

# Revenue Support Agreement

Low Carbon Contracts Company Ltd  
as the RSA Counterparty

Net Zero North Sea Storage Limited  
as T&SCo

relating to the T&S Network for the Carbon Capture Usage and  
Storage project

04 November 2024 **2024**

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**THIS AGREEMENT** is made as a deed on 04 November 2024 2024

**BETWEEN:**

- (1) **NET ZERO NORTH SEA STORAGE LIMITED** (company number 12473084) with its registered office at Chertsey Road, Sunbury on Thames, Middlesex, United Kingdom, TW16 7BP (**T&SCo**); and
- (2) **LOW CARBON CONTRACTS COMPANY LTD**, a company incorporated under the laws of England and Wales whose registered office is 10 South Colonnade, London, England, E14 4PU and whose company number is 08818711 (**RSA Counterparty**),

each a **Party** and together the **Parties**.

**RECITAL:**

- (A) The Secretary of State has granted a Licence to T&SCo pursuant to the Energy Act and T&SCo will carry out its Licensable Activities under the terms of the Licence.
- (B) The Secretary of State has designated the RSA Counterparty under section 59(1) of the Energy Act, as the counterparty for this carbon dioxide transport and storage revenue support contract.
- (C) This revenue support agreement (the **Agreement**) is intended to provide mitigation against a shortfall in collection of (i) during an Event of First User Delay, costs specified within this Agreement; and (ii) during the Operational Period, actual revenues earned by T&SCo compared with the Allowed Revenue set by the Regulator under the Licence where such shortfall is not otherwise addressed by the K-factor true-up under the Licence or mutualisation under the CCS Network Code.

**THE PARTIES AGREE AS FOLLOWS:**

1. **Definitions and Interpretation**

1.1 **Definitions**

In this Agreement:

**Adjusted Allowed Revenue** means the Allowed Revenue, other than the component of the Allowed Revenue that is calculated under the Charging Methodology to be charged by way of Flow Charges;

**Adjusted Forecast Market Revenue** means Forecast Market Revenue, other than the component of revenue that is calculated under the Charging Methodology to be charged by way of Flow Charges;

**Adjusted Market Revenue** means Market Revenue, other than the component of revenue that is charged by way of Flow Charges;

**Affiliate** means in relation to T&SCo, any parent undertaking of T&SCo, any subsidiary undertaking of T&SCo, or any subsidiary undertaking of a parent undertaking of T&SCo;

**Allowed Cost of Debt** means the amount for Month<sub>t</sub>, calculated in accordance with Schedule 5 (Event of First User Delay Difference Payment Calculations);

**Allowed Cost of Depreciation** means the amount for Month<sub>t</sub>, calculated in accordance with Schedule 5 (Event of First User Delay Difference Payment Calculations);

**Allowed Cost of Equity** means the amount for Month<sub>t</sub>, calculated in accordance with Schedule 5 (Event of First User Delay Difference Payment Calculations);

**Allowed Revenue** means the allowed revenue which T&SCo is entitled to recover in the relevant Operational Charging Year as determined by the Regulator, from time to time, pursuant to and in accordance with Special Condition H9 (Calculation of Allowed Revenue during the Operational Period) of the Licence;

**Allowed Unavoidable Opex** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Approved T&S Network** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Base Rate** means the rate of interest published from time to time by the Bank of England as its base rate;

**Billing Statement** has the meaning given to it in Clause 9.1 (Billing Statements);

**Business Day** means any day (other than a Saturday or Sunday) on which banks in London, England, are open for business;

**CCS Network Code** has the meaning given to it in Standard Condition A1 (Definitions for the standard conditions) of the Licence;

**Charging Methodology** has the meaning given to it in Section K (Glossary) of the CCS Network Code;

**Charging Year** has the meaning given to it in Standard Condition A1 (Definitions for the standard conditions) of the Licence;

**Closing SRAV** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**COD** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**COD Readiness** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Competent Authority** means:

- (a) any 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 (1) or more public functions; or
- (c) any other body which has jurisdiction in respect of the T&S Network or this Agreement;

**Conditions Precedent and Escrow Agreement** means a conditions precedent and escrow agreement entered into or to be entered into in the form agreed between,

amongst others, the Secretary of State, T&SCo and the RSA Counterparty in respect of Licence Award;

**Confidential Information** means all data and information disclosed, whether before, on or after the date of this Agreement, either indicated or marked as such or being of a nature which it would be reasonable to assume is of a confidential quality, regardless of form or characteristic that is not in the public domain, and shall include without limitation, drawings, files, specifications or related performance or design type documents, or commercial or price information or data of any kind, whether or not patentable, disclosed orally, in writing or howsoever by one Party to the other Party, or by the Regulator to either Party, in connection with the T&S Network or otherwise being acquired by or coming into the knowledge of such Party or Parties;

**Construction Agreement** has the meaning given to it in the CCS Network Code;

**Day 1 Clauses** means Clauses 1 (Definitions), 2.1 (Term), 16 (Termination for failure to fulfil the Escrow Release Condition), 19 (Representations, warranties and undertakings), 20 (General provisions regarding liabilities, remedies and waivers), Clauses 22 (Amendments) to 37 (Jurisdiction and Disputes) (inclusive) and any other clauses or schedules required to have commenced in order to give effect to those clauses;

**Decommissioning Shortfall Agreement** has the meaning given to it in the Liaison Agreement;

**Default Interest** in respect of any sum payable under this Agreement, shall be calculated as follows:

$$\sum_{i=1}^D \left\{ \frac{\text{Base Rate} + 5\%}{365} \right\}$$

where:

- (a)  $i$  is a series of whole numbers from one (1) to "D" each representing the relevant day in chronological order from, and including, the first (1<sup>st</sup>) day in the calculation period;
- (b)  $D$  is the number of days in the calculation period;
- (c) 365 would be replaced with 366 in a leap year; and
- (d) Where the "calculation period" is the period from the due date for payment under Clause 10 (Payment) and the actual date of payment of such sum;

**Difference Payment** means any of the following:

- (a) Interim Difference Payment;
- (b) Quarterly Reconciliation Payment;
- (c) First User Delay Difference Payment;
- (d) First User Delay Difference Payment Reconciliation Amount; and
- (e) Final Reconciliation Difference Payment;

**Difference Payment Calculation** means the evidence of entitlement to and calculations for the relevant Difference Payment;

**Difference Payment Information** means:

- (a) in respect of each Difference Payment, as relevant:
  - (i) the methodology and input data used by T&SCo for the Difference Payment Calculation;
  - (ii) evidence of consideration, determination or notification by the Regulator in relation to amounts required for the Difference Payment in accordance with Clause 8 (Evidence of Regulator consideration); and
  - (iii) a certificate signed by a director or authorised signatory of T&SCo, certifying that Difference Payment Calculation submitted to the RSA Counterparty in respect of the relevant Difference Payment is made in accordance with Part D (T&SCo Undertakings: Information Provision) of Schedule 2 (Representations, warranties and undertakings);
- (b) in respect of the First User Delay Difference Payment only, a copy of a confirmation from the Regulator under Special Condition G4.4 (First User Delay) of the Licence that an Event of First User Delay has occurred; and
- (c) in respect of the First User Delay Difference Payment Reconciliation Amount only, a copy of the determination by the Regulator under Special Condition G4.11 (Regulator determination of First User Delay amounts) of the Licence;

**Directive** means in relation to any Party, any ordinance, code, decision, directive, order, decree, regulation, determination, award, standard or rule of any Competent Authority which is legally binding upon that Party or, if not legally binding upon that Party, with which that Party would ordinarily comply, acting (in the case of T&SCo) in accordance with the Reasonable and Prudent Standard;

**Discontinuation Agreement** means the agreement of that name entered into between the Secretary of State and T&SCo dated on or around Licence Award;

**Discontinuation Date** has the meaning given to it in the Discontinuation Agreement;

**Discontinuation Notice** has the meaning given to it in the Discontinuation Agreement;

**Discontinue** has the meaning given to it in the Discontinuation Agreement and **Discontinuation** or **Discontinued** shall be construed accordingly;

**Dispute** has the meaning given to it in Clause 37.1 (Jurisdiction and Disputes);

**Dispute Resolution Process** means the process for the resolution of Disputes set out in Schedule 4 (Dispute Resolution Process);

**EIRs** means the Environmental Information Regulations 2004, together with any guidance and/or codes of practice issued by the Information Commissioner or any relevant government department in relation to such Regulations;

**Energy Act** means the Energy Act 2023;

**Escrow Longstop Date** has the meaning given to that term in the Conditions Precedent and Escrow Agreement;

**Escrow Longstop Termination Notice** has the meaning given to that term in Clause 16 (Termination for failure to fulfil the Escrow Release Condition);

**Escrow Release Condition** has the meaning given to that term in the Conditions Precedent and Escrow Agreement;

**Event of First User Delay** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Financial Settlement Document** has the meaning given to it in Standard Condition A1 (Definitions for the standard conditions) of the Licence;

**Final Reconciliation Difference Payment** has the meaning given to it in Clause 6.2 (Final Reconciliation Difference Payment);

**First User** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**First User Delay Difference Payment** means the amount determined pursuant to Clause 5.2 (Revenue support for an Event of First User Delay);

**First User Delay Difference Payment Reconciliation Amount** means the amount determined pursuant to Clause 5.8 (Revenue support for an Event of First User Delay);

**Flow Charges** has the meaning given to it in Section K (Glossary) of the CCS Network Code;

**FOIA** means the Freedom of Information Act 2000 and any subordinate legislation made under that Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or any relevant government department in relation to such Act;

**Forecast Market Revenue** means Market Revenue calculated under the Charging Methodology to be recoverable by T&SCo by way of Use of System Charges in the relevant Operational Charging Year;

**Funding Arrangements** means the funding arrangements between Secretary of State and the RSA Counterparty in relation to the RSA Counterparty's liabilities to T&SCo under this Agreement;

