

Dated

[]
(as the **PRODUCER**)

and

[LOW CARBON CONTRACTS COMPANY LTD]
(as the **LCHA COUNTERPARTY**)

LCHA AGREEMENT
RELATING TO [name of Project]

[Note to Reader: this initial draft of the Front-End Agreement will require ongoing amendments as the LCHA Terms & Conditions are developed further / updated.]

CONTENTS

1.	Definitions and Interpretation	1
2.	Agreement	4
3.	Technology Type	5
4.	Conditions Precedent and Milestone	5
5.	Installed Capacity Estimate, Required Installed Capacity and Initial LCHA Sales cap	7
6.	Changes in Law	7
7.	Payment Calculations	7
8.	Notices	8
9.	Agent for Service of Process	9
	Annex 1 (Description of the Facility)	10
	Annex 2 (Description of the Site)	13
	Annex 3 (Modification Agreement)	15
	Annex 4 (Project Commitments)	16
	Annex 5 (Strike Price Inclusions)	18
	Annex 6 (Initial Strike Price Exclusions)	19

THIS 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 "**Producer**"); 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]¹ (the "**LCHA Counterparty**").

BACKGROUND

- (A) This Agreement is entered into following the applicable contract allocation or negotiation process established under or by virtue of the [Energy Act 2023]².
- (B) The Producer has satisfied the Eligibility Criteria.
- (C) The LCHA Counterparty is [a company wholly owned by the UK Government]³ and is entering into this Agreement solely for the purpose of implementing the provisions of the [Energy Act 2023]⁴.
- (D) This Agreement, together with the terms and conditions set out in [version [1] of the document entitled "LCHA Standard Terms and Conditions"] as at [*insert date*], constitute a "**LCHA**".

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

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

- 1.2 In this Agreement and its recitals:

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

- (A) is designed, developed, constructed, commissioned, operated and maintained for the specific purpose of capturing, conditioning, monitoring, metering and exporting CO₂ produced by the Facility (including all necessary interfaces and any other facilities or equipment required to export CO₂ to the CO₂ T&S Network

¹ Note to Reader: Counterparty details to be confirmed, as this remains subject to the LCCC being empowered through legislation to act as the counterparty and administer the LCHA.

² Note to Reader: Relevant legislation and method of allocating LCHAs to be confirmed.

³ Note to Reader: Counterparty description to be confirmed.

⁴ Note to Reader: Relevant legislation to be confirmed.

up to the CO₂ T&S Network Delivery Point(s)) which complies with the Delivery CO₂ Quality Standards; and

- (B) includes all associated infrastructure required to integrate such assets within the Project;]⁵

["CCUS-Enabled Gas Reformation Technology" means technology which is installed or implemented pursuant to the HPBM Programme and which produces hydrogen via gas reformation and utilises CO₂ Capture Technology;]

["CO₂ Capture Technology" means technology which is installed or implemented pursuant to the HPBM Programme and which:

- (A) captures some or all of the CO₂ or any substance consisting primarily of CO₂; and
- (B) temporarily stores, processes and exports CO₂ (or any substance consisting primarily of CO₂) for permanent storage and disposal [and/or utilisation]; or
- (C) carries out any other process which is preparatory or ancillary to limbs (A) and (B) of this definition;]^{6 7}

["CO₂ T&S Network Delivery Point(s)" means the point(s) of connection of the Capture Plant to the CO₂ T&S Network pursuant to the CO₂ T&S Connection Agreement as identified on the plan in Annex 1 (*Description of the Facility*);]⁸

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

["Electrolytic Technology" means technology which is installed or implemented pursuant to the HPBM Programme and which produces hydrogen via water electrolysis, where water is split into hydrogen and oxygen using electricity;]⁹

"Eligibility Criteria" means the eligibility criteria for hydrogen production projects entering the [applicable contract allocation or negotiation process established under or by virtue of [●]¹⁰];¹¹

⁵ Note to Reader: Delete as applicable. This definition will only be relevant for CCUS-Enabled Facilities that are awarded a LCHA.

⁶ Note to Reader: Delete as applicable. This definition will only be relevant for CCUS-Enabled Facilities that are awarded a LCHA.

