
**LCHA
STANDARD TERMS AND CONDITIONS**

DRAFT – Version 1

[18] May 2023

[This document is the first draft of the Low Carbon Hydrogen Agreement (LCHA). It builds on the LCHA HoTs published on 16 December 2022 and reflects the current state of ongoing policy development and stakeholder engagement. The draft provisions contained herein do not indicate any willingness or agreement on the part of the Department for Energy Security and Net Zero (DESNZ) to enter into, or arrange the entry into, the LCHA. These draft provisions do not constitute an offer and are not capable of acceptance. They do not create a basis for any form of expectation or reliance.

Where relevant, the draft provisions are developed from (1) the Standard Contracts for Difference (CfD) Terms and Conditions for Allocation Round 4 for low carbon electricity and (2) the draft Standard Terms and Conditions for the Dispatchable Power Agreement published in November 2022 and the draft Standard Terms and Conditions for the Industrial Carbon Capture Contract published in December 2022.

The draft provisions set out herein are subject to further consideration and development by DESNZ and a number of the provisions and terms which require particular consideration and development have been square bracketed (with footnotes). DESNZ reserves the right to review and amend all proposals set out within the document.

DESNZ proposes to continue engagement with interested parties in order to: (1) complete the final draft of the LCHA in Q3 2023; and (2) enable the agreement of initial LCHAs for electrolytic projects in Q4 2023.]

CONTENTS

	PAGE
Part 1 Introduction	8
1. Definitions and interpretation	8
Part 2 Term	100
2. Term.....	100
Part 3 Conditions Precedent and Milestone Requirement.....	102
3. Conditions Precedent.....	102
4. Milestone Requirement	123
Part 4 Adjustments to Installed Capacity Estimate	127
5. Adjustment to Installed Capacity Estimate: Relevant Construction Event	127
6. Adjustment to Installed Capacity Estimate: Permitted Reduction.....	130
7. Final Installed Capacity	130
Part 5 Payment Calculations.....	133
8. Definitions: Part 5.....	133
9. Payment Calculations	133
10. Difference Amount	139
11. Price Discovery Incentive.....	140
12. Sliding Scale Top Up Amount.....	141
13. LCHA Sales Cap	143
14. Strike Price Indexation Adjustment	147
15. Capital Return Component Indexation Adjustment	150
16. CCUS-Enabled Non-Variable Costs Strike Price Indexation Adjustment.....	150
17. CO ₂ T&S Outage Relief Events	151
18. CO ₂ T&S Charges Amount	154
Part 6 Billing and payment	157
19. Producer Payment Information	157

20.	UKLCH Billing Statements	161
21.	Settlement	169
22.	Default Interest	171
23.	Set-off	172
24.	Deductions and Withholdings	172
25.	Payment Accounts	172
	Part 7 Representations, warranties and undertakings	173
26.	Producer representations and warranties	173
27.	LCHA Counterparty representations and warranties	175
28.	Producer Undertakings: General	176
29.	Producer Undertakings: Metering	177
30.	Producer Undertakings: Measurement Data	182
31.	Producer undertakings: Information provision and no cumulation of Subsidy, state aid and/or union funding	186
32.	Producer Undertaking: Supply Chain Reporting	194
33.	Offtaker Confirmation Procedure	196
34.	Producer Undertakings: Offtaker Compliance	205
35.	Producer Undertaking: Own Consumption	209
36.	Producer Undertaking: NQ Volume Clawback	210
37.	LCHA Counterparty Audit Rights	211
38.	Annual Compliance Report and Audit	213
	Part 8 Changes in Law	218
39.	Qualifying Change in Law: Procedure	218
40.	Qualifying Change in Law: Compensation	223
41.	Qualifying Change in Law: Effective date and payment	236
42.	Qualifying Change in Law: True-up	238
43.	Qualifying Shutdown Event: Procedure	241

44.	Changes in Law: General provisions	242
45.	Change in Applicable Law: Procedure.....	242
46.	Change in Applicable Law: Dispute process	244
47.	Change in Applicable Law: General provisions	248
48.	Compliance with the LCHS	249
	Part 9 Termination.....	251
49.	Termination	251
50.	Consequences of termination	265
51.	Termination Events	269
52.	Survival	271
	Part 10 Credit Support	272
53.	Collateral requirement.....	272
54.	Acceptable Collateral	273
	Part 11 Dispute Resolution	277
55.	Dispute Resolution Procedure: General provisions	277
56.	Resolution by Senior Representatives.....	279
57.	Expert Determination Procedure.....	280
58.	Arbitration Procedure	283
59.	Consolidation of Connected Disputes.....	284
60.	No other proceedings.....	286
61.	Metering Disputes	286
	Part 12 General provisions regarding liabilities, remedies and waivers	287
62.	Excluded losses and liabilities	287
63.	No waiver	289
64.	Consents	290
65.	Entire agreement	290
66.	Payment Disruption Event	290

67.	Force Majeure	291
68.	Severability	293
69.	Limited recourse arrangements, undertakings and acknowledgements	293
Part 13 Confidentiality, announcements and freedom of information		296
70.	Confidentiality	296
71.	Announcements	301
72.	Freedom of information	303
Part 14 Miscellaneous		306
73.	Intellectual Property Rights	306
74.	Maintenance and Retention of Records	307
75.	Producer co-operation: Subsidy Control Rules	307
76.	Producer acknowledgements: General	307
77.	No partnership	308
78.	Transfers	308
79.	Notices	311
80.	Costs	313
81.	Further assurance	313
82.	Third party rights	314
83.	No variation	314
84.	Counterparts	314
85.	Governing law and jurisdiction	314
86.	Agent for service of process	315
87.	Language	315
Annex 1 Conditions Precedent		317
Annex 2 Testing Requirements		322
Annex 3 Calculation of Default Termination		332
Annex 4 Change Control Procedure		333

Annex 5 Form of Direct Agreement	338
Annex 6 Data Collection and Monitoring Compliance with the LCHS	368
Annex 7 Form of Supply Chain Report	385
Annex 8 Form of Invoice	395
Annex 9 Metering Operational Framework and Technical Specifications	403
Annex 10 LCHS Certification	457
Annex 11 H ₂ Levy Revenue Support Regulations	463
Annex 12 Gas Reference Price Review.....	464
Annex 13 Pro Forma Notices	477

PRELIMINARY

- (A) The Conditions as applicable to an Eligible Producer are to be read in conjunction with:
- (i) the offer to contract made to the Eligible Producer by the LCHA Counterparty pursuant to section [●]¹ of the [Energy Act 2023] and the acceptance of that offer by such Eligible Producer; and
 - (ii) the Agreement entered into between the LCHA Counterparty and the Eligible Producer.

¹ Note to Reader: Relevant legislative reference to be confirmed.

Part 1 Introduction

1. DEFINITIONS AND INTERPRETATION

Definitions

1.1 In these Conditions (subject to Conditions 1.2 to 1.9):

"Acceptable Certification Scheme" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Acceptable Certification Scheme Notice" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Acceptable Collateral" means: (i) a Letter of Credit; and/or (ii) a cash amount (*expressed in pounds (£)*) transferred to the credit of a Reserve Account;

"Achieved Sales Price" has the meaning given to that term in Condition 9.4 or Condition 9.6 (as applicable) (*Achieved Sales Price calculation*);

"Adjusted Output Period" means a period of reduced or increased production by the Facility occurring during the Term as a direct result of a Qualifying Change in Law;

"Affected Operational CP" has the meaning given to that term in Condition 3.11 (*Operational Conditions Precedent: General Reporting Obligations*);

"Affected Person" means any direct or indirect shareholder of the Producer who is able to evidence to the satisfaction of the LCHA Counterparty that if it (or an agent or security trustee on its behalf) has or had the benefit of a Direct Agreement, it is or would be:

- (A) contractually obliged to exercise rights under the relevant Direct Agreement in accordance with the instructions of one (1) or more Lenders (or an agent or security trustee on its or their behalf); or
- (B) party to an agreement regarding the exercise of rights under such Direct Agreement with a person falling within paragraph (A) above;

"Affiliate" means in relation to a Party, any holding company or subsidiary company of the relevant Party from time to time or any company which is a subsidiary company of a holding company of that Party from time to time (and the expressions **"holding company"** and **"subsidiary"** shall have the meanings respectively ascribed to them in section 1159 of the Companies Act 2006);

"Agreement" means the agreement entered into between the LCHA Counterparty and the Eligible Producer pursuant to an offer made by the LCHA Counterparty pursuant to section [●]⁴ of the [Energy Act 2023];

"Agreement Date" has the meaning given to that term in the Agreement;

"Agreement Date Provisions" means Part 1 (*Introduction*), Part 2 (*Term*), Part 3 (*Conditions Precedent and Milestone Requirement*), Part 5 (*Definitions: Part 5*), Condition 14 (*Strike Price Indexation Adjustment*), Condition 20 (*Billing Statements*), Condition 22 (*Default Interest*), Condition 23 (*Set-off*), Condition 24 (*Deductions and withholdings*), Condition 25 (*Payment accounts*), Condition 26 (*Producer representations and warranties*), Condition 27 (*LCHA Counterparty representations and warranties*), Condition 28 (*Producer undertakings: General*), Condition 31 (*Producer undertakings: Information provision and no cumulation of Subsidy, state aid and/or union funding*), Part 9 (*Termination*), Part 11 (*Dispute Resolution*) to Part 14 (*Miscellaneous*) (inclusive), Annex 1 (*Conditions Precedent*), Annex 3 (*Calculation of Default Termination*), Annex 4 (*Change Control Procedure*), Annex 5 (*Form of Direct Agreement*), Annex 10 (*LCHS Certification*) and Annex 11 (*Pro forma notices*);⁵

"Alternative CO₂ T&S Network Review Notice" has the meaning given to that term in Condition 49.13(B) (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"Alternative CO₂ T&S Network Solution Plan" means a plan developed by the Producer setting out the required milestones and actions in order to connect the Facility to an alternative CO₂ delivery point and CO₂ T&S Network [or alternative permanent storage] (either directly by pipeline, or indirectly by other means of transportation), in order to remedy a CO₂ T&S Prolonged Unavailability Event;

"Alternative CO₂ T&S Network Solution Plan Deadline" means the date which falls eighteen (18) Months after the date of a CO₂ T&S Prolonged Unavailability Event Notice issued by the LCHA Counterparty in accordance with Condition 49.8 (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"Alternative Fuel" means:

- (A) biomethane; or
- (B) any other alternative fuel which the Producer proposes to use at the CCUS-Enabled Facility;

"Amendment Notification" has the meaning given to that term in paragraph 2.1 of Annex 4 (*Change Control Procedure*);

"Ancillary Reporting Obligations" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"Annual Audit" has the meaning given to that term in Condition 38.3 (*Annual Audit*);

"Annual Audit Right" means the right for the Auditor to carry out the Annual Audit;

["Annual Auditor's Certificate" means a certificate from an Auditor addressed to the LCHA Counterparty certifying that:

- (A) the Producer's Annual Compliance Report has been prepared in accordance with the Reasonable and Prudent Standard, including in respect of its logical integrity and

arithmetical accuracy under the assumptions and input data documented or applied by the Producer; and

- (B) the relevant assumptions and input data identified in the Producer's Annual Compliance Report reflect (in all material respects) the amounts, dates and formulaic calculation methods set out in the extracts of the source project documentation supplied to the Auditor;]⁶

"Annual Compliance Report" has the meaning given to that term in Condition 38.1 (*Annual Compliance Report*);

"Annual Compliance Report Deadline" has the meaning given to that term in Condition 38.1 (*Annual Compliance Report*);

"Annual Compliance Report Minimum Requirements" means the minimum content requirements of each Annual Compliance Report being: [●];]⁷

"Annual Compliance Report Non-Compliance Deadline" has the meaning given to that term in Condition 38.9(B)(iii) (*Failure to provide an Annual Compliance Report: Suspension*);

"Annual Compliance Report Non-Compliance Notice" has the meaning given to that term in Condition 38.9 (*Failure to provide an Annual Compliance Report: Suspension*);

"Annual Compliance Report Response Notice" has the meaning given to that term in Condition 38.5 (*Annual Compliance Report Response Notice*);

"Annual Compliance Report Supporting Information" has the meaning given to that term in Condition 38.5(B)(iii) (*Annual Compliance Report Response Notice*);

"Annual Compliance Report Termination Event" has the meaning given to that term in Condition 38.13 (*Failure to provide an Annual Compliance Report: termination*);

"Annual Sales Cap" shall, subject to Condition 13.2 (*Automatic Expiry*), mean the amount (MWh (HHV)) calculated as follows:

$$ASC = ALF * 24 * TD * IC$$

where:

<i>ASC</i>	=	the Annual Sales Cap for the relevant Fiscal Year during the Payment Period (MWh (HHV))
<i>ALF</i>	=	Assumed Load Factor
<i>TD</i>	=	the total number of Days in the relevant Fiscal Year
<i>IC</i>	=	the Installed Capacity as at the Start Date or the Final Installed Capacity which is confirmed pursuant to Condition 7 (<i>Final</i>

⁶ Note to Reader: This definition is subject to further review by DESNZ.

⁷ Note to Reader: This definition is subject to further review by DESNZ.

Installed Capacity) (whichever is the most recently confirmed figure)

"Anonymised ASP Data" means the transaction data relating to the Achieved Sales Price for the sale and purchase of any Invoiced Volume to Relevant Offtaker which is anonymised by the LCHA Counterparty;

"AOP Estimate" means a good faith estimate of an Adjusted Output Period (including a good faith estimate of the date on which such Adjusted Output Period will commence and end);

"Applicable Connection Agreements" has the meaning given to that term in the Agreement;

"Applicable Planning Consents" means:

- (A) a Development Consent Order or, in respect of relevant works in waters in or adjacent to Wales up to the seaward limits of the territorial sea, a TWA Order;
- (B) a Planning Permission;
- (C) a Section 36 Consent; and/or
- (D) where any relevant works involve a licensable marine activity, a Marine Licence;

"Approved Alternative CO₂ T&S Network Solution Plan" has the meaning given to that term in Condition 49.13(B)(i) (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"Approved Performance Test Procedure" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Approved Scheme of Funding" has the meaning given to that term in the Agreement;

"Arbitral Award" has the meaning given to that term in Condition 58 (*Arbitration Procedure*);

"Arbitral Tribunal" has the meaning given to that term in the LCIA Arbitration Rules;

"Arbitration Dispute" means any Dispute other than an Expert Dispute;

"Arbitration Procedure" means the rules, obligations and procedures set out in Condition 58 (*Arbitration Procedure*);

"Arbitrator" means any person to whom a Dispute is referred in accordance with the Arbitration Procedure;

"Assumed Load Factor" has the meaning given to that term in the Agreement;

"Auditors" means a firm of [independent and internationally reputable auditors of good standing], as approved in writing by the LCHA Counterparty;⁸

⁸ Note to Reader: This definition is subject to further review, including in relation to the appropriate certification standard(s) that the relevant auditor must meet.

"Authority" means [●];⁹

"Automated Data System" means an automated data system to monitor and control the operation of the Facility and to provide data as required to support the provision of information as required by the Producer and the LCHA Counterparty;

"Automated Data Systems Obligation" has the meaning given to that term in Condition 29.19 (*Undertakings: Automated Data Systems*);

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

"Base Year" has the meaning given to that term in the Agreement;

"Base Year Terms" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Base Year CPI" means the value of the CPI for October in the calendar year immediately preceding the Base Year;¹⁰

"Billing Period" means a Month, except that the first Billing Period shall commence on the Start Date and end on the last Day of the Month in which the LCHA Counterparty notifies the Producer pursuant to an OCP Response Notice or a Further OCP Response Notice (as relevant) that it has determined that all of the Operational Conditions Precedent have been satisfied or waived in accordance with Condition 3.29 (*Waiver of Conditions Precedent and Default*) and/or Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*) (as applicable) and the last Billing Period shall commence on the first Day of the last Month of the Payment Period and end on the last Day of the Payment Period;

"Billing Statement" means a UKLCH Billing Statement and/or, for CCUS-Enabled Facilities only, a CO₂ T&S Billing Statement (as applicable);

"Blending Volumes" means Non-Qualifying Volumes which are purchased by an Offtaker who intends to inject such volumes into a Gas Transportation System for blending with Natural Gas;

"Billing Statement Dispute Notice" has the meaning given to that term in Condition 21.3 (*Billing Statement Disputes*);

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are open for general business in London;¹¹

"Capacity Market Charges" means the capacity market supplier charges and settlement costs levy imposed on Electricity Suppliers pursuant to the Capacity Market Regulations;

"Capacity Market Regulations" means the regulations made pursuant to the EA 2013 which establish the mechanism for funding the payments made by the Settlement Body (as such

⁹ Note to Reader: This definition is subject to further review by DESNZ.

¹⁰ Note to Reader: This definition is subject to further review by DESNZ

¹¹ Note to Reader: This definition is to be kept under review, including in light of the further development of the CO₂ CCS Network Code.

term is defined in the Capacity Market Regulations) to capacity providers under their capacity market agreements;

"Capital Return Component" means the Initial Capital Return Component, as may be amended from time to time in accordance with the LCHA;

"Capture Plant" has the meaning given to that term in the Agreement;

"Capture Plant Outage Event" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"CCP Affected Parties" means, in respect of a General Amendment, the Producers which are party to those UKLCH Programme LCHAs to which the General Amendment is proposed to be made;

"CCUS-Enabled Facility" means a Hydrogen production facility which deploys CCUS-Enabled Gas Reformation Technology and **"CCUS-Enabled Facilities"** shall be construed accordingly;

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

"CCUS-Enabled Non-Variable Costs Strike Price" means the Initial CCUS-Enabled Non-Variable Costs Strike Price, as may be amended from time to time in accordance with the LCHA;

"CENVCSP Indexation Adjustment" has the meaning given to that term in Condition 16.1 (*CCUS-Enabled Non-Variable Costs Strike Price Indexation Adjustment*);

"CENVCSP Indexation Anniversary" has the meaning given to that term in 16.2(A) (*CCUS-Enabled Non-Variable Costs Strike Price Indexation Adjustment*);

"Certification Scheme Change Notice" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Certification Scheme Participation Notice" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Certification Scheme Response Notice" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Certification Scheme Supporting Information" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Change Control Procedure" means the rules, obligations and procedures set out in Annex 4 (*Change Control Procedure*);

"Change in Applicable Law" means:

- (A) the coming into effect, amendment, supplement, termination, repeal, replacement or withdrawal of or to: (i) any Law or Directive; or (ii) any Industry Document; or

- (B) a change in the interpretation or application of any Law, Directive or Industry Document by any Competent Authority;

"Change in Law" means:

- (A) the coming into effect, amendment, supplement, termination, repeal, replacement or withdrawal of or to: (i) any Law or Directive; (ii) any Industry Document; or (iii) any Required Authorisation; or
- (B) a change in the interpretation or application of any Law, Directive, Industry Document or Required Authorisation by any Competent Authority,

in each case after the Agreement Date and save (in each case) to the extent that the Change in Law:

- (i) arises out of, or in connection with, a breach of or default under or with respect to that Law, Directive, Industry Document or Required Authorisation by the Producer or any of its Representatives;
- (ii) arises out of, or in connection with, a failure by the Producer or any of its Representatives to act in accordance with a Reasonable and Prudent Standard; or
- (iii) represents no more than a continuous improvement or development of good practice which would be complied with in respect of a hydrogen production facility deploying the Facility Hydrogen Production Technology by a Producer acting in accordance with a Reasonable and Prudent Standard;

"Change of Ownership" means:

- (A) any sale, transfer or disposal of any legal, beneficial or equitable interest in any or all of the shares in the Producer [or Holdco] (including the control over the exercise of voting rights conferred on those shares or the control over the right to appoint or remove directors or the rights to dividends); and/or
- (B) any other arrangements that have or may have or which result in the same effect as paragraph (A) above;

"CiAL Dispute" has the meaning given to that term in Condition 46.1 (*Procedure for raising a Dispute*);

"CiAL Dispute Notice" has the meaning given to that term in Condition 46.1 (*Procedure for raising a Dispute*);

"CiAL Dispute Producer" has the meaning given to that term in Condition 46.1 (*Procedure for raising a Dispute*);

"CiAL Dispute Threshold Criterion" has the meaning given to that term in Condition 46.9 (*CiAL Dispute Threshold Criterion*);

"CiAL Dispute Validity Notice" has the meaning given to that term in Condition 46.3 (*CiAL Dispute Threshold Criterion*);

"CiAL Request Criterion" has the meaning given to that term in Condition 45.3 (*Requirement to undertake a CiAL Review*);

"CiAL Request Notice" has the meaning given to that term in Condition 45.2 (*Requirement to undertake a CiAL Review*);

"CiAL Request Validity Notice" has the meaning given to that term in Condition 45.5 (*Validity of CiAL Request Notices*);

"CiAL Review" means a review conducted by the LCHA Counterparty pursuant to Condition 45.1 (*Requirement to undertake a CiAL Review*) as to whether:

- (A) a Change in Applicable Law: (i) has been implemented, has occurred or has become effective; or (ii) is expected to be implemented, to occur or to become effective and, in each case as a direct result of such Change in Applicable Law being implemented, occurring or becoming effective, one (1) or more of the Required CiL Amendment Objectives will cease to be met; and
- (B) as a consequence of one (1) or more of the Required CiL Amendment Objectives ceasing to be met, Required CiL Amendments are necessary;

"CiAL Review Notice" has the meaning given to that term in Condition 45.6 (*Notification of CiAL Review*);

"CiAL Review Outcome Notice" has the meaning given to that term in Condition 45.9 (*Notification of outcome of CiAL Review*);

"CiAL Review Response Deadline" has the meaning given to that term in Condition 45.6(B) (*Notification of CiAL Review*);

"CiAL Review Response Notice" has the meaning given to that term in Condition 45.7 (*Notification of CiAL Review*);

"CiAL Review Trigger" has the meaning given to that term in Condition 45.1 (*Requirement to undertake a CiAL Review*);

"Civil Procedure Rules" means the Civil Procedure Rules 1998;

"CJA" means the Criminal Justice Act 1993;

"Claimant" has the meaning given to that term in Condition 57.3 (*Expert Determination Procedure*);

"Classification Objection" has the meaning given to that term in paragraph 2.6(B)(ii)(a) of Annex 4 (*Change Control Procedure*);

"CO₂" means carbon dioxide;

"CO₂ Capture Technology" has the meaning given to that term in the Agreement;¹²

"CO₂ CCS Network Code" means the network code that the Producer is required to comply with in accordance with the CO₂ T&S Code Agreement;¹³

"CO₂ Industry Documents" means any and all agreements, codes and instruments regulating the capture, temporary storage, permanent storage, distribution, transportation, and trading of CO₂ in the United Kingdom, including any CO₂ CCS Network Code, and **"CO₂ Industry Document"** shall be construed accordingly;

"CO₂ Measurement Dispute" means a dispute or part of a dispute which relates to the calculation of [Metered CO₂ Rich Stream Output to CO₂ T&S];¹⁴

"CO₂ Metering Equipment" means the metering equipment which is required pursuant to the CO₂ Metering Specification to meter the [Metered CO₂ Output] [and the Metered CO₂ Rich Stream Output to CO₂ T&S] which may include flow meters, composition analysers, associated communications equipment, and any other necessary ancillary equipment and infrastructure;]

"CO₂ Metering Specification" means [●];¹⁵

"CO₂ Rich Stream" means a stream consisting primarily of CO₂ which is produced by the Facility and delivered to the relevant CO₂ T&S Network at the CO₂ T&S Network Delivery Point(s);

"CO₂ T&S Capacity" means the Producer's Registered Long-term Network Capacity multiplied by the total number of hours in the relevant Day (*expressed in tCO_{2RS}/Day*);¹⁶

"CO₂ T&S Capacity Charge" means the CO₂ transport and storage capacity charge in respect of the CO₂ T&S Capacity (*expressed in pounds (£)*) payable for each Day (*i*) calculated as follows:

(A) if the Producer is a CO₂ T&S Onshore User:

$$CO_2TSCC_i = (CO_2TSONCR_i * CO_2TSC_i) + (CO_2TSOFFCR_i * CO_2TSC_i)$$

(B) if the Producer is a CO₂ T&S Offshore User:

$$CO_2TSCC_i = CO_2TSOFFCR_i * CO_2TSC_i$$

where:

¹² Note to Reader: This definition is subject to further review as the CO₂ T&S business model develops. This definition is also subject to further consideration by DESNZ legal as to whether it needs to align with how carbon capture and storage will be defined in the legislation.

¹³ Note to Reader: The Producer is expected to need to enter into the Code Agreement in order to make the CCS Network Code binding upon the Producer.

¹⁴ Note to Reader: DESNZ is considering whether to refer to a second type of measurement dispute which relates to any other CO₂ calculations required for assessing compliance with the LCHS (for the purposes of any reconciliation required to the UKLCH Billing Statement).

¹⁵ Note to Reader: The CO₂ Metering Specification is being developed by DESNZ.

¹⁶ Note to Reader: This definition is subject to further review as the CO₂ T&S charging and capacity booking methodology/system is developed.

CO_2TSCG_i	=	CO ₂ T&S Capacity Charge (£) for the relevant Day (<i>i</i>)
$CO_2TSONCR_i$	=	CO ₂ T&S Onshore Capacity Charge Rate (£/tCO _{2RS} /Day) for the relevant Day (<i>i</i>)
CO_2TSC_i	=	CO ₂ T&S Capacity (tCO _{2RS} /Day) for the relevant Day (<i>i</i>)
$CO_2TSOFFCR_i$	=	CO ₂ T&S Offshore Capacity Charge Rate (£/tCO _{2RS} /Day) for the relevant Day (<i>i</i>)

"CO₂ T&S Cessation Event" means the occurrence of any one (1) of the following:

- (A) a notice of discontinuation is issued by the Secretary of State to the relevant CO₂ T&S Operator pursuant to a discontinuation agreement entered into between the relevant CO₂ T&S Operator and the Secretary of State;
- (B) the relevant CO₂ T&S Operator's licence to operate the relevant CO₂ T&S Network is: (i) revoked; and (ii) is not transferred to a substitute CO₂ T&S Operator, such that the relevant CO₂ T&S Network ceases to operate or the Producer is no longer able to connect to that CO₂ T&S Network; or
- (C) a determination is made by the relevant Competent Authority that the Producer's connection to the relevant CO₂ T&S Network is no longer viable;¹⁷

"CO₂ T&S Charges" means the CO₂ T&S Flow Charge, the CO₂ T&S Capacity Charge, and the CO₂ T&S Network Charge;

"CO₂ T&S Charges Amount" has the meaning given to that term in Condition 18.2 (*CO₂ T&S Charges Amount calculation*);

"CO₂ T&S Charging Year" means the period from 1 April in any calendar year until and including 31 March in the following calendar year;

"CO₂ T&S Code Agreement" means the agreement entered into by a Producer which makes the CO₂ CCS Network Code binding on such Producer;

"CO₂ T&S Commissioning Delay Event" means an event or circumstance that prevents or delays the development, construction, completion, and/or commissioning of the relevant CO₂ T&S Network and as a result prevents or delays the Facility from exporting captured CO₂ Rich Stream to the CO₂ T&S Network (except to the extent that such event or circumstance arises out of or in connection with an act, omission breach or default of the Producer or its Representatives, including any breach by the Producer or its Representatives of a CO₂ Industry Document). This includes but is not limited to the failure of the relevant CO₂ T&S Operator to carry out in a timely manner: (A) any connection works specified in the CO₂ T&S Construction Agreement; or (B) any required works to the relevant CO₂ T&S Network in order for the Capture Plant to export captured CO₂ Rich Stream to the relevant CO₂ T&S Network;

"CO₂ T&S Compensatory Interest Amount" has the meaning given to that term in Condition 20.11 (*Calculation of CO₂ T&S Compensatory Interest Amount*);

"CO₂ T&S Compensatory Interest Rate" has the meaning given to that term in Condition 20.11 (*Calculation of CO₂ T&S Compensatory Interest Amount*);

"CO₂ T&S Connection Agreement" means the agreement between the relevant CO₂ T&S Operator and the Producer relating to the export of captured CO₂ Rich Stream to the relevant CO₂ T&S Network by the Producer;

"CO₂ T&S Connection Confirmation CP" has the meaning given to that term in Paragraph 5 of Part B of Annex 1 (*Conditions Precedent*);

"CO₂ T&S Connection Confirmation Deadline" means the date which falls six (6) Months after the CO₂ T&S Network Availability Date, as such date may be extended day for day for each day that the Producer is delayed in achieving the CO₂ T&S Connection Confirmation Requirement by reason of:

- (A) a Force Majeure in respect of which the Producer is the FM Affected Party but only to the extent that the Producer has satisfied the requirements and conditions of Condition 67 (*Force Majeure*) to be entitled to such extension; or
- (B) the failure of the relevant CO₂ T&S Operator to carry out in a timely manner any required system reinforcement or connection works specified in the CO₂ T&S Construction Agreement attributable to the CO₂ T&S Connection Confirmation Requirement and (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives),

and provided that in the case of delays caused by the reasons in (B) above:

- (i) the Producer gives notice to the LCHA Counterparty as soon as reasonably practicable of the nature and extent of the failure; and
- (ii) there shall be no extension for any day of delay to the Project that could have been avoided by the Producer and its Representatives using reasonable endeavours:
 - (a) to mitigate the effects of such failure (including delay to the Project);
 - (b) to carry out its obligations under the LCHA in any way that is reasonably practicable; and
 - (c) to resume the performance of its obligations under the LCHA as soon as reasonably practicable;

"CO₂ T&S Connection Confirmation Requirement" means the evidence, in form and content satisfactory to the LCHA Counterparty, that the Facility has connected to the CO₂ T&S Network in accordance with the CO₂ T&S Operator's compliance requirements, to be delivered by the Producer to the LCHA Counterparty in accordance with Condition 3.66 (*Waiver of CO₂ T&S Connection Confirmation CP*);

"CO₂ T&S Connection Delay Compensation" means, in relation to a CO₂ T&S Commissioning Delay Event, all irrecoverable and unavoidable out-of-pocket costs which have been, will be or are reasonably likely to be incurred in respect of the Project by the Producer arising directly from such CO₂ T&S Commissioning Delay Event, if and to the extent that such

costs have been reasonably and properly incurred by the Producer on or after the Agreement Date and such costs constitute:

- (A) costs relating to staff required to preserve, maintain and recommission the Facility;
- (B) costs relating to extending warranties in respect of the Facility and associated equipment;
- (C) costs relating to extending insurance coverage in respect of the Facility and associated equipment; and
- (D) other operating costs relating to preserving and maintaining the Facility,

provided that such costs shall exclude:

- (i) the Capital Return Component;
- (ii) all costs associated with the Producer's appointment and retention of professional advisers in relation to the Project;
- (iii) all costs associated with the Producer's financing arrangements in respect of the Project (including all interest incurred in respect of the Producer's financing arrangements);
- (iv) all capital costs required to preserve, maintain and recommission the Project; and
- (v) costs in respect of staff bonuses;¹⁸

"CO₂ T&S Connection Delay Compensation Notice" has the meaning given to that term in Condition 3.44 (*CO₂ T&S Connection Delay Compensation*);

"CO₂ T&S Connection Delay Compensation Payment Notice" has the meaning given to that term in Condition 3.48(B) (*CO₂ T&S Connection Delay Compensation*);

"CO₂ T&S Connection Delay True-Up Compensation" means the adjustment to the CO₂ T&S Connection Delay Compensation which is necessary to reflect the CO₂ T&S Connection Delay True-Up Information;

"CO₂ T&S Connection Delay True-Up Information" has the meaning given to that term in Condition 3.50 (*LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice*);

"CO₂ T&S Connection Delay True-Up Supporting Information" has the meaning given to that term in Condition 3.56 (*Producer CO₂ T&S Connection Delay True-Up Notice*);

"CO₂ T&S Construction Agreement" means the agreement between a CO₂ T&S Operator and the Producer relating to the construction of infrastructure connecting the Capture Plant to the relevant CO₂ T&S Network at the CO₂ T&S Network Delivery Point(s);

¹⁸

Note to Reader: This definition is subject to further review by DESNZ.

"CO₂ T&S Delivery Point Size" means the aggregate size of the CO₂ T&S Network Delivery Point(s) as set out in the CO₂ T&S Connection Agreement multiplied by the total number of hours in the relevant Day (*expressed in tCO_{2RS}/Day*);

"CO₂ T&S Export Volumes" means the aggregate Direct Export Volumes and Indirect Export Volumes reported in respect of the relevant Billing Period;

"CO₂ T&S Flow Charge" means the CO₂ transport and storage flow charge in respect of the Metered CO₂ Rich Stream Output to CO₂ T&S (*expressed in pounds (£)*) for each Day (*i*)¹⁹calculated as follows:

(A) if the Producer is a CO₂ T&S Onshore User:

$$CO_2TSFC_i = (CO_2TSOFR_i * CO_2RICH_{out\_T\&S,i}) + (CO_2TSOFFFR_i * CO_2RICH_{out\_T\&S,i})$$

(B) if the Producer is a CO₂ T&S Offshore User:

$$CO_2TSFC_i = CO_2TSOFFFR_{CR,i} * CO_2RICH_{out\_T\&S,i}$$

where:

CO_2TSFC_i = CO₂ T&S Flow Charge (£) for the relevant Day (*i*)

CO_2TSOFR_i = CO₂ T&S Onshore Flow Charge Rate (£/tCO_{2RS}) for the relevant Day (*i*)

$CO_2RICH_{out\_T\&S,i}$ = Metered CO₂ Rich Stream Output to CO₂ T&S (tCO_{2RS}) for the relevant Day (*i*)

$CO_2TSOFFFR_i$ = CO₂ T&S Offshore Flow Charge Rate (£/tCO_{2RS}) for the relevant Day (*i*)

"CO₂ T&S Net Payable Amount" has the meaning given to that term in Condition 20.15 (*Calculation of CO₂ T&S Net Payable Amount*);

"CO₂ T&S Network" means a network including, but not limited to:

(A) pipelines used for the transportation of captured CO₂ Rich Stream from one (1) or more capture plant(s) to a storage facility or to or from any captured CO₂ Rich Stream pipeline network; and

(B) storage facilities for the permanent storage of captured CO₂ Rich Stream,

owned or operated by a CO₂ T&S Operator within the United Kingdom, which may include onshore and offshore components and which, for the avoidance of doubt, shall not include any pipelines, routes or storage facilities for CO₂ Utilisation;²⁰

"CO₂ T&S Network Availability Date" means the first to occur of:

¹⁹ Note to Reader: The frequency of the CO₂ T&S Charging payments is subject to further consideration by DESNZ.

²⁰ Note to Reader: This definition is subject to further review as the CO₂ T&S business model develops.

- (A) the date on which either Party gives notice to the other Party pursuant to Condition 3.69(C) (*CO₂ T&S Connection Confirmation Requirement*) that the relevant CO₂ T&S Network is available to enable the Capture Plant to export captured CO₂ Rich Stream to the relevant CO₂ T&S Network so that the Producer may fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation CP; and
- (B) the date on which the Producer fulfils the CO₂ T&S Connection Confirmation CP in accordance with Condition 3.66 (*Waiver of CO₂ T&S Connection Confirmation CP*);

"CO₂ T&S Network Availability Notice" has the meaning given to that term in Condition 3.69 (*CO₂ T&S Connection Confirmation Requirement*);

"CO₂ T&S Network Availability Proposer" has the meaning given to that term in Condition 3.70 (*CO₂ T&S Connection Confirmation Requirement*);

"CO₂ T&S Network Availability Respondent" has the meaning given to that term in Condition 3.70 (*CO₂ T&S Connection Confirmation Requirement*);

"CO₂ T&S Network Availability Response Notice" has the meaning given to that term in Condition 3.70 (*CO₂ T&S Connection Confirmation Requirement*);

"CO₂ T&S Network Charge" means the CO₂ transport and storage network charge in respect of the CO₂ T&S Delivery Point Size (*expressed in pounds (£)*) for each Day (*i*) calculated as follows:

- (A) if the Producer is a CO₂ T&S Onshore User:

$$CO_2TSNC_i = (CO_2TSOONNCR_i * CO_2TSDPS_i) + (CO_2TSOFFNCR_i * CO_2TSDPS_i)$$

- (B) if the Producer is a CO₂ T&S Offshore User:

$$CO_2TSNC_i = CO_2TSOFFNCR_i * CO_2TSDPS_i$$

where:

CO_2TSNC_i	=	CO ₂ T&S Network Charge (£) for the relevant Day (<i>i</i>)
$CO_2TSOONNCR_{CR,i}$	=	CO ₂ T&S Onshore Network Charge Rate (£/tCO _{2RS} /Day) for the relevant Day (<i>i</i>)
CO_2TSDPS_i	=	CO ₂ T&S Delivery Point Size (tCO _{2RS} /Day) for the relevant Day (<i>i</i>)
$CO_2TSOFFNCR_i$	=	CO ₂ T&S Offshore Network Charge Rate (£/tCO _{2RS} /Day) for the relevant Day (<i>i</i>)

"CO₂ T&S Network Delivery Point(s)" has the meaning given to that term in the Agreement;²¹

"CO₂ T&S Offshore Capacity Charge Rate" means the CO₂ transport and storage offshore capacity charge rate for the relevant CO₂ T&S Charging Year calculated in accordance with

²¹

Note to Reader: This definition may be similar to the definition in the Industrial Carbon Capture Contract published by DESNZ on 16 December 2022, although this is subject to further development by DESNZ.

Section [H] of the CO₂ CCS Network Code multiplied by the total number of hours in the relevant Day (*expressed in £/tCO_{2RS}/Day*);²²

"CO₂ T&S Offshore Flow Charge Rate" means the CO₂ transport and storage offshore flow charge rate for the relevant CO₂ T&S Charging Year calculated in accordance with Section [H] of the CO₂ CCS Network Code (*expressed in £/tCO_{2RS}*);²³

"CO₂ T&S Offshore Network Charge Rate" means the CO₂ transport and storage offshore network charge rate for the relevant CO₂ T&S Charging Year calculated in accordance with Section [H] of the CO₂ CCS Network Code multiplied by the total number of hours in the relevant Day (*expressed in £/tCO_{2RS}/Day*);²⁴

"CO₂ T&S Offshore Transportation and Storage System" has the meaning given to that term in the CO₂ CCS Network Code;

"CO₂ T&S Offshore User" means a Producer with a CO₂ T&S Network Delivery Point which connects directly to a CO₂ T&S Offshore Transportation and Storage System;²⁵

"CO₂ T&S Onshore Capacity Charge Rate" means the CO₂ transport and storage onshore capacity charge rate for the relevant CO₂ T&S Charging Year calculated in accordance with Section [H] of the CO₂ CCS Network Code multiplied by the total number of hours in the relevant Day (*expressed in £/tCO_{2RS}/Day*);²⁶

"CO₂ T&S Onshore Flow Charge Rate" means the CO₂ transport and storage onshore flow charge rate (*expressed in £/tCO_{2RS}*) for the relevant CO₂ T&S Charging Year calculated in accordance with Section [H] of the CO₂ CCS Network Code; ²⁷

"CO₂ T&S Onshore Network Charge Rate" means the CO₂ transport and storage onshore network charge rate for the relevant CO₂ T&S Charging Year calculated in accordance with Section [H] of the CO₂ CCS Network Code multiplied by the total number of hours in the relevant Day (*expressed in £/tCO_{2RS}/Day*);²⁸

"CO₂ T&S Onshore Transportation System" has the meaning given to that term in the CO₂ CCS Network Code;

"CO₂ T&S Onshore User" means a Producer with a CO₂ T&S Network Delivery Point which connects directly to a CO₂ T&S Onshore Transportation System;²⁹

"CO₂ T&S Operator" means a licensed company operating and maintaining a CO₂ T&S Network;

"CO₂ T&S Outage Event" means an event or circumstance affecting the relevant CO₂ T&S Network (excluding a CO₂ T&S Commissioning Delay Event or a CO₂ T&S Cessation Event), that prevents the Capture Plant from accessing the full entry capacity to the relevant CO₂ T&S

²² Note to Reader: This definition is subject to further development as the CCS Network Code develops.

²³ Note to Reader: This definition is subject to further development as the CCS Network Code develops.

²⁴ Note to Reader: This definition is subject to further development as the CCS Network Code develops.

²⁵ Note to Reader: This definition is subject to further development as the CCS Network Code develops, including in relation to how "Offshore User" and "Onshore User" are defined under the CCS Network Code.

²⁶ Note to Reader: This definition is subject to further development as the CCS Network Code develops.

²⁷ Note to Reader: This definition is subject to further development as the CCS Network Code develops.

²⁸ Note to Reader: This definition is subject to further development as the CCS Network Code develops.

²⁹ Note to Reader: This definition is subject to further development as the CCS Network Code develops, including in relation to how "Offshore User" and "Onshore User" are defined under the CCS Network Code.

Network that the Producer has reserved under the CO₂ T&S Connection Agreement for a period equal to or exceeding thirty (30) minutes (which, for the avoidance of doubt, shall include a Full CO₂ T&S Outage Event);

"CO₂ T&S Outage Event Volume" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"CO₂ T&S Outage Relief Event" means a Capture Plant Outage Event which occurs as a direct result of a CO₂ T&S Outage Event (including a CO₂ T&S Planned Outage) but excluding any CO₂ T&S Outage Event that arises out of or in connection with any act, omission, breach or default of the Producer or its Representatives (including any breach by the Producer or its Representatives of a CO₂ Industry Document) [and provided that prior to or following the occurrence of the CO₂ T&S Outage Event, the Producer has not notified the LCHA Counterparty of the occurrence of a Full Capture Plant Outage Event (which does not occur as a direct result of the CO₂ T&S Outage Event) pursuant to Condition [●] (*Notification of Full Capture Plant Outage Events*)];

"CO₂ T&S Outage Relief Event Billing Period" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"CO₂ T&S Outage Relief Event Notice" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"CO₂ T&S Outage Relief Event Period" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"CO₂ T&S Outage Relief Event Response Notice" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"CO₂ T&S Outage Relief Event Supporting Information" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"CO₂ T&S Outage Relief Event Volume" has the meaning given to that term in Condition 17.6(A) (*CO₂ T&S Outage Relief Events*);

"CO₂ T&S Outage Relief Event Strike Price Deduction" means:

- (A) where a CO₂ T&S Outage Relief Event occurs between the Start Date and the date on which the Producer satisfies the CO₂ T&S Connection Confirmation Requirement, the Capital Return Component;
- (B) where a CO₂ T&S Outage Relief Event occurs between the date on which the Producer satisfies the CO₂ T&S Connection Confirmation Requirement and the second (2nd) anniversary of the CO₂ T&S Network Availability Date, zero (0); and
- (C) where a CO₂ T&S Outage Relief Event occurs following the second (2nd) anniversary of the CO₂ T&S Network Availability Date, the Capital Return Component;

"CO₂ T&S Outage Relief Event Strike Price Deduction Amount" has the meaning given to that term in Condition 17.6(B) (*CO₂ T&S Outage Relief Events*);

"CO₂ T&S Planned Outage" means a CO₂ T&S Outage Event that has been scheduled in advance by the relevant CO₂ T&S Operator, and notified to the Producer by the CO₂ T&S Operator pursuant to [the CO₂ CCS Network Code];³⁰

"CO₂ T&S Prolonged Unavailability Event" has the meaning given to that term in Condition 49.8 (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"CO₂ T&S Prolonged Unavailability Event Notice" has the meaning given to that term in 49.8 (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"CO₂ T&S Prolonged Unavailability Event Tax" means any Tax other than any Tax on gross or net income, profits or gains;

"CO₂ T&S Prolonged Unavailability Event Tax Liability" means:

- (A) a liability of the Producer to make an actual payment of a CO₂ T&S Prolonged Unavailability Event Tax to a tax authority; and
- (B) the loss to the Producer of, or a reduction to the Producer in the amount of, a right to repayment of Tax to which it would otherwise be entitled but for such amount being set off against any liability of the Producer to make an actual payment of CO₂ T&S Prolonged Unavailability Event Tax;

"CO₂ T&S Prolonged Unavailability Further Response Notice" has the meaning given to that term in Condition 49.12(B)(ii) (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"CO₂ T&S Prolonged Unavailability Procedure Obligation" has the meaning given to that term in Condition 49.16 (*Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension*);

"CO₂ T&S Prolonged Unavailability Remediation Deadline" has the meaning given to that term in Condition 49.8(B)(i)(b) (*Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension*);

"CO₂ T&S Prolonged Unavailability Remediation Notice" has the meaning given to that term in Condition 49.18(B) (*Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension*);

"CO₂ T&S Prolonged Unavailability Response Deadline" has the meaning given to that term in Condition 49.8(B)(i)(a) (*Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension*);

"CO₂ T&S Prolonged Unavailability Response Notice" has the meaning given to that term in Condition 49.9 (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"CO₂ T&S Prolonged Unavailability Review Notice" has the meaning given to that term in Condition 49.11 (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"CO₂ T&S Prolonged Unavailability Termination Date" has the meaning given to that term in Condition 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*);

"CO₂ T&S Prolonged Unavailability Termination Notice" has the meaning given to that term in Condition 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*);

"CO₂ T&S Reconciliation Amounts" has the meaning given to that term in Condition 20.10 (*Calculation of CO₂ T&S Reconciliation Amounts*);

"CO₂ T&S Reconciliation Billing Period" has the meaning given to that term in Condition 20.11 (*Calculation of CO₂ T&S Compensatory Interest Amount*);

"CO₂ T&S Termination Costs" means all out-of-pocket costs which are irrecoverable and unavoidable by the Producer acting in accordance with the Reasonable and Prudent Standard and which have been, will be or are reasonably likely to be incurred following the Agreement Date in respect of the Project by the Producer arising directly from a CO₂ T&S Prolonged Unavailability Event occurring, if and to the extent that such costs constitute:

- (A) development and pre-development costs in respect of the Facility (including the costs of surveys and environmental impact assessments in respect of the Facility);
- (B) decommissioning costs in respect of the Facility;
- (C) break costs associated with the Producer's contractual arrangements in respect of the Project, provided that such costs are incurred under contracts that have been entered into on arm's-length, reasonable commercial terms; or
- (D) costs which are wholly attributable to the construction, testing, completion or commissioning of the Facility,

provided that any such costs shall not exceed the Total Capex Payment and such costs shall exclude:

- (i) the Capital Return Component;
- (ii) any CO₂ T&S Connection Delay Compensation;
- (iii) reliefs from or reductions in a CO₂ T&S Prolonged Unavailability Event Tax Liability;
- (iv) all costs associated with the Producer's financing arrangements in respect of the Project (including all interest incurred in respect of, and break costs associated with, the Producer's financing arrangements); and
- (v) all other compensation which has been paid or will be or is reasonably likely to be payable by the Producer in connection with such CO₂ T&S Prolonged Unavailability Event;

"CO₂ T&S Termination Payment" means an amount (*expressed in pounds (£)*) calculated in accordance with the formula set out in Condition 50.4 (*Consequences of CO₂ T&S Prolonged Unavailability Event termination*);

"CO₂ T&S Termination Payment Notice" has the meaning given to that term in Condition 50.3(B) (*Consequences of CO₂ T&S Prolonged Unavailability Event termination*);

"CO₂ T&S Termination Response Notice" has the meaning given to that term in Condition 49.23 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*);

"CO₂ T&S Termination Savings" means, all savings (including avoided out-of-pocket costs and insurance proceeds) which have been, will be or are reasonably likely to be made by the Producer in respect of the Project arising directly from the CO₂ T&S Prolonged Unavailability Event;

"CO₂ TCDE Deadline" has the meaning given to that term in Condition 3.32 (*Relief due to CO₂ T&S Commissioning Delay Event*);

"CO₂ TCDE Notice" has the meaning given to that term in Condition 3.32 (*Relief due to CO₂ T&S Commissioning Delay Event*);

"CO₂ TCDE Response Notice" has the meaning given to that term in Condition 3.34 (*Relief due to CO₂ T&S Commissioning Delay Event*);

"CO₂ TCDE Supporting Information" has the meaning given to that term in Condition 3.34(D) (*Relief due to CO₂ T&S Commissioning Delay Event*);

"CO₂ Utilisation" means any process or method which (i) uses or intends to use any captured CO₂ from the Facility as a feedstock or (ii) sells or intends to sell captured CO₂, in each case excluding any captured CO₂ from the Facility that is directed to the CO₂ T&S Network;

"Collateral Amount" means an amount (*expressed in pounds (£)*) calculated by the LCHA Counterparty in accordance with 53.4 (*Collateral Amount*);

"Collateral Correction Notice" has the meaning given to that term in 54.5 (*Altering collateral*);

"Collateral Posting Date" means the date by which the Producer is required to transfer or deliver Acceptable Collateral, being no less than ten (10) Business Days after a Collateral Posting Notice is received;

"Collateral Posting Notice" has the meaning given to that term in Condition 53.2 (*Notification of collateral requirement*);

"Collateral Repayment Date" means an Initial Collateral Repayment Date or (if applicable) a Replacement Collateral Repayment Date;

"Commissioned" means that all of the Commissioning Tests have been successfully completed, followed or passed (as appropriate) in relation to the Facility (or a part of the Facility), and grammatical variations thereof shall be construed accordingly;

["Commissioning Tests" means all of the procedures and tests (including performance tests) considered to be satisfactory by the LCHA Counterparty and which, in accordance with the Reasonable and Prudent Standard, and in compliance with industry guidelines, practices and standards are:

- (A) relevant to hydrogen production facilities which are the same as, or of a similar type to, the Facility (including those which are relevant to the Facility Hydrogen Production Technology);

- (B) required to be completed, followed or passed (as appropriate): (i) in order for a hydrogen production facility to produce Hydrogen and make it available for sale; or (ii) to demonstrate that a hydrogen production facility is fit for commercial operation;
- (C) for a CCUS-Enabled Facility only, required to be completed, followed or passed (as appropriate): (i) in order for a CO₂ capturing facility to capture and export CO₂; or (ii) to demonstrate that a CO₂ capturing facility is fit for commercial operation; and
- (D) required to be carried out in accordance with Annex 2 (*Testing Requirements*);³¹

"Compensatory Interest" means the interest that is due and payable at the Compensatory Interest Rate in accordance with Condition 20.6 (*Calculation of UKLCH Compensatory Interest Amount*);

"Compensatory Interest Amount" means a UKLCH Compensatory Interest Amount(s) and/or, for CCUS-Enabled Facilities only, CO₂ T&S Compensatory Interest Amount(s) (as applicable);

"Compensatory Interest Rate" has the meaning given to that term in Condition 20.6 (*Calculation of Compensatory Interest Amount*);

"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 Facility, the Project, the LCHA or any other LCHA Document,

and includes:

- (D) the Authority, the Environment Agencies and the Secretary of State; and
- (E) for CCUS-Enabled Facilities only, the Economic Regulator,

but excludes the LCHA Counterparty;

"Conditions" means these terms and conditions;

"Conditions Precedent" means the Initial Conditions Precedent and the Operational Conditions Precedent and **"Condition Precedent"** shall be construed accordingly;

"Confidential Information" means LCHA Counterparty Confidential Information and Producer Confidential Information;

"Connected Dispute" has the meaning given to that term in Condition 70.1 (*Confidentiality restrictions: application to the terms of the LCHA*);

"Consolidation Request" has the meaning given to that term in Condition 59.2 (*Consolidation of Connected Disputes*);

"Construction Event" means a geological condition or physical constraint affecting the Facility (including the presence of new or unknown fauna or flora, unexploded ordnance, mudstone, archaeological remains, antiquities or hazardous materials);

"Contractor" means any contractor, sub-contractor, consultant or adviser of or to the Producer but excludes any Electricity Transmission System Operator, Electricity Transmission Licensee, Licensed Electricity Distributor, OFTO, Gas Licensed Shipper, Gas Licensed Transporter or Water Licensed Operator;

"Control" means, in relation to an entity (the **"controlled entity"**), the ability of another entity (the **"controlling entity"**) to:

- (A) exercise the majority of the voting rights in that entity;
- (B) having become a direct or indirect shareholder, control the majority of the voting rights in that entity, either alone or pursuant to an agreement with other direct or indirect shareholders;
- (C) having become a direct or indirect shareholder, appoint or remove a majority of the board of directors in that entity, or
- (D) having become a direct or indirect shareholder, exercise dominant influence or control over that entity;

"CPI" means:

- (A) the all items index of consumer price inflation published each month by the Office for National Statistics;
- (B) if that index is no longer being published, such index as the LCHA Counterparty may reasonably determine to be appropriate in the circumstances; or
- (C) if there is a material change to the basis of that index, such other index as the LCHA Counterparty may from time to time reasonably determine to be appropriate in the circumstances;

"CRC Indexation Adjustment" has the meaning given to that term in Condition 15.1 (Capital Return Component Indexation Adjustment);

"CRC Indexation Anniversary" has the meaning given to that term in Condition 15.2(A) (*Capital Return Component Indexation Adjustment*);

"Crown Body" means any department, office or agency of the Crown;

"C(RTP) Act" means the Contracts (Rights of Third Parties) Act 1999;

"CUSC" means the Connection and Use of System Code that is provided for in Standard Condition C10 (Connection and Use of System Code (CUSC)) of the Transmission Licence;

"Daily Discount Rate" means an amount calculated in accordance with Condition 40.36 (*Additional calculations: Daily Discount Rate*);

"Data Collection and Monitoring Procedures" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"Day" means a calendar day;

"DCMP Data" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"DCMP Proposal Notice" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"DCMP Proposal Response Notice" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"DCMP Proposal Supporting Information" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"DCMP Purposes" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"Discrete Consignment" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"Default" means: (i) a Termination Event; or (ii) an event or a circumstance which would (with the passage of time, the giving of notice, the making of any determination pursuant to the LCHA or any combination of any of the foregoing) be a Termination Event;

"Default Interest" has the meaning given to that term in Condition 22.1 (*Calculation of Default Interest*);

"Default Termination Date" has the meaning given to that term in Condition 49.27(A) (*Default Termination*);

"Default Termination Notice" has the meaning given to that term in Condition 49.27(A) (*Default Termination*);

"Default Termination Payment" means an amount (*expressed in pounds (£)*) calculated in accordance with the formula set out in paragraph 1.1 (*Calculation of Default Termination Payment*) of Annex 3 (*Calculation of Default Termination Payment*);

"Default Termination Payment Notice" has the meaning given to that term in Condition 50.9 (*Default Termination*);

"Deficient Collateral Amount" has the meaning given to that term in Condition 54.5(B) (*Altering Collateral*);

["Delivery CO₂ Quality Standards" means the compositional limits of the CO₂ Rich Stream (including but not limited to minimum percentage of CO₂ and maximum levels of a range of impurities) that are permissible for entry to a specific CO₂ T&S Network, together with the

maximum and minimum entry pressure and maximum and minimum entry temperature, as specified in the CO₂ CCS Network Code;]³²

"Design Capacity" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Development Consent Order" means a development consent order under section 114 of the Planning Act 2008;

"Devolved Legislation" means any (i) Act of the Scottish Parliament; (ii) Act or Measure of Senedd Cymru; (iii) Act of the Northern Ireland Assembly; (iv) Scottish statutory instrument within the meaning of section 27 of the Interpretation and Legislative Reform (Scotland) Act 2010; (v) Welsh subordinate legislation within the meaning of s.3(2) of the Legislation (Wales) Act 2019; or (vi) Northern Ireland legislation or subordinate legislation within the meaning of section 98(1) of the Northern Ireland Act 1998;

"Difference Amount" has the meaning given to that term in Condition 10.1 (*Difference Amount calculation*);

"Direct Agreement" means an agreement in substantially the form set out in Annex 5 (*Form of Direct Agreement*), or in such other form as may be agreed by the LCHA Counterparty (in its sole discretion);

"Direct Export Volumes" means Non-Qualifying Volumes which have been exported for use outside the UK;³³

"Directive" means, in relation to any Party, any ordinance, code, decision, directive, order, decree, regulation, determination, award, standard or rule of any Competent Authority:

(A) which:

- (i) is legally binding upon that Party; or
- (ii) if not legally binding upon that Party, with which that Party would ordinarily comply, acting (in the case of the Producer) in accordance with the Reasonable and Prudent Standard, provided that this paragraph (ii) shall not apply to the LCHS in circumstances in which the Producer is seeking to invoke the provisions of Part 8 (Changes in Law); and

(B) in circumstances in which the Producer is seeking to invoke the provisions of Part 8 (*Changes in Law*), with which the Producer does in fact comply;

"Directors' Certificate" means a certificate signed by two (2) directors of the Producer or one (1) director of the Producer in the presence of a witness who attests the signature, such directors or director (as applicable) having made, and confirmed in the certificate as having made, all due and careful enquiries in relation to the information set out in such certificate (or set out in the notice, or enclosures or appendices to the notice, which such certificate is accompanying) and certifying that such information is in all material respects true, complete, accurate and not misleading, in each case by reference to the facts and circumstances then

³² Note to Reader: This definition is subject to further review as the CO₂ CCS Network Code develops.