**Government Support Package** means the:

- (a) Supplemental Compensation Agreement;
- (b) Discontinuation Agreement;
- (c) Liaison Agreement; and
- (d) Decommissioning Shortfall Agreement;

**Information** means "information" as defined under Section 84 FOIA and/or "environmental information" as defined under Regulation 2 EIRs, as applicable;

**Initial First User Delay Period** means the period from the later of:

- (a) the date on which T&SCo provided all evidence required by the Regulator pursuant to Special Condition G3 (COD Readiness) of the Licence; and
- (b) the date of Scheduled COD (excluding any extension arising from Special Condition G4.8 (First User Delay) of the Licence),

until the earlier of:



- (i) the date falling on the 12 month anniversary of Scheduled COD (excluding any extension arising from Special Condition G4.8 (First User Delay) of the Licence); and
- (ii) expiry of the period of delay arising from the Event of First User Delay;

**Interim Difference Payment** means the amount determined pursuant to Clause 3 (Interim Difference Payment);

**Invoice Document** has the meaning given to it in Section K (Glossary) of the CCS Network Code;

**Law** means:

- (a) any Act of Parliament or subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978;
- (b) any common law of England and Wales;
- (c) any exercise of the Royal Prerogative;
- (d) any assimilated law within the meaning of section 6 of the European Union (Withdrawal) Act 2018 (as amended by the Retained EU Law (Revocation and Reform) Act 2023); and
- (e) any other principles of law or equity established by the courts of England and Wales,

in each case enforceable in England and Wales (and including any modification, amendment or re-enactment of the above from time to time and any instruments, orders or regulations made pursuant thereto);

**Legal Reservations** means: (i) the principle that equitable remedies may be granted or refused at the discretion of a court; (ii) the limitation of enforcement by Laws relating to insolvency, reorganisation and other Laws generally affecting the rights of creditors; (iii) the time barring of claims pursuant to applicable limitation Laws; (iv) defences of setoff or counterclaim; and (v) principles, rights and defences available at Law;

**Lender** means any bank or financial institution (excluding any direct or indirect shareholder of T&SCo) which provides debt financing or refinancing in relation to the T&S Network;

**Liaison Agreement** means the agreement of that name entered into between the Secretary of State and T&SCo on or around the Licence Award;

**Licence** means the licence granted to T&SCo by the Secretary of State, pursuant to section 16 and schedule 1 of the Energy Act;

**Licence Award** means the date on which the Licence comes into effect;

**Licensable Activities** means such activities described at section 2 of the Energy Act;

**Licensee** means an entity granted a Licence by the Secretary of State pursuant to section 16 and schedule 1 of the Energy Act;

**Market Revenue** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Minister of the Crown** shall have the meaning given to it in the Ministers of the Crown Act 1975;

**Month<sub>t</sub>** means the month to which the relevant Difference Payment calculations relate;

**Monthly IDP Amount** has the meaning given to in Clause 3.4 (Interim Difference Payment);

**Monthly QRP Adjustment** has the meaning given to it in Clause 4.4 (Quarterly Reconciliation Payment);

**Operational Charging Year** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Operational Charging Year<sub>t</sub>** means the relevant Operational Charging Year to which the Difference Payment calculation relates;

**Operational Period** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Payment Disruption Event** means a material disruption to those payment systems or financial markets which are required to operate in order for payments or transfers of money to be made pursuant to this Agreement which the PDE Affected Party could not reasonably have overcome and which are not due to the PDE Affected Party's fault or negligence;

**PDE Affected Party** has the meaning given to it in Clause 12.1 (Payment Disruption);

**Post Commissioning Review** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Quarter<sub>t</sub>** means the quarter to which the relevant Difference Payment calculations relate;

**Quarter<sub>t+2</sub>** means the second quarter following Quarter<sub>t</sub>;

**Quarterly Reconciliation Payment** has the meaning given to it in Clause 4 (Quarterly Reconciliation Payment);

**RDC<sub>t</sub>** means the Return During Construction for SRAV Calculation Period<sub>t</sub>;

**Reasonable and Prudent Standard** means the standard of a person seeking in good faith to comply with its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight that would reasonably and ordinarily be expected from a skilled and experienced person complying with all applicable Laws, Directives and Required Authorisations and engaged in the same type of undertaking under the same or similar circumstances and conditions;

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

**Relevant Regulator** means (as applicable):

- (a) the Regulator;
- (b) the NSTA;
- (c) the Offshore Petroleum Regulator for Environment and Decommissioning;

- (d) regulators of the UK Emissions Trading Scheme, including the Environment Agency or Natural Resources Wales as appropriate;
- (e) the Health and Safety Executive; or
- (f) the Crown Estate;

**Request for Information** means a request for information under FOIA or a request for environmental information under the EIRs, as applicable;

**Required Authorisations** means in relation to T&SCo, each authorisation, licence, accreditation, permit, consent, certificate, resolution, clearance, exemption, order confirmation, permission or other approval of or from any Competent Authority required to enable T&SCo:

- (a) to perform and comply with its obligations under this Agreement; and
- (b) (other than for the purposes of Schedule 2 (Representations, warranties and undertakings), Part A, Paragraph 1(e) and Part C, Paragraph 1(b)) to design, develop, construct, convert, install, complete, test, commission, operate, maintain and decommission the T&S Network;

**Return During Construction** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Rfi Recipient** has the meaning given to that term in Clause 24.2 (Freedom of Information);

**RSA Expiry Date** means the first to occur of:

- (a) the date of COD plus the asset life of the Approved T&S Network (as set out in the Technical Details Document) (or such other date as the Parties may agree in writing);
- (b) the Discontinuation Date; and
- (c) revocation of the Licence;

**RSA Material Adverse Effect** means, in respect of any Party, a material adverse effect on the ability of that Party to perform or comply with its obligations under this Agreement;

**Scheduled COD** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

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

**Secretary of State Direct Agreement** means the agreement of that name entered into between the Secretary of State, the RSA Counterparty and T&SCo dated on or around Licence Award;

**Secured Creditor** has the meaning given to it in schedule 1 of the Discontinuation Agreement;

**Security Interest** has the meaning given to it in schedule 1 of the Discontinuation Agreement;

**Senior Representatives** has the meaning given to it in Paragraph 1.2 of Schedule 4 (Dispute Resolution Process);

**Special Condition** means a special condition of the Licence;

**SRAV** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**SRAV Calculation Period** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Standard Condition** means a standard condition of the Licence;

**Supplemental Compensation Agreement** means the agreement of that name entered into between the Secretary of State and T&SCo dated on or around Licence Award;

**Support Documents** means this Agreement, the Government Support Package and the Secretary of State Direct Agreement;

**T&S Assets** has the meaning given to it in Standard Condition A1 (Definitions for the standard conditions) of the Licence;

**T&S Business** has the meaning given to it in Standard Condition A1 (Definitions for the standard conditions) of the Licence;

**T&S Network** has the meaning given to it in Standard Condition A1 (Definitions for the standard conditions) of the Licence;

**T&SCo Repeating Representations** means each of the representations and warranties set out in Schedule 2 (Representations, warranties and undertakings), Part A, Paragraph 1, other than Paragraph 1(f) or 1(g);

**Tax** means any taxes, levies, duties, imposts and any charges, deductions or withholdings in the nature of tax including taxes on gross or net income and taxes on receipts, sales, use, occupation, development, franchise, employment, value added and personal property, together with any penalties, charges and interest relating to any of them;

**Technical Details Document** has the meaning given to it in Standard Condition A1 (Definitions for the standard conditions) of the Licence;

**Transaction Documents** means:

- (a) the Support Documents;
- (b) the Licence; and
- (c) the CCS Network Code;

**Unavoidable Opex** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Use of System Charges** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**Use of System Charging Statement** has the meaning given to it in Special Condition E1 (Definitions) of the Licence;

**User** has the meaning given to it in Standard Condition A1 (Definitions for the standard conditions) of the Licence; and

**WACC** has the meaning given to it in Special Condition E1 (Definitions) of the Licence.

## 1.2 Interpretation

- (a) In this Agreement, unless the context otherwise requires the headings are inserted for convenience only and shall not affect the construction of this Agreement.
- (b) The Schedules shall be deemed to be incorporated into this Agreement.
- (c) Unless otherwise stated, any direction, consent, derogation, approval, designation or determination by a Party to this Agreement will be given or made in writing.
- (d) Expressions in this Agreement that are appropriate to companies shall be construed, in relation to an undertaking that is not a company, as references to the corresponding persons, officers, documents or organs, as the case may be, appropriate to undertakings of that nature.
- (e) In this Agreement, except to the extent that the context requires otherwise or a contrary indication appears:
  - (i) references to a statute, treaty or legislative provision or to a provision of it shall be construed, at any particular time, as including a reference to any amendment, modification, extension or re-enactment at any time then in force and to all subordinate legislation made from time to time under it;
  - (ii) references to this Agreement include its **Schedules** and references to **Paragraphs, Clauses, Schedules or Appendices** are references to such provisions of this Agreement;
  - (iii) references in the singular shall include references in the plural and vice versa, words denoting any gender shall include any other gender and words denoting natural persons shall include any other persons;
  - (iv) references to an agreement, deed, instrument, licence, code or other document (including this Agreement, the Licence, the Support Documents and the CCS Network Code) or to a defined term or provision contained in any of these (including the Standard Conditions and Special Conditions of the Licence or to Sections of the CCS Network Code) shall, save where specified to the contrary, be construed, at the particular time, as a reference to it (as it may then have been amended, varied, supplemented, modified, suspended, extended, restated, assigned or novated and, where applicable, notwithstanding any revocation of the Licence);
  - (v) a **subsidiary undertaking** or **parent undertaking** is to be construed in accordance with section 1162 (and schedule 7) of the Companies Act 2006;
  - (vi) a **subsidiary** is to be construed in accordance with section 1159 of the Companies Act 2006;
  - (vii) a reference to **conduct** includes an omission, statement or undertaking, whether or not in writing;
  - (viii) a reference to **writing** includes a facsimile transmission and any means (including electronic mail and other electronic means, in accordance with

Clause 34 (Notices)) of reproducing words in a tangible and permanently visible form;

- (ix) a reference to a **day** means a calendar day;
- (x) a reference to a **month** means a calendar month;
- (xi) a reference to a **judgment** includes any order, injunction, determination, award or other judicial or arbitral measure in any jurisdiction;
- (xii) references to **includes, including, in particular, other** or **otherwise** are to be construed without limitation and the eiusdem generis rule shall not apply to this Agreement;
- (xiii) a reference to a **Party** means a party to this Agreement;
- (xiv) a reference to a **person** 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;
- (xv) words shall bear their natural meaning;
- (xvi) the Parties have had the opportunity of obtaining legal advice and accordingly no provision shall be construed *contra proferentem*;
- (xvii) references to a document being in the **agreed form** are references to the form of the relevant document agreed between the Parties; and
- (xviii) reference to the RSA Counterparty, T&SCo or any other person includes their respective (and any subsequent) successors in title, permitted assigns and permitted transferees to, or of, their rights and/or obligations under this Agreement.

