator.

19.11 The estimates that are referenced in Standard Condition B19.10 may be derived from such other Information available to the Licensee as may be appropriate for that purpose.

Part D: Compliance with the provisions of the RIGs

19.12 The Licensee must at all times comply with the provisions of the RIGs for the time being in force pursuant to this condition.

19.13 Nothing in this condition requires the Licensee to provide any documents or give any Information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

19.14 The Licensee must take all reasonable steps to validate and check that the Specified Information is complete, reliable and meets the standards prescribed by the RIGs.

19.15 The Licensee must, on or before each submission date, write to the Regulator to confirm that, in its opinion, the Specified Information in respect of each Charging Year meets the standards prescribed by the RIGs.

Part E: Derogations

19.16 The Regulator may, after consulting with the Licensee, give a direction ("derogation") to the Licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Standard Condition B20: Data Assurance

Introduction

20.1 This condition requires the Licensee to undertake processes and Data Assurance Activities for the purpose of reducing the risk, and subsequent impact and consequences, of any inaccurate or incomplete reporting, or any misreporting, of information to the Regulator.

Structure of this condition

20.2 This condition is structured as follows:

(a) Part A sets out the Licensee's obligations in respect of the Data Assurance Guidance;

(b) Part B sets out what the Data Assurance Guidance will cover;

(c) Part C sets out the process for issuing and amending the Data Assurance Guidance;

(d) Part D details the Licensee's obligation to carry out Data Assurance Activity; and

(e) Part E provides that the Regulator may give derogations from the obligations under this condition to the Licensee.

Part A: Licensee's obligations under this condition

20.3 The Licensee must:

(a) comply with the provisions of the Data Assurance Guidance;

(b) carry out a Risk Assessment in accordance with such provisions and timescales as are specified for that purpose in the Data Assurance Guidance, and ensure that it has used its best endeavours, in accordance with the Data Assurance Guidance, to manage such risks as it has identified in that assessment;

(c) if directed by the Regulator, procure an independent review of its Data Assurance Activities in accordance with such provisions and timescales as are specified for that purpose in the Data Assurance Guidance; and

(d) provide to the Regulator, in accordance with such provisions and timescales as are specified for that purpose in the Data Assurance Guidance, reports that contain:

(i) the results of the Licensee's Risk Assessment;

(ii) a description of the Data Assurance Activities that the Licensee intends to undertake concerning expected future Data submissions for the relevant reporting period set out in the Data Assurance Guidance;

(iii) a description of the Data Assurance Activities undertaken by the Licensee concerning previously submitted Data for the relevant reporting period set out in the Data Assurance Guidance; and

(iv) if required, the details and results of any independent review procured by the Licensee of its Data Assurance Activities.

20.4 The Licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to perform its obligations under Standard Condition B20.3.

20.5 The Licensee must comply with any direction given by the Regulator that requires it to carry out (or, where appropriate, to procure and facilitate the carrying out of) a specific Data Assurance Activity in accordance with the provisions of Part D.

Part B: Scope and contents of the Data Assurance Guidance

20.6 The purpose of the Data Assurance Guidance is to establish a framework of processes and practices by which the Licensee must comply with its obligations as set out in Standard Conditions B20.3(b) to B20.3(d).

20.7 Subject to Standard Conditions B20.9 and B20.10, the Data Assurance Guidance may include, or make provision for, any of the following matters:

(a) the Data to which the Risk Assessment applies;

(b) the format of the Risk Assessment;

(c) the frequency with which, and the timescales within which, the Risk Assessment is required to be carried out;

(d) the format of any independent review that the Regulator may require the Licensee to procure of its Data Assurance Activities and the associated reporting requirements;

(e) the format of the reporting requirements detailed in Standard Condition B20.3(d);

(f) the frequency with which, and the timescales within which, the Licensee must report on its Data Assurance Activities to the Regulator; and

(g) the time period(s) to which required reports relate.

20.8 Reference in Standard Condition B20.7 to the format of an assessment, review, or reporting requirement includes reference to its form, layout, scope and content.

20.9 The provisions of the Data Assurance Guidance will not exceed what is required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the Licensee in complying with those provisions.

20.10 Nothing in this condition requires the Licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

Part C: The process to issue and modify the Data Assurance Guidance

20.11 The Regulator will issue and amend the Data Assurance Guidance by direction.

20.12 Before issuing or amending the Data Assurance Guidance the Regulator will send to the Licensee and publish on the Regulator's Website:

(a) the text of the new or amended Data Assurance Guidance;

(b) the date on which the Regulator intends the new or amended Data Assurance Guidance to come into effect;

(c) the reasons for the new or amended Data Assurance Guidance; and

(d) a period during which representations may be made on the content of the new or amended Data Assurance Guidance, which will not be less than 28 days.

20.13 The Regulator will:

(a) publish the Data Assurance Guidance on the Regulator's Website; and

(b) ensure that any amendments to the Data Assurance Guidance are promptly incorporated into a consolidated version maintained on the Regulator's Website.

Part D: Regulator's power to specify Data Assurance Activity

20.14 The Licensee must comply with any direction by the Regulator requiring the Licensee to carry out (or, where appropriate, to procure and facilitate the carrying out of) such Data Assurance Activity as may be specified in the direction.

20.15 Before issuing a direction under Standard Condition B20.14 the Regulator will publish on the Regulator's Website:

(a) the text of the proposed direction;

(b) the date on which the Regulator intends the direction to come into effect;

(c) the reasons why it proposes to issue the direction; and

(d) a period during which representations may be made on the proposed direction which will not be less than 28 days.

20.16 The direction will:

(a) contain a description of the Data Assurance Activity to be carried out by the Licensee (or, where appropriate, by a person nominated by the Regulator) for the purpose of assuring the accuracy and completeness of Data provided to the Regulator;

(b) if it refers to a person nominated by the Regulator, specify the steps that must be taken by the Licensee to procure and facilitate the carrying out of that activity by that person;

(c) contain a description of the Data to which the activity that is described in the direction must apply;

(d) contain an explanation of why the Regulator requires the Licensee to carry out that activity;

(e) specify any relevant dates by which that activity must be completed; and

(f) specify the form and content of any information relating to that activity that the Licensee must provide to the Regulator.

20.17 The Regulator may, following the submission of Data, appoint or nominate an Examiner to undertake a review of such Data or the systems or processes used to generate it.

20.18 Subject to Standard Condition B20.21, the Licensee must cooperate fully with an Examiner so as to enable them to carry out, complete, and report to the Regulator on any review or examination specified by the Regulator.

20.19 The Licensee's obligation to cooperate fully with an Examiner under Standard Condition B20.18 includes an obligation to ensure, so far as it can, that the following persons also cooperate fully with that Examiner:

(a) any Associate;

(b) any person from whom the Licensee procures reporting services or who measures and records Data on behalf of the Licensee; and

(c) any auditor of such person, or of the Licensee, or of any Associate.

20.20 The Licensee's obligation under Standard Conditions B20.18 and B20.19 to cooperate or ensure cooperation with an Examiner includes, so far as may be necessary or expedient for such purpose, and in each case subject to reasonable notice to the Licensee:

(a) providing access to management, employees, agents, or independent contractors of the Licensee sufficient to enable the Examiner to make any enquiries and to discuss any matters that they reasonably consider to be relevant to the carrying out of the examination;

(b) giving the Examiner access at reasonable hours to any premises occupied by the Licensee or by any other person in performing the obligations set out in this condition; and

(c) allowing the Examiner at reasonable hours:

(i) to inspect and make copies of, and take extracts from, any documents and records of the Licensee maintained in relation to the Data (other than information that is subject to legal privilege);

(ii) to carry out inspections, measurements, and tests on or in relation to any systems maintained and operated for or in relation to the Data; and

(iii) to take onto such premises or onto or into any assets used for the purposes of the Licensee such other persons and such equipment as may be necessary or expedient for the purpose of carrying out the examination.

20.21 The Licensee is not required to perform its obligations in relation to an Examiner and their functions unless the Examiner has entered into an agreement with the Licensee to maintain confidentiality on reasonable terms.

Part E: Derogations

20.22 The Regulator may, after consulting with the Licensee, give a direction ("a derogation") to the Licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Standard Condition B21: Fit and proper person requirement

Introduction

21.1 The purpose of this condition is to set out requirements so that any person who has a certain level of responsibility or influence in relation to the Licensee meets certain "fit and proper person" requirements.

Structure of this condition

21.2 This condition is structured as follows:

(a) Part A sets out the general obligations regarding the appointment of a person in a position of Significant Managerial Responsibility or Influence; and

(b) Part B sets out the matters to be taken into account in applying the fit and proper person test.

Part A: General obligations

21.3 The Licensee must not appoint or have in place a person in a position of Significant Managerial Responsibility or Influence who is not a fit and proper person to occupy that role.

21.4 The Licensee must:

(a) have and maintain robust processes, systems and governance in place to ensure that any person holding a position of Significant Managerial Responsibility or Influence in the Licensee is fit and proper to occupy that role; and

(b) carry out regular assessments on such person(s) to ensure that they remain fit and proper to occupy that role.

Part B: Matters to be taken into account in applying the fit and proper person test

21.5 In complying with Standard Condition B21.3 and B21.4, the Licensee must:

(a) have regard to and take account of all relevant matters including, but not limited to, whether the individual has:

(i) been responsible for, contributed to or facilitated any serious misconduct or mismanagement (whether unlawful or not) in the course of carrying out a regulated activity (or, providing a service elsewhere which if provided in the United Kingdom, would be a regulated activity);

(ii) any relevant unspent criminal convictions in any jurisdiction in particular fraud or money laundering;

(iii) any insolvency history, including undischarged bankruptcy, debt judgements and County Court judgements;

(iv) been disqualified from acting as a director of a company;

(v) been a person with Significant Managerial Responsibility or Influence at a current or former T&S Licensee in respect of whose T&S Network the Regulator issued a T&SCo of Last Resort Direction (including where they were a person with Significant Managerial Responsibility or Influence at that T&S Licensee within the 12 months prior to the T&SCo of Last Resort Direction being issued); and/or

(vi) been refused, had revoked, restricted or terminated any form of authorisation, or had any disciplinary, compliance, enforcement or regulatory action taken by any regulatory body in any jurisdiction whether as an individual, or in relation to a business in which that person held Significant Managerial Responsibility or Influence; and

(b) give particular regard to circumstances in which the relevant person has a background in the carbon capture and storage sector in the United Kingdom and if the previous actions of that person resulted in or contributed towards significant market detriment.

Standard Condition B22: Qualifying Acquisition

Introduction

22.1 The purpose of this condition is to require the Licensee to notify the Regulator of certain acquisitions which have a "change in control" impact on the Licensee and provide certain documents to the Regulator.

Structure of this condition

22.2 This condition is structured as follows:

(a) Part A sets out a Licensee's obligations regarding Qualifying Acquisitions; and

(b) Part B sets out the documents that a Licensee must submit with its Qualifying Acquisition Notice.

Part A: Licensee's obligations regarding a Qualifying Acquisition

22.3 The Licensee shall:

(a) inform the Regulator in writing; and

(b) provide the information set out in Schedule 7 (*Qualifying Acquisition Information*) of this licence of which it is aware or ought reasonably to be aware, having made reasonable enquiries,

(together being the "**Qualifying Acquisition Notice**") not less than sixty (60) days in advance of completion of any Qualifying Acquisition of which it is aware or ought reasonably to be aware, including in light of Standard Condition B22.4.

22.4 The Licensee shall procure from each company or other person which the Licensee knows or reasonably should know is at any time an Ultimate Controller of the Licensee a legally enforceable undertaking in favour of the Licensee that the Ultimate Controller (the **"Information Covenantor"**) will give to the Licensee, and will procure that any person (including, without limitation, a corporate body) which is a Subsidiary Undertaking of the Information Covenantor (other than the Licensee and its Subsidiary Undertakings) will give to the Licensee all such information as may be necessary (and is within its power to give) to enable the Licensee to comply fully with the obligations imposed on it by Standard Condition B22.3. Such undertaking shall be obtained upon such corporate body or other person in question becoming an Ultimate Controller of the Licensee and shall remain in force for so long as the Licensee has a licence under the Act and the Information Covenantor remains an Ultimate Controller of the Licensee.

Part B: Documents to be submitted with Qualifying Acquisition Notice

22.5 At the same time as the Licensee gives the Regulator a Qualifying Acquisition Notice, the Licensee must also provide to the Regulator the following documents in draft for approval by the Regulator, in the form in which they will be provided fully signed upon completion of the Qualifying Acquisition, in accordance with Standard Condition B22.7:

(a) the Information Undertaking, required pursuant to Standard Condition B11 (*Provision of Information to the Regulator*), to be provided by the company or other person who will be the Ultimate Controller of the Licensee upon completion of the Qualifying Acquisition;

(b) the Compliance Statement, required pursuant to Standard Condition B7 (*Independence of the T&S Business and restricted use of Confidential Information*), to reflect any updated arrangements that will be in place upon completion of the Qualifying Acquisition;

(c) subject to Standard Condition B22.6, the document comprising the Financial Resources Certificate, the Operational Resources Certificate and the Licence Compliance Certificate, required pursuant to Standard Condition B14 (*Availability of resources*), to be approved by a resolution of the Licensee's new board of directors and signed by a new director upon completion of the Qualifying Acquisition;

(d) the Ultimate Controller undertaking required pursuant to Standard Condition B17 (*Undertaking from Ultimate Controller*), to be provided by the company or other person who will be the Ultimate Controller of the Licensee upon completion of the Qualifying Acquisition; and

(e) the Ultimate Controller undertaking required pursuant to Standard Condition B22.4 of this condition, to be provided by the company or other person who will be the Ultimate Controller of the Licensee upon completion of the Qualifying Acquisition.

22.6 Unless the Regulator has otherwise consented, for the purposes of complying with this condition, the certificates to be included in the document to be provided pursuant to Standard Condition B22.5(c) (in draft) and pursuant to Standard Condition B22.7 (in final form) must be:

(a) in the following forms:

(i) for the Financial Resources Certificate, in the form of Certificate 1F;

(ii) for the Operational Resources Certificate, in the form of Certificate 1R; and

(iii) for the Licence Compliance Certificate, in the form of Certificate 1C, and

(b) accompanied by the statements required to be provided pursuant to Standard Condition B14, but not the auditors' report referred to in Standard Condition B14.6(b).

22.7 Within 7 days of the completion of the Qualifying Acquisition, the Licensee must provide to the Regulator final, signed versions of the documents referred to in Standard Condition B22.5, in the form submitted and approved by the Regulator pursuant to Standard Condition B22.5.

Standard Condition B23: T&SCo of Last Resort

Introduction

23.1 The purpose of this condition is to allow the Regulator, in certain circumstances, to issue a direction to the Licensee to provide carbon dioxide transport and storage services in respect of particular carbon dioxide transport and storage assets of another T&S Licensee.

Structure

23.2 This condition is structured as follows:

(a) Part A sets out the Licensee's obligation to comply with a T&SCo of Last Resort Direction;

(b) Part B sets out the circumstances where the Regulator may issue a T&SCo of Last Resort Direction;

(c) Part C sets out the process for issuing a T&SCo of Last Resort Direction;

(d) Part D sets out requirement of the Regulator to have regard to its guidance on the T&SCo of Last Resort mechanism; and

(e) Part E sets out an additional point of interpretation for this condition.

Part A: Licensee's obligation to comply with T&SCo of Last Resort Direction

23.3 The Licensee must at all times comply with any T&SCo of Last Resort Direction that has been given by the Regulator pursuant to this licence.

Part B: Circumstances where Regulator may issue a T&SCo of Last Resort Direction

23.4 The Regulator may, following consultation with the Licensee and any other T&S Licensees affected thereby, give a T&SCo of Last Resort Direction to provide carbon dioxide transport and storage services where:

(a) the Regulator has the right to revoke the licence of another T&S Licensee; or

(b) the Secretary of State institutes a Section 50 Transfer Scheme in relation to the assets of another T&S Licensee; or

(c) a T&S administration order (within the meaning of section 42 of the Act) is made in relation to another T&S Licensee.

23.5 The Regulator may only give a T&SCo of Last Resort Direction to the Licensee if:

(a) it has not already given a T&SCo of Last Resort Direction that is in force to a T&S Licensee in respect of the carbon dioxide transport and storage network to which the proposed T&SCo of Last Resort Direction relates;

(b) the Licensee has already commenced commercial operation of its own T&S Network, pursuant to this licence;

(c) it has consulted the NSTA and OPRED on whether the Licensee would be able to effectively operate its own T&S Network pursuant to this licence, as well as the carbon dioxide transport and storage network to which the proposed T&SCo of Last Resort Direction relates, in accordance with all health and safety and environmental requirements;

(d) it considers that the Licensee could comply with the T&SCo of Last Resort Direction without materially prejudicing the Licensee's ability to:

(i) continue to carry out its activities pursuant to this licence; and

(ii) fulfil its contractual obligations under the CCS Network Code;

(e) it is satisfied that the Licensee is able to carry out operation of the relevant carbon dioxide transport and storage network in an economic, efficient and effective manner, and in accordance with all health and safety requirements, and in this context, the term "operation" extends (to the extent applicable) to the financing, design, construction, commissioning, acceptance, operation, maintenance, development, expansion, decommissioning, post-closure monitoring and ownership of the relevant carbon dioxide transport and storage network, in accordance with the licence under which the Licensee would (following the issue of the proposed T&SCo of Last Resort Direction) be obliged to operate the carbon dioxide transport and storage network which is the subject of the proposed T&SCo of Last Resort Direction (being either this licence as modified under Standard Condition B23.9(a) or the other T&S Licensee's licence transferred to the Licensee under a transfer scheme);

(f) it is satisfied that the Licensee will be able to finance the activities which are the subject of obligations to be imposed on it by or by virtue of the T&SCo of Last Resort Direction (including any obligation under an associated transfer scheme), in addition to being able to finance the activities associated with operation of its own T&S Network pursuant to this licence;

(g) it is satisfied that the Licensee will be able to recover the costs of operating the relevant carbon dioxide transport and storage network in an economic, efficient and effective manner, including a reasonable rate of return;

(h) it has given notice to the Licensee, pursuant to this condition, of its intention to give a T&SCo of Last Resort Direction and specified a reasonable period (not being less than 14 days from the date of publication of the notice) within which the Licensee may make representations to the proposed T&SCo of Last Resort Direction; and

(i) it has considered any representations made by the Licensee and not withdrawn the notice.

23.6 Where there is more than one T&S Licensee to whom a T&SCo of Last Resort Direction may be given, the Regulator in giving a T&SCo of Last Resort Direction must consider in relation to each T&S Licensee:

(a) the financial, operational and technical standing of the T&S Licensee;

(b) any Information provided to the Regulator by the T&S Licensee in connection with the relevant carbon dioxide transportation and storage network, in particular:

(i) in relation to the costs that it expects to incur if it receives a T&SCo of Last Resort Direction;

(ii) its cost effectiveness relative to other T&S Licensees to whom a T&SCo of Last Resort Direction may be given; and

(iii) in relation to any part of the relevant carbon dioxide transportation and storage network to be completed, the period within which it expects to complete the relevant assets; and

(c) any other relevant Information available to the Regulator, including the quality, price, technical merit, functional characteristics, environmental characteristics and location of the relevant carbon dioxide transportation and storage network.

Part C: Process for issuing a T&SCo of Last Resort Direction

23.7 The Regulator will give notice to the Licensee of its intention to give a T&SCo of Last Resort Direction pursuant to Standard Condition B23.4, setting out:

(a) the basis on which the Regulator considers that it is reasonable to make a T&SCo of Last Resort Direction pursuant to Standard Condition B23.4;

(b) the date on which the Regulator proposes that the T&SCo of Last Resort Direction is to take effect;

(c) the carbon dioxide transportation and storage network to which the T&SCo of Last Resort Direction relates (including the geographical location and technical characteristics of those assets).

23.8 A notice under Standard Condition B23.7 above shall be given by:

(a) publishing the notice in such manner as the Regulator considers appropriate for the purpose of bringing the notice to the attention of persons likely to be affected by giving of the T&SCo of Last Resort Direction; and

(b) serving a copy of the notice on the Licensee.

23.9 A T&SCo of Last Resort Direction shall not take effect unless:

(a) where the other T&S Licensee's licence is to be revoked, the Regulator has formally proposed modifications to the conditions of this licence, pursuant to section 13 of the Act, that will prescribe the rights and obligations of the Licensee with respect to the

relevant carbon dioxide transportation and storage network, including the allowed revenue that the Licensee is able to earn for providing carbon dioxide transport and storage services through the relevant carbon dioxide transportation and storage network in an economic, efficient and effective manner, and such modifications are made by the Regulator in accordance with section 13 of the Act;

(b) where the other T&S Licensee's licence is to be subject to a Section 50 Transfer Scheme, the Regulator has been consulted in relation to the Section 50 Transfer Scheme and the transfer takes effect; or

(c) where the other T&S Licensee's licence is to be subject to a SAR Transfer Scheme, the Regulator has been consulted in relation to the SAR Transfer Scheme and the transfer takes effect.

Part D: T&SCo of Last Resort Guidance

23.10 In making a decision on issuing a T&SCo of Last Resort Direction the Regulator must have regard to its guidance on the T&SCo of Last Resort mechanism, but in the event of any conflict between this condition and the guidance, this condition will prevail.

Part E: Interpretation

23.11 For the purposes of this condition, any reference to a carbon dioxide transportation and storage network includes a reference to any part of such a network where, for example, the relevant assets only constitute storage or onshore transportation, as the case may be.

Standard Condition B24: Procurement obligations

Introduction

24.1 The purpose of this condition is to set out the requirements that the Licensee must follow when procuring works, goods and/or services.

Structure

24.2 This condition is structured as follows:

(a) Part A sets out the general obligation on the Licensee when procuring works, goods and/or services;

(b) Part B sets out the procurement principles to be adhered to; and

(c) Part C sets out the requirement for evidence of compliance and reporting.

Part A: General obligation

24.3 The Licensee must ensure that all works, goods and/or services which are procured by the Licensee in the course of carrying out the T&S Business are procured on terms which are designed to achieve the most economic, efficient, and effective outcome.

24.4 This Standard Condition B24:

(a) does not apply to the award of:

(i) any Approved Contracts set out in the List of Approved Contracts as at Licence Award; and

(ii) any other contract in relation to which the procurement process had been commenced before Licence Award, where "**commenced**" means the receipt of tenders from Potential Providers and the commencement of technical and commercial evaluation of them by the Licensee (provided that the Licensee must comply with the requirements under Standard Condition B24.5(d) in relation to any such contracts); and

(b) applies both in relation to letting new contracts and, subject to Standard Condition B24.6, modifications of existing contracts that result in the procurement of further works, goods and/or services by the Licensee.

Part B: Procurement principles to be adhered to

24.5 Without limiting the generality of Standard Condition B24.3, unless the Regulator has otherwise consented, when the Licensee is procuring works, goods and/or services in carrying out the T&S Business, the Licensee must:

(a) follow procurement processes which:

(i) treat Potential Providers equally and without discrimination;

(ii) are transparent;

(iii) where the procurement concerns any works, goods and/or services where the total value of the contract or modification thereto to be awarded is forecast to be greater than the Applicable Procurement Threshold, are designed to ensure an effective competition by ensuring:

(A) such processes are open to all Potential Providers and do not artificially restrict or narrow competition (acknowledging that nothing in this Standard Condition B24.5 would prevent the Licensee from applying a reasonable and proportionate selection process, based on objective criteria, which, for example, may include criteria to exclude those Potential Providers which (aa) have been convicted of offences or subject to regulatory enforcement action which would undermine public confidence in their honesty, integrity and probity such as fraud, money laundering, corporate manslaughter, terrorism, theft, human slavery, misconduct in relation to tax, competition law infringements, labour market misconduct, or environmental misconduct, or (bb) present a risk of failing to ensure reliable delivery of a contract on account of past poor performance, or (cc) lack the legal and financial capacity to perform the contract, or (dd) lack the technical ability to perform the contract);

(B) any contract award decision is to be made on the basis of the most advantageous tenders, linked to a clear and objective scoring methodology and linked to the subject matter of the contract being procured or some other clear, transparent and objective award criteria, such as the lowest price, which in each case are made available in advance to Potential Providers; and

(iv) are consistent with Good Industry Practice for the procurement of such works, goods and services;

(b) act in a transparent and proportionate manner;

(c) where the procurement falls within the scope of Standard Condition B24.5(a)(iii) but it is not possible to carry out a competitive tender process (including, but not limited to, due to the absence of competition, for technical reasons or due to intellectual property rights), incorporate appropriate procurement benchmarking in its procurement processes;

(d) ensure that any contracts entered into as a result of the procurement process are:

(i) on an arm's length basis; and

(ii) on normal commercial terms; and

(e) where the procurement concerns any works, goods and/or services where the total value of the contract or modification thereto to be awarded is forecast to be greater

than the Applicable Procurement Threshold, have regard to any Local Content and other supply chain requirements, including but not limited to commitments under the North Sea Transition Deal, that apply to the Licensee.

24.6 The requirements under Standard Condition B24.5 shall not apply, except the requirements under Standard Condition B24.5(d), to any of the following modifications to an existing contract:

(a) where a modification (or a series of modifications relating to the same subject matter) to an existing contract results in the procurement of further works, goods and/or services ("**further procurement**") by the Licensee but the value of that further procurement is not more than:

(i) 10 per cent of the original estimated value of the existing goods/services contract; or

(ii) 15 per cent of the original estimated value of the existing works contract,

provided that the aggregate value of any further procurement is below the Applicable Procurement Threshold;

(b) where the goods, services or works to be supplied under the modified contract are strictly necessary for reasons of extreme and unavoidable urgency such that the modified contract cannot be awarded on the basis of the requirements of Standard Condition B24.5 (except Standard Condition B24.5(d));

(c) if the circumstances giving rise to the modification could not reasonably have been foreseen by the Licensee before the award of the contract, the modification would not change the overall nature of the contract and the modification would not increase the estimated value of the contract by more than 50 per cent;

(d) where modification would not increase the estimated value of the contract by more than 50 per cent and the Licensee considers that:

(i) a Known Risk has materialised otherwise than as a result of any act or omission of the licensee or the supplier;

(ii) because of that fact, the contract cannot be performed to the satisfaction of the Licensee;

(iii) the modification goes no further than necessary to remedy that fact; and

(iv) award of a further contract under Standard Condition B24.5 would not be in the public interest (having regard to, among other things, whether it would be economic, efficient and effective); or

(e) where the modification would not increase the estimated value of the contract by more than 50 per cent and:

(i) the modification provides for the supply of goods, services or works in addition to the goods, services or works already provided for in the contract;

(ii) using a different supplier would result in the supply of goods, services or works that are different from, or incompatible with, those already provided for in the contract;

(iii) the Licensee reasonably considers that the difference or incompatibility would result in:

(A) disproportionate technical difficulties in operation or maintenance or other significant inconvenience; and

(B) the substantial duplication of costs for the Licensee;

(f) where the modification is unambiguously provided for in the contract and the modification would not change the overall nature of the contract.

24.7 In the case of mixed contracts which have as their subject matter different types of procurement (that is, goods and/or services and/or works), the Applicable Procurement Threshold that applies to the contract shall be deemed to be the one applying to that component of the contract that has a higher estimated value, with the two possible components being:

(a) works; and

(b) goods and/or services.

Part C: Evidence of compliance and reporting

24.8 The Licensee must evidence its compliance with the requirements of this condition, including by providing to the Regulator details of its procurement strategy and details regarding any contracts (or modifications thereto), as well as tender documents, for the procurement of works, goods and/or services entered into by the Licensee in the course of carrying out the T&S Business, when requested by the Regulator.

24.9 Without limiting the generality of Standard Condition B24.8, the Licensee must provide to the Regulator the estimated value of any contract entered into in the course of carrying out the T&S Business, as follows:

(a) for those material contracts entered into before or at Licence Award, within three months of Licence Award; and

(b) thereafter, on a quarterly basis:

(i) the estimated value of any new contract where that contract has an estimated value greater than the Applicable Procurement Threshold; and

(ii) the estimated value of any modifications to contracts, unless the modification is such that the requirements under Standard Condition B24.5 (except the requirements under Standard Condition B24.5(d)) do not apply to that modification by virtue of Standard Condition B24.6.

Standard Condition B25: Digitalisation

Introduction

25.1 The purpose of this condition is to set out:

(a) the Licensee's obligations to comply with Data Best Practice Guidance; and

(b) the process the Regulator will follow when amending Data Best Practice Guidance.

Structure

25.2 This condition is structured as follows:

(a) Part A sets out the obligation of the Licensee in relation to Data Best Practice Guidance; and

(b) Part B sets out the actions of the Regulator in relation to Data Best Practice Guidance.

Part A: Obligation of Licensee in relation to Data Best Practice Guidance

25.3 The Licensee must, when conducting work that involves working with or making decisions about the use of Energy System Data, use its best endeavours to act in accordance with Data Best Practice Guidance.

Part B: Regulator's actions in relation to Data Best Practice Guidance

25.4 The Regulator will amend Data Best Practice Guidance by direction.

25.5 The Regulator will publish Data Best Practice Guidance on the Regulator's Website.

25.6 Data Best Practice Guidance will make provision about how the Regulator expects the Licensee to comply with data best practice to generate benefits for Users, stakeholders or the public interest, including but not limited to ensuring services that involve Energy System Data are designed to meet the needs of Users, stakeholders or the public interest.

25.7 Before amending Data Best Practice Guidance by direction, the Regulator will publish on the Regulator's Website:

(a) the text of the amended guidance;

(b) the date on which the Regulator intends the amended guidance to come into effect;

(c) the reasons for the amendments to the guidance; and

(d) a period during which representations may be made on the amendments to the guidance, which will not be less than 28 days.

Standard Condition B26: Approved Contracts

Introduction

26.1 The purpose of this condition is to set out the requirements that the Licensee must comply with when any Approved Contracts are to be amended or new contracts are to be added to the List of Approved Contracts.

Structure

26.2 This condition is structured as follows:

(a) Part A sets out the requirements that the Licensee must comply with when an Approved Contract is to be amended;

(b) Part B sets out the requirements that the Licensee must comply with when a new contract is entered into by the Licensee and is to become an Approved Contract; and

(c) Part C sets out the process by which the Regulator will amend the List of Approved Contracts.

Part A: Amendments to Approved Contracts

26.3 Where the Licensee wishes to obtain the Regulator's approval of any Amendment to any Approved Contract (so that the Approved Contract as amended is an Approved Contract for the purposes of this licence), the Licensee must provide the Regulator with:

(a) details of the proposed Amendment; and

(b) details of the activities envisaged by the Approved Contract as amended by the relevant Amendment to which the Licensee believes the conditions of this licence relating to Approved Contracts may need to apply.

26.4 Following review of any Amendment proposed in respect of an Approved Contract submitted by the Licensee pursuant to Standard Condition B26.3, the Regulator may (for the purposes of determining whether the Approved Contract as amended is an Approved Contract for the purposes of this licence):

(a) approve the proposed Amendment;

(b) reject the proposed Amendment; or

(c) provide recommendations as to an alternative Amendment that it considers should be made and require the Licensee to resubmit its proposed Amendment.

26.5 Where the Licensee enters into any Amendment to any Approved Contract which has not been approved by the Regulator, any reference to the relevant Approved Contract in this licence will be a reference to such Approved Contract in the form that it was last approved by the Regulator in accordance with this condition (including in the form as at Licence Award).

26.6 Where the Regulator has approved an Amendment to an Approved Contract, the List of Approved Contracts shall be amended to reflect that approval.

26.7 The Licensee must send a copy of any Amendment to an Approved Contract to the Regulator as soon as reasonably practicable and in any event no later than 30 days after the Amendment has been implemented.

Part B: Additions to List of Approved Contracts

26.8 Where the Licensee is proposing to:

(a) enter into a new contract; and

(b) wishes to seek the Regulator's approval to add that contract to the List of Approved Contracts, such that the contract becomes an Approved Contract for the purposes of this licence,

the Licensee must comply with Standard Condition B26.9.

26.9 Where the Licensee is seeking the Regulator's approval under Standard Condition B26.8, the Licensee must provide the Regulator with:

(a) a copy of the proposed new contract; and

(b) details of the activities envisaged by the relevant new Approved Contract to which the Licensee believes the conditions of this licence relating to Approved Contracts may need to apply.

26.10 Following review of the proposed contract pursuant to Standard Condition B26.9, the Regulator may (for the purposes of determining whether the contract is an Approved Contract for the purposes of this licence):

(a) approve the proposed contract;

(b) reject the proposed contract; or

(c) provide recommendations as to amendments that it considers should be made and require the Licensee to resubmit the proposed contract.

26.11 Where a new contract has been approved by the Regulator pursuant to Standard Condition B26.10, the Licensee must, as soon as reasonably practicable and in any event no later than 30 days after entry into the contract, provide to the Regulator a copy of the executed contract.

26.12 Where the Regulator has approved a new contract to be an Approved Contract for the purposes of this licence, the List of Approved Contracts shall be amended to reflect that approval.

Part C: Amendments to the List of Approved Contracts

26.13 The List of Approved Contracts may only be amended in accordance with this condition, unless otherwise specified in this licence.

Standard Condition B27: Project-Specific Documents

Introduction

27.1 The purpose of this condition is to set out the status of the Project-Specific Documents and how they may be updated in accordance with the conditions of this licence.

Structure

27.2 This condition is structured as follows:

(a) Part A sets out the status of the Project-Specific Documents;

(b) Part B deals with references to the Project-Specific Documents; and

(c) Part C deals with the process for amendments to Project-Specific Documents.

Part A: Status of the Project-Specific Documents

27.3 The Project-Specific Documents do not form part of this licence.

Part B: References to the Project-Specific Documents

27.4 Any reference in this licence to a particular Project-Specific Document, or a particular item of information in a Project-Specific Document, is a reference to that Project-Specific Document and/or item of information as amended in accordance with the conditions of this licence.

Part C: Process for amendments to Project-Specific Documents

27.5 Where a particular licence condition provides for a Project-Specific Document to be amended then, except where Standard Condition B27.6 applies, such an amendment may be made by way of a determination of the Regulator and will take effect upon the Licensee being notified of such amendment.

27.6 Where a particular licence condition provides that any amendments to Project-Specific Documents are to be made by way of a modification of the licence conditions in accordance with section 13 of the Act, such amendment will be made by way of a modification to the licence conditions in accordance with section 13 of the Act by way of implementation of a new licence condition to be included in Schedule 11 (*Amendments to Project-Specific Documents*).

27.7 Where the Regulator requires an amendment to a Project-Specific Document which is not expressly provided for by the conditions of this licence, the amendment of the relevant Project-Specific Document will be made by modification of the licence conditions in accordance with section 13 of the Act by way of implementation of a new licence condition to be included in Schedule 11.

27.8 Where a Project-Specific Document is amended by way of a licence modification as described in Standard Condition B27.6 or B27.7, then:

(a) this shall not require the Regulator to make all future amendments to the relevant amended Project-Specific Document (or relevant amended part thereof) by way of a licence modification pursuant to section 13 of the Act; and

(b) shall not preclude any future amendment of the amended Project-Specific Document (or relevant amended part thereof) by way of the process described in Standard Condition B27.5.

Standard Condition B28: Licence Derogations

Introduction

28.1 The purpose of this condition is to describe the nature of Licence Derogations and set out the circumstances in which the Regulator may review and amend the Licence Derogations set out in the Licence Derogations Document.

Structure

28.2 This condition is structured as follows:

(a) Part A deals with the nature of Licence Derogations;

(b) Part B deals with Licence Derogations that apply to Derogated Contracts;

(c) Part C deals with Amendments to Derogated Contracts;

(d) Part D sets out the circumstances in which the Regulator may review and/or amend the Licence Derogations set out in the Licence Derogations Document; and

(e) Part E sets out the process by which the Regulator will amend the Licence Derogations Document.

Part A: Nature of Licence Derogations

28.3 The Licensee is in receipt of certain limited derogations from some requirements under this licence, to the extent specified in such derogations (each of such derogations being a "**Licence Derogation**").

28.4 The Licence Derogations Document sets out the Licence Derogations, as may be amended by the Regulator in accordance with this condition.

28.5 A Licence Derogation shall be interpreted strictly and shall only exempt the Licensee from requirements to the extent expressly stated in the relevant Licence Derogation. Where a Licence Derogation states that the Licensee is not required to comply with a specific condition of this licence (or a specific paragraph of a specific licence condition) in relation to certain specific circumstances or arrangements described in that Licence Derogation, then that Licence Derogation shall not be interpreted as meaning that the Licensee is not required to comply with some other condition (or some other paragraph of the same condition) of this licence in relation to those specific circumstances or arrangements.

28.6 Where the Licensee is not complying with the relevant conditions of a Licence Derogation, the application of that Licence Derogation shall be suspended until such time as the Licensee complies with the relevant conditions.

Part B: Licence Derogations that apply to certain contractual arrangements

28.7 Where a Licence Derogation relates to a Derogated Contract or arrangements pursuant to it, that Licence Derogation applies to the Derogated Contract or arrangements pursuant to it, in the form of that Derogated Contract:

(a) as at Licence Award or the date of issue of the Licence Derogation, as the case may be; or

(b) the form subsequently approved by the Regulator in accordance with Part C of this condition,

being the "**Approved Derogated Contract**".

28.8 Where the Licensee seeks to enter into or implement an Amendment to a Derogated Contract then the relevant Licence Derogation shall:

(a) provided the Regulator has approved such Amendment in accordance with Part C of this condition, apply to the revised terms of the Derogated Contract and/or any arrangements pursuant to it;

(b) where the Regulator has not approved such Amendment in accordance with Part C of this condition (either because the Regulator has refused its approval or because the Licensee has not requested approval), continue to apply to the extent that it would have applied to the terms of the Approved Derogated Contract and/or arrangements pursuant to it.

28.9 The Licensee must give notice to the Regulator as soon as reasonably practicable:

(a) where the Licensee considers it reasonably foreseeable that a Derogated Contract will be terminated prior to expiry of its initial term; and

(b) following termination or expiry of a Derogated Contract.

Part C: Approval of Amendments to Derogated Contracts

28.10 Where the Licensee wishes to obtain the Regulator's approval of any Amendment to any Derogated Contract (for the purposes of determining whether the Derogated Contract as amended by an Amendment is an Approved Derogated Contract), the Licensee must provide the Regulator with:

(a) details of the proposed Amendment; and

(b) details of the activities envisaged by the Derogated Contract as amended by the relevant Amendment and their impact on the Licence Derogation(s) that apply to the relevant Derogated Contract.

28.11 Following review of any Amendment proposed in respect of a Derogated Contract submitted by the Licensee pursuant to Standard Condition B28.10, the Regulator may (for the purposes of determining whether the Derogated Contract as amended by an Amendment is an Approved Derogated Contract):

(a) approve the proposed Amendment;

(b) reject the proposed Amendment; or

(c) provide recommendations as to an alternative Amendment that it considers should be made and require the Licensee to resubmit its proposed Amendment.

28.12 The Licensee must send a copy of any Amendment to a Derogated Contract to the Regulator as soon as reasonably practicable and in any event no later than 30 days after the Amendment has been implemented.

Part D: Circumstances where Regulator may review and/or amend the Licence Derogations set out in the Licence Derogations Document

28.13 The Regulator may review and/or amend the Licence Derogations Document (including individual Licence Derogations set out in it) in the following circumstances:

(a) where a Licence Derogation is time-limited and it has expired – in which case the Regulator may update the Licence Derogations Document by deleting that Licence Derogation (but where a time-limited Licence Derogation has expired then it will no longer apply even where the Regulator has not updated the Licence Derogations Document to delete it); or

(b) where the Licensee has applied to the Regulator for a time extension of a time-limited Licence Derogation and the Regulator has approved this – in which case the Regulator may amend that Licence Derogation to address the time extension and any consequential amendments to the Licence Derogation as a result of the impact of such time extension; or

(c) where it becomes apparent to the Regulator that the Licensee is unable to comply with the conditions of a Licence Derogation, in which case the Regulator may amend that Licence Derogation to address the impact of the Licensee's inability to comply with such conditions; or

(d) where there has been a change in the relevant circumstances or arrangements (which are the subject of a Licence Derogation) – in which case the Regulator may amend that Licence Derogation to address the impact of such change in the relevant circumstances or arrangements; or

(e) the Licensee has requested an amendment to an existing Licence Derogation and the Regulator has approved this – in which case the Regulator may amend that Licence Derogation; or

(f) the Licensee has requested a new Licence Derogation and the Regulator has approved this – in which case the Regulator may include a new Licence Derogation in the Licence Derogations Document.

Part E: Amendments to Licence Derogations Document

28.14 The Licence Derogations Document may only be amended in accordance with this condition, unless otherwise specified in this licence.

Section C: Onshore Standard Licence Conditions

Reference	Subject matter	Page
Standard Condition C1	**Regulatory compliance**	**149**
Standard Condition C2	**Onshore Decommissioning Fund**	**150**
Standard Condition C3	**Onshore Metering**	**158**
Standard Condition C4	**Obligations in relation to carbon dioxide storage**	**161**

Standard Condition C1: Regulatory compliance

Introduction

1.1 The purpose of this condition is to set out regulatory compliance obligations that the Licensee must comply with in relation to the Onshore Transportation System and Terminal, where the Licensee's T&S Network includes an Onshore Transportation System and/or Terminal.

Structure

1.2 This condition is structured as follows:

(a) Part A sets out the obligation to comply with Legal Requirements relating to the Onshore Transportation System and Terminal; and

(b) Part B sets out the requirements to comply with obligations under the UK ETS.

Part A: Obligation to comply with Legal Requirements relating to the Onshore Transportation System and Terminal

1.3 The Licensee must comply with and carry out the T&S Business in accordance with all Legal Requirements as applicable in respect of or in relation to the Onshore Transportation System and Terminal.

Part B: UK Emissions Trading Scheme

1.4 Without limiting the generality of Standard Condition C1.3, the Licensee must comply with all obligations arising under the UK ETS in relation to all carbon dioxide that is delivered by Users into the Onshore Transportation System.

Standard Condition C2: Onshore Decommissioning Fund

Introduction

2.1 The purpose of this condition is to set out the Licensee's obligations to comply with the Onshore Decommissioning Requirements and to establish an Onshore Decommissioning Fund, where the T&S Network includes any Onshore Infrastructure.

Structure

2.2 This condition is structured as follows:

(a) Part A sets out the obligation to comply with Onshore Decommissioning Requirements;

(b) Part B sets out the obligation to establish and contribute to an Onshore Decommissioning Fund;

(c) Part C sets out obligations to submit information to the Regulator;

(d) Part D deals with the calculation of the Onshore Decommissioning Fund Allowance;

(e) Part E sets out the obligation to pay the OnDF Monthly Contribution into the Onshore Decommissioning Fund;

(f) Part F sets out the position regarding withdrawals from the Onshore Decommissioning Fund;

(g) Part G deals with review processes;

(h) Part H deals with deficits in the Onshore Decommissioning Fund;

(i) Part I restricts the creation of any security over the Onshore Decommissioning Fund; and

(j) Part J deals with audits.

Part A: Obligation to comply with Onshore Decommissioning Requirements

2.3 The Licensee must comply with all Onshore Decommissioning Requirements that apply to the Onshore Infrastructure.

Part B: Obligation to establish and contribute to an Onshore Decommissioning Fund

2.4 The Licensee must establish and contribute to an Onshore Decommissioning Fund, which must have accrued sufficient funds at the end of operations of the relevant Onshore Infrastructure to carry out the activities contemplated by the Onshore Decommissioning Plan, subject to and in accordance with this Standard Condition C2.

2.5 The Licensee must establish and administer the Onshore Decommissioning Fund in accordance with:

(a) this condition;

(b) the Onshore Decommissioning Requirements;

(c) the Approved Onshore Holding Arrangements; and

(d) the Approved Onshore Decommissioning Funding and Investment Strategy.

2.6 The Licensee must ensure that in complying with this condition, the Licensee takes into account any expansions to the T&S Network, so that any Onshore Decommissioning Plan and the Onshore Decommissioning Fund take account of any additional Onshore Infrastructure.

Part C: Submission of information to the Regulator

2.7 The Licensee must, by the date which is 18 months before Scheduled COD, prepare and submit to the Regulator for approval:

(a) an onshore decommissioning plan in relation to the decommissioning of the Onshore Infrastructure (the **"Onshore Decommissioning Plan"**) which reflects the programme, measures and activities required (in accordance with the Onshore Decommissioning Requirements and Good Industry Practice) to decommission the Onshore Infrastructure (and carry out any related activities), including:

(i) what infrastructure will be left in-situ;

(ii) what infrastructure will be removed; and

(iii) the remediation and/or monitoring activities that will be carried out;

(b) an estimate of:

(i) the economic, efficient and effective cost of the measures referred to in Standard Condition C2.7(a); and

(ii) an estimate of the costs of operating and administering the Onshore Decommissioning Fund in the period after the Allowed Revenue Period,

which together constitute the "**Onshore Decommissioning Fund Cost Estimate**";

(c) the proposed structure for the Onshore Decommissioning Fund (the **"Onshore Holding Arrangements"**), which must meet the requirements set out in the CCS Onshore Decommissioning Fund Guidance (if issued) and any Legal Requirements (applicable to the relevant structure); and

(d) a funding and investment strategy (the "**Onshore Decommissioning Funding and Investment Strategy**"), which must meet the requirements set out in the CCS Onshore Decommissioning Fund Guidance (if issued), and that is designed to grow the value of the Onshore Decommissioning Fund through contributions, interest and investment returns such that by the relevant end of operations the assets are sufficient to cover the Onshore Decommissioning Fund Cost Estimate.

2.8 Where the Licensee has provided the items referred to in Standard Condition C2.7 for approval by the Regulator, the Regulator will review these items and will:

(a) determine that the items provided for approval under Standard Condition C2.7 are approved; or

(b) determine that the items provided for approval under Standard Condition C2.7 are not approved and:

(i) provide its reasons for such non-approval; and

(ii) require the Licensee to resubmit for approval one or more of the items referred to in Standard Condition C2.7; or

(c) require further information from the Licensee to determine whether to approve the items provided for approval under Standard Condition C2.7.

Part D: Calculation and approval of Onshore Decommissioning Fund Allowance

2.9 Once the Regulator has provided its approval under Standard Condition C2.8, the Licensee must, by 1 July before the start of each Operational Charging Year of the Allowed Revenue Period:

(a) calculate an amount (the "**Onshore Decommissioning Fund Allowance**") to represent the amount for that Operational Charging Year that the Licensee is required to contribute to the Onshore Decommissioning Fund, to enable the Licensee to discharge its obligations under Standard Condition C2.4, by reference to:

(i) the Approved Onshore Decommissioning Fund Cost Estimate;

(ii) the Onshore Decommissioning Fund Accrual Profile and the end of the operating period of the Onshore Infrastructure;

(iii) the Approved Onshore Decommissioning Funding and Investment Strategy;

(iv) any withdrawals from the Onshore Decommissioning Fund that have been authorised and made in accordance with this condition;

(v) the opening value of the Onshore Decommissioning Fund for the First Regulatory Period, and, for subsequent Regulatory Periods, the Approved OnDF Opening Value, and any subsequent contributions made; and

(vi) any Excluded OnDF Deficit and any Allowed OnDF Deficit, such that:

(A) any Allowed OnDF Deficit is to be recovered by way of the Onshore Decommissioning Fund Allowance; and

(B) any unpaid Excluded OnDF Deficit is not to be recovered by way of the Offshore Decommissioning Fund Allowance; and

(b) submit to the Regulator for approval:

(i) the Onshore Decommissioning Fund Allowance that the Licensee has calculated; and

(ii) details of how the calculation referred to in Standard Condition C2.9(a) has been made, including the basis of such calculation set out in Standard Condition C2.9(a).

2.10 When making a determination about whether to approve the Onshore Decommissioning Fund Allowance calculated by the Licensee, the Regulator may:

(a) approve the Onshore Decommissioning Fund Allowance calculated by the Licensee; and/or

(b) set the Onshore Decommissioning Fund Allowance at a different level to that calculated by the Licensee; and/or

(c) require the Licensee to:

(i) provide to the Regulator further information in relation to the matters required to be submitted to the Regulator under Standard Condition C2.9; and/or

(ii) make any necessary changes/corrections to the calculation of the Onshore Decommissioning Fund Allowance and resubmit the calculation for approval.

2.11 The Licensee must comply with any requirement issued by the Regulator pursuant to Standard Condition C2.10 within 30 days.

2.12 Any reference in this condition to the Onshore Decommissioning Fund Allowance (or Approved Onshore Decommissioning Fund Allowance, as the case may be) may be a reference to multiple Onshore Decommissioning Fund Allowances (or Approved Onshore Decommissioning Fund Allowances) where there are multiple Onshore Decommissioning Funds and separate Onshore Decommissioning Fund Allowances needs to be calculated and approved in accordance with this condition for each Onshore Decommissioning Fund.

2.13 The OnDF Monthly Contribution shall only be funded through the Decommissioning Building Block in accordance with Special Condition H16 (*Decommissioning Building Block*).

Part E: Obligation to pay OnDF Monthly Contribution into the Onshore Decommissioning Fund

2.14 In each Operational Charging Year of the Allowed Revenue Period starting from the Commercial Operations Date, the Licensee must promptly pay one-twelfth of the sum representing the Approved Onshore Decommissioning Fund Allowance (the "**OnDF Monthly Contribution**") into the relevant Onshore Decommissioning Fund by the end of each calendar month of that Operational Charging Year.

2.15 Within one month of the end of each Operational Charging Year, the Licensee must provide to the Regulator a statement showing:

(a) the total assets held in the Onshore Decommissioning Fund;

(b) the payments made into the Onshore Decommissioning Fund;

(c) the withdrawals made from the Offshore Decommissioning Fund; and

(d) any deficit or surplus in the Onshore Decommissioning Fund (that is, the actual funds held versus the expected funds), together with the reasons for any such deficit or surplus.

Part F: Withdrawals from the Onshore Decommissioning Fund

2.16 During the Allowed Revenue Period:

(a) the Licensee must not make any withdrawals from the Onshore Decommissioning Fund other than for:

(i) the purpose of investment in accordance with the Approved Onshore Decommissioning Funding and Investment Strategy; and

(ii) with the approval of the Regulator, the purposes of carrying out any decommissioning of any part of the Onshore Infrastructure (or related activities) as required by any Onshore Decommissioning Authority and/or in accordance with the Onshore Decommissioning Plan (the "**Required Onshore Decommissioning Works**"); and

(b) before withdrawing any funds from the Onshore Decommissioning Fund for the purposes of carrying out the Required Onshore Decommissioning Works, the Licensee must provide evidence to the Regulator of the cost of the Required Onshore Decommissioning Works.

Part G: Reviews

2.17 As soon as it is reasonably possible in accordance with the requirements of any relevant Onshore Decommissioning Authority, the Licensee must actively engage with any relevant Onshore Decommissioning Authority to obtain the approval of the relevant Onshore Decommissioning Authority to the Onshore Decommissioning Plan, which had earlier been submitted to the Regulator for approval in accordance with this condition.

2.18 The Onshore Decommissioning Plan, the Approved Onshore Decommissioning Fund Cost Estimate, the Approved Onshore Decommissioning Funding and Investment Strategy and the Onshore Decommissioning Fund Accrual Profile may be subject to review by the Regulator and re-determination of the matters previously approved by the Regulator pursuant to this condition:

(a) at each Periodic Review; and

(b) outside of a Periodic Review if the Onshore Decommissioning Plan prepared by the Licensee no longer accurately reflects the estimated cost and/or scope of the relevant measures or works that will need to be undertaken, as a result of:

(i) any material changes to the Onshore Decommissioning Plan required to be made by the relevant Onshore Decommissioning Authority, as part of the approval process referred to in Standard Condition C2.17;

(ii) any material new requirements imposed by any Onshore Decommissioning Authority in accordance with the Onshore Decommissioning Requirements; or

(iii) any material Change in Scope to the Onshore Infrastructure.

2.19 As soon as reasonably practicable, upon the occurrence of any of the circumstances referenced in Standard Condition C2.18(b), the Licensee must:

(a) notify the Regulator, and submit to the Regulator details of any of the circumstances contemplated in Standard Condition C2.18(b), as well as the Licensee's analysis of the changes required to address this; and

(b) where relevant, obtain the approval of the relevant Onshore Decommissioning Authority to any changes to the Onshore Decommissioning Plan.

2.20 Following the receipt of the submission referred to in Standard Condition B2.19, the Regulator will review the submission and:

(a) determine that changes are required to the items submitted by the Licensee pursuant to Part C of this condition, to address the impact of the occurrence of any of the circumstances referenced in Standard Condition C2.18(b); or

(b) determine that no changes are required to the items submitted by the Licensee pursuant to Part C of this condition, to address the impact of the occurrence of any of the circumstances referenced in Standard Condition C2.18(b).

2.21 Where the Regulator has determined, in accordance with Standard Condition C2.20(a) that any changes are required to the items referred to in Part C of this condition, then the Licensee must resubmit the items referred to in Part C for approval by the Regulator pursuant to Part C.

Part H: Deficit in Onshore Decommissioning Fund

2.22 The Licensee must submit an OnDF Deficit Submission to the Regulator:

(a) where there is a material deficit in the Onshore Decommissioning Fund ("**OnDF Deficit**"), having regard to:

(i) the amount actually in the Onshore Decommissioning Fund at the time of the assessment of whether there is a deficit, including the mark to market value of any fund investments;

(ii) the Approved Onshore Decommissioning Funding and Investment Strategy;

(iii) the Onshore Decommissioning Fund Accrual Profile; and

(iv) the Approved Onshore Decommissioning Fund Cost Estimate as at the date of the assessment of whether there is a deficit; and

(b) following receipt of a notice from the Regulator notifying the Licensee that the Regulator considers that there is an OnDF Deficit.

2.23 An OnDF Deficit Submission must give particulars of:

(a) the quantum of the OnDF Deficit; and

(b) the reason(s) why the Licensee considers that there is OnDF Deficit.

2.24 Following submission of an OnDF Deficit Submission by the Licensee, the Licensee must provide to the Regulator any additional documents or information that the Regulator considers appropriate and requests from the Licensee in respect of the OnDF Deficit.

2.25 Following receipt of an OnDF Deficit Submission and any additional documents or information required under Standard Condition C2.24, the Regulator will review the OnDF Deficit Submission and the Regulator will:

(a) determine whether there is an OnDF Deficit that needs to be remedied and the quantum of that OnDF Deficit; and

(b) where the Regulator has determined that there is an OnDF Deficit, determine whether the OnDF Deficit is an Excluded OnDF Deficit or an Allowed OnDF Deficit, where:

(i) an OnDF Deficit (in whole or in part) is an "**Excluded OnDF Deficit**" to the extent that it has arisen because of a failure by the Licensee to comply with this condition and/or the Approved Onshore Decommissioning Funding and Investment Strategy (including failing to use its reasonable endeavours to ensure that any other person (where relevant) complies with the Approved Onshore Decommissioning Funding and Investment Strategy); and

(ii) an OnDF Deficit (in whole or in part) is an "**Allowed OnDF Deficit**" to the extent that it is not an Excluded OnDF Deficit.

2.26 Where the Regulator determines that there is an Excluded OnDF Deficit then:

(a) the Licensee must pay a sum equal to the Excluded OnDF Deficit into the Onshore Decommissioning Fund as soon as reasonably practicable having regard to the quantum of the Excluded OnDF Deficit but subject to the Onshore Decommissioning Requirements and, in any case, by the end of the operations of the assets to which the Onshore Decommissioning Fund relates;

(b) where the payment of the Excluded OnDF Deficit in accordance with Standard Condition C2.26(a) is made more than 12 months from the Regulator's determination of the Excluded OnDF Deficit, then the Licensee (at the same time as paying the Excluded OnDF Deficit) must also pay the estimated interest and/or investment returns (as calculated by the Licensee based on the Approved Onshore Decommissioning Funding and Investment Strategy and approved by the Regulator) that would have been earned in relation to the Excluded OnDF Deficit had it been paid into the Onshore Decommissioning Fund on the date of the Regulator's determination of the Excluded OnDF Deficit; and

(c) the payment of the Excluded OnDF Deficit by the Licensee shall be at the Licensee's own expense.

2.27 Where the Regulator determines that there is an Allowed OnDF Deficit then the Licensee must, where required to do so by the Regulator, resubmit one or more of the items referred to in Part C of this condition for approval by the Regulator pursuant to Part C.

Part I: No security

2.28 The Licensee must not grant, or allow to be granted, security over the Onshore Decommissioning Fund or any OnDF Monthly Contribution to any person.

Part J: Audits

2.29 When required to do so by the Regulator (but not more frequently than once every Regulatory Period) the Licensee must procure an audit of its Onshore Decommissioning Fund in accordance with the CCS Onshore Decommissioning Fund Guidance (if issued), and provide to the Regulator a report summarising the findings of that audit.

Standard Condition C3: Onshore Metering

Introduction

3.1 The purpose of this condition is to set out the Licensee's obligations relating to metering arrangements for the Onshore Transportation System, where the Licensee's T&S Network includes an Onshore Transportation System.

Structure

3.2 This condition is structured as follows:

(a) Part A sets out the general obligation on the Licensee with regard to Metering Equipment;

(b) Part B sets out the requirement for compliance with all applicable requirements and standards;

(c) Part C deals with coordination of verification activities; and

(d) Part D requires the Licensee to provide to the Regulator evidence of its compliance with this condition.

Part A: General obligation

3.3 Subject to Standard Condition C3.4, the Licensee must ensure that:

(a) the Licensee; and/or

(b) each User connected to the Licensee's T&S Network,

installs, operates and maintains all Metering Equipment that is required for the purposes of accurately measuring and/or analysing:

(c) the rate of flow; and

(d) the composition,

of carbon dioxide delivered into the T&S Network by Users for purposes including, but not limited to:

(e) calculating charges and monitoring the composition of the carbon dioxide for the purposes of the CCS Network Code; and

(f) measuring and monitoring the carbon dioxide being transported through the T&S Network, including identifying any leakage or venting of carbon dioxide, for the purposes of complying with any Legal Requirements.

3.4 Where any Metering Equipment is installed, maintained and operated by a User in accordance with the CCS Network Code ("**User Metering Equipment**"), the Licensee's

obligations under Part A and Part B of this condition are limited to an obligation for the Licensee to exercise any rights under the CCS Network Code to:

(a) inspect, test, audit or verify the User Metering Equipment; and

(b) require any User to repair or replace any User Metering Equipment that does not comply with the requirements of the CCS Network Code.

Part B: Compliance with all requirements and standards

3.5 Subject to Standard Condition C3.4, the Licensee must ensure that the Metering Equipment referred to in Standard Condition C3.3 complies with the requirements of:

(a) the CCS Network Code;

(b) the UK ETS;

(c) any Legal Requirements relating to the Metering Equipment or pursuant to which the Licensee is required install, operate and maintain the Metering Equipment;

(d) any applicable industry standards; and

(e) any regulators responsible for enforcing or administering the requirements referred to Standard Conditions C3.5(a) to C3.5(c).

3.6 The requirements referred to in Standard Condition C3.5 include any requirements relating to the location, specification, standard of accuracy and functionality of the Metering Equipment.

3.7 Where the requirements referred to in Standard Condition C3.5 allow for a range in the standards of accuracy that may be permitted, the Licensee must use all reasonable endeavours to ensure that the standards of accuracy of any Metering Equipment installed and maintained in accordance with this condition are the highest possible, to the extent this is economic, efficient and effective, to:

(a) reduce the overall measurement uncertainty across the T&S Network; and

(b) reduce the liability of the Licensee and Users under the UK ETS.

Part C: Verification activities

3.8 Where the Licensee carries out or procures any verification activities in accordance with the requirements set out in Standard Condition C3.5 or the CCS Network Code, the Licensee must ensure that the costs of such verification activities are economic, efficient and effective, including by using all reasonable endeavours to coordinate the verification activities required to satisfy the different requirements.

Part D: Verification of compliance

3.9 The Regulator may require the Licensee to:

(a) provide evidence of verification that the Metering Equipment complies with the requirements set out in Standard Condition C3.5; and

(b) where the Regulator is not reasonably satisfied with the evidence of verification referred to in paragraph (a), procure such verification by an independent technical expert and provide evidence of such verification to the Regulator.

3.10 Where the Regulator requires the Licensee to procure verification by an independent technical expert, as referred to in Standard Condition C3.9(b), the Licensee must first obtain the Regulator's approval of the identity of the independent technical expert, which approval shall not be unreasonably withheld where the proposed independent technical expert has expertise in relation to Metering Equipment verification activities.

Standard Condition C4: Obligations in relation to carbon dioxide storage

Introduction

4.1 The purpose of this condition is to set out the Licensee's obligations relating to the carbon dioxide delivered into the T&S Network.

Structure

4.2 This condition is structured as follows:

(a) Part A sets out the general obligation on the Licensee in relation to carbon dioxide storage; and

(b) Part B sets out the exceptions to the obligation in Part A.

Part A: General obligation

4.3 Subject to Standard Condition C4.6, the Licensee must ensure that any carbon dioxide that the Licensee accepts is contained within the T&S Network in accordance with the requirements of the licence and either:

(a) stored in a T&S Storage Site in relation to which the Licensee holds a Storage Licence and Storage Permit (where the Offshore Transportation and Storage System is also operated by the Licensee); or

(b) delivered to an Onshore Transportation System or an Offshore Transportation and Storage System operated by another T&S Licensee.

4.4 By 30 June of each year, the Licensee must report to the Regulator on the quantity of carbon dioxide not contained in and/or vented from the T&S Network in the previous Charging Year, in accordance with the RIGs.

4.5 When requested to do so by the Regulator, the Licensee must provide to the Regulator further information in relation to the matters required to be reported on to the Regulator under this Part A.

Part B: Exception to obligation

4.6 The Licensee's obligations under Standard Condition C4.3 are subject to:

(a) any arrangements entered into with any User for the provision of a Re-use Service pursuant to the CCS Network Code;

(b) any non-containment/venting due to operational reasons related to health and/or safety issues; and

(c) any appropriately planned and executed maintenance plan, undertaken in line with Good Industry Practice.

Section D: Offshore Standard Licence Conditions

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Standard Condition D2	**Offshore Decommissioning Fund**	**164**
Standard Condition D3	**Offshore Metering**	**172**
Standard Condition D4	**Obligations in relation to carbon dioxide storage**	**175**

Standard Condition D1: Regulatory Compliance

Introduction

1.1 The purpose of this condition is to set out regulatory compliance obligations that the Licensee must comply with in relation to the Offshore Transportation and Storage System, where the Licensee's T&S Network includes an Offshore Transportation and Storage System.

Structure

1.2 This condition is structured as follows:

(a) Part A sets out the obligation to comply with Legal Requirements relating to the Offshore Transportation and Storage System;

(b) Part B sets out the requirement to comply with obligations arising under the UK ETS; and

(c) Part C sets out the requirement for the Licensee to comply with the terms of any Storage Licence and Storage Permit.

Part A: Obligation to comply with Legal Requirements relating to the Offshore Transportation and Storage System

1.3 The Licensee must comply with and carry out the T&S Business in accordance with all Legal Requirements as applicable in respect of or in relation to the Offshore Transportation and Storage System.

Part B: UK Emissions Trading Scheme

1.4 Without limiting the generality of Standard Condition D1.3, the Licensee must comply with all obligations arising under the UK ETS in relation to all carbon dioxide that is delivered by Users into the Offshore Transportation and Storage System.

Part C: Compliance with Storage Licence and Storage Permit

1.5 Without limiting the generality of Standard Condition D1.3, the Licensee must comply with the terms of any Storage Licence and Storage Permit.

Standard Condition D2: Offshore Decommissioning Fund

Introduction

2.1 The purpose of this condition is to set out the Licensee's obligations to comply with the Offshore Decommissioning Requirements (including to establish an Offshore Decommissioning Fund in accordance with any Decommissioning Regulations), where the T&S Network includes any Offshore Infrastructure.

Structure

2.2 This condition is structured as follows:

(a) Part A sets out the obligation to comply with Offshore Decommissioning Requirements;

(b) Part B sets out the obligation to establish and contribute to an Offshore Decommissioning Fund;

(c) Part C sets out obligations to submit information to the Regulator;

(d) Part D deals with the calculation and approval of the Offshore Decommissioning Fund Allowance;

(e) Part E sets out the obligation to pay the OffDF Monthly Contribution into the Offshore Decommissioning Fund;

(f) Part F sets out the position regarding withdrawals from the Offshore Decommissioning Fund;

(g) Part G deals with review processes;

(h) Part H deals with deficits in the Offshore Decommissioning Fund;

(i) Part I restricts the creation of any security over the Offshore Decommissioning Fund;

(j) Part J deals with audits;

(k) Part K deals with the CCS Offshore Decommissioning Fund Guidance; and

(l) Part L sets out when this condition comes into force.

Part A: Obligation to comply with Offshore Decommissioning Requirements

2.3 The Licensee must comply with all Offshore Decommissioning Requirements.

Part B: Obligation to establish and contribute to an Offshore Decommissioning Fund

2.4 The Licensee must establish, contribute to and administer the Offshore Decommissioning Fund pursuant to and in accordance with:

(a) the Offshore Decommissioning Requirements;

(b) the Offshore Holding Arrangements; and

(c) the Approved Offshore Decommissioning Funding and Investment Strategy.

2.5 The Licensee must ensure that in complying with this condition, the Licensee takes into account any expansions to the T&S Network, so that the Offshore Decommissioning Programme and the Offshore Decommissioning Fund take account of any additional Offshore Infrastructure.

Part C: Submission of information to the Regulator

2.6 The Licensee must, by the date which is 18 months before Scheduled COD, submit to the Regulator:

(a) for reference:

(i) the Offshore Holding Arrangements;

(ii) the total cost estimate approved by the Secretary of State that the Licensee is required to include and make provision for in the Offshore Decommissioning Fund pursuant to the Decommissioning Regulations (the "**Offshore Decommissioning Fund Cost Estimate**");

(iii) the amount of funds that the Licensee is required to have accumulated in the Offshore Decommissioning Fund (whether by way of contribution, interest and/or investment returns) from time to time, as determined pursuant to the Decommissioning Regulations (the "**Decommissioning Regulations Financial Requirement**");

(iv) any Offshore Decommissioning Fund Accrual Profile, to the extent that one has been determined pursuant to the Decommissioning Regulations;

(v) the forecast of the Asset Life of the Offshore Infrastructure (including any assumptions about it made in respect of the Offshore Decommissioning Fund Accrual Profile (if applicable)), as determined pursuant to the Decommissioning Regulations; and

(vi) evidence of the items referred to in paragraphs (i) to (v) having been approved under the Decommissioning Regulations; and

(b) for approval, a funding and investment strategy that is designed to grow the value of the Offshore Decommissioning Fund through contributions, interest and investment returns such that by the end of operations the assets are sufficient to meet the Offshore Decommissioning Fund Cost Estimate (the "**Offshore Decommissioning Funding and Investment Strategy**"), where such Offshore Decommissioning Funding and Investment Strategy must at all times be compliant with the requirements (if any) of the Decommissioning Regulations and in line with the Offshore Decommissioning Fund Accrual Profile.

2.7 Where the Licensee has provided the items referred to in Standard Condition D2.6(b) for approval by the Regulator, the Regulator will review these items and will:

(a) determine that the items provided in accordance with Standard Condition D2.6(b) for approval under Standard Condition D2.6(b) are approved; or

(b) determine that the items provided in accordance with Standard Condition D2.6(b) for approval under Standard Condition D2.6(b) are not approved and:

(i) provide its reasons for such non-approval; and

(ii) require the Licensee to resubmit for approval one or more of the items referred to in Standard Condition D2.6(b); or

(c) require further information from the Licensee to determine whether to approve the items provided for approval under Standard Condition D2.6(b).

Part D: Calculation and approval of Offshore Decommissioning Fund Allowance

2.8 Once the Regulator has been provided with or approved (as applicable) the items under Standard Condition D2.6, the Licensee must, by 1 July before the start of each Operational Charging Year of the Allowed Revenue Period:

(a) calculate an amount (the "**Offshore Decommissioning Fund Allowance**") to represent the amount for that Operational Charging Year that the Licensee is required to contribute to the Offshore Decommissioning Fund, by reference to:

(i) the Offshore Decommissioning Fund Cost Estimate submitted to the Regulator pursuant to Standard Condition D2.6;

(ii) the Decommissioning Regulations Financial Requirement, submitted to the Regulator pursuant to Standard Condition D2.6;

(iii) the Offshore Decommissioning Fund Accrual Profile and the Asset Life of the Offshore Infrastructure;

(iv) the Approved Offshore Decommissioning Funding and Investment Strategy;

(v) any withdrawals from the Offshore Decommissioning Fund that have been authorised and made in accordance with the Decommissioning Regulations;

(vi) the opening value of the Offshore Decommissioning Fund for the First Regulatory Period, and, for subsequent Regulatory Periods, the Approved OffDF Opening Value, and any subsequent contributions; and

(vii) any Excluded OffDF Deficit and any Allowed OffDF Deficit, such that:

(A) any Allowed OffDF Deficit is to be recovered by way of the Offshore Decommissioning Fund Allowance; and

(B) any unpaid Excluded OffDF Deficit is not to be recovered by way of the Offshore Decommissioning Fund Allowance; and

(b) submit to the Regulator for approval:

(i) the Offshore Decommissioning Fund Allowance that the Licensee has calculated; and

(ii) details of how the calculations referred to in Standard Condition D2.8(a) and Standard Condition D2.8(b) have been made, including the basis of such calculation.

2.9 When making a determination about whether to approve the Offshore Decommissioning Fund Allowance calculated by the Licensee, the Regulator may:

(a) approve the Offshore Decommissioning Fund Allowance calculated by the Licensee; and/or

(b) set the Offshore Decommissioning Fund Allowance at a different level to that calculated by the Licensee; and/or

(c) require the Licensee to:

(i) provide to the Regulator further information in relation to the matters required to be submitted to the Regulator under Standard Condition D2.8; and/or

(ii) make any necessary changes/corrections to the calculation of the Offshore Decommissioning Fund Allowance and resubmit the calculation for approval.

2.10 The Licensee must comply with any requirement issued by the Regulator pursuant to Standard Condition D2.9 within 30 days.

2.11 Any reference in this condition to the Offshore Decommissioning Fund Allowance (or Approved Offshore Decommissioning Fund Allowance, as the case may be) may be a reference to multiple Offshore Decommissioning Fund Allowances (or Approved Offshore Decommissioning Fund Allowances) where there are multiple Offshore Decommissioning Funds and separate Offshore Decommissioning Fund Allowances needs to be calculated and approved in accordance with this condition for each Offshore Decommissioning Fund.

2.12 The OffDF Monthly Contribution shall only be funded through the Decommissioning Building Block in accordance with Special Condition H16 (*Decommissioning Building Block*).

Part E: Obligation to pay OffDF Monthly Contribution into the Offshore Decommissioning Fund

2.13 In each Operational Charging Year of the Allowed Revenue Period starting from the Commercial Operations Date, the Licensee must promptly pay one-twelfth of the sum representing the Approved Offshore Decommissioning Fund Allowance (the "**OffDF Monthly Contribution**") into the relevant Offshore Decommissioning Fund by the end of each calendar month of that Operational Charging Year.

2.14 The obligation under Standard Condition D2.13 is without prejudice to the Licensee's obligation to meet the Decommissioning Regulations Financial Requirement at the times specified under the Decommissioning Regulations, in compliance with Standard Conditions D2.3 and D2.4.

2.15 Within one month of the end of each Operational Charging Year, the Licensee must provide to the Regulator a statement showing:

(a) the total assets held in the Offshore Decommissioning Fund;

(b) the payments made into the Offshore Decommissioning Fund;

(c) the withdrawals made from the Offshore Decommissioning Fund; and

(d) any deficit or surplus in the Offshore Decommissioning Fund (that is, the actual funds held versus the expected funds), together with the reasons for any such deficit or surplus.

Part F: Withdrawals from the Offshore Decommissioning Fund

2.16 During the Allowed Revenue Period, the Licensee must:

(a) not make any withdrawals from the Offshore Decommissioning Fund other than in accordance with any Decommissioning Regulations; and

(b) notify the Regulator of any withdrawals from the Offshore Decommissioning Fund as soon as reasonably practicable.

Part G: Reviews

2.17 The matters referred to in Part C of this condition may be subject to review and re-determination by the Regulator:

(a) at each Periodic Review; and

(b) outside of a Periodic Review if there has been a change to the Offshore Decommissioning Fund Cost Estimate in accordance with any Decommissioning Regulations.

2.18 As soon as reasonably practicable, upon the occurrence of any of the circumstances referenced in Standard Condition D2.17(b), the Licensee must notify the Regulator, and submit to the Regulator details of any of the circumstances contemplated in Standard Condition D2.17(b), as well as the Licensee's analysis of the changes required to address this.

2.19 Following the receipt of the submission referred to in Standard Condition D2.18, the Regulator will review the submission and:

(a) determine that changes are required to the items submitted by the Licensee pursuant to Part C of this condition, to address the impact of the occurrence of any of the circumstances referenced in Standard Condition D2.17(b); or

(b) determine that no changes are required to the items submitted by the Licensee pursuant to Part C of this condition, to address the impact of the occurrence of any of the circumstances referenced in Standard Condition D2.17(b).

2.20 Where the Regulator has determined, in accordance with Standard Condition D2.19(a) that any changes are required to the items referred to in Part C of this condition, then the Licensee must:

(a) resubmit the items referred to in Part C for reference/approval (as the case may be) by the Regulator pursuant to Part C; and

(b) calculate the Offshore Decommissioning Fund Allowance for approval by the Regulator in accordance with Part D.

Part H: Deficit in Offshore Decommissioning Fund

2.21 The Licensee must submit an OffDF Deficit Submission to the Regulator:

(a) where there is a material deficit in the Offshore Decommissioning Fund ("**OffDF Deficit**"), having regard to:

(i) the amount actually in the Offshore Decommissioning Fund at the time of the assessment of whether there is a deficit, including the mark to market value of any fund investments;

(ii) the Approved Offshore Decommissioning Funding and Investment Strategy;

(iii) the Offshore Decommissioning Fund Accrual Profile; and

(iv) the Offshore Decommissioning Fund Cost Estimate as at the date of the assessment of whether there is a deficit; and

(b) following receipt of a notice from the Regulator notifying the Licensee that the Regulator considers that there is an OffDF Deficit.

2.22 An OffDF Deficit Submission must give particulars of:

(a) the quantum of the OffDF Deficit; and

(b) the reason(s) why the Licensee considers that there is OffDF Deficit.

2.23 Following submission of an OffDF Deficit Submission by the Licensee, the Licensee must provide to the Regulator any additional documents or information that the Regulator consider appropriate and requests from the Licensee in respect of the OffDF Deficit.

2.24 Following receipt of an OffDF Deficit Submission and any additional documents or information required under Standard Condition D2.22, the Regulator will review the OffDF Deficit Submission and will determine:

(a) whether there is an OffDF Deficit that needs to be remedied and the quantum of that OffDF Deficit;

(b) where the Regulator has determined that there is an OffDF Deficit, determine whether the OffDF Deficit is an Excluded OffDF Deficit or an Allowed OffDF Deficit, where:

(i) an OffDF Deficit (in whole or in part) is an "**Excluded OffDF Deficit**" to the extent that it has arisen because of a failure by the Licensee to comply with this condition, the Decommissioning Regulations and/or the Approved Offshore Decommissioning Funding and Investment Strategy (including failing to use its reasonable endeavours to ensure that any other person (where relevant) complies with the Approved Offshore Decommissioning Funding and Investment Strategy or the Decommissioning Regulations); and

(ii) an OffDF Deficit (in whole or in part) is an "**Allowed OffDF Deficit**" to the extent that it is not an Excluded OffDF Deficit.

2.25 Where the Regulator determines that there is an Excluded OffDF Deficit then:

(a) the Licensee must pay a sum equal to the Excluded OffDF Deficit into the Offshore Decommissioning Fund as soon as reasonably practicable having regard to the quantum of the Excluded OffDF Deficit but subject to the Offshore Decommissioning Requirements and, in any case, by the end of the operations of the assets to which the Offshore Decommissioning Fund relates;

(b) where the payment of the Excluded OffDF Deficit in accordance with Standard Condition D2.25(a) is made more than 12 months from the Regulator's determination of the Excluded OffDF Deficit, then the Licensee (at the same time as paying the Excluded OffDF Deficit) must also pay the estimated interest and/or investment returns (as calculated by the Licensee based on the Approved Offshore Decommissioning Funding and Investment Strategy and approved by the Regulator) that would have been earned in relation to the Excluded OffDF Deficit had it been paid into the Offshore Decommissioning Fund on the date of the Regulator's determination of the Excluded OffDF Deficit, subject to the Offshore Decommissioning Requirements; and

(c) the payment of the Excluded OffDF Deficit by the Licensee shall be at the Licensee's own expense.

2.26 Where the Regulator determines that there is an Allowed OffDF Deficit then the Licensee must, where required to do so by the Regulator, resubmit any of the items referred to in Part C of this condition (which require the approval of the Regulator) for approval by the Regulator pursuant to Part C.

Part I: No security

2.27 The Licensee must:

(a) comply with all restrictions under any Decommissioning Regulations, including to not grant, or allow to be granted, security over the Offshore Decommissioning Fund to any person; and

(b) not grant, or allow to be granted, security over any OffDF Monthly Contribution to any person.

Part J: Audits

2.28 When required to do so by the Regulator (but not more frequently than once every Regulatory Period) the Licensee must procure an audit of its Offshore Decommissioning Fund, and provide to the Regulator a report summarising the findings of that audit.

Part K: CCS Offshore Decommissioning Fund Guidance

2.29 Where the Regulator issues any CCS Offshore Decommissioning Fund Guidance, the Licensee must, in complying with this condition, do so in accordance with the requirements set out in that CCS Offshore Decommissioning Fund Guidance.

Part L: When this condition comes into force

2.30 This condition does not come into force until a date determined in accordance with and subject to the provisions of the Decommissioning Regulations Event Re-opener.

Standard Condition D3: Offshore Metering

Introduction

3.1 The purpose of this condition is to set out the Licensee's obligations relating to metering arrangements for the Offshore Transportation and Storage System, where the Licensee's T&S Network includes an Offshore Transportation and Storage System.

Structure

3.2 This condition is structured as follows:

(a) Part A sets out the general obligation of the Licensee with regard Metering Equipment;

(b) Part B sets out the requirement of compliance with all requirements and standards;

(c) Part C deals with coordination of verification activities; and

(d) Part D requires the Licensee to provide to the Regulator evidence of its compliance with this condition**.**

Part A: General obligation

3.3 Subject to Standard Condition D3.4, the Licensee must ensure that:

(a) the Licensee; and/or

(b) each User connected to the Licensee's T&S Network,

installs, operates and maintains all Metering Equipment that is required for the purposes of accurately measuring and/or analysing:

(c) the rate of flow; and

(d) the composition,

of carbon dioxide delivered into the T&S Network by Users for purposes including, but not limited to:

(e) calculating charges and monitoring the composition of the carbon dioxide for the purposes of the CCS Network Code; and

(f) measuring and monitoring the carbon dioxide being transported through the T&S Network and being injected into the T&S Storage Site, including identifying any leakage or venting of carbon dioxide, for the purposes of complying with any Legal Requirements.

3.4 Where any Metering Equipment is installed, maintained and operated by a User in accordance with the CCS Network Code ("**User Metering Equipment**"), the Licensee's

obligations under Part A and Part B of this condition are limited to an obligation for the Licensee to exercise any rights under the CCS Network Code to:

(a) inspect, test, audit or verify the User Metering Equipment; and

(b) require any User to repair or replace any User Metering Equipment that does not comply with the requirements of the CCS Network Code.

Part B: Compliance with all requirements and standards

3.5 Subject to Standard Condition D3.4, the Licensee must ensure that the Metering Equipment referred to in Standard Condition D3.3 complies with the requirements of:

(a) the CCS Network Code;

(b) the UK ETS;

(c) any Legal Requirements relating to the Metering Equipment or pursuant to which the Licensee is required install, operate and maintain the Metering Equipment;

(d) any applicable industry standards; and

(e) any regulators responsible for enforcing or administering the requirements referred to in Standard Conditions D3.5(a) to (c).

3.6 The requirements referred to in Standard Condition D3.5 include any requirements relating to the location, specification, standard of accuracy and functionality of the Metering Equipment.

3.7 Where the requirements referred to in Standard Condition D3.5 allow for a range in the standards of accuracy that may be permitted, the Licensee must use all reasonable endeavours to ensure that the standards of accuracy of any Metering Equipment installed and maintained in accordance with this condition are the highest possible, to the extent this is economic, efficient and effective, to:

(a) reduce the overall measurement uncertainty across the T&S Network; and

(b) reduce the liability of the Licensee and Users under the UK ETS.

Part C: Verification activities

3.8 Where the Licensee carries out or procures any verification activities in accordance with the requirements set out in Standard Condition D3.5 or the CCS Network Code, the Licensee must ensure that the costs of such verification activities are economic, efficient and effective, including by using all reasonable endeavours to coordinate the verification activities required to satisfy the different requirements.

Part D: Verification of compliance

3.9 The Regulator may require the Licensee to:

(a) provide evidence of verification that the Metering Equipment complies with the requirements set out in Standard Condition D3.5; and

(b) where the Regulator is not reasonably satisfied with the evidence of verification referred to in paragraph (a), procure such verification by an independent technical expert and provide evidence of such verification to the Regulator.

3.10 Where the Regulator requires the Licensee to procure verification by an independent technical expert, as referred to in Standard Condition D3.9, the Licensee shall first obtain the Regulator's approval of the identity of the independent technical expert, which approval shall not be unreasonably withheld where the proposed independent technical expert has expertise in relation to Metering Equipment verification activities.

Standard Condition D4: Obligations in relation to carbon dioxide storage

Introduction

4.1 The purpose of this condition is to set out the Licensee's obligations relating to the carbon dioxide delivered into the T&S Network.

Structure

4.2 This condition is structured as follows:

(a) Part A sets out the general obligation of the Licensee in relation to carbon dioxide storage; and

(b) Part B sets out the exception to the obligation in Part A.

Part A: General obligation

4.3 Subject to Standard Condition D4.6, the Licensee must ensure that any carbon dioxide that the Licensee accepts is contained within the T&S Network in accordance with the requirements of the licence and either:

(a) stored in a T&S Storage Site in relation to which the Licensee holds a Storage Licence and Storage Permit; or

(b) delivered to an Onshore Transportation System or an Offshore Transportation and Storage System operated by another T&S Licensee.

4.4 By 30 June of each year, the Licensee must report to the Regulator on the quantity of carbon dioxide not contained in and/or vented from the T&S Network in the previous Charging Year, in accordance with the RIGs.

4.5 When requested to do so by the Regulator, the Licensee must provide to the Regulator further information in relation to the matters required to be reported on to the Regulator under this Part A.

Part B: Exception to obligation

4.6 The Licensee's obligations under Standard Condition D4.3 are subject to:

(a) any arrangements entered into with any User for the provision of a Re-use Service pursuant to the CCS Network Code;

(b) any non-containment/venting due to operational reasons related to health and/or safety issues; and

(c) any appropriately planned and executed maintenance plan, undertaken in line with Good Industry Practice.

PART III SPECIAL CONDITIONS

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Section E: Definitions and interpretation

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Special Condition E1: Definitions

Introduction

1.1 The purpose of this special condition is to set out the defined words and expressions used in these special conditions.

1.2 In these special conditions, words and expressions defined in the standard conditions of this licence shall have the same meaning, except where otherwise defined in these special conditions. Other defined words and expressions used in these special conditions shall, unless the context otherwise requires, have the following meaning:

"Actual Corporation Tax Liability"	means the value as shown in the Licensee's Company Tax Return (CT600) as submitted to His Majesty's Revenue and Customs relating to the Licensee together with any other tax liabilities or allowances of the Licensee;
"Actual Debt Fee Costs"	means any commitment fee, upfront fee, arrangement fee, fee for letter of credit issuance, fee for letter of credit participation, bank role fees and/or fee for a guarantee facility paid by the Licensee in relation to the debt facilities obtained by the Licensee in respect of the T&S Network including in respect of the facilities set out in Part A (*All Licensee debt facilities*) of Schedule 8 (*Licensee debt facilities*), excluding any: (a) such fees paid to any Associate or Affiliate; (b) such fees arising in relation to the financing of Excluded Project Spend; and (c) Excluded Project Spend;
"Actual Ongoing Capex Costs"	means the actual Capex costs incurred by the Licensee during the Operational Period, excluding any Excluded Project Spend;
"Actual Ongoing Devex Costs"	means the development costs in respect of the continued development, expansion and enhancement of the Approved T&S Network (including in respect of certain Phase 2 Activities) which are incurred by the Licensee in performing the development activities required to enable the final investment decision of the relevant development, expansion or enhancement project (as the case may be) to be taken, including front end engineering design (**"FEED"**), pre-FEED, NSTA appraisal term stage work programme and all

	development activities required to obtain the relevant permits, consents, regulatory and/or statutory approvals and land agreements related to the relevant development, expansion or enhancement project (as the case may be), which in each case are incurred by the Licensee: (a) other than in respect of the Additional Pre-Licence Award Devex Costs, post-Licence Award; and (b) prior to the date of the final investment decision of the relevant development, expansion or enhancement project (as the case may be), excluding any Excluded Project Spend;
"Actual Opex Costs"	means the actual Opex costs incurred by the Licensee, excluding any Excluded Project Spend;
"Actual RP-related CM Capex Costs"	means the actual RP-related CM Capex costs incurred by the Licensee, excluding any Excluded Project Spend;
"Actual RP-related CM Opex Costs"	means the actual RP-related CM Opex costs incurred by the Licensee, excluding any Excluded Project Spend;
"Actual RP-related Non-CM Capex Costs"	means: (a) the actual RP-related Store Capex costs incurred by the Licensee; and/or (b) the actual RP-related AIW Capex costs incurred by the Licensee, in each case excluding any Excluded Project Spend;
"Actual RP-related Non-CM Opex Costs"	means: (a) the actual RP-related Store Opex costs incurred by the Licensee; and/or (b) the actual RP-related AIW Opex costs incurred by the Licensee, in each case excluding any Excluded Project Spend;
"Actual SRAV Capex and Opex Costs"	means the actual SRAV Capex and SRAV Opex costs incurred by the Licensee, excluding any Excluded Project Spend;

"Additional or Expanded/Enhanced Storage Site"	has the meaning given to it in Special Condition H22.14 (*Storage Site performance*);
"Additional Pre-Licence Award Devex Costs"	means the actual development costs incurred by the Licensee in relation to the T&S Business: (a) following the assessment of the Pre-Licence Award Devex amount set out in the Financial Settlement Document; and (b) prior to Licence Award, excluding any: (i) development costs included in the Pre-Licence Award Devex amount set out in the Financial Settlement Document; and (ii) Excluded Project Spend;
"Additional Senior Debt Hedging Policy"	means any policy of the Licensee in respect of senior debt hedging (other than the Licence Award Senior Debt Hedging Policy), which has been approved by the Regulator in accordance with Special Condition J8.5(a) (*Regulator review of hedging strategies*), as amended and approved by the Regulator in accordance with Special Condition J8.6(a);
"Adjusted Constrained Registered Capacity"	means Constrained Registered Capacity in relation to Delivery Point *dp* in a Delivery Period *0.5h*, expressed in tCO_2, but excluding any Constrained Registered Capacity to the extent to which such Constrained Registered Capacity was directly caused by an Availability Relief Factor;
"Adjusted Curtailed Nomination"	means a Curtailed Nomination in relation to Delivery Point *dp* in a Delivery Period *0.5h*, expressed in tCO_2, but excluding any Curtailed Nomination to the extent to which such Curtailed Nomination was directly caused by an Availability Relief Factor;
"Adjustment Factor"	has the meaning given to it in Special Condition H18.19 (*Availability incentive*);
"Adverse Hedging Outcome"	has the meaning given to it in Special Condition J8.16;
"AIW Capex"	means Capex demonstrably and solely arising in respect of the implementation of an Availability Improvement Works Proposal, which Capex is not Store

	Capex or CM Capex, and excluding any Excluded Project Spend;
"AIW Opex"	means Opex demonstrably and solely arising in respect of the implementation of an Availability Improvement Works Proposal, which Opex is not Store Opex or CM Opex, and excluding any Excluded Project Spend;
"Allowed Cost of Debt"	has the meaning given to it in the Revenue Support Agreement;
"Allowed Cost of Depreciation"	has the meaning given to it in the Revenue Support Agreement;
"Allowed Cost of Equity"	has the meaning given to it in the Revenue Support Agreement;
"Allowed Offshore Revenue"	has the meaning given to it in Special Condition H8.4(b)(ii) (*Allowed Revenue during the Operational Period*);
"Allowed Onshore Revenue"	has the meaning given to it in Special Condition H8.4(b)(i);
"Allowed Revenue"	means the revenue calculated, from time to time, in accordance with Special Condition H9 (*Calculation of Allowed Revenue during the Operational Period*);
"Allowed Unavoidable Opex"	means the categories of costs the Regulator determines as Unavoidable Opex pursuant to Special Condition G4.9 (*First User Delay*) including without limitation: (a) Actual Debt Fee Costs; and (b) Pass Through Costs, which satisfy the definition of Unavoidable Opex and at all times excluding any Excluded Project Spend;
"Annual Iteration Process"	means the process carried out by the Regulator by 31 October of each SRAV Calculation Period or Operational Charging Year (as relevant) in accordance with the process set out in the Price Control Financial Handbook;
"Appropriately Qualified Independent Examiner"	means a qualified tax accountant from a firm regulated by a relevant professional body;

"Approved CP Allowance"	has the meaning given to it in Special Condition H19.10(a)(ii)(B) (*Correction Plans and associated Remediation Plans*);
"Approved CP Spend"	has the meaning given to it in Special Condition H19.10(a)(ii)(A);
"Approved Energy Procurement Strategy"	means the Licensee's strategy in respect of the procurement, hedging and risk management of energy as approved by the Regulator in accordance with Special Condition H12.26 (*Opex Building Block*);
"Approved T&S Network"	means the parts of the T&S Network: (a) comprising the Phase 1 Systems and the Phase 2 Systems, as described in sections 3.1 and 3.2 of the APDP; (b) arising from any Expansion Activities and/or arising from the Development Activities as described in section 5 of the APDP that have associated approved Capex allowance(s); and (c) that have associated approved Capex allowance(s) pursuant to the conditions of this licence, including pursuant to any Supervening Event Re-opener and/or any Periodic Review;
"AR CM Capex Costs"	has the meaning given to it in Special Condition H20.6 (*Corrective Measures-related spend under a Remediation Plan*);
"AR CM Capex Costs Incentive"	has the meaning given to it in Special Condition H20.6(b)(ii);
"AR CM Capex CP Allowance"	has the meaning given to it in Special Condition H20.6;
"AR Non-CM Capex Costs"	has the meaning given to it in Special Condition H21.6 (*Availability-related spend under a Remediation Plan*);
"AR Non-CM Capex Costs Incentive"	has the meaning given to it in Special Condition H21.6(b)(ii);
"AR Non-CM Capex CP Allowance"	has the meaning given to it in Special Condition H21.6;
"Asset Damage Insurance"	means the insurance described in Special Condition H26 (*Insurance*);
"Availability"	has the meaning given to it in Special Condition H18.6;

"Availability Adjustment"	means the adjustments to Allowed Revenue implemented under Special Condition H9 and as determined by the Regulator pursuant to Special Condition H18;
"Availability Ceiling"	means 99% Availability;
"Availability Floor"	means the floor in respect of Availability as set out in section 3.3(b) of the APDP;
"Availability Improvement Works" or "AIW"	means remediation works relating to a T&S Storage Site which are undertaken other than: (a) to respond to an Availability Issue or as part of a Corrective Measures Action; and (b) as part of the usual operation and maintenance of the Approved T&S Network (e.g. scheduled maintenance), the implementation of which remediation works shall (i) improve Availability in the future; and (ii) require AIW Capex and/or AIW Opex;
"Availability Improvement Works Proposal"	means a proposal to undertake Availability Improvement Works;
"Availability Issue"	means that Confirmed Availability has fallen below the Availability Target;
"Availability Relief Factor"	has the meaning given to it in Special Condition H18.13;
"Availability Target"	means the target in respect of Availability as set out in section 3.3(a) of the APDP;
"Average Price of Energy"	means the figure (in £/MWh) calculated in accordance with Special Condition H12.19;
"Base Revenue"	means, in respect of each Operational Charging Year, the revenue calculated in respect of that Operational Charging Year in accordance with the formula set out in Special Condition H9.5;
"Base Year"	means the year set out in the Financial Settlement Document or as determined by the Regulator at the relevant Periodic Review;
"Blended WACC"	means the WACC rate calculated in accordance with Special Condition J4.5 (*Delay WACC*);

"Business Interruption Insurance" means the insurance described in Special Condition H26;

"Business Interruption Proceeds" means amounts in respect of business interruption:

(a) recovered by the Licensee pursuant to the:

(i) Business Interruption Insurance that the Licensee is obliged to procure pursuant to Special Condition H26;

(ii) Insurances (as defined under the Supplemental Compensation Agreement) in respect of business interruption that the Licensee is obliged to procure pursuant to the Supplemental Compensation Agreement; and/or

(iii) Supplemental Compensation Agreement provided by the Secretary of State in respect of business interruption; and

(b) that, in addition to the amounts recovered in accordance with limb (a), would have been recovered had the Licensee used reasonable endeavours to make a successful claim under (as applicable) the:

(i) Business Interruption Insurance that the Licensee is obliged to procure pursuant to Special Condition H26;

(ii) Insurances (as defined under the Supplemental Compensation Agreement) that the Licensee is obliged to procure pursuant to the Supplemental Compensation Agreement; and/or

(iii) Supplemental Compensation Agreement provided by the Secretary of State,

to recover any Allowed Revenue (but for any Allowed Revenue in respect of any Variable Opex Allowance) that the Licensee would otherwise have been entitled to recover in accordance with the provisions of this licence and the Revenue Support Agreement, had the relevant event or

occurrence covered by the relevant Business Interruption Insurance not occurred;

"Business Rates" means business rates which are levied by Local Government and which are outside of the Licensee's control, excluding any Excluded Project Spend;

"Calculated Revenue" means, in respect of each Operational Charging Year, the revenue calculated in respect of that Operational Charging Year in accordance with the formula set out in Special Condition H9.4;

"Calculated Tax Allowance" means the value of the TAX_t term as set out in the "Revenue" sheet of the Price Control Financial Model;

"Capex" means post-Licence Award capital expenditure costs incurred in respect of the Approved T&S Network, which costs may relate to construction and/or commissioning-related activities;

"Carbon Storage Development Plan" means the carbon storage development plan (or equivalent plan) required to be prepared by the Licensee and submitted to the NSTA as part of the Licensee's application for a Storage Permit in relation to the relevant Storage Site, in accordance with the requirements of the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010;

"Change in Law" means the coming into effect after Licence Award of any change:

(a) to any Legal Requirement which results in the Licensee being required to implement a new Legal Requirement; and/or

(b) to any Legal Requirement which applies to the Licensee and impacts on the capital or operational cost of the Project (including any change which results in such Legal Requirement ceasing to apply, being withdrawn or not being renewed); and/or

(c) in the application, interpretation or effect of any Legal Requirement as the result of:

(i) any judgment given by a court or tribunal of competent jurisdiction and in respect of

which the period for making an appeal has expired; or

(ii) guidance published by the relevant body of competent jurisdiction,

which, in either case, applies (whether exclusively or otherwise) to the Licensee and/or the T&S Network and impacts on the capital or operational cost of the Project;

"Change in Scope" means following Licence Award a change to the scope of the Approved T&S Network as a result of:

(a) the conclusion of Development Activities, such that settlement can be reached in respect of Capex for the associated Development Project; or

(b) a proposed new expansion or enhancement of the Approved T&S Network (which for the avoidance of doubt excludes any Phase 2 Activities) for:

(i) Future Users; and/or

(ii) an increase in either of the Maximum Flow Rates and/or in the Overall Store Capacity or an addition of a new Storage Site,

which requires:

(A) where Ongoing Devex is required as a precursor to settlement of an increase to an SRAV Capex and Opex Allowance or the Ongoing Capex Allowance (as relevant) to account for the associated new expansion or enhancement of the Approved T&S Network, an allocation of an Ongoing Devex Allowance; or

(B) where Ongoing Devex is not required as a precursor to settlement of an increase to an SRAV Capex and Opex Allowance or the Ongoing Capex Allowance (as relevant) to

account for the associated new expansion or enhancement of the Approved T&S Network, an allocation of an increase to such allowances (as relevant) to account for the associated new expansion or enhancement of the Approved T&S Network; or

(c) a proposed cancellation or decommissioning of part of, or of a change to the scope of, the Approved T&S Network, including the cancellation of Ongoing Devex in respect of a change to the scope of the Approved T&S Network;

"Change in Scope (Variation)" means a Change in Scope which also relates to a Variation;

"CiS Submission" means a notice submitted by the Licensee to the Regulator pursuant to Special Condition J2.3 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) which complies with the requirements of Special Condition J2.4;

"Closing RAV" means, in respect of each Operational Charging Year, the amount calculated in accordance with the formula set out in Special Condition H3.7 (*Calculation of RAV*);

"Closing SRAV" means, in respect of each SRAV Calculation Period, the amount calculated in accordance with the formula set out in Special Condition F4.8 (*SRAV During the Construction Period*) or Special Condition G7.8 (*SRAV During the Commissioning Period*) (as applicable);

"CM Capex" means Capex demonstrably and solely arising in respect of the performance of any Corrective Measures activities, excluding any Excluded Project Spend;

"CM Opex" means Opex demonstrably and solely arising in respect of the performance of any Corrective Measures activities, excluding any Excluded Project Spend;

"CO2 Transport and Storage Re-opener Guidance and Application Requirements Document" means the guidance document issued by the Regulator in respect of re-openers as amended, updated and/or superseded from time to time;

"COD Readiness"	means that the Regulator has determined that the COD Readiness Activities have been completed pursuant to Special Condition G3.9 (*COD Readiness*);
"COD Readiness Activities"	means those Commissioning Activities which are identified as "COD Readiness Activities" in the APDP;
"COD Readiness Certificate"	means a certificate issued by an Independent Certifier in accordance with the relevant IC Deed of Appointment certifying that the Independent Certifier is satisfied that the COD Readiness Activities have been completed in accordance with this licence and the relevant Legal Requirements, excluding any applicable COD Readiness Punchlist Items;
"COD Readiness Punchlist Items"	means any minor defects, deficiencies or omissions which: (a) would not have an adverse effect on the performance of any Commissioning Activities which are performed following the initial introduction of CO_2 into the Phase 1 Systems and/or operation of the Phase 1 Systems if not rectified, resolved or completed prior to the introduction of CO_2 into the T&S Network; and (b) have been confirmed in writing as COD Readiness Punchlist Items by the relevant Independent Certifier (acting in accordance with the relevant IC Deed of Appointment);
"COD SRAV"	has the meaning given to it in Special Condition H2.5 (*Post Commissioning Review*);
"Commercial Operations Date" or "COD"	means the date when System Acceptance is achieved, as determined by the Regulator pursuant to Special Condition G6.6(a) (*System Acceptance/Commercial Operations Date*);
"Commissioning Activities"	has the meaning given to it in the APDP;
"Commissioning Month"	means each calendar month during the Commissioning Period, with the first such calendar month commencing on the Handover Date;
"Commissioning Period"	means the period commencing on the Handover Date and ending on the day prior to the Commercial Operations Date;

"Company Tax Return" or "CT600"	means His Majesty's Revenue and Customs' company tax return form CT600, any supplemental pages, accounts, computations and any relevant information;
"Competent Auditor"	has the meaning given to it in Special Condition H22.10;
"Competent Person's Audit"	has the meaning given to it in Special Condition H22.5(a);
"Competent Person's Report"	has the meaning given to it in Special Condition H22.5(b);
"Confirmed Availability"	means Availability in respect of an Operational Charging Year, as confirmed or determined by the Regulator in accordance with Special Condition H18.11(b)(i) or H18.16 (as the case may be);
"Constrained Registered Capacity"	means the amount by which a User's Registered Capacity has been reduced by the Licensee, in response to a capacity constraint (or some other reason contrary to the provisions of the CCS Network Code), before Nomination Close Time: (a) in accordance with the capacity constraint principles set out in Section E of the CCS Network Code or otherwise; and (b) except to the extent this was done in response to an ONC Maximum Annual Cumulative Flow Constraint, as more particularly described in the CCS Network Code;
"Construction Agreement"	has the meaning given to it in the CCS Network Code;
"Construction Period"	means the period commencing on Licence Award and ending on the day prior to the Handover Date;
"Contingent Store Resources"	has the meaning given to the term "Contingent Store Resources" in the SRMS Guidelines;
"Corporation Tax"	means tax payable pursuant to the Corporation Tax Act 2010;
"Correction Plan" or "CP"	means a correction plan as referred to in Special Condition H19.4 setting out a detailed programme of works and/or activities the Licensee proposes to undertake, the implementation of which by the Licensee

	shall improve Availability and/or implement Corrective Measures (as applicable);
"Corrective Measures" or "CM"	has the meaning given to the term "corrective measures" in the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010;
"Corrective Measures Action"	means: (a) the implementation of a Corrective Measures Plan and/or any Corrective Measures (and/or any measures for the protection of human health); and/or (b) responding to a Corrective Measures Direction;
"Corrective Measures Direction"	means a direction in respect of Corrective Measures (and/or any measures for the protection of human health) given to the Licensee under the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010;
"Corrective Measures Issue"	occurs when the Licensee: (a) is required to take Corrective Measures Action; and (b) forecasts that CM Capex and/or CM Opex is required as a direct result of or in connection with such Corrective Measures Action;
"Corrective Measures Plan"	has the meaning given to the term "corrective measures plan" in the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010;
"Corrective Measures Requirements"	means the requirements of any relevant Corrective Measures Plan, Corrective Measures Direction or Corrective Measures (and/or any measures for the protection of human health) (as the case may be);
"CP Forecast"	has the meaning given to it in Special Condition H19.9(b);
"Crown Estate Lease Fees"	means any agreement for lease fees or lease fees incurred to the Crown Estate and which do not include any Crown Estate value share, but excluding any: (a) fines, penalties or other analogous one off costs imposed as a result of any action or inaction of the Licensee; and

(b) Excluded Project Spend;

"Cumulative Actual SRAV Capex and Opex" means the amount calculated in accordance with Special Condition F7.2 (*SRAV Capex and Opex Incentive during the Construction Period*) or G10.2 (*SRAV Capex and Opex Incentive during the Commissioning Period*) (as applicable);

"Cumulative Capex and Opex Variance" means the amount calculated in accordance with Special Condition F7.3 or G10.3 (as applicable);

"Curtailed Nomination" means the amount by which a Nominated Quantity of a User has been rejected or reduced in response to a capacity constraint (or some other reason contrary to the provisions of the CCS Network Code), after Nomination Close Time:

(a) in accordance with the capacity constraint principles set out in Section E of the CCS Network Code or otherwise;

(b) not due to the User not complying with the requirements for nominations or renominations under Section E of the CCS Network Code; and

(c) except to the extent this was done in response to an ONC Maximum Annual Cumulative Flow Constraint,

as more particularly described in the CCS Network Code;

"Daily Quantity" has the meaning given to it in the CCS Network Code;

"Day1 RAV" means the value of the RAV in Base Year prices as at the Commercial Operations Date, as referenced in Special Condition G16.7 (*Post Construction Review*);

"Day1 SRAV" means the value of the SRAV as at Licence Award in Base Year prices, which is the sum of:

(a) the amount set out in the Financial Settlement Document; and

(b) any Additional Pre-Licence Award Devex Costs which form part of the Day1 SRAV in accordance with Special Condition F9.3;

"Debt Fee Allowance" means the allowance for the Construction Period and Commissioning Period in respect of the Licensee's Debt Fees expenditure, which:

(a) in respect of the First Regulatory Period, is as set out in the Financial Settlement Document; and

(b) in respect of each subsequent Regulatory Period, is any such allowance determined by the Regulator pursuant to the conditions of this licence (if applicable) and set out in the Financial Settlement Document,

in each case as amended pursuant to the conditions of this licence;

"Debt Fees" means the amount calculated in accordance with Special Condition F10 (*Debt Fees during the Construction Period*) and G13 (*Debt Fees during the Commissioning Period*) (as applicable);

"Decommissioning Building Block" means the building block applicable to the calculation of Allowed Revenue for each Operational Charging Year calculated in accordance with Special Condition H16 (*Decommissioning Building Block*);

"Deferred Commissioning Activities" means any Notified Commissioning Activities which the Regulator determines under Special Condition G2.11 (*Obligation to achieve System Acceptance*) shall be removed from the Commissioning Activities and completed in the Operational Period as part of the Phase 2 Activities;

"Deferred Handover Works" means any Notified Handover Works which the Regulator determines under Special Condition F2.12 (*Obligation to achieve Handover*) shall be deferred from the Construction Period and completed during the Commissioning Period as part of the Commissioning Activities;

"Delay Notice" means:

(a) a notice (or notices) served by the Licensee and/or a First User under clause 13.1 of the relevant Construction Agreement;

(b) a notice (or notices) served by the Licensee and/or a First User under paragraph 6.1 or 6.2 of schedule 6 of the relevant Construction Agreement; or

(c) where the circumstances described in Special Condition G4.3(b) arise after the relevant User Commencement Date, a notice from the Licensee informing the Regulator of the relevant delay and its cause, together with Supporting Information substantiating to the Regulator's satisfaction the relevant delay and its cause;

"Delay WACC" means:

(a) for the First Regulatory Period, the amount, in real terms, as set out in the Financial Settlement Document; and

(b) for each subsequent Regulatory Period, any amount, in real terms, as determined by the Regulator pursuant to the conditions of this licence (if applicable) and set out in the Financial Settlement Document;

"Delivery Period" has the meaning given to it in the CCS Network Code;

"Depreciation Building Block" means the building block applicable to the calculation of Allowed Revenue for each Operational Charging Year calculated in accordance with Special Condition H11 (*Depreciation Building Block*);

"Development Activities" means the development activities relating to the T&S Network included in the APDP, as such activities are further described in section 5 of the APDP;

"Development Project" means an expansion or enhancement of the Approved T&S Network;

"Devolved Administration" means the devolved legislatures of Scotland, Wales and Northern Ireland;

"Difference Payment Calculation" has the meaning given to it in the Revenue Support Agreement;

"Difference Payment Information" has the meaning given to it in the Revenue Support Agreement;

"Discontinuation Date"	has the meaning given to it in the Discontinuation Agreement;
"Discounted RAV"	means, in respect of each Operational Charging Year, the present value of the Closing RAV in that Operational Charging Year calculated in accordance with Special Condition H10.6 (*Return on Capital Building Block*);
"Discriminatory Change in Law"	means a Change in Law that specifically applies to: (a) the Project and not to the design, development, construction, completion, testing, commissioning, operation, maintenance, development, expansion and decommissioning of any other project; (b) the T&S Network and not to any other network; or (c) the Licensee and not to any other person, which, in each case, is not a Foreseeable Change in Law;
"Draft Additional Senior Debt Hedging Policy"	means the Licensee's draft strategy in respect of senior debt hedging submitted to the Regulator for approval in accordance with Special Condition J8.3(a);
"Draft Energy Procurement Strategy"	means the Licensee's draft strategy in respect of the procurement, hedging and risk management of energy submitted to the Regulator for approval in accordance with Special Condition H12.23;
"Draft Varied IC DoA"	has the meaning given to it in Special Condition J3.8 (*Independent Certifier*);
"Draft WACC Senior Debt Hedging Adjustment Application"	has the meaning given to it in Special Condition J8.12;
"EA Fees"	means any fees incurred by the Licensee to the Environment Agency but excluding any: (a) fines, penalties or other analogous one off costs imposed as a result of any action or inaction of the Licensee; and (b) Excluded Project Spend;

"End of Quarter Date"	means each of 31 March, 30 June, 30 September and 31 December in a calendar year;
"Energy Relationship Adjustment"	means in respect of each Operational Charging Year, the adjustment to the Variable Opex Allowance calculated in accordance with the formula set out in Special Conditions H12.15 or H12.16 (as applicable);
"Enforcement Guidance"	means the guidance issued by the Regulator regarding its enforcement powers in relation to this licence as amended, updated and/or superseded from time to time;
"Environment Agency"	means the executive non-departmental public body sponsored by the United Kingdom government's Department for Environment, Food & Rural Affairs and where applicable, any equivalent agency in a Devolved Administration;
"ETS Allowance"	means an allowance in respect of the Licensee's UK ETS expenditure which: (a) in respect of the First Regulatory Period, is as determined by the Regulator in accordance with Special Condition H14.4 (*ETS Building Block*) and set out in the Financial Settlement Document; and (b) in respect of each subsequent Regulatory Period, is any such allowance determined by the Regulator pursuant to the conditions of this licence and set out in the Financial Settlement Document, in each case as amended pursuant to the conditions of this licence;
"ETS Building Block"	means the building block applicable to the calculation of Allowed Revenue for each Operational Charging Year calculated in accordance with Special Condition H14;
"ETS Costs"	means the Licensee's costs associated with procuring emissions allowances under the UK ETS;
"Event of First User Delay"	has the meaning given to it in Special Condition G4.4;
"Event of Phase 2/ExpA Delay"	has the meaning given to it in Special Condition I2.27 (*T&S Network expansion and additional construction, commissioning and operational periods*);

"Excess RP-related CM Capex Costs" means 100% of any Actual RP-related CM Capex Costs over and above the relevant Approved CP Allowance(s);

"Excess RP-related CM Opex Costs" means 100% of any Actual RP-related CM Opex Costs over and above the relevant Approved CP Allowance(s);

"Excess RP-related Non-CM Capex Costs" means 100% of any Actual RP-related Non-CM Capex Costs over and above the relevant Approved CP Allowance(s);

"Excess RP-related Non-CM Opex Costs" means 100% of any Actual RP-related Non-CM Opex Costs over and above the relevant Approved CP Allowance(s);

"Excluded Project Spend" means any expenditure incurred by the Licensee that constitutes:

(a) financing costs, fees and expenses (which are to be deemed to be fully compensated via the WACC due under this licence), save that:

(i) Actual Debt Fee Costs; or

(ii) financing costs resulting from a Senior Debt Hedge,

shall not, for the purposes of Special Conditions F10, G13, H12.4 and J8 only (as applicable), be considered to be Excluded Project Spend under this limb (a) only;

(b) Actual Debt Fee Costs or financing costs resulting from a Senior Debt Hedge to the extent incurred due to actual gearing being higher than Notional Gearing, other than in respect of the Actual Debt Fee Costs incurred in relation to the facilities listed as "Full Reimbursement" in the column entitled "Full Reimbursement or Prorating of Fees" in Part A of Schedule 8;

(c) tax expenditure (save to the extent such expenditure is remunerated through the Tax Building Block or Pass Through Costs Building Block, in which case such tax expenditure is only not considered to be Excluded Project Spend under this limb (c) in respect of any amounts recovered under Special Condition H15.6 (*Pass Through Costs Building Block*) or H17.6);

(d) a Distribution;

(e) expenditure funded by commercial insurance or that would have been recoverable under commercial insurance had the Licensee used reasonable endeavours to make a successful claim under such commercial insurance or Supplemental Compensation Agreement insurance proceeds;

(f) any expenditure incurred due to the fraud, Wilful Misconduct or Gross Negligence of the Licensee (or its agents or contractors), except to the extent incurred towards a contractor of the Licensee due to the fraud, Wilful Misconduct or Gross Negligence of another contractor of the Licensee and not recoverable against such other contractor;

(g) costs which are not justified by the Licensee's accounts and records;

(h) payments made by the Licensee to its sub-contractors or suppliers which are not in accordance with the terms of the relevant contracts, provided however that payments made by the Licensee pursuant to compromise or settlement agreements that have previously been approved in writing by the Regulator shall not be treated as Excluded Project Spend if under a materiality threshold of £100,000;

(i) expenditure incurred by the Licensee as a consequence of an event within the scope of the cover provided by the Supplemental Compensation Agreement, but which is not reimbursed due to the application of additional deductibles under the Supplemental Compensation Agreement following a Failure Event;

(j) additional premium incurred by the Licensee as a consequence of escalation of the SCA Fee under the Supplemental Compensation Agreement following a Failure Event;

(k) fines payable under any law or regulation and any financial remedies payable under any relevant contracts in respect of such fines;

(l) expenditure incurred by the Licensee under the UK ETS that go beyond the ETS Allowance because of an increase in emission volumes relative to the allowed amount;

(m) fees payable to Associates (other than pursuant to and in accordance with this licence and/or pursuant to and in accordance with the Approved Contracts);

(n) expenditure not related or attributable to the Approved T&S Network or the Project, unless the Regulator has expressly permitted such expenditure which is not related or attributable to the Approved T&S Network or the Project to be recoverable under this licence; or

(o) costs:

(i) relating to activities which are not permitted pursuant to the conditions of this licence and/or costs stated to be at the Licensee's own expense;

(ii) that are greater than they would otherwise have been had the Licensee complied with Standard Condition B24 (*Procurement obligations*) of this licence; or

(iii) which, in respect of a particular cost category, are envisaged by the conditions of this licence to fall within (and therefore be logged to the SRAV or RAV (as applicable) or renumerated by a building block as) a cost category other than such cost category (for example, in the Operational Period, ETS Costs can only be remunerated via the ETS Building Block and not (whether in part or in whole) the Opex Building Block);

"ExpA Acceptance"	means a determination by the Regulator that: (a) where there are no ExpA Tranches, the Expansion Activities have been completed; or (b) where there are ExpA Tranches, an ExpA Tranche has been completed;
"ExpA Acceptance Certificate"	means a certificate issued by an Independent Certifier in accordance with the relevant IC Deed of Appointment certifying that the relevant Independent Certifier is satisfied that an ExpA Acceptance has been achieved in accordance with this licence and the relevant Legal Requirements, excluding any applicable ExpA Acceptance Punchlist Items;
"ExpA Acceptance Punchlist Items"	has the meaning given to it in section 5.2 of the APDP (where applicable);
"ExpA Acceptance Punchlist Programme"	has the meaning given to it in Special Condition I2.49;
"ExpA Commissioning Activities"	has the meaning given to it in section 5.2 of the APDP (where applicable);
"ExpA Handover"	means a determination by the Regulator that: (a) where there are no ExpA Tranches, the completion of the ExpA Handover Works; and (b) where there are ExpA Tranches, the completion of the ExpA Handover Works in relation to the relevant ExpA Tranche;
"ExpA Handover Certificate"	means a certificate issued by an Independent Certifier in accordance with the relevant IC Deed of Appointment certifying that the Independent Certifier is satisfied that the relevant ExpA Handover Works have been completed in accordance with this licence and the relevant Legal Requirements, excluding any applicable ExpA Handover Punchlist Items;
"ExpA Handover Punchlist Items"	has the meaning given to it in section 5.2 of the APDP (where applicable);
"ExpA Handover Works"	has the meaning given to it in section 5.2 of the APDP (where applicable);
"ExpA Tranche"	means a tranche of Expansion Activities as set out in the APDP (where applicable);

