



Making a positive difference
for energy consumers

To: Liverpool Bay CCS Limited

Email: ccus@ofgem.gov.uk

Any other interested parties

Date: 1 October 2026

Determination issued by the Gas and Electricity Markets Authority (the “Authority”) to Liverpool Bay CCS Limited (LBCCS) in respect of the Carbon Dioxide Transport and Storage Licence (the “Licensee”) granted under section 7 of the Energy Act 2023, being a determination issued under Special Conditions J13.9 of the Carbon Dioxide Transport and Storage Licence, and Notice of reasons under section 31 of the Energy Act 2023 for the decision to issue the determination.

Determination of Price Control Financial Model (PCFM) Variable Values for the Annual Iteration Process 2026

Introduction

1. References to the “Authority”, “Ofgem”, “we”, and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work.
2. Capitalised terms used in this letter have the meanings given to them in the Licence, unless otherwise defined in this letter. We have restated some definitions in this letter for clarity.
3. This document constitutes a determination pursuant to Special Condition J13.9 of the licence by the Authority to set the Variable Values used within the PCFM for the purposes of the 2026 Annual Iteration Process (AIP).

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4. PCFM Variable Values are defined parameters within the Price Control Financial Handbook (PCFH) that are used to calculate the Allowed Revenue through the PCFM as part of the AIP.
5. In some cases, these PCFM Variable Values rely on data provided by the Licensee. Should that data be revised or corrected, the Authority reserves the right to re-determine the relevant PCFM Variable Values based on the re-submitted data.

Scope of this determination

6. This determination applies to Liverpool Bay CCS Limited (LBCCS) only.
7. The PCFM Variable Values specified in Annex 1 shall be used by the licensee in completing the PCFM for the purposes of the AIP, except where otherwise directed by the Authority.

Reasons for the determination

8. The Licence requires that PCFM Variable Values are determined by the Authority and subsequently incorporated into the PCFM as part of the AIP.
9. The Authority is satisfied that confirming these values through a determination:
 - a. supports consistent application of the PCFM across licensees;
 - b. discharges the Authority's obligation under Special Condition J13.9 of the Licence;
 - c. provides clarity to licensees ahead of completion of the AIP;
 - d. promotes transparency in the operation of the regulatory framework; and
 - e. facilitates efficient administration of the Annual Iteration Process.
10. The Authority hereby determines that the PCFM Variable Values set out in Annex 1 shall apply for the purposes of the 2026 Annual Iteration Process.
11. This determination takes effect on the date of publication.

Joe Bragg

Head of Carbon Capture and Storage

Duly authorised on behalf of the Gas and Electricity Markets Authority.

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Annex 1: Liverpool Bay CCS Limited (LBCCS) - Variable Values for the Annual Iteration Process 2026

Variable value	Term	Units	2024-25	2025-26	2026-27	2027-28
Corporation tax rate	CTt	%	25.00	25.00	25.00	25.00
General pool capital allowance rate	GCA _t	%	18.00	18.00	14.00	14.00
Special Rates capital allowance rate	SRCA _t	%	6.00	6.00	6.00	6.00
Structures and buildings capital allowance rate	SBCA _t	%	3.00	3.00	3.00	3.00
Target availability	TA _t	%	0.00	0.00	0.00	0.00
Actual availability	AT _t	%	0.00	0.00	0.00	0.00
Adjustment factor	AF _t	NA	0.00	0.00	0.00	0.00
ETS building block	ETSt	£m 2021/22 prices	0.00	0.00	0.00	0.00
OBR Forecast	OBRforecast	%	n/a	n/a	2.25	2.07
CPIH + forecast (FY average)	CPIH _t ,+forecast	Index	134.04	139.12	n/a	n/a
Long-term inflation forecast	CPIHlongterm	%	2.00	2.00	2.00	2.00
Disposals	Dist	£m 2021/22 prices	████	████	████	████
Debt fees	DF _t	£m 2021/22 prices	████	████	████	████

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Note:

We have redacted certain figures from this table, based on representations from the licensee, as we consider the information commercially sensitive and that publication could be prejudicial to users' interests.

Following discussions with the licensee in accordance with paragraph 2.37 of the PCFH, the Authority has determined that the CPIH Variable Value for the 2026-27 year is equal to the OBR CPIH forecast. This is because the current drafting in the PCFH requires the licensee to use 'the most recently published outturn CPIH value', however this is not consistent with the approach set out in Special Condition H9.6 in the licence, which requires inflation to be calculated on a full-year basis. The Authority will review the relevant PCFH and/or PCFM provisions ahead of future AIPs.