⁷ Note to Reader: Definition subject to further review as the CO₂ T&S business model develops

⁸ Note to Reader: Delete as applicable. This definition will only be relevant for CCUS-Enabled Facilities that are awarded a LCHA.

⁹ Note to Reader: Delete as applicable. This will only be relevant for Electrolytic Facilities that are awarded a LCHA.

¹⁰ Note to Reader: Relevant legislation to be confirmed and to confirm how the Eligibility Criteria will be documented.

¹¹ Note to Reader: For CCUS-Enabled Facilities, please refer to the criteria on pages 84-88 of the Cluster Sequencing for CCUS Deployment: Phase 2 (Background and Guidance for Submissions) (November 2021). For Electrolytic Facilities, please refer

"Facility" means the Hydrogen Production Plant, [the Capture Plant]¹², [the Hydrogen Transport Infrastructure]¹³, [the Hydrogen Storage Infrastructure]¹⁴ and all ancillary facilities and equipment described in Annex 1 (*Description of the Facility*), for the safe, efficient, timely and economical operation of the Hydrogen Production Plant, [the Capture Plant], [the Hydrogen Transport Infrastructure] and [the Hydrogen Storage Infrastructure] in a manner to satisfy fully the requirements under the LCHA;

"H₂ Delivery Point(s)" means the point(s) at which Hydrogen produced by the Hydrogen Production Plant is transferred from the Facility to an offtaker's transport and/or storage network pursuant to the relevant offtake agreement, as identified on the plan in Annex 2 (*Description of the Site*);

["HoldCo" means [●];]

"Hydrogen Production Plant" means the hydrogen production plant described in Annex 1 (*Description of the Facility*), which is used (or intended to be used) to produce Hydrogen and which:

- (A) was taken into account by the Producer in determining the Initial Installed Capacity Estimate;
- (B) is (except as otherwise agreed in writing by the LCHA Counterparty) situated within the area shaded on the map provided pursuant to paragraph 3(A)(ii) of Part A (*Initial Conditions Precedent*) of Annex 1 (*Conditions Precedent*) to the Conditions and which has the geographical coordinates specified in Annex 1 (*Description of the Facility*); and
- (C) is described pursuant to paragraph 3(A)(i) of Part A (*Initial Conditions Precedent*) of Annex 1 (*Conditions Precedent*) to the Conditions,

adjusted where the context requires to take due account of any changes to the composition of such equipment arising as a result of, or giving rise to:

- (i) any adjustment to the Installed Capacity Estimate pursuant to Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*) or Condition 6 (*Adjustment to Installed Capacity Estimate: Permitted Reduction*); and
- (ii) the agreement or determination of the Final Installed Capacity pursuant to Condition 7 (*Final Installed Capacity*);

to the criteria on pages 34-43 of the Hydrogen Business Model and Net Zero Hydrogen Fund: Electrolytic Allocation Round (Application Guidance Document) (July 2022).

¹² Note to Reader: Delete as applicable. This will only be relevant for CCUS-Enabled Facilities that are awarded a LCHA.

¹³ Note to Reader: Delete if no hydrogen transport infrastructure for the Project is subsidised via the LCHA (i.e. there is no Hydrogen Transport Infrastructure).

¹⁴ Note to Reader: Delete if no hydrogen storage infrastructure for the Project is subsidised via the LCHA (i.e. there is no Hydrogen Storage Infrastructure).

"Hydrogen Storage Infrastructure" means the hydrogen storage infrastructure described in Annex 1 (*Description of the Facility*), which is used (or intended to be used) to (i) process Hydrogen produced by the Hydrogen Production Plant into a form that can be stored, (ii) store such Hydrogen, and (iii) process such Hydrogen into a form that can be transported;]

"Hydrogen Transport Infrastructure" means the hydrogen transport infrastructure described in Annex 1 (*Description of the Facility*), which is used (or intended to be used) to transport Hydrogen produced by the Hydrogen Production Plant to the H₂ Delivery Point(s);]

"Off-site" means any land which is not On-site;

"Off-site Hydrogen Storage Infrastructure" means the Hydrogen Storage Infrastructure which is Off-site;

"On-site" means the land which falls within the Site;

"On-site Hydrogen Storage Infrastructure" means the Hydrogen Storage Infrastructure which is On-site;

"Service Agent" has the meaning given to it in clause [11] (but only if Condition [86] (*Agent for service of process*) is expressed to apply to the LCHA in this Agreement); and

"Site" means the land described in Annex 2 (*Description of the Site*).