"Expansion Activities" or **"ExpA"**	means activities relating to the Approved T&S Network which: (a) are introduced into the APDP pursuant to a determination by the Regulator under Special Condition J2.9; (b) where so specified in the APDP, may be divided into ExpA Tranches and carried out and completed on a tranche by tranche basis; (c) have associated SRAV Capex and Opex, Ongoing Capex and/or Opex relating to the Approved T&S Network; and (d) do not form part of the Phase 1 Activities or Phase 2 Activities;
"Failure Event"	has the meaning given to it in the Liaison Agreement;
"Final Reconciliation Difference Payment"	has the meaning given to it in the Revenue Support Agreement;
"Final Variation Submission"	has the meaning given to it in Special Condition J7.5;
"First Operational Year"	means the period of 12 months commencing upon (and including) the Commercial Operations Date and ending on (and including) the day immediately prior to the first anniversary of the Commercial Operations Date;
"First User"	means any User or Users which is/are needed to supply the CO_2 required by the Licensee to carry out the Commissioning Activities;
"First User Delay Difference Payment"	has the meaning given to it in the Revenue Support Agreement;
"First User Delay Difference Payment Reconciliation Amount"	has the meaning given to it in the Revenue Support Agreement;
"Fixed Unit Cost Element"	has the meaning given to it in Special Condition H12.9(a)(i);
"FME Notice"	has the meaning given to it in Special Condition J2.22(a)*;*

"FME Submission" means a notice submitted by the Licensee to the Regulator pursuant to Special Condition J2.23 which complies with the requirements of Special Condition J2.24;

"Force Majeure Event" or **"FME"** means the occurrence of any of the following events after Licence Award:

(a) war, invasion, civil war, armed conflict, revolution, insurrection or encountering munitions of war;

(b) terrorism;

(c) pressure waves caused by devices travelling at supersonic speeds;

(d) encountering explosive materials, ionising radiation or contamination by radioactivity except as may be attributable to the Licensee's use of such explosives, radiation or radioactivity;

(e) nuclear, chemical or biological contamination unless the source or cause of the contamination is as a result of the Project or any act of the Licensee, its personnel/other employees or its subcontractors; or

(f) a Public Health Event,

which directly prevents the Licensee from performing one or more of its obligations under this licence, if and to the extent that the Licensee demonstrates to the Regulator that:

(i) such impediment is beyond its control;

(ii) where the relevant event occurs:

(A) prior to the date of the first PR Determination, it was an event for which a T&S Licensee would reasonably not have made allowance (other than by obtaining any insurance in respect of the relevant event) given the risk of occurrence at or before Licence Award; and

(B) on or following the date of the first PR Determination, it was an event for which a T&S Licensee would reasonably not have made allowance (other than by obtaining any insurance in respect of the relevant event) given the risk of occurrence at or before the date immediately preceding PR Determination; and

(iii) the effects of the impediment could not have been avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice;

"Forecasted Throughput Element" has the meaning given to it in Special Condition H12.9(a)(ii);

"Foreseeable Change in Law" means, in respect of a Change in Law, that the relevant change:

(a) was:

(i) published (including in draft) by a Competent Authority; or

(ii) otherwise contemplated by a Competent Authority in a public notice or public consultation or final modification report in respect of the applicable Legal Requirement,

prior to:

(A) where the relevant change occurs prior to the date of the first PR Determination, Licence Award; and

(B) where the relevant change occurs on or following the date of the first PR Determination, the date of the immediately preceding PR Determination,

but only to the extent that:

(C) the relevant change has substantially the same effect as that which was so published or contemplated; and

(D) in circumstances where multiple options for changes are proposed, it is presented as the preferred option; or

(b) constitutes the re-enactment, re-making or similar of an equivalent Legal Requirement to the extent that the relevant change has substantially the same effect as that equivalent Legal Requirement; or

(c) results from legal proceedings, including by way of judicial review in respect of any consent or permit required by the Licensee for performance of its obligations under this licence, where prior to:

(i) where the relevant change occurs prior to the date of the first PR Determination, Licence Award; and

(ii) where the relevant change occurs on or following the date of the first PR Determination, the date of the immediately preceding PR Determination,

either:

(A) notice of such proceedings has been published by the court or other arbitral, tribunal, administrative, regulatory or expert person hearing the proceedings; or

(B) the Licensee or any of its Associates has received notice of such proceedings;

"Future User"	means any potential new User (including any Prospective Users) that is not a Planned Initial User;
"Grossly Inefficient"	has the meaning given to it in Special Condition J8.16;
"Handover"	means a determination by the Regulator of the completion of the Handover Works;
"Handover Certificate"	means a certificate issued by an Independent Certifier in accordance with the relevant IC Deed of Appointment certifying that the Independent Certifier is satisfied that the Handover Works have been completed in accordance with this licence and the relevant Legal Requirements, excluding any applicable Handover Punchlist Items;
"Handover Date"	means the date on which Handover is achieved, as determined by the Regulator pursuant to Special Condition F3.6 (*Handover Date*);
"Handover Punchlist Items"	means the Phase 1 Handover Punchlist Items or the Phase 2 Handover Punchlist Items (as the case may be);
"Handover Works"	has the meaning given to it in the APDP;
"HSE"	means the Health and Safety Executive;
"IC Deed of Appointment"	means a deed of appointment of an Independent Certifier which sets out the terms of the Independent Certifier's appointment, such deed of appointment entered into between the Licensee and the relevant Independent Certifier in a form approved by the Regulator under Special Condition J3.10(a);
"IC Meeting Schedule"	has the meaning given to it in Special Condition J3.18;
"IC Scope"	means the agreed scope of works and activities of the Independent Certifier set out in section 6 of the APDP;
"Independent Certifier"	means a person (or persons) appointed by the Licensee in accordance with Special Condition J3 to act as an independent certifier to the Project in accordance with an IC Deed of Appointment;
"Independent Certifier Fees"	means the fees payable by the Licensee to an Independent Certifier pursuant to an IC Deed of Appointment, excluding any Excluded Project Spend;

"Initial Competent Person's Report" means the initial Competent Person's Report provided by the Licensee to the Regulator at or prior to Licence Award;

"Insured Losses" has the meaning given to it in the Supplemental Compensation Agreement;

"Insured Risk Event" means the occurrence of any of the Insured Risks (as such term is defined in the Supplemental Compensation Agreement) after Licence Award which directly prevents, or will directly prevent, the Licensee from performing its obligations under this licence during the Operational Period, if and to the extent that the Licensee demonstrates to the Regulator that:

(a) such impediment is beyond its control;

(b) where the relevant event occurs:

(i) prior to the date of the first PR Determination, it was an event for which a T&S Licensee would reasonably not have made allowance (other than by obtaining any insurance in respect of the relevant event), given the risk of occurrence at or before Licence Award; and

(ii) on or following the date of the first PR Determination, it was an event for which a T&S Licensee would reasonably not have made allowance (other than by obtaining any insurance in respect of the relevant event), given the risk of occurrence at or before the date immediately preceding PR Determination; and

(c) the effects of the impediment could not have been avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice;

"Insured Risk Event Notice" has the meaning given to it in Special Condition J2.32(a);

"Insured Risk Event Submission"	means a notice submitted by the Licensee to the Regulator pursuant to Special Condition J2.33 which complies with the requirements of Special Condition J2.34;
"K-Factor"	means the correction term calculated in accordance with the formula set out in Special Condition H9.10;
"LCCC"	means Low Carbon Contracts Company Ltd, a company incorporated under the laws of England and Wales whose registered office is 10 South Colonnade, London, England, E14 4PU and whose company number is 08818711;
"Licence Award Senior Debt Hedging Policy"	means the Licensee's policy in respect of senior debt hedging, which is in the agreed form prior to Licence Award, as amended and approved by the Regulator in accordance with Special Condition J8.6(a);
"Local Government"	means a local authority as defined under section 1 of the Local Government Act 2000;
"Logged RP-related CM Capex Costs"	means 100% of any Actual RP-related CM Capex Costs up to a cap equivalent to 100% of the relevant Approved CP Allowance(s);
"Logged RP-related CM Opex Costs"	means 100% of any Actual RP-related CM Opex Costs up to a cap equivalent to 100% of the relevant Approved CP Allowance(s);
"Logged RP-related Non-CM Capex Costs"	means 80% of any Actual RP-related Non-CM Capex Costs up to a cap equivalent to 80% of the relevant Approved CP Allowance(s);
"Logged RP-related Non-CM Opex Costs"	means 80% of any Actual RP-related Non-CM Opex Costs up to a cap equivalent to 80% of the relevant Approved CP Allowance(s);
"Longstop Date"	means the date which is: (a) 12 months following the Scheduled COD; or (b) such later date as may be determined pursuant to a Supervening Event Re-opener or a Relief Event (each as applicable), and as such date may be extended in accordance with Special Condition G5 (*Longstop Date*);

"Major Expansion Activities" means any Expansion Activities which are designated as Major Expansion Activities in the APDP (where applicable);

"Market Revenue" means any revenue in respect of the relevant Operational Charging Year from:

(a) Use of System Charges:

(i) recovered by the Licensee; or

(ii) which in addition to those Use of System Charges recovered by the Licensee in accordance with limb (a)(i), would have been recovered by the Licensee acting in compliance with Special Condition H8.12;

(b) Business Interruption Proceeds; and

(c) any other sources of revenue received by the Licensee;

"Maximum Flow Rates" means the Maximum Instantaneous Flow Rate and the Maximum Annual Cumulative Flow;

"Monthly IDP Amount" has the meaning given to it in the Revenue Support Agreement;

"Monthly QRP Adjustment" has the meaning given to it in the Revenue Support Agreement;

"MWh" means megawatt hour;

"Nominated Quantity" means the quantity of carbon dioxide expressed in tCO_2 that is nominated by a User for delivery for each Delivery Period of the day, in accordance with the CCS Network Code;

"Nomination Close Time" is the time by which Users are required to submit their daily nomination for the following day, in accordance with the CCS Network Code;

"Non-Regulated Activities" means any activity carried out by the Licensee that is not a Regulated Activity;

"Non-Regulated Revenue" means any revenue generated by the Licensee that is not Regulated Revenue;

"Non-RP-related Capex" means Capex which is provided for in a Correction Plan and which is not any of the following:

(a) RP-related Store Capex;

(b) RP-related CM Capex; or

(c) RP-related AIW Capex;

"Non-RP-related Opex" means Opex which is provided for in a Correction Plan and which is not any of the following:

(a) RP-related Store Opex;

(b) RP-related CM Opex; or

(c) RP-related AIW Opex;

"Notified Commissioning Activities" has the meaning given to it in Special Condition G2.9;

"Notified Handover Works" has the meaning given to it in Special Condition F2.10;

"Notional Gearing" means:

(a) in respect of the First Regulatory Period, the level of notional gearing as set out in the Financial Settlement Document; and

(b) in respect of each subsequent Regulatory Period, the level of notional gearing as determined by the Regulator at the relevant Periodic Review and set out in the Financial Settlement Document;

"NPV-Neutral RAV Return Base" means, in respect of each Operational Charging Year, the average present value in that Operational Charging Year of the RAV calculated in real (Base Year) prices in accordance with the formula set out in Special Condition H10.5;

"NSTA Fees" means fees payable to the NSTA with regard to the Licensee's Storage Licence(s) but excluding any:

(a) fines, penalties or other analogous one-off costs imposed as a result of any action or inaction of the Licensee; and

(b) Excluded Project Spend;

"Offshore Users" has the meaning given to it in the CCS Network Code;

"ONC Maximum Annual Cumulative Flow Constraint" has the meaning given to it in the CCS Network Code;

"Ongoing Capex" means the amount calculated in accordance with Special Condition H4 (*Ongoing Capex during the Operational Period*);

"Ongoing Capex Allowance" means an allowance in respect of the Licensee's Ongoing Capex expenditure which:

(a) in respect of the First Regulatory Period, is as set out in the Financial Settlement Document; and

(b) in respect of each subsequent Regulatory Period, is any such allowance determined by the Regulator pursuant to the conditions of this licence and set out in the Financial Settlement Document,

in each case as amended pursuant to the conditions of this licence;

"Ongoing Capex Incentive" means the amount calculated in accordance with Special Condition H5.2 (*Ongoing Capex Incentive during the Operational Period*);

"Ongoing Capex Sharing Factor" means:

(a) in respect of the First Regulatory Period, 0.6; and

(b) in respect of each subsequent Regulatory Period, any such value as determined by the Regulator at the relevant Periodic Review;

"Ongoing Devex" means the amount calculated in accordance with Special Condition F9 (*Ongoing Devex during the Construction Period*), G12 (*Ongoing Devex during the Commissioning Period*) or H6 (*Ongoing Devex during the Operational Period*) (as applicable);

"Ongoing Devex Allowance" means an allowance in respect of the Licensee's Ongoing Devex expenditure which:

(a) in respect of the First Regulatory Period, is as set out in the Financial Settlement Document; and

(b) in respect of each subsequent Regulatory Period, is any such allowance determined by the Regulator pursuant to the conditions of this licence and set out in the Financial Settlement Document,

in each case as amended pursuant to the conditions of this licence;

"Ongoing Devex Re-opener" has the meaning given to it in Special Condition J5.5(a) (*Ongoing Devex Re-opener*);

"Ongoing Devex Stage Check Activities" has the meaning given to it in Special Condition J5.3(ii);

"Ongoing Devex Underspend" means where the Licensee:

(a) has completed the activities associated with an Ongoing Devex Allowance; and

(b) the Licensee's cumulative Actual Ongoing Devex Costs relating to such activities are less than the relevant Ongoing Devex Allowance;

"Ongoing Devex Underspend Amount" means in respect of an Ongoing Devex Underspend, the amount by which the Licensee's Actual Ongoing Devex Costs are less than the relevant Ongoing Devex Allowance;

"Onshore Users" has the meaning given to it in the CCS Network Code;

"Operational Charging Year" means a Charging Year any part of which falls during the Operational Period, save that:

(a) the first Operational Charging Year will commence on the first day of the Operational Period and end on the immediately following 31 March; and

(b) the final Operational Charging Year will commence on 1 April immediately preceding the last day of the term of this licence and end on that day;

"Operational Period" means the period commencing on the Commercial Operations Date and ending on the date of revocation of this licence;

"Opex" means the operating, maintenance and management costs associated with the operation of the T&S Network;

"Opex Allowance" means an allowance in respect of the Licensee's Opex expenditure which:

(a) in respect of the First Regulatory Period, is as determined by the Regulator in accordance with Special Condition H12.4 and set out in the Financial Settlement Document; and

(b) in respect of each subsequent Regulatory Period, is any such allowance determined by the Regulator pursuant to the conditions of this licence and set out in the Financial Settlement Document,

in each case as amended pursuant to the conditions of this licence;

"Opex Building Block" means the building block applicable to the calculation of Allowed Revenue for each Operational Charging Year calculated in accordance with Special Condition H12.10;

"Opex Incentive Building Block" means the building block applicable to the calculation of Allowed Revenue for each Operational Charging Year calculated in accordance with Special Condition H13.4 (*Opex Incentive Building Block*);

"Opex Sharing Factor" means:

(a) in respect of the First Regulatory Period, 0.4; and

(b) in respect of each subsequent Regulatory Period, any such value as determined by the Regulator at the relevant Periodic Review;

"OPRED Fees" means the fee incurred by the Licensee to OPRED but excluding any:

(a) fines, penalties or other analogous one off costs imposed as a result of any action or inaction of the Licensee; and

(b) Excluded Project Spend;

"P2 Acceptance Punchlist Programme" has the meaning given to it in Special Condition I2.41;

"P2/ExpA Month" means each calendar month during any period:

(a) in the context of Phase 2 Activities, from the relevant Reporting Commencement Date until the relevant Phase 2 Acceptance; and

(b) in the context of Expansion Activities, from the date on which the Licensee commences the relevant Expansion Activities (or the relevant ExpA Tranche, where relevant) until the relevant ExpA Acceptance;

"P2/ExpA Quarter" means each period of three calendar months during any period:

(a) in the context of Phase 2 Activities, from the relevant Reporting Commencement Date until the relevant Phase 2 Acceptance; and

(b) in the context of Expansion Activities, from the date on which the Licensee commences the relevant Expansion Activities (or the relevant ExpA Tranche, where relevant) until the relevant ExpA Acceptance;

"P2/ExpA Reporting Period" means either a P2/ExpA Month or a P2/ExpA Quarter, as specified in respect of the relevant Phase 2 Activities or Expansion Activities (as the case may be) in the Technical Details Document;

"Pass Through Costs" means the amount calculated in accordance with Special Condition F8 (*Pass Through Costs during the Construction Period*), Special Condition G11 (*Pass Through Costs during the Commissioning Period*) or Special Condition H15 (*Pass Through Costs Building Block*) (as applicable);

"Pass Through Costs Building Block" means the building block applicable to the calculation of Allowed Revenue for each Operational Charging Year calculated in accordance with Special Condition H15.6;

"Pass Through Costs Review Procedure" means the relevant review procedure relating to Pass Through Costs:

(a) during the Construction Period, set out in Special Conditions F8.9 to F8.13; and

(b) during the Commissioning Period set out in Special Conditions G11.10 to G11.14; and

(c) during the Operational Period set out in Special Conditions H15.10 to H15.14;

"PCFM Variable Value" means the values in the table of that name in the Price Control Financial Handbook;

"PConR Deadline" means the date which falls one calendar month after Handover;

"Periodic Review Start Date" means:

(a) in respect of the first Periodic Review, 24 months ahead of the end of the First Regulatory Period; and

(b) in respect of each subsequent Periodic Review, the date determined by the Regulator at the previous Periodic Review;

"Phase 1 Activities" means the Handover Works and Commissioning Activities which are anticipated in the Project Programme to be carried out during the Construction Period and/or Commissioning Period, with associated SRAV Capex relating to the Approved T&S Network included in the APDP, as further described in section 3.1 of the APDP;

"Phase 1 Handover Punchlist Items" means any minor defects, deficiencies, or omissions which:

(a) would not have an adverse effect on the safe performance of the Commissioning Activities and/or safe operation of the Phase 1 Systems if not rectified, resolved or completed prior to Handover; and

(b) have been confirmed in writing as Phase 1 Handover Punchlist Items by the relevant Independent Certifier (acting in accordance with the relevant IC Deed of Appointment);

"Phase 1 Systems" has the meaning given to it in section 3.1(a) of the APDP;

"Phase 2 Acceptance" means a determination by the Regulator that:

(a) where there are no Phase 2 Tranches, the Phase 2 Activities have been completed; or

(b) where there are Phase 2 Tranches, a Phase 2 Tranche, has been completed;

"Phase 2 Acceptance Certificate" means a certificate issued by an Independent Certifier in accordance with the relevant IC Deed of Appointment certifying that the relevant Independent Certifier is satisfied that a Phase 2 Acceptance has been achieved in accordance with this licence and the relevant Legal Requirements, excluding any applicable Phase 2 Acceptance Punchlist Items;

"Phase 2 Acceptance Punchlist Items" has the meaning given to it in the APDP;

"Phase 2 Activities" means the works and activities relating to the Approved T&S Network as further described in section 3.2 of the APDP, which:

(a) have associated SRAV Capex and Opex, Ongoing Capex and/or Opex relating to the Approved T&S Network;

(b) may have associated Ongoing Devex relating to the Approved T&S Network;

(c) where so specified in section 3.2(b) of the APDP, may be divided into Phase 2 Tranches and carried out and completed on a tranche by tranche basis; and

(d) do not form part of the Phase 1 Activities or any Expansion Activities;

"Phase 2 Commissioning Activities" has the meaning given to it in section 3.2(k)(i) of the APDP;

"Phase 2 Handover" means a determination by the Regulator of:

(a) where there are no Phase 2 Tranches, the completion of the Phase 2 Handover Works; and

(b) where there are Phase 2 Tranches, the completion of the Phase 2 Handover Works in relation to the relevant Phase 2 Tranche;

"Phase 2 Handover Certificate" means a certificate issued by an Independent Certifier in accordance with the relevant IC Deed of Appointment certifying that the Independent Certifier is satisfied that the relevant Phase 2 Handover Works have been completed in accordance with this licence and the

	relevant Legal Requirements, excluding any applicable Phase 2 Handover Punchlist Items;
"Phase 2 Handover Punchlist Items"	has the meaning given to it in the APDP;
"Phase 2 Handover Works"	has the meaning given to it in section 3.2(j)(i) of the APDP;
"Phase 2 Systems"	has the meaning given to it in section 3.2(e) of the APDP;
"Phase 2 Tranche"	means a tranche of Phase 2 Activities as set out in section 3.2(b) of the APDP;
"Phase 2/ExpA Delay Event"	has the meaning given to it in Special Condition I2.26;
"Phase 2/ExpA Delay Notice"	has the meaning given to it in Special Condition I2.26;
"Planned Initial Users"	has the meaning given to it in section 4.1(a) of the APDP;
"Post COD Readiness Commissioning Activities"	means the Commissioning Activities other than the COD Readiness Activities;
"Post Commissioning Review"	means a review of the Construction Period and Commissioning Period as carried out by the Regulator in accordance with Special Condition H2;
"Post Commissioning Review RAV Adjustment"	has the meaning given to it in Special Condition H2.6;
"Post Construction Review"	means a review of the Construction Period carried out by the Regulator in accordance with Special Condition G16;
"PostCOD Cost of Debt"	means: (a) for the First Regulatory Period, the amount, in real terms, set out in the Financial Settlement Document; and (b) for each subsequent Regulatory Period, the amount, in real terms, as determined by the Regulator at the relevant Periodic Review and set out in the Financial Settlement Document;

"PostCOD Cost of Equity" means:

(a) for the First Regulatory Period, the amount, in real terms, set out in the Financial Settlement Document; and

(b) for each subsequent Regulatory Period, the amount, in real terms, as determined by the Regulator at the relevant Periodic Review and set out in the Financial Settlement Document;

"PostCOD WACC" means:

(a) for the First Regulatory Period, the amount, in real terms as set out in the Financial Settlement Document; and

(b) for each subsequent Regulatory Period, the amount, in real terms, as determined by the Regulator at the relevant Periodic Review and set out in the Financial Settlement Document;

"Preceding Competent Person's Report" has the meaning given to it in Special Condition H22.6(b);

"PreCOD Cost of Debt" means:

(a) for the First Regulatory Period, the amount, in real terms, set out in the Financial Settlement Document; and

(b) for each subsequent Regulatory Period (to the extent relevant), the amount, in real terms, as determined by the Regulator at the relevant Periodic Review and set out in the Financial Settlement Document;

"PreCOD Cost of Equity" means:

(a) for the First Regulatory Period, the amount, in real terms, set out in the Financial Settlement Document; and

(b) for each subsequent Regulatory Period (to the extent relevant), the amount, in real terms, as determined by the Regulator at the relevant Periodic Review and set out in the Financial Settlement Document;

"PreCOD WACC"	means: (a) for the First Regulatory Period, the amount, in real terms, set out in the Financial Settlement Document; and (b) for each subsequent Regulatory Period (to the extent relevant), the amount, in real terms, as determined by the Regulator at the relevant Periodic Review and set out in the Financial Settlement Document;
"Pre-Handover Commissioning Activities"	has the meaning given to it in Special Condition F2.15;
"Pre-Licence Award Devex"	means the development costs properly and efficiently incurred by the Licensee in relation to the T&S Business prior to Licence Award (excluding any Additional Pre-Licence Award Devex Costs), being the amount set out in the Financial Settlement Document;
"Price Control Financial Guidance"	means the guidance to be issued and updated by the Regulator, and published on the Regulator's Website, which sets out, amongst others, the details of all the assumptions, calculations and methodology included in the Price Control Financial Model together with any other documentation necessary to operate it;
"Price Control Financial Instruments"	means the Price Control Financial Model, the Price Control Financial Guidance and the Price Control Financial Handbook;
"Price Indexation Term"	has the meaning given to it in Special Condition H9.6;
"Project"	means the financing, design, construction, commissioning, acceptance, operation, maintenance, development, expansion, decommissioning, post-closure monitoring and ownership of the T&S Network;
"Project Programme"	means the programme for the Project set out in the Technical Details Document, as updated pursuant to the conditions of this licence, including pursuant to any Supervening Event Re-opener and/or any Periodic Review;
"Proposed COD SRAV"	has the meaning given to it in Special Condition G16.5(d);

"Proposed IC"	has the meaning given to it in Special Condition J3.6(c)(i);
"Proposed Revised Scheduled COD"	has the meaning given to it in Special Condition G4.6;
"Proposed Revised Scheduled Phase 2/ExpA Acceptance Date"	has the meaning given to it in Special Condition I2.29;
"Provisional Variation Submission"	has the meaning given to it Special Condition J7.2;
"Public Health Event"	means any epidemic, pandemic, or other national, regional or localised public health event in each case which is recognised after Licence Award as subsisting by the World Health Organization, including without limitation any localised or widespread occurrence of an infectious disease caused by: (a) pathogen, whether bacterial or viral; or (b) any other biological or natural agent, which directly and adversely affects the operations of the T&S Network by the Licensee;
"QCiL Submission"	means a notice submitted by the Licensee to the Regulator pursuant to Special Condition J2.14 which complies with the requirements of Special Condition J2.15;
"Qualifying Change in Law"	means a Discriminatory Change in Law or a Specific Change in Law;
"Quarter"	means each period of three calendar months ending on an End of Quarter Date;
"RAV"	means the regulatory asset value calculated in accordance with Special Condition H3;
"RAV Additions"	means, in respect of each Operational Charging Year, the additions to RAV for that Operational Charging Year calculated in accordance with the formula set out in Special Condition H3.8;
"Recovered Revenue"	means the recovered revenue calculated in accordance with the formula set out in Special Condition H9.11;

"Registered Capacity"	means the quantity of network capacity in the T&S Network that has been allocated to a User and the User is registered as holding, in accordance with the CCS Network Code;
"Regulated Activities"	the financing, design, construction, commissioning, acceptance, operation, maintenance, development, expansion, decommissioning, post-closure monitoring and ownership of the T&S Network and any associated activities necessary to implement the Project and comply with all Legal Requirements;
"Regulated Return on Equity"	has the meaning given to it in Special Condition H10.8;
"Regulated Revenue"	has the meaning given to it in Special Condition J14.3 (*Regulated/Non-Regulated Revenue*);
"Regulator's Cost Guidance"	means the guidance for cost assessment published by the Regulator on the Regulator's website from time to time;
"Regulator Licence Fees"	means the fees payable to the Regulator in accordance with Standard Condition A3 (*Payment of the Licence Fee*), excluding any Excluded Project Spend;
"Relevant Valuation Regulator"	means the Valuation Office Agency in England and Wales or any successor authority or body;
"Relief Event"	means the occurrence of any of the following events after Licence Award: (a) riot (by persons other than the Licensee's personnel and other employees of the Licensee and its subcontractors); (b) natural catastrophe such as earthquake, tsunami, volcanic activity, hurricane or typhoon; and (c) sabotage and acts of vandalism (by persons other than the Licensee's personnel and other employees of the Licensee and its subcontractors),

which directly prevents the Licensee from achieving Handover by the Scheduled Handover Date, System Acceptance by the Scheduled COD and/or the Longstop Date, a Phase 2 Handover Date by the relevant Scheduled Phase 2 Handover Date, a Phase 2 Acceptance by the relevant Scheduled Phase 2 Acceptance Date, an ExpA Handover Date by the relevant Scheduled ExpA Handover Date and/or an ExpA Acceptance by the relevant Scheduled ExpA Acceptance Date, in each case if and to the extent that the Licensee demonstrates to the Regulator that:

(i) such impediment is beyond its control;

(ii) where the relevant event occurs:

(A) prior to the date of the first PR Determination, it was an event for which a T&S Licensee would reasonably not have made allowance (other than by obtaining any insurance in respect of the relevant event) given the risk of occurrence at or before Licence Award; and

(B) on or following the date of the first PR Determination, it was an event for which a T&S Licensee would reasonably not have made allowance (other than by obtaining any insurance in respect of the relevant event) given the risk of occurrence at or before the date immediately preceding PR Determination; and

(iii) the effects of the impediment could not have been avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice;

"Relief Event Submission" means a notice submitted by the Licensee to the Regulator pursuant to Special Condition J2.41 which complies with the requirements of Special Condition J2.42;

"Remediation Plan"	means a remediation plan setting out the remediation works that the Licensee proposes to undertake to the T&S Network provided to the Regulator pursuant to Special Condition H19.6;
"Removed COD Readiness Activities"	means any Notified COD Readiness Activities which the Regulator determines under Special Condition G3.5 are removed from the COD Readiness Activities for the purpose of achieving COD Readiness;
"Reporting Commencement Date"	means the date specified as such for the relevant Phase 2 Activities in the Technical Details Document;
"Return During Commissioning"	means the amount calculated in accordance with the formula set out in Special Condition G15.3 (*Return During Commissioning*);
"Return During Construction"	means the amount calculated in accordance with the formula set out in Special Condition F12.3 (*Return During Construction*);
"Return on Capital Building Block"	means the building block applicable to the calculation of Allowed Revenue for each Operational Charging Year calculated in accordance with Special Condition H10.3;
"Re-use Assets Valuation"	means the amount set out in the Financial Settlement Document;
"Re-use Daily Quantity"	has the meaning given to it in the CCS Network Code;
"Re-use Service Opex Allowance"	has the meaning given to it in Special Condition H12.9(b);
"Revenue Calculations"	means the applicable values and calculations of the SRAV, RAV and/or Allowed Revenue (as applicable) as set out or referred to in these special conditions;
"RP-CM Capex Costs Incentive"	means the amount calculated in accordance with Special Condition H20.5 (*Corrective Measures related spend under a Remediation Plan*);
"RP-CM Capex Costs Incentive Sharing Factor"	means: (a) in respect of the First Regulatory Period, 0.6; and (b) in respect of each subsequent Regulatory Period, any such value as determined by the Regulator at the relevant Periodic Review;

"RP-CM Opex Costs Incentive"	means the amount calculated in accordance with Special Condition H20.11;
"RP-CM Opex Costs Incentive Sharing Factor"	means: (a) in respect of the First Regulatory Period, 0.6; and (b) in respect of each subsequent Regulatory Period, any such value as determined by the Regulator at the relevant Periodic Review;
"RP-Non-CM Capex Costs Incentive"	means the amount calculated in accordance with Special Condition H21.5 (*Availability-related spend under a Remediation Plan*);
"RP-Non-CM Capex Costs Incentive Sharing Factor"	means: (a) in respect of the First Regulatory Period, 0.6; and (b) in respect of each subsequent Regulatory Period, any such value as determined by the Regulator at the relevant Periodic Review;
"RP-Non-CM Opex Costs Incentive"	means the amount calculated in accordance with Special Condition H21.11;
"RP-Non-CM Opex Costs Incentive Sharing Factor"	means: (a) in respect of the First Regulatory Period, 0.6; and (b) in respect of each subsequent Regulatory Period, any such value as determined by the Regulator at the relevant Periodic Review;
"RP-related AIW Capex"	means AIW Capex arising demonstrably and solely in accordance with the relevant Availability Improvement Works Proposal provided for within a Remediation Plan;
"RP-related AIW Opex"	means AIW Opex arising demonstrably and solely in accordance with the relevant Availability Improvement Works Proposal provided for within a Remediation Plan;
"RP-related CM Building Block"	means each of: (a) Logged RP-related CM Opex Costs; (b) Excess RP-related CM Opex Costs; (c) the RP-CM Opex Costs Incentive; and

(d) any Logged RP-related CM Capex Costs, Excess RP-related CM Capex Costs and the RP- CM Capex Costs Incentive which the Regulator has elected will not accrue to the RAV under Special Condition H20.6;

"RP-related CM Capex" means CM Capex arising demonstrably and solely in accordance with the relevant Corrective Measures activities provided for within a Remediation Plan;

"RP-related CM Opex" means CM Opex arising demonstrably and solely in accordance with the relevant Corrective Measures activities provided for within a Remediation Plan;

"RP-related Non-CM Building Block" means each of:

(a) Logged RP-related Non-CM Opex Costs;

(b) Excess RP-related Non-CM Opex Costs;

(c) the RP-Non-CM Opex Costs Incentive; and

(d) any Logged RP-related Non-CM Capex Costs, Excess RP-related Non-CM Capex Costs and the RP-Non-CM Capex Cost Incentive which the Regulator has elected will not accrue to the RAV under Special Condition H21.6;

"RP-related Non-CM Capex" means RP-related Store Capex and/or RP-related AIW Capex;

"RP-related Non-CM Opex" means RP-related Store Opex and/or RP-related AIW Opex;

"RP-related Opex" means RP-related AIW Opex, RP-related CM Opex and/or RP-related Non-CM Opex;

"RP-related Store Capex" means Store Capex arising demonstrably and solely in accordance with the relevant remediation of a Store Issue provided for within a Remediation Plan;

"RP-related Store Opex" means Store Opex arising demonstrably and solely in accordance with the relevant remediation of a Store Issue provided for within a Remediation Plan;

"RSA Counterparty" means LCCC or its (and any subsequent) successor(s) in title, permitted transferee(s) or permitted assignee(s) which the Secretary of State may notify in writing to the Licensee;

"SCA Fee"	means the fee payable by the Licensee to the Secretary of State calculated in accordance with Clause 15 of the Supplemental Compensation Agreement, excluding any Excluded Project Spend;
"Scheduled COD"	means the date on which System Acceptance is scheduled to be achieved as set out in the Technical Details Document, as may be extended pursuant to the conditions of this licence;
"Scheduled ExpA Acceptance Date"	means the date on which an ExpA Acceptance is scheduled to be achieved as set out in the Technical Details Document, and as may be extended pursuant to the conditions of this licence;
"Scheduled ExpA Commencement Date"	means the date on which Expansion Activities, or, where applicable, an ExpA Tranche, are scheduled to be commenced, as set out in the Technical Details Document and as may be extended pursuant to the conditions of this licence;
"Scheduled ExpA Handover Date"	means the date on which an ExpA Handover is scheduled to be achieved, as set out in the Technical Details Document and as may be extended pursuant to the conditions of this licence;
"Scheduled Handover Date"	means the date set out in the Technical Details Document, as may be extended pursuant to the conditions of this licence;
"Scheduled Phase 2 Acceptance Date"	means the date on which a Phase 2 Acceptance is scheduled to be achieved, as set out in the Technical Details Document and as may be extended pursuant to the conditions of this licence;
"Scheduled Phase 2 Handover Date"	means the date on which a Phase 2 Handover is scheduled to be achieved, as set out in the Technical Details Document and as may be extended pursuant to the conditions of this licence;
"Senior Debt Hedge"	means any interest rate hedging arrangement entered into by the Licensee in respect of the Licensee's senior debt;
"Senior Debt Hedging Confirmations"	has the meaning given to it in Special Condition J8.7;

"Senior Debt Hedging Evidence"	has the meaning given to it in Special Condition J8.9;
"Specific Change in Law"	means a Change in Law that specifically applies to: (a) the provision of services the same or similar to those provided by the Licensee across the T&S Network; or (b) the holding of shares in a company whose main business is providing services the same or similar to those provided by the Licensee across the T&S Network, which, in each case, is not a Foreseeable Change in Law;
"SRAV"	means a shadow regulatory asset value, including: (a) the shadow regulatory asset value calculated in accordance with Special Condition F4 and Special Condition G7; and (b) any additional shadow regulatory asset value associated with a new construction and commissioning period included in this licence as a result of a Supervening Event Re-opener, as referred to in Special Condition J2;
"SRAV Additions"	means, in respect each relevant SRAV Calculation Period: (a) during the Construction Period, the additions to the SRAV for such SRAV Calculation Period calculated in accordance with the formula set out in Special Condition F4.9; and (b) during the Commissioning Period, the additions to the SRAV for such SRAV Calculation Period set out in Special Condition G7.9;
"SRAV Calculation Period"	means: (a) for the first SRAV Calculation Period, the period from Licence Award until the 31 March of the following calendar year;

(b) for each subsequent SRAV Calculation Period in the Construction Period, the period from 1 April until the earlier of 31 March of the following calendar year or Handover;

(c) for the first SRAV Calculation Period in the Commissioning Period, the period from Handover until the earlier of 31 March of the following calendar year or the Commercial Operations Date; and

(d) for any subsequent SRAV Calculation Period in the Commissioning Period, the period from 1 April until the earlier of 31 March of the following calendar year or the Commercial Operations Date;

"SRAV Capex" means Capex which is attributable to an SRAV;

"SRAV Capex and Opex" means the amount calculated in accordance with the formula set out in Special Condition F6 (*SRAV Capex and Opex during the Construction Period*) or G9 (*SRAV Capex and Opex during the Commissioning Period*) (as applicable);

"SRAV Capex and Opex Allowance" means an SRAV Capex and Opex Construction Period Allowance or an SRAV Capex and Opex Commissioning Period Allowance (as the case may be);

"SRAV Capex and Opex Commissioning Period Allowance" means an allowance in respect of the Licensee's SRAV Capex and SRAV Opex expenditure during the Commissioning Period, which:

(a) in respect of the First Regulatory Period, is as set out in the Financial Settlement Document; and

(b) in respect of each subsequent Regulatory Period, is any such allowance determined by the Regulator pursuant to the conditions of this licence (if applicable) and set out in the Financial Settlement Document,

in each case as amended pursuant to the conditions of this licence;

"SRAV Capex and Opex Commissioning Period Overspend"	has the meaning given to it in Special Condition G10.4;
"SRAV Capex and Opex Construction Period Allowance"	means an allowance in respect of the Licensee's SRAV Capex and SRAV Opex expenditure during the Construction Period, which: (a) in respect of the First Regulatory Period, is as set out in the Financial Settlement Document; and (b) in respect of each subsequent Regulatory Period, is any such allowance determined by the Regulator pursuant to the conditions of this licence (if applicable) and set out in the Financial Settlement Document, in each case as amended pursuant to the conditions of this licence;
"SRAV Capex and Opex Construction Period Overspend"	has the meaning given to it in Special Condition F7.4;
"SRAV Capex and Opex Incentive"	means the amount calculated in accordance with Special Condition F7 or G10;
"SRAV Capex and Opex Sharing Factor"	means: (a) in respect of the First Regulatory Period, 0.6; and (b) in respect of each subsequent Regulatory Period, any such value as determined by the Regulator at the relevant Periodic Review;
"SRAV Opex"	means Opex which is attributable to an SRAV;
"SRMS Guidelines"	means the Guidelines for the Applications of the CO_2 Storage Resources Management System issued by the Society of Petroleum Engineers;
"Storage Capacity"	has the meaning given to the term "Storage Capacity" in the SRMS Guidelines;

"Store Capex"	means Capex demonstrably and solely arising in respect of the remediation of a Store Issue in respect of or in connection with which an Availability Issue has occurred, which Capex is not CM Capex or AIW Capex, and excluding any Excluded Project Spend;
"Store Issue"	means an issue or issues arising: (a) at a T&S Storage Site; and/or (b) otherwise as a result of or in connection with the performance of the T&S Storage Site;
"Store Opex"	means Opex demonstrably and solely arising in respect of the remediation of a Store Issue in respect of or in connection with which an Availability Issue has occurred, which Opex is not CM Opex or AIW Opex, and excluding any Excluded Project Spend;
"Substantive AIW Capex/Opex"	means AIW Capex and AIW Opex which, in aggregate, exceeds 0.5% of the Allowed Revenue in respect of the Operational Charging Year in which the relevant Availability Improvement Works Proposal is made;
"Substantive CM Capex/Opex"	means CM Capex and CM Opex which, in aggregate, exceeds 0.5% of the Allowed Revenue in respect of the Operational Charging Year in which the relevant Corrective Measures Issue occurs;
"Substantive Store Capex/Opex"	means Store Capex and Store Opex which, in aggregate, exceeds 0.5% of the Allowed Revenue in respect of the Operational Charging Year in which the relevant Availability Issue occurs;
"Supervening Event"	means a Change in Scope, Qualifying Change in Law or a Force Majeure Event;
"Supervening Event Re-opener"	means any of the following re-openers: (a) a re-opener relating to a Change in Scope under Part A of Special Condition J2; (b) a re-opener relating to a Qualifying Change in Law under Part B of Special Condition J2; and (c) a re-opener relating to a Force Majeure Event under Part C of Special Condition J2;

"Supporting Information"	means any and all relevant calculations, confirmations, data, documentation, evidence (including experts' reports), explanations, information, measurements, readings, reports (including experts' reports), representations and statements (whether in written or documentary form);
"System Acceptance"	means a determination by the Regulator that the Commissioning Activities have been completed;
"System Acceptance Certificate"	means a certificate issued by an Independent Certifier in accordance with the relevant IC Deed of Appointment certifying that the Independent Certifier is satisfied that the Commissioning Activities have been completed in accordance with this licence and the relevant Legal Requirements, excluding any applicable System Acceptance Punchlist Items;
"System Acceptance Punchlist Items"	means any minor defects, deficiencies, or omissions which: (a) would not have an adverse effect on the operation of the Phase 1 Systems if not rectified, resolved or completed prior to System Acceptance; and (b) have been confirmed in writing as System Acceptance Punchlist Items by the relevant Independent Certifier (acting in accordance with the relevant IC Deed of Appointment);
"System Acceptance Punchlist Programme"	has the meaning given to it in Special Condition H28.3 (*System Acceptance Punchlist Items*);
"Tax Allowance Adjustment"	means the tax adjustment to be applied to the Allowed Revenue, as determined by the Regulator, in accordance with Special Condition H17.8;
"Tax Building Block"	means the building block applicable to the calculation of Allowed Revenue for each Operational Charging Year calculated in accordance with Special Condition H17;
"Tax Reconciliation"	means the tax reconciliation template in the form published by the Regulator;
"tCO_2"	means tonnes of carbon dioxide;

"Technical Storage Capacity"	means estimated Storage Capacity, which is calculated by use of uncertainty-range forecasts and the application of technical constraints related to wells and facilities as referenced in paragraph 2.2.2 of the SRMS Guidelines;
"Tranche of Stage Check Activities"	has the meaning given to it in Special Condition J5.3(iii) (*Ongoing Devex Re-opener*);
"Unavoidable Opex"	means Opex costs that the Licensee cannot reasonably mitigate in an Event of First User Delay, taking into account the need to maintain an economic, efficient and effective approach to Opex costs not only following an Event of First User Delay but also in reaching COD;
"Uncertain Cost Event"	means those circumstances and/or events designated as such in Schedule 10 (*Project-specific conditions*) (where applicable);
"Uncertain Cost Event Re-opener"	has the meaning given to it in Special Condition J6.3(a) (*Uncertain Cost Events*);
"Unconnected User"	means any User or Future User (as the case may be) that was scheduled to connect to the T&S Network as a User as part of the Phase 2 Activities or any relevant Expansion Activities, but was unable to do so due to the Licensee's failure to achieve the relevant Phase 2 Acceptance or ExpA Acceptance (as the case may be);
"Use of System Charges"	means charges payable by the Users for Use of System as determined in accordance with the Use of System Charging Methodology, being: (a) Flow Charges, which comprise an Offshore Flow Charge and an Onshore Flow Charge, as defined and described in the Use of System Charging Methodology; (b) Capacity Charges, which comprise an Offshore Capacity Charge and an Onshore Capacity Charge, as defined and described in the Use of System Charging Methodology; (c) Network Charges, which comprise an Offshore Network Charge and an Onshore Network Charge, as defined and described in the Use of System Charging Methodology; and

	(d) a Re-use Service Charge, as defined and described in the Use of System Charging Methodology;
"Use of System Charging Methodology"	has the meaning given to it in Special Condition H24.3 (*Use of System Charging Methodology*);
"Use of System Charging Statement"	has the meaning given to it in Special Condition H25.3 (*Use of System Charging Statement*);
"User Commencement Date"	has the meaning given to the term "Commencement Date" in the relevant Connection Agreement;
"User Commissioning Programme"	has the meaning given to the term "Commissioning Programme" in the relevant Construction Agreement;
"Variable Opex Allowance"	has the meaning given to it in Special Condition H12.9(a);
"Variation"	has the meaning given to it in the Liaison Agreement;
"Variation Notice"	has the meaning given to it in the Liaison Agreement;
"WACC"	means weighted average cost of capital;
"WACC Senior Debt Hedging Adjustment"	has the meaning given to it in Special Condition J8.11; and
"Wilful Misconduct or Gross Negligence"	means any act or failure by the Licensee that was: (a) an intentional breach of this licence and/or an intentional contravention of any Legal Requirement(s) or any act that was intended to cause such breach and/or contravention; or (b) intended to cause, or was in reckless disregard of, or wanton indifference to, the harmful consequences that the Licensee knew or ought to have known such act or failure to act was likely to have for any other party but shall not include an ordinary error of judgement or mistake made by the Licensee in the exercise of good faith or any function, authority or discretion conferred on the Licensee that would constitute mere ordinary negligence.

Special Condition E2: Interpretation

Introduction

2.1 The purpose of this special condition is to set out the general principles of interpretation that apply to the special conditions of this licence.

Interpretation

2.2 In the special conditions of this licence:

(a) except where the context otherwise requires, defined words and expressions used in these special conditions have the meaning given to them in Standard Condition A1.4 (*Definitions for the standard conditions*), except where otherwise defined in these special conditions;

(b) except where the context otherwise requires, defined words and expressions used in these special conditions which are not defined in Standard Condition A1.4 but which are otherwise defined in the standard conditions of this licence have the same meaning in the special conditions of this licence as given to them in the standard conditions of this licence, except where otherwise defined in these special conditions;

(c) the provisions of Standard Condition A2 (*Interpretation of this licence*) shall apply to the special conditions of this licence;

(d) variable values used in calculations contemplated by this licence (including in relation to the valuation of the SRAV, RAV and calculation of the Allowed Revenue) may be derived from input data provided by the Licensee and any other evidence that may appropriately inform the Regulator's assessment of the validity of the data provided by the Licensee. Where possible, values provided by the Licensee should reflect actual values but, where actual data is not available at the time of submission, the Licensee should provide a provisional value either:

(i) if applicable, in accordance with the approach specified in the Price Control Financial Handbook; or

(ii) if the Price Control Financial Handbook does not apply, the Licensee's best estimate on the basis of the information available at the time;

(e) any values provided on a provisional basis must be updated by the Licensee in each SRAV Calculation Period or Operational Charging Year (as relevant), with any interim updates reflecting the most accurate forecast available at that time, until such a time as the provisional value has been substituted for an actuals value. Any such updates will be reflected in the calculations for that SRAV Calculation Period or Operational Charging Year in accordance with the processes set out in this licence (including pursuant to any reconciliations to be undertaken by the Regulator pursuant to this licence);

(f) where the subscript '$_t$' is used without further numerical notation, the value to be used is for the SRAV Calculation Period or Operational Charging Year (as relevant) to which the relevant calculation is to be applied, unless otherwise stated. A positive or negative numerical notation indicates that the value to be used is for an SRAV Calculation Period or Operational Charging Year (as relevant) after or before that SRAV Calculation Period$_t$ or Operational Charging Year$_t$, and the number indicates how many years after or before. For example, the calculation of the Licensee's entitlement to Allowed Revenue for Operational Charging Year$_t$ is performed in Operational Charging Year$_{t-1}$;

(g) any values derived by reference to the value of revenues accrued, received or paid by or to the Licensee will be the actual sum accrued, received or paid by or to the Licensee on the date of such accrual, receipt or payment without any adjustment for inflation or interest after deduction of value added tax (if any) and any other taxes charged directly by reference to the amounts so accrued, received or paid;

(h) where any relevant Charging Year is less than 12 months, any calculation made pursuant to or in accordance with these special conditions will be pro-rated on a daily basis, unless otherwise provided for in this licence; and

(i) any addition or subtractions to an SRAV or RAV (as relevant) will be deflated to the relevant Base Year prices before being added to, or subtracted from, the relevant SRAV or RAV.

Section F: Construction Period conditions

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Special Condition F1: Construction Period

1.1 The special conditions in this Section F set out the provisions that apply in respect of the Handover Works and in respect of and during the Construction Period.

1.2 The Licensee must also comply with the special conditions set out in Section J (*Overarching conditions*) where relevant.

Special Condition F2: Obligation to achieve Handover

Introduction

2.1 The purpose of this special condition is to set out the Licensee's obligations in relation to achieving Handover through completion of the Handover Works.

Structure

2.2 This special condition is structured as follows:

(a) Part A sets out the Licensee's obligation to achieve completion of the Handover Works;

(b) Part B requires the Licensee to provide quarterly updates to the Regulator in respect of the Handover Works;

(c) Part C requires the Licensee to notify the Regulator if the Licensee is reasonably likely to fail to achieve Handover by the Scheduled Handover Date;

(d) Part D requires the Licensee to notify the Regulator where the Licensee has failed to achieve Handover by the Scheduled Handover Date;

(e) Part E sets out the provisions which apply where certain of the Handover Works will not or cannot be completed on time; and

(f) Part F confirms that the Licensee may commence part(s) of the Commissioning Activities during the Construction Period.

Part A: Obligation to achieve completion of the Handover Works

2.3 The Licensee must:

(a) finance and carry out the Handover Works; and

(b) in doing so, use reasonable endeavours to achieve completion of the Handover Works by the Scheduled Handover Date.

Part B: Provision of quarterly updates in respect of the Handover Works

2.4 The Licensee must provide quarterly updates to the Regulator in the form approved by the Regulator setting out the Licensee's progress in respect of the Handover Works, including:

(a) progress in relation to the Project Programme; and

(b) details of the Licensee's forecasted spend against the relevant construction budget, including up-to-date details of all funding sources.

2.5 The first quarterly update provided in accordance with Special Condition F2.4 must be provided by the Licensee no later than 15 Business Days following the first End of Quarter Date to occur following Licence Award, with subsequent quarterly updates provided no later than 15 Business Days following each subsequent End of Quarter Date.

Part C: Notification of likely failure to achieve Handover by the Scheduled Handover Date

2.6 The Licensee must notify the Regulator as soon as reasonably practicable after the Licensee becomes aware that it is reasonably likely to fail to achieve Handover by the Scheduled Handover Date.

2.7 A notice issued by the Licensee to the Regulator under Special Condition F2.6 must give particulars of:

(a) the event(s) and/or circumstance(s) leading to such likely failure;

(b) the reasons behind such event(s) and/or circumstance(s);

(c) the actions that the Licensee has implemented, and/or will implement, to avoid such failure;

(d) the forecast impact of such failure, including:

(i) the impact on any third parties, including Users, Future Users and any potential Users;

(ii) the impact on the Licensee's financing arrangements; and

(iii) the length of delay to Handover resulting from such likely failure as well as any resulting potential delay to the Commercial Operations Date and how such potential delay has been calculated;

in each case as reasonably expected by the Licensee based on the information available to the Licensee at the time; and

(e) the actions that the Licensee proposes to implement to mitigate the impact of any such likely failure and any potential resulting delay.

Part D: Notification of failure to achieve Handover by the Scheduled Handover Date

2.8 The Licensee must promptly notify the Regulator where the Licensee fails to achieve Handover by the Scheduled Handover Date.

2.9 A notice issued by the Licensee to the Regulator under Special Condition F2.8 must give particulars of:

(a) the event(s) and/or circumstance(s) leading to such failure;

(b) the reasons behind such event(s) and/or circumstance(s);

(c) the actions that the Licensee implemented to attempt to avoid such failure;

(d) the forecast impact of such failure, including:

(i) the impact on any third parties, including Users, Future Users and any potential Users;

(ii) the impact on the Licensee's financing arrangements; and

(iii) the length of any delay to Handover resulting from such failure as well as any resulting potential delay to the Commercial Operations Date and how such potential delay has been calculated,

in each case as reasonably expected by the Licensee based on the information available to the Licensee at the time; and

(e) the actions that the Licensee proposes to implement to mitigate the impact of any such failure and any resulting delay.

Part E: Deferral of part(s) of the Handover Works where the Licensee is unable to complete them by the date of completion of the rest of the Handover Works

2.10 The Licensee must notify the Regulator if the Licensee considers that it is not, or will not be, able to complete any part of the Handover Works (such Handover Works, once notified, being the **"Notified Handover Works"**) prior to, or by no later than, the date of completion of the Handover Works other than the Notified Handover Works without causing undue delay to Handover.

2.11 A notice issued by the Licensee to the Regulator under Special Condition F2.10 must give particulars of:

(a) any investigations and additional works undertaken to try to complete the Notified Handover Works prior to, or by no later than, the date of completion of the Handover Works other than the Notified Handover Works;

(b) the root cause analysis detailing why the Notified Handover Works cannot be completed prior to, or by no later than, the date of completion of the Handover Works other than the Notified Handover Works;

(c) the forecast impact of not completing the Notified Handover Works prior to, or by no later than, the date of completion of the Handover Works other than the Notified Handover Works, including any impact on the Licensee's ability to carry out the Commissioning Activities and any potential delay to the Commercial Operations Date;

(d) the Licensee's proposed approach to mitigating the impact of non-completion of the Notified Handover Works prior to, or by no later than, the date of completion of the Handover Works other than the Notified Handover Works; and

(e) such other Supporting Information that the Regulator has notified the Licensee that the Regulator requires.

2.12 Where Special Condition F2.10 applies, the Regulator will review and consider the notice issued by the Licensee to the Regulator under Special Condition F2.10 and may:

(a) determine that all of the Notified Handover Works shall be deferred from the Construction Period and completed during the Commissioning Period as part of the Commissioning Activities;

(b) determine that part of the Notified Handover Works shall be deferred from the Construction Period and completed during the Commissioning Period as part of the Commissioning Activities; or

(c) determine that none of the Notified Handover Works shall be deferred from the Construction Period and completed during the Commissioning Period as part of the Commissioning Activities.

2.13 As part of any agreement or determination by the Regulator in respect of Deferred Handover Works under Special Condition F2.12, the Regulator will:

(a) impose such conditions as the Regulator considers appropriate in the context of the deferral of the Deferred Handover Works from the Construction Period into the Commissioning Period and make amendments to update the APDP to reflect such conditions;

(b) determine adjustments (if any) to the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance to reflect the deferral of the Deferred Handover Works from the Construction Period into the Commissioning Period and make amendments to update any relevant Project-Specific Documents to reflect any such adjustments; and

(c) make amendments to update the APDP to remove the Deferred Handover Works from the definition of "Handover Works" and include them in the definition of "Commissioning Activities" (and **"Handover Works"** and **"Commissioning Activities"** shall be construed accordingly for the purposes of this licence).

2.14 The Licensee must provide such assistance and such Supporting Information to the Regulator as the Regulator may require in connection with any Deferred Handover Works and/or Special Condition F2.12.

Part F: Commencement of Commissioning Activities during the Construction Period

2.15 The Licensee may commence the carrying out of any of the Commissioning Activities prior to Handover ("**Pre-Handover Commissioning Activities"**).

2.16 Prior to commencing any Pre-Handover Commissioning Activities, the Licensee shall notify the Regulator of the same, such notice to contain full particulars of the relevant Pre-Handover Commissioning Activities.

2.17 Following receipt of the Licensee's notice under Special Condition F2.16, the Regulator will determine adjustments (if any) to the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance to reflect the acceleration of the Pre-Handover Commissioning Activities from the Commissioning Period into the Construction Period and make amendments to update any relevant Project-Specific Documents to reflect any such adjustments.

2.18 The Licensee must provide such assistance and such Supporting Information to the Regulator as the Regulator may require in connection with any Pre-Handover Commissioning Activities and/or Special Condition F2.17.

Special Condition F3: Handover Date

Introduction

3.1 The purpose of this special condition is to set out the Licensee's obligations in respect of completion of the Handover Works.

Structure

3.2 This special condition is structured as follows:

(a) Part A requires the Licensee to notify the Regulator of the date of anticipated completion of the Handover Works; and

(b) Part B sets out the procedure for achieving Handover.

Part A: Notification of date of anticipated completion of the Handover Works

3.3 The Licensee must give the Regulator no less than 25 Business Days' notice of the date that it anticipates the Handover Works will be completed, together with the Supporting Information available at that time to substantiate the completion of any of the Handover Works.

3.4 In the event that the date notified to the Regulator under Special Condition F3.3 changes following the date of such notification, the Licensee must give the Regulator notice of the revised date of anticipated completion as soon as reasonably practicable following the change.

Part B: Completion of the Handover Works and achievement of Handover

3.5 As soon as reasonably practicable following issue of the Handover Certificate by the relevant Independent Certifier, the Licensee must provide to the Regulator:

(a) a certified copy of the Handover Certificate, which may be issued by the Independent Certifier notwithstanding that there are applicable Handover Punchlist Items; and

(b) any further Supporting Information that the Regulator has notified the Licensee that it requires in respect of the completion of the Handover Works.

3.6 Within 20 Business Days of receipt of the information in respect of the completion of the Handover Works under Special Condition F3.5, the Regulator will consider such information and will:

(a) determine that:

(i) the Handover Works are complete (notwithstanding that there may be Handover Punchlist Items); and

(ii) Handover has been achieved;

(b) determine that:

(i) the Handover Works are not complete; and

(ii) Handover has not been achieved;

(c) require further Supporting Information from the Licensee to determine whether the Handover Works have been completed; or

(d) otherwise inform the Licensee that it requires additional time to consider whether the Handover Works have been completed.

3.7 Where the Regulator:

(a) determines under Special Condition F3.6(b) that the Handover Works are not complete, the Licensee must:

(i) complete any outstanding Handover Works; and

(ii) refer the matter back to the relevant Independent Certifier,

and the procedures in Special Conditions F3.5 and F3.6 shall be repeated; or

(b) requires further Supporting Information from the Licensee under Special Condition F3.6(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition F3.6 shall be repeated,

in each case until the Regulator determines that the Handover Works are complete and Handover has been achieved.

Special Condition F4: SRAV During the Construction Period

Introduction

4.1 The purpose of this special condition is to set out how amounts will accrue to the SRAV for each SRAV Calculation Period during the Construction Period and how the Closing SRAV will be calculated for each SRAV Calculation Period during the Construction Period.

Structure

4.2 This special condition is structured as follows:

(a) Part A sets out how the SRAV will build-up during the Construction Period;

(b) Part B sets out certain provisions relating to the calculation of the SRAV;

(c) Part C sets out how the value of the Closing SRAV for each SRAV Calculation Period during the Construction Period will be calculated; and

(d) Part D sets out how the SRAV Additions for each SRAV Calculation Period during the Construction Period will be calculated.

Part A: SRAV build-up during the Construction Period

4.3 During the Construction Period, the:

(a) Re-use Assets Valuation (if any);

(b) SRAV Capex and Opex;

(c) Pass Through Costs;

(d) Ongoing Devex;

(e) Debt Fees;

(f) Disposals; and

(g) Return During Construction,

will accrue to an SRAV in accordance with the provisions of Special Condition F4.4 to Special Condition F4.9.

Part B: Calculation and Reconciliation of SRAV

4.4 In calculating the value of an SRAV in accordance with the provisions of this special condition, the Regulator will rely on input data provided by the Licensee for individual components of the calculation and any other evidence that may appropriately inform the Regulator's assessment of the validity of the data provided by the Licensee.

4.5 In accordance with Special Condition E2.2(e) (*Interpretation*), any values provided on a provisional basis must be updated by the Licensee in each SRAV Calculation Period with any interim updates reflecting the most accurate forecast available at that time, until such a time as the provisional value has been substituted for an actual value. Any such updates will be reflected in the calculation of the value of the SRAV for the relevant SRAV Calculation Period as part of the Annual Iteration Process.

4.6 As part of the Annual Iteration Process, the Regulator will also reconcile the calculation of the value of the SRAV for any relevant SRAV Calculation Period to reflect the correction of errors and/or revisions of data identified as a result of assurance activities.

4.7 An additional reconciliation of the SRAV will occur pursuant to the Post Commissioning Review in accordance with Special Condition H2 (*Post Commissioning Review*).

Part C: Calculation of the Closing SRAV

4.8 The Closing SRAV for each SRAV Calculation Period during the Construction Period will be calculated in real (Base Year) prices in accordance with the following formula:

$$\mathbf{CSRAV_t} = \mathbf{SRAV_{Day1}} + \left[\sum_{\mathbf{n=1}}^{\mathbf{t}} \mathbf{SRA_n}\right] + \left[\sum_{\mathbf{n=1}}^{\mathbf{t}} \mathbf{RDC_n}\right]$$

where:

Term	Description	Price Base
$CSRAV_t$	means the Closing SRAV as at the end of the SRAV Calculation Period	£ real (Base Year)
$SRAV_{Day1}$	means the Day1 SRAV	£ real (Base Year)
SRA_n	means for each SRAV Calculation $Period_n$, the SRAV Additions for that SRAV Calculation Period calculated in accordance with Special Condition F4.9	£ real (Base Year)
RDC_n	means for each SRAV Calculation $Period_n$, the Return During Construction for that SRAV Calculation Period calculated in accordance with Special Condition F12.3 (*Return During Construction*)	£ real (Base Year)

Part D: Calculation of SRAV Additions

4.9 The SRAV Additions for each SRAV Calculation Period during the Construction Period will be calculated in real (Base Year) prices in accordance with the following formula:

$$SRA_t = RUAV_t + SRAVCO_t + SRCOI_t + PTC_t + OD_t + DF_t - Dis_t$$

where:

Term	Description	Price Base
SRA_t	means the SRAV Additions for SRAV Calculation $Period_t$	£ real (Base Year)
$RUAV_t$	means the Re-use Assets Valuation (if any) for SRAV Calculation $Period_t$ calculated in accordance with Special Condition F5 (*Re-use Assets Valuation*)	£ real (Base Year)
$SRAVCO_t$	means the SRAV Capex and Opex for SRAV Calculation $Period_t$ calculated in accordance with Special Condition F6.3 (*SRAV Capex and Opex during the Construction Period*)	£ real (Base Year)
$SRCOI_t$	means the SRAV Capex and Opex Incentive for SRAV Calculation $Period_t$ calculated in accordance with Special Condition F7 (*SRAV Capex and Opex Incentive during the Construction Period*)	£ real (Base Year)
PTC_t	means the Pass Through Costs for SRAV Calculation $Period_t$ calculated in accordance with Special Condition F8.6 (*Pass Through Costs during the Construction Period*)	£ real (Base Year)
OD_t	means the Ongoing Devex for SRAV Calculation $Period_t$ calculated in accordance with Special Condition F9.6 (*Ongoing Devex during the Construction Period*)	£ real (Base Year)
DF_t	means the Debt Fees for SRAV Calculation $Period_t$ calculated in accordance with Special Condition F10.3 (*Debt Fees during the Construction Period*)	£ real (Base Year)
Dis_t	means any adjustment in respect of any approved disposals of T&S Assets determined by the Regulator for SRAV Calculation $Period_t$ in accordance with Special Condition F11 (*Disposals during the Construction Period*)	£ real (Base Year)

Special Condition F5: Re-use Assets Valuation

Introduction

5.1 The purpose of this special condition is to set out how the Re-use Assets Valuation is to:

(a) be calculated for each SRAV Calculation Period during the Construction Period; and

(b) accrue to the SRAV.

5.2 The Re-use Assets Valuation for each re-use asset shall, subject to Special Condition F5.3, accrue to the SRAV in the SRAV Calculation Period in which such asset is paid for by the Licensee.

5.3 The Regulator shall determine an adjustment to the Re-use Assets Valuation which is to accrue to the SRAV pursuant to Special Condition F5.2 to take account of any difference in the actual tax treatment of such re-use asset and the relevant tax assumption used in setting the relevant Re-Use Assets Valuation at Licence Award and which has had an impact on the Re-use Assets Valuation.

5.4 The Licensee must provide the Regulator with any information reasonably required to enable the Regulator to determine any adjustment to a Re-use Assets Valuation.

Special Condition F6: SRAV Capex and Opex during the Construction Period

Introduction

6.1 The purpose of this special condition is to set out how the SRAV Capex and Opex costs will be calculated and accrue to the SRAV for each SRAV Calculation Period during the Construction Period.

Structure

6.2 This special condition is structured as follows:

(a) Part A sets out the calculation of the SRAV Capex and Opex for each SRAV Calculation Period during the Construction Period;

(b) Part B sets out the how the Actual SRAV Capex and Opex Costs shall accrue to the SRAV; and

(c) Part C sets out certain information that must be provided by the Licensee in relation to its SRAV Capex and Opex Costs.

Part A: Calculation of SRAV Capex and Opex

6.3 The SRAV Capex and Opex for each SRAV Calculation Period during the Construction Period will be calculated in accordance with the following formula:

$$SRAVCO_t = ASRAVCO_t$$

where:

Term	Description	Price Base
$SRAVCO_t$	means the SRAV Capex and Opex for SRAV Calculation Period$_t$	£ real (Base Year)
$ASRAVCO_t$	means the Actual SRAV Capex and Opex Costs accrued to the SRAV during SRAV Calculation Period$_t$ in accordance with Special Condition F6.4	£ real (Base Year)

Part B: Accrual of Actual SRAV Capex and Opex Costs

6.4 The Licensee's Actual SRAV Capex and Opex Costs during the Construction Period shall accrue to the SRAV in real (Base Year) prices.

Part C: Provision of information

6.5 No later than 15 Business Days following each End of Quarter Date during the Construction Period, the Licensee must provide to the Regulator details of:

(a) the Actual SRAV Capex and Opex Costs incurred by the Licensee;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Actual SRAV Capex and Opex Costs for the current SRAV Calculation Period and all remaining SRAV Calculation Periods in the Construction Period and Commissioning Period;

(d) any updates to any values provided by the Licensee in accordance with Special Condition E2.2(e) (*Interpretation*); and

(e) any other information required relating to Capex and Opex pursuant to the RIGs or any Regulator guidance.

Special Condition F7: SRAV Capex and Opex Incentive during the Construction Period

Introduction

7.1 The purpose of this special condition is to set out how the SRAV Capex and Opex Incentive will be calculated for each SRAV Calculation Period during the Construction Period.

SRAV Capex and Opex Incentive

7.2 In order to determine the SRAV Capex and Opex Incentive, first the Cumulative Actual SRAV Capex and Opex during the Construction Period will be calculated in accordance with the following formula:

$$CASRAVCO_t = \sum_{n=SRC_{Con}}^{t} ASRAVCO_t$$

where:

Term	Description	Price Base
$CASRAVCO_t$	means the Cumulative Actual SRAV Capex and Opex during the Construction Period up to and including SRAV Calculation Period$_t$	£ real (Base Year)
$ASRAVCO_t$	means the Actual SRAV Capex and Opex Costs accrued to the SRAV during the Construction Period up to and including SRAV Calculation Period$_t$ in accordance with Special Condition F6.4 (*SRAV Capex and Opex during the Construction Period*)	£ real (Base Year)
SRC_{Con}	means the first SRAV Calculation Period during the Construction Period	N/A

7.3 Next, the Cumulative Capex and Opex Variance for the SRAV Calculation Period will be calculated in accordance with the following formula:

$$\mathbf{CCOV_t = SRAVCOA - CASRAVCO_t}$$

where:

Term	Description	Price Base
$CCOV_t$	means the Cumulative Capex and Opex Variance for SRAV Calculation Period$_t$	£ real (Base Year)
SRAVCOA	means the SRAV Capex and Opex Construction Period Allowance	£ real (Base Year)
$CASRAVCO_t$	means the Cumulative Actual SRAV Capex and Opex during the Construction Period up to and including SRAV Calculation Period$_t$	£ real (Base Year)

7.4 For each SRAV Calculation Period$_t$ during the Construction Period where the Cumulative Actual SRAV Capex and Opex for the Construction Period is greater than the SRAV Capex and Opex Construction Period Allowance (an **"SRAV Capex and Opex Construction Period Overspend"**), the SRAV Capex and Opex Incentive for the SRAV Calculation Period will be calculated in accordance with the following formula:

$$\boldsymbol{SRCOI_t = (CCOV_t - CCOV_{t-1}) \times SCOSF}$$

where:

Term	Description	Price Base
SRCOI$_t$	means the SRAV Capex and Opex Incentive for SRAV Calculation Period$_t$	£ real (Base Year)
CCOV$_t$	means the Cumulative Capex and Opex Variance for SRAV Calculation Period$_t$	£ real (Base Year)
CCOV$_{t-1}$	means the Cumulative Capex and Opex Variance for SRAV Calculation Period$_{t-1}$, which in respect of the first SRAV Calculation Period$_t$ in the Construction Period in which there is an SRAV Capex and Opex Construction Period Overspend only, shall be deemed to be zero	£ real (Base Year)
SCOSF	means the SRAV Capex and Opex Sharing Factor	N/A

7.5 For each SRAV Calculation Period$_t$ during the Construction Period where the Cumulative Actual SRAV Capex and Opex for the Construction Period is less than the SRAV Capex and Opex Construction Period Allowance, the SRAV Capex and Opex Incentive shall be set to zero other than for the final SRAV Calculation Period in the Construction Period where the SRAV Capex and Opex Incentive will be calculated in accordance with the following formula:

$$\boldsymbol{SRCOI_t = CCOV_t \times SCOSF}$$

where:

Term	Description	Price Base
SRCOI$_t$	means the SRAV Capex and Opex Incentive for the final SRAV Calculation Period in the Construction Period	£ real (Base Year)
CCOV$_t$	means the Cumulative Capex and Opex Variance for SRAV Calculation Period$_t$	£ real (Base Year)
SCOSF	means the SRAV Capex and Opex Sharing Factor	N/A

7.6 The value of any SRAV Capex and Opex Incentive calculated pursuant to:

(a) Special Condition F7.4 will be negative; and

(b) Special Condition F7.5 will either be zero or positive (as applicable).

Special Condition F8: Pass Through Costs during the Construction Period

Introduction

8.1 The purpose of this special condition is to set out how:

(a) the Pass Through Costs shall accrue to the SRAV during the Construction Period; and

(b) the Pass Through Costs will be calculated for each SRAV Calculation Period for the purposes of the calculation of the SRAV Additions pursuant to Special Condition F4.9 (*SRAV During the Construction Period*).

Structure

8.2 This special condition is structured as follows:

(a) Part A sets out the calculation to determine the Pass Through Costs for each SRAV Calculation Period during the Construction Period;

(b) Part B sets out the information required from the Licensee to evidence its Pass Through Costs; and

(c) Part C sets out the Pass Through Costs Review Procedure.

Part A: Calculation of Pass Through Costs

8.3 In accordance with Special Conditions F8.6, F8.8 and F8.10, the Licensee will be entitled to certain amounts, on a pass through basis, that are incurred by the Licensee during the Construction Period and which are outside of its control.

8.4 The Regulator may request evidence from the Licensee in support of any costs incurred by the Licensee in respect of which it is entitled to account for as part of the Pass Through Costs during the Construction Period.

8.5 The Licensee may request that the Regulator considers whether additional fees incurred or to be incurred by the Licensee to regulators in connection with the Approved T&S Network and which are outside of its control should be included in the calculation of Pass Through Costs by direction. Where the Regulator agrees to such direction, the Regulator will modify this licence as necessary to give effect to its direction.

8.6 The Pass Through Costs for each SRAV Calculation Period during the Construction Period will be calculated in accordance with the following formula:

$$PTC_t = BR_t + RLF_t + CELF_t + NSTAF_t + SCAF_t + EA_t + OPRED_t + IC_t$$

where:

Term	Description	Price Base
PTC_t	means the Pass Through Costs for SRAV Calculation Period$_t$	£ real (Base Year)
BR_t	means the Business Rates incurred by the Licensee during SRAV Calculation Period$_t$	£ real (Base Year)
RLF_t	means the Regulator Licence Fees incurred by the Licensee during SRAV Calculation Period$_t$	£ real (Base Year)
$CELF_t$	means the Crown Estate Lease Fees incurred by the Licensee during SRAV Calculation Period$_t$	£ real (Base Year)
$NSTAF_t$	means the NSTA Fees incurred by the Licensee during SRAV Calculation Period$_t$	£ real (Base Year)
$SCAF_t$	means the SCA Fee incurred by the Licensee during SRAV Calculation Period$_t$	£ real (Base Year)
EA_t	means the EA Fees incurred by the Licensee during SRAV Calculation Period$_t$	£ real (Base Year)
$OPRED_t$	means the OPRED Fees incurred by the Licensee during SRAV Calculation Period$_t$	£ real (Base Year)
IC_t	means the Independent Certifier Fees incurred by the Licensee during SRAV Calculation Period$_t$	£ real (Base Year)

Part B: Provision of information

8.7 No later than 15 Business Days following each End of Quarter Date during the Construction Period, the Licensee must provide to the Regulator details of:

(a) the Pass Through Costs incurred by the Licensee in the Quarter ending on such End of Quarter Date in accordance with the RIGs or any Regulator guidance including evidence:

(i) to substantiate that the Pass Through Costs incurred were unavoidable; and

(ii) that the Pass Through Costs were verified and mitigated by the Licensee to the extent possible; and

(b) the Licensee's forecast of any Pass Through Costs to be incurred in the current SRAV Calculation Period and all remaining SRAV Calculation Periods in the Construction Period and the Commissioning Period.

8.8 The Regulator will, using the information provided by the Licensee under Special Condition F8.7(a), assess any Pass Through Costs incurred by the Licensee in accordance with the Regulator's Cost Guidance. The Regulator will also assess the extent to which any Pass Through Costs incurred by the Licensee were unavoidable, verified and mitigated by the Licensee (to the extent possible). Where the Regulator considers that any Pass Through Costs were not unavoidable, verified and mitigated by the Licensee (to the extent possible), the Regulator may adjust the value of the Pass Through Costs by direction.

Part C: Pass Through Costs Review Procedure

8.9 The Licensee must engage with the Relevant Valuation Regulator and use reasonable endeavours to minimise its liabilities in respect of the Business Rates.

8.10 The Licensee must engage with any regulators whose fees form part of the calculation of the Pass Through Costs in accordance with Special Condition F8.6 to ensure that invoices are accurate and engage with any relevant charging review to minimise the Licensee's liabilities which are calculated as a part of the Pass Through Costs. The Licensee shall ensure that it engages fully in technical engagement with any regulator whose fees are part of the calculation of the Pass Through Costs in order to minimise these liabilities.

8.11 The Regulator may review the Licensee's engagement with the Relevant Valuation Regulator with respect to a revaluation.

8.12 If, after reviewing the Licensee's engagement in accordance with Special Condition F8.11 and requesting any Supporting Information required from the Licensee, the Regulator considers that the Licensee has not complied with Special Condition F8.9, the Regulator may adjust the value of the Pass Through Costs for an SRAV Calculation Period by direction.

8.13 Before making a direction under Special Condition F8.12 the Regulator will publish on the Regulator's Website:

(a) the text of the proposed direction;

(b) the reasons for the proposed direction; and

(c) a period during which representations may be made on the proposed direction, which must not be less than 28 days.

Special Condition F9: Ongoing Devex during the Construction Period

Introduction

9.1 The purpose of this special condition is to set out how:

(a) the Actual Ongoing Devex Costs and any Ongoing Devex Underspend Amounts shall accrue to the SRAV during the Construction Period; and

(b) the Ongoing Devex will be calculated for each SRAV Calculation Period during the Construction Period for the purpose of the calculation of the SRAV Additions under Special Condition F4.9 (*SRAV During the Construction Period*).

Structure

9.2 This special condition is structured as follows:

(a) Part A sets out how the Additional Pre-Licence Award Devex Costs shall form part of the Day1 SRAV;

(b) Part B sets out the calculation to determine the Ongoing Devex for each SRAV Calculation Period during the Construction Period;

(c) Part C sets out how the Actual Ongoing Devex Costs accrue to the SRAV;

(d) Part D sets out how costs will accrue to the SRAV where an Ongoing Devex Underspend has occurred during the Construction Period; and

(e) Part E sets out the information required from the Licensee in relation to its Ongoing Devex costs.

Part A: Additional Pre-Licence Award Devex

9.3 The Licensee's Additional Pre-Licence Award Devex Costs shall form part of the Day1 SRAV in real (Base Year) prices, provided that in the event that the Licensee's Additional Pre-Licence Award Devex Costs in relation to any relevant Ongoing Devex Allowance exceeds such Ongoing Devex Allowance, only the Additional Pre-Licence Award Devex Costs up to (but not exceeding) such Ongoing Devex Allowance shall form part of the Day1 SRAV.

9.4 The amount of the Additional Pre-Licence Award Devex Costs that shall form part of the Day1 SRAV will be notified to the Regulator by the Secretary of State prior to the first End of Quarter Date falling on 30 June after Licence Award.

9.5 The Regulator shall determine at the first Annual Iteration Process a negative adjustment to any relevant Ongoing Devex Allowance by an amount equal to the relevant Additional Pre-Licence Award Devex Costs which form part of the Day1 SRAV which relate to the set of development activities covered by such Ongoing Devex Allowance and shall make amendments to update any relevant Project-Specific Documents to reflect any such adjustments.

Part B: Calculation of Ongoing Devex

9.6 The Ongoing Devex for each SRAV Calculation Period during the Construction Period will be calculated in accordance with the following formula:

$$OD_t = AODC_t + ODUA_t$$

where:

Term	Description	Price Base
OD_t	means the Ongoing Devex for SRAV Calculation $Period_t$	£ real (Base Year)
$AODC_t$	means the Actual Ongoing Devex Costs accrued to the SRAV during SRAV Calculation $Period_t$ in accordance with Special Condition F9.7	£ real (Base Year)
$ODUA_t$	means any Ongoing Devex Underspend Amount that has accrued to the SRAV during SRAV Calculation $Period_t$ in accordance with Special Condition F9.10	£ real (Base Year)

Part C: Calculation of Actual Ongoing Devex Costs

9.7 The Licensee's Actual Ongoing Devex Costs shall accrue to the SRAV in real (Base Year) prices, provided that in the event that the Licensee's cumulative Actual Ongoing Devex Costs in relation to any relevant Ongoing Devex Allowance exceeds such Ongoing Devex Allowance, only the Actual Ongoing Devex Costs up to (but not exceeding) such Ongoing Devex Allowance shall accrue to the SRAV.

Part D: Ongoing Devex Underspend Amount

9.8 In the event that an Ongoing Devex Underspend has occurred during an SRAV Calculation Period in the Construction Period, then the provisions of Special Conditions F9.9 to F9.10 shall apply.

9.9 Where there has been an Ongoing Devex Underspend, the Licensee must provide to the Regulator evidence that:

(a) the activities associated with the relevant Ongoing Devex Allowance have been completed by the Licensee; and

(b) the Actual Ongoing Devex Costs incurred by the Licensee in relation to such activities are less than the relevant Ongoing Devex Allowance.

9.10 Provided that the Regulator is satisfied that there has been an Ongoing Devex Underspend, then the Ongoing Devex Underspend Amount shall accrue to the SRAV in real (Base Year) prices.

Part E: Provision of information

9.11 No later than 15 Business Days following each End of Quarter Date falling between Licence Award and the first Annual Iteration Process after Licence Award, the Licensee must provide to the Regulator and the Secretary of State details of:

(a) the Additional Pre-Licence Award Devex Costs incurred by the Licensee; and

(b) any relevant Ongoing Devex Allowance, with reference to the amount of Additional Pre-Licence Award Devex Costs incurred by the Licensee which relate to the set of development activities covered by such Ongoing Devex Allowance.

9.12 No later than 15 Business Days following each End of Quarter Date during the Construction Period, the Licensee must provide to the Regulator details of:

(a) the Actual Ongoing Devex Costs incurred by the Licensee;

(b) any relevant Ongoing Devex Allowance, with reference to the amount of Actual Ongoing Devex Costs incurred by the Licensee against such allowances;

(c) any Excluded Project Spend incurred by the Licensee;

(d) the Licensee's forecast Actual Ongoing Devex Costs to be incurred in the current SRAV Calculation Period and all remaining SRAV Calculation Periods in the Construction Period and the Commissioning Period;

(e) any updates to any values provided by the Licensee in accordance with Special Condition E2.2(e) (*Interpretation*); and

(f) any other information required relating to Ongoing Devex pursuant to the RIGs or any Regulator guidance.

9.13 For the avoidance of doubt, where the Licensee's Actual Ongoing Devex Costs incurred are in excess of any relevant Ongoing Devex Allowance, the Licensee shall still be required to provide details of such Actual Ongoing Devex Costs in accordance with Special Condition F9.11.

Special Condition F10 Debt Fees during the Construction Period

Introduction

10.1 The purpose of this special condition is to set out how the Actual Debt Fee Costs will be calculated and accrue to the SRAV for each SRAV Calculation Period during the Construction Period.

Structure

10.2 This special condition is structured as follows:

(a) Part A sets out the calculation of the Debt Fees for each SRAV Calculation Period during the Construction Period;

(b) Part B sets out the how the Actual Debt Fee Costs shall accrue to the SRAV; and

(c) Part C sets out certain information that must be provided by the Licensee in relation to its Actual Debt Fee Costs.

Part A: Calculation of Debt Fees

10.3 The Debt Fees for each SRAV Calculation Period during the Construction Period will be calculated in accordance with the following formula:

$$\boldsymbol{DF_t = ADF_t}$$

where:

Term	Description	Price Base
DF_t	means the Debt Fees for SRAV Calculation Period$_t$	£ real (Base Year)
ADF_t	means the Actual Debt Fee Costs accrued to the SRAV during SRAV Calculation Period$_t$ in accordance with Special Conditions F10.4 to F10.6	£ real (Base Year)

Part B: Actual Debt Fee Costs

10.4 Subject to Special Condition F10.6, the Licensee's Actual Debt Fee Costs shall accrue to the SRAV in real (Base Year) prices, provided that in the event that the Licensee's cumulative Actual Debt Fee Costs exceed the Debt Fee Allowance, only the Actual Debt Fee Costs up to (but not exceeding) the Debt Fee Allowance shall accrue to the SRAV.

10.5 To give effect to limb (c) of the definition of Actual Debt Fee Costs and limb (b) of the definition of Excluded Project Spend, any fees incurred by the Licensee in respect of the facilities listed as "Adjustment for Notional Gearing" in the column entitled "Full Reimbursement or Prorating of Fees" in Part A (*All Licensee debt facilities*) of Schedule 8

(*Licensee debt facilities*) shall be pro-rated in accordance with the methodology set out in the column entitled "Full Reimbursement or Prorating of Fees" in Part A of Schedule 8, and only such pro-rated fees shall accrue to the SRAV as Actual Debt Fee Costs.

10.6 In the event that the Licensee incurs Actual Debt Fee Costs in respect of the facilities set out in Part B (*Facilities capable of Debt Fee Allowance adjustment*) of Schedule 8 which are in excess of the Debt Fee Allowance, then the Regulator shall determine an adjustment to the Debt Fee Allowance to reflect such Actual Debt Fee Costs incurred in excess of the Debt Fee Allowance and will make amendments to update any relevant Project-Specific Documents to reflect such adjustment.

Part C: Provision of information

10.7 No later than 15 Business Days following each End of Quarter Date during the Construction Period, the Licensee must provide to the Regulator details of:

(a) the Actual Debt Fee Costs incurred by the Licensee;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Actual Debt Fee Costs for the current SRAV Calculation Period and all remaining SRAV Calculation Periods in the Construction Period and Commissioning Periods;

(d) any updates to any values provided by the Licensee in accordance with Special Condition E2.2(e) (*Interpretation*); and

(e) any other information required relating to the Debt Fees pursuant to the RIGs or any Regulator guidance.

Special Condition F11 Disposals during the Construction Period

Introduction

11.1 This special condition sets out how the Regulator will determine any adjustments to the SRAV in respect of any permitted Disposals of T&S Assets.

Calculation of SRAV Adjustment

11.2 Where there is a Disposal of a T&S Asset which is permitted under Standard Condition B12 (*Disposal of assets and restrictions on charges*), the Licensee must provide to the Regulator details of:

(a) the actual sale value of the T&S Asset subject to a permitted Disposal;

(b) the value ascribed to such T&S Asset in the SRAV; and

(c) any further information in relation to such Disposal as is required by the Regulator.

11.3 Following receipt of the information required pursuant to Special Condition F11.2, the Regulator will determine an adjustment to the SRAV to reflect the impact on the SRAV of the Disposal of such T&S Asset and will make any required amendments to update any relevant Project-Specific Document to reflect such Disposal.

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Special Condition F12: Return During Construction

Introduction

12.1 The purpose of this special condition is to set out how the Return During Construction is to:

(a) be calculated for each SRAV Calculation Period during the Construction Period; and

(b) accrue to the SRAV.

Structure

12.2 This special condition is structured as follows:

(a) Part A sets out the calculation of the Return During Construction for each SRAV Calculation Period; and

(b) Part B explains how the Return During Construction will accrue to the SRAV.

Part A: Calculation of Return During Construction

12.3 The Return During Construction for the first SRAV Calculation Period during the Construction Period other than where the first SRAV Calculation Period during the Construction Period is a part year, will be calculated in accordance with the following formula:

$$\boldsymbol{RDC_t = PreCODWACC_t \times (Day1SRAV + \frac{SRA_t}{2 + PreCODWACC})}$$

where:

Term	Description	Price Base
RDC_t	means the Return During Construction for SRAV Calculation Period$_t$	£ real (Base Year)
PreCOD $WACC_t$	means the PreCOD WACC for SRAV Calculation Period$_t$	N/A
Day1SRAV	means the Day1 SRAV	£ real (Base Year)
SRA_t	means the SRAV Additions for SRAV Calculation Period$_t$ calculated in accordance with Special Condition F4.9 (*SRAV During the Construction Period*)	£ real (Base Year)

12.4 The Return During Construction for the first SRAV Calculation Period during the Construction Period where such SRAV Calculation Period is a part year will be calculated in accordance with the following formula:

$$\boldsymbol{RDC_t} = ((\mathbf{1} + \boldsymbol{PreCODWACC_t})^{\boldsymbol{Partial\ Period\ Share}} - \mathbf{1}) \times (\boldsymbol{Day1SRAV} + \frac{\boldsymbol{SRA_t}}{\mathbf{2} + ((\mathbf{1} + \boldsymbol{PreCODWACC_t})^{\boldsymbol{Partial\ Period\ Share}} - \mathbf{1})})$$

where:

Term	Description	Price Base
RDC_t	means the Return During Construction for SRAV Calculation Period$_t$	£ real (Base Year)
PreCOD $WACC_t$	means the PreCOD WACC for SRAV Calculation Period$_t$	N/A
Partial Period Share	means the share of the partial period in SRAV Calculation Period$_t$ and which is calculated by dividing the number of days in the partial period by the number of days that there would have been in SRAV Calculation Period$_t$ had SRAV Calculation Period$_t$ not been a part year	N/A
Day1SRAV	means the Day1 SRAV	£ real (Base Year)
SRA_t	means the SRAV Additions for SRAV Calculation Period$_t$ calculated in accordance with Special Condition F4.9	£ real (Base Year)

12.5 The Return During Construction for each SRAV Calculation Period during the Construction Period other than:

(a) the first SRAV Calculation Period during the Construction Period; and

(b) any SRAV Calculation Period during the Construction Period which is a part year,

will be calculated in accordance with the following formula:

$$\boldsymbol{RDC_t} = \boldsymbol{PreCODWACC_t} \times (\boldsymbol{CSRAV_{t-1}} + \frac{\boldsymbol{SRA_t}}{\mathbf{2} + \boldsymbol{PreCODWACC}})$$

where:

Term	Description	Price Base
RDC_t	means the Return During Construction for SRAV Calculation Period$_t$	£ real (Base Year)
PreCOD $WACC_t$	means the PreCOD WACC for SRAV Calculation Period$_t$	N/A
$CSRAV_{t-1}$	means the Closing SRAV for SRAV Calculation Period$_{t-1}$	£ real (Base Year)

Term	Description	Price Base
SRA_t	means the SRAV Additions for SRAV Calculation Period$_t$ calculated in accordance with Special Condition F4.9	£ real (Base Year)

12.6 The Return During Construction for each SRAV Calculation Period during the Construction Period which is a part year, other than the first SRAV Calculation Period during the Construction Period, will be calculated in accordance with the following formula:

$$\boldsymbol{RDC_t = ((1 + PreCODWACC_t)^{Partial\ Period\ Share} - 1) \times (CSRAV_{t-1} + \frac{SRA_t}{2 + ((1 + PreCODWACC_t)^{Partial\ Period\ Share} - 1)})}$$

where:

Term	Description	Price Base
RDC_t	means the Return During Construction for SRAV Calculation Period$_t$	£ real (Base Year)
PreCOD $WACC_t$	means the PreCOD WACC for SRAV Calculation Period$_t$	N/A
Partial Period Share	means the share of the partial period in SRAV Calculation Period$_t$ and which is calculated by dividing the number of days in the partial period by the number of days that there would have been in SRAV Calculation Period$_t$ had SRAV Calculation Period$_t$ not been a part year	N/A
$CSRAV_{t-1}$	means the Closing SRAV for SRAV Calculation Period$_{t-1}$	£ real (Base Year)
SRA_t	means the SRAV Additions for SRAV Calculation Period$_t$ calculated in accordance with Special Condition F4.9	£ real (Base Year)

12.7 In the event that the SRAV Additions for an SRAV Calculation Period include material cost items that have not been incurred by the Licensee evenly over the relevant SRAV Calculation Period and the Regulator considers that this will result in a material impact on the calculation of the Return During Construction for such SRAV Calculation Period, the Regulator will have the right to determine an adjustment (which may be positive or negative) to the Return During Construction for such SRAV Calculation Period to account for the impact of such material cost item having not been incurred evenly over such SRAV Calculation Period.

12.8 In accordance with Special Condition F4.5, any values used in the calculation of the Return During Construction which have been provided by the Licensee on a provisional basis must be updated by the Licensee in the next SRAV Calculation Period and such updates will be subject to a reconciliation by the Regulator in accordance with Special Condition F4.5.

Part B: Accrual of Return During Construction

12.9 The Return During Construction calculated in accordance with Special Conditions F12.3 to F12.6 as relevant shall accrue to the SRAV.

Section G: Commissioning Period conditions

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Special Condition G1: Commissioning Period

1.1 The special conditions in this Section G set out the provisions that apply in respect of the Commissioning Activities and in respect of and during the Commissioning Period.

1.2 The Licensee must also comply with the special conditions set out in Section J (*Overarching conditions*) where relevant.

Special Condition G2: Obligation to achieve System Acceptance

Introduction

2.1 The purpose of this special condition is to set out the Licensee's obligations in relation to achieving System Acceptance.

Structure

2.2 This special condition is structured as follows:

(a) Part A sets out the Licensee's obligation to achieve completion of the Commissioning Activities;

(b) Part B requires the Licensee to provide monthly updates to the Regulator in respect of the Commissioning Activities;

(c) Part C requires the Licensee to notify the Regulator if the Licensee is reasonably likely to fail to achieve System Acceptance by (i) the Scheduled COD; and/or (ii) the Longstop Date;

(d) Part D requires the Licensee to notify the Regulator where the Licensee has failed to achieve System Acceptance by (i) the Scheduled COD; or (ii) the Longstop Date; and

(e) Part E sets out the provisions which apply where certain of the Commissioning Activities will not or cannot be completed on-time.

Part A: Obligation to achieve completion of the Commissioning Activities

2.3 The Licensee must:

(a) finance and complete the Commissioning Activities; and

(b) in doing so, use reasonable endeavours to achieve the System Acceptance by the Scheduled COD, and in any event, achieve System Acceptance by the Longstop Date.

Part B: Provision of monthly updates in respect of the Commissioning Activities

2.4 The Licensee must provide updates to the Regulator in the form approved by the Regulator setting out the Licensee's progress in respect of the Commissioning Activities in each Commissioning Month in relation to the Project Programme, which update shall:

(a) include:

(i) progress in relation to the Project Programme; and

(ii) details of the Licensee's forecasted spend against the relevant construction and commissioning budget including up-to-date details of all funding sources; and

(b) in each case be provided no later than five Business Days following the expiry of the relevant Commissioning Month.

Part C: Notification of likely failure to achieve System Acceptance by (i) the Scheduled COD; or (ii) the Longstop Date

2.5 The Licensee must notify the Regulator as soon as reasonably practicable after the Licensee becomes aware that it is reasonably likely to fail to achieve System Acceptance by:

(a) the Scheduled COD; and/or

(b) the Longstop Date.

2.6 A notice issued by the Licensee to the Regulator under Special Condition G2.5 must give particulars of:

(a) the event(s) and/or circumstance(s) leading to such likely failure;

(b) the reasons behind such event(s) and/or circumstance(s);

(c) the actions that the Licensee has implemented, and/or will implement, to avoid such likely failure;

(d) the forecast impact of such likely failure, including:

(i) the impact on any third parties, including Users, Future Users and any potential Users;

(ii) the impact on the Licensee's financing arrangements; and

(iii) the length of any delay to the Commercial Operations Date resulting from such likely failure and how such potential delay has been calculated,

in each case as reasonably expected by the Licensee based on the information available to the Licensee at the time; and

(e) the actions that the Licensee proposes to implement to mitigate the impact of any such likely failure and any potential resulting delay.

Part D: Notification of failure to achieve System Acceptance by (i) the Scheduled COD; or (ii) the Longstop Date

2.7 The Licensee must promptly notify the Regulator where the Licensee fails to achieve System Acceptance by:

(a) the Scheduled COD; and/or

(b) the Longstop Date.

2.8 A notice issued by the Licensee to the Regulator under Special Condition G2.7 must give particulars of:

(a) the event(s) and/or circumstance(s) leading to such failure;

(b) the reasons behind such event(s) and/or circumstance(s);

(c) the actions that the Licensee implemented to attempt to avoid such failure;

(d) the forecast impact of such failure, including:

(i) the impact on any third parties, including Users, Future Users and any potential Users;

(ii) the impact on the Licensee's financing arrangements; and

(iii) the length of any delay to the Commercial Operations Date resulting from such failure,

in each case as reasonably expected by the Licensee based on the information available to the Licensee at the time; and

(e) the actions that the Licensee proposes to implement to mitigate the impact of any such failure and any resulting delay.

Part E: Deferral of part(s) of the Commissioning Activities where the Licensee is unable to complete them by the date of completion of the rest of the Commissioning Activities

2.9 The Licensee must notify the Regulator if the Licensee considers that:

(a) it is not, or will not be, able to complete any part of the Commissioning Activities without causing undue delay to System Acceptance; and/or

(b) taking into consideration all relevant circumstances and acting in accordance with Good Industry Practice, it is not, or would not, be economic, efficient and effective to complete any part of the Commissioning Activities,

(in each case such Commissioning Activities, once notified, being the **"Notified Commissioning Activities"**), prior to, or by no later than, the date of completion of the Commissioning Activities other than the Notified Commissioning Activities.

2.10 A notice issued by the Licensee to the Regulator under Special Condition G2.9 must give particulars of:

(a) any investigations and additional works undertaken to try to complete the Notified Commissioning Activities prior to, or by no later than, the date of completion of the Commissioning Activities other than the Notified Commissioning Activities;

(b) the root cause analysis detailing why the Notified Commissioning Activities cannot or will not be completed prior to, or by no later than, the date of completion of the Commissioning Activities other than the Notified Commissioning Activities and/or where Special Condition G2.9(b) applies, a detailed justification, together with relevant Supporting Information, as to why the Licensee considers that it is not, or would not, be economic, efficient and effective to complete any part of the Notified Commissioning Activities prior to, or by no later than, the date of completion of the Commissioning Activities other than the Notified Commissioning Activities;

(c) the forecast impact of not completing the Notified Commissioning Activities prior to, or by no later than, the date of completion of the Commissioning Activities other than the Notified Commissioning Activities, including any impact on:

(i) any third parties, including Users, Future Users and any potential Users, including, where relevant, a confirmation that any Users that are scheduled to connect to the T&S Network in the six-month period immediately following the notice, or Scheduled COD, whichever is later, will not be impacted by the non-completion of the Notified Commissioning Activities prior to, or by no later than, the date of completion of the Commissioning Activities other than the Notified Commissioning Activities;

(ii) the Licensee's ability to carry out other Commissioning Activities; and

(iii) any potential delay to the Commercial Operations Date;

(d) the Licensee's proposed approach to mitigating the impact of non-completion of the Notified Commissioning Activities prior to, or by no later than, the date of completion of the Commissioning Activities other than the Notified Commissioning Activities; and

(e) such other Supporting Information that the Regulator has notified the Licensee that the Regulator requires.

2.11 Where Special Condition G2.9 applies the Regulator will review and consider the notice issued by the Licensee to the Regulator under Special Condition G2.9 and may:

(a) determine that all of the Notified Commissioning Activities shall be removed from the Commissioning Activities and completed in the Operational Period as part of the Phase 2 Activities;

(b) determine that part of the Notified Commissioning Activities shall be removed from the Commissioning Activities and completed in the Operational Period as part of the Phase 2 Activities; or

(c) determine that none of the Notified Commissioning Activities shall be removed from the Commissioning Activities and completed in the Operational Period as part of the Phase 2 Activities.

2.12 As part of any agreement or determination made by the Regulator in respect of Deferred Commissioning Activities under Special Condition G2.11, the Regulator will:

(a) impose such conditions as the Regulator considers appropriate, in the context of the deferral of the Deferred Commissioning Activities from the Commissioning Period into the Operational Period and make amendments to update the APDP to reflect such conditions;

(b) determine adjustments (if any) to the SRAV Capex and Opex Commissioning Period Allowance, the Ongoing Capex Allowance and the Opex Allowance to reflect the deferral of the Deferred Commissioning Activities from the Commissioning Period into

the Operational Period and make amendments to update any relevant Project-Specific Documents to reflect any such adjustments; and

(c) make amendments to update:

(i) the Technical Details Document to include one or more Scheduled Phase 2 Handover Dates and Scheduled Phase 2 Acceptance Dates (as may be applicable) in respect of the Deferred Commissioning Activities; and

(ii) the APDP to remove the Deferred Commissioning Activities from the definition of "Commissioning Activities" and include them as a Phase 2 Tranche (or as Phase 2 Tranches as appropriate) and include any associated testing and certification requirements (and **"Commissioning Activities"**, and **"Phase 2 Activities"** shall thereafter be construed accordingly for the purposes of this licence).

2.13 The Licensee must provide such assistance and such Supporting Information as the Regulator may require in connection with any Deferred Commissioning Activities and/or Special Condition G2.11.

Special Condition G3: COD Readiness

Introduction

3.1 The purpose of this special condition is to set out the provisions that apply in relation to COD Readiness and COD Readiness Activities.

Structure

3.2 This special condition is structured as follows:

(a) Part A sets out the provisions which apply where certain of the COD Readiness Activities will not or cannot be completed on-time; and

(b) Part B sets out the procedure for achieving COD Readiness.

Part A: Deferral of part(s) of the COD Readiness Activities where the Licensee is unable to complete them for the purposes of COD Readiness

3.3 The Licensee must notify the Regulator if the Licensee considers that:

(a) it is not, or will not be, able to complete any part of the COD Readiness Activities for the purpose of achieving COD Readiness; and/or

(b) taking into consideration all relevant circumstances and acting in accordance with Good Industry Practice, it is not, or would not, be economic, efficient and effective to complete any part of the COD Readiness Activities for the purpose of achieving COD Readiness,

in each case such COD Readiness Activities, once notified, being the **"Notified COD Readiness Activities"**.

3.4 A notice issued by the Licensee to the Regulator under Special Condition G3.3 must give particulars of:

(a) any investigations and additional works undertaken by the Licensee to try to complete the Notified COD Readiness Activities for the purpose of achieving COD Readiness;

(b) the root cause analysis detailing why the Notified COD Readiness Activities cannot be completed for the purpose of achieving COD Readiness;

(c) the forecast impact of not completing the Notified COD Readiness Activities for the purpose of achieving COD Readiness, including any impact on the Licensee's ability to carry out other COD Readiness Activities and/or Commissioning Activities and any potential delay to the Commercial Operations Date;

(d) where Special Condition G3.3(b) applies, a detailed justification, together with relevant Supporting Information, as to why the Licensee considers that it is not, or would not, be economic, efficient and effective to complete the Notified COD Readiness Activities for the purpose of achieving COD Readiness;

(e) the Licensee's proposed approach to mitigating the impact of non-completion of the Notified COD Readiness Activities for the purpose of achieving COD Readiness; and

(f) such other Supporting Information that the Regulator notifies the Licensee that the Regulator requires.

3.5 Where Special Condition G3.3 applies the Regulator will review and consider the notice issued by the Licensee to the Regulator under Special Condition G3.3 and may:

(a) determine that all of the Notified COD Readiness Activities are removed from the COD Readiness Activities for the purpose of achieving COD Readiness;

(b) determine that part of Notified COD Readiness Activities are removed from the COD Readiness Activities for the purpose of achieving COD Readiness; or

(c) determine that none of the Notified COD Readiness Activities shall be removed from the COD Readiness Activities for the purpose of achieving COD Readiness.

3.6 As part of any agreement or determination in respect of Removed COD Readiness Activities under Special Condition G3.5, the Regulator will:

(a) impose such conditions as the Regulator considers appropriate in the context of the removal of the Removed COD Readiness Activities from the COD Readiness Activities for the purpose of achieving COD Readiness and make amendments to update the APDP to reflect such conditions;

(b) confirm that such Removed COD Readiness Activities continue to form part of the Commissioning Activities; and

(c) make amendments to update the APDP to remove the relevant Removed COD Readiness Activities from the definition of "COD Readiness Activities" (and the term **"COD Readiness Activities"** shall thereafter be construed accordingly for the purposes of this licence).

3.7 The Licensee must provide such assistance and such Supporting Information to the Regulator as the Regulator may require in connection with any Removed COD Readiness Activities and/or Special Condition G3.5.

Part B: Achievement of COD Readiness

3.8 Where the Licensee wishes to achieve COD Readiness for the purposes of Special Condition G4 (*First User Delay*), the Licensee must provide to the Regulator:

(a) a certified copy of the COD Readiness Certificate, which may be issued by the Independent Certifier notwithstanding that there are applicable COD Readiness Punchlist Items; and

(b) any further Supporting Information that the Regulator has notified the Licensee that it requires in respect of the completion of the COD Readiness Activities.

3.9 Within 20 Business Days of receipt of the information in respect of the completion of the COD Readiness Activities under Special Condition G3.8 in respect of the completion of the COD Readiness Activities, the Regulator will consider such information and will:

(a) determine:

(i) that the COD Readiness Activities are complete (notwithstanding that there may be applicable COD Readiness Punchlist Items);

(ii) that COD Readiness has been achieved; and

(iii) the date on which the COD Readiness was achieved, being the date on which the Licensee provided all Supporting Information (including the certified copy of the COD Readiness Certificate) in respect of the completion of the COD Readiness Activities required by the Regulator in accordance with Special Condition G3.8; or

(b) determine that:

(i) the COD Readiness Activities are not complete; and

(ii) COD Readiness has not been achieved; or

(c) require further Supporting Information from the Licensee to determine whether the COD Readiness Activities have been completed; and/or

(d) otherwise inform the Licensee that it requires additional time to consider whether the COD Readiness Activities have been completed.

3.10 Where the Regulator:

(a) determines under Special Condition G3.9(b) that the COD Readiness Activities are not complete, the Licensee must:

(i) complete any outstanding COD Readiness Activities; and

(ii) refer the matter back to the relevant Independent Certifier,

and the procedures in Special Conditions G3.8 and G3.9 shall be repeated; or

(b) requires further Supporting Information from the Licensee under Special Condition G3.9(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition G3.9 shall be repeated,

in each case until the Regulator determines to the Licensee that the COD Readiness Activities are complete and COD Readiness has been achieved.

Special Condition G4: First User Delay

Introduction

4.1 The purpose of this special condition is to set out the provisions that apply in relation to an Event of First User Delay.

Structure

4.2 This special condition is structured as follows:

(a) Part A sets out the Licensee's obligations and options in circumstances where one or more First User(s) is causing delay to the COD beyond the Scheduled COD;

(b) Part B sets out the process for determination of the occurrence of an Event of First User Delay;

(c) Part C sets out the process for calculation of the Proposed Revised Scheduled COD;

(d) Part D sets out the process for determination of the Proposed Revised Scheduled COD;

(e) Part E provides for the Regulator to determine certain amounts relating to Events of First User Delays; and

(f) Part F sets out a process for the Regulator to determine an adjustment to the SRAV to take account of any payments made to the Licensee pursuant to the Revenue Support Agreement in respect of an Event of First User Delay.

Part A: Delay Notice

4.3 Where the Licensee:

(a) has achieved COD Readiness; and

(b) reasonably believes that one or more First User is causing, or shall cause, delay to the COD beyond the Scheduled COD (including where the relevant First User(s) is supplying CO_2 in insufficient volumes or with insufficiently stable flows of CO_2 for the purposes of the relevant Post COD Readiness Commissioning Activities, which results in a relevant delay), the Licensee:

(i) must use reasonable endeavours to mitigate the impact of the action or inaction of such First User(s); and

(ii) may provide to the Regulator a relevant Delay Notice or (as the case may be) a copy of the relevant Delay Notice(s).

Part B: Regulator consideration of Delay Notice

4.4 Following receipt of a Delay Notice or copy of a Delay Notice (as the case may be) (or, in each case, Delay Notices) from the Licensee under Special Condition G4.3(b), the Regulator will, having considered the circumstances of the relevant delay as detailed in the relevant Delay Notice(s):

(a) determine that it is satisfied that the delay to the COD is, or will be, caused by one or more First User (including where the relevant First User(s) is supplying CO_2 in insufficient volumes or with insufficiently stable flows of CO_2 for the purposes of the relevant Post COD Readiness Commissioning Activities, which results in a relevant delay), in which case, the Regulator will determine:

(i) that an **"Event of First User Delay"** has occurred;

(ii) the date on which such Event of First User Delay occurred; and

(iii) the period of delay caused by the Event of First User Delay; or

(b) determine that the delay is, or was, not caused by one or more First User; or

(c) require further Supporting Information from the Licensee to determine whether the delay is, or was, caused by one or more First User.

4.5 Where the Regulator requires further Supporting Information from the Licensee under Special Condition G4.4(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition G4.4 shall be repeated until the Regulator determines that either:

(a) the delay is, or was, caused by one or more First User; or

(b) the delay is, or was, not caused by one or more First User.

Part C: Calculation of Proposed Revised Scheduled COD

4.6 Where the Regulator has determined that an Event of First User Delay has occurred pursuant to Special Condition G4.4(a), promptly following a notification by the Licensee under Special Condition G4.3 regarding a consequent delay to the Scheduled COD, the Licensee must calculate the date on which the Licensee anticipates the delayed Commercial Operations Date shall occur (a **"Proposed Revised Scheduled COD"**).

4.7 When calculating a Proposed Revised Scheduled COD, the Licensee must:

(a) act reasonably and in accordance with Good Industry Practice;

(b) take into account all relevant circumstances, including the need to mitigate delay and/or the impact of delay on the Commissioning Activities; and

(c) act in a transparent and proportionate manner.

Part D: Extension to the Scheduled COD

4.8 Where Special Conditions G2.5 (*Obligation to achieve System Acceptance)*, G4.6 and G4.7 apply:

(a) the Licensee must promptly notify the Regulator of the relevant Proposed Revised Scheduled COD and must provide to the Regulator upon request satisfactory Supporting Information that, when calculating such Proposed Revised Scheduled COD, the Licensee complied with the requirements of Special Condition G4.7;

(b) following receipt of the notice referred to in Special Condition G4.8(a), the Regulator will consider the relevant Proposed Revised Scheduled COD, together with any Supporting Information provided by the Licensee in respect of the calculation of such date, and will:

(i) determine that such Proposed Revised Scheduled COD is accepted and, for the purposes of these licence conditions, shall apply by way of extension to the Scheduled COD; or

(ii) determine that such Proposed Revised Scheduled COD is not accepted; or

(iii) require further Supporting Information from the Licensee in respect of such Proposed Revised Scheduled COD and its calculation; and

(c) where the Regulator:

(i) determines under Special Condition G4.8(b)(ii) that a Proposed Revised Scheduled COD is not accepted, the Licensee must revisit its calculation of the relevant Proposed Revised Scheduled COD and the procedures in Special Conditions G4.8(a) and G4.8(b) shall be repeated; or

(ii) requires further Supporting Information from the Licensee under Special Condition G4.8(b)(iii), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition G4.8(b) shall be repeated; and

(d) where, following the proposal of a revised Proposed Revised Scheduled COD pursuant to Special Condition G4.8(c)(i), the Regulator determines under Special Condition G4.8(b)(ii) that the revised Proposed Revised Scheduled COD is not accepted, the Regulator will determine the date which shall instead apply by way of extension to the Scheduled COD for the purposes of these licence conditions.

Part E: Regulator determination of First User Delay amounts

4.9 Where the Regulator has determined that an Event of First User Delay has occurred pursuant to Special Condition G4.4(a), the Regulator will determine the Allowed Unavoidable Opex.

4.10 Within ten Business Days following the end of, as applicable:

(a) each relevant SRAV Calculation Period during which an Event of First User Delay is continuing; or

(b) the SRAV Calculation Period within which the Event of First User Delay has ceased,

the Licensee must provide to the Regulator:

(i) the Difference Payment Calculations and all Difference Payment Information that the Licensee has submitted to the RSA Counterparty for First User Delay Difference Payments pursuant to the Revenue Support Agreement, including a breakdown of:

(A) any amounts incurred by the Licensee in respect of:

(aa) Allowed Unavoidable Opex in nominal terms and any other costs incurred by the Licensee that the Licensee considers to be Unavoidable Opex;

(bb) Allowed Cost of Debt;

(cc) Allowed Cost of Equity; and

(dd) Allowed Cost of Depreciation; and

(B) any adjustment in respect of a previous First User Delay Difference Payment Reconciliation Amount owed to the Licensee,

in respect of the relevant SRAV Calculation Period to which the Difference Payment Calculations relate; and

(c) any further information reasonably required by the Regulator from the Licensee to enable the Regulator to determine the amounts referred to in Special Condition G4.10.

4.11 Following receipt of the information from the Licensee in accordance with Special Condition G4.10, the Regulator will determine the amounts referred to in Special Condition G4.10 in respect of the relevant SRAV Calculation Period and such amount shall form part of the Licensee's evidence of Regulator determination for the relevant First User Delay Difference Payment Reconciliation Amount under the Revenue Support Agreement.

Part F: Adjustment to SRAV in respect of Event of First User Delay

4.12 In the event that:

(a) the Licensee is entitled to a payment in respect of an Event of First User Delay under the Revenue Support Agreement, either pursuant to any First User Delay Difference Payment, First User Delay Difference Payment Reconciliation Amount or as part of any Final Reconciliation Difference Payment; or

(b) where there is a negative First User Delay Difference Payment Reconciliation Amount owed to the Licensee under the Revenue Support Agreement,

the Regulator will, to the extent required to ensure that there is no double recovery by the Licensee of any amounts covered by the payments in respect of an Event of First User Delay under the Revenue Support Agreement under this licence, determine an adjustment to the SRAV as part of the Post Commissioning Review.

Special Condition G5: Longstop Date

Introduction

5.1 The purpose of this special condition is to set out the provisions that apply in relation to the Licensee's obligations to achieve System Acceptance by the Longstop Date and any extensions to the Longstop Date.

Structure

5.2 This special condition is structured as follows:

(a) Part A sets out the circumstances in which the Licensee's obligations under Special Condition G5.4 shall apply;

(b) Part B sets out the Licensee's obligations to produce a remedial plan;

(c) Part C sets out the Licensee's obligations to take account of the Regulator's comments and produce a revised remedial plan;

(d) Part D provides for the extension of the Longstop Date in certain circumstances; and

(e) Part E requires the Licensee to provide updates to the Regulator on its implementation of any remedial plan.

Part A: Failure to achieve System Acceptance by the Longstop Date

5.3 Special Condition G5.4 shall apply where:

(a) the Licensee notifies the Regulator under Special Condition G2.5 (*Obligation to achieve System Acceptance*) that it is reasonably likely to fail to achieve System Acceptance by the Longstop Date; and/or

(b) where a notice has not been issued to the Regulator under Special Condition G2.6, but the Licensee nevertheless fails to achieve System Acceptance by the Longstop Date.

Part B: Remedial plan

5.4 In the circumstances set out in Special Condition G5.3, the Licensee must provide to the Regulator a remedial plan which complies with the requirements of Special Condition G5.5, such plan to be provided as soon as reasonably practicable, and, unless otherwise agreed by the Regulator, in any event within 40 Business Days following the earlier of the date of:

(a) the notice issued by the Licensee under Special Condition G2.5; and

(b) the Licensee's failure to achieve System Acceptance by the Longstop Date.

5.5 During the period in which the Licensee is developing the remedial plan in accordance with Special Condition G5.4, the Licensee must provide updates to the Regulator in such form and at any such times as the Regulator may require.

5.6 The remedial plan provided by the Licensee under Special Condition G5.4 must set out:

(a) details of the steps which the Licensee intends to take to address the cause(s) of delay to the Commercial Operations Date and to achieve System Acceptance;

(b) details of any other potential mitigations that were considered and the reasons why they were not adopted;

(c) an assessment of the costs and benefit of taking the planned and potential mitigation actions referred to in Special Conditions G5.6(a) and (b); and

(d) any planned adjustments required to implement the mitigation and the corresponding impact, as relevant.

Part C: Revised remedial plan

5.7 The Regulator shall be entitled to raise comments on any proposed remedial plan provided by the Licensee under Special Condition G5.4 and the Licensee must, as soon as reasonably practicable following receipt of any such comments:

(a) take account of the comments; and

(b) to the extent the Licensee considers appropriate (having taken into account the relevant comments), amend the remedial plan and issue a revised remedial plan to the Regulator.

5.8 Where the Licensee has issued a revised remedial plan under Special Condition G5.7, the Regulator will review the revised remedial plan and either confirm that its comments have been addressed or identify any of its comments which have not been addressed.

5.9 Where the Regulator identifies that any of its comments have not been addressed in a revised remedial plan (including where no revised remedial plan is issued under Special Condition G5.7), the Licensee must issue a further revised remedial plan which addresses such comments and/or set out in writing an explanation as to why it has not addressed any such comments.

5.10 The Licensee must use reasonable endeavours to implement and comply with any remedial plan issued in accordance with Special Condition G5.4 (as may be revised in accordance with Special Conditions G5.7 and G5.11) so as to achieve the System Acceptance by the date proposed in the relevant remedial plan.

Part D: Extension to the Longstop Date

5.11 The Longstop Date will be extended by such additional time as the Licensee requires to achieve System Acceptance as set out in its remedial plan issued in accordance with Special Condition G5.4 (as revised in accordance with Special Conditions G5.7 to G5.11), provided that the extension shall be a maximum of 12 months from the original Longstop Date (as such date may have been extended pursuant to the conditions of this licence other than this Special Condition G5) without any extension pursuant to this Special Condition G5.

Part E: Implementation of remedial plan

5.12 The Licensee must provide updates to the Regulator regarding its implementation of the remedial plan issued in accordance with Special Condition G5.4 (as revised in accordance with Special Conditions G5.7 to G5.11) on a quarterly basis and at such other times as the Regulator may reasonably direct, such updates to include:

(a) progress in relation to the proposed programme of works and/or activities included within the remedial plan; and

(b) details of spend so far as against the relevant budget, including up-to-date details of all funding sources.

Special Condition G6: System Acceptance/Commercial Operations Date

Introduction

6.1 The purpose of this special condition is to set out the Licensee's obligations in relation to the completion of the Commissioning Activities and achievement of System Acceptance.