³³ Note to Reader: If a Producer has sold Hydrogen produced by the Facility to an Offtaker who exports such Hydrogen for use outside the UK or who is based outside the UK in a Billing Period, this will be a Direct Export Volume.

existing, provided that where any such information is provided by a third party that is not a holding company or subsidiary of the Producer or a Representative of any such party or the Producer and is marked as such, the certification of the director or directors (as applicable) of that information shall only extend to the certification that that information is in all material respects true, complete, accurate and not misleading to the best of their knowledge and belief having made all due and careful enquiries;

"Discriminatory Change in Law" means a Change in Law the terms of which specifically (and not merely indirectly or consequentially or by virtue of the disproportionate effect of any Change in Law that is of general application) apply to:

- (A) the Project and not to the design, development, construction, completion, testing, commissioning, operation, maintenance and decommissioning of any other project;
- (B) the Facility and not to any other hydrogen production facility; or
- (C) the Producer and not to any other person;

"Dispute" means any dispute or claim in any way relating to or arising out of the LCHA or any other LCHA Document, whether contractual or non-contractual (and including any dispute or claim regarding: (i) their existence, negotiation, validity or enforceability; (ii) the performance or non-performance of a Party's obligations pursuant to them; or (iii) breach or termination of any of them);

"Dispute Information" has the meaning given to that term in Condition 55.7 (*Outline of Dispute Resolution Procedure*);

"Dispute Notice" has the meaning given to that term in Condition 55.3 (*Outline of Dispute Resolution Procedure*);

"Dispute Resolution Procedure" means the rules, obligations and procedures set out in Part 11 (*Dispute Resolution*) including the Arbitration Procedure and the Expert Determination Procedure but excluding the provisions of Condition 61 (*Metering Disputes*);

"Distribution Code" means the distribution code that a Licensed Distributor is required to prepare or maintain in force in a form approved by the Authority pursuant to Standard Condition 21 (*Distribution Code*) of a Distribution Licence;

"Distribution Connection and Use of System Agreement" means the agreement that a Licensed Distributor is required to prepare or maintain in force in a form approved by the Authority under Standard Condition 22 (*Distribution Connection and Use of System Agreement*) of a Distribution Licence;

"EA 1989" means the Electricity Act 1989;

"EA 2013" means the Energy Act 2013;

"EA 2023" means the [Energy Act 2023];

"Economic Regulator" means the independent economic regulator of the economic regulatory regime for the CO₂ T&S Network;

"Effective Projected Production" has the meaning given to that term in Condition 40.33 (*Additional calculations: Effective Projected Production and Estimated Facility Production*);

"Effective Remaining Production" has the meaning given to that term in Condition 40.31 (*QCIL Operations Cessation Event Payment*);

"EII Exemption Regulations" means the regulations made pursuant to the EA 2013 and EA 1989 which make provision for certain Electricity Suppliers to exclude electricity supplied to specified energy intensive industrial users from the calculation of such Electricity Suppliers' liabilities under the Supplier Obligation Regulations;

"EII Subsidy Intensity Threshold" means the eighty-five per cent (85%) maximum subsidy intensity threshold specified in the EII Exemption Regulations as at the Agreement Date;

"EII Subsidy Intensity Threshold Decrease Change in Law" means a Change in Law which results in a decrease to the EII Subsidy Intensity Threshold;

"EII TNUoS and Capacity Market Charges Exemption Change in Law" means a Change in Law which results in Electricity Suppliers being exempt from the obligation to pay all or a proportion of their TNUoS Charges and/or Capacity Market Charges under a scheme which is in the nature of, or similar to, the exemption scheme established by the EII Exemption Regulations;

"EIR" means the Environmental Information Regulations 2004, together with (where the context requires) any guidance and/or codes of practice issued by the Information Commissioner or relevant Crown Body in relation to such legislation;

"Electricity Distribution System" has the meaning given to that term in section 4(4) of the EA 1989 and/or section 3 of the Electricity Order as applicable;

"Electricity Metering Dispute" means a dispute or part of a dispute which relates to the calculation of the Measured Electricity Input;

"Electricity Meter Measurement System" means the relevant commissioned Electricity Meter(s) and Electricity Meter Measurement Equipment installed for the purposes of measuring Electricity at the Electricity Meter Measurement Point(s);

"Electricity Order" means the Electricity (Northern Ireland) Order 1992;

"Electricity Supplier" has the meaning given to that term in section 9(10) of the EA 2013;

"Electricity Transmission Licence" means an electricity transmission licence granted or treated as granted pursuant to section 6(1)(b) of the EA 1989 and/or section 10(1)(b) of the Electricity Order (as applicable) that authorises a person to transmit electricity;

"Electricity Transmission Licensee" means any person who is authorised by an Electricity Transmission Licence to transmit electricity, acting in that capacity;

"Electricity Transmission System" means those parts of the UK Transmission System that are owned or operated by an Electricity Transmission Licensee within the transmission area specified in its Electricity Transmission Licence;

"Electricity Transmission System Operator" means the holder of an Electricity Transmission Licence, in relation to which licence the Authority or any Secretary of State, where appropriate, has issued a Section C (system operator standard conditions) and/or the holder of an Electricity Transmission Licence granted under Article 10(1)(b) of the Order to SONI Limited (a body corporate registered in Northern Ireland under company number N1038715) on 3 July 2007. Direction in accordance with such licence and where that direction remains in effect, acting in that capacity;

"Electrolytic Facility" means a Hydrogen Production Plant which deploys Electrolytic Technology and **"Electrolytic Facilities"** shall be construed accordingly;

"Electrolytic Technology" has the meaning given to that term in the Agreement;

"Eligibility Criteria" has the meaning given to that term in the Agreement;

"Eligible Emissions Factor" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Eligible PPA" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"Eligible Producer" has the meaning given to that term in the [●];³⁴

"Emissions Data" means all the data required to demonstrate compliance with the LCHS;

"Environment Agencies" means: (i) the Environment Agency in England; (ii) Natural Resources Wales; (iii) the Scottish Environment Protection Agency; and (iv) the Northern Ireland Environment Agency;

"Estimated Capacity Amount" has the meaning given to that term in Condition 40.35 (*Additional calculations: Effective Projected Production and Estimated Facility Production*);

"Estimated Facility Production" has the meaning given to that term in Condition 40.35 (*Additional calculations: Effective Projected Production and Estimated Facility Production*);

"European Union" or **"EU"** means the European Union, established by the Treaty of the European Union signed at Maastricht on 7 February 1992 (as amended, supplemented or replaced by any later Treaty);

"EU(W)A 2018" means the European Union (Withdrawal) Act 2018;

"Excess Sales Volumes" has the meaning given to that term in Condition 13.3(A) (*LCHA Sales Cap calculation*);

"Excess Sales Volume Adjustment Amount" has the meaning given to that term in Condition 13.3(A) (*LCHA Sales Cap calculation*);

"Excluded Change in Law" means a Change in Law which is not a Qualifying Change in Law;

"Excluded Information" means Information:

- (A) in, or which enters, the public domain otherwise than as a consequence of a breach of any provision of the LCHA; or
- (B) properly in the possession of the recipient on a non-confidential basis and not, to the knowledge of the recipient, as a result of a breach by it, its Representatives or any third party of any duty of confidentiality attaching thereto prior to such Information being acquired by or provided to it;

"Expected Facility Data" means the Producer's estimate, for each Fiscal Year during the Term, of:

- (A) the total Hydrogen output of the Facility (*expressed in MWh (HHV)*), which is as it will be measured by the Hydrogen Meter Measurement System;
- (B) for CCUS-Enabled Facilities only, the mass quantity of CO₂ (*expressed in tCO₂*) that will be captured by the Capture Plant which is as it will be measured by the [CO₂ Metering Equipment];
- (C) in relation to the estimates referred to at paragraphs (A) – [●], an explanation of the underlying assumptions and key uncertainties provided in a format to be determined by the LCHA Counterparty (acting reasonably);
- (D) where a submission of the estimates or data referred to in paragraphs (A) – [●] has been made by the Producer to the LCHA Counterparty, and where such estimates or data has changed significantly since the last submission, the reasons for those changes; and
- (E) [*any other information to be determined*];

"Expected QCiL Effective Date" means the date on which a Qualifying Change in Law is expected to be implemented, occur or become effective;

"Expert" means any person appointed in accordance with the Expert Determination Procedure to determine an Expert Dispute;

"Expert Appointment Date" means the date on which an Expert is appointed to determine an Expert Dispute by means of an appointment letter entered into by such Expert and each of the Parties;

"Expert Appointment Threshold" has the meaning given to that term in Condition 46.7 (*Expert Appointment Threshold*);

"Expert Determination Notice" has the meaning given to that term in Condition 57.1 (*Expert Determination Procedure*);

"Expert Determination Procedure" means the rules, obligations and procedures set out in Condition 57 (*Expert Determination Procedure*);

"Expert Determination Response Notice" has the meaning given to that term in Condition 57.3 (*Expert Determination Procedure*);

"Expert Dispute" means a Dispute which is referred for determination in accordance with the Expert Determination Procedure;

"Expert Referral Date" has the meaning given to that term in Condition 57.6(A) (*Expert Determination Procedure*);

"Facility" has the meaning given to that term in the Agreement;

"Facility Fuel" has the meaning given to that term in the Agreement;

"Facility Hydrogen Production Technology" means, in respect of the Facility, the hydrogen production technology deployed by the Facility, as specified in the Agreement;

"Facility Outage Event" means an event where the Facility is unavailable, curtailed or derated (which, for the avoidance of doubt, shall include a Full Facility Outage Event);

"Fallback Day" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Feedstock Purposes" means the use of Hydrogen produced by the Facility:

- (A) as an input material to produce or manufacture any product(s) with a different chemical composition to Hydrogen (including ammonia, petrochemicals, and synthetic fuels); or
- (B) not as a fuel for heat, power, or combustion purposes,

in either case as determined by the LCHA Counterparty, acting reasonably;

"Final Installed Capacity" has the meaning given to that term in Condition 7.1 (*Final Installed Capacity*);

"Final Installed Capacity Notice" has the meaning given to that term in Condition 7.1 (*Final Installed Capacity*);

"Final Installed Capacity Response Notice" has the meaning given to that term in Condition 7.1 (*Final Installed Capacity*);

"Final Installed Capacity Supporting Information" has the meaning given to that term in Condition 7.4(B) (*Final Installed Capacity*);

"Final Installed Capacity Termination Notice" has the meaning given to that term in Condition 49.29 (*Termination for failing to satisfy the Required Installed Capacity*);

"First Submission" has the meaning given to that term in Condition 57.6(B) (*Expert Determination Procedure*);

"First Submission Deadline" has the meaning given to that term in Condition 57.6(B) (*Expert Determination Procedure*);

"Fiscal Year" means the period from 1 April in any calendar year until and including 31 March in the following calendar year;

"Fixed QCiL Operating Costs" means QCiL Operating Costs that do not vary in accordance with the amount of Hydrogen produced by the Facility;

"Fixed QCiL Operating Savings" means QCiL Operating Savings that do not vary in accordance with the amount of Hydrogen produced by the Facility;

"Floor Price" has the meaning given to that term in Condition 9.10 (*Floor Price calculation*);

"FM Affected Party" has the meaning given to that term in Condition 67.1 (*Relief due to Force Majeure*);

"FoIA" means the Freedom of Information Act 2000 and any subordinate legislation made under that Act, together with (where the context requires) any guidance and/or codes of practice issued by the Information Commissioner or relevant Crown Body in relation to such legislation;

"FoIA Information" means any information of whatever nature, however conveyed, and in whatever form, including written, oral and electronic and in visual or machine-readable form (including CD-ROM, magnetic and digital form);

"Force Majeure" means any event or circumstance including;

- (A) any Change in Law (which expression, for the purposes of this definition, shall not include any Foreseeable Change in Law, and, in the period to the Start Date, shall include any change after the Agreement Date in the policy or guidance of any Competent Authority); and
- (B) any event or circumstance resulting from any action or omission by or of any LCHA Settlement Services Provider,

provided that such event or circumstance:

- (i) is beyond the reasonable control of the FM Affected Party or, if relevant, its Representatives (in the case of the Producer and its Representatives, acting and having acted in accordance with a Reasonable and Prudent Standard);
- (ii) could not reasonably have been avoided or overcome by the FM Affected Party or its Representative (as appropriate);
- (iii) is not due to the FM Affected Party's fault or negligence (or that of its Representatives); and
- (iv) for CCUS-Enabled Facilities only, is not a CO₂ T&S Outage Event, a CO₂ T&S Commissioning Delay Event or a CO₂ T&S Cessation Event,

provided always that:

- (a) neither non-availability of funds nor the lack of funds shall ever constitute Force Majeure; and
- (b) no event or circumstance which has occurred before the Agreement Date of which, at or before the Agreement Date, the Producer or any of its

Representatives either was aware, or (if it or they had made all due and careful enquiries and acted to a Reasonable and Prudent Standard) could be expected to have been aware, shall constitute a Force Majeure;

"Forecast Data" has the meaning given to that term in Condition 31.2 (*Forecast Data*);

"Foreseeable Change in Law" means, in respect of a Change in Law, that the relevant change:

- (A) was published on or after 1 January 2000 but before the Agreement Date:
 - (i) in a draft Bill;
 - (ii) in a Bill;
 - (iii) in an Act of Parliament which had been enacted but which had not (in whole or in part) come into effect;
 - (iv) in Devolved Legislation which had not (as regards that Change in Law) come into effect;
 - (v) in draft subordinate legislation;
 - (vi) in draft Devolved Legislation;
 - (vii) in subordinate legislation which had not (as regards that Change in Law) come into effect;
 - (viii) in a draft Required Authorisation or Required Authorisation which had been made but which had not (as regards that Change in Law) come into effect;
 - (ix) in a draft Directive or in a Directive which had been made but which had not (as regards that Change in Law) come into effect;
 - (x) in a draft Treaty or other international agreement in relation to which His Majesty's Government of the United Kingdom had made a public statement (from which it had not prior to the Agreement Date publicly resiled) that it would be a signatory; or
 - (xi) in a Treaty or other international agreement to which the United Kingdom was a signatory but which had not (as regards that Change in Law) come into effect,

but only to the extent that the change has substantially the same effect as that which was contemplated in such publication and provided that the change shall not be deemed not to have substantially the same effect solely because it is enacted or brought into effect after the Agreement Date in a different form, or by a different person or Competent Authority, than when published before the Agreement Date;

- (B) is contemplated in a proposal or option(s) which was (or were) published on or after 01 January 2000 but before the Agreement Date:

- (i) in a consultation document of a Competent Authority and which is the stated preferred proposal (or, if only one (1) proposal was made, that proposal) of the Competent Authority (whether or not the Competent Authority is at the Agreement Date consulting (or has completed consulting) or considering (or has considered any) responses to the consultation), unless that proposal has been superseded by another stated preferred proposal or formally withdrawn, or the Competent Authority has formally indicated that it does not intend to proceed with it; or
- (ii) in a final modification report in respect of a relevant Industry Document,

but only to the extent that the change has substantially the same effect as that which was contemplated in such publication and provided that the change shall not be deemed not to have substantially the same effect solely because it is enacted or brought into effect after the Agreement Date in a different form, or by a different person or Competent Authority, than when published before the Agreement Date;
- (C) [results from the enactment and implementation of any part of Chapters [●] (including the associated Schedules to any of those Chapters) of Part [●]³⁵ of the Energy Act 2023];
- (D) occurs as a result of the amendment, supplement, termination, repeal, replacement or withdrawal of all or part of any document which is referred to in any Law, Directive, Industry Document or Required Authorisation in existence at the Agreement Date, provided that:
 - (i) a document setting out the nature of such amendment, supplement, termination, repeal, replacement or withdrawal (whether or not in draft) had been published on or before the Agreement Date; and
 - (ii) such amendment, supplement, termination, repeal, replacement or withdrawal has substantially the same effect as that so published;
- (E) constitutes the re-enactment, re-making or similar of (in whole or in part) any Law, Directive, Industry Document or Required Authorisation, provided that the re-enacted, re-made or similar Law, Directive, Industry Document or Required Authorisation, as the case may be, has substantially the same effect as that of which it is a re-enactment, re-making or similar;
- (F) implements or gives effect to (the whole or part of) any Treaty which has been published on or after 01 January 2000 but before the Agreement Date (and notwithstanding that implementation proposals and/or related sanctions for any part of the United Kingdom have not been published or have not (in whole or in part) come into effect on the Agreement Date), provided that the implementation proposals and/or related sanctions which come into effect in the United Kingdom (or relevant part thereof) have substantially the same application as the provision in the Treaty which it implements;
- (G) results from any Required Authorisation or Directive obtained or made pursuant to or for the purposes of another Required Authorisation or Directive which has been made

prior to or is in force on the Agreement Date (the "**First Required Authorisation or Directive**") unless the Producer is obliged to obtain such a Required Authorisation or Directive because of an unforeseeable amendment to the First Required Authorisation or Directive made after the Agreement Date;

- (H) results from any exercise of the Royal Prerogative where such exercise has the same, or substantially the same effect, as that which was proposed on or after 01 January 2000 but before the Agreement Date;
- (I) constitutes a change in the interpretation or application of a Law, Directive, Industry Document or Required Authorisation by any Competent Authority if such interpretation or application is in accordance with a proposal set out in a document (whether or not in draft) which was published on or after 01 January 2000 but before the Agreement Date and the change has substantially the same effect as that which was proposed in the document;
- (J) results from legal proceedings:
 - (i) commenced;
 - (ii) pending before any court, arbitral or other tribunal, administrative or regulatory body or, as the case may be, expert; or
 - (iii) threatened (by issue of a formal written notice before action or similar),
 against the Producer on or prior to the Agreement Date; or
- (K) results from legal proceedings against the Facility (including legal proceedings against a Competent Authority in relation to a Required Authorisation) where, on or prior to the Agreement Date:
 - (i) notice of such proceedings had been published by the court, arbitral, or other tribunal, administrative or regulatory body, or, as the case may be, expert, hearing the legal proceedings;
 - (ii) the Producer had been informed of such proceedings by any party to the legal proceedings, or by the court, arbitral or other tribunal, administrative or regulatory body, or, as the case may be, expert hearing the legal proceedings; or
 - (iii) such proceedings were (a) commenced, (b) pending before any court, arbitral or other tribunal, administrative or regulatory body or, as the case may be, expert, or (c) threatened (by issue of a formal written notice before action or similar); and, in each case, the Producer was aware, or could reasonably be expected to have become aware of such proceedings;
- (L) results from an application for judicial review in respect of the grant of any of the Applicable Planning Consents, made:
 - (i) within six (6) weeks of the grant of the relevant Applicable Planning Consent, in relation to an application to which paragraph 5 of Rule 54.5 of the Civil Procedure Rules applies; or

- (ii) within three (3) months of the grant of the relevant Applicable Planning Consent, in relation to all other applications; or

provided always that a Change in Law which imposes a requirement that the Facility permanently ceases operation shall not be a Foreseeable Change in Law;

"FSMA" means the Financial Services and Markets Act 2000;

"Fuel Gas Meter Measurement System" means the relevant commissioned Fuel Gas Meter(s) and Fuel Gas Measurement Equipment installed for the purposes of measuring Fuel Gas at the Fuel Gas Meter Measurement Point(s);

"Fuel Gas Metering Dispute" means a dispute or part of a dispute which relates to the calculation of the Measured Fuel Gas Energy Input, the Measured Fuel Gas Mass Input and/or the Measured Fuel Gas Carbon Content;

"Fuel Purposes" means the use of Hydrogen produced by the Facility as a fuel for heat, power, or combustion purposes, as determined by the LCHA Counterparty, acting reasonably;

"Fugitive Emissions Risk Reduction Plan" means the plan produced by the Producer and agreed with the LCHA Counterparty which:

- (A) provides an up-front estimate of expected annual fugitive Hydrogen emissions from the Facility in kgH₂/year;
- (B) includes a breakdown of different emissions types considered, as a minimum identifying each emission source described in the LCHS that is relevant to the Facility Hydrogen Production Technology; and
- (C) demonstrates how the Facility will be designed and operated to ensure that fugitive Hydrogen emissions are kept as low as reasonably practical and which as a minimum considers each emission source described in the LCHS that is relevant to the Facility Hydrogen Production Technology; and
- (D) states all assumptions on which items (A), (B) and (C) have been based, including where emissions have been considered to be negligible;

"Full Capture Plant Outage Event" means an event where the Capture Plant is fully unavailable;

"Full CO₂ T&S Outage Event" means an event or circumstance affecting the relevant CO₂ T&S Network which prevents the Facility from accessing and exporting any captured CO₂ Rich Stream to such CO₂ T&S Network for a period equal to or exceeding thirty (30) minutes;

"Full Facility Outage Event" means an event where the Facility is fully unavailable to produce Hydrogen;

"Full Load" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Funding Mechanism" means [*the relevant documentation*] which makes provision for HMG (in its capacity as funding body) to make payments to the LCHA Counterparty for the purpose

of ensuring that the LCHA Counterparty is in sufficient funds to meet its liabilities in full pursuant to UKLCH Programme LCHAs;]³⁶

"Further Annual Compliance Report Response Notice" has the meaning given to that term in Condition 38.7(B) (*Annual Compliance Report Response Notice*);

"Further Certification Scheme Response Notice" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Further CO₂ T&S Network Availability Notice" has the meaning given to that term in Condition 3.71(C)(ii);

"Further CO₂ T&S Network Availability Response Notice" has the meaning given to that term in Condition 3.71(C)(ii) (*CO₂ T&S Connection Confirmation Requirement*);

"Further CO₂ T&S Outage Relief Event Response Notice" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Further CO₂ TCDE Response Notice" has the meaning given to that term in Condition 3.35(C)(ii) (*Relief due to CO₂ T&S Commissioning Delay Event*);

"Further Milestone Assessment Response Notice" has the meaning given to that term in Condition 4.4(C)(ii) (*Milestone Requirement Notice*);

"Further OCP Response Notice" has the meaning given to that term in Condition 3.10(C)(ii) (*Operational Conditions Precedent: General Reporting Obligations*);

"Further RCE Response Notice" has the meaning given to that term in Condition 5.5(C)(ii) (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*);

"Gas" or **"Natural Gas"** means any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which, at a temperature of 15°C and an absolute pressure of 1.01325 bar, are or is predominantly in the gaseous state;

"Gas Act" means the Gas Act 1986 as such act is amended or replaced and any regulations made thereunder as amended or re-enacted from time to time;

"Gas Fallback Price" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Gas Fallback Price Trigger" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Gas Licensed Shipper" means a person who is authorised by a Gas Shipper Licence to ship Natural Gas;

"Gas Licensed Transporter" means a person who is authorised by a Gas Transporter Licence to distribute Natural Gas;

"Gas Order" means the Gas (Northern Ireland) Order 1996;

"Gas Price Source" means the index to be used in the calculation of the Gas Reference Price, being the Initial GRP Index or such other replacement or supplementary indices which are required to be so used as a result of the operation of the provisions of Annex 12 (*Gas Reference Price Review*);

"Gas Reference Price" has the meaning given to that term in Condition 9.11 (*Floor Price calculation*);

"Gas Shipper Licence" means a licence granted under Section 7A of the Gas Act;

"Gas Settlement Price" means the price (*expressed in £/MWh*) for a Month Ahead Natural Gas Contract as reflected in the Gas Price Source;

"Gas Shipper Licence" means a licence granted under Section 7A of the Gas Act and/or Section 8 of the Gas Order (as applicable);

"Gas Transportation System" means all or part of a transportation system in the United Kingdom operated by a Gas Licensed Transporter;

"Gas Transporter Licence" means a licence granted under Section 7 of the Gas Act and/or Section 8 of the Gas Order (as applicable);

"General Amendment" means any Proposed Amendment which:

- (A) is a Technical Amendment; and
- (B) the LCHA Counterparty proposes be effected in respect of either:
 - (i) all UKLCH Programme LCHAs to which the LCHA Counterparty is a party at the time the Amendment Notification in respect of the Proposed Amendment is given; or
 - (ii) all UKLCH Programme LCHAs of a particular category to which the LCHA Counterparty is a party at the time the Amendment Notification in respect of the Proposed Amendment is given,

in each case, other than any UKLCH Programme LCHA to which Annex 4 (*Change Control Procedure*) is expressed not to apply;

"Government Certification Scheme" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Government Certification Scheme Response Notice" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Government Certification Scheme Supporting Information" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Government Entity" means:

- (A) any department, non-departmental public body, authority or agency of His Majesty's Government of the United Kingdom or the Crown;
- (B) any of His Majesty's Secretaries of State and any other Minister of the Crown;
- (C) any body corporate established by statute, some or all of the members of which are appointed by a Secretary of State or Minister of the Crown; and
- (D) any other entity or person directly or indirectly wholly owned by, or held on trust for, any of the foregoing;

"Grid Code" means the grid code that is required to be prepared by the GB System Operator and approved by the Authority pursuant to Standard Condition C14 (*Grid Code*) of the Transmission Licence;

"Group" means, in respect of any Party, its subsidiaries, subsidiary undertakings, associated undertakings and any holding company of the Party and all other subsidiaries, subsidiary undertakings and associated undertakings of any such holding company from time to time;

"HMG" means His Majesty's Government;

["HoldCo" has the meaning given to that term in the Agreement;]³⁷

"Hydrogen" means gas consisting solely of the diatomic molecule with formula H₂ and atomic mass 1.01 as measured by the Hydrogen Meter Measurement System;³⁸

"Hydrogen Certificate(s)" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Hydrogen Equivalent Energy Flow" has the meaning given to that term in Annex 9 (*Metering Operational Framework and Technical Specifications*);

"Hydrogen Flow Meter(s)" means one (1) or more flow metering device(s) including ancillary instrumentation that complies with the relevant requirements of this Section for measuring the Hydrogen flow rate;

"Hydrogen Meter Measurement System" means the relevant commissioned Hydrogen Flow Meter(s) and Hydrogen Meter Measurement Equipment installed for the purposes of measuring Hydrogen at the Hydrogen Meter Measurement Point(s);

"Hydrogen Metering Dispute" means a dispute or part of a dispute which relates to the calculation of the Measured Hydrogen Output and/or the Hydrogen Equivalent Energy Flow;

"Hydrogen Production Plant" has the meaning given to that term in the Agreement;

"Hydrogen Production Technology" means the hydrogen production technology deployed by a Hydrogen Production Plant;

³⁷ Note to Reader: This definition is subject to further development by DESNZ.

³⁸ Note to Reader: This definition is subject to further development by DESNZ.

"Hydrogen Storage Infrastructure" has the meaning given to that term in the Agreement;

"Hydrogen Transport Infrastructure" has the meaning given to that term in the Agreement;

"ICE Adjustment Deadline" has the meaning given to that term in Condition 6.1 (*Adjustment to Installed Capacity Estimate: Permitted Reduction*);

"ICE Adjustment Notice" has the meaning given to that term in Condition 6.1 (*Adjustment to Installed Capacity Estimate: Permitted Reduction*);

"Income, Profits or Gains" includes any income, profits or gains which are deemed to be earned, accrued or received by the Producer for the purposes of any Tax;

"Indexation Adjustment" has the meaning given to that term in Condition 14.1 (*Indexation for Electrolytic Facilities*);

"Indexation Anniversary" has the meaning given to that term in Condition 14.2 (*Indexation for Electrolytic Facilities*);

"Indirect Export Volumes" means any Non-Qualifying Volumes in a previous Billing Period which:

- (A) complied with the LCHS (or in respect of which a waiver of the requirement to comply with the LCHS applied) and were:
 - (i) Risk-Taking Intermediary Volumes;
 - (ii) Blending Volumes;
 - (iii) Offtaker Non-Compliance Volumes; or
 - (iv) Excess Sales Volumes [which would otherwise have been Qualifying Volumes]³⁹; or
- (B) did not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS did not apply) and were not Direct Export Volumes,

and which, in each case, have been subsequently exported for use outside the UK;⁴⁰

"Industry Documents" means all agreements, codes, standards and instruments other than the LCHS regulating:

- (A) [the production, transmission, distribution, supply and trading of Hydrogen in the United Kingdom];⁴¹
- (B) the distribution, supply and trading of electricity in the United Kingdom, including the Grid Code, the SOTO Code, the CUSC, the Master Registration Agreement, any

³⁹ Note to Reader: This is subject to further consideration by DESNZ.

⁴⁰ Note to Reader: If a Producer has sold Hydrogen produced by the Facility which falls within any of these categories in a Billing Period, but learns in a subsequent Billing Period that such Hydrogen has been on-sold to an offtaker who exports such Hydrogen for use outside the UK or who is based outside the UK, then such volume will be an Indirect Export Volume in the later Billing Period.

⁴¹ Note to Reader: This limb is subject to further review by DESNZ.

Electricity Distribution Code, any Distribution Connection and Use of System Agreement and/or any other connection or use of system agreement with an Electricity Transmission Licensee or Licensed Electricity Distributor;

- (C) the distribution, supply and trading of Gas in the United Kingdom, including the Uniform Network Code, the Independent Gas Transporter Network Codes and/or any other connection or use of system agreement with a Gas Licensed Transporter or Gas Licensed Shipper;
- (D) the distribution, supply and trading of water in the United Kingdom, including the Water Act, the Water Industry Act, the Market Arrangements Code, the Wholesale Retail Code, and the Water Supply Regulations; and
- (E) for CCUS-Enabled Facilities only, the capture, temporary storage, permanent storage, distribution, transportation, and trading of CO₂ in the United Kingdom, including any CCS Network Codes,

and **"Industry Document"** shall be construed accordingly;

"Inflation Factor" means:⁴²

- (A) in the absence of any re-basing of the CPI which has taken effect prior to the relevant Indexation Anniversary in respect of each Day (*i*):

$$\Pi_i = \frac{CPI_i}{CPI_{base}}$$

where:

Π_i = the Inflation Factor which applies on and from the relevant Indexation Anniversary

CPI_i = the CPI for January of the relevant calendar year or, where the CPI for January is not published by 1 April in such calendar year, the Reference CPI, which is applicable to the Day (*i*)

CPI_{base} = the Base Year CPI; or

- (B) if the CPI is re-based and such re-basing has taken effect prior to the Indexation Anniversary, in respect of each Day (*i*):

$$\Pi_i = \frac{CPI_i^{new}}{CPI_{base}^{old}} * \frac{CPI_b^{old}}{CPI_{base}^{new}}$$

where:

Π_i = the Inflation Factor which applies on and from the relevant Indexation Anniversary

CPI_i^{new}	=	the CPI applicable to Day (i), using the new (re-based) index
CPI_{base}^{old}	=	the Base Year CPI, using the original index
CPI_b^{old}	=	the CPI in the Month in which the re-basing has occurred using the original index
CPI_{base}^{new}	=	the CPI in the Month in which the re-basing has occurred, using the new (re-based) index

"Information" means any information of whatever nature and in whatever form, including written, oral and electronic and in visual or machine-readable form (including CD-ROM, magnetic and digital form) and, in relation to any obligation of any person to provide information pursuant to the LCHA or any other LCHA Document, shall be limited to such information that is within the control of that person, and for these purposes information shall be deemed to be within the control of a person if: (i) it is within the possession of such person; (ii) such person has a right to possession of it; or (iii) such person has a right to inspect or take copies of it;

"Initial Capital Return Component" has the meaning given to that term in the Agreement;

"Initial CCUS-Enabled Non-Variable Costs Strike Price" has the meaning given to that term in the Agreement;

"Initial Collateral Repayment Date" means, in respect of any Collateral Posting Notice, the date falling twelve (12) Months after the Collateral Posting Date specified in such notice;

"Initial Conditions Precedent" means the conditions precedent set out in Part A of Annex 1 (*Conditions Precedent*) and **"Initial Condition Precedent"** shall be construed accordingly;

"Initial CP Provisions" means Part 4 (*Adjustments to Installed Capacity Estimate*), Part 8 (*Changes in Law*) and Annex 12 (*Gas Reference Price Review*); ⁴³

"Initial Electrolytic Strike Price" has the meaning given to that term in the Agreement;

"Initial GRP Index" means [●];⁴⁴

"Initial Installed Capacity Estimate" has the meaning given to that term in the Agreement;

"Initial LCHA Sales Cap" has the meaning given to that term in the Agreement;

"Initial Milestone Delivery Date" has the meaning given to that term in the Agreement;

"Initial Non-Gas Strike Price" has the meaning given to that term in the Agreement;

"Initial Notified Performance Test Date" has the meaning given to that term in Annex 2 (*Testing Requirements*);

⁴³ Note to Reader: The definition is subject to further review by DESNZ.

⁴⁴ Note to Reader: This definition is subject to further development by DESNZ, which is currently exploring prices provided by ICE, ICIS, Platts and Argus.

"Initial Strike Price Exclusions" has the meaning given to that term in the Agreement;⁴⁵

"Initial Target Commissioning Window" has the meaning given to that term in the Agreement;

"Inside Information" means Producer Confidential Information which is "inside information" within the meaning of section 118C of the FSMA or section 56 of the CJA in relation to the Producer or any member of its Group;

"Installed Capacity" means the capacity of the Facility (*expressed in MW (HHV)*) were it to be operated at optimal operating conditions at the Facility on a continual basis for a sustained period at the maximum capacity possible assuming that any source of power used by the Facility to produce hydrogen was available to it without interruption;

"Installed Capacity Estimate" means the Producer's estimate of the Installed Capacity from time to time, being the Initial Installed Capacity Estimate as may be adjusted pursuant to Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*) and Condition 6 (*Adjustment to Installed Capacity Estimate: Permitted reduction*);

"Intellectual Property Rights" means:

- (A) all intellectual property rights, including patents, trade marks, rights in designs, know-how, copyrights and database rights and topography rights (whether or not any of these is registered and including applications for registration of any such thing) and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world; and
- (B) all data and Information (whether or not Confidential Information);

"Interest Rate Methodology" means the average of the Bank of England Sterling Overnight Index Average (SONIA) Compounded Index, plus 1 percentage point, from the date the Producer receives the Subsidy for the period interest is required to run under Condition 31.12 (*Subsidy Interest*), and subject to Condition 31.12(C) (*Subsidy Interest*);

"Invoiced Volume to Relevant Offtaker" means the quantity of Hydrogen produced by the Facility (*expressed in MWh (HHV)*), which is sold by the Producer and purchased by a Relevant Offtaker during the relevant Billing Period, and **"Invoiced Volumes to Relevant Offtaker"** shall be construed accordingly;

"Islanded Facility" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Law" means:

- (A) any Act of Parliament, any subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978;

⁴⁵

Note to Reader: This will be as all categories of costs other than the categories of 'eligible costs' which are included in the Strike Price and set out in Annex 6 of the Front End Agreement (which will be Strike Price Inclusions). The Initial Strike Price Exclusions will be set out in Annex 5 of the Front End Agreement. 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 and included/excluded costs.

- (B) any exercise of the Royal Prerogative;
- (C) any provision of Devolved Legislation whose subject matter falls within what was, immediately before IP Completion Day (as defined in s.39 European Union (Withdrawal Agreement) Act 2020), an area of exclusive or shared competence within the meaning of Articles 2, 3, 4 and 6 of the Treaty on the Functioning of the European Union;
- (D) any retained EU law,

in each case in (A) to (D) (inclusive) in the United Kingdom (or part thereof), including Scotland, Wales and Northern Ireland; and

- (E) to the extent directly binding on and/or enforceable by or against private persons within the United Kingdom any obligations arising from or provided for in a Treaty or other international agreement to which the United Kingdom is a signatory;

"LCHA" means the Agreement which incorporates these Conditions;

"LCHA Audit Termination Event" has the meaning given to that term in Condition 37.8 (*Failure to comply with the LCHA Counterparty Audit Right*);

"LCHA Counterparty" has the meaning given to that term in the Agreement;

"LCHA Counterparty Audit Notice" has the meaning given to that term in Condition 37.2 (*Scope of LCHA Counterparty Audit Right*);

"LCHA Counterparty Audit Right" has the meaning given to that term in Condition 37.1 (*Scope of LCHA Counterparty Audit Right*);

"LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice" has the meaning given to that term in Condition 3.50 (*LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice*);

"LCHA Counterparty Confidential Information" means:

- (A) all Information which is confidential or proprietary in nature and which relates (directly or indirectly) to the LCHA Counterparty or a Government Entity (including any such Information relating to the policy of His Majesty's Government of the United Kingdom with respect to matters pertinent to the UKLCH Programme LCHAs or the LCHA) which the Producer (or its Representatives) receives or has received from:
 - (i) the LCHA Counterparty (or its Representatives); or
 - (ii) any third party who receives or has received such Information from the LCHA Counterparty (or its Representatives) in respect of the LCHA,

in each case including any Information which the Producer prepares which contains or makes explicit reference to such Information or from which such Information is readily ascertainable;

- (B) without prejudice to the generality of paragraph (A) above, all Information relating to:

- (i) any QCiL Compensation or QCiL True-Up Compensation, including all Information relating to or arising from negotiations, discussions and correspondence in connection with any such QCiL Compensation or QCiL True-Up Compensation; and
 - (ii) for CCUS-Enabled Facilities only, any CO₂ T&S Termination Payment including all Information relating to or arising from negotiations, discussions and correspondence in respect of any such CO₂ T&S Termination Payment; and
- (C) all Information which relates to or arises from negotiations, discussions and correspondence in connection with the LCHA,

but excluding in each case all Excluded Information;

"LCHA Counterparty Declaration Breach Notice" has the meaning given to that term in Condition 34.6 (*Notification by LCHA Counterparty of Offtaker Compliance Declaration Obligation breach*);

"LCHA Counterparty Material LCHS Data Annex Amendment Notice" has the meaning given to that term in Condition 48.7 (*Material LCHS Data Annex Amendment Procedure*);

"LCHA Counterparty Measurement Data Breach Notice" has the meaning given to that term in Condition 30.2 (*Notification by LCHA Counterparty of Measurement Data Obligation breach*);

"LCHA Counterparty Measurement Data Breach Response Notice" has the meaning given to that term in Condition 30.7 (*Response to notification of a Producer Measurement Data Obligation breach*);

"LCHA Counterparty Own Consumption Declaration Breach Notice" has the meaning given to that term in Condition 35.2 (*Notification by LCHA Counterparty of Own Consumption Obligation breach*);

"LCHA Counterparty Permitted Purposes" means:

- (A) complying with the LCHA Counterparty's responsibilities and obligations, and exercising the LCHA Counterparty's rights, powers and discretions, under or in connection with the LCHA, any other LCHA Document, or any other UKLCH Programme LCHA, including the LCHA Counterparty's right to publish ASP and Emissions Data;
- (B) complying with the LCHA Counterparty's responsibilities and obligations under or by virtue of the [Energy Act 2023], any other Law, or any Directive, policy or guidance;
- (C) reporting on the establishment, administration, performance or operation of, or compliance or non-compliance with, the obligations and arrangements contemplated by, or provided for in, the LCHA and UKLCH Programme LCHAs;
- (D) reporting to the Secretary of State on the performance, operation, and LCHA Settlement Activities of the Project to enable or assist the Secretary of State to fulfil its functions in connection with the UKLCH Programme LCHA and/or UKLCH Programme. The Secretary of State's functions include:

- (i) the development of the UKLCH Programme LCHA;
- (ii) the development of the UKLCH Programme; and
- (iii) any examination of the performance, efficiency, and effectiveness of the Project; and
- (iv) reporting on the development of an observable market benchmark price for low carbon hydrogen;

"LCHA Counterparty QCiL Notice" has the meaning given to that term in Condition 39.1 (*LCHA Counterparty QCiL Notice*);

"LCHA Counterparty QCiL True-Up Notice" has the meaning given to that term in Condition 42.1 (*LCHA Counterparty QCiL True-Up Notice*);

"LCHA Counterparty Response Notice" has the meaning given to that term in Condition 33.4 (*LCHA Counterparty Response Notification*);

"LCHA Counterparty Response Notice Deadline" means the date that falls sixty (60) Business Days after receipt of an Offtaker Confirmation Request Notice or an Own Consumption Confirmation Request Notice (as applicable);

"LCHA Counterparty Restricted Purposes" means:

- (A) complying with the LCHA Counterparty's responsibilities and obligations, and exercising the LCHA Counterparty's rights, powers and discretions, under or in connection with the LCHA, any other LCHA Document or any other UKLCH Programme LCHA; and
- (B) complying with the LCHA Counterparty's responsibilities and obligations under or by virtue of the [the Energy Act 2023], any other Law, or any Directive, policy or guidance;

"LCHA Documents" means the LCHA and each of the agreements entered into between the Parties pursuant to it and **"LCHA Document"** shall be construed accordingly;

"LCHA Producers" means, at the relevant time, all parties (other than the LCHA Counterparty) to UKLCH Programme LCHAs, provided that, where there are two (2) or more parties to any UKLCH Programme LCHA other than the LCHA Counterparty, only one (1) of them shall be counted for the purposes of this definition;

"LCHA Sales Cap" means the Initial LCHA Sales Cap, as may be amended from time to time in accordance with the LCHA;

"LCHA Settlement Activities" means:

- (A) the calculation, invoicing, recalculation and settlement of payments to be made pursuant to the LCHA; and
- (B) the calculation of collateral requirements and the provision of collateral in accordance with Part 10 (*Credit Support*);

"LCHA Settlement Required Information" means all the Information required by the LCHA Counterparty, or the LCHA Settlement Services Provider on its behalf, relating to the LCHA and required by it to carry out the LCHA Settlement Activities;

"LCHA Settlement Services Provider" means: (i) the LCHA Counterparty; or (ii) any person appointed for the time being and from time to time by the LCHA Counterparty to carry out any of the LCHA Settlement Activities;

"LCHA Technical Dispute" means (as applicable) any:

- (A) Electricity Metering Dispute;
- (B) Hydrogen Metering Dispute;
- (C) Water Metering Dispute;
- (D) for CCUS-Enabled Facilities only:
 - (i) Fuel Gas Metering Dispute;
 - (ii) Oxygen Metering Dispute; and/or
 - (iii) CO₂ Measurement Dispute;⁴⁶

"LCHA Technical Dispute Deadline" means the date which is [twenty (20) Months] after the Billing Period in which the disputed Day occurred;⁴⁷

"LCHS" means:

- (A) the LCHS [Version 3]; and
- (B) the LCHS Data Annex;

"LCHS Auditor" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"LCHS Audit Notice" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"LCHS Audit Report" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"LCHS Audit Right" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"LCHS Audit Year" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

⁴⁶ Note to Reader: This definition is subject to further development as the metering and LCHS provisions develop.

⁴⁷ Note to Reader: This definition is subject to further development as the metering and LCHS provisions develop.

"LCHS Compliance" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"LCHS Data Annex" means the document entitled '*LCHS Data Annex to the Low Carbon Hydrogen Standard: Data required to calculate the greenhouse gas emissions under the low carbon hydrogen standard*', as amended, supplemented or replaced from time to time;

"LCHS Data Annex Change in Law" means any Change in Law which results in any amendments to and/or updating of the LCHS Data Annex other than those amendments or updates set out under paragraph (B) of the definition of Material LCHS Data Annex Amendment;

"LCHS Guidance" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"LCHS Materiality Threshold" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"LCHS Reported Data" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"LCHS [Version 3]" means the version of the document entitled 'UK Low Carbon Hydrogen Standard' specified in the Agreement, including any schedules or annexes other than the LCHS Data Annex;⁴⁸

"LCIA" means the London Court of International Arbitration;

"LCIA Arbitration Rules" means the arbitration rules published under that name by the LCIA;

"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 set-off or counterclaim; and (v) similar principles, rights and defences available at law;

"Lender" means any bank or financial institution (excluding any direct or indirect shareholder of the Producer) which provides debt financing or refinancing in relation to the Facility;

"Letter of Credit" means an unconditional, irrevocable standby letter of credit denominated in pounds in form and content reasonably satisfactory to the LCHA Counterparty which is issued by a Qualifying Issuer and which shall be available for payment at a UK branch of such Qualifying Issuer in favour of the LCHA Counterparty or its designee;

"Letter of Credit Details Notice" has the meaning given to that term in Condition 54.3(B) (*Letters of Credit*);

"Licensed Electricity Distributor" means a person who is authorised pursuant to an Electricity Distribution Licence to distribute electricity, acting in that capacity;

⁴⁸

Note to Reader: DESNZ is expecting to publish a third update to the LCHS later this year which will provide further clarifications to ensure its requirements can be more effectively applied by operational projects.

"Linked Entity" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Longstop Date" means the last day of the Longstop Period following the final day of the Target Commissioning Window, as such date may be extended day for day for each day of delay to the Project by reason of:

- (A) a Force Majeure in respect of which the Producer is the FM Affected Party but only to the extent that the Producer has satisfied the requirements and conditions of Condition 67 (*Force Majeure*) to be entitled to such extension; or
- (B) the failure of the Electricity Transmission System Operator, Electricity Transmission Licensee, Licensed Electricity Distributor to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Electricity Transmission System Operator, Electricity Transmission Licensee, Licensed Electricity Distributor is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives); or
- (C) the failure of the Gas Licensed Transporter to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Gas Licensed Transporter is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives); or
- (D) the failure of the Water Licensed Operator to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Water Licensed Operator is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives); or
- (E) for CCUS-Enabled Facilities only, a CO₂ T&S Commissioning Delay Event but only to the extent that the Producer has satisfied the requirements of Conditions 3.42 and 3.43 (*Relief due to CO₂ T&S Commissioning Delay Event*) to be entitled to such extension,

and provided that in the case of delays caused by the reasons in (B), (C) and/or (D) above;

- (i) the Producer gives notice to the LCHA Counterparty as soon as reasonably practicable of the nature and extent of the failure; and
- (ii) there shall be no extension for any day of delay to the Project that could have been avoided by the Producer and its Representatives using reasonable endeavours:
 - (a) to mitigate the effects of such failure (including delay to the Project);
 - (b) to carry out its obligations under the LCHA and each other LCHA Document in any way that is reasonably practicable; and
 - (c) to resume the performance of its obligations under the LCHA and each other LCHA Document as soon as reasonably practicable;

"Longstop Date Performance Tests" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Longstop Period" has the meaning given to that term in the Agreement or such longer period that results from an extension in accordance with the definition of **"Longstop Date"**;

"Longstop Performance Test Notice" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Longstop Period Accrued Volume Amount" has the meaning given to that term in Condition 13.3(B) (*LCHA Sales Cap calculation*);

"Longstop Proposed Test Date" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Marine Licence" has the meaning given to that term in the Marine and Coastal Access Act 2009 or (for Scotland) the Marine (Scotland) Act 2010;

"Master Registration Agreement" means the agreement that a Licensed Distributor is required to maintain in force in a form approved by the Authority pursuant to Standard Condition 23 (*Master Registration Agreement*) of a Distribution Licence;

"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 the LCHA or any other LCHA Document;

"Material Amendment" means any Proposed Amendment which would (taking into account, in the case of a Proposed Amendment providing for more than one (1) amendment, the net aggregate effect of all the Proposed Amendments contained within the relevant Amendment Notification) have an adverse effect on: (i) the revenues and/or costs of the Producer which are not fully compensated; or (ii) the overall balance of risks, benefits and liabilities of the Producer, in each case, pursuant to the LCHA, but excluding any Relevant H₂ Levy Revenue Support Regulations Amendment;⁴⁹

"Material Amendment Agreement" has the meaning given to that term in paragraph 2.5 of Annex 4 (*Change Control Procedure*);

"Material Amendment Response Notification" has the meaning given to that term in paragraph 2.2(B) of Annex 4 (*Change Control Procedure*);

"Material Equipment" has the meaning given to that term in the Agreement;

"Material Hydrogen Production Technology" means a Hydrogen Production Technology that accounts from time to time for at least one per cent. (1%) of all installed hydrogen volumes (*expressed in MWh (HHV)*) in the United Kingdom;

"Material LCHS Data Annex Amendment" means any amendments or updates to the LCHS Data Annex which:

⁴⁹

Note to Reader: Additional amendments to this definition, and to the Change Control Procedure Annex more generally, may also be required once the approach to any hydrogen levy funding transition is finalised.

- (A) are not legally binding upon the Producer; and
- (B) which either:
 - (i) are inconsistent with the LCHS [Version 3]; or
 - (ii) add new parameters to the LCHS Data Annex which are not:
 - (a) [default data and relevant description, conservative factors, actual data for natural gas upstream emissions, default factors, global warming potential data, waste fossil feedstock counterfactual or indication on how to achieve the theoretical pressure and purity calculations]; or⁵⁰
 - (b) amendments, updates or subdivisions of any existing parameters or data;

"Material LCHS Data Annex Amendment Direction" has the meaning given to that term in Condition 48.7(D)(i) (*Material LCHS Data Annex Amendment: Procedure*);

"Material LCHS Data Annex Amendment Notice Information Request" has the meaning given to that term in Condition 48.5 (*Material LCHS Data Annex Amendment: Procedure*);

"Maximum Available Load" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Maximum Contract Capacity" means the Installed Capacity Estimate and, subject to and in accordance with the provisions of Condition 7 (*Final Installed Capacity*), the Final Installed Capacity;

"Measured Hydrogen Output" means the quantity of Hydrogen (*expressed in MWh HHV*) leaving the Hydrogen Production Plant at a Hydrogen Meter Measurement Point during the relevant Reporting Unit as measured in accordance with this Hydrogen Meter Specification;

"Measured Oxygen Input" means the quantity of oxygen (*expressed in m³*) or kg entering the Hydrogen Production Plant per Reporting Unit as measured in accordance with this Oxygen Meter Specification;

"Measured Water Input" means the quantity of water (*expressed in m³*) entering the Hydrogen Production Plant at a Water Meter Measurement Point, during the relevant Reporting Unit, as measured in accordance with this Water Meter Specification;

"Measurement Data" has the meaning given to such term in Annex 9 (*Metering Operational Framework and Technical Specifications*);

"Measurement Data Breach Response Notice" has the meaning given to that term in Condition 30.3 (*Response to notification of Measurement Data Obligation breach*);

"Measurement Data Breach Response Notice Period" has the meaning given to that term in Condition 30.3 (*Response to notification of Measurement Data Obligation breach*);

⁵⁰

Note to Reader: The bracketed wording has been included for indicative purposes only. The Definition of Material LCHS Data Annex Amendment will be reviewed to align with the third update to the LCHS once published.

"Measurement Data Obligation" has the meaning given to that term in Condition 30.1 (*Notification of Measurement Data*);

"Measurement Point(s)" means each of, as applicable, the:

- (A) Fuel Gas Meter Measurement Point(s);
- (B) Hydrogen Meter Measurement Point(s);
- (C) Water Meter Measurement Point(s);
- (D) Electricity Meter Measurement Point(s); and
- (E) Oxygen Meter Measurement Point;

"Meter Material Change" means a change to any component of a Meter Measurement System which has, or may have, an impact on the relevant Measurement Data;

"Meter Measurement System(s)" means each of, as applicable, the following

- (A) Fuel Gas Meter Measurement System;
- (B) Hydrogen Meter Measurement System;
- (C) Water Meter Measurement System;
- (D) Electricity Meter Measurement System; and
- (E) Oxygen Meter Measurement System,

and any replacement system thereof,

"Metered CO₂ Output" means [●];

"Metered CO₂ Rich Stream Output to CO₂ T&S" means the quantity of CO₂ Rich Stream (*expressed in tCO_{2RS}*) entering the relevant CO₂ T&S Network from the Facility during the relevant Day, as measured by the Outlet CO₂ Metering Equipment at the CO₂ T&S Network Delivery Point(s) during such Day;⁵¹

"Metered Value" has the meaning given to such term in Annex 9 (*Metering Operational Framework and Technical Specifications*);

"Metering Access Right" has the meaning given to that term in Condition 29.11 (*Undertakings: Access to and testing of meters*);

"Metering Access Termination Event" means an event as set out in Condition 29.17 (*Failure to provide Metering Access Right*);

⁵¹

Note to Reader: This definition is subject to further review by DESNZ as the CO₂ post-capture metering specification is developed.

"Metering Breach Notice" has the meaning given to that term in Condition 29.2 (*Notification of Metering Obligation breach*);

"Metering Breach Response Notice" has the meaning given to that term in Condition 29.3 (*Response to notification of Metering Obligation breach*);

"Metering Breach Response Notice Period" has the meaning given to that term in Condition 29.3 (*Response to notification of Metering Obligation breach*);

"Metering Inspection Notice" has the meaning given to that term in Condition 29.12 (*Undertakings: Access to and testing of meters*);

"Metering Obligation(s)" has the meaning given to that term in Condition 29.1 (*Undertakings: Metering Obligations*);

"Metering Remediation Plan" means a plan developed by the Producer setting out appropriate milestones and actions to be taken to remedy a breach of a Metering Obligation;

"Metering Schematic Obligation" has the meaning given to that term in Condition 29.7 (*Undertakings: electrical schematic*);

"Metering Schematic Obligation Notice" has the meaning given to that term in Condition 29.7(A) (*Undertakings: electrical schematic*);

"Milestone Assessment Response Notice" has the meaning given to that term in Condition 4.3 (*Milestone Requirement Notice*);

"Milestone Delay Notice" has the meaning given to that term in Condition 4.8 (*Difficulties in achieving the Milestone Requirement*);

"Milestone Delivery Date" means the Initial Milestone Delivery Date, as such date may be extended day for day for each day of delay to the Project by reason of:

- (A) a Force Majeure in respect of which the Producer is the FM Affected Party but only to the extent that the Producer has satisfied the requirements and conditions of Condition 67 (*Force Majeure*) and this definition to be entitled to such extension; or
- (B) the failure of the Electricity Transmission System Operator, Electricity Transmission Licensee, Licensed Electricity Distributor to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Electricity Transmission System Operator, Electricity Transmission Licensee, Licensed Electricity Distributor is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives);
- (C) the failure of the Gas Licensed Transporter to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Gas Licensed Transporter is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives);

- (D) the failure of the Water Licensed Operator to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Water Licensed Operator is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives); or
- (E) for CCUS-Enabled Facilities only, a CO₂ T&S Commissioning Delay Event but only to the extent that the Producer has satisfied the requirements of Conditions 3.42 and 3.43 (*Relief due to CO₂ T&S Commissioning Delay Event*) to be entitled to such extension,

and provided that in the case of delays caused by the reasons in (B), (C) and/or (D) above;

- (i) the Producer gives notice to the LCHA Counterparty as soon as reasonably practicable of the nature and extent of the failure; and
- (ii) there shall be no extension for any day of delay to the Project that could have been avoided by the Producer and its Representatives using reasonable endeavours:
 - (a) to mitigate the effects of such failure (including delay to the Project);
 - (b) to carry out its obligations under the LCHA and each other LCHA Document in any way that is reasonably practicable; and
 - (c) to resume the performance of its obligations under the LCHA and each other LCHA Document as soon as reasonably practicable;

"Milestone Requirement" has the meaning given to that term in Condition 4.1 (*Milestone Requirement Notice*);

"Milestone Requirement Notice" has the meaning given to that term in Condition 4.1 (*Milestone Requirement Notice*);

"Milestone Satisfaction Date" means the date that the Producer has complied with and fulfilled a Milestone Requirement as specified in the Milestone Assessment Response Notice or the Further Milestone Assessment Response Notice (as applicable);

"Minimum Longstop Date Commissioning Requirements" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Minimum OCP Commissioning Requirements" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Minimum Reporting Content Requirements" means the minimum required content of the report to be provided by the Producer to the LCHA Counterparty pursuant to Condition 3.14(A) (*Operational Conditions Precedent: General Reporting Obligations*) detailing the Producer's progress in relation to the Pre-Operation Activities which shall include, but shall not be limited to, the following:

- (A) an executive summary;
- (B) a summary of the Pre-Operation Activities carried out to date;

- (C) a schedule for the Project which: (i) compares the initial baseline schedule against actual progress achieved to date; and (ii) sets out forecast and actual key events including both critical and near critical path milestones, in each case in relation to the Pre-Operation Activities;
- (D) a baseline critical path together with any updated versions of the same;
- (E) an updated 'S' curve in relation to the Pre-Operation Activities;
- (F) a summary of the progress in obtaining finance for the Project (including equity, debt and other forms of finance) prior to the Milestone Delivery Date;
- (G) an earned value analysis figure showing progress against the earned value baseline, with commentary on any deviations from such baseline;
- (H) Project Cost Data;
- (I) a summary of key risks relating to cost and schedule outturn for the Pre-Operation Activities, and the associated potential quantified impact of such risks; and
- (J) a summary of the progress made by the Producer in entering into any Offtake Agreement(s) (including estimated volumes, contract term, pricing provisions and offtaker end use);

"Misleading LCHS Reported Data Termination Event" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"Misleading Measurement Data Termination Event" has the meaning given to that term in Condition 30.12 (*Misleading Measurement Data*);

"Month" means a calendar month;

"Month Ahead Natural Gas Contracts" means a contract for the delivery of a firm volume of Natural Gas to the National Balancing Point Virtual Trading Point, in equal amounts, in each Day of the nearest Month;⁵²

"Monthly CO₂ T&S Charges Amount" has the meaning given to that term in Condition 18 (*CO₂ T&S Charges Amount calculation*);

"Monthly CO₂ T&S Charges Amount Billing Statement" has the meaning given to that term in Condition 20.10 (*Delivery of CO₂ T&S Billing Statement*);

"Monthly CO₂ T&S Charges Amount for Export Volumes" has the meaning given to that term in Condition 18.3 (*CO₂ T&S Charges Amount for Export Volumes calculation*);

"Monthly LCHS Report" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

⁵²

Note to Reader: This definition is subject to further development by DESNZ, who is currently exploring prices provided by ICE, ICIS, Platts and Argus.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation and any successor thereto;

"MRV Audit Right" means the LCHA Counterparty Audit Right and/or the Annual Audit Right;

"Mutual Appointment Decision" has the meaning given to that term in Condition 58.4 (*Arbitration Procedure*);

"Natural Gas" has the meaning given to the term "Gas" in this Condition 1.1;

"Natural Gas Cost Multiplier" has the meaning given to that term in the Agreement;

"Natural Gas Indexation Adjustment" has the meaning given to that term in Condition 14.5(B) (*Indexation for CCUS-Enabled Facilities*);

"Natural Gas Strike Price" has the meaning given to that term in Condition 14.9 (*Indexation for CCUS-Enabled Facilities*);

"Net Recoverable Value of the Facility" means the anticipated fair market value of the whole of the Facility or, where it is not reasonably practicable to effect the sale and transfer of the whole of the Facility, the individual components forming part of the Facility (the **"Facility Assets"**), being the amount for which the Facility Assets could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale, or the actual selling price of the Facility Assets, in each case whether for re-use or scrap, with such value:

- (A) determined in accordance with IFRS 13 Fair Value Measurement (or any suitable, alternative accounting standard that is agreed by the Parties, acting reasonably);
- (B) based on the assumption that the Facility Assets reflect the standard that they would have been in had the Producer operated and/or maintained such assets in accordance with the Reasonable and Prudent Standard (but excluding the cost of any rectification and/or maintenance works that would be required to bring the Facility Assets up to such standard);
- (C) reduced to reflect the reasonable costs of marketing and entering one (1) or more agreement(s) for the sale and transfer of the Facility Assets (including any legal and/or accountancy costs);
- (D) reduced to reflect the reasonable costs of disconnecting, disassembling, packaging, handling, removing, transporting and/or delivering the Facility Assets as part of their sale and transfer; and
- (E) deemed to be zero (0), where it is less than zero (0);

"No Alternative CO₂ T&S Solution Reason" has the meaning given to that term in Condition 49.9(A)(iv) (*Termination for CO₂ T&S Prolonged Unavailability Event*);

"Non-Gas Indexation Adjustment" has the meaning given to that term in Condition 14.5 (*Indexation for CCUS-Enabled Facilities*);

"Non-Gas Indexation Anniversary" has the meaning given to that term in Condition 14.5(A)(i). (*Indexation for CCUS-Enabled Facilities*);

"Non-Gas Strike Price" means the Initial Non-Gas Strike Price, as may be amended from time to time in accordance with the LCHA;

"Non-NPA Payment Cure Period" has the meaning given to that term in Condition 51.1(B)(ii) (*Termination Events*);

"Non-Qualifying Offtaker" means any Offtaker of Hydrogen produced by the Facility who:

- (A) is a Risk-Taking Intermediary;
- (B) exports such Hydrogen for use outside the UK or who is based outside the UK; and/or
- (C) injects such Hydrogen into a Gas Transportation System for blending with Natural Gas, in each case who has been confirmed or who has been deemed to have been confirmed by the LCHA Counterparty pursuant to the Offtaker confirmation procedure in Condition 33 (*Offtaker Confirmation Procedure*); and/or
- (D) is deemed to be a Non-Qualifying Offtaker pursuant to Condition 33.11 (*Failure to provide an Offtaker Confirmation Request Notice: deemed Non-Qualifying Offtaker*);

"Non-Qualifying Volume" means:

- (A) an Invoiced Volume to Relevant Offtaker which is not a Qualifying Volume pursuant to limb (a) and/or (b) of such definition and is not a RTFO Volume; and/or
- (B) Excess Sales Volumes that are deemed to be Non-Qualifying Volumes pursuant to Condition 13.6(B) (*Annual Sales Cap*),

and **"Non-Qualifying Volumes"** shall be construed accordingly;

"Non-Variable Costs Strike Price" has the meaning given to that term in Condition 12.3(A) or Condition 12.3(B) (as applicable) (*Sliding Scale Top Up Amount calculation*);

"Notified Change in Law" means a Change in Law which constitutes a Qualifying Change in Law and to which a LCHA Counterparty QCiL Notice, a Producer QCiL Notice or a Producer QCiL Response Notice relates;

"Notified Performance Test Date" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"NPA Payment Cure Period" has the meaning given to that term in Condition 51.1(B)(i) (*Termination Events*);

"NZHF Grant Funding Agreement" means [the Net Zero Hydrogen Fund grant funding agreement awarded to the Producer] (if applicable);

"OCP Non-Compliance Notice" has the meaning given to that term in Condition 3.11 (*Operational Conditions Precedent: General Reporting Obligations*);

"OCP Performance Tests" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"OCP Proposed Test Date" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"OCP Notice" has the meaning given to that term in Condition 3.7(B) (*Operational Conditions Precedent: General Reporting Obligations*);

"OCP Response Notice" has the meaning given to that term in Condition 3.9 (*Operational Conditions Precedent: General Reporting Requirements*);

"OCP Supporting Information" has the meaning given to that term in Condition 3.9(B) (*Operational Conditions Precedent: General Reporting Obligations*);

"Off-site" has the meaning given to that term in the Agreement;

"Off-site Hydrogen Storage Infrastructure" has the meaning given to that term in the Agreement;

"Off-site Non-UKLCH Storage" means any hydrogen storage infrastructure which is Off-site and which is not Off-site Hydrogen Storage Infrastructure;

"Off-site Storage" means:

(A) Off-site Hydrogen Storage Infrastructure; and

(B) Off-site Non-UKLCH Storage;

"Offtake Agreement" means any agreement entered into between the Producer and an Offtaker in relation to the sale and purchase of Hydrogen produced by the Facility;

"Offtaker" means any person who purchases Hydrogen produced by the Facility from the Producer pursuant to an Offtake Agreement;

"Offtaker Compliance Declaration" has the meaning given to that term in Condition 34.1(A) (*Offtaker Compliance Declaration*);

"Offtaker Compliance Declaration Deadline" has the meaning given to that term in Condition 34.1(A) (*Offtaker Compliance Declaration*);

"Offtaker Compliance Declaration Obligation" has the meaning given to that term in Condition 34.1 (*Offtaker Compliance Declaration*);

"Offtaker Compliance Declaration Termination Event" has the meaning given to that term in Condition 33.10 (*Failure to provide an Offtaker Confirmation Request Notice: suspension*);

"Offtaker Confirmation Process Termination Event" has the meaning given to that term in Condition 33.10 (*Failure to provide an Offtaker Confirmation Request Notice: suspension*);

"Offtaker Compliance Provisions" means the following terms:

(A) in respect of the sale and purchase of Qualifying Volumes only, the Offtaker shall at all times ensure that it:

(i) is not a Risk-Taking Intermediary;

- (ii) does not export Hydrogen produced by the Facility for use outside of the UK and is not based outside the UK; and
 - (iii) does not inject Hydrogen produced by the Facility into a Gas Transportation System for blending with Natural Gas;
- (B) the Offtaker shall at all times ensure that all Total Invoiced Volumes which are Qualifying Volumes are not claimed under the RTFO Scheme;
- (C) the Offtaker shall notify the Producer promptly if any Total Invoiced Volumes which are either Qualifying Volumes or Non-Qualifying Volumes are claimed under the RTFO Scheme;
- (D) the Offtaker shall grant the LCHA Counterparty access to:
 - (i) the Offtaker;
 - (ii) any plant, machinery, meters ⁵³, property, processing or storage facility, associated with the Offtaker, in each case owned, occupied or controlled by the Offtaker and to which the Offtaker can lawfully grant access; and
 - (iii) the Offtaker's personnel, systems, books, records and any other information,

in each case as the LCHA Counterparty considers reasonably necessary for the LCHA Counterparty to assess the Producer's compliance with the LCHA and/or the Offtaker's compliance with the Offtaker Compliance Provisions;
- (E) the Offtaker shall cooperate and provide, and shall procure that any Offtaker representative cooperates and provides, all required access, assistance and information to enable the LCHA Counterparty and/or the Auditors to exercise an MRV Audit Right;
- (F) the Offtaker shall use reasonable endeavours to mitigate any costs and losses that it is entitled to recover from the Producer following termination of the relevant Offtake Agreement as a result of the termination of the LCHA; and
- (G) the Offtaker agrees and acknowledges that each Offtaker Invoice issued to it shall be substantially in the form set out in Annex 8 (*Form of Invoice*) of the LCHA;

"Offtaker Confirmation Date" means:

- (A) if Condition 33.5(A)(ii) (*LCHA Counterparty Response Notification*) or Condition 33.5(B)(ii) (*LCHA Counterparty Response Notification*) applies, the date of the LCHA Counterparty Response Notice or Further LCHA Counterparty Response Notice (as relevant); or

⁵³

DESNZ is considering whether an additional meter to measure the amount of hydrogen arriving at each Offtaker's site is required.