2. AGREEMENT

The Producer

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

The LCHA Counterparty

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

Specific terms

- 2.3 [The Parties have agreed to amend the Conditions as set out in Annex 2 (*Modification Agreement*).]¹⁵

¹⁵

Note to Reader: Clause to be retained only if specific amendments to the LCHA are agreed to be made.

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

3. TECHNOLOGY TYPE

Facility Hydrogen Production Technology

- 3.1 The Facility Hydrogen Production Technology is the hydrogen production technology deployed by the Facility, as detailed in Annex 1 (*Description of the Facility*).
- 3.2 The Facility Hydrogen Production Technology is [CCUS-Enabled Gas Reformation Technology] / [Electrolytic Technology].¹⁶

Facility Fuel

- 3.3 The "**Facility Fuel**" applicable to this LCHA shall be
- (A) [Natural Gas;] and/or
- (B) [Refinery Off-Gas.]¹⁷

4. CONDITIONS PRECEDENT AND MILESTONE

Interpretation

- 4.1 The "**Initial Target Commissioning Window**" applicable to this LCHA shall be twelve (12) months, such period commencing on [●]¹⁸.
- 4.2 The "**Target Commissioning Date**" applicable to this LCHA shall be [●]¹⁹.
- 4.3 The "**Longstop Period**" applicable to this LCHA 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**".

Initial Conditions Precedent

- 4.4 The "**Applicable Connection Agreements**" for the purposes of this LCHA are:²⁰
- (A) [a water connection agreement signed by the Producer and the Water Licensed Operator;]
- (B) [a Private Water Network use agreement signed by the Producer and the owner or operator of the private water network, granting the Producer and Facility

¹⁶ Note to Reader: Relevant Facility Hydrogen Production Technology to be selected.

¹⁷ Note to Reader: Delete as applicable.

¹⁸ Note to Reader: This date shall be set on a project-by-project basis and agreed during negotiations.

¹⁹ Note to Reader: This shall be the date agreed during negotiations as the Producer's "Target Commissioning Date" and will be a date falling within the Initial Target Commissioning Window.

²⁰ Note to Reader: Delete as applicable.

access to and use of the relevant network [as described in [insert relevant document]];

- (C) [a private water extraction licence signed by the Producer and the Environment Agency;]
- (D) [an electricity grid connection agreement signed by the Producer and the Electricity Transmission System Operator;]
- (E) [an electricity connection agreement signed by the Producer and the Licensed Electricity Distributor;]
- (F) [a Private Electricity Network use agreement signed by the Producer and the owner or operator of the private electricity network, granting the Producer and Facility access to and use of the relevant network [as described in [insert relevant document]];
- (G) [a natural gas connection agreement signed by the Producer and the Gas Licensed Transporter;]
- (H) [a Private Natural Gas Network or Private Refinery Off-Gas Network use agreement signed by the Producer and the owner or operator of the relevant network, granting the Producer and Facility access to and use of the relevant network [as described in [insert relevant document]];
- (I) [a CO₂ T&S Connection Agreement signed by the Producer and the relevant CO₂ T&S Operator;]
- (J) [a CO₂ T&S Construction Agreement signed by the Producer and the relevant CO₂ T&S Operator; and]
- (K) [a CO₂ T&S Code Agreement signed by the Producer and the relevant CO₂ T&S Operator.]

4.5 [The following shall be added as an additional Initial Condition Precedent applicable to this LCHA after paragraph 6 of Part A (Initial Conditions Precedent) of Annex 1 (Conditions Precedent) to the Conditions:

[●].]

Operational Conditions Precedent

4.6 [An "**Approved Scheme of Funding**" for the purposes of this LCHA means: [●].]²¹

²¹

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 Producer and/or its Affiliates from the Industrial Strategy Challenge Fund, Low Carbon Hydrogen Supply Competition, Hydrogen Business Research & Innovation for Decarbonisation (HyBRID) and Industrial Decarbonisation Challenge for development/pre-development expenditure incurred in respect of the Project prior to the Agreement Date. DESNZ is considering whether to refer to any other scheme(s) of funding.