Structure

6.2 This special condition is structured as follows:

(a) Part A requires the Licensee to notify the Regulator of the date of anticipated completion of the Commissioning Activities; and

(b) Part B sets out the procedure for achieving System Acceptance.

Part A: Notification of date of anticipated completion of the Commissioning Activities

6.3 The Licensee must give the Regulator no less than 25 Business Days' notice of the date that it anticipates the Commissioning Activities will be completed, together with the Supporting Information available at that time to substantiate the completion of any of the Commissioning Activities.

6.4 In the event that the date notified to the Regulator under Special Condition G6.3 changes following the date of notification, the Licensee must give the Regulator notice of the revised date of anticipated completion as soon as reasonably practicable following the change.

Part B: Completion of the Commissioning Activities and achievement of System Acceptance

6.5 As soon as reasonably practicable following issue of the same by the relevant Independent Certifier, the Licensee must provide to the Regulator:

(a) a certified copy of the System Acceptance Certificate, which may be issued by the Independent Certifier notwithstanding that there are applicable System Acceptance Punchlist Items; and

(b) any further Supporting Information that the Regulator has notified the Licensee that it requires in respect of the completion of the Commissioning Activities.

6.6 Within 20 Business Days of receipt of the information in respect of the completion of the Commissioning Activities under Special Condition G6.5, the Regulator will consider such information and will:

(a) determine:

(i) that System Acceptance has been achieved (notwithstanding that there may be applicable System Acceptance Punchlist Items); and

(ii) the date on which System Acceptance was achieved, being the date on which the Licensee provided all Supporting Information (including the certified copy of the System Acceptance Certificate) in respect of the completion of the Commissioning Activities required by the Regulator in accordance with Special Condition G6.5; or

(b) determine that:

(i) the Commissioning Activities are not complete; and

(ii) System Acceptance has not been achieved; or

(c) require further Supporting Information from the Licensee to determine whether the Commissioning Activities have been completed; and/or

(d) inform the Licensee that it requires additional time to consider whether the Commissioning Activities have been completed.

6.7 Where the Regulator:

(a) determines under Special Condition G6.6(b) that the Commissioning Activities are not complete, the Licensee must:

(i) complete any outstanding Commissioning Activities; and

(ii) refer the matter back to the relevant Independent Certifier,

and the procedures in Special Conditions G6.5 to G6.6 shall be repeated; or

(b) requires further Supporting Information from the Licensee under Special Condition G6.6(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition G6.6 shall be repeated,

in each case until the Regulator determines that the Commissioning Activities are complete and System Acceptance has been achieved.

Special Condition G7: SRAV During the Commissioning Period

Introduction

7.1 The purpose of this special condition is to set out how amounts will accrue to the SRAV for each SRAV Calculation Period during the Commissioning Period and how the Closing SRAV will be calculated for each SRAV Calculation Period during the Commissioning Period.

Structure

7.2 This special condition is structured as follows:

(a) Part A sets out how the SRAV will build-up during the Commissioning Period;

(b) Part B sets certain provisions relating to the calculation of the SRAV;

(c) Part C sets out how the value of the Closing SRAV for each SRAV Calculation Period during the Commissioning Period will be calculated; and

(d) Part D sets out how the SRAV Additions for each SRAV Calculation Period during the Commissioning Period will be calculated.

Part A: SRAV build-up during the Commissioning Period

7.3 During the Commissioning Period, the:

(a) SRAV Capex and Opex;

(b) Pass Through Costs;

(c) Ongoing Devex;

(d) Debt Fees;

(e) Return During Commissioning;

(f) Disposals; and

(g) Re-use Assets Valuation (if any),

will accrue to the SRAV in accordance with the provisions of Special Conditions G9 (*SRAV Capex and Opex during the Commissioning Period*) to G8 (*Re-use Assets Valuation*).

Part B: Calculation and Reconciliation of SRAV

7.4 In calculating the value of the SRAV in accordance with the provisions of this special condition, the Regulator will rely on input data provided by the Licensee for individual components of the calculation and any other evidence that may appropriately inform the Regulator's assessment of the validity of the data provided by the Licensee.

7.5 In accordance with Special Condition E2.2(e) (*Interpretation*) any values provided on a provisional basis must be updated by the Licensee in each SRAV Calculation Period, with any interim updates reflecting the most accurate forecast available at that time, until such a time as the provisional value has been substituted for an actuals value. Any such updates will be reflected in the calculation of the value of the SRAV for the relevant SRAV Calculation Period as part of the Annual Iteration Process.

7.6 As part of the Annual Iteration Process, the Regulator will also reconcile the calculation of the value of the SRAV for any relevant SRAV Calculation Period to reflect the correction of errors and/or revisions of data identified as a result of assurance activities.

7.7 An additional reconciliation of the SRAV will occur pursuant to the Post Commissioning Review in accordance with Special Condition H2 (*Post Commissioning Review*).

Part C: Calculation of the Closing SRAV

7.8 The Closing SRAV for each SRAV Calculation Period during the Commissioning Period will be calculated in real (Base Year) prices in accordance with the following formula:

$$\mathbf{CSRAV_t} = \mathbf{SRAV_{Day1}} + \left[\sum_{\mathbf{n=1}}^{\mathbf{t}} \mathbf{SRA_n}\right] + \left[\sum_{\mathbf{n=1}}^{\mathbf{t}} \mathbf{RDC_n}\right]$$

where:

Term	Description	Price Base
$CSRAV_t$	means the Closing SRAV as at the end of the SRAV Calculation Period	£ real (Base Year)
$SRAV_{Day1}$	means Day1 SRAV	£ real (Base Year)
SRA_n	means for each SRAV Calculation Period$_n$, the SRAV Additions for that SRAV Calculation Period calculated in accordance with either Special Condition F4.9 (*SRAV During the Construction Period)* or Special Condition G7.9 (as applicable)	£ real (Base Year)
RDC_n	means, for each SRAV Calculation Period$_n$, the Return During Construction for that SRAV Calculation Period calculated in accordance with Special Condition F12.3 (*Return During Construction*) or the Return During Commissioning for that SRAV Calculation Period calculated in accordance with Special Condition G15.3 (*Return During Commissioning*) (as applicable)	£ real (Base Year)

Part D: Calculation of SRAV Additions

7.9 The SRAV Additions for each SRAV Calculation Period during the Commissioning Period will be calculated in real (Base Year) prices in accordance with the following formula:

$$\boldsymbol{SRA_t = RUAV_t + SRAVCO_t + SRCOI_t + PTC_t + OD_t + DF_t - Dis_t}$$

where:

Term	Description	Price Base
SRA_t	means the SRAV Additions for SRAV Calculation $Period_t$	£ real (Base Year)
$RUAV_t$	means the Re-use Assets Valuation (if any) for SRAV Calculation $Period_t$ calculated in accordance with Special Condition G8	£ real (Base Year)
$SRAVCO_t$	means the SRAV Capex and Opex for SRAV Calculation $Period_t$ calculated in accordance with Special Condition G9.3	£ real (Base Year)
$SRCOI_t$	means the SRAV Capex and Opex Incentive for SRAV Calculation $Period_t$ calculated in accordance with Special Condition G10 (*SRAV Capex and Opex Incentive during the Commissioning Period*)	£ real (Base Year)
PTC_t	means the Pass Through Costs for SRAV Calculation $Period_t$ calculated in accordance with Special Condition G11.4 (*Pass Through Costs during the Commissioning Period*)	£ real (Base Year)
OD_t	means the Ongoing Devex for SRAV Calculation $Period_t$ calculated in accordance with Special Condition G12.3 (*Ongoing Devex during the Commissioning Period*)	£ real (Base Year)
DF_t	means the Debt Fees for SRAV Calculation $Period_t$ calculated in accordance with Special Condition G13.3 (*Debt Fees during the Commissioning Period*)	£ real (Base Year)
Dis_t	means any adjustment in respect of any approved disposals of T&S Assets determined by the Regulator for SRAV Calculation $Period_t$ in accordance with Special Condition G14 (*Disposals during the Commissioning Period*)	£ real (Base Year)

Special Condition G8: Re-use Assets Valuation

8.1 The purpose of this special condition is to set out how the Re-use Assets Valuation is to:

(a) be calculated for each SRAV Calculation Period during the Commissioning Period; and

(b) accrue to the SRAV.

8.2 The Re-use Assets Valuation for each re-use asset shall, subject to Special Condition G8.3, accrue to the SRAV in the SRAV Calculation Period in which such asset is paid for by the Licensee.

8.3 The Regulator shall determine an adjustment to the Re-use Assets Valuation which is to accrue to the SRAV pursuant to Special Condition G8.2 to take account of any difference in the actual tax treatment of such re-use asset and the relevant tax assumption used in setting the relevant Re-Use Assets Valuation at Licence Award and which has had an impact on the Re-use Assets Valuation.

8.4 The Licensee must provide the Regulator with any information reasonably required to enable the Regulator to determine any adjustment to a Re-use Assets Valuation.

Special Condition G9: SRAV Capex and Opex during the Commissioning Period

Introduction

9.1 The purpose of this special condition is to set out how the SRAV Capex and Opex costs will be calculated and accrue to the SRAV during the Commissioning Period.

Structure

9.2 This special condition is structured as follows:

(a) Part A sets out the calculation of the SRAV Capex and Opex for each SRAV Calculation Period during the Commissioning Period;

(b) Part B sets out the how the Actual SRAV Capex and Opex Costs shall accrue to the SRAV; and

(c) Part C sets out certain information that must be provided by the Licensee.

Part A: Calculation of SRAV Capex and Opex

9.3 The SRAV Capex and Opex for each SRAV Calculation Period during the Commissioning Period will be calculated in accordance with the following formula:

$$SRAVCO_t = ASRAVCO_t$$

where:

Term	Description	Price Base
$SRAVCO_t$	means the SRAV Capex and Opex for SRAV Calculation $Period_t$	£ real (Base Year)
$ASRAVCO_t$	means the Actual SRAV Capex and Opex Costs accrued to the SRAV during SRAV Calculation $Period_t$ in accordance with Special Condition G9.4	£ real (Base Year)

Part B: Accrual of Actual SRAV Capex and Opex Costs

9.4 The Licensee's Actual SRAV Capex and Opex Costs during the Commissioning Period shall accrue to the SRAV in real (Base Year) prices.

Part C: Provision of information

9.5 No later than 15 Business Days following each End of Quarter Date during the Commissioning Period, the Licensee must provide to the Regulator details of:

(a) the Actual SRAV Capex and Opex Costs incurred by the Licensee;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Actual SRAV Capex and Opex Costs for the current SRAV Calculation Period and all remaining SRAV Calculation Periods in the Commissioning Period;

(d) any updates to any values provided by the Licensee in accordance with Special Condition E2.2(e) (*Interpretation*); and

(e) any other information required relating to Capex and Opex pursuant to the RIGs or any Regulator guidance.

Special Condition G10: SRAV Capex and Opex Incentive during the Commissioning Period

Introduction

10.1 The purpose of this special condition is to set out how the SRAV Capex and Opex Incentive will be calculated for each SRAV Calculation Period during the Commissioning Period.

SRAV Capex and Opex Incentive

10.2 In order to determine the SRAV Capex and Opex Incentive, first the Cumulative Actual SRAV Capex and Opex during the Commissioning Period will be calculated in accordance with the following formula:

$$\mathbf{CASRAVCO_t} = \sum_{\mathbf{n=SRC_{Com}}}^{\mathbf{t}} \mathbf{ASRAVCO_t}$$

where:

Term	Description	Price Base
$CASRAVCO_t$	means the Cumulative Actual SRAV Capex and Opex during the Commissioning Period up to and including SRAV Calculation $Period_t$	£ real (Base Year)
$ASRAVCO_t$	means the Actual SRAV Capex and Opex Costs accrued to the SRAV during the Commissioning Period up to and including SRAV Calculation $Period_t$ in accordance with Special Condition G9.4 (*SRAV Capex and Opex during the Commissioning Period*)	£ real (Base Year)
SRC_{Com}	means the first SRAV Calculation Period during the Commissioning Period	N/A

10.3 Next, the Cumulative Capex and Opex Variance for the SRAV Calculation Period will be calculated in accordance with the following formula:

$$\mathbf{CCOV_t} = \mathbf{SRAVCOA} - \mathbf{CASRAVCO_t}$$

where:

Term	Description	Price Base
$CCOV_t$	means the Cumulative Capex and Opex Variance for SRAV Calculation $Period_t$	£ real (Base Year)
SRAVCOA	means the SRAV Capex and Opex Commissioning Period Allowance	£ real (Base Year)
$CASRAVCO_t$	means the Cumulative Actual SRAV Capex and Opex during the Commissioning Period up to and including SRAV Calculation $Period_t$	£ real (Base Year)

10.4 For each SRAV Calculation Period$_t$ during the Commissioning Period where the Cumulative Actual SRAV Capex and Opex for the Commissioning Period is greater than the SRAV Capex and Opex Commissioning Period Allowance (an **"SRAV Capex and Opex Commissioning Period Overspend"**), the SRAV Capex and Opex Incentive for the SRAV Calculation Period will be calculated in accordance with the following formula:

$$\mathbf{SRCOI_t} = (\mathbf{CCOV_t} - \mathbf{CCOV_{t-1}}) \times \mathbf{SCOSF}$$

where:

Term	Description	Price Base
SRCOI$_t$	means the SRAV Capex and Opex Incentive for SRAV Calculation Period$_t$	£ real (Base Year)
CCOV$_t$	means the Cumulative Capex and Opex Variance for SRAV Calculation Period$_t$	£ real (Base Year)
CCOV$_{t-1}$	means the Cumulative Capex and Opex Variance for SRAV Calculation Period$_{t-1}$, which in respect of the first SRAV Calculation Period$_t$ in the Commissioning Period in which there is an SRAV Capex and Opex Commissioning Period Overspend only, shall be deemed to be zero	£ real (Base Year)
SCOSF	means the SRAV Capex and Opex Sharing Factor	N/A

10.5 For each SRAV Calculation Period$_t$ during the Commissioning Period where the Cumulative Actual SRAV Capex and Opex for the Commissioning Period is less than the SRAV Capex and Opex Commissioning Period Allowance, the SRAV Capex and Opex Incentive shall be set to zero other than for the final SRAV Calculation Period in the Commissioning Period where the SRAV Capex and Opex Incentive will be calculated in accordance with the following formula:

$$\boldsymbol{SRCOI_t} = \boldsymbol{CCOV_t} \times \boldsymbol{SCOSF}$$

where:

Term	Description	Price Base
SRCOI$_t$	means the SRAV Capex and Opex Incentive for SRAV Calculation Period$_t$	£ real (Base Year)
CCOV$_t$	means the Cumulative Capex and Opex Variance for SRAV Calculation Period$_t$	£ real (Base Year)
SCOSF	means the SRAV Capex and Opex Sharing Factor	N/A

10.6 The value of any SRAV Capex and Opex Incentive calculated pursuant to:

(a) Special Condition G10.4 will be negative; and

(b) Special Condition G10.5 will either be zero or positive (as applicable).

Special Condition G11: Pass Through Costs during the Commissioning Period

Introduction

11.1 The purpose of this special condition is to set out how:

(a) the Pass Through Costs shall accrue to the SRAV during the Commissioning Period; and

(b) the Pass Through Costs will be calculated for each SRAV Calculation Period for the purposes of the calculation of the SRAV Additions pursuant to Special Condition G15.3 (*Return During Commissioning*).

Structure

11.2 This special condition is structured as follows:

(a) Part A sets out the calculation to determine the Pass Through Costs for each SRAV Calculation Period during the Commissioning Period;

(b) Part B sets out the information required from the Licensee to evidence its Pass Through Costs; and

(c) Part C sets out the Pass Through Costs Review Procedure.

Part A: Calculation of Pass Through Costs

11.3 In accordance with Special Conditions G11.6, G11.8 and G11.9, the Licensee will be entitled to certain amounts on a pass through basis that are incurred by the Licensee during the Commissioning Period and which are outside of its control.

11.4 The Regulator may request evidence from the Licensee in support of any costs incurred by the Licensee in respect of which it is entitled to account for as part of the Pass Through Costs during the relevant Commissioning Period.

11.5 The Licensee may request that the Regulator considers whether additional fees incurred or to be incurred by the Licensee to regulators in connection with the Approved T&S Network and which are outside of its control should be included in the calculation of Pass Through Costs by direction. Where the Regulator agrees to such direction, the Regulator will modify this licence as necessary to give effect to its direction.

11.6 The Pass Through Costs for each SRAV Calculation Period during the Commissioning Period will be calculated in accordance with the following formula:

$$\boldsymbol{PTC_t = BR_t + RLF_t + NSTAF_t + CELF_t + SCAF_t + EA_t + OPRED_t + IC_t}$$

where:

Term	Description	Price Base
PTC_t	means the Pass Through Costs for SRAV Calculation $Period_t$	£ real (Base Year)
BR_t	means the Business Rates incurred by the Licensee during SRAV Calculation $Period_t$	£ real (Base Year)
RLF_t	means the Regulator Licence Fees incurred by the Licensee during SRAV Calculation $Period_t$	£ real (Base Year)
$CELF_t$	means the Crown Estate Lease Fees incurred by the Licensee during SRAV Calculation $Period_t$	£ real (Base Year)
$NSTAF_t$	means the NSTA Fees incurred by the Licensee during SRAV Calculation $Period_t$	£ real (Base Year)
$SCAF_t$	means the SCA Fee incurred by the Licensee during SRAV Calculation $Period_t$	£ real (Base Year)
EA_t	means the EA Fees incurred by the Licensee during SRAV Calculation $Period_t$	£ real (Base Year)
$OPRED_t$	means the OPRED Fees incurred by the Licensee during SRAV Calculation $Period_t$	£ real (Base Year)
IC_t	means the Independent Certifier Fees incurred by the Licensee during SRAV Calculation $Period_t$	£ real (Base Year)

Part B: Provision of information

11.7 No later than 15 Business Days following each End of Quarter Date during the Commissioning Period, the Licensee must provide to the Regulator details of:

(a) the Pass Through Costs incurred by the Licensee in the Quarter ending on such End of Quarter Date in accordance with the RIGs or any Regulator guidance including evidence:

(i) to substantiate that the Pass Through Costs incurred were unavoidable; and

(ii) that the Pass Through Costs were verified and mitigated by the Licensee to the extent possible; and

(b) the Licensee's forecast of any Pass Through Costs to be incurred in the current SRAV Calculation Period and all remaining SRAV Calculation Periods in the Commissioning Period.

11.8 The Regulator will, using the information provided by the Licensee under Special Condition G11.7(a), assess any Pass Through Costs incurred by the Licensee in accordance with the Regulator's Cost Guidance. The Regulator will also assess the extent to which any Pass Through Costs incurred by the Licensee were unavoidable, verified and mitigated by the Licensee (to the extent possible). Where the Regulator considers that any Pass Through Costs were not unavoidable, verified and mitigated by the Licensee (to the extent possible), the Regulator may adjust the value of the Pass Through Costs by direction.

11.9 The Regulator will assess any Pass Through Costs incurred by the Licensee in accordance with the Regulator's Cost Guidance and may adjust the value of the Pass Through Costs by direction.

Part C: Pass Through Costs Review Procedure

11.10 The Licensee must engage with the Relevant Valuation Regulator and use reasonable endeavours to minimise its liabilities in respect of the Business Rates.

11.11 The Licensee must engage with regulators whose fees are Pass Through Costs to ensure that invoices are accurate, this will include but not be limited to engagement with charging reviews to minimise liabilities in respect of Pass Through Costs. For the avoidance of doubt, the Licensee should not suppress technical engagement with any entity in order to minimise these liabilities.

11.12 The Regulator may review the Licensee's engagement with the Relevant Valuation Regulator with respect to a revaluation.

11.13 If, after reviewing the Licensee's engagement in accordance with Special Condition G11.12 and requesting any Supporting Information required from the Licensee, the Regulator considers that the Licensee has not complied with Special Condition G11.10 the Regulator may adjust the value of the Pass Through Costs for an SRAV Calculation Period by direction.

11.14 Before making a direction under Special Condition G11.13 the Regulator will publish on the Regulator's Website:

(a) the text of the proposed direction;

(b) the reasons for the proposed direction; and

(c) a period during which representations may be made on the proposed direction, which must not be less than 28 days.

Special Condition G12: Ongoing Devex during the Commissioning Period

Introduction

12.1 The purpose of this special condition is to set out how:

(a) the Actual Ongoing Devex Costs and any Ongoing Devex Underspend Amounts shall accrue to the SRAV during the Commissioning Period; and

(b) the Ongoing Devex will be calculated for each SRAV Calculation Period during the Commissioning Period for the purpose of the calculation of the SRAV Additions under Special Condition G7.9 (*SRAV During the Commissioning Period*).

Structure

12.2 This special condition is structured as follows:

(a) Part A sets out the calculation to determine the Ongoing Devex for each SRAV Calculation Period during the Commissioning Period;

(b) Part B sets out how the Actual Ongoing Devex Costs accrue to the SRAV;

(c) Part C sets out how costs will accrue to the SRAV where an Ongoing Devex Underspend has occurred during the Commissioning Period; and

(d) Part D sets out the information required from the Licensee in relation to its Ongoing Devex costs.

Part A: Calculation of Ongoing Devex

12.3 The Ongoing Devex for each SRAV Calculation Period will be calculated in accordance with the following formula:

$$\boldsymbol{OD_t = \mathbf{AODC}_t + ODUA_t}$$

where:

Term	Description	Price Base
OD_t	means the Ongoing Devex for SRAV Calculation $Period_t$	£ real (Base Year)
$AODC_t$	means the Actual Ongoing Devex Costs accrued to the SRAV during SRAV Calculation $Period_t$ in accordance with Special Conditions G12.4 to G12.7	£ real (Base Year)
$ODUA_t$	means any Ongoing Devex Underspend Amount that has accrued to the SRAV during SRAV Calculation $Period_t$ in accordance with Special Condition G12.7	£ real (Base Year)

Part B: Accrual of Actual Ongoing Devex Costs

12.4 The Licensee's Actual Ongoing Devex Costs shall accrue to the SRAV in real (Base Year) prices, provided that in the event that the Licensee's cumulative Actual Ongoing Devex Costs in relation to the relevant Ongoing Devex Allowance exceed such Ongoing Devex Allowance, only the Actual Ongoing Devex Costs up to (but not exceeding) such Ongoing Devex Allowance shall accrue to the SRAV.

Part C: Ongoing Devex Underspend Amount

12.5 In the event that an Ongoing Devex Underspend occurs during an SRAV Calculation Period in the Commissioning Period, then the provisions of Special Conditions G12.6 to G12.7 shall apply.

12.6 Where there has been an Ongoing Devex Underspend, the Licensee must provide to the Regulator evidence that:

(a) the activities associated with the relevant Ongoing Devex Allowance have been completed by the Licensee; and

(b) the Actual Ongoing Devex Costs incurred by the Licensee in relation to such activities are less than the relevant Ongoing Devex Allowance.

12.7 Provided that the Regulator is satisfied that there has been an Ongoing Devex Underspend, then the Ongoing Devex Underspend Amount shall accrue to the SRAV in real (Base Year) prices.

Part D: Provision of information

12.8 No later than 15 Business Days following each End of Quarter Date during the Commissioning Period, the Licensee must provide to the Regulator details of:

(a) the Actual Ongoing Devex Costs incurred by the Licensee;

(b) any relevant Ongoing Devex Allowance, with reference to the amount of Actual Ongoing Devex Costs incurred by the Licensee against such allowances;

(c) any Excluded Project Spend incurred by the Licensee;

(d) the Licensee's forecast Actual Ongoing Devex Costs to be incurred in the current SRAV Calculation Period and all remaining SRAV Calculation Periods in the Commissioning Period;

(e) any updates to any values provided by the Licensee in accordance with Special Condition E2.2(e) (*Interpretation*); and

(f) any other information required relating to Ongoing Devex pursuant to the RIGs or any Regulator guidance.

12.9 For the avoidance of doubt, where the Licensee's Actual Ongoing Devex Costs incurred are in excess of any relevant Ongoing Devex Allowance, the Licensee shall still be required to provide details of such Actual Ongoing Devex Costs in accordance with Special Condition G12.8.

Special Condition G13: Debt Fees during the Commissioning Period

Introduction

13.1 The purpose of this special condition is to set out how the Actual Debt Fee Costs will be calculated and accrue to the SRAV for each SRAV Calculation Period during the Commissioning Period.

Structure

13.2 This special condition is structured as follows:

(a) Part A sets out the calculation of the Debt Fees for each SRAV Calculation Period during the Commissioning Period;

(b) Part B sets out the how the Actual Debt Fee Costs shall accrue to the SRAV; and

(c) Part C sets out the information that must be provided by the Licensee in relation to its Actual Debt Fee Costs.

Part A: Calculation of Debt Fees

13.3 The Debt Fees for each SRAV Calculation Period during the Commissioning Period will be calculated in accordance with the following formula:

$$\boldsymbol{DF_t = ADF_t}$$

where:

Term	Description	Price Base
DF_t	means the Debt Fees for SRAV Calculation $Period_t$	£ real (Base Year)
ADF_t	means the Actual Debt Fee Costs accrued to the SRAV during SRAV Calculation $Period_t$ in accordance with Special Conditions G13.4 to G13.6	£ real (Base Year)

Part B: Actual Debt Fee Costs

13.4 Subject to Special Condition G13.6, the Licensee's Actual Debt Fee Costs shall accrue to the SRAV in real (Base Year) prices, provided that in the event that the Licensee's cumulative Actual Debt Fee Costs exceed the Debt Fee Allowance, only the Actual Debt Fee Costs up to (but not exceeding) the Debt Fee Allowance shall accrue to the SRAV.

13.5 To give effect to limb (c) of the definition of Actual Debt Fee Costs and limb (b) of the definition of Excluded Project Spend, any fees incurred by the Licensee in respect of the facilities listed as "Adjustment for Notional Gearing" in the column entitled "Full Reimbursement or Prorating of Fees" in Part A (*All Licensee debt facilities*) of Schedule 8 (*Licensee debt facilities*) shall be pro-rated in accordance with the methodology set out in the

column entitled "Full Reimbursement or Prorating of Fees" in Part A of Schedule 8, and only such pro-rated fees shall accrue to the SRAV as Actual Debt Fee Costs.

13.6 In the event that the Licensee incurs Actual Debt Fee Costs in respect of the facilities set out in Part B (*Facilities capable of Debt Fee Allowance adjustment*) of Schedule 8 which are in excess of the Debt Fee Allowance, then the Regulator shall determine an adjustment to the Debt Fee Allowance to reflect such Actual Debt Fee Costs incurred in excess of the Debt Fee Allowance and will make amendments to update any relevant Project-Specific Documents to reflect such adjustment.

Part C: Provision of information

13.7 No later than 15 Business Days following each End of Quarter Date during the Commissioning Period, the Licensee must provide to the Regulator details of:

(a) the Actual Debt Fee Costs incurred by the Licensee;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Actual Debt Fee Costs for the current SRAV Calculation Period and all remaining SRAV Calculation Periods in the Commissioning Period;

(d) any updates to any values provided by the Licensee in accordance with Special Condition E2.2(e) (*Interpretation*); and

(e) any other information required relating to the Debt Fees pursuant to the RIGs or any Regulator guidance.

Special Condition G14: Disposals during the Commissioning Period

Introduction

14.1 This special condition sets out how the Regulator will determine any adjustments to the SRAV in respect of any permitted Disposals of T&S Assets.

Calculation of SRAV Adjustment

14.2 Where there is a Disposal of a T&S Asset which is permitted under Standard Condition B12 (*Disposal of assets and restrictions on charges*), the Licensee must provide to the Regulator details of:

(a) the actual sale value of the T&S Asset subject to a permitted Disposal;

(b) the value ascribed to such T&S Asset in the SRAV; and

(c) any further information in relation to such Disposal as is required by the Regulator.

14.3 Following receipt of the information required pursuant to Special Condition G14.2, the Regulator will determine an adjustment to the SRAV to reflect the impact on the SRAV of the Disposal of such T&S Asset and will make any required amendments to update any relevant Project-Specific Documents to reflect such Disposal.

Special Condition G15: Return During Commissioning

Introduction

15.1 The purpose of this special condition is to set out how the Return During Commissioning is to be calculated for each SRAV Calculation Period during the Commissioning Period.

Structure

15.2 This special condition is structured as follows:

(a) Part A sets out the calculation of the Return During Commissioning for each SRAV Calculation Period; and

(b) Part B explains how the Return During Commissioning will accrue to the SRAV.

Part A: Calculation of Return During Commissioning

15.3 The Return During Commissioning for each SRAV Calculation Period during the Commissioning Period other than where such SRAV Calculation Period is a part year, will be calculated in accordance with the following formula:

$$\boldsymbol{RDC_t = PreCODWACC_t \times (CSRAV_{t-1} + \frac{SRA_t}{2 + PreCODWACC_t})}$$

where:

Term	Description	Price Base
RDC_t	means the Return During Commissioning for SRAV Calculation Period$_t$	£ real (Base Year)
PreCOD $WACC_t$	means the PreCOD WACC for SRAV Calculation Period$_t$	N/A
$CSRAV_{t-1}$	means the Closing SRAV for SRAV Calculation Period$_{t-1}$	£ real (Base Year)
SRA_t	means the SRAV Additions for SRAV Calculation Period$_t$ calculated in accordance with Special Condition G7.9 (*SRAV During the Commissioning Period*)	£ real (Base Year)

15.4 The Return During Commissioning for each SRAV Calculation Period during the Commissioning Period which is a part year, will be calculated in accordance with the following formula:

$$\boldsymbol{RDC_t} = ((\mathbf{1} + \boldsymbol{PreCODWACC_t})^{\boldsymbol{Partial\ Period\ Share}} - \mathbf{1}) \times (\boldsymbol{CSRAV_{t-1}} + \frac{\boldsymbol{SRA_t}}{\mathbf{2} + ((\mathbf{1} + \boldsymbol{PreCODWACC_t})^{\boldsymbol{Partial\ Period\ Share}} - \mathbf{1})})$$

where:

Term	Description	Price Base
RDC_t	means the Return During Commissioning for SRAV Calculation Period$_t$	£ real (Base Year)
PreCOD $WACC_t$	means the PreCOD WACC for SRAV Calculation Period$_t$	N/A
Partial Period Share	means the share of the partial period in SRAV Calculation Period$_t$ and which is calculated by dividing the number of days in the partial period by the number of days that there would have been in SRAV Calculation Period$_t$ had SRAV Calculation Period$_t$ not been a part year	N/A
$CSRAV_{t-1}$	means the Closing SRAV for SRAV Calculation Period$_{t-1}$	£ real (Base Year)
SRA_t	means the SRAV Additions for SRAV Calculation Period$_t$ calculated in accordance with Special Condition G7.9	£ real (Base Year)

15.5 In the event that the SRAV Additions for an SRAV Calculation Period include material cost items that have not been incurred by the Licensee evenly over the relevant SRAV Calculation Period and the Regulator considers that this will result in a material impact on the calculation of the Return During Commissioning for such SRAV Calculation Period, the Regulator will have the right to determine an adjustment (which may be positive or negative) to the Return During Commissioning for such SRAV Calculation Period to account for the impact of such material cost item having not been incurred evenly over such SRAV Calculation Period.

15.6 In accordance with Special Condition G7.5, any values used in the calculation of the Return During Commissioning which have been provided by the Licensee on a provisional basis must be updated by the Licensee in the next SRAV Calculation Period and such updates will be subject to a reconciliation by the Regulator in accordance with Special Condition G7.5.

Part B: Accrual of Return During Commissioning

15.7 The Return During Commissioning calculated in accordance with Special Conditions G15.3 to G15.4 as relevant, shall accrue to the SRAV.

Special Condition G16: Post Construction Review

Introduction

16.1 The purpose of this special condition is to establish the Post Construction Review process.

Structure

16.2 This special condition is structured as follows:

(a) Part A sets out the purpose of the Post Construction Review;

(b) Part B requires the Licensee to provide information to the Regulator;

(c) Part C requires the Licensee to provide Supporting Information and answer Regulator queries;

(d) Part D provides for the Regulator to calculate the Day1 RAV;

(e) Part E provides for the Regulator to calculate (on a provisional basis) the Allowed Revenue for the initial Operational Charging Year(s); and

(f) Part F requires the Licensee to publish the Use of System Charging Statement for the first Operational Charging Year.

Part A: Purpose of the Post Construction Review

16.3 The purpose of the Post Construction Review is:

(a) to establish the Day1 RAV;

(b) to calculate the Allowed Revenue in respect of the first Operational Charging Year and, where the second Operational Charging Year will commence prior to the conclusion of the first Annual Iteration Process, the second Operational Charging Year; and

(c) to calculate the SRAV Capex and Opex Incentive for the final SRAV Calculation Period in the Construction Period in accordance with Special Condition F7 (*SRAV Capex and Opex Incentive during the Construction Period*).

16.4 The Post Commissioning Review will involve a full assessment of all matters in the Construction Period and Commissioning Period, and the Regulator's decision at the Post Construction Review shall not be construed as binding as to any outcome of the Post Commissioning Review.

Part B: Provision of information

16.5 No later than the PConR Deadline, the Licensee must provide to the Regulator:

(a) access to copies of all formal correspondence and other formal documentation between the Licensee and the Independent Certifier(s) in respect of works and/or

activities undertaken during the Construction Period (including in respect of any Commissioning Activities, Phase 2 Activities and/or Expansion Activities taking place in such period), to the extent such correspondence and other documentation has not already been provided to the Regulator under Special Condition J3 (*Independent Certifier*);

(b) the Licensee's forecasted figures for the Construction Period, which shall:

(i) be based to the extent possible on the information already provided by the Licensee to the Regulator under Special Conditions F6.5 (*SRAV Capex and Opex during the Construction Period*), F8 (*Pass Through Costs during the Construction Period*) and F9 (*Ongoing Devex during the Construction Period*); and

(ii) include any SRAV Capex and Opex which relates to any Commissioning Activities, Phase 2 Activities and/or Expansion Activities undertaken by the Licensee during the Construction Period (which shall, in each case, be separately identified);

(c) the Licensee's forecasted figures for the Commissioning Period, which shall include any forecasted SRAV Capex and Opex which relates to any Phase 2 Activities and/or Expansion Activities anticipated to be undertaken by the Licensee during the Commissioning Period (which shall, in each case, be separately identified);

(d) the Licensee's calculation of the Closing SRAV for the final SRAV Calculation Period for the Commissioning Period (the **"Proposed COD SRAV"**), which shall be:

(i) based on:

(A) the Licensee's forecasted figures for the Construction Period as provided under Special Condition G16.5(b);

(B) to the extent possible, the estimate of the relevant Closing SRAV in the Price Control Financial Model; and

(C) the Licensee's forecasted figures for the Commissioning Period as provided under Special Condition G16.5(c); and

(ii) calculated in accordance with the methodology set out in Special Conditions G7.8 (*SRAV During the Commissioning Period*) and G7.9;

(e) the Licensee's calculation of the Allowed Revenue for the first Operational Charging Year and, where the second Operational Charging Year will commence prior to the conclusion of the first Annual Iteration Process, the second Operational Charging Year, calculated in accordance with the requirements set out in the latest published version of the RIGs and Special Condition H8.6 (*Allowed Revenue during the Operational Period*), with such calculation relying on:

(i) the information provided by the Licensee under this Special Condition G16.5; and

(ii) the Proposed COD SRAV;

(f) a provisional Use of System Charging Statement for the first Operational Charging Year, prepared in accordance with the requirements of Special Condition H25 (*Use of System Charging Statement*);

(g) any other information required to be provided pursuant to the Regulator's Cost Guidance and/or RIGs; and

(h) such other Supporting Information as the Regulator may request in connection with the Post Construction Review.

Part C: Responding to Regulator queries regarding information provided by the Licensee

16.6 Where in connection with the information provided by the Licensee under Special Condition G16.5 the Regulator:

(a) requires Supporting Information from the Licensee; and/or

(b) raises any queries,

the Licensee shall provide the required Supporting Information and respond to the queries to the Regulator's satisfaction as soon as reasonably practicable.

Part D: Calculation of the Day1 RAV

16.7 The Regulator will calculate on a provisional basis the Closing SRAV for the final SRAV Calculation Period for the Commissioning Period:

(a) in accordance with the methodology set out in Special Conditions G7.8 and G7.9; and

(b) relying on the input data provided by the Licensee under Special Conditions G16.5 and G16.6 and any other evidence that may appropriately inform the Regulator's assessment of the validity of the data provided by the Licensee,

which, from the Commercial Operations Date, shall be the Day1 RAV.

Part E: Allowed Revenue in respect of the initial Operational Charging Year(s)

16.8 The Regulator will calculate the value of the Allowed Revenue for the first Operational Charging Year and, where the second Operational Charging Year will commence prior to the conclusion of the first Annual Iteration Process, the second Operational Charging Year:

(a) in accordance with the formula set out in Special Condition H9.3 (*Calculation of Allowed Revenue during the Operational Period*); and

(b) relying on the input data provided by the Licensee under Special Conditions G16.5 and G16.6 and any other evidence that may appropriately inform the Regulator's assessment of the validity of the data provided by the Licensee.

Part F: Use of System Charging Statement for the first Operational Charging Year

16.9 The Licensee must publish its Use of System Charging Statement for the first Operational Charging Year as soon as reasonably practicable following the Regulator's calculation of the Allowed Revenue under Special Condition G16.8, which statement must be prepared in accordance with the requirements of Special Condition H25.

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Special Condition H1: Operational Period

1.1 The special conditions in this Section H set out the provisions that apply with effect from the Commercial Operations Date and in respect of and during the Operational Period.

1.2 The Licensee must also comply with the special conditions set out in Section J (*Overarching conditions*) where relevant.

Special Condition H2: Post Commissioning Review

Introduction

2.1 The purpose of this special condition is to establish the Post Commissioning Review process.

Structure

2.2 This special condition is structured as follows:

(a) Part A sets out the purpose of the Post Commissioning Review;

(b) Part B requires the Licensee to provide information to the Regulator;

(c) Part C sets out the process for the assessment and reconciliation of the Day1 RAV by the Regulator; and

(d) Part D deals with the post-COD adjustment to the RAV.

Part A: Purpose of the Post Commissioning Review

2.3 The purpose of the Post Commissioning Review is:

(a) for the Regulator to undertake a detailed assessment of each of the Construction Period and the Commissioning Period (including in respect of any Commissioning Activities, Phase 2 Activities and/or Expansion Activities taking place in such periods), taking into account:

(i) the information provided by the Licensee under Special Condition G16.5 (*Post Construction Review*);

(ii) the Day1 RAV; and

(iii) Supporting Information provided by the Licensee under this Special Condition H2;

(b) to undertake a detailed assessment of the Day1 RAV and to reconcile the same, such assessment and reconciliation to be undertaken notwithstanding any determination of the Day1 RAV by the Regulator under Special Condition G16, taking into account:

(i) the actual figures for the Construction Period provided by the Licensee under Special Condition H2.4(b);

(ii) the actual and, where necessary, forecasted figures for the Commissioning Period provided by the Licensee under Special Condition H2.4(c); and

(iii) any First User Delay Difference Payments or Final Reconciliation Difference Payments received by the Licensee pursuant to the Revenue Support Agreement, in accordance with Special Condition G4.12 (*First User Delay*).

Part B: Provision of information

2.4 As soon as reasonably practicable, and, in any event, no later than six months following the Commercial Operations Date, the Licensee must provide the Regulator with all such information as the Regulator may require to enable it to carry out the Post Commissioning Review, including:

(a) access to copies of all formal correspondence and other formal documentation between the Licensee and the Independent Certifier(s) in respect of works and/or activities undertaken during the Construction Period and the Commissioning Period (including in respect of any Phase 2 Activities and/or Expansion Activities taking place in such period), to the extent such correspondence and other documentation has not already been provided to the Regulator under Special Conditions G16 or Special Condition J3 (*Independent Certifier*);

(b) actual figures for the Construction Period, which shall:

(i) be based on the information already provided by the Licensee to the Regulator under Special Conditions F6.4 (*SRAV Capex and Opex during the Construction Period*), F8 (*Pass Through Costs during the Construction Period*) and F9 (*Ongoing Devex during the Construction Period*); and

(ii) include any Actual SRAV Capex and Opex Costs which relates to Commissioning Activities, Phase 2 Activities and Expansion Activities undertaken by the Licensee during the Construction Period (which shall, in each case, be separately identified);

(c) actual and, where necessary, forecasted figures for the Commissioning Period, which shall:

(i) be based on the information already provided by the Licensee to the Regulator under Special Conditions G9.5 (*SRAV Capex and Opex during the Commissioning Period*), G11.7 (*Pass Through Costs during the Commissioning Period*) and G12.8 (*Ongoing Devex during the Commissioning Period*); and

(ii) include any Actual SRAV Capex and Opex Costs which relate to Phase 2 Activities and Expansion Activities undertaken by the Licensee during the Commissioning Period (which shall, in each case, be separately identified);

(d) the Licensee's calculation of the reconciled Day1 RAV, which shall be:

(i) based on:

(A) the actual figures for the Construction Period provided by the Licensee under Special Condition H2.4(b); and

(B) the actual and forecasted figures for the Commissioning Period provided by the Licensee under Special Condition H2.4(c); and

(ii) calculated in accordance with the methodology set out in Special Conditions G7.8 (*SRAV During the Commissioning Period*) and G7.9;

(e) any other information required to be provided pursuant to the Regulator's Cost Guidance and/or RIGs; and

(f) such other Supporting Information as the Regulator may request.

Part C: Assessment and reconciliation of the Day1 RAV

2.5 The Regulator will undertake a detailed assessment and reconciliation of the Day1 RAV, in accordance with the methodology set out in Special Conditions G7.8 and G7.9 (the reconciled Day1 RAV being the **"COD SRAV"**), which reconciliation shall take into account:

(a) the actual figures for the Construction Period provided by the Licensee under Special Condition H2.4(b);

(b) the actual and forecasted figures for the Commissioning Period provided by the Licensee under Special Condition H2.4(c); and

(c) any First User Delay Difference Payments or Final Reconciliation Difference Payments received by the Licensee pursuant to the Revenue Support Agreement, in accordance with Special Condition G4.12.

Part D: Post COD adjustment to RAV

2.6 The Regulator will determine an adjustment to the RAV following conclusion of the Post Commissioning Review to reconcile the value of the COD SRAV as against the Day1 RAV (the **"Post Commissioning Review RAV Adjustment"**) in accordance with Special Condition H3.7 (*Calculation of RAV*).

Special Condition H3: Calculation of RAV

Introduction

3.1 The purpose of this special condition is to detail:

(a) how the RAV will be calculated and reconciled during the Operational Period; and

(b) how the value of the Closing RAV will be calculated for each Operational Charging Year.

Structure

3.2 This special condition is structured as follows:

(a) Part A sets out how the RAV will be calculated and reconciled during the Operational Period;

(b) Part B sets out how Closing RAV will be calculated for each Operational Charging Year; and

(c) Part C sets out how the RAV Additions will be calculated for each Operational Charging Year.

Part A: Calculation and Reconciliation of RAV

3.3 In calculating the value of the RAV in accordance with the provisions of this special condition, the Regulator will rely on input data provided by the Licensee for individual components of the calculation and any other evidence that may appropriately inform the Regulator's assessment of the validity of the data provided by the Licensee.

3.4 In accordance with Special Condition E2.2(e) (*Interpretation*), any values provided on a provisional basis must be updated by the Licensee in each Operational Charging Year (as relevant) with any interim updates reflecting the most accurate forecast available at that time, until such a time as the provisional value has been substituted for an actuals value. Any such updates will be reflected in the calculation of the value of the RAV for the relevant Operational Charging Year as part of the Annual Iteration Process.

3.5 As part of the Annual Iteration Process, the Regulator will also reconcile the calculation of the value of the RAV for any relevant Operational Charging Year to reflect the correction of errors and/or revisions of data identified as a result of assurance activities.

3.6 Any updates to the calculation of the value of RAV in accordance with Special Condition H3.4 or reconciliations undertaken pursuant to Special Condition H3.5 will also be reflected in the calculation of the Allowed Revenue (including in relation to the Return on Capital Building Block and the Depreciation Building Block) in accordance with the K-Factor true up process described in Special Condition H9.7 (*Calculation of Allowed Revenue during the Operational Period*) to H9.12.

Part B: Calculation of the Closing RAV

3.7 The Closing RAV for each Operational Charging Year will be calculated in accordance with the following formula:

$$\mathbf{CRAV_t} = \mathbf{RAV_{Day1}} + \left[\sum_{n=1}^{t} \mathbf{RA_n}\right] + \left[\sum_{n=1}^{t} \mathbf{PComRA_n}\right] - \left[\sum_{n=1}^{t} \mathbf{Dep_n}\right] + \left[\sum_{n=1}^{t} \mathbf{OCI_n}\right] + \left[\sum_{n=1}^{t} \boldsymbol{CMCI_n}\right] + \left[\sum_{n=1}^{t} \boldsymbol{NCMCI_n}\right]$$

where:

Term	Description	Price Base
$CRAV_t$	means the Closing RAV as at 31 March in Operational Charging $Year_t$	£ real (Base Year)
RAV_{Day1}	means the Day1 RAV	£ real (Base Year)
RA_n	means for each Operational Charging $Year_n$, the RAV Additions for that Operational Charging Year calculated in accordance with Special Condition H3.8	£ real (Base Year)
$PComRA_n$	means for each Operational Charging $Year_n$, any Post Commissioning Review RAV Adjustment to be made to the RAV for that Operational Charging Year as determined by the Regulator in the Post Commissioning Review	£ real (Base Year)
$Depr_n$	means for each Operational Charging $Year_n$, the depreciation for that Operational Charging Year calculated in accordance with Special Condition H11 (*Depreciation Building Block*)	£ real (Base Year)
OCI_n	means for each Operational Charging $Year_n$, the Ongoing Capex Incentive for that Operational Charging Year calculated in accordance with Special Condition H5 (*Ongoing Capex Incentive during the Operational Period*)	£ real (Base Year)
$CMCI_n$	means for each Operational Charging $Year_n$, the RP-CM Capex Costs Incentive for that Operational Charging Year calculated in accordance with Special Condition H20.5 (*Corrective Measures-related spend under a Remediation Plan*)	£ real (Base Year)
$NCMCI_n$	means for each Operational Charging $Year_n$, the RP-Non-CM Capex Costs Incentive for that Operational Charging Year calculated in accordance with Special Condition H21.5 (*Availability-related spend under a Remediation Plan*)	£ real (Base Year)

Part C: Calculation of the RAV Additions

3.8 The RAV Additions for each Operational Charging Year will be calculated in real (Base Year) prices in accordance with the following formula:

$$\boldsymbol{RA_t = OC_t + OD_t + CMC_t + NCMC_t + TSRAV_t - Dis_t}$$

where:

Term	Description	Price Base
RA_t	means the RAV Additions for Operational Charging $Year_t$.	£ real (Base Year)
OC_t	means the Ongoing Capex for Operational Charging $Year_t$ calculated in accordance with Special Condition H4.3 (*Ongoing Capex during the Operational Period*)	£ real (Base Year)
OD_t	means the Ongoing Devex for Operational Charging $Year_t$ calculated in accordance with Special Condition H6.3 (*Ongoing Devex during the Operational Period*)	£ real (Base Year)
CMC_t	means the RP-related CM Capex for Operational Charging $Year_t$ calculated in accordance with Special Condition H20	£ real (Base Year)
$NCMC_t$	means the RP-related Non-CM Capex for Operational Charging $Year_t$ calculated in accordance with Special Condition H21	£ real (Base Year)
$TSRAV_t$	means any SRAV which has been transferred to the RAV in Operational Charging $Year_t$	£ real (Base Year)
Dis_t	means any adjustment in respect of any approved disposals of T&S Assets determined by the Regulator for Operational Charging $Year_t$ in accordance with Special Condition H7 (*Disposals*)	£ real (Base Year)

Special Condition H4: Ongoing Capex during the Operational Period

Introduction

4.1 The purpose of this special condition is to set out how Ongoing Capex will be calculated and accrue to the RAV during the Operational Period.

Structure

4.2 This special condition is structured as follows:

(a) Part A sets out the calculation to determine the Ongoing Capex for each Operational Charging Year;

(b) Part B sets out how the Actual Ongoing Capex Costs accrue to the RAV; and

(c) Part C sets out the information required from the Licensee in relation to its Actual Ongoing Capex Costs.

Part A: Calculation of Ongoing Capex

4.3 The Ongoing Capex for each Operational Charging Year will be calculated in accordance with the following formula:

$$OC_t = AOCC_t$$

where:

Term	Description	Price Base
OC_t	means the Ongoing Capex for Operational Charging Year$_t$	£ real (Base Year)
$AOCC_t$	means the Actual Ongoing Capex Costs accrued to the RAV during Operational Charging Year$_t$ in accordance with Special Condition H4.4	£ real (Base Year)

Part B: Accrual of Actual Ongoing Capex Costs

4.4 The Licensee's Actual Ongoing Capex Costs shall accrue to the RAV in real (Base Year) prices.

Part C: Provision of information

4.5 No later than 15 Business Days following each End of Quarter Date during the Operational Period, the Licensee must provide to the Regulator details of:

(a) the Actual Ongoing Capex Costs incurred by the Licensee;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Actual Ongoing Capex Costs for the current Operational Charging Year and all remaining Operational Charging Years in the Regulatory Period;

(d) any updates to any values provided by the Licensee in accordance with Special Condition H3.4 (*Calculation of RAV*); and

(e) any other information required relating to Capex pursuant to the RIGs or any Regulator guidance.

Special Condition H5 Ongoing Capex Incentive during the Operational Period

Introduction

5.1 The purpose of this special condition is to set out how the Ongoing Capex Incentive will be calculated for each Operational Charging Year.

Calculation of Ongoing Capex Incentive

5.2 The Ongoing Capex Incentive for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{OCI_t = (OCA_t - AOCC_t) \times OCSF}$$

where:

Term	Description	Price Base
OCI_t	means the Ongoing Capex Incentive for Operational Charging Year$_t$	£ real (Base Year)
OCA_t	means the Ongoing Capex Allowance for Operational Charging Year$_t$	£ real (Base Year)
$AOCC_t$	means the Actual Ongoing Capex Costs accrued to the RAV during Operational Charging Year$_t$ in accordance with Special Condition H4.4 (*Ongoing Capex during the Operational Period*)	£ real (Base Year)
OCSF	means the Ongoing Capex Sharing Factor	N/A

5.3 The value of the Ongoing Capex Incentive for each Operational Charging Year may be positive or negative.

Special Condition H6: Ongoing Devex during the Operational Period

Introduction

6.1 The purpose of this special condition is to set out how:

(a) the Actual Ongoing Devex Costs and any Ongoing Devex Underspend Amounts shall accrue to the RAV during the Operational Period; and

(b) Ongoing Devex for each Operational Charging Year will be calculated for the purpose of the calculation of the RAV Additions under Special Condition H3.8 (*Calculation of RAV*).

Structure

6.2 This special condition is structured as follows:

(a) Part A sets out the calculation of Ongoing Devex for each Operational Charging Year;

(b) Part B sets out how Actual Ongoing Devex Costs will accrue to the RAV;

(c) Part C sets out how costs will accrue to the RAV where an Ongoing Devex Underspend has occurred during the Operational Period; and

(d) Part D sets out the information required from the Licensee in relation to its Actual Ongoing Devex Costs.

Part A: Calculation of Ongoing Devex

6.3 The Ongoing Devex for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{OD_t = AODC_t + ODUA_t}$$

where:

Term	Description	Price Base
OD_t	means the Ongoing Devex for Operational Charging $Year_t$	£ real (Base Year)
$AODC_t$	means the Actual Ongoing Devex Costs accrued to the RAV during Operational Charging $Year_t$ in accordance with Special Condition H6.4	£ real (Base Year)
$ODUA_t$	means any Ongoing Devex Underspend Amount that has accrued to the RAV during Operational Charging $Year_t$ in accordance with Special Condition H6.7	£ real (Base Year)

Part B: Accrual of Actual Ongoing Devex Costs

6.4 The Licensee's Actual Ongoing Devex Costs shall accrue to the RAV in real (Base Year) prices, provided that in the event that Licensee's cumulative Actual Ongoing Devex Costs in relation to the relevant Ongoing Devex Allowance exceeds such Ongoing Devex Allowance, only the Actual Ongoing Devex Costs up to (but not exceeding) such Ongoing Devex Allowance shall accrue to the RAV.

Part C: Calculation of Ongoing Devex Underspend Amount

6.5 In the event that an Ongoing Devex Underspend has occurred during an Operational Charging Year, then the provisions of Special Conditions H6.6 to H6.7 shall apply.

6.6 Where there has been an Ongoing Devex Underspend, the Licensee must provide to the Regulator evidence that:

(a) the activities associated with the relevant Ongoing Devex Allowance have been completed by the Licensee; and

(b) the Actual Ongoing Devex Costs incurred by the Licensee in relation to such activities are less than the relevant Ongoing Devex Allowance.

6.7 Provided that the Regulator is satisfied that there has been an Ongoing Devex Underspend, then the Ongoing Devex Underspend Amount shall accrue to the RAV in real (Base Year) prices.

Part D: Provision of information

6.8 No later than 15 Business Days following each End of Quarter Date during the Operational Period, the Licensee must provide to the Regulator details of:

(a) the Actual Ongoing Devex Costs incurred by the Licensee;

(b) any Ongoing Devex Allowances, with reference to the amount of Actual Ongoing Devex Costs incurred by the Licensee against such allowances;

(c) any Excluded Project Spend incurred by the Licensee;

(d) the Licensee's forecasted Actual Ongoing Devex Costs for the current Operational Charging Year and all remaining Operational Charging Years in the Regulatory Period;

(e) any updates to any values provided by the Licensee in accordance with Special Condition H3.4; and

(f) any other information required relating to Ongoing Devex pursuant to the RIGs or any Regulator guidance.

6.9 For the avoidance of doubt, where the Licensee's Actual Ongoing Devex Costs incurred are in excess of any relevant Ongoing Devex Allowance, the Licensee must still be required to provide details of such Actual Ongoing Devex Costs in accordance with Special Condition H6.8.

Special Condition H7: Disposals

Introduction

7.1 This special condition sets out how the Regulator will determine any adjustments to the RAV in respect of any permitted Disposals of T&S Assets.

Calculation of RAV Adjustment

7.2 Where there is a Disposal of a T&S Asset which is permitted under Standard Condition B12 (*Disposal of assets and restrictions on charges*), the Licensee must provide to the Regulator details of:

(a) the actual sale value of the T&S Asset subject to a permitted Disposal;

(b) the value ascribed to such T&S Asset in the RAV; and

(c) any further information in relation to such Disposal as is required by the Regulator.

7.3 Following receipt of the information required pursuant to Special Condition H7.2, the Regulator will determine an adjustment to the RAV to reflect the impact on the RAV of the Disposal of such T&S Asset and will make any required amendments to update any relevant Project-Specific Documents to reflect such Disposal.

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Special Condition H8: Allowed Revenue during the Operational Period

Introduction

8.1 The purpose of this special condition is to detail the general provisions that apply to the calculation of the Allowed Revenue that the Licensee is entitled to recover for each Operational Charging Year.

Structure

8.2 This special condition is structured as follows:

(a) Part A sets out how the Allowed Revenue is to be calculated in accordance with the conditions of this licence;

(b) Part B sets out the requirements to enable the Regulator to notify the Allowed Revenue for each Operational Charging Year; and

(c) Part C sets out certain provisions relating to the recovery of Use of System Charges during the Operational Period.

Part A: Allowed Revenue

8.3 The Allowed Revenue for each Operational Charging Year (in whole or part) will be calculated in accordance with the formula set out in Special Condition H9.3 (*Calculation of Allowed Revenue during the Operational Period*).

Part B: Notification and determination of Allowed Revenue

8.4 Other than for any Operational Charging Year in relation to which the process set out in Special Condition G16.8 (*Post Construction Review*) is to apply, in respect of each Operational Charging Year$_t$, the Licensee must:

(a) provide its calculation of the Allowed Revenue for each Operational Charging Year$_t$ to the Regulator in Operational Charging Year$_{t-1}$ in accordance with the requirements set out in the latest published version of the Price Control Financial Handbook; and

(b) as part of its calculation of the Allowed Revenue to be provided pursuant to Special Condition H8.4(a), provide its calculation of:

(i) the proportion of the Allowed Revenue that relates to the Onshore Transportation System (the **"Allowed Onshore Revenue"**); and

(ii) the proportion of the Allowed Revenue that relates to the Offshore Transportation and Storage System (the "**Allowed Offshore Revenue"**),

in accordance with the Regulator's guidance.

8.5 The Licensee must, when calculating the value of the Allowed Revenue for an Operational Charging Year, use the latest versions of the Price Control Financial Model and the Price Control Financial Handbook.

8.6 In determining the value of the Allowed Revenue, the Regulator will rely on input data provided by the Licensee for individual components of the calculation and any other evidence that may appropriately inform the Regulator's assessment of the validity of the data provided by the Licensee.

8.7 In accordance with Special Condition E2.2(e) (*Interpretation*) any values provided on a provisional basis must be updated by the Licensee in each Operational Charging Year with any interim updates reflecting the most accurate forecast available at that time, until such a time as the provisional value has been substituted for an actuals value. Any such updates will be reflected in calculating the value of the Allowed Revenue in accordance with the K-Factor true up process described in Special Conditions H9.7 to H9.12.

8.8 Provided the Licensee has complied with its obligations to deliver:

(a) the information required to be delivered to the Regulator in accordance with Special Condition H8.4; and

(b) any other information requested by the Regulator in accordance with this licence,

in Operational Charging Year$_{t-1}$, the Regulator will notify the Licensee of the Allowed Revenue for Operational Charging Year$_t$ by no later than 31 October of Operational Charging Year$_{t-1}$ in accordance with the Annual Iteration Process.

8.9 As part of the notification of the Allowed Revenue in accordance with Special Condition H8.8, the Regulator will also notify its determination of the:

(a) Allowed Onshore Revenue; and

(b) Allowed Offshore Revenue,

where the sum of the Allowed Onshore Revenue and the Allowed Offshore Revenue is equal to the Allowed Revenue.

Part C: Recovery of Use of System Charges

8.10 The Licensee's maximum revenue entitlement in any Operational Charging Year is capped at the Allowed Revenue for the relevant Operational Charging Year.

8.11 Where the Recovered Revenue in any Operational Charging Year$_{t-2}$ (or part thereof) is greater than the Allowed Revenue for that Operational Charging Year$_{t-2}$, the Allowed Revenue for Operational Charging Year$_t$ will be subject to an adjustment pursuant to the K-Factor process set out in Special Condition H9.10 to account for such difference between the Recovered Revenue and Allowed Revenue for Operational Charging Year$_{t-2}$.

8.12 The Licensee must use reasonable endeavours to:

(a) recover Use of System Charges; and

(b) enforce any collateral in the recovery of Use of System Charges.

Special Condition H9: Calculation of Allowed Revenue during the Operational Period

Introduction

9.1 The purpose of this special condition is to provide an overview of the formula that the Regulator will use to calculate the amount of Allowed Revenue that the Licensee is entitled to recover in each Operational Charging Year.

Structure

9.2 This special condition is structured as follows:

(a) Part A sets out how the Allowed Revenue will be calculated for each Operational Charging Year;

(b) Part B sets out the formula for calculating the Calculated Revenue for each Operational Charging Year;

(c) Part C sets out the formula for calculating the Base Revenue for each Operational Charging Year;

(d) Part D sets out the formula for calculating the Price Indexation Term for each Operational Charging Year; and

(e) Part E sets out the purpose of the K-Factor true up and the formula for calculating the K-Factor true up in each Operational Charging Year.

Part A: Allowed Revenue during the Operational Period

9.3 The Allowed Revenue for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{AR_t = CR_t \times PI_t + K_t}$$

where:

Term	Description	Price Base
AR_t	means the Allowed Revenue for Operational Charging $Year_t$	£ Operational Charging $Year_t$
CR_t	means the Calculated Revenue for Operational Charging $Year_t$ calculated in accordance with Special Condition H9.5	£ real (Base Year)
PI_t	means the Price Indexation Term for Operational Charging $Year_t$ calculated in accordance with Special Condition H9.6	N/A
K_t	means the K-Factor for Operational Charging $Year_t$ as calculated in accordance with Special Condition H9.10	£ Operational Charging $Year_t$

Part B: Calculation of Calculated Revenue

9.4 The Calculated Revenue for each Operational Charging Year will be calculated in accordance with the following formula:

$$CR_t = BR_t + Tax_t$$

where:

Term	Description	Price Base
CR_t	means the Calculated Revenue for Operational Charging Year$_t$	£ real (Base Year)
BR_t	means the Base Revenue for Operational Charging Year$_t$ calculated in accordance with Special Condition H9.5	£ real (Base Year)
Tax_t	means the Tax Building Block for Operational Charging Year$_t$ calculated in accordance with Special Condition H17 (*Tax Building Block during the Operational Period*)	£ real (Base Year)

Part C: Calculation of Base Revenue

9.5 The Base Revenue for each Operational Charging Year will be calculated in accordance with the following formula:

$$BR_t = ROC_t + Depr_t + Opex_t + OI_t + ETS_t + PTC_t + \left(\frac{Decom_t}{PI_t}\right) + AA_{t-2} + CMO_t + NCMO_t + CMOI_t + NCMOI_t$$

where:

Term	Description	Price Base
BR_t	means the Base Revenue for Operational Charging Year$_t$	£ real (Base Year)
ROC_t	means the Return on Capital Building Block for Operational Charging Year$_t$ calculated in accordance with Special Condition H10.3 (*Return on Capital Building Block*)	£ real (Base Year)
$Depr_t$	means the Depreciation Building Block for Operational Charging Year$_t$ calculated in accordance with Special Condition H11 (*Depreciation Building Block*)	£ real (Base Year)
$Opex_t$	means the Opex Building Block for Operational Charging Year$_t$ calculated in accordance with Special Condition H12.10 (*Opex Building Block*)	£ real (Base Year)

Term	Description	Price Base
OI_t	means the Opex Incentive Building Block for Operational Charging $Year_t$ calculated in accordance with Special Condition H13 (*Opex Incentive Building Block*)	£ real (Base Year)
ETS_t	means the ETS Building Block for Operational Charging $Year_t$ calculated in accordance with Special Condition H14 (*ETS Building Block*)	£ real (Base Year)
PTC_t	means the Pass Through Costs Building Block for Operational Charging $Year_t$ calculated in accordance with Special Condition H15 (*Pass Through Costs Building Block*)	£ real (Base Year)
$Decom_t$	means the Decommissioning Building Block for Operational Charging $Year_t$ calculated in accordance with Special Condition H16 (*Decommissioning Building Block*)	£ Operational Charging $Year_t$
PI_t	means the Price Indexation Term for Operational Charging $Year_t$ calculated in accordance with Special Condition H9.6	N/A
AA_{t-2}	means the Availability Adjustment for Operational Charging $Year_{t-2}$ calculated in accordance with Special Condition H18 (*Availability incentive*)	£ real (Base Year)
CMO_t	means the RP-related CM Opex for Operational Charging $Year_t$ referred to in Special Condition H20.9 (*Corrective Measures-related spend under a Remediation Plan*)	£ real (Base Year)
$NCMO_t$	means the RP-related Non-CM Opex for Operational Charging $Year_t$ referred to in Special Condition H21.9 (*Availability-related spend under a Remediation Plan*)	£ real (Base Year)
$CMOI_t$	means the RP-CM Opex Costs Incentive for Operational Charging $Year_t$ calculated in accordance with Special Condition H20.10	£ real (Base Year)
$NCMOI_t$	means the RP-Non-CM Opex Costs Incentive for Operational Charging $Year_t$ calculated in accordance with Special Condition H21.11	£ real (Base Year)

Part D: Calculation of Price Indexation Term

9.6 The Price Indexation Term for each Operational Charging Year, which is the adjustment to be applied to inflate a value from the Base Year to the value in that Operational Charging Year will be calculated in accordance with the following formula:

$$PI_t = \frac{CPIH_t}{CPIH_b}$$

where:

Term	Description	Price Base
PI_t	means the Price Indexation Term for Operational Charging Year$_t$	N/A
$CPIH_t$	means the year average CPIH across Operational Charging Year$_t$	N/A
$CPiH_b$	means the year average CPIH across the Base Year	N/A

Part E: K-Factor True Up

9.7 The K-Factor true up in each Operational Charging Year will take into account the replacement of forecasts, provisional or estimated values with actual out-turn values for the following building blocks:

(a) Return on Capital Building Block;

(b) Depreciation Building Block;

(c) Opex Building Block;

(d) Opex Incentive Building Block;

(e) ETS Building Block;

(f) Tax Building Block;

(g) Pass Through Costs Building Block;

(h) RP-related CM Building Block; and

(i) RP-related Non-CM Building Block.

9.8 The K-Factor true up also takes into account:

(a) the correction of errors and revisions of data identified as a result of assurance activities (including in respect of outturn CPIH data); and

(b) any adjustments to any building blocks made pursuant to a re-opener in accordance with this licence.

9.9 Where, pursuant to the Revenue Support Agreement, the Monthly IDP Amount is less than any negative Monthly QRP Adjustment applied, the difference between those two amounts shall be addressed as part of the K-Factor true up.

9.10 The K-Factor for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{K_t} = (\mathbf{AR}_{\boldsymbol{t-2}} - \boldsymbol{RR_{t-2}}) \times (\mathbf{1} + \boldsymbol{TVM_{t-1}}) \times (\mathbf{1} + \boldsymbol{TVM_{t-2}})$$

where:

Term	Description	Price Base
K_t	means the K-Factor for Operational Charging Year$_t$	£ Operational Charging Year$_t$
AR_{t-2}	means the Allowed Revenue for Operational Charging Year$_{t-2}$ calculated in accordance with Special Condition H9.3 taking account of any true-ups or adjustments in accordance with Special Condition H9.7 and H9.8.	£ nominal
RR_{t-2}	means the Recovered Revenue for Operational Charging Year$_{t-2}$ calculated in accordance with Special Condition H9.11	£ nominal
TVM_{t-1}	means the Time Value of Money for Operational Charging Year$_{t-1}$ calculated in accordance with Special Condition H9.12	N/A
TVM_{t-2}	means the Time Value of Money for Operational Charging Year$_{t-2}$ calculated in accordance with Special Condition H9.13	N/A

9.11 The Recovered Revenue for each Operational Charging Year$_{t-2}$ will be calculated in accordance with the following formula:

$$\boldsymbol{RR_{t-2}} = \boldsymbol{RSAP_{t-2}} + \boldsymbol{MR_{t-2}}$$

where:

Term	Description	Price Base
RR_{t-2}	means the Recovered Revenue for Operational Charging Year$_{t-2}$ after deduction of value added tax (if any) and any other taxes charged directly by reference to the amounts so derived	£ nominal
$RSAP_{t-2}$	means the amounts receivable by the Licensee from the RSA Counterparty for Operational Charging Year$_{t-2}$ under the RSA, excluding any First User Delay Difference Payment or First User Delay Difference Payment Reconciliation Amount	£ nominal

Term	Description	Price Base
MR_{t-2}	means the Market Revenue for Operational Charging $Year_{t-2}$;	£ nominal

9.12 The TVM for each Operational Charging $Year_{t-1}$ will be calculated in accordance with the following formula:

$$\boldsymbol{TVM_{t-1} = \left[(1 + PostCODWACC_{t-1}) \times \frac{CPIH_t}{CPIH_{t-1}}\right] - 1}$$

where:

Term	Description	Price Base
TVM_{t-1}	means the Time Value of Money for Operational Charging $Year_{t-1}$	N/A
$PostCOD\ WACC_{t-1}$	means the PostCOD WACC for Operational Charging $Year_{t-1}$	N/A
$CPIH_t$	means CPIH in Operational Charging $Year_t$	N/A
$CPIH_{t-1}$	means CPIH in Operational Charging $Year_{t-1}$	N/A

9.13 The TVM for each Operational Charging $Year_{t-2}$ will be calculated in accordance with the following formula:

$$\boldsymbol{TVM_{t-2} = \left[(1 + PostCODWACC_{t-2}) \times \frac{CPIH_{t-1}}{CPIH_{t-2}}\right] - 1}$$

where:

Term	Description	Price Base
TVM_{t-2}	means the Time Value of Money for Operational Charging $Year_{t-2}$	N/A
$PostCOD\ WACC_{t-2}$	means the PostCOD WACC for Operational Charging $Year_{t-2}$	N/A
$CPIH_{t-1}$	means CPIH in Operational Charging $Year_{t-1}$	N/A
$CPIH_{t-2}$	means CPIH in Operational Charging $Year_{t-2}$	N/A

Special Condition H10: Return on Capital Building Block

Introduction

10.1 The purpose of this special condition is to calculate the value of the Return on Capital Building Block for each Operational Charging Year.

Structure

10.2 This special condition is structured as follows:

(a) Part A sets out how the Return on Capital Building Block will be calculated for each Operational Charging Year;

(b) Part B sets out how the NPV-Neutral RAV Return Base will be calculated for each Operational Charging Year;

(c) Part C sets out how the Discounted RAV will be calculated for each Operational Charging Year;

(d) Part D explains that the Return on Capital Building Block shall be subject to a reconciliation; and

(e) Part E sets out how the Regulated Return on Equity will be calculated for each Operational Charging Year.

Part A: Calculation of Return on Capital Building Block

10.3 The Return on Capital Building Block for each Operational Charging Year, other than any Operational Charging Year which is a part year, will be calculated in accordance with the following formula:

$$\boldsymbol{ROC_t = NNRAV_t \times PostCODWACC_t}$$

Where:

Term	Description	Price Base
ROC_t	means the Return on Capital Building Block for Operational Charging Year$_t$	£ real (Base Year)
$NNRAV_t$	means the NPV-Neutral RAV Return Base for Operational Charging Year$_t$ calculated in accordance with Special Condition H10.5	£ real (Base Year)
PostCOD $WACC_t$	means the PostCOD WACC for Operational Charging Year$_t$	N/A

10.4 The Return on Capital Building Block for each Operational Charging Year where such Operational Charging Year is a part year will be calculated in accordance with the following formula:

$$\boldsymbol{ROC_t = NNRAV_t \times ((1 + PostCODWACC_t)^{PartialPeriodShare} - 1)}$$

Where:

Term	Description	Price Base
ROC_t	means the Return on Capital Building Block for Operational Charging Year$_t$	£ real (Base Year)
$NNRAV_t$	means the NPV-Neutral RAV Return Base for Operational Charging Year$_t$ calculated in accordance with Special Condition H10.5	£ real (Base Year)
PostCOD $WACC_t$	means the PostCOD WACC for Operational Charging Year$_t$	N/A
Partial Period Share	means the share of the partial period in Operational Charging Year$_t$ and which is calculated by dividing the number of days in the partial period by the number of days that there would have been in Operational Charging Year$_t$ had Operational Charging Year$_t$ not been a part year	N/A

Part B: Calculation of NPV-Neutral RAV Return Base

10.5 The NPV-Neutral RAV Return Base for each Operational Charging Year will be calculated in real (Base Year) prices in accordance with the following formula:

$$\boldsymbol{NNRAV_t = \frac{(CRAV_{t-1}) + (DCRAV_t)}{2}}$$

where:

Term	Description	Price Base
$NNRAV_t$	means the NPV-Neutral RAV Return Base for Operational Charging Year$_t$	£ real (Base Year)
$CRAV_{t-1}$	means the Closing RAV for Operational Charging Year$_{t-1}$	£ real (Base Year)
$DCRAV_t$	means the Discounted RAV for Operational Charging Year$_t$	£ real (Base Year)

Part C: Calculation of Discounted RAV

10.6 The Discounted RAV for each Operational Charging Year will be calculated in real (Base Year) prices in accordance with the following formula:

$$DCRAV_t = (CRAV_t) \times \left(\frac{1}{1 + ((1 + PostCODWACC_t)^{Period\ Share} - 1)}\right)$$

where:

Term	Description	Price Base
$DCRAV_t$	means the Discounted RAV for Operational Charging $Year_t$	£ real (Base Year)
$CRAV_t$	means the Closing RAV for Operational Charging $Year_t$	£ real (Base Year)
PostCOD $WACC_t$	means the PostCOD WACC for Operational Charging $Year_t$	N/A
Period Share	means: a) where Operational Charging $Year_t$ is a year other than a part year, 1; or b) where Operational Charging $Year_t$ is a part year the share of the partial period in Operational Charging $Year_t$ and which is calculated by dividing the number of days in the partial period by the number of days that there would have been in Operational Charging $Year_t$ had Operational Charging $Year_t$ not been a part year	N/A

Part D: Reconciliation of the Return on Capital Building Block

10.7 The Return on Capital Building Block will, in the first instance, be calculated based on values provided by the Licensee on a provisional basis. The Licensee will update these values in accordance with Special Condition H8.7 (*Allowed Revenue during the Operational Period*) and the Return on Capital Building Block will be subject to a reconciliation in accordance with Special Condition H9.7 (*Calculation of Allowed Revenue during the Operational Period*).

Part E: Regulated Return on Equity

10.8 The Regulated Return on Equity for each Operational Charging Year, which forms part of the Availability incentive in accordance with Special Condition H18.18 (*Availability incentive*), will be calculated in accordance with the following formula:

$$\boldsymbol{RROE_t = RoC_t \times \frac{PostCODCoE \text{ x } (1 - NotionalGearing)}{PostCODWACC}}$$

where:

Term	Description	Price Base
$RROE_t$	means the Regulated Return on Equity	£ real (Base Year)
RoC_t	means the Return on Capital Building Block for Operational Charging Year$_t$	£ real (Base Year)
PostCODCoE	means the PostCOD Cost of Equity	N/A
Notional Gearing	means the Notional Gearing	N/A
PostCODWACC	means the PostCOD WACC	N/A

Special Condition H11: Depreciation Building Block

Introduction

11.1 This special condition sets out how:

(a) depreciation of the RAV is to be calculated during the Operational Period; and

(b) how the Depreciation Building Block for the calculation of the Allowed Revenue will be determined for each Operational Charging Year.

Structure

11.2 This special condition is structured as follows:

(a) Part A sets out how the Depreciation Building Block will be calculated for each Operational Charging Year; and

(b) Part B explains that the Depreciation Building Block will be subject to a reconciliation.

Part A: Calculation of Depreciation

11.3 From COD:

(a) the Depreciation Building Block forms part of the Allowed Revenue calculation in accordance with Special Condition H9 (*Calculation of Allowed Revenue during the Operational Period*); and

(b) the value of the Depreciation Building Block for each Operational Charging Year shall be deducted from the calculation of the RAV for each Operational Charging Year in accordance with Special Condition H3 (*Calculation of RAV*).

11.4 For the First Regulatory Period, the Depreciation Building Block will be calculated assuming a real terms straight line RAV depreciation profile based on the RAV Asset Life.

11.5 Depreciation will commence:

(a) at COD for the Day1 RAV;

(b) in the Operational Charging Year following the Operational Charging Year in which:

(i) any relevant Actual Ongoing Capex Costs, Actual Ongoing Devex Costs, Logged RP-related CM Capex Costs, Logged RP-related Non-CM Capex Costs, Excess RP-related CM Capex Costs and Excess RP-related Non-CM Capex Costs have accrued to the RAV; or

(ii) any amounts from an additional SRAV are transferred to the RAV.

11.6 For each Regulatory Period following the First Regulatory Period, the Regulator will determine the applicable depreciation profile included in the Price Control Financial Model as part of the relevant PR Determination.

11.7 Where, during any Regulatory Period, the Regulator requires an amendment to be made to the applicable depreciation profile included in the Price Control Financial Model for such Regulatory Period, then any such amendment will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

Part B: Reconciliation of the Depreciation Building Block

11.8 The Depreciation Building Block will be subject to a reconciliation in accordance with Special Condition H9.7.

Special Condition H12: Opex Building Block

12.1 The purpose of this special condition is to calculate the value of the Opex Building Block applicable during each Operational Charging Year.

Structure

12.2 This special condition is structured as follows:

(a) Part A sets out the information required from the Licensee relating to the Opex Allowances and how the Regulator will determine the Opex Allowances for the First Regulatory Period prior to the Commercial Operations Date;

(b) Part B sets out how the Opex Building Block will be calculated for each Operational Charging Year;

(c) Part C sets out how the Regulator will calculate an adjustment to the Variable Opex Allowance to reflect actual throughput in tonnes of CO_2;

(d) Part D sets out how the Regulator will calculate an adjustment to the Variable Opex Allowance to reflect the outturn price of energy;

(e) Part E sets out how the Regulator will calculate an adjustment to the Variable Opex Allowance for the Energy Relationship Adjustment;

(f) Part F sets out how the Regulator will calculate the Average Price of Energy;

(g) Part G explains that the Opex Building Block shall be subject to a reconciliation;

(h) Part H sets out the requirement for the Licensee to supply the Draft Energy Procurement Strategy to the Regulator for approval; and

(i) Part I sets out the information required from the Licensee in relation to the Opex Building Block.

Part A: Opex Allowances

12.3 In accordance with the RIGs, the Licensee is required:

(a) to provide quarterly updates throughout the Construction Period and Commissioning Period of the Licensee's forecasted Actual Opex Costs for each Operational Charging Year during the First Regulatory Period; and

(b) to provide the Licensee's assessment as to whether such forecasted Actual Opex Costs are such that amendments are required to be made to the provisional Opex Allowances that were agreed prior to Licence Award.

12.4 Eight months prior to Scheduled COD, taking into consideration the information provided by the Licensee pursuant to Special Condition H12.3 and any additional information provided pursuant to the RIGs or any Regulator guidance, the Regulator will determine the Opex

Allowances for each Operational Charging Year in the First Regulatory Period and will make amendments to update any relevant Project-Specific Document to reflect such determinations, and any such determination including any associated amendments to update the Project-Specific Documents will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

12.5 Subject to Special Condition H12.6, the Opex Allowances for the First Regulatory Period will be an annual allowance in respect of each Operational Charging Year unless otherwise determined by the Regulator.

12.6 As part of the determination of the Opex Allowance under Special Condition H12.4, where the first Operational Charging Year in the First Regulatory Period is a part year, the Regulator will reduce the Opex Allowance in respect of such Operational Charging Year accordingly (and the Regulator will make amendments to update any relevant Project-Specific Documents to reflect such reduction) and such reduction will be determined by the Regulator as part of its determination that System Acceptance has been achieved in accordance with Special Condition G6 (*System Acceptance/Commercial Operations Date*).

12.7 Where the Licensee's forecasted Actual Opex Costs for the Operational Period provided to the Regulator pursuant to Special Condition H12.3 show irregular Actual Opex Cost requirements associated with material one-off activities, the Regulator will have the right to determine an appropriate profiling period for such irregular Actual Opex Costs in setting the Opex Allowances.

12.8 Where the determination of the Regulator pursuant to Special Condition H12.7 creates a temporal mismatch in cost recovery, the Regulator will adjust any payment in arrears by PostCOD WACC.

12.9 As part of any Opex Allowance to be determined by the Regulator in accordance with Special Conditions H12.4 and H12.6, the Regulator will:

(a) for Opex costs which are variable (by reference to throughput of CO_2), determine the relevant part of the Opex Allowance by reference to:

(i) a fixed unit cost (per tonne of CO_2) (the **"Fixed Unit Cost Element"**); and

(ii) a forecast level of throughput (in tonnes of CO_2) (the **"Forecasted Throughput Element"**),

a **"Variable Opex Allowance"**, which shall form part of the overall Opex Allowance and not its own discrete allowance for any Operational Charging Year; and

(b) as part of the Variable Opex Allowance, determine an allowance in respect of the Re-use Service on the same basis as set out in Special Condition H12.9(a) (the **"Re-use Service Opex Allowance"**), which shall form part of the overall Variable Opex Allowance (and therefore the Opex Allowance) and not its own discrete allowance for any Operational Charging Year.

Part B: Calculation of Opex Building Block

12.10 The Opex Building Block for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{Opex_t = OA_t}$$

where:

Term	Description	Price Base
$Opex_t$	means the Opex Building Block for Operational Charging $Year_t$	£ real (Base Year)
OA_t	means the Opex Allowance for Operational Charging $Year_t$	£ real (Base Year)

Part C: Regulator adjustment to Variable Opex Allowance to reflect actual throughput

12.11 Where a Variable Opex Allowance for Operational Charging $Year_t$ has been set based on a Forecasted Throughput Element in accordance with the conditions of this licence, once actual throughputs have been established (in tonnes of CO_2) in respect of an Operational Charging $Year_t$, the Regulator will determine an adjustment to the Variable Opex Allowance for such Operational Charging $Year_t$ to replace the Forecasted Throughput Element with the actual outturn CO_2 throughput (in tonnes of CO_2) in respect of Operational Charging $Year_t$ and the Regulator will make amendments to update any relevant Project-Specific Documents to reflect such adjustment.

Part D: Regulator adjustment to Variable Opex Allowance to reflect the outturn price of energy

12.12 Provided that the Licensee has complied with the requirements of Special Conditions H12.23 to H12.28 and subject to Special Condition H12.13, the Regulator will (in addition to the adjustment in H12.11) determine an adjustment to the Fixed Unit Cost Element of the Variable Opex Allowance for Operational Charging $Year_t$ to reflect the difference between the price of energy assumed in the setting of the Fixed Unit Cost Element of the Variable Opex Allowance for Operational Charging $Year_t$ (expressed in £ per tonne of CO_2) and the Average Price of Energy incurred by the Licensee in respect of Operational Charging $Year_t$ and the Regulator will make amendments to update any relevant Project-Specific Documents to reflect such adjustment.

12.13 Where the Regulator determines that any energy prices incurred by the Licensee in respect of Operational Charging $Year_t$ were procured other than in compliance with the Approved Energy Procurement Strategy, then the Regulator will not determine an upwards adjustment to the Fixed Unit Cost Element of the Variable Opex Allowance in respect of any such energy prices incurred by the Licensee in respect of Operational Charging $Year_t$ which were procured other than in compliance with the Approved Energy Procurement Strategy.

Part E: Energy Relationship Adjustment

12.14 For each Operational Charging Year$_t$ in the First Regulatory Period, the Regulator will also calculate an Energy Relationship Adjustment in respect of any Variable Opex Allowance. The purpose of the Energy Relationship Adjustment is to:

(a) enable the Regulator to calculate an adjustment to the Fixed Unit Cost Element of the Variable Opex Allowance for Operational Charging Year$_t$ in respect of the differences between the actual observed MWh/tCO_2 ratio for such Operational Charging Year$_t$ and the MWh/tCO_2 ratio assumption used in setting the Fixed Unit Cost Element of the Variable Opex Allowance for such Operational Charging Year$_t$, such adjustments to be calculated in accordance with Special Conditions H12.15 and H12.16 (as applicable) but the making of any such Energy Relationship Adjustment is subject to a de minimis threshold (in accordance with Special Conditions H12.15 and H12.16) based on the cost impact of such difference to the Licensee (in which event the adjustment shall be zero); and

(b) where an adjustment (other than zero) is calculated in accordance with Special Condition H12.15 and H12.16, enable the Regulator to determine an adjustment in accordance with Special Condition H12.17 to the Fixed Unit Cost Element of the Variable Opex Allowance(s) for the remaining Operational Charging Years in the First Regulatory Period to reflect the differences between the actual observed MWh/tCO_2 ratio for such Operational Charging Year$_t$ and the MWh/tCO_2 ratio assumption used in setting the Fixed Unit Cost Element of the Variable Opex Allowance for the remaining Operational Charging Year(s) in the First Regulatory Period.

12.15 The Energy Relationship Adjustment for each Operational Charging Year where the actual observed MWh/tCO_2 ratio for Operational Charging Year$_t$ is greater than the MWh/tCO_2 ratio assumption used in setting the Fixed Unit Cost Element of the Variable Opex Allowance for Operational Charging Year$_t$ shall be calculated as follows:

$$\boldsymbol{ERA_t = Max\{(OE_t - FER_t) \times M_t \times e_t - Th, 0\}}$$

where:

Term	Description	Price Base
ERA_t	means the Energy Relationship Adjustment for Operational Charging Year$_t$	£ Operational Charging Year$_t$
$AOER_t$	means the actual observed energy relationship (in MWh/tCO_2) for Operational Charging Year$_t$	N/A
FER_t	means the forecast energy relationship assumption (in MWh/tCO_2) used in the setting of the Fixed Unit Cost Element of the Variable Opex Allowance for Operational Charging Year$_t$	N/A
M_t	means the actual outturn CO_2 throughput (in tCO_2) for Operational Charging Year$_t$	N/A

Term	Description	Price Base
e_t	means the Average Price of Energy (in £/MWh) for Operational Charging Year$_t$ calculated in accordance with Special Condition H12.19	£ Operational Charging Year$_t$
Th	means a threshold amount equal to £1,000,000 (CPIH Indexed) and which will be a positive value when AOER$_t$ is greater than FER$_t$ and a negative value when AOER$_t$ is less than FER$_t$	£ Operational Charging Year$_t$

12.16 The Energy Relationship Adjustment for each Operational Charging Year where the actual observed MWh/tCO_2 ratio for Operational Charging Year$_t$ is less than the MWh/tCO_2 ratio assumption used in setting the Fixed Unit Cost Element of the Variable Opex Allowance for Operational Charging Year$_t$ shall be calculated as follows:

$$\boldsymbol{ERA_t = Min\{(OE_t - FER_t) \times M_t \times e_t - Th, 0\}}$$

where:

Term	Description	Price Base
ERA$_t$	means the Energy Relationship Adjustment for Operational Charging Year$_t$	£ Operational Charging Year$_t$
AOER$_t$	means the actual observed energy relationship (in MWh/tCO_2) for Operational Charging Year$_t$	N/A
FER$_t$	means the forecast energy relationship assumption (in MWh/tCO_2) used in the setting of the Fixed Unit Cost Element of the Variable Opex Allowance for Operational Charging Year$_t$	N/A
M_t	means the actual outturn CO_2 throughput (in tCO_2) for Operational Charging Year$_t$	N/A
e_t	means the Average Price of Energy (in £/MWh) for Operational Charging Year$_t$ calculated in accordance with Special Condition H12.19	£ Operational Charging Year$_t$
Th	means a threshold amount equal to £1,000,000 (CPIH Indexed) and which will be a positive value when AOER$_t$ is greater than FER$_t$ and a negative value when AOER$_t$ is less than FER$_t$	£ Operational Charging Year$_t$

12.17 Where the Energy Relationship Adjustment calculated pursuant to Special Conditions H12.15 and H12.16 (as applicable) for Operational Charging Year$_t$ is greater or less than zero, the Regulator shall determine an adjustment to the Fixed Unit Cost Element of the Variable Opex Allowance(s) for the remaining Operational Charging Year(s) in the First Regulatory Period taking into consideration the differences between the actual observed MWh/tCO_2 ratio for such Operational Charging Year$_t$ and the MWh/tCO_2 ratio assumption used in setting the Fixed Unit Cost Element of the Variable Opex Allowance for the remaining Operational Charging Year(s) in the First Regulatory Period.

12.18 The Regulator will make amendments to update any relevant Project-Specific Documents to reflect any adjustments to the Variable Opex Allowance in accordance with Special Conditions H12.15 to H12.17.

Part F: Average Price of Energy

12.19 The Average Price of Energy for each Operational Charging Year will be calculated in accordance with the following formula:

$$e_t = \frac{u_t}{q_t}$$

where:

Term	Description	Price Base
e_t	means the Average Price of Energy (in £/MWh) for Operational Charging Year$_t$	£ Operational Charging Year$_t$
u_t	means the total amount paid for energy (in £) calculated on an accrual basis for Operational Charging Year$_t$ in accordance with the Approved Energy Procurement Strategy	£ Operational Charging Year$_t$
q_t	means the total quantity of energy (in MWh) in accordance with the Approved Energy Procurement Strategy calculated on an accrual basis for Operational Charging Year$_t$	N/A

Part G: Reconciliation of Opex Building Block

12.20 The Opex Building Block (including any Opex Allowances which are adjusted in accordance with this special condition) will be subject to a reconciliation in accordance with Special Condition H9.7 (*Calculation of Allowed Revenue during the Operational Period*).

12.21 Where the Opex Building Block is subject to a positive or negative K-Factor true up pursuant Special Condition H9.7, the Regulator shall allocate a proportion of such true up as an adjustment to the Re-use Service Opex Allowance for Operational Charging Year$_t$ based on the aggregate of the Re-use Daily Quantity for all Users of the Re-use Service for Operational Charging Year$_{t-2}$ divided by the aggregate of the Daily Quantity for all Users of the T&S Network for Operational Charging Year$_{t-2}$ and the value of "K" calculated pursuant to Special Condition H9.10 shall be reduced by an equivalent amount.

12.22 The Regulator will make amendments to update any relevant Project-Specific Documents to reflect any adjustments to the Re-use Service Opex Allowance in accordance with Special Condition H12.21.

Part H: Energy Procurement Strategy

12.23 The Licensee shall supply the Draft Energy Procurement Strategy to the Regulator 12 months prior to Scheduled COD.

12.24 The Draft Energy Procurement Strategy shall specify:

(a) the Licensee's approach to procuring energy in the short, medium and long term, with supporting justification outlining how the specified approach will:

(i) provide value for money to Users;

(ii) be at arm's length (unless the Regulator has permitted otherwise);

(iii) minimise volatility of Use of System Charges; and

(iv) provide a balanced risk profile for the energy costs of the Approved T&S Network; and

(b) any actions that the Licensee expects to take in the event of market crises or other failures.

12.25 Following submission of the Draft Energy Procurement Strategy by the Licensee to the Regulator, the Licensee must provide to the Regulator any additional information that the Regulator considers appropriate and requests from the Licensee.

12.26 As soon as possible following receipt of the Draft Energy Procurement Strategy, the Regulator will notify the Licensee:

(a) whether the Draft Energy Procurement Strategy is the Approved Energy Procurement Strategy;

(b) whether it approves the Draft Energy Procurement Strategy, subject to reasonable adjustments to be reflected in the Approved Energy Procurement Strategy, along with its reasons for such adjustments;

(c) whether it does not approve the Draft Energy Procurement Strategy, along with its reasons, which may include the Licensee's failure to respond to the request for additional information in accordance with Special Condition H12.25; or

(d) where the Regulator requires additional time to consider the Draft Energy Procurement Strategy, of the date on which the Regulator will issue its decision in respect of such Draft Energy Procurement Strategy.

12.27 The Licensee shall maintain an up-to-date Approved Energy Procurement Strategy in place at all times during the Operational Period. Where the Licensee makes any amendments to the Approved Energy Procurement Strategy within a Regulatory Period, the Licensee must:

(a) submit any modifications to the Regulator for approval; and

(b) provide any additional information that the Regulator considers appropriate and requests from the Licensee.

12.28 The Regulator may request that the Licensee updates the Approved Energy Procurement Strategy to ensure that it is in line with best practice and following such request the Licensee shall make such amendments as are necessary to satisfy the Regulator's request and submit such modifications to the Regulator for approval in accordance with Special Condition H12.27.

Part I: Information requirements

12.29 No later than 15 Business Days following each End of Quarter Date during the Operational Period, the Licensee must provide to the Regulator details of:

(a) the Actual Opex Costs incurred by the Licensee with reference to the amount of Actual Opex Costs incurred by the Licensee against the Opex Allowance;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Actual Opex Costs for the current Operational Charging Year and all remaining Operational Charging Years in the Regulatory Period;

(d) any updates to any values provided by the Licensee in accordance with Special Condition H9.7; and

(e) any other information required relating to the Opex Building Block pursuant to the RIGs or any Regulator guidance.

12.30 As soon as possible following each Operational Charging Year, the Licensee shall provide to the Regulator:

(a) confirmation by the Licensee that the energy costs incurred in such Operational Charging Year were in accordance with the Approved Energy Procurement Strategy;

(b) details of the actual energy prices incurred by the Licensee in such Operational Charging Year;

(c) the difference between the actual energy prices incurred by the Licensee and the forecast energy prices used in the setting of the Fixed Unit Cost Element of the Variable Opex Allowance for such Operational Charging Year;

(d) details of the cost impact to the Licensee of the level of actual energy prices incurred by the Licensee being different to the forecast energy prices used in the setting of the Fixed Unit Cost Element of the Variable Opex Allowance for such Operational Charging Year; and

(e) details of the actual outturn CO_2 throughput in tCO_2 for such Operational Charging Year and details of the difference between the actual throughputs of CO_2 and the forecast amount assumed in the setting of the Variable Opex Allowance for such Operational Charging Year;

(f) details of the level of the observed MWh/tCO_2 ratio during such Operational Charging Year;

(g) details of the energy consumed for such Operational Charging Year;

(h) the Licensee's calculation of the Average Price of Energy incurred by the Licensee in accordance with the Approved Energy Procurement Strategy for such Operational Charging Year;

(i) the aggregate Re-use Daily Quantity for all Users of the Re-use Service for such Operational Charging Year;

(j) the aggregate Daily Quantity for all Users of the T&S Network for such Operational Charging Year; and

(k) evidence to substantiate the figures provided in accordance with this Special Condition H12.30.

12.31 Where the Regulator considers that the confirmation, analysis or information received under Special Condition H12.30 is insufficient, then the Regulator can make a request for any additional information that it considers appropriate and the Licensee must provide such information to the Regulator within ten Business Days of the request, or within such extended time as agreed by the Regulator.

Special Condition H13: Opex Incentive Building Block

Introduction

13.1 The purpose of this special condition is to calculate the value of the Opex Incentive Building Block applicable during each Operational Charging Year.

Structure

13.2 This special condition is structured as follows:

(a) Part A sets out how the Opex Incentive Building Block will be calculated in each Operational Charging Year; and

(b) Part B explains that the Opex Incentive Building Block shall be subject to a reconciliation.

Part A: Calculation of Opex Incentive Building Block

13.3 The Opex Incentive Building Block will apply in each Operational Charging $Year_t$.

13.4 The Opex Incentive Building Block for each Operational Charging Year during the Operational Period will be calculated in accordance with the following formula:

$$\boldsymbol{OI_t = (AO_t - OA_t) \times OSF}$$

where:

Term	Description	Price Base
OI_t	means the Opex Incentive Building Block for Operational Charging $Year_t$	£ real (Base Year)
AO_t	means the Actual Opex Costs for Operational Charging $Year_t$	£ real (Base Year)
OA_t	means the Opex Allowance(s) for Operational Charging $Year_t$	£ real (Base Year)
OSF	means the Opex Sharing Factor	N/A

13.5 The value of the Opex Incentive Building Block for each Operational Charging Year may be positive or negative.

Part B: Reconciliation of Opex Incentive Building Block

13.6 The Opex Incentive Building Block will be subject to a reconciliation in accordance with Special Condition H9.7 (*Calculation of Allowed Revenue during the Operational Period*).

Special Condition H14: ETS Building Block

Introduction

14.1 The purpose of this special condition is to calculate the value of the ETS Building Block applicable during each Operational Charging Year.

Structure

14.2 This special condition is structured as follows:

(a) Part A sets out how allowances are to be set in respect of UK ETS;

(b) Part B sets out how the ETS Building Block will be calculated in each Operational Charging Year;

(c) Part C explains that the ETS Building Block shall be subject to a reconciliation; and

(d) Part D sets out the information required from the Licensee in relation to its costs relating to the ETS Building Block.

Part A: ETS Allowances

14.3 In accordance with the RIGs, the Licensee is required:

(a) to provide quarterly updates throughout the Construction Period and Commissioning Period of the Licensee's forecasted ETS Costs (including forecasted ETS prices) for each Operational Charging Year during the First Regulatory Period; and

(b) to provide the Licensee's assessment as to whether such forecasted ETS Costs are such that amendments are required to be made to the provisional ETS Allowances that were agreed prior to Licence Award.

14.4 Eight months prior to Scheduled COD, taking into consideration the information provided by the Licensee pursuant to Special Condition H14.3 and any additional information provided pursuant to the RIGs or any Regulator guidance, the Regulator will determine the ETS Allowance for each Operational Charging Year in the First Regulatory Period and will make amendments to update any relevant Project-Specific Documents to reflect such determination.

14.5 Unless otherwise determined by the Regulator, the ETS Allowances for the First Regulatory Period will be an annual allowance for each Operational Charging Year (such allowances to be reduced on a proportionate basis where the relevant Operational Charging Year is a part year).

14.6 In determining the ETS Allowances for the First Regulatory Period in accordance with Special Condition H14.4:

(a) the volume element of the ETS Allowance is to be set on an ex ante basis; and

(b) the price component of the ETS Allowance is to be set on a forecast basis.

14.7 In accordance with Special Conditions H14.8 and E2.2(e) (*Interpretation*), the price component of the ETS Allowance will be subject to a true up once actual outturn prices are known.

Part B: Calculation of ETS Building Block

14.8 The ETS Building Block for each Operational Charging Year will be calculated in accordance with the following formula:

$$\mathbf{ETS_t} = (\mathbf{ETSV_t} \times \mathbf{PETSP_t}) + (\mathbf{ETSV_t} \times (\mathbf{ATESP_t} - \mathbf{PETSP_t}))$$

where:

Term	Description	Price Base
ETS_t	means the ETS Building Block for Operational Charging $Year_t$	£ real (Base Year)
$ETSV_t$	means the ETS volume component of the ETS Allowance (in tCO_2) for Operational Charging $Year_t$	N/A
$PETSP_t$	means the forecast price component (based on a forecast of the average clearing price of the UK ETS auctions set to take place over Operational Charging $Year_t$, as published by ICE Futures Europe) of the ETS Allowance (in £/tCO_2) for Operational Charging $Year_t$	£ real (Base Year)
$ATESP_t$	means the actual outturn price of the forecast price component (based on the average clearing price of the UK ETS auctions that take place over Operational Charging $Year_t$, as published by ICE Futures Europe) of the ETS Allowance for Operational Charging $Year_t$	£ real (Base Year)

Part C: Reconciliation of ETS Building Block

14.9 The ETS Building Block will be subject to a reconciliation in accordance with Special Condition H9.7 (*Calculation of Allowed Revenue during the Operational Period*).

Part D: Provision of information

14.10 No later than 15 Business Days following each End of Quarter Date during the Operational Period, the Licensee must provide to the Regulator details of:

(a) the ETS expenditure (which shall be separate from any information provided in respect of the Actual Opex Costs incurred by the Licensee in accordance with Special Condition H12.29 (*Opex Building Block*)) and any available actual ETS outturn prices relating to the ETS Building Block;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted ETS expenditure for the current Operational Charging Year and all remaining Operational Charging Years in the Regulatory Period;

(d) any updates to any values provided by the Licensee in accordance with Special Condition H8.7 (*Allowed Revenue during the Operational Period*); and

(e) any other information required relating to the ETS Building Block pursuant to the RIGs or any Regulator guidance.

Special Condition H15: Pass Through Costs Building Block

Introduction

15.1 The purpose of this special condition is to calculate the value of the Pass Through Costs Building Block for each Operational Charging Year.

Structure

15.2 This special condition is structured as follows:

(a) Part A sets out the calculation of the Pass Through Costs Building Block;

(b) Part B sets out the information required from the Licensee to evidence its Pass Through Costs;

(c) Part C sets out the Pass Through Costs Review Procedure; and

(d) Part D explains that the Pass Through Costs Building Block shall be subject to a reconciliation.

Part A: Calculation of the Pass Through Costs Building Block

15.3 In accordance with Special Conditions H15.6, H15.8 and H15.9 the Licensee will be entitled to certain amounts, on a pass through basis, in respect of specified costs incurred or to be incurred by the Licensee in connection with the Approved T&S Network that are outside of its control.

15.4 The Regulator may request evidence from the Licensee in support of any costs incurred by the Licensee in respect of which it is entitled to account for as part of the Pass Through Costs Building Block.

15.5 The Licensee may request that the Regulator considers whether additional fees incurred or to be incurred by the Licensee to regulators in connection with the Approved T&S Network and which are outside of its control should be included in the calculation of Pass Through Costs by direction. Where the Regulator agrees to such direction, the Regulator will modify this licence as necessary to give effect to its direction.

15.6 The Pass Through Costs Building Block for each Operational Charging Year will be calculated in accordance with the following formula:

$$PTC_t = BR_t + RLF_t + NSTAF_t + CELF_t + SCAF_t + EA_t + OPRED_t + IC_t$$

where:

Term	Description	Price Base
PTC_t	means the Pass Through Costs Building Block for Operational Charging Year$_t$	£ real (Base Year)

Term	Description	Price Base
BR_t	means the Business Rates payable by the Licensee in Operational Charging Year$_t$	£ real (Base Year)
RLF_t	means the Regulator Licence Fees payable by the Licensee in Operational Charging Year$_t$	£ real (Base Year)
$NSTAF_t$	means the NSTA Fees payable by the Licensee in Operational Charging Year$_t$	£ real (Base Year)
$CELF_t$	means the Crown Estate Lease Fees payable by the Licensee during Operational Charging Year$_t$	£ real (Base Year)
$SCAF_t$	means the SCA Fee payable by the Licensee in Operational Charging Year$_t$	£ real (Base Year)
EA_t	means the EA Fees incurred by the Licensee in Operational Charging Year$_t$	£ real (Base Year)
$OPRED_t$	means the OPRED Fees incurred by the Licensee in Operational Charging Year$_t$	£ real (Base Year)
IC_t	means the Independent Certifier Fees incurred by the Licensee in Operational Charging Year$_t$	£ real (Base Year)

Part B: Provision of information

15.7 No later than 15 Business Days following each End of Quarter Date during the Operational Period, the Licensee must provide to the Regulator details of:

(a) the Pass Through Costs incurred by the Licensee in the Quarter ending on such End of Quarter Date (which shall be separate from any information provided in respect of the Actual Opex Costs incurred by the Licensee in accordance with H12.29 (*Opex Building Block*)) in accordance with the RIGs or any Regulator guidance including evidence:

(i) to substantiate that the Pass Through Costs incurred were unavoidable; and

(ii) that the Pass Through Costs were verified and mitigated by the Licensee to the extent possible; and

(b) the Licensee's forecast of any Pass Through Costs to be incurred in the current Operational Charging Year and all remaining Operational Charging Years in the Regulatory Period.

15.8 The Regulator will, using the information provided by the Licensee under Special Condition H15.7(a), assess any Pass Through Costs incurred by the Licensee in accordance with the Regulator's Cost Guidance. The Regulator will also assess the extent to which any Pass Through Costs incurred by the Licensee were unavoidable, verified and mitigated by the Licensee (to the extent possible). Where the Regulator considers that any Pass Through Costs were not unavoidable, verified and mitigated by the Licensee (to the extent possible), the Regulator may adjust the value of the Pass Through Costs by direction.

15.9 The Regulator will assess any Pass Through Costs incurred by the Licensee in accordance with the Regulator's Cost Guidance and may adjust the value of the Pass Through Costs by direction.

Part C: Pass Through Costs Review Procedure

15.10 The Licensee must engage with the Relevant Valuation Regulator and use reasonable endeavours to minimise its liabilities in respect of the Business Rates.

15.11 The Licensee must engage with any regulators whose fees form part of the calculation of the Pass Through Costs in accordance with Special Condition H15.6 to ensure that invoices are accurate and engage with any relevant charging review to minimise the Licensee's liabilities which are calculated as a part of the Pass Through Costs. The Licensee shall ensure that it engages fully in technical engagement with any regulator whose fees are part of the calculation of the Pass Through Costs in order to minimise these liabilities.

15.12 The Regulator may review the Licensee's engagement with the Relevant Valuation Regulator with respect to a revaluation.

15.13 If, after reviewing the Licensee's engagement in accordance with Special Condition H15.12 and requesting any Supporting Information required from the Licensee, the Regulator considers that the Licensee has not complied with Special Condition H15.10, the Regulator may adjust the value of the Pass Through Costs Building Block for an Operational Charging Year by direction.

15.14 Before making a direction under Special Condition H15.13 the Regulator will publish on the Regulator's Website:

(a) the text of the proposed direction;

(b) the reasons for the proposed direction; and

(c) a period during which representations may be made on the proposed direction, which must not be less than 28 days.

Part D: Reconciliation of Pass Through Costs Building Block

15.15 The Pass Through Costs Building Block will be subject to a reconciliation in accordance with Special Condition H9.7 (*Calculation of Allowed Revenue during the Operational Period*).

Special Condition H16: Decommissioning Building Block

Introduction

16.1 The purpose of this special condition is to set out how the Decommissioning Building Block will be calculated for each Operational Charging Year.

Decommissioning Building Block

16.2 The Licensee will be entitled to an annual decommissioning allowance as part of its Allowed Revenue in respect of amounts required to be paid by the Licensee into the Onshore Decommissioning Fund and the Offshore Decommissioning Fund.

16.3 The Decommissioning Building Block for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{Decom_t = OFFA_t + ONA_t}$$

where:

Term	Description	Price Base
$Decom_t$	means the Decommissioning Building Block for Operational Charging Year$_t$	£ Operational Charging Year$_t$
$OFFA_t$	means Offshore Decommissioning Fund Allowance for Operational Charging Year$_t$, approved by the Regulator pursuant to Standard Condition D2.9 (*Offshore Decommissioning Fund*)	£ Operational Charging Year$_t$
ONA_t	means Onshore Decommissioning Fund Allowance for Operational Charging Year$_t$, approved by the Regulator pursuant to Standard Condition C2.9 (*Onshore Decommissioning Fund*)	£ Operational Charging Year$_t$

Special Condition H17: Tax Building Block during the Operational Period

Introduction

17.1 The purpose of this special condition is to provide the tax allowance to compensate the Licensee for its expected tax costs during the Operational Period.

Structure

17.2 This special condition is structured as follows:

(a) Part A sets out details of the calculation of the Tax Building Block;

(b) Part B sets out when the tax allowance clawback mechanism will be triggered;

(c) Part C provides details of the process that the Regulator will follow before determining any Tax Allowance Adjustment;

(d) Part D sets out the Licensee's obligation to send the Regulator an annual assurance statement in relation to the Tax Reconciliation;

(e) Part E provides details of steps that the Regulator may take prior to the revocation or determination of this licence;

(f) Part F explains that the Tax Building Block shall be subject to a reconciliation; and

(g) Part G sets out the information required for the Licensee in relation to its costs relating to the Tax Building Block.

Part A: Tax Building Block

17.3 The Tax Building Block forms part of the annual Allowed Revenue calculation and is calculated on a notional basis to reflect an amount allowed by the Regulator in respect of Corporation Tax paid, allowed or received in the Operational Charging Year by the Licensee.

17.4 The approach to calculating the Tax Building Block amount will be determined in accordance with the Price Control Financial Model, the Price Control Financial Guidance and the Price Control Financial Handbook.

17.5 In any Operational Charging Year where the Licensee's liability to pay or receive an amount in respect of Corporation Tax or any Corporation Tax rebate or allowance is zero, unless other reconciliations or adjustments apply in accordance with Special Condition H17.16, the Tax Building Block amount will be zero.

17.6 For each Operational Charging Year during the Operational Period, the value of the Tax Building Block will be calculated in accordance with the following formula:

$$Tax_t = TAX_t + TAXA_t$$

where:

Term	Description	Price Base
Tax_t	means the Tax Building Block for Operational Charging $Year_t$	£ real (Base Year)
TAX_t	means the Calculated Tax Allowance for Operational Charging $Year_t$ where the Licensee's liability to pay or receive an amount in respect of Corporation Tax or any Corporation Tax rebate or allowance is zero its value will be zero	£ real (Base Year)
$TAXA_t$	means the Tax Allowance Adjustment that is to be applied to adjust the Allowed Revenue in accordance with a determination by the Regulator pursuant to Special Conditions H17.8 to H17.13	£ real (Base Year)

Part B: Tax clawback

17.7 If the Licensee's Actual Corporation Tax Liability is less than the amount of the Tax Building Block in Operational Charging $Year_{t-2}$ and such variation is due to a divergence between the Licensee's actual gearing and the Notional Gearing assumption made by the Regulator for the purpose of setting the Tax Building Block, the Regulator may deduct this from the Allowed Revenue in Operational Charging $Year_t$.

Part C: Tax Allowance Adjustment ($TAXA_t$)

17.8 The Regulator will consider whether a tax adjustment is appropriate and, if so, determine the Tax Allowance Adjustment ("**$TAXA_t$**").

17.9 The effect is to adjust the Allowed Revenue, if required, following a review of material differences between the Licensee's Calculated Tax Allowance and its Actual Corporation Tax Liability, in accordance with Chapter 5 of the Price Control Financial Handbook.

17.10 The Regulator may also make an adjustment to the TAXA in accordance with the process set out in Special Conditions H17.11 to H17.13.

17.11 The Regulator may undertake a tax review of any material differences between the Licensee's Calculated Tax Allowance and its Actual Corporation Tax Liability, in accordance with Chapter 5 of the Price Control Financial Handbook.

17.12 Where the Regulator notifies the Licensee that it has decided to undertake a tax review and given the reasons for that decision, the Licensee must:

(a) procure an Appropriately Qualified Independent Examiner to examine the differences between the Licensee's Calculated Tax Allowance and its actual tax liability and submit a report to the Regulator;

(b) carry out any reasonable steps specified by the Regulator for such a procurement and comply with any requirements reasonably specified by the Regulator as to the terms of appointment of the Appropriately Qualified Independent Examiner;

(c) ensure that the Appropriately Qualified Independent Examiner carries out the work within the scope, and by the date, reasonably specified by the Regulator as to the terms of appointment of the Appropriately Qualified Independent Examiner; and

(d) send to the Regulator a report from the Appropriately Qualified Independent Examiner in the form, and containing the content, specified by the Regulator, after discussing with the Appropriately Qualified Independent Examiner.

17.13 Following receipt of the Appropriately Qualified Independent Examiner's report, the Regulator will:

(a) determine any adjustment to the value of the $TAXA_t$ term that it considers should be made taking account of the report;

(b) specify the Operational Charging Years to which the adjustment relates; and

(c) set out its reasons for its assessment under sub-paragraphs (a) and (b).

Part D: Tax Reconciliation assurance statement

17.14 The Licensee is required to send to the Regulator an annual assurance statement in relation to the Tax Reconciliation template and sets out the form of that statement.

17.15 The Licensee must, by 30 September of each Operational Charging Year, send to the Regulator an assurance statement, relating to Operational Charging $Year_{t-2}$ that:

(a) has been approved by a resolution of the Licensee's board of directors; and

(b) is set out in the form prescribed in Special Condition H17.16 or, where Special Condition H17.17 applies, in the form prescribed in Special Condition H17.18.

17.16 "In accordance with the requirements of Special Condition H17.15 (*Tax Building Block during the Operational Period*), the Directors of [Licensee] (the "Licensee") hereby certify that for the Operational Charging Year [Operational Charging $Year_{t-2}$] in their opinion:

(a) the adjusted notional tax allowance as shown in the Tax Reconciliation template represents a fair interpretation of the Licensee's adjusted Actual Corporation Tax Liability as show in the Licensee's Company Tax Return (CT600);

(b) the Tax Reconciliation has been submitted to the Office of Gas and Electricity Markets along with a copy of:

(i) the Licensee's most recent CT600 as submitted to His Majesty's Revenue and Customs;

(ii) the Licensee's most recently submitted Senior Accounting Officer (SA02) certificate as per sub-paragraph (b)(i) above; and

(iii) the Licensee's published tax strategy;

(c) where appropriate, further information has also been provided to support and explain reconciling items in accordance with the Price Control Financial Guidance;

(d) all adjustments made have been appropriately explained in the Tax Reconciliation supporting commentary; and

(e) reconciling differences have been appropriately explained and any remaining, unexplained difference is considered immaterial, in aggregate."

17.17 Where the Licensee anticipates a material variance to arise in the Tax Reconciliation as described in Chapter 5 of the Price Control Financial Handbook, the prescribed form for the assurance statement is set out in Special Condition H17.18.

17.18 "In accordance with the requirements of Special Condition H17.15, the Directors of [Licensee] (the **"**Licensee**"**) hereby certify that for the Operational Charging Year [Operational Charging Year$_{t-2}$] in their opinion:

(a) the adjusted notional tax allowance as shown in the Tax Reconciliation template does not represent a fair interpretation of the Licensee's adjusted Actual Corporation Tax Liability as show in the Licensee's Company Tax Return (CT600);

(b) the Tax Reconciliation has been submitted to the Office of Gas and Electricity Markets along with a copy of:

(i) the Licensee's most recent CT600 as submitted to His Majesty's Revenue and Customs;

(ii) the Licensee's most recently submitted Senior Accounting Officer (SA02) certificate as per sub-paragraph (b)(i) above; and

(iii) the Licensee's published tax strategy;

(c) where appropriate, further information has also been provided to support and explain reconciling items in accordance with the Price Control Financial Guidance;

(d) all adjustments made have been appropriately explained in the Tax Reconciliation supporting commentary; and

(e) a notification has been given to the Regulator under Chapter 5 of the Price Control Financial Handbook."

Part E: End of life tax matters

17.19 The Regulator may conduct a review of the Licensee's obligations in relation to tax and the approach to setting the Tax Building Block at any time where the Regulator considers that there may be less than five years until the revocation or determination of this licence in accordance with this licence.

Part F: Reconciliation of the Tax Building Block

17.20 The Tax Building Block will be subject to a reconciliation in accordance with Special Condition H9.7 (*Calculation of Allowed Revenue during the Operational Period*).

Part G: Provision of information

17.21 No later than 15 Business Days following each End of Quarter Date during the Operational Period, the Licensee must provide to the Regulator details of:

(a) the actual value of the Corporation Tax paid by the Licensee (which shall be separate from any information provided in respect of the Actual Opex Costs incurred by the Licensee in accordance with Special Condition H12.29 (*Opex Building Block*));

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Corporation Tax costs for the current Operational Charging Year and all remaining Operational Charging Years in the Regulatory Period; and

(d) any other information required relating to the Tax Building Block pursuant to the RIGs or any Regulator guidance.

Special Condition H18: Availability incentive

Introduction

18.1 The purpose of this special condition is to set out the financial incentive on the Licensee to maximise T&S Network performance and T&S Storage Site performance, minimise outages and to schedule planned outages in an efficient manner.

Structure

18.2 This special condition is structured as follows:

(a) Part A sets out the Licensee's obligation to use reasonable endeavours to achieve the Availability Target in each Operational Charging Year;

(b) Part B sets out the Licensee's obligation to achieve the Availability Floor in each Operational Charging Year;

(c) Part C sets out the method for calculation of Availability in each Operational Charging Year;

(d) Part D requires the Licensee to keep (and make available) records relating to Availability and Availability Relief Factors;

(e) Part E requires the Licensee to submit its Availability calculation for each Operational Charging Year and to notify the Regulator of any potential Availability Relief Factors;

(f) Part F provides for the Regulator to consider and accept or reject:

(i) whether any applicable Availability Relief Factors have occurred; and

(ii) the Licensee's Availability calculation;

(g) Part G sets out the definition of "Availability Relief Factors";

(h) Part H sets out the process which applies where a Licensee's calculation of Availability is not accepted or further evidence is required by the Regulator in respect of the same; and

(i) Part I sets out the possible Availability Adjustments that may apply to the Allowed Revenue.

