TEMPLATE: November 2025

Dated

[ ]

(as the EMITTER)

and

[LOW CARBON CONTRACTS COMPANY LTD]

(as the **WASTE ICC CONTRACT COUNTERPARTY**)

WASTE ICC AGREEMENT

RELATING TO [*name of Project*]

Version: Template 1

November 2025

CONTENTS

THIS WASTE ICC AGREEMENT is dated (the "**Agreement Date**") and made between:

(1) [●], a company incorporated under the laws of [●] whose registered office is [●] and whose company number is [●] (the "**Emitter**"); 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 (the "**Waste ICC Contract Counterparty**").

BACKGROUND

(A) This Waste ICC Agreement is entered into further to an offer made pursuant to a direction given under Section 68 of the EA 2023.

(B) The Emitter is an eligible carbon capture entity pursuant to Chapter 1 of Part 2 of the EA 2023.

(C) The Waste ICC Contract Counterparty is a company wholly owned by the UK Government and is entering into this Waste ICC Agreement solely in its capacity as a carbon capture counterparty for the purposes of Chapter 1 of Part 2 of the EA 2023.

(D) This Waste ICC Agreement, together with the terms and conditions set out in version [●] of the document entitled "Waste ICC Contract Terms and Conditions" as at [*insert date*], constitute a "**Waste ICC Contract**".[1]

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 Except as expressly specified in this Waste ICC Agreement, words and expressions defined in the Conditions shall have the same meanings when used in this Waste ICC Agreement. Where a term is defined in both this Waste ICC Agreement and in the Conditions, the definition in this Waste ICC Agreement shall apply instead of the definition in the Conditions.

1.2 In this Waste ICC Agreement and its recitals:

"**Capture Plant**" means the part of the Installation described in Annex 1 (*Description of the Installation*), which:

(A) is designed, developed, constructed, commissioned, operated and maintained for the specific purpose of capturing, conditioning, monitoring, metering and exporting CO_2 produced by the Waste Installation (including all necessary interfaces and any other facilities or equipment required to export CO_2 to the T&S Network up to the CO_2 T&S Network Delivery Point(s)) which complies with the Delivery CO_2 Quality Standards; and

(B) includes all associated infrastructure required to integrate such installation within the Project;[2]

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[1] **Note to Reader:** Document description and date to be confirmed.

[2] **Note to Reader:** For clarity, equipment associated with the separation of CO_2 from process streams that is an essential part of the Waste Installation, whether or not carbon capture is implemented, is not considered to be part of the Capture Plant. In this context, equipment is essential when it is required for the Waste Installation to meet its design intent, and manufacture the relevant products, treat the relevant materials and/or provide the relevant services, in each case to the required specification, while meeting all necessary health, safety and environmental standards. If the Waste Installation can achieve these outcomes without the provision or operation of certain equipment, then that equipment is not essential. If that non-essential equipment is installed and/or operated to achieve carbon capture, it is considered to be part of the Capture Plant. For example, the separation of CO_2 from a synthesis gas stream in order to

"**CO_2 T&S Network Delivery Point(s)**" means the point(s) of connection of the Capture Plant to the T&S Network pursuant to the T&S Connection Agreement as identified on the plan in Annex 1 (*Description of the Installation*);

["**CO_2 Utilisation Delivery Point(s)**" means the point(s) of connection of the Capture Plant to the [●] as identified on the plan in Annex 1 (*Description of the Installation*);[3]]

"**Conditions**" means the standard terms and conditions set out in [version [1] of the document entitled "Waste ICC Contract Standard Terms and Conditions"] as at [*insert date*] (as amended, modified, supplemented or replaced by this Waste ICC Agreement and as may be amended, modified, supplemented or replaced from time to time in accordance with the Conditions);

"**Eligible Capture Technology**" means any capture technology in respect of which an emitter is eligible to apply for a Waste ICC Contract;[4] [

"**Eligible Sectors**" means the sectors that fall within the Standard Industry Classification (SIC) code 38;[5]

"**Eligible Waste Technologies"** means any waste management facility which:

(A) recovers energy from the thermal treatment of residual waste; or

(B) incinerates hazardous waste;

[**"HoldCo"** means (at the Agreement Date) [●] and any other person who holds any direct legal, beneficial or equitable interest in the equity share capital (or other economic interests) in the Emitter from time to time;]

"**Installation**" means the Waste Installation, the Capture Plant and (if applicable) all necessary interfaces and any other facilities or equipment required up to and including the CO_2 Utilisation Metering Point(s), for the safe, efficient, timely and economical operation of the Waste Installation and Capture Plant in a manner to satisfy fully the requirements under the Waste ICC Contract;

"**Installation Capture Technology**" means the Eligible Capture Technology deployed by the Installation, as specified in Annex 1 (*Description of the Installation*);

"**Service Agent**" has the meaning given to it in clause 13(but only if Condition 77 (*Agent for service of process*) is expressed to apply to the Waste ICC Contract in this Waste ICC Agreement);

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achieve the compositional specification for a downstream process operation (such as a Fischer Tropsch Synthesis plant for the production of alternative fuels, methanol production from synthesis gas, substitute natural gas production from synthesis gas or the production of a high-purity hydrogen stream for use in fertiliser production or for use in refinery operations such as hydro-desulphurisation) would not be considered to be part of the Capture Plant; the CO_2 stream coming from this CO_2 separation unit operation would be regarded as the inlet stream to the Capture Plant which, in this case, would consist of CO_2 conditioning, compression, compositional analysis and flow metering. In addition, any CO_2 compression and related equipment which is required to supply CO_2 to another part of the process (e.g. as feedstock for urea synthesis or as pressurising gas in gasifier lockhoppers) is not considered to be part of the Capture Plant.