- 4.7 The version of the "LCHS" applicable to this LCHA is [●].
- 4.8 [The following shall be added as an additional Operational Condition Precedent applicable to this LCHA after paragraph 7 of Part B (*Operational Conditions Precedent*) of Annex 1 (*Conditions Precedent*) to the Conditions:

[●].]

Milestone

- 4.9 The "Initial Milestone Delivery Date" applicable to this LCHA shall be [*eighteen (18) months*]/[*twelve (12) months*] after the Agreement Date.²²
- 4.10 The "Total Project Pre-Commissioning Costs" applicable to this LCHA shall be £[●]²³ per MW of the Installed Capacity Estimate.
- 4.11 The "Project Commitments" applicable to this LCHA shall be the requirements provided for in:
- (A) Part A of Annex 4 (*Project Commitments*); and
 - (B) the section of Part B of Annex 4 (*Project Commitments*) which is expressed to apply to the Facility Hydrogen Production Technology.

5. INSTALLED CAPACITY ESTIMATE, REQUIRED INSTALLED CAPACITY AND INITIAL LCHA SALES CAP

- 5.1 The "Initial Installed Capacity Estimate" applicable to this LCHA is: [●]²⁴ (*expressed in MW (HHV)*).
- 5.2 The "Initial LCHA Sales Cap" applicable to this LCHA is [●] (*expressed in MWh (HHV)*).²⁵

6. CHANGES IN LAW

- 6.1 [The "Post-Tax Real Discount Rate" applicable to this LCHA is [●]²⁶.]

7. PAYMENT CALCULATIONS

- 7.1 The "Assumed Load Factor" applicable to this LCHA is [●].

²² Note to Reader: Delete as applicable. The Initial Milestone Delivery Date will be: (i) for CCUS-Enabled Facilities, eighteen (18) months; and (ii) for Electrolytic Facilities, twelve (12) months, after the Agreement Date.

²³ Note to Reader: This shall be set on a project-by-project basis and agreed during negotiations.

²⁴ Note to Reader: This shall be set on a project-by-project basis and agreed during negotiations.

²⁵ Note to Reader: This will represent the Facility's forecast total hydrogen production volumes during the Term (i.e. forecast total Qualifying Volumes, Non-Qualifying Volumes and RTFO Volumes).

²⁶ 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.

- 7.2 The "**Base Year**" applicable to this LCHA is 2022.
- 7.3 The "**Eligible Emissions Factor**" applicable to this LCHA is [●].²⁷
- 7.4 The "**Initial Capital Return Component**" applicable to this LCHA is £[●]/MWh (HHV).²⁸
- 7.5 [The "**Initial CCUS-Enabled Non-Variable Costs Strike Price**" applicable to this LCHA is £[●]/MWh (HHV).]
- 7.6 [The "**Initial Electrolytic Strike Price**" applicable to this LCHA is £[●]/MWh (HHV).]²⁹
- 7.7 [The "**Initial Non-Gas Strike Price**" applicable to this LCHA is £[●]/MWh (HHV).]³⁰
- 7.8 The "**Initial Strike Price Exclusions**" applicable to this LCHA are described in Annex 6 (*Initial Strike Price Exclusions*).
- 7.9 [The "**Natural Gas Cost Multiplier**" applicable to this LCHA is [●].]³¹
- 7.10 The "**Strike Price Inclusions**" applicable to this LCHA are described in Annex 5 (*Strike Price Inclusions*).
- 7.11 The "**Total Capex Payment**" applicable to this LCHA is £[●].³²

8. NOTICES

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

(A) in the case of the Producer:

Address:	
Email address:	
For the attention of:	

²⁷ Note to Reader: DESNZ proposes that the Eligible Emission Factor will be determined as part of the allocation of LCHAs to CCUS-Enabled Producers. The Eligible Emission Factor is intended to be equal to the CO₂ each CCUS-enabled Producer is expected to generate and inject into the CO₂ T&S Network for each MWh of hydrogen produced.