## 2. **Term**

2.1 The provisions of, and the rights and obligations of the Parties under, this Agreement shall:

- (a) subject to:
  - (i) the occurrence of the Escrow Release Condition; and
  - (ii) the delivery and satisfaction of the RSA Conditions Precedent in accordance with Clause 15 (RSA conditions precedent),

commence on Licence Award other than this clause 2.1, clause 16 (Termination for failure to fulfil the Escrow Release Condition) and the other Day 1 Clauses which commence on the date of this Agreement; and

- (b) expire on the RSA Expiry Date (unless terminated prior to such date pursuant to Clause 16 (Termination for failure to fulfil the Escrow Release Condition)),

(the **Term**).

2.2 Subject to Clause 2.3, this Agreement shall expire automatically on the RSA Expiry Date and upon expiry:

- (a) no termination payment shall be payable by either Party to the other Party;
- (b) all rights and obligations of the Parties under this Agreement shall end; and
- (c) neither Party shall be entitled to make any claim against the other Party pursuant to this Agreement.

2.3 Expiry of this Agreement:

- (a) shall not affect, and shall be without prejudice to, accrued rights and liabilities and rights and liabilities arising as a result of:
  - (i) any antecedent breach of any provision of this Agreement; and
  - (ii) any breach of any provisions of this Agreement which are expressed to survive expiry pursuant to Clause 21 (Survivorship); and
- (b) shall be without prejudice to Clause 6.2 (Final Reconciliation Difference Payment);
- (c) shall be without prejudice to any amounts payable pursuant to the Licence or the Government Support Package; and
- (d) shall be subject to Clause 21 (Survivorship).

3. **Interim Difference Payment**

- 3.1 T&SCo shall calculate the Interim Difference Payment in accordance with this Clause 3, as the amount by which the Adjusted Allowed Revenue for Operational Charging Year<sub>t</sub> is greater than the Adjusted Forecast Market Revenue for Operational Charging Year<sub>t</sub>.

**Calculation and evidence**

- 3.2 T&SCo shall submit to the RSA Counterparty its Difference Payment Calculation for the Interim Difference Payment, for each Operational Charging Year<sub>t</sub> no later than four (4) months prior to commencement of Operational Charging Year<sub>t</sub>.
- 3.3 T&SCo shall include, as a minimum, the Difference Payment Information in respect of each Interim Difference Payment when providing the Difference Payment Calculation to the RSA Counterparty pursuant to Clause 3.2.

**Pro-rating and payment**

- 3.4 Following notice of agreement by the RSA Counterparty pursuant to Clause 7 (Assurance by the RSA Counterparty), the RSA Counterparty shall:
- (a) calculate the monthly Interim Difference Payment by applying the Interim Difference Payment on a pro-rata basis in respect of the months in Operational Charging Year<sub>t</sub> (**Monthly IDP Amount**); and
  - (b) within five (5) Business Days, provide T&SCo with a provisional payment schedule specifying each Monthly IDP Amount in Operational Charging Year<sub>t</sub>.
- 3.5 T&SCo shall be entitled to payment of the Monthly IDP Amount by the RSA Counterparty (as adjusted by any Monthly QRP Adjustment), in accordance with Clause 10.1(a) (Payment).

4. **Quarterly Reconciliation Payment**

- 4.1 After the end of each quarter of Operational Charging Year<sub>t</sub>, T&SCo shall calculate the Quarterly Reconciliation Payment in accordance with this Clause 4 as the amount by which the Adjusted Forecast Market Revenue for Quarter<sub>t</sub> is greater than the Adjusted Market Revenue for Quarter<sub>t</sub>.

**Calculation and evidence**

- 4.2 T&SCo shall submit to the RSA Counterparty its Difference Payment Calculation for the Quarterly Reconciliation Payment, within five (5) Business Days of the Invoice Document being submitted to each User for the final month in Quarter<sub>t</sub>.
- 4.3 T&SCo shall include, as a minimum, the Difference Payment Information in respect of each Quarterly Reconciliation Payment, when providing the Difference Payment Calculation to the RSA Counterparty pursuant to Clause 4.2.

**Pro-rating and payment**

- 4.4 Following notice of agreement by the RSA Counterparty pursuant to Clause 7 (Assurance by the RSA Counterparty), the RSA Counterparty shall:
- (a) pro-rate the Quarterly Reconciliation Payment for Quarter<sub>t</sub> over the three (3) months of Quarter<sub>t+2</sub> (the **Monthly QRP Adjustment**); and
  - (b) within five (5) Business Days, provide T&SCo with an updated provisional payment schedule specifying each Monthly QRP Adjustment to be applied in Quarter<sub>t+2</sub>.
- 4.5 The Monthly QRP Adjustment (positive or negative) shall be applied in accordance with Clause 10.1(a) (Payment).

5. **Revenue support for an Event of First User Delay**

- 5.1 T&SCo shall:
- (a) provide a copy to the RSA Counterparty of any confirmation from the Regulator that an Event of First User Delay has occurred pursuant to Special Condition G4.4 (First User Delay) of the Licence; and
  - (a) notify the RSA Counterparty in writing, where the period of delay arising from the Event of First User Delay has ceased.
- 5.2 Where there is delay to COD beyond the Scheduled COD (excluding any extension arising from Special Condition G4.8 (First User Delay) of the Licence), and where the confirmation at Clause 5.1(a) has been shared with the RSA Counterparty, the RSA Counterparty shall provide revenue support to T&SCo:
- (a) in respect of each Month<sub>t</sub> (or part month as applicable) during the Initial First User Delay Period for amounts incurred by T&SCo in respect of:
    - (i) Allowed Unavoidable Opex in nominal terms; and
    - (ii) Allowed Cost of Debt;
  - (b) in respect of each Month<sub>t</sub> (or part month as applicable) after the Initial First User Delay Period but only whilst the period of delay arising from the Event of First User Delay is continuing, for amounts incurred by T&SCo in respect of:



- (i) Allowed Unavoidable Opex in nominal terms;
- (ii) Allowed Cost of Debt;
- (iii) Allowed Cost of Equity; and
- (iv) Allowed Cost of Depreciation,

each evidenced by T&SCo to the RSA Counterparty and each a **First User Delay Difference Payment**.

- 5.3 T&SCo shall liaise with the First User pursuant to the Construction Agreement and shall use reasonable endeavours to mitigate an Event of First User Delay.

**Calculation and evidence**

- 5.4 Where an Event of First User Delay occurs, T&SCo shall provide the Difference Payment Calculation (including any adjustment pursuant to Clause 10.1(c)(i)) for any First User Delay Difference Payment to the RSA Counterparty within ten (10) Business Days following the end of Month<sub>i</sub>.
- 5.5 T&SCo shall include, as a minimum, the Difference Payment Information in respect of the First User Delay Difference Payment (and any adjustment pursuant to Clause 10.1(c)(i)) when providing the Difference Payment Calculation to the RSA Counterparty pursuant to Clause 5.4.

**Payment**

- 5.6 Following notice of agreement by the RSA Counterparty pursuant to Clause 7 (Assurance by the RSA Counterparty), T&SCo shall be entitled to payment of any First User Delay Difference Payment by the RSA Counterparty, in accordance with Clause 10.1(b) (Payment).

**Reconciliation of the First User Delay Difference Payment**

- 5.7 Within ten Business Days following the end of, as applicable:
- (a) each relevant SRAV Calculation Period during which an Event of First User Delay is continuing; or
  - (b) the SRAV Calculation Period within which the Event of First User Delay has ceased,

T&SCo shall provide the Regulator and the RSA Counterparty with the Difference Payment Calculations and all Difference Payment Information that T&SCo has submitted to the RSA Counterparty for First User Delay Difference Payments pursuant to Clause 5.4 and any further Difference Payment Calculations and Difference Payment Information to support a request for costs pursuant to Clause 5.7(i)(A), including a breakdown of any:

- (i) amounts incurred by T&SCo in respect of:
  - (A) Allowed Unavoidable Opex in nominal terms and any other costs incurred by T&SCo that T&SCo considers to be Unavoidable Opex;
  - (B) Allowed Cost of Debt;
  - (C) Allowed Cost of Equity;

(D) Allowed Cost of Depreciation; and

- (ii) any adjustment in respect of a positive First User Delay Difference Payment Reconciliation Amount owed to T&SCo pursuant to Clause 10.1(c)(i),

in respect of the relevant SRAV Calculation Period to which the calculations and Difference Payment Calculations relate.