3 **Note to Reader:** If applicable, the CO_2 Utilisation Delivery Point(s) will be identified in Annex 1 (*Description of the Installation*).

4 **Note to Reader:** Please refer to the discussion on pages 51-2 and 55-6 of the "*Cluster Sequencing for Carbon Capture Usage and Storage Deployment: Phase-2 (Background and Guidance for Submissions)*, November 2021" document.

5 **Note to Reader:** Please refer to the discussion on pages 54-5 and 58-9 of the "*Cluster Sequencing for Carbon Capture Usage and Storage Deployment: Phase-2 (Background and Guidance for Submissions)*, November 2021" document.

"**Waste Installation**" means the equipment and other facilities described in Annex 1 (*Description of the Installation*), in each case utilising the Waste Installation Technology, excluding the Capture Plant; and

"**Waste Installation Technology**" means the Eligible Waste Technology deployed by the Waste Installation, as specified in Annex 1 (*Description of the Installation*).

2. AGREEMENT

The Emitter

2.1 The Emitter shall, as from the Agreement Date, comply with this Waste ICC Agreement (including the Conditions) as the "**Emitter**" and agrees that the Conditions are hereby incorporated into this Waste ICC Agreement as if they were clauses of this Waste ICC Agreement.

The Waste ICC Contract Counterparty

2.2 The Waste ICC Contract Counterparty shall, as from the Agreement Date, comply with this Waste ICC Agreement (including the Conditions) as the "**Waste ICC Contract Counterparty**" and agrees that the Conditions are hereby incorporated into this Waste ICC Agreement as if they were clauses of this Waste ICC Agreement.

Specific terms

2.3 [*The Parties have agreed to amend the Conditions as set out in Annex 6 (Modification Agreement).*][6]

2.4 The Parties agree that, for the purposes of this Waste ICC Contract, the Conditions shall be amended, modified, supplemented or replaced in accordance with the terms of this Waste ICC Agreement.

3. DEVELOPMENT EXPENDITURE

3.1 The "**Devex Recovery Date**" applicable to this Waste ICC Contract is [*insert date*].[7]

4. TERM

The "**Specified Expiry Date**" applicable to this Waste ICC Contract is the tenth (10th) anniversary of the Contract Payment Term Commencement Date.

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[6] **Note to Reader:** Clause to be retained only if it is agreed that specific amendments to any given Waste ICC Contract will be made.

[7] **Note to Reader:** This date shall be set on a project-by-project basis.

5. TECHNOLOGY TYPE

Waste Installation Technology

5.1 The Waste Installation Technology is the waste technology deployed by the Waste Installation, as detailed in Annex 1 (*Description of the Installation*).

Installation Capture Technology

5.2 The Installation Capture Technology is the capture technology deployed by the Installation, as detailed in Annex 1 (*Description of the Installation*).

Inlet CO_2 Measurement[8]

5.3 The following Annex[(es)] to the Conditions shall apply to this Waste ICC Contract:[9]

(A) [Annex [9] (*Pre-Capture Meter Operational Framework and Technical Specification*);[10]and]

(B) [Annex [10] (*Stack Meter Operational Framework and Technical Specification*).[11]]

5.4 The following definitions shall apply to this Waste ICC Contract:[12]

(A) ["**Bypass Stack Meter Measurement Point(s)**" means the point(s) at which the Measured CO_2 Emitted is measured by the Bypass Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]

(B) ["**Capture Plant Stack Meter Measurement Point(s)**" means the point(s) at which the Measured CO_2 Emitted is measured by the Capture Plant Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]

(C) ["**Combined Stack Meter Measurement Point(s)**" means the point(s) at which the Measured CO_2 Emitted is measured by the Combined Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*);]

(D) ["**Inlet CO_2 Pre-Capture Meter Measurement Point(s)**" means the point(s) at which the Measured CO_2 Input is measured by the Inlet CO_2 Pre-Capture Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*); and]

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8 **Note to Reader:** The inlet CO_2 measurement methods will be agreed during negotiations. The default measurement method is direct measurement by pre-capture meters however an Emitter may be permitted to use one of the two exceptions to the default measurement method if agreed by DESNZ following discussions with the relevant Emitter. If agreed by DESNZ, an Emitter may measure its Measured CO_2 Input using different measurement methods and therefore more than one (1) Annex to the Conditions may apply.

9 **Note to Reader:** Delete as applicable. An Emitter may measure its Measured CO_2 Input using different measurement methods and therefore more than one (1) Annex may apply.

10 **Note to Reader:** Annex 9 (*Pre-Capture Meter Operational Framework and Technical Specification*) of the Conditions will apply if the Emitter uses direct pre-capture metering to measure its Measured CO_2 Input.

11 **Note to Reader:** Annex 10 (*Stack Meter Operational Framework and Technical Specification*) of the Conditions will apply if the Emitter uses stack metering to measure its Measured CO_2 Input.

12 **Note to Reader:** Delete as applicable. The relevant definitions will depend on the inlet CO_2 measurement method(s) agreed during negotiations.

(E) ["**T&S Bypass Stack Meter Measurement Point(s)**" means the point(s) at which the Measured CO_2 Emitted is measured by the T&S Bypass Stack Meter(s), as identified on the plan in Annex 1 (*Description of the Installation*).]