- (B) if Condition 33.7(B) (*Failure to provide an LCHA Counterparty Response Notice or Further LCHA Counterparty Response Notice: deemed agreement*) applies, the date of the relevant LCHA Counterparty Response Notice Deadline;

"Offtaker Confirmation Request Notice" has the meaning given to that term in Condition 33.1 (*Offtaker Confirmation Request Notice*);

"Offtaker Confirmation Request Notice Deadline" has the meaning given to that term in Condition 33.1 (*Offtaker Confirmation Request Notice*);

"Offtaker Directors' Certificate" means a certificate signed by two (2) directors of the Offtaker or one (1) director of the Offtaker in the presence of a witness who attests the signature, such directors or director (as applicable) having made, and confirmed in the certificate as having made, all due and careful enquiries in relation to the information set out in such certificate (or set out in the notice, or enclosures or appendices to the notice, which such certificate is accompanying) and certifying that such information is in all material respects true, complete, accurate and not misleading, in each case by reference to the facts and circumstances then existing, provided that where any such information is provided by a third party that is not a holding company or subsidiary of the Offtaker or a Representative of any such party or the Offtaker and is marked as such, the certification of the director or directors (as applicable) of that information shall only extend to the certification that that information is in all material respects true, complete, accurate and not misleading to the best of their knowledge and belief having made all due and careful enquiries;

"Offtaker Forecast Data" means the Producer's estimate, for each Fiscal Year during the Term, of the following in respect of each Offtaker:

- (A) the Hydrogen produced by the Facility to be sold to and purchased by the Offtaker;
- (B) if applicable, the Qualifying Volumes (including a breakdown of the Qualifying Volumes used for Feedstock Purposes and for Fuel Purposes) attributable to the Offtaker;
- (C) if applicable, the RTFO Volumes attributable to the Offtaker;
- (D) if applicable, the Take-or-Pay Volumes attributable to the Offtaker;
- (E) if applicable, the Non-Qualifying Volumes attributable to the Offtaker;
- (F) if applicable, the Indirect Export Volumes attributable to the Offtaker;
- (G) if applicable, the Direct Export Volumes attributable to the Offtaker;
- (H) the Total Sales Price for Qualifying Volumes and/or Non-Qualifying Volumes (as applicable) attributable to the Offtaker, converted to £/MWh (HHV) based on the relevant forecasts referred to in limbs (A) to (G)(F) of this definition;
- (I) the Achieved Sales Price for Qualifying Volumes and/or Non-Qualifying Volumes (as applicable) attributable to the Offtaker, converted to £/MWh (HHV) based on the relevant forecasts referred to in limbs (A) to (E) of this definition;
- (J) the Strike Price Exclusion Amount for each Strike Price Exclusion for Qualifying Volumes and/or Non-Qualifying Volumes (as applicable) attributable to the Offtaker,

converted to £/MWh (HHV) based on the relevant forecasts referred to in limbs (A) to (E) of this definition; and

- (K) the sum of the Strike Price Exclusion Amount for all Strike Price Exclusions for Qualifying Volumes and/or Non-Qualifying Volumes (as applicable) attributable to the Offtaker, converted to £/MWh (HHV) based on the relevant forecasts referred to in limbs (A) and (E) of this definition;

"Offtaker Investor" means any person who holds any [indirect/direct] legal, beneficial or equitable interest in the equity share capital (or other economic interests) in an Offtaker and/or the holding company of the Offtaker;

"Offtaker Invoice" means an invoice issued by the Producer to a Relevant Offtaker for the sale and purchase of Hydrogen produced by the Facility and/or in respect of Take-or-Pay Volumes in the relevant Billing Period, which confirms:

- (A) the Total Sales Price;
- (B) the Strike Price Exclusion Amount for each Strike Price Exclusion; and
- (C) the sum of the Strike Price Exclusion Amounts for all Strike Price Exclusions,

for each Relevant Offtaker in respect of (i) Qualifying Volumes, and (ii) Non-Qualifying Volumes in the relevant Billing Period and which shall be substantially in the form set out in Annex 8 (*Form of Invoice*);

"Offtaker Non-Compliance Notice" has the meaning given to that term in Condition 33.7 (*Failure to provide an LCHA Counterparty Response Notice or Further LCHA Counterparty Response Notice: deemed agreement*);

"Offtaker Non-Compliance Volumes" means Non-Qualifying Volumes which are purchased by an Offtaker who is deemed to be a Non-Qualifying Offtaker pursuant to Condition 33.11 (*Failure to provide an Offtaker Confirmation Request Notice: deemed Non-Qualifying Offtaker*);

"Offtaker Supporting Information" has the meaning given to that term in Condition 33.4(A)(iv) (*LCHA Counterparty Response Notification*);

"Offtaker Ultimate Investor" means any person who:

- (A) has Control of an Offtaker Investor; or
- (B) who holds any direct or indirect legal, beneficial or equitable interest in thirty per cent. (30%) or more of the equity share capital (or other economic interests) of an Offtaker Investor;

"OFTO" means the holder of an offshore transmission licence granted or treated as granted pursuant to section 6(1)(b) of the EA 1989, acting in that capacity;

"On-site " has the meaning given to that term in the Agreement;

"On-site Hydrogen Storage Infrastructure" has the meaning given to that term in the Agreement;

"On-site Non-UKLCH Storage" means any hydrogen storage infrastructure which is On-site and which is not On-Site Hydrogen Storage Infrastructure;

"On-site Storage" means:

- (A) On-site Hydrogen Storage Infrastructure; and
- (B) On-site Non-UKLCH Storage;

"Operational Conditions Precedent" means the operational conditions precedent set out in paragraph 2 of Part B of Annex 1 (*Conditions Precedent*) and **"Operational Condition Precedent"** and **"OCP"** shall be construed accordingly;

"Operational CP Provisions" means all of the provisions of the LCHA other than the Agreement Date Provisions and the Initial CP Provisions;

"Other Certification Scheme" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Other Certification Scheme Response Notice" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Other Certification Scheme Supporting Information" has the meaning given to that term in Annex 10 (*LCHS Certification*);

"Other Change in Law" means a Change in Law made by His Majesty's Government of the United Kingdom or which His Majesty's Government of the United Kingdom has formally required a Competent Authority to make and which in either such case has an undue (being not objectively justifiable) discriminatory effect on the out-of-pocket costs incurred or saved by the Producer or the Project when compared with the out-of-pocket costs incurred or saved as a result of such Change in Law by:

- (A) all hydrogen producers which operate hydrogen production facilities deploying one (1) or more Material Hydrogen Production Technologies;
- (B) all other hydrogen producers which operate hydrogen production facilities deploying the same Hydrogen Production Technology as the Facility Hydrogen Production Technology;
- (C) all producers which operate hydrogen production facilities deploying a Hydrogen Production Technology other than the Facility Hydrogen Production Technology; or
- (D) all Producers which operate hydrogen production facilities the output of which is not subject to a UKLCH Programme LCHA,

in each case in the United Kingdom, provided that the fact that a Change in Law has a disproportionate effect shall not, of itself, mean that it is discriminatory;

"Other Subsidy" has the meaning given to that term in Condition 31.14(A)(i) (*Waiver of Producer's Obligation to Repay Subsidy, State aid and/or Union Funding*);

"Outlet CO₂ Metering Equipment" means the metering equipment which is required to meter the Metered CO₂ Rich Stream Output to CO₂ T&S which may include flow meters, composition analysers, temperature measurement equipment, pressure measurement equipment, associated communications equipment, and any other necessary ancillary equipment and infrastructure;⁵⁴

"Own Consumption Confirmation Request Notice" has the meaning give to it in Condition 33.3 (*Offtaker Confirmation Request Notice*);

"Own Consumption Obligation" has the meaning give to it in Condition 35.1 (*Producer Undertaking: Own Consumption*);

"Own Consumption Obligation Termination Event" has the meaning give to it in Condition 35.3 (*Notification by LCHA Counterparty of Own Consumption Obligation breach*);

"Own Consumption Offtaker" means the Producer where it proposes to use Hydrogen produced by the Facility for any purpose other than the operation of the Facility;

"Own Consumption Supporting Information" has the meaning given to that term in Condition 33.4(B)(ii) (*LCHA Counterparty Response Notification*);

"Oxygen Meter Measurement System" means the relevant commissioned Oxygen Flow Meter(s) and Oxygen Meter Measurement Equipment installed for the purposes of measuring oxygen at the Oxygen Meter Measurement Point(s);

"Oxygen Metering Dispute" means a dispute or part of a dispute which relates to the calculation of the Measured Oxygen Input;

"Party" means a party to the LCHA;

"Payment Calculation Data" means any data that the LCHA Counterparty considers is reasonably required for the purpose of preparing the relevant Billing Statement, which may include (without limitation):

- (A) the Strike Price that applies in the relevant Billing Period;
- (B) the Gas Reference Price in the relevant Billing Period;
- (C) the Relevant Invoiced Amount for each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period;
- (D) the Relevant Invoiced Amount for each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period;
- (E) for each Relevant Offtaker, the Invoiced Volumes to Relevant Offtaker which are Qualifying Volumes which correspond to the Relevant Invoiced Amount in the relevant Billing Period;

⁵⁴

Note to Reader: This definition is subject to further review by DESNZ as the CO₂ post-capture metering specification is developed.

- (F) for each Relevant Offtaker, the Invoiced Volumes to Relevant Offtaker which are Non-Qualifying Volumes which correspond to the Relevant Invoiced Amount in the relevant Billing Period;
- (G) for all Relevant Offtakers, the sum of the Invoiced Volumes to Relevant Offtaker in respect of Qualifying Volumes which correspond to the Relevant Invoiced Amounts in the relevant Billing Period;
- (H) for all Relevant Offtakers, the sum of the Invoiced Volumes to Relevant Offtaker in respect of Non-Qualifying Volumes which correspond to the Relevant Invoiced Amounts in the relevant Billing Period;
- (I) the Achieved Sales Price for each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period;
- (J) the Achieved Sales Price for each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period;
- (K) subject to limb (L) of this definition, the Floor Price that applies to each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period;
- (L) if Qualifying Volumes are used for Feedstock Purposes by a Qualifying Offtaker, the Floor Price that applies to each Relevant Offtaker in respect of such Qualifying Volumes in the relevant Billing Period;
- (M) the Reference Price for Qualifying Volumes in the relevant Billing Period;
- (N) the Reference Price for Non-Qualifying Volumes in the relevant Billing Period;
- (O) the Price Discovery Incentive Ratio for the relevant Billing Period;
- (P) the Price Discovery Incentive for the relevant Billing Period;
- (Q) the Reference Volume for the relevant Billing Period;
- (R) the Non-Variable Costs Strike Price for the relevant Billing Period;
- (S) the Total Invoiced Volumes in the relevant Billing Period;
- (T) the sum of the Total Invoiced Volumes and the Unaccounted Volumes in the relevant Billing Period;
- (U) the Qualifying Event Shortfall Amount for the relevant Billing Period;
- (V) the Sliding Scale Top Up for the relevant Billing Period;
- (W) the Total Invoiced Volumes for all Billing Periods in the Fiscal Year in which the relevant Billing Period falls;
- (X) the Annual Sales Cap for the relevant Fiscal Year;
- (Y) the Permitted Annual Sales Cap for the relevant Fiscal Year, including any adjustments to such cap;

- (Z) the Total Accrued Volume;
- (AA) any Excess Sales Volume Adjustment Amount(s);
- (BB) any Longstop Period Accrued Volume Amount;
- (CC) the LCHA Sales Cap, including any adjustments to such cap;
- (DD) the number of Permitted Annual Sales Cap Obligation Breaches;
- (EE) for CCUS-Enabled Facilities only:
 - (i) the Natural Gas Cost Multiplier;
 - (ii) the Natural Gas Strike Price that applies in the relevant Billing Period;
 - (iii) the Non-Gas Strike Price that applies in the relevant Billing Period;
 - (iv) the CCUS-Enabled Non-Variable Costs Strike Price that applies in the relevant Billing Period;
 - (v) the CO₂ T&S Charges Amount for each Day in the relevant Billing Period;
 - (vi) the CO₂ T&S Network Charge for each Day in the relevant Billing Period;
 - (vii) the CO₂ T&S Onshore Network Charge Rate for each Day in the relevant Billing Period;
 - (viii) the CO₂ T&S Delivery Point Size for each Day in the relevant Billing Period;
 - (ix) the CO₂ T&S Offshore Network Charge Rate for each Day in the relevant Billing Period;
 - (x) the CO₂ T&S Flow Charge for each Day in the relevant Billing Period;
 - (xi) the CO₂ T&S Onshore Flow Charge Rate for each Day in the relevant Billing Period;
 - (xii) the Metered CO₂ Rich Stream Output to CO₂ T&S for each Day in the relevant Billing Period;
 - (xiii) the CO₂ T&S Offshore Flow Charge Rate for each Day in the relevant Billing Period;
 - (xiv) the CO₂ T&S Capacity Charge for each Day in the relevant Billing Period;
 - (xv) the CO₂ T&S Onshore Capacity Charge Rate for each Day in the relevant Billing Period;
 - (xvi) the CO₂ T&S Capacity for each Day in the relevant Billing Period;
 - (xvii) the CO₂ T&S Offshore Capacity Charge Rate for each Day in the relevant Billing Period;

- (xviii) the Capital Return Component that applies in the relevant Billing Period;
 - (xix) any CO₂ T&S Export Volumes for the relevant Billing Period;
 - (xx) if applicable, the Export Volumes CO₂ T&S Capacity Charge for the relevant Billing Period;
 - (xxi) if applicable, the aggregate of the CO₂ T&S Capacity Charges for a CO₂ T&S Onshore User for each Day of the relevant Billing Period or the aggregate of the CO₂ T&S Capacity Charges for a CO₂ Offshore User for each Day of the relevant Billing Period (as applicable);
 - (xxii) if applicable, the CO₂ T&S Outage Relief Event Strike Price Deduction that applies in the relevant Billing Period;
 - (xxiii) if applicable, the aggregate of the CO₂ T&S Outage Relief Event Volumes which are sold by the Producer and purchased by a Qualifying Offtaker(s) and which are not RTFO Volumes in the relevant Billing Period; and
- (FF) *[others to be considered]*;

"Payment Disruption Event" means a material disruption to those payment systems or to those financial markets which are, in each case, required to operate in order for payments or transfers of money to be made pursuant to the LCHA which the PDE Affected Party (or, if relevant, its Representatives) could not reasonably have overcome and which is not due to the PDE Affected Party's fault or negligence (or that of its Representatives);

"Payment Failure" means a failure by the Producer to pay a Producer Net Payable Amount in accordance with Condition 19.1 (*Payment from Producer*) (except to the extent that such failure is due to the occurrence of a Payment Disruption Event and the Producer, as the PDE Affected Party, has complied with Condition 66.2 (*Conditions to Payment Disruption Event relief*) but irrespective of whether or not the Producer has paid any such Producer Net Payable Amount within the applicable NPA Payment Cure Period);

"Payment Information Notice" has the meaning given to that term in Condition 19.1 (*Delivery of Payment Information Notice*);

"Payment Period" means the period from the Start Date until the Specified Expiry Date (unless the LCHA is terminated pursuant to Condition 49.1 (*Pre-Start Date termination*), Condition 49.5 (*Termination for Prolonged Force Majeure*), Condition 49.8 (*Termination for CO₂ T&S Prolonged Unavailability Event*), Condition 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*), Condition 49.27 (*Default termination*), Condition 49.29 (*Termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement*), 49.30 (*Qualifying Change in Law termination*), or Condition 49.33 (*QCIL Compensation termination*) or expires pursuant to Condition 13.2);

"PDE Affected Party" has the meaning given to that term in Condition 66.1 (*Relief due to Payment Disruption Event*);

"PDE Obligations" has the meaning given to that term in Condition 66.1 (*Relief due to Payment Disruption Event*);

"Performance Tests" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Performance Test Access Notice" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Performance Test Access Right" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Performance Test Date Adjustment Notice" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Performance Test Outputs" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Performance Test Procedure" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Performance Test Procedure Notice" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Performance Test Report" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Permitted Annual Sales Cap" has the meaning given to that term in Condition 13.5 (*Annual Sales Cap*);

"Permitted Annual Sales Cap Obligation" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Permitted Annual Sales Cap Obligation Breach" has the meaning given to that term in Condition 13.6(A) (*Annual Sales Cap*);

"Planning Permission" means a planning permission under Part 3 of the Town and Country Planning Act 1990 or (for Scotland) Part 3 of the Town and Country Planning (Scotland) Act 1997;

"Posted Collateral" means the aggregate amount of all Acceptable Collateral transferred or delivered by or on behalf of the Producer in accordance with the LCHA from time to time to the extent that the same has not been: (i) returned to the Producer by or on behalf of the LCHA Counterparty pursuant to the provisions of Part 10 (*Credit Support*); or (ii) subject to a Posted Collateral Demand;

"Posted Collateral Demand" has the meaning given to that term in Condition 54.10 (*Making a Posted Collateral Demand*);

"Post-Tax Real Discount Rate" has the meaning given to that term in the Agreement;

"Pre-Operation Activities" means the design, procurement, development, construction, completion, testing, and commissioning of the Facility, and grammatical variations thereof shall be construed accordingly;

"Pre-Start Date Termination Date" has the meaning given to that term in Condition 49.1(E)(i) (*Termination*);

"Pre-Start Date Termination Notice" has the meaning given to that term in Condition 49.1 (*Termination*);

"Previous Subsidy" has the meaning given to that term in Condition 3.78(A)(i) (*Waiver of Subsidy Control Declaration Operational CP*);

"Price Discovery Incentive" has the meaning given to that term in Condition 11.2 (*Price Discovery Incentive Amount calculation*);

"Price Discovery Incentive Amount" has the meaning given to that term in Condition 11.1 (*Price Discovery Incentive Amount calculation*);

"Price Discovery Incentive Ratio" means ten per cent. (10%);

"Private Electricity Network" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Private Natural Gas Network" means a network for the distribution of Natural Gas which is not operated by a Gas Licensed Transporter;

"Private Refinery Off-Gas Network" means a network for the distribution of Refinery Off-Gas which is not operated by a Gas Licensed Transporter;

"Private Water Network" means a network for the distribution of water which is not operated by a Water Licensed Operator;

"Proceedings" means any proceeding, suit or action relating to or arising out of a Dispute, the LCHA or any other LCHA Document;

"Producer" has the meaning given to that term in the Agreement;

"Producer CO₂ T&S Connection Delay Compensation Notice Information Request" has the meaning given to that term in Condition 3.46 (*CO₂ T&S Connection Delay Compensation*);

"Producer CO₂ T&S Connection Delay True-Up Response Notice" has the meaning given to that term in Condition 3.51 (*Producer CO₂ T&S Connection Delay True-Up Response Notice*);

"Producer CO₂ T&S Connection Delay True-Up Notice" has the meaning given to that term in Condition 3.56 (*Producer CO₂ T&S Connection Delay True-Up Notice*);

"Producer CO₂ T&S Connection Delay True-Up Notice Information Request" has the meaning given to that term in Condition 3.59 (*Producer CO₂ T&S Connection Delay True-Up Notice*);

"Producer CO₂ T&S Connection Works" means the CO₂ T&S Network connection works that the Producer is required or elects to carry out and complete pursuant to the CO₂ T&S Construction Agreement other than any CO₂ T&S Network connection works which are dependent on the CO₂ T&S Network being available;

"Producer Confidential Information" means:

- (A) all Information which is confidential or proprietary in nature and which relates (directly or indirectly) to the Producer, the Facility or the Project which the LCHA Counterparty (or its Representatives) receives or has received from:
 - (i) the Producer (or its Representatives); or
 - (ii) any third party who receives or has received such Information from the Producer (or its Representatives) in connection with the LCHA,
 in each case including any Information which the LCHA Counterparty prepares which contains or makes explicit reference to such Information or from which such Information is readily ascertainable;
- (B) without prejudice to the generality of paragraph (A) above, all Information relating to:
 - (i) any QCiL Compensation or QCiL True-Up Compensation, including all Information relating to or arising from negotiations, discussions and correspondence in respect of any such QCiL Compensation or QCiL True-Up Compensation; and
 - (ii) for CCUS-Enabled Facilities only, any CO₂ T&S Termination Payment, including all Information relating to or arising from negotiations, discussions and correspondence in respect of any such CO₂ T&S Termination Payment; and
- (C) any Information which relates to or arises from negotiations, discussions and correspondence in connection with the LCHA,

but excluding in each case all Excluded Information;

"Producer DCMP Proposal" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"Producer Declaration Breach Notice" has the meaning given to that term in Condition 34.7 (*Notification by Producer of Offtaker Compliance Declaration Obligation breach*);

"Producer LCHS Non-Compliance Event" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with LCHS*);

"Producer Material LCHS Data Annex Amendment Notice" has the meaning given to that term in Condition 48.3 (*Material LCHS Data Annex Amendment: Procedure*);

"Producer Measurement Data Breach Notice" has the meaning given to that term in Condition 30.5 (*Notification by Producer of Measurement Data Obligation breach*);

"Producer Net Payable Amount" means, in respect of a Billing Period, any amount which is due and payable by the Producer to the LCHA Counterparty calculated in accordance with Condition 20.7 (*Calculation of UKLCH Net Payable Amount*) and (for CCUS Enabled Facilities only) Condition 20.15 (*Calculation of CO₂ T&S Net Payable Amount*);

"Producer Permitted Purposes" means:

- (A) complying with the Producer's responsibilities and obligations, and exercising the Producer's rights, powers and discretions, under or in connection with the LCHA, any other LCHA Document or the NZHF Grant Funding Agreement; and
- (B) complying with the Producer's responsibilities and obligations under or by virtue of the [Energy Act 2023], any other Law, or any Directive, policy or guidance;

"Producer QCiL Notice" has the meaning given to that term in Condition 39.8 (*Producer QCiL Notice*);

"Producer QCiL Notice Information Request" has the meaning given to that term in Condition 39.11 (*Producer QCiL Notice*);

"Producer QCiL Response Notice" has the meaning given to that term in Condition 39.2 (*Producer QCiL Response Notice*);

"Producer QCiL Response Notice Information Request" has the meaning given to that term in Condition 39.6 (*Producer QCiL Response Notice*);

"Producer QCiL True-Up Notice" has the meaning given to that term in Condition 42.8 (*Producer QCiL True-Up Notice*);

"Producer QCiL True-Up Notice Information Request" has the meaning given to that term in Condition 42.11 (*Producer QCiL True-Up Notice*);

"Producer QCiL True-Up Response Notice" has the meaning given to that term in Condition 42.3 (*Producer QCiL True-Up Notice*);

"Producer QCiL True-Up Response Notice Information Request" has the meaning given to that term in Condition 42.6 (*Producer QCiL True-Up Notice*);

"Producer Repeating Representations" means each of the representations and warranties set out in Condition 26.1 (*Producer representations and warranties*) (other than in Conditions 26.1(G) (*No Litigation*) and 26.1(H) (*No requirement to deduct or withhold*));

"Production Meter" has the meaning given to that term in paragraph (A)(ii) of Section 2 of Annex 9 (*Metering Operational Framework and Technical Specifications*);

"Project" means the design, development, construction, completion, testing, commissioning, operation, maintenance and decommissioning of the Facility;

"Project Commitments" has the meaning given to that term in the Agreement;

"Project Cost Data" means details of the following costs incurred by the Producer in respect of the Project:

- (A) pre-development costs;
- (B) regulatory and licensing costs;
- (C) engineering, procurement and construction costs, including:
 - (i) mechanical costs;

- (ii) electrical costs;
- (iii) control and instrument costs;
- (iv) civil and architectural costs; and

(D) infrastructure costs;

"Project Delay Notice" has the meaning given to that term in Condition 3.15 (*Operational Conditions Precedent: Construction Reporting Requirements*);

"Prolonged FM Event" has the meaning given to that term in Condition 49.5 (*Termination for Prolonged Force Majeure*);

"Prolonged FM Event Notice" has the meaning given to that term in Condition 49.5 (*Termination for Prolonged Force Majeure*);

"Prolonged FM Termination Date" has the meaning given to that term in Condition 49.6 (*Termination for Prolonged Force Majeure*);

"Prolonged FM Termination Notice" has the meaning given to that term in Condition 49.6 (*Termination for Prolonged Force Majeure*);

"Prolonged FM Trigger Date" has the meaning given to that term in Condition 49.5 (*Termination for Prolonged Force Majeure*);

"Proposed Amendment" has the meaning given to that term in paragraph 2.1(A) of Annex 4 (*Change Control Procedure*);

"Proposed Amendment Effective Date" has the meaning given to that term in paragraph 2.1(B) of Annex 4 (*Change Control Procedure*);

"Proposed CiAL Expert" has the meaning given to that term in Condition 46.3(A) (*Validity of CiAL Dispute Notices*);

"Proposed Strike Price Exclusions" has the meaning given to that term in Condition 33.2(A) (*Offtaker Confirmation Request Notice*);

"Proposed Test Date" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Proposed Test Date Window" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"PTP Response Notice" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"QCIL Adjusted Revenues Payment" has the meaning given to that term in Condition 40.1(C) (*Categories of Qualifying Change in Law compensation*);

"QCIL Capex Payment" has the meaning given to that term in Condition 41.1(B) (*Categories of Qualifying Change in Law compensation*);

"QCiL Capital Costs" means QCiL Costs that relate to the acquisition, disposal, modification or construction of any asset in respect of the Project (including costs of site preparation, initial delivery and handling costs, installation and assembly costs, costs incurred in testing whether the asset is functioning properly and professional fees, in each case which are directly associated with the acquisition, modification or construction of the relevant asset);

"QCiL Capital Savings" means QCiL Savings that relate to the acquisition, disposal, modification or construction of any asset in respect of the Project (including costs of site preparation, initial delivery and handling costs, installation and assembly costs, costs incurred in testing whether the asset is functioning properly and professional fees, in each case which are directly associated with the acquisition, modification or construction of the relevant asset);

"QCiL Compensation" means: (i) a QCiL Opex Payment; (ii) a QCiL Capex Payment; (iii) a QCiL Adjusted Revenues Payment; (iv) a QCiL Construction Event Payment; (v) a QCiL Operations Cessation Event Payment; and (vi) any combination of any of the foregoing;

"QCiL Compensation Date" has the meaning given to that term in Condition 41.1 (*Qualifying Change in Law: Effective date and payment*);

"QCiL Compensation Termination Date" has the meaning given to that term in Condition 49.33 (*QCiL Compensation termination*);

"QCiL Compensation Termination Notice" has the meaning given to that term in Condition 49.33 (*QCiL Compensation termination*);

"QCiL Construction Event" means a Qualifying Change in Law which is implemented, occurs or becomes effective after the Agreement Date and before the Start Date and which will permanently prevent the Producer, acting in accordance with a Reasonable and Prudent Standard, from Commissioning the whole of the Facility by virtue of the necessary construction, testing, completion or commissioning of the Facility becoming illegal;

"QCiL Construction Event Costs" means, in relation to a QCiL Construction Event, all out-of-pocket costs (including QCiL Tax Liabilities) which are irrecoverable and unavoidable by the Producer acting in accordance with the Reasonable and Prudent Standard and which have been, will be or are reasonably likely to be incurred in respect of the Project by the Producer arising directly from such QCiL Construction Event occurring, if and to the extent that such costs constitute:

- (A) development and pre-development costs in respect of the Facility (including the costs of surveys and environmental impact assessments in respect of the Facility);
- (B) decommissioning costs in respect of the Facility;
- (C) break costs associated with the Producer's contractual arrangements in respect of the Facility; or
- (D) costs which are wholly attributable to the construction, testing, completion or commissioning of the Facility,

but excluding:

- (E) all other compensation which will be or which is reasonably likely to be payable by the Producer in connection with such QCiL Construction Event; and
- (F) all costs associated with the Producer's financing arrangements in respect of the Project (including all interest incurred in respect of such financing arrangements and all associated break costs) except where expressly specified in any of paragraphs (A) to (D) above;

"QCiL Construction Event Payment" has the meaning given to that term in Condition 41.1(D) (*Categories of Qualifying Change in Law compensation*);

"QCiL Construction Event Savings" means, in relation to a QCiL Construction Event, the sum of:

- (A) all savings (including avoided out-of-pocket costs, reliefs from or reductions in a QCiL Tax Liability, insurance proceeds and other compensation) which have been, will be or are reasonably likely to be made or received in respect of the Project by the Producer arising directly from such QCiL Construction Event occurring; and
- (B) the Net Recoverable Value of the Facility;

"QCiL Costs" means, in relation to a Qualifying Change in Law, all out-of-pocket costs (including QCiL Tax Liabilities) which have been, will be or are reasonably likely to be incurred in respect of the Project by the Producer arising directly as a result or in anticipation of such Qualifying Change in Law being implemented, occurring or becoming effective, but excluding: (i) any Default Termination Payment; (ii) all costs incurred in respect of the agreement or determination of the amount of the Default Termination Payment; and (iii) all costs associated with the Producer's financing arrangements in respect of the Project (including interest incurred in respect of such financing arrangements and all associated break costs);

"QCiL Effective Date" means the date on which a Qualifying Change in Law has been implemented, has occurred or has become effective;

"QCiL Net Capital Costs" means, if QCiL Capital Costs exceed QCiL Capital Savings in respect of a Qualifying Change in Law, the QCiL Capital Costs less the QCiL Capital Savings;

"QCiL Net Capital Savings" means, if QCiL Capital Savings exceed QCiL Capital Costs in respect of a Qualifying Change in Law, the QCiL Capital Savings less the QCiL Capital Costs;

"QCiL Net Operating Costs" means, if QCiL Operating Costs exceed QCiL Operating Savings in respect of a Qualifying Change in Law, the QCiL Operating Costs less the QCiL Operating Savings;

"QCiL Net Operating Savings" means, if QCiL Operating Savings exceed QCiL Operating Costs in respect of a Qualifying Change in Law, the QCiL Operating Savings less the QCiL Operating Costs;

"QCiL Operating Costs" means all QCiL Costs other than QCiL Capital Costs;

"QCiL Operating Savings" means all QCiL Savings other than QCiL Capital Savings;

"QCiL Operations Cessation Event" means:

- (A) a Qualifying Change in Law which is implemented, occurs or becomes effective on or after the Start Date and which will permanently prevent the Producer, acting in accordance with a Reasonable and Prudent Standard, from operating the whole of the Facility by virtue of such operation becoming illegal; or
- (B) a Qualifying Shutdown Event which occurs on or after the Start Date;

"QCiL Operations Cessation Event Costs" means, in relation to a QCiL Operations Cessation Event, all irrecoverable and unavoidable out-of-pocket costs (including QCiL Tax Liabilities and break costs associated with the Producer's contractual arrangements in respect of the Project) which have been, will be or are reasonably likely to be incurred in respect of the Project by the Producer arising directly from such QCiL Operations Cessation Event occurring, but excluding:

- (A) all other compensation which will be or which is reasonably likely to be payable by the Producer in connection with such QCiL Operations Cessation Event; and
- (B) all costs associated with the Producer's financing arrangements in respect of the Project (including all interest incurred in respect of such financing arrangements and all associated break costs);

"QCiL Operations Cessation Event Payment" has the meaning given to that term in Condition 40.1(E) (*Categories of Qualifying Change in Law compensation*);

"QCiL Operations Cessation Event Savings" means, in relation to a QCiL Operations Cessation Event, all savings (including avoided out-of-pocket costs, reliefs from or reductions in a QCiL Tax Liability, insurance proceeds and other compensation) which have been, will be or are reasonably likely to be made or received in respect of the Project by the Producer arising directly from such QCiL Operations Cessation Event occurring;

"QCiL Opex Payment" has the meaning given to that term in Condition 40.1(A) (*Categories of Qualifying Change in Law compensation*);

"QCiL Response Information" has the meaning given to that term in Condition 39.2 (*Producer QCiL Response Notice*);

"QCiL Savings" means, in relation to a Qualifying Change in Law, all savings (including avoided out-of-pocket costs, reliefs from or reductions in a QCiL Tax Liability, insurance proceeds and other compensation) which have been, will be or are reasonably likely to be made or received in respect of the Project by the Producer arising directly as a result or in anticipation of such Qualifying Change in Law being implemented, occurring or becoming effective;

"QCiL Strike Price Adjustment" means any QCiL Compensation which has been, or will be, made by way of a Strike Price Adjustment;

"QCiL Strike Price Component" means:

- (A) for Electrolytic Facilities, the Non-Variable Costs Strike Price (as may be amended from time to time in accordance with the LCHA); and

- (B) for CCUS-Enabled Facilities, the Non-Gas Strike Price (as may be amended from time to time in accordance with the LCHA);

"QCiL Supporting Information" has the meaning given to that term in Condition 39.8 (*Producer QCiL Notice*);

"QCiL Tax" means any Tax other than any Tax on gross or net Income, Profits or Gains, save to the extent that the rate at which such Tax on gross or net Income, Profits or Gains is chargeable has been introduced or amended by a Qualifying Change in Law or a Qualifying Shutdown Event, as the case may be;

"QCiL Tax Liability" means:

- (A) a liability of the Producer to make an actual payment of a QCiL Tax to a tax authority; and
- (B) the loss to the Producer of, or a reduction to the Producer in the amount of, a right to repayment of Tax to which it would otherwise be entitled but for such amount being set off against any liability of the Producer to make an actual payment of QCiL Tax;

"QCiL Termination Date" has the meaning given to that term in Condition 49.31 (*Qualifying Change in Law termination*);

"QCiL Termination Notice" has the meaning given to that term in Condition 49.31 (*Qualifying Change in Law termination*);

"QCiL True-Up Compensation" means the adjustment to the QCiL Compensation which is necessary to reflect the QCiL True-Up Information;

"QCiL True-Up Information" has the meaning given to that term in Condition 42.1 (*LCHA Counterparty QCiL True-Up Notice*);

"QCiL True-Up Response Information" has the meaning given to that term in Condition 42.3 (*Producer QCiL True-Up Response Notice*);

"QCiL True-Up Strike Price Adjustment" means any QCiL True-Up Compensation which has been, or will be, made by way of a Strike Price Adjustment;

"QSE Notice" has the meaning given to that term in Condition 43.1 (*Qualifying Shutdown Event: Procedure*);

"Qualifying Change in Law" means:

- (A) a Discriminatory Change in Law;
- (B) a Specific Change in Law;
- (C) an Other Change in Law;
- (D) an EII Subsidy Intensity Threshold Decrease Change in Law;
- (E) an EII TNUoS and Capacity Market Charges Exemption Change in Law; or

(F) a Material LCHS Data Annex Amendment Direction,

which, in the case of each of (A) to (C) only⁵⁵, is not a Foreseeable Change in Law, and provided that:

- (i) no decision by any Subsidy Control Competent Authority in respect of the application of the Subsidy Control Rules to the LCHA or UKLCH Programme LCHAs (including the annulment, invalidation, suspension, revocation, modification or replacement of any prior decision pursuant to such rules);
- (ii) no Change in Law which results in an increase to the EII Exemption Threshold;
- (iii) no RTFO Change in Law; and/or⁵⁶
- (iv) no LCHS Data Annex Change in Law,

shall constitute a Qualifying Change in Law;

"Qualifying Event" means an event or circumstance which reduces the Total Invoiced Volumes in a Billing Period, except where such event or circumstance arises as a result of:

- (A) the Producer's (or any of its Representatives') breach of, or default under, the LCHA or any Offtake Agreement, or its (or their) negligence;
- (B) the Producer operating the Facility in a way that is designed to, or a main purpose of which is to, claim or maximise any Sliding Scale Top Up Amounts under the LCHA, including by curtailing, derating or shutting down the Facility;
- (C) any Facility Outage Event; or
- (D) any outage event at any Off-site Non-UKLCH Storage;

"Qualifying Event Shortfall Amount" means the amount by which the Total Invoiced Volumes in a Billing Period have been reduced as a direct result of one (1) or more Qualifying Event(s);

"Qualifying Issuer" means: (i) a bank or financial institution having a minimum short-term rating of A-1 with Standard and Poor's, P-1 with Moody's or F1 with Fitch; or (ii) such other bank or financial institution, having such minimum rating as the LCHA Counterparty may consent to or specify from time to time;

"Qualifying Offtaker" means any Offtaker of Hydrogen produced by the Facility who is not a Non-Qualifying Offtaker and who has been confirmed or who has been deemed to have been confirmed as a Qualifying Offtaker by the LCHA Counterparty pursuant to the Offtaker

⁵⁵ Note to Reader: New limbs (D) and (E) have been carved out of this definition on the basis that it is not possible to say with any certainty how any potential EII proposals will be implemented in the UK or what the impact of such proposals will be on each Producer. Limb (F) has also been carved out of this definition as DESNZ's intention is that a Producer should always be able to seek QCIL compensation in the event of a Material LCHS Data Annex Amendment Direction.

⁵⁶ Note to Reader: DESNZ is still considering how to address the potential risk of Producer overcompensation that may arise due to future CiLs relating to the RTFO Scheme.

confirmation procedure in Condition 33 (*Offtaker Confirmation Procedure*) and who remains a Qualifying Offtaker;

"Qualifying Shutdown Event" means:

- (A) His Majesty's Government of the United Kingdom or the Secretary of State or any other Minister of the Crown or any department of His Majesty's Government of the United Kingdom (each, a **"Government Authority"**):
 - (i) applying, implementing or changing the Law which is in force from time to time;
 - (ii) applying or exercising its powers under such Law; or
 - (iii) applying, implementing and/or changing policy or guidance which has effect from time to time;
- (B) the exercise of powers by a UK Competent Authority, where such exercise of powers was required by a direction made under statutory powers by a Government Authority; or
- (C) the exercise of powers by a UK Competent Authority, where the UK Competent Authority has not acted independently of a Government Authority in such exercise of powers, and for this purpose a UK Competent Authority shall be deemed to have acted independently of a Government Authority unless such exercise of powers was procured by the Government Authority,

other than any application, implementation, change, exercise of powers or other action required by, or necessary for compliance with, international or EU law, policy or guidance (provided such international or EU law, policy or guidance was not promoted by such Government Authority and, in relation to any international or EU law, policy or guidance proposed after the Agreement Date, such Government Authority has used its reasonable endeavours to prevent the adoption of such international or EU law, policy or guidance (such reasonable endeavours not to include an obligation on any Government Authority to take legal proceedings to challenge such adoption)), and which the Producer is able to demonstrate to the satisfaction of an English court of competent jurisdiction: (i) imposes a requirement that permanently prevents the whole of the Facility from operating; or (ii) is the refusal or the failure to give approval, for a period in excess of twenty-four (24) months, to a request for consent to any re-start of the whole of the Facility, (each, a **"Shutdown Event"**) unless, in any such case, the Shutdown Event was for reasons:

- (i) relating to or in connection with matters of health, safety, security, environment, transport or damage to property (the **"Relevant Matters"**) affecting (directly or indirectly): (1) the Facility or the hydrogen production therefrom; (2) the Producer; (3) the land on which the Facility is situated; (4) the management of any of (1) to (3); or (5) the hydrogen production using the same Hydrogen Production Technology as the Facility (whether in the UK or elsewhere), but in this case, provided the Relevant Matters also relate or apply to one (1) or more of (1) to (4), where at the time of the Shutdown Event it was justifiable in the circumstances as they related or applied to the relevant one(s) of (1) to (5) to

prevent the operation, or refuse to consent to any re-start, of the whole of the Facility;

- (ii) arising out of, in connection with, or resulting from the negligence, breach or fault of, or a failure to act in accordance with a Reasonable and Prudent Standard by, the Producer or any of its Representatives where at the time of the Shutdown Event it was justifiable in the circumstances to prevent the operation, or refuse to consent to any re-start, of the whole of the Facility; or
- (iii) relating to any decision by any Subsidy Control Competent Authority in respect of the application of the Subsidy Control Rules in the LCHA or UKLCH Programme LCHAs (including the annulment, invalidation, revocation, modification, suspension or replacement of any prior decision pursuant to such rules);

"Qualifying Volume" means an Invoiced Volume to Relevant Offtaker which:

- (A) is purchased by a Qualifying Offtaker; and
- (B) complies with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*),

and in each case which is not a RTFO Volume, and **"Qualifying Volumes"** shall be construed accordingly;

"RCE-Adjusted Installed Capacity Estimate" has the meaning given to that term in Condition 5.1 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*);

"RCE Deadline" has the meaning given to that term in Condition 5.1 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*);

"RCE Notice" has the meaning given to that term in Condition 5.1 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*);

"RCE Response Notice" has the meaning given to that term in Condition 5.4 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*);

"RCE Supporting Information" has the meaning given to that term in Condition 5.4 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*);

"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, Industry Documents and Required Authorisations and engaged in the same type of undertaking under the same or similar circumstances and conditions;

"Reconciliation Amount(s)" means a UKLCH Reconciliation Amount(s) and/or, for CCUS-Enabled Facilities only, CO₂ T&S Reconciliation Amount(s) (as applicable);

"Reduced Output Period" has the meaning given to that term in Condition 40.3 (*Categories of Qualifying Change in Law compensation*);

"Reference CPI" means the most recently published CPI;

"Reference Price for Non-Qualifying Volumes" has the meaning given to that term in Condition 9.2 (*Reference Price calculations*);

"Reference Price for Qualifying Volumes" has the meaning given to that term in Condition 9.2 (*Reference Price calculations*);

"Reference Volume" means the amount (*MWh (HHV)*) calculated as follows:

$$RV_m = ALF * 24 * TD * IC$$

where:

RV_m	=	the Reference Volume (<i>MWh (HHV)</i>) for each Billing Period (<i>m</i>)
ALF	=	Assumed Load Factor
TD	=	the total number of Days in the relevant Billing Period
IC	=	the Installed Capacity as at the Start Date or the Final Installed Capacity which is confirmed pursuant to Condition 7 (<i>Final Installed Capacity</i>) (whichever is the most recently confirmed figure)

"Registered Long-Term Network Capacity" has the meaning given to that term in the CO₂ CCS Network Code;⁵⁷

"Relevant Construction Event" means a Construction Event:

- (A) of which no Producer acting in accordance with a Reasonable and Prudent Standard and having made all due and careful enquiries would have been aware, and of which the Producer was not aware, at the Agreement Date; and
- (B) which renders the development, completion, construction or commissioning of the Facility to meet the Installed Capacity Estimate uneconomic;

"Relevant H₂ Levy Revenue Support Regulations" means [●];⁵⁸

"Relevant H₂ Levy Revenue Support Regulations Amendment" means [●];⁵⁹

"Relevant Invoiced Amount" has the meaning given to that term in Condition 9.7 or Condition 9.8 (as applicable) (*Achieved Sales Price calculation*);

"Relevant Offtaker" means any Offtaker who is:

⁵⁷ Note to Reader: This definition is subject to further development as the CCS Network Code develops.

⁵⁸ Note to Reader: DESNZ will provide stakeholders with further information in relation to how this term will be defined in due course and the function of the placeholder Annex 11 (*H₂ Levy Revenue Support Regulations*). DESNZ also notes that this matter remains subject to the Parliamentary Passage of the Energy Bill.

⁵⁹ Note to Reader: DESNZ will provide stakeholders with further information in relation to how this term will be defined in due course and the function of the placeholder Annex 11 (*H₂ Levy Revenue Support Regulations*). DESNZ also notes that this matter remains subject to the Parliamentary Passage of the Energy Bill.

- (A) for the purposes of Conditions 9.2, 9.4(A), 9.7, 9.9, 9.10, 10.1 (but only in respect of the calculation of $\sum_{t=1}^n Volume_{QVRIA,t,m}$), 11.1 and 12.1, a Qualifying Offtaker who purchases Hydrogen produced by the Facility from the Producer which complies with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*); and
- (B) for the purpose of Conditions 9.3, 9.4(B), 9.6, 9.8 and 10.1 (but only in respect of the calculation of $\sum_{t=1}^n Volume_{NQVRIA,t,m}$), a Qualifying Offtaker who purchases Hydrogen produced by the Facility from the Producer which does not comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS does not apply pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*), or a Non-Qualifying Offtaker;

"Remaining LCHA Sales Cap" means the LCHA Sales Cap minus the Total Accrued Volume (as such term is defined in Condition 13.2 of Part 4 (*Payment Calculations*));

"Remaining Permitted Annual Sales Cap" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Renewable Transport Fuel Certificate" means a certificate issued by the RTFO Administrator under the Renewable Transport Fuel Obligations Order 2007 (as amended);

"Replacement Collateral Notice" has the meaning given to that term in Condition 53.3 (*Collateral Requirement*);

"Replacement Collateral Repayment Date" means, in circumstances in which any Payment Failure occurs after the date of a Collateral Posting Notice but before the Initial Collateral Repayment Date specified in such notice, the date falling twelve (12) Months after the last day of the NPA Payment Cure Period applicable to the Producer Net Payable Amount to which such Payment Failure relates;

"Reporting Obligations Audit Notice" has the meaning given to that term in Condition 3.18 (*Reporting Obligations Audit Right*);

"Reporting Obligations Audit Right" has the meaning given to that term in Condition 3.17 (*Reporting Obligations Audit Right*);

"Representatives" means:

- (A) in respect of the LCHA Counterparty:
 - (i) its directors, officials, officers, employees, agents, consultants and advisers; and
 - (ii) the LCHA Settlement Services Provider and its directors, officers, employees, agents, consultants and advisers;
- (B) in respect of the Producer:
 - (i) its directors, officers or employees;
 - (ii) any of its Contractors, agents, consultants and advisers which are engaged in connection with the Project, the LCHA or any other LCHA Document; and

- (iii) the directors, officers, employees, agents, consultants and advisers of any of its Contractors which are engaged in connection with the Project, the LCHA or any other LCHA Document;
- (C) in respect of any Government Entity, its directors, officials, officers, employees, agents, consultants and advisers; or
- (D) in respect of any other person, its directors, officers, officials, employees, agents, consultants and advisers;

"Request for Information" means:

- (A) a request for information (as such term is defined in section 8 of the FoIA);
- (B) a request that environmental information (as such term is defined in the EIR) be made available pursuant to the EIR; or
- (C) any apparent request for information under the FoIA or the EIR;

"Requested Milestone Supporting Information" has the meaning given to that term in Condition 4.3(B) (*Milestone Requirement Notice*);

"Required Authorisation" means, in relation to the Producer, 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 the Producer:

- (A) to perform and comply with its obligations under the LCHA, the other LCHA Documents and the NZHF Grant Funding Agreement; and
- (B) (other than for the purposes of Conditions 26.1(E) (*Agreement Date representations*) and 26.1(B)) (*Producer Undertakings: General*) to design, develop, construct, convert, install, complete, test, commission, operate, maintain and decommission the Facility;

"Required CiL Amendment" means any such amendment or supplement to the LCHA which is, as a direct result of a Change in Applicable Law being implemented, occurring or becoming effective, necessary to ensure that the Required CiL Amendment Objectives are met (provided that any such amendment or supplement shall not affect either: (i) the commercial intent of the LCHA; or (ii) the overall balance of risk, rights and obligations between the Parties, in each case as provided for in the LCHA);

"Required CiL Amendment Objectives" means that: (i) the LCHA continues in force; and (ii) no provision of the LCHA is rendered illegal, invalid, unenforceable or inoperable;

"Required Installed Capacity" means ninety five per cent. (95%) of the Installed Capacity Estimate;

"Rescheduled Performance Test Date Notice" "Proposed Test Date" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Reserve Account" means a bank account in the United Kingdom specified by the LCHA Counterparty in a Collateral Posting Notice and to which Acceptable Collateral (in the form of cash) is to be transferred;

"Resolution Period" has the meaning given to that term in Condition 56.1(A) (*Resolution by Senior Representatives*);

"Respondent" has the meaning given to that term in Condition 57.3 (*Expert Determination Procedure*);

"Response Submission" has the meaning given to that term in Condition 57.6(C) (*Expert Determination Procedure*);

"Restricted Share Transfer" means any Change of Ownership to any person who:

- (A) is engaged with or has substantial interests in:
 - (i) gambling or gaming;
 - (ii) the manufacture or sale of arms and weapons;
 - (iii) the production or sale of alcohol; and/or
 - (iv) the production or sale of tobacco;
- (B) has been convicted of a criminal offence relating to the conduct of its business or profession;
- (C) has committed an act of grave misconduct in the course of its business or profession;
- (D) has failed to comply with material obligations relating to the payment of Taxes or social security contributions;
- (E) is listed on the Sanctions List, or is owned or controlled, directly or indirectly, by an person listed on the Sanctions List;
- (F) is violating any Sanctions Laws applicable to it;
- (G) is located, organised or resident in a country which is the subject of Sanctions by any Sanctions Authority; or
- (H) is a governmental agency, authority or body or state-owned enterprise of any country which is the subject of Sanctions by any Sanctions Authority;

"Revised Producer CO₂ T&S Connection Delay Compensation True-Up Information" has the meaning given to that term in Condition 3.58(B) (Producer CO₂ T&S Connection Delay True-Up Notice);

"Revised ICE" has the meaning given to that term in Condition 6.1(A)(ii) (*Adjustment to Installed Capacity Estimate: Permitted reduction*);

"Revised Notified Performance Test Date" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Revised Offtaker Compliance Declaration" has the meaning given to that term in Condition 34.1(B)(ii) (*Offtaker Compliance Declaration*);

"Revised Producer CO₂ T&S Connection Delay True-Up Response Information" has the meaning given to that term in Condition 3.53(B) (Producer CO₂ T&S Connection Delay True-Up Response Notice);

"Revised Producer QCiL Information" has the meaning given to that term in Condition 39.10(B) (*Producer QCiL Notice*);

"Revised Producer QCiL Response Information" has the meaning given to that term in Condition 39.5(B) (*Producer QCiL Response Notice*);

"Revised Producer QCiL True-Up Information" has the meaning given to that term in Condition 42.10 (*Producer QCiL True-Up Notice*);

"Revised Producer QCiL True-Up Response Information" has the meaning given to that term in Condition 42.5(B) (*Producer QCiL True-Up Response Notice*);

"Risk-Taking Intermediary" means an offtaker of Hydrogen produced by the Facility who enters into:

- (A) an agreement with the Producer for the supply of, and transfer of the legal and beneficial title in, such Hydrogen; and
- (B) one (1) or more agreement(s) to supply, and transfer the legal and beneficial title in, the same volumes of such Hydrogen to one (1) or more purchaser(s);

"Risk-Taking Intermediary Volumes" means Non-Qualifying Volumes which are purchased by a Risk-Taking Intermediary;

"RTFO Change in Law" means a Change in Law which in any way amends the RTFO Scheme;

"RTFO Compliance" means enabling and assisting the LCHA Counterparty and Secretary of State for Transport (including by way of audit, check, examination, inspection or stocktake) to:

- (A) verify that that the Total Invoiced Volumes which are Qualifying Volumes have not been claimed under the RTFO Scheme;
- (B) verify that the Producer has excluded Discrete Consignments associated with RTFO Volumes from the calculation of any weighted averaged consignments as required under Appendix 1 (*Monthly LCHS Report*) of Annex 6 (*Data collection and Monitoring Compliance with the LCHS*); and⁶⁰
- (C) assess compliance or non-compliance by the Producer with the RTFO Compliance Obligation;

⁶⁰

Note to Reader: This requirement is intended to prevent the double claiming of emissions credentials across the LCHA and the RTFO.

"RTFO Compliance Obligation" has the meaning given to that term in Condition 20.5 (*Undertakings: No Cumulation of Subsidy, State Aid on Union Funding*);

"RTFO Scheme" means the Renewable Transport Fuel Obligation scheme established under the Renewable Transport Fuel Obligations Order 2007 (as amended);⁶¹

"RTFO Volume" means an Invoiced Volume to Relevant Offtaker in respect of which Renewable Transport Fuel Certificates are claimed under the RTFO Scheme and **"RTFO Volumes"** shall be construed accordingly;

"Sanctions" means economic or financial sanctions or trade embargoes or similar measures enacted, imposed, administered or enforced from time to time by any Sanctions Authority;

"Sanctions Authority" means any of OFAC, the United Nations, the European Union, His Majesty's Government of the United Kingdom or any US federal government entity;

"Sanctions List" means the Specially Designated Nationals and Blocked Persons List maintained by OFAC, the List of Foreign Financial Institutions Subject to Part 561 maintained by OFAC, or any similar sanctions list of individuals or entities maintained by any Sanctions Authority;

"Second Payment Failure Notice" has the meaning given to that term in Condition 53.1 (Notification of collateral requirement);

"Secretary of State" means the Secretary of State for Energy Security and Net Zero, acting in that capacity unless otherwise expressly stated or the context otherwise requires;

"Secretary of State for Transport" means the Secretary of State for Transport, acting in that capacity unless otherwise expressly stated or the context otherwise requires;

"Section C (system operator standard conditions) Direction" means a direction issued by the Authority or any Secretary of State, where appropriate, in accordance with Standard Condition A2 (*Application of Section C*) of the Transmission Licence;

"Section 36 Consent" means a consent under section 36 of the Electricity Act 1989;

"Senior Representative" means one (1) or more senior employees or officers selected by a Party to represent it in relation to Condition 56 (Resolution by Senior Representatives);

"Senior Representatives Settlement" has the meaning given to that term in Condition 56.1(A) (Resolution by Senior Representatives);

"Service Agent" has the meaning given to that term in the Agreement (but only if Condition 86 (Agent for service of process) is expressed to apply to the LCHA in the Agreement);

"Service Document" means a claim form, application notice, order, judgment or other document relating to any Proceedings;

⁶¹

Note to Reader: DESNZ is considering whether to include a deadline after which participation in multiple schemes (for example, the RTFO and the UKLCH) will not be permitted.

"Site" has the meaning given to that term in the Agreement;

"Site Boundary Meter" has the meaning given to that term in paragraph 1.1(A)(i) of Section 2 (*Hydrogen Meter Technical Specifications*) of Part D of Annex 9 (*Metering Operational Framework and Technical Specifications*);

"Sliding Scale Top Up" has the meaning given to that term in Condition 12.3 (*Sliding Scale Top Up Amount calculation*);

"Sliding Scale Top Up Amount" has the meaning given to that term in Condition 12.1 (*Sliding Scale Top Up Amount calculation*);

"Sliding Scale Top Up Condition" has the meaning given to that term in Condition 12.2 (*Sliding Scale Top Up Amount calculation*);

"SOTO Code" means the System Operator – Transmission Owner Code required to be in place pursuant to Standard Condition B12 (*System Operator – Transmission Owner Code*) of the Transmission Licence;

"Specific Change in Law" means a Change in Law the terms of which specifically (and not merely indirectly or consequentially or by virtue of the disproportionate effect of any Change in Law that is of general application) apply to:

- (A) hydrogen production facilities which deploy the same Hydrogen Production Technology as the Facility Hydrogen Production Technology, or the hydrogen production from, or hydrogen production-related processes carried out at, such hydrogen production facilities, and not to other hydrogen production facilities, or the hydrogen production from, or hydrogen production-related processes carried out at, other hydrogen production facilities;
- (B) hydrogen production facilities the output of which is subject to a UKLCH Programme LCHA, or the hydrogen production from, or any hydrogen production-related processes carried out at, such hydrogen production facilities, and not in respect of any hydrogen production facilities which are not subject to a UKLCH Programme LCHA, or the hydrogen production from, or hydrogen production-related processes carried out at, any such hydrogen production facilities;
- (C) hydrogen production facilities which deploy the same Hydrogen Production Technology as the Facility Hydrogen Production Technology and the output of which is subject to a UKLCH Programme LCHA, or the hydrogen production from, or any hydrogen production-related processes carried out at, such hydrogen production facilities, and not to any hydrogen production facilities which are not of the same or similar type to the Facility but which are subject to a UKLCH Programme LCHA, or the hydrogen production from, or hydrogen production-related processes carried out at, such other hydrogen production facilities; or
- (D) the holding of shares in companies, the membership of partnerships, limited partnerships or limited liability partnerships, the participation in joint ventures (whether or not incorporated) or the holding of any other economic interest, including by way of debt, in each case whether directly or indirectly, in an undertaking whose main business is the development, construction, operation and maintenance of hydrogen production

facilities referred to in paragraph (A), (B) or (C) above and not other hydrogen production facilities;

"Specified Expiry Date" means the fifteenth (15th) anniversary of the earlier of the Start Date and the last Day of the Target Commissioning Window;

"Standard and Poor's" means Standard & Poor's Ratings Service, a division of the McGraw-Hill Companies, Inc., and any successor thereto;

"Start Date" has the meaning given to that term in Condition 3.23(A) (*Notification of Start Date*);

"Start Date Notice" has the meaning given to that term in Condition 3.22 (*Notification of Start Date*);

"Strike Price" means:

- (A) for Electrolytic Facilities, the Initial Electrolytic Strike Price (as may be amended from time to time in accordance with the LCHA); and
- (B) for CCUS-Enabled Facilities, the sum of the:
 - (i) Non-Gas Strike Price; and
 - (ii) Natural Gas Strike Price;

"Strike Price Adjustment" means any adjustment to the QCiL Strike Price Component effected pursuant to and in accordance with the LCHA, including: (i) a QCiL Strike Price Adjustment; (ii) a QCiL True-Up Strike Price Adjustment; (iii) an Indexation Adjustment; (iv) for CCUS-Enabled Facilities only, a Non-Gas Indexation Adjustment and a Natural Gas Indexation Adjustment;

"Strike Price Adjustment Calculation Period" has the meaning given to that term in Condition 8 (*Definitions: Part 5*) of Part 5 (*Payment Calculations*);

"Strike Price Costs" has the meaning given to that term in the Agreement;

"Strike Price Exclusion Amount" means the price (*expressed in pounds (£)*) which is charged by the Producer to a Relevant Offtaker for the sale of Hydrogen produced by the Facility and/or in respect of Take-or-Pay Volumes in the relevant Billing Period in each case in respect of each Strike Price Exclusion, as set out in the relevant Offtaker Invoice;

"Strike Price Exclusions" means the Initial Strike Price Exclusions, as may be adjusted from time to time in accordance with Conditions 33.1 to 33.3 (inclusive) (*Offtaker Confirmation Procedure*) and which shall not include any Strike Price Inclusions;

"Strike Price Inclusions" has the meaning given to that term in the Agreement;⁶²

⁶²

Note to Reader: This will be the categories of 'eligible costs' which are included in the Strike Price and set out in Annex 5 of the Front End Agreement. 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 and included/excluded costs.