5.8 Following the Regulator's determination of the First User Delay Difference Payments pursuant to Special Condition G4.10 and G4.11 of the Licence, T&SCo shall calculate the difference between:

- (a) the aggregate of the First User Delay Difference Payments determined by the Regulator pursuant to Special Condition G4.10 and G4.11 of the Licence; and
- (b) the aggregate of the First User Delay Difference Payments (including any adjustment pursuant to Clause 10.1(c)(i)) submitted by T&SCo pursuant to Clause 5.4,

for the relevant SRAV Calculation Period, which shall be the **First User Delay Difference Payment Reconciliation Amount**.

5.9 T&SCo shall notify the RSA Counterparty in writing of the First User Delay Difference Payment Reconciliation Amount and such amount, positive or negative, shall be paid in accordance with Clause 10.1(c) (Payment).

## 6. **Final Reconciliation Difference Payment**

6.1 T&SCo shall notify the RSA Counterparty immediately upon:

- (a) any revocation notice being issued by the Regulator under the Licence; or
- (b) any Discontinuation Notice being issued by the Secretary of State under the Discontinuation Agreement.

### **Calculation and evidence**

6.2 Within ten (10) Business Days following expiry of the RSA pursuant to Clause 2 (Term), T&SCo shall provide the RSA Counterparty with a Difference Payment Calculation, in accordance with this Clause 6.2 (Final Reconciliation Difference Payment), of any pro-rata Difference Payments that are due and payable under the RSA to be accounted for up to and including the date of expiry of the RSA (**Final Reconciliation Difference Payment**).

6.3 The evidence and calculations provided by T&SCo pursuant to Clause 6.2 shall include, as a minimum, the Difference Payment Information in respect of any Final Reconciliation Difference Payment.

### **Payment**

6.4 Following notice of agreement by the RSA Counterparty pursuant to Clause 7 (Assurance by the RSA Counterparty), T&SCo shall be entitled to payment of any Final Reconciliation Difference Payment by the RSA Counterparty, in accordance with Clause 10.1(d) (Payment).

**7. Assurance by the RSA Counterparty**

7.1 Following receipt by the RSA Counterparty of the Difference Payment Calculation and Difference Payment Information for the relevant Difference Payment in accordance with the terms of this Agreement, the RSA Counterparty shall review such Difference Payment Calculation and notify T&SCo in writing whether or not the RSA Counterparty agrees with the relevant Difference Payment provided by T&SCo, in respect of any:

- (a) Interim Difference Payment, prior to the commencement of Operational Charging Year;
- (b) Quarterly Reconciliation Payment, within twenty (20) Business Days of receipt of the relevant Difference Payment Calculation and Difference Payment Information pursuant to Clause 4.2 (Quarterly Reconciliation Payment) and 4.3 (Quarterly Reconciliation Payment);
- (c) First User Delay Difference Payment, within twenty (20) Business Days of receipt of the relevant Difference Payment Calculation and Difference Payment Information pursuant to Clause 5.4 (Revenue support for an Event of First User Delay) and 5.5 (Revenue support for an Event of First User Delay);
- (d) First User Delay Difference Payment Reconciliation Amount, within twenty (20) Business Days of receipt of the relevant Difference Payment Calculation and Difference Payment Information pursuant to Clauses 5.8 and 5.9 (Revenue support for an Event of First User Delay); and
- (e) Final Reconciliation Difference Payment, within twenty (20) Business Days of receipt of the relevant Difference Payment Calculation and Difference Payment Information pursuant to Clause 6.2 (Final Reconciliation Difference Payment) and 6.3 (Final Reconciliation Difference Payment).

7.2 If the RSA Counterparty notifies T&SCo in writing pursuant to Clause 7.1 that it agrees with the Difference Payment Calculation and Difference Payment Information for the relevant Difference Payment submitted by T&SCo, then:

- (a) in respect of any Interim Difference Payment and the Quarterly Reconciliation Payment, a pro-rata calculation shall be carried out by the RSA Counterparty pursuant to:
  - (i) Clause 3.4 (Interim Difference Payment), for the Interim Difference Payment;
  - (ii) Clause 4.4 (Quarterly Reconciliation Payment), for the Quarterly Reconciliation Payment;
- (b) in respect of any First User Delay Difference Payment, the RSA Counterparty shall pay any First User Delay Difference Payment to T&SCo in accordance with Clause 10.1(b) (Payment);
- (c) in respect of any First User Delay Difference Payment Reconciliation Amount, the RSA Counterparty shall pay any First User Delay Difference Payment Reconciliation Amount to T&SCo in accordance with Clause 10.1(c) (Payment); and
- (d) in respect of any Final Reconciliation Difference Payment, the RSA Counterparty or T&SCo, as applicable, shall pay any Final Reconciliation Difference Payment to T&SCo in accordance with Clause 10.1(d) (Payment).

- 7.3 If the RSA Counterparty notifies T&SCo in writing pursuant to Clause 7.1 that it does not agree with the Difference Payment Calculation and Difference Payment Information for the relevant Difference Payment submitted by T&SCo, then Clause 7.4 shall apply.
- 7.4 T&SCo shall co-operate with the RSA Counterparty to provide any other information that the RSA Counterparty requires for assurance of T&SCo's calculations of the relevant Difference Payment pursuant to Clause 7.1 and the provisions of Clause 7.1 to Clause 7.4 shall continue to apply until the RSA Counterparty (acting reasonably) notifies T&SCo in writing that it agrees with the relevant Difference Payment pursuant to Clause 7.1.

## 8. Evidence of Regulator consideration

- 8.1 When submitting Difference Payment Information to the RSA Counterparty in accordance with the terms of this Agreement, where relevant to the Difference Payment to be paid, T&SCo shall be required to provide the RSA Counterparty with details, as applicable, of:
- (a) Market Revenue and Forecast Market Revenue, to the extent provided with the calculation provided by T&SCo to the Regulator in accordance with Special Condition H8.4 (Notification and determination of Allowed Revenue) of the Licence;
  - (b) calculation of Adjusted Market Revenue and Adjusted Forecast Market Revenue, each based on (i) Market Revenue to the extent also evidenced in accordance with Clause 8.1(a); and (ii) Flow Charges as made publicly available by T&SCo as a part of the Use of System Charging Statement in accordance with Section H18 of the CCS Network Code;
  - (c) evidence of the Regulator's notification of the Allowed Revenue in accordance with Special Condition H8.8 (Allowed Revenue during the Operational Period) of the Licence;
  - (d) calculation of the Adjusted Allowed Revenue, based on (i) the evidence of the notification of Allowed Revenue provided in accordance with Clause 8.1(c); and (ii) Flow Charges as made publicly available by T&SCo as a part of the Use of System Charging Statement in accordance with Section H18 of the CCS Network Code; and
  - (e) evidence of the Regulator's determination of any Allowed Unavoidable Opex and any other costs incurred by T&SCo that T&SCo considers to be Unavoidable Opex, Allowed Cost of Debt, Allowed Cost of Equity and/or Allowed Cost of Depreciation in accordance with Part E (Regulator determination of the First User Delay amounts) of Special Condition G4 (First User Delay) of the Licence,

in each case including any evidence and explanation of any adjustments or reconciliations to the various amounts or calculations made by T&SCo since the relevant submission to the Regulator under the Licence or CCS Network Code.

## 9. Billing Statements

- 9.1 The RSA Counterparty shall deliver a billing statement to T&SCo identifying the information in Clause 9.2 (**Billing Statement**), with regards to any:
- (a) Interim Difference Payment and Quarterly Reconciliation Payment, for Month<sub>t</sub> within five (5) Business Days following the end of the relevant month, setting out:

- (i) the Monthly IDP Amount calculated in accordance with Clause 3 (Interim Difference Payment); and
  - (ii) any positive or negative Monthly QRP Adjustment calculated in accordance with Clause 4 (Quarterly Reconciliation Payment).
- (b) First User Delay Difference Payment calculated in accordance with Clause 5.4 (Revenue support for an Event of First User Delay) for Month<sub>i</sub>, within twenty (20) Business Days following the date of the notice of agreement by the RSA Counterparty pursuant to Clause 7 (Assurance by the RSA Counterparty);
- (c) First User Delay Difference Payment Reconciliation calculated in accordance with Clause 5.8 (Revenue support for an Event of First User Delay) for the relevant period, within twenty (20) Business Days following the date of the notice of agreement by the RSA Counterparty pursuant to Clause 7 (Assurance by the RSA Counterparty); and
- (d) Final Reconciliation Difference Payment calculated in accordance with Clause 6.2 (Final Reconciliation Difference Payment), within twenty (20) Business Days following the date of the notice of agreement by the RSA Counterparty pursuant to Clause 7 (Assurance by the RSA Counterparty).

9.2 A Billing Statement shall set out and identify:

- (a) the period to which the Billing Statement relates;
- (b) the name of T&SCo (or a unique identifier attributed to T&SCo by the RSA Counterparty);
- (c) the details of the Approved T&S Network (or a unique identifier attributed to the Approved T&S Network by the RSA Counterparty);
- (d) the details of the Difference Payment Calculation and Difference Payment Information, in respect of the relevant Difference Payment;
- (e) the net Difference Payment payable in respect of the relevant period; and
- (f) any amount of set off against the net Difference Payment pursuant to Clause 14 (Set-off).