5.5 The "**Inlet CO_2 Measurement Data**" means:[13]

(a) [in relation to Annex 9 (*Pre-Capture Meter Operational Framework and Technical Specification*) of the Conditions, the Pre-Capture Meter Inlet CO_2 Measurement Data; and]

(b) [in relation to Annex 10 (*Stack Meter Operational Framework and Technical Specification*) of the Conditions, the Stack Meter Inlet CO_2 Measurement Data.]

5.6 The "**Inlet CO_2 Measurement Point(s)**" means [*the Bypass Stack Meter Measurement Point(s), the Capture Plant Stack Meter Measurement Point(s), the Combined Stack Meter Measurement Point(s), the Inlet CO_2 Pre-Capture Meter Measurement Point(s) and/or the T&S Bypass Stack Meter Measurement Point(s)*][14].

5.7 The "**Inlet CO_2 Measurement Specification[(s)]**" means:[15]

(A) [Annex 9 (*Pre-Capture Meter Operational Framework and Technical Specification*) of the Conditions; and]

(B) [Annex 10 (*Stack Meter Operational Framework and Technical Specification*) of the Conditions.]

Outlet CO_2 Measurement

5.8 The "**Maximum Metered CO_2 Rich Stream Output to T&S Flow Rate**" applicable to this Waste ICC Contract shall be [●] (*expressed in tCO_2RS/h)*.[16]

5.9 The "**Initial Minimum Turndown Rate**" applicable to this Waste ICC Contract shall be [●] *tCO_2RS/Settlement Unit*.[17]

Downstream CO_2 Vent

5.10 The following Conditions [*do not apply*]/[*apply*] to this Waste ICC Contract:

(A) Condition 8.3 (*Measured Downstream CO2 Vented Adjustment*);

(B) Condition 21.1(D) (*Undertakings: Outlet CO2 Metering Obligation*);

(C) Condition 25 (*Emitter Undertakings: Off-Specification CO2 Event*);

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13 **Note to Reader:** Delete as applicable. The relevant definition(s) will depend on the inlet CO_2 measurement method(s) agreed during negotiations.

14 **Note to Reader:** Delete as applicable. The relevant Inlet CO_2 Measurement Point(s) will depend on the inlet CO_2 measurement method(s) agreed during negotiations.

15 **Note to Reader:** Delete as applicable. The relevant Inlet CO_2 Measurement Specification(s) will depend on the inlet CO_2 measurement method(s) agreed during negotiations and more than one (1) Annex may apply.

16 **Note to Reader:** This shall be the Emitter's maximum CO_2 Rich Stream flow rate (i.e. the total maximum instantaneous mass flow rate of CO2 rich stream as specified in the Emitter's T&S Connection Agreement).

17 **Note to Reader:** This figure shall be set on a project-by-project basis and agreed during negotiations. The figure should reflect the value in the T&S Connection Agreement when it is first signed.

(D) Paragraph 3(C) (*Waste Installation and Capture Plant*) of Part A (*Initial Conditions Precedent*) of Annex 1 (*Conditions Precedent*);

(E) Paragraph 8 (Downstream CO2 Vent(s)) of Part B (*Operational Conditions Precedent*) of Annex 1 (*Conditions Precedent*); and

(F) Annex 14 (*Downstream CO2 Vent Operational Framework and Technical Specification*).[18]

6. CONDITIONS PRECEDENT AND MILESTONE

Interpretation

6.1 The "**Initial Target Commissioning Window**" applicable to this Waste ICC Contract shall be twelve (12) months, such period commencing on [●].[19]

6.2 The "**Longstop Period**" applicable to this Waste ICC Contract shall be twelve (12) months following the final day of the Target Commissioning Window or such longer period that results from an extension in accordance with the definition of "**Longstop Date**".

6.3 The "**Target Commissioning Date**" applicable to this Waste ICC Contract shall be [●].[20]

6.4 The "**TCDE Relief Amount End Date**" applicable to this Waste ICC Contract shall be the date which falls [●] days after the T&S Network Availability Date.[21]

Operational Conditions Precedent

6.5 [An "**Approved Scheme of Funding**" for the purposes of this Waste ICC Contract means: [●].][22]

6.6 The "**CO_2 Capture Rate Estimate**" applicable to this Waste ICC Contract is [●] (*expressed as a percentage (%)*).[23]

6.7 The "**CO_2 T&S Flow Rate Estimate**" applicable to this Waste ICC Contract is [●] (*expressed in tCO_2/h*).[24]

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18 **Note to Reader:** These provisions shall be included for projects requiring downstream venting.

19 **Note to Reader:** This date shall be set on a project-by-project basis and agreed during negotiations.

20 **Note to Reader:** This shall be the date agreed during negotiations as the Emitter's "Target Commissioning Date" and will be a date falling within the Initial Target Commissioning Window.

21 **Note to Reader:** This date shall be set on a project-by-project basis.

22 **Note to Reader:** If applicable, this shall be notified to, and verified by, DESNZ on a project-by-project basis and shall refer to any funding provided to the Emitter and/or its Affiliates from the Industrial Energy Transformation Fund and/or the Industrial Decarbonisation Challenge for development/pre-development expenditure which is incurred in respect of the Project prior to the Agreement Date.

23 **Note to Reader:** This shall be the Emitter's estimate of the CO_2 capture rate which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract.