Part A: Availability Target

18.3 In each Operational Charging Year, the Licensee must use reasonable endeavours to achieve the Availability Target.

Part B: Availability Floor

18.4 In each Operational Charging Year, the Licensee must achieve the Availability Floor.

18.5 Where the Licensee does not achieve the Availability Floor in an Operational Charging Year as required by Special Condition H18.4, the Licensee will not be in breach of this licence in respect of such failure where the Licensee:

(a) in respect of such failure has in place a Correction Plan and (where relevant) an associated Remediation Plan in accordance with Special Conditions H19.4 (*Correction Plans and associated Remediation Plans*) and H19.6 approved by the Regulator pursuant to Special Condition H19.10(a); and

(b) is diligently implementing and complying with such plan(s) in all material respects.

Part C: Calculation of Availability

18.6 In each Operational Charging Year, **"Availability"** will be calculated in accordance with the following formula:

$$\boldsymbol{A} = \left(\mathbf{1} - \frac{\sum_{\boldsymbol{hh}=\mathbf{1}}^{\boldsymbol{THH}} \sum_{\boldsymbol{dp}=\mathbf{1}}^{\boldsymbol{TDP}} (\boldsymbol{ACRC}_{\boldsymbol{dphh}} + \boldsymbol{ACN}_{\boldsymbol{dphh}})}{\sum_{\boldsymbol{hh}=\mathbf{1}}^{\boldsymbol{THH}} \sum_{\boldsymbol{dp}=\mathbf{1}}^{\boldsymbol{TDP}} \boldsymbol{RC}_{\boldsymbol{dphh}}} \right)$$

where:

Term	Description
A	means Availability for Operational Charging Year$_t$
ACN	means Adjusted Curtailed Nominations in MTPA CO_2
ACRC	means Adjusted Constrained Registered Capacity in MTPA CO_2
dp	means a Delivery Point
hh	means a Delivery Period
TDP	means the total number of Delivery Points in the T&S Network
THH	means the total number of Delivery Periods in Operational Charging Year$_t$
RC	means Registered Capacity in MTPA CO_2

18.7 For the purposes of the calculation of Availability under Special Condition H18.6:

(a) where the Licensee fails to achieve a Phase 2 Acceptance by the relevant Scheduled Phase 2 Acceptance Date, from the Scheduled Phase 2 Acceptance Date until the date on which the relevant Phase 2 Acceptance has been achieved, each Unconnected User shall be deemed to have a Constrained Registered Capacity of 100% of such Unconnected User's anticipated Registered Capacity; and

(b) fails to achieve an ExpA Acceptance by the relevant Scheduled ExpA Acceptance Date, from the Scheduled ExpA Acceptance Date until the date on which the relevant ExpA Acceptance has been achieved, each Unconnected User shall be deemed to have a Constrained Registered Capacity of 100% of such Unconnected User's anticipated Registered Capacity.

Part D: Records relating to Availability and Availability Relief Factors

18.8 The Licensee must keep written records of any potential Availability Relief Factors that have occurred during an Operational Charging Year, which must include the details referred to in Special Conditions H18.10(b)(i) and H18.10(b)(ii) in respect of each such potential Availability Relief Factor.

18.9 The Licensee must provide to the Regulator:

(a) access at all times to the records referred to in Special Condition H18.8, as well as any other written records which the Licensee is required to keep, publish and/or supply to Users under the CCS Network Code relating to:

(i) Curtailed Nominations; and

(ii) Constrained Registered Capacity;

(b) in the case of records relating to any potential Availability Relief Factors that have occurred during an Operational Charging Year, copies of the same promptly following occurrence of the relevant potential Availability Relief Factor; and

(c) in the case of records relating to any applicable Availability Relief Factors, copies of the same promptly following the cessation of any relevant Availability Relief Factor, including details of the number of days which were impacted by any Curtailed Nominations and/or Constrained Registered Capacity.

Part E: Availability calculation

18.10 The Licensee must submit its calculation of the Availability (calculated in accordance with the formula set out in Special Condition H18.6) for each Operational Charging Year within one month from the end of that Operational Charging Year, together with any further evidence that the Regulator has notified the Licensee that it requires in respect of the same, which shall include:

(a) written notice of the occurrence of any potential Availability Relief Factors during the relevant Operational Charging Year; and

(b) (where relevant) evidence satisfactory to the Regulator in respect of:

(i) the nature, cause(s) and duration of each such potential Availability Relief Factors; and

(ii) the impact of each such potential Availability Relief Factor on Nominated Quantity and/or Registered Capacity, including the duration of such impact and the affected Delivery Periods.

Part F: Consideration of evidence provided in respect of the calculation of Availability and applicable potential Availability Relief Factors

18.11 The Regulator will consider the evidence provided by the Licensee in respect of the calculation of the Availability for an Operational Charging Year, which will include the evidence provided by the Licensee in respect of the occurrence of potential applicable Availability Relief Factors, and will:

(a) where applicable Availability Relief Factors have potentially occurred:

(i) confirm that an Availability Relief Factor has occurred;

(ii) confirm that an Availability Relief Factor has not occurred; or

(iii) require further evidence from the Licensee to confirm whether an Availability Relief Factor has occurred; and

(b) having confirmed, where applicable, whether or not any applicable Availability Relief Factors have occurred:

(i) confirm that the calculation of the Availability for such Operational Charging Year is accepted;

(ii) confirm that the calculation of the Availability for such Operational Charging Year is not accepted; or

(iii) require further evidence from the Licensee to confirm whether the calculation of Availability for such Operational Charging Year can be accepted.

18.12 Where the Regulator requires further evidence from the Licensee under Special Condition H18.11(a)(iii) or H18.11(b)(iii), the Licensee must promptly provide such evidence to the Regulator and the relevant procedure in this Special Condition H18 shall be repeated.

Part G: Availability Relief Factors

18.13 An **"Availability Relief Factor"**, subject to limbs (i) and (ii) of this Special Condition H18.13 and Special Condition H18.14, is any of the following factors:

(a) the occurrence of a Force Majeure Event;

(b) the occurrence of a Qualifying Change in Law;

(c) disruption to power supply resulting from a network outage on a licensed electricity transmission or distribution network (including as a result of any action by the electricity system operator), the impact of which is beyond the reasonable control of the Licensee, as determined by the Regulator in accordance with Special Condition H18.14;

(d) an act or omission of a User, including any breach by a User of the CCS Network Code, but excluding the exercise of any rights and/or entitlements by a User under the CCS Network Code, the impact of which is beyond the reasonable control of the Licensee, as determined by the Regulator in accordance with Special Condition H18.14;

(e) asset damage caused by third parties or natural causes, subject to the Licensee's compliance with Special Condition H26 (*Insurance*); and

(f) the occurrence of an Insured Risk Event; and

(g) any other factor designated as an "Availability Relief Factor" in paragraph 2 (*Availability Relief Factors*) of Schedule 10 (*Project-specific conditions*),

in each case:

(i) provided that the Licensee has provided evidence to the Regulator's satisfaction that such factor directly caused Curtailed Nominations and/or Constrained Registered Capacity in the relevant Operational Charging Year which, in each case, could not have been avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice; and

(ii) to the extent that the Licensee has provided evidence to the Regulator's satisfaction that neither such factor nor any such Curtailed Nominations and/or Constrained Registered Capacity were caused or contributed to by acts and/or omissions of the Licensee or of:

(A) any of its Affiliates, Related Undertakings or Ultimate Controllers; or

(B) any of its agents, employees, contractors, subcontractors or other suppliers (of any tier) acting on its behalf,

save to the extent that any such Affiliate, Related Undertaking, Ultimate Controller, agent, employee, contractor, subcontractor or other supplier (of any tier) is (i) acting (or omitting to act) in its capacity as a User; and/or (ii) acting (or omitting to act) on behalf of a User.

18.14 Where the Licensee notifies the Regulator of a potential Availability Relief Factor:

(a) within limbs (c) and/or (d) of the definition of **"Availability Relief Factor"** set out in Special Condition H18.13; and/or

(b) where so indicated in paragraph 2 of Schedule 10, within limb (g) of the definition of **"Availability Relief Factor"** set out in Special Condition H18.13,

in determining whether or not the relevant impact is beyond the reasonable control of the Licensee (or other relevant party) the Regulator will consider whether it is reasonable in all the circumstances to expect that the Licensee (or other relevant party), acting in accordance with Good Industry Practice:

(a) should have been aware of the relevant triggers and/or contributory factors for:

(i) the relevant potential Availability Relief Factor; and

(ii) the impact of the same; and

(b) should have controlled or changed some or all of such triggers or contributory factors to prevent the relevant potential Availability Relief Factor from occurring or to prevent or minimise its impact,

provided that lack of funds shall not, in any circumstances, be interpreted as a cause beyond the reasonable control of the Licensee (or other relevant party).

Part H: Licensee's calculation of Availability is not accepted or further evidence is required by the Regulator

18.15 Where the Regulator:

(a) confirms under Special Condition 18.11(b) that the calculation of the Availability for such Operational Charging Year is not accepted, the Licensee must reassess and resubmit its calculation to the Regulator and the procedures in Special Condition H18.11 shall be repeated; or

(b) requires further evidence from the Licensee under Special Condition H18.12, the Licensee must provide such evidence to the Regulator and the procedures in Special Condition H18.11 shall be repeated.

18.16 Where, following the resubmission of the Licensee's calculation of the Availability for an Operational Charging Year under Special Condition H18.15(a), the Regulator determines under Special Condition H18.11(b) that the resubmitted calculation is not accepted as the calculation of the Availability for that Operational Charging Year, the Regulator will determine the calculation of the Availability for that Operational Charging Year.

Part I: Availability Adjustment to the Allowed Revenue

18.17 The Availability Adjustment for Operational Charging Year$_{t-2}$ (AA_{t-2}) shall be applied in accordance with Special Condition H9.5 (*Calculation of Allowed Revenue during the Operational Period*) in Operational Charging Year$_t$.

18.18 Where Confirmed Availability for Operational Charging Year$_{t-2}$:

(a) is equal to the Availability Target for Operational Charging Year$_{t-2}$, the Availability Adjustment for Operational Charging Year$_{t-2}$ shall be zero;

(b) exceeds the Availability Target for Operational Charging Year$_{t-2}$ by any amount up to and including the Availability Ceiling for Operational Charging Year$_{t-2}$, the Availability Adjustment for Operational Charging Year$_{t-2}$ shall comprise a positive adjustment to the Allowed Revenue for Operational Charging Year$_t$ up to a cap calculated by reference to 25% of the Regulated Return on Equity for Operational Charging Year$_{t-2}$, as follows:

(i) where:

(A) Confirmed Availability for Operational Charging Year$_{t-2}$ is equal to or greater than the Availability Ceiling for Operational Charging Year$_{t-2}$, the Availability Adjustment for Operational Charging Year$_{t-2}$ will be calculated in accordance with the following formula:

$$\boldsymbol{AA_{t-2} = Max\ Reward_{t-2} \times (1 - AF_{t-2})}$$

where:

Term	Description
AA_{t-2}	means the Availability Adjustment for Operational Charging Year$_{t-2}$ pursuant to this Special Condition H18.18(b)(i)(A)
Max Reward$_{t-2}$	means 25% of the Regulated Return on Equity for Operational Charging Year$_{t-2}$
AF_{t-2}	means the Adjustment Factor for Operational Charging Year$_{t-2}$, as calculated in accordance with Special Condition H18.19

(B) Confirmed Availability for Operational Charging Year$_{t-2}$ is lower than the Availability Ceiling for Operational Charging Year$_{t-2}$ and greater than the Availability Target for Operational Charging Year$_{t-2}$, the Availability Adjustment for Operational Charging Year$_{t-2}$ will be calculated in accordance with the following formula:

$$\boldsymbol{AA_{t-2} = \left(\frac{CA_{t-2} - AT_{t-2}}{AC_{t-2} - AT_{t-2}}\right) \times Max\ Reward_{t-2} \times (1 - AF_{t-2})}$$

where:

Term	Description
AA_{t-2}	means the Availability Adjustment for Operational Charging Year$_{t-2}$ pursuant to this Special Condition H18.18(b)(i)(B)
CA_{t-2}	means Confirmed Availability for Operational Charging Year$_{t-2}$
AT_{t-2}	means the Availability Target for Operational Charging Year$_{t-2}$

Term	Description
AC_{t-2}	means the Availability Ceiling for Operational Charging Year$_{t-2}$
Max Reward$_{t-2}$	means 25% of the Regulated Return on Equity for Operational Charging Year$_{t-2}$
AF_{t-2}	means the Adjustment Factor for Operational Charging Year$_{t-2}$, as calculated in accordance with Special Condition H18.19

(c) fails to meet the Availability Target for Operational Charging Year$_{t-2}$, the Availability Adjustment for Operational Charging Year$_{t-2}$ shall comprise a negative adjustment to the Allowed Revenue up to a cap calculated by reference to 100% of the Regulated Return on Equity for Operational Charging Year$_{t-2}$, as follows:

(i) where:

(A) Confirmed Availability for Operational Charging Year$_{t-2}$ is lower than the Availability Target for Operational Charging Year$_{t-2}$ and greater than the Availability Floor for Operational Charging Year$_{t-2}$, the Availability Adjustment for Operational Charging Year$_{t-2}$ will be calculated in accordance with the following formula:

$$\boldsymbol{AA_{t-2} = \left(\frac{AT_{t-2} - CA_{t-2}}{AT_{t-2} - AFl_{t-2}}\right) \times Max\ Deduction_{t-2} \times (1 - AF_{t-2})}$$

where:

Term	Description
AA_{t-2}	means the Availability Adjustment for Operational Charging Year$_{t-2}$ pursuant to this Special Condition H18.18(c)(i)(A)
CA_{t-2}	means Confirmed Availability for Operational Charging Year$_{t-2}$
AT_{t-2}	means the Availability Target for Operational Charging Year$_{t-2}$
AFl_{t-2}	means the Availability Floor for Operational Charging Year$_{t-2}$
Max Deduction$_{t-2}$	means 100% of the Regulated Return on Equity for Operational Charging Year$_{t-2}$

Term	Description
AF_{t-2}	means the Adjustment Factor for Operational Charging Year$_{t-2}$, as calculated in accordance with Special Condition H18.19

(B) Confirmed Availability for Operational Charging Year$_{t-2}$ is equal to or lower than the Availability Floor for Operational Charging Year$_{t-2}$, the Availability Adjustment for Operational Charging Year$_{t-2}$ calculated in accordance with the following formula:

$$\boldsymbol{AA_{t-2} = Max\ Deduction_{t-2} \times (1 - AF_{t-2})}$$

where:

Term	Description
AA_{t-2}	means the negative adjustment to the Allowed Revenue for Operational Charging Year$_{t-2}$ pursuant to this Special Condition H18.18(c)(i)(B)
Max Deduction$_{t-2}$	means 100% of the Regulated Return on Equity for Operational Charging Year$_{t-2}$
AF_{t-2}	means the Adjustment Factor for Operational Charging Year$_{t-2}$, as calculated in accordance with Special Condition H18.19

18.19 For the purposes of Special Condition H18.18, the applicable **"Adjustment Factor"** shall be:

(a) where the First Operational Year coincides with the first Operational Charging Year:

(i) the applicable Adjustment Factor for the first Operational Charging Year shall be 0.5; and

(ii) the applicable Adjustment Factor for all Operational Charging Years subsequent to the first Operational Charging Year shall be 0; and

(b) where the First Operational Year spans two Operational Charging Years:

(i) the applicable Adjustment Factor for the first Operational Charging Year shall be 0.5;

(ii) the applicable Adjustment Factor for the second Operational Charging Year shall be:

$0.5 \times (\frac{(\mathrm{NFOY} - \mathrm{NFOCY})}{NSOCY})$; and

where:

Term	**Description**
NFOY	means the number of days in the First Operational Year
NFOCY	means the number of days in the first Operational Charging Year
NSOCY	means the number of days in the second Operational Charging Year

(iii) the applicable Adjustment Factor for all Operational Charging Years subsequent to the second Operational Charging Year shall be 0.

Special Condition H19: Correction Plans and associated Remediation Plans

Introduction

19.1 The purpose of this special condition is to set out:

(a) the circumstances in which a Correction Plan is required; and

(b) provisions that apply where a Correction Plan is required.

Structure

19.2 This special condition is structured as follows:

(a) Part A requires the Licensee provide information relating to any Corrective Measures that the Licensee is required to undertake in respect of the T&S Network;

(b) Part B requires the Licensee to submit a Correction Plan in certain circumstances;

(c) Part C provides for a Remediation Plan to be included in a Correction Plan in certain circumstances;

(d) Part D provides for the Licensee to provide Supporting Information in respect of Correction Plans and Remediation Plans;

(e) Part E sets out the process by which a Correction Plan and Approved CP Allowances may be approved by the Regulator;

(f) Part F requires updates to be provided regarding the progress of works and/or activities contemplated by a Correction Plan; and

(g) Part G requires the Licensee to demonstrate that the relevant works/activities under a Correction Plan have been completed.

Part A: Corrective Measures

19.3 Where the Licensee is required to undertake Corrective Measures in respect of the T&S Network:

(a) pursuant to:

(i) the Licensee's Corrective Measures Plan as included in the Storage Permit; and/or

(ii) a Corrective Measures Direction; and/or

(b) in respect of any Corrective Measures (and/or measures for the protection of human health) required under the Storage Permit which do not fall within Special Condition H19.3(a),

the Licensee must promptly provide to the Regulator:

(A) the details of such Corrective Measures Plan, Corrective Measures Direction and Corrective Measures (if any); and

(B) any related and/or additional information that the Regulator considers appropriate and requests from the Licensee in respect of such Corrective Measures Plan, Corrective Measures Direction and Corrective Measures (if any).

Part B: Correction Plans relating to Availability issues and Corrective Measures

19.4 The Licensee must submit a draft Correction Plan to the Regulator for approval where:

(a) an Availability Issue occurs;

(b) a Corrective Measures Issue occurs; and/or

(c) the Licensee makes an Availability Improvement Works Proposal.

19.5 A draft Correction Plan:

(a) required under Special Condition H19.4(a) must be submitted within two months of the Regulator's determination of Availability in respect of the relevant Operational Charging Year under Special Condition H18.11(a) (*Availability incentive*);

(b) required under Special Condition H19.4(b) must be submitted as soon as reasonably practicable following occurrence of the relevant Corrective Measures Issue; and

(c) required under Special Condition H19.4(c) must be submitted within two months of the relevant Availability Improvement Works Proposal.

Part C: Remediation Plans

19.6 A Remediation Plan must be included as part of any draft Correction Plan which is required to be submitted under Special Condition H19.4 in whole or in part because:

(a) an Availability Issue has occurred as a result of or in connection with a Store Issue and the Licensee forecasts that Substantive Store Capex/Opex is required directly as a result of or in connection with the implementation of the relevant element(s) of the Correction Plan;

(b) a Corrective Measures Issue has occurred and the Licensee forecasts that Substantive CM Capex/Opex is required directly as a result of or in connection with the implementation of the relevant element(s) of the Correction Plan; and/or

(c) the Licensee is making an Availability Improvement Works Proposal and forecasts that Substantive AIW Capex/Opex is required directly as a result of or in connection with the implementation of the relevant element(s) of the Correction Plan.

19.7 A Remediation Plan must include details of such remediation works and/or activities as are necessary:

(a) in the case of Special Conditions H19.6(a) and H19.6(c), to improve Availability; and

(b) in the case of Special Condition H19.6(b) and subject to Special Condition H19.8, to meet the Corrective Measures Requirements.

19.8 Where a Remediation Plan includes remediation works and/or activities necessary to meet any Corrective Measures Requirements, the Licensee must:

(a) provide evidence that it has informed the NSTA, HSE and OPRED of such Remediation Plan and, where required by the NSTA, HSE and/or OPRED, that it has discussed the elements of the Remediation Plan which relate to such Corrective Measures-related works and/or activities with the NSTA, HSE and/or OPRED (as relevant); and

(b) take into account any comments provided by the NSTA, HSE and OPRED (if any) on the elements of the Remediation Plan which relate to such Corrective Measures-related works and/or activities.

Part D: Supporting Information required in respect of Correction Plans and Remediation Plans

19.9 When submitting a draft Correction Plan to the Regulator in accordance with Special Condition H19.4, the Licensee must also provide:

(a) Supporting Information evidencing the Licensee's justification for:

(i) the proposed works and/or activities contained within the Correction Plan (including any alternative works and/or activities considered by the Licensee); and

(ii) the proposed programme of such works and/or activities; and

(b) forecasts of the following costs that the Licensee expects to incur in respect of the proposed works and/or activities contained within the Correction Plan (each a **"CP Forecast"**):

(i) Capex costs, including individual forecasts in respect of:

(A) RP-related Store Capex;

(B) RP-related CM Capex;

(C) RP-related AIW Capex; and

(D) Non-RP-related Capex; and

(ii) Opex costs, including individual forecasts in respect of:

(A) RP-related Store Opex;

(B) RP-related CM Opex;

(C) RP-related AIW Opex; and

(D) Non-RP-related Opex; and

(c) any related and/or additional Supporting Information that the Regulator requests from the Licensee in respect of such Correction Plan.

Part E: Approval of Correction Plan and Approved CP Allowances

19.10 Subject to the Licensee having complied with Special Conditions H19.8 and H19.9 where the Licensee has provided a draft Correction Plan to the Regulator for approval under Special Condition H19.4, the Regulator will review such draft Correction Plan and will:

(a) determine that the draft Correction Plan is approved and, as part of such approval:

(i) determine that any Remediation Plan included within the draft Correction Plan is approved; and

(ii) taking into account the factors referred to in Special Condition H19.12 (but not being bound by any CP Forecast submitted by the Licensee), determine:

(A) the approved level of spend as against each CP Forecast (each an **"Approved CP Spend"**);

(B) taking into account the CP Forecasts for each Operational Charging Year, determine the approved aggregate level of spend in each Operational Charging Year for each of:

(aa) CM Capex and CM Opex;

(bb) Store Capex and Store Opex; and

(cc) AIW Capex and AIW Opex; and

which aggregate approved level of spend shall, in each case, be the total of the relevant Approved CP Spend(s) in respect of the Operational Charging Year to which the relevant spend relates (each an **"Approved CP Allowance"**);

(b) determine that the draft Correction Plan is not approved and provide its reasons for such non-approval; or

(c) require further Supporting Information from the Licensee to determine whether to approve the draft Correction Plan.

19.11 Unless otherwise determined by the Regulator, any Approved CP Allowance set under this Special Condition H19 will be an annual allowance for each Operational Charging Year in which a Correction Plan is anticipated to be implemented covering (as the case may be) all:

(a) CM Capex and CM Opex;

(b) Store Capex and Store Opex; or

(c) AIW Capex and AIW Opex.

19.12 In considering whether to approve a draft Correction Plan under Special Condition H19.10:

(a) the Regulator will assess whether each CP Forecast included in the relevant draft Correction Plan is economic, efficient and effective, taking into account and reducing the relevant Approved CP Spend(s) and Approved CP Allowance(s) accordingly, among other things:

(i) any element of each CP Forecast in respect of which allowances have already been provided pursuant to the conditions of this licence, including in respect of Phase 2 Activities or Expansion Activities which have not achieved Phase 2 Acceptance or ExpA Acceptance (as relevant);

(ii) the extent to which any forecast Store Capex and/or Store Opex directly relates to the implementation of the relevant Correction Plan (or relevant part thereof) which addresses the remediation of the relevant Store Issue(s), where relevant;

(iii) the extent to which any forecast CM Capex and/or CM Opex directly relates to the implementation of the part of the relevant Correction Plan (or relevant part thereof) which addresses Corrective Measures Action(s), where relevant;

(iv) the extent to which any forecast AIW Capex and/or AIW Opex directly relates to the implementation of the part of the relevant Correction Plan (or relevant part thereof) which addresses the Availability Improvement Works, where relevant;

(v) in the context of Store Capex, Store Opex, AIW Capex and/or AIW Opex, the extent to which a failure to meet the Availability Target is caused or contributed to by acts and/or omissions of the Licensee, including any failure by the Licensee to take reasonable steps that are consistent with Good Industry Practice to manage, minimise and/or otherwise mitigate the effects on Availability, provided that, where this Special Condition H19.12(a)(v) applies, the percentage of Store Capex, Store Opex, AIW Capex and/or AIW Opex (as applicable) that is included in the relevant Approved CP Spend and Approved CP Allowance may be reduced on a proportionate basis; and/or

(vi) in the context of CM Capex and/or CM Opex, the extent to which the need to perform a Corrective Measure is attributable to any fault, negligence and/or misconduct of the Licensee, provided that, where this Special Condition H19.12(a)(vi) applies, the percentage of CM Opex and/or CM Capex that is included in the relevant Approved CP Spend and Approved CP Allowance may be reduced on a proportionate basis;

(vii) in the context of AIW Capex, the extent to which:

(A) the relevant AIW is required; and

(B) it would be efficient for the relevant AIW to be carried out,

at the proposed time, taking into account all relevant circumstances; and

(b) in relation to the Regulator's determination of the relevant Approved CP Spend(s) and Approved CP Allowance(s) in respect of RP-related Opex and Non-RP-related Opex, the Regulator's rights pursuant to Special Condition H12.7 (*Opex Building Block*) shall apply in respect of such each such allowance.

19.13 Where the Regulator:

(a) determines under Special Condition H19.10(a) that the draft Correction Plan is approved:

(i) the draft Correction Plan will constitute a Correction Plan for the purposes of this licence; and

(ii) the Licensee must implement the approved Correction Plan as soon as reasonably practicable; or

(b) determines under Special Condition H19.10(b) that the Correction Plan is not approved:

(i) the Licensee must promptly amend and resubmit the Correction Plan to the Regulator; and

(ii) the procedures in Special Condition H19.10 shall be repeated.

Part F: Provision of updates regarding works and/or activities contemplated by the relevant Correction Plan

19.14 The Licensee must provide updates to the Regulator at regular intervals as determined by the Regulator on a case-by-case basis and such updates shall:

(a) be in the form approved by the Regulator;

(b) set out the Licensee's progress in respect of the works and/or activities required by the relevant Correction Plan, including in relation to the proposed programme of such works and/or activities included in the relevant Correction Plan; and

(c) include:

(i) an update as to progress of the relevant works and/or activities, including as against any milestones set out in the relevant Correction Plan; and

(ii) details of spend so far as against the relevant budget, including up-to-date details of all funding sources.

19.15 The Licensee must notify the Regulator if at any time the Licensee considers that a Correction Plan needs to be updated or otherwise amended, which notice must give particulars of:

(a) the Licensee's proposals to update or otherwise amend the Correction Plan;

(b) any investigations and additional works undertaken by the Licensee to try to implement the Correction Plan without update or other amendment;

(c) a detailed justification, together with relevant Supporting Information, as to why the Licensee considers that:

(i) the Correction Plan cannot be implemented without update or other amendment or it would not be economic, efficient and effective to implement the Correction Plan without update or other amendment; and

(ii) it is, or would be, economic, efficient and effective to update or otherwise amend the Correction Plan as proposed by the Licensee under Special Condition H19.15(a);

(d) the forecast impact of implementing the Correction Plan without such update or other amendment as proposed by the Licensee under Special Condition H19.15(a);

(e) the Licensee's proposed approach to mitigating the impact of updating or otherwise amending the Correction Plan as proposed by the Licensee under Special Condition H19.15(a); and

(f) such other Supporting Information that the Regulator notifies the Licensee that the Regulator requires.

19.16 Where Special Condition H19.15 applies the Regulator may:

(a) determine that the relevant Correction Plan be updated or amended as proposed by the Licensee under Special Condition H19.15(a) and determine adjustments (if any) to the relevant Approved CP Spend(s) and Approved CP Allowance(s);

(b) determine that that the relevant Correction Plan may not be updated or amended as proposed by the Licensee under Special Condition H19.15(a); or

(c) require further Supporting Information from the Licensee to determine whether the relevant Correction Plan may be updated or otherwise amended as proposed by the Licensee under Special Condition H19.15(a).

19.17 Where the Regulator determines under Special Condition H19.15(a) that the relevant Correction Plan be updated or otherwise amended as proposed by the Licensee under Special Condition H19.15(a):

(a) the updated or otherwise amended Correction Plan will thereafter constitute the relevant Correction Plan for the purposes of this licence;

(b) the Licensee must implement such updated or otherwise amended Correction Plan as soon as reasonably practicable; and

(c) any costs incurred by the Licensee in respect of the relevant Correction Plan prior to the Regulator's determination that the relevant Correction Plan be updated or otherwise amended shall be assessed by the Regulator as against the relevant Correction Plan prior to such determination.

19.18 Where the Regulator determines under Special Condition H19.16(b) that the relevant Correction Plan may not be updated or otherwise amended as proposed by the Licensee under Special Condition H19.15(a):

(a) the Licensee may amend its proposals for the update or otherwise amendment of the Correction Plan under Special Condition H19.15(a) and resubmit the same to the Regulator; and

(b) the procedures in Special Condition H19.15 and H19.16 shall be repeated.

19.19 The Licensee must provide such assistance and such Supporting Information to the Regulator as the Regulator may require in connection with Special Condition H19.16.

Part G: Completion of works and/or activities contemplated by the relevant Correction Plan

19.20 As soon as reasonably practicable following completion of the works and/or activities contemplated by a Correction Plan, the Licensee must:

(a) demonstrate to the Regulator's satisfaction that such works and/or activities contemplated by the relevant approved Correction Plan have been completed by the Licensee in accordance with the relevant Correction Plan; and

(b) provide Supporting Information in respect of the same as may be requested by the Regulator.

19.21 The Regulator will consider the Supporting Information provided by the Licensee under Special Condition H19.20 in respect of completion of works and/or activities contemplated by a Correction Plan and will:

(a) determine that the works and/or activities contemplated by the relevant approved Correction Plan have been completed by the Licensee;

(b) determine that the works and/or activities contemplated by the relevant approved Correction Plan have not been completed by the Licensee; or

(c) require further Supporting Information from the Licensee to determine whether the works and/or activities contemplated by the relevant approved Correction Plan have been completed.

19.22 Where the Regulator:

(a) determines under Special Condition H19.21(b) that the works and/or activities contemplated by the approved Correction Plan have not been completed by the Licensee, the Licensee must take further steps to complete them and the procedures in Special Conditions H19.20 and H19.21 shall be repeated; or

(b) requires further Supporting Information from the Licensee under Special Condition H19.21(c), the Licensee must provide such Supporting Information to the Regulator and the procedure in Special Condition H19.21 shall be repeated,

in each case until the Regulator determines that the works and/or activities contemplated by the approved Correction Plan have been completed.

Special Condition H20: Corrective Measures-related spend under a Remediation Plan

Introduction

20.1 The purpose of this special condition is to set out the provisions that apply in relation to RP-related CM Capex and RP-related CM Opex spend.

Structure

20.2 This special condition is structured as follows:

(a) Part A sets out the provisions that apply in relation to RP-related CM Capex;

(b) Part B sets out the provisions that apply in relation to RP-related CM Opex;

(c) Part C sets the information required from the Licensee in relation to its Actual RP-related CM Capex Costs and Actual RP-related CM Opex Costs; and

(d) Part D explains that the RP-related CM Building Block shall be subject to a reconciliation.

Part A: RP-related CM Capex

20.3 Any Actual RP-related CM Capex Costs shall not constitute Actual Ongoing Capex Costs for the purposes of the calculation of Ongoing Capex under Special Condition H4 (*Ongoing Capex during the Operational Period*) or the Ongoing Capex Incentive calculation.

20.4 The RP-related CM Capex for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{CMC_t = LOGCMC_t + EXCMC_t}$$

where:

Term	Description	Price Base
CMC_t	means the RP-related CM Capex for Operational Charging Year$_t$	£ real (Base Year)
$LOGCMC_t$	means the Logged RP-related CM Capex Costs for Operational Charging Year$_t$	£ real (Base Year)
$EXCMC_t$	means the Excess RP-related CM Capex Costs for Operational Charging Year$_t$	£ real (Base Year)

which, save where Special Condition H20.6 applies, shall form part of the calculation of RAV Additions for Operational Charging Year$_t$ under Special Condition H3.8 (*Calculation of RAV*).

20.5 The RP-CM Capex Costs Incentive will be calculated as follows:

$$\boldsymbol{CMCI_t = (ACPACMC_t - ACMC_t) \times RPCMCSF}$$

where:

Term	Description	Price Base
$CMCI_t$	means the RP-CM Capex Costs Incentive for Operational Charging Year$_t$	£ real (Base Year)
$ACPACMC_t$	means the relevant Approved CP Allowance(s) relating to RP-related CM Capex for Operational Charging Year$_t$	£ real (Base Year)
$ACMC_t$	means the Actual RP-related CM Capex Costs for Operational Charging Year$_t$	£ real (Base Year)
RPCMCSF	means the RP-CM Capex Costs Incentive Sharing Factor	N/A

20.6 In respect of each Correction Plan, the Regulator may include in its determination to approve the Correction Plan under Special Condition H19.10(a) (*Correction Plans and associated Remediation Plans*) an election that all or some of the Actual RP-related CM Capex Costs that relate to the relevant Correction Plan (such costs being the **"AR CM Capex Costs"**) will not accrue to the RAV under Special Condition H20.5, and where such an election is made;

(a) the Regulator will determine a separate allowance in respect of the AR CM Capex Costs (an **"AR CM Capex CP Allowance"**) and the relevant Approved CP Allowance will be adjusted accordingly to reflect such determination;

(b) the Regulator will determine any necessary adjustments to be made to reflect such election, including:

(i) to the RP-CM Capex Costs Incentive; and

(ii) applying an AR CM Capex Costs incentive (which shall be on the same basis as for the RP-CM Capex Costs Incentive (including as to timing and the relevant sharing factor)), as adjusted to reflect the AR CM Capex Costs incurred by the Licensee and the AR CM Capex CP Allowance (the **"AR CM Capex Costs Incentive"**);

(c) the relevant AR CM Capex Costs will not accrue to the RAV as Actual RP-related CM Capex Costs; and

(d) the calculation of Base Revenue in Special Condition H9.5 (*Calculation of Allowed Revenue during the Operational Period*) shall be construed to include:

(i) the AR CM Capex Costs for each Operational Charging Year in which the relevant Correction Plan applies; and

(ii) the AR CM Capex Costs Incentive for each Operational Charging Year in which the relevant Correction Plan applies.

20.7 The value of the RP-CM Capex Costs Incentive for each Operational Charging Year may be positive or negative.

Part B: RP-related CM Opex

20.8 Any Actual RP-related CM Opex Costs shall not constitute Actual Opex Costs for the purposes of the Opex Building Block or the Opex Incentive Building Block.

20.9 The RP-related CM Opex for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{CMO_t = LOGCMO_t + EXCMO_t}$$

where:

Term	Description	Price Base
CMO_t	means the RP-related CM Opex for Operational Charging $Year_t$	£ real (Base Year)
$LOGCMO_t$	means the Logged RP-related CM Opex Costs for Operational Charging $Year_t$	£ real (Base Year)
$EXCMO_t$	means the Excess RP-related CM Opex Costs for Operational Charging $Year_t$	£ real (Base Year)

20.10 The calculation of Base Revenue in Special Condition H9.5 shall take account of:

(a) Logged RP-related CM Opex Costs; and

(b) the Excess RP-related CM Opex Costs.

20.11 The RP-CM Opex Costs Incentive:

(a) will apply in each Operational Charging $Year_t$ with the RP-CM Opex Costs Incentive reflected in the Allowed Revenue calculation as a positive or negative adjustment in Operational Charging $Year_t$; and

(b) will be calculated in accordance with the following formula:

$$\boldsymbol{CMOI_t = (ACPACMO_t - ACMO_t) \times RPCMOSF}$$

where:

Term	Description	Price Base
$CMOI_t$	means the RP-CM Opex Costs Incentive for Operational Charging $Year_t$	£ real (Base Year)
$ACPACMO_t$	means the relevant Approved CP Allowance(s) relating to RP-related CM Opex for Operational Charging $Year_t$	£ real (Base Year)
$ACMO_t$	means the Actual RP-related CM Opex Costs during Operational Charging $Year_t$	£ real (Base Year)

Term	Description	Price Base
RPCMOSF	means the RP-CM Opex Costs Incentive Sharing Factor	N/A

20.12 The value of the RP-CM Opex Costs Incentive for each Operational Charging Year may be positive or negative.

Part C: Provision of Information

20.13 No later than 15 Business Days following each End of Quarter Date during the Operational Period, the Licensee must provide to the Regulator details of:

(a) the Actual RP-related CM Capex Costs and the Actual RP-related CM Opex Costs incurred by the Licensee;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Actual RP-related CM Capex Costs and the Actual RP-related CM Opex Costs for the current Operational Charging Year and all remaining Operational Charging Years in the Operational Period;

(d) any updates to any values provided by the Licensee in accordance with Special Condition H3.4 or where the process in Special Condition H20.6 applies, Special Condition H8.7 (*Allowed Revenue during the Operational Period*); and

(e) any other information required in relation to the Actual RP-related CM Capex Costs and the Actual RP-related CM Opex Costs pursuant to the RIGs or any other relevant guidance issued by the Regulator.

Part D: Reconciliation of the RP-related CM Building Block

20.14 The RP-related CM Building Block will be subject to a reconciliation in accordance with Special Condition H9.7.

Special Condition H21: Availability-related spend under a Remediation Plan

Introduction

21.1 The purpose of this special condition is to set out the provisions that apply in relation to RP-related Non-CM Capex and RP-related Non-CM Opex spend.

Structure

21.2 This special condition is structured as follows:

(a) Part A sets out the provisions that apply in relation to RP-related Non-CM Capex;

(b) Part B sets out the provisions that apply in relation to RP-related Non-CM Opex;

(c) Part C sets the information required from the Licensee in relation to its Actual RP-related Non-CM Capex Costs and Actual RP-related Non-CM Opex Costs; and

(d) Part D explains that the RP-related Non-CM Building Block shall be subject to a reconciliation.

Part A: RP-related Non-CM Capex

21.3 Any Actual RP-related Non-CM Capex Costs shall not constitute Actual Ongoing Capex Costs for the purposes of the calculation of Ongoing Capex under Special Condition H4 (*Ongoing Capex during the Operational Period*) or the Ongoing Capex Incentive calculation.

21.4 The RP-related Non-CM Capex for each Operational Charging Year will be calculated in accordance with the following formula:

$$\boldsymbol{NCMC_t = LOGNCMC_t + EXNCMC_t}$$

where:

Term	Description	Price Base
$NCMC_t$	means the RP-related Non-CM Capex for Operational Charging Year$_t$	£ real (Base Year)
$LOGNCMC_t$	means the Logged RP-related Non-CM Capex Costs for Operational Charging Year$_t$	£ real (Base Year)
$EXNCMC_t$	means the Excess RP-related Non-CM Capex Costs for Operational Charging Year$_t$	£ real (Base Year)

which, save where Special Condition H21.6 applies, shall form part of the calculation of RAV Additions for Operational Charging Year$_t$ under Special Condition H3.8 (*Calculation of RAV*).

21.5 The RP-Non-CM Capex Costs Incentive will be calculated as follows:

$$NCMCI_t = (ACPANCMC_t - ANCMC_t) \times RPNCMCSF$$

where:

Term	Description	Price Base
$NCMCI_t$	means the RP-Non-CM Capex Costs Incentive for Operational Charging Year$_t$	£ real (Base Year)
$ACPANCMC_t$	means the relevant Approved CP Allowance(s) relating to RP-related Non-CM Capex for Operational Charging Year$_t$	£ real (Base Year)
$ANCMC_t$	means the Actual RP-related Non-CM Capex Costs for Operational Charging Year$_t$	£ real (Base Year)
RPNCMCSF	means the RP-Non-CM Capex Costs Incentive Sharing Factor	N/A

21.6 In respect of each Correction Plan, the Regulator may include in its determination to approve the Correction Plan under Special Condition H19.10(a) (*Correction Plans and associated Remediation Plans*) an election that all or some of the Actual RP-related Non-CM Capex Costs that relate to the relevant Correction Plan (such costs being the **"AR Non-CM Capex Costs"**) will not accrue to the RAV under Special Condition H21.4, and where such an election is made;

(a) the Regulator will determine a separate allowance in respect of the AR Non-CM Capex Costs (an **"AR Non-CM Capex CP Allowance"**) and the relevant Approved CP Allowance will be adjusted accordingly to reflect such determination;

(b) the Regulator will determine any necessary adjustments to be made to reflect such election, including:

(i) to the RP-Non-CM Capex Costs Incentive; and

(ii) applying an AR Non-CM Capex Costs incentive (which shall be on the same basis as for the RP-Non-CM Capex Costs Incentive (including as to timing and the relevant sharing factor)), as adjusted to reflect the AR Non-CM Capex Costs incurred by the Licensee and the AR Non-CM Capex CP Allowance (the **"AR Non-CM Capex Costs Incentive"**);

(c) the relevant AR Non-CM Capex Costs will not accrue to the RAV as Actual RP-related Non-CM Capex Costs; and

(d) the calculation of Base Revenue in Special Condition H9.5 (*Calculation of Allowed Revenue during the Operational Period*) shall be construed to include:

(i) the AR Non-CM Capex Costs for each Operational Charging Year in which the relevant Correction Plan applies; and

(ii) the AR Non-CM Capex Costs Incentive for each Operational Charging Year in which the relevant Correction Plan applies.

21.7 The value of the RP-Non-CM Capex Costs Incentive for each Operational Charging Year may be positive or negative.

Part B: RP-related Non-CM Opex

21.8 Any Actual RP-related Non-CM Opex Costs shall not constitute Actual Opex Costs for the purposes of the Opex Building Block or the Opex Incentive Building Block.

21.9 The RP-related Non-CM Opex for each Operational Charging Year will be calculated in accordance with the following formula:

$$NCMO_t = LOGNCMO_t + EXNCMO_t$$

where:

Term	Description	Price Base
$NCMO_t$	means the RP-related Non-CM Opex for Operational Charging Year$_t$	£ real (Base Year)
$LOGNCMO_t$	means the Logged RP-related Non-CM Opex Costs for Operational Charging Year$_t$	£ real (Base Year)
$EXNCMO_t$	means the Excess RP-related Non-CM Opex Costs for Operational Charging Year$_t$	£ real (Base Year)

21.10 The calculation of Base Revenue in Special Condition H9.5 shall take account of:

(a) Logged RP-related Non-CM Opex Costs; and

(b) the Excess RP-related Non-CM Opex Costs.

21.11 The RP-Non-CM Opex Costs Incentive:

(a) will apply in each Operational Charging Year$_t$ with the RP-Non-CM Opex Costs Incentive reflected in the Allowed Revenue calculation as a positive or negative adjustment in Operational Charging Year$_t$; and

(b) will be calculated in accordance with the following formula:

$$NCMOI_t = (ACPANCMO_t - ANCMO_t) \times RPNCMOSF$$

where:

Term	Description	Price Base
$NCMOI_t$	means the RP-Non-CM Opex Costs Incentive for Operational Charging Year$_t$	£ real (Base Year)

Term	Description	Price Base
$ACPANCMO_t$	means the relevant Approved CP Allowance(s) relating to RP-related Non-CM Opex for Operational Charging $Year_t$	£ real (Base Year)
$ANCMO_t$	means the Actual RP-related Non-CM Opex Costs during Operational Charging $Year_t$	£ real (Base Year)
RPNCMOSF	means the RP-Non-CM Capex Costs Incentive Sharing Factor	N/A

21.12 The value of the RP-Non-CM Opex Costs Incentive for each Operational Charging Year may be positive or negative.

Part C: Provision of Information

21.13 No later than 15 Business Days following each End of Quarter Date during the Operational Period, the Licensee must provide to the Regulator details of:

(a) the Actual RP-related Non-CM Capex Costs and the Actual RP-related Non-CM Opex Costs incurred by the Licensee;

(b) any Excluded Project Spend incurred by the Licensee;

(c) the Licensee's forecasted Actual RP-related Non-CM Capex Costs and the Actual RP-related Non-CM Opex Costs for the current Operational Charging Year and all remaining Operational Charging Years in the Operational Period;

(d) any updates to any values provided by the Licensee in accordance with Special Condition H3.4 or where the process in Special Condition H21.6 applies, Special Condition H8.7 (*Allowed Revenue during the Operational Period*); and

(e) any other information required relation to the Actual RP-related Non-CM Capex Costs and the Actual RP-related Non-CM Opex Costs pursuant to the RIGs or any other relevant guidance issued by the Regulator.

Part D: Reconciliation of the RP-related Non-CM Building Block

21.14 The RP-related Non-CM Building Block will be subject to a reconciliation in accordance with Special Condition H9.7.

Special Condition H22: Storage Site performance

Introduction

22.1 The purpose of this special condition is to set out the provisions that apply in relation to the Licensee's auditing, monitoring and reporting of Storage Site performance obligations.

22.2 The purpose of each Competent Person's Report is to:

(a) evaluate Storage Site performance predictions (including Storage Capacity, injection rate and reservoir pressure responses) from time to time; and

(b) to provide a baseline for evaluating future injection rates and pressures, and any deviations outside of predicted ranges.

Structure

22.3 This special condition is structured as follows:

(a) Part A requires the Licensee to monitor and report on Storage Site performance;

(b) Part B sets out the requirement for Competent Person's Audits to be undertaken and Competent Person's Reports to be provided;

(c) Part C sets out the process of appointment of a Competent Auditor;

(d) Part D sets out the required contents of a Competent Person's Report;

(e) Part E sets out the audit/reporting requirements in relation to additional Storage Site(s); and

(f) Part F states that a store performance incentive will be implemented at the first Periodic Review.

Part A: Reporting on Storage Site performance

22.4 The Licensee must:

(a) monitor Storage Site performance and prepare Storage Capacity forecasts in respect of the T&S Network; and

(b) provide reports to the Regulator in respect of the same in accordance with:

(i) the programme; and

(ii) the format,

in each case as specified by the Regulator from time to time.

Part B: Competent Person's Audits and Competent Person's Reports

22.5 In each case in accordance with the requirements of Special Conditions H22.6 to H22.12, the Licensee must procure that:

(a) independent audits of the Licensee's Storage Capacity assumptions (including models) and each corresponding Carbon Storage Development Plan(s) (as applicable) are undertaken and completed (each a **"Competent Person's Audit"**); and

(b) the results of any such audit are promptly provided to the Regulator, together with a report in respect of the same which complies with the requirements of Part D of this Special Condition H22 (each a **"Competent Person's Report"**) or as an update to a previously provided Competent Person's Report.

22.6 Following the Commercial Operations Date, the Licensee must procure that:

(a) a Competent Person's Audit is carried out at least once within the First Operational Year and, subject to Special Condition H22.7, thereafter:

(i) where the second Operational Charging Year commences within six months of the Commercial Operations Date, a further Competent Person's Audit is carried out at least once within the third Operational Charging Year;

(ii) where the second Operational Charging Year commences six months or more after the Commercial Operations Date, a further Competent Person's Audit is carried out at least once within the second Operational Charging Year; and

(iii) further Competent Person's Audits are carried out at least once in each subsequent Operational Charging Year,

with such audits in each case to be completed no later than the end of the ninth month of the relevant 12-month period;

(b) promptly following the completion of a Competent Person's Audit undertaken pursuant to Special Condition H22.6(a), the Initial Competent Person's Report or the Initial Competent Person's Report as updated in respect of the preceding audit (as the case may be) (the **"Preceding Competent Person's Report"**) is:

(i) promptly updated to reflect the results of such Competent Person's Audit; and

(ii) once updated, promptly provided to the Regulator,

provided that each updated Competent Person's Report is provided to the Regulator no later than 12 months from the date that the relevant Preceding Competent Person's Report was provided to the Regulator.

22.7 The frequency of Competent Person's Audits and updates to the Competent Person's Report during the second and/or subsequent Regulatory Periods may be determined by the Regulator.

22.8 Where the Regulator considers that there has been a significant and adverse deviation from the expected behaviour of a T&S Storage Site (such expected behaviour being based on the findings of previous Competent Person's Audits as recorded in the relevant updated Competent Person's Report):

(a) the Licensee shall, promptly upon request and based on the information available to the Licensee at the time, provide details of:

(i) the event(s) and/or circumstance(s) leading to such deviation; and

(ii) the reasons behind such event(s) and/or circumstance(s); and

(b) the Regulator shall be entitled to determine the relevant parts and/or elements of such Competent Person's Report that are to be updated to take into account such deviation and the Licensee must procure that such relevant parts and/or elements of the Competent Person's Report are promptly updated.

Part C: Appointment of a Competent Auditor

22.9 Any Competent Person's Audit and Competent Person's Report (and any updates thereto) must be undertaken by a Competent Auditor (as defined in Special Condition H22.10).

22.10 To qualify as a Competent Auditor for the purposes of this licence, the relevant auditor must be an independent and qualified auditor who has:

(a) experience in undertaking audits of carbon capture, usage and storage and/or oil and gas development projects similar in scope, character and complexity to the Project and has the expertise to assess and report on the matters that are set out in Special Condition H22.12; and

(b) been appointed in accordance with the following process:

(i) the Licensee must send details of the proposed auditor to the Regulator, including information about how the auditor satisfies the criteria set out in limb (a) of this Special Condition H22.10;

(ii) the Regulator will consider the information provided by the Licensee under Special Condition H22.10(b)(i) and advise the Licensee whether it approves (or does not approve) the auditor selected by the Licensee; and

(iii) if the Regulator has approved the auditor then the Licensee must appoint that auditor, but if the Regulator has failed to provide its approval then the Licensee must seek the Regulator's approval to an alternative auditor in accordance with the requirements of this Special Condition H22.10.

22.11 Where the Regulator considers that a Competent Person's Audit and/or Competent Person's Report is of unsatisfactory quality, the Regulator may direct the Licensee to appoint an alternative auditor in accordance with the requirements of Special Condition H22.10.

Part D: Contents of a Competent Person's Report

22.12 The Licensee must procure that any Competent Person's Report (and any updates thereto) addresses the following matters:

(a) an assessment of the Storage Resources (as such term is defined in the SRMS Guidelines) for each T&S Storage Site, that is:

(i) "P1 Proved", "P2 Probable" and ("P3 Possible", and "1P (Low)", "2P (Best Estimate)" and "3P (High)") (as each such term is defined in the SRMS Guidelines) of Storage Capacity which will be based on forecast user demand and licence duration;

(ii) Technical Storage Capacity both in aggregate (Mt) and annually (MTPA), using the same technical assumptions as "1P (Low)" "2P (Best Estimate)" and "3P (High)" (as each such term is defined in the SRMS Guidelines) without constraints due to:

(A) Registered Capacity;

(B) annual capacity constraints under the relevant Storage Permit(s);

(C) RAV Asset Life;

(D) Onshore Transportation System design capacity;

(E) Terminal design capacity; or

(F) Offshore Pipeline Infrastructure design capacity;

(iii) the "C1", "C2" and "C3", and "1C", "2C" and "3C" (as each such term is defined in the SRMS Guidelines) of Contingent Store Resources;

(b) outstanding uncertainties and current level of residual risk associated with 1P, 2P and 3P (as each such term is defined in the SRMS Guidelines), including:

(i) details of the following assumptions that are used in generating the capacity profiles:

(A) input parameters for deterministic 1P, 2P and 3P (as each such term is defined in the SRMS Guidelines) cases;

(B) probabilistic ranges of uncertainty for input parameters if probabilistic method used; and

(C) risk events factored into the modelling; and

(ii) known risks which have been excluded from the modelling due to being highly improbable;

(c) injection profiles, including (but not limited to):

(i) the injection profile by individual well; and

(ii) the injection profile by T&S Storage Site;

(d) Availability data relating to:

(i) the T&S Network as a whole;

(ii) each T&S Storage Site; and

(iii) each individual well,

noting the impact of any assumed actions on projected profiles;

(e) data relating to:

(i) the physical condition of each individual well (as such data may reasonably be available at the relevant time);

(ii) the uptime of each individual well (i.e. the percentage of time CO_2 is being injected into the relevant well);

(iii) the uptime of the T&S Network as a whole (i.e. the percentage of time the T&S Network is available for the delivery and storage of CO_2); and

(iv) power consumption;

(f) pressure data and associated analysis, including (but not limited to):

(i) downhole pressure by individual well;

(ii) surface pressure (upstream of the choke) by individual well;

(iii) fall off tests by individual well;

(iv) leak off tests by individual well;

(v) inflow profiles by individual well;

(vi) interference tests by individual well;

(vii) reservoir pressure at a suitable datum, e.g. the crest, against time and injected CO_2 mass for both:

(A) a T&S Storage Site; and

(B) individual wells;

(viii) injection tubing-head pressure profile by individual well; and

(ix) pressure dissipation in the wider aquifer (at consistent locations from one Competent Person's Report (or update thereof, as applicable) to another to allow comparison (or update the location thereof, as applicable)); and

(g) the assumptions applied when producing the information referred to in Special Conditions H22.12(a) to H22.12(f), together with information relating to any changes in such assumptions since the previous Competent Person's Report (or update thereof, as applicable), including (without limitation) the timing of and reasoning behind such changes,

provided that in respect of Special Conditions H22.12(a) to H22.12(f), the required information must include:

(i) the actual information in respect of the preceding Operational Charging Year (save where the year during which the report is being prepared is the First Operational Year);

(ii) confirmation of the information that had previously been forecast in respect of the Operational Charging Year referred to in limb (i) (or where the year during which the report is being prepared is the first Operational Charging Year, the first Operational Charging Year);

(iii) confirmation of the information that had previously been forecast for all Operational Charging Years subsequent to the Operational Charging Year referred to in limb (i) (or where the year during which the report is being prepared is the first Operational Charging Year, subsequent to the first Operational Charging Year); and

(iv) current revised forecasts for the Operational Charging Year in which the report is being prepared and all subsequent Operational Charging Years.

22.13 At the same time as providing any Competent Person's Report (or any update thereto) to the Regulator in accordance with this Special Condition H22, the Licensee must provide a copy of the report to:

(a) the NSTA; and

(b) where such report is produced during, or relates to, the First Regulatory Period, the Secretary of State.

Part E: Audit/reporting in relation to additional, expanded or enhanced Storage Site(s)

22.14 Where the Licensee intends to propose a Change in Scope which would involve an additional T&S Storage Site or T&S Storage Sites or an expansion to or enhancement of an existing T&S Storage Site (an **"Additional or Expanded/Enhanced Storage Site"**):

(a) the Licensee must:

(i) procure that the Competent Auditor then appointed undertakes and completes a Competent Person's Audit in respect of the Additional or Expanded/Enhanced Storage Site; and

(ii) produce to the Regulator as part of the relevant CiS Submission a Competent Person's Report in accordance with the requirements of Special Condition H22.12 reporting the results of the relevant Competent Person's Audit; and

(iii) simultaneously provide a copy of the Competent Person's Report referred to in Special Condition H22.14(a)(iii) to the NSTA and, during the First Regulatory Period, the Secretary of State; and

(b) the Regulator may require further Competent Person's Audits and Competent Person's Reports as part of any Ongoing Devex Stage Check Activities.

22.15 Following the date of completion of a Competent Person's Audit referred to in Special Condition H22.14(a) in respect of an Additional or Expanded/Enhanced Storage Site, the Licensee must procure that following the relevant commercial operations date associated with the Additional or Expanded/Enhanced Storage Site (if any):

(a) the relevant Additional or Expanded/Enhanced Storage Site must thereafter be audited as part of the T&S Network-wide Competent Person's Audits which take place under and in accordance with Special Condition H22.5 and Special Conditions H22.6 to H22.12; and

(b) the results of any Competent Person's Audit which relate to such Additional or Expanded/Enhanced Storage Site must be included in the relevant updates to the T&S Network-wide Competent Person's Report as referred to in Special Condition H22.6.

Part F: Implementation of a store performance incentive

22.16 As part of the first PR Determination, the Regulator will set an incentive in relation to store performance, which incentive shall take effect in accordance with Special Condition H27.8 (*Periodic Reviews*).

22.17 The implementation of a store performance incentive as referred to in Special Condition H22.16, including any associated amendments to Project-Specific Documents, will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

Special Condition H23: Credit rating

Introduction

23.1 The purpose of this special condition is to set out the provisions that apply in circumstances where the Licensee is required to obtain and maintain an Investment Grade Issuer Credit Rating.

Structure

23.2 This special condition is structured as follows:

(a) Part A sets out the process for notifying the Regulator of the Licensee's analysis of the impact (if any) of undertaking an Indicative Credit Rating Process;

(b) Part B sets out the process for the Regulator to determine the impact (if any) of the Licensee obtaining and maintaining the Investment Grade Issuer Credit Rating; and

(c) Part C sets out the process for the Licensee to provide additional information to the Regulator for the Regulator to determine the impact (if any) of the Licensee obtaining and maintaining the Investment Grade Issuer Credit Rating.

Part A: Determination of impact (if any) of Indicative Credit Rating Process

23.3 Where Standard Condition B18.5(*Financial Resilience and Credit Quality*) applies, the Licensee must issue a notice to the Regulator giving particulars of the Licensee's analysis of any reasonable adjustment(s):

(a) to the Opex Allowance as a result of the costs arising from undertaking the Indicative Credit Rating Process; and

(b) the Licensee anticipates would be required to take into account the requirement for it to obtain and maintain the Investment Grade Issuer Credit Rating.

23.4 Where Special Condition H23.3 applies, the Regulator will:

(a) confirm or withdraw the requirement under Standard Condition B18.5 for the Licensee to undertake an Indicative Credit Rating Process; and

(b) where the Regulator confirms the requirement under Standard Condition B18.5 for the Licensee to undertake an Indicative Credit Rating Process under Special Condition H23.4(a):

(i) determine the impact (if any) of the Licensee undertaking the Indicative Credit Rating Process; and

(ii) determine any adjustments to the ex ante allowances in respect of Opex as a result of the costs arising from undertaking the Indicative Credit Rating Process and the Regulator will make amendments to update any relevant Project-Specific Documents to reflect any such adjustments.

Part B: Determination of impact (if any) of requirement to obtain and maintain the Investment Grade Issuer Credit Rating

23.5 Where Standard Condition B18.7 applies:

(a) the Regulator shall notify the Licensee that it requires that the Licensee use all reasonable endeavours to obtain and maintain an Investment Grade Issuer Credit Rating of at least BBB- (S&P, Fitch or DBRS Morningstar) or Baa3 (Moody's) under Standard Condition B18.7(a);

(b) the Licensee must promptly following receipt of a notice under Special Condition H23.5(a) issue a notice to the Regulator confirming or updating the Licensee's analysis provided under Special Condition H23.3(b) of any reasonable adjustment(s) required to take into account the requirement for it to obtain and maintain the Investment Grade Issuer Credit Rating;

(c) where the Licensee has issued an updated analysis under Special Condition H23.5(b):

(i) the Regulator will confirm or withdraw the requirement under Standard Condition B18.7 for the Licensee to use all reasonable endeavours to obtain and maintain the Investment Grade Issuer Credit Rating; and

(ii) where the Regulator confirms the requirement under Standard Condition B18.7 for the Licensee to use all reasonable endeavours to obtain and maintain the Investment Grade Issuer Credit Rating under Special Condition H23.5(c)(i), Standard Condition B18.7(b) shall apply.

Part C: Provision of additional information

23.6 Following notification by the Regulator under Standard Condition B18.7(b), the Licensee must provide to the Regulator any additional information that the Regulator considers appropriate and requests from the Licensee in respect of:

(a) the Licensee obtaining and maintaining the Investment Grade Issuer Credit Rating and the potential impact of the same; and

(b) where applicable in the context of an increase or decrease of the Licensee's costs pursuant to Special Condition H23.5(c), satisfactory evidence to the Regulator that obtaining and maintaining the Investment Grade Issuer Credit Rating has a cost impact in respect of Ongoing Devex, Capex or Opex.

23.7 The amount of any increases to the Licensee's costs pursuant to Special Condition H23.6(b) shall be subject to the Licensee providing satisfactory evidence that obtaining and maintaining the Investment Grade Issuer Credit Rating has a cost impact in respect of Ongoing Devex, Capex or Opex.

Special Condition H24: Use of System Charging Methodology

Introduction

24.1 The purpose of this special condition is to set out the Licensee's obligations relating to the Use of System Charging Methodology.

Structure

24.2 This special condition is structured as follows:

(a) Part A sets out the Licensee's obligations with respect to the Use of System Charging Methodology;

(b) Part B sets out the provisions in relation to the review and modification of the Use of System Charging Methodology; and

(c) Part C sets out the key features of the Use of System Charging Methodology.

Part A: Licensee's obligations to have a Use of System Charging Methodology

24.3 The Licensee must:

(a) at all times have in place a methodology, which sets out the methodology for the determination of the rates for the Use of System Charges, through which the Licensee can recover its Allowed Revenue for each Operational Charging Year (**"Use of System Charging Methodology"**);

(b) calculate the rates for all Use of System Charges, as set out in the Licensee's Use of System Charging Statement, in accordance with the Use of System Charging Methodology; and

(c) publish the current version of the Use of System Charging Methodology on the Licensee's website or as may be more particularly prescribed under the CCS Network Code.

24.4 The Licensee's Use of System Charging Methodology that applies as at Licence Award is the Use of System Charging Methodology set out in Section H of the CCS Network Code.

Part B: Review and modification of Use of System Charging Methodology

24.5 Subject to Special Condition H24.6 and Part C of this condition, the Licensee must:

(a) for the purpose of ensuring that the Use of System Charging Methodology achieves the Relevant Objectives, keep the Use of System Charging Methodology at all times under review; and

(b) in accordance with the provisions of the CCS Network Code, propose such modifications to the Use of System Charging Methodology as may be requisite for the purpose of better achieving the Relevant Objectives.

24.6 Any modifications to the Use of System Charging Methodology cannot take effect without the approval of the Regulator.

Part C: Key features of the Use of System Charging Methodology

24.7 Subject to Special Condition H24.8, the Use of System Charging Methodology must provide for a mutualisation process to enable any Shortfall to be recovered from Users in the first instance.

24.8 When the Shortfall is recovered from Users, the amount recovered from any User is subject to the Mutualisation Cap, so that the overall Use of System Charges payable by a User on a £/tCO_2 basis do not exceed the Mutualisation Cap.

24.9 The Mutualisation Cap shall be apportioned in accordance with the methodology set out in the Use of System Charging Methodology, to determine:

(a) the Onshore Proportion of the Mutualisation Cap; and

(b) the Offshore Proportion of the Mutualisation Cap.

24.10 In this Part C, the following defined terms apply:

"Shortfall" means any shortfall in the Allowed Revenue that is forecast to be recovered from Users through Use of System Charges in any Operational Charging Year;

"**Mutualisation Cap**" means, for each Charging Year t (that is an Operational Charging Year), a cap, expressed in £[x]/tCO_2, equal to the average of the daily average price observed, as at 31 October of Charging $Year_{t-1}$, for the $March_{t-1}$, $December_t$, and $March_t$ UK Emissions Trading Scheme futures contract (UKA Futures Contract), published by ICE Futures Europe, over the preceding three-month period; and

"**Onshore Proportion**" and "**Offshore Proportion**" have the meaning given to those terms in the CCS Network Code.

Special Condition H25: Use of System Charging Statement

Introduction

25.1 The purpose of this special condition is to set out the Licensee's obligations to prepare and publish a Use of System Charging Statement.

Structure

25.2 This special condition is structured as follows:

(a) Part A sets out the Licensee's obligations in respect of the Use of System Charging Statement;

(b) Part B requires the Use of System Charging Statement to comply with the Use of System Charging Methodology;

(c) Part C sets out the other general requirements in relation to the Use of System Charging Statement;

(d) Part D sets out the contents of the Use of System Charging Statement;

(e) Part E sets out the obligations in relation to charging in compliance with the Use of System Charging Statement; and

(f) Part F sets out the provisions in relation to amendments to the rates for the Use of System Charges.

Part A: Licensee's obligations

25.3 For each Operational Charging Year, the Licensee must prepare a charging statement that sets out the basis on which charges will be made for Use of System of the Licensee's T&S Network, in the form approved by the Regulator (the **"Use of System Charging Statement"**).

25.4 The Licensee must ensure that the information in the Use of System Charging Statement is accurate in all material respects.

25.5 Other than where Special Condition G16.9 (*Post Construction Review*) is intended to apply, the Licensee must publish its Use of System Charging Statement for each Operational Charging Year t by 30 November of Operational Charging Year t-1.

Part B: Compliance of Use of System Charging Statement with the Use of System Charging Methodology

25.6 Except with the Regulator's approval, the Use of System Charging Statement must be prepared in accordance with the Use of System Charging Methodology.

Part C: Other general requirements in relation to Use of System Charging Statement

25.7 Except with the Regulator's approval, the Use of System Charging Statement must:

(a) be presented in the form approved by the Regulator;

(b) include such detail as would enable any person to make a reasonable estimate of the Use of System Charges for which that person would become liable in respect of Use of System; and

(c) be published (and remain publicly available) in such manner as the Licensee believes will ensure adequate publicity for them (including on the Licensee's website) and as may be more particularly prescribed under the CCS Network Code.

25.8 During any period in which the Licensee's website is unavailable and/or the Use of System Charging Statement cannot be accessed via the Licensee's website (for whatsoever reason) the Licensee must give or send a copy of the Use of System Charging Statement to any person who requests it.

Part D: Contents of the Use of System Charging Statement

25.9 The Licensee must prepare a template form for the Use of System Charging Statement for approval by the Regulator before the date that the Licensee is required to publish its first Use of System Charging Statement.

25.10 The information that the Use of System Charging Statement must include is specified in the Schedule of Contents set out at Appendix 1 to this Special Condition H25, which is part of this condition.

25.11 The Regulator may from time to time, by direction, amend the Schedule of Contents set out in Appendix 1 to this Special Condition H25.

25.12 Before making a direction under Special Condition H25.11, the Regulator will publish on the Regulator's Website:

(a) the text of the proposed direction, including details of the update being made to the Schedule of Contents set out in Appendix 1 to this Special Condition H25;

(b) the reasons for the proposed direction;

(c) a period during which representations may be made on the proposed direction, which will not be less than 28 days; and

(d) the date on which it is to have effect or the mechanism by which that date is to be determined.

Part E: Charging in accordance with the Use of System Charging Statement

25.13 Except with the Regulator's approval, every arrangement entered into by the Licensee for the purposes of providing Use of System must ensure that the Licensee's Use of System Charges comply with the Use of System Charging Statement in force the time at which such charges are to be made under the arrangement.

Part F: Amendment to rates for Use of System Charges

25.14 The Licensee must prepare and publish an updated Use of System Charging Statement on an annual basis, in accordance with the requirements of Part A of this condition.

25.15 The Regulator shall, in respect of any Use of System Charging Statement published by the Licensee, be entitled to require further Supporting Information from the Licensee and/or require amendments to the Use of System Charging Statement where it is identified that there is a discrepancy between the Use of System Charging Statement and the Use of System Charging Methodology.

25.16 Before making any amendment to its Use of System Charges, the Licensee must give the Regulator a revised Use of System Charging Statement that sets out the amended charges and rates and specifies the date from which they are to have effect.

25.17 Without prejudice to paragraph H25.16 and any requirements under this licence and the CCS Network Code relating to modification of the Use of System Charging Methodology, the Licensee must, before any modification of its Use of System Charging Methodology comes into effect, give the Regulator a revised Use of System Charging Statement that sets out the amended charges and rates of those charges and specifies the date from which they are to have effect.

Appendix 1 to Special Condition H25

Schedule of Contents of Use of System Charging Statement

This Appendix specifies the information that must be included in the Use of System Charging Statement.

As provided for by Special Condition H25.9, the information to be set out in the Use of System Charging Statement for each Charging Year t must include:

(a) the rates for each of the Use of System Charges that apply in Charging Year t;

(b) the calculations used to determine each of the rates for each of the Use of System Charges that apply in Charging Year t; and

(c) the charges forecast for Charging Year t as provided by each of the Users of the T&S Network in accordance with the Use of System Charging Methodology and used by the Licensee for the purposes of calculating of the Use of System Charges for Charging Year t.

Special Condition H26: Insurance

Introduction

26.1 This special condition requires the Licensee to procure and maintain Business Interruption Insurance and Asset Damage Insurance to cover damage and loss that may be incurred by the Licensee during the Operational Period of the T&S Network.

Structure

26.2 This special condition is structured as follows:

(a) Part A sets out the Licensee's obligations to procure and maintain certain insurances;

(b) Part B sets out the Licensee's obligations to pay the relevant insurance premiums and not to do anything that could render the relevant insurances void, voidable, suspended, impaired or defeated;

(c) Part C requires the Licensee to provide certain information and documentation relating to the relevant insurances; and

(d) Part D sets out the Licensee's obligations in respect of claims under the Business Interruption Insurance.

Part A: Obligation to procure and maintain insurance

26.3 Subject to Special Condition H26.5, on or prior to the Commercial Operations Date, to the extent that it is commercially available at economic, efficient and effective rates, the Licensee must procure (and thereafter maintain) the following insurance in accordance with the requirements of this special condition:

(a) Asset Damage Insurance; and

(b) Business Interruption Insurance,

where, for the purposes of this Special Condition H26:

(i) **"Asset Damage Insurance"** means insurance indemnifying the Licensee against costs, losses and liabilities arising as a result of physical loss of or physical damage to the T&S Network during the Operational Period; and

(ii) **"Business Interruption Insurance"** means insurance indemnifying the Licensee for business interruption costs, losses and liabilities arising as a result of physical loss of or physical damage to the T&S Network during the Operational Period.

26.4 The Licensee must ensure that, to the extent such insurance is commercially available at economic, efficient and effective rates, the Asset Damage Insurance and the Business Interruption Insurance is placed and maintained through insurers or underwriters of reputable standing with (at the time of placement and any subsequent renewal):

(a) a minimum insurer rating of A- by S&P or a minimum of A3 by Moody's (or an equivalent rating by another recognised ratings agency) for lead insurers; and

(b) a minimum insurer rating of A- by S&P or a minimum of A3 by Moody's (or an equivalent rating by another recognised ratings agency) for following insurers.

26.5 For the purposes of this Special Condition H26, the obligation to take out and maintain Asset Damage Insurance and Business Interruption Insurance under this Special Condition H26 shall not require the Licensee to procure or maintain any insurance that the Licensee is required to procure or maintain in relation to the Insured Risks pursuant to (and as defined within) the Supplemental Compensation Agreement.

Part B: Maintenance and protection of cover

26.6 The Licensee must:

(a) ensure the due and punctual payment of all premiums as required by the terms of each Asset Damage Insurance and Business Interruption Insurance; and

(b) upon the request of the Regulator, promptly produce evidence of such payment.

26.7 The Licensee must not do (or omit to do) anything or, insofar as it is reasonably within its power, permit anything to occur in relation to the Asset Damage Insurance or the Business Interruption Insurance:

(a) whereby the Asset Damage Insurance or the Business Interruption Insurance could reasonably be expected to be rendered void or voidable or suspended, impaired or defeated in whole or in part or which could reasonably be expected otherwise to render any sum paid under any such policy repayable in whole or in part; or

(b) which would entitle any insurer to refuse to pay any claim under the Asset Damage Insurance or the Business Interruption Insurance.

Part C: Information undertakings

26.8 The Licensee must:

(a) provide evidence, including original or certified copy documents, at the request of and to the reasonable satisfaction of the Regulator that the Licensee is in compliance with the requirements of this special condition; and

(b) promptly provide to the Regulator a broker's letter of undertaking, issued by a reputable and recognised insurance broker and in a form and substance that meets market standards and is satisfactory to the Regulator as soon as practicable and, in any event, no later than ten Business Days after the Asset Damage Insurance and the Business Interruption Insurance are effected or renewed.

Part D: Claims under Business Interruption Insurance

26.9 Where the Licensee becomes aware of any event or occurrence which could reasonably be expected to entitle the Licensee to make a claim under the Business Interruption Insurance then the Licensee must:

(a) notify the Regulator; and

(b) use reasonable endeavours to make a successful claim under the Business Interruption Insurance to recover any Allowed Revenue that would otherwise have been payable by Users of the T&S Network in accordance with the provisions of the CCS Network Code, had the relevant event or occurrence not occurred.

Special Condition H27 Periodic Reviews

Introduction

27.1 The purpose of this special condition is to establish the Periodic Review process.

Structure

27.2 This special condition is structured as follows:

(a) Part A establishes the timing of the Periodic Reviews and related PR Determinations;

(b) Part B sets out what will be included in the PR Determination;

(c) Part C sets out the process for issuing the PR Determination; and

(d) Part D sets out how the PR Determination will be implemented.

Part A: Timing of the Periodic Review and PR Determination

27.3 Each Periodic Review will commence on the relevant Periodic Review Start Date.

27.4 The Licensee must ensure that, on or before the relevant Periodic Review Start Date, it has submitted any Supporting Information or any other documentation specified by the Regulator to facilitate its PR Determination.

27.5 Once the Regulator is satisfied that it has received the information it requires to make its PR Determination it will notify the Licensee of the date by which the Regulator will make its PR Determination.

27.6 Notwithstanding Special Condition H27.4, the Licensee may submit additional Supporting Information or any other documentation before the date by which the Regulator notifies the Licensee that it will make its PR Determination.

Part B: Contents of the PR Determination

27.7 The purpose of the Periodic Review is for the Regulator to determine the settlement for the next Regulatory Period, and such determination may include, without limitation:

(a) the Licensee's allowances that are to apply for the next Regulatory Period;

(b) the PostCOD WACC for the next Regulatory Period;

(c) the Base Year for the next Regulatory Period;

(d) any amendments to any building blocks for the Regulatory Period (including the introduction of any new building blocks, removal of any building blocks (including but not limited to where Allowed Revenue is to be 'switched off' following cessation of CO_2 injection) or amendments to the formula or sharing rates for any building blocks);

(e) any updates to the Availability regime in Special Condition H18 (*Availability incentive*) and/or the Storage Site performance regime in H22 (*Storage Site performance*);

(f) the length of the next Regulatory Period;

(g) the next Periodic Review Start Date; and

(h) any modification required to this licence.

Part C: The PR Determination

27.8 The Regulator will:

(a) issue each PR Determination by notice to the Licensee; and

(b) make such adjustments to allowances, amendments to update Project-Specific Documents and/or modifications to this licence as necessary to give effect to the PR Determination.

27.9 The PR Determination will be implemented from 1 April in the Operational Charging Year following the Operational Charging Year in which the PR Determination was delivered.

Part D: PR Determination implementation

27.10 Each final PR Determination will constitute a licence modification to be made by the Regulator in accordance with section 13 of the Act and any such determination including any associated amendments to Project-Specific Documents will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

Special Condition H28 System Acceptance Punchlist Items

Introduction

28.1 The purpose of this special condition is to set out the Licensee's obligations in respect of any System Acceptance Punchlist Items.

Structure

28.2 This special condition is structured as follows:

(a) Part A:

(i) requires the Licensee to provide a proposed programme for the rectification, resolution and/or completion of System Acceptance Punchlist Items where the System Acceptance Certificate is expressed to be subject to such System Acceptance Punchlist Items; and

(ii) sets out the procedure for such programme to be approved by the Regulator; and

(b) Part B requires the Licensee to rectify, resolve and/or complete any System Acceptance Punchlist Items in accordance with the agreed programme.

Part A: Provision of a proposed programme for the rectification, resolution and/or completion of System Acceptance Punchlist Items

28.3 In the event that the System Acceptance Certificate is expressed to be subject to System Acceptance Punchlist Items, the Licensee shall promptly provide to the Regulator:

(a) a list of the System Acceptance Punchlist Items; and

(b) a reasonable proposed programme for the rectification, resolution and/or completion of the System Acceptance Punchlist Items (a **"System Acceptance Punchlist Programme"**), which programme shall require that each System Acceptance Punchlist Item shall be rectified, resolved and/or completed:

(i) within 12 months of the Commercial Operations Date; or

(ii) within such other timeframe as is reasonably practicable in the circumstances.

28.4 In respect of any System Acceptance Punchlist Programme provided by the Licensee under Special Condition H28.3, the Regulator may:

(a) determine that the proposed System Acceptance Punchlist Programme is approved;

(b) determine that the proposed System Acceptance Punchlist Programme is not approved and raise comments on the proposed System Acceptance Punchlist Programme; and/or

(c) require Supporting Information from the Licensee.

28.5 Where the Regulator makes a determination under Special Condition H28.4(b) and raises comments on a System Acceptance Punchlist Programme provided by the Licensee under Special Condition H28.3:

(a) the Licensee must take account of such comments and, where appropriate, the Licensee must issue a revised System Acceptance Punchlist Programme to the Regulator as soon as reasonably practicable, together with:

(i) confirmation of which of the Regulator's comments have not been addressed; and

(ii) an explanation as to why such comments have not been addressed; and

(b) where the Licensee has issued a revised System Acceptance Punchlist Programme under Special Condition H28.5(a), the Regulator will review the revised System Acceptance Punchlist Programme (and any accompanying explanation as to why the Regulator's comments have not been addressed) and the Regulator will:

(i) determine that the proposed System Acceptance Punchlist Programme is approved; or

(ii) determine that the proposed System Acceptance Punchlist Programme is not approved and identify any of its comments which have not been addressed (and in respect of which the Licensee has not satisfactorily explained why they have not been addressed).

28.6 Where the Regulator makes a determination under Special Condition H28.5(b)(ii), the Regulator shall be entitled to raise comments on the proposed System Acceptance Punchlist Programme and the procedure in Special Condition H28.5 shall be repeated.

Part B: Requirement to rectify, resolve and/or complete System Acceptance Punchlist Items

28.7 The Licensee must rectify, resolve or complete any System Acceptance Punchlist Items:

(a) in accordance with the System Acceptance Punchlist Programme as approved under Special Condition H28.4(a) or H28.5(b)(i); and

(b) to the satisfaction of the Independent Certifier.

Section I: T&S Network development conditions

Reference	Subject matter	Page
Special Condition I1	**T&S Network development**	**396**
Special Condition I2	**T&S Network expansion and additional construction, commissioning and operational periods**	**397**

Special Condition I1: T&S Network development

Introduction

1.1 The purpose of this special condition is to set out the obligations of the Licensee relating to the development of the T&S Network in the First Regulatory Period.

Requirements relating to development of the T&S Network

1.2 The Licensee must:

(a) comply with the provisions of Special Conditions F1 (*Construction Period*) to F12 (*Return During Construction*) (inclusive) in relation to the Handover Works;

(b) comply with the provisions of Special Conditions G1 (*Commissioning Period*) to G16 (*Post Construction Review*) (inclusive) in relation to the Commissioning Activities; and

(c) comply with the Approved Project Development Plan in relation to the development of the T&S Network.

Special Condition I2: T&S Network expansion and additional construction, commissioning and operational periods

Introduction

2.1 The purpose of this special condition is to set out the provisions that apply in relation to:

(a) the Approved Project Development Plan; and

(b) the development/expansion of the T&S Network through the carrying out of Phase 2 Activities, Expansion Activities (where relevant) and Development Activities.

Structure

2.2 This special condition is structured as follows:

(a) Part A sets out the content of the Approved Project Development Plan;

(b) Part B sets out the Licensee's obligation to achieve completion of Phase 2 Activities;

(c) Part C sets out the Licensee's obligation to achieve completion of any Expansion Activities;

(d) Part D requires the Licensee to provide updates to the Regulator in respect of:

(i) Phase 2 Activities; and

(ii) any Expansion Activities;

(e) Part E requires the Licensee to notify the Regulator if the Licensee is reasonably likely to fail to achieve:

(i) Phase 2 Handover by a relevant Scheduled Phase 2 Handover Date; or

(ii) (where relevant) ExpA Handover by a relevant Scheduled ExpA Handover Date;

(f) Part F requires the Licensee to notify the Regulator where the Licensee has failed to achieve:

(i) Phase 2 Handover by a relevant Scheduled Phase 2 Handover Date; or

(ii) (where relevant) ExpA Handover by a relevant Scheduled ExpA Handover Date;

(g) Part G sets out the provisions which apply where certain of the Phase 2 Handover Works or (where relevant) ExpA Handover Works will not or cannot be completed on-time;

(h) Part H confirms that the Licensee may commence part(s) of the Phase 2 Commissioning Activities or (where relevant) ExpA Commissioning Activities prior to the relevant Phase 2 Handover or ExpA Handover (respectively);

(i) Part I requires the Licensee to notify the Regulator of the date of anticipated completion of:

(i) Phase 2 Handover Works; or

(ii) (where relevant) any ExpA Handover Works;

(j) Part J sets out the procedure for achieving Phase 2 Handover;

(k) Part K sets out the procedure for achieving ExpA Handover (where relevant);

(l) Part L requires the Licensee to notify the Regulator if the Licensee is reasonably likely to fail to achieve:

(i) any Phase 2 Acceptance by the relevant Scheduled Phase 2 Acceptance Date; or

(ii) any ExpA Acceptance by the relevant Scheduled ExpA Acceptance Date;

(m) Part M sets out provisions which apply where the Licensee reasonably believes that a Phase 2/ExpA Delay Event has occurred;

(n) Part N requires the Licensee to notify the Regulator where the Licensee has failed to achieve:

(i) any Phase 2 Acceptance by the relevant Scheduled Phase 2 Acceptance Date; or

(ii) any ExpA Acceptance by the relevant Scheduled ExpA Acceptance Date;

(o) Part O sets out the provisions which apply where certain of the Phase 2 Commissioning Activities or (where relevant) ExpA Commissioning Activities will not or cannot be completed on-time;

(p) Part P requires the Licensee to notify the Regulator of the date of anticipated completion of Phase 2 Commissioning Activities or (where relevant) ExpA Commissioning Activities (as applicable);

(q) Part Q sets out the procedure for achieving Phase 2 Acceptance;

(r) Part R sets out provisions which require the rectification, resolution and/or completion of any Phase 2 Acceptance Punchlist Items;

(s) Part S sets out the procedure for achieving ExpA Acceptance (where relevant);

(t) Part T sets out provisions which require the rectification, resolution and/or completion of any ExpA Acceptance Punchlist Items; and

(u) Part U sets out how the Licensee must develop the Approved T&S Network by conducting the Development Activities.

Part A: Approved Project Development Plan

2.3 The Approved Project Development Plan sets out (among other things):

(a) an overview of the Project;

(b) the scope of the Approved T&S Network;

(c) the Phase 1 Activities;

(d) any Phase 2 Activities;

(e) any Development Activities; and

(f) any Expansion Activities.

Part B: Obligation to achieve Phase 2 Handover and Phase 2 Acceptance

2.4 The Licensee must:

(a) finance and carry out the Phase 2 Handover Works; and

(b) finance and complete the Phase 2 Commissioning Activities; and

(c) in doing so, use reasonable endeavours to achieve:

(i) Phase 2 Handover by the relevant Scheduled Phase 2 Handover Date(s); and

(ii) Phase 2 Acceptance by the relevant Scheduled Phase 2 Acceptance Date(s).

Part C: Expansion Activities and the obligation to achieve (i) ExpA Handover (where relevant); and (ii) ExpA Acceptance

2.5 In making a determination in respect of Expansion Activities under Special Condition J2.9 (*Supervening Event Re-openers, Insured Risk Events and Relief Events)*, the Regulator may determine that the Expansion Activities:

(a) be divided into ExpA Handover Works and ExpA Commissioning Activities; or

(b) form a single group of Expansion Activities with no distinction between ExpA Handover Works and ExpA Commissioning Activities, in which case:

(i) all references to ExpA Handover Works in this licence shall be disregarded in the context of such Expansion Activities; and

(ii) all references to ExpA Commissioning Activities shall be deemed to be references to the relevant Expansion Activities,

and the conditions of this licence shall apply *mutatis mutandis* to such Expansion Activities accordingly.

2.6 The Licensee must:

(a) finance and carry out any ExpA Handover Works (where relevant);

(b) finance, carry out and complete any ExpA Commissioning Activities; and

(c) in doing so, use reasonable endeavours to achieve:

(i) ExpA Handover by any relevant Scheduled ExpA Handover Date(s) (where relevant); and

(ii) ExpA Acceptance by any relevant Scheduled ExpA Acceptance Date(s).

Part D: Provision of updates regarding Phase 2 Activities and Expansion Activities

2.7 The Licensee must provide updates to the Regulator in the form approved by the Regulator setting out the Licensee's progress in respect of the Phase 2 Activities and/or any Expansion Activities (as the case may be) in each relevant P2/ExpA Reporting Period in relation to the Project Programme, which update shall:

(a) include:

(i) progress in relation to the Project Programme; and

(ii) details of the Licensee's forecasted spend against the relevant construction and commissioning budget including up-to-date details of all funding sources; and

(b) be provided in respect of each:

(i) in the context of Phase 2 Activities, of the P2/ExpA Reporting Periods relevant to such Phase 2 Activities from the relevant Reporting Commencement Date until the date of the relevant Phase 2 Acceptance; and

(ii) in the context of any Expansion Activities, of the P2/ExpA Reporting Periods relevant to such Expansion Activities from the date on which the Licensee commences the relevant Expansion Activities (or the relevant ExpA Tranche, where relevant) until the date of the relevant ExpA Acceptance; and

(c) be provided in each case no later than five Business Days following the expiry of the relevant P2/ExpA Reporting Period to which the update relates.

Part E: Notification of likely failure to achieve Phase 2 Handover and/or ExpA Handover by the relevant Scheduled Phase 2 Handover Date or Scheduled ExpA Handover Date

2.8 The Licensee must notify the Regulator as soon as reasonably practicable after the Licensee becomes aware that it is reasonably likely to fail to achieve:

(a) Phase 2 Handover by a relevant Scheduled Phase 2 Handover Date; or

(b) subject to Special Condition I2.5(b), ExpA Handover by a relevant Scheduled ExpA Handover Date (where relevant).

2.9 A notice issued by the Licensee to the Regulator under Special Condition I2.8 must give particulars of:

(a) the event(s) and/or circumstance(s) leading to such likely failure;

(b) the reasons behind such event(s) and/or circumstance(s);

(c) the actions that the Licensee has implemented, and/or will implement, to avoid such failure;

(d) the forecast impact of such failure, including:

(i) the impact on any third parties, including Users, Future Users and any potential Users;

(ii) the impact on the Licensee's financing arrangements; and

(iii) the length of any delay to the relevant Phase 2 Handover or (where relevant) ExpA Handover (as the case may be) resulting from such likely failure as well as any resulting potential delay to the relevant Phase 2 Acceptance or (where relevant) the relevant ExpA Acceptance (as the case may be) and how such potential delay has been calculated,

in each case as reasonably expected by the Licensee based on the information available to the Licensee at the time; and

(e) the actions that the Licensee proposes to implement to mitigate the impact of any such likely failure and any potential resulting delay.

Part F: Notification of failure to achieve Phase 2 Handover or ExpA Handover by the relevant Scheduled Phase 2 Handover Date or Scheduled ExpA Handover Date

2.10 The Licensee must promptly notify the Regulator where the Licensee fails to achieve:

(a) Phase 2 Handover by a relevant Scheduled Phase 2 Handover Date; or

(b) ExpA Handover by a relevant Scheduled ExpA Handover Date (where relevant).

2.11 A notice issued by the Licensee to the Regulator under Special Condition I2.10 must give particulars of:

(a) the event(s) and/or circumstance(s) leading to such failure;

(b) the reasons behind such event(s) and/or circumstance(s);

(c) the actions that the Licensee implemented to attempt to avoid such failure;

(d) the forecast impact of such failure, including:

(i) the impact on any third parties, including Users, Future Users and any potential Users;

(ii) the impact on the Licensee's financing arrangements; and

(iii) the length of any delay to the relevant Phase 2 Handover or (where relevant) ExpA Handover (as the case may be) resulting from such failure as well as any resulting potential delay to the relevant Phase 2 Acceptance or (where relevant) the relevant ExpA Acceptance (as the case may be) and how such potential delay has been calculated,

in each case as reasonably expected by the Licensee based on the information available to the Licensee at the time; and

(e) the actions that the Licensee proposes to implement to mitigate the impact of any such failure and any resulting delay.

Part G: Deferral of part(s) of the Phase 2 Handover Works or ExpA Handover Works where the Licensee is unable to compete them by the date of completion of the rest of the relevant Phase 2 Handover Works or ExpA Handover Works (as applicable)

2.12 The provisions of Special Conditions F2.10 (*Obligation to achieve Handover*) to F2.13 shall apply to Phase 2 Handover Works as if references to:

(a) Handover Works were to the relevant Phase 2 Handover Works;

(b) Commissioning Activities were to the relevant Phase 2 Commissioning Activities;

(c) the Commercial Operations Date were to the date of the relevant Phase 2 Acceptance;

(d) the Commissioning Period were to the period following the relevant Phase 2 Handover and before the relevant Phase 2 Acceptance;

(e) the Construction Period were to the period following the date on which the Licensee commences the relevant Phase 2 Activities (or the relevant Phase 2 Tranche, where relevant) until the relevant Phase 2 Handover; and

(f) the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance were to the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance or the Ongoing Capex Allowance and the Opex Allowance (as relevant).

2.13 The provisions of Special Conditions F2.10 to F2.13 shall apply to ExpA Handover Works (where relevant) as if references to:

(a) Handover Works were to the relevant ExpA Handover Works;

(b) Commissioning Activities were to the relevant ExpA Commissioning Activities;

(c) the Commercial Operations Date were to the date of the relevant ExpA Acceptance;

(d) the Commissioning Period were to the period following the relevant ExpA Handover and before the relevant ExpA Acceptance;

(e) the Construction Period were to the period following the date on which the Licensee commences the relevant Expansion Activities (or the relevant ExpA Tranche, where relevant) until the relevant ExpA Handover; and

(f) the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance were to the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance or the Ongoing Capex Allowance and the Opex Allowance (as relevant).

Part H: Commencement of Phase 2 Commissioning Activities prior to Phase 2 Handover or ExpA Commissioning Activities prior to ExpA Handover

2.14 The provisions of Special Condition F2.15 shall apply to Phase 2 Commissioning Activities as if references to:

(a) Commissioning Activities were to the relevant Phase 2 Commissioning Activities;

(b) Handover were to Phase 2 Handover (where relevant); and

(c) Handover Works were to relevant Phase 2 Handover Works (where relevant).

2.15 Where relevant, the provisions of Special Condition F2.15 shall apply to the ExpA Commissioning Activities as if:

(a) Commissioning Activities were to the relevant ExpA Commissioning Activities;

(b) Handover were to ExpA Handover (where relevant); and

(c) Handover Works were to the relevant ExpA Handover Works (where relevant).

Part I: Notification of date of anticipated completion of Phase 2 Handover Works and ExpA Handover Works

2.16 The Licensee must give the Regulator no less than 25 Business Days' notice of the date that it anticipates:

(a) Phase 2 Handover Works will be completed; or

(b) any ExpA Handover Works will be completed (where relevant),

together with the Supporting Information available at that time to substantiate the completion of any of the relevant works and/or activities.

2.17 In the event that a date notified to the Regulator under Special Condition I2.16 changes following the date of such notification, the Licensee must give the Regulator notice of the revised date of anticipated completion as soon as reasonably practicable following the change.

Part J: Completion of Phase 2 Handover Works and achievement of Phase 2 Handover

2.18 As soon as reasonably practicable following issue of the same by an Independent Certifier, the Licensee must provide to the Regulator:

(a) a certified copy of any Phase 2 Handover Certificate, which may be issued by the Independent Certifier notwithstanding that there are applicable Phase 2 Handover Punchlist Items; and

(b) any further Supporting Information that the Regulator has notified the Licensee that it requires in respect of the completion of any Phase 2 Handover Works.

2.19 Within 20 Business Days of receipt of the information in respect of the completion of the Phase 2 Handover Works under Special Condition I2.18, the Regulator will consider such information and will:

(a) determine that:

(i) the relevant Phase 2 Handover Works are complete (notwithstanding that there may be applicable Phase 2 Handover Punchlist Items); and

(ii) the relevant Phase 2 Handover has been achieved;

(b) determine that:

(i) the relevant Phase 2 Handover Works are not complete; and

(ii) the relevant Phase 2 Handover has not been achieved;

(c) require further Supporting Information from the Licensee to determine whether the relevant Phase 2 Handover Works have been completed; or

(d) otherwise inform the Licensee that it requires additional time to consider whether the relevant Phase 2 Handover Works have been completed.

2.20 Where the Regulator:

(a) determines under Special Condition I2.19(b) that the relevant Phase 2 Handover Works are not complete, the Licensee must:

(i) complete any outstanding Phase 2 Handover Works; and

(ii) refer the matter back to the relevant Independent Certifier,

and the procedures in Special Conditions I2.18 and I2.19 shall be repeated; or

(b) requires further Supporting Information from the Licensee under Special Condition I2.19(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition I2.19 shall be repeated,

in each case until the Regulator determines that the relevant Phase 2 Handover Works are complete and the relevant Phase 2 Handover has been achieved.

Part K: Completion of ExpA Handover Works and achievement of ExpA Handover

2.21 Where relevant, as soon as reasonably practicable following issue of the same by an Independent Certifier, the Licensee must provide to the Regulator:

(a) a certified copy of any ExpA Handover Certificate, which may be issued by the Independent Certifier notwithstanding that there are applicable ExpA Handover Punchlist Items; and

(b) any further Supporting Information that the Regulator has notified the Licensee that it requires in respect of the completion of the relevant ExpA Handover Works.

2.22 Where relevant, within 20 Business Days of receipt of the information in respect of the completion of the relevant ExpA Handover Works under Special Condition I2.21, the Regulator will consider such information and will:

(a) determine that:

(i) the relevant ExpA Handover Works are complete (notwithstanding that there may be applicable ExpA Handover Punchlist Items); and

(ii) the relevant ExpA Handover has been achieved;

(b) determine that:

(i) the relevant ExpA Handover Works are not complete; and

(ii) the relevant ExpA Handover has not been achieved;

(c) require further Supporting Information from the Licensee to determine whether the relevant ExpA Handover Works have been completed; or

(d) otherwise inform the Licensee that it requires additional time to consider whether the relevant ExpA Handover Works have been completed.

2.23 Where relevant, where the Regulator:

(a) determines under Special Condition I2.22(b) that the relevant ExpA Handover Works are not complete, the Licensee must:

(i) complete any outstanding ExpA Handover Works; and

(ii) refer the matter back to the relevant Independent Certifier,

and the procedures in Special Conditions I2.21 and I2.22 shall be repeated; or

(b) requires further Supporting Information from the Licensee under Special Condition I2.22(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition I2.22 shall be repeated,

in each case until the Regulator determines that the relevant ExpA Handover Works are complete and the relevant ExpA Handover has been achieved.

Part L: Notification of likely failure to achieve Phase 2 Acceptance by a Scheduled Phase 2 Acceptance Date or ExpA Acceptance by a Scheduled ExpA Acceptance Date

2.24 The Licensee must notify the Regulator as soon as reasonably practicable after the Licensee becomes aware that it is reasonably likely to fail to achieve:

(a) a Phase 2 Acceptance by a relevant Scheduled Phase 2 Acceptance Date; or

(b) an ExpA Acceptance by a relevant Scheduled ExpA Acceptance Date.

2.25 A notice issued by the Licensee to the Regulator under Special Condition I2.24 must give particulars of:

(a) the event(s) and/or circumstance(s) leading to such likely failure;

(b) the reasons behind such event(s) and/or circumstance(s);

(c) the actions that the Licensee has implemented, and/or will implement, to avoid such failure;

(d) the forecast impact of such likely failure, including:

(i) the impact on any third parties, including Users, Future Users and any potential Users;

(ii) the impact on the Licensee's financing arrangements; and

(iii) the length of any delay to the relevant Phase 2 Acceptance or ExpA Acceptance (as the case may be) resulting from such likely failure and how such potential delay has been calculated,

in each case as reasonably expected by the Licensee based on the information available to the Licensee at the time; and

(e) the actions that the Licensee proposes to implement to mitigate the impact of any such likely failure and any potential resulting delay.

Part M: Delays to Phase 2 Acceptance and ExpA Acceptance

2.26 Where the Licensee reasonably believes that (as the case may be):

(a) in the context of the Phase 2 Activities or, where there are Phase 2 Tranches, a Phase 2 Tranche, a relevant User is causing or shall cause delay to the relevant Phase 2 Acceptance beyond the relevant Scheduled Phase 2 Acceptance Date; or

(b) in the context of Expansion Activities or, where there are ExpA Tranches, an ExpA Tranche, a relevant Future User is causing or shall cause delay to the relevant ExpA Acceptance beyond the relevant Scheduled ExpA Acceptance Date,

(each a **"Phase 2/ExpA Delay Event"**), the Licensee:

(i) must use reasonable endeavours to mitigate the impact of the relevant Phase 2/ExpA Delay Event; and

(ii) may provide to the Regulator a notice from the Licensee informing the Regulator of the relevant delay and its cause, together with Supporting Information substantiating to the Regulator's satisfaction the relevant delay and its cause (a **"Phase 2/ExpA Delay Notice"**).

2.27 Following receipt of a Phase 2/ExpA Delay Notice from the Licensee, the Regulator will, having considered the circumstances of the relevant delay as detailed in the relevant Phase 2/ExpA Delay Notice:

(a) determine that it is satisfied that (as the case may be):

(i) the delay to the relevant Phase 2 Acceptance is, or will be, caused by the relevant Phase 2/ExpA Delay Event; or

(ii) the delay to the relevant ExpA Acceptance is, or will be caused by the relevant Phase 2/ExpA Delay Event,

in which case, the Regulator will determine:

(A) that an **"Event of Phase 2/ExpA Delay"** has occurred;

(B) the date on which such Event of Phase 2/ExpA Delay occurred; and

(C) the period of delay caused by the Event of Phase 2/ExpA Delay;

(b) determine that the delay is, or was, not caused by the relevant Phase 2/ExpA Delay Event; or

(c) require further Supporting Information from the Licensee to determine whether the delay is, or was, caused by the relevant Phase 2/ExpA Delay Event.

2.28 Where the Regulator requires further Supporting Information from the Licensee under Special Condition I2.27(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition I2.27 shall be repeated until the Regulator determines that either:

(a) the delay is, or was, caused by the relevant Phase 2/ExpA Delay Event; or

(b) the delay is, or was, not caused by the relevant Phase 2/ExpA Delay Event.

2.29 Where the Regulator has determined that an Event of Phase 2/ExpA Delay has occurred pursuant to Special Condition I2.27(a), promptly following a notification by the Licensee

under Special Condition I2.26 regarding a consequent delay to the relevant Scheduled Phase 2 Acceptance Date or Scheduled ExpA Acceptance Date (as the case may be), the Licensee must calculate the date on which the Licensee anticipates the delayed relevant Phase 2 Acceptance or ExpA Acceptance (as the case may be) shall occur (a **"Proposed Revised Scheduled Phase 2/ExpA Acceptance Date"**).

2.30 When calculating a Proposed Revised Scheduled Phase 2/ExpA Acceptance Date, the Licensee must:

(a) act reasonably and in accordance with Good Industry Practice;

(b) take into account all relevant circumstances, including the need to mitigate delay and/or the impact of delay on the relevant Phase 2 Activities or Expansion Activities (as the case may be); and

(c) act in a transparent and proportionate manner.

2.31 Where Special Conditions I2.24, I2.29 and I2.30 apply:

(a) the Licensee must promptly notify the Regulator of the relevant Proposed Revised Scheduled Phase 2/ExpA Acceptance Date and must provide to the Regulator upon request satisfactory Supporting Information that, when calculating such Proposed Revised Scheduled Phase 2/ExpA Acceptance Date, the Licensee complied with the requirements of Special Condition I2.30;

(b) following receipt of the notice referred to in Special Condition I2.31(a), the Regulator will consider the relevant Proposed Revised Scheduled Phase 2/ExpA Acceptance Date, together with any Supporting Information provided by the Licensee in respect of the calculation of such date, and will:

(i) determine that such Proposed Revised Scheduled Phase 2/ExpA Acceptance Date is accepted and, for the purposes of these licence conditions, shall apply by way of extension to the relevant Scheduled Phase 2 Acceptance Date or Scheduled ExpA Acceptance Date (as the case may be);

(ii) determine that such Proposed Revised Scheduled Phase 2/ExpA Acceptance Date is not accepted; or

(iii) require further Supporting Information from the Licensee in respect of such Proposed Revised Scheduled Phase 2/ExpA Acceptance Date and its calculation; and

(c) where the Regulator:

(i) determines under Special Condition I2.31(b)(ii) that a Proposed Revised Scheduled Phase 2/ExpA Acceptance Date is not accepted, the Licensee must revisit its calculation of the relevant Proposed Revised Scheduled Phase 2/ExpA Acceptance Date and the procedures in Special Conditions I2.31(a) and I2.31(b) shall be repeated; or

(ii) requires further Supporting Information from the Licensee under Special Condition I2.31(b)(iii), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition I2.31(b) shall be repeated; and

(d) where, following the proposal of a revised Proposed Revised Scheduled Phase 2/ExpA Acceptance Date pursuant to Special Condition I2.31(c)(i), the Regulator determines under Special Condition I2.31(b)(ii) that the revised Proposed Revised Scheduled Phase 2/ExpA Acceptance Date is not accepted, the Regulator will determine the date which shall instead apply by way of extension to the relevant Scheduled Phase 2 Acceptance Date or Scheduled ExpA Acceptance Date (as the case may be) for the purposes of these licence conditions.

Part N: Notification of failure to achieve Phase 2 Acceptance by a Scheduled Phase 2 Acceptance Date or ExpA Acceptance by a Scheduled ExpA Acceptance Date

2.32 The Licensee must promptly notify the Regulator where the Licensee fails to achieve:

(a) a Phase 2 Acceptance by a relevant Scheduled Phase 2 Acceptance Date; or

(b) an ExpA Acceptance by a relevant Scheduled ExpA Acceptance Date.

2.33 A notice issued by the Licensee to the Regulator under Special Condition I2.32 must give particulars of:

(a) the event(s) and/or circumstance(s) leading to such failure;

(b) the reasons behind such event(s) and/or circumstance(s);

(c) the actions that the Licensee has implemented to attempt to avoid such failure;

(d) the forecast impact of such failure, including:

(i) the impact on any third parties, including Users, Future Users and any potential Users;

(ii) the impact on the Licensee's financing arrangements; and

(iii) the length of any delay to the relevant Phase 2 Acceptance or ExpA Acceptance (as the case may be) resulting from such failure and how such potential delay has been calculated,

in each case as reasonably expected by the Licensee based on the information available to the Licensee at the time; and

(e) the actions that the Licensee proposes to implement to mitigate the impact of any such failure and any resulting delay.

Part O: Deferral of part(s) of the Phase 2 Commissioning Activities or ExpA Commissioning Activities where the Licensee is unable to complete them by the date of completion of the rest of the Phase 2 Commissioning Activities or ExpA Commissioning Activities (as applicable)

2.34 The provisions of Special Conditions G2.9 (*Obligation to achieve System Acceptance*) to G2.12 shall apply to the Phase 2 Commissioning Activities as if references to:

(a) Commissioning Activities were to relevant Phase 2 Commissioning Activities;

(b) the Commercial Operations Date were to the date of the relevant Phase 2 Acceptance;

(c) the Commissioning Period were to the period following a relevant Phase 2 Handover and before the relevant Phase 2 Acceptance;

(d) the Operational Period were to the part of the Operational Period following the relevant Phase 2 Acceptance;

(e) Phase 2 Activities were to a new Phase 2 Tranche, provided that such Phase 2 Tranche is subject to such conditions as the Regulator may determine; and

(f) the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance were to the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance or the Ongoing Capex Allowance and the Opex Allowance (as relevant).

2.35 The provisions of Special Conditions G2.9 to G2.12 shall apply to the relevant ExpA Commissioning Activities as if references to:

(a) Commissioning Activities were to relevant ExpA Commissioning Activities;

(b) the Commercial Operations Date were to the date of the relevant ExpA Acceptance;

(c) the Commissioning Period were to the period following a relevant ExpA Handover and before the relevant ExpA Acceptance or, where there are no ExpA Handover Works, the period following the date on which the Licensee commences the relevant Expansion Activities (or the relevant ExpA Tranche, where relevant) until the relevant ExpA Acceptance;

(d) the Operational Period were to the part of the Operational Period following the relevant ExpA Acceptance;

(e) Expansion Activities were to a new ExpA Tranche, provided that such ExpA Tranche is subject to such conditions as the Regulator may determine under Special Condition J2.9; and

(f) the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance were to the SRAV Capex and Opex Construction Period Allowance and the SRAV Capex and Opex Commissioning Period Allowance or the Ongoing Capex Allowance and the Opex Allowance (as relevant).

Part P: Notification of date of anticipated completion of Phase 2 Commissioning Activities and ExpA Commissioning Activities

2.36 The Licensee must give the Regulator no less than 25 Business Days' notice of the date that it anticipates:

(a) any Phase 2 Commissioning Activities will be completed; and

(b) where relevant, any ExpA Commissioning Activities will be completed,

together with the Supporting Information available at that time to substantiate the completion of any of the relevant works and/or activities.

2.37 In the event that a date notified to the Regulator under Special Condition I2.36 changes following the date of such notification, the Licensee must give the Regulator notice of the revised date of anticipated completion as soon as reasonably practicable following the change.

Part Q: Completion of Phase 2 Commissioning Activities and achievement of Phase 2 Acceptance

2.38 As soon as reasonably practicable following issue of the same by an Independent Certifier, the Licensee must provide to the Regulator:

(a) a certified copy of any Phase 2 Acceptance Certificate, which may be issued by the Independent Certifier notwithstanding that there are applicable Phase 2 Acceptance Punchlist Items; and

(b) any further Supporting Information that the Regulator has notified the Licensee that it requires in respect of the completion of the relevant Phase 2 Commissioning Activities.

2.39 Within 20 Business Days of receipt of the information in respect of the completion of the Phase 2 Commissioning Activities under Special Condition I2.38, the Regulator will:

(a) determine that:

(i) the relevant Phase 2 Acceptance has been achieved (notwithstanding that there may be applicable Phase 2 Acceptance Punchlist Items); and

(ii) the date on which the relevant Phase 2 Acceptance was achieved, being the date on which the Licensee provided all Supporting Information (including the certified copy of any Phase 2 Acceptance Certificate) in respect of the completion of the relevant Phase 2 Commissioning Activities required by the Regulator in accordance with Special Condition I2.38; or

(b) determine that:

(i) the relevant Phase 2 Commissioning Activities are not complete; and

(ii) the relevant Phase 2 Acceptance has not been achieved; or

(c) require further Supporting Information from the Licensee to determine whether the relevant Phase 2 Commissioning Activities have been completed; and/or

(d) inform the Licensee that it requires additional time to consider whether the relevant Phase 2 Commissioning Activities have been completed.

2.40 Where the Regulator:

(a) determines under Special Condition I2.39(b) that the relevant Phase 2 Commissioning Activities are not complete, the Licensee must:

(i) complete any outstanding Phase 2 Commissioning Activities; and

(ii) refer the matter back to the relevant Independent Certifier,

and the procedures in Special Conditions I2.38 and I2.39 shall be repeated; or

(b) requires further Supporting Information from the Licensee under Special Condition I2.39(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition I2.39 shall be repeated,

in each case until the Regulator determines that the relevant Phase 2 Commissioning Activities are complete and the relevant Phase 2 Acceptance has been achieved.

Part R: Rectification, resolution and/or completion of Phase 2 Acceptance Punchlist Items

2.41 In the event that a Phase 2 Acceptance Certificate is expressed to be subject to Phase 2 Acceptance Punchlist Items, the Licensee shall promptly provide to the Regulator:

(a) a list of the relevant Phase 2 Acceptance Punchlist Items; and

(b) a reasonable proposed programme for the rectification, resolution and/or completion of the relevant Phase 2 Acceptance Punchlist Items (a **"P2 Acceptance Punchlist Programme"**), which programme shall require that each such Phase 2 Acceptance Punchlist Item shall be rectified, resolved and/or completed:

(i) within 12 months of the relevant Phase 2 Acceptance; or

(ii) within such other timeframe as is reasonably practicable in the circumstances.

2.42 In respect of any P2 Acceptance Punchlist Programme provided by the Licensee under Special Condition I2.41, the Regulator may:

(a) determine that the proposed P2 Acceptance Punchlist Programme is approved;

(b) determine that the proposed P2 Acceptance Punchlist Programme is not approved and raise comments on the proposed P2 Acceptance Punchlist Programme; and/or

(c) require Supporting Information from the Licensee.

2.43 Where the Regulator makes a determination under Special Condition I2.42(b) and raises comments on a P2 Acceptance Punchlist Programme provided by the Licensee under Special Condition I2.41:

(a) the Licensee must take account of such comments and, where appropriate, the Licensee must issue a revised P2 Acceptance Punchlist Programme to the Regulator as soon as reasonably practicable, together with:

(i) confirmation of which of the Regulator's comments have not been addressed; and

(ii) an explanation as to why such comments have not been addressed; and

(b) where the Licensee has issued a revised P2 Acceptance Punchlist Programme under Special Condition I2.43(a), the Regulator will review the revised P2 Acceptance Punchlist Programme (and any accompanying explanation as to why the Regulator's comments have not been addressed) and the Regulator will:

(i) determine that the proposed P2 Acceptance Punchlist Programme is approved; or

(ii) determine that the proposed P2 Acceptance Punchlist Programme is not approved and identify any of its comments which have not been addressed (and in respect of which the Licensee has not satisfactorily explained why they have not been addressed).

2.44 Where the Regulator makes a determination under Special Condition I2.43(b)(ii), the Regulator shall be entitled to raise comments on the proposed P2 Acceptance Punchlist Programme and the procedure in Special Condition I2.43 shall be repeated.

2.45 The Licensee must rectify, resolve or complete any Phase 2 Acceptance Punchlist Items:

(a) in accordance with the P2 Acceptance Punchlist Programme as approved under Special Conditions I2.42(a) or I2.43(b)(i) or as amended by the Regulator under Special Condition I2.44; and

(b) to the satisfaction of the Independent Certifier.

Part S: Completion of ExpA Commissioning Activities and achievement of ExpA Acceptance

2.46 As soon as reasonably practicable following issue of the same by an Independent Certifier, the Licensee must provide to the Regulator:

(a) a certified copy of any ExpA Acceptance Certificate, which may be issued by the Independent Certifier notwithstanding that there are applicable ExpA Acceptance Punchlist Items; and

(b) any further Supporting Information that the Regulator has notified the Licensee that it requires in respect of the completion of the relevant ExpA Commissioning Activities.

2.47 Within 20 Business Days of receipt of the information in respect of the completion of the relevant ExpA Commissioning Activities under Special Condition I2.46, the Regulator will:

(a) determine that:

(i) the relevant ExpA Commissioning Activities are complete (notwithstanding that there may be applicable ExpA Acceptance Punchlist Items);

(ii) the relevant ExpA Acceptance has been achieved; and

(iii) the date on which the relevant ExpA Acceptance was achieved, being the date on which the Licensee provided all Supporting Information (including the certified copy of any ExpA Acceptance Certificate) in respect of the completion of the relevant ExpA Commissioning Activities required by the Regulator in accordance with Special Condition I2.46; or

(b) determine that:

(i) the relevant ExpA Commissioning Activities are not complete; and

(ii) the relevant ExpA Acceptance has not been achieved; or

(c) require further Supporting Information from the Licensee to determine whether the relevant ExpA Commissioning Activities have been completed; and/or

(d) otherwise inform the Licensee that it requires additional time to consider whether the relevant ExpA Commissioning Activities have been completed.

2.48 Where the Regulator:

(a) determines under Special Condition I2.47(b) that the relevant ExpA Commissioning Activities are not complete, the Licensee must:

(i) complete any outstanding ExpA Commissioning Activities; and

(ii) refer the matter back to the relevant Independent Certifier,

and the procedures in Special Conditions I2.46 and I2.47 shall be repeated; or

(b) requires further Supporting Information from the Licensee under Special Condition I2.47(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition I2.47 shall be repeated,

in each case until the Regulator determines that the relevant ExpA Commissioning Activities are complete and the relevant ExpA Acceptance has been achieved.

Part T: Rectification, resolution and/or completion of ExpA Acceptance Punchlist Items

2.49 In the event that an ExpA Acceptance Certificate is expressed to be subject to ExpA Acceptance Punchlist Items, the Licensee shall promptly provide to the Regulator:

(a) a list of the relevant ExpA Acceptance Punchlist Items; and

(b) a reasonable proposed programme for the rectification, resolution and/or completion of the relevant ExpA Acceptance Punchlist Items (an **"ExpA Acceptance Punchlist Programme"**), which programme shall require that each such ExpA Acceptance Punchlist Item shall be rectified, resolved and/or completed:

(i) within 12 months of the relevant ExpA Acceptance; or

(ii) within such other timeframe as is reasonably practicable in the circumstances.

2.50 In respect of any ExpA Acceptance Punchlist Programme provided by the Licensee under Special Condition I2.49, the Regulator may:

(a) determine that the proposed ExpA Acceptance Punchlist Programme is approved;

(b) determine that the proposed ExpA Acceptance Punchlist Programme is not approved and raise comments on the proposed ExpA Acceptance Punchlist Programme; and/or

(c) require Supporting Information from the Licensee.

2.51 Where the Regulator makes a determination under Special Condition I2.50(b) and raises comments on an ExpA Acceptance Punchlist Programme provided by the Licensee under Special Condition I2.49:

(a) the Licensee must take account of such comments and, where appropriate, the Licensee must issue a revised ExpA Acceptance Punchlist Programme to the Regulator as soon as reasonably practicable, together with:

(i) confirmation of which of the Regulator's comments have not been addressed; and

(ii) an explanation as to why such comments have not been addressed; and

(b) where the Licensee has issued a revised ExpA Acceptance Punchlist Programme under Special Condition I2.51(a), the Regulator will review the revised ExpA Acceptance Punchlist Programme (and any accompanying explanation as to why the Regulator's comments have not been addressed) and the Regulator will:

(i) determine that the proposed ExpA Acceptance Punchlist Programme is approved; or

(ii) determine that the proposed ExpA Acceptance Punchlist Programme is not approved and identify any of its comments which have not been addressed (and in respect of which the Licensee has not satisfactorily explained why they have not been addressed).

2.52 Where the Regulator makes a determination under Special Condition I2.51(b)(ii), the Regulator shall be entitled to raise comments on the proposed ExpA Acceptance Punchlist Programme and the procedure in Special Condition I2.51 shall be repeated.

2.53 The Licensee must rectify, resolve or complete any ExpA Acceptance Punchlist Items:

(a) in accordance with the ExpA Acceptance Punchlist Programme as approved under Special Condition I2.50(a) or I2.51(b)(i); and

(b) to the satisfaction of the Independent Certifier.

Part U: Development Activities

2.54 Subject to the conditions of this licence, the Licensee must develop the Approved T&S Network by conducting the Development Activities in accordance with section 5 of the APDP.

2.55 Promptly following completion of all relevant Development Activities relating to a Development Project, the Licensee must provide notice to the Regulator detailing whether the Licensee considers that following the completion of such Development Activities:

(a) settlement can now be reached in respect of Capex for the relevant Development Project, such that a Change in Scope shall apply; or

(b) where settlement cannot be reached in respect of Capex for the relevant Development Project, such that the Licensee proposes the cancellation of the relevant Development Project and therefore a Change in Scope shall apply.

2.56 Where the Licensee has proposed pursuant to Special Condition I2.55 that a Change in Scope shall apply, then the Licensee must comply with the provisions of Part A of Special Condition J2.