10. **Payment**

10.1 The RSA Counterparty shall pay to T&SCo:

- (a) with regards to any Interim Difference Payment and Quarterly Reconciliation Payment:
  - (i) the net amount of the Monthly IDP Amount and any positive or negative Monthly QRP Adjustment within five (5) Business Days of delivery of the Billing Statement by the RSA Counterparty pursuant to Clause 9.1(a) (Billing Statements); or
  - (ii) where in Month<sub>i</sub> the Monthly IDP Amount is less than any negative Monthly QRP Adjustment applied, the difference between these amounts shall be addressed through reference to the K-factor true-up administered by the Regulator pursuant to Special Condition H9.8 (Calculation of Allowed Revenue during the Operational Period) of the Licence;

- (b) any First User Delay Difference Payment, within five (5) Business Days of delivery of the Billing Statement by the RSA Counterparty pursuant to Clause 9.1(b) (Billing Statements);
  - (c) where any First User Delay Difference Payment Reconciliation Amount is:
    - (i) positive and the Event of First User Delay is continuing, such amount shall be applied as an adjustment to any further First User Delay Difference Payment payable to T&SCo pursuant to Clause 5.4 (Revenue support for an Event of First User Delay) in the following Month;
    - (ii) positive and the Event of First User Delay has ceased and COD has been achieved, the RSA Counterparty shall pay the difference to T&SCo within five (5) Business Days following the delivery of the Billing Statement by the RSA Counterparty pursuant to Clause 9.1(c) (Billing Statements); or
    - (iii) negative, the amount shall be addressed by the Regulator through an adjustment to the SRAV as part of the Post Commissioning Review pursuant to Special Condition G4.12 (Adjustment to SRAV in respect of Event of First User Delay) of the Licence;
  - (d) where any Final Reconciliation Difference Payment, is:
    - (i) positive, the RSA Counterparty shall pay the difference to T&SCo within five (5) Business Days following the delivery of the Billing Statement by the RSA Counterparty pursuant to Clause 9.1(d) (Billing Statements); or
    - (ii) negative, T&SCo shall pay the difference to the RSA Counterparty within five (5) Business Days following the delivery of the Billing Statement by the RSA Counterparty pursuant to Clause 9.1(d) (Billing Statements) and in accordance with Clause 10.2.
- 10.2 Any payments that are required to be paid by T&SCo to the RSA Counterparty pursuant to Clause 10.1(d) shall be paid by T&SCo to a bank account nominated in writing by the RSA Counterparty to T&SCo from time to time.
11. **Limited recourse arrangements, undertakings and acknowledgments**  
Schedule 1 (Limited recourse arrangements, undertakings and acknowledgements) shall apply to T&SCo and the RSA Counterparty as appropriate.
12. **Payment disruption**
- 12.1 Subject to Clause 12.2, a Party affected by a Payment Disruption Event (**PDE Affected Party**) shall be relieved from liability to pay and deemed not to be in breach of this Agreement for failure to pay (or delay in paying) to the other Party any sum due and payable pursuant to the terms of this Agreement, to the extent that, and for so long as, the PDE Affected Party is suffering a Payment Disruption Event and to the extent that such failure or delay is directly attributable to the occurrence of such Payment Disruption Event.
- 12.2 The PDE Affected Party's relief from liability pursuant to Clause 12.1 is subject to and conditional upon the PDE Affected Party:
- (a) giving notice to the other Party as soon as reasonably practicable of the nature and extent of the Payment Disruption Event;

- (b) using reasonable endeavours to mitigate the effects of the Payment Disruption Event;
- (c) using reasonable endeavours to carry out and perform its obligations under this Agreement in any way that is reasonably practicable for the PDE Affected Party to do so; and
- (d) using reasonable endeavours to pay any sums to the other Party that are due and payable under this Agreement in accordance with its terms immediately upon cessation of the Payment Disruption Event.

13. **Payment accounts**

Any payments made pursuant to or in connection with this Agreement and made to:

- (a) the RSA Counterparty shall be made to such account as may be notified to T&SCo by the RSA Counterparty from time to time; and
- (b) T&SCo shall be made to such account in the United Kingdom as may be notified to the RSA Counterparty by T&SCo from time to time.

14. **Set-off**

Where a Party owes to the other Party any matured obligations pursuant to this Agreement, that Party may set-off such matured obligations against any matured obligation owed by other Party to it pursuant to this Agreement.

15. **RSA conditions precedent**

T&SCo shall deliver to the RSA Counterparty as soon as reasonably practicable, and in any event no later than twenty (20) Business Days after the date of this Agreement the following RSA Conditions Precedent:

- (a) a legal opinion addressed to the RSA Counterparty, in form and content satisfactory to the RSA Counterparty (acting reasonably), from the legal advisers to T&SCo confirming that T&SCo:
  - (i) is duly formed and validly existing under the laws of the jurisdiction of formation; and
  - (ii) has the power to enter into and perform, and has taken all necessary action to authorise its entry into and performance of, this Agreement and the other Transaction Documents;
- (b) evidence, in form and content satisfactory to the RSA Counterparty (acting reasonably), of compliance by T&SCo with “know your customer” or similar identification procedures or checks under all applicable Laws pursuant to the transactions contemplated by this Agreement,

(the **RSA Conditions Precedent**).

16. **Termination for failure to fulfil the Escrow Release Condition**

- 16.1 If the Escrow Release Condition has not occurred by the Escrow Longstop Date, either Party shall have the right, but not the obligation, to terminate this Agreement with immediate effect upon giving the other Party notice (an **Escrow Longstop Termination Notice**).

- 16.2 If either Party gives an Escrow Longstop Termination Notice before the Escrow Release Condition is satisfied, this Agreement shall terminate on the date of the Escrow Longstop Termination Notice (the **Escrow Longstop Termination Date**).

17. **Deductions and withholdings**

Subject to Clause 14 (Set-off), all payments required to be made by T&SCo pursuant to this Agreement shall be made in full, free and clear of any right of set-off and from any restriction, condition or deduction because of any counterclaim.

18. **RSA Counterparty right to request further information**

The RSA Counterparty shall have the right to request further information from T&SCo, to the extent such information is required by the RSA Counterparty for:

- (a) The determination of whether or not the RSA Counterparty is satisfied with the form and/or content of any RSA Conditions Precedent to be delivered to it by T&SCo in accordance with Clause 15 (RSA conditions precedent);
- (b) the discharge of the RSA Counterparty's statutory and/or regulatory obligations; or
- (c) the discharge of any of the RSA Counterparty's obligations under this Agreement,

and T&SCo shall promptly comply with any such information request made by the RSA Counterparty.

19. **Representations, warranties and undertakings**

Schedule 2 (Representations, warranties and undertakings) shall apply to T&SCo and the RSA Counterparty as appropriate.

20. **General provisions regarding liabilities, remedies and waivers**

Schedule 3 (General provisions regarding liabilities, remedies and waivers) shall apply to T&SCo and the RSA Counterparty as appropriate.

21. **Survivorship**

Following the expiry of this Agreement, each Party shall cease to have rights or obligations under this Agreement, save that the rights and obligations under and/or in relation to (i) any legacy Difference Payments, (ii) Final Reconciliation Difference Payments pursuant to Clause 6.2 (Final Reconciliation Difference Payment) and (iii) Clauses 1 (Definitions), 2.3 (Term), 3 (Interim Difference Payment), 4 (Quarterly Reconciliation Payment), 5 (Revenue support for an Event of First User Delay), 6.2 (Final Reconciliation Difference Payment), 7.1(e) (Assurance by the RSA Counterparty), 7.2(d) (Assurance by the RSA Counterparty), 8 (Evidence of Regulator consideration), 9.1(d) (Billing Statements), 9.2 (Billing Statements), 10.1(d) (Payment), 10.2 (Payment), 12 (Payment disruption), 13 (Payment accounts), 14 (Set-off), 15 (Deductions and withholdings), 18 (RSA Counterparty right to request further information), 20 (General provisions regarding liabilities, remedies and waivers), and Clauses 21 (Survivorship) to 37 (Jurisdiction and Disputes) (inclusive), and Schedule 5 (Event of First User Delay Difference Payment Calculations) will continue in full force and effect.



**22. Amendments**

This Agreement may be amended only by an instrument in writing signed by duly authorised representatives of each Party.

**23. Confidential Information**

23.1 Subject to Clause 23.2, Clause 24 (Freedom of Information) and Clause 25 (Transparency and Announcements), the Parties shall at all times keep all Confidential Information confidential to the Party receiving it and shall not disclose such Confidential Information to any other person, except with the written authority of each Party to whom the information is confidential.

**23.2 Disclosure of Confidential Information**

A Party shall, without the written authority of the other Party to whom the information is confidential, be entitled to disclose Confidential Information of that other Party:

- (a) that is reasonably required by the Party for the performance of its obligations under this Agreement (including the disclosure of any Confidential Information to its Affiliates or any employee, consultant, agent, officer, sub-contractor (of any tier) or adviser of T&SCo or its Affiliates) to the extent necessary to enable the disclosing Party to perform its obligations under this Agreement;
- (b) to enable a determination to be made under the Dispute Resolution Process;
- (c) to any Secured Creditors or their professional advisers (including any rating agencies, if applicable) or insurance advisers or, where it is proposed that a person should or may provide funds (whether directly or indirectly and whether by loan, equity participation or otherwise) to T&SCo to enable it to carry out its obligations under this Agreement, to that person and their advisers but only to the extent reasonably necessary to enable a decision to be taken on the proposal;
- (d) to the extent required by the Energy Act or any other applicable Law or pursuant to an order of any court of competent jurisdiction, any parliamentary obligation or the rules of any stock exchange or governmental or regulatory authority having the force of Law including for the purposes of the National Audit Act 1983, the Comptroller and Auditor General;
- (e) to register or record any authorisations and to effect property registration that may be required;
- (f) for the purpose of the examination and certification of any Party's accounts;
- (g) to the Secretary of State;
- (h) to the Parliamentary Commissioner for Administration, a Minister of the Crown, any department of the government of the United Kingdom, the Scottish Parliament, the National Assembly of Wales, the Mayor of London, the Greater London Authority or any department or officer of any of them for the purpose of facilitating the carrying out of their functions, duties or obligations;
- (i) to the National Audit Office;
- (j) to the Competition and Markets Authority; and
- (k) to any Relevant Regulators,

provided that any such disclosure is made by such Party, acting reasonably.

**23.3 Obligations preserved**

Where disclosure is permitted under Clause 23.2, other than under Clauses 23.2(d) and 23.2(e), the Party making such disclosure shall ensure that the recipient of the information is subject to the same obligation of confidentiality as is contained in this Agreement.