24 **Note to Reader:** This shall be the Emitter's estimate of the CO_2 flow rate to the T&S Network (i.e. the total instantaneous mass flow rate of CO_2 that the Emitter estimates will be delivered to the CO_2 T&S Network Delivery Point(s)) which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract. The final figure shall be agreed by DESNZ on a project-by-project basis during negotiations.

6.8 [The "**CO_2 Utilisation Flow Rate Estimate**" applicable to this Waste ICC Contract is [●] (*expressed in tCO_2/h*).[25]]

6.9 The "**Declared CO_2 T&S Flow Rate Percentage**" applicable to this Waste ICC Contract is [●] (*expressed as a percentage (%)*).[26]

6.10 [The "**Declared CO_2 Utilisation Flow Rate Percentage**" applicable to this Waste ICC Contract is [●] (*expressed as a percentage (%)*).[27]]

Milestone

6.11 The "**Initial Milestone Delivery Date**" applicable to this Waste ICC Contract shall be eighteen (18) months after the Agreement Date.

6.12 The "**Total Project Pre-Commissioning Costs**" applicable to this Waste ICC Contract shall be £[●].[28]

6.13 The "**Project Commitments**" applicable to this Waste ICC Contract shall be the requirements provided for in:

(A) Part A ofAnnex 5 (*Project Commitments*); and

(B) the section of Part B of Annex 5 (*Project Commitments*) which is expressed to apply to the Installation Capture Technology.

7. CHANGES IN LAW

The "**Post-Tax Real Discount Rate**" applicable to this Waste ICC Contract is [●].[29]

8. PAYMENT CALCULATIONS

8.1 The "**Base Year**" applicable to this Waste ICC Contract is 2022.

8.2 The "**Capex Payment Rate**" applicable to this Waste ICC Contract means the capex payment rate calculated in accordance with the following formula:

$$CPR = \frac{TCP + r}{[CO2\_Out\_T\&S\_E]/[CO2\_Out\_E]}$$

where:

CPR = Capex Payment Rate *(£/tCO_2)*;

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[25] **Note to Reader:** If applicable, this shall be the Emitter's estimate of the CO_2 flow rate to CO_2 Utilisation (i.e. the total instantaneous mass flow rate of CO_2 that the Emitter estimates will be delivered to the CO_2 Utilisation Metering Point(s)) which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract.

[26] **Note to Reader:** This shall be the percentage of CO_2 captured by the Capture Plant which enters the T&S Network during the normal operation of the Capture Plant (i.e. where there are no Capture Outage Events or Full Capture Outage Events), which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract. The final figure shall be agreed by DESNZ on a project-by-project basis during negotiations.

[27] **Note to Reader:** If applicable, this shall be the percentage of CO_2 captured by the Capture Plant for utilisation during the normal operation of the Capture Plant (i.e. where there are no Capture Outage Events or Full Capture Outage Events), which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract. The final figure shall be agreed by DESNZ on a project-by-project basis during negotiations.

[28] **Note to Reader:** This shall be set on a project-by-project basis and agreed during negotiations.

[29] **Note to Reader:** This shall be equal to the Post-Tax Real Discount Rate which shall be notified to, and agreed by, DESNZ on a project-by-project basis.

TCP	=	Total Capex Payment (£);
r	=	Total Return Component (£); and
$[CO2\_Out\_T\&S\_E] / [CO2\_Out\_E]$	=	[*Metered CO_2 Output to T&S Estimate*]/[*Metered CO_2 Output Estimate*][30] (*tCO_2*).

8.3 The "**Eligible Opex Items**" applicable to this Waste ICC Contract are set out in Annex 2 (*Eligible Opex Items*).[31]

8.4 The "**Initial Strike Price**" applicable to this Waste ICC Contract is £[●]/tCO_2.[32]

8.5 The "**Maximum Annual CO_2 Capture Quantity**" applicable to this Waste ICC Contract is [●] (*expressed in tCO_2*).[33]

8.6 The "**Maximum CO_2 Rich Stream Output to T&S**" applicable to this Waste ICC Contract is [●] (*expressed in tCO_2RS*) in respect of each Opex Payment Year.[34]

8.7 The "**Maximum T&S Capacity**" applicable to this Waste ICC Contract is [●] (*expressed in tCO_2RS*) in respect of each Settlement Unit.[35]

8.8 The "**Maximum T&S Delivery Point Size**" applicable to this Waste ICC Contract is [●] (*expressed in tCO_2RS*) in respect of each Settlement Unit.[36]

8.9 The "**Metered CO_2 Output Estimate**" applicable to this Waste ICC Contract is [●] (*expressed in tCO_2*).[37]

8.10 The "**Metered CO_2 Output to T&S Estimate**" applicable to this Waste ICC Contract is [●] (*expressed in tCO_2*).[38]

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30 **Note to Reader:** For hybrid CCS/CCU projects, the denominator for the Capex Payment Rate calculation will be the Metered CO_2 Output Estimate (i.e. the Emitter's estimate of the total amount of CO_2 that will be captured during the first eight (8) years of the Capex Payment Period) whereas, for CCS only projects, the denominator will be the Metered CO_2 Output to T&S Estimate (i.e. the Emitter's estimate of the total amount of CO_2 that will be captured and stored during the same period).

31 **Note to Reader:** Elements of the Strike Price that are subject to the Opex Costs Early Reopener will be agreed during negotiations and set out in Annex 2 (*Eligible Opex Items*).

32 **Note to Reader:** The Initial Strike Price shall be set on a project-by-project basis and agreed during negotiations. The Strike Price relates to the Opex Payment only and the Initial Strike Price shall be the Strike Price in the Base Year.