"Subsidy" shall have the meaning given to the term "subsidy" in the Subsidy Control Act 2022;

"Subsidy Control Competent Authority" means either or both of the Competition Appeal Tribunal and the Competition and Markets Authority and any successor to any of their respective functions in respect of subsidy control;

"Subsidy Control Declaration Date" means the date the Producer submits an Operational CP Notice in respect of the Subsidy Control Declaration Operational CP or, where the LCHA Counterparty subsequently agrees to waive the Subsidy Control Declaration Operational CP in accordance with Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*), the date the Producer requests a waiver of the Subsidy Control Declaration Operational CP;

"Subsidy Control Declaration Operational CP" means the Operational Condition Precedent set out in Part B of Annex 1 (*Conditions Precedent*);

"Subsidy Control Rules" means: (i) any subsidy control provisions in Law or having legally binding effect in the United Kingdom; and (ii) any relevant decisions or judgments of a Subsidy Control Competent Authority;

"Subsidy Interest Rate" has the meaning given to that term in Condition 31.12 (*Subsidy Interest*);

"Supply Chain Report" means a report prepared by the Producer and submitted to the LCHA Counterparty pursuant to Condition 32.1 (*Supply Chain Report*), which shall be substantially in the form attached at Annex 7 (*Form of Supply Chain Report*);

"Supply Chain Report Deadline" has the meaning given to that term in Condition 32.1 (*Supply Chain Report*);

"Supply Chain Report Fees" means the following amounts payable by the Producer to the LCHA Counterparty pursuant to Condition 32.6 (*Payment of Supply Chain Report Fees*):

- (A) the sum of one thousand pounds sterling (£1,000), which shall be due and payable by the date which falls ten (10) Business Days after the date of the relevant Supply Chain Report Response Notice;
- (B) the sum of one thousand pounds sterling (£1,000), which shall be due and payable by the date which falls one (1) Month and ten (10) Business Days after the date of the relevant Supply Chain Report Response Notice;
- (C) the sum of one thousand pounds sterling (£1,000), which shall be due and payable by the date which falls two (2) Months and ten (10) Business Days after the date of the relevant Supply Chain Report Response Notice;
- (D) the sum of two thousand five hundred pounds sterling (£2,500), which shall be due and payable by the date which falls three (3) Months and ten (10) Business Days after the date of the relevant Supply Chain Report Response Notice; and
- (E) the sum of five thousand pounds sterling (£5,000), which shall be due and payable by the date which falls four (4) Months and ten (10) Business Days after the date of the relevant Supply Chain Report Response Notice, with the same amount to then be due and payable each subsequent Month thereafter;

"Supply Chain Report Response Notice" has the meaning given to that term in Condition 32.4 (*Supply Chain Report*);

"Supporting Information" means any and all calculations, confirmations, data, documentation, evidence (including expert's reports), explanations, information, measurements, readings, reports (including expert's reports), representations and statements (whether in written or documentary form);

"Suspension CO₂ T&S Connection Confirmation Requirement Breach" has the meaning given to that term in Condition 3.75 (*Failure to comply with CO₂ T&S Connection Confirmation Requirement: Suspension*);

"Take-or-Pay Volumes" means Hydrogen in respect of which the Producer has received payment from an Offtaker in lieu of the Offtaker taking such Hydrogen, under a take-or-pay, guaranteed minimum purchase volume, or similar arrangement with an Offtaker;

"Target Commissioning Date" has the meaning given to that term in the Agreement;

"Target Commissioning Window" means the Initial Target Commissioning Window for the Facility as specified in the Agreement, as such period may be extended day for day for each day of delay to the Project by reason of:

- (A) a Force Majeure in respect of which the Producer is the FM Affected Party, but only to the extent that the Producer has satisfied the requirements and conditions of Condition 67 (*Force Majeure*) to be entitled to such extension; or
- (B) the failure by any Electricity Transmission System Operator, Electricity Transmission Licensee, Licensed Electricity Distributor, to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Electricity Transmission System Operator, Electricity Transmission Licensee, Licensed Electricity Distributor is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives); or
- (C) the failure of the Gas Licensed Transporter to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Gas Licensed Transporter is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives); or
- (D) the failure of the Water Licensed Operator to carry out in a timely manner any required system reinforcement or connection works specified in the construction agreement attributable to the Facility and to which any Water Licensed Operator is a party (except to the extent that such failure is due to the fault or negligence of the Producer or its Representatives); or
- (E) for CCUS-Enabled Facilities only, a CO₂ T&S Commissioning Delay Event but only to the extent that the Producer has satisfied the requirements of Conditions 3.42 and 3.43 (*Relief due to CO₂ T&S Commissioning Delay Event*) to be entitled to such extension,

and provided that in the case of delays caused by the reasons in (B), (C) and/or (D) above;

- (i) the Producer gives notice to the LCHA Counterparty as soon as reasonably practicable of the nature and extent of the failure; and
- (ii) there shall be no extension for any day of delay to the Project that could have been avoided by the Producer and its Representatives using reasonable endeavours
 - (a) to mitigate the effects of such failure (including delay to the Project);
 - (b) to carry out its obligations under the LCHA and each other LCHA Document in any way that is reasonably practicable; and
 - (c) to resume the performance of its obligations under the LCHA and each other LCHA Document as soon as reasonably practicable;

"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, Profits or Gains 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;

"TCDE Termination Notice" has the meaning given to that term in Condition 49.30 (*Termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement*);

"Technical Amendment" means any Proposed Amendment which is: (i) not a Material Amendment; (ii) required to correct a manifest error; or (iii) a Relevant H₂ Levy Revenue Support Regulations Amendment;

"Technical Amendment Agreement" has the meaning given to that term in paragraph 2.10 of Annex 4 (*Change Control Procedure*);

"Technical Amendment Response Notification" has the meaning given to that term in paragraph 2.6(B)(ii) of Annex 4 (*Change Control Procedure*);

"Technical Amendment Response Period" has the meaning given to that term in paragraph 2.6(B) of Annex 4 (*Change Control Procedure*);

"Technical Compliance Termination Event" means an event as set out in Condition 29.6 (*Failure to remedy Metering Obligation breach*);

"Term" has the meaning given to that term in Condition 2.1 (*Term and duration*);

"Termination Event" has the meaning given to that term in Condition 51.1 (*Termination Events*);

"Test Performance Standards" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Test Report Minimum Technical Requirements" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Test Run Period" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Third Party" has the meaning given to that term in Condition 82.1 (*Third party rights*);

"Third Party DCMP Contractor" has the meaning given to that term in paragraph 1 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);

"Third Party Provisions" has the meaning given to that term in Condition 82.1 (*Third party rights*);

"TNUoS Charges" means the Transmission Network Use of System charges payable by an Electricity Supplier under the Connection and Use of System Code;

"Total Accrued Volume" has the meaning given to that term in Condition 13.2 (*LCHA Sales Cap calculation*);

"Total Capex Payment" has the meaning given to that term in the Agreement;

"Total System" has the meaning given to that term in Annex 2 (*Testing Requirements*);

"Total Transferred Storage Volumes" means the aggregate quantity of Hydrogen produced by the Facility (*expressed in MWh (HHV)*) during the relevant Billing Period which is:

- (A) transferred to On-site Storage; or
- (B) transferred to Off-site Storage,

as set out in the Payment Information Notice for such Billing Period;

"Total Invoiced Volumes" means the aggregate Invoiced Volumes to Relevant Offtaker during the relevant Billing Period which are:

- (A) Qualifying Volumes;
- (B) Non-Qualifying Volumes;
- (C) RTFO Volumes; or
- (D) except for the purpose of Condition 13, Take-or-Pay Volumes,

as set out in the Payment Information Notice for such Billing Period;

"Total Production Volumes" means the quantity of Hydrogen produced by the Facility (*expressed in MWh (HHV)*) during the relevant Billing Period, as measured by the Site Boundary Meter or, if On-site Storage is used, the Production Meter, during such Billing Period;

"Total Project Pre-Commissioning Costs" has the meaning given to that term in the Agreement;

"Total Sales Price" means the price (*expressed in pounds (£)*) which is charged by the Producer to a Relevant Offtaker for the sale of Hydrogen produced by the Facility in the relevant Billing Period, as set out in the relevant Offtaker Invoice;

"Transfer" has the meaning given to that term in Condition 78.1 (*Restriction on Transfers*);

"Transferee" has the meaning given to that term in Condition 78.1 (*Restriction on Transfers*);

"Transferring Rights and Obligations" has the meaning given to that term in Condition 78.5(A) (*General provisions relating to permitted transfers*);

"Treaty" has the meaning given to that term in Article 2(1)(a) of the Vienna Convention on the law of treaties 1969;

"Tribunal" has the meaning given to that term in the FoIA;

"UK Competent Authority" means a Competent Authority of the United Kingdom;

"UK ETS" means the emissions trading scheme in the UK established pursuant to The Greenhouse Gas Emissions Trading Scheme Order 2020;

"UKLCH Billing Statement" has the meaning given to that term in Condition 20.1 (*Delivery of UKLCH Billing Statement*);

"UKLCH Compensatory Interest Amount" has the meaning given to that term in Condition 20.6 (*Calculation of UKLCH Compensatory Interest Amount*);

"UKLCH Net Payable Amount" has the meaning given to that term in Condition 20.6 (*Calculation of UKLCH Net Payable Amount*);

"UKLCH Programme" means a programme, as such programme may be updated from time to time, to develop a low carbon hydrogen sector in the UK, and to deploy a system comprising the following:

- (A) producing low carbon hydrogen;
- (B) storing such low carbon hydrogen;
- (C) transporting such low carbon hydrogen; and
- (D) the end use of such low carbon hydrogen;

"UKLCH Programme LCHA" means each LCHA entered into between the LCHA Counterparty and an Eligible Producer pursuant to [the Energy Act 2023];

"UKLCH Reconciliation Amounts" has the meaning given to that term in Condition 20.5 (*Calculation of UKLCH Reconciliation Amounts*);

"UKLCH Reconciliation Billing Period" has the meaning given to that term in Condition 20.6 (*Calculation of UKLCH Compensatory Interest Amount*);

UK System Operator" means the operator of the UK Transmission System, acting in that capacity;

"UK Transmission System" means the system consisting (wholly or mainly) of high voltage electric lines owned by Electricity Transmission Licensees within the United Kingdom that is used for the transmission of electricity from one (1) generating station to a substation or to another generating station or between substations or to or from any interconnector:

"Unaccounted Volumes" means any Total Production Volumes which are not:

- (A) Total Invoiced Volumes; or
- (B) Total Transferred Storage Volumes;

"Uniform Network Code" means the uniform network code prepared pursuant to the Gas Transporter Licence;

"Union Funding" means any funding from European Union resources (regardless of whether such funding constitutes subsidy or State aid), including funding under the NER 300 and Horizon 2020 programmes;

"Variable QCiL Operating Costs" means QCiL Operating Costs that vary in accordance with the amount of Hydrogen produced by the Facility;

"Variable QCiL Operating Savings" means QCiL Operating Savings that vary in accordance with the amount of Hydrogen produced by the Facility;

"Water Distribution System" means all or part of a transportation system in the United Kingdom operated by a Water Licensed Operator;

"Water Licensed Operator" means the holder of a Water Operator Licence;

"Water Meter Measurement System" means the relevant commissioned Water Meter(s) and Water Measurement Equipment installed for the purposes of measuring Water at the Water Meter Measurement Point(s);

"Water Metering Dispute" means a dispute or part of a dispute which relates to the calculation of the Measured Water Input;

"Water Operator Licence" means a licence granted under the Water Industry Act 1991; and

"Working Hours" means 09:00 to 17:00 on a Business Day.

Interpretation

1.2 Any reference in the LCHA to:

- (A) (save as provided in (C)) a Law, Directive or other similar enactment or instrument (each, an **"enactment"**) includes references to:
 - (i) that enactment as amended, supplemented or applied by or pursuant to any other enactment before, on or after the Agreement Date;
 - (ii) any enactment which re-enacts, restates or replaces (in each case with or without modification) that enactment; and
 - (iii) any subordinate legislation made (before, on or after the Agreement Date) pursuant to any enactment, including an enactment falling within Condition 1.2(A)(i) or 1.2(A)(ii);

- (B) an Industry Document includes references to such Industry Document as amended, supplemented, restated, novated or replaced from time to time,
- (C) [an internationally recognised standard includes references to such internationally recognised standard as amended, supplemented, restated, novated or replaced from time to time],

except, in each case, for the purposes of Part 8 (*Changes in Law*) or where otherwise expressly specified; or

- (D) a specific European Union instrument shall not include any amendment, supplement, re-enactment, restatement or replacement of such European Union instrument that:
 - (i) is made by a Competent Authority of the European Union; and
 - (ii) is not required to be implemented by, and does not have effect in the United Kingdom by reason of, any Law or otherwise pursuant to an international agreement to which the United Kingdom is a signatory.

1.3 Unless otherwise expressly specified:

- (A) any reference in the LCHA or any other LCHA Document or the NZHF Grant Funding Agreement (or in any certificate or other document made or delivered pursuant to the LCHA, any other LCHA Document or the NZHF Grant Funding Agreement) to:
 - (i) these Conditions shall be deemed to include the Annexes;
 - (ii) the Agreement shall be deemed to include any schedules or annexes to the Agreement;
 - (iii) a **"company"** shall be construed as including any corporation or other body corporate, wherever and however incorporated or established;
 - (iv) the expressions **"holding company"** and **"subsidiary"** shall have the meanings respectively ascribed to them by section 1159 of the Companies Act 2006, the expressions **"parent undertaking"** and **"subsidiary undertaking"** shall have the meanings respectively ascribed to them by section 1162 of the Companies Act 2006 and the expression **"associated undertaking"** shall have the meaning ascribed to it in Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 (but for this purpose ignoring paragraph 19(1)(b) of those regulations);
 - (v) a **"person"** shall be construed as including any individual, firm, company, unincorporated organisation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or any other entity;
 - (vi) a person shall be construed as including its successors, permitted assignees and permitted transferees and, where a person ceases to exist, any other person to which some or all of its duties, functions, liabilities, obligations, powers or responsibilities may from time to time be transferred;

- (vii) an **"agreement"** shall be construed as including any commitment or arrangement, whether legally binding or not, and references to being party to an agreement or having agreed to do anything shall be construed accordingly;
 - (viii) any agreement or document shall be construed as a reference to that agreement or document as amended, supplemented, restated, novated or replaced from time to time;
 - (ix) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be treated as including what most nearly approximates in that jurisdiction to the English legal term;
 - (x) time shall be a reference to time in London, England;
 - (xi) words in the singular shall be interpreted as including the plural and vice versa;
 - (xii) in the definition of Qualifying Shutdown Event, the term EU law shall include any retained EU law other than as that body of law is added to or otherwise modified under the EU(W)A 2018 or other domestic law; and
 - (xiii) the expression **"retained EU law"** shall have the meaning given to that expression in the EU(W)A 2018.
- (B) in construing the LCHA, any other LCHA Document or the NZHF Grant Funding Agreement (or any certificate or other document made or delivered pursuant to the LCHA, any other LCHA Document or the NZHF Grant Funding Agreement):
- (i) the rule of interpretation known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word **"other"** shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
 - (ii) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- (C) any reference in these Conditions to a **"paragraph"**, **"Condition"**, **"Section"**, **"Part"**, or **"Annex"** is a reference to a paragraph, Condition or Part of, or Annex to these Conditions; and
- (D) any reference in the Agreement to a **"paragraph"**, **"clause"**, **"Section"**, **"Part"** or **"Annex"** is a reference to a paragraph or clause of, or Annex or Schedule to, the Agreement.
- 1.4 These Conditions form part of the LCHA and shall have the same force and effect as if expressly set out in the body of the LCHA, and any reference to the LCHA shall include the Annexes.
- 1.5 Headings and sub-headings used in the LCHA are for ease of reference only and shall not affect the interpretation of the LCHA.

- 1.6 If there is a conflict between:
- (A) the main body of these Conditions and any Annex, the main body of these Conditions shall prevail; or
 - (B) these Conditions and the Agreement, the Agreement shall prevail.
- 1.7 Condition 1.3(A)(vi) shall apply (without limitation) to any references in the LCHA to the Authority, the Economic Regulator, the Environment Agencies and the Secretary of State.

Symbols and currency

- 1.8 Any reference in these Conditions to "**£**" or "**pounds**" or "**Sterling**" is to the lawful currency of the United Kingdom.
- 1.9 Any reference in these Conditions to "**MW**" is to megawatts and to "**MWh**" is to megawatt hours.
- 1.10 Any reference in these Conditions to "**HHV**" is to higher heating value.
- 1.11 Any reference in these Conditions to "**tCO₂**" is to tonnes of carbon dioxide, "**tCO_{2RS}**" is to tonnes of carbon dioxide rich stream [and to "**tCO_{2e}**" is to tonnes of carbon dioxide equivalent].
- 1.12 Any value referenced in these Conditions as being expressed as a percentage (%) is to be expressed as a decimal fraction for the purposes of any calculations.

No interest in the Facility

- 1.13 Nothing in the LCHA is intended to create, or shall create, a legal or beneficial interest in the Facility or the Project in favour of any person other than the Producer.

Part 2 Term

2. TERM

Term and duration

2.1

- (A) Subject to Condition 3 (*Conditions Precedent*), the provisions of, and the rights and obligations of the Parties under, the LCHA shall become effective and binding on the Agreement Date; and
- (B) (except in circumstances in which the LCHA is terminated pursuant to Conditions 2.3(B), 49.1 (*Pre-Start Date termination*), 49.5 (*Termination for Prolonged Force Majeure*), 49.8 (*Termination for CO₂ T&S Prolonged Unavailability Event*), 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*), 49.27 (*Default termination*), 49.29 (*Termination for Failing to satisfy the Required Installed Capacity*), 49.30 (*Termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement*), 49.31 (*Qualifying Change in Law termination*), or (49.33 QCiL (*Compensation termination*)) the LCHA shall continue in full force and effect until the Specified Expiry Date,

(such period, the "**Term**").

Expiry

2.2 Subject to Conditions 2.3 and 2.4, the LCHA shall expire automatically on the earlier of:

- (A) the Specified Expiry Date; and
- (B) if applicable, the date on which the Total Accrued Volumes are equal and/or are deemed to be equal to the LCHA Sales Cap.

Consequences of expiry

2.3 Upon expiry of the LCHA pursuant to Condition 2.2:

- (A) no termination payment shall be payable by either Party to the other Party;
- (B) all rights and obligations of the Parties under the LCHA shall end; and
- (C) neither Party shall be entitled to make any claim against the other Party pursuant to the LCHA.

2.4 The expiry of the LCHA:

- (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 the LCHA; and

- (ii) any breach of any provisions of the LCHA which are expressed to survive expiry pursuant to Condition 52 (Survival); and
- (B) shall be subject to Condition 52 (*Survival*).

Part 3

Conditions Precedent and Milestone Requirement

3. CONDITIONS PRECEDENT

Provisions effective and binding from Agreement Date

- 3.1 The provisions of, and the rights and obligations of the Parties pursuant to, the Agreement Date Provisions shall become effective and binding on the Agreement Date.

Initial Conditions Precedent

- 3.2 The provisions of, and the rights and obligations of the Parties pursuant to, the Initial CP Provisions are conditional upon the Initial Conditions Precedent being:
- (A) fulfilled by the Producer; or
 - (B) waived by the LCHA Counterparty in accordance with Condition 3.29 (*Waiver of Conditions Precedent and Default*) and/or 3.77 (*Waiver of Subsidy Control Declaration Operational CP*).
- 3.3 The Producer shall use reasonable endeavours to fulfil or procure the fulfilment of the Initial Conditions Precedent as soon as reasonably practicable, and in any event no later than twenty (20) Business Days after the Agreement Date.
- 3.4 The LCHA Counterparty shall notify the Producer as soon as reasonably practicable after the LCHA Counterparty considers that the Initial Conditions Precedent have been fulfilled, or after the LCHA Counterparty has decided to waive such conditions in accordance with Condition 3.29 (*Waiver of Conditions Precedent and Default*).

Operational Conditions Precedent

- 3.5 The provisions of, and the rights and obligations of the Parties pursuant to, the Operational CP Provisions are conditional upon the Initial Conditions Precedent and the Operational Conditions Precedent being:
- (A) fulfilled by the Producer; or
 - (B) waived by the LCHA Counterparty in accordance with Conditions 3.29 (*Waiver of Conditions Precedent and Default*) and/or 3.77 (*Waiver of Subsidy Control Declaration Operational CP*).
- 3.6 The Producer shall use reasonable endeavours to fulfil or procure the fulfilment of the Operational Conditions Precedent (save for the Subsidy Control Declaration Operational CP) as soon as reasonably practicable, and in any event before the Longstop Date. The Producer shall use reasonable endeavours to fulfil or procure the fulfilment of the Subsidy Control Declaration Operational CP before the Longstop Date.

Operational Conditions Precedent: General Reporting Obligations

- 3.7 The Producer shall keep the LCHA Counterparty reasonably informed as to progress towards fulfilment of the Operational Conditions Precedent and, in particular (but without limitation), shall:
- (A) provide the LCHA Counterparty with reports (in form and content reasonably satisfactory to the LCHA Counterparty and in accordance with the reasonable requirements of the LCHA Counterparty as to the timing and frequency of such reports) of the progress made in or towards fulfilment of the Operational Conditions Precedent; and
 - (B) give the LCHA Counterparty a notice each time the Producer considers an Operational Condition Precedent has been fulfilled (an "**OCP Notice**"). Each OCP Notice shall:
 - (i) identify the Operational Condition Precedent which the Producer considers to have been fulfilled; and
 - (ii) include such Supporting Information as the Producer considers to be relevant to evidence the fulfilment of the relevant Operational Condition Precedent.
- 3.8 Each OCP Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the OCP Notice.
- 3.9 The LCHA Counterparty shall, no later than ten (10) Business Days after receipt of an OCP Notice, give a notice to the Producer (an "**OCP Response Notice**"). An OCP Response Notice shall specify whether the LCHA Counterparty considers that:
- (A) the Producer has or has not fulfilled the Operational Condition Precedent to which the OCP Notice relates; or
 - (B) it has not been provided with sufficient Supporting Information to determine whether the Producer has fulfilled the Operational Condition Precedent to which the OCP Notice relates and, if so, details of the additional Supporting Information which the LCHA Counterparty requires to determine whether the Producer has fulfilled the Operational Condition Precedent (the "**OCP Supporting Information**").
- 3.10 If the LCHA Counterparty states in the OCP Response Notice that:
- (A) the Producer has fulfilled the Operational Condition Precedent, then the Operational Condition Precedent will be deemed to have been fulfilled for the purposes of the LCHA;
 - (B) the Producer has not fulfilled the Operational Condition Precedent, then the Operational Condition Precedent will be deemed not to have been fulfilled for the purposes of the LCHA unless and until a resolution or determination to the contrary is made pursuant to the Dispute Resolution Procedure; or
 - (C) the Producer has not provided the LCHA Counterparty with sufficient Supporting Information to determine whether the Producer has fulfilled the Operational Condition Precedent:

- (i) the Producer shall provide the OCP Supporting Information as soon as reasonably practicable, and in any event no later than ten (10) Business Days after receipt of the OCP Response Notice, or such longer period as is specified by the LCHA Counterparty; and
- (ii) upon receipt of the OCP Supporting Information, the LCHA Counterparty shall as soon as reasonably practicable, and in any event no later than ten (10) Business Days after receipt of such OCP Supporting Information, give a further OCP Response Notice to the Producer (a **"Further OCP Response Notice"**). A Further OCP Response Notice shall specify whether the LCHA Counterparty considers that the Producer has or has not fulfilled the Operational Condition Precedent.

3.11 The Producer shall give the LCHA Counterparty a notice promptly upon the Producer becoming aware:

- (A) of any fact, matter or circumstance which will or is reasonably likely to prevent any of the Operational Conditions Precedent from being fulfilled by the Longstop Date; or
- (B) that any of the Operational Conditions Precedent which had previously been notified to the LCHA Counterparty as fulfilled pursuant to Condition 3.7(B) is no longer fulfilled at any time prior to the Start Date,

(any such notice, an **"OCP Non-Compliance Notice"** and the Operational Condition Precedent referenced in such notice, an **"Affected Operational CP"**). Each such OCP Non-Compliance Notice shall:

- (i) identify the Affected Operational CP;
- (ii) specify the reasons why the Affected Operational CP:
 - (a) will, or is reasonably likely, not to be fulfilled; or
 - (b) is no longer fulfilled;
- (iii) include such Supporting Information as the Producer considers to be relevant to the content of the OCP Non-Compliance Notice; and
- (iv) include details of any remedial action that the Producer is taking or proposes to take,

provided that no OCP Non-Compliance Notice need be given by the Producer to the LCHA Counterparty if the Affected Operational CP has been waived by the LCHA Counterparty in accordance with Conditions 3.29 (*Waiver of Conditions Precedent and Default*) and/or 3.77 (*Waiver of Subsidy Control Declaration Operational CP*).

3.12 Each OCP Non-Compliance Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the OCP Non-Compliance Notice.

3.13 Nothing in this Condition 3 (*Conditions Precedent*) shall require the LCHA Counterparty to specify in any OCP Response Notice or Further OCP Response Notice that the LCHA

Counterparty accepts that an Operational Condition Precedent has been fulfilled unless the LCHA Counterparty is satisfied of the same.

Operational Conditions Precedent: Construction Reporting Requirements

- 3.14 The Producer shall keep the LCHA Counterparty fully informed as to the progress in relation to the Pre-Operation Activities from the Agreement Date until the Start Date and in particular (but without limitation) shall, on or prior to every 1 February, 1 May, 1 September and 1 November that fall within such period (or, if such date is a day other than a Business Day, on the next Business Day after that date):
- (A) provide the LCHA Counterparty with reports (in form and content reasonably satisfactory to the LCHA Counterparty) detailing the progress in relation to the Pre-Operation Activities. As a minimum, each report shall satisfy the Minimum Reporting Content Requirements; and
 - (B) provide the LCHA Counterparty with any Supporting Information provided to the Producer's board of Directors (or an equivalent body or committee, as applicable) relating to the matters referred to in Condition 3.14(A).
- 3.15 The Producer shall notify the LCHA Counterparty in writing (a **"Project Delay Notice"**), together with Supporting Information, promptly upon the Producer becoming aware of any fact, matter or circumstance which will or is reasonably likely to delay any Pre-Operation Activity, with such notice to include:
- (A) details of the relevant fact, matter or circumstance;
 - (B) any remedial action that the Producer is taking or proposes to take in relation to such fact, matter or circumstance;
 - (C) a revised Project timetable (by reference to the Target Commissioning Date, the Target Commissioning Window and the Longstop Date); and
 - (D) the estimated additional costs to the Project arising as a result of such fact, matter or circumstance.
- 3.16 Each Project Delay Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Project Delay Notice.

Reporting Obligations Audit Right

- 3.17 With effect from the Agreement Date and until the date which falls thirty (30) calendar days after the Start Date, the Producer shall grant the LCHA Counterparty (and any and all persons nominated by the LCHA Counterparty which the LCHA Counterparty considers to be suitably qualified) access in accordance with Conditions 3.18 to 3.20 to:
- (A) (i) the Facility; and (ii) any plant, machinery, property, processing or storage facility associated with the Facility, in each case owned, occupied or controlled by the Producer and to which the Producer can lawfully grant access; and
 - (B) the Producer's personnel, systems, books, records and any other information,

in each case as the LCHA Counterparty considers reasonably necessary for the LCHA Counterparty to assess the Producer's compliance with Conditions 3.7 to 3.16 (the **"Reporting Obligations Audit Right"**).

- 3.18 If the LCHA Counterparty intends to exercise its Reporting Obligations Audit Right, it shall give written notice to the Producer (a **"Reporting Obligations Audit Notice"**). A Reporting Obligations Audit Notice shall:
- (A) specify that the LCHA Counterparty (or any suitably qualified persons nominated by it under Condition 3.17) intends to exercise the Reporting Obligations Audit Right; and
 - (B) specify a date and time during regular office hours by which the Producer must, in accordance with Condition 3.19, permit the exercise of the Reporting Obligations Audit Right.
- 3.19 On receipt of the Reporting Obligations Audit Notice, the Producer shall permit the LCHA Counterparty to exercise the Reporting Obligations Audit Right at such time as the LCHA Counterparty may nominate provided that it is no earlier than two (2) Business Day after the Producer's receipt of the Reporting Obligations Audit Notice.
- 3.20 The Producer shall cooperate and provide, and shall procure that any Representative cooperates and provides, all required access, assistance and information to enable the LCHA Counterparty to exercise its Reporting Obligations Audit Right.
- 3.21 The Producer shall reimburse the LCHA Counterparty for all out-of-pocket costs, expenses and fees incurred by the LCHA Counterparty arising out of or in connection with exercising the Reporting Obligations Audit Right.

Notification of Start Date⁶³

- 3.22 The Producer shall after giving the OCP Notice relating to the fulfilment of the final Operational Condition Precedent, and in any event no later than ten (10) Business Days after the OCP Response Notice or the Further OCP Response Notice confirming that the LCHA Counterparty considers such Operational Condition Precedent to have been fulfilled is received, give a notice to the LCHA Counterparty (a **"Start Date Notice"**).
- 3.23 A Start Date Notice shall specify the date that the Producer proposes to be the Start Date for the purposes of the LCHA, such date being:
- (A) no earlier than the date on which the OCP Notice relating to the fulfilment of the final Operational Condition Precedent was given;
 - (B) no earlier than the first (1st) day of the Target Commissioning Window;
 - (C) no later than the Longstop Date; and
 - (D) no earlier than the date of the Start Date Notice,

⁶³ Note to Reader: DESNZ is considering the treatment of hydrogen produced prior to the Start Date, for example as part of the Commissioning process. This includes any interactions with the LCHA Sales Cap and ensuring that Producers are correctly incentivised to trigger the LCHA Start Date as soon as reasonably practicable.

(the date so notified being, subject to Condition 3.26, the "**Start Date**").

- 3.24 Each Start Date Notice shall be accompanied by a Directors' Certificate in relation to the Information specified in Condition 3.26(C).
- 3.25 On the Start Date (unless the date of the Start Date Notice is the same as the Start Date), the Producer shall deliver to the LCHA Counterparty a Directors' Certificate in relation to the Information specified in Condition 3.26(C).
- 3.26 A Start Date Notice shall be effective in determining the Start Date only if:
- (A) the Producer complies with its obligations pursuant to Conditions 3.24 and 3.25;
 - (B) the LCHA Counterparty specifies in an OCP Response Notice or a Further OCP Response Notice (as relevant) that it has determined that all of the Operational Conditions Precedent have been satisfied or waived in accordance with Conditions 3.29 or 3.77; and
 - (C) on the date such Start Date Notice is given and on the proposed Start Date specified in the Start Date Notice:
 - (i) the Producer Repeating Representations are true, accurate and not misleading by reference to the facts and circumstances then existing;
 - (ii) the representations set out in Conditions 26.1(G), 26.1(H) and 26.2 are true, accurate and not misleading by reference to the facts and circumstances then existing;
 - (iii) no Default has occurred which is continuing unremedied and which has not been waived by the LCHA Counterparty in accordance with Condition 3.29; and
 - (iv) all Conditions Precedent (except those waived by the LCHA Counterparty in accordance with Conditions 3.29, 3.66 and/or 3.77) continue to be fulfilled.
- 3.27 If the Producer gives a Start Date Notice to the LCHA Counterparty and such notice is, pursuant to Condition 3.26, ineffective, this shall not, subject to Part 9 (*Termination*), preclude the Producer from giving a further Start Date Notice to the LCHA Counterparty. Conditions 3.22 to 3.26 (inclusive) shall apply, with the necessary modifications, to any such further Start Date Notice.
- 3.28 Once the Start Date is determined pursuant to this Condition 3 (*Conditions Precedent*), the LCHA Sales Cap shall be adjusted in accordance with Condition 13.1(C) (*LCHA Sales Cap calculation*).

Waiver of Conditions Precedent and Default

- 3.29 Subject to Condition 3.66 (*Waiver of CO₂ T&S Connection Confirmation CP*) and Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*), the LCHA Counterparty may agree by notice to the Producer to waive:
- (A) the fulfilment of any of the Conditions Precedent; and

- (B) any Default which is continuing unremedied and which would otherwise prevent the Start Date Notice from being effective in determining the Start Date.

3.30 Conditions 63 (*No waiver*) and 64 (*Consents*) shall apply to any waiver given by the LCHA Counterparty pursuant to Conditions 3.29, 3.66 and/or 3.77.

Relief due to CO₂ T&S Commissioning Delay Event

3.31 Conditions 3.32 (*Relief due to CO₂ T&S Commissioning Delay Event*) to 3.76 (*Failure to comply with CO₂ T&S Connection Confirmation Requirement*) inclusive shall only apply to CCUS-Enabled Facilities.

3.32 The Producer may, if a CO₂ T&S Commissioning Delay Event has occurred and is continuing, give a notice to the LCHA Counterparty (a "**CO₂ TCDE Notice**"). A CO₂ TCDE Notice must be given to the LCHA Counterparty no later than the Longstop Date (the "**CO₂ TCDE Deadline**") and shall:

- (A) specify whether the Producer is:

- (i) requesting:

- (a) an extension to one (1) or more of the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date, for any delay to the Project if and to the extent that such delay is directly attributable to the occurrence and continuation of such CO₂ T&S Commissioning Delay Event; and/or

- (b) only if the LCHA Counterparty has confirmed to the Producer that all of the Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have been:

- (1) fulfilled by the Producer; or

- (2) waived by the LCHA Counterparty pursuant to Condition 3.29 (*Waiver of Conditions Precedent and Default*) and/or Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*),

- (c) CO₂ T&S Connection Delay Compensation; or

- (ii) requesting that the LCHA Counterparty waive the CO₂ T&S Connection Confirmation CP in accordance with Condition 3.66 (*Waiver of CO₂ T&S Connection Confirmation CP*) in order for the Producer to issue a Start Date Notice pursuant to Condition 3.22 (*Notification of Start Date*); and

- (B) include such Supporting Information as the Producer considers to be relevant to:

- (i) evidence the occurrence and continuation of a CO₂ T&S Commissioning Delay Event; and

- (ii) if the TCDE Notice relates to Condition 3.32(A)(i)(b) or 3.32(A)(ii):

- (a) evidence that all of the Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have been fulfilled by the Producer or waived by the LCHA Counterparty pursuant to Condition 3.29 (*Waiver of Conditions Precedent and Default*) and/or Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*); and
 - (b) evidence that the Producer has fully completed the Producer CO₂ T&S Connection Works.⁶⁴
- 3.33 Each CO₂ TCDE Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the CO₂ TCDE Notice.
- 3.34 The LCHA Counterparty shall, no later than twenty (20) Business Days after receipt of a CO₂ TCDE Notice, give a notice to the Producer (a "**CO₂ TCDE Response Notice**"). A CO₂ TCDE Response Notice shall specify whether the LCHA Counterparty considers that:
 - (A) a CO₂ T&S Commissioning Delay Event has or has not occurred;
 - (B) a CO₂ T&S Commissioning Delay Event is or is not still continuing as at the date of the CO₂ TCDE Response Notice;
 - (C) if the TCDE Notice relates to Condition 3.32(A)(i)(b) or 3.32(A)(ii):
 - (i) all of the Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have been fulfilled by the Producer or waived by the LCHA Counterparty pursuant to Condition 3.29 (*Waiver of Conditions Precedent and Default*) and/or Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*); and
 - (ii) the Producer has or has not fully completed the Producer CO₂ T&S Connection Works; and/or
 - (D) it has not been provided with sufficient Supporting Information to determine whether:
 - (i) a CO₂ T&S Commissioning Delay Event has occurred;
 - (ii) a CO₂ T&S Commissioning Delay Event is continuing as at the date of the CO₂ TCDE Response Notice;
 - (iii) if the TCDE Notice relates to Condition 3.32(A)(i)(b) or 3.32(A)(i)(b)(2):
 - (a) all of the Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have been fulfilled by the Producer or waived by the LCHA Counterparty pursuant to Condition 3.29 (*Waiver of Conditions Precedent and Default*) and/or Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*); and

⁶⁴ Note to Reader: It is expected that a letter from the CO₂ T&S Operator confirming that the Producer has completed the necessary works will be sufficient evidence.

- (b) the Producer has or has not fully completed the Producer CO₂ T&S Connection Works; and/or
- (iv) any combination of the foregoing,

in which case the LCHA Counterparty shall provide details of the additional Supporting Information which the LCHA Counterparty requires to determine (as relevant) whether a CO₂ T&S Commissioning Delay Event has occurred and is continuing and, if the TCDE Notice relates to Condition 3.32(A)(i)(b) or 3.32(A)(i)(b)(2), whether all of the Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have been fulfilled by the Producer or waived by the LCHA Counterparty pursuant to Condition 3.29 (*Waiver of Conditions Precedent and Default*) and/or Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*) and whether the Producer has fully completed the Producer CO₂ T&S Connection Works (the "**CO₂ TCDE Supporting Information**").

3.35 If the LCHA Counterparty states in the CO₂ TCDE Response Notice that it:

- (A) considers that a CO₂ T&S Commissioning Delay Event has not occurred and/or is not continuing as at the date of the CO₂ TCDE Response Notice:
 - (i) if the CO₂ TCDE Notice relates to Condition 3.32(A)(i), the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date shall remain unadjusted for the purposes of the LCHA;
 - (ii) if the CO₂ TCDE Notice relates to Condition 3.32(A)(i)(b)(2), the Producer shall not be entitled to CO₂ T&S Connection Delay Compensation;
 - (iii) if the CO₂ TCDE Notice relates to Condition 3.32(A)(ii), the CO₂ T&S Connection Confirmation CP will be deemed not to have been fully completed for the purposes of the LCHA,

in each case, unless and until a resolution or determination to the contrary is made pursuant to the Dispute Resolution Procedure;

- (B) considers that a CO₂ T&S Commissioning Delay Event has occurred and is still continuing as at the date of the CO₂ TCDE Response Notice:
 - (i) if the CO₂ TCDE Notice relates to Condition 3.32(A)(i), then the CO₂ TCDE Response Notice shall include a confirmation of the Producer's entitlement to:
 - (a) an extension to any of the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date; and/or
 - (b) if applicable, CO₂ T&S Connection Delay Compensation,
 pursuant to Condition 3.42 (*Relief due to CO₂ T&S Commissioning Delay Event*);
 - (ii) if the CO₂ TCDE Notice relates to Condition 3.32(A)(ii), then (except where the LCHA Counterparty has requested CO₂ TCDE Supporting Information relating to the Producer CO₂ T&S Connection Works) the CO₂ TCDE Response Notice shall either:

- (a) confirm that the Producer has fully completed the Producer CO₂ T&S Connection Works, in which case the CO₂ T&S Connection Confirmation CP will be deemed to have been fully completed for the purposes of the LCHA; or
 - (b) state that the Producer has not fully completed the Producer CO₂ T&S Connection Works, then the CO₂ T&S Connection Confirmation CP will be deemed not to have been fully completed for the purposes of the LCHA unless and until a resolution or determination to the contrary is made pursuant to the Dispute Resolution Procedure; or
 - (C) requires the Producer to provide the CO₂ TCDE Supporting Information:
 - (i) the Producer shall provide the CO₂ TCDE Supporting Information as soon as reasonably practicable, and in any event no later than ten (10) Business Days after receipt of the CO₂ TCDE Response Notice, or such longer period as is specified by the LCHA Counterparty; and
 - (ii) upon receipt of the CO₂ TCDE Supporting Information, the LCHA Counterparty shall, no later than ten (10) Business Days after receipt of such CO₂ TCDE Supporting Information, give a further CO₂ TCDE Response Notice to the Producer (a **"Further CO₂ TCDE Response Notice"**). A Further CO₂ TCDE Response Notice shall contain one of the statements set out in Conditions 3.35(A) or 3.35(B) above.
- 3.36 Nothing in Conditions 3.32 to 3.35 (*Relief due to CO₂ T&S Commissioning Delay Event*) shall require the LCHA Counterparty to specify in any CO₂ TCDE Response Notice or Further CO₂ TCDE Response Notice that a CO₂ T&S Commissioning Delay Event has occurred, is continuing or that the LCHA Counterparty accepts that the Producer CO₂ T&S Connection Works have been fully completed, unless and until the LCHA Counterparty is satisfied of the same.
- 3.37 Any CO₂ TCDE Notice shall be irrevocable and:
- (A) if:
 - (i) the CO₂ TCDE Notice relates to Condition 3.32(A)(i); and
 - (ii) the Producer evidences to the satisfaction of the LCHA Counterparty that the relevant CO₂ T&S Commissioning Delay Event is still continuing,

the Producer may subsequently issue a CO₂ TCDE Notice which relates to Condition 3.32(A)(ii); and
 - (B) if:
 - (i) the CO₂ TCDE Notice relates to Condition 3.32(A)(ii); and
 - (ii) the CO₂ T&S Connection Confirmation CP is waived pursuant to Condition 3.66 (*Waiver of CO₂ T&S Connection Confirmation CP*),

the Producer may not subsequently issue a CO₂ TCDE Notice which relates to Condition 3.32(A)(i).

- 3.38 Any CO₂ TCDE Notice received by the LCHA Counterparty after the CO₂ TCDE Deadline shall be invalid and of no effect.

Provision of CO₂ T&S Commissioning Delay Event information

- 3.39 In addition to the CO₂ TCDE Notice, the Producer shall give a notice as soon as reasonably practicable to the LCHA Counterparty in writing of:

- (A) the steps being taken by the Producer to mitigate the effects of the CO₂ T&S Commissioning Delay Event (including the consequential delay to the Project), including details of the methods used by the Producer to preserve the Facility and the associated costs;
- (B) the steps being taken by the Producer to carry out its obligations under the LCHA and each other LCHA Document;
- (C) the anticipated date of resumption of performance of its obligations under the LCHA and each other LCHA Document; and
- (D) such other details relating to the CO₂ T&S Commissioning Delay Event and its effects (including the consequential delay to the Project) as may be reasonably requested by the LCHA Counterparty,

and to the extent that such Information is not available to the Producer at the time a notice is given, the Producer shall provide such information to the LCHA Counterparty as soon as it becomes available to it.

- 3.40 The Producer shall give notice to the LCHA Counterparty every twenty (20) Business Days:
- (A) of any update to the Information provided pursuant to Condition 3.39 and shall give notice as soon as reasonably practicable to the LCHA Counterparty upon the Producer becoming aware of any material developments or additional material Information relating to the CO₂ T&S Commissioning Delay Event and its effects; and
 - (B) such notice shall be accompanied by an explanation and Information to demonstrate that such event continues to meet all of the requirements of the definition of CO₂ T&S Commissioning Delay Event.

Relief due to CO₂ T&S Commissioning Delay Event

- 3.41 Conditions 3.42 (*Relief due to CO₂ T&S Commissioning Delay Event*) to 3.64 (*Disputes in respect of a true-up*) inclusive shall only apply if the CO₂ TCDE Notice relates to Condition 3.32(A)(i).

- 3.42 Where it is agreed under Condition 3.35(B)(i) or determined pursuant to the Dispute Resolution Procedure that:

- (A) any delay to the Project is directly attributable to the occurrence and continuation of a CO₂ T&S Commissioning Delay Event;

- (B) the relevant CO₂ T&S Commissioning Delay Event is continuing; and
 - (C) if the TDCE Notice relates to Condition 3.32(A)(i)(b),
 - (i) all of the Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have been fulfilled by the Producer or waived by the LCHA Counterparty pursuant to Condition 3.29 (*Waiver of Conditions Precedent and Default*) and/or Condition 3.77 (*Waiver of Subsidy Control Declaration Operational CP*); and
 - (ii) the Producer CO₂ T&S Connection Works have been fully completed,
- then, subject to Condition 3.43 and Condition 3.81, the Producer shall be entitled to:
- (iii) if the CO₂ TCDE Notice relates to Condition 3.35(B)(i)(a), an extension to one (1) or more of the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date; and
 - (iv) if the CO₂ TCDE Notice also relates to Condition 3.35(B)(i)(b), CO₂ T&S Connection Delay Compensation pursuant to Conditions 3.44 to 3.64 (*CO₂ T&S Connection Delay Compensation*), provided that if the first (1st) day of the Target Commissioning Window has not yet occurred, the Producer shall not be entitled to any CO₂ T&S Connection Delay Compensation until the first (1st) day of the Target Commissioning Window.

3.43 The Producer's entitlement to: (i) an extension to one (1) or more of the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date pursuant to Condition 3.42(C)(iii); and/or (ii) CO₂ T&S Connection Delay Compensation pursuant to Condition 3.42(C)(iv):

- (A) shall be subject to and conditional upon the Producer using reasonable endeavours to:
 - (i) mitigate the effects of the CO₂ T&S Commissioning Delay Event (including the consequential delay to the Project);
 - (ii) carry out its obligations under the LCHA and each other LCHA Document in any way that is reasonably practicable including by preserving the Facility in accordance with the Reasonable and Prudent Standard; and
 - (iii) resume the performance of its obligations under the LCHA and each other LCHA Document as soon as reasonably practicable; and
- (B) if applicable, shall no longer apply if the Producer subsequently issues a CO₂ TCDE Notice which relates to Condition 3.32(A)(ii) and the CO₂ T&S Connection Confirmation CP is waived pursuant to Condition 3.66.

CO₂ T&S Connection Delay Compensation

3.44 If the Producer is entitled to CO₂ T&S Connection Delay Compensation pursuant to Condition 3.42(C)(iv) (*Relief due to CO₂ T&S Commissioning Delay Event*), the Producer shall, as soon as reasonably practicable, give notice to the LCHA Counterparty (the "**CO₂ T&S Connection Delay Compensation Notice**"). The CO₂ T&S Connection Delay Compensation Notice shall:

- (A) specify the Producer's good faith estimate of the CO₂ T&S Connection Delay Compensation; and
 - (B) include such Supporting Information as the Producer considers necessary to enable the LCHA Counterparty to calculate the CO₂ T&S Connection Delay Compensation.
- 3.45 A CO₂ T&S Connection Delay Compensation Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the CO₂ T&S Connection Delay Compensation Notice.
- 3.46 The LCHA Counterparty may, by notice to the Producer, require the Producer to provide such Supporting Information in relation to the CO₂ T&S Connection Delay Compensation Notice (an **"Producer CO₂ T&S Connection Delay Compensation Notice Information Request"**) as the LCHA Counterparty reasonably requests.
- 3.47 If the LCHA Counterparty issues a Producer CO₂ T&S Connection Delay Compensation Notice Information Request, the Producer shall as soon as reasonably practicable and in any event, no later than ten (10) Business Days, after receipt of such request, prepare and deliver such further Supporting Information to the LCHA Counterparty.
- 3.48 The LCHA Counterparty shall, as soon as reasonably practicable after receipt of a CO₂ T&S Connection Delay Compensation Notice:
- (A) calculate the CO₂ T&S Connection Delay Compensation; and
 - (B) give a notice to the Producer (a **"CO₂ T&S Connection Delay Compensation Payment Notice"**). A CO₂ T&S Connection Delay Compensation Payment Notice shall specify:
 - (i) the amount of the CO₂ T&S Connection Delay Compensation;
 - (ii) the principal inputs used by the LCHA Counterparty to calculate the CO₂ T&S Connection Delay Compensation; and
 - (iii) whether the CO₂ T&S Connection Delay Compensation shall be effected (after consultation with the Producer) as a lump sum payment or staged payments.
- 3.49 If the CO₂ T&S Connection Delay Compensation is to be effected:
- (A) as a lump sum payment, the LCHA Counterparty shall no later than thirty (30) Business Days after the date of the CO₂ T&S Connection Delay Compensation Payment Notice, pay to the Producer (or such other person as the Producer may direct) the CO₂ T&S Connection Delay Compensation; or
 - (B) as staged payments, the LCHA Counterparty shall commence payment no later than ten (10) Business Days after the date of the CO₂ T&S Connection Delay Compensation Payment Notice and the final payment shall be made by the earlier of:
 - (i) only if the Producer subsequently issue a CO₂ TCDE Notice which relates to Condition 3.32(A)(ii), the date on which the CO₂ T&S Connection Confirmation CP is waived pursuant to Condition 3.66;

- (ii) the CO₂ T&S Network Availability Date;
- (iii) the date on which the Producer fully implements an Approved Alternative CO₂ T&S Network Solution Plan such that the CO₂ T&S Prolonged Unavailability Event has been remedied; and
- (iv) the CO₂ T&S Prolonged Unavailability Termination Date.

LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice

3.50 If any CO₂ T&S Connection Delay Compensation has been agreed or determined, or paid, commenced or effected in respect of a CO₂ T&S Commissioning Delay Event, the LCHA Counterparty may give the Producer a notice (a **"LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice"**), requiring the Producer to confirm:

- (A) the impact of the CO₂ T&S Commissioning Delay Event (including all irrecoverable and unavoidable out-of-pocket costs which have been incurred in respect of the Project by the Producer, and which arose directly from an extension to the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date);
- (B) that no amount has been recovered (or is entitled to be recovered) by the Producer pursuant to Conditions 62.5 (*No double recovery*) and 62.7 (*No double recovery*) or, if any amount has been so recovered, confirmation of such amount; and
- (C) such other matters which were pertinent to the calculation of the CO₂ T&S Connection Delay Compensation (including the steps that the Producer has taken to mitigate the effects of the CO₂ T&S Commissioning Delay Event (including the consequential delay to the Project), including by preserving the Facility in accordance with the Reasonable and Prudent Standard),

the information referred to or specified in paragraphs (A) to (C) above being **"CO₂ T&S Connection Delay True-Up Information"**.

Producer CO₂ T&S Connection Delay True-Up Response Notice

3.51 If the LCHA Counterparty gives a LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice to the Producer, the Producer shall, as soon as reasonably practicable and in any event no later than forty (40) Business Days after receipt of such LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice, give a notice to the LCHA Counterparty (an **"Producer CO₂ T&S Connection Delay True-Up Response Notice"**). A Producer CO₂ T&S Connection Delay True-Up Response Notice shall:

- (A) contain the CO₂ T&S Connection Delay True-Up Information; and
- (B) include such Supporting Information, in reasonable detail, as the Producer considers to be relevant to and supportive of the CO₂ T&S Connection Delay True-Up Information,

(the information referred to or specified in paragraphs (A) and (B) above being the **"CO₂ T&S Connection Delay True-Up Response Information"**).

- 3.52 A Producer CO₂ T&S Connection Delay True-Up Response Notice shall be accompanied by a Directors' Certificate in relation to the CO₂ T&S Connection Delay True-Up Response Information.
- 3.53 If the Producer becomes aware before CO₂ T&S Connection Delay True-Up Compensation is agreed or determined, or paid, effected or commenced, pursuant to Conditions 3.51 to 3.64 that the CO₂ T&S Connection Delay True-Up Response Information is no longer true, complete and accurate in all material respects or is misleading (or was not true, complete and accurate in all material respects or was misleading as at the date of the Directors' Certificate referred to in Condition 3.52), the Producer shall as soon as reasonably practicable:
- (A) notify the LCHA Counterparty that this is the case; and
 - (B) provide the LCHA Counterparty with the updated, corrected information (the **"Revised Producer CO₂ T&S Connection Delay True-Up Response Information"**), together with a Directors' Certificate in relation to the Revised Producer CO₂ T&S Connection Delay True-Up Response Information.
- 3.54 The LCHA Counterparty may, by notice to the Producer no later than twenty (20) Business Days after receipt of a Producer CO₂ T&S Connection Delay True-Up Response Notice or any Revised Producer CO₂ T&S Connection Delay True-Up Response Information, require the Producer to provide such Supporting Information in relation to that Producer CO₂ T&S Connection Delay True-Up Response Notice or, as the case may be, the Revised Producer CO₂ T&S Connection Delay True-Up Response Information (an **"Producer CO₂ T&S Connection Delay True-Up Response Notice Information Request"**) as the LCHA Counterparty reasonably requests.
- 3.55 If the LCHA Counterparty gives a Producer CO₂ T&S Connection Delay True-Up Response Notice Information Request to the Producer, the Producer shall, no later than twenty (20) Business Days, or such longer period as is specified by the LCHA Counterparty, after receipt of the request, prepare and deliver such further Supporting Information to the LCHA Counterparty.

Producer CO₂ T&S Connection Delay True-Up Notice

- 3.56 If any CO₂ T&S Connection Delay Compensation has been agreed or determined, or paid, commenced or effected, in respect of any CO₂ T&S Commissioning Delay Event, the Producer may, give the LCHA Counterparty a notice (an **"Producer CO₂ T&S Connection Delay True-Up Notice"**). A Producer CO₂ T&S Connection Delay True-Up Notice shall:
- (A) contain the CO₂ T&S Connection Delay True-Up Information; and
 - (B) include such Supporting Information, in reasonable detail, as the Producer considers to be relevant to and supportive of the CO₂ T&S Connection Delay True-Up Information,
- (the information referred to or specified in paragraphs (A) and (B) above being **"CO₂ T&S Connection Delay True-Up Supporting Information"**).
- 3.57 A Producer CO₂ T&S Connection Delay True-Up Notice shall be accompanied by a Directors' Certificate in relation to the CO₂ T&S Connection Delay True-Up Supporting Information.

- 3.58 If the Producer becomes aware before CO₂ T&S Connection Delay True-Up Compensation is agreed or determined, or paid, effected or commenced, pursuant to Conditions 3.51 to 3.64, that the CO₂ T&S Connection Delay True-Up Supporting Information is no longer true, complete and accurate in all material respects or is misleading (or was not true, complete and accurate in all material respects or was misleading as at the date of the Directors' Certificate referred to in Condition 3.57), the Producer shall as soon as reasonably practicable:
- (A) notify the LCHA Counterparty that this is the case; and
 - (B) provide the LCHA Counterparty with the updated, corrected information (the **"Revised Producer CO₂ T&S Connection Delay True-Up Information"**), together with a Directors' Certificate in relation to the Revised Producer CO₂ T&S Connection Delay True-Up Information.
- 3.59 The LCHA Counterparty may, by notice to the Producer no later than twenty (20) Business Days after receipt of a Producer CO₂ T&S Connection Delay True-Up Notice or any Revised Producer CO₂ T&S Connection Delay True-Up Information, require the Producer to provide such Supporting Information in relation to that Producer CO₂ T&S Connection Delay True-Up Notice or, as the case may be, the Revised Producer CO₂ T&S Connection Delay True-Up Information (an **"Producer CO₂ T&S Connection Delay True-Up Notice Information Request"**) as the LCHA Counterparty reasonably requests.
- 3.60 If the LCHA Counterparty gives a Producer CO₂ T&S Connection Delay True-Up Notice Information Request to the Producer, the Producer shall, no later than twenty (20) Business Days, or such longer period as is specified by the LCHA Counterparty, after receipt of the request, prepare and deliver such further Supporting Information to the LCHA Counterparty.
- 3.61 The LCHA Counterparty shall be under no obligation to consider or take any action in response to a Producer CO₂ T&S Connection Delay True-Up Notice unless and until the Producer shall have provided the LCHA Counterparty with all the CO₂ T&S Connection Delay True-Up Information, and the Directors' Certificate in respect of such Producer CO₂ T&S Connection Delay True-Up Notice.

Agreement between the Parties in respect of a true-up

- 3.62 The Parties shall meet to discuss and, in good faith, seek to agree:
- (A) the CO₂ T&S Connection Delay True-Up Information;
 - (B) any such other matters which the Parties consider pertinent to the calculation of the CO₂ T&S Connection Delay True-Up Compensation (if any);
 - (C) the CO₂ T&S Connection Delay True-Up Compensation (if any) that shall be payable by the LCHA Counterparty or the Producer (as the case may be); and
 - (D) the manner in which such CO₂ T&S Connection Delay True-Up Compensation (if any) shall be paid by the LCHA Counterparty or the Producer (as the case may be).

Such meeting shall be convened: (i) as soon as reasonably practicable, and in any event no later than twenty (20) Business Days, after the LCHA Counterparty receives a Producer CO₂ T&S Connection Delay True-Up Response Notice and the associated Directors' Certificate (or,

if the LCHA Counterparty gives the Producer a Producer CO₂ T&S Connection Delay True-Up Response Notice Information Request, no later than twenty (20) Business Days after the LCHA Counterparty receives the requested Supporting Information; or (ii) if the Producer gives the LCHA Counterparty a Producer CO₂ T&S Connection Delay True-Up Notice and the associated Directors' Certificate, at such date as is determined by the LCHA Counterparty in its sole and absolute discretion.

Disputes in respect of a true-up

- 3.63 If the Parties are not able to agree any of the matters in Condition 3.62, either Party may refer the Dispute for resolution by an Arbitral Tribunal in accordance with the Arbitration Procedure or, if the Parties agree in writing that such Dispute is amenable to determination by an Expert, refer the Dispute to an Expert for determination in accordance with the Expert Determination Procedure.
- 3.64 Until the Dispute has been resolved by agreement between the Parties or determination in accordance with the Arbitration Procedure or the Expert Determination Procedure, as the case may be, there shall be no CO₂ T&S Connection Delay True-Up Compensation payable.

Waiver of CO₂ T&S Connection Confirmation CP

- 3.65 Conditions 3.66 to 3.68 (*Waiver of CO₂ T&S Connection Confirmation CP*) inclusive shall only apply if the CO₂ TCDE Notice relates to Condition 3.32(A)(ii).
- 3.66 The fulfilment of the CO₂ T&S Connection Confirmation CP shall be deemed to have been waived where it is agreed under Condition 3.35(B)(ii) or determined pursuant to the Dispute Resolution Procedure that: (i) a CO₂ T&S Commissioning Delay Event has occurred and is still continuing; and (ii) the Producer CO₂ T&S Connection Works have been fully completed.
- 3.67 If the CO₂ T&S Connection Confirmation CP is deemed to have been waived in accordance with Condition 3.66 and the CO₂ T&S Connection Confirmation CP is the final Operational Condition Precedent to be fulfilled by the Producer for the purposes of Condition 3.22:
- (A) the request for a waiver in accordance with Condition 3.32(A)(ii), including the Supporting Information and Directors' Certificate, shall be treated as the OCP Notice, and
 - (B) the waiver shall be treated as the OCP Response Notice.
- 3.68 If the CO₂ T&S Connection Confirmation CP is deemed to have been waived in accordance with Condition 3.66, the Producer shall:
- (A) using reasonable endeavours mitigate the effects of the CO₂ T&S Network not being available (including the Facility being unable to export captured CO₂ Rich Stream to the CO₂ T&S Network);
 - (B) using reasonable endeavours continue to carry out its obligations under the LCHA and each other LCHA Document;
 - (C) give notice as soon as reasonably practicable to the LCHA Counterparty:

- (i) the steps being taken by the Producer to mitigate the effect of the CO₂ T&S Network not being available (including the Facility being unable to export captured CO₂ Rich Stream to the CO₂ T&S Network);
- (ii) the anticipated date of the CO₂ T&S Network becoming available to enable the Capture Plant to export captured CO₂ Rich Stream to the CO₂ T&S Network to enable the Producer to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation Requirement;
- (iii) such other details relating to the availability of the CO₂ T&S Network and its effects on the Facility as may be reasonably requested by the LCHA Counterparty,

and, to the extent that such information is not available at the time of a notice is given, the Producer shall provide such Information to the LCHA Counterparty as soon as it becomes available to it; and

- (D) give notice to the LCHA Counterparty every twenty (20) Business Days of any update to the Information provided pursuant to limb (C) and shall give notice as soon as reasonably practicable to the LCHA Counterparty upon the Producer becoming aware of any material developments or additional material Information relating to the availability of the CO₂ T&S Network and whether the Facility can export captured CO₂ Rich Stream to the CO₂ T&S Network to enable the Producer to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation Requirement.

CO₂ T&S Connection Confirmation Requirement⁶⁵

3.69 If:

- (A) the Producer is entitled to: (i) an extension to one (1) or more of the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date; and/or (ii) CO₂ T&S Connection Delay Compensation pursuant to Condition 3.42 (*Relief due to CO₂ T&S Commissioning Delay Event*); or
- (B) the CO₂ T&S Connection Confirmation CP is waived pursuant to Condition 3.66 (*Waiver of CO₂ T&S Connection Confirmation CP*),

either Party shall give notice to the other Party that the relevant CO₂ T&S Network is available to enable the Capture Plant to export captured CO₂ Rich Stream to the CO₂ T&S Network to enable the Producer to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation Requirement (a **"CO₂ T&S Network Availability Notice"**). A CO₂ T&S Network Availability Notice shall:

- (C) specify the date on which the relevant CO₂ T&S Network is available to enable the Capture Plant to export captured CO₂ Rich Stream to the relevant CO₂ T&S Network (a **"CO₂ T&S Network Availability Date"**); and

⁶⁵ Note to Reader: The CO₂ T&S Connection Confirmation Requirement provisions are subject to further review by DESNZ.