**23.4 Exploitation of information**

Subject to use of the information for any of the purposes expressly contemplated in Clauses 23.2(a) to 23.2(k), no Party shall make use of any information arising out of this Agreement or issued or provided by or on behalf of any Party in connection with this Agreement otherwise than for the purposes of this Agreement, except with the written authority of the Party by whom or on whose behalf the information was provided.

**24. Freedom of Information**

24.1 The Parties acknowledge that the RSA Counterparty is, and that T&SCo may become, subject to the requirements of the FOIA and the EIRs and each Party shall, subject to the remaining provisions of this Clause 24, facilitate compliance by the other Party with its Information disclosure requirements pursuant to the FOIA and the EIRs (as the case may be) in the manner provided for in Clauses 24.2 to 24.8 (inclusive).

24.2 Where a Party receives a Request for Information (the **Rfl Recipient**) in relation to Information that is:

- (a) held by the other Party on behalf of the Rfl Recipient (and the Rfl Recipient does not hold such Information itself); and/or
- (b) Confidential Information,

the Rfl Recipient shall within five (5) Business Days of receiving the Request for Information:

- (i) notify the other Party as to the Information to which the Request for Information relates; and
- (ii) provide a copy of such Request for Information to the other Party (provided that the Rfl Recipient shall be entitled to redact any information, including personal data, in such copy of the Request for Information as may be required by Law);

24.3 The other Party shall:

- (a) as soon as reasonably practicable (and in any event within ten (10) Business Days, or such longer period as is specified by the Rfl Recipient, after the Rfl Recipient's notification pursuant Clause 24.2(b)(i)) provide the Rfl Recipient with a copy of all such Information reasonably requested in the Rfl Recipient's notification pursuant to Clause 24.2(b)(i) (in a form that the Rfl Recipient reasonably requests); and
- (b) provide all assistance reasonably requested by the Rfl Recipient in respect of any such Information to enable the Rfl Recipient to respond to the Request for Information within the time for compliance set out in section 10 of the FOIA or regulation 5 of the EIRs.

- 24.4 Following notification under Clause 24.2(b)(i) and until the other Party has provided the Rfl Recipient with the Information specified in the Rfl Recipient's notification pursuant to Clause 24.3(a), the other Party may make representations to the Rfl Recipient as to whether or on what basis the Information requested should be disclosed, and whether further Information should reasonably be provided by the Rfl Recipient to identify and locate the Information requested.
- 24.5 The other Party:
- (a) shall not, and shall ensure that its directors, officers and employees do not; and
  - (b) shall use reasonable endeavours to ensure that each of its other current or former representatives, sub-contractors or agents do not,
- respond directly to a Request for Information unless expressly authorised to do so in writing by the Rfl Recipient.
- 24.6 In deciding how to respond to a Request for Information, the Rfl Recipient shall take into account any reasonable representations by the other Party that are made before expiry of the time period referred to in Clause 24.4, provided always that the Rfl Recipient shall be responsible for determining in its absolute discretion whether the Information it holds (or that is held on its behalf) that is the subject of a Request for Information:
- (a) is exempt from or excepted from disclosure under the FOIA and/or the EIRs, as appropriate; and
  - (b) is to be disclosed in response to a Request for Information.
- 24.7 If the Rfl Recipient decides to respond to a Request for Information which relates, or may relate, to Confidential Information by confirming that it holds Confidential Information and/or by disclosing Confidential Information, it shall notify the other Party of its decision in writing at least three (3) Business Days before issuing such response or failing that draw the disclosure to the attention of the other Party as soon as reasonably practicable after any such disclosure. Such notification shall identify the Confidential Information to be disclosed, and where practicable, provide a copy of the same.
- 24.8 Provided the Rfl Recipient has complied with Clauses 24.2 to 24.7, the Rfl Recipient shall not be liable for any loss, damage, harm, liability or other detriment suffered by the other Party arising out of any Information being disclosed under the FOIA or EIRs.

## 25. **Transparency and Announcements**

### 25.1 **Transparency**

Notwithstanding any other provision of this Agreement, T&SCo hereby grants its consent to the publication (whether to the press, the public or to one or more individuals, companies or other bodies) of the contents of this Agreement by the RSA Counterparty in such form and at such times as the RSA Counterparty sees fit, provided that prior to such publication the RSA Counterparty shall redact from this Agreement any information that the RSA Counterparty determines (taking into account any reasonable comments provided by T&SCo) is exempt or excepted from disclosure in accordance with the provisions of the FOIA and/or the EIRs (as applicable).

### 25.2 **Announcements**

- (a) The RSA Counterparty may issue or publish any announcement or circular regarding this Agreement or any aspect of its contents, if it has previously notified T&SCo and T&SCo does not demonstrate to the reasonable satisfaction of the RSA Counterparty within ten (10) Business Days of such notification that

such issuance or publication would, in the reasonable opinion of T&SCo, have a material adverse effect on the T&S Business. If T&SCo attempts so to demonstrate to the RSA Counterparty but the RSA Counterparty is not so satisfied, the RSA Counterparty shall allow five (5) further Business Days to pass before such issuance or publication.

- (b) T&SCo shall not issue any announcement or circular regarding this Agreement or any aspect of its contents without the prior written consent of the RSA Counterparty (such consent not to be unreasonably withheld or delayed), except as may be required by Law or the rules of any stock exchange applicable to T&SCo or any of its Affiliates. T&SCo shall use all reasonable endeavours to notify the RSA Counterparty of the content of any such announcement or circular at least forty eight (48) hours prior to such issuance (unless otherwise required by Law or the rules of any applicable stock exchange) and T&SCo so issuing shall take such account as is reasonable in the circumstances of comments made by the RSA Counterparty on the proposed announcement or circular, provided such comments are received within twenty four (24) hours of such notification.

**26. Assignment**

- 26.1 This Agreement is personal to the Parties and accordingly no Party without the prior written consent of the other shall assign, transfer, charge or declare a trust of the benefit of all or any part of that Party's obligations nor any benefit arising under this Agreement and neither shall any Party delegate any of its obligations under this Agreement or subcontract their provision to any third party or agent whatsoever.
- 26.2 T&SCo (and any permitted transferee or assignee thereof) shall not be permitted to transfer its rights and obligations or assign its rights under this Agreement to any person who is not, at the time of such transfer or assignment, the Licensee of the T&S Network or the counterparty to the other agreements within the Support Documents.

**27. Costs**

Save as expressly otherwise provided in this Agreement each of the Parties shall bear its own legal, accountancy and other costs, charges and expenses connected with the negotiation, preparation and implementation of this Agreement and any other agreement incidental to this Agreement.

**28. No partnership**

Nothing in this Agreement and no action taken by the Parties pursuant to this Agreement shall constitute, or be deemed to constitute a partnership, association, joint venture or other co-operative entity between the Parties.

**29. Further assurance**

Each Party shall at its own expense do or procure the doing of all such acts and/or execute or procure the execution of all such documents (in a form reasonably satisfactory to other Party) as necessary to give full force and effect to and securing to the other Party the full benefit of the rights, powers and benefits conferred upon it under or pursuant to this Agreement, subject to any restriction or limitation in this Agreement on the extent of any Party's obligations under this Agreement.

**30. Consents**

30.1 Any consents, confirmations, approvals, waivers or agreements to be given by the RSA Counterparty pursuant to this Agreement:

- (a) shall be effective only if given in writing; and
- (b) except as otherwise expressly provided in this Agreement, may be given or withheld by the RSA Counterparty in its sole and absolute discretion and, if given, may be given on and subject to such terms and/or conditions as the RSA Counterparty may in its sole and absolute discretion determine.

30.2 The exercise of discretion by the RSA Counterparty (including in respect of the grant or withholding of any consent, confirmation, approval, waiver or agreement) shall in no way limit the manner in or extent to which that discretion may be exercised in future or give rise to any amendment or modification to this Agreement.

**31. Third Party Rights**

A person who is not a Party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

**32. Entire agreement**

32.1 This Agreement, constitutes the entire agreement, understanding and representations of the Parties in respect of its subject matter and supersedes and extinguishes any agreements, understandings and/or representations previously given or made in respect thereof other than those included in this Agreement.

32.2 Each Party acknowledges that in entering into this Agreement it has not relied on, and shall have no right or remedy in respect of, any draft, agreement, undertaking, representation, warranty, promise, assurance, arrangement or public statement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by or on behalf of either Party or the Secretary of State at any time prior to the date of this Agreement (whether made negligently or innocently) other than as expressly set out in this Agreement.

32.3 Nothing in this Clause 32 (Entire agreement) shall limit or exclude liability for fraud.

**33. Invalidity and severability**

33.1 If, at any time, any provision of this Agreement is or becomes (whether or not pursuant to any judgment or otherwise) invalid, illegal or unenforceable in any respect under the law of any jurisdiction that shall not affect or impair:

- (a) the validity, legality and enforceability under the law of that jurisdiction of any other provision of this Agreement; and/or
- (b) the validity, legality and enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

**34. Notices**

34.1 Any notice, demand or other communication given or made under or in connection with the matters contemplated by this Agreement shall be in writing and shall be delivered by hand or by courier or sent by e-mail or prepaid first class post:

In the case of T&SCo to:

Address: Net Zero North Sea Storage Limited, BlueSky Business Space, Prospect Road, Westhill, AB32 6FJ

E-mail: [REDACTED]@nep-eastcoastcluster.co.uk

Attention: [REDACTED]

In the case of the RSA Counterparty to:

Address: 10 South Colonnade, Canary Wharf, London E14 4PU

Email: forecasting@lowcarboncontracts.uk; operations@lowcarboncontracts.uk;  
accounts@lowcarboncontracts.uk

Attention: Lead Supplier Operations Manager

In the case of the Regulator to:

Address: Ofgem, 10 South Colonnade, Canary Wharf, London, E14 4PU

Email Address: ccus@ofgem.gov.uk

Attention: CCUS Policy Team

and shall be deemed to have been duly given or made as follows:

- (a) if delivered by hand or by courier, upon delivery at the address of the relevant Party;
- (b) if sent by first class post, two (2) Business Days after the date of posting; and
- (c) if sent by e-mail, at the time of transmission,

provided that if, in accordance with the above provision, any such notice, demand or other communication would otherwise be deemed to be given or made after 5.00 p.m. such notice, demand or other communication shall be deemed to be given or made at 9.00 a.m. on the next Business Day.