Section J: Overarching conditions

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Special Condition J1: Overarching conditions

Introduction

1.1 The special conditions in this Section J set out provisions that apply with effect from Licence Award in addition to those special conditions set out in Sections F (*Construction Period conditions*), G (*Commissioning Period conditions*), H (*Operational Period conditions*) and I (*T&S Network development*).

Special Condition J2: Supervening Event Re-openers, Insured Risk Events and Relief Events

Introduction

2.1 The purpose of this special condition is to set out the provisions that apply in circumstances where the Licensee and/or the Regulator (as the context requires) becomes aware of a Supervening Event Re-opener, an Insured Risk Event or a Relief Event (as the case may be) which may impact on the Project.

Structure

2.2 This special condition is structured as follows:

(a) Part A sets out the provisions that apply in circumstances where the Licensee becomes aware of a Change in Scope which may impact on the Project;

(b) Part B sets out the provisions that apply in circumstances where the Licensee or the Regulator becomes aware of a Qualifying Change in Law which may impact on the Project;

(c) Part C sets out the provisions that apply in circumstances where the Licensee becomes aware of a Force Majeure Event which may impact on the Project;

(d) Part D sets out the provisions that apply in circumstances where an Insured Risk Event occurs;

(e) Part E sets out the provisions that apply in circumstances where the Licensee becomes aware of a Relief Event which may impact on the Project; and

(f) Part F acknowledges that the impact of a Supervening Event Re-opener as determined by the Regulator under this Special Condition J2 may include additional construction periods and/or commissioning periods (with associated SRAVs).

Part A: Changes in Scope

2.3 The Licensee must submit a CiS Submission to the Regulator as soon as reasonably practicable after the Licensee becomes aware of a potential Change in Scope.

2.4 A CiS Submission must give particulars of:

(a) the circumstance(s) to which the CiS Submission relates (including the relevant ground at limbs (a) to (c) of the definition of Change in Scope);

(b) the reason(s) why the Licensee considers such circumstance(s) to constitute grounds for a Change in Scope;

(c) the Licensee's analysis of the likely impact of the relevant potential Change in Scope on the Approved T&S Network, including any impact on the physical infrastructure and/or the operation of the Approved T&S Network;

(d) the Licensee's proposals to implement the potential Change in Scope, including an assessment of the costs of implementing such potential Change in Scope; and

(e) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Change in Scope, including a detailed justification in respect of the same, which effect(s) or likely effect(s) may include (where relevant in the context of such potential Change in Scope):

(i) any proposed adjustment(s) to the Revenue Calculations as a result of the potential Change in Scope, including:

(A) any reasonable increases or decreases to any ex ante allowance and/or any proposed new ex ante allowance(s); and

(B) any change to the cost sharing factor;

(ii) any proposed adjustment in respect of the Licensee's obligations under this licence where and to the extent that the Licensee is unable to perform or is delayed in performing such obligations as a result of the potential Change in Scope:

(A) for such period as is necessary having regard to the potential Change in Scope; or

(B) until such time as the obligations have been amended to reflect the impact of the potential Change in Scope;

(iii) any proposed adjustments to the targets or outputs (or the assessment of the performance of the T&S Assets against such targets or outputs) under these special conditions to reflect the impact of the potential Change in Scope;

(iv) any proposed adjustments to key milestone dates (including the Scheduled Handover Date, the Scheduled COD, the Longstop Date, a Scheduled Phase 2 Handover Date, a Scheduled Phase 2 Acceptance Date, a Scheduled ExpA Handover Date and/or a Scheduled ExpA Acceptance Date as relevant) to take account of the impact of the potential Change in Scope;

(v) the proposed inclusion of new construction periods, commissioning periods or operational periods (and associated SRAVs) in respect of the potential Change in Scope;

(vi) any proposed adjustments to the WACC; and/or

(vii) any other proposed amendments and/or modifications required to this licence to reflect the impact of the potential Change in Scope.

2.5 Where the Licensee becomes aware that two or more Changes in Scope and/or potential Changes in Scope relate to:

(a) the same expansion or enhancement of the Approved T&S Network; and/or

(b) cancellation or decommissioning of part of, or of a change to the scope of the Approved T&S Network,

it shall consolidate the CiS Submissions relating to such Changes in Scope and/or potential Changes in Scope into a single CiS Submission under Special Condition J2.3 as if they were a single Change in Scope.

2.6 Following submission of a CiS Submission by the Licensee to the Regulator and at any time thereafter while the Regulator is reviewing the relevant CiS Submission, the Licensee must provide to the Regulator any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of:

(a) such potential Change in Scope (and the grounds on which the CiS Submission is submitted);

(b) the Licensee's proposals to implement the potential Change in Scope; and

(c) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Change in Scope.

2.7 In making a determination under Special Conditions J2.8 and J2.9, the Regulator will have regard to any relevant guidance issued by the Regulator from time to time.

2.8 Following receipt of a CiS Submission and all Supporting Information required under Special Condition J2.6, the Regulator will review such CiS Submission and will either:

(a) determine that:

(i) grounds for a Change in Scope have occurred (as set out in limbs (a) to (c) of the definition of the term "Change in Scope"); and

(ii) the implementation of the proposed Change in Scope is approved; or

(b) determine that:

(i) grounds for a Change in Scope have not occurred (as set out in limbs (a) to (c) of the definition of the term "Change in Scope"); and/or

(ii) the implementation of the proposed Change in Scope is not approved.

2.9 Where the Regulator makes a determination under Special Condition J2.8(a), the Regulator will:

(a) determine the impact, or expected impact (if any) on the Project of the relevant Change in Scope; and

(b) determine any adjustments to be provided to the Licensee to reflect such impact or expected impact (which may include new ex ante allowances),

and any such determination including any associated amendments to update Project-Specific Documents will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

2.10 Where the Regulator makes a determination under Special Condition J2.8(b), the CiS Submission will be rejected.

2.11 Without limiting the generality of Special Condition J2.6, where a Change in Scope involves an Additional or Expanded/Enhanced Storage Site, Special Conditions H22.14 (*Storage Site performance*) and H22.15 shall apply.

2.12 Where the Licensee notifies the Regulator under this Special Condition J2 (Part A) of a Change in Scope under limb (c) of the definition of Change in Scope regarding the cancellation of Development Activities and associated Development Project, as part of its determination in respect of such Change in Scope, the Regulator may direct the Licensee as to the treatment of all data, design rights, intellectual property rights, authorisations, approvals and consents and other assets arising from or created as a result of the relevant Development Activities funded by Ongoing Devex and the Licensee shall comply with any such direction. In making any such direction, the Regulator will take account of reasonable restrictions on the Licensee's ability to deal with such data, design rights, intellectual property rights, authorisations, approvals and consents and other assets.

2.13 Where a Change in Scope notified to the Regulator under Special Condition J2.3 is a Change in Scope (Variation), Special Condition J7 (*Variation Re-openers*) shall apply.

Part B: Qualifying Changes in Law

2.14 The Licensee must submit a QCiL Submission to the Regulator:

(a) as soon as the Licensee becomes aware of a potential Qualifying Change in Law; or

(b) as soon as reasonably practicable following receipt of a notice from the Regulator notifying the Licensee of a Qualifying Change in Law or potential Qualifying Change in Law.

2.15 A QCiL Submission must give particulars of:

(a) the circumstance(s) to which the QCiL Submission relates;

(b) where the QCiL Submission is submitted under Special Condition J2.14(a), the reason(s) why the Licensee considers such circumstance(s) to constitute a Qualifying Change in Law;

(c) the Licensee's analysis of the likely impact of the relevant potential Qualifying Change in Law or Qualifying Change in Law (as the case may be) on the Approved T&S Network, including any impact on the physical infrastructure and/or the operation of the Approved T&S Network;

(d) the Licensee's proposals to implement the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be), including an assessment of the costs of implementing such potential Qualifying Change in Law or Qualifying Change in Law;

(e) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Qualifying Change in Law or Qualifying Change in Law (as the case may be), including a detailed justification in respect of the same, which effect(s) or likely effect(s) may include (where relevant in the context of such potential Qualifying Change in Law or Qualifying Change in Law (as the case may be)):

(i) any proposed adjustment(s) to the Revenue Calculations as a result of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be), including:

(A) any reasonable increases or decreases to any ex ante allowance and/or any proposed new ex ante allowance(s); and

(B) any change to the cost sharing factor;

(ii) any proposed adjustment in respect of the Licensee's obligations under this licence where and to the extent that the Licensee is unable to perform or is delayed in performing such obligations as a result of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be):

(A) for such period as is necessary having regard to the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be); or

(B) until such time as the obligations have been amended to reflect the impact of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be);

(iii) any proposed adjustments to the targets or outputs (or the assessment of the performance of the T&S Assets against such targets or outputs) under these special conditions to reflect the impact of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be);

(iv) any proposed adjustments to key milestone dates (including the Scheduled Handover Date, the Scheduled COD, the Longstop Date, a Scheduled Phase 2 Handover Date, a Scheduled Phase 2 Acceptance Date, a Scheduled ExpA Handover Date and/or a Scheduled ExpA Acceptance Date as relevant) to take account of the impact of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be);

(v) the proposed inclusion of new construction periods, commissioning periods or operational periods (and associated SRAVs) in respect of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be);

(vi) any proposed adjustments to the WACC; and/or

(vii) any other proposed amendments and/or modifications required to this licence to reflect the impact of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be); and

(f) the actions the Licensee has taken, and is continuing to take, to mitigate the impact of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be).

2.16 Following submission of a QCiL Submission by the Licensee to the Regulator and at any time thereafter while the Regulator is reviewing the relevant QCiL Submission, the Licensee must provide to the Regulator:

(a) any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of:

(i) such Qualifying Change in Law or potential Qualifying Change in Law;

(ii) the Licensee's proposals to implement the Qualifying Change in Law or potential Qualifying Change in Law;

(iii) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant Qualifying Change in Law or potential Qualifying Change in Law; and

(iv) the actions the Licensee has taken, and is continuing to take, to mitigate the impact of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be) and the extent to which the Licensee; and

(b) where applicable in the context of an increase or decrease of the Licensee's costs pursuant to Special Condition J2.18(b), satisfactory evidence to the Regulator:

(i) that the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be) affects, or will affect, construction and/or commissioning works and activities and/or the operations of the T&S Network (as relevant); and/or

(ii) of the cost impact of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be) in respect of Ongoing Devex, Capex or Opex.

2.17 In making a determination under Special Condition J2.18, the Regulator will have regard to any relevant guidance issued by the Regulator from time to time.

2.18 Following receipt of a QCiL Submission and all Supporting Information and evidence required under Special Condition J2.16, the Regulator will review such QCiL Submission and will:

(a) where the relevant QCiL Submission relates to a potential Qualifying Change in Law, either:

(i) determine that the relevant potential Qualifying Change in Law constitutes a Qualifying Change in Law; or

(ii) determine that the relevant potential Qualifying Change in Law does not constitute a Qualifying Change in Law; and

(b) where the relevant QCiL Submission relates to a Qualifying Change in Law or where the Regulator makes a determination under Special Condition J2.18(a)(i):

(i) determine the impact, or expected impact (if any) on the Project of the relevant Qualifying Change in Law; and

(ii) determine any adjustments to be provided to the Licensee to reflect such impact or expected impact such that the Licensee is put in a no better nor worse position than it would have been had the Qualifying Change in Law not occurred (which may include new ex ante allowances),

provided that:

(A) in making its determinations the Regulator shall not make any upwards adjustment for any costs incurred as a result of the Licensee's failure to act in accordance with Good Industry Practice (and for this purpose what constitutes "Good Industry Practice" shall take account of the circumstances which were known or which ought reasonably to have been known to the Licensee at the relevant time); and

(B) any such determination including any associated amendments to update Project-Specific Documents will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

2.19 Where the Regulator makes a determination under Special Condition J2.18(a)(ii), the QCiL Submission will be rejected.

2.20 The amount of any increases to the Licensee's costs pursuant to Special Condition J2.18(b) shall be subject to the Licensee providing satisfactory evidence pursuant to Special Condition J2.16

(a) that the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be) affects construction and/or commissioning works and activities and/or the operations of the T&S Network (as relevant); and/or

(b) of the cost impact of the potential Qualifying Change in Law or Qualifying Change in Law (as the case may be) in respect of Ongoing Devex, Capex or Opex.

2.21 Without limiting the generality of Special Condition J2.16, where a Qualifying Change in Law involves an Additional or Expanded/Enhanced Storage Site, Special Conditions H22.14 and H22.15 shall apply.

Part C: Force Majeure Event

2.22 The Licensee must:

(a) notify the Regulator as soon as reasonably practicable after the Licensee becomes aware of any potential Force Majeure Event (an **"FME Notice"**);

(b) notify the Regulator, either at the same time as an FME Notice or as soon as reasonably practicable following issue of such FME Notice, of the circumstance(s) that the Licensee considers constitute a potential Force Majeure Event; and

(c) attend any meetings to discuss the potential Force Majeure Event as the Regulator so requires.

2.23 Where Special Condition J2.22 applies (and without prejudice to its obligations pursuant to such Special Condition), the Licensee must submit an FME Submission to the Regulator, as soon as reasonably practicable following issue of the notice required under Special Condition J2.22(a).

2.24 An FME Submission must give particulars of:

(a) the circumstance(s) to which the FME Submission relates;

(b) the reason(s) why the Licensee considers such circumstance(s) to constitute a Force Majeure Event;

(c) the Licensee's analysis of the likely impact of the relevant potential Force Majeure Event on the Approved T&S Network, including any impact on the physical infrastructure and/or the operation of the Approved T&S Network;

(d) the Licensee's proposals to respond to the potential Force Majeure Event, including an assessment of the costs of responding to such potential Force Majeure Event;

(e) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Force Majeure Event, including a detailed justification in respect of the same, which effect(s) or likely effect(s) may include (where relevant in the context of such potential Force Majeure Event):

(i) any proposed adjustment(s) to the Revenue Calculations as a result of the potential Force Majeure Event, including:

(A) any reasonable increases or decreases to any ex ante allowance and/or any proposed new ex ante allowance(s); and

(B) any change to the cost sharing factor;

(ii) any proposed adjustment in respect of the Licensee's obligations under this licence where and to the extent that the Licensee is unable to perform or is delayed in performing such obligations as a result of the potential Force Majeure Event:

(A) for such period as is necessary having regard to the potential Force Majeure Event; or

(B) until such time as the obligations have been amended to reflect the impact of the potential Force Majeure Event;

(iii) any proposed adjustments to the targets or outputs (or the assessment of the performance of the T&S Assets against such targets or outputs) under these special conditions to reflect the impact of the potential Force Majeure Event;

(iv) any proposed adjustments to key milestone dates (including the Scheduled Handover Date, the Scheduled COD, the Longstop Date, a Scheduled Phase 2 Handover Date, a Scheduled Phase 2 Acceptance Date, a Scheduled ExpA Handover Date and/or a Scheduled ExpA Acceptance Date, as relevant) to take account of the impact of the potential Force Majeure Event;

(v) the proposed inclusion of new construction periods, commissioning periods or operational periods (and associated SRAVs) in respect of the potential Force Majeure Event;

(vi) any proposed adjustments to the WACC; and/or

(vii) any other proposed amendments and/or modifications required to this licence to reflect the impact of the potential Force Majeure Event; and

(f) the actions the Licensee has taken, and is continuing to take, to mitigate the impact of the potential Force Majeure Event.

2.25 Following submission of an FME Submission by the Licensee to the Regulator and at any time thereafter while the Regulator is reviewing the relevant FME Submission, the Licensee must provide to the Regulator:

(a) any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of:

(i) such potential Force Majeure Event;

(ii) the Licensee's proposals to respond to the potential Force Majeure Event;

(iii) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Force Majeure Event; and

(iv) the actions the Licensee has taken, and is continuing to take, to mitigate the impact of the potential Force Majeure Event; and

(b) where applicable in the context of an increase or decrease of the Licensee's costs pursuant to Special Condition J2.28, satisfactory evidence to the Regulator:

(i) that the potential Force Majeure Event affects, or will affect, construction and/or commissioning works and activities and/or the operations of the T&S Network; and/or

(ii) of the cost impact of the potential Force Majeure Event in respect of Ongoing Devex, Capex or Opex.

2.26 In making a determination under Special Conditions J2.27 and J2.28, the Regulator will have regard to any relevant guidance issued by the Regulator from time to time.

2.27 Following receipt of an FME Submission and all Supporting Information and evidence required under Special Condition J2.25, the Regulator will review such FME Submission and will either:

(a) determine that the relevant potential Force Majeure Event constitutes a Force Majeure Event; or

(b) determine that the relevant potential Force Majeure Event does not constitute a Force Majeure Event.

2.28 Where the Regulator makes a determination under Special Condition J2.27(a), the Regulator will:

(a) determine the impact or expected impact (if any) on the Project of the relevant Force Majeure Event; and

(b) determine any adjustments to be provided to the Licensee to reflect such impact or expected impact such that the Licensee is put in a no better nor worse position than it would have been had the Force Majeure Event not occurred (which may include new ex ante allowances),

provided that:

(i) in making its determinations the Regulator shall not make any upwards adjustment for any costs incurred as a result of the Licensee's failure to act in accordance with Good Industry Practice (and for this purpose what constitutes "Good Industry Practice" shall take account of the circumstances which were known or which ought reasonably to have been known to the Licensee at the relevant time); and

(ii) any such determination including any associated amendments to update Project-Specific Documents will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

2.29 Where the Regulator makes a determination under Special Condition J2.27(b), the FME Submission will be rejected.

2.30 The amount of any increases to the Licensee's costs pursuant to Special Condition J2.28 shall be subject to the Licensee providing satisfactory evidence, pursuant to Special Condition J2.25:

(a) that the potential Force Majeure Event affects construction and/or commissioning works and activities and/or the operations of the T&S Network (as relevant); and/or

(b) of the cost impact of the potential Force Majeure Event in respect of Ongoing Devex, Capex or Opex.

2.31 Without limiting the generality of Special Condition J2.25, where a Force Majeure Event involves an Additional or Expanded/Enhanced Storage Site, Special Conditions H22.14 and H22.15 shall apply.

Part D: Insured Risk Event

2.32 The Licensee must:

(a) notify the Regulator as soon as reasonably practicable after the Licensee becomes aware of any potential Insured Risk Event (an **"Insured Risk Event Notice"**);

(b) notify the Regulator either at the same time as an Insured Risk Event Notice or as soon as reasonably practicable following issue of such Insured Risk Event Notice, of the circumstance(s) that the Licensee considers constitute a potential Insured Risk Event; and

(c) attend any meetings to discuss the potential Insured Risk Event as the Regulator so requires.

2.33 Where Special Condition J2.32 applies (and without prejudice to its obligations pursuant to such Special Condition), the Licensee must submit an Insured Risk Event Submission to the Regulator, as soon as reasonably practicable following issue of the notice required under Special Condition J2.32(a) or, where the potential Insured Risk Event has occurred prior to the Commercial Operations Date and the Licensee so elects, by the Commercial Operations Date.

2.34 An Insured Risk Event Submission must give particulars of:

(a) the circumstance(s) to which the Insured Risk Event Submission relates;

(b) the reason(s) why the Licensee considers such circumstance(s) to constitute an Insured Risk Event;

(c) the Licensee's analysis of the likely impact of the relevant potential Insured Risk Event on the Approved T&S Network, including any impact on the physical infrastructure and/or the operation of the Approved T&S Network;

(d) the Licensee's proposals to respond to the potential Insured Risk Event;

(e) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Insured Risk Event, including a detailed justification in respect of the same, which effect(s) or likely effect(s) shall (where relevant in the context of such potential Insured Risk Event) be limited to:

(i) any proposed adjustments to the Licensee's obligation during the Operational Period to achieve the Obligated Network Capacity pursuant to Standard Condition B3(Access to the T&S Network) to take into account the impact of the potential Insured Risk Event;

(ii) any proposed adjustments to the Licensee's obligations during the Operational Period in respect of Phase 2 Activities and/or Expansion Activities under Section I (*T&S Network Development*) to take into account the impact of the Insured Risk Event; and

(iii) any proposed adjustments to the Licensee's obligation during the Operational Period to implement Correction Plan(s) under Special Condition H19.13(a)(ii) and H19.17(b) (*Correction Plans and associated Remediation Plans*) to take into account the impact of the Insured Risk Event.

(f) the actions the Licensee has taken, and is continuing to take, to mitigate the impact of the potential Insured Risk Event.

2.35 Following submission of an Insured Risk Event Submission by the Licensee to the Regulator and at any time thereafter while the Regulator is reviewing the relevant Insured Risk Event Submission, the Licensee must provide to the Regulator any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of:

(a) such potential Insured Risk Event;

(b) the Licensee's proposals to respond to the potential Insured Risk Event;

(c) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Insured Risk Event; and

(d) the actions the Licensee has taken, and is continuing to take, to mitigate the impact of the potential Insured Risk Event.

2.36 In making a determination under Special Conditions J2.37 and J2.38, the Regulator will have regard to:

(a) any relevant guidance issued by the Regulator from time to time; and

(b) the SoS's response to the Claim (as such term is defined in the Supplemental Compensation Agreement); and

(c) the Insurers' (as such term is defined in the Supplemental Compensation Agreement) response to the Claim (as such term is defined in the Supplemental Compensation Agreement) for the relevant Insured Risk Event under the Insurances (as such term is defined in the Supplemental Compensation Agreement), including any confirmations received by the Licensee from the relevant Insurers (as such term is defined in the Supplemental Compensation Agreement).

2.37 Following receipt of an Insured Risk Event Submission and all Supporting Information required under Special Condition J2.35, the Regulator will review such Insured Risk Event Submission and will either:

(a) determine that the relevant potential Insured Risk Event constitutes an Insured Risk Event; or

(b) determine that the relevant potential Insured Risk Event does not constitute an Insured Risk Event.

2.38 Where the Regulator makes a determination under Special Condition J2.37(a), the Regulator will:

(a) determine the impact or expected impact (if any) on the Project of the relevant Insured Risk Event during the Operational Period; and

(b) determine the extent (if any) to which the Licensee is granted relief from:

(i) the Licensee's obligation during the Operational Period to achieve the Obligated Network Capacity pursuant to Standard Condition B3 to take into account the impact of the Insured Risk Event;

(ii) the Licensee's obligations during the Operational Period in respect of Phase 2 Activities and/or Expansion Activities under Section I (*T&S Network Development*) to take into account the impact of the Insured Risk Event; and/or

(iii) the Licensee's obligation during the Operational Period to implement Correction Plan(s) under Special Conditions H19.13 and H19.17 to take into account the impact of the Insured Risk Event.

2.39 Where the Regulator makes a determination under Special Condition J2.37(b), the Insured Risk Event Submission will be rejected.

2.40 The Licensee must notify the Regulator as soon as practicable after the Insured Risk Event ceases or no longer prevents the Licensee from performing its obligations under this licence, and, where the relief granted to the Licensee as part of the determination under Special Condition J2.38 is still subsisting, such relief shall cease immediately following such notification.

Part E: Relief Event

2.41 The Licensee must submit a Relief Event Submission to the Regulator as soon as the Licensee becomes aware of any potential Relief Event during:

(a) the Construction Period or the Commissioning Period;

(b) in respect of any Phase 2 Activities, the period from the date on which the Licensee commences the relevant Phase 2 Activities (or the relevant Phase 2 Tranche, where relevant) until the relevant Phase 2 Acceptance; or

(c) in respect of any Expansion Activities, the period from the date on which the Licensee commences the relevant Expansion Activities (or the relevant ExpA Tranche, where relevant) until the relevant ExpA Acceptance.

2.42 A Relief Event Submission must give particulars of:

(a) the circumstance(s) to which the Relief Event Submission relates;

(b) the reason(s) why the Licensee considers such circumstance(s) to constitute a Relief Event;

(c) the Licensee's proposals to respond to the potential Relief Event;

(d) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Relief Event, including a detailed justification in respect of the same; and

(e) the actions the Licensee has taken to mitigate the impact of the Relief Event.

2.43 Following submission of a Relief Event Submission by the Licensee to the Regulator and at any time thereafter while the Regulator is reviewing the relevant Relief Event Submission, the Licensee must provide to the Regulator any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of:

(a) such potential Relief Event;

(b) the Licensee's proposals to respond to the potential Relief Event;

(c) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant potential Relief Event; and

(d) the actions the Licensee has taken, and is continuing to take, to mitigate the impact of the potential Relief Event.

2.44 In making a determination under Special Conditions J2.45 and J2.46, the Regulator will have regard to any relevant guidance issued by the Regulator from time to time.

2.45 Following receipt of a Relief Event Submission and all Supporting Information and evidence required under Special Condition J2.43, the Regulator will review such Relief Event Submission and will either:

(a) determine that the relevant potential Relief Event constitutes a Relief Event; or

(b) determine that the relevant potential Relief Event does not constitute a Relief Event.

2.46 Where the Regulator makes a determination under Special Condition J2.45(a), the Regulator will:

(a) determine the impact or expected impact, (if any) of the relevant Relief Event on the Scheduled Handover Date, Scheduled COD, Longstop Date, a Scheduled Phase 2 Handover Date, a Scheduled Phase 2 Acceptance Date, a Scheduled ExpA Handover Date and/or a Scheduled ExpA Acceptance Date (as applicable);

(b) determine any extension(s) to be provided to the Scheduled Handover Date, the Scheduled COD, the Longstop Date, a Scheduled Phase 2 Handover Date, a Scheduled Phase 2 Acceptance Date, a Scheduled ExpA Handover Date and/or a Scheduled ExpA Acceptance Date (as applicable) to reflect such impact; and

(c) will make amendments to update any relevant Project-Specific Document to reflect such determinations,

and any such determination including any associated amendments to update Project-Specific Documents will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

2.47 Where the Regulator makes a determination under Special Condition J2.45(b), the Relief Event Submission will be rejected.

Part F: Additional construction periods and/or commissioning periods (with associated SRAVs)

2.48 The Regulator and the Licensee each acknowledge that the impact of a Supervening Event Re-opener as determined by the Regulator under this Special Condition J2 may include the inclusion of additional construction periods, commissioning periods and/or commercial operations dates in respect of Expansion Activities (which are outside the scope of Phase 1 Activities and Phase 2 Activities), with or without associated SRAVs, provided that the inclusion of any such additional construction periods, commissioning periods and/or commercial operations dates shall not adversely impact on:

(a) the Licensee's performance of its obligations in respect of:

(i) completing the Handover Works and/or Commissioning Activities in accordance with the conditions of this licence;

(ii) the Phase 2 Activities; and/or

(iii) any Development Activities and/or Expansion Activities being then undertaken; nor

(b) the Licensee's ability to recover Allowed Revenue through the Use of System Charges in accordance with the conditions of this licence.

Special Condition J3: Independent Certifier

Introduction

3.1 The purpose of this special condition is to set out the Licensee's obligations in respect of the Independent Certifier(s).

Structure

3.2 This special condition is structured as follows:

(a) Part A sets out the requirement to appoint Independent Certifier(s);

(b) Part B sets out the requirements in respect of IC Deeds of Appointment;

(c) Part C sets out the Licensee's obligations in relation to the Independent Certifier(s);

(d) Part D sets out the requirement for Regulator approval for the Licensee to change the terms of an IC Deed of Appointment;

(e) Part E provides that the Regulator may direct the Licensee to terminate an IC Deed of Appointment where a termination right arises under the relevant IC Deed of Appointment;

(f) Part F sets out the process for replacing an Independent Certifier; and

(g) Part G sets out the requirements for the Licensee to provide documents to the Independent Certifier(s) and the Regulator.

Part A: Requirement to appoint Independent Certifier(s)

3.3 The Licensee must appoint, in accordance with the provisions of this Special Condition J3, a suitably qualified and experienced consultant (or consultants) to act as Independent Certifier(s) to the Project for the purposes of this licence upon the terms of the relevant IC Deed(s) of Appointment in respect of the Handover Works and the Commissioning Activities, such appointment to be made no later than nine months following Licence Award.

3.4 In respect of any Phase 2 Activities, the Licensee must:

(a) procure that when entered into:

(i) an IC Deed of Appointment in respect of the Handover Works and the Commissioning Activities as referred to in Special Condition J3.3 includes such Phase 2 Activities; or

(ii) an IC Deed of Appointment in respect of Major Expansion Activities as referred to in Special Condition J3.5(c) includes such Phase 2 Activities;

(b) vary, in accordance with the provisions of this Special Condition J3, an existing IC Deed of Appointment so that the scope of the IC Deed of Appointment is extended to include such Phase 2 Activities; or

(c) appoint, in accordance with the provisions of this Special Condition J3, a suitably qualified and experienced consultant (or consultants) to act as Independent Certifier(s) to the Project for the purposes of this licence upon the terms of the relevant IC Deed(s) of Appointment in respect of such Phase 2 Activities,

such variation or appointment (as the case may be) to be made no later than the date specified in the Project Programme for the appointment of the relevant Independent Certifier.

3.5 In respect of any Major Expansion Activities, the Licensee must:

(a) procure that when entered into:

(i) an IC Deed of Appointment in respect of the Handover Works and the Commissioning Activities as referred to in Special Condition J3.3 includes such Major Expansion Activities; or

(ii) an IC Deed of Appointment in respect of Phase 2 Activities as referred to in Special Condition J3.4(c) includes such Major Expansion Activities;

(b) vary, in accordance with the provisions of this Special Condition J3, an existing IC Deed of Appointment in respect of the Handover Works and the Commissioning Activities or in respect of any Phase 2 Activities so that the scope of such IC Deed of Appointment is extended to include such Major Expansion Activities; or

(c) appoint, in accordance with the provisions of this Special Condition J3, a suitably qualified and experienced consultant (or consultants) to act as Independent Certifier(s) to the Project for the purposes of this licence upon the terms of the relevant IC Deed(s) of Appointment in respect of such Major Expansion Activities,

in each case such appointment to be made no later than the date specified in the Project Programme for the appointment of the relevant Independent Certifier.

3.6 To qualify as an Independent Certifier for the purposes of this licence, a relevant consultant must:

(a) be independent;

(b) have:

(i) suitable qualifications and expertise to act as an Independent Certifier to the Project for the purposes of this licence in the context of the relevant works and activities (e.g. the Handover Works, Commissioning Activities and (where relevant) Phase 2 Activities or (where relevant) Major Expansion Activities); and

(ii) experience in acting as an independent certifier, independent verifier and/or independent technical adviser in respect of carbon capture, usage and storage and/or oil and gas development projects similar in scope, character and complexity to the Project; and

(c) have been appointed in accordance with the following process:

(i) the Licensee must send details of a proposed Independent Certifier (each a **"Proposed IC"**) to the Regulator, including:

(A) where the Proposed IC will be appointed under a new IC Deed of Appointment, information about how the Proposed IC satisfies the criteria set out in limbs (a) and (b) of this Special Condition J3.6 to the extent such criteria applies to the relevant works and activities (e.g. the Handover Works, Commissioning Activities and Phase 2 Activities or (where relevant) Major Expansion Activities) at the time of appointment; and

(B) where the Proposed IC is already appointed under an existing IC Deed of Appointment and the scope of such IC Deed of Appointment is to be varied under Special Condition J3.4(b) or J3.5(b), information about how the Proposed IC satisfies the criteria set out in limbs (a), (b) and (c) of this Special Condition J3.6 to the extent such criteria applies to the relevant works and activities (e.g. the Phase 2 Activities or (where relevant) Major Expansion Activities) at the time of such variation; and

(ii) the Regulator will consider the information provided by the Licensee under Special Condition J3.6(c)(i) and advise the Licensee whether it approves (or does not approve) the Proposed IC; and

(iii) where the Regulator has advised the Licensee that it:

(A) approves the Proposed IC then the Licensee must:

(aa) appoint the Proposed IC as an Independent Certifier in accordance with the provisions of this Special Condition J3; or

(bb) vary the relevant existing IC Deed of Appointment such that the scope of such IC Deed of Appointment is extended to the relevant works and activities (e.g. the Phase 2 Activities or (where relevant) Major Expansion Activities),

(as the case may be) in accordance with the provisions of this Special Condition J3; or

(B) does not approve the Proposed IC, then the Licensee must seek the Regulator's approval to an alternative consultant in accordance with the requirements of this Special Condition J3.6.

3.7 Where the Regulator considers that an Independent Certifier is not providing a service of satisfactory quality, the Regulator may direct the Licensee to appoint an alternative Independent Certifier in accordance with the provisions of this Special Condition J3.

Part B: IC Deed(s) of Appointment

3.8 Where the Regulator has approved a Proposed IC under Special Condition J3.6(c)(ii) the Licensee must promptly provide to the Regulator for approval (as the case may be):

(a) where the Proposed IC will be appointed under a new IC Deed of Appointment, a draft IC Deed of Appointment; or

(b) where the Proposed IC will be appointed under an existing IC Deed of Appointment under Special Condition J3.4(b) or J3.5(b), a draft of the amended IC Deed of Appointment (the **"Draft Varied IC DoA"**),

in each case which complies with the requirements of Special Condition J3.9.

3.9 Each IC Deed of Appointment (including where such IC Deed of Appointment is an existing IC Deed of Appointment varied to extend such IC Deed of Appointment to include Phase 2 Activities and/or Major Expansion Activities in accordance with Special Condition J3.4(a) or J3.5(b) (as applicable)) must:

(a) specify the duties owed by the relevant Independent Certifier to the Regulator and the Licensee, which, in the case of the Regulator shall include a duty of care and an obligation to enter into a collateral warranty with the Regulator in a form approved by the Regulator and attached to the IC Deed of Appointment in template form;

(b) require the relevant Independent Certifier to carry out its duties independently, fairly and impartially to and as between the Licensee and the Regulator (and any other relevant party);

(c) include a scope of works and activities which is substantially aligned with the IC Scope in respect of each category of works and activities (e.g. Handover Works, Commissioning Activities, Phase 2 Activities and/or Major Expansion Activities) or otherwise approved by the Regulator;

(d) require the relevant Independent Certifier to take out professional indemnity insurance at a minimum level to be approved by the Regulator at the time of appointment (and in any event no less than £1 million), such professional indemnity insurance to be maintained for a period of not less than 12 years from the earlier of:

(i) the date of final completion of the Independent Certifier's duties under the relevant IC Deed of Appointment; and

(ii) the date of termination of the relevant IC Deed of Appointment,

in each case provided that such insurance is available at reasonable commercial rates such that the insurance premium payable for insuring that risk is at such a level that the risk is being generally insured against in the worldwide insurance market with reputable insurers of good standing in the United Kingdom;

(e) require:

(i) in the case of an appointment in respect of the Handover Works and/or the Commissioning Activities, the appointment of the relevant Independent Certifier to be maintained for at least the duration of the Construction Period and Commissioning Period (subject to earlier termination in accordance with the terms of the relevant IC Deed of Appointment);

(ii) in the case of an appointment in respect of any Phase 2 Activities, the appointment of the relevant Independent Certifier to be maintained for at least the duration of the relevant Phase 2 Activities (subject to earlier termination in accordance with the terms of the relevant IC Deed of Appointment); and

(iii) in the case of an appointment in respect of Major Expansion Activities, to be maintained for at least the duration of such Major Expansion Activities (subject to earlier termination in accordance with the terms of the relevant IC Deed of Appointment).

3.10 Where the Licensee has provided a draft IC Deed of Appointment or Draft Varied IC DoA to the Regulator for approval under Special Condition J3.8, the Regulator will review such draft IC Deed of Appointment or Draft Varied IC DoA (as the case may be) and will:

(a) determine that the draft IC Deed of Appointment or Draft Varied IC DoA is approved;

(b) determine that the draft IC Deed of Appointment or Draft Varied IC DoA is not approved and provide its reasons for such non-approval; or

(c) require further Supporting Information from the Licensee to determine whether to approve the draft IC Deed of Appointment or Draft Varied IC DoA.

3.11 Where the Regulator:

(a) determines under Special Condition J3.10(a) that a draft IC Deed of Appointment or Draft Varied IC DoA is approved (as the case may be) the Licensee must:

(i) appoint the relevant Independent Certifier on the terms of the approved IC Deed of Appointment; or

(ii) vary the relevant existing IC Deed of Appointment on the terms of the approved Draft Varied IC DoA so that the scope of the relevant IC Deed of Appointment is extended to include the relevant Phase 2 Activities or Major Expansion Activities,

in each case, as soon as reasonably practicable;

(b) determines under Special Condition J3.10(b) that the draft IC Deed of Appointment or Draft Varied IC DoA is not approved (as the case may be), the Licensee must promptly:

(i) where the Regulator has determined that a draft IC Deed of Appointment is not approved, amend and resubmit the draft IC Deed of Appointment to the Regulator; or

(ii) where the Regulator has determined that a Draft Varied IC DoA is not approved, either:

(A) amend and resubmit the Draft Varied IC DoA to the Regulator; or

(B) provide a draft IC Deed of Appointment to appoint the relevant Independent Certifier in place of the Draft Varied IC DoA, which draft IC Deed of Appointment complies with the requirements of Special Condition J3.9,

and in each case the procedures in Special Condition J3.10 shall be repeated; or

(c) requires further Supporting Information from the Licensee under Special Condition J3.10(c), the Licensee must provide such Supporting Information to the Regulator as soon as reasonably practicable and the procedure in Special Condition J3.10 shall be repeated.

Part C: The Licensee's obligations in relation to the Independent Certifier

3.12 The Licensee must as soon as reasonably practicable provide such information and assistance to the Independent Certifier(s), including rights of access in respect of the T&S Network, as each Independent Certifier may reasonably require or request to assist it in fulfilling its role in accordance with the relevant IC Deed of Appointment.

3.13 The Licensee must continuously keep the Independent Certifier(s) updated on the Project.

3.14 The Licensee must, and must procure that the Independent Certifier(s) shall, comply with and fulfil their respective duties and obligations arising under or in connection with the relevant IC Deed of Appointment.

3.15 The Licensee must co-operate with the Independent Certifier(s) and, as appropriate, the Regulator generally in relation to all matters within the scope or in connection with the relevant IC Deed of Appointment.

3.16 The Licensee must:

(a) give reasonable prior notice to any relevant Independent Certifier of its proposed procedures and programmes for the testing of elements of the T&S Network, and, as soon as reasonably practicable following receipt of any comments provided by the relevant Independent Certifier in respect of the same such comments, review and, to

the extent the Licensee (acting reasonably) considers appropriate, take account of such comments; and

(b) permit and facilitate the attendance of any relevant Independent Certifier as an observer at such testing of elements of the T&S Network as the Independent Certifier so requests.

3.17 The Licensee must give reasonable prior notice to the Regulator of all inspections undertaken by any Independent Certifier and must permit and facilitate the attendance of the Regulator at such inspections if the Regulator so requests.

3.18 On the date of appointment of an Independent Certifier, the Licensee must provide to the Regulator a planned engagement schedule detailing the meetings that are planned to take place between the Licensee and the Independent Certifier (an **"IC Meeting Schedule"**):

(a) in the period from the date of appointment of the relevant Independent Certifier until the following End of Quarter Date, or

(b) where there are fewer than 20 Business Days between the date of appointment of the relevant Independent Certifier and the following End of Quarter Date, in the period from the date of appointment of the relevant Independent Certifier until the second End of Quarter Date to occur thereafter, and

for the remainder of the duration of the relevant Independent Certifier's appointment, the Licensee must update the IC Meeting Schedule on a quarterly basis, with the updated IC Meeting Schedule to be provided to the Regulator no later than ten Business Days prior to the start of each relevant Quarter. The Licensee must permit and facilitate the attendance of the Regulator at such meetings if the Regulator so requests.

Part D: Changes to terms of an IC Deed of Appointment

3.19 The Licensee must not, without the Regulator's prior approval:

(a) other than in accordance with Special Condition J3.20, terminate, repudiate or discharge any IC Deed of Appointment or treat the same as having been terminated, repudiated or otherwise discharged; or

(b) waive, settle, compromise or otherwise prejudice any rights or claims which the Licensee may from time to time have against any Independent Certifier; or

(c) other than in accordance with this Special Conditions J3, vary the terms of any IC Deed of Appointment or the service performed or to be performed by an Independent Certifier.

Part E: Termination of an IC Deed of Appointment

3.20 The Regulator is entitled to direct the Licensee to terminate the appointment of an Independent Certifier under an IC Deed of Appointment where:

(a) the Independent Certifier is in breach of any of the terms of the IC Deed of Appointment which, in the case of a breach capable of remedy, has not been remedied by the Independent Certifier within 21 days of the Independent Certifier receiving a notice from the Licensee in accordance with the terms of the IC Deed of Appointment specifying such breach and requiring its remedy;

(b) the Independent Certifier is incompetent, guilty of fraud, wilful misconduct or negligence or any wilful default or delay in the provision of the relevant services under the IC Deed of Appointment;

(c) the Independent Certifier is no longer considered by the Regulator to be independent and/or to be acting independently;

(d) in relation to the Independent Certifier:

(i) a court makes an order that it be wound up or a resolution for a voluntary winding-up of it is passed;

(ii) any receiver or manager in respect of it is appointed or possession is taken by or on behalf of any creditor of any property that is the subject of a charge;

(iii) any voluntary arrangement is made for a composition of debts or a scheme of arrangement is approved under the Insolvency Act 1986 or the Companies Act 2006;

(iv) an administration order is made;

(v) it ceases to carry on business;

(vi) it is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;

(vii) it is dissolved or ceases to exist;

(viii) it has a petition advertised for winding up or an administration order presented to any court and has not been withdrawn within 14 days; or

(ix) an event analogous to any of the events set out in limbs (i) to (viii) of this Special Condition J3.20(d) occurs in relation to the Independent Certifier in any jurisdiction in which it is incorporated or resident; or

(e) where any other termination right arises under the IC Deed of Appointment (e.g. in respect of persistent breach by the Independent Certifier),

and, where the Regulator has given such a direction, the Licensee shall promptly comply and terminate the appointment of the relevant Independent Certifier under the relevant IC Deed of Appointment in accordance with its terms.

Part F: Replacement of the Independent Certifier

3.21 In the event of an Independent Certifier's appointment being terminated otherwise than for full performance, the Licensee must, subject to obtaining the prior approval of the Regulator, appoint, in accordance with this Special Condition J3.21, a replacement consultant to act as Independent Certifier to the Project for the purposes of this licence in respect of the relevant works and activities as soon as reasonably practicable, which consultant shall be suitably qualified and experienced to so act. The identity of any such replacement shall be subject to prior approval by the Regulator, and the terms of their appointment shall, unless otherwise agreed, be as set out in an IC Deed of Appointment which complies with the requirements of this Special Condition J3.

Part G: Provision of documents

3.22 The Licensee must provide the Independent Certifier(s) with true and accurate copies of all documents and other Supporting Information (including any variations thereto) which the relevant Independent Certifier requires under the relevant IC Deed of Appointment, including such documents and Supporting Information as are referred to in the IC Scope.

3.23 The Licensee must ensure that the Regulator:

(a) is provided with copies of all information and advice from the Independent Certifier(s); and

(b) has access to copies of any correspondence or documentation between the Licensee and the Independent Certifier(s).

Special Condition J4: Delay WACC

Introduction

4.1 The purpose of this special condition is to set out the provisions in relation to Delay WACC and Blended WACC.

Structure

4.2 This special condition is structured as follows:

(a) Part A sets out the application of Delay WACC; and

(b) Part B sets out the application of Blended WACC.

Part A: Application of Delay WACC

4.3 Subject to Special Conditions J4.4 and J4.5, where COD is not achieved by the Scheduled COD, Delay WACC (or Blended WACC in accordance with Special Condition J4.5) shall replace PreCOD WACC for the purposes of the calculation of Return During Construction and/or Return During Commissioning pursuant to Special Conditions F12 (*Return During Construction*) and G15 (*Return During Commissioning*) (respectively), and apply from the Scheduled COD and ending on the day prior to COD.

4.4 Where an event occurs which gives rise to an extension to Scheduled COD pursuant to the conditions of this licence, Delay WACC under Special Condition J4.3 shall cease to apply:

(a) from the date of the event which gives rise to the relevant extension to Scheduled COD; until

(b) the Scheduled COD (as extended as a result of the occurrence of the relevant event),

and where COD is still not achieved by the Scheduled COD (as extended as a result of the occurrence of the relevant event), Delay WACC (or Blended WACC in accordance with Special Condition J4.5) shall again replace PreCOD WACC for the purposes of the calculation of Return During Construction and/or Return During Commissioning pursuant to Special Conditions F12 and G15 (respectively), and apply from the Scheduled COD (as extended as a result of the occurrence of the relevant event) until COD.

Part B: Application of Blended WACC

4.5 In circumstances where:

(a) Delay WACC is triggered pursuant to Special Condition J4.3 with effect from a date which falls part way through an SRAV Calculation Period; and/or

(b) Delay WACC ceases to apply pursuant to Special Condition J4.4 with effect from a date which falls part way through an SRAV Calculation Period,

a Blended WACC will be calculated that weights the application of the PreCOD WACC and Delay WACC by the number of days during the SRAV Calculation Period to which each relate as follows:

$$\boldsymbol{BlendedWACC_t = \left(PreCODWACC_t \times \frac{p}{d}\right) + \left(DelayWACC_t \times \frac{q}{d}\right)}$$

where:

Term	Description	Price Base
Blended $WACC_t$	means Blended WACC	N/A
PreCOD $WACC_t$	means PreCOD WACC for SRAV Calculation $Period_t$	N/A
Delay $WACC_t$	means Delay WACC for SRAV Calculation $Period_t$	N/A
p	is the number of days in the SRAV Calculation Period in respect of which the PreCOD WACC applies	N/A
d	is the number of days in the relevant SRAV Calculation Period	N/A
q	is the number of days in the SRAV Calculation Period in respect of which the DelayWACC applies	N/A

Special Condition J5: Ongoing Devex Re-opener

Introduction

5.1 The purpose of this special condition is to:

(a) establish the re-opener that may be triggered by the Licensee in relation to the Ongoing Devex Stage Check Activities; and

(b) set out the process that needs to be followed by the Licensee and the Regulator once such re-opener is triggered.

Structure

5.2 This special condition is structured as follows:

(a) Part A sets out the provisions that apply in relation to an Ongoing Devex Re-opener; and

(b) Part B refers to the provisions that apply where an Ongoing Devex Re-opener relates to a Variation.

Part A: Ongoing Devex Stage Check Activities

5.3 Where (as applicable):

(a) at Licence Award, the SoS considers that not all of the relevant Development Activities are sufficiently certain (either in terms of cost or scope) to set a full and final Ongoing Devex Allowance in respect of all of the Development Activities related to an entire Development Project; or

(b) at the date such Development Activities are included in the APDP further to a determination under Special Condition J2.9 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*), the Regulator considers that not all of the relevant Development Activities are sufficiently certain (either in terms of cost or scope) to set a full and final Ongoing Devex Allowance in respect of all the Development Activities related to an entire Development Project,

then:

(i) this Special Condition J5 shall apply;

(ii) the Development Activities relating to the relevant Development Project shall be referred to as "**Ongoing Devex Stage Check Activities**";

(iii) such Development Activities shall be divided into tranches of Ongoing Devex Stage Check Activities (each a **"Tranche of Stage Check Activities"**); and

(iv) such Tranches of Stage Check Activities shall be set out in section 5 of the APDP.

5.4 Prior to completion of any Tranche of Stage Check Activities, the Licensee may submit to the Regulator a draft application for a re-opener under this Special Condition J5 in respect of such Tranche of Stage Check Activities, which draft application will include the particulars referred to in Special Condition J5.6 (a **"Draft Ongoing Devex Re-opener Application"**), and following receipt of a Draft Ongoing Devex Re-opener Application:

(a) the Regulator will be entitled to request any Supporting Information that it considers appropriate in respect of such Draft Ongoing Devex Re-opener Application, which Supporting Information the Licensee shall promptly provide; and

(b) the Regulator will review and consider the relevant Draft Ongoing Devex Re-opener Application and may provide comments to the Licensee in respect of the same,

provided that any comments or other response made by the Regulator in respect of a Draft Ongoing Devex Re-opener Application shall not be construed as binding as to the Regulator's determination(s) in respect of any application for a re-opener submitted under J5.5(a).

5.5 Promptly following completion of each Tranche of Stage Check Activities:

(a) the Licensee must submit an application for a re-opener (an **"Ongoing Devex Re-opener"**); and

(b) the Regulator will determine the impact (if any) of an application for an Ongoing Devex Re-opener,

in accordance with Special Conditions J5.6 to J5.10.

5.6 The Licensee's application for an Ongoing Devex Re-opener under Special Condition J5.5(a) must give particulars of:

(a) the Ongoing Devex Stage Check Activities that have been completed by the Licensee;

(b) the Actual Ongoing Devex Costs incurred by the Licensee in completing the relevant Ongoing Devex Stage Check Activities;

(c) whether any changes should be made to the subsequent Tranche(s) of Stage Check Activities, including whether any additional Development Activities should be included in such Tranche(s) of Stage Check Activities; and

(d) whether the Licensee considers that following the completion of the relevant Ongoing Devex Stage Check Activities to the current stage:

(i) settlement can now be reached in respect of SRAV Capex or Ongoing Capex for the expansion or enhancement of the Approved T&S Network, such that a Change in Scope shall apply; or

(ii) the Licensee proposes the cancellation of the remaining Development Activities (including the cancellation of any next Tranche of Stage Check Activities) associated with the Development Project, such that a Change in Scope shall apply.

5.7 Where the Licensee has proposed that it should proceed to undertake the next Tranche of Stage Check Activities (and that Special Condition J5.6(d)(ii) does not apply), the Licensee must provide a forecast of the Actual Ongoing Devex Costs that the Licensee envisages will be incurred in undertaking any next Tranche(s) of Stage Check Activities (including any additional Development Activities proposed to be included in such Tranche(s) of Stage Check Activities under Special Condition J5.6(c)).

5.8 Where the Regulator considers that the analysis or information received under Special Conditions J5.6 and J5.7 is insufficient to enable the Regulator to assess the Licensee's proposals then the Regulator can make a request for any Supporting Information that it considers appropriate and the Licensee must provide such information to the Regulator within ten Business Days of the request, or within such extended time as agreed by the Regulator.

5.9 Where the Licensee has proposed that it should proceed to undertake the next Tranche of Stage Check Activities (and that Special Condition J5.6(d)(ii) does not apply), the Regulator will:

(a) determine any positive or negative adjustments (and/or the grant of any new Ongoing Devex Allowance(s)) to be made in respect of:

(i) any existing Ongoing Devex Allowance in respect of the Ongoing Devex Stage Check Activities in the next Tranche of Stage Check Activities; and

(ii) where relevant, any other Ongoing Devex Stage Check Activities relating to the relevant Development Project,

and (where relevant) the Regulator will make amendments to update any relevant Project-Specific Documents to reflect any such adjustments;

(b) determine and make any amendments to the Approved Project Development Plan that are required to reflect the Ongoing Devex Stage Check Activities that remain to be undertaken by the Licensee, including any changes (or additions) that may be required to the Ongoing Devex Stage Check Activities which form part of the relevant Tranche of Stage Check Activities or any subsequent Tranche(s) of Stage Check Activities; and

(c) determine any additional stage checks to apply to the relevant Ongoing Devex Stage Check Activities to be undertaken by the Licensee (including any creation of any new Tranche of Stage Check Activities and/or reallocation of Ongoing Devex Stage Check Activities between Tranches of Stage Check Activities) and make any associated amendments to the Approved Project Development Plan to reflect any such additional stage checks.

5.10 Where the Licensee has proposed pursuant to Special Condition J5.6(d) that a Change in Scope shall apply, then the Licensee must comply with the provisions of Part A of Special Condition J2 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*).

5.11 Where following completion of a Tranche of Stage Check Activities the Licensee makes the proposal set out in Special Condition J5.6(d)(ii), the Licensee must notify the Regulator under Special Condition J2 (Part A) of a Change in Scope under limb (c) of the definition of Change in Scope to cancel such Development Activities and associated Development Project.

Part B: Variation

5.12 Where an Ongoing Devex Re-opener in respect of a completed Tranche of Stage Check Activities relates to a Variation, Special Conditions J7.1 (*Variation Re-openers*) to J7.6 shall apply.

Special Condition J6: Uncertain Cost Events

Introduction

6.1 The purpose of this special condition is to set out the provisions that apply where an Uncertain Cost Event arises.

Structure

6.2 This special condition is structured as follows:

(a) Part A sets out the provisions that apply in relation to Uncertain Cost Events and Uncertain Cost Event Re-openers; and

(b) Part B sets out the provisions that apply where an Uncertain Cost Event Re-opener relates to a Variation.

Part A: Uncertain Cost Event Re-opener

6.3 Where an Uncertain Cost Event occurs:

(a) the Licensee may, or where it is so required under Schedule 10 (*Project-specific conditions*) must, submit an application for a re-opener (an **"Uncertain Cost Event Re-opener"**); and

(b) the Regulator will determine the impact of any Uncertain Cost Event Re-opener,

each in accordance with Special Conditions J6.4 to J6.6.

6.4 Any application made by the Licensee pursuant to Special Condition J6.3 shall include all information required by the Regulator to assess the impact of the Uncertain Cost Event on the Project, including (where applicable) any information that is expressly required to be provided under the provisions of paragraph 3 (*Uncertain Cost Events*) of Schedule 10.

6.5 Where the Regulator considers that the information received by it pursuant to Special Condition J6.4 is insufficient to enable the Regulator to assess the impact of the Uncertain Cost Event, the Regulator can make a request for any Supporting Information that it considers appropriate and the Licensee must provide such information to the Regulator within ten Business Days of the request, or within such extended time as agreed by the Regulator.

6.6 Subject to the receipt of all information by the Regulator pursuant to Special Conditions J6.4 and J6.5, the Regulator will, in each case in accordance with the relevant provisions of paragraph 3 (*Uncertain Cost Events*) of Schedule 10:

(a) determine the impact or expected impact (if any) on the Project of the relevant Uncertain Cost Event in respect of which the Licensee has submitted an application under Special Condition J6.3(a);

(b) determine any adjustments to be provided to the Licensee to reflect such impact or expected impact; and

(c) make any required amendments to update the Project-Specific Documents to reflect such determinations.

Part B: Variations

6.7 Where an Uncertain Cost Event Re-opener relates to a Variation and Schedule 10 does not provide otherwise, Special Conditions J7.1 (*Variation Re-openers*) to J7.6 shall apply.

Special Condition J7: Variation Re-openers

Introduction

7.1 The purpose of this special condition is to is to set out the provisions that apply in circumstances where there is a Change in Scope, Ongoing Devex Re-opener or Uncertain Cost Event Re-opener which, in each case, also relates to a Variation.

Re-openers which also constitute Variations

7.2 Where the Licensee submits an application and/or submission to the Regulator pursuant to any of the following provisions which relates to a Variation:

(a) Special Condition J2.3 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) in relation to a CiS Submission;

(b) Special Condition J5 (*Ongoing Devex Re-opener*) in relation to an Ongoing Devex Re-opener; or

(c) Special Condition J6 (*Uncertain Cost Events*) in relation to an Uncertain Cost Event Re-opener (provided that Schedule 10 (*Project-specific conditions*) does not provide otherwise),

then any such application and/or submission shall be submitted on a provisional basis only such that it will not be considered to have been received until the process under this Special Condition J7 has been concluded in accordance with its terms (a "**Provisional Variation Submission**") and the Licensee shall promptly notify the Regulator that the relevant application and/or submission is a Provisional Variation Submission.

7.3 The Licensee acknowledges that the procedure in relation to Variations as set out in paragraph 2 (*Variation Notice*) of schedule 4 (*Variation Procedure*) of the Liaison Agreement shall apply in respect of a Provisional Variation Submission.

7.4 If the SoS comments on a Variation Notice under and in accordance with schedule 4 (*Variation Procedure*) of the Liaison Agreement, the Licensee must promptly update the Provisional Variation Submission referred to in Special Condition J7.2 to take account of any changes.

7.5 If the SoS consents to a Variation Notice under and in accordance with schedule 4 of the Liaison Agreement, the Licensee must promptly notify the Regulator that the SoS has so consented and then promptly submit to the Regulator such updated application and/or submission, inclusive of any conditions required by the SoS, in relation to the Change in Scope, Ongoing Devex Re-opener or Uncertain Cost Event Re-opener as relevant (each such updated application and/or submission being a **"Final Variation Submission"**).

7.6 If the SoS rejects a Variation Notice under and in accordance with schedule 4 of the Liaison Agreement or any condition to a SoS consent to a Variation Notice under and in accordance with schedule 4 of the Liaison Agreement has not been confirmed in writing by the SoS as satisfied or waived:

(a) the Licensee must (as applicable):

(i) promptly inform the Regulator that it does not intend to proceed with the relevant application and/or submission referred to in Special Condition J7.2; and/or

(ii) notify the Regulator under Special Condition J2 (Part A) of a Change in Scope under limb (c) of the definition of Change in Scope in respect of the Variation; and

(b) the Licensee shall not be obliged to proceed, and shall not proceed, with the implementation of the relevant Change in Scope, Ongoing Devex Stage Check Activities or Uncertain Cost Event the subject of the relevant application and/or submission referred to in Special Condition J7.2.

Special Condition J8: Regulator review of hedging strategies

Introduction

8.1 The purpose of this special condition is to set out the Licensee's obligations in relation to the Licensee's senior debt hedging.

Structure

8.2 This special condition is structured as follows:

(a) Part A sets out the requirements in relation to the Licence Award Senior Debt Hedging Policy and any Additional Senior Debt Hedging Policies;

(b) Part B sets out the hedging confirmations and evidence required to be provided by the Licensee to the Regulator each time a Senior Debt Hedge is entered into; and

(c) Part C details adjustments that may be made to the WACC in respect of Senior Debt Hedges placed following Licence Award.

Part A: Licence Award Senior Debt Hedging Policy and Additional Senior Debt Hedging Policy

8.3 Where any Senior Debt Hedge is to be placed which is not covered by the Licence Award Senior Debt Hedging Policy or any Additional Senior Debt Hedging Policy approved by the Regulator following Licence Award, the Licensee must:

(a) supply a Draft Additional Senior Debt Hedging Policy to the Regulator for approval; and

(b) provide any Supporting Information that the Regulator considers appropriate and requests from the Licensee.

8.4 Any Draft Additional Senior Debt Hedging Policy supplied by the Licensee to the Regulator for approval under Special Condition J8.3(a) must include (but not be limited to) requirements that the Licensee:

(a) set out the steps to be taken to ensure that any Senior Debt Hedge will be carried out:

(i) on a competitive basis in Users interests; and

(ii) in line with the requirements of the Licensee's senior debt (including to maintain minimum levels of hedging of the Licensee's exposure to interest risk, inflation or currency risks);

(b) request offers or quotations for mid-market pricing, execution and credit spread for the relevant Senior Debt Hedge(s) to be entered into by the Licensee from at least a majority (by number) of the Licensee's then current syndicate of senior lenders;

(c) assess the value of appointing a single financial institution to act as hedge execution bank for the purposes of transacting the relevant Senior Debt Hedge(s) and subsequently novating such Senior Debt Hedge(s) to other hedging banks;

(d) if the Licensee proposes to appoint a single financial institution in accordance with Special Condition J8.4(c), the Licensee will request proposals from at least a quarter (by number) of the Licensee's then current syndicate of lenders for such roles, including pricing, capability and experience of transacting such Senior Debt Hedge(s) in such manner; and

(e) run a competitive and arm's length process to allocate the Senior Debt Hedge(s) to hedging banks.

8.5 Within two months following receipt of the Draft Additional Senior Debt Hedging Policy, the Regulator will notify the Licensee:

(a) whether the Draft Additional Senior Debt Hedging Policy is approved such that it is an Additional Senior Debt Hedging Policy;

(b) whether it approves the Draft Additional Senior Debt Hedging Policy, subject to reasonable adjustments to be reflected in the Additional Senior Debt Hedging Policy, along with its reasons for such adjustments;

(c) whether it does not approve the Draft Additional Senior Debt Hedging Policy, along with its reasons, which may include the Licensee's failure to respond to the request for additional information in accordance with Special Condition J8.3(b); or

(d) where the Regulator requires additional time to consider the Draft Additional Senior Debt Hedging Policy, of the date on which the Regulator will issue its decision in respect of such Draft Additional Senior Debt Hedging Policy.

8.6 Where the Licensee seeks to make any amendments to either the Licence Award Senior Debt Hedging Policy or any Additional Senior Debt Hedging Policy, the Licensee must:

(a) submit such amendments to the Licence Award Senior Debt Hedging Policy or Additional Senior Debt Hedging Policy to the Regulator for approval; and

(b) provide any Supporting Information that the Regulator considers appropriate and requests from the Licensee.

Part B: Senior Debt Hedging Confirmations and Senior Debt Hedging Evidence

8.7 Where following Licence Award the Licensee places a new Senior Debt Hedge, the Licensee must as soon as possible following the placing of such Senior Debt Hedge supply the Regulator with confirmation of:

(a) the date the hedge was entered into;

(b) the hedge start date;

(c) the date the hedge expires;

(d) the value of the cashflows being hedged;

(e) the relevant swap rate;

(f) the credit and execution margins;

(g) any other additional margin(s), premiums or fees;

(h) the hedge counterparty (including the hedging bank and/or hedging banks);

(i) the number of banks included in the bidding process; and

(j) the allocation methodology used,

(together the **"Senior Debt Hedging Confirmations"**).

8.8 Where practical, in advance of placing any Senior Debt Hedge following Licence Award, the Licensee will provide the Regulator with evidence:

(a) of the parties approached in the market in relation to the placement of such Senior Debt Hedge and a summary of responses from such parties approached;

(b) that the relevant hedging process was competitive and the best price for such Senior Debt Hedge has been sought by the Licensee; and

(c) that the relevant hedging process has included consideration of the market and the interests of Users.

8.9 As soon as possible following the place of any Senior Debt Hedge, the Licensee shall provide the Regulator with:

(a) any evidence required to be provided in advance of placing the relevant hedge pursuant to Special Condition J8.8 which was not provided prior to placing the relevant hedge; and

(b) such other evidence as may be reasonably requested by the Regulator to demonstrate that the Senior Debt Hedge complies with the relevant Licence Award Senior Debt Hedging Policy or Additional Senior Debt Hedging Policy as applicable,

and any such evidence provided in accordance with Special Conditions J8.8 and J8.9 shall together be the **"Senior Debt Hedging Evidence"**.

8.10 Following submission of the Senior Debt Hedging Confirmations and the Senior Debt Hedging Evidence by the Licensee to the Regulator, the Licensee must provide to the Regulator any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of the relevant Senior Debt Hedge.

Part C: WACC Senior Debt Hedging Adjustment

8.11 Where following Licence Award the Licensee has:

(a) placed a Senior Debt Hedge in compliance with the relevant Licence Award Senior Debt Hedging Policy or Additional Senior Debt Hedging Policy as applicable;

(b) supplied the relevant Senior Debt Hedging Confirmations in respect of such Senior Debt Hedge in accordance with Special Condition J8.7;

(c) supplied the Senior Debt Hedging Evidence in respect of such Senior Debt Hedge in accordance with Special Conditions J8.8 and J8.9;

(d) supplied any additional information required by the Regulator in relation to the relevant Licence Award Senior Debt Hedging Policy or Additional Senior Debt Hedging Policy as applicable in accordance with Special Condition J8.3(b) and J8.6(b); and

(e) supplied any additional information required by the Regulator in relation to any relevant Senior Debt Hedge in accordance with Special Condition J8.10,

then subject to Special Condition J8.13 and J8.14, the Regulator will determine an adjustment to the PreCOD WACC and/or PostCOD WACC (as relevant) to account for any change in the Licensee's financing costs resulting from the relevant Senior Debt Hedge by adjusting the value of the PreCOD Cost of Debt and/or PostCOD Cost of Debt (as relevant) to account for such change in financing costs (a "**WACC Senior Debt Hedging Adjustment**") and the Regulator will update any relevant Project-Specific Documents to reflect such adjustment.

8.12 Prior to placing a Senior Debt Hedge, the Licensee may submit to the Regulator a draft application for a WACC Senior Debt Hedging Adjustment under this Special Condition J8, which application will include draft versions of the Senior Debt Hedging Confirmations and the Senior Debt Hedging Evidence (a **"Draft WACC Senior Debt Hedging Adjustment Application"**), and following receipt of a Draft WACC Senior Debt Hedging Adjustment Application:

(a) the Regulator will be entitled to request any Supporting Information that it considers appropriate in respect of such Draft WACC Senior Debt Hedging Adjustment Application, which Supporting Information the Licensee shall promptly provide; and

(b) the Regulator will review and consider the relevant Draft WACC Senior Debt Hedging Adjustment Application and may provide comments to the Licensee in respect of the same,

provided that any comments or other response made by the Regulator in respect of a Draft WACC Senior Debt Hedging Adjustment Application shall not be construed as binding as to the Regulator's determination(s) of a WACC Senior Debt Hedging Adjustment.

8.13 It is acknowledged that any changes to the Licensee's financing costs resulting from a Senior Debt Hedge may not materialise at the point in time that the relevant Senior Debt Hedge is placed, and therefore that, subject to Special Condition J8.14, the Regulator shall not determine a WACC Senior Debt Hedging Adjustment in accordance with Special Condition

J8.11 until such time that as the financing costs resulting from the relevant Senior Debt Hedge materialise.

8.14 The Regulator shall not be required to make any WACC Senior Debt Hedging Adjustments in accordance with Special Condition J8.11:

(a) in the two years following Licence Award; or

(b) where a WACC Senior Debt Hedging Adjustment has been determined in the preceding two years,

provided that when determining any WACC Senior Debt Hedging Adjustment and subject to Special Condition J8.13 the Regulator shall take into consideration each Senior Debt Hedge that has been placed by the Licensee in accordance with the provisions of this Special Condition J8 that has not already been taken into consideration in determining the PreCOD WACC or PostCOD WACC (as relevant).

8.15 The Regulator may make a further adjustment to any WACC Senior Debt Hedging Adjustment to take account of any Adverse Hedging Outcome that resulted from the relevant hedging process being Grossly Inefficient.

8.16 For the purposes of Special Condition J8.15:

"Adverse Hedging Outcome" means that the intended protection against financial risk was not achieved or that a material loss of value of resources arose.

"Grossly Inefficient" means the process of placing the relevant hedge was not conducted:

(a) on an arm's length competitive basis; and/or

(b) in compliance with the Licence Award Senior Debt Hedging Policy or any Additional Senior Debt Hedging Policy (as applicable).

8.17 Where the Regulator makes the further adjustment described in Special Condition J8.15, such further adjustment will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

Special Condition J9: Project-specific conditions

9.1 The conditions set out in Schedule 10 (*Project-specific conditions*):

(a) form part of these licence conditions; and

(b) are conditions of this licence.

Special Condition J10: Submission of re-opener applications in accordance with CO2 Transport and Storage Re-opener Guidance and Application Requirements Document

10.1 The Licensee must prepare any applications for a re-opener in accordance with the applicable provisions of the CO2 Transport and Storage Re-opener Guidance and Application Requirements Document.

Special Condition J11: Excluded Project Spend

11.1 No condition of this licence shall entitle the Licensee to recover any Excluded Project Spend.

Special Condition J12: No double recovery

12.1 No amounts shall accrue or otherwise be recoverable by the Licensee, to the extent that such amount has already been accounted for pursuant to the conditions of this licence, or pursuant to any insurance required to be in place pursuant to this licence.

Special Condition J13: Price Control Financial Model

Introduction

13.1 The purpose of this special condition is to set out the governance provisions for the Price Control Financial Model.

Structure

13.2 This special condition is structured as follows:

(a) Part A sets out the general governance provisions;

(b) Part B sets out the process for modifying the Price Control Financial Model;

(c) Part C sets out the process for modifying the Price Control Financial Guidance;

(d) Part D sets out the process for modifying the Price Control Financial Handbook;

(e) Part E sets out how conflicts between this licence and the Price Control Financial Model will be addressed; and

(f) Part F sets out the requirements in relation to the publication of the Price Control Financial Instruments.

Part A: General Governance Provisions

13.3 The Price Control Financial Model does not form a part of this licence.

13.4 The purpose of the Price Control Financial Model is to facilitate the Regulator:

(a) calculating the Closing SRAV for each SRAV Calculation Period during the Construction Period;

(b) calculating the Closing SRAV for each SRAV Calculation Period during the Commissioning Period;

(c) calculating the Closing RAV for each Operational Charging Year; and

(d) setting the Allowed Revenue for each Operational Charging Year.

13.5 The Price Control Financial Model will be owned and operated by the Regulator.

13.6 The Price Control Financial Model will:

(a) be in a digital format;

(b) show or permit to be derived the Licensee's:

(i) SRAV and/or RAV value(s) (as relevant);

(ii) cashflows, including all expenditure, revenues, financing and taxation of the Project; and

(iii) profit and loss and balance sheets,

in each case, throughout the Regulatory Period.

13.7 The Price Control Financial Model will be prepared and maintained on a basis that is consistent with the Price Control Financial Handbook and the Price Control Financial Guidance.

13.8 The Licensee must comply with the Price Control Financial Guidance when carrying out its obligations in respect of the calculation of Allowed Revenue for each Operational Charging Year in accordance with Special Condition H8 (*Allowed Revenue during the Operational Period*).

Part B: Modification of the Price Control Financial Model

13.9 Subject to Standard Conditions B27.6 and B27.7 (*Project-Specific Documents*), the Regulator may amend the Price Control Financial Model by way of a determination by the Regulator:

(a) where permitted to do so in accordance with the conditions of this licence;

(b) to populate the agreed form of Price Control Financial Model to reflect the financial settlement agreed at Licence Award;

(c) to enter a PCFM Variable Value as set out in the Price Control Financial Model;

(d) to change the filename of the spreadsheet containing the Price Control Financial Model;

(e) to change the "publication date" on the "cover" sheet of the Price Control Financial Model;

(f) to correct a manifest error;

(g) to revise the formatting, such as re-numbering of paragraphs, capitalising defined terms, cell labelling, re-naming or re-ordering of sections or worksheets;

(h) where the Regulator considers any such modification is necessary to correct an error of functionality discovered within the Price Control Financial Model;

(i) to delete irrelevant material, such as transitional provisions that have expired; and/or

(j) to make updates, such as to dates, version numbers of documents, titles of re-enacted legislation and re-named bodies.

Part C: Modifications to the Price Control Financial Guidance

13.10 Any modification by the Regulator to the Price Control Financial Guidance will be by determination of the Regulator.

Part D: Modifications to the Price Control Financial Handbook

13.11 Other than where the Regulator makes a determination which is implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act and such modification includes associated amendments to the Price Control Financial Handbook, any modification by the Regulator to the Price Control Financial Handbook will be by determination of the Regulator.

Part E: Conflicts between Licence and the Price Control Financial Model

13.12 In the event of any conflict between the provisions of this licence and the Price Control Financial Model, the provisions of this licence will prevail.

13.13 If the Licensee becomes aware of any conflict between the provisions of this licence and the Price Control Financial Model, the Licensee must notify the Regulator of such conflict as soon as reasonably practicable.

13.14 Where the Regulator identifies a conflict between the provisions of this licence and the Price Control Financial Model or is notified of any such conflict by the Licensee in accordance with Special Condition J13.13, the Regulator may take such actions as it considers appropriate to resolve such conflict, including:

(a) amending the provisions of this licence; or

(b) amending the Price Control Financial Model in accordance with the provisions of Special Condition J13.9.

Part F: Publication of the Price Control Financial Instruments

13.15 The Regulator will publish up-to-date copies of the Price Control Financial Instruments on the Regulator's Website, having first made any redactions that the Regulator or the Licensee reasonably identify as being necessary to protect commercially sensitive information.

13.16 Following the notification of Allowed Revenue in accordance with Special Condition H8.8, the Regulator will publish a consolidated version of the Price Control Financial Model containing the updated value of the Licensee's Allowed Revenue on the Regulator's Website.

13.17 The Regulator will ensure that, as soon as reasonably practicable, any modifications to the Price Control Financial Instruments are incorporated into a consolidated version of the Price Control Financial Instruments maintained on the Regulator's Website.

Special Condition J14: Regulated/Non-Regulated Revenue

14.1 The purpose of this special condition is to set out the provisions that apply in relation to Regulated Revenue, Non-Regulated Activities and Non-Regulated Revenue.

Structure

14.2 This special condition is structured as follows:

(a) Part A sets out the provisions that apply in relation to Regulated Revenue; and

(b) Part B sets out the provisions that apply in relation to Non-Regulated Activities and Non-Regulated Revenue.

Part A: Regulated Revenue

14.3 Any revenue generated by the Licensee in relation to the use of the T&S Network shall be "**Regulated Revenue**".

Part B: Non-Regulated Activities and Non-Regulated Revenue

14.4 The Licensee must not:

(a) undertake any Non-Regulated Activities; or

(b) earn any Non-Regulated Revenue,

without the prior approval of the Regulator.

Schedule 1

Specified Area

United Kingdom

Schedule 2

Revocation

1. The Regulator may at any time revoke the licence by giving not less than 30 days' notice (24 hours' notice, in the case of a revocation under sub-paragraph 1(g)) in writing to the Licensee:

   (a) if the Licensee agrees in writing with the Regulator that the licence should be revoked;

   (b) if not less than 25 years' notice has been served pursuant to paragraph 3 of the terms of the licence, during the period of 60 days prior to determination of the licence pursuant to paragraph 3 of the terms of the licence;

   (c) if any amount payable under Standard Condition A3 (*Payment of the Licence Fee*) is unpaid 30 days after it has become due and remains unpaid for a period of 14 days after the Regulator has given the Licensee notice that the payment is overdue – provided that no such notice shall be given earlier than the sixteenth day after the day on which the amount payable became due;

   (d) if the Licensee fails:

      (i) to comply with a final order (within the meaning of section 31(4) of the Act) or with a provisional order (within the meaning of that section) which has been confirmed under that section and (in either case) such failure is not rectified to the satisfaction of the Regulator within three months after the Regulator has given notice of such failure to the Licensee – provided that no such notice shall be given by the Regulator before the expiration of the period within which an application under paragraph 3(1) of schedule 3 of the Act could be made questioning the validity of the final or provisional order or before the proceedings relating to any such application are finally determined; or

      (ii) to pay any penalty (within the meaning of paragraph 4(1) of schedule 3 of the Act) by the due date for such payment and such payment is not made to the Regulator within three months after the Regulator has given notice of such failure to the Licensee – provided that no such notice shall be given by the Regulator before the expiration of the period within which an application under paragraph 8 of schedule 3 of the Act could be made questioning the validity or effect of the penalty or before the proceedings relating to any such application are finally determined;

   (e) if the Licensee fails to comply with:

      (i) an order made by the court under section 34 of the Competition Act 1998;

      (ii) an order made by the Regulator under sections 158 or 160 of the Enterprise Act 2002;

      (iii) an order made by the Competition and Markets Authority under sections 76, 81, 83, 84 and 161 of the Enterprise Act 2002;

(iv) an order/decision made by the Secretary of State under sections 66, 147, 160 or 161 of the Enterprise Act 2002;

(f) if the Licensee:

(i) has permanently ceased to carry on the development and operation of a network for the transportation and storage of carbon dioxide; or

(ii) has not commenced carrying on the activity referred to in paragraph (i) within 30 days of the date on which the licence comes into force;

(g) if the Licensee:

(i) is unable to pay its debts (within the meaning of section 123(1) or (2) of the Insolvency Act 1986, but subject to paragraphs 2, 3 and 4 of this schedule) or has any voluntary arrangement proposed in relation to it under section 1 of that Act or enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Regulator);

(ii) has a receiver (which expression shall include an administrative receiver within the meaning of section 251 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed;

(iii) has an administration order under schedule B1 of the Insolvency Act 1986 made in relation to it;

(iv) passes any resolution for winding-up other than a resolution previously approved in writing by the Regulator; or

(v) becomes subject to an order for winding-up by a court of competent jurisdiction.

2. For the purposes of sub-paragraph 1(g)(i), section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£250,000" or such higher figure as the Regulator may from time to time determine by notice in writing to the Licensee.

3. The Licensee shall not be deemed to be unable to pay its debts for the purposes of sub-paragraph 1(g)(i) if any such demand as is mentioned in section 123(1)(a) of the Insolvency Act 1986 is being contested in good faith by the Licensee with recourse to all appropriate measures and procedures or if any such demand is satisfied before the expiration of such period as may be stated in any notice given by the Regulator under paragraph 1.

4. Any rights the Regulator may have to revoke the licence under paragraphs 1 and 6 of this schedule shall be automatically suspended from the time that the SoS or the Regulator makes an application for a transport and storage administration order in relation to the Licensee under Chapter 4 of Part 1 of the Act until such time as (whichever is earliest):

(a) such application is dismissed;

(b) such application is withdrawn;

(c) the Regulator has determined, having consulted with the T&S administrator (as defined in section 49 of the Act), that achieving the objective of the transport and storage administration (as defined in section 43 of the Act), is no longer reasonably practicable; or

(d) the SoS, having consulted with the Regulator and the T&S administrator, has notified the Regulator in writing that it intends to make a Section 50 Transfer Scheme within the next 28 days which would be consistent with the objectives of the transport and storage administration (as defined in section 43 of the Act).

5. The Regulator may at any time revoke the licence by giving no less than seven days' notice in writing to the Licensee where the Regulator is satisfied that there has been a material misstatement (of fact) by, or on behalf of the Licensee, in making its application for the licence.

6. The Regulator may at any time on and from the Discontinuation Date revoke the licence by giving not less than 30 days' notice in writing to the Licensee.

7. Where the Regulator is entitled to revoke the licence, the Licensee acknowledges that a Section 50 Transfer Scheme may be applied.

8. Where the Licensee is insolvent and the Regulator is entitled to revoke the licence under this Schedule 2, in making a decision on revocation the Regulator will have regard to the Enforcement Guidance, but in the event of any conflict between these licence terms and the guidance, the licence terms will prevail.

Schedule 3

Template Financial Settlement Document

Part 1: Template Financial Settlement Document

Financial Settlement Document relating to the carbon dioxide transport and storage licence granted to [*name of licensee*] (the **"Licensee"**) pursuant to section 7 (as modified by section 16 and Schedule 1) of the Energy Act 2023, relating to the [*name of T&S Network*] T&S Network, dated [*date to be inserted*] (the **"Licence"**)

Any capitalised words and expressions used in this Financial Settlement Document have the meaning given to them in the Licence or the APDP, unless otherwise specified.

General

Item reference	Item	Details
Definitions	**Base Year**	**[●]**
Definitions	**Day1 SRAV**	**[●]**
Special Condition F5	**Re-use Assets Valuation(s)**	**[●]**
Special Condition J4	**Delay WACC**	**[●]**
Special Conditions F12 and G15	**PreCOD WACC**	**[●]**
	PreCOD Cost of Debt	**[●]**
	PreCOD Cost of Equity	**[●]**
Special Condition H10	**Notional Gearing**	**[●]**
	PostCOD WACC	**[●]**
	PostCOD Cost of Debt	**[●]**
	PostCOD Cost of Equity	**[●]**
Special Condition F9	**Pre-Licence Award Devex**	**[●]**

Construction Period Allowances

Item reference	Item	Details
Special Condition F6	**SRAV Capex and Opex Construction Period Allowance**	**[●]** [***Note: Allowance will include Phase 2 Activities where relevant.***]
Special Conditions F9	**Debt Fee Allowance**	**[●]**

Commissioning Period Allowances

Item reference	Item	Details
Special Condition G10	**SRAV Capex and Opex Commissioning Period Allowance**	**[●]** [***Note: Allowance will include Phase 2 Activities where relevant.***]
Special Conditions G13	**Debt Fee Allowance**	**[●]**

Operational Period Allowances

Item reference	Item	Details
Special Condition H5	**Ongoing Capex Allowance**	[●]
		[●]
		[●] [***Note: to be set on an annual basis for the First Regulatory Period. Allowance will include Phase 2 Activities where relevant.***]
Special Condition H12	**Opex Allowance (provisional)**	**[●]**
		[●]
		[●] [***Note: Opex Allowances for the Operational Charging Years within the First Regulatory Period to be set on a provisional basis at FID and to be determined by the Regulator 8 months prior to COD pursuant to Special Condition H12.4.*** ***To be set on an annual basis for the First Regulatory Period.***

Item reference	Item	Details
		Provisional Variable Opex Allowances to be included here and form a subset to the overall annual, Opex Allowance for an Operational Charging Year. A Re-use Service Opex Allowance is to be included as a subset to the overall Variable Opex Allowance, to form the basis of the Allowed Re-use Service Revenue (as defined in the Network Code) to be charged to Users of the Re-use Service.]
Special Condition H12 & H14	**ETS Allowance(provisional)**	**[●]**
		[●]
		[●] [***Note: ETS Allowances for the First Regulatory Period to be set on a provisional basis at FID and to be determined by the Regulator 8 months prior to COD pursuant to Special Condition H14.4. To be set on an annual basis for the First Regulatory Period.***]

Ongoing Devex Allowance

Item reference	Item	Details
Special Condition F9, G12 & H6	**Ongoing Devex Allowance**	**[●]** [***Note: Ongoing Devex Allowance(s) to be included here. This licence envisages that each Ongoing Devex Allowance covers sets of development activities and each allowance may span across one or more of the Construction, Commissioning and Operational Periods.***]

Part 2: The Mandated Financing Terms

The Mandated Financing Terms which are referred to in Standard Condition B18 (*Financial Resilience and Credit Quality*) means the following terms:

[***Note: to be populated with the project-specific mandated financing terms.***]

Schedule 4

Template Technical Details Document

Technical Details Document relating to the carbon dioxide transport and storage licence granted to [*name of licensee*] (the **"Licensee"**) pursuant to section 7 (as modified by section 16 and Schedule 1) of the Energy Act 2023, relating to the [*name of T&S Network*] T&S Network, dated [*date to be inserted*] (the **"Licence"**)

Overview

The purpose of this document is to set out certain key milestones dates in respect of the Project and the Project Programme, as contemplated by the conditions of the Licence.

Any capitalised words and expressions used in this Technical Details Document have the meaning given to them in the Licence or the APDP, unless otherwise specified.

Table of key milestone dates and Project Programme

Licence reference	**Item**	**Details**
Special Condition F2	**Scheduled Handover Date**	**[●]**
Special Condition G2	**Scheduled COD**	**[●]**
Special Condition G2 and G5	**Longstop Date**	**[●]**
Special Condition H11	**RAV Asset Life**	[25 years]
Special Conditions F2.4 and G2.4	**Project Programme**	Phase 1 Activities: [***Note: include Phase 1 User connection dates***.] • **Handover** **[●]** • **COD Readiness** **[●]**

Licence reference	Item	Details
		• **Commercial Operations Date** **[●]** Phase 2 Activities: [***Note: include Scheduled Phase 2 Handover Dates (if relevant) and Scheduled Phase 2 Acceptance Dates***.] • [Phase 2 Tranche A ○ **Date of appointment of Independent Certifier for Phase 2 Tranche A** **[●]** ○ **Reporting Commencement Date for Phase 2 Tranche A** **[●]** ○ **P2/ExpA Reporting Period for Phase 2 Tranche A** **[●]** ○ **Scheduled Phase 2 Tranche A Handover Date** **[●]** ○ **Scheduled Phase 2 Tranche A Acceptance Date** **[●]]** Development Activities: **[●]**

Schedule 5

Template Licence Derogations Document

Licence Derogations Document relating to the carbon dioxide transport and storage licence granted to [*name of licensee*] (the "**Licensee**") pursuant to section 7 (as modified by section 16 and Schedule 1) of the Energy Act 2023, relating to the [*name of T&S Network*] T&S Network, dated [*date to be inserted*] (the "**Licence**")

Overview

The purpose of this document is to set out certain Licence Derogations, as contemplated by Standard Condition B28 (*Licence Derogations*) ("**Standard Condition B28**").

Any capitalised words and expressions used in the Licence Derogations set out in this document have the meaning given to them in the Licence, unless otherwise specified. The terms "Licence Derogation" and "Derogation" are used interchangeably.

Any references in the Licence Derogations set out in this document to clauses or defined terms in a Derogated Contract are to those clauses or defined terms as set out in that Derogated Contract as at the date of the relevant Licence Derogation.

Each Licence Derogation is subject to review and/or amendment by the Regulator in accordance with Standard Condition B28.

Table of contents

Licence Derogation Number	Licence conditions to which the Licence Derogation relates	Subject matter of the Licence Derogation	Page number
1	Standard Condition [●]	[●]	[●]

Licence Derogation [●]

Date: [***to be inserted***]

Licence Derogation relating to the Licensee's request for derogation from certain requirements under paragraph [●] of [Standard/Special] Condition [●] (*title of licence condition*) ("[Standard/Special] Condition [●]") of the Licence

The Licensee has applied for a derogation from the requirements under paragraph [●] of [Standard/Special] Condition [●] of the Licence, in relation [***details of what the derogation relates to***].

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition referred to within this Derogation, in relation to the specific matters and to the extent set out in Section 1, for the duration described in Section 2. The Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

[***details of what is requirements are being derogated from***]

2. Section 2: duration of this Derogation

[***duration of derogation***]

3. Section 3: conditions relating to this Derogation

[***conditions that must be complied with***]

4. Section 4: reporting obligations

[***reporting obligations***]

Schedule 6

Template Approved Project Development Plan

Approved Project Development Plan relating to the carbon dioxide transport and storage licence granted to [*name of licensee*] (the **"Licensee"**) pursuant to section 7 (as modified by section 16 and Schedule 1) of the Energy Act 2023, relating to the [*name of T&S Network*] T&S Network, dated [*date to be inserted*] (the **"Licence"**)

1. ACRONYMS AND DEFINITIONS

1.1 In this APDP, where capitalised terms are also defined in the Licence, they will have the same meaning in this APDP and, unless otherwise defined within this APDP or the context otherwise requires, capitalised terms used in this APDP which are not also defined in the Licence shall have the following meaning:

[*Note:* *the definitions in this template APDP will be adjusted, where necessary, to reflect project-specifics on a project-specific basis*]

["Licence"	means the licence granted to the Licensee pursuant to section 7 of the Act;
"Mechanical Completion"	is achieved when: (a) excluding any relevant Handover Punchlist Items: (i) construction of: (A) the Phase 1 Systems; or (B) any of the Phase 2 Systems (as the case may be), is complete in accordance with the requirements of this APDP and any other relevant licence or Project-related requirements; (ii) all inspections and testing of (as the case may be): (A) the Phase 1 Systems (which inspections and testing do not form part of the Commissioning Activities); or (B) any of the Phase 2 Systems (which inspections and testing do not form

part of the relevant Phase 2 Commissioning Activities),

have been satisfactorily completed; and

(b) in the case of:

(i) the Phase 1 Systems, there are no construction related elements of the Phase 1 Systems which are outstanding which would have an adverse effect on the performance of the Commissioning Activities; and

(ii) any Phase 2 Systems, there are no construction related elements of such Phase 2 Systems which are outstanding which would have an adverse effect on the performance of the relevant Phase 2 Commissioning Activities;

"Phase 1 User" means a User that is scheduled in the Project Programme to supply CO_2 prior to the Commercial Operations Date;

"Phase 2 Acceptance Punchlist Items" means, in respect of [each of] [●], any minor defects, deficiencies, or omissions which:

(a) would not have an adverse effect on the operation of the [relevant] Phase 2 Systems if not rectified, resolved or completed prior to the [relevant] Phase 2 Acceptance; and

(b) have been confirmed in writing as Phase 2 Acceptance Punchlist Items by the relevant Independent Certifier (acting in accordance with the relevant IC Deed of Appointment);

"Phase 2 Handover Punchlist Items" means, in respect of [each of] [●], any minor defects, deficiencies, or omissions which:

(a) would not have an adverse effect on the safe performance of the [relevant] Phase 2 Commissioning Activities and/or safe operation of the [relevant] Phase 2 Systems if not rectified, resolved or completed prior to the [relevant] Phase 2 Handover; and

(b) have been confirmed in writing as Phase 2 Handover Punchlist Items by the relevant Independent Certifier (acting in accordance with the relevant IC Deed of Appointment);

"Phase 2 Handover Works" means any and all of the [Phase 2 Tranche A Handover Works] and [Phase 2 Tranche B Handover Works];

"Phase 2 Systems"	means any and all of the [Phase 2 Tranche A Systems] and [Phase 2 Tranche B Systems];
"Phase 2 User"	means a User that is listed as a Planned Initial User but is not a Phase 1 User;]

2. OVERVIEW OF THE PROJECT

3. APPROVED T&S NETWORK

3.1 Phase 1 Activities

(a) [Phase 1 Systems]

(b) [Handover Works]

(c) [Commissioning Activities]

(d) [COD Readiness Activities]

3.2 Phase 2 Activities

(a) [Phase 2 Tranches]

(b) [Phase 2 Tranche Systems]

(i) [Phase 2 Tranche A Systems]

(ii) [Phase 2 Tranche B Systems]

(c) Phase 2 Handover Works

(i) [Phase 2 Tranche A Handover Works]

(ii) [Phase 2 Tranche B Handover Works]

(d) Phase 2 Commissioning Activities

(i) [Phase 2 Tranche A Commissioning Activities]

(ii) [Phase 2 Tranche B Commissioning Activities]

3.3 Availability Target and Availability Floor

(a) The Availability Target is [95]%

(b) The Availability Floor is [75]%

3.4 Obligated Network Capacity

Obligated Network Capacity	
Maximum Flow Rates	**Maximum Instantaneous Flow Rate:** [●] kg/s ([●] MTPA instantaneous) **Maximum Annual Cumulative Flow:** [●] $MtCO_2$
Minimum Flow Rate	**Minimum Instantaneous Flow Rate:** [●] kg/s ([●] MPTA instantaneous)
Overall Store Capacity	[●] $MtCO_2$

4. USERS

4.1 Planned Initial Users

(a) [The **"Planned Initial Users"** are the potential Users identified in the table below.

(b) Planned Initial Users table:

[*insert details*]]

5. DEVELOPMENT ACTIVITIES

[*include details of sets of Ongoing Devex Stage Check Activities*.]

6. INDEPENDENT CERTIFIER

[*include details*]

Schedule 7

Qualifying Acquisition Information

No.	Item	Detail	
1.	Acquirer contact details and related notifications	(a)	number of all persons involved in the Qualifying Acquisition
		(b)	name of person(s) involved
		(c)	contact details of the person(s)
		(d)	details on any notification to any UK or overseas investment screening regimes that person (or persons) has submitted within the last 12 months
2.	Acquisition details	(a)	the percentage of the shares or voting rights that the person(s) holds in the entity
		(b)	expected date of the Qualifying Acquisition
		(c)	approvals required by UK regulators
		(d)	rationale for the Qualifying Acquisition
3.	Entity details	(a)	name and address of the entity
		(b)	contact details of the authorised individual in entity
		(c)	companies house registration number
		(d)	standard industrial classification SIC code
		(e)	details on all licences held to operate within the UK.
		(f)	description of dual use item
		(g)	details on entity relationship with the UK Government
		(h)	pre-Qualifying Acquisition structure chart of the entity
		(i)	details on any non-UK government which have a direct or indirect role in the operation or decision making of the entity
4.	Acquiring person(s) details	(a)	name, address, and business registration details
		(b)	details on any non-UK government, or representative of any non-UK government, have share ownership or voting rights in the person(s)
		(c)	details on any non-UK government which have a direct or indirect role in the operation or decision making of the acquirer
		(d)	when the Qualifying Acquisition completes, details on if there will be any contractual arrangements in place regarding

No.	Item	Detail
		share ownership or voting rights between the person(s) and any other party (e) structure chart of person(s) which includes the % ownership and country of incorporation
5.	Additional information	Other relevant documentation and information on the Qualifying Acquisition

Schedule 8

Licensee debt facilities

Part A – All Licensee debt facilities

No.	Facility as at Licence Award	Full reimbursement or adjustment for Notional Gearing
1.	Commercial Long Term Debt Facility	Adjustment for Notional Gearing Methodology: fees x Notional Gearing / gearing at COD as determined at Licence Award
2.	Medium Term Debt Facility	Adjustment for Notional Gearing Methodology: fees x Notional Gearing / gearing at COD as determined at Licence Award
3.	Standby Capex Facility	Adjustment for Notional Gearing Methodology: fees x 40% cost overrun sharing x Notional Gearing
4.	Standby RCF	Full reimbursement
5.	All Facilities - DD, Documentation and Legal fees	Full reimbursement

Part B -Facilities capable of Debt Fee Allowance adjustment

No.	Facility
1.	Commercial Long Term Debt Facility
2.	Medium Term Debt Facility
3.	Standby Capex Facility
4.	Standby RCF

Schedule 9

Template List of Approved Contracts

List of Approved Contracts relating to the carbon dioxide transport and storage licence granted to [*name of licensee*] (the **"Licensee"**) pursuant to section 7 (as modified by section 16 and Schedule 1) of the Energy Act 2023, relating to the [*name of T&S Network*] T&S Network, dated [*date to be inserted*] (the **"Licence"**)

List of Approved Contracts

Contract	Parties	Date
[***contract title to be inserted***]	[***names of parties to be inserted***]	[***date to be inserted***]

[***Note: to be populated on a project-specific basis.***]

Schedule 10

Project-specific conditions

1. Definitions

1.1 In this Schedule 10 (*Project-specific conditions*), unless otherwise defined within this licence or the context otherwise requires, capitalised terms used in this Schedule 10 shall have the following meaning:

"Additional Public Sector Control Requirement"	has the meaning given to it in the Liaison Agreement;
"Additional Public Sector Control Requirement Costs"	means the costs of the Licensee associated with the Additional Public Sector Control Requirement Event;
"Additional Public Sector Control Requirement Event"	means where following Licence Award the Secretary of State requires the Licensee to comply with an Additional Public Sector Control Requirement pursuant to paragraph 6.1(a) of schedule 9 (*Public Sector Control Requirements*) of the Liaison Agreement;
"Additional Public Sector Control Requirement Scope"	means the scope of the Additional Public Sector Control Requirement, as may be updated pursuant to paragraph 3.7(h) (*Uncertain Cost Events*) of this Schedule 10;
"Adjusted NR Land Agreement"	means: (a) an amended NR Deed of Grant or NR Lease following an NR Land Agreement Change; (b) a lease which replaces an NR Lease following an NR Land Agreement Change; or (c) a grant of rights or lease which replaces the NR Deed of Grant following an NR Land Agreement Change;
"Agreed Allowances (Early Works)"	means the ex ante allowances set out in the "Agreed Allowances (£)" column of the first table set out in Appendix B of this Schedule 10;
"Asset Transfer Agreement"	means the agreement entered into between the Licensee and the Seller at or prior to Licence Award pursuant to which, amongst other things, certain assets transfer from the Seller to the Licensee for the purposes of the Project;

"Challenge Free"	means: (a) that no Challenge Proceedings have been commenced within the relevant Challenge Period; (b) that if any Challenge Proceedings are commenced within the relevant Challenge Period then: (i) such Challenge Proceedings are abandoned, lost or finally disposed of, leaving in place a Planning Permission; or (ii) if such Challenge Proceedings are successful and the subject matter of the Challenge Proceedings is referred back to the relevant Competent Authority for reconsideration, that in consequence of that reconsideration, a Planning Permission is granted which is also Challenge Free;
"Challenge Period"	means six weeks and ten Business Days after the date of issue of a Planning Permission;
"Challenge Proceedings"	means any application or appeal to any court, tribunal, person or forum against or in respect of a decision of a Competent Authority;
"Code Accession Agreement"	has the meaning given to it in the CCS Network Code;
"DCO Works Plans"	means the Works Plans for the HyNet Carbon Dioxide Pipeline DCO (Planning Act 2008; The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 – Regulations 5(2)(j); Document Reference Number D.2.4; Applicant: Liverpool Bay CCS Limited; Inspectorate Reference: EN070007);
"Decommissioning Fund Obligation Date"	means the date which is 30 months before Scheduled COD;
"Decommissioning Regulations Event"	means that: (a) the Initial Decommissioning Regulations have come into force; or

	(b) the Initial Decommissioning Regulations have not come into force by the Decommissioning Fund Obligation Date;
"Draft Mitigation Measures Event Re-opener Application"	has the meaning given in paragraph 3.3(b)(i) of this Schedule 10;
"DRE Review"	has the meaning given in paragraph 8.7 (*Decommissioning Regulations Event Re-opener*) of this Schedule 10;
"DRE Submission"	has the meaning given in paragraph 8.6 of this Schedule 10;
"Early Padeswood Works"	has the meaning given to it in paragraph 4.1(c) (*Commencement of Phase 2 Tranche B Handover Works and Phase 2 Tranche C Handover Works*) of this Schedule 10;
"Early Runcorn Works"	has the meaning given to it in paragraph 4.2(c) of this Schedule 10;
"**Early Works**"	means the works and activities that form part of the works and activities described in Appendix A of this Schedule 10 but which are also identified and described as Early Works in the first table in Appendix B to this Schedule 10;
"First Group of Phase 2D Devex Activities"	has the meaning given to it in the APDP;
"First Phase 2 Tranche D Uncertain Cost Event"	has the meaning given in paragraph 3.6(f)(i) of this Schedule 10;
"Flint AGI"	has the meaning given to it in the APDP;
"Flint-PoA Pipeline"	has the meaning given to it in the APDP;
"Flint-PoA Pipeline Minimum Allowable Operating Temperature"	means a minimum operating temperature of –6°C within the Flint-PoA Pipeline;
"Fourth Phase 2 Tranche D Uncertain Cost Event"	has the meaning given in paragraph 3.6(i)(i) of this Schedule 10;
"Hamilton Carbon Store"	means the T&S Storage Site described as the "Hamilton Carbon Store" in the Storage Permit with reference number CS004A;

"Hamilton Main" or "HM"	has the meaning given to it in the APDP;
"Hamilton North" or "HN"	has the meaning given to it in the APDP;
"Hamilton North Carbon Store"	means the T&S Storage Site described as the "Hamilton North Carbon Store" in the Storage Permit with reference number CS004B;
"Hamilton North Storage Permit Addendum"	means the addendum to the Licensee's Storage Permit in respect to the Hamilton North Carbon Store, documenting the amendments approved by the NSTA as a result of the Hamilton North Storage Permit Addendum Application;
"Hamilton North Storage Permit Addendum Application"	means the application to be submitted by the Licensee to the NSTA to amend the Licensee's Storage Permit in respect to the Hamilton North Carbon Store, as described in sections 3.1(e)(vii)(A) and (B) of the APDP;
"Hamilton Storage Permit Addendum"	means the addendum to the Licensee's Storage Permit in respect to the Hamilton Carbon Store, documenting the amendments approved by the NSTA as a result of the Hamilton Storage Permit Addendum Application;
"Hamilton Storage Permit Addendum Application"	means the application to be submitted by the Licensee to the NSTA to amend the Licensee's Storage Permit in respect to the Hamilton Carbon Store, as described in sections 3.1(e)(vii)(A) and (B) of the APDP;
"Hanson Commitment Event"	means the entry by Hanson Padeswood into the following legally binding and unconditional agreements with the Licensee: (a) Construction Agreement; (b) Connection Agreement; and (c) Code Accession Agreement;
"Hanson Padeswood"	has the meaning given to it in the APDP;
"Initial Decommissioning Regulations"	means the first statutory instrument made pursuant to section 92 of the Act, requiring that security for the performance of obligations relating to the future abandonment or decommissioning of offshore carbon dioxide-related sites, pipelines or installations must be provided by way of a decommissioning fund, and including provisions relating to the process for establishing the decommissioning fund;

"Initial Padeswood Planning Permission"	means a Padeswood Planning Permission granted pursuant to the Initial Padeswood TCPA Application;
"Initial Padeswood TCPA Application"	means the first Padeswood TCPA Application to be submitted to a Competent Authority;
"Initial Runcorn Planning Permission"	means a Runcorn Planning Permission granted pursuant to an Initial Runcorn TCPA Application;
"Initial Runcorn TCPA Application"	means the first Runcorn TCPA Application to be submitted to each of the following Competent Authorities: (a) Cheshire West and Chester Council; and (b) Halton Borough Council;
"Interim Holding Arrangements"	has the meaning given to it in the Asset Transfer Agreement;
"Joule–Thomson Impact"	means that, as a direct result of the impact of the Joule–Thomson effect on the Flint-PoA Pipeline, the Licensee will be unable to convey the Required Flint-PoA Pipeline Flow Rate through the Flint-PoA Pipeline whilst maintaining the Flint-PoA Pipeline Minimum Allowable Operating Temperature;
"Joule-Thomson Uncertain Cost Event"	has the meaning given to it in paragraph 3.8(g) of this Schedule 10;
[redacted]	[redacted]
"Lennox Carbon Store"	means the T&S Storage Site described as the "Lennox Carbon Store" in the Storage Permit with reference number CS004C;
"Lift and Shift Provision"	means a provision within an NH Lease pursuant to which the Licensee may, following service of a

Relocation Notice on the Licensee by National Highways under and in accordance with the relevant NH Lease, be required to permanently remove, relocate or reposition any section of online onshore pipeline which (i) forms part of the Approved T&S Network; and (ii) is located on the National Highways land which is the subject of the relevant NH Lease;

"Mechanical Completion" has the meaning given to it in the APDP;

"Mitigation Measures" means the increase in the injection rate and total capacity of the Hamilton Carbon Store and the Hamilton North Carbon Store (but only to the extent permitted by the NSTA pursuant to the Hamilton Storage Permit Addendum Application and the Hamilton North Storage Permit Addendum Application), in accordance with the Mitigation Measures Plan (including any Notified Early Works), with the objective of achieving the Mitigation Measures Objective;

"Mitigation Measures Commissioning Activities" has the meaning given to it in paragraph 3.3 of Appendix A of this Schedule 10;

"Mitigation Measures Event" means where:

(a) a Phase 2 Tranche A Uncertain Cost Event has occurred; and

(b) the NSTA has approved the Licensee's Hamilton Storage Permit Addendum Application and/or the Hamilton North Storage Permit Addendum Application (in whole or in part),

noting that:

(c) where the Licensee has received approval from the NSTA (in whole or in part) in relation to one of the applications referred to in paragraph (b) above, paragraph (b) will not be satisfied until the Licensee has received a decision (which may be an approval or a rejection) from the NSTA in relation to the other application referred to in paragraph (b);

(d) to constitute an approval for the purposes of paragraph (b), any approval from the NSTA is to be an approval that allows the Mitigation

Measures to be implemented (that is, to increase the injection rate/total capacity and not merely to drill additional wells); and

any reference to an application to the NSTA being approved "in whole or in part" in this Schedule 10 is a reference to the fact that the NSTA, in approving an increase in the injection rate and total capacity of a T&S Storage Site, may approve the application or may require the Licensee to amend its original application and only approve a partial increase;

"Mitigation Measures Handover Works"	has the meaning given to it in paragraph 2 of Appendix A of this Schedule 10;
"Mitigation Measures Objective"	the objective of delivering the Obligated Network Capacity set out in the APDP that would have been required to be delivered had the Phase 2 Tranche A Uncertain Cost Event not occurred;
"Mitigation Measures Plan"	means a plan which is aligned with the elements set out in Appendix A to this Schedule 10, setting out the works, activities and other steps (including any preparatory engineering activities) that need to be undertaken by the Licensee to implement the Mitigation Measures (other than the Mitigation Measures Preparatory Activities, but including all Early Works (even where such Early Works are Notified Early Works)), which shall include the Hamilton Acceptance Requirements (as defined in Appendix A to this Schedule 10);
"Mitigation Measures Preparatory Activities"	means the activities described in section 3.1(e)(vii) of the APDP;
"Mitigation Measures Systems"	has the meaning given in paragraph 1 of Appendix A of this Schedule 10;
"Mitigation Measures Works and Activities"	means the works, activities and other steps set out in the Mitigation Measures Plan;
"National Highways" or **"NH"**	means National Highways Limited (company number 09346363);
"Network Rail" or "NR"	means Network Rail Infrastructure Limited (company number 02904587) (or any successor entity, permitted assignee or transferee);

"NH Lease" means a lease entered into between National Highways and the Licensee which relates to land upon which part(s) of the Approved T&S Network are situated;

"Notified Early Works" means the Early Works that the Licensee has notified to the Regulator pursuant to paragraph 3.2(e)(ii) of this Schedule 10;

"Notified Early Works Uncertain Cost Event" means where:

(a) a Phase 2 Tranche A Uncertain Cost Event has occurred; and

(b) the Licensee has made an application for an Uncertain Cost Event Re-opener in respect of a Phase 2 Tranche A Uncertain Cost Event in accordance with paragraph 3.1(d) of this Schedule 10;

"NR Deed of Grant" means the deed of grant between Network Rail and the Licensee, which was originally entered into between (1) Railtrack Plc; and (2) BHP Petroleum Limited on 25 June 2001, and which relates, amongst other things, to land upon which part(s) of the Approved T&S Network are situated;

"NR Land Agreement Change" means:

(a) the terms of the NR Deed of Grant or an NR Lease are amended;

(b) an NR Lease is surrendered and a replacement lease is entered into; or

(c) the NR Deed of Grant is surrendered and replaced by a new grant of rights or lease in respect of the NR Talacre Pipeline;

"NR Lease" means each of the leases entered into between Network Rail and the Licensee which relate to land upon which part(s) of the Approved T&S Network are situated, such leases relating to land at and around:

(a) the TRS-01 railway crossing on the Hapsford railway line at the location shown on for "Work No. 4" on drawing EN070007-D.2.4-WP-Sheet 1 of the DCO Works Plans;

(b) the TRS-20 railway crossing on the Mollington railway line at the location shown on for "Work No. 24" on drawing EN070007-D.2.4-WP-Sheet 9 of the DCO Works Plans;

(c) the TRS-29 railway crossing on the North Wales Coast railway line at the location shown on for "Work No. 32" on drawing EN070007-D.2.4-WP-Sheet 14 of the DCO Works Plans; and

(d) the TRS-36 railway crossing on the Wrexham to Bidston (Borderlands) railway line at the location shown on for "Work No. 38" on drawing EN070007-D.2.4-WP-Sheet 17 of the DCO Works Plans,

and which leases are entered into on substantially the same terms as the Standard NR Lease;

"NR Lease ARF" has the meaning given to it in paragraph 2.4 (*Availability Relief Factors*) of this Schedule 10;

"NR Misalignment" has the meaning given to it in paragraph 5.3 (*NR-related FM Events*) of this Schedule 10;

"NR-related FM Event" means:

(a) the absolute determination of the rights granted under the NR Deed of Grant under and in accordance with a relevant NR Termination Provision;

(b) Network Rail exercises its rights under an NR Talacre Pipeline Provision to require and/or undertake the removal of all or part of the NR Talacre Pipeline, including where Network Rail substitutes other convenient works (as referred to in the NR Deed of Grant); or

(c) the termination of a relevant NR Lease by Network Rail under and in accordance with a relevant NR Termination Provision;

"NR-related FM Notice" means:

(a) where Network Rail notifies the Licensee, or otherwise makes the Licensee aware, of its intent to exercise its rights under an NR Talacre Pipeline Provision;

(b) where Network Rail notifies the Licensee, or otherwise makes the Licensee aware, of its intent to take any action which will result in the determination of the rights granted under the NR Deed of Grant under and in accordance with an NR Termination Provision; or

(c) a notice given to the Licensee by Network Rail under and in accordance with an NR Termination Provision;

"NR Talacre Pipeline" means the section of online onshore pipeline which:

(a) forms part of the Approved T&S Network; and

(b) forms part of the "Works" (as such term is defined in the NR Deed of Grant);

"NR Talacre Pipeline Provision" means the provision within the NR Deed of Grant pursuant to which Network Rail:

(a) may require and/or undertake the removal of all or part of the NR Talacre Pipeline where such removal is required by Network Rail under and in accordance with the NR Deed of Grant for the purposes of the construction or erection of works that Network Rail deems necessary over, under or adjoining the NR Talacre Pipeline and/or the raising, widening and/or alteration of Network Rail's railway and works; and

(b) where Network Rail requires and/or undertakes the removal of all or part of the NR Talacre Pipeline as referred to in limb (a) of this definition, shall, so far as it is practicable to do so, substitute other convenient works (as referred to in the NR Deed of Grant);

"NR Termination Provision" means:

(a) the provision within the NR Deed of Grant pursuant to which the rights granted to the Licensee under the NR Deed of Grant absolutely determine as a result of the complete removal of the "Works" (as such term is defined in the NR Deed of Grant); or

(b) a provision within an NR Lease pursuant to which Network Rail may terminate the relevant

NR Lease if Network Rail requires the land the subject of the NR Lease (or any part of it) for the purposes of its statutory undertaking;

"ONC-related Change in Scope" has the meaning given to it in paragraph 11.3 (*Obligated Network Capacity*) of this Schedule 10;

"Onerous Condition" means a condition on a Planning Permission which:

(a) the Licensee has not agreed to be included in the grant of the relevant Planning Permission;

(b) the Licensee considers to be an unacceptable or onerous condition and so notifies the Regulator under paragraph 3.4(c)(ii)(A) or paragraph 3.5(c)(ii)(A) of this Schedule 10 (as applicable); and

(c) the Regulator determines under paragraph 3.4(c)(ii)(B) or paragraph 3.5(c)(ii)(B) of this Schedule 10 (as applicable) is an unacceptable or onerous condition;

"**Padeswood Appeal or Revision**" has the meaning given to it in paragraph 3.4(e)(v) of this Schedule 10;

"Padeswood Planning Permission" means a Planning Permission granted by a Competent Authority pursuant to a Padeswood TCPA Application;

"Padeswood Spurline" has the meaning given to it in the APDP;

"Padeswood TCPA Application" means a Planning Application for the Phase 2 Tranche B Systems;

"Payment Date" means the date when the Seller pays the Seller's Decommissioning Fund Contribution to the Licensee in accordance with the terms of the Asset Transfer Agreement;

"Phase 1 Onshore Pipelines" means the parts of the Onshore Transportation System which form part of the Phase 1 Systems as detailed in para. 3.1(d)(i) of the APDP;

"Phase 1 Systems" has the meaning given to it in the APDP;

"Phase 2 Systems" means (as applicable):

(a) the Phase 2 Tranche B Systems; or

(b) the Phase 2 Tranche C Systems;

"Phase 2 Tranche A"	has the meaning given to it in the APDP;
"Phase 2 Tranche A Systems"	has the meaning given to it in the APDP;
"Phase 2 Tranche A Uncertain Cost Event"	means where the Licensee or Eni UK Limited sends a notice in accordance with clause 8.4 of the Asset Transfer Agreement, electing to remove all of the Lennox Assets from the scope of the Transferred Assets (where "Lennox Assets" and "Transferred Assets" have the meaning given to them in the Asset Transfer Agreement);
"Phase 2 Tranche B"	has the meaning given to it in the APDP;
"Phase 2 Tranche B Handover Works"	has the meaning give to it in the APDP;
"Phase 2 Tranche B Planning [redacted] Elements"	means the elements of the relevant Phase 2 Tranche B Uncertain Cost Event described in paragraphs 3.4(d)(i)(A) and (B) of this Schedule 10;
"Phase 2 Tranche B Systems"	has the meaning given to it in the APDP;
"Phase 2 Tranche B Uncertain Cost Event"	has the meaning given in paragraph 3.4(a) of this Schedule 10;
"Phase 2 Tranche C"	has the meaning given to it in the APDP;
"Phase 2 Tranche C Handover Works"	has the meaning given to it in the APDP;
"Phase 2 Tranche C Planning [redacted] Elements"	means the elements of the Phase 2 Tranche C Uncertain Cost Event described in paragraphs 3.5(d)(i)(A) and (B) of this Schedule 10;
"Phase 2 Tranche C Systems"	has the meaning given to it in the APDP;
"Phase 2 Tranche C Uncertain Cost Event"	has the meaning given in paragraph 3.5(a) of this Schedule 10;
"Phase 2 Tranche D"	has the meaning given to it in the APDP;
"Phase 2 Tranche D Commissioning Activities"	has the meaning given to it in the APDP;
"Phase 2 Tranche D Handover Works"	has the meaning given to it in the APDP;
"Phase 2 Tranche D Uncertain Cost Events"	means the First Phase 2 Tranche D Uncertain Cost Event, the Second Phase 2 Tranche D Uncertain Cost Event, the Third Phase 2 Tranche D Uncertain Cost

	Event and the Fourth Phase 2 Tranche D Uncertain Cost Event (each a **"Phase 2 Tranche D Uncertain Cost Event"** and together the **"Phase 2 Tranche D Uncertain Cost Events"**);
"Phase 2 User"	has the meaning given to it in the APDP;
"Phase 2B User"	means the Phase 2 User identified in row 3 of the Planned Initial Users table at section 4.1(b) of the APDP;
"Phase 2C User"	means the Phase 2 User identified in row 1 of the Planned Initial Users table at section 4.1(b) of the APDP;
"Phase 2D Devex Activities"	has the meaning given in paragraph 3.6(a) of this Schedule 10;
"Planned Initial Users"	has the meaning given to it in the APDP;
"Planning Application"	means an application for full planning permission submitted by or on behalf of the Licensee under the Town and Country Planning Act 1990 to a relevant Competent Authority;
"Planning Permission"	means a full planning permission granted by a Competent Authority pursuant to a Planning Application;
"Planning Refusal"	means: (a) refusal to grant a Planning Permission; (b) the non-determination by a Competent Authority of a Planning Application within the relevant statutory period (together with such extensions to such statutory period as the Licensee may have agreed with the Competent Authority); or (c) the grant of a Planning Permission contains one or more Onerous Conditions;
"PoA Terminal"	has the meaning given to it in the APDP;
"Potential Additional ARF"	has the meaning given in paragraph 2 of this Schedule 10;
"Pre-Licence Award Capex"	means pre-Licence Award capital expenditure costs incurred in respect of the Approved T&S Network;

"Pre-Licence Award Capex Allowance"	means an allowance in respect of the Licensee's Pre-Licence Award Capex which is as set out in the Financial Settlement Document;
"Pre-Licence Award Capex Costs"	means the Pre-Licence Award Capex costs incurred by the Licensee in respect of the Approved T&S Network, excluding any Excluded Project Spend;
"Relevant NR Definitions"	has the meaning given to that term in paragraph 5.2 of this Schedule 10;
"Relevant Padeswood Planning Refusal"	means a Planning Refusal which relates: (a) to an Initial Padeswood TCPA Application; or (b) where the Planning Refusal occurs under limb (c) of the definition of Planning Refusal, the Initial Padeswood Planning Permission;
"Relevant Runcorn Planning Refusal"	means a Planning Refusal which relates: (a) to an Initial Runcorn TCPA Application; or (b) where the Planning Refusal occurs under limb (c) of the definition of Planning Refusal, the relevant Initial Runcorn Planning Permission;
"Relocation Notice"	has the meaning given to that term in a relevant NH Lease;
"Required Flint-PoA Pipeline Flow Rate"	means a flow rate of at least 150.30 kg/s;
"Resolving Modifications"	has the meaning given to it in paragraph 5.6(a) of this Schedule 10;
"RFS Agreement"	means the Reverse Flow Services Agreement entered into between the Licensee and Eni CCUS Holding Limited (company number 14821773);
"Runcorn Appeal or Revision"	has the meaning given to it in paragraph 3.5(e)(vi) of this Schedule 10;
"Runcorn Planning Permission"	means a Planning Permission granted by a Competent Authority pursuant to a Runcorn TCPA Application;
"Runcorn Planning Refusal"	means a Planning Refusal of a Runcorn TCPA Application (and, where relevant, the relevant Planning Permission is a Runcorn Planning Permission);

"Runcorn Spurline"	has the meaning given to it in the APDP;
"Runcorn TCPA Application"	means each of: (a) a Planning Application submitted by or on behalf of the Licensee to Cheshire West and Chester Council for such parts of the Phase 2 Tranche C Systems as are located in that Competent Authority's administrative area; and (b) a Planning Application submitted by or on behalf of the Licensee to Halton Borough Council for such parts of the Phase 2 Tranche C Systems as are located in that Competent Authority's administrative area;
"Satisfactory Padeswood Planning Permission"	means a Padeswood Planning Permission which is a Satisfactory Planning Permission;
"Satisfactory Planning Permission"	means a Planning Permission which contains no Onerous Conditions;
"Satisfactory Runcorn Planning Permission"	means a Runcorn Planning Permission which is a Satisfactory Planning Permission;
"Scenario"	has the meaning given to it in paragraph 3.2(e)(ii) of this Schedule 10;
"Scheduled Phase 2 Tranche B Acceptance Date"	has the meaning given in the Technical Details Document;
"Scheduled Phase 2 Tranche B Handover Date"	has the meaning given in the Technical Details Document;
"Scheduled Phase 2 Tranche C Acceptance Date"	has the meaning given in the Technical Details Document; and
"Scheduled Phase 2 Tranche C Handover Date"	has the meaning given in the Technical Details Document.
"Scheduled Phase 2 Tranche D Acceptance Date"	has the meaning given in the Technical Details Document;
"Scheduled Phase 2 Tranche D Handover Date"	has the meaning given in the Technical Details Document;
"Second Group of Phase 2D Devex Activities"	has the meaning given to it in the APDP;

"Second Phase 2 Tranche D Uncertain Cost Event"	has the meaning given in paragraph 3.6(g)(i) of this Schedule 10;
"Seller"	means Eni UK Limited;
"Seller's Decommissioning Fund Contribution"	means the Seller's Decommissioning Fund Contribution (as defined in the Asset Transfer Agreement), representing a financial contribution from the Seller towards the future decommissioning of the assets that are the subject of the Asset Transfer Agreement;
"Standard NR Lease"	means the form of lease set out in Appendix D (*Standard NR Lease*) to this Schedule 10;
"Suspension Provision"	means a provision of a relevant NR Lease the result of which is that Network Rail may cut-off, or procure the cut-off of, the flow of CO2 through any relevant section of online onshore pipeline (i) forming part of the Approved T&S Network; and (ii) which is located on Network Rail land which is the subject of the relevant NR Lease;
"Third Group of Phase 2D Devex Activities"	has the meaning given to it in the APDP;
"Third Phase 2 Tranche D Uncertain Cost Event"	has the meaning given in paragraph 3.6(h)(i) of this Schedule 10;
"Track 1 Expansion Users"	has the meaning given to it in the APDP;
"Viridor Commitment Event"	means the entry by Viridor (Runcorn) into the following legally binding and unconditional agreements with the Licensee: (a) Construction Agreement; (b) Connection Agreement; and (c) Code Accession Agreement; and
"Viridor (Runcorn)"	has the meaning given to it in the APDP.

