Making a positive difference
for energy consumers

Appendix 2 – Updated Licence (Annex A to Section A)

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Appendix 2 - Updated Licence (Annex A to Section A)

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: (c) 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 (d) 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: (e) £5,000,000 (CPIH Indexed) for contracts for the procurement of works; and (f) £500,000 (CPIH Indexed) for contracts for the procurement of goods and/or services;
"Appropriate Auditor"	means: (g) 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 (h) 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: (i) entered into as at Licence Award; or

	(j) 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:
	(k) is economic, efficient and effective;
	(l) is consistent with Good Industry Practice;

	(m) complies with all safety and other applicable Legal Requirements; and (n) 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: (o) an Affiliate or Related Undertaking of the Licensee; (p) an Ultimate Controller of the Licensee; (q) a Participating Owner of the Licensee; or (r) 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: (s) the first Charging Year will commence on Licence Award and end on the immediately following 31 March; and (t) 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: (u) 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 (v) 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 (w) 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: (x) 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 (y) a lease, licence, or loan of (or the grant of any other right of possession in relation to) any asset; or (z) the grant of any mortgage, charge, or other form of security or encumbrance over any asset; or (aa) 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: (bb) would meet the Self-Governance Criteria; and (cc) 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: (dd) renumbering of paragraphs, capitalising defined terms and deleting transitional provisions that have expired; (ee) corrections of evident mistakes including typographical errors, incorrect cross-references and formatting errors; or (ff) 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: (gg) holds the interest or right; or (hh) 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: (ii) 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 (jj) 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: (kk) 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 (ll) 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: (c) 'A' holds a majority of voting rights in 'B'; (d) 'A' is a member of 'B' and has the right to appoint or remove a majority of the board of directors of 'B'; (e) '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 (f) '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 3.3(c) 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 3.3(c) 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 3.3(c) 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 3.3(c) 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: (e) the Offshore Pipeline Infrastructure; (f) the T&S Storage Site(s); and (g) 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 3.3(c) 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: (mm) holds a Participating Interest in that person; or (nn) 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: (oo) a payment made pursuant to and in accordance with the Government Support Package; or (pp) 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: (qq) the Government Support Package; and (rr) 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: (ss) dividend restraint; (tt) equity injection or other additional sources of finance; (uu) profiling of investment within the Regulatory Period; (vv) cost reduction; (ww) profiling of financial liabilities within the Regulatory Period; and (xx) 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: (yy) the Approved Project Development Plan; (zz) the Financial Settlement Document; (aaa) the Technical Details Document; (bbb) the List of Approved Contracts; (ccc) the Licence Derogations Document; (ddd) the Price Control Financial Model; and (eee) 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: (fff) acquires Control or Indirect Control of the Licensee; or

	(ggg) 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: (hhh) 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; (iii) 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: (jjj) 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 (kkk) 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: (lll) instructions to the Licensee to make (and not withdraw, without the Regulator's prior consent) a Modification Proposal; (mmm) the timetable for the Licensee to comply with the Regulator's directions; and (nnn) 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, (ooo) 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 (ppp) 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): (qqq) confirming that, in its opinion, the Self-Governance Criteria are met and the modification is suitable for the Self-Governance Route; and (rrr) the Modification Panel's reasons for that opinion;
"Significant Code Review"	means a review of one or more matters which: (sss) relate to the CCS Network Code; (ttt) 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 (uuu) 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: (vvv) 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 (www) 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: (xxx) the making of decisions about how the whole or a substantial part of a Licensee's activities are to be managed or organised; or (yyy) 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: (zzz) 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 (aaaa) 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: (bbbb) all infrastructure and equipment that makes up the T&S Network; (cccc) the Land Rights; (dddd) the T&S Storage Site(s); and (eeee) 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: (ffff) compliance with the Licensee's obligations under this licence; (gggg) compliance with all decommissioning obligations (including the Onshore Decommissioning Requirements and the Offshore Decommissioning Requirements); and (hhhh) 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:

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

(jjjj) 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:

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

(iv) 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*).

2.

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.

3.

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.

4.

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.

5. 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 "NEP CO2 Network" within the Specified Area and more particularly defined in Standard Condition A5.4.

Part B: T&S Network

5.4 In this condition, "NEP CO2 Network" 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

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

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

6.2 The Onshore Transportation System extends to both north and south of the River Tees in the northeast of England near the town of Redcar as shown in the left corner of Exhibit A. It consists of ~~two~~ one pipeline~~s~~ (shown in Exhibit A):

(a) the CO_2 Gathering Pipeline from the the above ground installation near co-ordinates (54.605058, -1.192595) north of the River Tees ~~close to the BOC site~~ via the Sembcorp Tunnel No 2 to the site of the Teesside Compression System Terminal to the south of the River Tees.

~~(b) the H2T Spurline is entirely located to the south of the River Tees connecting H2T to the Teesside Compression System Terminal.~~

6.3 The pipelines will be run overground using existing pipeline corridors around the Teesside region, as shown in Exhibit A, with above ground installations (AGIs) located at:

(a) the connection location near co-ordinates (54.605058, -1.192595)

(b) Seal Sands to the north of the River Tees, which is designed to enable to connect future Users at this location; and

~~(c) the connection location from H2T~~

(d) the arrival of the CO_2 Gathering Pipeline ~~and H2T Spurline~~ at the Teesside Compression System Terminal.

*amended due to the BOC & H2T Discontinuation determination



Exhibit A

7. **Assets of the Offshore Transportation and Storage System**

7.1 The assets being:

(a) the Offshore Pipeline Infrastructure, 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 (and which are referred to as "Endurance") under the bed of the sea lying to the east of Flamborough Head and associated pipeline, between the Licensee, His Majesty the King and the Crown Estate dated 29 September 2023 ("**Agreement for Lease**");

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

(c) the T&S Storage Site(s), being the Endurance Storage Site, which includes injection manifolds, wells and the carbon storage reservoir as shown on the map in Exhibit B, and which is subject to carbon dioxide appraisal and storage licence number CS001 and is subject to the Agreement for Lease.



Exhibit B