- 34.2 A Party may notify the other Party to this Agreement of a change to its name, relevant addressee or address (including e-mail address) for the purposes of Clause 34.1 provided that such notification shall only be effective:

- (a) on the date specified in the notification as the date on which the change is to take place; or
- (b) if no date is specified or the date specified is less than five (5) Business Days after the date on which notice is given, the date falling five (5) Business Days after notice of any such change has been given.

## 35. Counterparts

This Agreement may be executed in any number of counterparts, and by the Parties to it on separate counterparts, but shall not be effective until each Party has executed at least one (1) counterpart. Each counterpart shall constitute an original but all of the counterparts together shall constitute one and the same instrument. Delivery of a counterpart of this Agreement by email attachment shall be an effective mode of delivery.

36. **Governing law**

This Agreement and any matter, claim or dispute arising out of or in connection with it (including any Dispute and any non-contractual obligations arising out of or in relation to this Agreement) shall be governed by and construed in accordance with English law.

37. **Jurisdiction and Disputes**

37.1 Subject to the Dispute Resolution Process, the courts of England and Wales have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including, without limitation, a dispute regarding the existence, validity or termination of this Agreement and a dispute relating to any non-contractual obligations arising out of or in connection with this Agreement) (a **Dispute**).

37.2 The Parties agree that the courts of England and Wales are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

**IN WITNESS** whereof this Agreement has been executed and delivered as a deed by the Parties on the date first before written.

## Schedule 1

### Limited recourse arrangements, undertakings and acknowledgements

#### 1. **RSA Counterparty payment undertakings**

- 1.1 For the purpose of Paragraphs 1.2 to 1.4, references in Paragraphs 1.2 to 1.4 to "liabilities" shall be construed as if the limited recourse provisions set out in Paragraph 2 do not apply.
- 1.2 The RSA Counterparty shall make appropriate requests under the Funding Arrangements for the purpose of ensuring that it is in sufficient funds to meet its liabilities in full pursuant to this Agreement.
- 1.3 The RSA Counterparty shall notify T&SCo, as soon as reasonably practicable, if it is of the opinion that it will have insufficient funds to meet its liabilities in full pursuant to this Agreement.
- 1.4 Without prejudice to Paragraph 2, the maximum liability of the RSA Counterparty in respect of breach by it of Paragraph 1.2 shall be limited to an amount equivalent to the Default Interest on the amount which has not been paid by the RSA Counterparty to T&SCo pursuant to this Agreement by reason of the relevant breach for the period from what would have been the date of payment but for such breach to the date of actual payment.

#### 2. **Limited Recourse**

- 2.1 Notwithstanding any other provision of this Agreement:
  - (a) the liability of the RSA Counterparty pursuant to this Agreement shall not exceed the amounts from time to time received and held by the RSA Counterparty under the Funding Arrangements.
  - (b) the RSA Counterparty shall not be in default pursuant to this Agreement in not making any payment that is due and owing if and to the extent that it shall not have received the amounts under the Funding Arrangements which are necessary to make such payment, but if and to the extent that such payment is not made, the RSA Counterparty shall continue to owe an amount equal to the amount of the payment due and owing but not paid and shall make such payment promptly (and in any event within five (5) Business Days) after and to the extent of its receipt of such corresponding and allocated amounts.

#### 3. **Damages for breach**

- 3.1 The Parties acknowledge and agree that:
  - (a) the RSA Counterparty shall have full right and liberty to recover from T&SCo any loss, damage, cost or expense suffered or incurred by the RSA Counterparty as a result of a breach by T&SCo of this Agreement and for this purpose no regard shall be had to the right or ability (if any) of the RSA Counterparty to recover such loss, damage, cost or expense under the Funding Arrangements; and
  - (b) to the extent that any such loss, damage, cost or expense is recovered by the RSA Counterparty from T&SCo, it is the intent that the RSA Counterparty will not keep those amounts but will:



- (i) use such amounts to make good any loss, damage, cost or expense suffered or incurred by the RSA Counterparty; and/or
- (ii) pass or return those amounts to the Secretary of State.

## Schedule 2

### Representations, warranties and undertakings

#### Part A – T&SCo Representations and Warranties

1. **Date of this Agreement representations**

T&SCo represents and warrants to the RSA Counterparty that as at the date of this Agreement, the following statements are true, accurate and not misleading:

(a) **Status**

- (i) T&SCo is duly formed and validly existing under the laws of its jurisdiction of formation; and
- (ii) T&SCo has the power to own its assets and carry on its business as it is currently being conducted and as contemplated by this Agreement.

(b) **Power and authority**

T&SCo has the power to enter into, deliver and perform, and has taken all necessary action to authorise its entry into, delivery and performance of this Agreement.

(c) **Enforceability**

The obligations expressed to be assumed by T&SCo pursuant to this Agreement are legal, valid, binding and enforceable subject only to the Legal Reservations.

(d) **Non-conflict with other obligations**

The entry into, delivery and performance by T&SCo of this Agreement does not conflict with:

- (i) its constitutional documents;
- (ii) any Law or Directive applicable to it to an extent or in a manner which has or is reasonably expected to have a RSA Material Adverse Effect;
- (iii) any Required Authorisations to an extent or in a manner which has or is reasonably expected to have a RSA Material Adverse Effect; or
- (iv) any agreement or instrument binding upon it or any of the T&S Assets to an extent or in a manner which has or is reasonably expected to have a RSA Material Adverse Effect.

(e) **Required Authorisations**

- (i) All Required Authorisations which are required to be obtained by T&SCo on or before the date on which this representation and warranty is made or deemed to be repeated by T&SCo have been obtained by T&SCo and are in full force and effect, save to the extent that failure to do so has not had and is not reasonably expected to have a RSA Material Adverse Effect.

- (ii) All conditions of, and all obligations and liabilities under, Required Authorisations which are required to be performed, complied with or satisfied by T&SCo on or before the date on which this representation and warranty is made or deemed to be repeated by T&SCo have been performed, complied with or satisfied, save where failure to do so has not had and is not reasonably expected to have a RSA Material Adverse Effect.

(f) **No litigation**

No litigation, arbitration or administrative suit or proceeding, adjudication, expert determination, Tax claim or Tax investigation against T&SCo (or, as far as T&SCo is aware, relating to the T&S Network or the Transaction Documents) is:

- (i) current;
- (ii) pending before any court, arbitral or other tribunal, administrative or regulatory body or, as the case may be, expert; or
- (iii) so far as T&SCo is aware, by reason of receipt of a formal written notice before action or similar, threatened,

and which, if adversely determined, would have or would reasonably be expected to have a RSA Material Adverse Effect.

(g) **No requirement to deduct or withhold**

T&SCo is not required by any Law or Directive applicable to it, as applied, interpreted or modified by the published practice of any relevant Competent Authority of any jurisdiction in which it is resident for Tax purposes, to make any deduction or withholding for or on account of any Tax from any payment to be made by it to the RSA Counterparty pursuant to this Agreement.

2. **COD representations**

T&SCo represents and warrants to the RSA Counterparty that, as at and from COD, the following statement is true, accurate and not misleading:

**Ownership**

T&SCo is the legal and beneficial owner of the T&S Network, subject only to such rights and benefits as have been assigned by way of security to or in favour of any Lender or parent undertaking of T&SCo (or an agent or security trustee on its behalf) in accordance with Clause 26 (Assignment).

3. **Repeating representations**

The T&SCo Repeating Representations are deemed to be repeated by T&SCo at COD, in each case by reference to the facts and circumstances then existing.

## **Part B – RSA Counterparty Representations and Warranties**

1. The RSA Counterparty represents and warrants to T&SCo that as at the date of this Agreement, the following statements are true, accurate and not misleading:
  - (a) **Status – The RSA Counterparty**
    - (i) The RSA Counterparty is a limited liability company, duly incorporated and validly existing pursuant to the laws of England and Wales; and
    - (ii) The RSA Counterparty has the power to own its assets and carry on its business as contemplated by this Agreement.
  - (b) **Power and authority**

The RSA Counterparty has the power to enter into, deliver and perform, and has taken all necessary action to authorise its entry into, delivery and performance of, this Agreement (including the obligations of the RSA Counterparty, and the transaction contemplated by or provided for by this Agreement).
  - (c) **Enforceability**

The obligations expressed to be assured by the RSA Counterparty pursuant to this Agreement are legal, valid, binding and enforceable subject only to the Legal Reservations.
  - (d) **Non-conflict with other obligations**

The entry into, delivery and performance by the RSA Counterparty of this Agreement does not conflict:

    - (i) its constitutional documents;
    - (ii) any Law or Directive applicable to it to an extent or in a manner which has or is reasonably expected to have a RSA Material Adverse Effect;
    - (iii) any authorisation, licence, accreditation, permit, consent, certificate, resolution, clearance, exemption, order, confirmation or other approval of or from any Competent Authority required to enable it to perform and comply with its obligations under this Agreement to which it is a party, to an extent or in a manner which has or is reasonably expected to have a RSA Material Adverse Effect; and
    - (iv) any agreement or instrument binding upon it or any of its assets to an extent or in a manner which has or is reasonably expected to have a RSA Material Adverse Effect.
  - (e) **No requirement to deduct or withhold**

The RSA Counterparty is not required by any Law or Directive applicable to it, as applied, interpreted or modified by the published practice of any relevant Competent Authority of any jurisdiction in which it is resident for Tax purposes, to make any deduction or withholding for or on account of any Tax from any payment to be made by it to T&SCo pursuant to this Agreement.
2. The representations in Paragraphs 1(a) to 1(d) (inclusive) in this Part B are deemed to be repeated by the RSA Counterparty at COD in each case by reference to the facts and circumstances then existing.