²⁸ Note to Reader: This shall be a fixed £/MWh number, reflecting the portion of the Strike Price dedicated to the weighted average cost of capital.

²⁹ Note to Reader: Delete as applicable. This will only be relevant for Electrolytic Facilities that are awarded a LCHA.

³⁰ Note to Reader: Delete as applicable. This will only be relevant for CCUS-Enabled Facilities that are awarded a LCHA. If applicable, this component of the Strike Price will be equal to the full Strike Price minus the Natural Gas Strike Price, being the cost of natural gas for each MWh (HHV) of hydrogen produced by the Facility which is included in the Strike Price.

³¹ Note to Reader: Delete as applicable. This will only be relevant for CCUS-Enabled Facilities that are awarded a LCHA. This will be an agreed proportion of up to 1.15 MWh (HHV) of natural gas per 1 MWh (HHV) of Hydrogen, which shall be set on a project-by-project basis and agreed during negotiations.

³² Note to Reader: This is the total capital expenditure for the Facility (and associated facilities/equipment) that will be subsidised under the LCHA. Such capital expenditure must have been incurred post-Agreement Date. It will not include development (i.e. pre-FEED and FEED) costs, as it is expected that such costs will be incurred prior to the Agreement Date.

(B) in the case of the LCHA Counterparty:

Address:	
Email address:	
For the attention of:	

9. AGENT FOR SERVICE OF PROCESS

[Condition [86] (*Agent for service of process*) shall not apply to this LCHA and there shall be no Service Agent.]/[Condition [86] (*Agent for service of process*) shall apply to this LCHA and the "**Service Agent**" shall be [●] of [●].]³³

³³

Note to Reader: Delete as applicable. This shall be the agent notified to DESNZ in the Producer's application for a LCHA as the Producer's agent for service of process, where the Producer is not based in England/Wales.

Annex 1 (Description of the Facility)

Part A: Overview

The Facility is the [NAME OF PROJECT], comprising of the following:

Hydrogen Production Plant

The Hydrogen Production Plant falls 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 Hydrogen Production Plant to be populated using information provided in the Producer's application for a LCHA and to include the unique geographical coordinates of the Hydrogen Production Plant and [●].]

[Hydrogen Transport Infrastructure]³⁴

The Hydrogen Transport Infrastructure falls within the area delineated by the following grid references:

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

AND/OR

The Hydrogen Transport Infrastructure has the following [unique identifiers/serial numbers/equipment identification numbers (as applicable)]:

[●]

³⁴

Note to Reader: If no hydrogen transport infrastructure for the Project is subsidised via the LCHA, this should be deleted.

[Drafting note: Description of the Hydrogen Transport Infrastructure to be populated using information provided in the Producer's application for a LCHA and to include the unique geographical coordinates of the Hydrogen Transport Infrastructure and/or the [unique identifiers/serial numbers/equipment identification numbers] of the Hydrogen Transport Infrastructure and [●].]

[Hydrogen Storage Infrastructure]³⁵

The Hydrogen Storage Infrastructure falls 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 Hydrogen Storage Infrastructure to be populated using information provided in the Producer's application for a LCHA and to include the unique geographical coordinates of the Hydrogen Storage Infrastructure and [●].]

[Capture Plant]³⁶

The Capture Plant falls 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 Capture Plant to be populated using information provided in the Producer's application for a LCHA and to include the unique geographical coordinates of the Capture Plant, the CO2 T&S Network Delivery Point(s) and [●].]

³⁵ Note to Reader: If no hydrogen storage infrastructure for the Project is subsidised via the LCHA, this should be deleted.

³⁶ Note to Reader: Applicable to CCUS-Enabled Facilities only.

Part B: Facility Hydrogen Production Technology

*[Drafting note: Description of the Facility Hydrogen Production Technology to be populated using information provided in the Producer's application for a LCHA.]*³⁷

³⁷

Note to Reader: Further detail on method of hydrogen production to be provided, beyond the distinction between Electrolytic and CCUS-Enabled.