- (D) include such Supporting Information, in reasonable detail, which the relevant party considers to be relevant to and supportive of the foregoing.
- 3.70 The Party receiving the CO₂ T&S Network Availability Notice (the **"CO₂ T&S Network Availability Respondent"**) shall, no later than ten (10) Business Days after receipt of the CO₂ T&S Network Availability Notice, give notice (a **"CO₂ T&S Network Availability Response Notice"**) to the other Party (the **"CO₂ T&S Network Availability Proposer"**). A CO₂ T&S Network Availability Response Notice shall specify whether or not the CO₂ T&S Network Availability Respondent accepts the CO₂ T&S Network Availability Notice.
- 3.71 If the CO₂ T&S Network Availability Respondent states in the CO₂ T&S Network Availability Response Notice that it:
- (A) considers that the CO₂ T&S Network is not available to enable the Capture Plant to export captured CO₂ Rich Stream to the CO₂ T&S Network to enable the Producer to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation Requirement, the CO₂ T&S Network shall be deemed not to be available for purposes of the LCHA unless and until a resolution or determination to the contrary is made pursuant to the Dispute Resolution Procedure;
 - (B) considers that the relevant CO₂ T&S Network is available to enable the Capture Plant to export captured CO₂ Rich Stream to the relevant CO₂ T&S Network to enable the Producer to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation Requirement, the proposed CO₂ T&S Network Availability Date in the relevant CO₂ T&S Network Availability Notice will be deemed to have occurred and Condition 3.74 shall apply; or
 - (C) requires the CO₂ T&S Network Availability Proposer to provide the necessary Supporting Information to determine whether the relevant CO₂ T&S Network is available to enable the Capture Plant to export captured CO₂ Rich Stream to the relevant CO₂ T&S Network to enable the Producer to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation Requirement:
 - (i) the CO₂ T&S Network Availability Proposer shall provide the necessary Supporting Information as soon as reasonably practicable, and in any event no later than ten (10) Business Days after receipt of the CO₂ T&S Network Availability Response Notice, or such longer period as is specified by the LCHA Counterparty; and
 - (ii) upon receipt of the Supporting Information, the CO₂ T&S Network Availability Respondent shall, no later than ten (10) Business Days after receipt of such Supporting Information, give a further CO₂ T&S Network Availability Response Notice to the CO₂ T&S Network Availability Proposer (a **"Further CO₂ T&S Network Availability Response Notice"**). A Further CO₂ T&S Network Availability Response Notice shall contain one of the statements set out in Conditions 3.71(A) or 3.71(B).
- 3.72 Nothing in Conditions 3.69 to 3.71 (*CO₂ T&S Connection Confirmation Requirement*) shall require the LCHA Counterparty to specify in any CO₂ T&S Network Availability Response Notice or Further CO₂ T&S Network Availability Response Notice that the LCHA Counterparty

accepts that the CO₂ T&S Network is available to enable the Capture Plant to export captured CO₂ Rich Stream to the CO₂ T&S Network, unless and until the LCHA Counterparty is satisfied of the same.

- 3.73 Any CO₂ T&S Network Availability Notice or Further CO₂ T&S Network Availability Notice given by the Producer to the LCHA Counterparty shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, such notice.
- 3.74 The Producer shall use reasonable endeavours to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation Requirement as soon as reasonably practicable, and in any event before the CO₂ T&S Connection Confirmation Deadline.

Failure to comply with CO₂ T&S Connection Confirmation Requirement

- 3.75 Without prejudice to Condition 49.30 (*Termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement*):

(A) if the Producer is entitled to relief pursuant to Condition 3.42 (*Relief due to CO₂ T&S Commissioning Delay Event*), the Producer's entitlement: (i) an extension to one (1) or more of the Milestone Delivery Date, the Target Commissioning Window and/or the Longstop Date; and/or (ii) CO₂ T&S Connection Delay Compensation pursuant to Condition 3.42, shall end on the earlier of:

- (i) only if the Producer subsequently issues a CO₂ TCDE Notice which relates to Condition 3.32(A)(ii), the date on which the CO₂ T&S Connection Confirmation CP is waived pursuant to Condition 3.66;
- (ii) the CO₂ T&S Network Availability Date;
- (iii) the date on which the Producer fully implements an Approved Alternative CO₂ T&S Network Solution Plan such that the CO₂ T&S Prolonged Unavailability Event has been remedied; and
- (iv) the CO₂ T&S Prolonged Unavailability Termination Date; or

(B) if the CO₂ T&S Connection Confirmation CP is waived pursuant to Condition 3.66 (*Waiver of CO₂ T&S Connection Confirmation CP*) and:

- (i) the Producer fails to satisfy the CO₂ T&S Connection Confirmation Requirement within three (3) consecutive Billing Periods following the CO₂ T&S Network Availability Date (a "**Suspension CO₂ T&S Connection Confirmation Requirement Breach**") then the LCHA Counterparty may at any time following the occurrence of such breach, elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of such obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension; and
- (ii) the Producer evidences to the satisfaction of the LCHA Counterparty that the CO₂ T&S Connection Confirmation Requirement has been satisfied, then the

LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 3.75(i). The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amounts payable to the Producer pursuant to this Condition 3.75(B)(ii).

- 3.76 Nothing in Conditions 3.32 (*Relief due to CO₂ T&S Commissioning Delay Event*) to 3.75 (*Failure to comply with CO₂ T&S Connection Confirmation Requirement*) shall affect the LCHA Counterparty's right to terminate the LCHA pursuant to Condition 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*).

Waiver of Subsidy Control Declaration Operational CP

- 3.77 The LCHA Counterparty shall agree by notice to the Producer to waive the fulfilment of the Subsidy Control Declaration Operational CP if the Producer evidences to the satisfaction of the LCHA Counterparty that the granter(s) of such Subsidy, State aid and/or Union Funding refuses or is unable to accept the repayment of the Subsidy, State aid and/or Union Funding (as adjusted for interest in accordance with Condition 31.12 (*Subsidy Interest*)), in full or in part. If the Producer seeks a waiver of the Subsidy Control Declaration Operational CP, the Producer shall:

- (A) provide the LCHA Counterparty with such Supporting Information as the Producer considers to be relevant to evidence that the granter refuses or is unable to accept repayment, in accordance with this Condition; and
- (B) provide the LCHA Counterparty with such additional Supporting Information as the LCHA Counterparty reasonably requires, as soon as reasonably practicable, and in any event no later than ten (10) Business Days following receipt of the LCHA Counterparty's request,

in each case accompanied with a Directors' Certificate in respect of such Supporting Information.

- 3.78 If the LCHA Counterparty agrees to waive the Subsidy Control Declaration Operational CP in accordance with Condition 3.77:

- (A) the LCHA Counterparty shall also notify the Producer of:
 - (i) the amount of Subsidy, State aid and/or Union Funding (as adjusted for interest in accordance with Condition 31.12 (*Subsidy Interest*)) which has not been repaid to the granter as at that date ("**Previous Subsidy**"); and
 - (ii) the Subsidy Interest Rate currently applicable;
- (B) Condition 3.80 shall apply; and
- (C) where the Subsidy Control Declaration Operational CP is the final Operational Condition Precedent to be fulfilled, for the purposes of Condition 3.22:
 - (i) the request for a waiver in accordance with Condition 3.77, including the Supporting Information and Directors' Certificate, shall be treated as the OCP Notice, and

(ii) the waiver shall be treated as the OCP Response Notice.

3.79 Nothing in this Condition 3 shall require the LCHA Counterparty to waive the Subsidy Control Declaration Operational CP, unless the LCHA Counterparty is satisfied that the requirements of Condition 3.77 have been met.

Set-off of Previous Subsidy

3.80 The Previous Subsidy (as adjusted for interest in accordance with Condition 31.12 (*Subsidy Interest*)) shall be set off against any amounts payable to the Producer under this LCHA, so that no payment shall be made to the Producer until such amount has been set off in its entirety.

3.81 Where any provision of the LCHA would, but for this Condition 3.81, require:

- (A) the LCHA Counterparty to make any payment or otherwise do anything (including without limitation, the making of any adjustment payment under any Initial CP Provision) which would amount to the giving of Subsidy, no such payment or thing shall be required to be made or done unless and until the Subsidy Control Declaration Operational CP has been satisfied or waived; or
- (B) any payment to be made by the LCHA Counterparty on a date falling prior to the satisfaction or waiver of the Subsidy Control Declaration Operational CP, such payment shall not fall due for payment until the date falling ten (10) Business Days following the satisfaction or waiver of the Subsidy Control Declaration Operational CP. No interest shall accrue in respect of any such payment.

3.82 Subject to Condition 3.83, not less than three (3) Months before the Producer's intended Start Date, the Producer shall give the LCHA Counterparty a written confirmation, in form and content satisfactory to the LCHA Counterparty (acting reasonably), of whether any Subsidy, State aid and/or Union Funding has been received by the Producer or by any other person in relation to the costs of the Project, and, where applicable, details of all such Subsidy, State aid and/or Union Funding, accompanied by a Directors' Certificate in relation to the confirmation and the information accompanying it.

3.83 The Producer is not required to give a confirmation to the LCHA Counterparty under Condition 3.82 if the Subsidy Control Declaration Operational CP has previously been fulfilled (or waived in accordance with Condition 3.77).

4. MILESTONE REQUIREMENT

Milestone Requirement Notice

4.1 No later than the Milestone Delivery Date, the Producer shall give a notice to the LCHA Counterparty (a "**Milestone Requirement Notice**") that the Producer considers that it has complied with and fulfilled a Milestone Requirement. A Milestone Requirement Notice shall include either:

- (A) such invoices, payment receipts and other Supporting Information with respect to the Project as the Producer considers relevant to evidence that it and its direct shareholders have in aggregate spent ten per cent. (10%) or more of the Total Project Pre-Commissioning Costs on the Project; or

- (B) such Information as is specified, identified or listed as the Project Commitments and such Supporting Information as the Producer considers relevant to evidence compliance with or fulfilment of the Project Commitments (and for this purpose, where the Project Commitments relate to Material Equipment, taking into consideration the need to demonstrate to the LCHA Counterparty's satisfaction that contracts, agreements and purchase orders relating to such Material Equipment constitute significant financial commitments that are real, genuine and made in good faith),

(each, a **"Milestone Requirement"**).

For the purposes of paragraph (A) above:

- (i) money spent by a direct shareholder of the Producer to acquire an interest in the Producer may be taken into account but only to the extent that the consideration paid for the acquisition exceeds the amount spent on the Project by the Producer and its direct shareholders in the period prior to the time at which such acquisition took place; and
- (ii) money spent by the Producer for the purpose of connecting the Facility to any relevant Electricity Transmission System, Electricity Distribution System, Private Electricity Network, Gas Transportation System, Private Natural Gas Network, Private Refinery Off-Gas Network, Water Distribution System, Private Water Network or, for CCUS-Enabled Facilities only, CO₂ T&S Network, may be taken into account, notwithstanding that assets comprised or to be comprised within any such Electricity Transmission System, Electricity Distribution System, Private Electricity Network, Gas Transportation System, Private Natural Gas Network, Private Refinery Off-Gas Network, Water Distribution System, Private Water Network or, for CCUS-Enabled Facilities only, CO₂ T&S Network do not form part of the Facility.

4.2 A Milestone Requirement Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Milestone Requirement Notice.

4.3 The LCHA Counterparty shall, no later than twenty (20) Business Days after receipt of a Milestone Requirement Notice, give a notice to the Producer (a **"Milestone Assessment Response Notice"**). A Milestone Assessment Response Notice shall specify whether the LCHA Counterparty considers that:

- (A) the Producer has or has not complied with and fulfilled a Milestone Requirement; or
- (B) it has not been provided with sufficient Supporting Information to determine whether the Producer has complied with and fulfilled a Milestone Requirement and, if so, details of the additional Supporting Information which the LCHA Counterparty requires to determine whether the Producer has complied with and fulfilled a Milestone Requirement (the **"Requested Milestone Supporting Information"**).

4.4 If the LCHA Counterparty states in a Milestone Assessment Response Notice that:

- (A) the Producer has complied with and fulfilled a Milestone Requirement, then the Milestone Requirement will be deemed to have been complied with and fulfilled for the purposes of the LCHA;

- (B) the Producer has not complied with and fulfilled a Milestone Requirement, then the Milestone Requirement will be deemed not to have been complied with and fulfilled for the purposes of the LCHA unless and until a resolution or determination to the contrary is made pursuant to the Dispute Resolution Procedure; or
- (C) the Producer has not provided the LCHA Counterparty with sufficient Supporting Information to determine whether the Producer has complied with and fulfilled a Milestone Requirement:
 - (i) the Producer shall provide the Requested Milestone Supporting Information as soon as reasonably practicable, and in any event no later than ten (10) Business Days after receipt of a Milestone Assessment Response Notice, or such longer period as is specified by the LCHA Counterparty; and
 - (ii) upon receipt of the Requested Milestone Supporting Information, the LCHA Counterparty shall as soon as reasonably practicable, and in any event no later than twenty (20) Business Days after receipt of such Requested Milestone Supporting Information, give a further Milestone Assessment Response Notice to the Producer (a **"Further Milestone Assessment Response Notice"**). A Further Milestone Assessment Response Notice shall specify whether the LCHA Counterparty considers that the Producer has or has not complied with and fulfilled a Milestone Requirement.

4.5 Nothing in this Condition 4 (*Milestone Requirement*) shall require the LCHA Counterparty to specify in any Milestone Assessment Response Notice or Further Milestone Assessment Response Notice that the LCHA Counterparty accepts that a Milestone Requirement has been complied with and fulfilled unless the LCHA Counterparty is satisfied of the same.

Waiver of Milestone Requirement

- 4.6 The LCHA Counterparty may agree by notice to the Producer to waive the fulfilment of any Milestone Requirement.
- 4.7 Conditions 63 (*No waiver*) and 64 (*Consents*) shall apply to any waiver given by the LCHA Counterparty pursuant to Condition 4.6.

Difficulties in achieving the Milestone Requirement

- 4.8 The Producer shall give the LCHA Counterparty a written notice (a **"Milestone Delay Notice"**) promptly upon the Producer becoming aware of any fact, matter or circumstance which will or is reasonably likely to prevent the Producer fulfilling the Milestone Requirement by the Milestone Delivery Date.
- 4.9 A Milestone Delay Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, such notice.

Effectiveness of a Milestone Requirement Notice

- 4.10 If the Producer gives a Milestone Requirement Notice to the LCHA Counterparty and such notice is ineffective, this shall not, subject to Part 9 (*Termination*), preclude the Producer from giving a further Milestone Requirement Notice to the LCHA Counterparty.

- 4.11 Without limitation, a Milestone Requirement Notice shall be deemed to be ineffective if:
- (A) it does not include the information specified in either Condition 4.1(A) or Condition 4.1(B);
 - (B) it is not accompanied by a Directors' Certificate in accordance with Condition 4.2; or
 - (C) the LCHA Counterparty states in the Milestone Assessment Response Notice that the Producer has not complied with and fulfilled a Milestone Requirement.

Part 4

Adjustments to Installed Capacity Estimate

5. **ADJUSTMENT TO INSTALLED CAPACITY ESTIMATE: RELEVANT CONSTRUCTION EVENT**
- 5.1 The Producer may, if it considers that a Relevant Construction Event has occurred, give a notice to the LCHA Counterparty (an **"RCE Notice"**). An RCE Notice must be given to the LCHA Counterparty no later than three (3) months prior to the Longstop Date (the **"RCE Deadline"**) and shall:
 - (A) specify:
 - (i) the reduction to the Installed Capacity Estimate which the Producer considers to be necessary to take into account the Relevant Construction Event; and
 - (ii) the Installed Capacity Estimate which will apply if such reduction is made (an **"RCE-Adjusted Installed Capacity Estimate"**);
 - (B) include details of any change to the Facility which will result from the proposed reduction to the Installed Capacity Estimate (which shall include revised details of the assets comprising the Facility and any revised aerial view of the unique geographical location of (a) the Facility); and (b) the Meter Measurement System, as well as any change to the geographical coordinates specified in Annex 1 (*Conditions Precedent*) of the Agreement; and
 - (C) include such Supporting Information as the Producer considers to be relevant to evidence:
 - (i) the existence or occurrence of the Construction Event and the basis for the Producer having concluded that the Construction Event constitutes a Relevant Construction Event;
 - (ii) the basis for the Producer having concluded that, as a result of the existence or occurrence of the Relevant Construction Event, the Installed Capacity Estimate is required to be reduced to the RCE-Adjusted Installed Capacity Estimate; and
 - (iii) the details of any change to the assets comprising the Facility which will result from the proposed reduction to the Installed Capacity Estimate (which shall include revised details of the assets comprising the Facility and any revised aerial view of the unique geographical location of (a) the Facility); and (b) the Meter Measurement System, as well as any change to the geographical coordinates specified in Annex 1 (*Conditions Precedent*) of the Agreement.
- 5.2 Each RCE Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the RCE Notice.
- 5.3 If a Relevant Construction Event occurs immediately prior to the Milestone Delivery Date, such that the Producer is unable to specify in an RCE Notice given prior to such date: (i) the reduction to the Installed Capacity Estimate which it considers to be necessary to take into account the Relevant Construction Event; and (ii) the RCE-Adjusted Installed Capacity

Estimate, the Producer may include the Producer's good faith estimate of (i) and (ii) (such good faith estimate being in substitution of the requirements provided for in Condition 5.1(A)), provided that the Producer shall, as soon as reasonably practicable following the Milestone Delivery Date, give the LCHA Counterparty a further RCE Notice in the form provided for in Condition 5.1.

5.4 If the Producer gives an RCE Notice to the LCHA Counterparty, the LCHA Counterparty shall, no later than twenty (20) Business Days after receipt of such RCE Notice, give a notice to the Producer (an **"RCE Response Notice"**). An RCE Response Notice shall specify whether the LCHA Counterparty considers that:

- (A) a Relevant Construction Event has or has not occurred;
- (B) it accepts or does not accept the RCE-Adjusted Installed Capacity Estimate; or
- (C) the LCHA Counterparty has not been provided with sufficient Supporting Information to determine:
 - (i) whether a Relevant Construction Event has occurred;
 - (ii) whether it will accept the RCE-Adjusted Installed Capacity Estimate;
 - (iii) the change to the Facility which will result from the proposed reduction to the Installed Capacity Estimate (which shall include revised details of the assets comprising the Facility and any revised aerial view of the unique geographical location of (a) the Facility), (b) the Meter Measurement System, as well as any change to the geographical coordinates specified in Annex 1 (*Conditions Precedent*) of the Agreement; or
 - (iv) any combination of the foregoing,

in which case the LCHA Counterparty shall provide details of the additional Supporting Information which the LCHA Counterparty requires to determine (as relevant) whether a Relevant Construction Event has occurred, whether to accept the RCE-Adjusted Installed Capacity Estimate or the change to the assets which comprise the Facility (the **"RCE Supporting Information"**).

5.5 If the LCHA Counterparty specifies in an RCE Response Notice that:

- (A) the LCHA Counterparty considers that a Relevant Construction Event has occurred, then (except where it has requested RCE Supporting Information relating to the RCE-Adjusted Installed Capacity Estimate) the RCE Response Notice shall:
 - (i) include a confirmation that the LCHA Counterparty agrees with the RCE-Adjusted Installed Capacity Estimate specified in the RCE Notice, in which case the RCE-Adjusted Installed Capacity Estimate shall constitute the Installed Capacity Estimate with effect from the date of the RCE Response Notice; or
 - (ii) state that the LCHA Counterparty does not agree with the RCE-Adjusted Installed Capacity Estimate specified in the RCE Notice, in which case the Installed Capacity Estimate shall remain unadjusted for the purposes of the

LCHA unless and until it is varied in accordance with the Dispute Resolution Procedure;

- (B) the LCHA Counterparty considers that a Relevant Construction Event has not occurred, the Installed Capacity Estimate shall remain unadjusted for the purposes of the LCHA unless and until a resolution or determination to the contrary is made in accordance the Dispute Resolution Procedure; or
 - (C) the LCHA Counterparty requires the Producer to provide RCE Supporting Information:
 - (i) the Producer shall provide the RCE Supporting Information as soon as reasonably practicable and in any event no later than ten (10) Business Days after receipt of the RCE Response Notice, or such longer period as is specified by the LCHA Counterparty; and
 - (ii) upon receipt of the RCE Supporting Information, the LCHA Counterparty shall, no later than ten (10) Business Days after receipt of the RCE Supporting Information, give a further RCE Response Notice to the Producer (a "**Further RCE Response Notice**"). A Further RCE Response Notice shall specify whether the LCHA Counterparty:
 - (a) considers that a Relevant Construction Event has or has not occurred; and
 - (b) accepts or does not accept the RCE-Adjusted Installed Capacity Estimate.
- 5.6 Nothing in this Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*) shall require the LCHA Counterparty to specify in any RCE Response Notice or Further RCE Response Notice that a Relevant Construction Event has occurred or that the LCHA Counterparty accepts any RCE-Adjusted Installed Capacity Estimate unless and until the LCHA Counterparty is satisfied of the same.
- 5.7 Any RCE Notice shall be irrevocable and, if the Installed Capacity Estimate is reduced pursuant to this Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*), the Producer may not subsequently increase the Installed Capacity Estimate.
- 5.8 Subject to Condition 5.3, the Producer may give an RCE Notice on only one (1) occasion prior to the RCE Deadline. Any RCE Notice received by the LCHA Counterparty after the RCE Deadline shall be invalid and of no effect.
- 5.9 No adjustment to the Strike Price shall be made solely as a result of a reduction to the Installed Capacity Estimate pursuant to this Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*).
- 5.10 Where the LCHA Counterparty confirms that an RCE-Adjusted Installed Capacity Estimate constitutes the Installed Capacity Estimate pursuant to this Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*), the LCHA Sales Cap shall be adjusted in accordance with Condition 13.1(B) (*LCHA Sales Cap calculation*).

6. **ADJUSTMENT TO INSTALLED CAPACITY ESTIMATE: PERMITTED REDUCTION**

6.1 The Producer may, if it considers that the Installed Capacity will be lower than the Installed Capacity Estimate, give a notice to the LCHA Counterparty (an **"ICE Adjustment Notice"**). An ICE Adjustment Notice must be given to the LCHA Counterparty no later than the Milestone Delivery Date (the **"ICE Adjustment Deadline"**) and shall:

- (A) specify:
 - (i) the amount by which the Installed Capacity will be lower than the Installed Capacity Estimate;
 - (ii) the new Installed Capacity Estimate which is to apply to the Facility as a result of such reduction (the **"Revised ICE"**);
- (B) include details of any change in the Facility which will result from the reduction to the Installed Capacity Estimate (which shall include revised details of the assets comprising the Facility and any revised aerial view of the unique geographical location of (a) the Facility), (b) the Meter Measurement System, as well as any change to the geographical coordinates specified in Annex 1 (*Conditions Precedent*) of the Agreement; and
- (C) include such Supporting Information as the Producer considers to be relevant to evidence the detail of any changes to the asset comprising the Facility which will result from the reduction to the Installed Capacity Estimate.

6.2 The Revised ICE shall constitute the Installed Capacity Estimate with effect from the date of the ICE Adjustment Notice, provided that if an ICE Adjustment Notice specifies a Revised ICE which is less than ninety per cent (90%) of the Initial Installed Capacity Estimate (or, if relevant, the RCE-Adjusted Installed Capacity Estimate), such ICE Adjustment Notice shall be invalid and of no effect.

6.3 Any ICE Adjustment Notice shall be irrevocable and the Producer may not subsequently increase the Installed Capacity Estimate.

6.4 The Producer may give an ICE Adjustment Notice on only one (1) occasion prior to the ICE Adjustment Deadline. Any ICE Adjustment Notice given to the LCHA Counterparty after the ICE Adjustment Deadline shall be invalid and of no effect.

6.5 No adjustment to the Strike Price shall be made solely as a result of an adjustment to the Installed Capacity Estimate pursuant to this Condition 6 (*Adjustment to Installed Capacity Estimate: Permitted Reduction*).

6.6 Where the Installed Capacity Estimate is adjusted pursuant to a valid ICE Adjustment Notice pursuant to this Condition 6 (*Adjustment to Installed Capacity Estimate: Permitted Reduction*), the LCHA Sales Cap shall be adjusted in accordance with Condition 13.1(A) (*LCHA Sales Cap calculation*).

7. **FINAL INSTALLED CAPACITY**

7.1 The Producer shall, following the Start Date, and in any event no later than ten (10) Business Days after the Longstop Date, give a notice to the LCHA Counterparty (a **"Final Installed Capacity Notice"**). A Final Installed Capacity Notice shall:

- (A) specify the Installed Capacity which has been Commissioned as at the date of such notice which shall not, in any event, exceed the Installed Capacity Estimate (the "**Final Installed Capacity**"); and
- (B) include such Supporting Information, in reasonable detail, as the Producer considers to be relevant to and supportive of its conclusion, including a description of the Facility (as prescribed in Annex 1, Part A, paragraph 3 (*Conditions Precedent*) as at the date of such notice.

7.2 A Final Installed Capacity Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Final Installed Capacity Notice.

7.3 The Producer shall not give to the LCHA Counterparty more than one (1) Final Installed Capacity Notice.

7.4 The LCHA Counterparty shall, no later than twenty (20) Business Days after receipt of the Final Installed Capacity Notice, give a notice to the Producer (a "**Final Installed Capacity Response Notice**"). A Final Installed Capacity Response Notice shall specify that either:

- (A) the LCHA Counterparty agrees with the Final Installed Capacity as specified in the Final Installed Capacity Notice; or
- (B) the LCHA Counterparty has:
 - (i) not been provided with sufficient Supporting Information to determine the Final Installed Capacity or the description of the Facility (as prescribed in Annex 1, Part A, paragraph 3); and/or
 - (ii) not agreed with the Final Installed Capacity which has been Commissioned as specified in the Final Installed Capacity Notice giving reasons,

in which case the Final Installed Capacity Response Notice shall provide details of any additional or revised Supporting Information which the LCHA Counterparty requires to determine the Final Installed Capacity or the description of the Facility as at the date of the Final Installed Capacity Notice (the "**Final Installed Capacity Supporting Information**").

7.5 If the LCHA Counterparty:

- (A) gives a Final Installed Capacity Response Notice pursuant to Condition 7.4(A), the Final Installed Capacity shall be the amount so specified in the Final Installed Capacity Notice with effect from the date of the Final Installed Capacity Notice; or
- (B) gives a Final Installed Capacity Response Notice pursuant to Condition 7.4(B):
 - (i) the Producer shall provide the Final Installed Capacity Supporting Information, and where relevant if Condition 7.4(B)(ii) applies, a response to the reasons for disagreement with the Final Installed Capacity as proposed by the LCHA Counterparty as soon as reasonably practicable and in any event no later than ten (10) Business Days after receipt of the Final Installed Capacity Response Notice, or such longer period as is specified by the LCHA Counterparty; and

- (ii) upon receipt of the Final Installed Capacity Supporting Information, and where relevant if Condition 7.4(B)(ii) applies, a response to the reasons for disagreement with the Final Installed Capacity as proposed by the LCHA Counterparty, the LCHA Counterparty shall, no later than twenty (20) Business Days after receipt of the Final Installed Capacity Supporting Information, give a further Final Installed Capacity Response Notice to the Producer.

7.6 Nothing in this Condition 7 (*Final Installed Capacity*) shall require the LCHA Counterparty to specify in any Final Installed Capacity Response Notice that the LCHA Counterparty accepts the Final Installed Capacity notified to it by the Producer unless and until the LCHA Counterparty is satisfied of the same.

7.7 Without prejudice to the LCHA Counterparty's right to terminate the LCHA pursuant to Condition 49.29 (*Termination for failing to satisfy the Required Installed Capacity*), if the Producer does not give the LCHA Counterparty a Final Installed Capacity Notice on or prior to the date which is ten (10) Business Days after the later of:

- (A) the Longstop Date; and
- (B) if applicable, the date which is ten (10) Business Days after the LCHA Counterparty has given notice to the Producer (on or at any time after the date falling ten (10) Business Days prior to the Longstop Date) reminding the Producer of the requirement to give a Final Installed Capacity Notice,

the Final Installed Capacity shall, with effect from the Longstop Date, be deemed to be eighty per cent (80%) of the Installed Capacity Estimate.

7.8 Without prejudice to the LCHA Counterparty's right to terminate the LCHA pursuant to Condition 49.29 (*Termination for Failing to satisfy the Required Installed Capacity*), if:

- (A) the Producer does not provide the additional or revised Final Installed Capacity Supporting Information which is sufficient for the LCHA Counterparty to determine the Final Installed Capacity or the assets comprising the Facility; or
- (B) the Producer fails to demonstrate the determination of the Final Installed Capacity to the satisfaction of the LCHA Counterparty,

within ten (10) Business Days after receipt of the further Final Installed Capacity Response Notice, or such longer period as is specified by the LCHA Counterparty the LCHA Counterparty may deem the Final Installed Capacity to be eighty per cent (80%) of the Installed Capacity Estimate, until such time as the LCHA Counterparty agrees the Final Installed Capacity.

7.9 Once the Final Installed Capacity is determined (or deemed to be determined) pursuant to this Condition 7 (*Final Installed Capacity*), the LCHA Sales Cap shall be adjusted in accordance with Condition 13.1(D) (*LCHA Sales Cap calculation*).

Part 5 Payment Calculations

8. DEFINITIONS: PART 5

In this Part 5 (*Payment Calculations*):

"Base Year Terms" means, for any Strike Price Adjustment initially expressed in a price period (x), with (x) being a calendar year other than the Base Year, the Strike Price Adjustment in respect of the Base Year_(ADJ_{base}), calculated as follows:

$$ADJ_{base} = ADJ_x * \frac{CPI_{base}}{CPI_x}$$

where:

ADJ_x = Strike Price Adjustment (£/MWh (HHV)) in any year (x)

CPI_{base} = Base Year CPI

CPI_x = arithmetic mean of the Monthly CPI over the year (x)

"Capture Plant Outage Event" means an event where the Capture Plant is unavailable, curtailed or derated (which, for the avoidance of doubt, shall include a Full Capture Plant Outage Event);

"CO₂ T&S Outage Event Volume" means the quantity of Hydrogen produced by the Facility (expressed in MWh (HHV)) during each thirty (30) minute period during a CO₂ T&S Outage Event which occurs during a Billing Period, as [notified by the Producer to the LCHA Counterparty pursuant to] the Data Collection and Monitoring Procedures for the relevant Billing Period;

"CO₂ T&S Outage Relief Event Billing Period" has the meaning given to that term in Condition 17.1(A) (*CO₂ T&S Outage Relief Events*);

"CO₂ T&S Outage Relief Event Notice" has the meaning given to that term in Condition 17.1 (*CO₂ T&S Outage Relief Events*);

"CO₂ T&S Outage Relief Event Period" has the meaning given to that term in Condition 17.1(A) (*CO₂ T&S Outage Relief Events*);

"CO₂ T&S Outage Relief Event Response Notice" has the meaning given to that term in Condition 17.3 (*CO₂ T&S Outage Relief Events*);

"CO₂ T&S Outage Relief Event Supporting Information" has the meaning given to that term in Condition 17.3(B) (*CO₂ T&S Outage Relief Events*);

"Eligible Emissions Factor" has the meaning given to that term in the Agreement;

"Fallback Day" has the meaning given to that term in Condition 9.10 (*Floor Price calculation*);

"Further CO₂ T&S Outage Relief Event Response Notice" has the meaning given to that term in Condition 17.4(C)(ii) (*CO₂ T&S Outage Relief Events*);

"Gas Fallback Price" has the meaning given to that term in Condition 9.14 (*Floor Price calculation*);

"Gas Fallback Price Trigger" means that no Gas Settlement Price is capable of being calculated due to either (i) the unavailability of the Gas Price Source or (ii) the unavailability of the Gas Price Source on reasonable commercial terms, for a period of ten (10) consecutive Business Days;

"Permitted Annual Sales Cap Obligation" has the meaning given to that term in Condition 13.4 (*Annual Sales Cap*);

"Remaining Permitted Annual Sales Cap" has the meaning given to that term in Condition 13.5(C) (*Annual Sales Cap*); and

"Strike Price Adjustment Calculation Period" means, in respect of any calendar year, the period from the date the CPI for January in the relevant calendar year is published (or, where the Reference CPI is used, the fifth (5th) Business Day prior to the end of March in the relevant calendar year) up to and including the first 1st April in that calendar year.

9. PAYMENT CALCULATIONS

Reference Price calculations

9.1 The LCHA Counterparty shall calculate:

- (A) the Reference Price for Qualifying Volumes, *expressed in £/MWh (HHV)*, in respect of each Billing Period in accordance with Condition 6.2; and
- (B) the Reference Price for Non-Qualifying Volumes, *expressed in £/MWh (HHV)*, in respect of each Billing Period in accordance with Condition 9.3.

9.2 The **"Reference Price for Qualifying Volumes"** shall be calculated as follows:

$$RP_{QV,m} = \frac{\sum_{t=1}^n \text{Max}(ASP_{QV,t,m}, \text{Floor}_{QV,t,m}) * \text{Volume}_{QVRIA,t,m}}{\sum_{t=1}^n \text{Volume}_{QVRIA,t,m}}$$

where:

$RP_{QV,m}$	=	Reference Price (£/MWh (HHV)) for Qualifying Volumes in the relevant Billing Period (m)
n	=	number of Relevant Offtakers in respect of Qualifying Volumes in the relevant Billing Period (m)
t	=	each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period (m)
$ASP_{QV,t,m}$	=	Achieved Sales Price (£/MWh (HHV)) for each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)

$Floor_{QV,t,m}$ = Floor Price (£/MWh (HHV)) that applies to each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)

$Volume_{QVRIA,t,m}$ = Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

$\sum_{t=1}^n Volume_{QVRIA,t,m}$ = sum of Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

9.3 The "Reference Price for Non-Qualifying Volumes" shall be calculated as follows:

$$RP_{NQV,m} = \frac{\sum_{t=1}^n \text{Max}(ASP_{NQV,t,m}, SP_m) * Volume_{NQVRIA,t,m}}{\sum_{t=1}^n Volume_{NQVRIA,t,m}}$$

where:

$RP_{NQV,m}$ = Reference Price (£/MWh (HHV)) for Non-Qualifying Volumes in the relevant Billing Period (m)

N = number of Relevant Offtakers in respect of Non-Qualifying Volumes in the relevant Billing Period (m)

t = each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period (m)

$ASP_{NQV,t,m}$ = Achieved Sales Price (£/MWh (HHV)) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes in the relevant Billing Period (m)

SP_m = Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)

$Volume_{NQVRIA,t,m}$ = Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

$\sum_{t=1}^n Volume_{NQVRIA,t,m}$ = sum of Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

Achieved Sales Price calculation

9.4 The LCHA Counterparty shall calculate:

- (A) the Achieved Sales Price for each Relevant Offtaker in respect of Qualifying Volumes, expressed in £/MWh (HHV), for each Billing Period in accordance with Condition 9.5; and
- (B) the Achieved Sales Price for each Relevant Offtaker in respect of Non-Qualifying Volumes, expressed in £/MWh (HHV), for each Billing Period in accordance with Condition 9.6.

9.5 The **"Achieved Sales Price"** for each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period shall be calculated as follows:

$$ASP_{QV,t,m} = \frac{RIA_{QV,t,m}}{Volume_{QVRIA,t,m}}$$

where:

- $ASP_{QV,t,m}$ = Achieved Sales Price (£/MWh (HHV)) for each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)
- $RIA_{QV,t,m}$ = Relevant Invoiced Amount (£) for each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)
- $Volume_{QVRIA,t,m}$ = Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

9.6 The **"Achieved Sales Price"** for each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period shall be calculated as follows:

$$ASP_{NQV,t,m} = \frac{RIA_{NQV,t,m}}{Volume_{NQVRIA,t,m}}$$

where:

- $ASP_{NQV,t,m}$ = Achieved Sales Price (£/MWh (HHV)) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes in the relevant Billing Period (m)
- $RIA_{NQV,t,m}$ = Relevant Invoiced Amount (£) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes in the relevant Billing Period (m)
- $Volume_{NQVRIA,t,m}$ = Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

9.7 The **"Relevant Invoiced Amount"** for each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period shall be calculated as follows:

$$RIA_{QV,t,m} = TSP_{QV,t,m} - SPEA_{QV,t,m}$$

where:

$RIA_{QV,t,m}$	=	Relevant Invoiced Amount (£) for each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)
$TSP_{QV,t,m}$	=	Total Sales Price (£) for each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)
$SPEA_{QV,t,m}$	=	sum of the Strike Price Exclusion Amounts (£) for all Strike Price Exclusions for each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)

- 9.8 The **"Relevant Invoiced Amount"** for each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period shall be calculated as follows:

$$RIA_{NQV,t,m} = TSP_{NQV,t,m} - SPEA_{NQV,t,m}$$

where:

$RIA_{NQV,t,m}$	=	Relevant Invoiced Amount (£) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes in the relevant Billing Period (m)
$TSP_{NQV,t,m}$	=	Total Sales Price (£) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes in the relevant Billing Period (m)
$SPEA_{NQV,t,m}$	=	sum of the Strike Price Exclusion Amounts (£) for all Strike Price Exclusions for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes in the relevant Billing Period (m)

Floor Price calculation

- 9.9 The LCHA Counterparty shall calculate the Floor Price that applies to each Relevant Offtaker in respect of Qualifying Volumes, *expressed in £/MWh (HHV)*, in respect of each Billing Period in accordance with Condition 9.10.

- 9.10 The **"Floor Price"** shall be calculated as follows:

- (A) Subject to Condition 9.10(B), the Floor Price that applies to each Relevant Offtaker in respect of Qualifying Volumes in Billing Period (m) shall be calculated as follows:

$$Floor_{QV,t,m} = Min(SP_m, GRP_m)$$

where:

$Floor_{QV,t,m}$	=	Floor Price (£/MWh (HHV)) that applies to each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)
SP_m	=	Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)

GRP_m = Gas Reference Price (£/MWh (HHV)) in the relevant Billing Period (m)

provided that where GRP_m is less than zero (0), it shall be deemed to be zero (0) for the purpose of calculating $Floor_{QV,t,m}$.

- (B) If Qualifying Volumes are used for Feedstock Purposes by a Qualifying Offtaker, the Floor Price that applies to each Relevant Offtaker in respect of Qualifying Volumes in Billing Period (m) shall be calculated as follows:

$$Floor_{QV,t,m} = \text{Min}(SP_m, GRP_m * 1.2)$$

where:

$Floor_{QV,t,m}$ = Floor Price (£/MWh (HHV)) that applies to each Relevant Offtaker (t) in respect of Qualifying Volumes in the relevant Billing Period (m)

SP_m = Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)

GRP_m = Gas Reference Price (£/MWh (HHV)) in the relevant Billing Period (m)

provided that:

- (A) where GRP_m is less than zero (0), it shall be deemed to be zero (0) for the purpose of calculating $Floor_{QV,t,m}$; and
- (B) for the purpose of calculating the Price Discovery Incentive Amount, the Floor Price shall be calculated in accordance with Condition 9.10(A).

- 9.11 The LCHA Counterparty shall determine the **"Gas Reference Price"** for each Billing Period (m) during the Payment Period, which shall be expressed in £/MWh (HHV) and calculated as follows:

$$GRP_m = \frac{\sum_{TD=1}^n GSP_{BD}}{BD}$$

where:

GRP_m = the Gas Reference Price (£/MWh (HHV))⁶⁶ in the relevant Billing Period (m)

GSP_{BD} = the Gas Settlement Price for each Business Day in the Month preceding the relevant Billing Period (m) in respect of Month Ahead Natural Gas Contracts, as determined by the Gas Price Source

BD = number of Business Days in the Month preceding the relevant Billing Period (m)

- 9.12 Subject to Condition 9.11 if no Gas Settlement Price is available for a Business Day due to either (i) the unavailability of the Gas Price Source or (ii) the unavailability of the Gas Price Source on reasonable commercial terms for such any Business Day (a **"Fallback Day"**), the Gas Settlement Price for such Fallback Day shall be the Gas Settlement Price for the nearest prior corresponding Business Day to the Fallback Day for which a Gas Settlement Price was available.
- 9.13 Where the Gas Fallback Price Trigger occurs, the Gas Settlement Price for each Business Day from and including the date that the Gas Fallback Price Trigger occurs to and excluding the date on which the GRP Principles Review Notice is given or deemed to have been given, shall be the Gas Fallback Price (as calculated in accordance with Condition 9.14), pending the outcome of a GRP Principles Review in accordance with Annex 12 (*Gas Reference Price Review*).
- 9.14 If Condition 9.13 applies, the LCHA Counterparty shall calculate the **"Gas Fallback Price"** in accordance with the following methodology:
- (A) the LCHA Counterparty will:
 - (i) in relation to each Business Day, source five (5) arm's length quotes from five (5) brokers (each broker being from a different broking house and selected by the LCHA Counterparty, acting reasonably) for the delivery of 150MWh of Natural Gas to the National Balancing Point Virtual Trading Point in each Business Day in the nearest Month; and
 - (ii) in relation to each quote, seek to obtain a bid and offer price in £/MWh;
 - (B) if: (i) a broker supplies a bid and offer price, the mean of the bid price and offer price will be the input price; (ii) a broker supplies a bid price but not an offer price, such bid price will be used; and (iii) a broker does not supply a bid price, any price provided by such broker shall be excluded from the calculation of the Gas Fallback Price; and
 - (C) the LCHA Counterparty shall calculate the Gas Settlement Price for the relevant Business Day as the arithmetic average of these prices, having excluded any input price which is more than ten per cent. (10%) higher or lower than the median of the broker input prices (excluding, for the purposes of calculating such median, any brokers who do not supply a bid price).
- 9.15 Condition 8 (*Definitions: Part 5*) and Conditions 9.10 to 9.13 (*Floor Price calculation*) may be amended, supplemented or replaced in accordance with Annex 12 (*Gas Reference Price Review*).

10. DIFFERENCE AMOUNT

Difference Amount calculation

- 10.1 For each Billing Period (m) during the Payment Period, the **"Difference Amount"** shall be calculated as follows:

$$DA_m = (SP_m - RP_{QV,m}) * \sum_{t=1}^n Volume_{QVRIA,t,m} + \text{Min}(0, SP_m - RP_{NQV,m}) * \sum_{t=1}^n Volume_{NQVRIA,t,m}$$

where:

DA_m	=	Difference Amount (£) for the relevant Billing Period (m)
SP_m	=	Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)
$RP_{QV,m}$	=	Reference Price (£/MWh (HHV)) for Qualifying Volumes in the relevant Billing Period (m)
$\sum_{t=1}^n Volume_{QVRIA,t,m}$	=	sum of Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)
$RP_{NQV,m}$	=	Reference Price (£/MWh (HHV)) for Non-Qualifying Volumes in the relevant Billing Period (m)
$\sum_{t=1}^n Volume_{NQVRIA,t,m}$	=	sum of Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Non-Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

10.2 If the Difference Amount:

- (A) is a positive number, the Difference Amount shall be payable by the LCHA Counterparty to the Producer; or
- (B) is a negative number, the absolute value of the Difference Amount shall be payable by the Producer to the LCHA Counterparty.

11. PRICE DISCOVERY INCENTIVE

Price Discovery Incentive Amount calculation

11.1 For each Billing Period (m) during the Payment Period, the "**Price Discovery Incentive Amount**" shall be calculated as follows:

$$PDIA_m = \sum_{t=1}^n Volume_{QVRIA,t,m} * PDI_m$$

where:

$PDIA_m$	=	Price Discovery Incentive Amount (£) for the relevant Billing Period (m)
$\sum_{t=1}^n Volume_{QVRIA,t,m}$	=	sum of Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Qualifying Volumes

relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

PDI_m = Price Discovery Incentive (£/MWh (HHV)) for the relevant Billing Period (m)

- 11.2 For each Billing Period (m) during the Payment Period, the **"Price Discovery Incentive"** shall be calculated as follows:

$$PDI_m = PDIR_m * (Min(RP_{QV,m}, SP_m) - Floor_{QV,m})$$

where:

PDI_m = Price Discovery Incentive (£/MWh (HHV)) for the relevant Billing Period (m)

$PDIR_m$ = the Price Discovery Incentive Ratio for the relevant Billing Period (m)

$RP_{QV,m}$ = Reference Price (£/MWh (HHV)) for Qualifying Volumes in the relevant Billing Period (m)

SP_m = Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)

$Floor_{QV,m}$ = Floor Price (£/MWh (HHV)) that applies in respect of Qualifying Volumes in the relevant Billing Period (m)

12. SLIDING SCALE TOP UP AMOUNT

Sliding Scale Top Up Amount calculation

- 12.1 Where, in any Billing Period (m) during the Payment Period, the Sliding Scale Top Up Condition has been satisfied, the **"Sliding Scale Top Up Amount"** shall be calculated as follows:

$$SSTUA_m = \sum_{t=1}^n Volume_{QVRIA,t,m} * SSTU_m$$

where:

$SSTUA_m$ = Sliding Scale Top Up Amount (£) for the relevant Billing Period (m)

$\sum_{t=1}^n Volume_{QVRIA,t,m}$ = sum of Invoiced Volume to Relevant Offtaker (MWh (HHV)) for each Relevant Offtaker (t) in respect of Qualifying Volumes relating to the Relevant Invoiced Amount in the relevant Billing Period (m)

$SSTU_m$ = Sliding Scale Top Up (£/MWh (HHV)) for the relevant Billing Period (m)

- 12.2 The **"Sliding Scale Top Up Condition"** is that:

- (A) the sum of the Total Invoiced Volumes and the Unaccounted Volumes in the relevant Billing Period is less than fifty per cent (50%) of the Reference Volume for the relevant Billing Period; and
- (B) the sum of (i) the Total Invoiced Volumes in the relevant Billing Period and (ii) the Qualifying Event Shortfall Amount in the relevant Billing Period, is greater than or equal to fifty per cent (50%) of the Reference Volume for the relevant Billing Period.

12.3 The **"Sliding Scale Top Up"** for the relevant Billing Period (m) shall be calculated as follows:

$$SSTU_m = A_m * \text{MAX} \left[\left(\frac{1}{1 + bD} \left(1 + bD \frac{\text{Total SS Volume}_m}{V_{\text{Trigger}}} \right) \right)^{-\frac{1}{b}} - 100\%, 0\% \right]$$

where:

$SSTU_m$ = Sliding Scale Top Up (£/MWh (HHV)) for the relevant Billing Period (m)

V_{Trigger} = fifty per cent (50%) of the Reference Volume (MWh (HHV)) for the relevant Billing Period

Total SS Volume_m = the Total Invoiced Volumes (MWh (HHV)) in the relevant Billing Period (m)

A_m = Non-Variable Costs Strike Price (£/MWh (HHV)) for the relevant Billing Period (m)

D = 2

b = 0.5

provided that:

- (A) for Electrolytic Facilities only, the **"Non-Variable Costs Strike Price"** for the relevant Billing Period (m) shall be calculated as follows:

$$A_m = C * SP_m$$

where:

A_m = Non-Variable Costs Strike Price (£/MWh (HHV)) for the relevant Billing Period (m)

C = 0.5

SP_m = Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)

- (B) for CCUS-Enabled Facilities only, the **"Non-Variable Costs Strike Price"** for the relevant Billing Period (m) shall be calculated as follows:

$$A_m = A_{CCUS\_m}$$

where:

A_m = Non-Variable Costs Strike Price (£/MWh (HHV)) for the relevant Billing Period (m)

A_{CCUS_m} = CCUS-Enabled Non-Variable Costs Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)

13. LCHA SALES CAP⁶⁷

LCHA Sales Cap calculation

13.1 With effect from the Agreement Date, the LCHA Sales Cap shall be adjusted in accordance with the following calculations:

- (A) where the Installed Capacity Estimate is adjusted pursuant to a valid ICE Adjustment Notice which the Producer submits to the LCHA Counterparty pursuant to Condition 6 (*Adjustment to Installed Capacity Estimate: Permitted reduction*), the adjusted LCHA Sales Cap shall be equal to:

$$LCHASC = \frac{AICE_{PR,i} * LCHASC_{i-1}}{ICE_{i-1}}$$

where:

$LCHASC$ = the adjusted LCHA Sales Cap (MWh (HHV))

$AICE_{PR,i}$ = the adjusted Installed Capacity Estimate that will apply from Day (i) following the application of Condition 6 (*Adjustment to Installed Capacity Estimate: Permitted reduction*)

$LCHASC_{i-1}$ = the LCHA Sales Cap that applied in Day ($i-1$) prior to the application of Condition 6 (*Adjustment to Installed Capacity Estimate: Permitted reduction*)

ICE_{i-1} = the Installed Capacity Estimate that applied in Day ($i-1$) prior to the application of Condition 6 (*Adjustment to Installed Capacity Estimate: Permitted reduction*)

- (B) where the LCHA Counterparty confirms that an RCE-Adjusted Installed Capacity Estimate constitutes the Installed Capacity Estimate pursuant to Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*), the adjusted LCHA Sales Cap shall be equal to:

$$LCHASC = \frac{AICE_{RCE,i} * LCHAPC_{i-1}}{ICE_{i-1}}$$

where:

⁶⁷ Note to Reader: This Condition will need to be updated so that the relevant caps are adjusted to reflect the impact of a QCIL which reduces the production capacity of the Facility.

- $LCHASC$ = the adjusted LCHA Sales Cap (MWh (HHV))
- $AICE_{RCE,i}$ = the adjusted Installed Capacity Estimate that will apply from Day (i) following the application of Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*)
- $LCHASC_{i-1}$ = the LCHA Sales Cap that applied in Day ($i-1$) prior to the application of Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*)
- ICE_{i-1} = the Installed Capacity Estimate that applied in Day ($i-1$) prior to the application of Condition 5 (*Adjustment to Installed Capacity Estimate: Relevant Construction Event*)

- (C) following the occurrence of the Start Date, the adjusted LCHA Sales Cap shall be equal to:

$$LCHASC = \frac{IC * LCHASC_{i-1}}{ICE_{i-1}}$$

where:

- $LCHASC$ = the adjusted LCHA Sales Cap (MWh (HHV))
- IC = the Installed Capacity as at the Start Date
- $LCHASC_{i-1}$ = the LCHA Sales Cap that applied in Day ($i-1$) prior to the Start Date
- ICE_{i-1} = the Installed Capacity Estimate that applied in Day ($i-1$) prior to the Start Date

- (D) where the LCHA Counterparty confirms the Final Installed Capacity pursuant to Condition 7 (*Final Installed Capacity*), the adjusted LCHA Sales Cap shall be equal to:

$$LCHASC = \frac{FIC * (LCHASC_{i-1} - TotalAccruedVolume_{m-1})}{IC}$$

where:

- $LCHASC$ = the adjusted LCHA Sales Cap (MWh (HHV))
- $TotalAccruedVolume_{m-1}$ = sum of (i) the Total Invoiced Volumes for all Billing Periods, (ii) any Excess Sales Volume Adjustment Amount for all Fiscal Years from the Start Date, and (iii) any Longstop Period Accrued Volume Amount, in each case up to and including the Billing Period ($m-1$) prior to the date of the valid Final Installed Capacity Notice
- FIC = the Final Installed Capacity which is confirmed pursuant to Condition 7 (*Final Installed Capacity*)

$LCHASC_{i-1}$ = the LCHA Sales Cap that applied in Day ($i-1$) prior to the date of the valid Final Installed Capacity Notice

IC = the Installed Capacity as at the Start Date

Automatic Expiry

13.2 Subject to Condition 13.3, if at any time during the Term:

$$TotalAccruedVolume \geq LCHASC$$

where:

$TotalAccruedVolume$ = sum of (i) of the Total Invoiced Volumes for all Billing Periods, (ii) any Excess Sales Volume Adjustment Amount for all Fiscal Years from the Start Date and (iii) any Longstop Period Accrued Volume Amount

$LCHASC$ = LCHA Sales Cap (MWh (HHV))

then any additional Invoiced Volume to Relevant Offtaker shall be deemed to be zero (0) and the LCHA shall automatically expire.

13.3 For the purpose of calculating the Total Accrued Volume:

(A) if the Total Invoiced Volumes for all Billing Periods in a Fiscal Year exceed the Permitted Annual Sales Cap for such Fiscal Year at any time during the Fiscal Year, the "**Excess Sales Volume Adjustment Amount**" for such Fiscal Year shall be equal to the Total Invoiced Volumes for all Billing Periods in the Fiscal Year which exceed the Permitted Annual Sales Cap for such Fiscal Year (the "**Excess Sales Volumes**") multiplied by fifty per cent. (50%); and

(B) if the Start Date occurs during the Longstop Period, the "**Longstop Period Accrued Volume Amount**" shall be equal to:

$$LPAVA = ALF * 24 * LSPD * 0.5 * IC$$

where:

$LPAVA$ = Longstop Period Accrued Volume Amount (MWh (HHV))

ALF = Assumed Load Factor

$LSPD$ = the number of Days from and including the first day of the Longstop Period up to and including the Day ($i-1$) prior to the Start Date

IC = the Installed Capacity as at the Start Date

Annual Sales Cap

13.4 With effect from the Start Date, the Producer undertakes to the LCHA Counterparty that, for each Fiscal Year, the Total Invoiced Volumes for all Billing Periods in the Fiscal Year shall not

exceed the Permitted Annual Sales Cap for such Fiscal Year (the "**Permitted Annual Sales Cap Obligation**").⁶⁸

13.5 The "**Permitted Annual Sales Cap**" (*expressed in MWh (HHV)*) that applies:

(A) for each Fiscal Year shall, subject to Conditions 13.5(B) and 13.5(C), be equal to the Annual Sales Cap for such Fiscal Year multiplied by one hundred and twenty five per cent. (125%);

(B) for the Fiscal Year in which the Start Date occurs, shall be equal to:

$$PASC = ALF * 24 * TD * IC * 1.25$$

where:

PASC = the Permitted Annual Sales Cap for the Fiscal Year in which the Start Date occurs (*MWh (HHV)*)

ALF = Assumed Load Factor

TD = the total number of Days from and including the Start Date up to and including the last Day of the relevant Fiscal Year

IC = the Installed Capacity as at the Start Date

(C) for the Fiscal Year in which the LCHA Counterparty confirms the Final Installed Capacity pursuant to Condition 7 (*Final Installed Capacity*), shall be equal to:

$$PASC = TotalInYearAccruedVolume_{m-1} + RPASC$$

where:

PASC = the Permitted Annual Sales Cap for the Fiscal Year in which the LCHA Counterparty confirms the Final Installed Capacity pursuant to Condition 7 (*Final Installed Capacity*) (*MWh (HHV)*)

TotalInYearAccruedVolume_{m-1} = the aggregate of the Total Invoiced Volumes for all Billing Periods in the Fiscal Year in which the LCHA Counterparty confirms the Final Installed Capacity pursuant to Condition 7 (*Final Installed Capacity*), up to and including the Billing Period (*m-1*) prior to the Billing Period in which the valid Final Installed Capacity Notice has been issued (*MWh (HHV)*)⁶⁹

⁶⁸ Note to Reader: DESNZ is considering how any Longstop Period Accrued Volume Amount should apply when calculating the Annual Sales Cap and Permitted Annual Sales Cap.

⁶⁹ Note to Reader: The Billing Periods that are reflected in this calculation, and the interaction with any Permitted Annual Sales Cap Obligation Breach, are subject to further review by DESNZ.

RPASC = the Remaining Permitted Annual Sales Cap for the Fiscal Year in which the LCHA Counterparty confirms the Final Installed Capacity pursuant to Condition 7 (*Final Installed Capacity*) (MWh (HHV)), which shall be calculated as follows:

$$RPASC = \frac{FIC * (PASC_{i-1} - TotalInYearAccruedVolume_{i-1})}{IC}$$

where:

FIC = Final Installed Capacity

PASC_{i-1} = the Permitted Annual Sales Cap that applied in Day (*i-1*) prior to the date of the valid Final Installed Capacity Notice

TotalInYearAccruedVolume_{i-1} = the aggregate of the Total Invoiced Volumes for all Billing Periods in the Fiscal Year in which the LCHA counterparty confirms the Final Installed Capacity pursuant to Condition 7 (*Final Installed Capacity*), up to and including the Day (*i-1*) prior to the date of the valid Final Installed Capacity Notice

IC = the Installed Capacity as at the Start Date

13.6 If the Producer is in breach of the Permitted Annual Sales Cap Obligation in any Fiscal Year:

- (A) a "**Permitted Annual Sales Cap Obligation Breach**" will be deemed to have occurred; and
- (B) all Excess Sales Volumes shall be deemed to be Non-Qualifying Volumes in such Fiscal Year.

14. STRIKE PRICE INDEXATION ADJUSTMENT

Indexation for Electrolytic Facilities⁷⁰

14.1 For Electrolytic Facilities only, the LCHA Counterparty shall calculate an indexation adjustment to the Strike Price during the Strike Price Adjustment Calculation Period in each calendar year of the Term (each such adjustment, an "**Indexation Adjustment**").

14.2 Each Indexation Adjustment shall:

- (A) become effective on 1 April in the calendar year in which the Indexation Adjustment is calculated (each such date, an "**Indexation Anniversary**") and shall apply for each Billing Period in the Fiscal Year starting on the Indexation Anniversary; and

⁷⁰

Note to Reader: This Condition is subject to further review by DESNZ.

- (B) use the CPI for January of the relevant calendar year save where the CPI for January is not published by 1 April in such calendar year, in which case the Reference CPI shall be used.

- 14.3 The Strike Price which is to apply in each Billing Period (m) with effect from each Indexation Anniversary as a result of the Indexation Adjustment shall be calculated as follows:

$$SP_m = \left((SP_{base} + ADJ_i^{base}) * \Pi_i \right)$$

SP_m = Strike Price (£/MWh (HHV)) that applies in each Billing Period (m) with effect from each Indexation Anniversary

SP_{base} = Initial Electrolytic Strike Price (£/MWh (HHV))

ADJ_i^{base} = sum of the Strike Price Adjustments applicable to Day (i) (other than any adjustment pursuant to Condition 14.1 (*Indexation for Electrolytic Facilities*)) occurring immediately prior to the relevant Indexation Anniversary, expressed in Base Year Terms

Π_i = Inflation Factor applicable to Day (i)

Day (i) = the first calendar day of the relevant Billing Period (m)

- 14.4 The LCHA Counterparty shall notify the Producer of the revised Strike Price no later than five (5) Business Days after each Indexation Anniversary.

Indexation for CCUS-Enabled Facilities⁷¹

- 14.5 For CCUS-Enabled Facilities only, the LCHA Counterparty shall calculate an indexation adjustment to the Strike Price:

- (A) in respect of the Non-Gas Strike Price, during the Strike Price Adjustment Calculation Period in each calendar year of the Term (each such adjustment, a **"Non-Gas Indexation Adjustment"**), with each such Non-Gas Indexation Adjustment to:
- (i) become effective on 1 April in the calendar year in which the Non-Gas Indexation Adjustment is calculated (each such date, a **"Non-Gas Indexation Anniversary"**); and
 - (ii) use the CPI for January of the relevant calendar year save where the CPI for January is not published by 1 April in such calendar year, in which case the Reference CPI shall be used; and
- (B) in respect of the Natural Gas Strike Price, for each Billing Period in the Payment Period (each such adjustment, a **"Natural Gas Indexation Adjustment"**), with each such Natural Gas Indexation Adjustment to use the Gas Reference Price for the relevant Billing Period.

⁷¹

Note to Reader: This Condition is subject to further review by DESNZ.

- 14.6 The Strike Price which is to apply in each Billing Period (m) as a result of the Non-Gas Indexation Adjustment and the Natural Gas Indexation Adjustment shall be calculated as follows:

$$SP_m = SP_{NonG,m} + SP_{G,m}$$

SP_m	=	Strike Price (£/MWh (HHV)) that applies in each Billing Period (m)
$SP_{NonG,m}$	=	Non-Gas Strike Price (£/MWh (HHV)) that applies in each Billing Period (m) with effect from each Non-Gas Indexation Anniversary
$SP_{G,m}$	=	Natural Gas Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)

provided that where $SP_{G,m}$ is less than zero (0), it shall be deemed to be zero (0).

- 14.7 The Non-Gas Strike Price which is to apply in each Billing Period (m) with effect from each Non-Gas Indexation Anniversary as a result of the Non-Gas Indexation Adjustment shall be calculated as follows:

$$SP_{NonG,m} = (SP_{NonG,base} + ADJ_{ING,i}^{base}) * \Pi_i$$

where:

$SP_{NonG,m}$	=	Non-Gas Strike Price (£/MWh (HHV)) that applies in each Billing Period (m) with effect from each Non-Gas Indexation Anniversary
$SP_{NonG,base}$	=	Initial Non-Gas Strike Price (£/MWh (HHV))
$ADJ_{ING,i}^{base}$	=	sum of the Non-Gas Strike Price Adjustments applicable to Day (i) (other than any adjustment pursuant to Condition 14.5(A)) (<i>Indexation for CCUS-Enabled Facilities</i>) occurring immediately prior to the relevant Non-Gas Indexation Anniversary, expressed in Base Year Terms
Π_i	=	Inflation Factor applicable to a Day (i)
Day (i)	=	the first calendar day of the relevant Billing Period (m)

- 14.8 The LCHA Counterparty shall notify the Producer of the revised Non-Gas Strike Price no later than five (5) Business Days after each Non-Gas Indexation Anniversary.

- 14.9 The **"Natural Gas Strike Price"** which is to apply in each Billing Period (m) as a result of the Natural Gas Indexation Adjustment shall be calculated as follows:

$$SP_{G,m} = NGCM * GRP_m$$

$SP_{G,m}$	=	Natural-Gas Strike Price (£/MWh (HHV)) that applies in the relevant Billing Period (m)
$NGCM$	=	Natural Gas Cost Multiplier

$$GRP_m = \text{Gas Reference Price (£/MWh (HHV)) in the relevant Billing Period (m)}$$

provided that where $SP_{G,m}$ is less than zero (0), it shall be deemed to be zero (0).

15. CAPITAL RETURN COMPONENT INDEXATION ADJUSTMENT

15.1 The LCHA Counterparty shall calculate an indexation adjustment to the Capital Return Component in each calendar year of the Term (each such adjustment, a **"CRC Indexation Adjustment"**).