2. Availability Relief Factors

2.1 The following shall be an Availability Relief Factor under Special Condition H18.13(g) (*Availability incentive*):

(a) any factor designated as an "Availability Relief Factor" under paragraph 2.2(c)(i) of this Schedule 10 (*Project-specific conditions*).

2.2 Where any of the events specified in paragraph 2.3 of this Schedule 10 (each a **"Potential Additional ARF"**) occurs:

(a) the Licensee must notify the Regulator as soon as reasonably practicable after having become aware of such occurrence, including in such notice:

(i) the details of the circumstance(s) of such Potential Additional ARF;

(ii) the Licensee's analysis of the likely impact of the relevant Potential Additional ARF on Availability, including a detailed justification in respect of the same; and

(iii) the Licensee's proposals to respond to the relevant Potential Additional ARF;

(b) following submission of a notice by the Licensee under paragraph 2.2(a) of this Schedule 10, the Licensee must provide to the Regulator any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of:

(i) the relevant Potential Additional ARF;

(ii) the Licensee's proposals to respond to the relevant Potential Additional ARF; and

(iii) the Licensee's analysis of the likely impact of the relevant Potential Additional ARF on Availability; and

(c) following receipt of a notice from the Licensee under paragraph 2.2(a) of this Schedule 10 and all Supporting Information required under paragraph 2.2(b) of this Schedule 10, the Regulator will review the notice and the relevant Supporting Information and will either:

(i) determine that the relevant Potential Additional ARF is designated as an Availability Relief Factor for the purposes of Special Condition H18.13, provided that such designation shall only apply in respect of the circumstances included in the notice from the Licensee under paragraph 2.2(a) of this Schedule 10; or

(ii) determine that the relevant Potential Additional ARF is not designated as an Availability Relief Factor for the purposes of Special Condition H18.13,

in each case for the purposes of paragraph 2.1(a) of this Schedule 10. At the same time that the Regulator makes a determination under this limb (c), it may, in respect of

the Potential Additional ARF, make a determination as to the matters described in limbs (i) and (ii) of Special Condition H18.13 and their impact on the Potential Additional ARF.

2.3 The following events are each a Potential Additional ARF for the purposes of paragraph 2.2 of this Schedule 10:

(a) during the Operational Period, the Licensee is required pursuant to a Lift and Shift Provision to remove, relocate or reposition any relevant section of online onshore pipeline forming part of the Approved T&S Network which is located on National Highways land which is the subject of the relevant NH Lease, provided that:

(i) the relevant Lift and Shift Provision was required by National Highways to be included in the relevant NH Lease notwithstanding the reasonable endeavours of the Licensee to exclude the relevant Lift and Shift Provision from the relevant NH Lease; and

(ii) the Licensee notifies the Regulator that the relevant NH Lease contains a Lift and Shift Provision, together with full details of the relevant Lift and Shift Provision, including the circumstances in which it can be exercised, either:

(A) where the relevant NH Lease is entered into between National Highways and the Licensee prior to Licence Award, by no later than Licence Award; and

(B) where the relevant NH Lease is entered into between National Highways and the Licensee at or following Licence Award, promptly (and in any event not later than 15 Business Days) following the date on which the Licensee and National Highways enter into the relevant NH Lease; and

(b) during the Operational Period, the flow of CO_2 through any relevant section of online onshore pipeline forming part of the T&S Network which is located on Network Rail land which is the subject of the relevant NR Lease is cut-off for a continuous period of 24 hours or more by (or on behalf of or upon the instruction of) Network Rail as a result of Network Rail exercising its rights under a Suspension Provision, provided that:

(i) only the period of cut-off over and above the first continuous 24-hour period shall qualify as a Potential Additional ARF (and, therefore, if designated as an Availability Relief Factor under paragraph 2.2(c)(i) of this Schedule 10, would be taken into account for the purposes of Special Condition H18.13);

(ii) the relevant Suspension Provision was required by Network Rail to be included in the relevant NR Lease notwithstanding the reasonable endeavours of the Licensee to exclude the relevant Suspension Provision from the relevant NR Lease;

(iii) the Licensee notifies the Regulator that the relevant NR Lease contains a Suspension Provision, together with full details of the relevant Suspension Provision, including the circumstances in which it can be exercised, either:

(A) where the relevant NR Lease is entered into between Network Rail and the Licensee prior to Licence Award, by no later than Licence Award; and

(B) where the relevant NR Lease is entered into between Network Rail and the Licensee at or following Licence Award, promptly (and in any event not later than 15 Business Days) following the date on which the Licensee and Network Rail enter into the relevant NR Lease; and

(iv) the provisions of paragraph 2.4 of this Schedule 10 shall apply.

2.4 **NR Lease ARFs**

(a) This paragraph 2.4 shall apply in respect of any Potential Additional ARF which is:

(i) an event specified in paragraph 2.3(b) of this Schedule 10; and

(ii) designated as an "Availability Relief Factor" under paragraph 2.2(c)(i) of this Schedule 10,

(each, once so designated as an "Availability Relief Factor", an **"NR Lease ARF"**).

(b) Where in respect of any Operational Charging Year, Confirmed Availability is equal to or above the Availability Target for such Operational Charging Year, the application of any NR Lease ARF and its impact on the definition of:

(i) Adjusted Constrained Registered Capacity; and

(ii) Adjusted Curtailed Nomination,

shall not result in any positive adjustment to the Allowed Revenue pursuant to Special Condition H18.18(b)

(c) Notwithstanding paragraph 2.4(b) of this Schedule 10:

(i) the Licensee's obligations under Special Condition H18.8 shall continue to apply in respect of any NR Lease ARF;

(ii) the Licensee's obligations under Special Condition H18.9 shall continue to apply in respect of any NR Lease ARF;

(iii) the evidence provided by the Licensee to the Regulator under Special Condition H18.10 must include notice of the occurrence of any NR Lease ARF, evidence satisfactory to the Regulator in respect of the nature, cause(s) and duration of any NR Lease ARF and the impact of such NR Lease ARF on Nominated Quantity and/or Registered Capacity, including the duration of such impact and the affected Delivery Periods; and

(iv) the Regulator may, at any time, require further Supporting Information from the Licensee in respect of any NR Lease ARF and its impact on the Project and the Licensee must provide any such evidence to the Regulator promptly following such request.

3. Uncertain Cost Events

3.1 Uncertain Cost Event relating to Phase 2 Tranche A

(a) A Phase 2 Tranche A Uncertain Cost Event is an Uncertain Cost Event in respect of which Special Conditions J7.1 to J7.6 (*Variation Re-opener*s) shall not apply.

(b) No Change in Scope, Qualifying Change in Law or ONC-related Change in Scope shall arise for the purposes of this licence in connection with, or as a result of:

(i) a Phase 2 Tranche A Uncertain Cost Event; or

(ii) any circumstances or events giving rise to a Phase 2 Tranche A Uncertain Cost Event,

and the provisions of Part A (*Changes in Scope*) and Part B (*Qualifying Changes in Law*) of Special Condition J2 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) shall not apply in respect of the same.

(c) For the purpose of Special Condition J6.6 (*Uncertain Cost Events*), the Regulator will determine the impact or expected impact (if any) of a Phase 2 Tranche A Uncertain Cost Event on the Project in accordance with this paragraph 3.1.

(d) As soon as reasonably practicable following the occurrence of a Phase 2 Tranche A Uncertain Cost Event, the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the Phase 2 Tranche A Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7 and paragraph 3.1(e) of this Schedule 10 (*Project-specific conditions)*.

(e) The Licensee must ensure that any application made for an Uncertain Cost Event Re-opener in respect of a Phase 2 Tranche A Uncertain Cost Event pursuant to Special Conditions J6.3(a) and J6.4 and this paragraph 3.1 shall include (as a minimum) a copy of the notice referred to in the definition of Phase 2 Tranche A Uncertain Cost Event, to evidence that the Phase 2 Tranche A Uncertain Cost Event has occurred.

(f) Following submission of an application for an Uncertain Cost Event Re-opener in respect of a Phase 2 Tranche A Uncertain Cost Event under paragraph 3.1(d) of this Schedule 10, the Licensee must promptly provide to the Regulator any other Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of the Phase 2 Tranche A Uncertain Cost Event.

(g) Provided that the Licensee has provided the relevant information required pursuant to paragraphs 3.1(e) and 3.1(f) of this Schedule 10 and Special Condition J6.4, where the Licensee has made an application for a Uncertain Cost Event Re-opener in respect of a Phase 2 Tranche A Uncertain Cost Event under this paragraph 3.1, the Regulator will determine:

(i) amendments to Annex A to Section A of this licence such that:

(A) paragraph 2.1(c) is amended to remove reference to:

(aa) the Lennox Carbon Store; and

(bb) the carbon dioxide appraisal and storage licence number CS004C (Lennox); and

(B) Exhibit B is amended to remove reference to the Lennox Carbon Store, the related T&S Storage Site and the related Offshore Pipeline Infrastructure;

(ii) amendments to update the APDP to reflect the impact of the Phase 2 Tranche A Uncertain Cost Event such that:

(A) the APDP is amended to remove all references to Phase 2 Tranche A, as follows:

(aa) deletion of the reference to "Lennox" in the definition of "Douglas CCS Platform" in section 1.1 of the APDP;

(bb) deletion of the definition of "Lennox" in section 1.1 of the APDP;

(cc) deletion of reference to the Phase 2 Tranche A Commissioning Activities in the definition of "Phase 2 Acceptance Punchlist Items" in section 1.1 of the APDP;

(dd) deletion of reference to the Phase 2 Tranche A Handover Works in the definition of "Phase 2 Handover Punchlist Items" in section 1.1 of the APDP;

(ee) amendment of section 2.5 of the APDP to refer to two T&S Storage Sites rather than three;

(ff) amendment of section 2.6(b) of the APDP to refer to four Phase 2 Tranches rather than five;

(gg) amendment of section 2.8 to refer to two reservoirs rather than three;

(hh) amendment of "Figure 1: Approved T&S Network" to remove references to "Lennox Wells", "Lennox CO2 WHP" and associated pipelines;

(ii) amendment of section 2.9 of the APDP to refer to four tranches rather than five;

(jj) amendment of "Figure 2: Phase 1 Scope" to remove references to "Lennox Wells", "Lennox CO2 WHP" and associated pipelines, as well as "*** Lennox platform may be commissioned after COD" and "***Lennox wells may be perforated after COD";

(kk) amendment of section 3.2(b) of the APDP to refer to four tranches rather than five;

(ll) section 3.2(b)(i) of the APDP to be replaced with "Not used";

(mm) "Figure 3: Phase 2A Scope" at section 3.2(c) of the APDP to be deleted and renamed "Figure 3: Not used";

(nn) amendment of "Figure 4: Phase 2B Scope" to remove references to "Lennox Wells", "Lennox CO2 WHP" and associated pipelines;

(oo) amendment of "Figure 5: Phase 2C Scope" to remove references to "Lennox Wells", "Lennox CO2 WHP" and associated pipelines;

(pp) amendment of "Figure 6: Phase 2D Scope" to remove references to "Lennox Wells", "Lennox CO2 WHP" and associated pipelines;

(qq) deletion of reference to the Phase 2 Tranche A Systems in the definition of "Phase 2 Systems" in section 3.2(e) of the APDP;

(rr) section 3.2(f) of the APDP to be replaced with "Not used";

(ss) section 3.2(i)(ii)(C) of the APDP to be replaced with "Not used";

(tt) deletion of reference to the Phase 2 Tranche A Handover Works in the definition of "Phase 2 Handover Works" in section 3.2(j)(i) of the APDP;

(uu) section 3.2(j)(ii) of the APDP to be replaced with "Not used";

(vv) deletion of reference to the Phase 2 Tranche A Commissioning Activities Works in the definition of "Phase 2 Commissioning Activities" in section 3.2(k)(i) of the APDP; and

(ww) section 3.2(k)(ii) of the APDP to be replaced with "Not used";

(B) section 3.2(i)(ii) of the APDP is deleted, to be replaced with "Not used";

(C) section 3.4 of the APDP is amended to read as follows:

	Obligated Network Capacity
Maximum Flow Rates	**Maximum Instantaneous Flow Rate:** 139.52 kg/s (4.4 MTPA instantaneous)
	Maximum Annual Cumulative Flow: 2.9 $MtCO_2$
Minimum Flow Rate	6.34 kg/s (0.2 MTPA instantaneous)
Overall Store Capacity	71 $MtCO_2$

(D) section 7.1(c) to be replaced with "Not used"; and

(E) any other consequential amendments as required to give effect to the amendments listed in paragraph 3.1(g)(ii) of this Schedule 10;

(iii) amendments to update the Financial Settlement Document to reflect the impact of the Phase 2 Tranche A Uncertain Cost Event such that:

(A) the SRAV Capex and Opex Construction Period Allowance is reduced by £133.1 million;

(B) the SRAV Capex and Opex Commissioning Period Allowance is reduced by £11.2 million;

(C) the Opex Allowances are reduced by:

(aa) £5.7 million in respect of Operational Charging Year 1;

(bb) £4.6 million in respect of Operational Charging Year 2; and

(cc) £13.2 million in respect of Operational Charging Year 3; and

(dd) £14.1 million in respect of Operational Charging Year 4.

(iv) amendments to update the Technical Details Document to reflect the impact of the Phase 2 Tranche A Uncertain Cost Event such that the Technical Details Document is amended to remove all references to Phase 2 Tranche A, as follows:

(A) "Phase 2 Tranche A (Lennox)" is deleted under the "Phase 2 Activities" heading;

(B) the date of appointment of Independent Certifier for Phase 2 Tranche A is deleted;

(C) the Reporting Commencement Date for Phase 2 Tranche A is deleted;

(D) the P2/ExpA Reporting Period for Phase 2 Tranche A is deleted;

(E) the Scheduled Phase 2 Tranche A Handover Date is deleted;

(F) the Scheduled Phase 2 Tranche A Acceptance Date is deleted; and

(G) any other consequential amendments as required to give effect to the amendments listed in paragraph 3.1(g)(iv) of this Schedule 10.

3.2 **Uncertain Cost Event relating to Notified Early Works**

(a) A Notified Early Works Uncertain Cost Event is an Uncertain Cost Event in respect of which Special Conditions J7.1 to J7.6 (*Variation Re-openers*) shall not apply.

(b) No Change in Scope, Qualifying Change in Law or ONC-related Change in Scope shall arise for the purposes of this licence in connection with, or as a result of:

(i) a Notified Early Works Uncertain Cost Event; or

(ii) any circumstances or events giving rise to a Notified Early Works Uncertain Cost Event,

and the provisions of Part A (*Changes in Scope*) and Part B (*Qualifying Changes in Law*) of Special Condition J2 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) shall not apply in respect of the same.

(c) For the purpose of Special Condition J6.6 (*Uncertain Cost Events*), the Regulator will determine the impact or expected impact (if any) of a Notified Early Works Uncertain Cost Event on the Project (in terms of the Licensee carrying out any Early Works) in accordance with this paragraph 3.2.

(d) As soon as reasonably practicable following the occurrence of a Notified Early Works Uncertain Cost Event, the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the Notified Early Works Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7 and paragraph 3.2(e) of this Schedule 10 (*Project-specific conditions*).

(e) The Licensee must ensure that any application made for an Uncertain Cost Event Re-opener in respect of a Notified Early Works Uncertain Cost Event pursuant to Special Conditions J6.3(a) and J6.4 and this paragraph 3.2 shall include (as a minimum) the following information:

(i) a copy of the notice referred to in the definition of Phase 2 Tranche A Uncertain Cost Event, to evidence that the Phase 2 Tranche A Uncertain Cost Event has occurred;

(ii) which scenario set out in the second table in Appendix B (each a **"Scenario"**) applies (subject to paragraph 3.2(h) of this Schedule 10) and based on that Scenario, the Early Works corresponding to that Scenario, as set out in the second table in Appendix B, that the Licensee will be proceeding with (with such Early Works, notified in the application, being the "**Notified Early Works**");

(iii) Supporting Information to evidence the existence of the Scenario referred to in paragraph 3.2(e)(ii) of this Schedule 10; and

(iv) evidence that the Licensee has received all necessary approvals from the NSTA, pursuant to the Storage Licences relating to the Hamilton Carbon Store and/or the Hamilton North Carbon Store, which may be required to permit the Licensee to carry out the Notified Early Works.

(f) Following submission of an application for an Uncertain Cost Event Re-opener in respect of a Notified Early Works Uncertain Cost Event under paragraph 3.2(d) of this Schedule 10, the Licensee must promptly provide to the Regulator any other Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of the Notified Early Works Uncertain Cost Event.

(g) For the purpose of Special Condition J6.6, and provided that both (A) the Licensee has provided the relevant information required pursuant to paragraphs 3.2(e) and 3.2(f) of this Schedule 10 and Special Condition J6.4; and (B) the Regulator has made a determination pursuant to paragraph 3.1(g) of this Schedule 10, where the Licensee has made an application for a Uncertain Cost Event Re-opener in respect of a Notified Early Works Uncertain Cost Event under this paragraph 3.2, the Regulator will:

(i) determine how the Agreed Allowances (Early Works) corresponding to the Notified Early Works are to be allocated to the different categories of ex ante allowances provided for under this licence and amendments to the Financial Settlement Document to reflect the same;

(ii) determine and make amendments to the APDP to incorporate the Notified Early Works as a new "Phase 2 Tranche F", which amendments shall include:

(A) insertion of reference to the Phase 2 Tranche F Commissioning Activities in the definition of "Phase 2 Acceptance Punchlist Items" in section 1.1 of the APDP;

(B) insertion of reference to the Phase 2 Tranche F Handover Works in the definition of "Phase 2 Handover Punchlist Items" in section 1.1 of the APDP;

(C) amendment of section 2.6(b) of the APDP to refer to five Phase 2 Tranches rather than four;

(D) amendment of section 2.9 of the APDP to refer to five tranches rather than four;

(E) amendment of section 3.2(b) of the APDP to refer to five tranches rather than four;

(F) insertion of new section 3.2(b)(vi) of the APDP as follows:

"**"Phase 2 Tranche F"**, being works and activities relating to the Notified Early Works, as more particularly described in sections 3.2(j)(vii) and 3.2(k)(vii).";

(G) insertion of new "Figure 7: Phase 2F Scope" at section 3.2(c) of the APDP to reflect the scope of Phase 2 Tranche F;

(H) insertion of reference to the Phase 2 Tranche F Systems in the definition of "Phase 2 Systems" in section 3.2(e) of the APDP;

(I) insertion of new section 3.2(iA) of the APDP following section 3.2(i) of the APDP, as follows:

"The **"Phase 2 Tranche F Systems"**, being the Phase 2 Systems forming part of the Approved T&S Network to which the Phase 2 Activities forming part of Phase 2 Tranche F relate, being:

(i) [*insert elements of the "Mitigation Measures Systems" set out in paragraph 1 of Appendix A to this Schedule 10 which relate to the Notified Early Works*].";

(J) insertion of reference to the Phase 2 Tranche F Handover Works in the definition of "Phase 2 Handover Works" in section 3.2(j)(i) of the APDP;

(K) insertion of new section 3.2(j)(vii) of the APDP, as follows:

"The **"Phase 2 Tranche F Handover Works"** include the following works and activities which relate to the Phase 2 Tranche F Systems:

(A) [*insert relevant elements of the "Mitigation Measures Handover Works" set out in paragraph 2 of Appendix A to this Schedule 10 which relate to the Notified Early Works*].";

(L) insertion of reference to the Phase 2 Tranche F Commissioning Activities Works in the definition of "Phase 2 Commissioning Activities" in section 3.2(k)(i) of the APDP;

(M) insertion of new section 3.2(k)(vii) of the APDP, as follows:

"The **"Phase 2 Tranche F Commissioning Activities"** include the following works and activities which relate to the Phase 2 Tranche F Systems:

(A) [*insert relevant elements of the "Mitigation Measures Commissioning Activities" set out in paragraph 3.1 of Appendix A to this Schedule 10 which relate to the Notified Early Works*]."; and

(N) any other consequential amendments as required to give effect to the amendments listed in this paragraph 3.2(g)(ii);

(iii) determine and make amendments to the Technical Details Document to reflect the inclusion of new Phase 2 Tranche F, such that the Technical Details Document is amended as follows:

(A) a new section is included for "Phase 2 Tranche F (Notified Early Works)" under the "Phase 2 Activities" heading after the section for "Phase 2 Tranche E";

(B) a date of appointment of Independent Certifier for Phase 2 Tranche F is inserted, being the date of commencement of the Notified Early Works;

(C) the Reporting Commencement Date for Phase 2 Tranche F is inserted, being the date of commencement of the Notified Early Works;

(D) the P2/ExpA Reporting Period for Phase 2 Tranche F is inserted, being:

"From commencement of the Phase 2 Tranche F Handover Works until Handover of Phase 2 Tranche F, the P2/ExpA Reporting Period for Phase 2 Tranche F is a P2/ExpA Quarter.

From Phase 2 Tranche F Handover onwards, the P2/ExpA Reporting Period for Phase 2 Tranche F is a P2/ExpA Month."

(E) the Scheduled Phase 2 Tranche F Handover Date is inserted, being:

"25 January 2029 or such later date as the Regulator may direct";

(F) the Scheduled Phase 2 Tranche F Acceptance Date is inserted, being:

"4 July 2029 or such later date as the Regulator may direct"; and

(G) any other consequential amendments as required to give effect to the amendments listed in this paragraph 3.2(g)(iii).

(h) Where the Regulator agrees, where the Licensee provides information to the Regulator pursuant to paragraph 3.2(e)(ii) of this Schedule 10 that a particular Scenario applies, the Licensee may proceed on the basis that a particular Scenario applies notwithstanding that not all the circumstances (such as the number of days) fully correspond with the details of that Scenario as set out in the second table in Appendix B.

3.3 **Uncertain Cost Event relating to Mitigation Measures**

(a) **Mitigation Measures Preparatory Activities**

(i) The Licensee must:

(A) notify the Regulator as soon as reasonably practicable after Licence Award which (if any) of the Mitigation Measures Preparatory Activities have been completed prior to Licence Award;

(B) carry out and complete the Mitigation Measures Preparatory Activities (if not already completed prior to Licence Award) as soon as reasonably practicable following Licence Award, and in any event by no later than the end of November 2025 or such later date as directed by the Regulator;

(C) in carrying out the Mitigation Measures Preparatory Activities, the Licensee must use its best endeavours to secure that the NSTA's approval of the Hamilton North Storage Permit Addendum Application and Hamilton Storage Permit Addendum Application would allow the Licensee to achieve the Mitigation Measures Objective should a Phase 2 Tranche A Uncertain Cost Event occur; and

(D) notify the Regulator promptly upon:

(aa) completion of the Mitigation Measures Preparatory Activities; and

(bb) the Hamilton Storage Permit Addendum Application and the Hamilton North Storage Permit Addendum being approved by the NSTA (whether in whole or in part), or where the NSTA has notified the Licensee that either of its applications has been rejected.

(ii) For the purposes of paragraph 3.3(a)(i)(C) of this Schedule 10 (*Project-specific conditions*), the Licensee shall be considered to have used its best endeavours to secure the NSTA's approval to the extent that it has taken all reasonable steps to implement all economic, efficient and effective solutions, including technical solutions, to secure such approval.

(b) **Draft Mitigation Measures Event Re-opener Application**

(i) Prior to the occurrence of a Mitigation Measures Event, the Licensee may submit to the Regulator a draft application for a re-opener under paragraph 3.3(c) of this Schedule 10 in respect of such Mitigation Measures Event, which draft application will include the particulars referred to in paragraph 3.3(c)(v) of this Schedule 10 (a "**Draft Mitigation Measures Event Re-opener Application**"), and following receipt of a Draft Mitigation Measures Event Re-opener Application:

(A) the Regulator will be entitled to request any Supporting Information that it considers appropriate in respect of such Draft Mitigation Measures Event Re-opener Application, which Supporting Information the Licensee shall promptly provide; and

(B) the Regulator will review and consider the relevant Draft Mitigation Measures Event Re-opener Application and may provide comments to the Licensee in respect of the same,

provided that any comments or other response made by the Regulator in respect of a Draft Mitigation Measures Event Re-opener Application shall not be construed as binding as to the Regulator's determination(s) in respect of any application for a re-opener submitted under paragraph 3.3(c)(iv) of this Schedule 10.

(c) **Mitigation Measures Event**

(i) A Mitigation Measures Event is an Uncertain Cost Event, and in respect of such Uncertain Cost Event Special Conditions J7.1 to J7.6 (*Variation Re-openers*) shall only apply where:

(A) the Mitigation Measures are intended to increase the Obligated Network Capacity (or any part of it) beyond the levels set out in the APDP as at Licence Award; or

(B) the cost of the Mitigation Measures increases the value of the SRAV or RAV (as the case may be) by £50 million (CPIH Indexed) or more (being a net increase, taking into account the reduction in the value of the SRAV as a result of the Phase 2 Tranche A Uncertain Cost Event).

(ii) No Change in Scope or Qualifying Change in Law shall arise for the purposes of this licence in connection with, or as a result of:

(A) a Mitigation Measures Event; or

(B) any circumstances or events giving rise to a Mitigation Measures Event,

and the provisions of Part A (*Changes in Scope*) and/or Part B (*Qualifying Changes in Law*) of Special Condition J2 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) shall not apply in respect of the same.

(iii) For the purpose of Special Condition J6.6 (*Uncertain Cost Events*), the Regulator will determine the impact or expected impact (if any) of a Mitigation Measures Event (including the implementation of a Mitigation Measures Plan approved by the Regulator) on the Project in accordance with this paragraph 3.3(c).

(iv) As soon as reasonably practicable following the occurrence of a Mitigation Measures Event, the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the Mitigation Measures Event in accordance with Special Conditions J6.3 to J6.7 (*Uncertain Cost Events*) and paragraph 3.3(c)(v) of this Schedule 10.

(v) The Licensee must ensure that any application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event pursuant to Special Conditions J6.3(a) and J6.4 (*Uncertain Cost Events*) and this paragraph 3.3(c) shall include (as a minimum) the following information:

(A) a draft Mitigation Measures Plan for approval by the Regulator, which must align and be executable in accordance with the Licensee's amended Storage Permits (and must show any changes from any prior draft Mitigation Measures Plan provided to the Regulator pursuant to paragraph 3.3(b) of this Schedule 10);

(B) evidence that the Licensee has informed the NSTA, HSE and OPRED of such draft Mitigation Measures Plan and, where required by the NSTA, HSE and/or OPRED, that it has discussed any elements of the draft Mitigation Measures Plan with the NSTA, HSE and/or OPRED (as relevant);

(C) Supporting Information evidencing the Licensee's justification for:

(aa) the proposed works and/or activities contained within the draft Mitigation Measures Plan (including any alternative works and/or activities considered by the Licensee);

(bb) the proposed programme of such works and/or activities; and

(cc) any departures from the elements set out in Appendix A to this Schedule 10 where it is no longer possible for the draft Mitigation Measures Plan to be substantially aligned with the elements set out in Appendix A to this Schedule 10;

(D) the Licensee's analysis of the effect(s), or likely effect(s), of the implementation of the draft Mitigation Measures Plan (if approved) on allowances, including:

(aa) any reasonable adjustments to any ex ante allowance(s) and/or any proposed new ex ante allowance(s); and

(bb) a detailed justification in respect of the same, including all cost estimates and any other information required to be provided pursuant to the Regulator's Cost Guidance; and

(E) copies of the Licensee's Storage Permits as amended by the Hamilton Storage Permit Addendum and the Hamilton North Storage Permit Addendum, and the Licensee's analysis of the updates (if any) that need to be made to each of the elements of the Obligated Network Capacity set out in section 3.4 of the APDP, such that the Obligated Network Capacity reflects the capacity and flow rates permitted under the Storage Permits.

(vi) Following submission of an application for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event under paragraph 3.3(c)(iv) of this Schedule 10, the Licensee must promptly provide to the Regulator any other Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of the Mitigation Measures Event and the application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event (including the draft Mitigation Measures Plan).

(vii) Where the Licensee has provided the relevant information required pursuant to paragraphs 3.3(c)(v) and 3.3(c)(vi) of this Schedule 10, the Regulator will review the draft Mitigation Measures Plan and the other information submitted and will:

(A) determine that the application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event (including the draft Mitigation Measures Plan) is approved;

(B) determine that the application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event (including the draft Mitigation Measures Plan) is not approved and provide its reasons for such non-approval; or

(C) require further Supporting Information from the Licensee to determine whether to approve the application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event (including the draft Mitigation Measures Plan).

(viii) Where the Regulator:

(A) determines under paragraph 3.3(c)(vii)(A) of this Schedule 10 that the application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event (including the draft Mitigation Measures Plan) is approved, the draft Mitigation Measures Plan will constitute a Mitigation Measures Plan for the purposes of this licence; or

(B) determines under paragraph 3.3(c)(vii)(B) of this Schedule 10 that the application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event (including the draft Mitigation Measures Plan) is not approved:

(aa) the Licensee must promptly amend and resubmit the application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event (including the draft Mitigation Measures Plan) to the Regulator; and

(bb) the procedures in paragraph 3.3(c)(vii) of this Schedule 10 shall be repeated but this paragraph 3.3(c)(viii)(B) shall not apply.

(ix) Where the Licensee has provided the relevant information required pursuant to paragraphs 3.3(c)(v) and 3.3(c)(vi) of this Schedule 10 and Special Condition J6.4 (*Uncertain Cost Events*) and the Regulator has determined that the Licensee's application made for an Uncertain Cost Event Re-opener in respect of a Mitigation Measures Event (including the draft Mitigation Measures Plan) is approved under paragraph 3.3(c)(vii)(A) of this Schedule 10, the Regulator will:

(A) determine and make amendments to the APDP to incorporate the Mitigation Measures Works and Activities other than the Notified Early Works as part of the Phase 2 Tranche introduced into the APDP under paragraph 3.2(g)(ii) of this Schedule 10 (i.e. in addition to the Notified Early Works), which amendments shall include:

(aa) amendment of "Figure 7: Phase 2F Scope" at section 3.2(c) of the APDP to reflect the expanded scope of Phase 2 Tranche F;

(bb) amendment of section 3.2(iA) of the APDP following section 3.2(i) of the APDP to reflect the expanded scope of Phase 2 Tranche F, as follows:

"The **"Phase 2 Tranche F Systems"**, being the Phase 2 Systems forming part of the Approved T&S Network to which the Phase 2 Activities forming part of Phase 2 Tranche F relate, as set out at paragraph [1] (*Mitigation Measures Systems*) of the Mitigation Measures Plan.";

(cc) amendment of section 3.2(j)(vii) of the APDP to reflect the expanded scope of Phase 2 Tranche F, as follows:

"The **"Phase 2 Tranche F Handover Works"** include [the works and activities set out at paragraph [2] (*Mitigation Measures Handover Works*) of the Mitigation Measures Plan].";

(dd) amendment of section 3.2(k)(vii) of the APDP to reflect the expanded scope of Phase 2 Tranche F, as follows:

"The **"Phase 2 Tranche F Commissioning Activities"** include [the works and activities set out at paragraph [3] (*Mitigation Measures Commissioning Activities*) of the Mitigation Measures Plan].";

(ee) any adjustment(s) to each of the elements of the Obligated Network Capacity set out in paragraph 3.4 of the APDP having regard to the capacity and flow rates permitted under the Licensee's Storage Permits as amended by the Hamilton Storage Permit Addendum and the Hamilton North Storage Permit Addendum (and having regard to any other conditions of this Schedule 10 that may impact the Obligated Network Capacity); and

(ff) any other consequential amendments as required to give effect to the amendments listed in this paragraph 3.3(c)(ix)(A); and

(B) determine any adjustments to be made to any ex ante allowances, or any new ex ante allowances, to reflect the impact of the implementation of the Mitigation Measures Plan as approved by the Regulator (taking into account any adjustments to allowances already made in relation to any Notified Early Works pursuant to paragraph 3.2(g) of this Schedule 10); and

(C) determine and make any consequential adjustments or updates to be made to the Project-Specific Documents required to reflect the determinations referred to in this paragraph 3.3(c)(ix).

(x) Without limiting the generality of the requirements under paragraph 3.3(c) of this Schedule 10, Special Conditions H22.14 and H22.15 (*Storage Site performance*) shall apply.

3.4 **Uncertain Cost Events relating to Phase 2 Tranche B**

(a) **Phase 2 Tranche B Uncertain Cost Events**

(i) Each of the following constitutes a **"Phase 2 Tranche B Uncertain Cost Event"** in respect of which Special Conditions J7.1 to J7.6 (*Variation Re-openers*) shall not apply:

(A) together, the circumstances described in paragraph 3.4(d)(i)(A) to (C) of this Schedule 10 (*Project-specific conditions*);

(B) a Relevant Padeswood Planning Refusal; and

(C) [redacted]

(b) **Regulator's determinations relating to Phase 2 Tranche B Uncertain Cost Events - general**

(i) For the purpose of Special Condition J6.6 (*Uncertain Costs Events*), the Regulator will determine the impact or expected impact (if any) of a relevant Phase 2 Tranche B Uncertain Cost Event on the Project in accordance with this paragraph 3.4.

(ii) The Regulator's determinations under this paragraph 3.4 will not:

(A) include any impact or expected impact on, nor any adjustment in respect of, the following:

(aa) Ongoing Devex Allowance(s), other than in the circumstances provided for under paragraphs 3.4(d)(iv)(C), 3.4(e)(iv) and 3.4(f)(vi) of this Schedule 10; or

[redacted]

(B) save where the Licensee expressly requests otherwise in its application for the relevant Phase 2 Tranche B Uncertain Cost Event, include any impact or expected impact on, nor any adjustment in respect of, the following:

(aa) pipeline route where it falls within the area within the red line boundary as shown at Exhibits C and D of Appendix C (*Phase 2B and 2C pipeline routes*) to this Schedule 10 ;

(bb) the start and end point of the Padeswood Spurline as shown at Exhibits C and D of Appendix C to this Schedule 10;

(cc) pipe diameter as outlined in section 3.2(g)(i) of the APDP (i.e. nominal pipe diameter of 16");

(dd) materials selection where such materials are consistent with those specified in 100002F0BXRV08009 Rev01 dated 21 May 2024 "Material Selection Report Padeswood Pipeline";

(ee) wall thickness selection where such wall thickness is consistent with those specified in section 4.1 of 100002F0BLRH80037 Rev01 dated 7 June 2024 "Padeswood Pipeline Mechanical Design Report"; and

(ff) number and/or type of crossings where the number and type of crossings are consistent with those specified in Section 3.4.1 "Spur Pipelines Scope of Work" sub-section "Heidelberg Materials Padeswood Cement" of 000593_DV_CD.DPM.0220.003 Rev03 "CAC3 Submission CAPEX Report" dated 23 February 2024.

[redacted]

(iv) In making a determination under paragraph 3.4(d)(iv)(A) of this Schedule 10, the Regulator will take into account:

(A) its determination (if any) under paragraph 4.1(e)(i) or paragraph 4.1(e)(ii) (*Commencement of Phase 2 Tranche B Handover Works and Phase 2 Tranche C Handover Works*) of this Schedule 10; and

(B) any costs which have been properly and efficiently incurred by the Licensee in connection with any Early Padeswood Works which are the subject of a determination by the Regulator under paragraph 4.1(e)(i) or paragraph 4.1(e)(ii) of this Schedule 10.

(c) **Notification on grant of Padeswood Planning Permission**

(i) Where a Padeswood Planning Permission is granted by a Competent Authority, the Licensee shall notify the Regulator as soon as reasonably practicable:

(A) that a Padeswood Planning Permission has been granted by a Competent Authority; and

(B) whether the Licensee considers that the grant of such Padeswood Planning Permission contains one or more condition(s) which is/are

onerous or unacceptable and therefore the relevant Padeswood Planning Permission will not be a Satisfactory Planning Permission for the purposes of this paragraph 3.4.

(ii) Where the Licensee considers that the grant of a Padeswood Planning Permission contains one or more conditions which is/are onerous or unacceptable and therefore the relevant Padeswood Planning Permission should not be a Satisfactory Planning Permission for the purposes of this paragraph 3.4:

(A) the Licensee shall include in its notice under paragraph 3.4(c)(i) of this Schedule 10 a detailed justification, together with relevant Supporting Information, as to why the Licensee considers that the grant of the relevant Padeswood Planning Permission contains one or more condition(s) which is/are onerous or unacceptable; and

(B) the Regulator will, having reviewed and considered the notice issued by the Licensee, determine whether or not the relevant condition(s) is/are onerous or unacceptable and therefore whether the relevant Padeswood Planning Permission is a Satisfactory Planning Permission.

(iii) Where the Licensee considers that the grant of a Padeswood Planning Permission contains one or more conditions which is/are onerous or unacceptable and therefore the relevant Padeswood Planning Permission will not be a Satisfactory Planning Permission, the Licensee may issue the notice under paragraph 3.4(c)(i) of this Schedule 10 at the same time that it issues any notice under paragraph 3.4(e) of this Schedule 10.

(d) **Satisfactory Planning Permission granted** [redacted]

(i) As soon as reasonably practicable following the last to occur of:

(A) the date on which a Satisfactory Padeswood Planning Permission is Challenge Free;

(B) the date on which the Licensee confirms to the Regulator that, in its opinion (acting reasonably), there is a high likelihood of successfully securing and retaining for the purposes of the Project all [redacted] required to enable the construction, operation and maintenance of the Phase 2 Tranche B Systems; and

(C) the date on which the Licensee has submitted to the Regulator the final cost estimate for the works and activities which form part of Phase 2 Tranche B, which estimate is a class 2 estimate (or a class 3 estimate, if so agreed by the Regulator), as required by the Regulator's Cost Guidance,

the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the relevant Phase 2 Tranche B Uncertain Cost Event in

accordance with Special Conditions J6.3 to J6.7 and paragraph 3.4(d)(ii) of this Schedule 10.

(ii) The Licensee must ensure that any application made in respect of a Phase 2 Tranche B Uncertain Cost Event pursuant to Special Conditions J6.3(a) and J6.4 and this paragraph 3.4(d) shall include (as a minimum) the following information:

(A) an analysis of any reasonable increases or decreases which the Licensee proposes are required to the SRAV Capex and Opex Allowances and/or Ongoing Capex Allowances as a result of the relevant Phase 2 Tranche B Uncertain Cost Event, and any associated proposed amendments to update the Financial Settlement Document;

(B) an analysis of any reasonable increases which the Licensee proposes are required to any Ongoing Devex Allowance(s) to reflect additional development costs which have been properly and efficiently incurred by the Licensee prior to the date of the relevant application in connection with the relevant Phase 2 Tranche B Planning [redacted] Elements as a direct result of a delay in the progression of Phase 2 Tranche B by the Licensee caused by the Phase 2B User, and any associated proposed amendments to update the Financial Settlement Document;

(C) any proposed adjustments to key milestone dates relating to Phase 2 Tranche B, including the relevant Scheduled Phase 2 Handover Date and Scheduled Phase 2 Acceptance Date, as a result of the relevant Phase 2 Tranche B Uncertain Cost Event, and any associated proposed amendments to update the Technical Details Document; and

(D) any proposed amendments required to update section 3.2(g) of the APDP as a result of the relevant Phase 2 Tranche B Planning [redacted] Elements.

(iii) Following submission of an application for a Phase 2 Tranche B Uncertain Cost Event under this paragraph 3.4(d):

(A) where the Licensee reasonably believes that it is, or shall be, delayed in the progression of Phase 2 Tranche B as a direct result of a delay which is directly caused (or will be directly caused) by the Phase 2B User, the Licensee may provide to the Regulator any Supporting Information relating to such delay by the Phase 2B User that the Licensee considers appropriate in the context of its application for a Phase 2 Tranche B Uncertain Cost Event under this paragraph 3.4(d); and

(B) the Licensee must provide to the Regulator any Supporting Information that the Regulator considers appropriate and requests from the

Licensee in respect of the relevant Phase 2 Tranche B Uncertain Cost Event and, where paragraph 3.4(d)(iii)(A) of this Schedule 10 applies, delay to the progression of Phase 2 Tranche B.

(iv) Subject to paragraph 3.4(b)(ii) of this Schedule 10, and provided that the Licensee has provided the relevant information required pursuant to paragraphs 3.4(d)(ii) and 3.4(d)(iii) of this Schedule 10 and Special Condition J6.4, where the Licensee has made an application for a Phase 2 Tranche B Uncertain Cost Event under this paragraph 3.4(d), the Regulator will determine:

(A) any adjustments to be made to:

(aa) the SRAV Capex and Opex Allowances and/or Ongoing Capex Allowances; and

(bb) any key milestone dates, including the Scheduled Phase 2 Tranche B Handover Date and the Scheduled Phase 2 Tranche B Acceptance Date,

in each case to reflect the impact of the relevant Phase 2 Tranche B Uncertain Cost Event (and any consequential adjustments or updates to be made to the Project-Specific Documents required to reflect the same);

(B) any adjustments to be made to the following:

(aa) pipeline flow rate as outlined in section 3.2(g)(i) of the APDP;

(bb) pipeline route where it falls outside the area within the red line boundary as shown at Exhibits C and D of Appendix C to this Schedule 10;

(cc) the connection point between the Padeswood Spurline and the Phase 1 Onshore Pipelines;

(dd) pipe diameter where the pipe diameter is inconsistent with the pipe diameter outlined in section 3.2(g)(i) of the APDP (i.e. nominal pipe diameter of 16");

(ee) the design of the Padeswood AGI to exclude the high integrity pressure protection system (**"HIPPS"**);

(ff) the number and location of block valve stations which form part of the Phase 2 Tranche B Systems;

(gg) materials selection where such materials are inconsistent with those specified in 100002F0BXRV08009 Rev01 dated 21 May 2024 "Material Selection Report Padeswood Pipeline";

(hh) wall thickness selection where such wall thickness is inconsistent with those specified in section 4.1 of 100002F0BLRH80037 Rev01 dated 7 June 2024 "Padeswood Pipeline Mechanical Design Report";

(ii) the number and/or type of crossings where the number and type of crossings are inconsistent with those specified in Section 3.4.1 "Spur Pipelines Scope of Work" sub-section "Heidelberg Materials Padeswood Cement" of 000593_DV_CD.DPM.0220.003 Rev03 "CAC3 Submission CAPEX Report" dated 23 February 2024; and

(jj) the APDP where the Licensee expressly requests adjustment(s) in its application for the relevant Phase 2 Tranche B Uncertain Cost Event,

in each case to reflect the impact of the relevant Phase 2 Tranche B Planning [redacted] Elements (and any consequential adjustments or updates to be made to the Project-Specific Documents required to reflect the same); and

(C) at its discretion, and provided that the Licensee has provided a robust justification in respect of the same, any adjustments to be made to any Ongoing Devex Allowance(s) to reflect additional development costs which have been properly and efficiently incurred by the Licensee in connection with the relevant Phase 2 Tranche B Planning [redacted] Elements as a direct result of a delay in the progression of Phase 2 Tranche B by the Licensee which delay is directly caused by the Phase 2B User (and any consequential adjustments or updates to be made to the Financial Settlement Document required to reflect the same).

(e) **Planning Refusal**

(i) As soon as reasonably practicable following the date of a Relevant Padeswood Planning Refusal, the Licensee:

(A) must notify the Regulator whether the Licensee intends to address such circumstance by way of:

(aa) an appeal against such Relevant Padeswood Planning Refusal; or

(bb) submission of a revised Padeswood TCPA Application; and

(B) may submit an application for an Uncertain Cost Event Re-opener in respect of the relevant Phase 2 Tranche B Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7 and paragraph 3.4(e)(ii) of this Schedule 10.

(ii) The Licensee must ensure that any application made in respect of a Phase 2 Tranche B Uncertain Cost Event pursuant to Special Conditions J6.3(a) and J6.4 and this paragraph 3.4(e) shall include (as a minimum):

(A) the Licensee's analysis of any reasonable increases or decreases which the Licensee considers necessary to any Ongoing Devex Allowance to reflect the impact of the relevant Phase 2 Tranche B Uncertain Cost Event (and any consequential adjustments or updates to be made to the Financial Settlement Document to reflect any such increases or decreases); and

(B) Supporting Information evidencing that the Licensee acted in accordance with Good Industry Practice in the preparation and submission of the relevant Padeswood TCPA Application.

(iii) Following submission of an application for a Phase 2 Tranche B Uncertain Cost Event under this paragraph 3.4(e), the Licensee must provide any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of the relevant Phase 2 Tranche B Uncertain Cost Event.

(iv) Subject to paragraphs 3.4(b)(ii) and 3.4(e)(v) of this Schedule 10, and provided that the Licensee has provided the relevant information required pursuant to paragraphs 3.4(f) and 3.4(e)(iii) of this Schedule 10 and Special Condition J6.4, where the Licensee has made an application for a Phase 2 Tranche B Uncertain Cost Event under this paragraph 3.4(e), the Regulator will determine:

(A) any adjustments to be made to the Ongoing Devex Allowance(s) to reflect:

(aa) the impact of the relevant Phase 2 Tranche B Uncertain Cost Event on the Ongoing Devex Allowance(s); and

(bb) any failure by the Licensee to act in accordance with Good Industry Practice in the preparation and submission of the relevant Padeswood TCPA Application; and

(B) any associated amendments to update the Financial Settlement Document to reflect the same.

(v) Where the Regulator considers that any proposal made by the Licensee in accordance with paragraph 3.4(e)(i)(A)(aa) and/or 3.4(e)(i)(A)(bb) of this Schedule 10 (the "**Padeswood Appeal or Revision**") is not capable of being compatible with the economic, efficient and effective development and/or operation of the T&S Network, then the Regulator will:

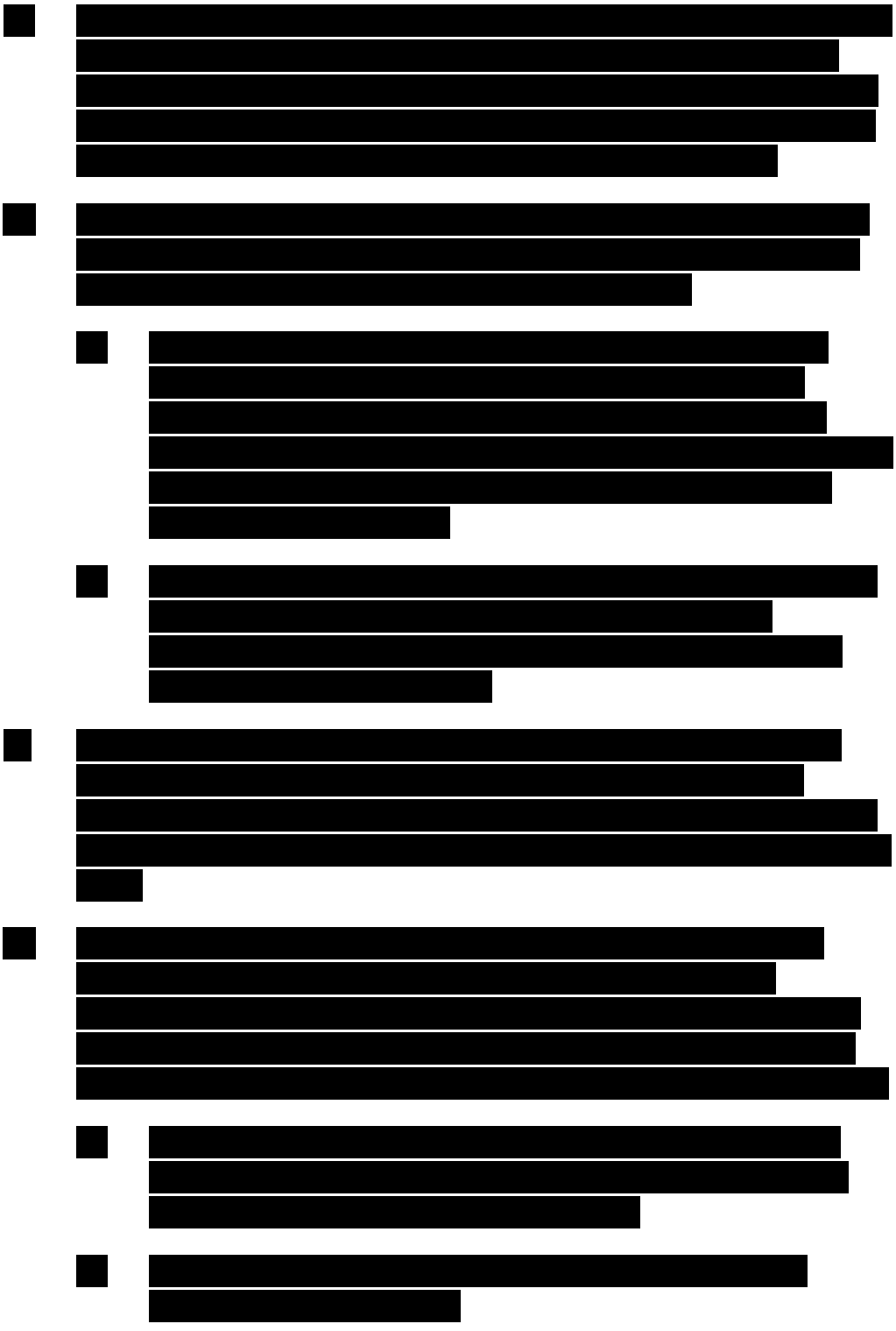
(A) notify and consult the Secretary of State as to whether the Padeswood Appeal or Revision is capable of being compatible with the economic, efficient and effective development and/or operation of the T&S Network; and

(B) where:

(aa) the Secretary of State agrees that the Padeswood Appeal or Revision is not capable of being compatible with the economic, efficient and effective development and/or operation of the T&S Network, the Regulator will notify the Licensee and the Licensee must promptly notify the Regulator under Special Condition J2 (Part A) (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) of a Change in Scope under limb (c) of the definition of Change in Scope to cancel Phase 2 Tranche B; or

(bb) the Secretary of State considers that the Padeswood Appeal or Revision is capable of being compatible with the economic, efficient and effective development and/or operation of the T&S Network, the Regulator will continue to make the determination described in paragraph 3.4(e)(iv) of this Schedule 10.

(f) [redacted]



3.5 **Uncertain Cost Events relating to Phase 2 Tranche C**

(a) **Phase 2 Tranche C Uncertain Cost Events**

(i) Each of the following constitutes a **"Phase 2 Tranche C Uncertain Cost Event"** in respect of which Special Conditions J7.1 to J7.6 (*Variation Re-openers*) shall not apply:

(A) together, the circumstances described in paragraph 3.5(d)(i)(A) to (B) of this Schedule 10 (*Project-specific conditions)*;

(B) a Relevant Runcorn Planning Refusal; and

(C) [redacted]

(b) **Regulator's determinations relating to Phase 2 Tranche C Uncertain Cost Events - general**

(i) For the purpose of Special Condition J6.6 (*Uncertain Costs Events*), the Regulator will determine the impact or expected impact (if any) of a relevant Phase 2 Tranche C Uncertain Cost Event on the Project in accordance with this paragraph 3.5.

(ii) The Regulator's determinations under this paragraph 3.5 will not:

(A) include any impact or expected impact on, nor any adjustment in respect of, the following:

(aa) Ongoing Devex Allowance(s), other than in the circumstances provided for under paragraphs 3.5(d)(iv)(C), 3.5(e)(v) and 3.5(f)(vi) of this Schedule 10; and

(bb) [redacted]

(B) save where the Licensee expressly requests otherwise in its application for the relevant Phase 2 Tranche C Uncertain Cost Event, include any impact or expected impact on, nor any adjustment in respect of, the following:

(aa) pipeline route where it falls within the area within the red line boundary as shown at Exhibits A and B of Appendix C to this Schedule 10;

(bb) the start and end point of the Runcorn Spurline as shown at Exhibits A and B of Appendix C to this Schedule 10;

(cc) pipe diameter as outlined in section 3.2(h)(i) of the APDP (i.e. nominal pipe diameter of 20");

(dd) materials selection where such materials are consistent with those specified in 100002E0BXRV08010 Rev01 dated 4 June 2024 "Material Selection Report for Runcorn Pipeline";

(ee) wall thickness selection where such wall thickness is consistent with those specified in section 4.1 of 100002E0BLRH80143 Rev02 dated 28 November 2024 "Pipeline Mechanical Design Report"; and

(ff) number and/or type of crossings where the number and type of crossings are consistent with those specified in Section 3.4.1 "Spur Pipelines Scope of Work" sub-section "VIRIDOR RUNCORN EfW" of 000593_DV_CD.DPM.0220.003 Rev03 "CAC3 Submission CAPEX Report" dated 23 February 2024.

([redacted]

(iv) In making a determination under paragraph 3.5(d)(iv)(A) of this Schedule 10, the Regulator will take into account:

(A) its determination (if any) under paragraph 4.2(e)(i) or paragraph 4.2(e)(ii) (*Commencement of Phase 2 Tranche B Handover Works and Phase 2 Tranche C Handover Works*) of this Schedule 10; and

(B) any costs which have been properly and efficiently incurred by the Licensee in connection with any Early Runcorn Works which are the subject of a determination by the Regulator under paragraph 4.2(e)(i) or paragraph 4.2(e)(ii) of this Schedule 10.

(c) **Notification on grant of Runcorn Planning Permission(s)**

(i) Where a Runcorn Planning Permission is granted by a Competent Authority, the Licensee shall notify the Regulator as soon as reasonably practicable:

(A) that a Runcorn Planning Permission has been granted by a Competent Authority; and

(B) whether the Licensee considers that the grant of such Runcorn Planning Permission contains one or more condition(s) which is/are onerous or unacceptable and therefore the relevant Runcorn Planning

Permission will not be a Satisfactory Planning Permission for the purposes of this paragraph 3.5.

(ii) Where the Licensee considers that the grant of a relevant Runcorn Planning Permission contains one or more conditions which is/are onerous or unacceptable and therefore the relevant Runcorn Planning Permission should not be a Satisfactory Planning Permission for the purposes of this paragraph 3.5:

(A) the Licensee shall include in its notice under paragraph 3.5(c)(i) of this Schedule 10 a detailed justification, together with relevant Supporting Information, as to why the Licensee considers that the grant of the relevant Runcorn Planning Permission contains one or more condition(s) which is/are onerous or unacceptable; and

(B) the Regulator will, having reviewed and considered the notice issued by the Licensee, determine whether or not the relevant condition(s) is/are onerous or unacceptable and therefore whether the relevant Runcorn Planning Permission is a Satisfactory Planning Permission.

(iii) Where the Licensee considers that the grant of a relevant Runcorn Planning Permission contains one or more conditions which is/are onerous or unacceptable and therefore the relevant Runcorn Planning Permission will not be a Satisfactory Planning Permission, the Licensee may issue the notice under paragraph 3.5(c)(i) of this Schedule 10 at the same time that it issues any notice under paragraph 3.5(e) of this Schedule 10.

(d) **Satisfactory Planning Permissions granted** [redacted]

(i) As soon as reasonably practicable following the last to occur of:

(A) the date on which both Runcorn Planning Permissions are:

(aa) Satisfactory Runcorn Planning Permissions; and

(bb) Challenge Free;

(B) the date on which the Licensee confirms to the Regulator that, in its opinion (acting reasonably), there is a high likelihood of successfully securing and retaining for the purposes of the Project all [redacted] required to enable the construction, operation and maintenance of the Phase 2 Tranche C Systems; and

(C) the date on which the Licensee has submitted to the Regulator the final cost estimate for the works and activities which form part of Phase 2 Tranche C, which estimate is a class 2 estimate (or a class 3 estimate, if so agreed by the Regulator), as required by the Regulator's Cost Guidance,

the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the relevant Phase 2 Tranche C Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7 and paragraph 3.5(d)(ii) of this Schedule 10.

(ii) The Licensee must ensure that any application made in respect of a Phase 2 Tranche C Uncertain Cost Event pursuant to Special Conditions J6.3(a) and J6.4 and this paragraph 3.5(d) shall include (as a minimum) the following information:

(A) an analysis of any reasonable increases or decreases which the Licensee proposes are required to the SRAV Capex and Opex Allowances and/or Ongoing Capex Allowances as a result of the relevant Phase 2 Tranche C Uncertain Cost Event, and any associated proposed amendments to update the Financial Settlement Document;

(B) [redacted]

(C) any proposed adjustments to key milestone dates relating to Phase 2 Tranche C, including the relevant Scheduled Phase 2 Handover Date and Scheduled Phase 2 Acceptance Date, as a result of the relevant Phase 2 Tranche C Uncertain Cost Event, and any associated proposed amendments to update the Technical Details Document; and

(D) any proposed amendments required to update section 3.2(h) of the APDP as a result of the relevant Phase 2 Tranche C [redacted] Elements.

(iii) Following submission of an application for a Phase 2 Tranche C Uncertain Cost Event under this paragraph 3.5(d):

(A) where the Licensee reasonably believes that it is, or shall be, delayed in the progression of Phase 2 Tranche C as a direct result of a delay which is directly caused (or will be directly caused) by the Phase 2C User, the Licensee may provide to the Regulator any Supporting Information relating to such delay by the Phase 2C User that the Licensee considers appropriate in the context of its application for a Phase 2 Tranche C Uncertain Cost Event under this paragraph 3.5(d); and

(B) the Licensee must provide to the Regulator any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of the relevant Phase 2 Tranche C Uncertain Cost Event and, where paragraph 3.5(d)(iii)(A) of this Schedule 10 applies, delay to the progression of Phase 2 Tranche C.

(iv) Subject to paragraph 3.5(b)(ii) of this Schedule 10, and provided that the Licensee has provided the relevant information required pursuant to paragraphs 3.5(d)(ii) and 3.5(d)(iii) of this Schedule 10 and Special Condition J6.4, where the Licensee has made an application for a Phase 2 Tranche C Uncertain Cost Event under this paragraph 3.5(d), the Regulator will determine:

(A) any adjustments to be made to:

(aa) the SRAV Capex and Opex Allowances and/or Ongoing Capex Allowances; and

(bb) any key milestone dates, including the Scheduled Phase 2 Tranche C Handover Date and the Scheduled Phase 2 Tranche C Acceptance Date,

in each case to reflect the impact of the relevant Phase 2 Tranche C Uncertain Cost Event (and any consequential adjustments or updates to be made to the Project-Specific Documents required to reflect the same);

(B) any adjustments to be made to the following:

(aa) pipeline flow rate as outlined in section 3.2(h)(i) of the APDP;

(bb) pipeline route where it falls outside the area within the red line boundary as shown at Exhibits A and B of Appendix C to this Schedule 10;

(cc) the connection point between the Runcorn Spurline and the Phase 1 Onshore Pipelines;

(dd) pipe diameter where the pipe diameter is inconsistent with the pipe diameter outlined in section 3.2(h)(i) of the APDP (i.e. nominal pipe diameter of 20");

(ee) the design of the Runcorn AGI to exclude the HIPPS;

(ff) the number and location of block valve stations which form part of the Phase 2 Tranche C Systems;

(gg) materials selection where such materials are inconsistent with those specified in 100002E0BXRV08010 Rev01 dated 4 June 2024 "Material Selection Report for Runcorn Pipeline";

(hh) wall thickness selection where such wall thickness is inconsistent with those specified in section 4.1 of 100002E0BLRH80143 Rev02 dated 28 November 2024 "Pipeline Mechanical Design Report";

(ii) the number and/or type of crossings where the number and type of crossings are inconsistent with those specified in Section 3.4.1 "Spur Pipelines Scope of Work" sub-section "VIRIDOR RUNCORN EfW" of 000593_DV_CD.DPM.0220.003 Rev03 "CAC3 Submission CAPEX Report" dated 23 February 2024;

(jj) presence or extent of trace heating; and

(kk) the APDP where the Licensee expressly requests adjustment(s) in its application for the relevant Phase 2 Tranche C Uncertain Cost Event,

in each case to reflect the impact of the relevant Phase 2 Tranche C Planning [redacted] Elements (and any consequential adjustments or updates to be made to the Project-Specific Documents required to reflect the same); and

(C) at its discretion, and provided that the Licensee has provided a robust justification in respect of the same, any adjustments to be made to any Ongoing Devex Allowance(s) to reflect additional development costs which have been properly and efficiently incurred by the Licensee in connection with the relevant Phase 2 Tranche C Planning [redacted] Elements as a direct result of a delay in the progression of Phase 2 Tranche C by the Licensee, which delay is directly caused by the Phase 2C User (and any consequential adjustments or updates to be made to the Financial Settlement Document required to reflect the same).

(e) **Planning Refusal(s)**

(i) Subject to paragraph 3.5(e)(ii) of this Schedule 10, as soon as reasonably practicable following the last to occur of:

(A) the date on which a decision has been issued by a Competent Authority in respect of both Initial Runcorn TCPA Applications; and

(B) the date of a Relevant Runcorn Planning Refusal,

the Licensee:

(aa) must notify the Regulator whether the Licensee intends to address such circumstance by way of:

(a) an appeal against the relevant Relevant Runcorn Planning Refusal(s); or

(b) submission of a revised Runcorn TCPA Application(s); and

(bb) may submit an application for an Uncertain Cost Event Re-opener in respect of the relevant Phase 2 Tranche C Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7 and paragraph 3.5(e)(iii) of this Schedule 10.

(ii) Where Planning Refusals occur which are relevant for the purposes of paragraph 3.5(e)(i) of this Schedule 10 and which are Runcorn Planning Refusals in respect of both initial Runcorn TCPA Applications (and, where relevant, related Runcorn Planning Permissions), the Licensee shall consolidate its applications for Uncertain Cost Event Re-openers in respect of such Phase 2 Tranche C Uncertain Cost Events into one single application under paragraph 3.5(e)(iii) of this Schedule 10 as if they were a single Phase 2 Tranche C Uncertain Cost Event.

(iii) The Licensee must ensure that any application made in respect of a Phase 2 Tranche C Uncertain Cost Event(s) pursuant to Special Conditions J6.3(a) and J6.4 and this paragraph 3.5(e) shall include (as a minimum):

(A) the Licensee's analysis of any reasonable increases or decreases which the Licensee considers necessary to any Ongoing Devex Allowance to reflect the impact of the relevant Phase 2 Tranche C Uncertain Cost Event(s) (and any consequential adjustments or updates to be made to the Financial Settlement Document to reflect any such increases or decreases); and

(B) Supporting Information evidencing that the Licensee acted in accordance with Good Industry Practice in the preparation and submission of the relevant Runcorn TCPA Application(s).

(iv) Following submission of an application for a Phase 2 Tranche C Uncertain Cost Event under this paragraph 3.5(e), the Licensee must provide any Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of the relevant Phase 2 Tranche B Uncertain Cost Event.

(v) Subject to paragraphs 3.5(b)(ii) and 3.5(e)(vi) of this Schedule 10, and provided that the Licensee has provided the relevant information required pursuant to paragraphs 3.5(e)(iii) and 3.5(e)(iv) of this Schedule 10 and Special Condition J6.4, where the Licensee has made an application for a Phase 2 Tranche C Uncertain Cost Event(s) under this paragraph 3.5(e), the Regulator will determine:

(A) any adjustments to be made to the Ongoing Devex Allowance(s) to reflect:

(aa) the impact of the relevant Phase 2 Tranche C Uncertain Cost Event(s) on the Ongoing Devex Allowance(s); and

(bb) any failure by the Licensee to act in accordance with Good Industry Practice in the preparation and submission of the relevant Runcorn TCPA Application(s); and

(B) any associated amendments to update the Financial Settlement Document to reflect the same.

(vi) Where the Regulator considers that any proposal made by the Licensee in accordance with paragraph 3.5(e)(i)(B)(aa)(a) and/or 3.5(e)(i)(B)(aa)(b) of this Schedule 10 (the "**Runcorn Appeal or Revision**") is not capable of being compatible with the economic, efficient and effective development and/or operation of the T&S Network, then the Regulator will:

(A) notify and consult the Secretary of State as to whether the Runcorn Appeal or Revision is capable of being compatible with the economic, efficient and effective development and/or operation of the T&S Network; and

(B) where:

(aa) the Secretary of State agrees that the Runcorn Appeal or Revision is not capable of being compatible with the economic, efficient and effective development and/or operation of the T&S Network, the Regulator will notify the Licensee and the Licensee must promptly notify the Regulator under Special Condition J2 (Part A) (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) of a Change in Scope under limb (c) of the definition of Change in Scope to cancel Phase 2 Tranche C; or

(bb) the Secretary of State considers that the Runcorn Appeal or Revision is capable of being compatible with the economic, efficient and effective development and/or operation of the T&S Network, the Regulator will continue to make the determination described in paragraph 3.5(e)(v) of this Schedule 10.

(f) [redacted]

[redacted]

(vi) [redacted]

3.6 **Uncertain Cost Events relating to Phase 2 Tranche D**

(a) The Regulator and the Licensee acknowledge that:

(i) the Licensee shall undertake development activities in respect of Phase 2 Tranche D (the **"Phase 2D Devex Activities"**);

(ii) the Phase 2D Devex Activities are not sufficiently certain at Licence Award to set a full and final Ongoing Devex Allowance in respect of the same at Licence Award; and

(iii) the works and activities in respect of Phase 2 Tranche D which comprise the Phase 2 Tranche D Handover Works and Phase 2 Tranche D Commissioning Activities are not sufficiently certain at Licence Award to reflect the same fully and finally in the Ongoing Capex Allowance(s) and Opex Allowance(s) at Licence Award.

(b) The Licensee must conduct the Phase 2D Devex Activities in accordance with this paragraph 3.6 of this Schedule 10 (*Project-specific conditions*).

(c) The Phase 2D Devex Activities shall be divided into three groups of activities (each a **"Group of Phase 2D Devex Activities"**), as set out in section 3.2(l) of the APDP.

(d) For the purpose of Special Condition J6.6 (*Uncertain Costs Events*), the Regulator will make determinations:

(i) in the case of the First Phase 2 Tranche D Uncertain Cost Event, in accordance with paragraph 3.6(f)(iv) of this Schedule 10; and

(ii) in the case of all other Phase 2 Tranche D Uncertain Cost Events, in respect of the impact or expected impact (if any) of the relevant Phase 2 Tranche D Uncertain Cost Events on the Project, and specifically on:

(A) where relevant, any subsequent Phase 2D Devex Activities and Groups of Phase 2D Devex Activities; and

(B) Phase 2 Tranche D, including the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities,

in accordance with paragraphs 3.6(f) to 3.6(i) of this Schedule 10.

(e) Each of the Phase 2 Tranche D Uncertain Cost Events is an Uncertain Cost Event in respect of which Special Conditions J7.1 to J7.6 (*Variation Re-openers*) shall not apply.

(f) **First Phase 2 Tranche D Uncertain Cost Event**

(i) Where the Licensee notifies the Regulator that it wishes to apply for the first Uncertain Cost Event Re-opener in respect of Phase 2 Tranche D in accordance with Special Condition J6.3(a), an Uncertain Cost Event shall be deemed to have occurred (which Uncertain Cost Event is the **"First Phase 2 Tranche D Uncertain Cost Event"**).

(ii) As soon as reasonably practicable following the notification referred to in paragraph 3.6(f)(i) of this Schedule 10, and on no more than one occasion, the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the First Phase 2 Tranche D Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7.

(iii) The Licensee must ensure that any application made pursuant to paragraph 3.6(f)(ii) of this Schedule 10 and Special Conditions J6.3(a) and J6.4 in respect of the First Phase 2 Tranche D Uncertain Cost Event shall include (as a minimum) the following information:

(A) any proposed changes to the First Group of Phase 2D Devex Activities and/or any subsequent Group(s) of Phase 2D Devex Activities, and any associated proposed amendments to update (where relevant) this paragraph 3.6 of this Schedule 10 and/or the APDP to reflect the same;

(B) a forecast of the Actual Ongoing Devex Costs that the Licensee envisages will be incurred in undertaking:

(aa) the First Group of Phase 2D Devex Activities; and

(bb) the subsequent Groups of Phase 2D Devex Activities (if any), which forecast may be (at the Licensee's election):

(a) an overall forecast for all subsequent Groups of Phase 2D Devex Activities; or

(b) a forecast for each of the subsequent Groups of Phase 2D Devex Activities,

(as such Groups of Phase 2D Devex Activities may have been changed as proposed in paragraph 3.6(f)(iii)(A) of this Schedule 10), and any

associated proposed amendments to update the Financial Settlement Document to reflect the same; and

(C) any proposed updates required to section 3.2(i) of the APDP.

(iv) For the purpose of Special Condition J6.6, and provided that the Licensee has provided the relevant information required pursuant to paragraph 3.6(f)(iii) of this Schedule 10 and Special Condition J6.4, the Regulator will:

(A) determine whether the Licensee can proceed to undertake the First Group of Phase 2D Devex Activities; and

(B) where the Regulator determines under paragraph 3.6(f)(iv)(A) of this Schedule 10 that the Licensee can proceed to undertake the First Group of Phase 2D Devex Activities, (where relevant):

(aa) determine and make any changes to the First Group of Phase 2D Devex Activities and/or any subsequent Groups of Phase 2D Devex Activities, and any associated proposed amendments to update (where relevant) this paragraph 3.6 of this Schedule 10 and/or the APDP to reflect the same;

(bb) determine any positive or negative adjustments (and/or the grant of any new Ongoing Devex Allowance(s)) to be made in respect of:

(a) the First Group of Phase 2D Devex Activities; and

(b) the subsequent Groups of Phase 2D Devex Activities (if any),

and any associated proposed amendments to update the Financial Settlement Document; and

(cc) determine any adjustments to be made to section 3.2(i) of the APDP, and any associated proposed amendments to update the APDP.

(v) Where the Regulator determines under paragraph 3.6(f)(iv)(A) of this Schedule 10 that the Licensee may not proceed to undertake the First Group of Phase 2D Devex Activities, the Licensee must promptly notify the Regulator under Special Condition J2 (Part A) (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) of a Change in Scope under limb (c) of the definition of Change in Scope to cancel Phase 2 Tranche D, including any remaining Phase 2D Devex Activities, the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities.

(vi) Where the Regulator considers that the analysis or information received under paragraph 3.6(f)(iii) of this Schedule 10 and Special Condition J6.4 is

insufficient to enable the Regulator to assess the Licensee's proposals then the Regulator can make a request for any Supporting Information that it considers appropriate and the Licensee must provide such information to the Regulator within ten Business Days of the request, or within such extended time as agreed by the Regulator.

(g) **Second Phase 2 Tranche D Uncertain Cost Event**

(i) The completion of the First Group of Phase 2D Devex Activities by the Licensee shall be an Uncertain Cost Event (which Uncertain Cost Event is the **"Second Phase 2 Tranche D Uncertain Cost Event"**).

(ii) As soon as reasonably practicable following the occurrence of the Second Phase 2 Tranche D Uncertain Cost Event, the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the Second Phase 2 Tranche D Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7.

(iii) The Licensee must ensure that any application made pursuant to paragraph 3.6(g)(ii) of this Schedule 10 and Special Conditions J6.3(a) and J6.4 in respect of the Second Phase 2 Tranche D Uncertain Cost Event shall include (as a minimum) the following information:

(A) any proposed changes to the Second Group of Phase 2D Devex Activities and/or any subsequent Groups of Phase 2D Devex Activities (if any), and any associated proposed amendments to update (where relevant) this paragraph 3.6 of this Schedule 10 and/or the APDP to reflect the same;

(B) a forecast of the Actual Ongoing Devex Costs that the Licensee envisages will be incurred in undertaking:

(aa) the Second Group of Phase 2D Devex Activities; and

(bb) the subsequent Groups of Phase 2D Devex Activities (if any) which forecast may be (at the Licensee's election):

(a) an overall forecast for all subsequent Groups of Phase 2D Devex Activities; or

(b) a forecast for each of the subsequent Groups of Phase 2D Devex Activities,

(as such Groups of Phase 2D Devex Activities may have been changed as proposed in paragraph 3.6(g)(iii)(A) of this Schedule 10), and any associated proposed amendments to update the Financial Settlement Document to reflect the same; and

(C) any proposed updates required to section 3.2(i) of the APDP,

in each case to reflect the impact of the Second Phase 2 Tranche D Uncertain Cost Event.

(iv) For the purpose of Special Condition J6.6, and provided that the Licensee has provided the relevant information required pursuant to paragraph 3.6(g)(iii) of this Schedule 10 and Special Condition J6.4, the Regulator will:

(A) determine whether the Licensee can proceed to undertake the Second Group of Phase 2D Devex Activities; and

(B) where the Regulator determines under paragraph 3.6(g)(iv)(A) of this Schedule 10 that the Licensee can proceed to undertake the Second Group of Phase 2D Devex Activities, (where relevant):

(aa) determine and make any changes to the Second Group of Phase 2D Devex Activities and/or any subsequent Groups of Phase 2D Devex Activities (if any), and any associated proposed amendments to update (where relevant) this paragraph 3.6 of this Schedule 10 and/or the APDP to reflect the same;

(bb) determine any positive or negative adjustments (and/or the grant of any new Ongoing Devex Allowance(s)) to be made in respect of:

(a) the Second Group of Phase 2D Devex Activities; and

(b) the subsequent Groups of Phase 2D Devex Activities (if any),

and any associated proposed amendments to update the Financial Settlement Document; and

(cc) determine any adjustments to be made to section 3.2(i) of the APDP, and any associated proposed amendments to update the APDP,

in each case to reflect the impact of the Second Phase 2 Tranche D Uncertain Cost Event.

(v) Where the Regulator determines under paragraph 3.6(g)(iv)(A) of this Schedule 10 that the Licensee may not proceed to undertake the Second Group of Phase 2D Devex Activities, the Licensee must promptly notify the Regulator under Special Condition J2 (Part A) of a Change in Scope under limb (c) of the definition of Change in Scope to cancel Phase 2 Tranche D, including any remaining Phase 2D Devex Activities, the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities.

(vi) Where the Regulator considers that the analysis or information received under paragraph 3.6(g)(iii) of this Schedule 10 and Special Condition J6.4 is insufficient to enable the Regulator to assess the Licensee's proposals then the Regulator can make a request for any Supporting Information that it considers appropriate and the Licensee must provide such information to the Regulator within ten Business Days of the request, or within such extended time as agreed by the Regulator.

(h) **Third Phase 2 Tranche D Uncertain Cost Event**

(i) The completion of the Second Group of Phase 2D Devex Activities by the Licensee shall be an Uncertain Cost Event (which Uncertain Cost Event is the **"Third Phase 2 Tranche D Uncertain Cost Event"**).

(ii) As soon as reasonably practicable following the occurrence of the Third Phase 2 Tranche D Uncertain Cost Event, the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the Third Phase 2 Tranche D Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7.

(iii) The Licensee must ensure that any application made pursuant to paragraph 3.6(h)(ii) of this Schedule 10 and Special Conditions J6.3(a) and J6.4 in respect of the Third Phase 2 Tranche D Uncertain Cost Event shall include (as a minimum) the following information:

(A) any proposed changes to the Third Group of Phase 2D Devex Activities and any associated proposed amendments to update (where relevant) this paragraph 3.6 of this Schedule 10 and/or the APDP to reflect the same;

(B) a forecast of the Actual Ongoing Devex Costs that the Licensee envisages will be incurred in undertaking the Third Group of Phase 2D Devex Activities, and any associated proposed amendments to update the Financial Settlement Document to reflect the same; and

(C) any proposed amendments required to update section 3.2(i) of the APDP,

in each case to reflect the impact of the Third Phase 2 Tranche D Uncertain Cost Event.

(iv) For the purpose of Special Condition J6.6, and provided that the Licensee has provided the relevant information required pursuant to paragraph 3.6(h)(iii) of this Schedule 10 and Special Condition J6.4, the Regulator will:

(A) determine whether the Licensee can proceed to undertake the Third Group of Phase 2D Devex Activities; and

(B) where the Regulator determines under paragraph 3.6(h)(iv)(A) of this Schedule 10 that he Licensee can proceed to undertake the Third Group of Phase 2D Devex Activities, (where relevant):

(aa) determine and make any changes to the Third Group of Phase 2D Devex Activities, and any associated proposed amendments to update (where relevant) this paragraph 3.6 and/or the APDP to reflect the same;

(bb) determine any positive or negative adjustments (and/or the grant of any new Ongoing Devex Allowance(s)) to be made in respect of the Third Group of Phase 2D Devex Activities, and any associated proposed amendments to update the Financial Settlement Document; and

(cc) determine any adjustments to be made to section 3.2(i) of the APDP, and any associated proposed amendments to update the APDP,

in each case to reflect the impact of the Third Phase 2 Tranche D Uncertain Cost Event.

(v) Where the Regulator determines under paragraph 3.6(h)(iv)(A) of this Schedule 10 that the Licensee may not proceed to undertake the Third Group of Phase 2D Devex Activities, the Licensee must promptly notify the Regulator under Special Condition J2 (Part A) of a Change in Scope under limb (c) of the definition of Change in Scope to cancel Phase 2 Tranche D, including any remaining Phase 2D Devex Activities, the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities.

(vi) Where the Regulator considers that the analysis or information received under paragraph 3.6(h)(iii) of this Schedule 10 and Special Condition J6.4 is insufficient to enable the Regulator to assess the Licensee's proposals then the Regulator can make a request for any Supporting Information that it considers appropriate and the Licensee must provide such information to the Regulator within ten Business Days of the request, or within such extended time as agreed by the Regulator.

(i) **Fourth Phase 2 Tranche D Uncertain Cost Event**

(i) The completion of the Third Group of Phase 2D Devex Activities by the Licensee shall be an Uncertain Cost Event (which Uncertain Cost Event is the **"Fourth Phase 2 Tranche D Uncertain Cost Event"**).

(ii) As soon as reasonably practicable following the occurrence of the Fourth Phase 2 Tranche D Uncertain Cost Event, the Licensee must submit an application for an Uncertain Cost Event Re-opener in respect of the Fourth Phase 2 Tranche D Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7.

(iii) The Licensee must ensure that any application made pursuant to paragraph 3.6(i)(ii) of this Schedule 10 and Special Conditions J6.3(a) and J6.4 in respect of the Fourth Phase 2 Tranche D Uncertain Cost Event shall include (as a minimum) the following information:

(A) the Licensee's analysis of any reasonable increases or decreases which the Licensee proposes are required to the Ongoing Capex Allowance(s), and any associated proposed amendments to update the Financial Settlement Document to reflect any such increases or decreases;

(B) any proposed adjustments to key milestone dates relating to Phase 2 Tranche D, including the Scheduled Phase 2 Tranche D Handover Date and the Scheduled Phase 2 Tranche D Acceptance Date, and any associated proposed amendments to update the Technical Details Document; and

(C) any proposed amendments required to update section 3.2(i) of the APDP,

in each case to reflect the impact of the Fourth Phase 2 Tranche D Uncertain Cost Event and any such determination including any associated amendments to update Project-Specific Documents will be implemented by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

(iv) For the purpose of Special Condition J6.6, and provided that the Licensee has provided the relevant information required pursuant to paragraph 3.6(i)(iii) of this Schedule 10 and Special Condition J6.4, the Regulator will:

(A) determine whether the Licensee can proceed to carry out the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities;

(B) where the Regulator determines under paragraph 3.6(h)(iv)(A) of this Schedule 10 that the Licensee can proceed to carry out the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities, the Regulator will (where relevant) determine adjustments to be made to:

(aa) Ongoing Capex Allowance(s);

(bb) Opex Allowance(s);

(cc) the key milestone dates relating to Phase 2 Tranche D, including the Scheduled Phase 2 Tranche D Handover Date and the Scheduled Phase 2 Tranche D Acceptance Date; and

(dd) section 3.2(i) of the APDP,

and any consequential adjustments or amendments to be made to the Project-Specific Documents required to reflect the same,

in each case to reflect the impact of the Fourth Phase 2 Tranche D Uncertain Cost Event.

(v) Where the Regulator determines under paragraph 3.6(i)(iv)(A) of this Schedule 10 that the Licensee may not proceed to carry out the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities, the Licensee must promptly notify the Regulator under Special Condition J2 (Part A) of a Change in Scope under limb (c) of the definition of Change in Scope to cancel Phase 2 Tranche D, including the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities.

(vi) Where the Regulator considers that the analysis or information received under paragraph 3.6(i)(iii) of this Schedule 10 and Special Condition J6.4 is insufficient to enable the Regulator to assess the Licensee's proposals then the Regulator can make a request for any Supporting Information that it considers appropriate and the Licensee must provide such information to the Regulator within ten Business Days of the request, or within such extended time as agreed by the Regulator.

3.7 **Public Sector Control Requirement Event**

(a) An Additional Public Sector Control Requirement Event is an Uncertain Cost Event in respect of which Special Conditions J7.1 to J7.6 (*Variation Re-openers*) shall not apply.

(b) Where an Additional Public Sector Control Requirement Event occurs, the Licensee must submit an application for an Uncertain Cost Event Re-opener in accordance with Special Conditions J6.3 to J6.6 (*Uncertain Costs Events*).

(c) Where paragraph 3.7(b) of this Schedule 10 (*Project-specific conditions*) applies, the Licensee must ensure that any application made pursuant to Special Conditions J6.3(a) and J6.4 shall include (as a minimum) the following information:

(i) the Licensee's analysis of the likely impact of the relevant Additional Public Sector Control Requirement on the Project;

(ii) the Licensee's analysis of the effect(s), or likely effect(s), of the relevant Additional Public Sector Control Requirement, including a detailed justification in respect of the same, on:

(A) any obligations of the Licensee under this licence and any proposed adjustments of such obligations; and/or

(B) the assumptions that were used in the setting of any allowance in relation to personnel or resourcing,

to take account of the potential Additional Public Sector Control Requirement.

(d) For the purpose of Special Condition J6.6, the Regulator will determine the impact of the Additional Public Sector Control Requirement Event in accordance with paragraphs 3.7(e) to 3.7(h) (inclusive) of this Schedule 10.

(e) Subject to paragraph 3.7(g) of this Schedule 10 provided that the Licensee has provided the relevant information required pursuant to paragraph 3.7(c) of this Schedule 10 and Special Condition J6.4, the Regulator will:

(i) determine the impact or expected impact (if any) on the Project of the relevant Additional Public Sector Control Requirement;

(ii) determine any adjustment to reflect the difference between the assumptions that were used in the setting of any allowance in relation to personnel or resourcing and the Additional Public Sector Control Requirement Costs;

(iii) determine any adjustments to be provided to the Licensee to reflect such impact or expected impact on the T&S Business of the relevant Additional Public Sector Control Requirement.

(f) No adjustment shall be made by the Regulator pursuant to Special Condition J6.6 to the extent that the Regulator considers that:

(i) the Additional Public Sector Control Requirement Costs are not economic, efficient and effective; and/or

(ii) the Licensee's procurement or introduction (as appropriate) of the Additional Public Sector Control Requirement is not in accordance with Additional Public Sector Control Requirement Scope.

(g) The Licensee may propose updates to the Additional Public Sector Control Requirement Scope by submitting a notice to the Regulator containing full particulars of the proposed updates to the Additional Public Sector Control Requirement Scope, which shall include a justification as to why such update to the Additional Public Sector Control Requirement Scope is reasonably required.

(h) Where paragraph 3.7(g) of this Schedule 10 applies, the Regulator will consider the notice provided by the Licensee and will:

(i) determine that all, or part, of the proposed updates are approved and the Additional Public Sector Control Requirement Scope shall be amended accordingly; or

(ii) determine that all, or part, of the proposed updates are not approved and provide its reasons for such non-approval.

3.8 **Uncertain Cost Event relating to a Joule–Thomson Impact**

(a) A Joule–Thomson Uncertain Cost Event is an Uncertain Cost Event in respect of which Special Conditions J7.1 to J7.6 (*Variation Re-opener*s) shall not apply.

(b) For the purpose of Special Condition J6.6 (*Uncertain Cost Events*), the Regulator will determine the impact or expected impact (if any) of a Joule-Thomson Uncertain Cost Event on the Project in accordance with this paragraph 3.8.

(c) The Regulator's determinations under this paragraph 3.8 will not include any impact or expected impact on, nor any adjustment in respect of, any allowance, including those detailed in the Financial Settlement Document.

(d) Where the Licensee concludes, acting reasonably and having undertaken such technical due diligence as would be undertaken by a reasonable and commercially prudent operator operating in similar circumstances, that there is a high likelihood that a Joule-Thomson Impact will occur:

(i) the Licensee must as soon as reasonably practicable notify the Regulator that, in its opinion, there is a high likelihood that a Joule-Thomson Impact will occur and therefore that a potential Joule-Thomson Uncertain Cost Event has occurred; and

(ii) as soon as reasonably practicable following a determination by the Regulator under Special Condition J2.8(a) (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) pursuant to which the Regulator approves the implementation of a Change in Scope under limb (b) of the definition of Change in Scope for the proposed expansion or enhancement of the Approved T&S Network for at least one of the Track 1 Expansion Users, the Licensee may submit an application for an Uncertain Cost Event Re-opener in respect of the potential Joule-Thomson Uncertain Cost Event in accordance with Special Conditions J6.3 to J6.7 and paragraph 3.8(e) of this Schedule 10 (*Project-specific conditions*).

(e) The Licensee must ensure that any application made for an Uncertain Cost Event Re-opener in respect of a potential Joule-Thomson Uncertain Cost Event pursuant to Special Conditions J6.3(a) and J6.4 and this paragraph 3.8 shall include (as a minimum) the following information:

(i) Supporting Information, including any studies undertaken by the Licensee, to evidence that there is a high likelihood that a Joule-Thomson Impact will occur and to evidence the direct impact of the Joule–Thomson effect on the Flint-PoA Pipeline; and

(ii) Supporting Information to evidence that the relevant Joule-Thomson Impact could not be avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice such that the Licensee would be able to convey the Required Flint-PoA Pipeline Flow Rate through the Flint-PoA Pipeline whilst maintaining the Flint-PoA Pipeline Minimum Allowable Operating Temperature.

(f) Following submission of an application for an Uncertain Cost Event Re-opener in respect of a potential Joule-Thomson Uncertain Cost Event under paragraph 3.8(d)(ii) of this Schedule 10, the Licensee must promptly provide to the Regulator any other Supporting Information that the Regulator considers appropriate and requests from the Licensee in respect of the potential Joule-Thomson Uncertain Cost Event.

(g) Provided that the Licensee has provided the relevant information required pursuant to paragraphs 3.8(e) and 3.8(f) of this Schedule 10 and Special Condition J6.4; where the Licensee has made an application for a Uncertain Cost Event Re-opener in respect of a potential Joule-Thomson Uncertain Cost Event under this paragraph 3.8, the Regulator determine whether there is a high likelihood that a Joule-Thomson Impact will occur (a **"Joule-Thomson Uncertain Cost Event"**).

(h) Where the Regulator has made a determination under paragraph 3.8(g) of this Schedule 10 that there is a high likelihood that a Joule-Thomson Impact will occur:

(i) a Joule-Thomson Uncertain Cost Event will have occurred; and

(ii) the Regulator will consider whether it is satisfied that the relevant Joule-Thomson Impact could not be avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice such that the Licensee would be able to convey the Required Flint-PoA Pipeline Flow Rate through the Flint-PoA Pipeline whilst maintaining the Flint-PoA Pipeline Minimum Allowable Operating Temperature; and

(iii) the Regulator will notify the Licensee as to whether or the Regulator is so satisfied.

(i) Where the Regulator (i) makes a determination under paragraph 3.8(g) of this Schedule 10 that a Joule-Thomson Uncertain Cost Event has occurred; and (ii) is satisfied that the relevant Joule-Thomson Impact could not be avoided or overcome or

otherwise mitigated by the Licensee acting in accordance with Good Industry Practice (including taking into account whether to make a CiS Submission for a Change in Scope in accordance with this licence) such that the Licensee would be able to convey the Required Flint-PoA Pipeline Flow Rate through the Flint-PoA Pipeline whilst maintaining the Flint-PoA Pipeline Minimum Allowable Operating Temperature, the Regulator will also determine amendments to update the APDP to reflect the impact of the Joule-Thomson Uncertain Cost Event such that:

(i) section 3.4 of the APDP is amended to state that the Maximum Instantaneous Flow Rate is at least 4.00 MTPA (126.84 kg/s); and

(ii) section 3.1(d)(i)(D) of the APDP is amended to state that the Flint-PoA Pipeline is suitable to convey to convey a flow rate of at least 4.00 MTPA (126.84 kg/s),

and the Regulator's determination of amendments to the APDP as referred to in (i) and (ii) will be the only determinations made by the Regulator to reflect the impact of the Joule Thomson Uncertain Cost Event.

(j) Where (i) the Regulator makes a determination under paragraph 3.8(g) of this Schedule 10 that a Joule-Thomson Uncertain Cost Event has not occurred; and/ or (ii) the Regulator is satisfied that the relevant Joule-Thomson Impact could not be avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice such that the Licensee would be able to convey the Required Flint-PoA Pipeline Flow Rate through the Flint-PoA Pipeline whilst maintaining the Flint-PoA Pipeline Minimum Allowable Operating Temperature:

(i) the Licensee may amend and resubmit its application for a Joule-Thomson Uncertain Cost Event, which application shall comply with the requirements of paragraph 3.8(e) of this Schedule 10; and

(ii) the procedures in paragraphs 3.8(f) to 3.8(j) of this Schedule 10 shall be repeated, but this paragraph 3.8(j) shall not apply.

4. Commencement of Phase 2 Tranche B Handover Works and Phase 2 Tranche C Handover Works

4.1 Phase 2 Tranche B Handover Works

(a) Subject to paragraphs 4.1(c) to 4.1(f) of this Schedule 10 *(Project-specific conditions*), the Licensee shall not commence any Phase 2 Tranche B Handover Works before the occurrence of the Hanson Commitment Event.

(b) The Licensee must promptly notify the Regulator of the occurrence of the Hanson Commitment Event, together with evidence of it and any other relevant Supporting Information.

(c) The Licensee may notify the Regulator if the Licensee considers that, taking into consideration all relevant circumstances and acting in accordance with Good Industry Practice, it would be economic, efficient and effective to commence any part of the

Phase 2 Tranche B Handover Works before the occurrence of the Hanson Commitment Event (and once notified, those parts of the Phase 2 Tranche B Handover Works are referred to as the **"Early Padeswood Works"**).

(d) A notice issued by the Licensee to the Regulator under paragraph 4.1(c) of this Schedule 10 must give particulars of:

(i) a detailed justification, together with relevant Supporting Information, as to why the Licensee considers that it would be economic, efficient and effective to commence the Early Padeswood Works prior to the occurrence of the Hanson Commitment Event, including any cost savings associated with carrying out the Early Padeswood Works before the occurrence of the Hanson Commitment Event instead of after the occurrence of the Hanson Commitment Event;

(ii) which of the Phase 2 Tranche B Handover Works make up the Early Padeswood Works;

(iii) an estimate of the costs associated with the Early Padeswood Works;

(iv) a timetable for the carrying out of the Early Padeswood Works; and

(v) such other Supporting Information that the Regulator has notified the Licensee that the Regulator requires.

(e) Where paragraph 4.1(c) of this Schedule 10 applies the Regulator will review and consider the notice issued by the Licensee to the Regulator under paragraph 4.1(c) and may:

(i) determine that the Licensee may commence all of the Early Padeswood Works before the occurrence of the Hanson Commitment Event;

(ii) determine that the Licensee may commence part of the Early Padeswood Works before the occurrence of the Hanson Commitment Event; or

(iii) determine that the Licensee may not commence any part of the Early Padeswood Works before the occurrence of the Hanson Commitment Event.

(f) If:

(i) the Regulator has made a determination under paragraph 4.1(e)(i) or paragraph 4.1(e)(ii) of this Schedule 10; and

(ii) a Change in Scope occurs under limb (c) of the definition of Change in Scope as a direct result of the Hanson Commitment Event not occurring;

in making a determination under Special Condition J2.9 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) in relation to such Change in Scope, the Regulator will take into account its determination under paragraph 4.1(e)(i) or paragraph 4.1(e)(ii) of this Schedule 10 (as the case may be).

4.2 **Phase 2 Tranche C Handover Works**

(a) Subject to paragraphs 4.2(c) to 4.2(f) of this Schedule 10, the Licensee shall not commence any Phase 2 Tranche C Handover Works before the occurrence of the Viridor Commitment Event.

(b) The Licensee must promptly notify the Regulator of the occurrence of the Viridor Commitment Event, together with evidence of it and any other relevant Supporting Information.

(c) The Licensee may notify the Regulator if the Licensee considers that, taking into consideration all relevant circumstances and acting in accordance with Good Industry Practice, it would be economic, efficient and effective to commence any part of the Phase 2 Tranche C Handover Works before the occurrence of the Viridor Commitment Event (and once notified, those parts of the Phase 2 Tranche C Handover Works are referred to as the **"Early Runcorn Works"**).

(d) A notice issued by the Licensee to the Regulator under paragraph 4.2(c) of this Schedule 10 must give particulars of:

(i) a detailed justification, together with relevant Supporting Information, as to why the Licensee considers that it would be economic, efficient and effective to commence the Early Runcorn Works prior to the occurrence of the Viridor Commitment Event, including any cost savings associated with carrying out the Early Runcorn Works before the occurrence of the Viridor Commitment Event instead of after the occurrence of the Viridor Commitment Event;

(ii) which of the Phase 2 Tranche C Handover Works make up the Early Runcorn Works;

(iii) an estimate of the costs associated with the Early Runcorn Works;

(iv) a timetable for the carrying out of the Early Runcorn Works; and

(v) such other Supporting Information that the Regulator has notified the Licensee that the Regulator requires.

(e) Where paragraph 4.2(c) of this Schedule 10 applies the Regulator will review and consider the notice issued by the Licensee to the Regulator under paragraph 4.2(c) of this Schedule 10 and may:

(i) determine that the Licensee may commence all of the Early Runcorn Works before the occurrence of the Viridor Commitment Event;

(ii) determine that the Licensee may commence part of the Early Runcorn Works before the occurrence of the Viridor Commitment Event; or

(iii) determine that the Licensee may not commence any part of the Early Runcorn Works before the occurrence of the Viridor Commitment Event.

(f) If:

(i) the Regulator has made a determination under paragraph 4.2(e)(i) or paragraph 4.2(e)(ii) of this Schedule 10; and

(ii) a Change in Scope occurs under limb (c) of the definition of Change in Scope as a direct result of the Viridor Commitment Event not occurring;

in making a determination under Special Condition J2.9 in relation to such Change in Scope, the Regulator will take into account its determination under paragraph 4.2(e)(i) or paragraph 4.2(e)(ii) of this Schedule 10 (as the case may be).

5. NR-related FM Events

5.1 The definition of Force Majeure Event shall include the occurrence of an NR-related FM Event after Licence Award in respect of which J2 (Part C) (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) shall apply:

(a) if and to the extent that the Licensee demonstrates to the Regulator that:

(i) the occurrence of the relevant NR-related FM Event is beyond the Licensee's control; and

(ii) the effects of the NR-related FM Event could not have been avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice; and

(b) provided that:

(i) at Licence Award, the Licensee has not received any NR-related FM Notices from Network Rail or otherwise become aware, or been put on notice, that Network Rail intends to issue any NR-related FM Notices; or

(ii) in the case of an NR Lease, the relevant NR Termination Provision was required by Network Rail to be included in the relevant NR Lease notwithstanding the reasonable endeavours of the Licensee to exclude the relevant NR Termination Provision from the relevant NR Lease;

(iii) where the relevant NR Lease or the NR Deed of Grant (as the case may be) contains an NR Termination Provision and/or, in the case of the NR Deed of Grant, an NR Talacre Pipeline Provision, the Licensee notifies the Regulator:

(A) in the case of the NR Deed of Grant, by no later than Licence Award, that the NR Deed of Grant contains an NR Termination Provision and/or NR Talacre Pipeline Provision, together with full details of the relevant NR Termination Provision and/or NR Talacre Pipeline Provision; and

(B) in the case of an NR Lease:

(aa) that the relevant NR Lease contains an NR Termination Provision, together with full details of the relevant NR Termination Provision; and

(bb) of the date of grant of the relevant NR Lease and, where the relevant NR Lease has been registered at the Land Registry, the title number of such NR Lease,

such notification to be given either:

(a) where the relevant NR Lease is entered into between Network Rail and the Licensee prior to Licence Award, by no later than Licence Award; and

(b) where the relevant NR Lease is entered into between Network Rail and the Licensee at or following Licence Award, no later than ten Business Days following the date on which the Licensee and Network Rail enter into the relevant NR Lease;

(iv) where the relevant NR Lease contains an NR Termination Provision but, as at the date of the Licensee's notification to the Regulator under paragraph 5.1(b)(iii) of this Schedule 10 (*Project-specific conditions*), the relevant NR Lease is not registered at the Land Registry, the Licensee notifies the Regulator of the title number of such NR Lease as soon as reasonably practicable following any such registration (where applicable); and

(v) as soon as reasonably practicable following receipt by the Licensee of an NR-related FM Notice from Network Rail, the Licensee notifies the Regulator of such receipt and, where relevant, provides a copy of such notice to the Regulator.

5.2 The Licensee and the Regulator acknowledge that, at Licence Award, the definitions of "NR-related FM Event", "NR Talacre Pipeline Provision" and "NR Termination Provision" in paragraph 1.1 of this Schedule 10 (the **"Relevant NR Definitions"**) reflect the terms of the NR Deed of Grant as at Licence Award and the Standard NR Lease (as applicable).

5.3 If at any time an NR Land Agreement Change occurs and the Licensee considers that such NR Land Agreement Change results in a misalignment between the drafting of the Relevant NR Definitions and the corresponding terms of the relevant Adjusted NR Land Agreement (an **"NR Misalignment"**), then the provisions of paragraphs 5.4 to 5.10 of this Schedule 10 shall apply.

5.4 Where an NR Land Agreement Change has occurred and the Licensee considers that an NR Misalignment has arisen therefrom, the Licensee must so notify the Regulator, which notice must give particulars of:

(a) the NR Land Agreement Change that has occurred;

(b) a detailed explanation of the NR Land Agreement Change and a justification for such NR Land Agreement Change having been made (together with relevant Supporting Information);

(c) the NR Misalignment that the Licensee considers will arise as a result of the implementation of its proposals;

(d) any proposed modifications to this paragraph 5 (and/or any related definitions as set out in paragraph 1.1 of this Schedule 10) that the Licensee considers are required to resolve the NR Misalignment; and

(e) such other Supporting Information that the Regulator notifies the Licensee that the Regulator requires.

5.5 Where the Licensee has submitted a notice under paragraph 5.4 of this Schedule 10, the Regulator will review the submission and:

(a) determine that an NR Misalignment has arisen as a result of the relevant NR Land Agreement Change; or

(b) determine that an NR Misalignment has not arisen as a result of the relevant NR Land Agreement Change.

5.6 Where the Regulator makes a determination under paragraph 5.5(a) of this Schedule 10, the Regulator will determine:

(a) the extent to which it is possible for modifications to be made to this paragraph 5 (and/or any related definitions as set out in paragraph 1.1 of this Schedule 10) to resolve the NR Misalignment such that the Licensee is kept in no better nor worse position than it would have been in had the NR Land Agreement Change not occurred (**"Resolving Modifications"**); and

(b) where the Regulator determines that it is possible to make Resolving Modifications under paragraph 5.6(a) of this Schedule 10, the relevant Resolving Modifications to be made.

5.7 Where the Regulator makes a determination under paragraph 5.6(b) of this Schedule 10, the Regulator will modify this paragraph 5 (and/or any related definitions as set out in paragraph 1.1 of this Schedule 10) by direction to implement the intended Resolving Modifications.

5.8 Prior to making a direction under paragraph 5.7 of this Schedule 10, the Regulator will:

(a) send a notice to the Licensee setting out the Resolving Modifications to be made to this paragraph 5 (and/or any related definitions as set out in paragraph 1.1 of this Schedule 10); and

(b) state a period during which representations may be made on the proposed direction, which will not be less than 28 days.

5.9 Any direction under paragraph 5.7 of this Schedule 10 will set out:

(a) the Resolving Modifications to be made to this paragraph 5 (and/or any related definitions as set out in paragraph 1.1 of this Schedule 10); and

(b) the date on which such Resolving Modifications are to have effect.

5.10 Where the Regulator:

(a) makes a determination under paragraph 5.5(b) of this Schedule 10; or

(b) determines under paragraph 5.6(a) of this Schedule 10 that it is not possible to make Resolving Modifications,

no modifications shall be made to this paragraph 5 (and/or any related definitions as set out in paragraph 1.1 of this Schedule 10) as a result of the relevant NR Land Agreement Change.

6. Pre-Licence Award Capex Costs

6.1 The Licensee's Pre-Licence Award Capex Costs shall form part of the Day1 SRAV in real (Base Year) prices (and the definition of **"Day1 SRAV"** in Special Condition E1.1 (*Definitions*) shall be amended in accordance with paragraph 6.2 of this Schedule 10 *(Project-specific conditions*), provided that in the event that the Licensee's Pre-Licence Award Capex Costs exceed the amount of the Pre-Licence Award Capex Allowance, only the Pre-Licence Award Capex Costs up to (but not exceeding) the Pre-Licence Award Capex Allowance shall form part of the Day1 SRAV.

6.2 The definition of **"Day1 SRAV"** in Special Condition E1.1 shall include a new limb (c) as follows:

"(c) any Pre-Licence Award Capex Costs which form part of the Day1 SRAV at Licence Award in accordance with paragraph 6.1 of Schedule 10;"

and any references in the licence to the "Day1 SRAV" shall be to the Day1 SRAV as amended by this paragraph 6.2.

6.3 The amount of the Pre-Licence Award Capex Costs that shall form part of the Day1 SRAV will be notified to the Regulator by the Secretary of State prior to the first End of Quarter Date falling on 30 June after Licence Award.

6.4 The Regulator shall determine at the first Annual Iteration Process a negative adjustment to the SRAV Capex and Opex Construction Period Allowance by an amount equal to the Pre-Licence Award Capex Costs added to the Day1 SRAV and shall make amendments to update the Financial Settlement Document to reflect any such adjustments.

6.5 No later than 15 Business Days following each End of Quarter Date falling between Licence Award and the first Annual Iteration Process after Licence Award, the Licensee must provide to the Regulator and the Secretary of State details of:

(a) the Pre-Licence Award Capex Costs incurred by the Licensee; and

(b) the Pre-Licence Award Capex Allowance and the SRAV Capex and Opex Construction Period Allowance, with reference to the amount of Pre-Licence Award Capex Costs incurred by the Licensee which relate to the capital expenditure costs covered by such Pre-Licence Award Capex Allowance and SRAV Capex and Opex Construction Period Allowance.

7. Standard condition B24 (*Procurement*)

7.1 Amendment to standard condition B24 (*Procurement*)

(a) During the Construction Period and the Commissioning Period only, limb (b) of the definition of **"Applicable Procurement Threshold"** is deemed to read as follows:

"£5,000,000 (CPIH Indexed) for contracts for the procurement of goods and/or services".

(b) The amendment in paragraph 7.1(a) of this Schedule 10 (*Project-specific conditions*) shall:

(i) cease to have any effect from the Commercial Operations Date; and

(ii) not have effect in relation to any subsequent periods of construction or commissioning under this licence.

7.2 Conditions that apply in the context of the amendment to standard condition B24 (*Procurement*)

(a) When the Licensee is procuring goods and/or services during the Construction Period or the Commissioning Period, and the total value of the contract or modification thereto to be awarded is forecast to be:

(i) equal or less than the Applicable Procurement Threshold; and

(ii) greater than £500,000 (CPIH Indexed),

then, where the Licensee has not carried out a competitive tender process, the Licensee must nonetheless incorporate appropriate procurement benchmarking in its procurement process.

8. Decommissioning Regulations Event Re-opener

Introduction

8.1 The purpose of this condition is to set out:

(a) when Standard Condition D2 (*Offshore Decommissioning Fund*) comes into force; and

(b) the provisions that apply in circumstances where the Licensee becomes aware of a Decommissioning Regulations Event.

Structure

8.2 This condition is structured as follows:

(a) Part A sets out when Standard Condition D2 comes into force;

(b) Part B provides that the coming into force of the Initial Decommissioning Regulations does not fall within the scope of the Qualifying Changes in Law regime;

(c) Part C sets out the trigger and process for a DRE Review; and

(d) Part D states that any modifications will be implemented in accordance with section 13 of the Act.

Part A: Status of Standard Condition D2 (*Offshore Decommissioning Fund*)

8.3 Standard Condition D2 will come into force on the date when the Initial Decommissioning Regulations come into force.

Part B: Foreseeable Change in Law

8.4 For the purposes of Special Condition J2 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*), the coming into force of the Initial Decommissioning Regulations is a Foreseeable Change in Law.

Part C: Trigger for a DRE Review

8.5 Upon the occurrence of a Decommissioning Regulations Event and receipt of a DRE Submission from the Licensee, the Regulator will undertake a DRE Review in accordance with this Part C.

8.6 Where the Licensee becomes aware of a Decommissioning Regulations Event, the Licensee must submit to the Regulator a submission (a **"DRE Submission"**) within 60 Business Days of the occurrence of the Decommissioning Regulations Event (or such longer period as the Regulator agrees) giving particulars of:

(a) the nature of the Decommissioning Regulations Event;

(b) the Licensee's analysis of the likely impact (if any) of the Decommissioning Regulations Event on arrangements relating to the Licensee's obligations pursuant to the Offshore Decommissioning Requirements, as compared to the arrangements in place as at Licence Award relating to such obligations;

(c) the Licensee's analysis of the changes (if any) that the Licensee considers are appropriate to Standard Condition D2 as a result of the Decommissioning Regulations Event, including any changes to arrangements referenced in paragraph 8.6(b) of this Schedule 10 (*Project-specific conditions*);

(d) detailed justification in relation to any matters referred to in paragraphs 8.6(b) and 8.6(c) of this Schedule 10, including the outcome of any consultation by the Licensee in relation to the matters referred to in paragraph 8.6(b) of this Schedule 10 with the Secretary of State, OPRED and/or the NSTA; and

(e) the Licensee's assessment and satisfactory evidence of any additional costs as a result of the Decommissioning Regulations Event, including any additional costs arising from changes to the arrangements referenced in paragraph 8.6(b) of this Schedule 10.

8.7 Where a DRE Submission has been made by the Licensee, the Regulator will initiate a review (a **"DRE Review"**) to make a determination in relation to the matters referred to in paragraphs 8.6(b) and 8.6(c) of this Schedule 10 and in carrying out its DRE Review, the Regulator will:

(a) consider the Licensee's DRE Submission; and

(b) consult the Secretary of State, OPRED and the NSTA for their views on the Licensee's DRE Submission.

8.8 Once the Regulator has completed its DRE Review, the Regulator will:

(a) where the Initial Decommissioning Regulations come into force, determine whether and/or what modifications are required to Standard Condition D2 and associated defined terms to make the provisions of Standard Condition D2 consistent and aligned with the Initial Decommissioning Regulations;

(b) where the Initial Decommissioning Regulations have not come into force by the Decommissioning Fund Obligation Date, determine whether and/or what modifications are required to Standard Condition D2 to ensure that the Licensee is able to establish the Offshore Decommissioning Fund contemplated by Standard Condition D2 in the absence of any Decommissioning Regulations; and

(c) determine whether and/or what other adjustments under this licence or any Project-Specific Documents are required to address any additional costs of the Licensee to reflect the impact (if any) of the Decommissioning Regulations Event on arrangements relating to the Licensee's obligations pursuant to the Offshore Decommissioning Requirements as compared to the arrangements in place as at Licence Award relating to such obligations, such that the Licensee is put in a no better nor worse position than it would have been in had the Decommissioning Regulations Event not occurred (which may include new ex ante allowances).

Part D: Process for modifications to licence conditions

8.9 Any determination by the Regulator pursuant to paragraph 8.8 of this Schedule 10, including any associated amendments to update any Project-Specific Documents, will be implemented by the Regulator by way of a modification of the conditions of this licence in accordance with section 13 of the Act.

8.10 The Regulator shall not be required to undertake more than one DRE Review under this condition.

9. RFS Agreement

Prior to the Commercial Operations Date, any costs incurred by the Licensee in connection with the RFS Agreement including but not limited to any costs incurred in relation to the performance of any services under the RFS Agreement shall be at the Licensee's own expense and therefore constitute Excluded Project Spend pursuant to limb (o)(iii) of the definition of Excluded Project Spend.

10. Payment of Seller's Decommissioning Fund Contribution

Introduction

10.1 The purpose of this condition is to set out the Licensee's obligation to pay into the Offshore Decommissioning Fund the Seller's Decommissioning Fund Contribution received by the Licensee in accordance with the terms of the Asset Transfer Agreement.

Obligation

10.2 Subject to any requirements under the Decommissioning Regulations, if the Licensee receives the Seller's Decommissioning Fund Contribution from the Seller in accordance with the terms of the Asset Transfer Agreement, the Licensee must, as soon as is reasonably possible:

(a) where, as at the Payment Date, the Licensee has established the Offshore Decommissioning Fund, pay the Seller's Decommissioning Fund Contribution into the Offshore Decommissioning Fund; or

(b) where, as at the Payment Date, the Licensee has not yet established the Offshore Decommissioning Fund, ensure that the Seller's Decommissioning Fund Contribution is held:

(i) in a separate blocked bank account to be segregated from any other assets or monies held by the Licensee; and

(ii) in compliance with the Interim Holding Arrangements approved by the Secretary of State, pursuant to the terms of the Asset Transfer Agreement,

and not grant any security (or any right of set off or combination in favour of any person, including the account bank) over it or make any withdrawals or other disposals from it except:

(A) to comply with paragraph 10.3 of this Schedule 10 (*Project-specific conditions*); or

(B) for the purposes of carrying out any decommissioning of any part of the Offshore Infrastructure (or related activities) as required by OPRED or the NSTA in accordance with any Offshore Decommissioning Requirements; or

(C) to comply with any obligation under clause 5.1.2 of the Asset Transfer Agreement to make a payment back to the Seller, where, as contemplated by the terms of the Asset Transfer Agreement, OPRED makes a final determination which results in a reduction in the value of the Seller's Decommissioning Fund Contribution.

10.3 Subject to any requirements under the Decommissioning Regulations, where in accordance with paragraph 10.2(b) of this Schedule 10 the Licensee was not able to pay the Seller's Decommissioning Fund Contribution into the Offshore Decommissioning Fund upon receipt of the Seller's Decommissioning Fund Contribution, the Licensee must pay the Seller's Decommissioning Fund Contribution into the Offshore Decommissioning Fund as soon as reasonably possible after the Offshore Decommissioning Fund has been established.

11. Obligated Network Capacity

11.1 In accordance with its obligations under Standard Condition B14.3 (*Availability of resources*), the Licensee must at all times act in a manner designed to secure that it has available to itself such licences, permits, approvals and consents as may be required for the Licensee to achieve the Obligated Network Capacity.

11.2 No Qualifying Change in Law shall occur for the purposes of this licence in connection with, or as a result of, any ONC-related Change in Scope and the provisions of Part B (*Qualifying Changes in Law*) of Special Condition J2 shall not apply in respect of the same.

11.3 If a change to a licence, permit, approval or consent (including any Storage Permit) comes into effect following Licence Award, which:

(a) prevents the Licensee from achieving the Obligated Network Capacity (or any part thereof), such change shall constitute grounds for a Change in Scope under limb (c) of the definition of the term "Change in Scope"; or

(b) enables the Licensee to increase the Obligated Network Capacity (or any part thereof), such change shall constitute grounds for a Change in Scope under limb (b) of the definition of the term "Change in Scope", notwithstanding that there may be no associated requirement for (i) an allocation of an Ongoing Devex Allowance; and/or (ii) an increase to an SRAV Capex and Opex Allowance and/or the Ongoing Capex Allowances (as relevant)

(each an **"ONC-related Change in Scope"**), and the provisions of Part A (*Change in Scope*) of Special Condition J2 (*Supervening Event Re-openers, Insured Risk Events and Relief Events*) shall apply in respect of any such ONC-related Change in Scope.

