BOC Limited Response to Ofgem Consultation
Net Zero North Sea Storage Limited: BOC & H2T Discontinuation Draft Determination

BOC supports Ofgem's draft determination and the proposed Change in Scope.

The changes appropriately reflect the discontinuation of the BOC and H2Teesside projects, while retaining important north-bank infrastructure and network capacity for future industrial carbon capture projects.

BOC's main concern is that removing the dedicated BOC spur must not leave a future project at the Tees Hydrogen site in a worse position than under the originally approved network. A later project should not face weaker access rights, unclear delivery responsibilities or additional infrastructure costs simply because the original project did not proceed.

BOC therefore asks Ofgem to confirm in the final determination that:

- **Route rights will be protected:** the easements, access rights and route corridors needed for a future connection to the Tees Hydrogen site will be retained and made available.
- **Delivery responsibility will be clear:** it will be established who is responsible for designing, building, owning and operating any future connection.
- **Costs will be allocated fairly:** removing infrastructure originally intended to form part of the Approved T&S Network will not automatically transfer those costs to a future connecting user.
- **Commercial terms will be transparent:** future users will have early clarity on access arrangements and the basis for ongoing transport and storage charges.

Q1. Do you agree that grounds for a CiS have occurred?

BOC agrees that the discontinuation of the BOC and H2Teesside projects constitutes a material change to the scope of the Approved T&S Network and therefore meets the definition of a Change in Scope under the Licence. The removal of two planned initial users fundamentally alters the network configuration approved at licence award and necessitates corresponding updates to the Licence and associated project documentation.

Q2. Do you agree with Ofgem's approval of a CiS?

BOC supports Ofgem's minded-to position to approve the CiS and agrees that the regulatory framework should accurately reflect the current status of the project whilst retaining flexibility to accommodate future users of the network.

Q3. Do you agree with the proposed amendments to the allowances for SRAV Capex and Opex?

BOC has no detailed comments on the cost assessment undertaken by Ofgem.
We note that Ofgem has conducted a rigorous review of the Licensee's proposed adjustments and has sought to ensure that only efficient and justified costs associated

with the removal of the BOC and H2T spur lines, and the related engineering reassessment activities, remain recoverable. We support this principle.

Q4. Do you agree with the proposed modifications to the APDP, TDD, FSD and Licence?

Yes, broadly.

Removal of BOC and H2T as Planned Initial Users
BOC agrees that the APDP, TDD, and Licence should be amended to reflect current circumstances and remove references to BOC and H2T as planned initial users.

Retention of the North Bank CO_2 Gathering Pipeline
BOC strongly supports Ofgem's proposal to retain construction of the onshore CO_2 gathering pipeline and River Tees crossing infrastructure despite the removal of current north-bank users.

We agree with Ofgem's assessment that preserving this infrastructure represents an efficient and prudent approach that protects future connection opportunities, avoids potentially significant future redesign and construction costs, and maintains strategic access across the River Tees for future industrial emitters.

However, BOC's support for removal of the dedicated spur is on the understanding that this does not prejudice the ability of future projects at the Tees Hydrogen site to connect to the East Coast Cluster on an efficient and economic basis, nor materially alter the connection arrangements or cost responsibilities that would otherwise have applied had the spur remained within the Approved T&S Network.

We would therefore welcome further clarity regarding the practical implications of removing the dedicated BOC spur from the Approved T&S Network. It would be helpful to understand:

- Whether the easements, access rights, route corridors and other rights required to facilitate a future connection to the Tees Hydrogen site will continue to be preserved.
- Whether future users seeking to connect along the route originally envisaged for the BOC spur would continue to have access to those corridors and rights.
- Whether the Transport and Storage Network Licensee would retain responsibility for the future provision of a connection should such a connection be required.
- How the costs of any future spur or connection infrastructure would be allocated, including whether such costs would remain the responsibility of the Licensee or would fall wholly or partially on a future connecting user.

Of particular importance is the treatment of future connection infrastructure costs. Whilst BOC supports removal of the dedicated spur in light of current project circumstances, BOC would welcome clarification that this decision does not transfer

responsibility for infrastructure originally envisaged as part of the Approved T&S Network onto a future connecting user should a project subsequently seek connection at substantially the same location and along substantially the same route. Clarity on future asset ownership, delivery responsibility and cost allocation would provide important confidence to prospective investors and help ensure that future decarbonisation opportunities are not inadvertently disadvantaged by the proposed Change in Scope.

In BOC's view, the proposed removal of the spur should not inadvertently create a less favourable position for future users than would have existed under the originally approved network configuration. Clarification on the preservation of route rights, future connection responsibilities and cost allocation would therefore provide important confidence to prospective investors considering future industrial decarbonisation projects on the north bank of the Tees.

BOC would also welcome greater clarity regarding the commercial framework that would apply to any future project seeking access to the transport and storage network from the Tees Hydrogen site. In particular, it would be helpful to understand how future users would access transport and storage services, the basis upon which transport and storage charges would be determined, and whether the removal of the dedicated spur and BOC's status as an initial user could have implications for the commercial terms available to a future project connecting at substantially the same location.

Given the long development timelines associated with industrial carbon capture projects, clarity regarding future access arrangements and ongoing transport and storage costs would provide important confidence to prospective investors and support the efficient development of future decarbonisation opportunities.

Preservation of Network Capacity and Injection Capability
BOC supports Ofgem's decision to reject proposals to reduce the Obligated Network Capacity, System Injection Capacity and associated acceptance testing requirements. These obligations were established to support the long-term development of the network over its operational life and should not be reduced solely because initial utilisation may be lower than originally anticipated. Maintaining the original network capability will provide confidence to future users and support the long-term expansion objectives of the East Coast Cluster.

Q5. Do you have any other representations?
BOC welcomes Ofgem's clear recognition of the importance of future network users and future expansion opportunities. The proposed retention of key infrastructure and preservation of network capability demonstrates a commitment to the long-term development of the East Coast Cluster rather than focusing solely on the requirements of day-one users.

As government continues to consider future industrial decarbonisation support mechanisms and investment opportunities, maintaining strategic transport and storage infrastructure will reduce barriers to deployment, lower future connection costs and

maximise the value of existing investments. This is particularly important where infrastructure originally included within the approved network scope is subsequently removed but may be required by future users seeking to connect to the network. We therefore support Ofgem's approach to preserving both the physical infrastructure and operational capability necessary to accommodate future industrial carbon capture projects.

BOC encourages Ofgem, DESNZ and relevant stakeholders to continue to ensure that future users are able to access the transport and storage network on transparent, efficient and non-discriminatory terms. Maintaining such flexibility will maximise the long-term economic and decarbonisation benefits of the East Coast Cluster and support the delivery of the UK's net zero objectives.