33 **Note to Reader:** The Maximum Annual CO_2 Capture Quantity will be the greatest mass quantity of CO_2 that the Emitter is expected to capture in any of years one (1) to fifteen (15) of the Opex Payment Period, based on the design capacity and projected availability of the Capture Plant. This figure will be set on a project-by-project basis and will be agreed during negotiations.

34 **Note to Reader:** This shall be the maximum amount of CO_2 Rich Stream that the Emitter can deliver to the T&S Network in an Opex Payment Year and will be agreed on a project-by-project basis.

35 **Note to Reader:** This shall be the maximum amount of CO_2 Rich Stream that the Emitter can deliver to the T&S Network in a Settlement Unit and will be agreed on a project-by-project basis.

36 **Note to Reader:** This shall be the maximum possible throughput of CO_2 at all of the T&S Network delivery point(s) based on the installed assets that the Emitter will be deemed to require for the purposes of the Waste ICC Contract (even where the Emitter has secured excess/redundant CO_2 injection capacity), and will be agreed on a project-by-project basis.

37 **Note to Reader:** This shall be the Emitter's estimate of the mass quantity of CO_2 that will be captured in all Billing Periods in the first eight (8) years of the Capex Payment Period based on the CO_2 Capture Rate Estimate, which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract. The final figure shall be agreed by DESNZ on a project-by-project basis during negotiations.

38 **Note to Reader:** This shall be the Emitter's estimate of the mass quantity of CO_2 that will be captured and stored in all Billing Periods in the first eight (8) years of the Capex Payment Period based on the CO_2 Capture Rate Estimate and the Declared CO_2 T&S Flow Rate Percentage, which shall be notified to DESNZ in the Emitter's application for a Waste ICC Contract. The final figure shall be agreed by DESNZ on a project-by-project basis during negotiations.

8.11 The "**OP Mitigation Adjustment**" means an adjustment to the Strike Price (*expressed as a percentage (%)*) during a T&S Outage Event by reference to the duration of the T&S Outage Event and the Emitter Available T&S Capacity set out in the OP Mitigation Adjustment Table.[39]

8.12 The "**OP Mitigation Adjustment Table**" applicable to this Waste ICC Contract is set out in [Part A (*Post-Combustion Capture*)/Part B (*Pre-Combustion Capture*)] of Annex 3 (*OP Mitigation Adjustment*).

8.13 The "**Opex Costs Early Reopener Cap**" applicable to each Eligible Opex Item is set out in Annex 2 (*Eligible Opex Items*) [40]

8.14 The "**Opex Costs Early Reopener Materiality Threshold**" applicable to each Eligible Opex Item is set out in Annex 2 (*Eligible Opex Items*).[41]

8.15 The "**Total Capex Payment**" applicable to this Waste ICC Contract is £[●].[42]

8.16 The "**Total Return Component**" applicable to this Waste ICC Contract is £[●].[43]

8.17 The "**Variable Component of Strike Price**" applicable to this Waste ICC Contract is [●] (*expressed as a percentage (%)*).[44]

8.18 The "**YCCM**" or "**Yearly Capex Cap Multiplier**" applicable to this Waste ICC Contract has the meaning given to it in Annex 4 (*Yearly Capex Cap Multiplier*).[45]

8.19 [Condition 7.2(A) (*Capex Payment Calculation*) shall be deleted and replaced with the following:

"(A) at any time during any Capex Payment Year (C*n*):

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39 **Note to Reader:** The Variable Component of Strike Price will be adjusted during a T&S Outage Event by reference to the duration of the T&S Outage Event, the Emitter Available T&S Capacity, and the variable energy-related operating costs that an Emitter will be able to mitigate, and will be deemed to have mitigated, from reduced energy consumption by turning down the throughput of the Capture Plant from a full load to a part-load operating condition during such T&S Outage Event (please see Annex 3 (*OP Mitigation Adjustment*)).

40 **Note to Reader:** In respect of each Eligible Opex Item, if, at the Opex Costs Early Reopener Calculation Date, the volume has increased and the magnitude of the change in volume (i.e. the differential) exceeds both the Opex Costs Early Reopener Materiality Threshold and the Opex Costs Early Reopener Cap, the increase to the Strike Price will capped by reference to the Opex Costs Early Reopener Cap. The Opex Costs Early Reopener Cap does not apply to volume decreases. The Opex Costs Early Reopener Cap in respect of each Eligible Opex Item is anticipated to be set at fifteen per cent. (15%) however, the cap will be set on a project-by-project basis and agreed during negotiations.

41 **Note to Reader:** The Strike Price will only be adjusted if, in respect of an Eligible Opex Item, the magnitude of the change in volume (i.e. the differential) exceeds this threshold. This threshold is an absolute value. The Opex Costs Early Reopener Materiality Threshold in respect of each Eligible Opex Item is anticipated to be set at five per cent. (5%) however, the threshold will be set on a project-by-project basis and agreed during negotiations.

42 **Note to Reader:** This shall be the total eligible capital expenditure for the Capture Plant (and associated facilities/equipment) which will be subsidised via the Waste ICC Contract as agreed between DESNZ and the Emitter. This figure may include capital expenditure relating to long-lead items which is incurred pre-Agreement Date and will include other capital expenditure which is incurred post-Agreement Date. It may also include certain development expenditure (i.e. pre-FEED) costs, incurred following the Devex Recovery Date.

43 **Note to Reader:** This shall be the total return component, which will be a fixed quantum reflecting an agreed rate of return on capital investment over eight (8) years, expressed in pounds sterling.