11.4 In making a determination under Special Condition J2.9 in relation to a Change in Scope under limb (c) of the definition of Change in Scope (including any relevant ONC-related Change in Scope) or under Special Condition J2.18 in relation to a Qualifying Change in Law, the Regulator will take into account the extent to which the relevant Supervening Event:

(a) could be, or could have been, avoided or overcome or otherwise mitigated by the Licensee acting in accordance with Good Industry Practice; and/or

(b) is, or was, caused or contributed to by acts and/or omissions of the Licensee or of:

(i) any of its Affiliates, Related Undertakings or Ultimate Controllers; or

(ii) any of its agents, employees, contractors, subcontractors or other suppliers (of any tier) acting on its behalf,

save to the extent that any such Affiliate, Related Undertaking, Ultimate Controller, agent, employee, contractor, subcontractor or other supplier (of any tier) is (i) acting (or omitting to act) in its capacity as a User; and/or (ii) acting (or omitting to act) on behalf of a User.

12. Re-use Assets Valuation

12.1 In addition to any adjustments made to the Re-use Assets Valuation pursuant to Special Condition F5.3 (*Re-use Assets Valuation*) or Special Condition G8.3 (*Re-use Assets Valuation*) (as the case may be), the Regulator shall also make adjustments to the Re-use Assets Valuation to reflect any adjustments that are made in accordance with the provisions of the Asset Transfer Agreement to reflect:

(a) the amount of the Seller's Decommissioning Fund Contribution; and/or

(b) the occurrence of a Phase 2 Tranche A Uncertain Cost Event.

12.2 The Licensee must provide the Regulator with any information reasonably required to enable the Regulator to determine any adjustment to a Re-use Assets Valuation in accordance with paragraph 12.1 of this Schedule 10 (*Project-specific conditions*).

Appendix A

Basis for Mitigation Measures Plan

The works, activities and other steps that need to be undertaken by the Licensee to implement the Mitigation Measures (other than the Mitigation Measures Preparatory Activities)

1. **Mitigation Measures Systems**:

The **"Mitigation Measures Systems"** are as follows:

(a) A fifth injection well on the Hamilton Carbon Store from Hamilton Main and all facilities required to inject into and operate the well; and

(b) a third injection well on the Hamilton North Carbon Store from Hamilton North and all facilities required to inject into and operate the well.

2. **Mitigation Measures Handover Works**:

The **"Mitigation Measures Handover Works"** include, as relevant, the following works and activities which relate to the Mitigation Measures Systems:

(a) design and engineering of the Mitigation Measures Systems, of which:

(i) the definition of the well design and well programme;

(ii) the definition of the HM and HN layouts, flowline size and materials and design of instrumentation and metering;

(b) procurement of the Mitigation Measures Systems, including long lead items outlined as Early Works Item 3 (see first table in Appendix B);

(c) execution planning of the Mitigation Measures Systems, including producing the construction and Mechanical Completion plans and procedures and compiling the associated dossiers, each in line with the detailed engineering deliverables and performance standards;

(d) permitting the Mitigation Measures Systems - securing the approvals required to, as a minimum, construct and install the Mitigation Measures Systems, including any and all licences, permits, consents and approvals, including any regulatory and statutory approvals;

(e) fabrication, construction and installation of the Mitigation Measures Systems, outlined as Early Works Items 1, 2, 4 and 6 (see first table in Appendix B) to the point of Mechanical Completion, including ensuring that fabrication, construction, erection, installation, testing, cleaning and hydrotesting of any assemblies or equipment forming part of the Mitigation Measures Systems have been satisfactorily completed and documented in accordance with specified design and Project requirements;

(f) all drawings and documentation required for performance of the Mitigation Measures Commissioning Activities are modified in red-line mark-up; and

(g) preparation of a punchlist containing the Licensee's proposed Phase 2 Handover Punchlist Items relating to Phase 2 Tranche F.

3. **Mitigation Measures Commissioning Activities**:

The **"Mitigation Measures Commissioning Activities"** include, as relevant, the following works and activities which relate to the Mitigation Measures Systems:

(a) achievement of Handover of the Mitigation Measures Handover Works, as determined by the Regulator under Special Condition I2.19 (*T&S Network expansion and additional construction, commissioning and operational periods*);

(b) the rectification, resolution and/or completion of all Phase 2 Handover Punchlist Items relating to Phase 2 Tranche F;

(c) pre-commissioning of the Mitigation Measures Systems prior to the introduction of CO_2, including:

(i) successful completion of site acceptance testing to the extent not completed as part of the Mitigation Measures Handover Works;

(ii) successful completion of functional testing of all equipment forming part of the Mitigation Measures Systems including successful operational testing of utilities and of the process systems in closed loop with inert fluids;

(iii) preparatory activities for CO_2 introduction into the Mitigation Measures Systems including dewatering, cleaning and pipeline drying, process lines leak testing with inert medium, well barriers testing, first fill of equipment with nitrogen;

(iv) calibration of allocation metering;

(v) successful completion of testing of all safety systems;

(vi) energisation (where appropriate) of the Mitigation Measures Systems;

(vii) well perforation, installation and successful completion of testing of Xmas trees, and flowline hook-up in respect of the Mitigation Measures Systems;

(d) securing the following approvals required to, as a minimum, commission and operate the Mitigation Measures Systems, including any and all:

(i) licences;

(ii) permits;

(iii) consents;

(iv) approvals, including any and all regulatory and statutory approvals; and

(v) all relevant land agreements;

(e) the following commissioning of the Mitigation Measures Systems:

(i) super drying of the Mitigation Measures Systems (for pressure containing equipment) to dew point specification (indicatively -30 to -40 degrees Celsius);

(ii) first fill of equipment forming part of the of the Mitigation Measures Systems with CO_2;

(iii) successful completion of functional testing of all equipment forming part of the Mitigation Measures Systems with CO_2;

(iv) successful completion of testing of all safety systems and achieving confirmation in respect of the functionality of the same from a qualified independent certification body;

(v) commissioning of process systems with process fluid;

(f) all drawings and documentation required for operations are modified are modified in red-line mark-up;

(g) to the extent applicable procurement, implementation of the updates to, and subsequent successful completion of testing of, the Information Technology (IT) applications, databases and communication systems, including that of the T&S Network Portal (as defined in the CCS Network Code) in line with the requirements under the CCS Network Code;

(h) successful completion of performance testing of the Mitigation Measures Systems to demonstrate at a minimum well performance multi-rate testing on each well including start-up and shutdown with CO_2. The performance testing (the **"Hamilton Acceptance Requirements"**) is required to demonstrate that the two wells which form part of the Mitigation Measures Systems (the **"Phase 2F Wells"**):

(i) can, in aggregate across the wells which form part of the Phase 1 Systems (the **"Phase 1 Wells"**) and the Phase 2F Wells, accept the 4.74 MTPA (150.30 kg/s) peak instantaneous flow volumes (with such testing to be based on the data obtained as part of the well performance testing in respect of the Phase 1 Wells as detailed in section 3.1(f)(ix)(A) of the APDP) or such other peak instantaneous flow volumes as revised in the Hamilton Storage Permit Addendum and the Hamilton North Storage Permit Addendum and determined by the Regulator under paragraph 3.3(c)(ix)(A)(ee); and

(ii) across all eight injection wells (being the Phase 1 Wells and the Phase 2F Wells) are predicted to accept sufficient capacity of CO_2 to enable the Licensee to achieve the Availability Target in each Operational Charging Year:

(A) proven by physical injection to be able to inject a minimum of:

(aa) 0.58 instantaneous MTPA (18.39 kg/s) per well on average (i.e., not all wells tested at the same time, and some wells may be injecting at lower rates); and

(bb) at least 0.20 MTPA instantaneous (6.34 kg/s) per well,

save where, at the time of testing, User flows are not capable of providing 0.58 MTPA instantaneous (18.39 kg/s) or such other flow volumes as revised in the Hamilton Storage Permit Addendum and the Hamilton North Storage Permit Addendum and determined by the Regulator under paragraph 3.3(c)(ix)(A)(ee), in which case the Phase 2F Wells:

(cc) must be proven by physical injection to be able to inject the actual flow rates delivery by the User(s); and

(dd) must be predicated based on calibrated well models to be able to inject a minimum of 0.58 MTPA instantaneous (18.39 kg/s),

(with such testing to be based on the data obtained as part of the well performance testing in respect of the Phase 1 Wells as detailed in section 3.1(f)(ix)(A) of the APDP); and

(iii) across the Phase 2F Wells are predicted to accept sufficient capacity of CO_2 to enable the Licensee to achieve the Availability Target in each Operational Charging Year:

(A) predicted based on calibrated well models to be able to inject a minimum of 0.8 MTPA (25.37 kg/s) per Hamilton Carbon Store well on average and 0.6 MTPA (19.03 kg/s) per Hamilton North Carbon Store well on average (i.e., not all wells tested at the same time, and some wells may be injecting at lower rates) and at least 0.20 MTPA (6.34 kg/s) per well when the store conditions are 48bara at the Hamilton Carbon Store and 51bara at the Hamilton North Carbon Store; and

(i) preparation of a punchlist containing the Licensee's proposed Phase 2 Acceptance Punchlist Items relating to relating to the Mitigation Measures Commissioning Activities.

Appendix B

Early Works

The Early Works are described as follows:

			Agreed Allowance (Early Works) (£)	
Item no.	**Early Work**	**Further details of the Early Work**	**2023/2024 money values**	**2021 money values**
1	Drilling of fifth injection well into Hamilton Carbon Store from Hamilton Main (as defined in the APDP)	Drilling injection well Completion of injection well NB installation of Xmas tree and well perforations not considered Early Works but to be included in MMP	Total £10,215,141* *This amount is the net amount (i.e. the gross amount has been adjusted for the cost of items ordered / purchased in relation to Phase 2 Tranche A prior to Licence Award)	Total £8,897,608* *This amount is the net amount (i.e. the gross amount has been adjusted for the cost of items ordered / purchased in relation to Phase 2 Tranche A prior to Licence Award)
2	Drilling of third injection well into Hamilton North Carbon Store from Hamilton North (as defined in the APDP)	Drilling injection well Completion of injection well NB installation of Xmas tree and well perforations not considered Early Works but to be included in MMP	Total £10,215,141* *This amount is the net amount (i.e. the gross amount has been adjusted for the cost of items ordered / purchased in relation to Phase 2 Tranche A prior to Licence Award)	Total £8,897,608* *This amount is the net amount (i.e. the gross amount has been adjusted for the cost of items ordered / purchased in relation to Phase 2 Tranche A prior to Licence Award)
3	Place order for long lead items for the second well (either Hamilton or	(a) 20" conductors. Estimated 8-12 months lead time.	Total £1,840,000	Total £1,602,680

			Agreed Allowance (Early Works) (£)	
	Hamilton North) plus spare	(b) 13 3/8" casing. Estimated 6-8 months lead time from Tenaris (c) Wellhead systems. Estimated 12 months lead time		
4	Flowline installation in construction yard	Procurement, fabrication, installation and fit out of flowlines and associated equipment and controls in construction yard prior to sail away. Performance of this Early Work precludes Item no. 6 which is the same activity but executed offshore.	£500,000 per well	£435,511 per well
5	Rig mobilisation	(a) Rig and spread rate based on 15 days (b) Rig move vessels (c) Rig move services (d) Repeat site survey and site-specific assessment (e) Rock dumping if required to remediate previous spud can depressions (f) Platform interface costs	Total £6,110,000 per rig move (This figure is based on: (a) £2,000,000 (b) £1,040,000 (c) £120,000 (d) £450,000 (e) £2,000,000 (f) £500,000)	Total £5,321,942 per rig move
6	Offshore Installation of Flowlines	(a) Procurement of flowline (b) Manpower, logistics and vessels required to offshore install and hook-up the flowlines.	Total £2,050,000 per well (This figure is based on: (a) £400,000 per well	Total £1,785,594 per well

			Agreed Allowance (Early Works) (£)	
		Based on a 12-day campaign per well Performance of this Early Work precludes Item no. 4, which is the same activity but executed onshore, before the topsides leaves the construction yard.	(b) £1,650,000 per well)	

The different possible Scenarios and the corresponding Early Works (more particularly described above) are as follows:

Scenario	Relative Timing	Early Works
A	Regulator determinations under paragraph 3.1(g) of this Schedule 10 occur at least 28 days before the demobilisation of the drilling rig performing operations at Hamilton North is scheduled to take place based on the Licensee's most current project schedule.	1, 2, 3, 4
B1	Regulator determinations under paragraph 3.1(g) of this Schedule 10 occur: (a) at least 28 days before the demobilisation of the drilling rig performing operations at Hamilton Main is scheduled to take place based on Licensee's most current project schedule; and (b) at least 300 days before the new Hamilton Main topsides is scheduled to be ready for sail away based on the Licensee's most current project schedule.	1, 3, 4
B2	Regulator determinations under paragraph 3.1(g) of this Schedule 10 occur: (a) at least 28 days before the demobilisation of the drilling rig performing operations at Hamilton Main is scheduled to take place based on the Licensee's most current project schedule; and (b) less than 300 days before the new Hamilton Main topsides is scheduled to be ready for sail away, based on the Licensee's most current project schedule.	1, 3, 6
C1	Regulator determination under paragraphs 3.1(g) of this Schedule 10 occur:	1, 3, 5, 6

Scenario	Relative Timing	Early Works
	(a) less than 28 days before the demobilisation of the drilling rig performing operations at Hamilton Main is scheduled to take place based on the Licensee's most current project schedule; and (b) the Seller has confirmed that a rig is available to mobilise to Hamilton Main, spud a well and demobilise at least 100 days before the scheduled topsides removal at Hamilton Main based on Licensee's updated project schedule.	
C2	Regulator determinations under paragraph 3.1(g) of this Schedule 10 occur: (a) less than 28 days before the demobilisation of the drilling rig performing operations at Hamilton North is scheduled to take place based on the Licensee's most current project schedule; and (b) the Seller has confirmed that a rig is available to mobilise to Hamilton North, spud a well and demobilise at least 100 days before the scheduled topsides removal at Hamilton North based on Licensee's updated project schedule.	2, 3, 5, 6
D	Regulator determinations under paragraph 3.1(g) of this Schedule 10 occur: (a) less than 28 days before the demobilisation of the drilling rig performing operations at Hamilton North is scheduled to take place based on the Licensee's most current project schedule; and (b) less than 300 days before the new Hamilton Main or Hamilton North topsides is scheduled to be ready for sail away based on the Licensee's most current project schedule.	3, 6

Appendix C

Phase 2B and 2C pipeline routes

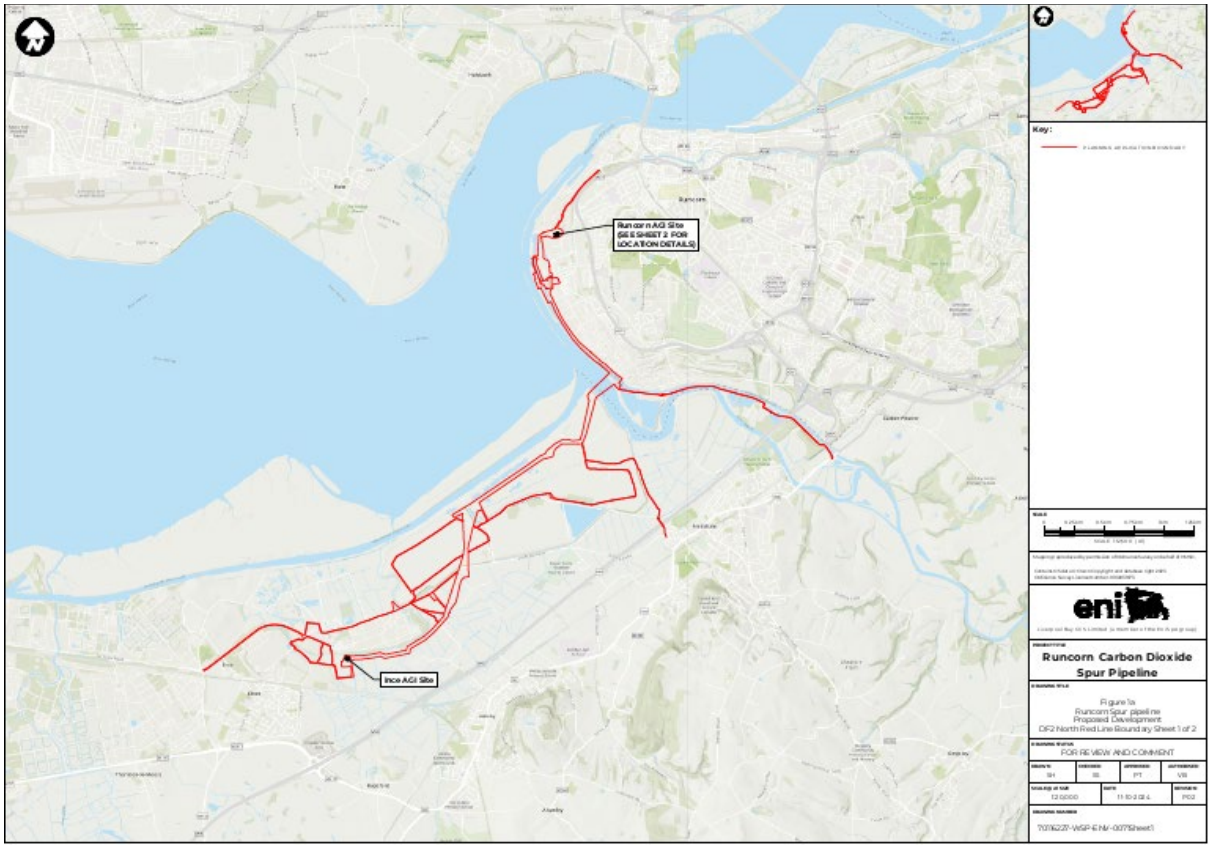


Exhibit A

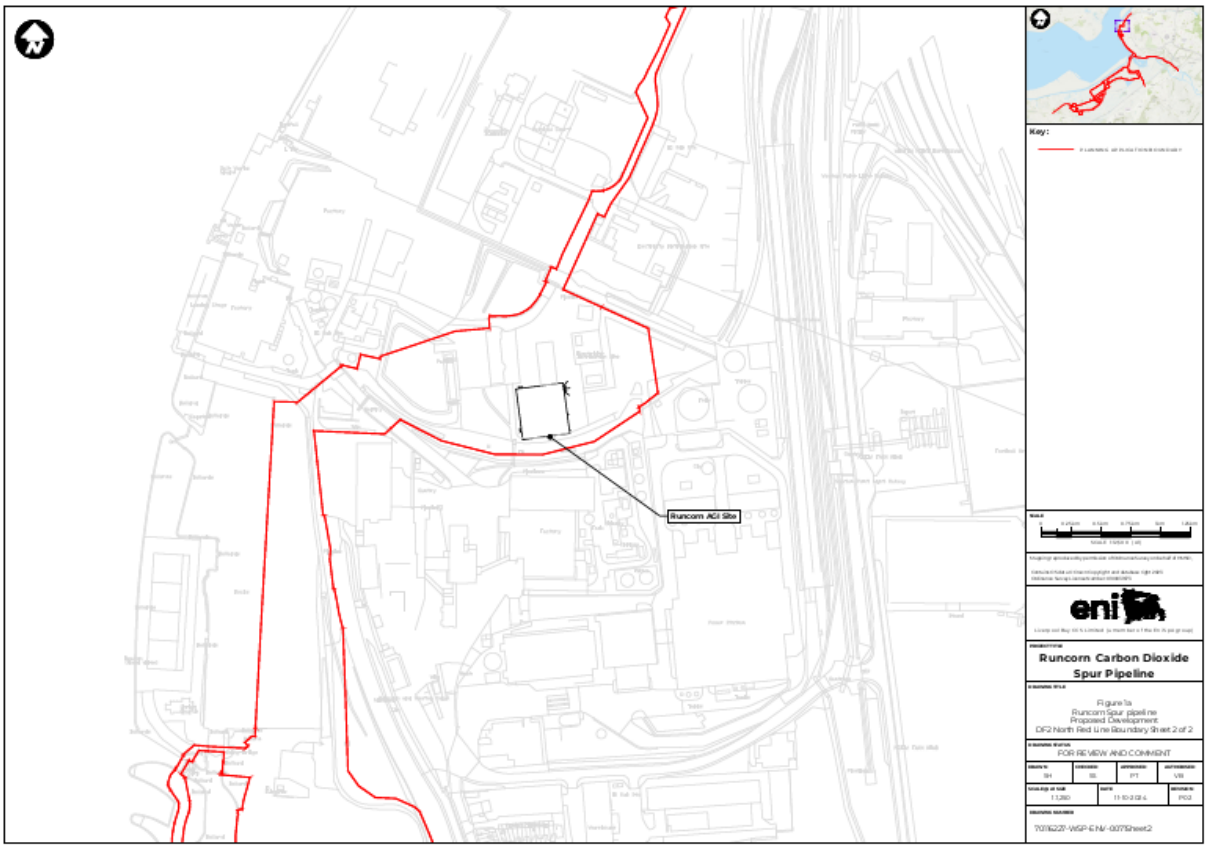


Exhibit B

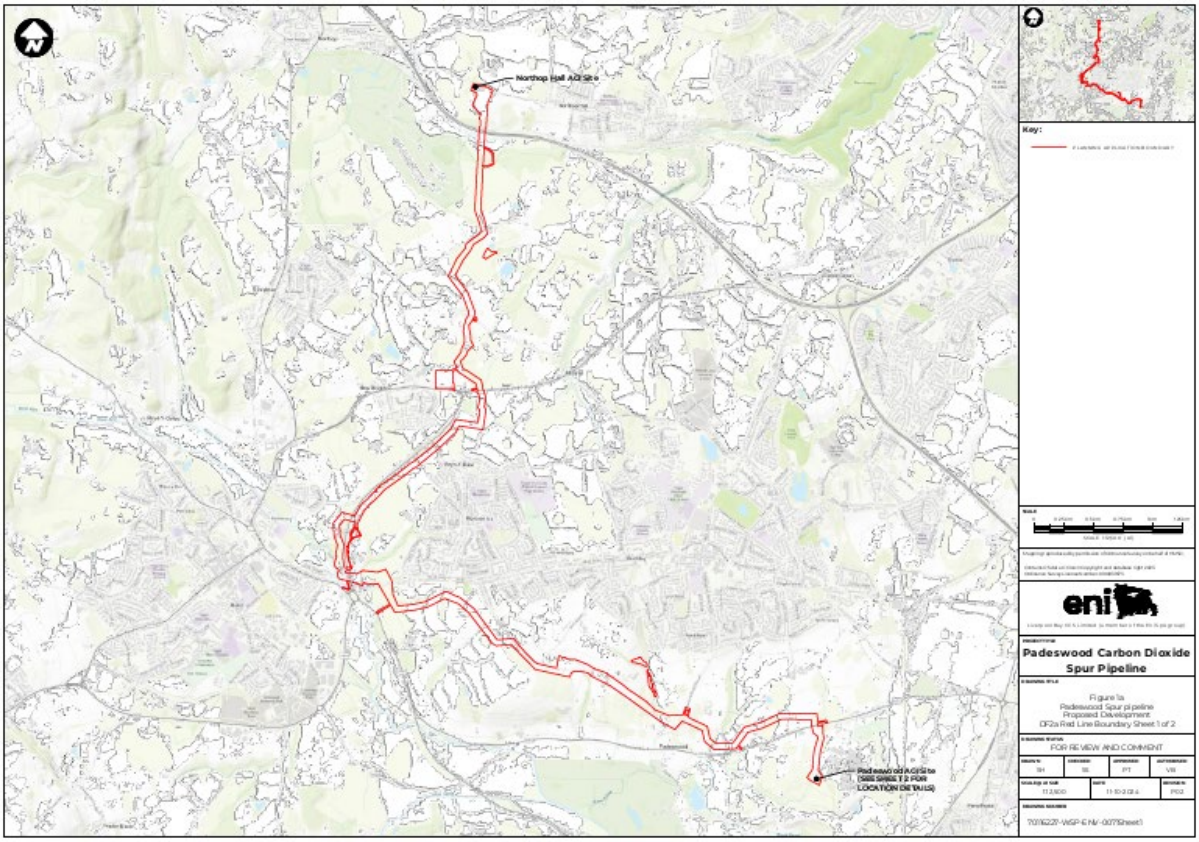


Exhibit C

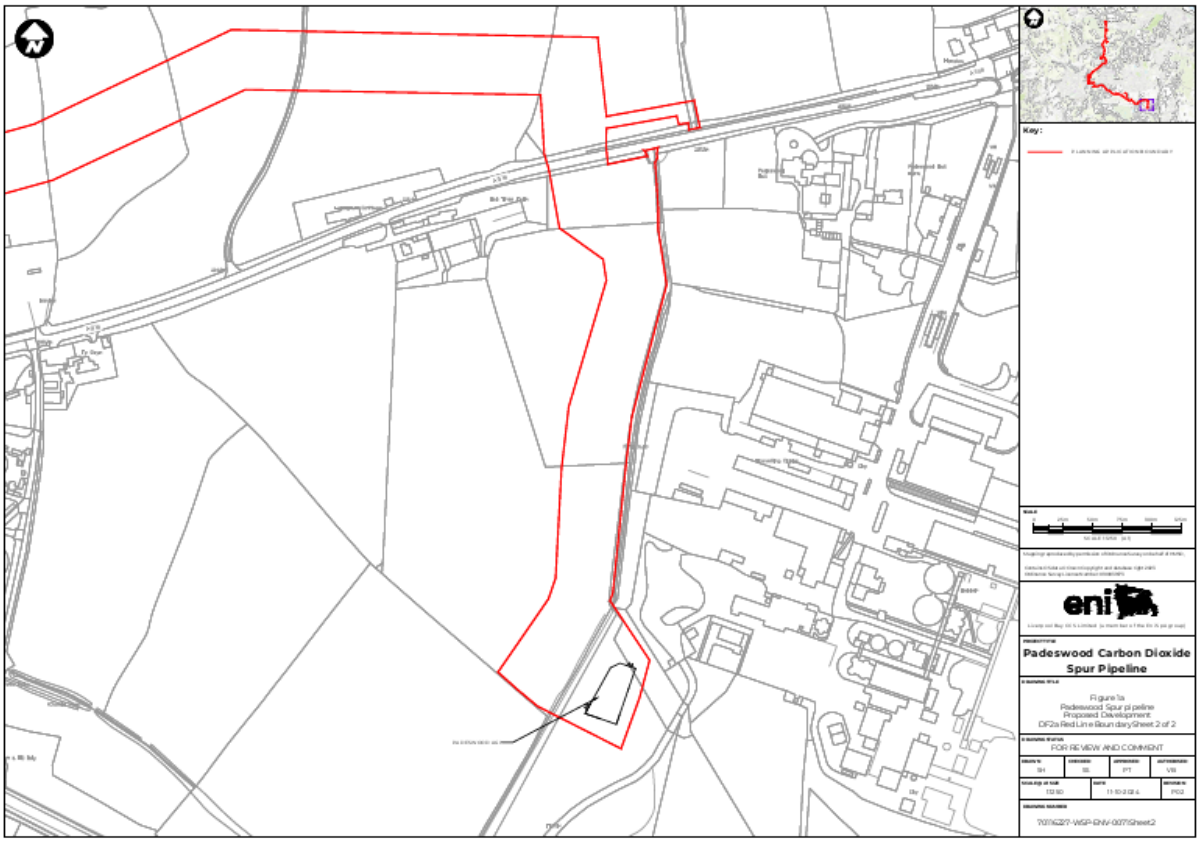

Key:
eni
Padeswood Carbon Dioxide Spur Pipeline
Figure 1a
Padeswood Spur pipeline
Proposed Development
DF2a Red Line Boundary Sheet 2 of 2
FOR REVIEW AND COMMENT
70116227-WSP-ENV-0075Sheet2

Exhibit D

Appendix D

Standard NR Lease

OFFICIAL

DATED 20[ ]

NETWORK RAIL INFRASTRUCTURE LIMITED

- to -

LIVERPOOL BAY CCS LIMITED

L E A S E

- of -

Subsoil at [ ][1] in connection with the proposed HyNet Carbon Dioxide Pipeline DCO
Beginning: [ ][2]
Ending: 31 December 2992
Yearly Rent: A peppercorn (if demanded)

(Subject to review)

———

[1] Drafting note: Insert details of the parcel of land for the Relevant Works Package

[2] Drafting note: Insert the date of the lease

OFFICIAL

LR1. Date of Lease	
LR2. Title number(s)	**LR2.1 Landlord's title number** **LR2.2 Other title number**
LR3. Parties to this lease	**Landlord** NETWORK RAIL INFRASTRUCTURE LIMITED (Company Number 2904587) whose registered office is at Waterloo General Office, Station Approach, London SE1 8SW **Tenant** LIVERPOOL BAY CCS LIMITED (Company Number 13194018) whose registered office is at Eni House, 10 Ebury Bridge Road, London SW1W 8PZ
LR4. Property	**In the case of a conflict between this clause and the remainder of this lease then, for the purpose of registration, this clause shall prevail.** As described at clause 1.4
LR5. Prescribed statements etc.	**LR5.1 Statements prescribed under rules 179 (dispositions in favour of a charity), 180 (dispositions by a charity) or 196 (leases under the Leasehold Reform, Housing and Urban Development Act 1993) of the Land Registration Rules 2003.** Not applicable **LR5.2 This lease is made under, or by reference to provisions of:** **Leasehold Reform Act 1967** **Housing Act 1985** **Housing Act 1988** **Housing Act 1996** Not applicable

LR6. Term for which the Property is leased	The term as specified in this lease at clause 1.7
LR7. Premium	None
LR8. Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions.
LR 9. Rights of acquisition etc.	**LR9.1 Tenants contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land** Not applicable **LR9.2 Tenant's covenant to (or offer to) surrender this lease** Not applicable **LR9.3 Landlord's contractual rights to acquire this lease** Not applicable
LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None
LR11. Easements	**LR11.1 Easements granted by this lease for the benefit of the Property** As described at clause 4.6 **LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property** As described at clauses 4.1 - 4.5 (inclusive)

LR12. Estate rentcharge burdening the Property	Not applicable
LR13. Application for standard form of restriction	None
LR14. Declaration of trust where there is more than one person comprising the Tenant	N/A

OFFICIAL

T H I S L E A S E is made between the Landlord and the Tenant on the date below.

1. PARTICULARS

1.1. Date:	20[ ]
1.2. Landlord:	NETWORK RAIL INFRASTRUCTURE LIMITED (company registration number 2904587) whose registered office is at Waterloo General Office, Station Approach, London SE1 8SW ("**Network Rail**").
1.3. Tenant:	LIVERPOOL BAY CCS LIMITED (Company Number 13194018) whose registered office is at Eni House, 10 Ebury Bridge Road, London SW1W 8PZ.
1.4. Property[3]:	such part of the subsoil and under-surface of Network Rail's Premises as comprises a strip thereof [TBC metres] in width in which the Service Media shall have been or will be situated the position of which said strip is shown edged in red on the Plan annexed hereto and so that the following provisions shall have effect for the purpose of determining the upper and lower limits of the Property that is to say: a) the upper limit of the Property shall be [TBC] of a metre below the surface of Network Rail's Premises; and b) the lower limit of the Property shall be [TBC] below the surface of Network Rail's Premises.

[3] Drafting Note: Details to be inserted for the land parcel relating to the Relevant Works Package with the lease plan and depth the Property being agreed in accordance with Schedule 8 of the APA.

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EX8

- 4 -

1.5. Plan:	the plan (number [ ]) attached to this Lease.
1.6. Yearly Rent:	a peppercorn if demanded by Network Rail
1.7. Term:	the term of years, beginning on the Start Date, and ending on 31 December 2992.
1.8. Start Date:	the date upon which the Term begins, namely [ ][4].
1.9. Permitted Use:	means a pipeline (which the parties agree and acknowledge may comprise more than one individual pipeline) together with such apparatus and works as are specified in Section 65(2) of the Pipe-lines Act, 1962 and all associated and ancillary infrastructure, plant and machinery, all wrapping sleeves, slabs and protective materials and ancillary cables including electricity cables and fibre optic cables and markers which the Tenant has constructed or proposes to construct, maintain and operate through the Property and other third party land.
1.10. Service Media:	the service media to be used for the passage of the Tenant's Services, the specification of which is detailed in the Asset Protection Agreement and any incidental apparatus or equipment or works to the service media required by Network Rail or any service media substituted under the provisions of this Lease.
1.11. Service Media Works:	works to install the Service Media within the Property in accordance with the plans and specifications detailed in Schedule 1

[4] Drafting Note: To mirror the date of completion of the lease.

	of this Lease.
1.12. Tenant's Services	the transportation of carbon dioxide (and such other gas, liquid or substance as is required to facilitate the transportation of carbon dioxide) and other supplemental, associated or ancillary services or supplies including but not limited to water, electricity and telecommunications.
1.13. Works Conditions	the conditions set out in Schedule 2 to this Lease.
1.14. Landlord's Surveyor:	such person as Network Rail may appoint in this capacity and whose name and address are notified to the Tenant from time to time for this purpose.
1.15. Engineering Conditions:	such conditions as Network Rail may properly require for the safety, protection or operation of Network Rail's railway, property or works to its railway or property, as are notified to the Tenant in writing from time to time.
1.16. Payment Date(s)	the dates on which the Yearly Rent is to be paid, namely on every anniversary of the Start Date.
1.17. Plan	the plan [xxxxxx] attached to this Deed.
1.18. Network Rail's Premises	the land shown coloured [green] on the Plan.
1.19. Advance Payment	the sum of £[xxxx] to be paid in accordance with clause 3.3 of this Lease.[5]
1.20. Rights	the right to enter the part of Network Rail's Premises shown coloured [ ] on the Plan for the purpose of using, surveying, installing, maintaining, repairing, testing,

[5] BS: Consideration to be negotiated between the parties. Lauren, our client is struggling to get a response from David Bradshaw at NR when they have sought to discuss the premium. Please can we have your help to progress this?

inspecting, renewing, adjusting, testing, cleansing, drying, preserving, protecting, pre-commissioning, commissioning, making safe, making incapable of operation or removing the Service Media subject to the Tenant complying with the covenants contained in clause 5.21.

2. THE MEANING AND USE OF WORDS IN THIS LEASE

2.1. The terms defined in the Particulars have the meanings specified there subject to any further explanation set out in this clause.

2.2. In this Lease the following words and expressions shall, where the context so admits, have the following meanings.

2.2.1. "**Asset Protection Agreement**" an asset protection agreement dated [ ] made between the parties.

2.2.2. "**Basic Interest Rate**" means the base lending rate from time to time of HSBC Bank plc. But if the base lending rate of HSBC Bank plc shall at any time cease to exist or be ascertainable, then Network Rail may substitute for it the base lending rate of such one of the London Clearing Banks as Network Rail shall prescribe in writing, or (if this shall be impracticable) such other rate or rates as Network Rail shall prescribe in writing as reasonably equivalent.

2.2.3. "**Conduits**" means pipes, sewers, drains, ducts, conduits, downpipes, gutters, wires, cables, channels, watercourses, flues, interceptors, high pressure air systems, trunking and other conducting media and ancillary apparatus and includes any part of them.

2.2.4. "**Group Company**" means any subsidiary of the Tenant, any holding company of the Tenant and any subsidiary of any holding company of the Tenant and any associated undertaking of any such person, from time to time where "subsidiary" and "holding company" have the same meanings as given to them by section 1159 of the Companies Act 2006 and "undertaking" has the same meaning as give to it by

section 1161 of the Companies Act 2006.

2.2.5. "**Insured Risks**" means fire, lightning, explosion, aircraft, subterranean fire, earthquake, riot, civil commotion, malicious damage, impact, flood, storm, bursting or overflowing of water apparatus or pipes, subsidence, theft (damage only), accidental damage, terrorism and such other risks as Network Rail may from time to time reasonably require.

2.2.6. "**Services**" means the supply and, as necessary, disposal of water, surface water, sewage, drainage, soil, gas, electricity, telecommunications, and other services or supplies.

2.2.7. "**Working Day**" means any day (other than a Saturday, Sunday) on which banks are open for business in England.

2.2.8. "**APA**" means any asset protection agreement(s) (or such similar agreement(s) as Network Rail may substitute for an asset protection agreement from time to time but subject to any reasonable amendments agreed between the parties (acting reasonably).

2.3. This Lease is to be interpreted as follows.

2.3.1. "**Landlord**" includes the person who at any time has the right to receive rent under this Lease.

2.3.2. "**Tenant**" includes successors in title.

2.3.3. "**Property**" includes all additions, improvements, fixtures, Conduits and other works now or later at the Property, any boundary structures mentioned in the Particulars, and any further boundary structures belonging to the Property or now or later erected by the Tenant on the Property.

2.3.4. References to the "**last year of the Term**" are references to the actual last year, whenever and howsoever it comes to an end, and references to "**the end of the Term**" are to be interpreted similarly.

2.3.5. References to a "**person**" include companies.

2.3.6. Words which refer to males also refer to females, and to companies.

2.3.7. Where the Tenant is more than one person, their obligations

can be enforced against all of them jointly and against each individually.

2.3.8. Where an Act of Parliament, or a section of it, is referred to, this includes any amendment to that Act or section, and the version of an Act which is current at any particular time will apply. This applies also to anything made under an Act of Parliament.

2.3.9. References to value added tax in this Lease shall include any tax of a similar nature that may be substituted for or added to it.

2.3.10. The Tenant's obligations under this Lease shall be treated as including a requirement that the Tenant is also to procure that the Tenant's employees and agents and any other persons upon the Property do not do anything and do not omit to do anything which, if done or omitted by the Tenant, would constitute a breach of those obligations.

2.3.11. This document gives no rights under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any rights which are available apart from that Act.

3. GRANT OF LEASE AND PAYMENT OF RENT

3.1. In consideration of the rents reserved and the Tenant's covenants contained in this Lease, Network Rail lets the Property to the Tenant for the Term (subject to all rights affecting the Property) together with the grant of the Rights at the Yearly Rent payable annually (if demanded by Network Rail) on the Payments Dates.

3.2. The Advance Payment is to be paid on the date of this Lease (the receipt of which is duly acknowledged by Network Rail).

4. MATTERS AFFECTING LEASE GRANT

The grant of this Lease is on the following basis:

4.1. It excludes any right of support from mines and minerals or from any subsoil or substrate to which Network Rail does not have title.

4.2. Nothing in this Lease shall afford the Tenant a right of lateral or subjacent support for the Service Media or render Network Rail liable for any damage to the Service Media which may happen through any slip or

settlement of Network Rail's Premises or by the carrying on of Network Rail's undertaking.

4.3. It is granted subject to Network Rail having the right at any time to stop up or otherwise affect any rights of way or other rights or privileges (whether now in existence or not) which the Tenant may at any time during the Term be using or enjoying, over any neighbouring land of Network Rail. But this does not apply to any use or enjoyment by virtue of the express provisions of this Lease in respect of the Property or of any separate grant or licence in writing from Network Rail including the Asset Protection Agreement or any subsequent APA or BAPA.

4.4. All rights not specifically and expressly included in the Rights are reserved to Network Rail.

4.5. It is subject to the exception and reservation of the following rights to Network Rail and all persons claiming under or permitted by it or any other person for the time being entitled:

4.5.1. The right to the passage of Services to and from Network Rail's Premises in and through any existing Conduits over or under the Property and any new Conduits and connections mentioned below during any period that they are not adopted, or public Conduits.

4.5.2. The right to lay, fix or construct new Conduits over or under the Property and to connect to these or any other Conduits there provided always that Network Rail may not connect into the Tenant's Service Media.

4.5.3. The right to repair, maintain, renew and inspect any Conduits (including such new Conduits and connections) over or under the Property.

4.5.4. The right to carry out (whether on or from the Property) any works which may in the opinion of Network Rail (whose decision shall be final and conclusive) be necessary for the proper operation of Network Rail's undertaking, or to do anything which may be required to preserve or protect life or property.

4.5.5. The right from time to time to use the Network Rail's Premises

in such manner as it may think fit, and to build or carry out works upon such land, notwithstanding that the access of light and air to the Property may be affected by this.

4.5.6. A right of support from the Property for Network Rail's Premises and works.

PROVIDED THAT:

i) on each occasion of exercise Network Rail or persons exercising such rights shall cause as little damage and inconvenience as reasonably practicable and making good any physical damage caused in the exercise of such rights as soon as reasonably practicable and to the Tenant's reasonable satisfaction;

ii) prior to exercising such rights Network Rail shall (save in the case of emergency) provide the Tenant will not less than 6 months prior written notice with such notice so at to afford the Tenant the opportunity to supervise the exercise of the reserved rights.

4.6. During the Term the Property shall have the benefit of the Rights (in common with Network Rail and all persons claiming under or permitted by it or any other person for the time being entitled).

5. THE TENANT'S COVENANTS

The Tenant covenants with Network Rail as follows.

5.1. To pay rent

The Tenant is to pay to Network Rail the Yearly Rent on written demand on each Payment Date.

5.2. To pay outgoings

The Tenant is to pay or repay to Network Rail all rates, taxes, charges, duties, impositions, assessments and outgoings whatsoever, now or later imposed, charged or assessed upon or payable in respect of the Property or the owner or occupier of the Property. This applies irrespective of whether these are chargeable upon landlord or tenant, whether or not they are of a capital or non-recurring nature, and applies to new kinds of these. Where any of them are not separately imposed, charged, assessed or payable, the Tenant's obligation applies to such proportionate parts of such matters as shall be certified by Network Rail's surveyor to be applicable to the Property. But:

5.2.1. any payment made in lieu of rates under the Local Government Finance Act 1988 or any legislation amending or replacing this in respect of the Property shall be treated as a payment of rates; and

5.2.2. this covenant shall not apply to any tax payable by Network Rail as a direct result of a disposal or similar dealing with its reversionary interest in the Property.

5.3. Planning permissions

[Following completion of the Service Media Works,] the Tenant:

5.3.1. shall not make any application for planning permission in respect of the Property without Network Rail's prior consent (such consent not to be unreasonably withheld or delayed) provided always that this covenant shall not preclude the Tenant from making and pursing any application for planning permission in relation to any other parts of the HyNet North West pipeline; and

5.3.2. is to obtain all necessary consents and approvals under all relevant legislation including (without limitation) the Town and Country Planning Acts and Environmental Protection Act 1990 in exercise of the Rights or the use of the Service Media and comply with all the conditions of such consents and approvals and if reasonably requested by Network Rail to provide Network Rail with copies of any consents or approvals.

5.4. Local authority notices

5.4.1. As soon as reasonably practicable upon the receipt of any notice or order or any proposal for these from a local authority, governmental or similar body relating to the Property or the neighbourhood or the use or occupation of the Property, the Tenant is to give full particulars of it to Network Rail.

5.4.2. If required, the Tenant is to produce such notice, order or proposal to Network Rail.

5.4.3. The Tenant is at the Tenant's own cost at the request of Network Rail to make or join with Network Rail in making any objection or representation against or in respect of any such

notice, order or proposal as Network Rail shall consider expedient.

5.5. Alterations

5.5.1. Subject to clause 5.5.2 below, following the Service Media Works the Tenant shall not make any alterations or additions to the Property without the consent in writing of Network Rail (such consent not to be unreasonably withheld), and otherwise than in accordance with the following requirements:

5.5.1.1. The alterations or additions shall be carried out in accordance with plans and specifications previously submitted to and approved by Network Rail (such approval not to be unreasonably withheld or delayed).

5.5.1.2. The alterations or additions shall be carried out under the superintendence of the Landlord's Surveyor (if so required) and to his reasonable satisfaction in all respects and to the satisfaction of any local authority, governmental or similar body having jurisdiction.

5.5.1.3. The alterations or additions shall be carried out in accordance with the Engineering Conditions and Works Conditions where applicable.

5.5.2. To the extent that they have not already been carried out at the date of this Lease, the Tenant shall carry out with all due despatch and complete the Service Media Works in accordance with the Asset Protection Agreement.

5.5.3. To give to Network Rail the period of notice required by the Engineering Conditions and/or the Works Conditions in writing prior to commencement of any works connected with the installation, use, maintenance, repair, testing, inspection, renewal or removal of the Service Media and to carry out such works during such times of the day and night as Network Rail may require and in accordance (where applicable) with the Engineering Conditions and/or the Works Conditions.

5.5.4. To exercise the Rights in accordance with the Works Conditions and in case of any inconsistency or conflict, the

Engineering Conditions take priority over the Works Conditions.

5.6. Services

The Tenant is to make all necessary arrangements with the relevant supply authorities for the installation and maintenance of all Services passing from and to the Property and so that:

5.6.1. all related costs and expenses shall be borne by the Tenant;

5.6.2. no work shall be carried out otherwise than subject to the same requirements as in relation to alterations to the Property;

5.6.3. all drainage shall be directed away from Network Rail's Premises; and

5.6.4. the Tenant is to keep all Conduits now or later serving the Property in good and substantial repair and condition and clear of obstruction to the satisfaction of Network Rail.

5.7. Use

5.7.1. No part of the Property shall be used otherwise than as and for the Permitted Use

5.7.2. Not to use the Service Media otherwise than for the purpose of the Tenant's Services but for no other purpose whatsoever

5.7.3. Not to discharge or permit to be discharged through or convey or permit to be conveyed by the Service Media anything in excess of that which the Service Media are designed to carry.

5.7.4. Not to permit to be discharged from the Service Media

5.7.5. any deleterious, objectionable, dangerous or explosive matter or substance; or any fluid of a poisonous or noxious nature which if it escaped would contaminate or pollute ground water or the water of any stream or river but Network Rail acknowledge that the use of the Service Media for the Permitted Use and the Tenant's Services shall not be a breach of this covenant.

5.6.5 Where cathodic protection of the Service Media is provided by the Tenant all buildings or structures on or under adjoining land which are likely to be detrimentally affected shall be protected by the Tenant either by bonding in such

buildings or structures to the protective system or if Network Rail agree by some equally effective method Provided that in either case such reasonable facilities shall be afforded as the Tenant may require for this purpose Provided Further that the provisions of this clause shall not apply to any buildings, structures, pipes, wires, cables or any like apparatus erected or laid in Network Rail's Premises after the date hereof. [6]

5.7.6. Not at any time to use the Service Media for telecommunications/transmission of data or similar except where this is ancillary to the Tenant's use of the Service Media for the Permitted Use.

5.7.7. Not to overload the Service Media or permit to be conveyed by the Service Media anything which may cause dust or a nuisance.

5.7.8. Not to exercise the Rights in such a way that would, in Network Rail's opinion (whose decision shall be final and conclusive), adversely affect the support to Network Rail's railway, property or works to its railway or property.

5.8. Statutory requirements

5.8.1. Without expense to Network Rail, the Tenant is to comply with and ensure compliance with any requirements which may be properly made under any present or future Act of Parliament or the bye-laws and regulations of any local authority, governmental or similar body in relation to the Property or any works, activities or alterations on the Property (whether required of Network Rail, the Tenant or any other person). The Tenant shall at all times keep Network Rail indemnified in respect of all related costs, claims, liability and expenses in accordance with clause 5.18.

5.8.2. Without prejudice to the generality of this, the Tenant is to comply in all respects with the provisions of the CDM Regulations whenever they shall apply to any works carried out

on or in relation to the Property other than by Network Rail.

5.8.3. The Tenant acknowledges and declares that Network Rail will not be acting as a client in respect of any such works for the purpose of the CDM Regulations.

5.8.4. The Tenant shall procure that the Health and Safety Executive will be notified of such works in accordance with the CDM Regulations, giving such particulars as are required to be given by the CDM Regulations.

5.8.5. The Tenant is to supply to Network Rail a copy of such notification and receipt from the Health and Safety Executive of the notification.

5.8.6. The Tenant is to maintain the Health and Safety File in relation to such works, and update it as necessary, whenever any such further works are carried out, and in any event, immediately upon being required to do so by Network Rail.

5.8.7. At the Tenant's own reasonable cost, the Tenant is to make available the Health and Safety File in relation to such works for inspection by Network Rail and those authorised by Network Rail, and is to supply to Network Rail on request a copy of the Health and Safety File.

5.8.8. At the end of the Term, the Tenant shall deliver to Network Rail all Health and Safety Files relating to the Property which are or which ought to be held by the Tenant and is to deliver them to any assignee of the Property on completion of an assignment.

5.8.9. References above to the CDM Regulations are to the Construction (Design and Management) Regulations 2015, and references to the Health and Safety File are to any such file required to be prepared pursuant to the CDM Regulations.

5.9. Repair

5.9.1. The Tenant is to keep the Property and the Service Media and every part of it in safe condition as required by statutory requirements including but not limited to requirements as contained the Pipe-lines Act 1962

5.9.2. If required by Network Rail so to do, but in any event not less

frequently than once in every five years, at the Tenant's own cost, to carry out a walkdown survey at ground surface level of the Service Media and to produce a copy of such survey to Network Rail. The Tenant shall immediately carry out any repair or maintenance then found to be wanting or required by Network Rail. Such repair or maintenance is to be undertaken in accordance with the provisions of this Lease.

5.9.3. Refuse shall not be permitted to accumulate on the Property and the Tenant shall keep the Property free from litter and vermin and maintain it in a clean and tidy condition to the satisfaction of Network Rail. In the event of default, the Tenant shall permit Network Rail to enter upon the Property to carry out the work, and the costs of and in connection with this shall, without prejudice to any other right or remedy of Network Rail, be repaid by the Tenant to Network Rail on demand.

5.10. Yielding up

5.10.1. At the end of the Term, the Tenant is quietly and peaceably to deliver up the Property, leaving it free from any third party occupation (with the exception of any statutory undertakers where any of the Service Media has been adopted) and in the state and condition which this Lease requires, to Network Rail's satisfaction and having first, in accordance with the provisions of this Lease, purged and fully infilled with grout the Service Media and made the Service Media safe to the satisfaction of Network Rail (with such works being carried out in accordance with any relevant Railway Standards applicable at the time).

5.11. Outstanding repairs

The Tenant is to permit Network Rail or its agents at all reasonable times (and always under the supervision of the Tenant or its contractors or appointed representatives provided that the Tenant ensures that such contractor or appointed representative is promptly made available to supervise entry) to enter on the Property for the purpose of viewing and seeing its condition and is promptly (so far as the Tenant is liable) to execute all repairs and works properly required to be done by written

notice given by Network Rail. But if such notice is not complied with within one month, Network Rail may elect to carry out the work referred to in such notice, and the costs of and in connection with this shall, without prejudice to any other right or remedy of Network Rail, be repaid by the Tenant to Network Rail on demand.

5.12. Defective Premises Act 1972

The Tenant is to give to Network Rail immediate written notice of any defects or need of repair or renewal in the Property for which Network Rail may be or become liable under the Defective Premises Act 1972.

5.13. Insurance

5.13.1. The Tenant is to insure and thereafter to keep the Property and the Service Media insured against damage by the Insured Risks at the Tenant's own expense (noting Network Rail's interest) and the Tenant for not less than the full replacement and reinstatement cost (including any value added tax or other taxes payable and reasonable provision for escalation of cost between the commencement or renewal date of insurance cover and the date of the rebuilding and reinstating of the Property and the Service Media and including also professional fees costs of site clearance) and such insurance shall also include cover for:

5.13.1.1 any plant, machinery, equipment or structures at the Property with all ancillary equipment against the risks of breakdown, accidental damage, explosion or collapse as may be appropriate to the class of plant, equipment or structures;

5.13.1.2 cover for public liability risks of Network Rail and the Tenant in respect of the Property including (but not limited to) liability under the Defective Premises Act 1972; and

5.13.1.3 such other insurable risks as the Tenant may from time to time reasonably require

and including a cross liabilities clause as between Network

Rail and the Tenant (so that the insurers do not pay out to one party and then seek to recover from another party) such cover to be in a sufficient sum being not less than such as Network Rail may require.

5.13.2. The Tenant shall make available for Network Rail's inspection the policy and receipts for the current premium and/or provide copies and/or provide a certificate by the insurers or the Tenant's brokers as to the extent and nature of the cover.

5.13.3. If the Tenant shall at any time fail to insure or pay the insurance premiums in accordance with these requirements Network Rail shall be at liberty to insure instead and thenceforth to pay the premiums payable from time to time and the amount of such payments and any related costs incurred shall be repaid by the Tenant to Network Rail on demand.

5.13.4. If the Tenant shall become entitled to any insurance money in respect of public liability risks of the Property then the Tenant shall apply this to the claim, demand or liability in relation to which it shall have been received and in respect of any indemnity for such risks given by the Tenant to Network Rail under this Lease.

5.13.5. The Tenant shall observe and perform the conditions of the insurance policy and not to do or permit or suffer to be done any act or thing whereby the said insurance shall become vitiated or invalidated or cause the insurance of the Network Rail's Premises to be increased and not without the previous consent in writing of Network Rail and the sanction of the insurers (such sanction to be produced to Network Rail) to do or suffer on the Property anything which would be likely to increase the risks to be insured against.

5.14. Dealings with or under this Lease

5.14.1. Save as provided for in this clause 5.14, the Tenant shall not assign, charge, sublet or part with possession of the Property in whole or in part.

5.14.2. [The Tenant may assign its interest in this Lease to such entity

who will own and operate the HyNet North West pipeline without the consent of Network Rail.

5.14.3. The Tenant may with the consent of Network Rail (such consent not to be unreasonably withheld or delayed) charge, sublet or part with possession of the Property in whole or in part.]

5.15. Prohibited use

No public sale or sale by auction shall be held upon the Property nor shall it be used for any illegal or immoral purposes.

5.16. Encroachments

5.16.1. The Tenant is not to give to any third party any acknowledgement that the Tenant enjoys the access of light or air to any of the windows or openings in the Property by the consent of such third party. Nor is the Tenant to pay any sum of money to or enter into any agreement with such third party for the purpose of inducing or binding him to abstain from obstructing the access of light or air to any such windows or openings.

5.16.2. If any such third party does or threatens to do anything which obstructs or would obstruct such access of light or air, the Tenant is to notify Network Rail of this immediately in writing.

5.16.3. The Tenant is to take all necessary steps to prevent and is not to suffer any encroachment upon the Property or the acquisition of any right to light or air, passage, drainage or other right over, upon or under the Property. If any third party does or threatens to do anything which is or would be an encroachment or attempt to acquire any such right, the Tenant is to notify Network Rail of this immediately in writing.

5.16.4. If the Tenant fails to comply with these requirements regarding encroachments and acquisition of rights, then the Tenant is to permit Network Rail to enter upon the Property for the purpose of taking such of the necessary steps as are mentioned above. The Tenant is also to permit Network Rail to bring all such actions as it may think fit in the name and at the cost of the

Tenant in respect of the obstruction of the access of light or air to any of the windows or openings in the Property or in respect of any such encroachment or right.

5.17. Excavations, danger and nuisance

5.17.1. Subject to clause 5.17.2:

5.17.1.1. No earth, clay or other substance shall be excavated upon the Property (save as permitted in accordance with any APA/BAPA[as permitted pursuant to the provisions of Schedule [TBC])], and no act shall be done upon the Property which may endanger the safety or stability of Network Rail's railway or Network Rail's Premises.

5.17.1.2. Except at permitted under the Permitted Use and the Tenant's Services, no inflammable, dangerous or explosive substance, liquid or gas including oxyacetylene shall be stored or placed upon the Property other than such amounts as may be permitted in writing from time to time by Network Rail and as may be essentially required in connection with the Permitted Use. And then this is to be only in accordance with such conditions as may be imposed from time to time by Network Rail in respect of delivery, storage and use.

5.17.1.3. Nothing shall remain or be done upon the Property or on the Network Rail's Premises which may be or become or grow to be a public or private nuisance or a danger, annoyance or disturbance to Network Rail or its tenants, access beneficiaries, customers or traders or to Network Rail's Premises or persons or rail passengers provided that the use of the Property for the Permitted Use and the Tenant's Services shall not be a breach of this covenant.

5.17.2. Nothing in clause 5.17.1 shall prevent the proper use of the Property for the Permitted Use or the carrying out of any works on the Property to the extent that such works are permitted by

a previously agreed and completed APA and/or BAPA[or as permitted pursuant to the provisions of Schedule [TBC]].

5.18. Indemnities

The Tenant shall be responsible for and keep Network Rail indemnified against all damage, losses, costs, expenses, claims, fines and liability suffered by Network Rail arising directly or indirectly out of:

5.18.1. any act, omission or negligence of the Tenant or any persons at the Property expressly or impliedly with the Tenant's authority and under the Tenant's control; or

5.18.2. any failure by the Tenant to comply with any of the terms of this Lease or any of the matters to which this Lease is subject; or

5.18.3. any claim or demand arising by virtue of the Defective Premises Act 1972 in relation to any defects or need of repair or renewal in the Property; or

5.18.4. the exercise of any rights granted by this Lease; or

5.18.5. carrying out any works Network Rail may deem necessary for the protection of its railway and property and any additional maintenance repair and renewal consequent upon the existence of the Service Media except where the need for such works has arisen from any act, omission or negligence of Network Rail in relation to the railway; or

5.18.6. any special traffic working or speed restrictions or substitution or diversion of railway services and any costs or losses arising including (without limitation) those incurred in consequence of Network Rail being unable to deliver in timely manner any train paths for which it may then have contracted; or

5.18.7. any electrical isolation of equipment or in supporting Network Rail's railway and other property; or

5.18.8. any claim or demand arising by virtue of any failure, defect or need for repair or renewal of the Service Media; or

5.18.9. any subsidence due to the construction, erection, existence, maintenance or use of the Service Media and in accommodating the effects of any subsidence,

5.18.10. employing any inspectors, watchmen, operating supervisors,

flagmen or otherwise whom Network Rail may think it necessary to employ for the protection of the railway or the traffic on the railway during the carrying out of any works in relation to the Service Media or exercise of the Rights.

[provided always that the maximum liability of the Tenant shall be £[ ] million for each and every claim provided always that (i) the Tenant shall not seek to limit its liability in respect of personal injury and/or death resulting from its negligence or the negligence of any of its officers employees agents and/or sub-contractors and (ii) the Network Rail shall not be entitled to recover from the Tenant the same sum or loss more than once in respect of any claim made in connection with this Lease.]

5.19. Costs

The Tenant is to pay to Network Rail all costs, charges and expenses (including legal costs and surveyors' fees and bailiffs' costs) which may be incurred by Network Rail of and incidental to:

5.19.1. the contemplation, preparation and service of a notice under Section 146 of the Law of Property Act 1925 or by reason or the contemplation of proceedings under Section 146 or 147 of that Act, even if forfeiture is avoided otherwise than by relief granted by the Court;

5.19.2. any steps taken in contemplation of or in direct connection with the preparation and service of all notices and schedules relating to lack of repair to the Property and agreeing such schedules with the Tenant and supervising (if Network Rail requires) the works needed to remedy such lack of repair and any other works which may be carried out to the Property;

5.19.3. any application under this Lease by the Tenant for consent or approval, whether or not it is given;

5.19.4. the recovery of any sums due under this Lease.

5.20. Contamination

5.20.1. Nothing shall be done or omitted to be done by the Tenant expressly or impliedly with the Tenant's authority and under the Tenant's control at the Property any time during the Term which would render any part of it contaminated land (or increase the

risk of that) or, if any part of the Property was already to constitute contaminated land, would increase the likelihood of significant harm or pollution of controlled waters arising.

5.20.2. The Tenant is upon request to afford to Network Rail all reasonable assistance in identifying the contaminative consequences of any works or activities at the Property and to demonstrate to Network Rail any processes or working practices carried on at the Property. Without prejudice to the Tenant's obligations in this clause, the Tenant shall also, at no cost to Network Rail, comply with reasonable requests made by Network Rail for minimising the risk of contamination.

5.20.3. Words and expressions used in this clause and defined by the Environmental Protection Act 1990 shall bear the same meanings here.

5.21. Exercise of the Rights

When exercising the Rights the Tenant shall:

5.21.1. give reasonable written notice to Network Rail of at least 6 months in writing;

5.21.2. cause as little nuisance, inconvenience, disturbance and damage as is reasonable;

5.21.3. make good, to Network Rail's reasonable satisfaction, all damage caused by such entry;

5.21.4. indemnify Network Rail against all costs, claims, liabilities, expenses, demands and actions arising from such entry pursuant to clause 5.18; and

5.21.5. where the Tenant wishes to exercise any Rights which require any works to either the Service Media or Network Rail's Premises the provisions Schedule [TBC] of this Lease shall apply and the Tenant shall only exercise such Rights after complying with the provisions of Schedule [TBC];

5.21.6. where the Rights which are being exercised require entry onto Network Rail's Premises the Tenant shall, prior to exercising such Rights, if requested to do so by Network Rail, enter into a BAPA or APA.

6. LEASE CONDITIONS

This Lease is granted on the following conditions.

6.1. Value Added Tax

6.1.1. Where under this Lease the Tenant is to pay any specific sum to Network Rail, such sum shall be regarded as being exclusive of value added tax (without prejudice as follows).

6.1.2. The Tenant's obligations under this Lease shall be treated as requiring payment to Network Rail of value added tax chargeable in respect of any rent or other payment made by or taxable supply received by the Tenant under the terms of or in connection with this Lease.

6.1.3. Where the Tenant has agreed to reimburse Network Rail in respect of any payment made by Network Rail under the terms of or in connection with this Lease and the subject matter of the payment does not constitute a taxable supply to which the preceding subclause applies, then the Tenant shall also reimburse any value added tax paid by Network Rail on such payment to the extent that it is not recovered by Network Rail.

6.2. Arbitration

Where provision is made in this Lease for determination of an issue by arbitration this shall be by a single arbitrator under the Arbitration Act 1996. Network Rail and the Tenant may agree the appointment of an arbitrator, or either or both of them may apply to the President for the time being or other appropriate officer of the Royal Institution of Chartered Surveyors.

6.3. Covenants

Nothing contained in this Lease shall confer on the Tenant any right to the benefit of, or to enforce, any covenant or agreement contained in any other instrument relating to any other property or affect the right of Network Rail to deal with it now or at any time as Network Rail may think fit.

6.4. Sums due

Any sum due to Network Rail from the Tenant under this Lease shall (whether or not reserved as rent) be recoverable at the option of

Network Rail as though it were rent in arrears.

6.5. Ending this Lease

6.5.1. If Network Rail requires the Property or any part of it for the purposes of its statutory undertaking (as to which requirement the decision of Network Rail shall be final and conclusive), Network Rail may bring this Lease to an end at any time by giving to the Tenant as much prior written notice as is reasonably practicable in the circumstances, provided that such period of notice shall not be less than nine months.

6.6. Cutting off the supply

6.6.1. The Tenant shall provide the means to cut off the supply through the Service Media if requested by Network Rail in the event of emergency affecting Network Rail's railway property or works to its railway or property and shall provide Network Rail's Engineer with the name, designation and telephone number of the person to be contacted in the event of such action being necessary PROVIDED THAT:

(a) Network Rail must act reasonably and have due regard and consideration of LBCCS's nationally significant infrastructure project; and

(b) there must be a significant danger to life, property or Network Rail's railway property or works.

6.7. Effect of notice

At the expiration of notice given under clause 6.5 above, this Lease shall come to an end, but without prejudice to any subsisting rights or remedies of Network Rail. The right to compensation conferred by Sections 37 and 59 of the Landlord and Tenant Act 1954 shall be wholly excluded.

6.8. Landlord's release

As from the date of any assignment of the whole or any part of Network Rail's reversionary interest in this Lease, Network Rail shall automatically be released from all liability whatsoever for its obligations under this Lease. This is in relation to the whole of the Property or such part as Network Rail shall assign, and applies to all liability, whether

arising before or after such assignment.

6.9. Rights and Easements

The operation of the Law of Property Act 1925 Section 62 is excluded from this Lease. The only rights granted to the Tenant are those expressly set out in this Lease and the Tenant is not to be entitled to any other rights affecting Network Rail's Premises.

6.10. Exclusion of warranty as to use

Nothing in this Lease or in any consent granted by Network Rail under this Lease is to imply or warrant that the Property may be lawfully used for the Permitted Use.

7. NETWORK RAIL'S COVENANTS

Network Rail covenants with the Tenant as follows.

7.1. Quiet Enjoyment

As long as the Tenant pays the rents when due and complies with all the Tenant's other obligations in this Lease, the Tenant shall peaceably hold and enjoy the Property without any disturbance or interruption by Network Rail or any person or persons rightfully claiming through, under or in trust for it. But neither the carrying on by Network Rail of its undertaking on Network Rail's Premises in exercise of and subject to its statutory and common law obligations, nor the grant by Network Rail of any permission properly given to use railway facilities (other than the Property), shall be treated as a breach of this covenant or as in derogation from Network Rail's grant.

8. NOTICES

8.1. Any notice in writing that under the terms of this Lease is to be given to Network Rail shall be treated as effectively served if and only if addressed to Network Rail and either delivered by hand or served by recorded or special delivery post upon Network Rail at its registered office on the next Working Day.

8.2. Any notice in writing that is to be given by Network Rail to the Tenant shall be treated as effectively served if sent through the post by the recorded or special delivery service addressed to the Tenant at the Tenant's last known place of business or abode in the United Kingdom or (where the Tenant is a company) to the Tenant's Secretary at the Tenant's registered

office, as the case may require.

9. REPRESENTATIONS

The Tenant acknowledges that this Lease has not been entered into in reliance wholly or partly on any statement or representation made by or on behalf of Network Rail, except any such statement or representation expressly set out in this Lease or made by Network Rail's solicitors in any written response to enquiries raised by the Tenant's solicitors in connection with the grant of this Lease.

10. STATUS OF THIS LEASE

10.1. This Lease is a new tenancy within the meaning of Section 1 of the Landlord and Tenant (Covenants) Act 1995.

EXECUTED and DELIVERED by Network Rail and the Tenant as a deed, as first dated above.

SCHEDULE 1

Service Media Works – Specifications and Plans

The apparatus will comprise of:

[xxxxxxxx]

OFFICIAL

SCHEDULE 2
Works Conditions

The carrying out of the Service Media Works or the carrying out of any other works or the exercise of any other rights granted to the Tenant under this Lease which may affect Network Rail's Premises or any other adjoining or neighbouring property of Network Rail shall:

1. be subject to:
   - 1.1 the prior written approval of Network Rail's engineer unless such consent was received prior to the date of this Lease; and
   - 1.2 the Tenant pre-planning any entry onto Network Rail's Premises or any other adjoining or neighbouring property of Network Rail as long as possible beforehand so as to enable any necessary railway possessions to be obtained with minimum inconvenience to railway operations and submitting for approval detailed plans, drawings, sections and specifications, programme of work and method statement to Network Rail's engineer; and
   - 1.3 any works approved being carried out to Network Rail's engineer's satisfaction and if so required under his supervision; and
   - 1.4 compliance with such stipulations, directions and requirements (including as to times of the day methods and modes of access and carrying out of works) as Network Rail's engineer shall prescribe;
   - 1.5 the Tenant using all reasonable endeavours timeously to consult with Network Rail and any train operating company using Network Rail's Premises in relation to any restriction, suspension or alteration of use of the station which may be required and, as far as reasonably practicable, minimising the extent and period of any such restriction, suspension or alteration having regard to the likely effect of the relevant works on the business of Network Rail and each train operating company or other person or body having the right to use Network Rail's Premises who may be affected;
   - 1.6 the Tenant carrying out the relevant works in a proper and workmanlike manner in accordance with all relevant safety obligations and methods and practices customarily used in good and prudent building practice

including, where applicable, Railway Group Standards;

1.7 the Tenant conducting such works with that degree of skill, care, diligence and prudence reasonably and ordinarily exercised by experienced building contractors engaged in similar activity under similar circumstances and conditions

2. be carried out or exercised so as to cause as little damage, disturbance or injury as practicable and so as to occasion the minimum inconvenience and disturbance to Network Rail its tenants, licensees, contractors, access beneficiaries, traders and railway users and the Tenant shall make good at its own expense as soon as is practicable to the satisfaction of Network Rail any damage, disturbance or injury caused to Network Rail's property or works and Network Rail may carry out or complete any works as to which the Tenant shall be in default or may take whatever action Network Rail's engineer considers necessary to safeguard Network Rail's interests and the costs incurred by Network Rail in so doing shall be repaid by the Tenant to Network Rail on demand;

3. be subject to access being taken over such route as Network Rail's engineer shall prescribe; and

4. (where appropriate) be subject to the Engineering Conditions and adherence to all safety requirements for Network Rail's railway or any works taking place on Network Rail's property including adherence to railway industry safety standards and safety validation of contractors employed.

EXECUTED AS A DEED by **NETWORK RAIL INFRASTRUCTURE LIMITED** acting by its attorney[xxxxxxxx] in exercise of a power of attorney dated [xxxxxxxx] in the presence of:

.....

Acting as attorney for **NETWORK RAIL INFRASTRUCTURE LIMITED**

Signature of Witness: .....

Name: .....

Address: .....

I confirm that I was physically present when [xxxxxxxx] signed this Deed

Executed as a Deed by **LIVERPOOL BAY CCS LIMITED** acting by two directors and the secretary:

Signature.....

Name.....

Director

Signature.....

Name.....

Secretary/Director

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EX8

Schedule 11

Amendments to Project-Specific Documents

[***Note: to be populated on a project-specific basis.***]

Financial Settlement Document relating to the carbon dioxide transport and storage licence granted to Liverpool Bay CCS Limited (company number 13194018) (the "**Licensee**") pursuant to section 7 (as modified by section 16 and schedule 1) of the Energy Act 2023, relating to the "Liverpool Bay T&S" T&S Network, dated 22 April 2025 (the "**Licence**")

Any capitalised words and expressions used in this Financial Settlement Document have the meaning given to them in the Licence or the APDP, unless otherwise specified.

Part 1: Financial Settlement Document

General

Item reference	Item	Details
Definitions	**Base Year**	The period from 1 April 2021 to 31 March 2022 inclusive (2021/22), with average CPIH INDEX 00: ALL ITEMS 2015=100 of 113.117.
Definitions	**Pre-Licence Award Devex**	£154.3 million in Base Year prices
Definitions	**Day1 SRAV**	The sum of: a) Pre-Licence Award Devex (above); and b) upfront Debt Fees incurred at financial close of £21.9 million in Base Year prices.
Special Condition F5	**Re-Use Assets Valuation(s)** Subject to the provisions of Schedule 10 paragraph 11.1 and Special Conditions F5.3 and G8.3.	£[redacted] including £[redacted] for the provisional seed payment to the decommissioning fund in respect of Re-Use Assets, £[redacted] for scrap and land value and £[redacted] for differential payment, all in Base Year prices
Special Condition J4	**Delay WACC**	[redacted]% real
Special Conditions F12 and G15	**PreCOD WACC**	6.09% real
	PreCOD Cost of Debt	[redacted]% real
	PreCOD Cost of Equity	[redacted] % real

Item reference	Item	Details
Special Condition H10	**Notional Gearing**	60%
	PostCOD WACC	5.55% real
	PostCOD Cost of Debt	[redacted]% real
	PostCOD Cost of Equity	[redacted] % real
Schedule 10 Paragraph 4	**Pre-Licence Award Capex Allowance**	£60.0 million in Base Year prices

Ongoing Devex Allowance

Item reference	Item	Details
Special Condition F9, G12 & H6	**Ongoing Devex Allowance** Combined allowances to include Devex during Construction, Commissioning and Operational Periods and any Additional Pre-Licence Award Devex Subject to the provisions of Schedule 10 and Ongoing Devex Re-Openers as noted in Special Condition J5 where applicable	Phase 1 and Phase 2 Tranche A (Lennox) Devex £0.0 million (zero)
		Phase 2 Tranche B (Padeswood Spurline) Devex £5.2 million in Base Year prices
		Phase 2 Tranche C (Runcorn Spurline) Devex £6.1 million in Base Year prices
		Phase 2 Tranche D (4.5Mtpa dense phase) Devex £25.5 million in Base Year prices

Construction and Commissioning Period Allowances

Item reference	Item	Details
Special Condition F6	**SRAV Capex and Opex Construction Period Allowance**	£1,761.8 million in Base Year prices which excludes Pass Through Costs of £9.3 million but includes the following allowances subject to Uncertain Cost Event Reopeners as noted in Schedule 10: Phase 2 Tranche B (Padeswood Spurline) Capex and Opex £80.5 million

		Phase 2 Tranche C (Runcorn Spurline) Capex and Opex £73.8 million Phase 2 Tranche D (4.5Mtpa dense phase) Capex and Opex £0.0 million (zero)
Special Condition G10	**SRAV Capex and Opex Commissioning Period Allowance**	£73.8 million in Base Year prices which excludes Pass Through Costs of £0.1 million but includes the following allowances subject to Uncertain Cost Event Reopeners as noted in Schedule 10: Phase 2 Tranche B (Padeswood Spurline) Capex and Opex £0.0 million (zero) Phase 2 Tranche C (Runcorn Spurline) Capex and Opex £17.1 million Phase 2 Tranche D (4.5Mtpa dense phase) Capex and Opex £0.0 million (zero)
Special Conditions F9 and G13	**Debt Fee Allowance**	£[redacted] in Base Year prices, to cover Debt Fees during the Construction and Commissioning period, but excluding upfront Debt Fees incurred at Financial Close which are included in Day1 SRAV above

Operational Period Allowances

Item reference	Item	Details
Special Condition H5	**Ongoing Capex Allowance**	The Ongoing Capex Allowance for the First Regulatory Period is Operational Charging Year 1 £5.8 million in Base Year Prices Operational Charging Year 2 £0.0 million (zero) Operational Charging Year 3 £0.0 million (zero) Operational Charging Year 4 £9.7 million in Base Year Prices Note that these figures are made up of Phase 2 Tranche B (Padeswood Spurline) £0.0 million (zero) Phase 2 Tranche C (Runcorn Spurline) £5.8 million in Base Year Prices in Operational Charging Year 1 Phase 2 Tranche D (4.5Mtpa dense phase) Operational Charging Year 1 £0.0 million (zero)

Item reference	Item	Details
		Operational Charging Year 2 £0.0 million (zero) Operational Charging Year 3 £0.0 million (zero) Operational Charging Year 4 £9.7 million in Base Year Prices Note that Phase 2 Tranche D (4.5Mtpa dense phase) is expected to have a provisional Ongoing Capex Allowance of £375.3 million in Base Year prices (and which includes costs after the First Regulatory Period). Subject to the provisions of Schedule 10.

Special Condition H12	**Opex Allowance (provisional)**	Opex Allowance, on an annualised basis, including Variable Opex Allowance, but excluding Pass Through Costs and ETS Allowance, in Base Year prices Operational Charging Year 1 £56.1 million pa Operational Charging Year 2 £62.7 million pa Operational Charging Year 3 £73.3 million pa Operational Charging Year 4 £80.1 million pa The underlying Variable Opex Allowance is based on the following indicative throughputs in tCO2 pa Operational Charging Year 1 [redacted] million tCO2 pa Operational Charging Year 2 [redacted] million tCO2 pa Operational Charging Year 3 [redacted] million tCO2 pa Operational Charging Year 4 [redacted] million tCO2 pa The underlying Variable Opex Allowance is based on the following Fixed Unit Costs in £/tCO2 in Base Year prices Operational Charging Year 1 £[redacted]/tCO2 Operational Charging Year 2 £[redacted]/tCO2 Operational Charging Year 3 £[redacted]/tCO2 Operational Charging Year 4 £[redacted]/tCO2 The Fixed Unit Costs are based on a) The forecast energy relationship assumption in MWh/tCO_2 Operational Charging Year 1 [redacted] MWh/tCO_2 Operational Charging Year 2 [redacted] MWh/tCO_2 Operational Charging Year 3 [redacted] MWh/tCO_2 Operational Charging Year 4 [redacted] MWh/tCO_2 b) Indicative electricity prices £/MWh in Base Year prices Operational Charging Year 1 £[redacted]/MWh Operational Charging Year 2 £[redacted]/MWh

Item reference	Item	Details
		Operational Charging Year 3 £[redacted]/MWh Operational Charging Year 4 £[redacted]/MWh c) The Re-Use Service Opex Allowance in £/tCO_2 in Base Year prices Operational Charging Year 1 £[redacted]/tCO_2 Operational Charging Year 2 £[redacted]/tCO_2 Operational Charging Year 3 £[redacted]/tCO_2 Operational Charging Year 4 £[redacted]/tCO_2
Special Condition H12 & H14	**ETS Allowance(provisional)**	The ETS volume component of the ETS Allowance will be set as a % of forecast throughput as follows: Operational Charging Year 1 [redacted] % Operational Charging Year 2 [redacted] % Operational Charging Year 3 [redacted] % Operational Charging Year 4 [redacted] %

Part 2: The Mandated Financing Terms

The following terms are the Mandated Financing Terms referred to in Standard Condition B18 (*Financial Resilience and Credit Quality*), applicable to the Licensee:

1. Regulatory Asset Ratio

1.1 Subject to paragraph 1.2, in respect of any Test Date, the RAR must be equal to or less than 80 per cent.

1.2 There shall not be a breach of the Mandated Financing Term in paragraph 1.1 if an Equity Cure Amount has been applied in accordance with paragraph 3 (Equity Cure) of Part B (Financial Covenants) of Schedule 3 (Covenants) of the Common Terms Agreement, such that following the recalculation of the RAR after receipt by the Licensee of such Equity Cure Amount, the RAR is equal to or less than 80 per cent.

2. Lock-up

No Restricted Payment shall be declared, made, paid or permitted by any Relevant Obligor and no amount shall be transferred or paid into the Restricted Payment Account unless:

(a) (i) such Restricted Payment is a Permitted Payment and is made in compliance with the Financing Documents, the Licence and the Government Support Package; (ii) on any Test Date commencing from the first Test Date to occur after the earlier of (A) the Commercial Operations Date and (B) the commencement of the Licensee receiving Full Revenues, the Historic ADSCR, as specified in the MFT Compliance Certificate delivered to the Regulator in respect of the Test Date immediately preceding the date of the proposed Restricted Payment or transfer or payment into the Restricted Payments Account, is equal to, or in excess of, 1.10:1; and (iii) for any Restricted Payment or transfer or payment into the Restricted Payments Account to be made during the Secretary of State Discontinuation Decision Period only, the Projected ADSCR, as specified in the MFT Compliance Certificate delivered to the Secretary of State in respect of the Test Date immediately preceding the date of the proposed Restricted Payment or transfer or payment into the Restricted Payments Account, is equal to, or in excess of, 1.10:1; or

(b) such Restricted Payment is (i) made in compliance with the Financing Documents, the Licence and the Government Support Package and (ii) made or paid by the Licensee from the Restricted Payments Account and in an amount not exceeding the amount standing to the credit of the Restricted Payments Account at the date of such Restricted Payment; or

(c) such Restricted Payment or transfer or payment into the Restricted Payments Account otherwise constitutes a Permitted Payment.

3. Initial Shareholder Change of Control

Unless the Secretary of State has provided its prior written consent, no Change of Control shall occur during the Equity Lock-in Period.

4. Operator Change of Control

Unless the Secretary of State has provided its prior written consent, at all times prior to the replacement of the Interim Service Support Arrangements with an Acceptable Alternative Operating Arrangement, the Licensee shall remain an Eni Group Company.

5. Governance

Unless the Secretary of State has provided its prior written consent:

(a) at all times on and from the SID Appointment Date, the Licensee must ensure (and procure that each other Relevant Obligor ensures) that, if its board of directors fails to decide the relevant matter unanimously (including with the consent of the SIDs), the SIDs, acting jointly, together with the directors directly or indirectly nominated for appointment by the Non-Related Shareholders or the Non-Related Shareholders themselves, have the power to make the following decisions for the Licensee and each other applicable Relevant Obligor (and to direct the implementation of those decisions through a duly appointed delegate or attorney):

(i) to exercise any right of termination and/or enforce or waive the Licensee's material rights under any Related Party Contract; and

(ii) to commence, discontinue and/or settle any material dispute, litigation, arbitration claim or proceeding against any counterparty to a Related Party Contract or in respect of the services performed (or to be performed) by any counterparty to a Related Party Contract,

without the consent of the directors appointed by the relevant Related Party Shareholder or the consent of the relevant Related Party Shareholder; and

(b) it shall be a breach of this paragraph 5 (Governance) of these Mandated Financing Terms if any term of the constitutional documents of a Relevant Obligor or any agreement or arrangement in force with a Sponsor, Shareholder (or a Shareholders' or Sponsor's Affiliate) or a director of the Licensee circumvents, overrides or is otherwise inconsistent with the principles set out in this paragraph.

For the purpose of this paragraph 5 only, the enforcement or waiver of any of the Licensee's rights or the commencement, discontinuation and/or settlement of any such dispute, litigation, arbitration claim or proceeding shall be considered to be material where the liability, cost or expense or loss of profit (**Loss**) incurred by the Licensee exceeds or the Loss to be incurred by the Licensee could reasonably be expected to exceed £5,000,000 (or equivalent in other currency or currencies). When determining the amount of any Loss incurred or to be incurred by the Licensee in relation to any such event, the amount of such Loss shall be calculated in aggregate in relation to such event.

6. Rating downgrade in respect of certain Acceptable Credit Support

Unless the Secretary of State otherwise agrees in writing, if, at any time during which a Shareholder is required to procure and maintain Required Credit Support, a MFT Acceptable Credit Rating Event occurs with respect to Eni International B.V. as Acceptable Credit Support Provider providing Acceptable Credit Support pursuant to paragraph (a) of the definition of Acceptable Credit Support, the Licensee must procure that the Shareholder

replaces such Required Credit Support as soon as possible (or, in any event, no later than ten (10) Business Days) thereafter with alternative Acceptable Credit Support.

7. Provision and content of MFT Compliance Certificate

7.1 The Licensee must, on each date it is to deliver a Compliance Certificate under (and as defined in) the Financing Documents, deliver a MFT Compliance Certificate to the Regulator.

7.2 The MFT Compliance Certificate must:

(a) set out in reasonable detail computations as to compliance with paragraph 1 (Regulatory Asset Ratio) and paragraph 2 (Lock-up) of the Mandated Financing Terms as at the most recent Test Date; and

(b) confirm that:

(i) the contents of such certificate is accurate in all material respects; and

(ii) no breach of the Mandated Financing Terms has occurred that has not been waived or remedied in accordance with the Liaison Agreement and the Licence; and

(c) be signed by two directors or a director and the company secretary of the Licensee.

8. Defined terms

8.1 Subject to paragraph 8.2, in these Mandated Financing Terms:

Acceptable Credit Support means:

(a) a parent company guarantee from Eni International B.V.;

(b) a parent company guarantee from an entity with (i) a credit rating of (I) BBB or higher in the case of S&P or Fitch; and/or (II) Baa2 or higher in the case of Moody's (as applicable); and (ii) either total assets valued at or above £10 billion, or funds under management valued at or above £5 billion;

(c) a letter of credit from a bank or financial institution with a long-term unsecured debt obligations rating of (i) A- or higher by S&P or Fitch; and/or (ii) A3 or higher by Moody's (as applicable); or

(d) cash collateral deposited in an account secured in favour of the Security Trustee;

Acceptable Credit Support Provider has the meaning given in the Master Definitions Agreement;

Acceptable Alternative Operating Arrangement means the Licensee self-performing the operation of the Project and (i) such arrangements have been approved by (A) the Secretary of State under the Government Support Package and (B) the NSTA under the Storage Permit and (ii) the arrangements are sufficient to enable the Licensee to issue a Certificate 1R or Certificate 2R for the purpose of Standard Condition B14;

Affiliates has the meaning given in the Master Definitions Agreement;

Base Equity Funding has the meaning given in the Shareholder Support Agreement;

Change of Control has the meaning given in the Discontinuation Agreement;

Closing Date has the meaning given in the Common Terms Agreement;

Committed Shareholder Funding has the meaning given in the Shareholder Support Agreement;

Common Terms Agreement has the meaning given to it in the Master Definitions Agreement;

Debt Service has the meaning given to it in the Master Definitions Agreement;

Default has the meaning given in the Master Definitions Agreement;

Eni Group Companies means Eni S.p.A. and each chain of persons in which each person in the chain holds all of the voting shares of the entity immediately below it in the chain (other than up to two persons in the chain provided that they hold at least 50 per cent or more of the voting shares of the entity immediately below it in the chain) and **Eni Group Company** shall be interpreted accordingly;

Equity Cure Amount has the meaning given in the Master Definitions Agreement;

Equity Lock-in Period means the period from the date of the Common Terms Agreement until the conclusion of the First Regulatory Period;

First Regulatory Period has the meaning given in the Master Definitions Agreement;

Full Revenues has the meaning given in the Master Definitions Agreement;

Issuer means (if applicable) a limited liability company incorporated as an Affiliate of the Licensee for the purposes of the issuance of any listed bonds or notes in connection with the financing of the T&S Network and the on-lending of the proceeds thereof to the Licensee;

MFT Acceptable Credit Rating Event means a public announcement by any of S&P, Moody's or Fitch (or, if applicable, any other rating agency appointed by or with the consent of Eni International B.V. or Eni SpA) that:

(a) any credit rating of Eni International B.V.'s long-term unsecured debt obligations maintained or solicited by Eni International B.V. has fallen below BBB- in the case of S&P, Baa3 in the case of Moody's or BBB- in the case of Fitch (or any equivalent rating in the case of any other rating agency appointed by or with the consent of Eni International B.V.); and

(b) where Eni International B.V. does not solicit or maintain a credit rating in respect of its long-term unsecured debt obligations from any of S&P, Moody's or Fitch, any credit rating of Eni SpA's long-term unsecured debt obligations maintained or solicited by Eni SpA has fallen below BBB- in the case of S&P, Baa3 in the case of Moody's or BBB- in the case of Fitch (or any equivalent rating in the case of any other rating agency appointed by or with the consent of Eni SpA);

MFT Compliance Certificate means a certificate delivered in accordance with paragraph 7 (Provision and content of MFT Compliance Certificate) of the Mandated Financing Terms;

Historic ADSCR has the meaning given in the Common Terms Agreement;

HoldCo means Eni CCUS Holding Limited;

Interim Service Support Arrangements means the arrangements between the Licensee and HoldCo for the provision of services by HoldCo to the Licensee, as well as various secondment arrangements entered into by the Licensee with Eni S.p.A., Eni International Resources Limited and EniProgetti S.p.A. or any other Eni Group Companies for the provision of secondees to the Licensee;

Master Definitions Agreement means the Master Definitions Agreement entered into between, amongst others, the Security Trustee, the Secretary of State and the Licensee on or about the date of Licence Award;

Net Cash Flow has the meaning given in the Master Definitions Agreement;

Non-Related Shareholder means, in respect of a Related Party Contract, any Sponsor who is not a Related Party Shareholder;

Permitted Payment has the meaning given in the Discontinuation Agreement;

Project has the meaning given in the Master Definitions Agreement;

Project Document has the meaning given in the Master Definitions Agreement;

Projected ADSCR means, in respect of a Projected Test Period, the ratio of (a) Net Cash Flow projected to be received in such Projected Test Period to (b) Debt Service projected to fall due in such Projected Test Period;

Projected Test Period means for the purpose of determining the Projected ADSCR, each period of twelve (12) months commencing on (but excluding) a Test Date;

Related Party Contract means any Transaction Document entered into by the Licensee with a Sponsor or Sponsor's Affiliate;

Related Party Shareholder means any Sponsor that is itself, or is a Sponsor's Affiliate of, a counterparty to a Related Party Contract;

Relevant Obligor means each of the Licensee and (if applicable) the Issuer;

Required Credit Support has the meaning given in the Shareholder Support Agreement;

Restricted Payment has the meaning given in the Master Definitions Agreement;

Restricted Payments Account has the meaning given in the Common Terms Agreement;

Shareholder has the meaning given to the term "Funding Shareholder" in the Master Definitions Agreement;

Shareholder Support Agreement has the meaning given in the Master Definitions Agreement;

SID Appointment Date means the date that is the earliest of:

(a) three months after Licence Award; and

(b) the date on which two SIDs are appointed;

Sponsor means the "Initial Investor" (as defined in the Master Definitions Agreement) or any subsequent (direct or indirect) owner of share capital in the Licensee;

Test Date means each 31 March, 30 June, 30 September and 31 December; and

Transaction Documents has the meaning given in the Master Definitions Agreement.

8.2 **Interpretation**

(a) In this Part 2 of the Financial Settlement Document, except to the extent otherwise defined in paragraph 8.1 or as the context otherwise requires, words and phrases shall bear the respective meanings given to them in the Licence.

(b) In this Part 2 of the Financial Settlement Document, where the terms used (and set out in paragraph 8.1) have been assigned meanings given to corresponding terms or definitions in the Financing Documents, the Common Terms Agreement, the Master Definitions Agreement or the Shareholder Support Agreement, those corresponding terms or definitions shall be as set out in the Financing Documents, the Common Terms Agreement, the Master Definitions Agreement and the Shareholder Support Agreement as at Licence Award, unless the Secretary of State has expressly consented to any amendment to any such definition.

(c) For the purpose of paragraph 8.2(b), the Secretary of State shall be deemed to have expressly consented to any amendment to any such corresponding term or definition if it has provided its consent or approval of such amendment by way of the approval in accordance with any entrenched rights under the Financing Documents.

Technical Details Document relating to the carbon dioxide transport and storage licence granted to Liverpool Bay CCS Limited (company number 13194018) (the **"Licensee"**) pursuant to section 7 (as modified by section 16 and schedule 1) of the Energy Act 2023, relating to the "Liverpool Bay T&S" T&S Network, dated 22 April 2025 (the "**Licence**")

Overview

The purpose of this document is to set out certain key milestones dates in respect of the Project and the Project Programme, as contemplated by the conditions of the Licence.

Any capitalised words and expressions used in this Technical Details Document have the meaning given to them in the Licence or the APDP, unless otherwise specified.

Table of key milestone dates and Project Programme

Licence reference	Item	Details
Special Condition F2	**Scheduled Handover Date**	[redacted]
Special Condition G2	**Scheduled COD**	[redacted]
Special Condition G2	**Longstop Date**	As per definition of "Longstop Date" in Special Condition E1 (Definitions) of the Licence – at Licence Award this is anticipated to be [redacted]
Special Condition H11	**RAV Asset Life**	25 years
Special Conditions F2.2 and G2.3	**Project Programme**	<u>Phase 1 Activities</u> • **Handover:** [redacted] • **COD Readiness:** [redacted] • **Commercial Operations Date:** [redacted]

		• **Anticipated pre-COD User connection dates:** o Encyclis Protos ERF – [redacted] o EET HPP1 – [redacted] <u>Phase 2 Activities</u> • Phase 2 Tranche A (Lennox): o **Date of appointment of Independent Certifier for Phase 2 Tranche A** No later than the date which falls nine months following Licence Award. o **Reporting Commencement Date for Phase 2 Tranche A** Licence Award o **P2/ExpA Reporting Period for Phase 2 Tranche A** From Licence Award until Handover, the P2/ExpA Reporting Period for Phase 2 Tranche A is a P2/ExpA Quarter. From Handover onwards, the P2/ExpA Reporting Period for Phase 2 Tranche A is a P2/ExpA Month. o **Scheduled Phase 2 Tranche A Handover Date:** [redacted] or such later date as the Regulator may direct o **Scheduled Phase 2 Tranche A Acceptance Date:** [redacted] or such later date as the Regulator may direct • Phase 2 Tranche B (Padeswood Spurline): o **Date of appointment of Independent Certifier for Phase 2 Tranche B** No later than the date which falls nine months following commencement of the Phase 2 Tranche B Handover Works or such later date as the Regulator may direct. o **Reporting Commencement Date for Phase 2 Tranche B**

Licence reference	Item	Details
		On commencement of the Phase 2 Tranche B Handover Works. o **P2/ExpA Reporting Period for Phase 2 Tranche B** From commencement of the Phase 2 Tranche B Handover Works until Handover of Phase 2 Tranche B, the P2/ExpA Reporting Period for Phase 2 Tranche B is a P2/ExpA Quarter. From Handover of Phase 2 Tranche B onwards, the P2/ExpA Reporting Period for Phase 2 Tranche B is a P2/ExpA Month. o **Scheduled Phase 2 Tranche B Handover Date:** [redacted] or such later date as the Regulator may direct o **Scheduled Phase 2 Tranche B Acceptance Date:** The date determined as such by the Regulator under paragraph 3.4 of schedule 10 (*Project-specific conditions*) of the Licence or such later date as the Regulator may direct • Phase 2 Tranche C (Runcorn Spurline): o **Date of appointment of Independent Certifier for Phase 2 Tranche C** No later than the date which falls nine months following commencement of the Phase 2 Tranche C Handover Works or such later date as the Regulator may direct. o **Reporting Commencement Date for Phase 2 Tranche C** On commencement of the Phase 2 Tranche C Handover Works.

		○ **P2/ExpA Reporting Period for Phase 2 Tranche C** From commencement of the Phase 2 Tranche C Handover Works until Handover of Phase 2 Tranche C, the P2/ExpA Reporting Period for Phase 2 Tranche C is a P2/ExpA Quarter. From Handover of Phase 2 Tranche C onwards, the P2/ExpA Reporting Period for Phase 2 Tranche C is a P2/ExpA Month. ○ **Scheduled Phase 2 Tranche C Handover Date:** [redacted] or such later date as the Regulator may direct ○ **Scheduled Phase 2 Tranche C Acceptance Date:** The date determined as such by the Regulator under paragraph 3.5 of schedule 10 (*Project-specific conditions*) of the Licence or such later date as the Regulator may direct • Phase 2 Tranche D: ○ **Date of appointment of Independent Certifier for Phase 2 Tranche D** No later than the date which falls nine months following commencement of the Phase 2 Tranche D Handover Works or such later date as the Regulator may direct. ○ **Reporting Commencement Date for Phase 2 Tranche D** On commencement of the Phase 2 Tranche D Handover Works. ○ **P2/ExpA Reporting Period for Phase 2 Tranche D** From commencement of the Phase 2 Tranche D Handover Works until Handover of Phase 2 Tranche D, the P2/ExpA Reporting Period for Phase 2 Tranche D is a P2/ExpA Quarter. From Handover of Phase 2 Tranche D onwards, the P2/ExpA Reporting Period for Phase 2 Tranche D is a P2/ExpA Month.

Licence reference	Item	Details
		○ **Scheduled Phase 2 Tranche D Handover Date:** [redacted] or such later date as the Regulator may direct ○ **Scheduled Phase 2 Tranche D Acceptance Date:** The date determined as such by the Regulator under paragraph 3.6 of schedule 10 (*Project-specific conditions*) of the Licence or such later date as the Regulator may direct • Phase 2 Tranche E: ○ **Date of appointment of Independent Certifier for Phase 2 Tranche E** N/A ○ **Reporting Commencement Date for Phase 2 Tranche E** Commercial Operations Date ○ **P2/ExpA Reporting Period for Phase 2 Tranche E** The P2/ExpA Reporting Period for Phase 2 Tranche E is a P2/ExpA Month. ○ **Scheduled Phase 2 Tranche E Handover Date:** Not applicable – there are no Phase 2 Tranche E Handover Works ○ **Scheduled Phase 2 Tranche E Acceptance Date:** [redacted] or such later date as the Regulator may direct <u>Development Activities</u> • Not applicable – at Licence Award there are no Development Activities

Licence Derogations Document relating to the carbon dioxide transport and storage licence granted to Liverpool Bay CCS Limited (company number 13194018) (the "**Licensee**") pursuant to section 7 (as modified by Section 16 and schedule 1) of the Energy Act 2023, relating to the "Liverpool Bay T&S" T&S Network, dated 22 April 2025 (the "**Licence**")

Overview

The purpose of this document is to set out certain Licence Derogations, as contemplated by Standard Condition B28 (*Licence Derogations*).

Any capitalised words and expressions used in the Licence Derogations set out in this document have the meaning given to them in the Licence, unless otherwise specified. The terms "Licence Derogation" and "Derogation" are used interchangeably.

Any references in the Licence Derogations set out in this document to clauses or defined terms in a Derogated Contract are to those clauses or defined terms as set out in that Derogated Contract as at the date of the relevant Licence Derogation.

Each Licence Derogation is subject to review and/or amendment by the Regulator in accordance with Standard Condition B28.

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Licence Derogation 1

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Standard Condition B7.3 (*Independence of the T&S Business and restricted use of Confidential Information*) of the Licence

The Licensee has applied for a derogation from the requirements under Standard Condition B7.3 of the Licence, in relation to the provision of certain information to its Associates - Eni S.p.A., EniProgetti S.p.A., Eni International Resources Limited and Eni CCUS Holding Limited (together referred to as the "**Eni Associates**"), pursuant to Framework Secondment Agreements entered into with each of the Eni Associates, as well as arrangements relating to secondees who are sent on secondment by the Eni Associates to the Licensee, pursuant to the terms of the Framework Secondment Agreements.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B7.3, the Licensee must at all times:

(a) maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and

(b) maintain managerial and operational systems that prevent any Associate of the Licensee from having access to Confidential Information except and to the extent that such information:

(i) is made available on an equal basis to any User or Prospective User of the T&S Network; or

(ii) is of a type that is Corporate Information.

1.2 The Licensee has entered into the following agreements:

(a) Framework Secondment Agreement dated 15 April 2025 with Eni S.p.A.;

(b) Framework Secondment Agreement dated 15 April 2025 with EniProgetti S.p.A.;

(c) Framework Secondment Agreement dated 15 April 2025 with Eni International Resources Limited; and

(d) Framework Secondment Agreement dated 15 April 2025 with Eni CCUS Holding Limited;

(together, the "**Framework Secondment Agreements**").

1.3 Each of the Eni Associates is an Associate of the Licensee.

1.4 Pursuant to the terms of the Framework Secondment Agreements:

(a) the Licensee will provide certain information (which could include Confidential Information) to the Eni Associates, for the purposes of the secondment arrangements contemplated by each of the Framework Secondment Agreements;

(b) employees of the Eni Associates ("**Eni Secondees**") may be sent on secondment to the Licensee to perform certain tasks relating to the T&S Business and will have access to:

(i) various information (which could include Confidential Information) while performing those tasks; and

(ii) premises, systems, equipment and facilities of the Licensee;

(c) in the course of discharging their responsibilities under the secondment arrangements, Eni Secondees will work for and in the interest of the Licensee, but will remain employees of the Eni Associates; and

(d) Eni Secondees will return to their usual duties at the end of the secondment.

1.5 The exchange of Confidential Information and arrangements described in paragraph 1.4 of Section 1 could, in the absence of a derogation, be contrary to the obligation of the Licensee to:

(a) maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and

(b) put in place and at all times maintain managerial and operational systems that prevent any Associate of the Licensee from having access to Confidential Information.

1.6 The scope and extent of this Derogation is limited to:

(a) Eni Secondees having access to such Confidential Information and such premises, systems, equipment and facilities of the Licensee as is reasonably necessary for them to be able to carry out their tasks relating to the T&S Business while on secondment;

(b) Eni Secondees' involvement in managerial and operational matters in respect of the T&S Business; and

(c) each Eni Associate having access to such Confidential Information as is reasonably necessary for the purposes of administering the Framework Secondment Agreement that it is a party to.

2. Section 2: duration of this Derogation

2.1 Subject to paragraph 2.2 of Section 2, this Derogation applies for the duration of the First Regulatory Period.

2.2 Where:

(a) the term of a Framework Secondment Agreement is likely to continue beyond the First Regulatory Period, in accordance with the express provisions of that agreement; and

(b) the Licensee wishes to apply to the Regulator for an extension of this Derogation in accordance with Standard Condition B28,

then the Licensee must give notice to the Regulator, three months before the end of the First Regulatory Period, with details of the anticipated additional duration of the Framework Secondment Agreement.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the following conditions:

(a) the Licensee must ensure that:

(i) Eni Secondees have access to only such Confidential Information as is reasonably necessary for them to be able to carry out their tasks relating to the T&S Business while on secondment;

(ii) Eni Secondees carry out tasks relating to the T&S Business only using the Licensee's systems for the recording, processing and storing of data and information (to the extent such separate systems have been established);

(iii) each Eni Associate only has access to such Confidential Information as is reasonably necessary for the purposes of the Framework Secondment Agreement that it is a party to;

(b) the Licensee must ensure that before any Eni Secondee commences its secondment, the relevant Eni Associate procures that the Eni Secondee (being seconded from that Eni Associate) signs an undertaking that is enforceable by the Licensee, pursuant to which the Eni Secondee undertakes:

(i) not to disclose to anyone other than:

(A) the Licensee and the Licensee's employees and representatives (where such representatives include other Eni Secondees during their secondment); or

(B) a government, statutory or judicial body, where required by law,

during and after the secondment, any Confidential Information the Eni Secondee has had access to during their secondment;

(ii) not to use the relevant Eni Associate's systems for the recording, processing and storing of data and information while carrying out tasks relating to the T&S Business (to the extent separate systems have been established);

(iii) not to use the Confidential Information for any purpose other than carrying out duties relating to the T&S Business;

(iv) while on secondment, to report to and work under the supervision of the Licensee's management and to work for, on behalf of, and in the interest of the Licensee;

(v) return all documents and storage media relating to the T&S Business, that have been in the possession of the Eni Secondee during the secondment, to the Licensee at the end of the secondment;

(c) the Licensee must procure a legally enforceable undertaking in favour of the Licensee from each of the Eni Associates to:

(i) only use any Confidential Information received or obtained by the Eni Associate as a result of entering into the Framework Secondment Agreement, solely for the purpose of discharging its obligations under the Framework Secondment Agreement;

(ii) not disclose such Confidential Information other than to:

(A) any person who is authorised to receive it in accordance with the Framework Secondment Agreement; or

(B) a government, statutory or judicial body, where required by law;

(iii) not use the Confidential Information in any way that would provide an unfair commercial advantage to any Associate of the Licensee or any User or future User;

(iv) where required by the Licensee, return and/or destroy (as applicable) any such Confidential Information as soon as such Confidential Information is no longer required for the discharge of the Eni Associate's obligations under the Framework Secondment Agreement, and in any case upon expiry or termination of the Framework Secondment Agreement;

(d) the Licensee must monitor and enforce compliance of the obligations referred to in paragraphs (b) and (c) above (and compliance with the Framework Secondment Agreements), and seek that each Eni Associate should also monitor and enforce such compliance by the Eni Secondee (being seconded from that Eni Associate);

(e) the Licensee must provide to the Regulator copies of the undertakings referred to in paragraphs (b) and (c) above; and

(f) the Licensee must comply with the reporting obligations set out in Section 4.

4. Section 4: reporting obligations

4.1 The Licensee must inform the Regulator as soon as it is reasonably practicable if:

(a) it believes that there has been a disclosure of any Confidential Information as a result of the arrangements under any of the Framework Secondment Agreements that could adversely impact the interests of any Users or Prospective Users; or

(b) there is a breach of:

(i) any of the Framework Secondment Agreements by the Licensee or an Eni Associate that has or could have an impact on the Licensee's ability to comply with the conditions set out in Section 3; or

(ii) any of the undertakings provided in accordance with Section 3.

Licence Derogation 2

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Standard Condition B7.3 (*Independence of the T&S Business and restricted use of Confidential Information*) of the Licence

The Licensee has applied for a derogation from the requirements under Standard Condition B7.3 of the Licence, in relation to the provision of certain information to its Associate, Eni UK Limited ("**Eni UK**"), pursuant to an Asset Transfer Agreement.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B7.3, the Licensee must at all times:

(a) maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and

(b) maintain managerial and operational systems that prevent any Associate of the Licensee from having access to Confidential Information except and to the extent that such information:

(i) is made available on an equal basis to any User or Prospective User of the T&S Network; or

(ii) is of a type that is Corporate Information.

1.2 The Licensee has entered into the Asset Transfer Agreement dated 15 April 2025 with Eni UK (the "**Asset Transfer Agreement**").

1.3 Eni UK is an Associate of the Licensee.

1.4 Pursuant to the terms of the Asset Transfer Agreement, Eni UK has agreed to sell, and the Licensee has agreed to buy, certain Transferred Assets (as defined in that agreement) that the Licensee will use for the purposes of the T&S Network.

1.5 As part of the arrangements between the parties under the Asset Transfer Agreement, for the transfer of the Transferred Assets to the Licensee, the Licensee may need to disclose various information (which may include Confidential Information) to Eni UK.

1.6 The disclosure of the Confidential Information referred to in paragraph of 1.5 of Section 1 could, in the absence of a derogation, be contrary to the obligation of the Licensee to:

(a) maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and

(b) put in place and at all times maintain managerial and operational systems that prevent any Associate of the Licensee from having access to Confidential Information.

1.7 The scope and extent of this Derogation is limited to Eni UK having access to such Confidential Information as is reasonably necessary for the purposes of the transfer of the Transferred Assets under the Asset Transfer Agreement

2. Section 2: duration of this Derogation

2.1 This Derogation applies for the duration of the period during which any information is being provided to Eni UK pursuant to the terms of the Asset Transfer Agreement, for the purposes of the transfer of the Transferred Assets.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the following conditions:

(a) the Licensee must ensure that Eni UK has access to only such Confidential Information as is reasonably necessary for the purposes of the transfer of the Transferred Assets under the Asset Transfer Agreement;

(b) the Licensee must procure a legally enforceable undertaking in favour of the Licensee from Eni UK to:

(i) only use any Confidential Information received or obtained by Eni UK as a result of entering into the Asset Transfer Agreement, solely for the purpose of discharging its obligations under the Asset Transfer Agreement;

(ii) not disclose such Confidential Information to any third party other than:

(A) on a confidential basis, solely for the purposes of the Asset Transfer Agreement; or

(B) to a government, statutory or judicial body, where required by law;

(iii) not use the Confidential Information in any way that would provide an unfair commercial advantage to any Associate of the Licensee or any User or future User; and

(iv) where required by the Licensee, return and/or destroy (as applicable) any such Confidential Information as soon as such Confidential Information is no longer required for the discharge of Eni UK's obligations under the Asset Transfer Agreement, and in any case upon expiry or termination of the Asset Transfer Agreement; and

(c) the Licensee must provide to the Regulator a copy of the undertaking referred to in paragraph (b) above; and

(d) the Licensee must comply with the reporting obligations set out in Section 4.

4. Section 4: reporting obligations

4.1 The Licensee must inform the Regulator as soon as it is reasonably practicable if:

(a) it believes that there has been a disclosure of Confidential Information as a result of the arrangements under the Asset Transfer Agreement that could adversely impact the interests of any Users or Prospective Users; or

(b) there is a breach of:

(i) the Asset Transfer Agreement by the Licensee or Eni UK that has or could have an impact on the Licensee's ability to comply with the conditions set out in Section 3; or

(ii) the undertakings provided in accordance with Section 3.

Licence Derogation 3

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Standard Condition B7.3 (*Independence of the T&S Business and restricted use of Confidential Information*) of the Licence

The Licensee has applied for a derogation from the requirements under Standard Condition B7.3 of the Licence, in relation to certain arrangements with its Associates – Eni CCUS Holding Limited ("**HoldCo**") and Eni S.p.A. ("**Eni**"), pursuant to a Services Agreement entered into with these companies.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B7.3, the Licensee must at all times:

(a) maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and

(b) maintain managerial and operational systems that prevent any Associate of the Licensee from having access to Confidential Information except and to the extent that such information:

(i) is made available on an equal basis to any User or Prospective User of the T&S Network; or

(ii) is of a type that is Corporate Information.

1.2 The Licensee has entered into the Services Agreement dated 15 April 2025 with HoldCo and Eni (the "**Services Agreement**").

1.3 Both HoldCo and Eni are Associates of the Licensee.

1.4 Pursuant to the terms of the Services Agreement:

(a) HoldCo has agreed to provide or procure certain Services (as defined in the Services Agreement) to the Licensee, where those Services may in some instances be procured by HoldCo from other Associates of the Licensee or independent third-party providers; and

(b) [redacted]

1.5 As part of the Services described in paragraph 1.4 above, HoldCo has agreed to procure for the Licensee certain construction and drilling services, described as the "Work Package 1 Services" (referred to as "**WP1 Services**"), which are being procured by HoldCo pursuant to arrangements involving:

(a) a services agreement between HoldCo and Eni UK Limited ("**Eni UK**", an Associate of the Licensee) for the provision of the WP1 Services; and

(b) Eni UK procuring the WP1 Services pursuant to certain agreements (referred to as the "**WP1 Agreements**") entered into between Eni UK and certain third-party contractors.

1.6 The services to be provided under the WP1 Agreements will include not just services being procured to the Licensee, in relation to the T&S Business, but also other services (referred to here as the "**Non-T&S Business Services**"), which do not relate to the T&S Business and which will fall outside the scope of the WP1 Services being procured under the Services Agreement for the benefit of the Licensee.

1.7 As part of the arrangements between the parties under the Services Agreement:

(a) HoldCo and any Associates of the Licensee from whom HoldCo is procuring Services will have access to various information (which could include Confidential Information) and premises, systems, equipment and facilities of the Licensee to allow them to perform the Services in accordance with the Services Agreement;

(b) HoldCo and/or Eni UK, in procuring the WP1 Services, will exercise a degree of managerial and/or operational control in relation to the delivery of the WP1 Services; and

(c) [redacted]

1.8 The access to Confidential Information and other arrangements referred to in paragraphs 1.4 to 1.7 of Section 1 could, in the absence of a derogation, be contrary to the obligation of the Licensee to:

(a) maintain managerial and operational independence of the T&S Business from any businesses carried out by any Associate of the Licensee; and

(b) put in place and at all times maintain managerial and operational systems that prevent any Associate of the Licensee from having access to Confidential Information.

1.9 The scope and extent of this Derogation is limited to:

(a) HoldCo and any Associates of the Licensee from whom HoldCo is procuring Services having access to such Confidential Information and such premises, systems, equipment and facilities of the Licensee as is reasonably necessary for the purposes of discharging their respective obligations under the Services Agreement/providing Services (which Services may relate to managerial and operational matters);

(b) HoldCo's involvement in managerial and operational matters in respect of the T&S Business, to the extent contemplated by the Services Agreement;

(c) HoldCo and/or Eni UK exercising a degree of managerial and/or operational control in relation to the delivery of the WP1 Services; and

(d) Eni having access to such Confidential Information as is reasonably necessary for the purposes of discharging its obligations under the Services Agreement (other than in relation to the procurement of the WP1 Services).

2. Section 2: duration of this Derogation

2.1 Subject to paragraph 2.2 of Section 2, this Derogation applies for the duration of the First Regulatory Period.

2.2 Where:

(a) the term of the Services Agreement is likely to continue beyond the First Regulatory Period, in accordance with the express provisions of that agreement; and

(b) the Licensee wishes to apply to the Regulator for an extension of this Derogation in accordance with Standard Condition B28,

then the Licensee must give notice to the Regulator, three months before the end of the First Regulatory Period, with details of the anticipated additional duration of the Services Agreement.

3. Section 3: conditions relating to this Derogation

3.1 This Licensee must comply with the following conditions:

(a) the Licensee must ensure that HoldCo, any Associates of the Licensee providing Services on behalf of HoldCo and Eni have access to only such Confidential Information as is reasonably necessary for the purposes of their respective obligations/providing the Services under the Service Agreement;

(b) the Licensee must ensure that HoldCo and any Associates of the Licensee providing Services on behalf of HoldCo have access to only such premises, systems, equipment and facilities of the Licensee as is reasonably necessary for the purposes of their obligations/providing the Services under the Services Agreement;

(c) the Licensee must procure legally enforceable undertakings in favour of the Licensee from HoldCo, Eni and any Associates of the Licensee, who may be providing Services to it on behalf of HoldCo, to:

(i) only use any Confidential Information disclosed to them pursuant to the Services Agreement solely for the purpose of discharging their respective obligations/providing the Services under the Services Agreement;

(ii) not disclose the Confidential Information to any third party other than:

(A) on a confidential basis, solely for the purposes of the Services Agreement; or

(B) to a government, statutory or judicial body, where required by law;

(iii) not use the Confidential Information in any way that would provide an unfair commercial advantage to any Associate of the Licensee or any User or future User; and

(iv) where required by the Licensee, return and/or destroy (as applicable) such Confidential Information as soon as such Confidential Information is no longer required for the discharge of their respective obligations/providing the Services under the Services Agreement, and in any case upon expiry or termination of the Services Agreement;

(d) the Licensee must provide to the Regulator copies of each of the undertakings referred to in paragraph (c) above;

(e) because HoldCo and/or Eni UK will be exercising a degree of managerial and/or operational control in relation to the delivery of the WP1 Services, the Licensee must ensure that it maintains rights sufficient that any amount payable by the Licensee to HoldCo in relation to the WP1 Services is calculated:

(i) on a cost pass-through basis – that is, on the basis that Eni UK and HoldCo will only pass on to the Licensee the charges that Eni UK has paid to the contractor providing the WP1 Services, without a mark-up or commission (but noting that this does not mean that such costs are Pass Through Costs under the Licence); and

(ii) by reference to a charging methodology which is designed to allocate the costs incurred in the provision of the WP1 Services under the WP1 Agreements (as opposed to the costs incurred in the carrying out of any Non-T&S Business Services) based on objective criteria;

(f) if required to do so by the Regulator, the Licensee must commission an independent report from a reputable economic consultant to demonstrate compliance with the requirements set out in paragraph 3.1(e) and shall provide this report to the Regulator; and

(g) the Licensee must comply with the reporting obligations set out in Section 4.

4. Section 4: reporting obligations

4.1 The Licensee must inform the Regulator as soon as it is reasonably practicable if:

(a) it believes that there has been a disclosure of any Confidential Information as a result of the arrangements under the Services Agreement that could adversely impact the interests of any Users or Prospective Users; or

(b) there is a breach of:

(i) the Services Agreement by the Licensee, HoldCo or Eni that has or could have an impact on the Licensee's ability to comply with the conditions set out in Section 3; or

(ii) any of the undertakings provided in accordance with Section 3.

4.2 The Licensee must keep the Regulator updated about the execution of the Transfer Plan pursuant to clause 7 of the Services Agreement, including:

(a) providing the Regulator with a copy of the draft Transfer Plan (as described in the Services Agreement) prepared by the Licensee in accordance with the Services Agreement;

(b) providing the Regulator with a final version of the Transfer Plan (the reference to which includes an Early Termination Transfer Plan, where relevant), as finalised by the Licensee pursuant to the Services Agreement;

(c) providing the Regulator with 12 monthly updates (from the date the Transfer Plan is finalised) regarding execution of the Transfer Plan, including details of any Transfer Item (as defined in the Services Agreement) that has been transferred to the Licensee.

Licence Derogation 4

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Standard Condition B8.3 (*Requirement for Sufficiently Independent Directors*) of the Licence

The Licensee has applied for a derogation from certain requirements under Standard Condition B8.3 of the Licence, in relation to the possible delay in the appointment of two sufficiently independent directors (**"SIDs"**) (within the meaning of that licence condition).

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B8.3, except and to the extent that the Regulator consents otherwise, the Licensee must ensure that at all times it has at least two non-executive directors who meet the criteria set out in Standard Condition B8. Such directors are referred to as "sufficiently independent directors" or SIDs.

1.2 The Licensee has been implementing a recruitment plan with the objective of appointing two SIDs by Licence Award if practicable, but in any case, no later than three months after Licence Award.

1.3 The delay described in paragraph 1.2 of Section 1.2 would, in the absence of a derogation, be a breach of the Licensee's obligation under Standard Condition B8.3 to have at least two SIDs at all times.

1.4 The scope and extent of this Derogation is limited to an extension of time for the appointment of two SIDs, as described in section 1.2.

