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**13<sup>th</sup> August 2025**

Ofgem  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

To whom it may concern,

Thank you for the opportunity to respond to Ofgem's [consultation](#) on the modification of carbon dioxide (CO<sub>2</sub>) transport and storage (T&S) licences development expenditure.

The CCSA welcomes this consultation and notes our support for the two proposed modifications. These proposals represent a positive signal that early, proactive steps are being taken to smooth out and streamline regulatory processes, which is an essential foundation for supporting future CCUS deployment and investment. This consultation also recognises and promotes constructive and collaborative engagement between industry and regulators, which is not only good practice but also crucial for ensuring alignment, reducing regulatory burden over time, and building long-term trust across stakeholders.

**Proposed modifications to Special Condition J5 (ongoing devex re-opener)**

The CCSA expresses support for this modification and agrees that it will act to improve project delivery certainty (while maintaining regulatory oversight). Allowing licensees to submit a re-opener in advance lays the groundwork for a smooth and streamlined process, which ultimately will reduce administrative burden and help to reduce the overall timeline to project completion. This is crucial if the UK is to successfully develop sufficient storage capacity to meet carbon budget, and net zero, targets.

**Introduction of New Special Condition J15 (Early Development Activities Use-it-or-lose-it Allowance)**

The CCSA also expresses support for the introduction of this condition, and agrees that the new allowance will enable better project preparations. The proposals appear well-calibrated, offering a lean and efficient approach while still aiming to incorporate sufficient detail to enable clear, consistent, and straightforward assessment.

Building on this, the CCSA welcomes the breadth of the scope set out for this mechanism, which provides a strong foundation for supporting early development activity across the sector. However, given the complexity and evolving nature of the CCUS industry, we re-iterate the need for the scope to be sufficiently strategic and broad to ensure that it is future-proof (i.e. the mechanism should be designed to avoid the need for another reopener in the near term), while remaining prescriptive enough to provide clarity and certainty for project developers.



In line with this, we would welcome continued engagement on what the scope should cover, as the effectiveness of the mechanism will ultimately depend on how the details are defined and applied in practice.

In particular, further clarifications would be welcome on:

- The definition of a "development project"
- Whether the mechanism encompasses broader network development—covering both upstream and downstream aspects, and addressing both technical and commercial considerations.
- Whether costs can be claimed retrospectively if identified before the modification comes into effect

We would also suggest that it would be useful for the modification scope to include a sufficiently flexible category, such as *"other qualifying early-stage activities as determined by the Regulator"*. This will ensure the mechanism can adapt to evolving needs without requiring further modification, understanding that once the proposed modifications become part of the licence, they will be more difficult to amend or correct.

Finally, the CCSA notes that the proposed caps for these allowances will likely require a period of iterative refinement to determine the appropriate levels at which these should be set. Nonetheless, we welcome the introduction of the proposed cap as a positive step towards providing clear cost boundaries. We would welcome a period of further consideration and engagement to determine whether the proposed amount is sufficient, given the nascency and unique complexities of this industry compared to other sectors that fall under Ofgem's regulation. We therefore appreciate the inclusion of a re-opener mechanism, which allows for adjustments as experience is gained.

In summary, we support the two proposed modifications and view them as a positive and proactive step toward streamlining processes and enabling future activity across the sector. We appreciate the collaborative approach taken to date and welcome continued engagement to refine the detail and ensure the mechanism is as effective and future-proof as possible. We would be pleased to have further discussions with Ofgem on any of the points raised in this response.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mark Sommerfeld", with a long, sweeping horizontal line extending to the right.

**Mark Sommerfeld**  
CCSA, UK Director

*The CCSA brings together a wide range of specialist companies across the spectrum of Carbon Capture, Utilisation and Storage (CCUS) technology, as well as a variety of support services to the energy sector. The CCSA exists to represent the interests of its members in accelerating the commercial deployment of CCUS in the UK, EU and internationally through advocacy and collaboration to achieve net zero emissions by 2050.*