44 **Note to Reader:** The Variable Component of Strike Price shall be the proportion of the Strike Price that relates to the variable energy-related operating costs (expressed as a percentage (%)), which shall be notified to, and agreed by, DESNZ on a project-by-project basis.

45 **Note to Reader:** The YCCM is used to determine the relevant annual cap on Capex Payments, by reference to either: (i) for CCS only projects, the estimated maximum quantity of CO_2 delivered by the Capture Plant to the CO_2 T&S Network Delivery Point(s) during the relevant year; or (ii) for hybrid CCS/CCU projects, the estimated maximum quantity of CO_2 delivered to both the CO_2 T&S Network Delivery Point(s) and the CO_2 Utilisation Metering Point(s), during the relevant year. This cap may vary each year, depending on expected changes in production over the first eight (8) years of the Capex Payment Period, and the cap for each year will be agreed during negotiations.

$$\sum_{i=1}^{n} CO2\_Out_{i,Cn} \geq CO2\_Out\_E \times YCCM_{Cn}$$

where:

$CO2\_Out_{i,Cn}$	=	the Metered CO_2 Output (tCO_2) for each Settlement Unit (*i*) in the relevant Capex Payment Year (*Cn*);
$CO2\_Out\_E$	=	the Metered CO_2 Output Estimate (tCO_2);
$YCCM_{Cn}$	=	the Yearly Capex Cap Multiplier for the relevant Capex Payment Year (*Cn*); and
n	=	the number of Settlement Units (*i*) for the relevant Capex Payment Year (*Cn*).

then all further CP_i amounts in that Capex Payment Year (*Cn*) shall be zero (0); and]"[46]

8.20 [Condition 7.2(C) (*Capex Payment Calculation*) shall be deleted and replaced with the following:

"(B) at any time during the Capex Payment Period (*Cp*):

$$\sum_{i=1}^{n} CO2\_Out_{i,Cp} \geq CO2\_Out\_E$$

where:

$CO2\_Out_{i,Cp}$	=	the Metered CO_2 Output (tCO_2) for each Settlement Unit (*i*) in the Capex Payment Period (*Cp*);
n	=	the number of Settlement Units (*i*) in the Capex Payment Period (*Cp*); and
$CO2\_Out\_E$	=	the Metered CO_2 Output Estimate (tCO_2),

then all further CP_i amounts in the Capex Payment Period (*Cp*) shall be zero (0)."][47]

9. **EMITTER UNDERTAKINGS: CARBON CAPTURE AND CO_2 UTILISATION**

Condition 27 (*Emitter Undertakings*: *Carbon Capture and CO_2 Utilisation*) [*does not apply*]/[*applies*] to this Waste ICC Contract.[48]

10. **R1 ENERGY EFFICIENCY THRESHOLD**

10.1 The following Conditions [*do not apply*]/[*apply*] to this Waste ICC Contract:[49]

(A) Condition 2.2(B) (*Extension*);

(B) Condition 20.1(H) (*Emitter Undertakings: General*);

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[46] **Note to Reader:** For hybrid CCS/CCU projects, Condition 7.2(A) shall be deleted and replaced with this Condition.

[47] **Note to Reader:** For hybrid CCS/CCU projects, Condition 7.2(C) shall be deleted and replaced with this Condition.

[48] **Note to Reader:** For hybrid CCS/CCU projects, Condition 26 shall not apply as the Emitter would be entitled to commence CO_2 Utilisation from the Start Date.

[49] **Note to Reader:** These Conditions shall only apply for EfW facilities or gasification to energy (electricity and/or heat) ATT/ACT facilities.

(C) Conditions 20.3 to 20.5 (*Failure to satisfy the R1 Energy Efficiency Threshold*); and

(D) paragraph 6 (*R1 Energy Efficiency Threshold*) of Part B (*Operational Conditions Precedent*) of Annex 1 (*Conditions Precedent*).

11. TOTAL MEASURED PROCESS STREAM OPERATING TIME

11.1 Paragraph (B)(iii) of the definition of "**Total Measured Process Stream Operating Time**" in the Conditions [shall] [shall not] apply to this Waste ICC Contract.

11.2 Paragraph 3.1(B)(iv) (Reporting, recording, and determining of Biogenic CO_2 Measurement Data) of Part D (Biogenic LTSS - Technical Specification) of Annex 13 (Biogenic LTSS Requirements) [shall] [shall not] apply to this Waste ICC Contract.

11.3 The "**OTF Signals**" applicable to this Waste ICC Contract means the following information displayed on the Capture Plant DCS or the Waste Installation DCS, as relevant, in respect of each process stream in respect of the event described in paragraph (B)(iv) of the definition of "Total Measured Process Stream Operating Time":

(A) [*insert*];

(B) [*insert*];[50]

12. NOTICES

12.1 The address and email address of each Party for any notice to be given under this Waste ICC Contract, and the department or officer (if any) for whose attention the notice is to be made, is:

(A) in the case of the Emitter:

Address:

Email address:

For the attention of:

(B) in the case of the Waste ICC Contract Counterparty:

Address:

Email address:

For the attention of:

13. AGENT FOR SERVICE OF PROCESS

[Condition 77 (*Agent for service of process*) shall not apply to this Waste ICC Contract and there shall be no Service Agent.]/[Condition 77 (*Agent for service of process*) shall apply to this Waste ICC Contract and the "**Service Agent**" shall be [●] of [●].][51]

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[50] **Note to Reader:** The relevant signals will need to be agreed on a project-by-project basis during negotiations, taking into account the technical characteristics of the Emitter.