## **Part C – T&SCo Undertakings: General**

1. T&SCo undertakes to the RSA Counterparty as follows:

(a) **Compliance with Laws and Directives**

T&SCo shall at all times comply with all Laws and Directives to which it may be subject if failure to do so would have or would reasonably be expected to have a RSA Material Adverse Effect.

(b) **Required Authorisations**

T&SCo shall:

- (i) promptly obtain all Required Authorisations;
- (ii) at all times perform, comply with and satisfy all conditions of, and all obligations and liabilities under, all Required Authorisations; and
- (iii) do all that is necessary to maintain in full force and effect all Required Authorisations,

to the extent, in each case, that failure to do so would have or would reasonably be expected to have a RSA Material Adverse Effect.

(c) **Transaction Documents**

T&SCo shall at all times comply with all terms of those Transaction Documents to which it is a party or by which it is bound if failure to do so would have or would reasonably be expected to have a RSA Material Adverse Effect.

(d) **No insolvency action**

T&SCo shall not petition, apply for, institute, support or vote for the administration, winding-up or liquidation of the RSA Counterparty or seek any other relief as against the RSA Counterparty under any administration, insolvency or bankruptcy Law or similar Law affecting creditors' rights generally.

(e) **Ownership**

T&SCo shall at all times as from COD be the legal and beneficial owner of the T&S Network, subject only to any third party rights arising by reason of any Security Interest created or subsisting over or in respect of the T&S Network.

(f) **Notification**

T&SCo shall provide the RSA Counterparty as soon as reasonably practicable with such Information regarding compliance or non-compliance by T&SCo with the undertakings in Paragraphs 1(a) to 1(e) as the RSA Counterparty may reasonably request.

## **Part D – T&SCo Undertakings: Information Provision**

### **1. Accuracy of Information**

#### **1.1 T&SCo shall ensure that:**

- (a) all forecasts, evidence and calculations (including the Difference Payment Calculations) provided by or on behalf of T&SCo pursuant to this Agreement are prepared in good faith, on a reasonable basis and with due care and attention; and
- (b) all other Information provided by or on behalf of T&SCo pursuant to this Agreement is true, complete and accurate in all material respects and not misleading.

## Schedule 3

### General provisions regarding liabilities, remedies and waivers

#### **Part A – Excluded Losses and Liabilities**

##### **No double recovery**

1. T&SCo may recover only once in respect of the same loss. The RSA Counterparty shall not be liable to pay any compensation under any term of this Agreement to the extent that the subject of the claim has been compensated for, or the same loss has been recovered by T&SCo under this Agreement.

##### **General limitation on liability**

2. Subject to Paragraph 3 below, neither Party shall be liable to the other Party pursuant to this Agreement in tort (including negligence and/or breach of statutory duty) or otherwise at Law for:
  - (a) any loss, damage, cost or other expense to the extent that the same does not arise naturally from the breach and cannot reasonably be supposed to have been in the contemplation of the Parties at the date of this Agreement as the probable result of such breach; or
  - (b) any special, indirect or consequential loss including any such loss which constitutes loss of use, loss of goodwill, loss of profit or loss of revenue,in each case incurred by the other Party in respect of any breach of the terms of this Agreement.
3. Paragraph 2 shall not operate so as to prejudice or override the express terms of any obligation to pay, indemnity or costs reimbursement provision contained within this Agreement.

## **Part B – No Waiver**

1. No waiver by either Party of any breach by the other Party of this Agreement shall operate unless expressly made in writing, and no such waiver shall be construed as a waiver of any other breach.
2. No delay or omission by either Party in exercising any right, power or remedy provided by Law or pursuant to this Agreement shall:
  - (a) affect that right, power or remedy; or
  - (b) operate as a waiver of it.
3. The single or partial exercise by either Party of any right, power or remedy provided by Law or pursuant to this Agreement shall not, unless otherwise expressly stated, preclude any other or further exercise of it or the exercise of any other right, power or remedy.
4. Any legal privilege attaching to information or documents that are:
  - (a) made available by T&SCo (or any of its employees, consultants, agents, officers, sub-contractors (of any tier) or advisers) to the RSA Counterparty (or any of its employees, consultants, agents, officers, sub-contractors (of any tier) or advisers) remains for the benefit of T&SCo; or
  - (b) made available by the RSA Counterparty (or any of its employees, consultants, agents, officers, sub-contractors (of any tier) or advisers) or to T&SCo (or any of its employees, consultants, agents, officers, sub-contractors (of any tier) or advisers) remains for the benefit of the RSA Counterparty,

and, in each case, disclosure is not intended to amount to a waiver of legal privilege.



## Schedule 4

### Dispute Resolution Process

#### 1. **Notification and Initial Resolution by the Senior Representatives**

- 1.1 Each Dispute shall be notified in the first instance to the Senior Representatives of the Parties, in accordance with the following procedure:
- (a) either Party may refer a Dispute by serving a notice in writing on the other Party; and
  - (b) such a notice shall identify the Dispute and state the Dispute is being referred to the Senior Representatives.
- 1.2 The **Senior Representatives**:
- (a) for the RSA Counterparty are: The Director of Scheme Delivery
  - (b) for T&SCo are: Managing Director and Finance and Commercial Manager
- 1.3 The Parties shall attempt to resolve the Dispute in the first instance through negotiations between the Senior Representatives within a period of ten (10) Business Days from the service of the notice referred to in Paragraph 1.1(a) or such other period as is agreed between the Parties in writing.
- 1.4 Each Party may amend (an unlimited number of times) the identity of its Senior Representative by notifying the other Party in writing of a substitute address, department and/or officer by not less than five (5) Business Days' notice.
- 1.5 If the Senior Representatives fail to resolve a Dispute within the timeframe set out in Paragraph 1.3, then either Party may serve a notice in writing to the other Party, identifying the Dispute and stating that the Senior Representatives have not resolved the Dispute.

#### 2. **Expert Determination or Court**

- 2.1 If the Senior Representatives have failed to resolve a Dispute within the timeframe set out in Paragraph 1.3, then either Party may refer the Dispute to the courts of England and Wales pursuant to Clause 37 (Jurisdiction and Disputes).
- 2.2 Without prejudice to Paragraph 2.1 and to the right of either Party to refer a Dispute to the courts immediately upon the expiration of the timeframe set out in Paragraph 1.3, if both Parties agree (each acting in its absolute discretion) the Parties may refer the Dispute to expert determination instead of court.

## Schedule 5

### Event of First User Delay Difference Payment Calculations

#### 1. Definitions

The following terms used in this Schedule shall have the meaning given to them in the Licence or the Financial Settlement Document, as relevant:

- (a) Base Year
- (b) CPIH
- (c) Notional Gearing
- (d)  $RDC_t$
- (e) PreCoD Cost of Debt
- (f) PreCoD Cost of Equity
- (g) PreCOD WACC
- (h) Price Indexation Term

#### 2. Allowed Cost of Debt

- 2.1 Allowed Cost of Debt for an SRAV Calculation Period (or partial SRAV Calculation Period) means the amount calculated in accordance with the following formula:

$$\text{AllowedCostofDebt}_t = (RDC_t \times \text{PreCoD Cost of Debt} \times \text{NotionalGearing} / \text{PreCOD WACC}) \times PI_t$$

#### 3. Allowed Cost of Equity

- 3.1 Allowed Cost of Equity for an SRAV Calculation Period (or partial SRAV Calculation Period) means the amount calculated in accordance with the following formula:

$$\text{AllowedCostofEquity}_t = (RDC_t \times \text{PreCOD Cost of Equity} \times (1 - \text{NotionalGearing}) / \text{PreCOD WACC}) \times PI_t$$

#### 4. Allowed Cost of Depreciation

**Allowed Cost of Depreciation** means the value of the allowed cost of depreciation calculated by:

- (a) applying the Depreciation Building Block calculation set out in Special Condition H11 (notwithstanding that Special Condition H11 (Depreciation Building Block) is engaged under the Licence in the Operational Period) to the value of the Closing SRAV as at the end of the previous SRAV Calculation Period, as proportionate to the period of delay caused by the Event of First User Delay; and
- (b) multiplying the value calculated in accordance with limb (a) by  $PI_t$ .

5. **Calculation of Price Indexation Term**

- 5.1 The Price Indexation Term for each Charging Year, which is the adjustment to be applied to inflate a value from the Base Year to the value in that Charging Year will be calculated in accordance with the following formula:

$$PI_t = \frac{CPIH_t}{CPIH_b}$$

where:

Term	Description	Price Base
PI <sub>t</sub>	means the Price Indexation Term for Charging Year <sub>t</sub>	N/A
CPIH <sub>t</sub>	means the forecast year average CPIH across Charging Year <sub>t</sub>	N/A
CPIH <sub>b</sub>	means the year average CPIH across the Base Year	N/A

Signatures

Executed as a deed by **LOW CARBON** )  
**CONTRACTS COMPANY LTD** )  
acting by a director and its secretary/two )  
directors: )

Director

[Redacted Signature]

.....

Print Name

[Redacted Name]

.....

Director/Secretary

[Redacted Signature]

.....

Print Name

[Redacted Name]

.....

Executed as a deed by )  
**NET ZERO NORTH SEA STORAGE LIMITED** )  
acting by a director in the presence of a )  
witness: )

Signature of director

[Redacted Signature]

Signature of witness

[Redacted Signature]

Name of witness

[Redacted Name]

Address of witness

[Redacted Address]

Occupation of witness

[Redacted Occupation]

[Redacted Occupation]

[Redacted Occupation]