15.2 Each CRC Indexation Adjustment shall:

- (A) become effective on 1 April in the calendar year in which the CRC Indexation Adjustment is calculated (each such date, a **"CRC Indexation Anniversary"**) and shall apply for each Billing Period in the Fiscal Year starting on the CRC Indexation Anniversary; and
- (B) use the CPI for January of the relevant calendar year save where the CPI for January is not published by 1 April in such calendar year, in which case the Reference CPI shall be used.

15.3 The Capital Return Component which is to apply in each Billing Period (m) with effect from each CRC Indexation Anniversary as a result of the CRC Indexation Adjustment shall be calculated as follows:

$$CRC_m = CRC_{base} * \Pi_i$$

$$CRC_m = \text{Capital Return Component (£/MWh (HHV)) that applies in each Billing Period (m) with effect from each CRC Indexation Anniversary}$$

$$CRC_{base} = \text{Initial Capital Return Component (£/MWh (HHV))}$$

$$\Pi_i = \text{Inflation Factor applicable to a Day (i)}$$

$$\text{Day (i)} = \text{the first calendar day of the relevant Billing Period (m)}$$

15.4 The LCHA Counterparty shall notify the Producer of the revised Capital Return Component no later than five (5) Business Days after each CRC Indexation Anniversary.

16. CCUS-ENABLED NON-VARIABLE COSTS STRIKE PRICE INDEXATION ADJUSTMENT

16.1 The LCHA Counterparty shall calculate an indexation adjustment to the CCUS-Enabled Non-Variable Costs Strike Price in each calendar year of the Term (each such adjustment, a **"CENV CSP Indexation Adjustment"**).

16.2 Each CENV CSP Indexation Adjustment shall:

- (A) become effective on 1 April in the calendar year in which the CENV CSP Indexation Adjustment is calculated (each such date, a **"CENV CSP Indexation Anniversary"**)

and shall apply for each Billing Period in the Fiscal Year starting on the CENV CSP Indexation Anniversary; and

- (B) use the CPI for January of the relevant calendar year save where the CPI for January is not published by 1 April in such calendar year, in which case the Reference CPI shall be used.

- 16.3 The CCUS-Enabled Non-Variable Costs Strike Price which is to apply in each Billing Period (m) with effect from each CENV CSP Indexation Anniversary as a result of the CENV CSP Indexation Adjustment shall be calculated as follows:

$$CENV CSP_m = CENV CSP_{base} * \Pi_i$$

$CENV CSP_m$ = CCUS-Enabled Non-Variable Costs Strike Price (£/MWh (HHV)) that applies in each Billing Period (m) with effect from each CENV CSP Indexation Anniversary

$CENV CSP_{base}$ = Initial CCUS-Enabled Non-Variable Costs Strike Price (£/MWh (HHV))

Π_i = Inflation Factor applicable to a Day (i)

Day (i) = the first calendar day of the relevant Billing Period (m)

- 16.4 The LCHA Counterparty shall notify the Producer of the revised CCUS-Enabled Non-Variable Costs Strike Price no later than five (5) Business Days after each CENV CSP Indexation Anniversary.

17. CO₂ T&S OUTAGE RELIEF EVENTS

- 17.1 The Producer shall give the LCHA Counterparty a notice promptly following the occurrence of a CO₂ T&S Outage Relief Event (a "**CO₂ T&S Outage Relief Event Notice**"). A CO₂ T&S Outage Relief Event Notice shall:

- (A) specify the [thirty [30] minute periods]]⁷² in which the CO₂ T&S Outage Relief Event occurred (a "**CO₂ T&S Outage Relief Event Period**") within the relevant Billing Period(s) (a "**CO₂ T&S Outage Relief Event Billing Period**");
- (B) describe the CO₂ T&S Outage Relief Event (including the impact and/or anticipated impact, if any, of the CO₂ T&S Outage Relief Event on the Producer's ability to produce Hydrogen at the Facility which complies with the LCHS);
- (C) include evidence relating to the CO₂ T&S Outage Relief Event from the relevant CO₂ T&S Operator;
- (D) include such Supporting Information as the Producer considers to be relevant to the CO₂ T&S Outage Relief Event (including the impact, if any, on the Producer's ability to produce Hydrogen at the Facility which complies with the LCHS); and

⁷²

Note to Reader: This remains subject to further consideration by DESNZ, including consideration of how this will link to the LCHS consignment reporting process.

- (E) include details of the steps that the Producer has taken and/or proposes to take to mitigate the effect of the relevant CO₂ T&S Outage Relief Event.
- 17.2 Each CO₂ T&S Outage Relief Event Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the CO₂ T&S Outage Relief Event Notice.
- 17.3 The LCHA Counterparty shall, no later than [ten (10) Business Days after receipt of a CO₂ T&S Outage Relief Event Notice]⁷³, give a notice to the Producer (a **"CO₂ T&S Outage Relief Event Response Notice"**). A CO₂ T&S Outage Relief Event Response Notice shall specify whether the LCHA Counterparty considers that:
- (A) the CO₂ T&S Outage Relief Event to which the CO₂ T&S Outage Relief Event Notice relates has or has not occurred; or
 - (B) it has not been provided with sufficient Supporting Information to determine whether the CO₂ T&S Outage Relief Event to which the CO₂ T&S Outage Relief Event Response Notice relates has occurred and, if so, details of the additional Supporting Information which the LCHA Counterparty requires to determine whether the CO₂ T&S Outage Relief Event to which the CO₂ T&S Outage Relief Event Notice relates has occurred (the **"CO₂ T&S Outage Relief Event Supporting Information"**).
- 17.4 If the LCHA Counterparty states in the CO₂ T&S Outage Relief Event Response Notice that:
- (A) the CO₂ T&S Outage Relief Event to which the CO₂ T&S Outage Relief Event Response Notice relates has occurred, then a CO₂ T&S Outage Relief Event will be deemed to have occurred for the purposes of the LCHA;
 - (B) the CO₂ T&S Outage Relief Event to which the CO₂ T&S Outage Relief Event Response Notice relates has not occurred, then a CO₂ T&S Outage Relief Event will be deemed not to have occurred for the purposes of the LCHA unless and until a resolution or determination to the contrary is made pursuant to the Expert Determination Procedure; or
 - (C) the Producer has not provided the LCHA Counterparty with sufficient Supporting Information to determine whether the CO₂ T&S Outage Relief Event to which the CO₂ T&S Outage Relief Event Response Notice relates has occurred then:
 - (i) the Producer shall provide the CO₂ T&S Outage Relief Event Supporting Information as soon as reasonably practicable[, and in any event no later than ten (10) Business Days after receipt of the CO₂ T&S Outage Relief Event Response Notice, or such longer period as is specified by the LCHA Counterparty]⁷⁴; and
 - (ii) upon receipt of the CO₂ T&S Outage Relief Event Supporting Information, the LCHA Counterparty shall, as soon as reasonably practicable [and in any event no later than ten (10) Business Days after receipt of such CO₂ T&S Outage

⁷³ Note to Reader: This remains subject to further consideration by DESNZ.

⁷⁴ Note to Reader: This remains subject to further consideration by DESNZ.

Relief Event Supporting Information,⁷⁵ give a further CO₂ T&S Outage Relief Event Response Notice to the Producer (a **"Further CO₂ T&S Outage Relief Event Response Notice"**). A Further CO₂ T&S Outage Relief Event Response Notice shall specify whether the LCHA Counterparty considers that the CO₂ T&S Outage Relief Event to which the CO₂ T&S Outage Relief Event Response Notice relates has or has not occurred.

- 17.5 Nothing in this Condition 17 (*CO₂ T&S Outage Relief Events*) shall require the LCHA Counterparty to specify in any CO₂ T&S Outage Relief Event Response Notice or Further CO₂ T&S Outage Relief Event Response Notice that the LCHA Counterparty accepts that a CO₂ T&S Outage Relief Event has occurred unless and until the LCHA Counterparty is satisfied of the same.
- 17.6 If a CO₂ T&S Outage Relief Event is deemed to have occurred during a CO₂ T&S Outage Relief Event Billing Period in accordance with Condition 17.4(A) or 17.4(C)(ii):
- (A) the requirement to comply with the LCHS shall be waived in respect of the CO₂ T&S Outage Event Volume for each CO₂ T&S Outage Relief Event Period in the relevant CO₂ T&S Outage Relief Event Billing Period (the **"CO₂ T&S Outage Relief Event Volume"**);
 - (B) the CO₂ T&S Outage Relief Event Strike Price Deduction shall apply in respect of each CO₂ T&S Outage Relief Event Volume which is sold by the Producer and purchased by a Qualifying Offtaker(s) and which is not an RTFO Volume in each relevant Billing Period (*m*) (the **"CO₂ T&S Outage Relief Event Strike Price Deduction Amount"**), which shall be calculated as follows:

$$CO_2\ T\&S\_DA_m = CO_2\ T\&S\_D_m * Volume_{waiver,QO,m}$$

where:

$CO_2\ T\&S\_DA_m$ = CO₂ T&S Outage Relief Event Strike Price Deduction Amount (£) for the relevant Billing Period (*m*)

$CO_2\ T\&S\_D_m$ = CO₂ T&S Outage Relief Event Strike Price Deduction (£/MWh (HHV)) that applies in the relevant Billing Period (*m*)

$Volume_{waiver,QO,m}$ = the aggregate of the CO₂ T&S Outage Relief Event Volumes which are sold by the Producer and which is purchased by a Qualifying Offtaker(s) (MWh (HHV)) and which are not RTFO Volumes in the relevant Billing Period (*m*)

- (C) the CO₂ T&S Outage Relief Event Strike Price Deduction Amount for each such Billing Period shall be included in the CO₂ T&S Billing Statement which is next issued by the LCHA Counterparty to the Producer.⁷⁶

⁷⁵ Note to Reader: This remains subject to further consideration by DESNZ.

⁷⁶ Note to Reader: DESNZ is considering how to adapt this drafting so that it aligns with the process pursuant to which the Producer will be required to match Discrete Consignments with CO₂ emissions data for the purposes of demonstrating LCHS compliance (which is still to be developed).

18. CO₂ T&S CHARGES AMOUNT

CO₂ T&S Charges Amount calculation⁷⁷

- 18.1 The CO₂ T&S charges amount for each Billing Period (m) during the Payment Period (the **"Monthly CO₂ T&S Charges Amount"**) shall be calculated as follows:

$$CO_2 T\&S_m = \sum_{i=1}^n CO_2 T\&S_{i,m}$$

where:

$CO_2 T\&S_m$ = Monthly CO₂ T&S Charges Amount (£) for the relevant Billing Period (m)

$CO_2 T\&S_{i,m}$ = CO₂ T&S Charges Amount (£) for each Day (i) in the relevant Billing Period (m)

n = number of Days (i) in the relevant Billing Period (m)

- 18.2 The CO₂ T&S Charges Amount for each Day (i) during the Payment Period (**"CO₂ T&S Charges Amount"**) shall be calculated as follows:

$$CO_2 T\&S_i = CO_2 TSNC_i + CO_2 TSFC_i + CO_2 TSCC_i$$

where:

$CO_2 T\&S_i$ = CO₂ T&S Charges Amount (£) for each Day (i)

$CO_2 TSNC_i$ = CO₂ T&S Network Charge (£) for each Day (i)

$CO_2 TSFC_i$ = CO₂ T&S Flow Charge (£) for each Day (i)

$CO_2 TSCC_i$ = CO₂ T&S Capacity Charge (£) for each Day (i)

provided that if there is a CO₂ T&S Commissioning Delay Event then:

- (A) the CO₂ T&S Capacity Charge, the CO₂ T&S Flow Charge and the CO₂ T&S Network Charge shall not be payable by the LCHA Counterparty to the Producer, until the CO₂ T&S Network Availability Date; and
- (B) the CO₂ T&S Capacity Charge, the CO₂ T&S Flow Charge and the CO₂ T&S Network Charge shall be deemed to be zero (0) during any period in which there is a CO₂ T&S Commissioning Delay Event.

CO₂ T&S Charges Amount for CO₂ T&S Export Volumes calculation⁷⁸

⁷⁷ Note to Reader: This Condition is subject to further development as the CCS Network Code develops.

⁷⁸ Note to Reader: This Condition is subject to further development as the CCS Network Code develops.

- 18.3 The CO₂ T&S charges amount in respect of CO₂ T&S Export Volumes for each Billing Period (*m*) during the Payment Period (the **"Monthly CO₂ T&S Charges Amount for Export Volumes"**) shall be calculated as follows:

$$CO_2 T\&S_{m\_EV} = (CO_2 T\&S_{EV\_m} * EEF) * (CO_2 TSOFFFR_m + CO_2 TSONFR_m) + EVCO_2 TSCC_m$$

where:

$CO_2 T\&S_{m\_EV}$	=	Monthly CO ₂ T&S Charges Amount for Export Volumes (£) for the relevant Billing Period (<i>m</i>)
$CO_2 T\&S_{EV\_m}$	=	CO ₂ T&S Export Volumes (<i>MWh (HHV)</i>) for the relevant Billing Period (<i>m</i>)
EEF	=	Eligible Emissions Factor (<i>tCO_{2RS}/MWh (HHV)</i>)
$CO_2 TSOFFFR_m$	=	CO ₂ T&S Offshore Flow Charge Rate (£/ <i>tCO_{2RS}</i>) for the relevant Billing Period (<i>m</i>)
$CO_2 TSONFR_m$	=	CO ₂ T&S Onshore Flow Charge Rate (£/ <i>tCO_{2RS}</i>) for the relevant Billing Period (<i>m</i>)
$EVCO_2 TSCC_m$	=	Export Volumes CO ₂ T&S Capacity Charge (£) for the relevant Billing Period (<i>m</i>) calculated in accordance with Condition 18.4

provided that if the Producer is a CO₂ T&S Offshore User only, the CO₂ T&S Onshore Flow Charge Rate shall be zero (0).

- 18.4 The **"Export Volumes CO₂ T&S Capacity Charge"** for each Billing Period (*m*) during the Payment Period shall be calculated as follows:

$$EVCO_2 TSCC_m = \frac{TotalCO_2 TSCC_{i,m} * CO_2 T\&S_{EV_m}}{RV_m}$$

where:

$EVCO_2 TSCC_m$	=	Export Volumes CO ₂ T&S Capacity Charge (£) for the relevant Billing Period (<i>m</i>)
$TotalCO_2 TSCC_{i,m}$	=	the aggregate of the CO ₂ T&S Capacity Charges (£) for a CO ₂ T&S Onshore User for each Day (<i>i</i>) of the relevant Billing Period (<i>m</i>) or the aggregate of the CO ₂ T&S Capacity Charges (£) for a CO ₂ T&S Offshore User for each Day (<i>i</i>) of the relevant Billing Period (<i>m</i>) (as applicable)
$CO_2 T\&S_{EV_m}$	=	CO ₂ T&S Export Volumes (<i>MWh (HHV)</i>) for the relevant Billing Period (<i>m</i>)
RV_m	=	Reference Volume (<i>MWh (HHV)</i>) for the relevant Billing Period (<i>m</i>)

provided that if the Producer is a CO₂ T&S Offshore User only, the CO₂ T&S Onshore Capacity Charges shall be zero (0).

Part 6

Billing and payment

19. PRODUCER PAYMENT INFORMATION

Delivery of Payment Information Notice

- 19.1 The Producer shall, in relation to each Billing Period, deliver a payment information notice to the LCHA Counterparty (each a **"Payment Information Notice"**).
- 19.2 Each Payment Information Notice shall:
- (A) be accompanied by a Directors' Certificate:
 - (i) in relation to the information contained in, and enclosed with, the Payment Information Notice; and
 - (ii) which confirms that (aa) the Total Invoiced Volumes in the relevant Billing Period which are Qualifying Volumes have not been claimed under the RTFO Scheme and (bb) all Discrete Consignments associated with RTFO Volumes have been excluded from the calculation of any weighted average consignment in the relevant Billing Period; and
 - (B) be delivered to the LCHA Counterparty no later than five (5) Business Days after the end of the relevant Billing Period.
- 19.3 Without prejudice to Condition 19.1, if a Producer has failed to submit a Payment Information Notice to the LCHA Counterparty:
- (A) by the date that falls five (5) Business Days after the end of the relevant Billing Period, then:
 - (i) no payment shall be payable by the LCHA Counterparty to the Producer in relation to the relevant Billing Period; and
 - (ii) the Producer may not submit a Payment Information Notice for any subsequent Billing Period(s) unless and until the Producer has submitted a Payment Information Notice to the LCHA Counterparty in respect of the relevant Billing Period in accordance with Condition 15.1 and Condition 19.2; and
 - (B) by the date that falls [three (3)] Months after the end of the relevant Billing Period, then the Producer may not submit, and the LCHA Counterparty shall not be required to accept such Payment Information Notice.⁷⁹
- 19.4 If a Producer has failed to submit a Payment Information Notice to the LCHA Counterparty by the date that falls [six (6)] Months after the end of the relevant Billing Period then a **"Payment Information Notice Termination Event"** will be deemed to have occurred.

⁷⁹

Note to Reader: DESNZ is still considering the methodology that will be used by the LCHA Counterparty to estimate the ASP for any Billing Periods in which the Reference Price exceeds the Strike Price and the Producer has failed to deliver a PIN.

Contents of Payment Information Notice

19.5 Each Payment Information Notice shall set out, identify or include:

Identification information

- (A) the Billing Period or other period to which the Payment Information Notice relates;
- (B) the details of the LCHA (or a unique identifier attributed to the LCHA by the LCHA Counterparty);
- (C) the unique identifier attributed to each Offtaker by the LCHA Counterparty;
- (D) the unique invoice number generated for each Offtaker by the Producer in respect of the relevant Billing Period;

Producer Payment Information

- (E) in respect of each Payment Information Notice issued on or after the date on which the Start Date Notice is given:
 - (i) the Total Sales Price for each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
 - (ii) the Total Sales Price for each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
 - (iii) the Relevant Invoiced Amount for each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
 - (iv) the Relevant Invoiced Amount for each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
 - (v) the Strike Price Exclusion Amount for each Strike Price Exclusion for each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
 - (vi) the sum of the Strike Price Exclusion Amounts for all Strike Price Exclusions for each Relevant Offtaker in respect of Qualifying Volumes in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
 - (vii) the Strike Price Exclusion Amount for each Strike Price Exclusion for each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
 - (viii) the sum of the Strike Price Exclusion Amounts for all Strike Price Exclusions for each Relevant Offtaker in respect of Non-Qualifying Volumes in the relevant Billing Period as set out in the relevant Offtaker Invoice;

- (ix) for each Relevant Offtaker, the Invoiced Volumes to Relevant Offtaker which are Qualifying Volumes which correspond to the Relevant Invoiced Amount in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
- (x) for each Relevant Offtaker, the Invoiced Volumes to Relevant Offtaker which are Non-Qualifying Volumes which correspond to the Relevant Invoiced Amount in the relevant Billing Period, as set out in the relevant Offtaker Invoice;
- (xi) the Total Invoiced Volumes in the relevant Billing Period which are:
 - (a) Qualifying Volumes and, in respect of such volumes, the volumes:
 - (aa) which comply with the LCHS; or
 - (bb) in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.5 (*CO₂ T&S Outage Relief Events*);
 - (b) Non-Qualifying Volumes and, in respect of such volumes, the volumes:
 - (aa) which comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*), and are:
 - (1) Direct Export Volumes;
 - (2) Risk-Taking Intermediary Volumes;
 - (3) Blending Volumes;
 - (4) Offtaker Non-Compliance Volumes; or
 - (5) Excess Sales Volumes [which would otherwise have been Qualifying Volumes]⁸⁰ or
 - (bb) which do not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS does not apply) and, in respect of such volumes, the volumes which are:
 - (1) Direct Export Volumes; or
 - (2) not Direct Export Volumes; or
 - (c) [RTFO Volumes;]⁸¹
- (xii) the Total Invoiced Volumes in the relevant Billing Period which are:
 - (a) [sold from] On-Site Storage and, in respect of such volumes, the volumes:

⁸⁰ Note to Reader: This is subject to further consideration by DESNZ.

⁸¹ Note to Reader: This is subject to further development by DESNZ.

- (aa) which comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*); or
 - (bb) do not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS does not apply);
- (b) [sold from] Off-site Hydrogen Storage Infrastructure and, in respect of such volumes, the volumes:
 - (aa) which comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*); or
 - (bb) do not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS does not apply);
- (c) [sold from] Off-site non-UKLCH Storage and, in respect of such volumes, the volumes:
 - (aa) which comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*); or
 - (bb) do not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS does not apply);
- (xiii) the Total Production Volumes in the relevant Billing Period;
- (xiv) the Total Production Volumes in the relevant Billing Period which are:
 - (a) transferred to On-site Storage and, in respect of such volumes, the volumes:
 - (aa) which comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*); or
 - (bb) do not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS does not apply);
 - (b) transferred to Off-site Hydrogen Storage Infrastructure and, in respect of such volumes, the volumes:
 - (aa) which comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*); or
 - (bb) do not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS does not apply);

- (c) transferred to Off-site non-UKLCH Storage and, in respect of such volumes, the volumes:
 - (aa) which comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*); or
 - (bb) do not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS does not apply);
- (d) Unaccounted Volumes [and, in respect of such volumes, the volumes:
 - (aa) which comply with the LCHS or in respect of which a waiver of the requirement to comply with the LCHS applies pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Events*); or
 - (bb) do not comply with the LCHS (and in respect of which a waiver of the requirement to comply with the LCHS does not apply)];
- (xv) any Take-or-Pay Volumes in the relevant Billing Period;
- (xvi) any Qualifying Event Shortfall Amount in the relevant Billing Period and such Supporting Information as the Producer considers to be relevant to evidence that the Sliding Scale Top Up Condition has been satisfied including a description of the event(s) which the Producer considers to be the relevant Qualifying Event(s);
- (xvii) any Indirect Export Volumes;⁸²
- (xviii) any Invoiced Volume(s) to Relevant Offtaker which is deemed to be zero (0) pursuant to Condition 13.2 (*Automatic Expiry*);
- (xix) each Offtaker Invoice in respect of the relevant Billing Period; and
- (xx) the Invoice Document submitted to the Producer pursuant to Section [H] of the CO₂ CCS Network Code for the relevant Billing Period⁸³.

20. UKLCH BILLING STATEMENTS

Delivery of UKLCH Billing Statement

20.1 The LCHA Counterparty:

- (A) may, in relation to any period from and including the Agreement Date to, but excluding, the Start Date; and
- (B) shall, in relation to each Billing Period,

⁸² Note to Reader: If the Producer becomes aware of any Indirect Export Volumes in a Billing Period, it must report these to the LCHA Counterparty in such Billing Period.

⁸³ Note to Reader: This is subject to further development as the CO₂ Network Code develops.

deliver a billing statement to the Producer (each, a **"UKLCH Billing Statement"**).

- 20.2 Each UKLCH Billing Statement issued pursuant to Condition 17.1(A) shall be delivered to the Producer, together with the relevant Payment Calculation Data in respect of such UKLCH Billing Statement, no later than ten (10) Business Days after the Start Date.
- 20.3 Subject to Conditions 16.1 and 16.2⁸⁴, each UKLCH Billing Statement issued pursuant to Condition 17.1(B) shall be delivered to the Producer, together with the relevant Payment Calculation Data in respect of such UKLCH Billing Statement, no later than ten (10) Business Days after the end of the relevant Billing Period.

Contents of UKLCH Billing Statement

- 20.4 Each UKLCH Billing Statement shall set out or identify:

Identification information

- (A) the Billing Statement number generated by the LCHA Counterparty;
- (B) the date on which the Billing Statement is issued by the LCHA Counterparty;
- (C) the date on which payment is due in respect of the UKLCH Billing Statement pursuant to either Condition 21.2 (*Payment from Producer*) or 21.1 (*Payment from LCHA Counterparty*);
- (D) the Billing Period or other period to which the UKLCH Billing Statement relates;
- (E) the details of the LCHA (or a unique identifier attributed to the LCHA by the LCHA Counterparty);

Difference Amount , Price Discovery Incentive Amount, Sliding Scale Top Up Amount

- (F) in respect of each UKLCH Billing Statement issued on or after the Start Date:
 - (i) the Difference Amount for the relevant Billing Period;
 - (ii) the Price Discovery Incentive Amount for the relevant Billing Period;
 - (iii) the Sliding Scale Top Up Amount for the relevant Billing Period;

Additional components

- (G) any UKLCH Reconciliation Amounts;
- (H) any UKLCH Compensatory Interest Amount;

UKLCH Net Payable Amount

- (I) the UKLCH Net Payable Amount in respect of the relevant Billing Period or other period to which the UKLCH Billing Statement relates; and

Set-Off Amount

- (J) any amount set-off against the UKLCH Net Payable Amount pursuant to Condition 3.80 (*Set-Off of Previous Subsidy*) or Condition 31.16 (*Set-Off of Other Subsidy*).

Calculation of UKLCH Reconciliation Amounts⁸⁵

20.5 The "**UKLCH Reconciliation Amounts**" shall, in respect of each Billing Period (or such other period prior to the Start Date in respect of which a UKLCH Billing Statement is issued), comprise any revisions to the UKLCH Net Payable Amount in respect of any preceding Billing Period (or any other prior period in respect of which a UKLCH Billing Statement was issued) which are required to reflect:

- (A) the resolution of any LCHA Technical Dispute;
- (B) any amount payable pursuant to:⁸⁶
 - (i) Condition 3.75(B)(ii) (*Failure to comply with CO₂ T&S Connection Confirmation Requirement: Suspension*), Condition 29.9 (*Failure to comply with Metering Schematic Obligation*), Condition 29.16 (*Failure to provide Metering Access Right*), Condition 29.20 (*Failure to comply with Automated Data Systems Obligations*), Condition 30.11 (*Suspension of Payments (Failure to provide Measurement Data)*), Condition 33.10 (*Failure to provide an Offtaker Confirmation Request Notice: Suspension*), Condition 34.9 (*Failure to comply with Offtaker Compliance Declaration Obligation: suspension*), Condition 37.7 (*Failure to comply with the LCHA Counterparty Audit Right*), Condition 38.11 (*Failure to provide an Annual Compliance Report: Suspension*), Condition 49.16 (*Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension*), paragraph 8.3 (*Suspension of Payments (LCHS Non-Compliance)*) of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*) or [*others to be considered*]; or
 - (ii) Condition 31.8 (*Suspension of Payments*), Condition 31.11 (*Suspension of Payments (Failure to Provide Information)*) or Condition 31.14(C) (*Waiver of Producer's Obligation to Repay Subsidy, State aid and/or Union Funding*);
- (C) any agreed or determined adjustment to the Final Installed Capacity;
- (D) any adjustment to the Invoiced Volumes to Relevant Offtaker pursuant to Condition 13.2 (*Automatic Expiry*);
- (E) any QCiL Compensation (including any QCiL Strike Price Adjustment);
- (F) any QCiL True-Up Compensation (including any QCiL True-Up Strike Price Adjustment);

⁸⁵ Note to Reader: DESNZ is currently developing a process which may be similar to the Settlement Run process in the BSC, which will allow for periodic reconciliations/recalculations under the LCHA. The scope of such process is subject to further consideration by DESNZ but could include recalculated metered data, recalculated LCHS data and corresponding recalculated/reconciled payments. DESNZ is also considering how the process will interact with (i) the approach to consignments under the LCHA and (ii) the subsidy control provisions.

⁸⁶ Note to Reader: This list is subject to review as the LCHA is further developed.

- (G) any CRC Indexation Adjustment;
- (H) for Electrolytic Facilities only, any Indexation Adjustment;
- (I) for CCUS-Enabled Facilities only, any Non-Gas Indexation Adjustment and/or CENVCS Indexation Adjustment;
- (J) any CO₂ T&S Outage Relief Event Strike Price Deduction Amount that would have been payable by the Producer to the LCHA Counterparty in respect of the relevant CO₂ T&S Outage Relief Event Volumes pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Event(s)*);
- (K) the correction of any error in any previous UKLCH Billing Statement; and
- (L) [*others to be considered*].

Calculation of UKLCH Compensatory Interest Amount⁸⁷

20.6 The **"UKLCH Compensatory Interest Amount"** shall, in respect of each Billing Period (or such other period prior to the Start Date in respect of which a UKLCH Billing Statement is issued), comprise interest due and payable in relation to each UKLCH Reconciliation Amount reflected in the UKLCH Billing Statement for the relevant Billing Period or such other period (a **"UKLCH Reconciliation Billing Period"**), calculated on the basis that interest on each UKLCH Reconciliation Amount shall accrue on such amount at the Compensatory Interest Rate for the period from (and including):

- (A) the relevant Day(s) in the Billing Period to which a LCHA Technical Dispute relates in respect of any UKLCH Reconciliation Amount resulting from the resolution of a LCHA Technical Dispute;
- (B) the earlier of: (i) the Longstop Date; and (ii) the date of the Final Installed Capacity Notice, in respect of any UKLCH Reconciliation Amount resulting from the agreement or determination of the Final Installed Capacity;
- (C) the relevant Day(s) in the Billing Period to which an adjustment to the Invoiced Volumes to Relevant Offtaker relates pursuant to Condition 13.2 (*Automatic Expiry*);
- (D) the QCiL Compensation Date in respect of any UKLCH Reconciliation Amount to reflect any QCiL Compensation (including any QCiL Strike Price Adjustment) or QCiL True-Up Compensation (including any QCiL True-Up Strike Price Adjustment);
- (E) the relevant CRC Indexation Anniversary for any CRC Indexation Adjustment;
- (F) for Electrolytic Facilities only, the relevant Indexation Anniversary in respect of any Indexation Adjustment;

⁸⁷

Note to Reader: As stated above, DESNZ is currently developing a process which may be similar to the Settlement Run process in the BSC, which will allow for periodic reconciliations/recalculations under the LCHA. The scope of such process is subject to further consideration but could include recalculated metered data, recalculated LCHS data and corresponding recalculated/reconciled payments. DESNZ will also need to consider how interest will apply to any recalculated/reconciled payments.

- (G) for CCUS-Enabled Facilities only, the relevant Non-Gas Indexation Anniversary in respect of any Non-Gas Indexation Adjustment and/or the relevant CENVCS Indexation Anniversary for any CENVCS Indexation Adjustment;
- (H) for CCUS-Enabled Facilities only, the Day on which the CO₂ T&S Outage Relief Event Strike Price Deduction Amount would have been payable by the Producer to the LCHA Counterparty in respect of the relevant CO₂ T&S Outage Relief Event Volumes pursuant to Condition 17.6 (*CO₂ T&S Outage Relief Event(s)*);
- (I) the relevant Day(s) in the Billing Period to which any adjustment to correct any error in any previous Billing Statement relates in respect of any UKLCH Reconciliation Amount to correct such an error (or if such UKLCH Reconciliation Amount to correct such error was included in a UKLCH Billing Statement issued prior to the Start Date, the date of the prior UKLCH Billing Statement in which such error was included); and
- (J) [*others to be considered*],

to the final Day in the relevant Reconciliation Billing Period. For this purpose: (i) interest shall accrue on such amounts from Day to Day and shall be calculated on the basis of the actual number of Days elapsed and a year of 365 Days; and (ii) the **"Compensatory Interest Rate"** shall be the prevailing Base Rate on each Day during the relevant calculation period.

Calculation of UKLCH Net Payable Amount

- 20.7 The **"UKLCH Net Payable Amount"** shall, in respect of each Billing Period (or such other period prior to the Start Date in respect of which a Billing Statement is issued), be an amount (*expressed in pounds (£)*) calculated as follows:

$$HPBM \text{ Net Payable Amount} = DA_m + PDIA_m + SSTUA_m + HPBMRA_m + HPBMCIA_m$$

where:

DA_m	=	the Difference Amount in respect of such Billing Period (m)
$PDIA_m$	=	the Price Discovery Incentive Amount in respect of such Billing Period (m)
$SSTUA_m$	=	the Sliding Scale Top Up Amount in respect of such Billing Period (m)
$HPBMRA_m$	=	any UKLCH Reconciliation Amount in respect of such Billing Period (m)
$HPBMCIA_m$	=	any UKLCH Compensatory Interest Amount in respect of such Billing Period (m) (or such other period to which the UKLCH Billing Statement relates)

and if such amount is:

- (A) positive, it shall represent an amount payable by the LCHA Counterparty to the Producer; or

- (B) negative, it shall represent an amount payable by the Producer to the LCHA Counterparty.

Further Payment Calculation Data

- 20.8 The Producer may, if it considers (acting reasonably) that any other Payment Calculation Data should have been provided by the LCHA Counterparty in the relevant UKLCH Billing Statement, request such data no later than [fifteen (15)] Business Days after the end of the relevant Billing Period.
- 20.9 The LCHA Counterparty shall provide the Producer with a copy of such data no later than [ten (10)] Business Days after the date of the relevant request.

Delivery of CO₂ T&S Billing Statement

Conditions 20.10 to 20.17 (inclusive) shall apply to CCUS-Enabled Facilities only.

- 20.10 The LCHA Counterparty shall, in relation to each Billing Period, deliver a billing statement to the Producer (a "**CO₂ T&S Billing Statement**").
- 20.11 Subject to Conditions 20.12 and 19.2⁸⁸, each CO₂ T&S Billing Statement issued pursuant to Condition 20.10 shall be delivered to the Producer, together with the relevant Payment Calculation Data in respect of such CO₂ T&S Billing Statement, no later than ten (10) Business Days after the end of the relevant Billing Period.

Contents of CO₂ T&S Billing Statement

- 20.12 Each CO₂ T&S Billing Statement shall set out or identify:

Identification information

- (A) the Billing Statement number generated by the LCHA Counterparty;
- (B) the date on which the Billing Statement is issued by the LCHA Counterparty;
- (C) the date on which payment is due in respect of the CO₂ T&S Billing Statement pursuant to either Condition 21.2 (*Payment from Producer*) or 21.1 (*Payment from LCHA Counterparty*);
- (D) the Billing Period or other period to which the CO₂ T&S Billing Statement relates;
- (E) the details of the LCHA (or a unique identifier attributed to the LCHA by the LCHA Counterparty);

Monthly CO₂ T&S Charges Amount , Monthly CO₂ T&S Charges Amount for Export Volumes, CO₂ T&S Outage Relief Event Strike Price Deduction Amount

- (F) in respect of each CO₂ T&S Billing Statement issued on or after the Start Date:
- (i) the Monthly CO₂ T&S Charges Amount for the relevant Billing Period;

- (ii) any Monthly CO₂ T&S Charges Amount for Export Volumes for the relevant Billing Period;
- (iii) any CO₂ T&S Outage Relief Event Strike Price Deduction Amount for the relevant Billing Period;

Additional components

- (G) any CO₂ T&S Reconciliation Amounts;
- (H) any CO₂ T&S Compensatory Interest Amount;

CO₂ T&S Net Payable Amount

- (I) the CO₂ T&S Net Payable Amount in respect of the relevant Billing Period or other period to which the CO₂ T&S Billing Statement relates; and

Set-Off Amount

- (J) any amount set off against the CO₂ T&S Net Payable Amount pursuant to Condition 3.80 (*Set-Off of Previous Subsidy*) or Condition 31.16 (*Set-Off of Other Subsidy*).

Calculation of CO₂ T&S Reconciliation Amounts

20.13 The "**CO₂ T&S Reconciliation Amounts**" shall, in respect of each Billing Period (or such other period prior to the Start Date in respect of which a CO₂ T&S Billing Statement is issued), comprise any revisions to the CO₂ T&S Net Payable Amount in respect of any preceding Billing Period (or any other prior period in respect of which a CO₂ T&S Billing Statement was issued) which are required to reflect:⁸⁹

- (A) the resolution of any CO₂ Measurement Disputes;
- (B) any amount payable pursuant to:
 - (i) Condition 3.75(B)(ii) (*Failure to comply with CO₂ T&S Connection Confirmation Requirement: Suspension*), Condition 29.9 (*Failure to comply with Metering Schematic Obligation*), Condition 29.16 (*Failure to provide Metering Access Right*), Condition 29.20 (*Failure to comply with Automated Data Systems Obligations*), Condition 30.11 (*Suspension of Payments (Failure to provide Measurement Data)*), Condition 33.10 (*Failure to provide an Offtaker Confirmation Request Notice: Suspension*), Condition 34.9 (*Failure to comply with Offtaker Compliance Declaration Obligation: suspension*), Condition 37.7 (*Failure to comply with the LCHA Counterparty Audit Right*), Condition 38.11 (*Failure to provide an Annual Compliance Report: Suspension*), Condition 49.16 (*Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension*), paragraph 8.3 (*Suspension of Payments (LCHS Non-Compliance)*) of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*) or [*others to be considered*]⁹⁰; or

⁸⁹ Note to Reader: This list is subject to review as the LCHA is further developed.

⁹⁰ Note to Reader: This list is subject to review as the LCHA is further developed.

- (ii) Condition 31.7 (*Suspension of Payments*), Condition 31.10(*Suspension of Payments (Failure to Provide Information)*) or Condition 31.14(C) (*Waiver of Producer's Obligation to Repay Subsidy, State aid and/or Union Funding*); and
- (C) the correction of any error in any previous CO₂ T&S Billing Statement.

Calculation of CO₂ T&S Compensatory Interest Amount

20.14 The "**CO₂ T&S Compensatory Interest Amount**" shall, in respect of each Billing Period (or such other period prior to the Start Date in respect of which a CO₂ T&S Billing Statement is issued), comprise interest due and payable in relation to each CO₂ T&S Reconciliation Amount reflected in the CO₂ T&S Billing Statement for the relevant Billing Period or such other period (a "**CO₂ T&S Reconciliation Billing Period**"), calculated on the basis that interest on each CO₂ T&S Reconciliation Amount shall accrue on such amount at the CO₂ T&S Compensatory Interest Rate for the period from (and including):

- (A) the relevant Day(s) in the Billing Period to which a CO₂ Measurement Dispute relates in respect of any CO₂ T&S Reconciliation Amount resulting from the resolution of a CO₂ Measurement Dispute; and
- (B) the relevant Day(s) in the Billing Period to which any adjustment to correct any error in any previous CO₂ T&S Billing Statement relates in respect of any CO₂ T&S Reconciliation Amount to correct such an error (or if such CO₂ T&S Reconciliation Amount to correct such error was included in a CO₂ T&S Billing Statement issued prior to the Start Date, the date of the prior CO₂ T&S Billing Statement in which such error was included),

to the final Day in the relevant CO₂ T&S Reconciliation Billing Period. For this purpose: (i) interest shall accrue on such amounts from Day to Day and shall be calculated on the basis of the actual number of Days elapsed and a year of three hundred and sixty five (365) Days; and (ii) the "**CO₂ T&S Compensatory Interest Rate**" shall be the prevailing Base Rate on each Day during the relevant calculation period.

Calculation of CO₂ T&S Net Payable Amount

20.15 The "**CO₂ T&S Net Payable Amount**" shall, in respect of each Billing Period (or such other period prior to the Start Date in respect of which a CO₂ T&S Billing Statement is issued), be an amount (*expressed in pounds (£)*) calculated as follows:

CO₂T&S Net Payable Amount

$$= (CO_2T\&S_m - CO_2T\&S_{m_{EV}} - CO_2T\&S_{DA_m}) + CO_2T\&SRA + CO_2T\&SCIA$$

where

$CO_2T\&S_m$ = the Monthly CO₂ T&S Charges Amount in respect of such Billing Period

$CO_2T\&S_{m_{EV}}$ = the Monthly CO₂ T&S Charges Amount for Export Volumes for the relevant Billing Period

$CO_2T\&S\_DA_m$ = any CO₂ T&S Outage Relief Event Strike Price Deduction Amount for the relevant Billing Period (m)

$CO_2T\&SRA$ = any CO₂ T&S Reconciliation Amount in respect of such Billing Period (or such other period to which the CO₂ T&S Billing Statement relates)

$CO_2T\&SCIA$ = any CO₂ T&S Compensatory Interest Amount in respect of such Billing Period (or such other period to which the CO₂ T&S Billing Statement relates)

and if such amount is:

- (A) positive, it shall represent an amount payable by the LCHA Counterparty to the Producer; or
- (B) negative, it shall represent an amount payable by the Producer to the LCHA Counterparty.

Further Payment Calculation Data

20.16 The Producer may, if it considers (acting reasonably) that any other Payment Calculation Data should have been provided by the LCHA Counterparty in the relevant CO₂ T&S Billing Statement, request a copy of such data no later than [fifteen (15)] Business Days after the end of the relevant Billing Period.

20.17 The LCHA Counterparty shall provide the Producer with a copy of such data no later than [ten (10)] Business Days after the date of the relevant request.

21. SETTLEMENT

Payment from LCHA Counterparty

21.1 Subject to Condition 3.80 (*Set-Off of Previous Subsidy*), and Condition 31.16 (*Set-Off of Other Subsidy*), if the sum of the UKLCH Net Payable Amount and the CO₂ T&S Net Payable Amount is a positive number, no later than the end of the tenth (10th) Business Day after the delivery of the relevant UKLCH Billing Statement and CO₂ T&S Billing Statement, the LCHA Counterparty shall pay to the Producer such amount in Sterling by direct bank transfer or equivalent transfer of immediately available funds into the account notified to the LCHA Counterparty pursuant to Condition 25(B) (*Payment Accounts*).

Payment from Producer

21.2 If the sum of the UKLCH Net Payable Amount and the CO₂ T&S Net Payable Amount is a negative number, no later than the end of the eighth (8th) Business Day after the delivery of the relevant UKLCH Billing Statement and CO₂ T&S Billing Statement, the Producer shall pay to the LCHA Counterparty the absolute value of such amount in Sterling by direct bank transfer or equivalent transfer of immediately available funds into the account notified to the Producer pursuant to Condition 25(A) (*Payment Accounts*).

Billing Statement Disputes

- 21.3 Condition 21.1 and Condition 21.2 shall apply notwithstanding any dispute with respect to any Billing Statement and, if a Party wishes to dispute any amount shown in a Billing Statement, it shall give a notice to the other Party (a **"Billing Statement Dispute Notice"**) which shall:
- (A) specify the Billing Statement(s) to which the Dispute relates [by reference to the relevant Billing Statement number(s) generated by the LCHA Counterparty];
 - (B) specify the name of the LCHA (or the unique identifier attributed to the LCHA by the LCHA Counterparty);
 - (C) specify the Billing Statement items to which the Dispute relates;
 - (D) specify the amount in dispute and the apportionment of such amount in relation to the relevant Billing Statement items;
 - (E) include details of any other Billing Statement dispute which the referring Party considers should be consolidated with or joined to the dispute;
 - (F) specify the position the Party considers is correct and the Party's reasons for that position;
 - (G) include copies of any Supporting Information on which the referring Party intends to rely; and
 - (H) include any other Information that the Party deems relevant in relation to the dispute.
- 21.4 The making of a payment pursuant to Condition 21.1 or Condition 21.2 shall not prevent a Party from raising a dispute pursuant to Condition 21.3.

LCHA Technical Dispute⁹¹

- 21.5 If a dispute or part of a dispute pursuant to Condition 21.3 is a LCHA Technical Dispute:
- (A) such LCHA Technical Dispute shall be resolved in accordance with the Dispute Resolution Procedure (except to the extent applicable, for those provisions of the Dispute Resolution Procedure which are expressly stated not to apply to a LCHA Technical Dispute);
 - (B) such LCHA Technical Dispute must be brought by the Party before the LCHA Technical Dispute Deadline in relation to all Days to which the LCHA Technical Dispute relates;
 - (C) the Parties shall continue to comply with their obligations under the LCHA notwithstanding LCHA Technical Dispute;
 - (D) the final determination of the LCHA Technical Dispute in accordance with the Dispute Resolution Procedure (except, to the extent applicable, for those provisions of the

⁹¹ Note to Reader: The dispute resolution procedure for CO₂ Measurement Disputes is subject to change as industry codes and procedures are established and developed.

Dispute Resolution Procedure which are expressly stated not to apply to LCHA Technical Disputes) shall be binding on the Parties; and

- (E) neither Party shall dispute or attempt to dispute a final determination made in accordance with the Dispute Resolution Procedure (except, to the extent applicable, for those provisions of the Dispute Resolution Procedure which are expressly stated not to apply to a LCHA Technical Dispute).

22. DEFAULT INTEREST

Calculation of Default Interest

- 22.1 **"Default Interest"** as applied for any period (a **"calculation period"**) shall be calculated as follows:

$$\prod_{i=1}^D (1 + BR_i + 5\%) \frac{1}{365}$$

where:

- 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 (1st) Day in such calculation period
- D = is the number of Days in such calculation period
- BR_i = is the prevailing Base Rate on the relevant Day in the calculation period

Application of Default Interest

- 22.2 Subject to Conditions 22.4, 22.5 and 80 (*Costs*), if either Party fails to pay any sum payable by it pursuant to the LCHA (including any amounts payable under any Arbitral Award or Expert determination) on the due date for payment, Default Interest shall accrue on that sum for the period from the due date for payment to the date of actual payment of that sum (after as well as before award or judgment).
- 22.3 The right to receive Default Interest pursuant to the LCHA (and as calculated in accordance with this Condition 22 (*Default Interest*)) is not exclusive of any rights and remedies provided by law in respect of the failure to pay the relevant sum on the due date or at all, provided that the Late Payment of Commercial Debts (Interest) Act 1988 shall not apply in respect of any unpaid sum due pursuant to the LCHA.
- 22.4 Default Interest shall be payable by the LCHA Counterparty only in circumstances in which the LCHA Counterparty is in breach of Condition 69.2, 69.3 or 69.4 (*LCHA Counterparty payment undertakings*), but not otherwise.
- 22.5 Subject to Condition 22.4, no Default Interest shall be payable by one Party to the other Party in relation to a Reconciliation Amount in respect of the period during which a Compensatory Interest Amount has accrued and been calculated pursuant to Condition 20.6 or Condition 20.14, except that Default Interest shall accrue in respect of any Compensatory

Interest Amount (and the Reconciliation Amount to which it relates) if and to the extent that such Compensatory Interest Amount has accrued and become due and payable and has not been paid.

23. **SET-OFF**

Each Party may set off any matured obligations due by the other Party pursuant to the LCHA against any matured obligation owed by that Party to the other Party pursuant to the LCHA.

24. **DEDUCTIONS AND WITHHOLDINGS**

Subject to Condition 23 (*Set-off*), all payments required to be made by the Producer pursuant to the LCHA 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.

25. **PAYMENT ACCOUNTS**

Any payments made pursuant to or in connection with the LCHA and made to:

- (A) the LCHA Counterparty shall be made to such account as may be notified to the Producer by the LCHA Counterparty from time to time; and
- (B) the Producer shall be made to such account in the United Kingdom as may be notified to the LCHA Counterparty by the Producer from time to time.

Part 7

Representations, warranties and undertakings

26. PRODUCER REPRESENTATIONS AND WARRANTIES

Agreement Date representations

26.1 The Producer represents and warrants to the LCHA Counterparty that, as at the Agreement Date, the following statements are true, accurate and not misleading:

- (A) *Status:* The Producer:
 - (i) is duly formed and validly existing under the laws of its jurisdiction of formation; and
 - (ii) has the power to own its assets and carry on its business as it is currently being conducted and as contemplated by the LCHA, the other LCHA Documents and (where relevant) the NZHF Grant Funding Agreement.
- (B) *Power and authority:* The Producer has the power to enter into, deliver and perform, and has taken all necessary action to authorise its entry into, delivery and performance of, the LCHA, the other LCHA Documents and (where relevant) the NZHF Grant Funding Agreement (including the obligations of the Producer, and the transactions contemplated by or provided for by the LCHA and the other LCHA Documents).
- (C) *Enforceability:* The obligations expressed to be assumed by the Producer pursuant to the LCHA, the other LCHA Documents and (where relevant) the NZHF Grant Funding 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 Producer of, and the transactions contemplated by, the LCHA, the other LCHA Documents and (where relevant) the NZHF Grant Funding 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 Material Adverse Effect;
 - (iii) any Required Authorisations to an extent or in a manner which has or is reasonably expected to have a Material Adverse Effect; or
 - (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 Material Adverse Effect.
- (E) *Required Authorisations:*
 - (i) All Required Authorisations which are required to be obtained or effected by the Producer on or before the date on which this representation and warranty is made or deemed to be repeated by the Producer have been obtained by the

Producer 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 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 the Producer on or before the date on which this representation and warranty is made or deemed to be repeated by the Producer have been performed, complied with or satisfied, save where failure to do so has not had and is not reasonably expected to have a Material Adverse Effect.
- (F) *No Default*: No Default with respect to the Producer has occurred and is continuing or might reasonably be expected to result from its entry into or performance of the LCHA, any of the other LCHA Documents or (where relevant) the NZHF Grant Funding Agreement.
- (G) *No litigation*: No litigation, arbitration or administrative suit or proceeding, adjudication, expert determination, Tax claim or Tax investigation against the Producer (or, so far as the Producer is aware, relating to the Project) 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 the Producer 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 Material Adverse Effect.
- (H) *No requirement to deduct or withhold*: The Producer 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 LCHA Counterparty pursuant to the LCHA, any of the other LCHA Documents or (where relevant) the NZHF Grant Funding Agreement.

Start Date representation

26.2 The Producer represents and warrants to the LCHA Counterparty that, as at and from the Start Date, the following statements are true, accurate and not misleading:

- (A) *Ownership*: The Producer is the legal and beneficial owner of the Facility, subject only to such rights and benefits as have been assigned by way of security to or in favour of any Lender, Affected Person or parent undertaking of the Producer (or an agent or security trustee on its behalf) in accordance with Condition 78 (*Transfers*).
- (B) *Compliance with Technology*: The Hydrogen Production Technology deployed by the Facility is the Facility Hydrogen Production Technology.

Repeating representations

26.3 The Producer Repeating Representations are deemed to be repeated by the Producer on the Start Date in each case by reference to the facts and circumstances then existing.

27. LCHA COUNTERPARTY REPRESENTATIONS AND WARRANTIES

27.1 The LCHA Counterparty represents and warrants to the Producer that as at the Agreement Date, the following statements are true, accurate and not misleading:

(A) *Status*: The LCHA Counterparty:

- (i) is a limited liability company, duly incorporated and validly existing pursuant to the laws of England and Wales; and
- (ii) has the power to own its assets and carry on its business as contemplated by the LCHA and the other LCHA Documents.

(B) *Power and authority*: The LCHA 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, the LCHA and the other LCHA Documents (including the obligations of the LCHA Counterparty, and the transactions contemplated by or provided for by the LCHA and the other LCHA Documents).

(C) *Enforceability*: The obligations expressed to be assumed by the LCHA Counterparty pursuant to the LCHA and the other LCHA Documents 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 LCHA Counterparty of the LCHA and the other LCHA Documents 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 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 the LCHA and the other LCHA Documents to which it is a party, to an extent or in a manner which has or is reasonably expected to have a Material Adverse Effect; or
- (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 Material Adverse Effect.

(E) *No requirement to deduct or withhold*: The LCHA 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 the Producer pursuant to the LCHA or any of the other LCHA Documents.

- 27.2 The representations in Conditions 27.1(A) to 27.1(D) are deemed to be repeated by the LCHA Counterparty on the Start Date in each case by reference to the facts and circumstances then existing.

28. **PRODUCER UNDERTAKINGS: GENERAL**

- 28.1 The Producer undertakes to the LCHA Counterparty as follows:

- (A) *Compliance with Laws and Directives*: The Producer 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 Material Adverse Effect.
- (B) *Required Authorisations*: The Producer 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 Material Adverse Effect.
- (C) *Industry Documents*: The Producer shall at all times comply with all terms of those Industry 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 Material Adverse Effect.
- (D) *No insolvency action*: The Producer shall not petition, apply for, institute, support or vote for the administration, winding-up or liquidation of the LCHA Counterparty or seek any other relief as against the LCHA Counterparty under any administration, insolvency or bankruptcy law or similar law affecting creditors' rights generally.
- (E) *Ownership*: The Producer shall at all times be the legal and beneficial owner of the Facility, subject only to any third party rights arising by reason of any security interest created or subsisting over or in respect of the Facility.
- (F) *Hydrogen Storage*: If applicable, the Producer shall at all times ensure that all Hydrogen Storage Infrastructure is exclusively owned and used by the Producer to store hydrogen produced by the Facility.
- (G) *Compliance of Technology*: The Producer shall at all times ensure that the Hydrogen Production Technology deployed by the Facility is the Facility Hydrogen Production Technology.
- (H) *Facility Fuel*: For CCUS-Enabled Facilities only, the Producer shall at all times ensure that the fuel used by the Facility is the Facility Fuel, unless the Producer obtains the prior written consent from the LCHA Counterparty to use Alternative Fuel(s).
- (I) *Data Collection and Monitoring Procedures*: The Producer shall at all times comply with Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*).
- (J) *Notification*: The Producer shall:

- (i) provide the LCHA Counterparty as soon as reasonably practicable with such Information regarding compliance or non-compliance by the Producer with the undertakings in this Condition 28.1 as the LCHA Counterparty may reasonably request; and
- (ii) give notice to the LCHA Counterparty as soon as reasonably practicable upon becoming aware of the occurrence of any Default (together with details of the steps, if any, being taken to remedy it).

Failure to comply with compliance of technology undertaking

28.2 If the Producer fails to comply with Condition 28.1(G), the LCHA Counterparty:

- (A) may withhold payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer which are attributable to the period during which the Producer is not in compliance with such Condition; and
- (B) shall be entitled to recover from the Producer any amounts paid by the LCHA Counterparty to the Producer which are attributable to the period during which the Producer is not in compliance with such Condition.

29. PRODUCER UNDERTAKINGS: METERING⁹²

Undertakings: Metering Obligations

29.1 With effect from the Start Date, the Producer undertakes to the LCHA Counterparty:

- (A) to ensure that at all times each Meter Measurement System meets all applicable rules and standards set out in the LCHS and Annex 9 (*Metering Operational Framework and Technical Specifications*);
- (B) to ensure that at all times each Meter Measurement System:
 - (i) has been installed at the relevant Measurement Point identified in the Agreement;
 - (ii) has been and is installed, configured, registered, operated and maintained in accordance with the requirements of Annex 9 (*Metering Operational Framework and Technical Specifications*);
 - (iii) is configured exclusively in relation to the Facility and no other input or output is metered through such meters; and
 - (iv) is operational and capable of measuring accurately the Metered Value from the Facility for each Reporting Unit; and

⁹² Note to Reader: Further metering requirements may be added in respect of (i) battery storage (ii) CO₂ T&S Outages and (iii) Offtaker meters.

- (C) to investigate any fault or issue with any Meter Measurement System of which it is notified by the LCHA Counterparty or required to investigate pursuant to Annex 9 (*Metering Operational Framework and Technical Specifications*),

(each a **"Metering Obligation"** and together the **"Metering Obligations"**).

Notification of Metering Obligation breach

29.2 The LCHA Counterparty may at any time submit a notice to the Producer (a **"Metering Breach Notice"**) if it considers that the Producer is in breach of a Metering Obligation. A Metering Breach Notice shall:

- (A) specify which Metering Obligation the LCHA Counterparty considers that the Producer has breached; and
- (B) be accompanied by such Supporting Information as the LCHA Counterparty considers necessary to evidence the breach of the Metering Obligation.

Response to notification of Metering Obligation breach

29.3 No later than ten (10) Business Days after receipt of a Metering Breach Notice (a **"Metering Breach Response Notice Period"**), the Producer shall investigate whether it is in breach of the relevant Metering Obligation and submit a notice to the LCHA Counterparty (a **"Metering Breach Response Notice"**). A Metering Breach Response Notice shall state that either:

- (A) the Producer accepts that there has been a breach of the Metering Obligation (and, in such case, the notice shall include confirmation of the date from which the Producer accepts that there has been a breach of the relevant Metering Obligation); or
- (B) the Producer does not accept that there has been a breach of the relevant Metering Obligation.

29.4 If:

- (A) the Producer submits a Metering Breach Response Notice in accordance with Condition 29.3(A), the provisions of Condition 29.5 shall apply; or
- (B) the Producer fails to submit a Metering Breach Response Notice within the Metering Breach Response Notice Period or submits a Metering Breach Response Notice in accordance with Condition 29.3(B), the Expert Determination Procedure shall apply to determine whether there has been a breach of the Metering Obligation and if the Expert Determination Procedure applied pursuant to this Condition 29.4(B) determines that:
 - (i) there has not been a breach of the Metering Obligation, then neither Party shall be required to take any further steps in relation to the Metering Breach Notice; or
 - (ii) there has been a breach of the Metering Obligation, the provisions of Condition 29.5 shall apply.

Rectification of Metering Obligation breach

29.5 If this Condition 29.5 applies:

- (A) the Producer shall provide a copy of a Metering Remediation Plan to the LCHA Counterparty no later than fifteen (15) Business Days after the later of: (i) the expiry of the Metering Breach Response Notice Period; and (ii) the date on which an Expert makes a determination in accordance with Condition 29.4(B)(ii) (as applicable); and
- (B) as soon as reasonably practicable after the date referred to in paragraph (A) above and in any event no later than sixty (60) Business Days after the date on which the LCHA Counterparty has approved the Metering Remediation Plan, the Producer shall implement the Metering Remediation Plan and remedy the breach of the Metering Obligation in each case to the satisfaction of the LCHA Counterparty. In considering whether any breach of a Metering Obligation has been remedied, the LCHA Counterparty may require the Producer to provide such Supporting Information as it reasonably requires. The Producer shall prepare and deliver such Supporting Information to the LCHA Counterparty no later than twenty (20) Business Days after any such request, or such longer period as is specified by the LCHA Counterparty.

Failure to remedy Metering Obligation breach

29.6 If the Producer has not complied with its obligations under Condition 29.5, then a **"Technical Compliance Termination Event"** will be deemed to have occurred.

Undertakings: Metering Schematics

29.7 If there is a Material Change to the Meter Measurement System, then the Producer shall:

- (A) notify the LCHA Counterparty as soon as reasonably practicable and in any event no later than two (2) Business Days after the Material Change occurs, setting out details of the Material Change that has been effected (an **"Metering Schematic Obligation Notice"**); and
- (B) provide an updated version of the relevant schematic diagram referred to in paragraph 4 of Part B of Annex 1 (*Conditions Precedent*) (as applicable) and Supporting Information including any technical datasheets relating to the Meter Measurement System as soon as reasonably practicable and in any event no later than ten (10) Business Days after the Material Change occurs,

(the **"Metering Schematic Obligation"**).

29.8 Any:

- (A) Metering Schematic Obligation Notice shall be accompanied by a Directors' Certificate in relation to the details of the Material Change referred to in the Metering Schematic Obligation Notice; and
- (B) copy of the relevant schematic diagram provided pursuant to Condition 29.7(B) shall be accompanied by a Directors' Certificate in relation to the relevant schematic diagram and Supporting Information (including the date of such diagram and the version number thereof).

Failure to comply with Metering Schematic Obligation

- 29.9 If the Producer is in breach of the Metering Schematic Obligation, the LCHA Counterparty may elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of the Metering Schematic Obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any amounts; and (ii) the date from which it proposes to effect such suspension.
- 29.10 If the Producer subsequently complies with its Metering Schematic Obligation, then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 29.9. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amount payable pursuant to this Condition 29.10.

Undertakings: Access to and testing of meters

- 29.11 With effect from the Start Date, the Producer shall grant (or, if the Producer is not the Registrant of the Meter Measurement System, shall procure that the Registrant grants) the LCHA Counterparty (and any and all persons nominated by the LCHA Counterparty and considered by the LCHA Counterparty to be suitably qualified) access to the Facility, the Meter Measurement System and to such plant, property or assets owned, occupied or controlled by the Producer (or the Registrant if the Producer is not the Registrant of the Meter Measurement System) and to which the Producer (or the Registrant if the Producer is not the Registrant of the Meter Measurement System) can lawfully grant access as may be reasonably necessary for the LCHA Counterparty to read, test or verify the Meter Measurement System and inspect and conduct tests in respect of the Meter Measurement System from time to time (the **"Metering Access Right"**).
- 29.12 If the LCHA Counterparty intends to exercise the Metering Access Right it shall give a notice to the Producer (a **"Metering Inspection Notice"**). A Metering Inspection Notice shall:
- (A) specify that the LCHA Counterparty (or suitably qualified persons nominated by it in accordance with Condition 29.11) intends to exercise the Metering Access Right; and
 - (B) specify the date by which the Producer must, in accordance with Condition 29.13, permit the exercise of the Metering Access Right.
- 29.13 If the Producer:
- (A) is the Registrant of the Meter Measurement System, it shall permit the LCHA Counterparty to exercise the Metering Access Right no later than the later of: (i) ten (10) Business Days after receipt of the Metering Inspection Notice; and (ii) the date specified in the Metering Inspection Notice; and
 - (B) is not the Registrant of the Meter Measurement System, it shall procure that the LCHA Counterparty is permitted to exercise the Metering Access Right no later than the later of: (i) fifteen (15) Business Days after receipt of the Metering Inspection Notice; and (ii) the date specified in the Metering Inspection Notice.