2. Section 2: duration of this Derogation

2.1 This Derogation applies until the date which is the earlier of:

(a) three months after Licence Award; or

(b) the date on which two SIDs are appointed.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the following conditions:

(a) the Licensee must use best endeavours to appoint two SIDs as soon as reasonably practicable, but in any case, not later than three months after Licence Award; and

(b) the Licensee must comply with the reporting obligations set out in Section 4.

4. Section 4: reporting obligations

4.1 The Licensee must inform the Regulator as soon as it has appointed two SIDs.

4.2 The Licensee must provide monthly updates to the Regulator about its progress in implementing its recruitment plan and in complying with Section 3.1(a).

Licence Derogation 5

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Part F of Standard Condition B18 (*Financial Resilience and Credit Quality*) of the Licence

The Licensee has applied for a derogation from certain obligations under Part F of Standard Condition B18 of the Licence, in relation to certain aspects of the Licensee's constitutional documents which do not comply with the Mandated Financing Terms ("**MFTs**").

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

1.1 Under Part F of Standard Condition B18 the Licensee is required to comply with the MFTs which are set out in Part 2 of the Financial Settlement Document.

1.2 Paragraph 5 of the MFTs provides (among other requirements) that, unless the Secretary of State has provided its prior written consent:

(a) at all times on and from the SID Appointment Date (as that term is defined in the MFTs) the Licensee must ensure (and procure that each other Relevant Obligor (as that term is defined in the MFTs) ensures) that, if its board of directors fails to decide the relevant matter unanimously (including with the consent of the sufficiently independent directors ("**SIDs**")), the SIDs, acting jointly, together with the directors directly or indirectly nominated for appointment by the Non-Related Shareholders (as that term is defined in the MFTs) or the Non-Related Shareholders themselves, have the power to make the following decisions for the Licensee and each other applicable Relevant Obligor (and to direct the implementation of those decisions through a duly appointed delegate or attorney):

(i) to exercise any right of termination and/or enforce all of the Licensee's material (as that term is interpreted in accordance with the MFTs) rights under any Related Party Contract (as that term is defined in the MFTs); and

(ii) to commence, discontinue and/or settle any material dispute, litigation, arbitration claim or proceeding against any counterparty to a Related Party Contract or in respect of the services performed (or to be performed) by any counterparty to a Related Party Contract,

without the consent of the directors appointed by the relevant Related Party Shareholder or the consent of the relevant Related Party Shareholder; and

(b) it shall be a breach of paragraph 5 (Governance) of the MFTs if any term of the constitutional documents of a Relevant Obligor or any agreement or arrangement in force with a Shareholder, Sponsor (or a Shareholders' or Sponsor's Affiliate) (as those terms are defined in the MFTs) or a director of the Licensee circumvents, overrides or is otherwise inconsistent with the principles set out in paragraph 5 of the MFTs.

(Defined terms used in paragraph 5 of the MFTs have the same meaning as the defined terms used in Part 2 of the Financial Settlement Document.)

1.3 The Licensee's articles of association do not permit the SIDs, together with the directors appointed by the Non-Related Shareholders or the Non-Related Shareholders themselves, the ability to exercise certain rights that are required pursuant to paragraph 5 of the MFTs set out in paragraph 1.2 above. Therefore, in the absence of a Derogation, the Licensee's would be in breach of Standard Condition B18.

1.4 Pursuant to Licence Derogation 4, the Licensee has been allowed a limited extension of time for the appointment of SIDs in accordance with Standard Condition B8 (Requirement for Sufficiently Independent Directors). Given that the need for the Licensee's articles of association to be consistent with paragraph 5 of the MFTs will only become relevant once the SIDs have been appointed, it has been agreed that the Licensee may amend its constitutional documents after Licence Award, to coincide with the appointment of the SIDs.

1.5 The scope and extent of this Derogation is limited to an extension of time for the Licensee to amend its constitutional documents to ensure they are consistent with paragraph 5 of the MFTs, as described in Section 1.4.

2. Section 2: duration of this Derogation

2.1 This Derogation applies for the same duration as Licence Derogation 4 (relating to the Licensee's obligations under Standard Condition B8). Once Licence Derogation 4 ceases to have effect then this Derogation shall also cease to have effect.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the following conditions:

(a) the Licensee must ensure that at the same time as appointing the SIDs in compliance with Standard Condition B8, it amends its constitutional documents to comply with paragraph 5 of the MFTs, so that there is no delay between the appointment of the SIDs and amendment of the constitutional documents; and

(b) the Licensee must comply with the reporting obligations set out in Section 4.

4. Section 4: reporting obligations

4.1 The Licensee must inform the Regulator as soon as it has amended its constitutional documents.

Licence Derogation 6

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Standard Condition B2 (*System Development Statement*) of the Licence

The Licensee has applied for a derogation from certain requirements under Standard Condition B2.6 of the Licence, in relation to a delay in the publication of its System Development Statement on the Licensee's website.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B2.6, the Licensee must publish its System Development Statement on its website in a readily accessible form and manner and must give a copy of it on request and free of charge to any person who asks for one.

1.2 As at Licence Award, the Licensee has been taking steps to procure a new website with information about the Licensee and the T&S Business, but this website will not be available as at Licence Award.

1.3 The Licensee will have prepared its System Development Statement, in compliance with Standard Condition B2.3, by Licence Award, but will not be able to publish it on its website until six months after Licence Award.

1.4 The delay referred to in Section 1.3 would, in the absence of a derogation, be a breach of the Licensee's obligation under Standard Condition B2.6 to publish its System Development Statement on its website in a readily accessible form and manner.

1.5 The scope and extent of this Derogation is limited to an extension of time of six month for the publication of the System Development Statement on the Licensee's website.

2. Section 2: duration of this Derogation

2.1 This Derogation applies until the date which is six months after Licence Award.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the following conditions:

(a) the Licensee must send a copy of its System Development Statement to the Regulator, the Secretary of State, any Users and any Prospective Users as soon as reasonably practicable after Licence Award;

(b) from Licence Award, the Licensee must give a copy of the System Development Statement to any person who requests it, in accordance with Standard Condition B2.6; and

(c) the Licensee must comply with the reporting obligations set out in Section 4.

4. Section 4: reporting obligations

4.1 The Licensee must inform the Regulator as soon as reasonably practicable after its website is launched and it has published its System Development Statement on the website.

Licence Derogation 7

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Standard Condition B10 (*Regulatory Accounts*) of the Licence

The Licensee has applied for a Derogation from certain requirements under Standard Condition B10 of the Licence, to allow the Licensee to satisfy the requirements of Standard Condition B10 by submitting to the Regulator its statutory accounts prepared under the Companies Act 2006 (the "**Statutory Accounts**") in place of Regulatory Accounts.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in section 3; and
- the reporting obligations set out in section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B10, the Licensee has various obligations relating to the preparation, audit, delivery and publication of Regulatory Accounts.

1.2 The Licensee has requested, and it has been agreed as follows:

(a) the Licensee may submit to the Regulator Statutory Accounts prepared in relation to its T&S Business Activities, in place of the Licensee's obligations under Standard Conditions B10.3, B10.6, B10.7 and B10.10 in relation to Regulatory Accounts;

(b) the Licensee, in complying with the requirement to have its Statutory Accounts audited under Companies Act 2006, must comply with the requirements set out in Standard Conditions B10.11 and B10.12, except that the auditor's report, that the Licensee procures in relation to its Statutory Accounts and submits to the Regulator, may be addressed to the members of the Licensee (as required by the Companies Act 2006) instead of being addressed to the Regulator;

(c) the contract of appointment of an Appropriate Auditor, referred to in Standard Condition B10.14, may provide for the report referred to in Standard Condition B10.14 to be addressed to the directors of the Licensee instead of being addressed to the Regulator;

(d) the first Statutory Accounts that the Licensee prepares, delivers and publishes to discharge its obligations under Standard Condition B10 and this Derogation will cover a 15-month period, from 1 January to 31 March of the following year, to allow the Licensee to adjust its accounting period to match that of each Charging Year;

(e) the Licensee will publish its first Statutory Accounts after Licence Award by 30 September after the end of the first Charging Year after Licence Award (but by 31 July after the end of each subsequent Charging Year); and

(f) the Licensee will procure that the first report required by Standard Condition B10.14 after Licence Award shall be delivered by 30 September after the end of the first Charging Year after Licence Award (but by 31 July after the end of each subsequent Charging Year).

1.3 The arrangements described in Section 1.2 would, in the absence of a Derogation, be a breach of the Licensee's obligations under Standard Condition B10.

1.4 The scope and extent of this Derogation is limited to the matters described in Section 1.2 and does not in any way limit the Licensee's other obligations under Standard Condition B10.

2. Section 2: duration of this Derogation

2.1 Subject to Section 2.2, this Derogation applies for the duration of the First Regulatory Period.

2.2 Where the Licensee wishes to apply to the Regulator for an extension of this Derogation in accordance with Standard Condition B28, then the Licensee must do so at least three months before the end of the First Regulatory Period.

3. Section 3: conditions relating to this Derogation

3.1 This Licensee must comply with the following conditions:

(a) the Licensee's Statutory Accounts must comply with the requirements of Standard Conditions B10.3, B10.5, B10.6, B10.7, B10.8 and B10.9 (including, but not limited to, the requirements relating to Segmental Information);

(b) except for the first Statutory Accounts prepared, delivered and published by the Licensee to satisfy the requirements of Standard Condition B10, all other Statutory Accounts that are prepared, delivered and published by the Licensee to satisfy the requirements of Standard Condition B10 must cover the accounting period of 1 April to 31 March, to reflect each Charging Year;

(c) a copy of the report referred to in Standard Condition B10.14 must be submitted to the Regulator by the Licensee as soon as reasonably practicable following receipt by the Licensee of the relevant report;

(d) the Licensee must comply with all reporting dates and requirements under the RIGs; and

(e) the Licensee must comply with the reporting obligations set out in section 4.

4. Section 4: reporting obligations

4.1 [Not used.]

Licence Derogation 8

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Standard Condition B12.3 (*Disposal of assets and restrictions on charges*) of the Licence

The Licensee has applied for a derogation from certain requirements under Standard Condition B12.3, in relation to the grant to its financiers of first ranking fixed charges and/or assignments on and over all benefits under the Discontinuation Agreement.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in section 3; and
- the reporting obligations set out in section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B12.3, the Licensee must not, except with the consent of the Regulator or unless otherwise permitted under Standard Condition B12, grant any mortgage, charge, or other form of security over any Receivables and/or any T&S Asset.

1.2 As part of the financing arrangements being entered into by the Licensee (as approved as at Licence Award and as amended from time to time in accordance with the Discontinuation Agreement) to finance its obligations under the Licence (the "**Financing Arrangements**"), the Licensee has agreed to grant to each of its financiers under the Financing Arrangements first ranking fixed charges/assignments on and over all benefits under the Discontinuation Agreement.

1.3 The security arrangements described in Section 1.2 would, in the absence of a derogation, be a breach of the Licensee's obligation under Standard Condition B12 to not grant any mortgage, charge, or other form of security over any Receivables and/or any T&S Asset without the consent of the Regulator.

1.4 The scope and extent of this Derogation is limited to permit the security described in Section 1.2.

2. Section 2: duration of this Derogation

2.1 This Derogation applies for the duration of the term of the Discontinuation Agreement.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the following conditions:

(a) the Licensee must give notice to the Regulator (with all relevant details), as soon as reasonably practicable, of any event of default under the Financing Arrangements or any enforcement action taken with respect to the security arrangements described in section 1.2; and

(b) the Licensee must comply with the reporting obligations set out in section 4.

4. Section 4: reporting obligations

4.1 [Not used.]

Licence Derogation 9

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Special Licence Condition H22 (*Storage Site performance*) ("Special LC H22") of the Licence

The Licensee has applied for a derogation from certain requirements under Special LC H22 of the Licence and the definition of "Initial Competent Person's Report" in the Licence, addressing the fact that contrary to that condition and definition, the Licensee has not provided an Initial Competent Person's Report as at Licence Award.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

1.1 Special LC H22 requires the Licensee to procure certain reports (Competent Person's Reports) and audits in relation to the Licensee's Storage Capacity. For the purposes of Special LC H22, "Initial Competent Person's Report" is defined in the Licence to mean the initial Competent Person's Report provided by the Licensee to the Regulator at or prior to Licence Award.

1.2 The Licensee has procured a subsurface report that has been provided to the Regulator and the Secretary of State at or prior to Licence Award, but not an Initial Competent Person's Report.

1.3 The Licensee is intending to procure an Initial Competent Person's Report after Licence Award and provide a copy to the Regulator no later than a date which is six months after Licence Award.

1.4 The delay in the provision of the Initial Competent Person's Report, as described in Sections 1.2 and 1.3 means that, in the absence of a derogation, the Licensee would be in breach of the Licensee's obligation to have provided the Initial Competent Person's Report to the Regulator at or prior to Licence Award.

1.5 This scope and extent of this Derogation is limited to an extension of time of six months for the provision of the Initial Competent Person's Report.

2. Section 2: duration of this Derogation

2.1 This Derogation applies until the date which is six months after Licence Award.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the following conditions:

(a) the Licensee must use best endeavours to procure the Initial Competent Person's Report as soon as reasonably practicable after Licence Award and in any case by the date which is six months after Licence Award;

(b) the Licensee must comply with Special LC H22.12 (specifying the contents of a Competent Person's Report) in relation to the Initial Competent Person's Report, subject to the following:

(i) in relation to the requirements under Special LC H22.12(e), only the data specified in paragraph (i) is required and only as it applies to legacy wells, being data relating to the physical condition of those wells at Licence Award and the expected physical condition of those wells at Commercial Operations Date;

(ii) in relation to the requirements under Special LD H22.12(f), only the data specified in paragraph (vii) is required; and

(iii) in relation to the requirements under Special LC H22.12(g), only the assumptions applied when producing the information referred to in Special LC H22.12(a) to (f) need to be included and not the other requirements set out in Special LC H22.12(g) (on the basis that this is the first Competent Person's Report being procured by the Licensee); and

(c) the Licensee must comply with the reporting obligations set out in Section 4.

4. Section 4: reporting obligations

4.1 The Licensee must keep the Regulator informed about its progress in procuring the Initial Competent Person's Report.

Licence Derogation 10

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain restrictions under Standard Condition B13.3 (*Restriction on activity and financial ringfencing*) and Special Condition J14.4 (*Regulated/Non-regulated Revenue*) of the Licence

The Licensee has applied for a derogation from the restrictions under Standard Condition B13.3 and Special Condition J14.4 of the Licence, in relation to the provision of Services to its Associate, Eni CCUS Holding Limited ("**HoldCo**"), pursuant to a Reverse Flow Services Agreement entered into with HoldCo.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation includes:

- the conditions set out in Section 3; and
- the reporting obligations set out in Section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B13.3, the Licensee must not, without the prior consent of the Regulator, conduct any business or carry on any activity other than the T&S Business.

1.2 Under Special Condition J14.4, the Licensee must not:

(a) undertake any Non-Regulated Activities; or

(b) earn any Non-Regulated Revenue,

without the prior approval of the Regulator.

1.3 The Licensee has entered into a Reverse Flow Services Agreement dated 15 April 2025 with HoldCo (the "**RFS Agreement**").

1.4 Pursuant to the terms of the RFS Agreement, the Licensee will provide certain Services (as that term is defined in the RFS Agreement), to HoldCo, on the basis that HoldCo will reimburse the Licensee for the full actual cost (including all overheads and taxes) borne by the Licensee in providing the Services (the "**RFS Costs**").

1.5 The provision of the Services by the Licensee to HoldCo pursuant to the terms of the RFS Agreement (including receipt of reimbursement for the cost of providing those Services) would, in the absence of a Derogation, be contrary to the Licensee's obligation to not do the following:

(a) without the prior consent of the Regulator, conduct any business or carry on any activity other than the T&S Business; and

(b) without the prior approval of the Regulator, not undertake any Non-Regulated Activities or earn any Non-Regulated Revenue.

1.6 The scope and extent of this Derogation is limited to the Licensee providing Services to HoldCo (and receiving reimbursement for the cost of provision of those Services) pursuant to the terms of the RFS Agreement, but subject to:

(a) the restrictions set out in Section 3; and

(b) the amendment of the definition of "Excluded Project Spend" set out in Schedule 10 of the Licence.

1.7 It is acknowledged that HoldCo may make available Services provided under the RFS Agreement to its Subsidiary Undertakings.

2. Section 2: duration of this Derogation

2.1 This Derogation applies until the Commercial Operations Date.

2.2 Where the Licensee wishes to apply to the Regulator for an extension of this Derogation in accordance with Standard Condition B28, then the Licensee must:

(a) do so at least three months before the end of the period referred to in section 2.1; and

(b) provide to the Regulator an overview of the nature of the Services (including, to the extent reasonably practicable, the details referred to in section 4.1(a) to (e)) that the Licensee anticipates are to be provided by the Licensee in the time period in relation to which the extension is being sought.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the following conditions:

(a) in relation to the RFS Costs, the Licensee must:

(i) provide confirmation to the Regulator (including any evidence requested by the Regulator) at Licence Award that no amounts have been included in any allowances (including but not limited to the SRAV Capex and Opex Allowance or the provisional Opex Allowances) in respect of the RFS Costs and

(ii) not log any RFS Costs to the Actual Opex Costs so as to seek to recover any RFS Costs through the Allowed Revenue,

(b) in any SRAV Calculation Period, the Licensee must not perform any services under the RFS Agreement where the Cost of Services would be in excess of fifteen (15) Full Time Equivalent, where "**Full Time Equivalent**" or "**FTE**" means hours worked by one employee on a full-time basis.

(c) no Employee performing the Services spends more than fifty (50) per cent of their working hours performing the Services (when averaged over two consecutive SRAV Calculation Periods);

(d) the RFS Costs recoverable by the Licensee under the RFS Agreement must be such that the Licensee is only reimbursed for its actual costs and does not make a profit from the provision of the Services;

(e) in providing the Services, the Licensee must not use or disclose any Confidential Information;

(f) the Licensee must not carry out any Services relating to any transport and storage network that is already in operation; and

(g) the Licensee must comply with the reporting obligations set out in section 4.

3.2 In this Section 3, "Employee(s)" means any employees of the Licensee, including any personnel who are secondees performing tasks relating to the T&S Business pursuant to secondment arrangements entered into between the Licensee and Associates of the Licensee.

4. Section 4: reporting obligations

4.1 At the end of the SRAV Calculation Period, the Licensee shall provide the Regulator with the following information (relating to Services provided during that SRAV Calculation Period) in respect of the RFS Agreement:

(a) the number of the Licensee's employees who have provided services under the RFS Agreement;

(b) the nature of the Services provided, including the following information relating to each individual Service:

(i) the job title, seniority and area of expertise of the employee providing the Service;

(ii) what tasks the Service involved; and

(iii) the project and entity that the Service was provided to;

(c) the amount of FTE that has been undertaken by the Licensee in the SRAV Calculation Period in performing services under the RFS Agreement;

(d) in relation to each Employee that has performed the Services, the percentage of working hours that Employee has spent performing those Services during that SRAV Calculation Period (when averaged over that SRAV Calculation Period and, where relevant, over both that SRAV Calculation Period and the preceding SRAV Calculation Period); and

(e) details of:

(i) the Costs of the Services charged by the Licensee under the RFS Agreement;

(ii) the revenue received by the Licensee under the RFS Agreement; and

(iii) any other information that the Regulator considers appropriate in relation to the RFS Agreement.

Licence Derogation 11

Date: Licence Award

Licence Derogation relating to the Licensee's request for derogation from certain requirements under Standard Condition B14 (*Availability of resources*) of the Licence

The Licensee has applied for a Derogation from certain requirements under Standard Condition B14 of the Licence, in relation to the timing of the first Financial Resources Certificate to be provided by the Licensee after Licence Award.

The effect of this Derogation is to relieve the Licensee of its obligation to comply with the licence condition (or conditions) referred to within this Derogation, in relation to the specific matters and to the extent described in Section 1, for the duration described in Section 2. This Derogation is subject to:

- the conditions set out in section 3; and
- the reporting obligations set out in section 4.

1. Section 1: scope of this Derogation

1.1 Under Standard Condition B14.4, the Licensee must, by 31 July each year give the Regulator a document that includes, amongst other things, the Financial Resources Certificate described in Part B of Standard Condition B14.

1.2 Under Standard Condition B14.6, the Licensee must ensure that the Financial Resources Certificate is accompanied by:

(a) a statement of the main factors that the Licensee's directors have taken into account in giving that certificate including reference to:

(i) the main financial resources and financial facilities available to the Licensee;

(ii) the most recent cash flow statement and cash flow forecast for the period covered by the certificate, prepared for the Licensee;

(iii) assumptions the Licensee has made in relation to the availability of financial markets for any financing or refinancing requirements needed to be able to carry on the T&S Business economically, efficiently and effectively for the relevant period; and

(b) a report prepared by its auditors and addressed to the Regulator that states whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it under paragraph (a) and, on the other hand, any Information that they obtained during their audit work under Standard Condition B10 (*Regulatory Accounts*) on the Licensee's Regulatory Accounts.

1.3 Pursuant to Licence Derogation 7, the Licensee has been allowed (among other things):

(a) to submit Statutory Accounts in place of Regulatory Accounts; and

(b) to publish its first Statutory Accounts after Licence Award by 30 September after the end of the first Charging Year after Licence Award (but by 31 July after the end of each subsequent Charging Year).

1.4 The extension of time under Licence Derogation 7 means that there will also be a delay in the audit of the Licensee's first Statutory Accounts after Licence Award, and an unavailability of all information on which to base the first Financial Resources Certificate after Licence Award.

1.5 The Licensee has requested, and it has been agreed as follows:

(a) the Licensee may submit:

(i) the first Financial Resources Certificate after Licence Award; and

(ii) the documents referred to in Standard Condition B14.6 that must accompany that first Financial Resources Certificate,

by 30 September (but by 31 July each year after that); and

(b) the report prepared by the Licensee's auditors, referred to in Standard Condition B14.6(b), may be addressed to the directors of the Licensee instead of being addressed to the Regulator (for the duration of this Derogation, not just in relation to the first Financial Resources Certificate).

1.6 The arrangements described in section 1.5 would, in the absence of a Derogation, be a breach of the Licensee's obligations under Standard Condition B14.

1.7 The scope and extent of this Derogation is limited to the matters described in section 1.5 and does not in any way limit the Licensee's other obligations under Standard Condition B14.

2. Section 2: duration of this Derogation

2.1 Subject to section 2.2, this Derogation applies for the duration of the First Regulatory Period.

2.2 Where the Licensee wishes to apply to the Regulator for an extension of this Derogation in accordance with Standard Condition B28, then the Licensee must do so at least three months before the end of the First Regulatory Period.

3. Section 3: conditions relating to this Derogation

3.1 The Licensee must comply with the reporting obligations set out in section 4.

4. Section 4: reporting obligations

4.1 [Not used.]

Approved Project Development Plan relating to the carbon dioxide transport and storage licence granted to Liverpool Bay CCS Limited (company number 13194018) (the "**Licensee**") pursuant to section 7 (as modified by section 16 and schedule 1) of the Energy Act 2023, relating to the "Liverpool Bay T&S" T&S Network, dated 22 April 2025 (the "**Licence**")

1. ACRONYMS AND DEFINITIONS

1.1 In this APDP, where capitalised terms are also defined in the Licence, they will have the same meaning in this APDP and, unless otherwise defined within this APDP or the context otherwise requires, capitalised terms used in this APDP which are not also defined in the Licence shall have the following meaning:

"AGI"	means an above ground installation;
"BVS"	means a block valve station;
"Douglas CCS Platform"	means the surface facilities providing heating, pressure control and distribution of the full CO_2 flow and utilities support to Hamilton Main, Hamilton North and Lennox;
"EET HPP1"	means the Planned Initial User identified in row 4 of the Planned Initial Users table at section 4.1(b);
"Encyclis Protos ERF"	means the Planned Initial User identified in row 2 of the Planned Initial Users table at section 4.1(b);
"Environmental Statement AGI Location Plan"	means the Environmental Statement (Volume III) Above Ground Installations Location Plan HyNet Carbon Dioxide Pipeline DCO (Planning Act 2008; The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 – Regulations 5(2)(o); Document Reference Number D.2.10; Applicant: Liverpool Bay CCS Limited; Inspectorate Reference: EN070007);
"Environmental Statement BVS Location Plan"	means the Environmental Statement (Volume III) Block Valve Stations Location Plan HyNet Carbon Dioxide Pipeline DCO (Planning Act 2008; The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 – Regulations 5(2)(o); Document Reference Number D.2.7; Applicant: Liverpool Bay CCS Limited; Inspectorate Reference: EN070007);
"First Group of Phase 2D Devex Activities"	has the meaning given to it in section 3.2(l)(ii);
"Flint AGI"	means the multi-junction AGI at the location shown on drawing EN070007-D.2.10-LAY-Sheet 4 of the Environmental Statement AGI Location Plan where the new 36" pipeline connects to the 24" repurposed and extended P852 pipeline;

"Flint-PoA Pipeline"	has the meaning given in section 3.1(d)(i)(D);
"Hamilton Main" or "HM"	means the offshore wellhead platform receiving CO_2 for injection into the Hamilton Carbon Store (of which the jacket is repurposed);
"Hamilton North" or "HN"	means the offshore wellhead platform receiving CO_2 for injection into the Hamilton North Carbon store (of which the jacket is repurposed);
"Hanson Padeswood"	means the Planned Initial User identified in row 3 of the Planned Initial Users table at section 4.1(b);
"Ince AGI"	means the multi-junction AGI at the location shown on drawing EN070007-D.2.10-LAY-Sheet 1 of the Environmental Statement AGI Location Plan where CO_2 enters the T&S Network from the Runcorn Spurline;
"Lennox"	means the offshore wellhead platform receiving CO_2 for injection into the Lennox Carbon Store (of which the jacket is repurposed);
"Licence"	means the licence granted to the Licensee pursuant to section 7 of the Act;
"Mechanical Completion"	is achieved when: (a) excluding any relevant Handover Punchlist Items: (i) construction of: (A) the Phase 1 Systems; or (B) any of the Phase 2 Systems (as the case may be), is complete in accordance with the requirements of this APDP and any other relevant Licence or Project-related requirements; and (ii) all inspections and testing undertaken in accordance with the requirements of this APDP of (as the case may be): (A) the Phase 1 Systems (which inspections and testing do not form part of the Commissioning Activities); or (B) any of the Phase 2 Systems (which inspections and testing do not form part of the relevant Phase 2 Commissioning Activities), have been satisfactorily completed; and

(b) in the case of:

(i) the Phase 1 Systems, there are no construction related elements of the Phase 1 Systems which are outstanding which would have an adverse effect on the performance of the Commissioning Activities; and

(ii) any Phase 2 Systems, there are no construction related elements of such Phase 2 Systems which are outstanding which would have an adverse effect on the performance of the relevant Phase 2 Commissioning Activities;

"NESO"	means National Energy System Operator Limited (company number 11014226), which body is designated by the SoS as the ISOP (as such term is defined in the Act) in accordance with section 162(1) of the Act;
"Northop Hall AGI"	means the multi-junction AGI at the location shown on drawing EN070007-D.2.10-LAY-Sheet 3 of the Environmental Statement AGI Location Plan where CO_2 enters the T&S Network from the Padeswood Spurline;
"Operations Readiness and Assurance Plan"	means the operational readiness and assurance plan with document reference 000593_DV_CD.OPS.0274.000_00 CD01 provided by the Licensee prior to Licence Award;
"Padeswood AGI"	means the one-system entry AGI at the location where CO_2 enters the T&S Network from Hanson Padeswood shown at Exhibits C and D of Appendix A (*Phase 2B and 2C pipeline routes*) to schedule 10 (*Project-specific conditions*) of the Licence;
"Padeswood Spurline"	means the CO_2 pipeline connecting the Padeswood AGI to Northop Hall AGI;
"Phase 1 Offshore Systems"	means the elements of the Offshore Transportation and Storage System which form part of the Phase 1 Systems;
"Phase 1 User"	means a User that is scheduled in the Project Programme to supply CO_2 prior to the Commercial Operations Date;
"Phase 2 Acceptance Punchlist Items"	means, in respect of each of the Phase 2 Tranche A Commissioning Activities, Phase 2 Tranche B Commissioning Activities, Phase 2 Tranche C Commissioning Activities, Phase 2 Tranche D Commissioning Activities and Phase 2 Tranche E Commissioning Activities, any minor defects, deficiencies, or omissions which:

(a) would not have an adverse effect on the operation of the relevant Phase 2 Systems if not rectified, resolved or completed prior to the relevant Phase 2 Acceptance; and

(b) have been confirmed in writing as Phase 2 Acceptance Punchlist Items by the relevant Independent Certifier (acting in accordance with the relevant IC Deed of Appointment);

"Phase 2 Handover Punchlist Items" means, in respect of each of the Phase 2 Tranche A Handover Works, Phase 2 Tranche B Handover Works, Phase 2 Tranche C Handover Works, and Phase 2 Tranche D Handover Works, any minor defects, deficiencies, or omissions which:

(a) would not have an adverse effect on the safe performance of the relevant Phase 2 Commissioning Activities and/or safe operation of the relevant Phase 2 Systems if not rectified, resolved or completed prior to the relevant Phase 2 Handover; and

(b) have been confirmed in writing as Phase 2 Handover Punchlist Items by the relevant Independent Certifier (acting in accordance with the relevant IC Deed of Appointment);

"Phase 2 User" means a User that is listed as a Planned Initial User but is not a Phase 1 User;

"Phase 2D Devex Activities" means any and all of the development-related activities included in the First Group of Phase 2D Devex Activities, the Second Group of Phase 2D Devex Activities and the Third Group of Phase 2D Devex Activities as more particularly described in section 3.2(l);

"PLANC Register" means the relevant register of permits, licences, authorisations, notifications and consents;

"PoA Terminal" or "PoA" means the compression plant that exports the CO_2 offshore to the Douglas CCS Platform distribution hub (of which the gas reception terminal is repurposed);

"Protos AGI" means the multi-junction AGI (Planning Application reference 24/00777/FUL as decided and amended or as per any future Planning Applications which move the site to the west of the Encyclis Protos ERF site) where CO_2 enters the T&S Network from Encyclis Protos ERF;

"Runcorn AGI" means the multi-entry AGI at the location where CO_2 enters the T&S Network from Viridor (Runcorn) shown at Exhibits A and B of Appendix A (*Phase 2B and 2C pipeline routes*) to schedule 10 (*Project-specific conditions*) of the Licence;

"Runcorn Spurline"	means the CO_2 pipeline connecting the Runcorn AGI to the Ince AGI;
"Safety Instrument Functions"	means logic driven operations built into the control of equipment that takes the equipment from a hazardous situation to a safe state;
"Second Group of Phase 2D Devex Activities"	has the meaning given to it in section 3.2(l)(iii);
"SPEN"	means ScottishPower Energy Networks;
"Stanlow AGI"	means the multi-junction AGI at the location shown on drawing EN070007-D.2.10-LAY-Sheet 2 of the Environmental Statement AGI Location Plan where CO_2 enters the T&S Network from EET HPP1;
"Third Group of Phase 2D Devex Activities"	has the meaning given to it in section 3.2(l)(iv);
"Track 1 Expansion Users"	means the potential Future Users to be identified as part of the CCUS deployment track 1 expansion referred to in the notice entitled "*Carbon capture, usage and storage (CCUS) deployment: Track-1 expansion: HyNet cluster*"[1] issued on 20 December 2023;
"Transferred Assets"	has the meaning given to that term in the Asset Transfer Agreement;
"T&S Network Portal"	has the meaning given to that term in the CCS Network Code; and
"Viridor (Runcorn)"	means the Planned Initial User identified in row 1 of the Planned Initial Users table at section 4.1(b).

2. OVERVIEW OF THE PROJECT

2.1 The Project includes all works and activities being undertaken by the Licensee to deliver the T&S Network required for the geological storage of the CO_2 captured by the Users of the T&S Network.

2.2 The T&S Network provides for the transportation and storage of 4.74 MTPA (150.30 kg/s) of CO_2 required for the Planned Initial Users and the Track 1 Expansion Users.

2.3 CO_2 captured and metered by the Users will be transported to the PoA Terminal through an Onshore Transportation System that includes a main trunkline system and spurlines originating from the Users.

2.4 From the PoA Terminal, the CO_2 will be transported offshore through the Offshore Pipeline Infrastructure and distributed to the injection facilities.

[1] Carbon capture, usage and storage (CCUS) deployment: Track-1 expansion: HyNet cluster - GOV.UK (www.gov.uk)

2.5 The CO_2 will be injected into, and stored in, three T&S Storage Sites, as described in Annex A to Section A of the Licence.

2.6 The Project will be delivered as described in this APDP, including:

(a) Phase 1 Activities which are set out in section 3.1; and

(b) Phase 2 Activities which are set out in section 3.2, and will be divided into five Phase 2 Tranches as described further in section 3.2(b).

2.7 As at Licence Award, there are no Development Activities.

2.8 The development of the Approved T&S Network is planned in phases (with tranches of work/activities within each phase), and is premised on an equal re-pressurisation of the three reservoirs within the T&S Storage Sites over the Project operational life:

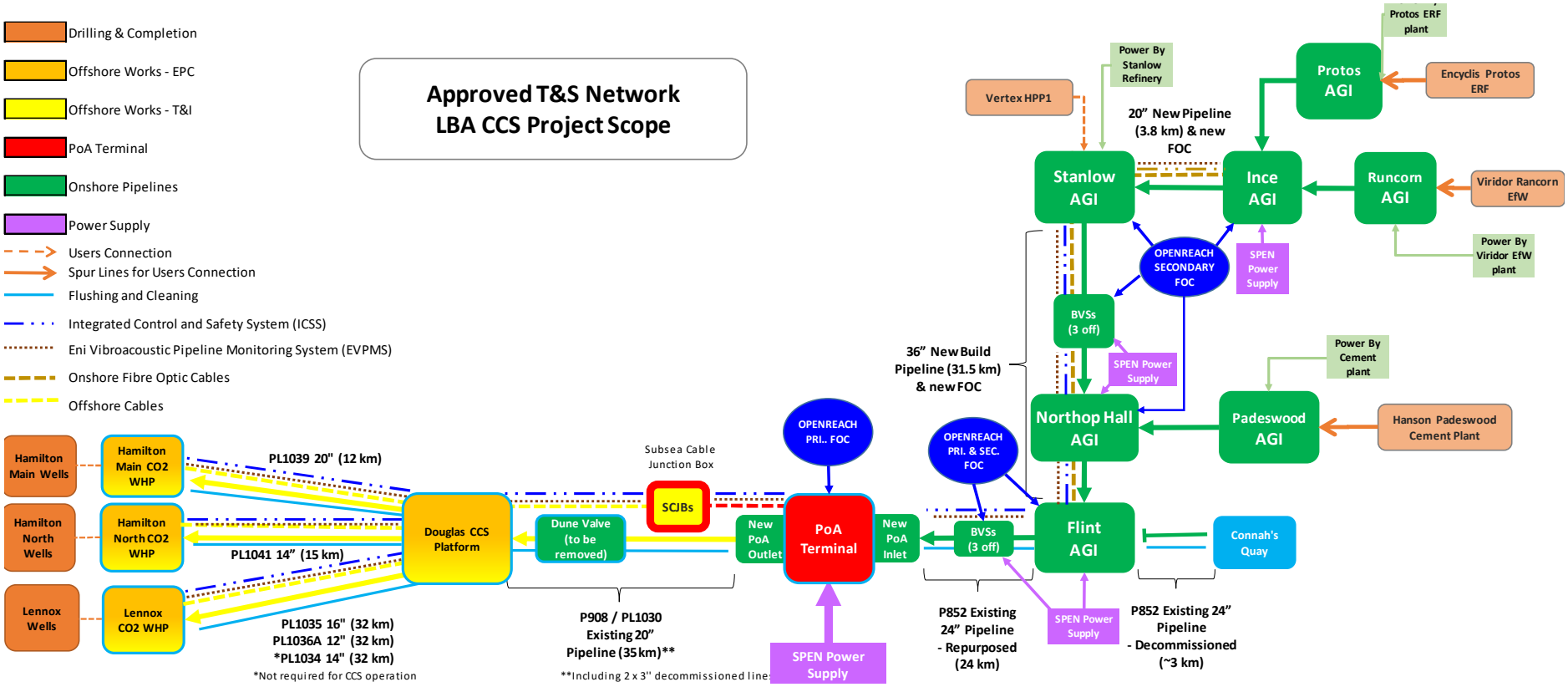
(a) CO_2 will initially flow directly into the reservoirs within the T&S Storage Sites whilst reservoir pressures and flow rates are low.

(b) Subsequently, intermediary compression at PoA is required.

(c) At a later stage it may be necessary for the facilities to be upgraded to allow the offshore section of the Approved T&S Network to be converted to dense phase flow. The timing of this upgrade will be dependent on a number of factors, including reservoir pressure.

(d) The conversion to dense phase forms Phase 2 Tranche D, which is further described in section 3.2(b)(iv).

*Figure 1: Approved T&S Network**



** This diagram is illustrative only*

2.9 The Phase 2 Activities will be undertaken in five tranches, as more particularly described in section 3.2.

2.10 There are four Planned Initial Users, which Users are located in Cheshire or Northeast Wales.

2.11 As at Licence Award, it is anticipated that, once connected to the Approved T&S Network, the Planned Initial Users will have flow rates as follows:

User	**Anticipated average flow rate (MTPA)**
Viridor (Runcorn)	1.04
Encyclis Protos ERF	0.43
Hanson Padeswood	1.01
EET HPP1	0.66

3. SCOPE OF THE APPROVED T&S NETWORK

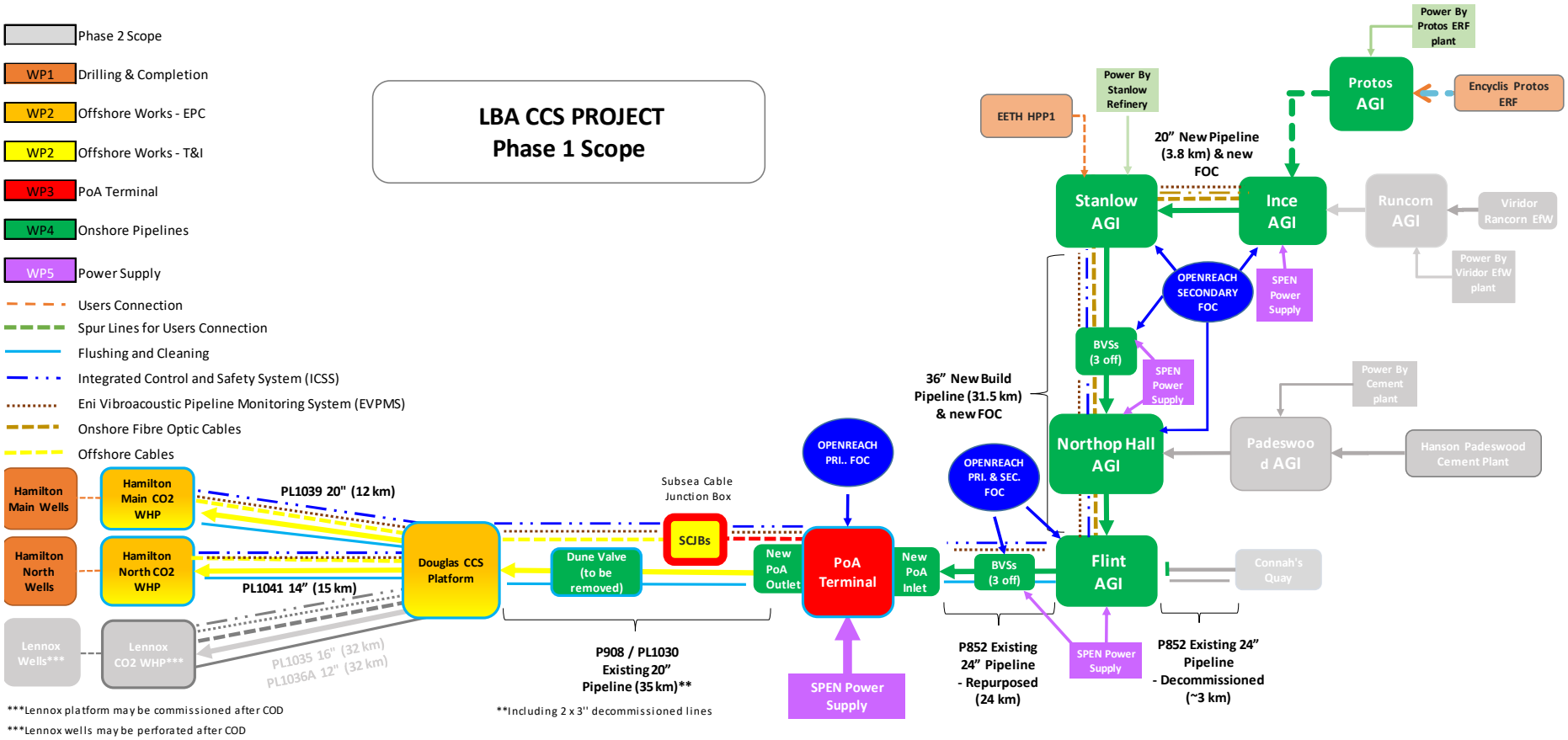
The Approved T&S Network comprises the works and activities required for the transportation and storage of 4.74 MTPA (150.30 kg/s) of CO_2 from the Planned Initial Users as set out in this section 3.

3.1 Phase 1 Activities

(a) Phase 1 Activities comprise the Handover Works and the Commissioning Activities, being in each case works and activities which are scheduled in the Project Programme to be carried out during the Construction Period and/or Commissioning Period, with associated SRAV Capex relating to the Approved T&S Network.

(b) The Licensee's Phase 1 Activities scope is shown in the following diagram:

*Figure 2: Phase 1 Scope**



**This diagram is illustrative only*

(c) Any references to operating conditions, performance standards, specified design, Project requirements and design flow assurance models in this section 3.1 where parameters are not fully defined at Licence Award will be further defined through the detailed design process and the fully developed requirements (as approved by the Regulator in accordance with Special Condition J3.10 (*Independent Certifier*) of the Licence) will apply following the conclusion of detailed design, and the provisions of this section 3.1 will be construed accordingly.

(d) The **"Phase 1 Systems"**, being the systems forming part of the Approved T&S Network to which the Phase 1 Activities relate, are as follows:

(i) Onshore Transportation System:

(A) onshore 36" pipeline from Stanlow AGI to Flint AGI suitable to convey a flow rate of 10.50 MTPA (332.95 kg/s);

(B) onshore 20" pipeline from Ince AGI to Stanlow AGI suitable to convey a flow rate of 2.50 MTPA (79.27 kg/s);

(C) onshore 20" pipeline from Protos AGI to Ince AGI suitable to convey a flow rate of 2.50 MTPA (79.27 kg/s);

(D) onshore 24" pipeline from Flint AGI to PoA Terminal suitable to convey a flow rate of 4.74 MTPA (150.30 kg/s) (P852 repurposed and extended) (the **"Flint-PoA Pipeline"**);

(E) fibre optic cable (**"FOC"**) along the 36" and 20" pipelines;

(F) five AGIs, being Ince AGI, Stanlow AGI, Northop AGI, Flint AGI and Protos AGI, and all ancillary support systems;

(G) three BVSs in the pipeline between Stanlow AGI and Northop Hall AGI, being:

(aa) the BVS at the location shown on the drawing entitled "Rock Bank BVS Location Plan" (drawing number EN070007-D.2.7-LAY-Sheet 1) on sheet 1 of the Environmental Statement BVS Location Plan;

(bb) the BVS at the location shown on the drawing entitled "Mollington BVS Location Plan" (drawing number EN070007-D.2.7-LAY-Sheet 2) on sheet 2 of the Environmental Statement BVS Location Plan; and

(cc) the BVS at the location shown on the drawing entitled "Aston Hill BVS Location Plan" (drawing number EN070007-D.2.7-LAY-Sheet 3) on sheet 3 of the Environmental Statement BVS Location Plan;

(H) three BVSs in the Flint-PoA Pipeline, being:

(aa) the BVS at the location shown on the drawing entitled "Cornist Lane BVS Location Plan" (drawing number EN070007-D.2.7-LAY-Sheet 4) on sheet 4 of the Environmental Statement BVS Location Plan;

(bb) the BVS at the location shown on the drawing entitled "Pentre Halkyn BVS Location Plan" (drawing number EN070007-D.2.7-LAY-Sheet 5) on sheet 5 of the Environmental Statement BVS Location Plan; and

(cc) the BVS at the location shown on the drawing entitled "Barbell BVS Location Plan" (drawing number EN070007-D.2.7-LAY-Sheet 6) on sheet 6 of the Environmental Statement BVS Location Plan; and

(l) support elements, being infrastructure providing support to Encyclis Protos ERF's pipelines that connect to the Protos AGI, which infrastructure consists of pipe racks with minor structural steel and new build pipe bridges.

(ii) PoA Terminal:

(A) gas filtration;

(B) metering;

(C) three electrically driven two-stage centrifugal gas compressor trains suitable to reliably manage 4.74 MTPA (150.30 kg/s) in given operating conditions including 50% spare capacity;

(D) control room and integrated control and safety system;

(E) venting system;

(F) utilities (including emergency power generation, and compressor instrument air package); and

(G) electrical substation and new 33kV connection from SPEN;

(iii) repurposed offshore pipelines:

(A) 20" PoA Terminal to Douglas CCS Platform (P908/P1030) repurposed with confirmed achievable flow of 4.74 MTPA (150.30 kg/s) (and achievable flow of 10.53 MTPA (333.90 kg/s) in dense phase operation subject to the appropriate compression at PoA);

(B) 20" Douglas CCS Platform to HM (PL1039) repurposed with confirmed achievable flow of 4.25 MTPA (134.77 kg/s); and

(C) 14" Douglas CCS Platform to HN (PL1041) repurposed with confirmed achievable flow of 2.00 MTPA (63.42 kg/s);

(iv) new subsea power and communications cables (1 x 33kV integrated with FOCs):

(A) PoA Terminal to Douglas CCS Platform;

(B) Douglas CCS Platform to HM; and

(C) Douglas CCS Platform to HN;

(v) Douglas CCS Platform including:

(A) helideck;

(B) two heaters performing a combined heating duty of 2.9 MW;

(C) pressure control;

(D) power transformers and electrical distribution; and

(E) risers;

(vi) Hamilton Main:

(A) new topsides including:

(aa) helideck;

(bb) two heaters performing a combined heating duty of 2.3 MW;

(cc) filtration;

(dd) metering;

(ee) power transformers and electrical distribution; and

(ff) riser; and

(B) four injection wells and one monitoring well (including drilling and completion, perforation and Xmas trees installation);

(vii) Hamilton North:

(A) new topsides including:

(aa) helideck;

(bb) one heater performing a heating duty of 0.8 MW;

(cc) filtration;

(dd) metering;

(ee) power transformers and electrical distribution; and

(ff) riser; and

(B) two injection wells, one monitoring well and one sentinel well (including drilling and completion, perforation and Xmas tree installation); and

(viii) Approved T&S Network-wide leak detection system (e-VPMS - Eni Vibroacoustic Pipeline Monitoring System).

(e) The **"Handover Works"** include the following works and activities which relate to the Phase 1 Systems:

(i) design and engineering of the Phase 1 Systems;

(ii) execution planning of the Phase 1 Systems, including producing the construction and Mechanical Completion plans and procedures and compiling the associated dossiers, each in line with the detailed engineering deliverables and performance standards;

(iii) permitting the Phase 1 Systems - securing the approvals required to, as a minimum, construct and install the Phase 1 Systems, including any and all licences, permits, consents and approvals, including any regulatory and statutory approvals;

(iv) fabrication, construction and installation of the Phase 1 Systems to the point of Mechanical Completion, including ensuring that fabrication, construction, erection, installation, testing, cleaning, gauging and hydrotesting of any assemblies or equipment forming part of the Phase 1 System have been satisfactorily completed and documented in accordance with specified design and Project requirements;

(v) **organisational readiness:**

(A) personnel recruitment and training relating to Phase 1 Activities are in progress and aligned with the Operations Readiness and Assurance Plan; and

(B) development and approval processes of operating procedures relating to Phase 1 Activities are in progress and aligned with the Operations Readiness and Assurance Plan;

(vi) all drawings and documentation required for performance of the Commissioning Activities are modified in red-line mark-up;

(vii) successful completion of the Mitigation Measures Preparatory Activities, being:

(A) the preparation of applications to the NSTA to amend (i) the Storage Permit relating to the Hamilton Carbon Store; and (ii) the Storage Permit relating to the Hamilton North Carbon Store to permit the Licensee to implement the Mitigation Measures, together with preparation and submission of all relevant studies, documents or other Supporting Information required by the NSTA, including the following activities:

(aa) flow assurance evaluation of proposed Mitigation Measures Systems and definition of maximum injection rate over time without exceeding facility and store pressure and temperature limits;

(bb) uncertainty analysis update for increased injection profiles;

(cc) geomechanical modelling;

(dd) fault stability analysis and reporting; and

(ee) agreement of a Carbon Storage Development Plan for each of the Hamilton Carbon Store and the Hamilton North Carbon Store with the NSTA;

(B) submission of the Hamilton Storage Permit Addendum Application and the Hamilton North Storage Permit Addendum Application to the NSTA; and

(C) all activities required to prepare (i) the draft Mitigation Measures Plan; and (ii) all other Supporting Information to be submitted to the Regulator accordance with paragraphs 3.3(c)(v) and 3.3(c)(vi) of schedule 10 (*Project-specific conditions*) of the Licence, including the following activities:

(aa) FEED to incorporate an additional injection well on each of the Hamilton Carbon Store and the Hamilton North Carbon Store:

(a) flowline design;

(b) weight assessment of each of the Hamilton Carbon Store and the Hamilton North Carbon Store, each with an additional injection well;

(c) layout definition in detailed design of Phase 1 Systems;

(d) preliminary quantitative risk assessment in detailed design of Phase 1 Systems;

(e) definition of long lead items; and

(f) update of detailed design of Phase 1 Systems, e.g. electrical load, I/O count to include additional injection well on each of the Hamilton Carbon Store and the Hamilton North Carbon Store;

(bb) preparation of draft drilling programme for the Hamilton Carbon Store fifth injection well and the Hamilton North Carbon Store third injection well;

(cc) procurement:

(a) initiate sourcing process for long lead items required before a Phase 2 Tranche A Uncertain Cost Event occurs; and

(b) initiate preliminary negotiations of variation orders with main contractors for Mitigation Measures Plan activities;

(dd) permitting requirements:

(a) where necessary, expansion of permits relating to the Phase 1 Systems to include an additional injection well on each of the Hamilton Carbon Store and Hamilton North Carbon Store; and

(b) identification of additional permits required in the event implementation of the Mitigation Measures Plan is required; and

(ee) MMP schedule preparation:

(a) based on earliest forecast Phase 2 Tranche A Uncertain Cost Event; and

(b) based on 300-day longstop Phase 2 Tranche A Uncertain Cost Event; and

(viii) preparation of a punchlist containing the Licensee's proposed Phase 1 Handover Punchlist Items.

(f) Subject to section 3.1(g), the **"Commissioning Activities"** include the following works and activities which relate to the Phase 1 Systems:

(i) achievement of Handover, as determined by the Regulator under Special Condition F3.6(a) (*Handover Date*) of the Licence;

(ii) the rectification, resolution and/or completion of all Phase 1 Handover Punchlist Items and, where applicable, COD Readiness Punchlist Items;

(iii) the transfer to the Licensee of all Transferred Assets in accordance with the Asset Transfer Agreement, and securing that all assets relating to the Phase 1 Systems are in the ownership of the Licensee;

(iv) pre-commissioning of the Phase 1 Systems prior to the introduction of CO_2, including:

(A) successful completion of site acceptance testing to the extent not completed as part of the Handover Works;

(B) successful completion of functional testing of all equipment forming part of the Phase 1 Systems including successful operational testing of utilities and of the process systems in closed loop with inert fluids;

(C) preparatory activities for CO_2 introduction into the Phase 1 Systems including dewatering, gauging, cleaning and pipeline drying, process lines leak testing and inerting, well barriers testing, first fill of pipelines and equipment with nitrogen;

(D) calibration of fiscal and allocation metering;

(E) successful completion of testing of all CO_2 specification monitoring systems, including shutdown of systems on detection of out of specification CO_2;

(F) successful completion of testing of all venting facilities and other safety systems;

(G) energisation (where appropriate) of the Phase 1 Systems; and

(H) well perforation, installation and successful completion of testing of Xmas trees, and flowline hook-up in respect of the Phase 1 Systems;

(v) securing the following approvals required to, as a minimum, commission and operate the Phase 1 Systems, including any and all:

(A) licences;

(B) permits;

(C) consents;

(D) approvals, including any and all regulatory and statutory approvals; and

(E) all relevant land agreements

(vi) the following commissioning of the Phase 1 Systems:

(A) super drying of the Phase 1 Systems (for pressure containing equipment) to dew point specification (indicatively -30 to -40 degrees Celsius);

(B) first fill of pipelines and equipment forming part of the of the Phase 1 Systems with CO_2;

(C) successful completion of functional testing of all equipment forming part of the Phase 1 Systems with CO_2;

(D) successful completion of testing of all venting and safety systems and achieving confirmation in respect of the functionality of the same from a qualified independent certification body; and

(E) commissioning of process systems with process fluid;

(vii) **organisational readiness:**

(A) personnel recruitment and training relating to Phase 1 Activities are in progress and aligned with the Operations Readiness and Assurance Plan; and

(B) development and approval processes of operating procedures relating to Phase 1 Activities are in progress and aligned with the Operations Readiness and Assurance Plan;

(viii) all drawings and documentation required for operations are modified in red-line mark-up;

(ix) procurement, implementation and successful completion of testing of the information technology (IT) applications, databases and communication systems, including that of the T&S Network Portal in line with the requirements under the CCS Network Code;

(x) successful completion of performance testing of the Phase 1 Systems to demonstrate at a minimum the following:

(A) **wells:** well performance testing will include multi-rate testing on each well including start-up and shutdown with CO_2. The performance testing is required to demonstrate that the wells which form part of the Phase 1 Systems:

(aa) can, in aggregate, accept the Planned Initial Users' peak instantaneous flow volumes; and

(bb) are predicted to accept sufficient capacity of CO_2 to enable the Licensee to achieve the Availability Target in each Operational Charging Year, i.e. across six wells are:

(a) proven by physical injection to be able to inject a minimum of 0.58 MTPA (18.39 kg/s) per well on average (i.e., not all wells tested at the same time, and some wells may be injecting at lower rates) and at least 0.20 MTPA (6.34 kg/s) per well; and

(b) predicted based on calibrated well models to be able to inject a minimum of 0.85 MTPA (26.95 kg/s) per Hamilton Carbon Store well on average and 0.50 MTPA (15.85 kg/s) per Hamilton North Carbon Store wells on average (i.e., not all wells tested at the same time, and some wells may be injecting at lower rates) and at least 0.20 MTPA (6.34 kg/s) per well when the store conditions are 48bara at Hamilton Carbon Store and 51bara at Hamilton North Carbon Store;

(B) **compression:** compression capacity of two online trains is at least 4.74 MTPA (150.30 kg/s) (this applies to all combinations, i.e. testing all three trains in different combinations). As part of the site acceptance testing, the compressor performance map shall be verified across the complete range of operating conditions. Control system shall be tested to demonstrate capacity of control. The performance testing is required to demonstrate the following:

(aa) performance testing to verify the complete compressor performance map, including 10% intervals between speed covering minimum turndown and max flow rate on ramp-up, ramp-down and for a warm ramp-up, in each case in recycle-mode:

(a) shutdown and retest of capacity tests to verify repeatability and no hysteresis; and

(b) running: 72hrs continuous test period;

(bb) operating performance:

(a) unpressurised condition start-up duration (i.e. replicating a cold start), re-start from the suction pressure based on normal operating procedures (i.e. replicating a warm/hot start);

(b) unit changeover tests to demonstrate ability to perform changeover of compressor trains without trip; and

(c) verifying functionality of Safety Instrument Functions within the control system performs the intended functions and tasks according to the design specifications and functional requirements with varying User flow rate;

provided that, where there is sufficient back pressure available within the Phase 1 Offshore Systems the compression tests

under this section 3.1(f)(x)(B)(bb) will be performed with forward-flow instead of full recycle-mode;

(C) **onshore pipelines:** none of the onshore pipelines has blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates;

(D) **offshore pipelines:**

(aa) PoA Terminal to Douglas CCS Platform offshore pipeline has no blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates and composition;

(bb) Douglas CCS Platform to HM offshore pipeline has no blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates and composition; and

(cc) Douglas CCS Platform to HN pipeline has no blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates and composition;

(E) **the Approved T&S Network is capable of handling the expected flow perturbations and the control system operates within the operating envelope of the Approved T&S Network:**

(aa) **Phase 1 User shutdown/start-up:** no adverse impact on other Phase 1 User(s);

(bb) **loss of half injection capacity:** no constraint on Users beyond 3 hours;

(cc) **loss of one User:** no constraint on other User(s) beyond 3 hours;

(dd) **minimum injected volume required:** 31,000 tonnes; and

(ee) **minimum continuous flow:** 7 days injecting at least 0.20 MTPA (6.34 kg/s); and

(F) successful completion of any such performance and operational testing as required to comply with Schedule 4 or Schedule 6 of the Construction Agreement(s) for the First User(s) and any other Phase 1 Users that will connect to the Approved T&S Network prior to the Commercial Operations Date; and

(xi) preparation of a punchlist containing the proposed System Acceptance Punchlist Items.

(g) Where the Licensee evidences to the Regulator's satisfaction that only one User is available to supply CO_2, **"Commissioning Activities"** shall be construed to include:

(i) all works and activities which relate to the Phase 1 Systems and are set out in sections 3.1(f)(i) to 3.1(f)(viii) and section 3.1(f)(xi);

(ii) successful completion of performance testing of the Phase 1 Systems to demonstrate at a minimum the requirements set out in section 3.1(f)(x), save that:

(A) **wells:** section 3.1(f)(x)(A)(bb)(a) shall be adjusted such that the wells, i.e. across six wells, are proven by physical injection to be able to inject a minimum of:

(aa) 0.58 MTPA instantaneous (18.39 kg/s) per well on average (i.e., not all wells tested at the same time, and some wells may be injecting at lower rates); or

(bb) the maximum flow rate contributed by the relevant User and at least 0.20 MTPA instantaneous (6.34 kg/s) per well,

provided that if at the time of testing User flows are not capable of providing 0.58 MTPA instantaneous (18.39 kg/s):

(aa) section 3.1(f)(x)(A)(bb)(a) shall be adjusted such that the wells are proven by physical injection to be able to inject the actual instantaneous flow rates delivered by the User(s); and

(bb) section 3.1(f)(x)(A)(bb)(b) shall be adjusted such that the wells are predicted based on calibrated well models to be able to inject a minimum of 0.58 MTPA (18.39 kg/s);

(B) **compression:** section 3.1(f)(x)(B) shall be adjusted such that all compression tests will be performed in recycle; and

(C) **the Approved T&S Network is capable of handling the expected flow perturbations and the control system operates within the operating envelope of the Approved T&S Network:** section 3.1(f)(x)(E) shall be adjusted such that:

(aa) section 3.1(f)(x)(E)(aa) is disapplied such that the Phase 1 User shutdown/start-up test is not required; and

(bb) section 3.1(f)(x)(E)(cc) is disapplied such that the loss of one User test is not required.

(h) The **"COD Readiness Activities"** comprise:

(i) the works and activities which relate to the Phase 1 Systems which are set out in sections 3.1(f)(i), 3.1(f)(iii) and 3.1(f)(iv)(A) to 3.1(f)(iv)(G);

(ii) the rectification, resolution and/or completion of all Phase 1 Handover Punchlist Items;

(iii) the works and activities which relate to the Phase 1 Systems which are set out in section 3.1(f)(v) to the extent that CO_2 is not required in order to obtain such licences, permits, consents and approvals;

(iv) the works and activities which relate to the Phase 1 Systems which are set out in section 3.1(f)(vi); and

(v) successful operational testing of utilities and of the process systems in closed loop with inert fluids under conditions as close as possible to standard operation of the Approved T&S Network.

3.2 **Phase 2 Activities**

(a) The Phase 2 Activities comprise the Phase 2 Handover Works and the Phase 2 Commissioning Activities, being in each case works and activities relating to the Approved T&S Network which shall secure the 4.74 MTPA (150.30 kg/s) long term capacity.

(b) The Phase 2 Activities are divided into five Phase 2 Tranches, as follows:

(i) **"Phase 2 Tranche A"**, being works and activities related to the Lennox Carbon Store, as more particularly described in sections 3.2(j)(ii) and 3.2(k)(ii);

(ii) **"Phase 2 Tranche B"**, being works and activities related to the Padeswood Spurline, as more particularly described in sections 3.2(j)(iii) and 3.2(k)(iii);

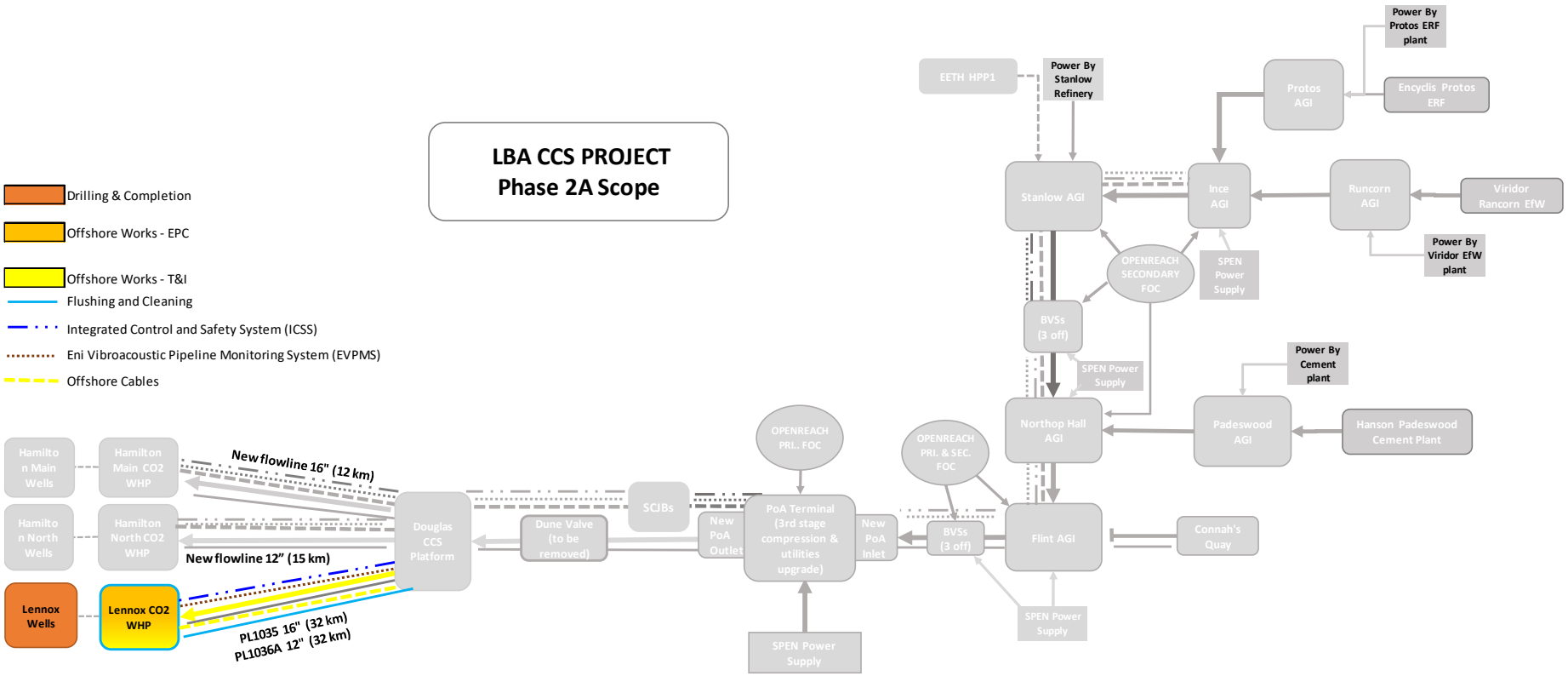
(iii) **"Phase 2 Tranche C"**, being works and activities related to the Runcorn Spurline, as more particularly described in sections 3.2(j)(iv) and 3.2(k)(iv);

(iv) **"Phase 2 Tranche D"**, being the conversion of the Offshore Transportation and Storage System to operate in dense phase at 4.74 MTPA (150.30 kg/s) design capacity, as more particularly described in sections 3.2(j)(v) and 3.2(k)(v); and

(v) **"Phase 2 Tranche E"**, being works and activities related to Planned Initial Users other than the (i) First User(s) and (ii) Phase 2 Users to whom Phase 2 Tranche B or Phase 2 Tranche C applies (**"Other User(s)"**), as more particularly described in section 3.2(k)(vi).

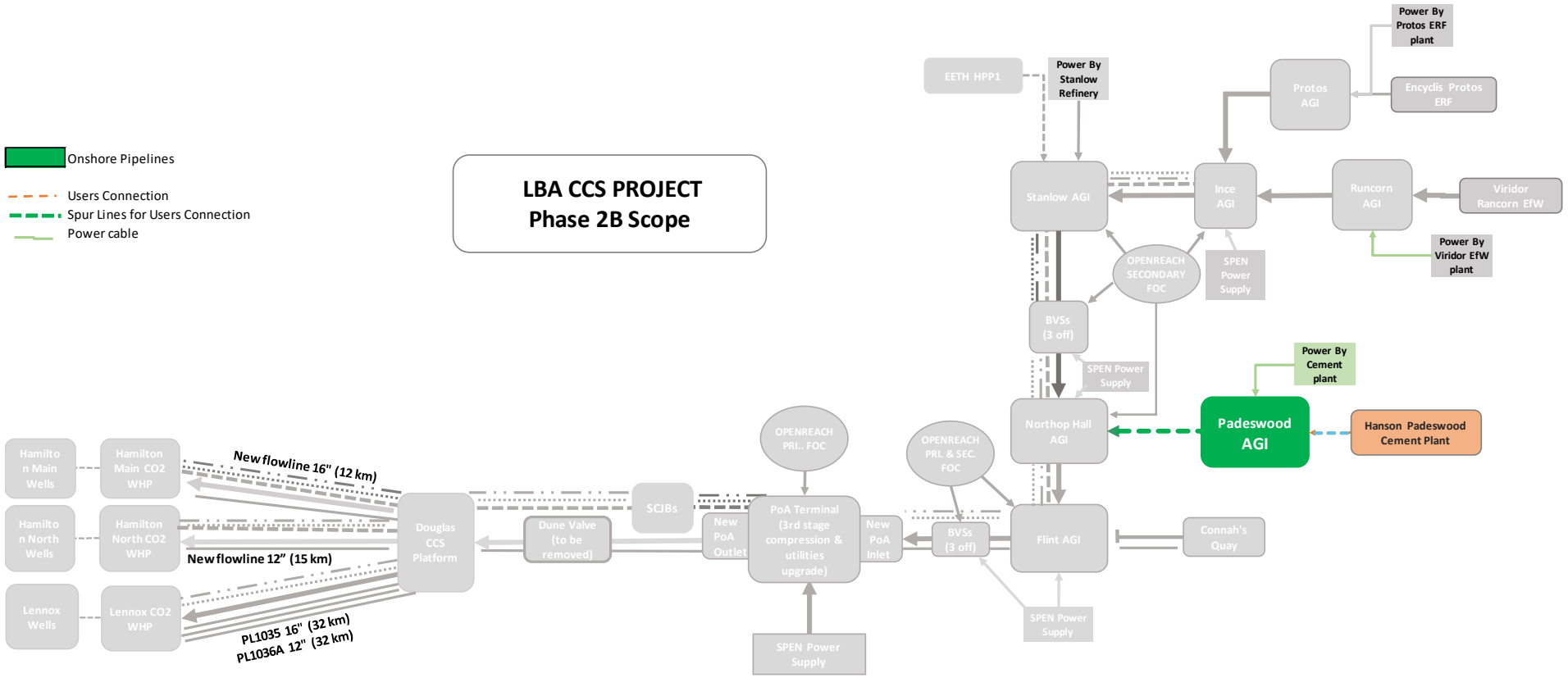
(c) The Licensee's Phase 2 Activities scope (excluding Phase 2 Activities which relate to Phase 2 Tranche E) is shown in the following diagrams:

*Figure 3: Phase 2A Scope**



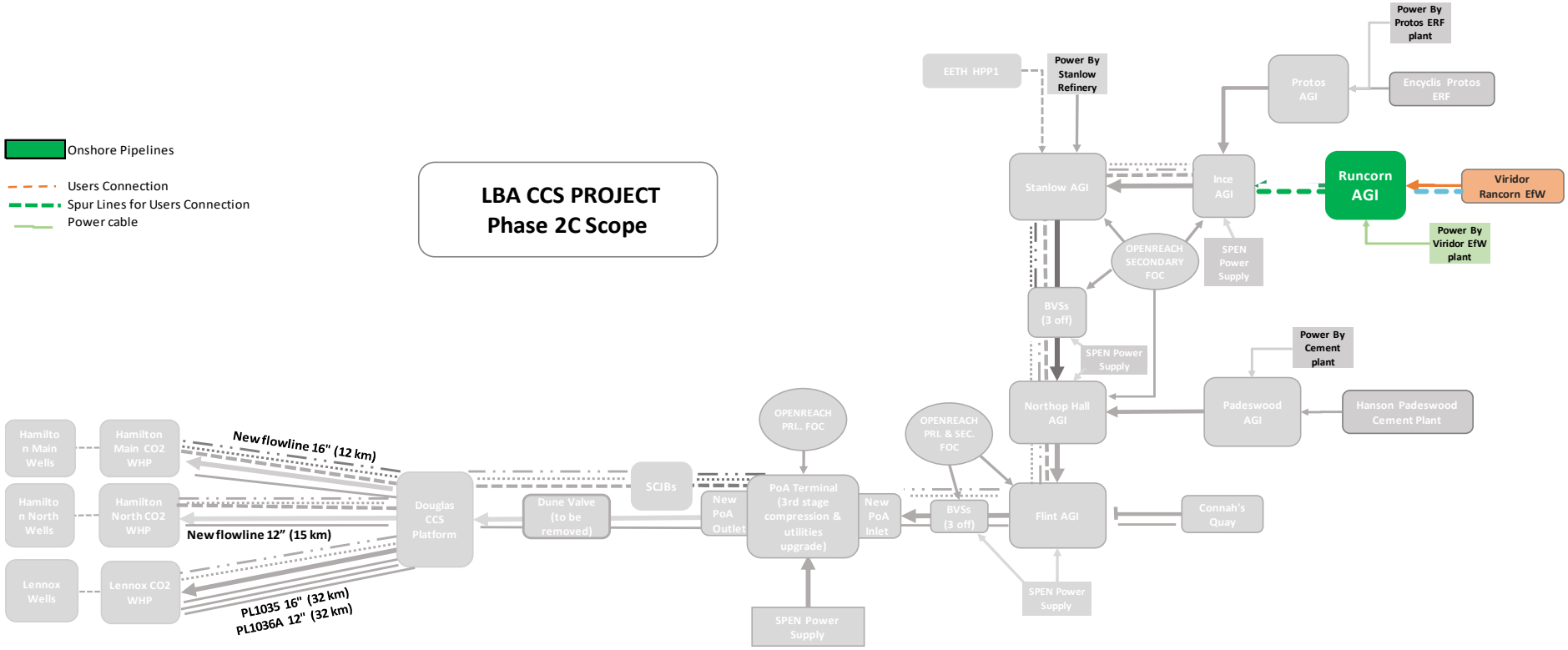
**This diagram is illustrative only*

*Figure 4: Phase 2B Scope**



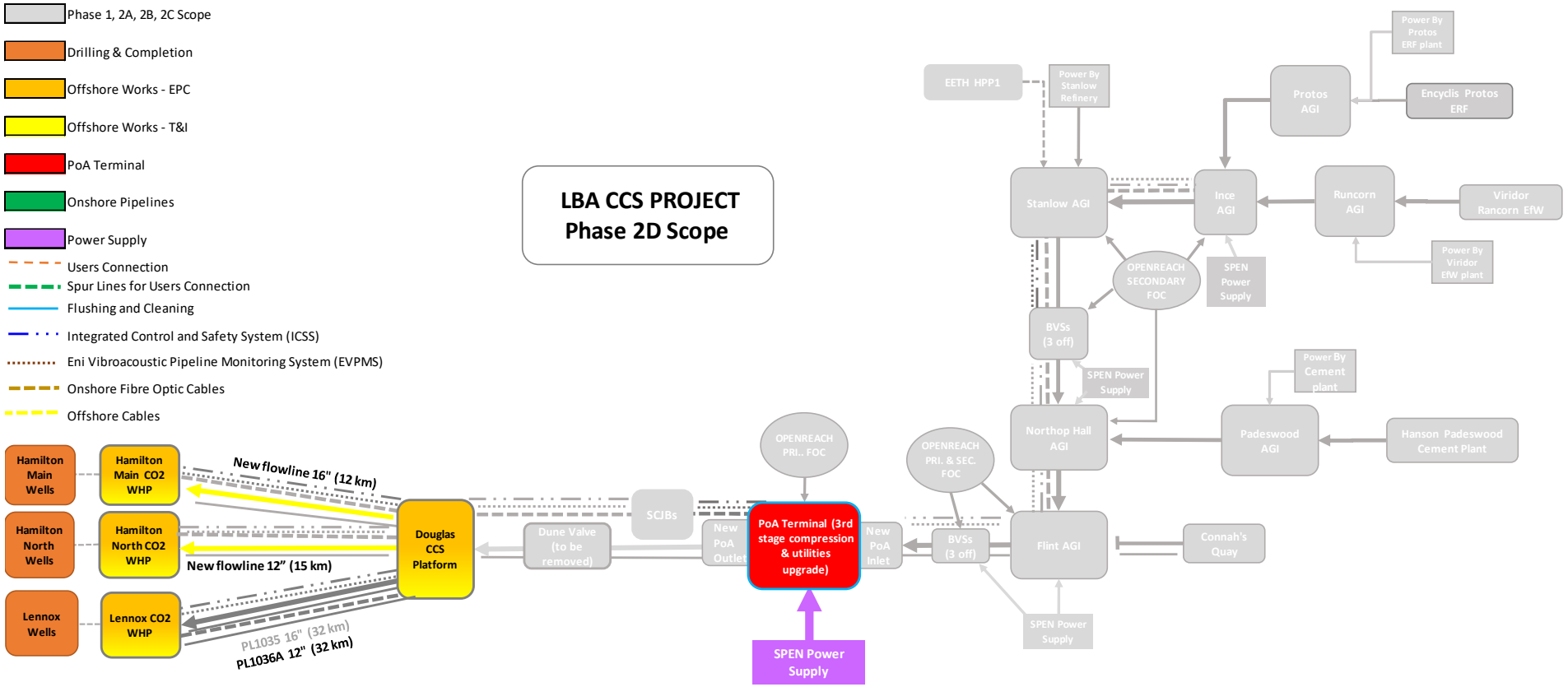
**This diagram is illustrative only*

*Figure 5: Phase 2C Scope**



**This diagram is illustrative only*

*Figure 6: Phase 2D Scope**



**This diagram is illustrative only*

(d) Any references to operating conditions, performance standards, specified design, Project requirements and design flow assurance models in this section 3.2 where parameters are not fully defined at Licence Award will be further defined through the detailed design process and the fully developed requirements (as approved by the Regulator in accordance with Special Condition J3.10 (*Independent Certifier*) of the Licence) will apply following the conclusion of detailed design, and the provisions of this section 3.2 will be construed accordingly.

(e) The **"Phase 2 Systems"** are any and all of the Phase 2 Tranche A Systems, the Phase 2 Tranche B Systems, the Phase 2 Tranche C Systems and the Phase 2 Tranche D Systems.

(f) The **"Phase 2 Tranche A Systems"**, being the Phase 2 Systems forming part of the Approved T&S Network to which the Phase 2 Activities forming part of Phase 2 Tranche A relate, are as follows:

(i) Lennox platform new topsides including:

(A) helideck;

(B) two heaters performing a combined heating duty of 4.8 MW;

(C) filtration;

(D) metering;

(E) power transformers and electrical distribution; and

(F) riser;

(ii) a new subsea power and communications cable (1 x 33kV integrated with FOC) from Douglas CCS Platform to Lennox;

(iii) offshore pipelines suitable to convey a combined flow rate of 2.50 MTPA instantaneous (79.27 kg/s), as follows:

(A) repurposed 16" Douglas CCS Platform to Lennox (PL1035); and

(B) repurposed 12" Douglas CCS Platform to Lennox (PL1036A); and

(iv) two injection wells, one sentinel well and one monitoring well.

(g) The **"Phase 2 Tranche B Systems"**, being the Phase 2 Systems forming part of the Approved T&S Network to which the Phase 2 Activities forming part of Phase 2 Tranche B relate, are as follows:

(i) onshore 16" pipeline from Padeswood AGI to Northop Hall AGI suitable to convey a flow rate of 2.30 MTPA (72.93 kg/s), including an FOC along the route;

(ii) Padeswood AGI and ancillary support systems; and

(iii) upgrades of Northop Hall AGI to allow connection of the new 16" pipeline from Padeswood AGI.

(h) The **"Phase 2 Tranche C Systems"**, being the Phase 2 Systems forming part of the Approved T&S Network to which the Phase 2 Activities forming part of Phase 2 Tranche C relate, are as follows:

(i) onshore 20" pipeline from Runcorn AGI to Ince AGI suitable to convey a flow rate of 3.00 MTPA (95.13 kg/s), including an FOC along the route;

(ii) Runcorn AGI and ancillary support systems; and

(iii) upgrades of Ince AGI.

(i) The **"Phase 2 Tranche D Systems"**, being the Phase 2 Systems forming part of the Approved T&S Network to which the Phase 2 Activities forming part of Phase 2 Tranche D relate, are as follows:

(i) PoA Terminal infrastructure upgrade to dense phase operations:

(A) third stage compressors;

(B) upgrade of utility system;

(C) new vent package; and

(D) power connection upgrade to 132 kV;

(ii) offshore pipelines:

(A) new 16" flowline from Douglas CCS Platform to Hamilton Main specified for dense phase flow with a design capacity of 4.25 MTPA (134.77 kg/s);

(B) new 12" flowline from Douglas CCS Platform to Hamilton North specified for dense phase flow with a confirmed capacity of 2.00 MTPA (63.42 kg/s); and

(C) repurposed 12" flowline from Douglas CCS Platform to Lennox (PL1036A) with a design capacity of 1.66 MTPA (52.64 kg/s); and

(iii) offshore platforms:

(A) riser connections and piping connections required for the new offshore pipelines described in section 3.2(i)(ii);

(B) upgrade of metering instrumentation for dense phase flow; and

(C) downhole fixed orifice chokes (or such other technology as it may be appropriate to use in their place) in each of the wells to provide backpressure to maintain dense phase flow.

(j) **Phase 2 Handover Works**

(i) The **"Phase 2 Handover Works"** are any and all of the Phase 2 Tranche A Handover Works, Phase 2 Tranche B Handover Works, Phase 2 Tranche C Handover Works and Phase 2 Tranche D Handover Works.

(ii) The **"Phase 2 Tranche A Handover Works"** include the following works and activities which relate to the Phase 2 Tranche A Systems:

(A) design and engineering of the Phase 2 Tranche A Systems;

(B) execution planning of the Phase 2 Tranche A Systems, including producing the construction and Mechanical Completion plans and procedures and compiling the associated dossiers, each in line with the detailed engineering deliverables and performance standards;

(C) permitting the Phase 2 Tranche A Systems – securing the approvals required to, as a minimum, construct and install the Phase 2 Tranche A Systems, including any and all licences, permits, consents and approvals, including any regulatory and statutory approvals and all relevant land agreements;

(D) fabrication, construction and installation of the Phase 2 Tranche A Systems to the point of Mechanical Completion, including ensuring that fabrication, construction, erection, installation, testing, cleaning, gauging and hydrotesting of any assemblies or equipment forming part of the Phase 2 Tranche A Systems have been satisfactorily completed and documented in accordance with specified design and Project requirements (wells will be constructed without Xmas tree installation and no perforation of the wells);

(E) **organisational readiness:** development and approval processes of operating procedures relating to Phase 2 Tranche A are in progress and aligned with the Operations Readiness and Assurance Plan;

(F) all drawings and documentation required for performance of the Phase 2 Tranche A Commissioning Activities are modified in red-line mark-up; and

(G) preparation of a punchlist containing the Licensee's proposed Phase 2 Handover Punchlist Items relating to Phase 2 Tranche A.

(iii) The **"Phase 2 Tranche B Handover Works"** include the following works and activities which relate to the Phase 2 Tranche B Systems:

(A) design and engineering of the Phase 2 Tranche B Systems;

(B) execution planning of the Phase 2 Tranche B Systems, including producing the construction and Mechanical Completion plans and procedures and compiling the associated dossiers, each in line with the detailed engineering deliverables and performance standards;

(C) permitting the Phase 2 Tranche B Systems – securing the approvals required to, as a minimum, construct and install the Phase 2 Tranche B Systems, including any and all licences, permits, consents and

approvals, including any regulatory and statutory approvals and all relevant land agreements;

(D) fabrication, construction and installation of the Phase 2 Tranche B Systems to the point of Mechanical Completion, including ensuring that fabrication, construction, erection, installation, testing, cleaning, gauging and hydrotesting of any assemblies or equipment forming part of the Phase 2 Tranche B Systems have been satisfactorily completed and documented in accordance with specified design and Project requirements;

(E) **organisational readiness:** development and approval processes of operating procedures relating to Phase 2 Tranche B are in progress and aligned with the Operations Readiness and Assurance Plan;

(F) all drawings and documentation required for performance of the Phase 2 Tranche B Commissioning Activities are modified in red-line mark-up; and

(G) preparation of a punchlist containing the Licensee's proposed Phase 2 Handover Punchlist Items relating to Phase 2 Tranche B.

(iv) The **"Phase 2 Tranche C Handover Works"** include the following works and activities which relate to the Phase 2 Tranche C Systems:

(A) design and engineering of the Phase 2 Tranche C Systems;

(B) execution planning of the Phase 2 Tranche C Systems, including producing the construction and Mechanical Completion plans and procedures and compiling the associated dossiers, each in line with the detailed engineering deliverables and performance standards;

(C) permitting the Phase 2 Tranche C Systems – securing the approvals required to, as a minimum, construct and install the Phase 2 Tranche C Systems, including any and all licences, permits, consents and approvals, including any regulatory and statutory approvals and all relevant land agreements;

(D) fabrication, construction and installation of the Phase 2 Tranche C Systems to the point of Mechanical Completion, including ensuring that fabrication, construction, erection, installation, testing, cleaning, gauging and hydrotesting of any assemblies or equipment forming part of the Phase 2 Tranche C Systems have been satisfactorily completed and documented in accordance with specified design and Project requirements;

(E) **organisational readiness:** development and approval processes of operating procedures relating to Phase 2 Tranche C are in progress and aligned with the Operations Readiness and Assurance Plan;

(F) all drawings and documentation required for performance of the Phase 2 Tranche C Commissioning Activities are modified in red-line mark-up; and

(G) preparation of a punchlist containing the Licensee's proposed Phase 2 Handover Punchlist Items relating to Phase 2 Tranche C.

(v) The **"Phase 2 Tranche D Handover Works"** include the following works and activities which relate to the Phase 2 Tranche D Systems:

(A) design and engineering of the Phase 2 Tranche D Systems;

(B) execution planning of the Phase 2 Tranche D Systems, including producing the construction and Mechanical Completion plans and procedures and compiling the associated dossiers, each in line with the detailed engineering deliverables and performance standards;

(C) permitting the Phase 2 Tranche D Systems – securing the approvals required to, as a minimum, construct and install the Phase 2 Tranche D Systems, including any and all licences, permits, consents and approvals, including any regulatory and statutory approvals and all relevant land agreements;

(D) fabrication, construction and installation of the Phase 2 Tranche D Systems to the point of Mechanical Completion, including ensuring that fabrication, construction, erection, installation, testing, cleaning, gauging and hydrotesting of any assemblies or equipment forming part of the Phase 2 Tranche D Systems have been satisfactorily completed and documented in accordance with specified design and Project requirements;

(E) **organisational readiness:**

(aa) personnel training relating to Phase 2 Tranche D are in progress and aligned with the Operations Readiness and Assurance Plan; and

(bb) development and approval processes of operating procedures relating to Phase 2 Tranche D are in progress and aligned with the Operations Readiness and Assurance Plan;

(F) all drawings and documentation required for performance of the Phase 2 Tranche D Commissioning Activities are modified in red-line mark-up; and

(G) preparation of a punchlist containing the Licensee's proposed Phase 2 Handover Punchlist Items relating to Phase 2 Tranche D.

(vi) Phase 2 Tranche E does not include any Phase 2 Handover Works.

(k) **Phase 2 Commissioning Activities**

(i) The **"Phase 2 Commissioning Activities"** are any and all of the Phase 2 Tranche A Commissioning Activities, the Phase 2 Tranche B Commissioning Activities, the Phase 2 Tranche C Commissioning Activities, the Phase 2 Tranche D Commissioning Activities and the Phase 2 Tranche E Commissioning Activities.

(ii) The **"Phase 2 Tranche A Commissioning Activities"** include the following works and activities which relate to the Phase 2 Tranche A Systems:

(A) achievement of the relevant Phase 2 Handover, as determined by the Regulator under Special Condition I2.19 (*T&S Network expansion and*

additional construction, commissioning and operational periods) of the Licence;

(B) the rectification, resolution and/or completion of all Phase 2 Handover Punchlist Items relating to Phase 2 Tranche A;

(C) to the extent not previously transferred as part of the Commissioning Activities, the transfer to the Licensee of all Transferred Assets which relate to the Phase 2 Tranche A Systems in accordance with the Asset Transfer Agreement, and securing that all assets relating to the Phase 2 Tranche A Systems are in the ownership of the Licensee;

(D) pre-commissioning of the Phase 2 Tranche A Systems prior to the introduction of CO_2, including:

(aa) successful completion of site acceptance testing to the extent not completed as part of the Phase 2 Tranche A Handover Works;

(bb) successful completion of functional testing of all equipment forming part of the Phase 2 Tranche A Systems including successful operational testing of utilities and of the process systems in closed loop with inert fluids;

(cc) preparatory activities for CO_2 introduction into the Phase 2 Tranche A Systems including dewatering, gauging, cleaning and pipeline drying, process lines leak testing with inert medium, well barriers testing, first fill of pipelines and equipment with nitrogen;

(dd) calibration of allocation metering;

(ee) successful completion of testing of all safety systems;

(ff) energisation (where appropriate) of the Phase 2 Tranche A Systems; and

(gg) well perforation, installation and successful completion of testing of Xmas trees, and flowline hook-up in respect of the Phase 2 Tranche A Systems;

(E) securing the following approvals required to, as a minimum, commission and operate the Phase 2 Tranche A Systems, including any and all:

(aa) licences;

(bb) permits;

(cc) consents;

(dd) approvals, including any and all regulatory and statutory approvals; and

(ee) all relevant land agreements;

(F) the following commissioning of the Phase 2 Tranche A Systems:

(aa) super drying of the Phase 2 Tranche A Systems (for pressure containing equipment) to dew point specification (indicatively -30 to -40 degrees Celsius);

(bb) first fill of pipelines and equipment forming part of the of the Phase 2 Tranche A Systems with CO_2;

(cc) successful completion of functional testing of all equipment forming part of the Phase 2 Tranche A Systems with CO_2;

(dd) successful completion of testing of all safety systems and achieving confirmation in respect of the functionality of the same from a qualified independent certification body; and

(ee) commissioning of process systems with process fluid;

(G) all drawings and documentation required for operations are modified in red-line mark-up;

(H) to the extent applicable procurement, implementation of the updates to, and subsequent successful completion of testing of, the information technology (IT) applications, databases and communication systems, including that of the T&S Network Portal in line with the requirements under the CCS Network Code;

(I) successful completion of performance testing of the Phase 2 Tranche A Systems to demonstrate at a minimum the following:

(aa) **wells:** well performance testing will include multi-rate testing on each well including start-up and shutdown with CO_2. The performance testing is required to demonstrate that the two wells which form part of the Phase 2 Systems (the **"Phase 2 Wells"**):

(a) can, in aggregate across the wells which form part of the Phase 1 Systems (the **"Phase 1 Wells"**) and the Phase 2 Wells, accept the 4.74 MTPA instantaneous (150.30 kg/s) peak instantaneous flow volumes (with such testing to be based on the data obtained as part of the well performance testing in respect of the Phase 1 Wells as detailed in section 3.1(f)(ix)(A)); and

(b) across all eight injection wells (being the Phase 1 Wells and the Phase 2 Wells) are predicted to accept sufficient capacity of CO_2 to enable the Licensee to achieve the Availability Target in each Operational Charging Year:

(i) proven by physical injection to be able to inject a minimum of:

(A) 0.58 instantaneous MTPA (18.39 kg/s) per well on average (i.e., not all wells tested at the same time, and some wells may be injecting at lower rates); and

(B) at least 0.20 MTPA instantaneous (6.34 kg/s) per well,

save where, at the time of testing, User flows are not capable of providing 0.58 MTPA instantaneous (18.39 kg/s), in which case the Phase 2 Wells:

(A) must be proven by physical injection to be able to inject the actual flow rates delivery by the User(s); and

(B) must be predicated based on calibrated well models to be able to inject a minimum of 0.58 MTPA instantaneous (18.39 kg/s),

(with such testing to be based on the data obtained as part of the well performance testing in respect of the Phase 1 Wells as detailed in section 3.1(f)(ix)(A)); and

(c) across the two Lennox injection wells are predicted to accept sufficient capacity of CO_2 to enable the Licensee to achieve the Availability Target in each Operational Charging Year:

(i) predicted based on calibrated well models to be able to inject a minimum of 0.75 MTPA (23.78 kg/s) per Lennox well on average (i.e., not all wells tested at the same time, and some wells may be injecting at lower rates) and at least 0.20 MTPA (6.34 kg/s) per well when the store conditions are 45bara at the Lennox Carbon Store;

(bb) **offshore pipelines:** Douglas CCS Platform to Lennox offshore pipelines PL1035 and PL1036A have no blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates and composition; and

(cc) **the Approved T&S Network is capable of handling the expected flow perturbations and the control system operates within the operating envelope of the Approved T&S Network:**

(a) **minimum injected volume required:** 31,000 tonnes injected into Lennox Carbon Store; and

(b) **minimum continuous flow:** 7 days injecting into Lennox Carbon Store at least 0.20 MTPA (6.34 kg/s); and

(J) preparation of a punchlist containing the Licensee's proposed Phase 2 Acceptance Punchlist Items relating to Phase 2 Tranche A.

(iii) The **"Phase 2 Tranche B Commissioning Activities"** include the following works and activities which relate to the Phase 2 Tranche B Systems:

(A) achievement of the relevant Phase 2 Handover, as determined by the Regulator under Special Condition I2.19 (*T&S Network expansion and additional construction, commissioning and operational periods*) of the Licence

(B) the rectification, resolution and/or completion of all Phase 2 Handover Punchlist Items relating to Phase 2 Tranche B;

(C) to the extent not previously transferred as part of (i) the Commissioning Activities; or (ii) any other Phase 2 Commissioning Activities, the transfer to the Licensee of all Transferred Assets which relate to the Phase 2 Tranche B Systems in accordance with the Asset Transfer Agreement, and securing that all assets relating to the Phase 2 Tranche B Systems are in the ownership of the Licensee;

(D) pre-commissioning of the Phase 2 Tranche B Systems prior to the introduction of CO_2, including:

(aa) successful completion of site acceptance testing to the extent not completed as part of the Phase 2 Tranche B Handover Works;

(bb) successful completion of functional testing of all equipment forming part of the Phase 2 Tranche B Systems including successful operational testing of the process systems in closed loop with inert fluids;

(cc) preparatory activities for CO_2 introduction into the Phase 2 Tranche B Systems including dewatering, gauging, cleaning and pipeline drying, process lines leak testing and inerting, first fill of pipelines and equipment with nitrogen;

(dd) successful completion of testing of all CO_2 specification monitoring systems, including shutdown of systems on detection of out of specification CO_2;

(ee) successful completion of testing of all safety systems; and

(ff) energisation (where appropriate) of the Phase 2 Tranche B Systems;

(E) securing the following approvals required to, as a minimum, commission and operate the Phase 2 Tranche B Systems, including any and all:

(aa) licences;

(bb) permits;

(cc) consents;

(dd) approvals, including any and all regulatory and statutory approvals; and

(ee) all relevant land agreements;

(F) the following commissioning of the Phase 2 Tranche B Systems:

(aa) super drying of the Phase 2 Tranche B Systems (for pressure containing equipment) to dew point specification (indicatively -30 to -40 degrees Celsius);

(bb) first fill of pipelines and equipment forming part of the of the Phase 2 Tranche B Systems with CO_2;

(cc) successful completion of functional testing of all equipment forming part of the Phase 2 Tranche B Systems with CO_2;

(dd) successful completion of testing of all safety systems and achieving confirmation in respect of the functionality of the same from a qualified independent certification body; and

(ee) commissioning of process systems with process fluid;

(G) all drawings and documentation required for operations are modified in red-line mark-up;

(H) successful completion of performance testing of the Phase 2 Tranche B Systems to demonstrate at a minimum the following:

(aa) **onshore pipelines:** none of the onshore pipelines has blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates;

(I) successful completion of any such performance and operational testing as required to comply with Schedule 4 or Schedule 6 of the Construction Agreement(s) for the relevant Phase 2 User(s); and

(J) preparation of a punchlist containing the Licensee's proposed Phase 2 Acceptance Punchlist Items relating to Phase 2 Tranche B.

(iv) The **"Phase 2 Tranche C Commissioning Activities"** include the following works and activities which relate to the Phase 2 Tranche C Systems:

(A) achievement of the relevant Phase 2 Handover, as determined by the Regulator under Special Condition I2.19 (*T&S Network expansion and additional construction, commissioning and operational periods*) of the Licence;

(B) the rectification, resolution and/or completion of all Phase 2 Handover Punchlist Items relating to Phase 2 Tranche C;

(C) to the extent not previously transferred as part of (i) the Commissioning Activities; or (ii) any other Phase 2 Commissioning Activities, the transfer to the Licensee of all Transferred Assets which relate to the Phase 2 Tranche C Systems in accordance with the Asset Transfer Agreement, and securing that all assets relating to the Phase 2 Tranche C Systems are in the ownership of the Licensee;

(D) pre-commissioning of the Phase 2 Tranche C Systems prior to the introduction of CO_2, including:

(aa) successful completion of site acceptance testing to the extent not completed as part of the Phase 2 Tranche C Handover Works;

(bb) successful completion of functional testing of all equipment forming part of the Phase 2 Tranche C Systems including successful operational testing of the process systems in closed loop with inert fluids;

(cc) preparatory activities for CO_2 introduction into the Phase 2 Tranche C Systems including dewatering, gauging, cleaning and pipeline drying, process lines leak testing and inerting, first fill of pipelines and equipment with nitrogen;

(dd) successful completion of testing of all CO_2 specification monitoring systems, including shutdown of systems on detection of out of specification CO_2;

(ee) successful completion of testing of all safety systems; and

(ff) energisation (where appropriate) of the Phase 2 Tranche C Systems;

(E) securing the following approvals required to, as a minimum, commission and operate the Phase 2 Tranche C Systems, including any and all:

(aa) licences;

(bb) permits;

(cc) consents;

(dd) approvals, including any and all regulatory and statutory approvals; and

(ee) all relevant land agreements;

(F) the following commissioning of the Phase 2 Tranche C Systems:

(aa) super drying of the Phase 2 Tranche C Systems (for pressure containing equipment) to dew point specification (indicatively -30 to -40 degrees Celsius);

(bb) first fill of pipelines and equipment forming part of the of the Phase 2 Tranche C Systems with CO_2;

(cc) successful completion of functional testing of all equipment forming part of the Phase 2 Tranche C Systems with CO_2;

(dd) successful completion of testing of all safety systems and achieving confirmation in respect of the functionality of the same from a qualified independent certification body; and

(ee) commissioning of process systems with process fluid;

(G) all drawings and documentation required for operations are modified in red-line mark-up;

(H) successful completion of performance testing of the Phase 2 Tranche C Systems to demonstrate at a minimum the following:

(aa) **onshore pipelines:** none of the onshore pipelines has blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates;

(I) successful completion of any such performance and operational testing as required to comply with Schedule 4 or Schedule 6 of the Construction Agreement(s) for the relevant Phase 2 User(s); and

(J) preparation of a punchlist containing the Licensee's proposed Phase 2 Acceptance Punchlist Items relating to Phase 2 Tranche C.

(v) The **"Phase 2 Tranche D Commissioning Activities"** include the following works and activities which relate to the Phase 2 Tranche D Systems:

(A) achievement of the relevant Phase 2 Handover, as determined by the Regulator under Special Condition I2.19 (*T&S Network expansion and additional construction, commissioning and operational periods*) of the Licence;

(B) the rectification, resolution and/or completion of all Phase 2 Handover Punchlist Items relating to Phase 2 Tranche D;

(C) to the extent not previously transferred as part of (i) the Commissioning Activities; or (ii) any other Phase 2 Commissioning Activities, the transfer to the Licensee of all Transferred Assets which relate to the Phase 2 Tranche D Systems in accordance with the Asset Transfer Agreement, and securing that all assets relating to the Phase 2 Tranche D Systems are in the ownership of the Licensee;

(D) pre-commissioning of the Phase 2 Tranche D Systems prior to the introduction of CO_2, including:

(aa) successful completion of site acceptance testing to the extent not completed as part of the Phase 2 Tranche D Handover Works;

(bb) successful completion of functional testing of all equipment forming part of the Phase 2 Tranche D Systems including successful operational testing of utilities and of the process systems in closed loop with inert fluids;

(cc) preparatory activities for CO_2 introduction into the Phase 2 Tranche D Systems including dewatering, gauging, cleaning and pipeline drying, process lines leak testing and inerting, well barriers testing, first fill of pipelines as described in section 3.2(k)(iv)(F)(bb) and relevant well head platform equipment with nitrogen;

(dd) calibration of allocation metering;

(ee) successful completion of testing of all venting facilities and other safety systems; and

(ff) energisation (where appropriate) of the Phase 2 Tranche D Systems;

(E) securing the following approvals required to, as a minimum, commission and operate the Phase 2 Tranche D Systems, including any and all:

(aa) licences;

(bb) permits;

(cc) consents;

(dd) approvals, including any and all regulatory and statutory approvals; and

(ee) all relevant land agreements;

(F) the following commissioning of the Phase 2 Tranche D Systems:

(aa) super drying of the Phase 2 Tranche D Systems (for pressure containing equipment) to dew point specification (indicatively -30 to -40 degrees Celsius);

(bb) first fill of pipelines and equipment forming part of the of the Phase 2 Tranche D Systems with CO_2;

(cc) successful completion of functional testing of all equipment forming part of the Phase 2 Tranche D Systems with CO_2;

(dd) successful completion of testing of all venting and safety systems and achieving confirmation in respect of the functionality of the same from a qualified independent certification body; and

(ee) commissioning of process systems with process fluid;

(G) organisational readiness:

(aa) personnel training relating to Phase 2 Tranche D dense phase operations are in progress and aligned with Operations Readiness and Assurance Plan; and

(bb) development and approval processes of operating procedures relating to Phase 2 Tranche D are in progress and aligned with the Operations Readiness and Assurance Plan;

(H) all drawings and documentation required for operations are modified in red-line mark-up;

(I) to the extent applicable procurement, implementation of the updates to, and subsequent successful completion of testing of, the information technology (IT) applications, databases and communication systems, including that of the T&S Network Portal in line with the requirements under the CCS Network Code;

(J) successful completion of performance testing of the Phase 2 Tranche D Systems to demonstrate at a minimum the following:

(aa) **compression:** compression capacity of two online trains is at least 4.74 MTPA (150.30 kg/s) (this applies to all combinations, i.e. testing all three trains in different combinations). As part of the site acceptance testing, the compressor performance map shall be verified across the complete range of operating conditions. Control system shall be tested to demonstrate capacity of control. The performance testing is required to demonstrate the following:

(a) performance testing to verify the complete compressor performance map, including 10% intervals between speed covering minimum turndown and max flow rate on ramp-up, ramp-down and for a warm ramp-up;

(i) shutdown and retest of capacity tests to verify repeatability and no hysteresis; and

(ii) running: 72hrs continuous test period; and

(b) operating performance:

(i) unpressurised condition start-up duration (i.e. replicating a cold start), re-start from the suction pressure based on normal operating procedures (i.e. replicating a warm/hot start);

(ii) unit changeover tests to demonstrate ability to perform changeover of compressor trains without trip; and

(iii) verifying functionality of Safety Instrument Functions within the control system performs the intended functions and tasks according to the design specifications and functional requirements with varying User flow rate;

(bb) **offshore pipelines:**

(a) Douglas CCS Platform to HM offshore pipeline has no blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates and composition; and

(b) Douglas CCS Platform to HN pipeline has no blockages and the observed pressure and temperatures are in line with design flow assurance modelling for the actual flow rates and composition; and

(cc) **the Approved T&S Network is capable of handling the expected flow perturbations and the control system operates within the operating envelope of the Approved T&S Network:**

(a) **User shutdown/start-up:** no adverse impact on other User(s);

(b) **loss of half injection capacity:** no constraint on Users beyond 3 hours;

(c) **loss of one User:** no constraint on other User(s) beyond 3 hours;

(d) **minimum injected volume required:** all Users minimum flow rates for 30 days; and

(e) **minimum continuous flow:** 7 days injecting at least 0.20 MTPA (6.34 kg/s); and

(K) preparation of a punchlist containing the Licensee's proposed Phase 2 Acceptance Punchlist Items relating to Phase 2 Tranche D.

(vi) The **"Phase 2 Tranche E Commissioning Activities"** include the following works and activities in respect of any Other User(s):

(A) successful completion of any such performance and operational testing as required to comply with Schedule 4 or Schedule 6 of the Construction Agreement(s) for such Other User(s).

(l) **Phase 2D Devex Activities**

(i) The Phase 2D Devex Activities are divided into three Groups of Phase 2D Devex Activities, in respect of which paragraph 3.6 (*Uncertain Cost Events*) of schedule 10 (*Project-specific conditions*) of the Licence applies.

(ii) The **"First Group of Phase 2D Devex Activities"** shall include the following Phase 2D Devex Activities:

(A) procurement and supervision of feasibility studies and offer creation in respect of the PoA power connection upgrade (as referred to in section 3.2(i)(i)(D)) by NESO (or local electrical distributor);

(B) concept select of:

(aa) offshore pipelines (as referred to in section 3.2(i)(ii));

(bb) riser connections (as referred to in section 3.2(i)(iii)(A)); and

(cc) any other pipeline works required from a safety, integrity, efficiency, or economic perspective;

(C) concept select of PoA plant update compressor upgrade (as referred to in section 3.2(i)(i)(A)) and associated facilities (as referred to in sections 3.2(i)(i)(B) to 3.2(i)(i)(D)); and

(D) in respect of the offshore platforms (as referred to in section 3.2(i)(iii)):

(aa) well back pressure options evaluation; and

(bb) dense phase metering screening study.

(iii) The **"Second Group of Phase 2D Devex Activities"** shall include the following Phase 2D Devex Activities:

(A) procurement and supervision of PoA power connection upgrade (as referred to in section 3.2(i)(i)(D)) by NESO (or local electrical distributor), including:

(aa) FEED; and

(bb) market engagement and preparation of invitation to tender (**"ITT"**);

(B) in respect of:

(aa) offshore pipelines (as referred to in section 3.2(i)(ii));

(bb) riser connections (as referred to in section 3.2(i)(iii)(A)); and

(cc) any other pipeline works required from a safety, integrity, efficiency, and economic perspective,

the following:

(a) FEED;

(b) pipeline route surveys;

(c) preparation of submissions for environmental and other relevant approvals; and

(d) market engagement and preparation of ITT;

(C) in respect of the PoA compressor upgrade (as referred to in section 3.2(i)(i)(A)) and associated facilities (as referred to in sections 3.2(i)(i)(B) to 3.2(i)(i)(D)):

(aa) FEED;

(bb) preparation of submissions for all relevant permits and approvals; and

(cc) market engagement and preparation of ITT; and

(D) in respect of offshore platforms (as referred to in sections 3.2(i)(iii)(B) and 3.2(i)(iii)(C)):

(aa) wells (as referred to in section 3.2(i)(iii)(C)):

(a) well intervention to evaluate conditions;

(b) vendor engagement; and

(c) technology qualification and testing (where relevant); and

(bb) dense phase metering (as referred to in section 3.2(i)(iii)(B)), including:

(a) technical specification; and

(b) technology qualification and testing (where relevant).

(iv) The **"Third Group of Phase 2D Devex Activities"** shall comprise all Phase 2D Devex Activities required to enable the Licensee to progress from completion of the second Group of Phase 2D Devex Activities to a point at which the Phase 2 Tranche D Handover Works and the Phase 2 Tranche D Commissioning Activities are sufficiently certain such that the Ongoing Capex Allowance(s) can be adjusted to fully and finally reflect the same, including:

(A) in respect of the PoA power connection upgrade (as referred to in section 3.2(i)(i)(D)):

(aa) supervision and monitoring of the ITT being performed by NESO (or local electrical distributor),

(bb) review of bid evaluation and recommendation to award by NESO (or local electrical distributor); and

(cc) recommendation to proceed;

(B) in respect of the offshore pipelines (as referred to in section 3.2(i)(ii)) and risers (as referred to in section 3.2(i)(iii)(A)):

(aa) issue of ITT documents;

(bb) ITT bid evaluation and recommendation to award; and

(cc) environmental and other relevant approvals submission, review and approval;

(C) in respect of the PoA compressor upgrade (as referred to in section 3.2(i)(i)(A)) and associated facilities (as referred to in sections 3.2(i)(i)(B) to 3.2(i)(i)(D)):

(aa) issue of ITT documents; and

(bb) ITT bid evaluation and recommendation to award; and

(D) in respect of the offshore platforms (as referred to in section 3.2(i)(iii)):

(aa) wells (as referred to in section 3.2(i)(iii)(C)):

(a) issue of ITT documents; and

(b) ITT bid evaluation and recommendation to award; and

(bb) dense phase metering (as referred to in section 3.2(i)(iii)(B)):

(a) issue of ITT documents; and

(b) ITT bid evaluation and recommendation to award.

3.3 **Availability Target and Availability Floor**

(a) The Availability Target is 95%.

(b) The Availability Floor is 75%.

3.4 **Obligated Network Capacity**

	Obligated Network Capacity
Maximum Flow Rates	**Maximum Instantaneous Flow Rate:** 150.30 kg/s (4.74 MTPA instantaneous)
	Maximum Annual Cumulative Flow: 4.50 $MtCO_2$
Minimum Flow Rate	**Minimum Instantaneous Flow Rate:** 6.34 kg/s (0.20 MTPA instantaneous)
Overall Store Capacity	109 $MtCO_2$

4. **USERS**

4.1 **Planned Initial Users**

(a) The **"Planned Initial Users"** are the potential Users identified within the "*Cluster sequencing Phase-2: Track-1 project negotiation list*"[2] issued in March 2023 as detailed in the table below.

(b) Planned Initial Users table:

Row no.	**Planned Initial User**	**User Phase**	**Connection Location**	**Indicative scheduled commencement date***
1.	Viridor (Runcorn)	Phase 2 User	Runcorn AGI	[redacted]
2.	Encyclis Protos ERF	Phase 1 User	Protos AGI	[redacted]
3.	Hanson Padeswood	Phase 2 User	Padeswood AGI	[redacted]
4.	EET HPP1	Phase 1 User	Stanlow AGI	[redacted]

*As such term is defined in the relevant Connection Agreements.

[2] Cluster sequencing Phase-2: Track-1 project negotiation list, March 2023 - GOV.UK (www.gov.uk)

5. DEVELOPMENT ACTIVITIES

5.1 Development Activities

(a) At Licence Award, there are no Development Activities. Accordingly, at Licence Award there are no:

(i) Ongoing Devex Stage Check Activities; or

(ii) Tranches of Stage Check Activities.

5.2 Expansion Activities

(a) At Licence Award there are no Expansion Activities. Accordingly, at Licence Award there are no:

(i) ExpA Acceptance Punchlist Items;

(ii) ExpA Commissioning Activities;

(iii) ExpA Handover Punchlist Items; or

(iv) ExpA Handover Works.

6. IC SCOPE

6.1 General obligations

(a) The Independent Certifier shall act as an objective and unbiased third-party who certifies that relevant works and activities have been performed in accordance with the Licence and this APDP and the relevant Legal Requirements.

(b) The Independent Certifier shall check and verify such information necessary to satisfy itself that all relevant works and activities have been satisfactorily executed in accordance with the Licence and this APDP and the relevant Legal Requirements. Such checks and verification shall form part of a primarily desktop exercise using information provided by the Licensee, focussing on critical documentation relating to (as relevant) the Handover Works, Commissioning Activities, Phase 2 Commissioning Activities, ExpA Handover Works and/or ExpA Commissioning Activities (as the case may be), with a sample check for detailed information.

(c) The Independent Certifier shall attend as an observer, or procure the attendance of others as observers, a selection of testing (selected by the Independent Certifier) performed and verified by others to inform its opinion on whether such tests are performed and witnessed in line with the relevant testing procedures. The Independent Certifier will not be required under an IC Deed of Appointment to perform or witness, or engage others to perform or witness, testing on any element of the T&S Network.

(d) The Independent Certifier shall obtain records from the Licensee, verify models and interview personnel to ascertain to its own satisfaction that all aspects of relevant Project milestones have been achieved or have been demonstrated to be possible to be achieved at an appropriate future time.

6.2 In respect of (where relevant) the Handover Works and/or any Phase 2 Handover Works and/or any ExpA Handover Works:

(a) an Independent Certifier shall review the evidence provided by the Licensee and certify whether it is satisfied that the Handover Works, any Phase 2 Handover Works and/or any ExpA Handover Works (as relevant) have been completed in accordance with the Licence and this APDP and the relevant Legal Requirements. This will include review of information related to:

(i) Mechanical Completion, including information relating to construction, fabrication, installation, integrity testing, functional testing cleaning, gauging, hydrotesting, leak testing, inspection, preservation, re-instatement, and record keeping activities;

(ii) the design and engineering verification performed by the Licensee and any independent verification bodies contracted by the Licensee;

(iii) permits and consents required to be in place by Handover, the relevant Phase 2 Handover and/or the relevant ExpA Handover (as relevant) as outlined in the PLANC Register; and

(iv) the operating organisation in-place and its training / competence status with reference to anticipated status in the relevant Operations Readiness and Assurance Plan; and

(b) an Independent Certifier shall review and confirm (as relevant) the Phase 1 Handover Punchlist Items prior to the Handover Date, any relevant Phase 2 Handover Punchlist Items prior to the date of the relevant Phase 2 Handover and any relevant ExpA Handover Punchlist Items prior to the date of the relevant ExpA Handover.

6.3 In respect of (where relevant) the Commissioning Activities and/or any Phase 2 Commissioning Activities and/or ExpA Commissioning Activities:

(a) an Independent Certifier shall review the evidence provided by the Licensee and certify whether it is satisfied that the Commissioning Activities, Phase 2 Commissioning Activities and/or ExpA Commissioning Activities (as relevant) have been completed in accordance with the Licence and this APDP and the relevant Legal Requirements, which will include certifying that the relevant System Acceptance, Phase 2 Acceptance or ExpA Acceptance performance metrics (as relevant) have been demonstrated and that operations can start in accordance with the Licence and this APDP and the relevant Legal Requirements. This will include review of the following information related to the Commissioning Activities and System Acceptance and/or any Phase 2 Commissioning Activities and/or ExpA Commissioning Activities and relevant Phase 2 Acceptance and/or ExpA Acceptance (as relevant):

(i) commissioning records proving integrity of bolted joints and equipment demonstrating the leak tightness of the pressure boundary in readiness for introduction of CO_2;

(ii) performance tests as detailed in this APDP; and

(iii) where relevant, calibrated well and fluid models demonstrating the ability of the wells to achieve the injection rates specified for future conditions as specified in this APDP; and

(b) an Independent Certifier shall review and confirm (as relevant) the System Acceptance Punchlist Items prior to the COD and/or the relevant Phase 2 Acceptance Punchlist Items and/or the relevant ExpA Acceptance Punchlist Items prior to the date of the relevant Phase 2 Acceptance and/or the date of the relevant ExpA Acceptance (as relevant).

6.4 In respect of the COD Readiness Activities:

(a) an Independent Certifier shall review the evidence provided by the Licensee and certify whether it is satisfied that the COD Readiness Activities have been completed and the T&S Network can receive injected CO_2 from the Users in accordance with the Licence and this APDP, the CCS Network Code and the relevant Legal Requirements. This will include review of the following information related to the COD Readiness Activities:

(i) commissioning records including leak test records for all pressure containing equipment; and

(b) an Independent Certifier shall review and confirm the COD Readiness Punchlist Items prior to COD Readiness.

6.5 Notwithstanding any other provision of this section 6, if the Licensee has notified the Regulator that it has completed the Mitigation Measures Preparatory Activities under paragraph 3.3(a)(i)(D)(aa) of schedule 10 (*Project-specific conditions*) of the Licence, the Independent Certifier will deem the Mitigation Measures Preparatory Activities to have been completed.

7. STORAGE LICENCES

7.1 The following are the Storage Licences:

(a) the Storage Licence in respect of the Hamilton Carbon Store (with reference CS004A);

(b) the Storage Licence in respect of the Hamilton North Carbon Store (with reference CS004B); and

(c) the Storage Licence in respect of the Lennox Carbon Store (with reference CS004C).

Approved Contracts List relating to the carbon dioxide transport and storage licence granted to Liverpool Bay CCS Limited (company number 13194018) (the "**Licensee**") pursuant to section 7 (as modified by section 16 and schedule 1) of the Energy Act 2023, relating to the "Liverpool Bay T&S" T&S Network, dated 22 April 2025 (the "**Licence**")

Overview

The purpose of this document is to set out the Approved Contract(s), as contemplated by Standard Licence Condition B26 (*Approved Contracts*) ("**SLC B26**").

Any capitalised words and expressions used in the Approved Contracts List set out in this document have the meaning given to them in the Licence, unless otherwise specified.

Contract	Parties	Date
Framework Secondment Agreement	Liverpool Bay CCS Limited Eni S.p.A	15 April 2025
Framework Secondment Agreement	Liverpool Bay CCS Limited EniProgetti S.p.A.	15 April 2025
Framework Secondment Agreement	Liverpool Bay CCS Limited Eni International Resources Limited	15 April 2025
Framework Secondment Agreement	Liverpool Bay CCS Limited ENI CCUS Holding Limited	15 April 2025
Services Agreement	Liverpool Bay CCS Limited ENI CCUS Holding Limited ENI S.p.A	15 April 2025
Asset Transfer Agreement	Liverpool Bay CCS Limited Eni UK Limited	15 April 2025