[51] **Note to Reader:** Delete as applicable. This shall be the agent notified to DESNZ in the Emitter's application for a Waste ICC Contract as the Emitter's agent for service of process, where the Emitter is not based in England/Wales.

Annex 1
(Description of the Installation)

Part A: Overview

The Installation is the [NAME OF PROJECT], falling within the area delineated by the following grid references:

Corner Point ID	**Latitude**	**Longitude**
Northerly corner	[●]	[●]
Easterly corner	[●]	[●]
Southerly corner	[●]	[●]
Westerly corner	[●]	[●]

[*Drafting note: Description of the Installation to be populated using information provided in the Emitter's application for a Waste ICC Contract and to include the unique geographical coordinates of the Installation, the CO_2 T&S Network Delivery Point(s), the CO_2 Utilisation Delivery Point(s) (if applicable), the Bypass Stack Meter Measurement Point(s) (if applicable), the Capture Plant Stack Meter Measurement Point(s) (if applicable), the Combined Stack Meter Measurement Point(s) (if applicable), the Inlet CO_2 Pre-Capture Meter Measurement Point(s) (if applicable), the T&S Bypass Stack Meter Measurement Point(s) (if applicable) and the Biogenic LTSS Measurement Point(s).*]

Part B: Waste Installation Technology

[*Drafting note: Description of the Waste Installation Technology to be populated using information provided in the relevant section of the Emitter's application for a Waste ICC Contract.*]

Part C: Installation Capture Technology

[*Drafting note: Description of the Installation Capture Technology to be populated using information provided in the relevant section of the Emitter's application for a Waste ICC Contract.*]

Annex 2
(Eligible Opex Items)[52]

Eligible Opex Item	Price (*£/unit of Eligible Opex Item*)	Estimated volume in each Billing Period (*unit of Eligible Opex Item/tCO_2*)	Opex Costs Early Reopener Cap (%)	Opex Costs Early Reopener Materiality Threshold (%)
[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]

[52] **Note to Reader:** The purpose of the Opex Costs Early Reopener Adjustment is to align those elements that were estimated during negotiations to their actual value. The principles that will guide which elements are Eligible Opex Items are: (i) the relevant opex components must be a significant part of the Emitter's overall opex; and (ii) there must be considerable uncertainty in relation to the relevant opex components prior to operation. The main elements that are expected to be included in the Opex Costs Early Reopener are fuel and electricity volumes.

Annex 3
(OP Mitigation Adjustment)[53]

Part A: Post-Combustion Capture

Emitter Available T&S Capacity	Duration of T&S Outage Event and corresponding OP Mitigation Adjustment (%)		
	≥ 1 day ≤ 1 week	> 1 week ≤ 1 month	> 1 month
> 80% ≤ 100%	0%	0%	0%
> 60% ≤ 80%	10%	25%	35%
> 40% ≤ 60%	20%	40%	55%
> 20% ≤ 40%	25%	50%	70%
0% ≤ 20%	50%	75%	90%

Part B: Pre-Combustion Capture

Emitter Available T&S Capacity	Duration of T&S Outage Event and corresponding OP Mitigation Adjustment (%)		
	≥ 1 day ≤ 1 week	> 1 week ≤ 1 month	> 1 month
> 80% ≤ 100%	0%	0%	0%
> 60% ≤ 80%	10%	20%	25%
> 40% ≤ 60%	15%	30%	40%
> 20% ≤ 40%	20%	40%	55%
0% ≤ 20%	50%	75%	90%

[53] **Note to Reader:** The Variable Component of Strike Price will be adjusted during a T&S Outage Event by reference to the duration of the T&S Outage Event, the Emitter Available T&S Capacity, and the variable energy-related operating costs that an Emitter will be able to mitigate, and will be deemed to have mitigated, from reduced energy consumption by turning down the throughput of the Capture Plant from a full load to a part-load operating condition during such T&S Outage Event.

Annex 4
(Yearly Capex Cap Multiplier)

Year of Capex Payment Period	YCCM (*expressed as a decimal fraction*)[54]
1	[●]
2	[●]
3	[●]
4	[●]
5	[●]
6	[●]
7	[●]
8	[●]
9	[●]
10[55]	[●]

[54] **Note to Reader:** Please refer to footnote 45 for a discussion relating to the application of the YCCM.

[55] **Note to Reader:** It is anticipated that the YCCM for years nine (9) and ten (10) of the Capex Payment Period will be the same as the YCCM for year eight (8) of the Capex Payment Period.

Annex 5
(Project Commitments)

Part A: General Project Commitments

Delivery to the Waste ICC Contract Counterparty of the following:

(A) a copy of a resolution of the Emitter's board of directors (or an equivalent management committee or body) to:

(i) undertake the Project;

(ii) approve the total financial commitments required to commission the Project (the "**Total Project Spend**"); and

(iii) approve a timetable for undertaking the Project which demonstrates that the Installation can reasonably be expected to be Commissioned no later than the Longstop Date;

(B) a Directors' Certificate certifying that:

(i) the Emitter has, or will have, sufficient financial resources to meet the Total Project Spend;

(ii) any contract entered into and provided as Supporting Information pursuant to the Milestone Requirement Notice, in the reasonable opinion of the Emitter by reference to the facts and circumstances then existing, is:

(a) legal, valid and binding; and

(b) entered into with one or more counterparties who are each able to perform their obligations under such contract;