29.14 The LCHA Counterparty shall (and shall procure that any suitably qualified persons nominated by it in accordance with Condition 29.11 shall):

- (A) take or refrain from taking all such other action as may be reasonably required by the Producer in order to comply with health and safety rules relating to the Facility; and
- (B) obtain each authorisation, licence, accreditation, permit, consent, certificate, resolution, clearance, exemption, order confirmation, permission or other approval of or from a Competent Authority necessary for it to exercise the Metering Access Right.

Failure to provide Metering Access Right

29.15 If the Producer is in breach of its obligation to permit the LCHA Counterparty to exercise the Metering Access Right, the LCHA Counterparty may elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of such obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension.

29.16 If the Producer subsequently complies with its obligation to permit the LCHA Counterparty to exercise the Metering Access Right, then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 29.15. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amount payable pursuant to this Condition 29.16.

29.17 If the Producer:

- (A) fails to comply with its obligations under Condition 29.13; and
- (B) has not permitted the LCHA Counterparty to exercise its Metering Access Right within twenty (20) Business Days following the latest permitted date for compliance with its obligations pursuant to Condition 29.13(A) or 29.13(B) (as applicable),

then a "**Metering Access Termination Event**" will be deemed to have occurred.

Metering Access Right costs

29.18 If, pursuant to or as a result of the exercise of the Metering Access Right, it is agreed or determined that there has been a breach of a Metering Obligation, the Producer shall promptly on demand from time to time, indemnify the LCHA Counterparty, and keep the LCHA Counterparty fully and effectively indemnified, against any and all out-of-pocket costs properly incurred by the LCHA Counterparty in exercising the Metering Access Right.

Undertakings: Automated Data Systems

29.19 With effect from the Start Date, the Producer shall ensure that:

- (A) an Automated Data System is installed and maintained at the [Facility] in accordance with the Reasonable and Prudent Standard; and

- (B) the LCHA Counterparty has full access to all Information from the Automated Data System (including live operational data) via a data communications link or other applicable data link as agreed between the Parties (such agreement not to be unreasonably withheld or delayed by the Producer),

(each an **"Automated Data Systems Obligation"** and together the **"Automated Data Systems Obligations"**).

Failure to comply with Automated Data Systems Obligations

- 29.20 If the Producer is in breach of an Automated Data Systems Obligation, the LCHA Counterparty may elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of the Automated Data Systems Obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension.
- 29.21 If the Producer subsequently complies with such Automated Data Systems Obligation, then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 29.20. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amount payable pursuant to this Condition 29.21.

30. PRODUCER UNDERTAKINGS: MEASUREMENT DATA⁹³

Notification of Measurement Data

- 30.1 With effect from the Start Date, the Producer undertakes to the LCHA Counterparty to:
- (A) submit Measurement Data to the LCHA Counterparty, together with Supporting Information in form and content satisfactory to the LCHA Counterparty (acting reasonably) and with the frequency that the Measurement Data is required to be provided in accordance with the Data Collection and Monitoring Procedures; and
- (B) ensure that all Measurement Data provided by or on behalf of the Producer pursuant to Condition 30.1(A) is true, complete and accurate in all material respects and is not misleading,

(each, a **"Measurement Data Obligation"** and together the **"Measurement Data Obligations"**).

Notification by LCHA Counterparty of Measurement Data Obligation breach

- 30.2 The LCHA Counterparty may at any time give a notice to the Producer (a **"LCHA Counterparty Measurement Data Breach Notice"**) if it considers that the Producer is in breach of a Measurement Data Obligation. A LCHA Counterparty Measurement Data Breach Notice shall:

⁹³ Note to Reader: DESNZ is considering the interaction between the provisions relating to Inaccurate Measurement Data, Measurement Data Breaches and the Invalid Reporting Unit provisions.

- (A) specify which Measurement Data Obligation the LCHA Counterparty considers that the Producer has breached; and
- (B) be accompanied by such Supporting Information as the LCHA Counterparty considers necessary to evidence the breach of the Measurement Data Obligation.

Response to notification of Measurement Data Obligation breach

30.3 No later than ten (10) Business Days after receipt of a LCHA Counterparty Measurement Data Breach Notice (a "**Measurement Data Breach Response Notice Period**"), the Producer shall investigate whether it is in breach of the relevant Measurement Data Obligation and submit a notice to the LCHA Counterparty (a "**Measurement Data Breach Response Notice**"). A Measurement Data Breach Response Notice shall state that either:

- (A) the Producer accepts that there has been a breach of the relevant Measurement Data Obligation and whether the Producer considers that:
 - (i) it is technically feasible to correct such error(s); or
 - (ii) it is not technically feasible to correct such error(s); or
- (B) the Producer does not accept that there has been a breach of the relevant Measurement Data Obligation.

30.4 If:

- (A) the Producer submits a Measurement Data Breach Response Notice in accordance with Condition 30.3(A)(i), the provisions of Condition 30.9 shall apply;
- (B) the Producer submits a Measurement Data Breach Response Notice in accordance with Condition 30.3(A)(ii), then the Measured Hydrogen Output in respect of such Measurement Data shall (i) be deemed to be non-compliant with the LCHS, (ii) not form part of the calculation of any weighted averaged consignments for LCHS purposes and (iii) be deemed to be Non-Qualifying Volumes; or
- (C) the Producer fails to submit a Measurement Data Breach Response Notice within the Measurement Data Breach Response Notice Period or submits a Measurement Data Breach Response Notice in accordance with Condition 30.3(B), the Expert Determination Procedure shall apply to determine whether there has been a breach of a Measurement Data Obligation and if so, whether it is technically feasible to correct such error(s). If the Expert Determination Procedure which is applied pursuant to this Condition 30.4(C) determines that:
 - (i) there has not been a breach of a Measurement Data Obligation, then neither Party shall be required to take any further steps in relation to the LCHA Counterparty Measurement Data Breach Notice;
 - (ii) there has been a breach of a Measurement Data Obligation and it is technically feasible to correct such error(s), the provisions of Condition 30.9 shall apply; or
 - (iii) there has been a breach of a Measurement Data Obligation and it is not technically feasible to correct such error(s), then the Measured Hydrogen Output

in respect of such Measurement Data shall (i) be deemed to be non-compliant with the LCHS, (ii) not form part of the calculation of any weighted averaged consignments for LCHS purposes and (iii) be deemed to be Non-Qualifying Volumes.

Notification by Producer of Measurement Data Obligation breach

30.5 The Producer shall promptly give a notice to the LCHA Counterparty (a **"Producer Measurement Data Breach Notice"**) if it becomes aware that it is in breach of a Measurement Data Obligation. A Producer Measurement Data Breach Notice shall:

- (A) specify which Measurement Data Obligation the Producer considers that it has breached and whether the Producer considers that:
 - (i) it is technically feasible to correct such error(s); or
 - (ii) it is not technically feasible to correct such error(s); and
- (B) be accompanied by such Supporting Information as the Producer considers to be relevant to evidence the breach of the Measurement Data Obligation.

30.6 Each Producer Measurement Data Breach Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Producer Measurement Data Breach Notice.

Response to notification of a Producer Measurement Data Obligation breach

30.7 No later than ten (10) Business Days after the date of a Producer Measurement Data Breach Notice, the LCHA Counterparty shall investigate whether the Producer is in breach of the relevant Measurement Data Obligation and shall submit a notice to the Producer (a **"LCHA Counterparty Measurement Data Breach Response Notice"**). A LCHA Counterparty Measurement Data Breach Response Notice shall state that either:

- (A) the LCHA Counterparty agrees that there has been a breach of the relevant Measurement Data Obligation and the LCHA Counterparty considers that:
 - (i) it is technically feasible to correct such error(s); or
 - (ii) it is not technically feasible to correct such error(s); or
- (B) the LCHA Counterparty considers that there has not been a breach of the relevant Measurement Data Obligation.

30.8 If:

- (A) the Producer submits a Producer Measurement Data Breach Notice in accordance with Condition 30.5(A)(i) and the LCHA Counterparty submits a LCHA Counterparty Measurement Data Breach Response Notice in accordance with Condition 30.7(A)(i), the provisions of Condition 30.9 shall apply;
- (B) the Producer submits a Producer Measurement Data Breach Notice in accordance with Condition 30.5(A)(i) and the LCHA Counterparty submits a LCHA Counterparty

Measurement Data Breach Response Notice in accordance with Condition 30.7(A)(ii), then the Measured Hydrogen Output in respect of such Measurement Data shall (i) be deemed to be non-compliant with the LCHS, (ii) not form part of the calculation of any weighted averaged consignments for LCHS purposes and (iii) be deemed to be Non-Qualifying Volumes;

- (C) the Producer submits a Producer Measurement Data Breach Notice in accordance with Condition 30.5(A)(i) and the LCHA Counterparty submits a Producer Measurement Data Breach Response Notice in accordance with Condition 30.7(A)(ii) or the Producer submits a Producer Measurement Data Breach Notice in accordance with Condition 30.5(A)(ii) and the LCHA Counterparty submits a Producer Measurement Data Breach Response Notice in accordance with Condition 30.7(A)(i), the Expert Determination Procedure shall apply to determine whether it is technically feasible to correct such error(s). If the Expert Determination Procedure applied pursuant to this Condition 30.8(C) determines that:
 - (i) it is technically feasible to correct such error(s), the provisions of Condition 30.9 shall apply; or
 - (ii) it is not technically feasible to correct such error(s), then the Measured Hydrogen Output in respect of such Measurement Data shall (i) be deemed to be non-compliant with the LCHS, (ii) not form part of the calculation of any weighted averaged consignments for LCHS purposes and (iii) be deemed to be Non-Qualifying Volumes; or
- (D) the LCHA Counterparty submits a LCHA Counterparty Measurement Data Breach Response Notice in accordance with Condition 30.7(B), then the Producer shall not be required to take any further steps in relation to the Producer Measurement Data Breach Notice.

Rectification of Measurement Data Obligation breach

- 30.9 If this Condition 30.9 applies, the Producer shall provide the LCHA Counterparty with updated Measurement Data and Supporting Information which is true, complete and accurate in all material respects and is not misleading, together with a Directors' Certificate and Supporting Information in relation to such Measurement Data.

Suspension of Payments (Failure to provide Measurement Data)

- 30.10 If the Producer is in breach of a Measurement Data Obligation, the LCHA Counterparty may elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of such Measurement Data Obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension.
- 30.11 Without prejudice to Condition 30.12, if the Producer subsequently rectifies the breach of the relevant Measurement Data Obligation, then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 30.10. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis.

No Compensatory Interest or Default Interest shall be payable in respect of any amounts payable to the Producer pursuant to this Condition 30.11.

Misleading Measurement Data

30.12 If any Measurement Data provided pursuant to Condition 30.1 is misleading in any respect, or the Producer's failure to provide Measurement Data is misleading in any respect, provided that:

- (A) the Producer knew that such Measurement Data was, or such failure to provide such Measurement Data would be, misleading;
- (B) the Producer acted recklessly in providing or failing to provide such Measurement Data; or
- (C) the Producer failed to make all due and careful enquiries when providing such Measurement Data,

then a "**Misleading Measurement Data Termination Event**" will be deemed to have occurred.

31. **PRODUCER UNDERTAKINGS: INFORMATION PROVISION AND NO CUMULATION OF SUBSIDY, STATE AID AND/OR UNION FUNDING**

Provision of Information to the LCHA Counterparty

31.1 In addition and without prejudice to its obligations under Condition 3.7 (*Operational Conditions Precedent: General Reporting Obligations*), Condition 4.8 (*Difficulties in achieving the Milestone Requirement*), Condition 28.1 (*Producer Undertakings: General*) and Condition 67.5 (*Provision of Force Majeure information*), the Producer, acting in accordance with the Reasonable and Prudent Standard, shall provide the LCHA Counterparty (and, if requested by the LCHA Counterparty, the LCHA Settlement Services Provider) with:

- (A) the Producer's estimate of:
 - (i) the expected Start Date;
 - (ii) the Installed Capacity as at the Start Date; and
 - (iii) [●]⁹⁴
 - (iv) the commissioning profile of the Facility,

each such estimate to be provided on the Agreement Date and at monthly intervals thereafter;

- (B) all Information requested by the LCHA Counterparty to comply with its obligations under the LCHA (including the LCHA Settlement Required Information), such Information to be provided as soon as reasonably practicable, and no later than five (5) Business Days (or, if such Information is not within the possession of the Producer, no later than ten

(10) Business Days) or such longer period as is specified by the LCHA Counterparty, after the Information is requested;

- (C) for CCUS-Enabled Facilities only, all Information relating to any planned outage or planned maintenance of the relevant CO₂ T&S Network (including any maintenance programme [and any draft maintenance programme] prepared by the relevant CO₂ T&S Operator), such information to be provided as soon as reasonably practicable and in any event no later than [three (3)] Business Days after the relevant CO₂ T&S Operator has notified the Producer of the same;
- (D) the Forecast Data, such Forecast Data to be provided:
 - (i) no later than ten (10) Business Days after the Agreement Date, for the period from the expected Start Date to the following 31 March and in respect of each Month (or part of a Month) during such period (but only if the Start Date is expected to occur before the following 31 March);
 - (ii) not later than 31 January in each year (or, in relation to the first (1st) such forecast, and if the Agreement Date is after 31 January, no later than ten (10) Business Days after the Agreement Date) for the twelve (12) Month period commencing on 01 April in the following year in respect of each Month (or part of a Month) during such period, provided that either:
 - (a) such period commences after the Start Date; or
 - (b) the Start Date is expected to occur during such period;
 - (iii) not later than six (6) Months prior to the expected Start Date (as provided by the Producer at intervals in accordance with Condition 31.1(A)(i)), for the twelve (12) Month period commencing on the expected Start Date); and
 - (iv) not later than five (5) Business Days prior to the first (1st) day of each Month after the Start Date in respect of:
 - (a) the next Month; and
 - (b) any other Months in respect of which the Producer has previously provided forecasts to the LCHA Counterparty (but only if any of the Producer's forecasts have changed);
- (E) notification of the occurrence of any event or circumstance which will or is reasonably likely to affect significantly:
 - (i) any information to be set out, identified or included in a Payment Information Notice; and
 - (ii) *[any other information to be determined]*,⁹⁵

together with Supporting Information in respect of the reasons for such event or circumstance and the impact on [(i)] to [●], such notification to be provided as soon as

reasonably practicable, and no later than five (5) Business Days after the Producer has become aware of such an event or circumstance;

- (F) all Information reasonably requested by the LCHA Counterparty regarding the financial condition, business or operations of the Producer to enable or assist the LCHA Counterparty to fulfil the LCHA Counterparty Permitted Purposes, such Information to be provided as soon as soon as reasonably practicable and no later than ten (10) Business Days, or such longer period as is specified by the LCHA Counterparty, after such Information is requested;
- (G) all Information reasonably requested by the LCHA Counterparty for the purposes of: (i) compiling and evaluating statistics relating to the outcomes of the UKLCH Programme and the impact of that programme across a range of social and economic factors; and (ii) publishing material relating thereto, including announcements and reports describing the general outcomes, merits and achievements relating to the programme, such Information to be provided as soon as soon as reasonably practicable and no later than ten (10) Business Days, or such longer period as is specified by the LCHA Counterparty, after such Information is requested;
- (H) as soon as reasonably practicable upon request, all Information reasonably requested by the LCHA Counterparty for the purposes of assessing compliance by the Producer with the Metering Obligations and Measurement Data Obligations;
- (I) as soon as reasonably practicable upon becoming aware of them, the details of any litigation, arbitration or administrative suit or proceeding, adjudication, expert determination, Tax claim, or Tax investigation against the Producer which is current; pending before any court, arbitral or other tribunal, administrative or regulatory body or, as the case may be, expert; or, so far as the Producer is aware, for which a formal written notice before action or similar threatening such suit or proceedings has been received and which, if adversely determined, would have or would be reasonably likely to have a Material Adverse Effect;
- (J) the Expected Facility Data, such Expected Facility Data to be provided:
 - (i) no later than two (2) Months after the Agreement Date;
 - (ii) no later than two (2) Months after the Milestone Delivery Date; and
 - (iii) no later than the 31 January in each year during the Term, starting with the year after the year in which the Milestone Delivery Date falls,

except that where the Expected Facility Data has not changed significantly since the last submission by the Producer to the LCHA Counterparty of such information, the Producer is not required to resubmit the Expected Facility Data but must submit to the LCHA Counterparty a written confirmation, in form and content satisfactory to the LCHA Counterparty (acting reasonably), that such information has not changed significantly since the last submission;

- (iv) as soon as reasonably practicable and in any event no later than ten (10) Business Days after the Producer has become aware of the occurrence of any

event or circumstance which will, or is reasonably likely to, significantly affect the accuracy of the Expected Facility Data last submitted; and

- (v) as soon as reasonably practicable and in any event no later than ten (10) Business Days after receipt of a written request by the LCHA Counterparty;
- (K) as soon as reasonably practicable, all Information (kept to the Reasonable and Prudent Standard) reasonably requested that represents the status and progress of the Project to date against contractual and Project milestones, showing the critical path of the Project towards these milestones up to the delivery of a Final Installed Capacity Notice;
- (L) each Annual Compliance Report, to be provided in accordance with Condition 38 (*Annual Compliance Report and Audit*); and
- (M) for CCUS-Enabled Facilities only, all Information relating to the CO₂ T&S Charges (including any invoice provided by the relevant CO₂ T&S Operator to the Producer), such Information to be provided as soon as reasonably practicable, and no later than three (3) Business Days after the relevant CO₂ T&S Operator has notified the Producer of the same.

Forecast Data

31.2 For the purposes of Condition 31.1(D), the "**Forecast Data**" means:

- (A) the availability of the Facility;
- (B) any information to be set out, identified or included in a Payment Information Notice;
- (C) the Offtaker Forecast Data; and
- (D) [●]⁹⁶,

in each case in relation to the period referred to in Condition 31.1(D).

Accuracy of Information

31.3 The Producer shall ensure that:

- (A) all forecasts, forward-looking statements and data provided by or on behalf of the Producer pursuant to Condition 31.1 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 the Producer pursuant to Condition 31.1 is true, complete and accurate in all material respects and is not misleading.

Warranty: No Cumulation of Subsidy

31.4 The Producer represents and warrants to the LCHA Counterparty that, as at the Start Date, the following statement is true, accurate and not misleading:

⁹⁶

Note to Reader: This Condition is subject to further review by DESNZ.

- (A) no Subsidy, State aid or Union Funding has been received in relation to the costs of the Project (regardless of whether such subsidy, aid and/or funding is received by the Producer or by any other person), other than:
 - (i) the subsidy arising under the LCHA and (where relevant) the NZHF Grant Funding Agreement, the RTFO Scheme and/or any Approved Scheme or Funding; or
 - (ii) any Subsidy, State aid and/or Union Funding notified to the LCHA Counterparty in accordance with the process for the satisfaction or waiver of the Subsidy Control Declaration Operational CP.

Undertakings: No Cumulation of Subsidy, State aid or Union Funding

31.5 With effect from the Subsidy Control Declaration Date, the Producer undertakes to the LCHA Counterparty as follows:

- (A) the Producer shall at all times ensure that:
 - (i) no Subsidy, State aid and/or Union Funding is received in relation to the costs of the Project (regardless of whether such subsidy, aid and/or funding is received by the Producer or by any other person), other than the subsidy arising under the LCHA (other than any Subsidy, State aid and/or Union Funding of the types described at Condition 31.4(A)(i) and 31.4(A)(ii)); and
 - (ii) Total Invoiced Volumes which are Qualifying Volumes are not claimed under the RTFO Scheme ("**RTFO Compliance Obligation**");
- (B) Notification: the Producer shall:
 - (i) give notice to the LCHA Counterparty as soon as reasonably practicable upon becoming aware that:
 - (a) any Subsidy, State aid and/or Union Funding has been received in relation to the costs of the Project (regardless of whether such subsidy, aid and/or funding is received by the Producer or by any other person, or is received before, on or after the Subsidy Control Declaration Date) (other than any Subsidy, State aid and/or Union Funding of the types described at Condition 31.4(A)(i) and 31.4(A)(ii)); or
 - (b) Total Invoiced Volumes which are Qualifying Volumes have been claimed (by the Producer or by any other person) under the RTFO Scheme; and
 - (ii) provide the LCHA Counterparty with such Supporting Information regarding compliance or non-compliance by the Producer with the undertaking in Condition 31.5(A) as the LCHA Counterparty reasonably requires, as soon as reasonably practicable and in any event no later than thirty (30) Business Days following receipt of the LCHA Counterparty's request. Any Supporting Information provided by a Producer to the LCHA Counterparty under this

Condition 31.5(B)(ii) shall be accompanied by a Directors' Certificate in respect of such Supporting Information; and

(C) Repayment:

- (i) if Condition 31.5(A)(i) applies, the Producer shall repay or procure the repayment of any Subsidy, State aid and/or Union Funding which has been received in relation to the costs of the Project (regardless of whether such subsidy, aid and/or funding is received by the Producer or by any other person or is received before, on or after the Subsidy Control Declaration Date) (as adjusted for interest in accordance with Condition 31.12 (*Subsidy Interest*)) to the granter of such subsidy, aid or funding (other than any Subsidy, State aid and/or Union Funding of the types described at Condition 31.4(A)(i) and 31.4(A)(ii)); and
- (ii) if Condition 31.5(A)(ii) applies, without prejudice to Condition 49.27, the Producer shall repay any Difference Amount(s) that the LCHA Counterparty has paid the Producer in respect of the RTFO Volumes ("**RTFO Volume Clawback Amount**").

Notification by LCHA Counterparty of RTFO Compliance Breach

- 31.6 The LCHA Counterparty may at any time give a notice to the Producer if it considers that there is a breach of the RTFO Compliance Obligation, with such notice be accompanied by such Supporting Information as the LCHA Counterparty considers necessary to evidence such breach.

Suspension of Payments

- 31.7 If the Producer breaches Condition 31.4 or fails to comply with Condition 31.5(A), the LCHA Counterparty shall (without prejudice to Condition 40.27 (*Default Termination*)):

- (A) suspend payment of any amount(s) which would otherwise be payable by the LCHA Counterparty to the Producer, from the date the LCHA Counterparty becomes aware that the Producer has breached or failed to comply with such Condition (or as soon as reasonably practicable thereafter); and
- (B) notify the Producer of any suspension as soon as reasonably practicable.

- 31.8 If the Producer evidences to the satisfaction of the LCHA Counterparty that:

- (A) if Condition 31.5(A)(i) applies, the Subsidy, State aid and/or Union Funding (as adjusted for interest in accordance with Condition 31.10) has been repaid in full to the granter; or
- (B) if Condition 31.5(A)(ii) applies, the Difference Amount(s) (as adjusted for interest in accordance with Condition 31.10) has been repaid in full to the LCHA Counterparty,

any suspension under Condition 31.7 shall cease and the LCHA Counterparty shall (subject to Condition 31.10, where applicable) pay any amounts to the Producer which would have been payable but for the operation of Condition 31.7. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or

Default Interest shall be payable in respect of any amounts payable to the Producer pursuant to this Condition.

- 31.9 Any evidence provided by the Producer to the LCHA Counterparty pursuant to Condition 31.8 shall be accompanied by a Directors' Certificate in respect of such evidence.

Suspension of Payments (Failure to Provide Information)

- 31.10 If the Producer fails to comply with Condition 31.5(B)(ii), the LCHA Counterparty shall:
- (A) suspend payment of any amount(s) which would otherwise be payable by the LCHA Counterparty to the Producer, from the date the LCHA Counterparty becomes aware that the Producer failed to comply with such Condition (or as soon as reasonably practicable thereafter); and
 - (B) notify the Producer of any suspension as soon as reasonably practicable.
- 31.11 Subject to Condition 31.7 and Condition 31.16, if the Producer subsequently provides the LCHA Counterparty with the Supporting Information (accompanied by a Directors' Certificate) requested pursuant to Condition 31.5(B)(ii), any suspension under Condition 31.10 shall cease and the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 31.10. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amounts payable to the Producer pursuant to this Condition.

Subsidy Interest

- 31.12 Interest shall be due and payable in relation to any amount of Subsidy, State aid and/or Union Funding which has been received in relation to the costs of the Project (regardless of whether such subsidy, aid or funding is received by the Producer or any other person), calculated on the basis that interest shall accrue on the outstanding balance of any such amount at the Subsidy Interest Rate from (and including) the date that the Subsidy, State aid and/or Union Funding was received, to (but excluding): (i) the date that the Subsidy, State aid and/or Union Funding and interest is repaid in full to the granter; or (ii) where Condition 31.17 applies, the date that payments equivalent to the amount of Subsidy, State aid and/or Union Funding and interest are recovered in full; or (iii) where Condition 3.80 (*Set-off of Previous Subsidy*) or 31.16 (*Set-off of other Subsidy*) applies, the date the Subsidy, State aid and/or Union Funding and interest are set off in full. For this purpose:
- (A) interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a year of 365 days;
 - (B) the "**Subsidy Interest Rate**" shall be either:
 - (i) the interest rate set out by the UK awarding body of the Subsidy;
 - (ii) the interest rate set out in any recovery order issued by a Subsidy Control Competent Authority; or
 - (iii) in the case of State aid or Union Funding only, the interest rate that applies to recovery under the relevant State aid or Union Funding scheme,

in each case as applicable, and if none of (i) to (iii) is applicable, the interest rate determined by the LCHA Counterparty in accordance with the Interest Rate Methodology; and

- (C) to the extent that interest accrues for more than a year, the Subsidy Interest Rate shall be recalculated on an annual basis by the LCHA Counterparty in accordance with the applicable methodology, and interest shall be compounded annually, so that interest accruing in the previous year shall be subject to interest in any subsequent year.

For the avoidance of doubt, interest pursuant to this Condition 31.12 shall not be due and payable in relation to any subsidy arising under the LCHA.

Waiver of Producer's Obligation to Repay Subsidy, State aid and/or Union Funding

31.13 The LCHA Counterparty shall agree by notice to waive the Producer's obligation under Condition 31.5(C) if the Producer evidences to the satisfaction of the LCHA Counterparty that the granter of such Subsidy, State aid and/or Union Funding refuses or is unable to accept the repayment of the Subsidy, State aid and/or Union Funding (as adjusted for interest in accordance with Condition 31.12), in full or in part. If the Producer seeks a waiver, the Producer shall:

- (A) provide the LCHA Counterparty with such Supporting Information as the Producer considers to be relevant to evidence that the granter refuses or is unable to accept repayment in accordance with this Condition; and
- (B) provide the LCHA Counterparty with such additional Supporting Information as the LCHA Counterparty reasonably requires, as soon as reasonably practicable, and in any event no later than ten (10) Business Days following receipt of the LCHA Counterparty's request,

in each case accompanied by a Directors' Certificate in respect of such Supporting Information.

31.14 If the LCHA Counterparty agrees to waive the Producer's obligation to repay Subsidy, State aid and/or Union Funding pursuant to Condition 31.5(C):

- (A) the LCHA Counterparty shall also notify the Producer of:
 - (i) the amount of Subsidy, State aid and/or Union Funding (as adjusted for interest in accordance with Condition 31.12) which has not been repaid to the granter as at that date (the **"Other Subsidy"**); and
 - (ii) the Subsidy Interest Rate currently applicable;
- (B) Condition 31.16 shall apply; and
- (C) subject to Condition 31.16, the suspension under Condition 31.7(A) shall cease and the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 31.7(A). The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amounts payable pursuant to this Condition 31.14(C).

- 31.15 Nothing in this Condition 31 shall require the LCHA Counterparty to waive the Producer's obligation under Condition 31.5(C), unless the LCHA Counterparty is satisfied that the requirements of Condition 31.13 have been met.

Set-off of Other Subsidy and RTFO Volume Clawback Amount

31.16 If:

- (A) Condition 31.12 applies, any amount of Other Subsidy (as adjusted for interest in accordance with Condition 31.10); or
- (B) Condition 31.5(C)(ii) applies, any RTFO Volume Clawback Amount (as adjusted for interest in accordance with Condition 31.10),

shall be set off against any amounts payable to the Producer under the LCHA, so that no payment shall be made to the Producer until such amount has been set off in its entirety.

Recovery

31.17 If the LCHA expires or terminates and:

- (A) any amount of Subsidy, State aid and/or Union Funding (as adjusted for interest in accordance with Condition 31.12) has not yet been repaid in full pursuant to Condition 31.5(C) or set off in full, pursuant to Condition 3.80 (*Set-off of Previous Subsidy*) or Condition 31.16 (*Set-off of Other Subsidy and RTFO Volume Clawback Amount*); and/or
- (B) any RTFO Volume Clawback Amount (as adjusted for interest in accordance with Condition 31.12) has not yet been repaid in full pursuant to Condition 31.5(C) or set off in full, pursuant to Condition 31.14(B) (*Set-off of Other Subsidy and RTFO Volume Clawback Amount*),

the LCHA Counterparty shall be entitled to recover any payments made to the Producer under the LCHA, up to the value of the outstanding amount. The LCHA Counterparty shall give notice to the Producer of the outstanding amount and the currently applicable Subsidy Interest Rate and the Producer shall repay or procure the repayment of the notified amount (as adjusted for interest in accordance with Condition 31.12) to the LCHA Counterparty within ten (10) Business Days from the date of the notice.

32. PRODUCER UNDERTAKING: SUPPLY CHAIN REPORTING

Supply Chain Report

32.1 The Producer shall provide the LCHA Counterparty with a Supply Chain Report (together with such Supporting Information as the Producer considers to be relevant to the content of the Supply Chain Report):

- (A) no earlier than six (6) Months prior to the Milestone Delivery Date and no later than the Milestone Delivery Date;
- (B) no earlier than six (6) Months prior to the third (3rd) anniversary of the Start Date and no later than the third (3rd) anniversary of the Start Date;

- (C) no earlier than six (6) Months prior to the seventh (7th) anniversary of the Start Date and no later than the seventh (7th) anniversary of the Start Date; and
- (D) no earlier than six (6) Months prior to the eleventh (11th) anniversary of the Start Date and no later than the eleventh (11th) anniversary of the Start Date,

(each a **"Supply Chain Report Deadline"** and together the **"Supply Chain Report Deadlines"**).

32.2 Each Supply Chain Report shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Supply Chain Report.

32.3 The Producer acknowledges and agrees that each Supply Chain Report shall be provided by the LCHA Counterparty to the Secretary of State.

32.4 The LCHA Counterparty shall:

- (A) if the Producer has failed to submit a Supply Chain Report by the relevant Supply Chain Report Deadline, no later than seven (7) Business Days after the relevant Supply Chain Report Deadline; or
- (B) if the Producer has submitted a Supply Chain Report by the relevant Supply Chain Report Deadline, no later than forty (40) Business Days after the relevant Supply Chain Report Deadline,

give a notice to the Producer (a **"Supply Chain Report Response Notice"**). A Supply Chain Report Response Notice shall specify whether the Producer:

- (i) has or has not submitted a Supply Chain Report by the relevant Supply Chain Report Deadline; and/or
- (ii) has or has not submitted a Supply Chain Report which complies with the requirements set out in Annex 7 (*Form of Supply Chain Report*).

32.5 If the LCHA Counterparty states in a Supply Chain Report Response Notice that:

- (A) the Supply Chain Report complies with the requirements of a Supply Chain Report as set out in Annex 7 (*Form of Supply Chain Report*), then such Supply Chain Report shall be deemed to be approved by the LCHA Counterparty as a valid Supply Chain Report and no Supply Chain Report Fees shall be payable in relation to such Supply Chain Report; or
- (B) the:
 - (i) Supply Chain Report does not comply with the requirements set out in Annex 7 (*Form of Supply Chain Report*) and is therefore not a valid Supply Chain Report; or
 - (ii) Producer has failed to submit a valid Supply Chain Report by the relevant Supply Chain Report Deadline,

then the Supply Chain Report Fees shall be payable by the Producer.

Payment of Supply Chain Report Fees

- 32.6 Subject to Condition 32.7, if Condition 32.5(B) applies, the Producer shall pay the Supply Chain Report Fees in respect of the relevant Supply Chain Report to the LCHA Counterparty by the date each Supply Chain Report Fee is due and payable, provided that if at any time after the relevant Supply Chain Report Deadline the Producer submits the relevant Supply Chain Report to the LCHA Counterparty which the LCHA Counterparty subsequently confirms under Condition 32.5(A) complies with the requirements set out in Annex 7 (*Form of Supply Chain Report*), then no further Supply Chain Report Fees shall be payable by the Producer in relation to such Supply Chain Report.
- 32.7 Any Supply Chain Report Fees that accrue prior to the Start Date shall not be due and payable by the Producer unless and until the Start Date has occurred, except to the extent that any amounts become due and payable by the LCHA Counterparty to the Producer prior to the Start Date whereby such Supply Chain Report Fees shall become due and payable.

Set-off of Supply Chain Report Fees

- 32.8 Without prejudice to the generality of Condition 23 (*Set-off*), the LCHA Counterparty may set off any Supply Chain Report Fees that are due and payable by the Producer against any amounts that are due and payable to the Producer under the LCHA.

33. OFFTAKER CONFIRMATION PROCEDURE

Offtaker Confirmation Request Notice

- 33.1 If, at any time:
- (A) the Producer enters into a new Offtake Agreement;
 - (B) an amendment or variation is made to: (i) the Offtaker Compliance Provisions contained within an Offtake Agreement; or (ii) an Offtake Agreement which otherwise affects the interpretation or application of the Offtaker Compliance Provisions;
 - (C) the Producer enters into any agreement replacing all or part of an Offtake Agreement; or
 - (D) an Offtaker transfers (whether by way of novation, sub-contract, delegation or otherwise) an Offtake Agreement to a new Offtaker,

then the Producer shall, no later than [fifteen (15)] Business Days from the date on which the above event in limb (A) to (D) occurs (the "**Offtaker Confirmation Request Notice Deadline**"), give notice to the LCHA Counterparty (an "**Offtaker Confirmation Request Notice**").

- 33.2 Each Offtaker Confirmation Request Notice shall:

- (A) specify:
 - (i) the identity of the Offtaker, and the nature of its business (including the intended end-use of the Hydrogen produced by the Facility);

- (ii) the Offtaker's UK ETS permit ID number;
- (iii) the Offtaker Investor(s);
- (iv) the Offtaker Ultimate Investor(s);
- (v) whether or not the Offtaker is an Affiliate of the Producer;
- (vi) a description of the Offtaker's facility at which the Hydrogen produced by the Facility will be used, including:
 - (a) an aerial view of the unique geographical location of the Offtaker's facility, whether an extract from the Ordnance Survey map or equivalent, showing the existing or proposed locations of: (a) the Offtaker's facility; (b) hydrogen delivery points; and (c) the Offtaker metering equipment; and
 - (b) a process flow diagram of the Offtaker's facility;
- (vii) whether the Producer considers the Offtaker to be a Qualifying Offtaker or a Non-Qualifying Offtaker for the purposes of the LCHA;
- (viii) whether the Producer intends to supply the Offtaker with Hydrogen produced by the Facility which:
 - (a) complies with the LCHS; and/or
 - (b) does not comply with the LCHS;
- (ix) whether the Offtaker intends to use the Hydrogen produced by the Facility for:
 - (a) Feedstock Purposes; and/or
 - (b) Fuel Purposes;
- (x) whether or not the Offtaker intends to inject Hydrogen produced by the Facility into a Gas Transportation System for blending with Natural Gas;
- (xi) whether or not the Offtaker intends to export Hydrogen produced by the Facility for use outside of the UK;
- (xii) whether or not the Offtaker intends to claim Hydrogen produced by the Facility under the RTFO Scheme or intends to sell Hydrogen produced by the Facility for the purpose of enabling a third party to claim such Hydrogen under the RTFO Scheme;
- (xiii) whether or not the Offtake Agreement includes a take-or-pay, guaranteed minimum purchase volume, or similar obligation;
- (xiv) the Offtaker Forecast Data; and
- (xv) [if there are any proposed changes to the Initial Strike Price Exclusions as they apply to the relevant Offtaker and Offtake Agreement ("**Proposed Strike Price**"]

Exclusions") and any Supporting Information as the Producer considers to be relevant to evidence such proposed changes;]⁹⁷

- (B) confirm that the Offtake Agreement includes:
 - (i) the Offtaker Compliance Provisions; and
 - (ii) suitable rights and remedies for the Producer in respect of any Offtaker breach of the Offtaker Compliance Provisions;
- (C) confirm that the Achieved Sales Price under the Offtake Agreement has not been decreased in a way which is designed to or a main purpose of which is to either increase the Difference Amounts payable by the LCHA Counterparty to the Producer and/or decrease the Difference Amounts payable by the Producer to the LCHA Counterparty, including by:
 - (i) categorising a Strike Price Inclusion as a Strike Price Exclusion; or
 - (ii) increasing one (1) or more Strike Price Exclusion Amount;
- (D) include:
 - (i) a copy of the relevant Offtake Agreement; and
 - (ii) such Supporting Information as the Producer considers to be relevant to the matters referred to in Conditions 33.2(A) and 33.2(B) (*Offtaker Confirmation Request Notice*); and
- (E) be accompanied by a Directors' Certificate in relation to the matters referred to in Conditions 33.2(A) and 33.2(B) (*Offtaker Confirmation Request Notice*).

33.3 With effect from the Agreement Date, the Producer shall give notice to the LCHA Counterparty if it intends to be an Own Consumption Offtaker for the purposes of the LCHA ("**Own Consumption Confirmation Request Notice**"). The Own Consumption Confirmation Request Notice shall:

- (A) specify:
 - (i) the Producer's intended end-use of the Hydrogen produced by the Facility;
 - (ii) whether the Producer considers itself to be a Qualifying Offtaker or a Non-Qualifying Offtaker for the purposes of the LCHA;
 - (iii) whether the Producer intends to use Hydrogen produced by the Facility which:
 - (a) complies with the LCHS; and/or
 - (b) does not comply with the LCHS;
 - (iv) whether the Producer intends to use the Hydrogen produced by the Facility for:

⁹⁷

Note to Reader: The approval procedure for changes to the Initial Strike Price Exclusions is subject to further development by DESNZ.

- (a) Feedstock Purposes; and/or
- (b) Fuel Purposes;
- (v) whether or not the Producer intends to inject Hydrogen produced by the Facility into a Gas Transportation System for blending with Natural Gas;
- (vi) whether or not the Producer intends to export Hydrogen produced by the Facility for use outside of the UK;
- (vii) whether or not the Producer intends to claim Hydrogen produced by the Facility under the RTFO Scheme;
- (viii) the Offtaker Forecast Data (excluding limbs (g) to (i) of such definition) as it applies to the Hydrogen produced by the Facility that the Producer proposes to use; and
- (ix) [if there are any Proposed Strike Price Exclusions as they apply to the Producer as an Own Consumption Offtaker and any Supporting Information as the Producer considers to be relevant to evidence such proposed changes]⁹⁸;
- (B) include such Supporting Information as the Producer considers to be relevant to the matters referred to in Condition 33.3(A) (*Offtaker Confirmation Request Notice*); and
- (C) be accompanied by a Directors' Certificate in relation to the matters referred to in Condition 33.3(A) (*Offtaker Confirmation Request Notice*).

LCHA Counterparty Response Notification

- 33.4 The LCHA Counterparty shall, no later than [thirty (30)] Business Days after receipt of an Offtaker Confirmation Request Notice or an Own Consumption Confirmation Request Notice, give a notice to the Producer (a "**LCHA Counterparty Response Notice**"). A LCHA Counterparty Response Notice shall specify:
- (A) if the LCHA Counterparty Response Notice relates to an Offtaker Confirmation Request Notice:
 - (i) whether the Offtaker Confirmation Request Notice has or has not been accompanied by the relevant Offtake Agreement;
 - (ii) whether the Offtaker Confirmation Request Notice has or has not been accompanied by a Directors' Certificate in relation to the matters referred to in Conditions 33.2(A) and 33.2(B) (*Offtaker Confirmation Request Notice*);
 - (iii) without prejudice to Conditions 37 (*LCHA Counterparty Audit Rights*) and 38 (*Annual Compliance Report and Audit*), whether or not the Producer's statements in relation to the matters referred to in Conditions 33.2(A) and 33.2(B)

⁹⁸

Note to Reader: The approval procedure for changes to the Initial Strike Price Exclusions is subject to further development by DESNZ.

are evidenced in the Offtake Agreement and/or Supporting Information provided in accordance with Condition 33.2(C); or

- (iv) the LCHA Counterparty requires the Producer to provide additional Supporting Information in relation to the Offtaker Confirmation Request Notice in order for the LCHA Counterparty to determine whether or not the Producer's statements in relation to the matters referred to in Conditions 33.2(A) and 33.2(B) are evidenced in the Offtake Agreement and/or Supporting Information provided in accordance with Condition 33.2(C) and, if so, details of the additional Supporting Information which the LCHA Counterparty requires (the **"Offtaker Supporting Information"**); or

- (B) if the LCHA Counterparty Response Notice relates to an Own Consumption Confirmation Request Notice:

- (i) whether the Own Consumption Confirmation Request Notice has or has not been accompanied by a Directors' Certificate in relation to the matters referred to in Condition 33.3(A);
- (ii) without prejudice to Conditions 37 (*LCHA Counterparty Audit Rights*) and 7 (*Annual Compliance Report and Audit*), whether or not the Producer's statements in relation to the matters referred to in Condition 33.3(A) are evidenced in the Supporting Information provided in accordance with Condition 33.3(B); or
- (iii) the LCHA Counterparty requires the Producer to provide additional Supporting Information in relation to the Own Consumption Confirmation Request Notice in order for the LCHA Counterparty to determine whether or not the Producer's statements in relation to the matters referred to in Condition 33.3(A) are evidenced in the Supporting Information provided in accordance with Condition 33.3(B) and, if so, details of the additional Supporting Information which the LCHA Counterparty requires (the **"Own Consumption Supporting Information"**).

- 33.5 If the LCHA Counterparty states in a LCHA Counterparty Response Notice (or Further LCHA Counterparty Response Notice) that:

- (A) if the LCHA Counterparty Response Notice (or Further LCHA Counterparty Response Notice) relates to an Offtaker Confirmation Request Notice:

- (i) the Producer's statements in relation to the matters referred to in Conditions 33.2(A) and 33.2(B) are not evidenced in the Offtake Agreement and/or Supporting Information provided in accordance with Condition 33.2(C), then such matters shall not be agreed for the purposes of the LCHA unless and until a resolution or determination to the contrary is made pursuant to the Dispute Resolution Procedure;
- (ii) the Producer's statements in relation to the matters referred to in Conditions 33.2(A) and 33.2(B) are evidenced in the Offtake Agreement and/or Supporting Information provided in accordance with Condition 33.2(C) then, subject to Conditions 37 (*LCHA Counterparty Audit Rights*) and 38 (*Annual*

Compliance Report and Audit), such matters shall be preliminarily agreed for the purposes of the LCHA with effect from the Offtaker Confirmation Date; or

- (iii) the LCHA Counterparty requires the Producer to provide the Offtaker Supporting Information to determine whether or not the Producer's statements in relation to the matters referred to in Conditions 33.2(A) and 33.2(B) are evidenced in the Offtake Agreement and/or Supporting Information provided in accordance with Condition 33.2(C):
 - (a) the Producer shall provide the Offtaker Supporting Information as soon as reasonably practicable, and in any event no later than ten (10) Business Days after receipt of the LCHA Counterparty Response Notice, or such longer period as is specified by the LCHA Counterparty; and
 - (b) upon receipt of the Offtaker Supporting Information, the LCHA Counterparty shall, as soon as reasonably practicable and in any event no later than twenty (20) Business Days after receipt of such Offtaker Supporting Information, give a further the LCHA Counterparty Response Notice to the Producer (a **"Further LCHA Counterparty Response Notice"**). A Further LCHA Counterparty Response Notice shall specify whether or not the Producer's statements in relation to the matters referred to in Conditions 33.2(A) and 33.2(B) are evidenced in the Offtake Agreement and/or Supporting Information provided in accordance with Condition 33.2(C); and
- (B) if the LCHA Counterparty Response Notice (or Further LCHA Counterparty Response Notice) relates to an Own Consumption Confirmation Request Notice:
 - (i) the Producer's statements in relation to the matters referred to in Condition 33.3(A) are not evidenced in the Supporting Information provided in accordance with Condition 33.3(B), then such matters shall not be agreed for the purposes of the LCHA unless and until a resolution or determination to the contrary is made pursuant to the Dispute Resolution Procedure;
 - (ii) the Producer's statements in relation to the matters referred to in Condition 33.3(A) are evidenced in the Supporting Information provided in accordance with Condition 33.3(B) then, subject to Conditions 37 (*LCHA Counterparty Audit Rights*) and 38 (*Annual Compliance Report and Audit*), such matters shall be preliminarily agreed for the purposes of the LCHA with effect from the Offtaker Confirmation Date; or
 - (iii) the LCHA Counterparty requires the Producer to provide the Own Consumption Supporting Information to determine whether or not the Producer's statements in relation to the matters referred to in Condition 33.3(A) are evidenced in the Supporting Information provided in accordance with Condition 33.3(B):
 - (a) the Producer shall provide the Own Consumption Supporting Information as soon as reasonably practicable, and in any event no later than ten (10) Business Days after receipt of the LCHA Counterparty Response Notice, or such longer period as is specified by the LCHA Counterparty; and

- (b) upon receipt of the Own Consumption Supporting Information, the LCHA Counterparty shall, as soon as reasonably practicable and in any event no later than ten (10) Business Days after receipt of such Own Consumption Supporting Information, give a Further LCHA Counterparty Response Notice. A Further LCHA Counterparty Response Notice shall specify whether or not the Producer's statements in relation to the matters referred to in Condition 33.3(A) are evidenced in the Supporting Information provided in accordance with Condition 33.3(B).

33.6 Without prejudice to Condition 33.7 (*Failure to provide an LCHA Counterparty Response Notice or Further LCHA Counterparty Response Notice: deemed agreement*), nothing in this Condition 33.6 shall require the LCHA Counterparty to specify in any LCHA Counterparty Response Notice or Further LCHA Counterparty Response Notice that the LCHA Counterparty agrees with the Producer's statements in relation to the matters referred to in Conditions 33.2(A), 33.2(B) and 33.3(A) unless and until the LCHA Counterparty is satisfied of the same.

Failure to provide an LCHA Counterparty Response Notice or Further LCHA Counterparty Response Notice: deemed agreement

33.7 If the LCHA Counterparty fails to provide a LCHA Counterparty Response Notice or a Further LCHA Counterparty Response Notice (where applicable) by the LCHA Counterparty Response Notice Deadline in accordance Condition 33.4 then:

- (A) provided that, in relation to an Offtaker Confirmation Request Notice or Own Consumption Confirmation Request Notice (as applicable), the Producer has validly issued such notice in accordance with Condition 33.2(C) or 33.3 (as applicable) then, subject to Condition 37 (*LCHA Counterparty Audit Rights*) and 38 (*Annual Compliance Report and Audit*), the Producer's statements in relation to the matters referred to in Conditions 33.2(A), 33.2(B) and/or 33.3(B) (as applicable) shall be deemed to be preliminarily agreed for the purposes of the LCHA with effect from the Offtaker Confirmation Date; or
- (B) provided that, in relation to a request to provide Offtaker Supporting Information, the Offtaker has provided such information in accordance with Condition 33.5(A)(iii)(a) then, subject to Conditions 37 (*LCHA Counterparty Audit Rights*) and 38 (*Annual Compliance Report and Audit*), the Producer's statements in relation to the matters referred to in Conditions 33.2(A), 33.2(B) and/or 33.3(B) (as applicable) shall be deemed to be preliminarily agreed for the purposes of the LCHA with effect from the Offtaker Confirmation Date.

Failure to provide an Offtaker Confirmation Request Notice or Own Consumption Confirmation Request Notice: Suspension

33.8 If:

- (A) the Producer fails to provide an Offtaker Confirmation Request Notice by the Offtaker Confirmation Request Notice Deadline in accordance with Conditions 33.1 and 33.2; or

- (B) the LCHA Counterparty notifies the Producer pursuant to Condition 33.4 that it requires the Producer to provide Offtaker Supporting Information and the Producer fails to provide such information in accordance with Condition 33.4;
- (C) the Producer fails to provide an Own Consumption Confirmation Request Notice in accordance with Condition 33.3; or
- (D) the LCHA Counterparty notifies the Producer pursuant to Condition 33.4 that it requires the Producer to provide Own Consumption Supporting Information and the Producer fails to provide such information in accordance with Condition 33.4,

the LCHA Counterparty shall give a notice to the Producer (an **"Offtaker Non-Compliance Notice"**). An Offtaker Non-Compliance Notice shall:

- (i) notify the Producer that either:
 - (a) the Producer has failed to provide an Offtaker Confirmation Request Notice by the Offtaker Confirmation Request Notice Deadline in accordance with Conditions 33.1 and 33.2;
 - (b) the Producer has failed to provide the Offtaker Supporting Information required by the LCHA Counterparty in accordance with Condition 33.4;
 - (c) the Producer has failed to provide an Own Consumption Confirmation Request Notice in accordance with Condition 33.3; or
 - (d) the Producer has failed to provide the Own Consumption Supporting Information required by the LCHA Counterparty in accordance with Condition 33.4; and
- (ii) specify the date on and from which the LCHA Counterparty may suspend payments in accordance with Condition 33.9, being the date which falls thirty (30) Business Days after the date of the Offtaker Non-Compliance Notice; and
- (iii) specify the date on and from which the LCHA Counterparty may terminate the LCHA in accordance with Condition 33.10, being the date which falls sixty (60) Business Days after the date of the Offtake Non-Compliance Notice (the **"Offtake Non-Compliance Deadline"**).

Failure to provide an Offtaker Confirmation Request Notice: suspension

33.9 If:

- (A) Condition 33.8(A) applies and the Producer fails to provide an Offtaker Confirmation Request Notice to the LCHA Counterparty;
- (B) Condition 33.8(B) applies and the Producer fails to provide the Offtaker Supporting Information to the LCHA Counterparty in accordance with Condition 33.4;
- (C) Condition 33.8(C) applies and the Producer fails to provide an Own Consumption Confirmation Request Notice to the LCHA Counterparty; or

- (D) Condition 33.8(D) applies and the Producer fails to provide the Own Consumption Supporting Information to the LCHA Counterparty in accordance with Condition 33.4,

by the date which is thirty (30) Business Days from the date of the Offtaker Non-Compliance Notice, then without prejudice to Conditions 33.11 and 33.12, the LCHA Counterparty may elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of such obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension.

33.10 If the Producer subsequently complies with its obligation to:

- (A) provide an Offtaker Confirmation Request Notice in accordance with Conditions 33.1 and 33.2;
- (B) provide the Offtaker Supporting Information required by the LCHA Counterparty in accordance with Condition 33.4;
- (C) provide an Own Consumption Confirmation Request Notice in accordance with Condition 33.3; or
- (D) provide the Own Consumption Supporting Information required by the LCHA Counterparty in accordance with Condition 33.4,

then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 33.9, and Conditions 33.4 and 33.5 shall apply. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amount payable pursuant to this Condition 33.10.

Failure to provide an Offtaker Confirmation Request Notice: deemed Non-Qualifying Offtaker

33.11 If:

- (A) Condition 33.8(A) applies and the Producer fails to provide an Offtaker Confirmation Request Notice to the LCHA Counterparty;
- (B) Condition 33.8(B) applies and the Producer fails to provide the Offtaker Supporting Information to the LCHA Counterparty in accordance with Condition 33.4;
- (C) Condition 33.8(C) applies and the Producer fails to provide an Own Consumption Confirmation Request Notice to the LCHA Counterparty; or
- (D) Condition 33.8(D) applies and the Producer fails to provide the Own Consumption Supporting Information to the LCHA Counterparty in accordance with Condition 33.4,

by the date which is thirty (30) Business Days from the date of the Offtaker Non-Compliance Notice, then without prejudice to Conditions 33.9 and 33.12, the LCHA Counterparty may elect to deem the relevant Offtaker or the Producer (as applicable) to be a Non-Qualifying Offtaker for the purposes of the LCHA in any period during which the Producer is in breach of such obligation, provided that, prior to effecting any such right, the LCHA Counterparty shall notify

the Producer of: (i) its intention to deem such proposed offtaker to be Non-Qualifying Offtaker; and (ii) the date from which it proposes to effect such right.⁹⁹

Failure to provide an Offtaker Confirmation Request Notice: termination

33.12 If:

- (A) Condition 33.8(A) applies and the Producer fails to provide an Offtaker Confirmation Request Notice to the LCHA Counterparty in accordance with Conditions 33.1 and 33.2 by the Offtake Non-Compliance Deadline;
- (B) Condition 33.8(B) applies and the Producer fails to provide the Offtaker Supporting Information to the LCHA Counterparty in accordance with Condition 33.4 by the Offtake Non-Compliance Deadline;
- (C) Condition 33.8(C) applies and the Producer fails to provide an Own Consumption Confirmation Request Notice to the LCHA Counterparty in accordance with Condition 33.3 by the Offtake Non-Compliance Deadline; or
- (D) Condition 33.8(D) applies and the Producer fails to provide the Own Consumption Supporting Information to the LCHA Counterparty in accordance with Condition 33.4 by the Offtake Non-Compliance Deadline,

then an **"Offtaker Confirmation Process Termination Event"** will be deemed to have occurred.

34. PRODUCER UNDERTAKINGS: OFFTAKER COMPLIANCE

Offtaker Compliance Declaration

34.1 With effect from the Start Date, the Producer undertakes to the LCHA Counterparty to:

- (A) provide an **"Offtaker Compliance Declaration"** by 1 April, 1 July, 1 October and 1 January of each year (an **"Offtaker Compliance Declaration Deadline"**). Each Offtaker Compliance Declaration shall:
 - (i) state that the Producer has made all due and careful enquiries to:
 - (a) confirm that each Offtaker has complied with the Offtaker Compliance Provisions since the Agreement Date; and
 - (b) identify any fact, matter or change of circumstance which could have a material impact on: (i) an Offtaker's ability to comply with the Offtaker Compliance Provisions since the Agreement Date; and/or (ii) the information contained in any Offtaker Confirmation Request Notice that the Producer has provided to the LCHA Counterparty;

⁹⁹

Note to Reader: DESNZ is still considering the details of an additional remedy that will be required in these circumstances in order for the LCHA Counterparty to estimate the ASP for such deemed Non-Qualifying Volumes for Billing Periods in which the Reference Price exceeds the Strike Price.

- (ii) confirm that each Offtaker Confirmation Request Notice and/or Own Consumption Confirmation Request Notice the Producer has provided to the LCHA Counterparty since the Agreement Date remains in all material respects true, complete, accurate and not misleading to the best of the Producer's knowledge and belief having made all due and careful enquiries;
 - (iii) confirm that the Producer has submitted an Offtaker Confirmation Request Notice and/or Own Consumption Confirmation Request Notice to the LCHA Counterparty in respect of any new Offtaker(s) in accordance with Condition 34.2 and/or Condition 34.3 (as applicable);
 - (iv) confirm that all Hydrogen produced by the Facility which the Producer has sold since the Agreement Date has been reported in the Payment Information Notices that the Producer has submitted to the LCHA Counterparty in accordance with Condition 19.1 (*Producer Payment Information*);
 - (v) confirm that the Producer has not issued any Offtaker with an Offtaker Invoice in respect of which the Achieved Sales Price has been decreased in a way which is designed to or a main purpose of which is to either increase the Difference Amounts payable by the LCHA Counterparty to the Producer and/or decrease the Difference Amounts payable by the Producer to the LCHA Counterparty, including by:
 - (a) categorising a Strike Price Inclusion as a Strike Price Exclusion; or
 - (b) increasing one (1) or more Strike Price Exclusion Amount;
 - (vi) include such Supporting Information as the Producer considers to be relevant to evidence the matters referred to in Conditions 34.1(A)(i) and 34.1(A)(ii); and
 - (vii) be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Offtaker Compliance Declaration;
- (B) without prejudice to Condition 34.5, if the Producer becomes aware at any time that any Offtaker Compliance Declaration and/or Supporting Information provided in accordance with Condition 34.1 was not true, complete and accurate in all material respects and/or was misleading as at the date of submission, promptly:
- (i) notify the LCHA Counterparty of the relevant error(s); and
 - (ii) provide the LCHA Counterparty with an updated Offtaker Compliance Declaration and/or Supporting Information which is true, complete and accurate in all material respects and is not misleading (the "**Revised Offtaker Compliance Declaration**"), together with a Directors' Certificate and Supporting Information in relation to such declaration; and
- (C) if the LCHA Counterparty notifies the Producer that the LCHA Counterparty considers that any Offtaker Compliance Declaration and/or Supporting Information provided in accordance with Condition 34.1 was not true, complete and accurate in all material respects and/or was misleading as at the date of submission, promptly investigate such issue and provide the LCHA Counterparty with a Revised Offtaker Compliance

Declaration together with a Directors' Certificate and Supporting Information in relation to such declaration,

(each, an **"Offtaker Compliance Declaration Obligation"** and together the **"Offtaker Compliance Declaration Obligations"**).

- 34.2 The Producer shall use reasonable endeavours to ensure that it includes an Offtaker Directors' Certificate in relation to the information referred to in Condition 34.1(A)(i) as it relates to each Offtaker, with each Offtaker Compliance Declaration.

General Producer Compliance Obligations

- 34.3 The Producer shall ensure that each Offtake Agreement which is entered into with an Offtaker after the date of this Agreement (including where any such agreement is amended, waived, supplemented or otherwise varied) includes:

- (A) the Offtaker Compliance Provisions; and
- (B) suitable rights and remedies for the Producer in respect of any Offtaker breach of the Offtaker Compliance Provisions.

- 34.4 The Producer shall use reasonable endeavours to perform its obligations under and observe all the terms of each Offtake Agreement to which it is a party.

- 34.5 With effect from the Start Date, the Producer undertakes to the LCHA Counterparty to:

- (A) notify the LCHA Counterparty promptly if:
 - (i) the Producer becomes that aware that an Offtaker may be in breach of the Offtaker Compliance Provisions;
 - (ii) an Offtake Agreement is terminated;
 - (iii) the Producer grants a waiver or release in respect of an Offtaker's breach of the Offtaker Compliance Provisions; and/or
 - (iv) any fact, matter or change of circumstance arises which could have a material impact on: (i) an Offtaker's ability to comply with the Offtaker Compliance Provisions; and/or (ii) the information contained in any Offtaker Confirmation Request Notice that the Producer has provided to the LCHA Counterparty; and
- (B) use reasonable endeavours to enforce the rights or remedies that the Producer has against any Offtaker who breaches the Offtaker Compliance Provisions.

Notification by LCHA Counterparty of Offtaker Compliance Declaration Obligation breach

- 34.6 The LCHA Counterparty may at any time give a notice to the Producer if it considers that the Producer is in breach of an Offtaker Compliance Declaration Obligation (a **"LCHA Counterparty Declaration Breach Notice"**), with such notice to:

- (A) specify which Offtaker Compliance Declaration Obligation the LCHA Counterparty considers that the Producer has breached; and

- (B) be accompanied by such Supporting Information as the LCHA Counterparty considers necessary to evidence the breach of the Offtaker Compliance Declaration Obligation.

Notification by Producer of Offtaker Compliance Declaration Obligation breach

34.7 The Producer shall promptly give a notice to the LCHA Counterparty if it becomes aware that it is in breach of an Offtaker Compliance Declaration Obligation (a **"Producer Declaration Breach Notice"**). A Producer Declaration Breach Notice shall:

- (A) specify which Offtaker Compliance Declaration Obligation the Producer considers that it has breached;
- (B) be accompanied by such Supporting Information as the Producer considers to be relevant to evidence the breach of the Offtaker Compliance Declaration Obligation; and
- (C) be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Producer Declaration Breach Notice.

Failure to comply with Offtaker Compliance Declaration Obligation: suspension

34.8 If the Producer is in breach of an Offtaker Compliance Declaration Obligation, then without prejudice to Condition 34.11, the LCHA Counterparty may elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of such Offtaker Compliance Declaration Obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension.

34.9 Without prejudice to Condition 34.8, if the Producer subsequently rectifies the breach of the relevant Offtaker Compliance Declaration Obligation, then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 34.8. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amounts payable to the Producer pursuant to this Condition 34.9.

Failure to comply with Offtaker Compliance Declaration Obligation: deemed Non-Qualifying Offtaker

34.10 If the Producer is in breach of an Offtaker Compliance Declaration Obligation, then without prejudice to Condition 34.11, the LCHA Counterparty may elect to deem each Offtaker to be a Non-Qualifying Offtaker for the purposes of the LCHA in any period during which the Producer is in breach of such obligation, provided that, prior to effecting any such right, the LCHA Counterparty shall notify the Producer of: (i) its intention to deem such proposed Offtaker(s) to be a Non-Qualifying Offtaker(s); and (ii) the date from which it proposes to effect such right.¹⁰⁰

Failure to provide an Offtaker Compliance Declaration

¹⁰⁰ Note to Reader: DESNZ is still considering the details of an additional remedy that will be required in these circumstances in order for the LCHA Counterparty to estimate the ASP for such deemed Non-Qualifying Volumes for Billing Periods in which the Reference Price exceeds the Strike Price.