Annex 2
(Description of the Site)

The Site is the land 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 Site to be populated using information provided in the Producer's application for a LCHA and, unless otherwise included below, to include the unique geographical coordinates of any On-site infrastructure that is not subsidised via the LCHA (if applicable).]

(Description of On-site non-HPBM Storage)

The On-site non-HPBM Storage falls 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 On-site non-HPBM Storage to be populated using information provided in the Producer's application for a LCHA and to include the unique geographical coordinates of any On-site non-HPBM Storage and [●].]

(Description of Off-site non-HPBM Storage)

The Off-site non-HPBM Storage falls 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 Off-site non-HPBM Storage to be populated using information provided in the Producer's application for a LCHA and to include the unique geographical coordinates of any Off-site non-HPBM Storage and [●].]

(Description of H₂ Delivery Points)

The H₂ Delivery Points fall within the area(s) delineated by the following grid references:

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

[Drafting note: Description of the H₂ Delivery Points to be populated using information provided in the Producer's application for a LCHA and to include the unique geographical coordinates of any H₂ Delivery Points and [●].]

**Annex 3
(Modification Agreement)**

Annex 4
(Project Commitments)

Part A: General Project Commitments

Delivery to the LCHA Counterparty of the following:

- (A) a copy of a resolution of the Producer'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 Facility can reasonably be expected to be Commissioned no later than the Longstop Date;
- (B) a Directors' Certificate certifying that:
 - (i) the Producer 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 Producer 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 Producer has a leasehold or freehold interest in the site where the Facility is based (the "**Facility Site**") or a contract to obtain the same;
 - (iv) the Facility 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 Facility Site for the purposes of the Project;
 - (v) there are available to the Facility Site such rights, easements and services as are necessary to undertake the Project and operate the Facility;
 - (vi) the Producer 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 Producer is not aware of any necessary consents which cannot be obtained or complied with,

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

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

Part B: Technology Specific Project Commitments

Delivery to the LCHA Counterparty of Supporting Information evidencing any one of the following:

- (A) entry by the Producer into an engineering, procurement and construction contract for the Facility, providing for the supply and installation of the Material Equipment;
- (B) entry by the Producer into an agreement for the supply of the Material Equipment and
- (C) entry by the Producer 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 Part B, the following definition shall apply to this LCHA:

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

Annex 5
(Strike Price Inclusions)³⁸

No.	Description of category of cost ³⁹	Price (£/MWh (HHV) or pounds (£))
1.		
2.		
3.		
4.		

³⁸ Note to Reader: This Annex will contain sensitive information which should be kept confidential as between the LCHA Counterparty and the Producer and DESNZ is considering the best approach to recognising this fact in the LCHA.

³⁹ Note to Reader: This will include the categories of 'eligible costs' which are included in the Strike Price. For example, this could include "an allowed return on investment (i.e. the Initial Capital Return Component)". Please refer to item 4.5 in Section B of the LCHA HoTs published on 16 December 2022 for a more detailed discussion on eligible/ineligible costs.

Annex 6
(Initial Strike Price Exclusions) ^{40 41}

No.	Description of category of cost ⁴²	Price (£/MWh (HHV) or pounds (£)) ⁴³
1.		
2.		
3.		
4.		

⁴⁰ Note to Reader: The Initial Strike Price Exclusions will relate both to the sale and purchase of Hydrogen produced by the Facility and Take-or-Pay Volumes.

⁴¹ Note to Reader: This Annex will contain sensitive information which should be kept confidential as between the LCHA Counterparty and the Producer and DESNZ is considering the best approach to recognising this fact in the LCHA.

⁴² Note to Reader: For example, this could include: (i) indirect and direct taxes and duties; (ii) any capex and/or opex associated with capturing additional revenue streams from the sale of By-Products; and/or (iii) any costs associated with the provision of ancillary services such as liquefaction.

⁴³ Note to Reader: This should be expressed in Base Year terms.

EXECUTION PAGE

The PRODUCER

SIGNED BY)
)
)
Print Name) (Signature of named signatory)
for and on behalf of [*name of the*
Producer]

The LCHA Counterparty

SIGNED BY)
)
)
)
)
Print Name (Signature of named signatory)
for and on behalf of [**LOW**
CARBON CONTRACTS
COMPANY LTD]