(iii) the Emitter has a leasehold or freehold interest in the site where the Waste Installation and the Capture Plant are based (the "**Installation Site**") or a contract to obtain the same;

(iv) the Installation Site is not subject to any covenants, restrictions, agreements, planning obligations, estate contracts, options, rights of way or other encumbrances which materially inhibit the use of the Installation Site for the purposes of the Project;

(v) there are available to the Installation Site such rights, easements and services as are necessary to undertake the Project and operate the Installation;

(vi) the Emitter has identified all necessary consents to undertake the Project (the "**Necessary Consents**"); and

(vii) there is a credible strategy in place to obtain the Necessary Consents and the Necessary Consents are not subject to any condition for which there does not exist a plan to satisfy that condition, such that the Emitter is not aware of any necessary consents which cannot be obtained or complied with,

((iii) to (vii), together the "**Installation Requirements**"); and

(C) Supporting Information evidencing (i) that the Emitter has, or will have, sufficient financial resources to meet the Total Project Spend and (ii) the Installation Requirements.

Part B: Technology Specific Project Commitments

1. **POST-COMBUSTION TECHNOLOGY**

Delivery to the Waste ICC Contract Counterparty of Supporting Information evidencing any one of the following:

(A) entry by the Emitter into an engineering, procurement and construction contract for the Installation, providing for the supply and installation of the Material Equipment;

(B) entry by the Emitter into an agreement for the supply of the Material Equipment; and

(C) entry by the Emitter into: (i) a framework agreement for the supply of the Material Equipment; and (ii) a binding purchase order for the Material Equipment.

For the purpose of this section of Part B, the following definition shall apply to this Waste ICC Contract:

"**Material Equipment**" means such equipment in respect of the Project, which, acting in accordance with a Reasonable and Prudent Standard, the Emitter could reasonably be expected to have ordered, and/or concluded a supply agreement in respect of, to enable the Capture Plant to be Commissioned at the start of the Target Commissioning Window, and in any event, such equipment shall include:

(i) absorber column;

(ii) stripper column; and

(iii) CO_2 compressors.

2. **OXY-FUEL TECHNOLOGY**

Delivery to the Waste ICC Contract Counterparty of Supporting Information evidencing any one of the following:

(A) entry by the Emitter into an engineering, procurement and construction contract for the Installation, providing for the supply and installation of the Material Equipment;

(B) entry by the Emitter into an agreement for the supply of the Material Equipment; and

(C) entry by the Emitter into: (i) a framework agreement for the supply of the Material Equipment; and (ii) a binding purchase order for the Material Equipment.

For the purpose of this section of Part B, the following definition shall apply to this Waste ICC Contract:

"**Material Equipment**" means such equipment in respect of the Project, which, acting in accordance with a Reasonable and Prudent Standard, the Emitter could reasonably be expected to have ordered, and/or concluded a supply agreement in respect of, to enable the Capture Plant to be Commissioned at the start of the Target Commissioning Window.

3. **PRE-COMBUSTION TECHNOLOGY**

Delivery to the Waste ICC Contract Counterparty of Supporting Information evidencing any one of the following:

(A) entry by the Emitter into an engineering, procurement and construction contract for the Installation, providing for the supply and installation of the Material Equipment;

(B) entry by the Emitter into an agreement for the supply of the Material Equipment; and

(C) entry by the Emitter into: (i) a framework agreement for the supply of the Material Equipment; and (ii) a binding purchase order for the Material Equipment.

For the purpose of this section of Part B, the following definition shall apply to this Waste ICC Contract:

"**Material Equipment**" means such equipment in respect of the Project, which, acting in accordance with a Reasonable and Prudent Standard, the Emitter could reasonably be expected to have ordered, and/or concluded a supply agreement in respect of, to enable the Capture Plant to be Commissioned at the start of the Target Commissioning Window, and in any event, such equipment shall include CO_2 compressors.

4. **EMERGING TECHNOLOGY**

Delivery to the Waste ICC Contract Counterparty of Supporting Information evidencing any one of the following:

(A) entry by the Emitter into an engineering, procurement and construction contract for the Installation, providing for the supply and installation of the Material Equipment;

(B) entry by the Emitter into an agreement for the supply of the Material Equipment; and

(C) entry by the Emitter into: (i) a framework agreement for the supply of the Material Equipment; and (ii) a binding purchase order for the Material Equipment.

For the purpose of this section of Part B, the following definition shall apply to this Waste ICC Contract:

"**Material Equipment**" means such equipment in respect of the Project, which, acting in accordance with a Reasonable and Prudent Standard, the Emitter could reasonably be expected to have ordered, and/or concluded a supply agreement in respect of, to enable the Capture Plant to be Commissioned at the start of the Target Commissioning Window.

Annex 6
(Modification Agreement)[56]

[56] **Note to Reader:** Annex to be retained only if it is agreed that specific amendments to any given Waste ICC Contract will be made.

Annex 7
(Redacted Terms)[57]

[57] **Note to Reader:** This Annex 7 will set out (as relevant) any commercially sensitive terms which are redacted from an ICC Contract prior to its publication.

EXECUTION PAGE

The EMITTER

SIGNED BY	)	
	)	
	)	……
	)	(Signature of named signatory)

……

Print name

For and on behalf of [*name of the Emitter*]

The WASTE ICC CONTRACT COUNTERPARTY

SIGNED BY	)	
	)	
	)	……
	)	(Signature of named signatory)

……

Print name

For and on behalf of Low Carbon Contracts Company Ltd