34.11 If:

- (A) a LCHA Counterparty Declaration Breach Notice specifies that the Producer has failed to provide an Offtaker Compliance Declaration in accordance with Condition 34.1(A) by the applicable Offtaker Compliance Declaration Deadline or a Revised Offtaker Compliance Declaration in accordance with Condition 34.1(B); and
- (B) the Producer has failed to provide the relevant declaration to the LCHA Counterparty no later than twenty (20) Business Days after receipt of such LCHA Counterparty Declaration Breach Notice,

then an **"Offtaker Compliance Declaration Termination Event"** will be deemed to have occurred.

Misleading Offtaker Confirmation or Declaration

34.12 If any:

- (A) Offtaker Confirmation Request Notice provided by the Offtaker pursuant to Condition 33.1 or Own Consumption Confirmation Request Notice provided by the Offtaker in accordance with Condition 33.3; or
- (B) Offtaker Compliance Declaration or Revised Offtaker Compliance Declaration provided by the Offtaker pursuant to Condition 34.1,

is misleading, or the Producer's failure to provide such notice or declaration is misleading, provided that: (i) the Producer knew that such notice or declaration was, or a failure to provide such notice or declaration would be, misleading; (ii) the Producer acted recklessly in providing or failing to provide such notice or declaration; or (iii) the Producer failed to make all due and careful enquiries when providing such notice or declaration, then a **"Misleading Declaration Termination Event"** will be deemed to have occurred.

35. PRODUCER UNDERTAKING: OWN CONSUMPTION

35.1 If the Producer is an Own Consumption Offtaker, with effect from the relevant Offtaker Confirmation Date, the Producer undertakes to the LCHA Counterparty:

- (A) in respect of Qualifying Volumes used by the Producer, to at all times ensure that it:
 - (i) is not a Risk-Taking Intermediary;
 - (ii) does not export Hydrogen produced by the Facility for use outside of the UK; and
 - (iii) does not inject Hydrogen produced by the Facility into a Gas Transportation System for blending with Natural Gas; and
- (B) to at all times ensure that all Total Invoiced Volumes which are Qualifying Volumes are not claimed under the RTFO Scheme pursuant to Condition 32.5 (*Undertakings: No Cumulation of Subsidy, State aid or Union Funding*),

(each, an **"Own Consumption Obligation"** and together the **"Own Consumption Obligations"**).

Notification by LCHA Counterparty of Own Consumption Obligation breach

35.2 The LCHA Counterparty may at any time give a notice to the Producer if it considers that the Producer is in breach of an Own Consumption Declaration Obligation (a **"LCHA Counterparty Own Consumption Declaration Breach Notice"**), with such notice to:

- (A) specify which Own Consumption Declaration Obligation the LCHA Counterparty considers that the Producer has breached; and
- (B) be accompanied by such Supporting Information as the LCHA Counterparty considers necessary to evidence the breach of the Own Consumption Declaration Obligation.

35.3 If the Producer is in breach of an Own Consumption Declaration Obligation, then an **"Own Consumption Obligation Termination Event"** will be deemed to have occurred.

36. PRODUCER UNDERTAKING: NQ VOLUME CLAWBACK

NQ Volume Clawback Amount

36.1 With effect from the Start Date, the Producer undertakes to the LCHA Counterparty that:

- (A) the Producer shall at all times ensure that no Difference Amounts are payable by the LCHA Counterparty to the Producer in respect of Non-Qualifying Volumes;
- (B) without prejudice to Condition 36.1(A), the Producer shall:
 - (i) give notice to the LCHA Counterparty as soon as reasonably practicable upon becoming aware that the LCHA Counterparty has paid any Difference Amounts to the Producer in respect of Non-Qualifying Volumes; and
 - (ii) repay or procure the repayment of any Difference Amount(s) that the LCHA Counterparty has paid the Producer in respect of Non-Qualifying Volumes (**"NQ Volume Clawback Amount"**).

Set-off of NQ Volume Clawback Amount

36.2 Any NQ Volume Clawback Amount shall be set off against any amounts payable to the Producer under the LCHA so that no payment shall be made to the Producer until such amount has been set off in its entirety.

Recovery

36.3 If the LCHA expires or terminates and any NQ Volume Clawback Amount (as adjusted for interest in accordance with Condition 22.2 (*Application of Default Interest*)) has not yet been repaid in full pursuant to Condition 36.1(B)(ii) or set off in full pursuant to Condition 36.2 (*Set-off of NQ Volume Clawback Amount*), the LCHA Counterparty shall be entitled to recover any payments made to the Producer under the LCHA, up to the value of the outstanding amount. The LCHA Counterparty shall give notice to the Producer of the outstanding amount and the currently applicable Interest Rate and the Producer shall repay or procure the repayment of

the notified amount (as adjusted for interest in accordance with Condition 22.2 (*Application of Default Interest*)) to the LCHA Counterparty within ten (10) Business Days from the date of the notice.

37. LCHA COUNTERPARTY AUDIT RIGHTS

Scope of LCHA Counterparty Audit Right

37.1 With effect from the Start Date, the Producer shall:

- (A) grant the LCHA Counterparty (and any and all persons nominated by the LCHA Counterparty who the LCHA Counterparty considers to be suitably qualified) access to:
 - (i) the Producer;
 - (ii) any plant, machinery, meters, property, processing or storage facility, associated with the Facility, in each case owned, occupied or controlled by the Producer and to which the Producer can lawfully grant access;
 - (iii) the Producer's personnel, systems, books, records and any other information, and
 - (iv) the directors, officers and employees of the Producer (who will be instructed to give as soon as reasonably practicable all Supporting Information reasonably requested by the LCHA Counterparty (and any persons nominated by it in accordance with this Condition 37.1)),
- (B) use reasonable endeavours to procure that each Offtaker grants the LCHA Counterparty access to:
 - (i) the Offtaker;
 - (ii) any plant, machinery, meters, property, processing or storage facility, associated with the Offtaker, in each case owned, occupied or controlled by the Offtaker and to which the Offtaker can lawfully grant access¹⁰¹; and
 - (iii) the Offtaker's personnel, systems, books, records and any other information,

in each case as the LCHA Counterparty considers reasonably necessary for the LCHA Counterparty to assess the Producer's compliance with its obligations under Conditions 33 (*Offtaker Confirmation Procedure*), 34 (*Producer Undertakings: Offtaker Compliance*) and 35 (*Producer Undertaking: Own Consumption*) (the "**LCHA Counterparty Audit Right**").

37.2 If the LCHA Counterparty intends to exercise the LCHA Counterparty Audit Right, it shall give written notice to the Producer (a "**LCHA Counterparty Audit Notice**"). A LCHA Counterparty Audit Notice shall:

¹⁰¹ Note to Reader: DESNZ is considering whether an additional meter to measure the amount of hydrogen arriving at each Offtaker's site is required.

- (A) specify that the LCHA Counterparty (or any suitably qualified persons nominated by it under Condition 37.1) intends to exercise the LCHA Counterparty Audit Right; and
 - (B) specify a date and time during regular office hours by which the Producer shall, in accordance with Condition 37.3, permit (and/or use reasonable endeavours to procure that the relevant Offtaker(s) permits) the exercise of the LCHA Counterparty Audit Right.
- 37.3 On receipt of the LCHA Counterparty Audit Notice, the Producer shall permit (and/or use reasonable endeavours to procure that the relevant Offtaker(s) permits) the LCHA Counterparty to exercise the LCHA Counterparty Audit Right at such time as the LCHA Counterparty may nominate provided that it is no earlier than two (2) Business Days after the Producer's receipt of the LCHA Counterparty Audit Notice.
- 37.4 The Producer shall cooperate and provide, and shall procure that any Representatives (including any Offtakers) cooperate and provide, all required access, assistance and information to enable the LCHA Counterparty to exercise its LCHA Counterparty Audit Right.
- 37.5 If, pursuant to or as a result of the LCHA Counterparty exercising its LCHA Counterparty Audit Right, it is agreed or determined that there has been a breach by the Producer of its obligations under Conditions 33 (*Offtaker Confirmation Procedure*), 34 (*Producer Undertakings: Offtaker Compliance*) and/or 35 (*Producer Undertakings: Own Consumption*), the Producer shall reimburse the LCHA Counterparty for all out-of-pocket costs, expenses and fees incurred by the LCHA Counterparty arising out of or in connection with exercising the LCHA Counterparty Audit Right.

Failure to comply with the LCHA Counterparty Audit Right

- 37.6 If the Producer fails to comply with its obligation to permit the LCHA Counterparty to exercise the LCHA Counterparty Audit Right, then without prejudice to Condition 37.8, the LCHA Counterparty may elect to suspend payment of any amount(s) which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the LCHA Counterparty is in breach of such obligation, provided that, prior to effecting such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension.
- 37.7 If the Producer subsequently complies with its obligation to permit the LCHA Counterparty to exercise the LCHA Counterparty Audit Right, then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 37.6. No Compensatory Interest or Default Interest shall be payable in respect of any amount payable pursuant to this Condition 37.7.
- 37.8 If the Producer:
- (A) fails to comply with its obligations under Condition 37.3 to permit the LCHA Counterparty to exercise the LCHA Counterparty Audit right; and
 - (B) has not permitted the LCHA Counterparty to exercise its LCHA Counterparty Audit Right within four (4) Business Days of the date on which the LCHA Counterparty or its appointed representative first sought to exercise the LCHA Counterparty Audit Right in accordance with Condition 37.3,

then a "**LCHA Audit Termination Event**" will be deemed to have occurred.

38. **ANNUAL COMPLIANCE REPORT AND AUDIT**¹⁰²

Annual Compliance Report

38.1 With effect from the Start Date, the Producer shall, by no later than [31 March of each year] (the "**Annual Compliance Report Deadline**"), provide to the LCHA Counterparty a report (an "**Annual Compliance Report**") in form and content satisfactory to the LCHA Counterparty (acting reasonably), which shall include, as a minimum, the Annual Compliance Report Minimum Requirements together with:

- (A) a written confirmation from the Producer that it has complied with its obligations under Conditions 33 (*Offtaker Confirmation Procedure*), 34 (*Producer Undertakings: Offtaker Compliance*) and 35 (*Producer Undertaking: Own Consumption*); and
- (B) such Supporting Information as the Producer considers to be relevant to the content of the Annual Compliance Report.

38.2 Each Annual Compliance Report shall be accompanied by:

- (A) a Director's Certificate in relation to the information contained in, and enclosed within, the Annual Compliance Report; and
- (B) an Annual Auditor's Certificate.

Annual Audit

38.3 With effect from the Start Date, the Producer shall procure that an Auditor conducts an "**Annual Audit**" and prepares an Annual Auditor's Certificate following the end of each [Fiscal Year], in accordance with Condition 38.4.

38.4 The Producer shall:

- (A) at its own cost and expense, appoint an Auditor to carry out the Annual Audit and prepare an Annual Auditor's Certificate;
- (B) procure that the Auditor confirms in writing to the Producer that it has no conflict of interest which prevents it from carrying out the Annual Audit or preparing the Annual Auditor's Certificate;
- (C) instruct the Auditor to:
 - (i) act fairly and impartially;
 - (ii) use its professional judgement, discretion and experience in carrying out the Annual Audit and preparing the Annual Auditor's Certificate;

¹⁰²

Note to Reader: The scope and specification of the Annual Compliance Report, Annual Audit and Annual Auditor's Certificate are subject to further development.

- (iii) notify the LCHA Counterparty if the Producer or any Offtaker fails to provide any Supporting Information or assistance that the Auditor reasonably requires to carry out the Annual Audit and prepare the Annual Auditor's Certificate;
 - (iv) ensure the LCHA Counterparty can rely on the Annual Auditor's Certificate; and
 - (v) procure that the Auditor delivers the Annual Auditor's Certificate to the Producer and the LCHA Counterparty within [forty (40)] Business Days' of the end of the relevant [Fiscal Year]; and
- (D) cooperate and provide, and procure that any Representatives (including any Offtakers) cooperate and provide, all required access, assistance and information to enable the Auditor to carry out the Annual Audit and prepare the Annual Auditor's Certificate.

Annual Compliance Report Response Notice

38.5 The LCHA Counterparty shall, no later than [sixty (60)] Business Days after receipt of an Annual Compliance Report, give a notice to the Producer (an **"Annual Compliance Report Response Notice"**). An Annual Compliance Report Response Notice shall confirm whether:

- (A) the Annual Compliance Report has or has not been accompanied by:
 - (i) a Director's Certificate in relation to the information contained in, and enclosed within, the Annual Compliance Report; and
 - (ii) an Annual Auditor's Certificate; and
- (B) subject to Condition 38.6, the LCHA Counterparty:¹⁰³
 - (i) approves the [Annual Auditor's Certificate]/[Annual Compliance Report];
 - (ii) does not approve [the [Annual Auditor's Certificate]/[Annual Compliance Report]], giving reasons; or
 - (iii) requires the Producer to provide additional Supporting Information in relation to the Annual Compliance Report and/or the Annual Auditor's Certificate in order for the LCHA Counterparty to determine whether it approves the [Annual Auditor's Certificate]/[Annual Compliance Report], and, if so, details of the additional Supporting Information which the LCHA Counterparty requires, (the **"Annual Compliance Report Supporting Information"**).

38.6 The LCHA Counterparty may only raise a Dispute with respect to an [Annual Auditor's Certificate]/[Annual Compliance Report] if there is manifest error or fraud in respect of the relevant [certificate/report].

38.7 If the LCHA Counterparty states in the Annual Compliance Report Response Notice that it requires the Producer to provide Annual Compliance Report Supporting Information then:

¹⁰³ Note to Reader: The scope and specification of the Annual Compliance Report, Annual Audit and Annual Auditor's Certificate are subject to further development.

- (A) the Producer shall provide the Annual Compliance Report Supporting Information as soon as reasonably practicable, and in any event no later than thirty (30) Business Days after receipt of the Annual Compliance Report Response Notice, or such longer period as is specified by the LCHA Counterparty; and
- (B) no later than sixty (60) Business Days after receipt of such Annual Compliance Report Supporting Information, the LCHA Counterparty shall give a further Annual Compliance Report Response Notice to the Producer (a **"Further Annual Compliance Report Response Notice"**). A Further Annual Compliance Report Response Notice shall specify whether or not the LCHA Counterparty approves the [Annual Auditor's Certificate]/[Annual Compliance Report].

38.8 Nothing in Conditions 38.5 and 38.6 (*Undertakings: Annual Compliance Report*) shall require the LCHA Counterparty to specify in any Annual Compliance Report Response Notice or Further Annual Compliance Report Response Notice that it approves an [Annual Auditor's Certificate/Annual Compliance Report], unless and until the LCHA Counterparty is satisfied of the same.

Failure to provide an Annual Compliance Report: Suspension

38.9 If:

- (A) the Producer fails to provide an Annual Compliance Report by the Annual Compliance Report Deadline in accordance with Condition 38.1 and Condition 38.2; or
- (B) the LCHA Counterparty notifies the Producer pursuant to Condition 38.5(B)(iii) that it requires the Producer to provide Annual Compliance Report Supporting Information and the Producer fails to provide such Annual Compliance Report Supporting Information in accordance with Condition 38.7(A),

the LCHA Counterparty shall give a notice to the Producer (an **"Annual Compliance Report Non-Compliance Notice"**). An Annual Compliance Report Non-Compliance Notice shall:

- (i) notify the Producer that either:
 - (a) the Producer has failed to provide an Annual Compliance Report by the Annual Compliance Report Deadline in accordance with Condition 38.1 and Condition 38.2; or
 - (b) the Producer has failed to provide the Annual Compliance Report Supporting Information required by the LCHA Counterparty in accordance with Condition 38.7(A); and
- (ii) specify the date on and from which the LCHA Counterparty may suspend payments in accordance with Condition 38.11, being the date which falls thirty (30) Business Days after the date of the Annual Compliance Report Non-Compliance Notice; and
- (iii) specify the date on and from which the LCHA Counterparty may terminate the LCHA in accordance with Condition 38.13, being the date which falls sixty (60)

Business Days after the date of the Annual Compliance Non-Compliance Notice (the "**Annual Compliance Report Non-Compliance Deadline**").

38.10 If Condition 38.9(A) applies and the Producer provides an Annual Compliance Report, Supporting Information, a Directors' Certificate and an Annual Auditor's Certificate, to the LCHA Counterparty by the date which is thirty (30) Business Days from the date of the Annual Compliance Report Non-Compliance Notice, Conditions 38.5 to 38.8 shall apply.

38.11 If:

- (A) Condition 38.9(A) applies and the Producer fails to provide an Annual Compliance Report, Supporting Information, a Directors' Certificate and an Annual Auditor's Certificate, by the date which is thirty (30) Business Days from the date of the Annual Compliance Report Non-Compliance Notice; or
- (B) Condition 38.9(B) applies and the Producer fails to provide the Annual Compliance Report Supporting Information by the date which is thirty (30) Business Days from the date of the Annual Compliance Report Non-Compliance Notice,

then without prejudice to Condition 38.13, the LCHA Counterparty may elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of such obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension.

38.12 If the Producer subsequently complies with its obligation to:

- (A) provide an Annual Compliance Report in accordance with Condition 38.1 and Condition 38.2; or
- (B) provide the Annual Compliance Report Supporting Information required by the LCHA Counterparty in accordance with Condition 38.7(A),

then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 38.11. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amount payable pursuant to this Condition 38.12.

Failure to provide an Annual Compliance Report: termination

38.13 If:

- (A) Condition 38.9(A) applies and the Producer fails to provide an Annual Compliance Report to the LCHA Counterparty in accordance with Condition 38.1 and 38.2 by the Annual Compliance Report Non-Compliance Deadline; or
- (B) Condition 38.9(B) applies and the Producer fails to provide the Annual Compliance Report Supporting Information to the LCHA Counterparty in accordance with Condition 38.7(A) by the Annual Compliance Report Non-Compliance Deadline,

then an "**Annual Compliance Report Termination Event**" will be deemed to have occurred.

Producer acknowledgements and undertakings: Secretary of State for Transport

38.14 The Producer:

- (A) acknowledges and agrees that the LCHA Counterparty may be required to disclose any Information provided by the Producer under the LCHA to the Secretary of State for Transport in order to assess RTFO Compliance; and
- (B) undertakes to assist and cooperate with the LCHA Counterparty, at the Producer's cost, in respect of such RTFO Compliance assessment.

Part 8

Changes in Law

39. QUALIFYING CHANGE IN LAW: PROCEDURE

LCHA Counterparty QCiL Notice

39.1 If the LCHA Counterparty considers that a Qualifying Change in Law has been implemented, occurred or become effective (or is shortly to be implemented, to occur or to become effective), it may give a notice to the Producer (a "**LCHA Counterparty QCiL Notice**"). A LCHA Counterparty QCiL Notice shall:

- (A) include reasonable details of the relevant Qualifying Change in Law;
- (B) specify the QCiL Effective Date or the Expected QCiL Effective Date (as appropriate);
- (C) specify why the LCHA Counterparty considers that the Notified Change in Law constitutes, or will constitute, a Qualifying Change in Law, including whether the LCHA Counterparty considers the Qualifying Change in Law to be a Discriminatory Change in Law, a Specific Change in Law, an Other Change in Law, an EII Subsidy Intensity Threshold Decrease Change in Law, an EII TNUoS and Capacity Market Charges Exemption Change in Law or a Material LCHS Data Annex Amendment Direction; and
- (D) (if the LCHA Counterparty considers it reasonably practicable to do so) specify whether the LCHA Counterparty considers that the Notified Change in Law will give rise to or result in:
 - (i) QCiL Operating Costs or QCiL Operating Savings;
 - (ii) QCiL Capital Costs or QCiL Capital Savings;
 - (iii) an Adjusted Output Period (and, if so, the LCHA Counterparty's AOP Estimate);
 - (iv) a QCiL Construction Event; and/or
 - (v) a QCiL Operations Cessation Event.

Producer QCiL Response Notice

39.2 If the LCHA Counterparty gives a LCHA Counterparty QCiL Notice to the Producer, the Producer shall as soon as reasonably practicable, and in any event no later than forty (40) Business Days after receipt of such LCHA Counterparty QCiL Notice, give a notice to the LCHA Counterparty (a "**Producer QCiL Response Notice**"). A Producer QCiL Response Notice shall:

- (A) specify whether the Producer considers that the Notified Change in Law constitutes, or will constitute, a Qualifying Change in Law (and, if the Producer does not consider that the Notified Change in Law constitutes, or will constitute, a Qualifying Change in Law, the Producer shall include Supporting Information, in reasonable detail, which the Producer considers to be relevant to and supportive of that conclusion);
- (B) include either:

- (i) a statement that the Producer agrees with the QCiL Effective Date or the Expected QCiL Effective Date specified in the LCHA Counterparty QCiL Notice; or
 - (ii) if the Producer does not agree with the QCiL Effective Date or the Expected QCiL Effective Date specified in the LCHA Counterparty QCiL Notice, an alternative QCiL Effective Date or Expected QCiL Effective Date;
- (C) specify whether the Producer considers that the Notified Change in Law will give rise to or result in:
- (i) QCiL Operating Costs or QCiL Operating Savings and, if so, include the Producer's good faith estimate of such amounts and the profile of the incurrence of, or the making or receipt of, such costs or savings (as applicable);
 - (ii) QCiL Capital Costs or QCiL Capital Savings and, if so, include the Producer's good faith estimate of such amounts and the profile of the incurrence of, or the making or receipt of, such costs or savings (as applicable);
 - (iii) an Adjusted Output Period and, if so: (a) the Producer's AOP Estimate; and (b) the Producer's good faith estimate of the impact of the Notified Change in Law on the Estimated Facility Production;
 - (iv) a QCiL Construction Event and, if so, the Producer's good faith estimate of the QCiL Construction Event Payment; and/or
 - (v) a QCiL Operations Cessation Event and, if so, the Producer's good faith estimate of the QCiL Operations Cessation Event Payment,
- together with such Supporting Information, in reasonable detail, as the Producer considers to be relevant to and supportive of the foregoing; and
- (D) include Supporting Information evidencing, in reasonable detail, the steps that the Producer has taken and/or proposes to take to comply with Condition 62.3 (*Mitigation*) and the Reasonable and Prudent Standard,

(the information referred to or specified in paragraphs (A) to (D) above being "**QCiL Response Information**").

- 39.3 If the Producer, in a Producer QCiL Response Notice, indicates that it does not consider that the Notified Change in Law constitutes, or will constitute, a Qualifying Change in Law, it shall nonetheless provide the QCiL Response Information on the basis of an assumption that the Notified Change in Law constitutes, or will constitute, a Qualifying Change in Law.
- 39.4 Any Producer QCiL Response Notice shall be accompanied by a Directors' Certificate in relation to the QCiL Response Information which states (without prejudice to the generality of the certification required pursuant to this Condition 39.4) whether, in the opinion of the Producer, having made all due and careful enquiries, the Notified Change in Law is or will be a Qualifying Change in Law.
- 39.5 If the Producer becomes aware before any QCiL Compensation is agreed or determined, or paid, commenced or effected, pursuant to this Part 8 (*Changes in Law*) that any of the QCiL

Response Information is no longer true, complete and accurate in all material respects or is misleading (or was not true, complete and accurate in all material respects or was misleading as at the date of the Directors' Certificate referred to in Condition 39.4), the Producer shall as soon as reasonably practicable:

- (A) notify the LCHA Counterparty that this is the case; and
- (B) provide the LCHA Counterparty with the updated, corrected information (the **"Revised Producer QCiL Response Information"**), together with a Directors' Certificate in relation to the Revised Producer QCiL Response Information.

39.6 The LCHA Counterparty may, by notice to the Producer no later than thirty (30) Business Days after receipt of a Producer QCiL Response Notice or any Revised Producer QCiL Response Information, require the Producer to provide such Supporting Information in relation to that Producer QCiL Response Notice or, as the case may be, the Revised Producer QCiL Response Information (a **"Producer QCiL Response Notice Information Request"**) as the LCHA Counterparty reasonably requests.

39.7 If the LCHA Counterparty gives a Producer QCiL Response Notice Information Request to the Producer, the Producer shall, no later than thirty (30) Business Days, or such longer period as is specified by the LCHA Counterparty, after receipt of the request, prepare and deliver such further Supporting Information to the LCHA Counterparty.

Producer QCiL Notice

39.8 If the Producer considers that a Qualifying Change in Law has been implemented, occurred or become effective or is shortly to be implemented, occur or become effective, it may give a notice to the LCHA Counterparty (a **"Producer QCiL Notice"**). A Producer QCiL Notice shall:

- (A) include reasonable details of the relevant Qualifying Change in Law;
- (B) specify the QCiL Effective Date or the Expected QCiL Effective Date (as appropriate);
- (C) specify why the Producer considers that the Notified Change in Law constitutes, or will constitute, a Qualifying Change in Law, including whether the Producer considers the Qualifying Change in Law to be a Discriminatory Change in Law, a Specific Change in Law, an Other Change in Law, an EII Subsidy Intensity Threshold Decreases Change in Law, an EII TNUoS and Capacity Market Charges Exemption Change in Law or a Material LCHS Data Annex Amendment Direction (and including Supporting Information, in reasonable detail, which the Producer considers to be relevant to and supportive of that conclusion);
- (D) specify whether the Producer considers that the Notified Change in Law will give rise to or result in:
 - (i) QCiL Operating Costs or QCiL Operating Savings and, if so, include the Producer's good faith estimate of such amounts and the profile of the incurrence of, or the making or receipt of, such costs or savings (as applicable);

- (ii) QCiL Capital Costs or QCiL Capital Savings and, if so, include the Producer's good faith estimate of such amounts and the profile of the incurrence of, or the making or receipt of, such costs or savings (as applicable);
- (iii) an Adjusted Output Period and, if so: (a) the Producer's AOP Estimate; and (b) the Producer's good faith estimate of the impact of the Notified Change in Law on the Estimated Facility Production;
- (iv) a QCiL Construction Event and, if so, the Producer's good faith estimate of the QCiL Construction Event Payment; and/or
- (v) a QCiL Operations Cessation Event and, if so, the Producer's good faith estimate of the QCiL Operations Cessation Event Payment,

together with such Supporting Information, in reasonable detail, as the Producer considers to be relevant to and supportive of the foregoing; and

- (E) include Supporting Information evidencing, in reasonable detail, the steps that the Producer has taken and/or proposes to take to comply with Condition 62.3 (*Mitigation*) and the Reasonable and Prudent Standard,

(the information referred to or specified in paragraphs (A) to (E) above being "**QCiL Supporting Information**").

39.9 Any Producer QCiL Notice shall be accompanied by a Directors' Certificate in relation to the QCiL Supporting Information which states (without prejudice to the generality of the certification required pursuant to this Condition 39.9) whether, in the opinion of the Producer, having made all due and careful enquiries, the Notified Change in Law is or will be a Qualifying Change in Law.

39.10 If the Producer becomes aware before any QCiL Compensation is agreed or determined, or paid, commenced or effected, pursuant to this Part 8 (*Changes in Law*) that any of the QCiL Supporting Information is no longer true, complete and accurate in all material respects or is misleading (or was not true, complete and accurate in all material respects or was misleading as at the date of the Directors' Certificate referred to in Condition 39.9), the Producer shall as soon as reasonably practicable:

- (A) notify the LCHA Counterparty that this is the case; and
- (B) provide the LCHA Counterparty with the updated, corrected information (the "**Revised Producer QCiL Information**"), together with a Directors' Certificate in relation to the Revised Producer QCiL Information.

39.11 The LCHA Counterparty may, by notice to the Producer no later than thirty (30) Business Days after receipt of a Producer QCiL Notice or any Revised Producer QCiL Information, require the Producer to provide such Supporting Information in relation to that Producer QCiL Notice or, as the case may be, the Revised Producer QCiL Information (a "**Producer QCiL Notice Information Request**") as the LCHA Counterparty reasonably requests.

39.12 If the LCHA Counterparty gives a Producer QCiL Notice Information Request to the Producer, the Producer shall, no later than thirty (30) Business Days, or such longer period as is specified

by the LCHA Counterparty, after receipt of the request, prepare and deliver such further Supporting Information to the LCHA Counterparty.

- 39.13 The LCHA Counterparty shall be under no obligation to consider or take any action in response to a Producer QCiL Notice unless and until the Producer shall have provided the LCHA Counterparty with all of the QCiL Supporting Information, and the Directors' Certificate, in respect of such Producer QCiL Notice.

Agreement between the Parties in respect of a Qualifying Change in Law

- 39.14 As soon as reasonably practicable, and in any event no later than fifteen (15) Business Days, after either:

- (A) the LCHA Counterparty receives from the Producer a Producer QCiL Notice and the associated Directors' Certificate (or, if the LCHA Counterparty gives the Producer a Producer QCiL Notice Information Request, fifteen (15) Business Days after the LCHA Counterparty has received the requested Supporting Information); or
- (B) the LCHA Counterparty receives from the Producer a Producer QCiL Response Notice and the associated Directors' Certificate (or, if the LCHA Counterparty gives the Producer a Producer QCiL Response Notice Information Request, fifteen (15) Business Days after the LCHA Counterparty has received the requested Supporting Information),

the Parties shall meet to discuss and, in good faith, seek to agree:

- (i) whether the Notified Change in Law constitutes, or will constitute, a Qualifying Change in Law;
- (ii) in respect of a Qualifying Change in Law:
 - (a) the QCiL Effective Date or the Expected QCiL Effective Date (as appropriate);
 - (b) whether the Notified Change in Law will, or is reasonably expected to, result in:
 - (aa) QCiL Net Operating Costs or QCiL Net Operating Savings;
 - (bb) QCiL Net Capital Costs or QCiL Net Capital Savings;
 - (cc) an Adjusted Output Period (and, if so, the impact, or the reasonably anticipated impact, of the Notified Change in Law on the Estimated Facility Production;
 - (dd) a QCiL Construction Event and, if so, the Producer's good faith estimate of the QCiL Construction Event Payment; and/or;
 - (ee) a QCiL Operations Cessation Event and, if so, the Producer's good faith estimate of the QCiL Operations Cessation Event Payment;

- (c) the amounts, forecasts and estimates applicable to that Qualifying Change in Law referred to in Condition 39.2(C) or 39.8(D) (as appropriate);
 - (d) the steps or additional steps, as the case may be, which the Producer should take to comply with Condition 62.3 (Mitigation) and the Reasonable and Prudent Standard; and
 - (e) any other matters necessary to determine the quantum of the QCiL Compensation;
- (iii) the QCiL Compensation in respect of such Qualifying Change in Law; and
 - (iv) the QCiL Compensation Date.

Disputes in respect of a Qualifying Change in Law

- 39.15 Subject to Condition 39.17, if the Parties are not able to agree any of the matters in Condition 39.14, either Party may refer the Dispute for resolution by an Arbitral Tribunal in accordance with the Arbitration Procedure or, if the Parties agree in writing that such Dispute is amenable to determination by an Expert, refer the Dispute to an Expert for determination in accordance with the Expert Determination Procedure.
- 39.16 Until the Dispute has been resolved by agreement between the Parties or determination in accordance with the Arbitration Procedure or the Expert Determination Procedure, as the case may be, there shall be no QCiL Compensation payable.
- 39.17 The Producer agrees and acknowledges that it shall not be entitled to raise a Dispute in respect of, or refer to the Dispute Resolution Procedure, any decision or determination by the LCHA Counterparty that:
- (A) a Change in Law is an EII TNUoS and Capacity Market Charges Exemption Change in Law;
 - (B) an EII TNUoS and Capacity Market Charges Exemption Change in Law is a Qualifying Change in Law; and/or
 - (C) a RTFO Change in Law is not a Qualifying Change in Law.

40. QUALIFYING CHANGE IN LAW: COMPENSATION

Categories of Qualifying Change in Law compensation

- 40.1 Subject to Condition 41.3, compensation in respect of a Qualifying Change in Law shall be calculated:
- (A) if there are QCiL Operating Costs or QCiL Operating Savings, in accordance with Conditions 40.4 to 39.8 (inclusive) (a "**QCiL Opex Payment**");
 - (B) if there are QCiL Capital Costs or QCiL Capital Savings, in accordance with Conditions 39.9 to 40.17 (inclusive) (a "**QCiL Capex Payment**");

- (C) if there is an Adjusted Output Period, in accordance with Conditions 40.18 to 40.7 (inclusive) (a **"QCiL Adjusted Revenues Payment"**);
 - (D) if there is a QCiL Construction Event, in accordance with Conditions 40.8 to 40.11 (inclusive) (a **"QCiL Construction Event Payment"**); and
 - (E) if there is a QCiL Operations Cessation Event, in accordance with Conditions 40.28 to 40.32 (inclusive) (a **"QCiL Operations Cessation Event Payment"**).
- 40.2 Any and all QCiL Compensation to be calculated in accordance with Condition 39.1 shall be payable in accordance with, and subject to, Conditions 41 (Qualifying Change in Law: Effective date and payment), 42 (*Qualifying Change in Law: True-up*) and 44 (*Changes in Law: General provisions*).
- 40.3 If a Qualifying Change in Law occurs which gives rise to or results in: (i) QCiL Operating Costs; (ii) QCiL Capital Costs; (iii) an Adjusted Output Period where production by the Facility is reduced (a **"Reduced Output Period"**); or (iv) any combination of the foregoing:
- (A) before the Start Date, and the amount of the QCiL Compensation that would otherwise be payable in respect of the estimated QCiL Operating Costs, QCiL Capital Costs and/or impact of the Reduced Output Period is greater than the amount of the QCiL Construction Event Payment that would have been payable under Conditions 40.8 to 40.11 if such Qualifying Change in Law were to have constituted a QCiL Construction Event; or
 - (B) on or after the Start Date, and the amount of the QCiL Compensation that would otherwise be payable in respect of the estimated QCiL Operating Costs, QCiL Capital Costs and/or impact of the Reduced Output Period is greater than the amount of the QCiL Operations Cessation Event Payment that would have been payable under Conditions 40.28 to 40.32 if such Qualifying Change in Law were to have constituted a QCiL Operations Cessation Event,

then the amount of the QCiL Compensation payable by the LCHA Counterparty to the Producer in respect of the Qualifying Change in Law shall be limited to:

- (i) if Condition 40.3(A) applies, the amount of the QCiL Construction Event Payment that would have been payable under Conditions 40.8 to 40.11; or
- (ii) if Condition 40.3(B) applies, the amount of the QCiL Operations Cessation Event Payment that would have been payable under Conditions 40.28 to 40.32.

QCiL Opex Payment

- 40.4 Any and all QCiL Opex Payments shall be effected, at the election of the LCHA Counterparty (after consultation with the Producer), where the relevant Qualifying Change in Law occurs, is implemented or becomes effective:
- (A) on or after the Start Date, as an adjustment to the Strike Price, and:
 - (i) if there are QCiL Net Operating Costs in relation to Fixed QCiL Operating Costs and/or Fixed QCiL Operating Savings or in relation to Variable QCiL Operating

Costs and/or Variable QCiL Operating Savings, the Strike Price shall be increased; and

- (ii) if there are QCiL Net Operating Savings in relation to Fixed QCiL Operating Costs and/or Fixed QCiL Operating Savings or in relation to Variable QCiL Operating Costs and/or Variable QCiL Operating Savings, the Strike Price shall be reduced; or

(B) before the Start Date, as daily payments, which shall be payable:

- (i) by the LCHA Counterparty to the Producer if there are QCiL Net Operating Costs; or
- (ii) by the Producer to the LCHA Counterparty if there are QCiL Net Operating Savings.

40.5 For the purposes of Condition 39.4, each QCiL Opex Payment shall be an amount (*expressed in pounds (£)*) calculated in accordance with:

- (A) Condition 39.6 if the QCiL Opex Payment is to be effected as an adjustment to the Strike Price; or
- (B) Condition 40.7 if the QCiL Opex Payment is to be paid by means of daily payments.

40.6 If Condition 40.5(A) applies, each QCiL Opex Payment as it relates to:

- (A) Fixed QCiL Operating Costs and/or Fixed QCiL Operating Savings shall, subject to Condition 40.8, be calculated as follows:

$$QCiL\ Opex\ Payment = \frac{\sum_{i=1}^n \frac{FC_{L,i} - FC_{S,i}}{(1 + R_s)^{i-1}}}{Effective\ Projected\ Production}$$

- (B) Variable QCiL Operating Costs and/or Variable QCiL Operating Savings shall, subject to Condition 40.8, be calculated as follows:

$$QCiL\ Opex\ Payment = \frac{\sum_{i=1}^n \frac{VC_{L,i} - VC_{S,i}}{(1 + R_s)^{i-1}}}{Effective\ Projected\ Production}$$

where:

- i = a whole number integer from one (1) to n ; such integers referring to distinct time periods as follows:
 - the first (1st) period ($i = 1$) covers the period from the QCiL Compensation Date to 31 December in the year of the QCiL Compensation Date
 - the second (2nd) to the $(n-1)$ th periods ($2 \leq i < n$) are consecutive periods of one (1) calendar year length each

- the n^{th} period ($i = n$) is the period starting on 01 January in the year in which the last day of the Term falls and ending on the last day of the Term

$FC_{I,i}$ = subject to Condition 39.8(B), the Fixed QCiL Operating Costs in period (i) (*expressed in pounds (£)*) in real terms as at the QCiL Compensation Date

$FC_{S,i}$ = subject to Condition 39.8(B), the Fixed QCiL Operating Savings in period (i) (*expressed in pounds (£)*) in real terms as at the QCiL Compensation Date

$VC_{I,i}$ = subject to Condition 39.8(B), the Variable QCiL Operating Costs in period (i) (*expressed in pounds (£)*) in real terms as at the QCiL Compensation Date

$VC_{S,i}$ = subject to Condition 39.8(B), the Variable QCiL Operating Savings in period (i) (*expressed in pounds (£)*) in real terms as at the QCiL Compensation Date

R_s = the Post-Tax Real Discount Rate

40.7 If Condition 40.5(B) applies, the QCiL Opex Payment shall be effected on the basis that such QCiL Compensation shall be equivalent to the amount that the Producer would have received had the QCiL Opex Payment been effected as a Strike Price Adjustment in accordance with Condition 39.6.

40.8 If a Qualifying Change in Law gives rise to or results in both: (i) QCiL Operating Costs or QCiL Operating Savings; and (ii) an Adjusted Output Period, then:

- (A) subject to Condition 40.8(B), such QCiL Operating Costs or QCiL Operating Savings shall be used for the purposes of calculating the QCiL Opex Payment in accordance with Conditions 40.2, 40.5, 40.6 and 40.7; and
- (B) if and to the extent that any QCiL Operating Costs or QCiL Operating Savings are (or are reasonably likely to be) incurred, made or received solely in connection with, and during, the Adjusted Output Period, such QCiL Operating Costs or QCiL Operating Savings shall be excluded from the calculation of the QCiL Opex Payment in accordance with Conditions 40.2, 40.5, 40.6, 40.7 and 40.8(A) and shall instead be taken into account in the calculation of the QCiL Adjusted Revenues Payment in accordance with Conditions 40.2, 40.3 and 40.7 and Condition 40.20, 40.5 or 40.6 (as applicable).

QCIL Capex Payment

40.9 Any and all QCiL Capex Payments shall be effected, at the election of the LCHA Counterparty (after consultation with the Producer), as a lump sum payment, staged payments or daily payments which shall be payable:

- (A) by the LCHA Counterparty to the Producer if there are QCiL Net Capital Costs; or

(B) by the Producer to the LCHA Counterparty where there are QCiL Net Capital Savings, irrespective of whether or not the relevant Qualifying Change in Law occurs, is implemented or becomes effective before, on or after the Start Date.

40.10 For the purposes of Condition 40.9, each QCiL Capex Payment shall, subject to Condition 40.7, be an amount (*expressed in pounds (£)*) calculated in accordance with:

- (A) Condition 39.11 or 39.12 (as applicable) if the QCiL Capex Payment is to be paid as a lump sum;
- (B) Condition 40.13 if the QCiL Capex Payment is to be paid by means of staged payments; or
- (C) Condition 40.14 or 40.15 (as applicable) if the QCiL Capex Payment is to be paid by means of daily payments.

40.11 If: (i) the QCiL Net Capital Costs or the QCiL Net Capital Savings are first incurred, made or realised (or reasonably expected to be first incurred, made or realised) on or prior to the twelfth (12th) anniversary of the Start Date; and (ii) Condition 40.10(A) applies, the QCiL Capex Payment shall be calculated as follows:

$$QCiL\ Capex\ Payment = \sum_{i=1}^n \frac{C_i - S_i}{(1+R_s)^{i-1}}$$

40.12 If: (i) the QCiL Net Capital Costs or the QCiL Net Capital Savings are first incurred, made or realised (or reasonably expected to be first incurred, made or realised) after the twelfth (12th) anniversary of the Start Date; and (ii) Condition 39.10(A) applies, the QCiL Capex Payment shall be calculated as follows:

$$QCiL\ Capex\ Payment = \frac{L - X}{L - N} * \sum_{i=1}^n \frac{C_i - S_i}{(1 + R_s)^{i-1}}$$

40.13 If Condition 39.10(B) applies:

- (A) the QCiL Capex Payment shall be effected on the basis that such QCiL Compensation shall be equivalent to the amount that the Producer would have received had the QCiL Capex Payment been effected as a lump sum payment in accordance with Condition 39.11 or 39.12 (as applicable) or as daily payments in accordance with Condition 39.14 or 40.15 (as applicable); and
- (B) the LCHA Counterparty may (after consultation with the Producer) determine the frequency of such payments provided that the final staged payment shall be made by the earlier of: (i) the date that is five (5) years from the QCiL Effective Date; and (ii) the Specified Expiry Date.

40.14 If: (i) the QCiL Net Capital Costs or the QCiL Net Capital Savings are first incurred, made or realised (or reasonably expected to be first incurred, made or realised) on or prior to the twelfth (12th) anniversary of the Start Date; and (ii) Condition 40.10(C) applies, the QCiL Capex Payment in respect of each Billing Period shall be calculated as follows:

$$QCiL \text{ Capex Payment} = \sum_{i=1}^n \frac{C_i - S_i}{(1+R_s)^{i-1}} * \frac{R_d}{1 - 1/(1+R_d)^{365(L-X)}} * \frac{CPI_t}{CPI_q}$$

- 40.15 If: (i) the QCiL Net Capital Costs or the QCiL Net Capital Savings are first incurred, made or realised (or reasonably expected to be first incurred, made or realised) after the twelfth (12th) anniversary of the Start Date; and (ii) Condition 40.10(C) applies, the QCiL Capex Payment in respect of each Billing Period shall be calculated as follows:

$$QCiL \text{ Capex Payment} = \sum_{i=1}^n \frac{C_i - S_i}{(1+R_s)^{i-1}} * \frac{R_d}{1 - 1/(1+R_d)^{365(L-X)}} * \frac{CPI_t}{CPI_q}$$

- 40.16 For the purposes of the formulae in Conditions 39.11, 39.12, 39.14 and 40.15:

<i>i</i>	=	a whole number integer from one (1) to <i>n</i> ; such integers referring to distinct time periods as follows: - the first (1st) period (<i>i</i> = 1) covers the period from the QCiL Compensation Date to 31 December in the year of the QCiL Compensation Date; - the second (2nd) to the (<i>n</i>-1)th periods ($2 \leq i < n$) are consecutive periods of one (1) calendar year length each; and - the <i>n</i>th period (<i>i</i> = <i>n</i>) is the period starting on 01 January in the year in which the last day of the Term falls and ending on the last day of the Term
<i>C_i</i>	=	the QCiL Capital Costs in period (<i>i</i>) (<i>expressed in pounds (£)</i>) in real terms as at the QCiL Compensation Date
<i>S_i</i>	=	the QCiL Capital Savings in period (<i>i</i>) (<i>expressed in pounds (£)</i>) in real terms as at the QCiL Compensation Date
<i>R_s</i>	=	the Post-Tax Real Discount Rate
<i>L</i>	=	the period between: (a) the Start Date; and (b) the Specified Expiry Date, in years, and expressed as an integer
<i>X</i>	=	the number of days that have passed or will have passed from and including the Start Date to the QCiL Compensation Date divided by 365 (or, if such number would be a negative number, zero (0))
<i>N</i>	=	twelve (12)
<i>R_d</i>	=	the Daily Discount Rate
<i>CPI_t</i>	=	the CPI applicable during Billing Period (<i>t</i>)

CPI_q = the CPI applicable at the QCiL Compensation Date

40.17 If a Qualifying Change in Law gives rise to or results in both: (i) QCiL Capital Costs or QCiL Capital Savings; and (ii) an Adjusted Output Period, then:

- (A) subject to Condition 40.1740.1(B), such QCiL Capital Costs or QCiL Capital Savings shall be used for the purposes of calculating the QCiL Capex Payment in accordance with Conditions 40.9, 40.10 and 40.16 and Condition 40.11, 40.12, 40.13, 40.14 or 40.15 (as applicable); and
- (B) if and to the extent that any QCiL Capital Savings are (or are reasonably likely to be) made or received solely in connection with, and during, the Adjusted Output Period, then such QCiL Capital Savings shall be excluded from the calculation of the QCiL Capex Payment in accordance with Conditions 40.9, 40.10, 40.16 and 40.17(A), and Condition 40.11, 40.12, 40.13, 40.14 or 40.15 (as applicable), and such QCiL Capital Savings shall instead be taken into account in the calculation of the QCiL Adjusted Revenues Payment in accordance with Conditions 40.18, 40.19 and 40.23 and Condition 40.20, 40.21 or 40.22 (as applicable).

QCIL Adjusted Revenues Payment

40.18 Any and all QCiL Adjusted Revenues Payments:

- (A) shall be effected, at the election of the LCHA Counterparty (after consultation with the Producer), as a lump sum payment, staged payments or daily payments which shall be payable:
 - (i) by the LCHA Counterparty to the Producer if the amount calculated under the relevant formula is positive; or
 - (ii) by the Producer to the LCHA Counterparty if the amount calculated under the relevant formula is negative,

irrespective of whether or not the relevant Qualifying Change in Law occurs, is implemented or becomes effective before, on or after the Start Date; and

- (B) shall for the purposes of Conditions 12 (*Sliding Scale Top Up Amount*), 13 (*LCHA Sales Cap calculation*) and 13.4 (*Annual Sales Cap*), result in a **"QCIL Adjusted Revenues Volume Amount"** which shall be calculated as follows:

[●]¹⁰⁴

40.19 For the purposes of Condition 40.2, each QCiL Adjusted Revenues Payment shall be an amount (*expressed in pounds (£)*) calculated in accordance with:

- (A) Condition 40.4 if the QCiL Adjusted Revenues Payment is to be paid as a lump sum;

¹⁰⁴

Note to Reader: DESNZ is still considering how such adjustments should be calculated and apply to the Reference Volume, LCHA Sales Cap and Annual Sales Cap (including where the above formula results in a positive or negative number), in order to reflect the impact of the relevant QCiL on the production capacity and/or output of the Facility.

- (B) Condition 40.5 if the QCiL Adjusted Revenues Payment is to be paid by means of staged payments; or
- (C) Condition 40.6 if the QCiL Adjusted Revenues Payment is to be paid by means of daily payments.

40.20 If Condition 40.19(A) applies, the QCiL Adjusted Revenues Payment shall be calculated as follows:

$$QCiL \text{ Adjusted Revenues Payment} = QSPC * \left(\sum_{i=1}^n \frac{M_{1,i}}{(1 + R_s)^{i-1}} - \sum_{i=1}^n \frac{M_{2,i}}{(1 + R_s)^{i-1}} \right) + \sum_{i=1}^n \frac{C_i - S_i}{(1 + R_s)^{i-1}}$$

40.21 If Condition 40.3(B) applies:

- (A) the QCiL Adjusted Revenues Payment shall be effected on the basis that such QCiL Compensation shall be equivalent to the amount that the Producer would have received had the QCiL Adjusted Revenues Payment been effected as a lump sum payment in accordance with Condition 40.4 or as daily payments in accordance with Condition 40.6; and
- (B) the LCHA Counterparty may (after consultation with the Producer) determine the frequency of such payments provided that the final staged payment shall be made by the earlier of: (i) the date that is five (5) years from the QCiL Effective Date; and (ii) the Specified Expiry Date.

40.22 If Condition 40.19 applies, the QCiL Adjusted Revenues Payment in respect of each Billing Period shall be calculated as follows:

$$QCiL \text{ Adjusted Revenues Payment} = ARP * \frac{R_d}{1 - \left(\frac{1}{(1 + R_d)^N} \right)} * \frac{CPI_t}{CPI_q}$$

40.23 For the purposes of the formulae in Conditions 40.4 and 40.6,;

QSPC = the QCiL Strike Price Component applicable immediately prior to the QCiL Compensation Date (for this purpose, after any Strike Price Adjustment made pursuant to Condition 40.8(A) (if relevant))

i = a whole number integer from one (1) to n; such integers referring to distinct time periods as follows:

- the first (1st) period (i = 1) covers the period from the QCiL Compensation Date to 31 December in the year of the QCiL Compensation Date
- the second (2nd) to the (n-1)th periods (2 ≤ i < n) are consecutive periods of one (1) calendar year length each

- the n^{th} period ($i = n$) is the period starting on 01 January in the year in which the last day of the Adjusted Output Period falls and ending on the last day of the Adjusted Output Period

$M_{1,i}$ = the Estimated Facility Production in period (i) had the Qualifying Change in Law not been implemented, occurred or become effective

$M_{2,i}$ = the Estimated Facility Production in period (i) taking into account the Qualifying Change in Law having been implemented, having occurred or having become effective

C_i = all QCiL Operating Costs incurred in period (i) (but only those QCiL Operating Costs referred to in Condition 40.4(B)), (*expressed in pounds*) in real terms as at the QCiL Compensation Date

S_i all QCiL Operating Savings and QCiL Capital Savings made or realised in period (i) (but only those QCiL Operating Savings referred to in Condition 40.4(B) and those QCiL Capital Savings referred to in Condition 40.1(B)), (*expressed in pounds (£)*) in real terms as at the QCiL Compensation Date

R_s = the Post-Tax Real Discount Rate

ARP = the QCiL Adjusted Revenues Payment (lump sum), as calculated in accordance with Condition 40.20

R_d = the Daily Discount Rate

N = the duration, in Days, of the Adjusted Output Period

CPI_t = the CPI applicable during Billing Period (t)

CPI_q = the CPI applicable at the QCiL Compensation Date

QCIL Construction Event Payment

40.24 Any QCiL Construction Event Payment shall be effected, at the election of the LCHA Counterparty (after consultation with the Producer), as a lump sum payment or staged payments and shall be payable to the Producer by the LCHA Counterparty.

40.25 For the purposes of Condition 40.8, the QCiL Construction Event Payment shall be an amount (*expressed in pounds (£)*) calculated in accordance with:

- (A) Condition 40.10 if the QCiL Construction Event Payment is to be paid as a lump sum; or
- (B) Condition 40.11 if the QCiL Construction Event Payment is to be paid by means of staged payments.

40.26 If Condition 40.25(A) applies, the QCiL Construction Event Payment shall be calculated as follows:

$$QCiL\ Construction\ Payment = \sum_{i=1}^n \frac{C_i - S_i}{(1+R_s)^{i-m}}$$

where:

- i = a whole number integer from one (1) to n ; such integers referring to distinct time periods as follows:
- the first (1st) period ($i = 1$) covers the period from the date the first QCiL Construction Event Cost was incurred to 31 December in that year
 - the second (2nd) to the ($n-1$)th periods ($2 \leq i < n$) are consecutive periods of one (1) calendar year length each
 - the n^{th} period ($i = n$) is the period starting on 01 January in the year in which the final QCiL Construction Event Cost was incurred and ending on the last day of that year
- C_i = all QCiL Construction Event Costs in period (i), (*expressed in pounds*) in real terms as at the QCiL Compensation Date
- S_i = all QCiL Construction Event Savings in period (i) (*expressed in pounds (£)*) in real terms as at the QCiL Compensation Date
- R_s = the Post-Tax Real Discount Rate
- m = a whole number integer that defines the calendar year period within which the QCiL Compensation Date falls, defined as the number of years since the date the first QCiL Construction Event Cost was incurred in relation to the QCiL Construction Event, rounded up to the nearest integer

40.27 If Condition 40.9(B) applies:

- (A) the QCiL Construction Event Payment shall be effected on the basis that such QCiL Compensation shall be equivalent to the amount that the Producer would have received had the QCiL Construction Event Payment been effected as a lump sum payment in accordance with Condition 40.26; and
- (B) the LCHA Counterparty may (after consultation with the Producer) determine the frequency of such payments provided that the final staged payment shall be made by the earlier of: (i) the date that is five (5) years from the QCiL Effective Date; and (ii) the Specified Expiry Date.

QCIL Operations Cessation Event Payment

40.28 Any QCiL Operations Cessation Event Payment shall be effected, at the election of the LCHA Counterparty (after consultation with the Producer), as a lump sum payment or staged payments and shall be payable to the Producer by the LCHA Counterparty.

40.29 For the purposes of Condition 40.12, the QCiL Operations Cessation Event Payment shall be an amount (*expressed in pounds (£)*) calculated in accordance with:

(A) Condition 40.14 if the QCiL Operations Cessation Event Payment is to be paid as a lump sum; or

(B) Condition 40.32 if the QCiL Operations Cessation Event Payment is to be paid by means of staged payments.

40.30 If Condition 40.29(A) applies, the QCiL Operations Cessation Event Payment shall be calculated as follows:

$$QCIL\ Operations\ Cessation\ Payment = (QSPC * Effective\ Remaining\ Production) + \sum_{i=1}^n \frac{C_i - S_i}{(1+R_s)^{i-1}}$$

where:

QSPC = the QCiL Strike Price Component applicable immediately prior to the QCiL Compensation Date

Effective Remaining Production = the Effective Remaining Production

i = a whole number integer from one (1) to n; such integers referring to distinct time periods as follows:

- the first (1st) period (*i* = 1) covers the period from the QCiL Compensation Date to 31 December in the year of the QCiL Compensation Date
- the second (2nd) to the (*n*-1)th periods ($2 \leq i < n$) are consecutive periods of one (1) calendar year length each
- the *n*th period (*i* = *n*) is the period starting on 01 January in the year in which the Specified Expiry Date falls and ending on the Specified Expiry Date

C_i = all QCiL Operations Cessation Event Costs (where relevant, assessed by reference to the Effective Remaining Production) in period (*i*) (*expressed in pounds (£)*) in real terms as at the QCiL Compensation Date

S_i = all QCiL Operations Cessation Event Savings (where relevant, assessed by reference to the Effective Remaining Production) in period (i) (expressed in pounds (£)) in real terms as at the QCiL Compensation Date

R_s = is the Post-Tax Real Discount Rate

40.31 For the purposes of Condition 40.31, the **"Effective Remaining Production"** shall be an amount (expressed in MWh (HHV)) calculated as follows:

$$\text{Effective Remaining Production} = \sum_{i=1}^n \frac{\text{Remaining LCHA Sales Cap}_i}{(1 + R_s)^{i-1}}$$

where:

I = a whole number integer from one (1) to n; such integers referring to distinct time periods as follows:

- the first (1st) period ($i = 1$) covers the period from (if the QCiL Effective Date is on or after the Start Date) the QCiL Effective Date or (if the QCiL Effective Date is before the Start Date) the later of (i) the first (1st) day of the Target Commissioning Window and (ii) the date on which the Required Installed Capacity is expected to be Commissioned, to 31 December in that year
- the second (2nd) to the (n-1)th periods ($2 \leq i < n$) are consecutive periods of one (1) calendar year length each
- the nth period ($i = n$) is the period starting on 01 January in the year in which the Specified Expiry Date falls and ending on the Specified Expiry Date

$\text{Remaining LCHA Sales Cap}$ = the Remaining LCHA Sales Cap pro-rated for each relevant period (i)

R_s = the Post-Tax Real Discount Rate

40.32 If Condition 40.13(B) applies:

- (A) the QCiL Operations Cessation Event Payment shall be effected on the basis that such QCiL Compensation shall be equivalent to the amount that the Producer would have received had the QCiL Operations Cessation Event Payment been effected as a lump sum payment in accordance with Condition 40.30; and
- (B) the LCHA Counterparty may (after consultation with the Producer) determine the frequency of such payments provided that the final staged payment shall be made by

the earlier of: (i) the date that is five (5) years from the QCiL Effective Date; and (ii) the Specified Expiry Date.

Additional calculations: Effective Projected Production and Estimated Facility Production

40.33 If any formula in this Condition 40 (*Qualifying Change in Law: Compensation*) requires the Effective Projected Production to be calculated, the **"Effective Projected Production"** shall be an amount (*expressed in MWh (HHV)*) calculated as follows:

$$\text{Effective Projected Production} = \sum_{i=1}^n \frac{\text{Production}_i}{(1+R_s)^{i-1}}$$

where:

i = a whole number integer from one (1) to n ; such integers referring to distinct time periods as follows:

- the first (1st) period ($i = 1$) covers the period from (if the QCiL Effective Date is on or after the Start Date) the QCiL Effective Date or (if the QCiL Effective Date is before the Start Date) the later of (i) the first (1st) day of the Target Commissioning Window and (ii) the date on which the Required Installed Capacity is expected to be Commissioned, to 31 December in that year
- the second (2nd) to the ($n-1$)th periods ($2 \leq i < n$) are consecutive periods of one (1) calendar year length each
- the n^{th} period ($i = n$) is the period starting on 01 January in the year in which the Specified Expiry Date falls and ending on the Specified Expiry Date

Production = the Estimated Facility Production in period (i)

R_s = the Post-Tax Real Discount Rate

40.34 The **"Estimated Facility Production"** shall be an amount (*expressed in MWh (HHV)*) which is the product of:

- (A) the Estimated Capacity Amount;
- (B) the Assumed Load Factor; and
- (C) the number of hours in period (i).

40.35 The **"Estimated Capacity Amount"** means:

- (A) for the purposes of either: (i) determining the value of Production in the formula in Condition 40.33; or (ii) determining the value of $M_{1,i}$ in the formula in Condition 40.23 or otherwise for determining the Estimated Facility Production on the basis of the relevant Notified Change in Law not having been implemented, having occurred or having

become effective, the capacity of the Facility (*expressed in MW*) in period (i) on the basis of an assumption that the Notified Change in Law is not implemented, does not occur and does not become effective, such capacity to be no more than:

- (i) the Installed Capacity Estimate, if the Notified Change in Law is implemented, occurs or becomes effective prior to the Start Date; or
- (ii) the lesser of: (a) the Maximum Contract Capacity; and (b) the Installed Capacity which has been Commissioned, if the Notified Change in Law is implemented, occurs or becomes effective on or after the Start Date or in the case of a Qualifying Shutdown Event,

in each case adjusted to take account of any prior Qualifying Changes in Law; or

- (B) for the purposes of determining the value of $M2,i$ in the formula in Condition 40.7 or otherwise for determining the Estimated Facility Production on the basis of the relevant Notified Change in Law not having been implemented, having occurred or having become effective, the capacity (or reasonably anticipated capacity) of the Facility (*expressed in MW*) in period (i).

Additional calculations: Daily Discount Rate

- 40.36 If any formula in this Condition 40 (*Qualifying Change in Law: Compensation*) requires a Daily Discount Rate to be calculated, such rate shall be calculated as follows:

$$\text{Daily Discount Rate} = (1 + R_s) \frac{1}{365} - 1$$

where:

R_s = the Post-Tax Real Discount Rate.

41. QUALIFYING CHANGE IN LAW: EFFECTIVE DATE AND PAYMENT

- 41.1 Any and all QCiL Compensation in respect of a Notified Change in Law (or, in the case of paragraph (D) below, in respect of a Qualifying Shutdown Event) shall be calculated as at and be effective from:

- (A) (if the QCiL Compensation takes the form of a QCiL Opex Payment or a QCiL Capex Payment) the earlier of: (i) the QCiL Effective Date; and (ii) the date on which the Producer (acting in accordance with a Reasonable and Prudent Standard) first incurs QCiL Operating Costs or QCiL Capital Costs, or makes or realises QCiL Operating Savings or QCiL Capital Savings, in anticipation of such Notified Change in Law being implemented, occurring or becoming effective;
- (B) (if the QCiL Compensation takes the form of a QCiL Adjusted Revenues Payment) the first (1st) day of the relevant Adjusted Output Period;
- (C) (if the QCiL Compensation takes the form of a QCiL Construction Event Payment) the date of the QCiL Construction Event; or

- (D) (if the QCiL Compensation takes the form of a QCiL Operations Cessation Event Payment) the date of the QCiL Operations Cessation Event,

(the "**QCiL Compensation Date**").

41.2 Subject to Condition 41.3:

- (A) any and all QCiL Compensation effected as a lump sum payment shall be paid by the LCHA Counterparty or the Producer (as applicable) no later than ten (10) Business Days after the later of:
- (i) the QCiL Compensation Date; and
 - (ii) the date on which the amount of the QCiL Compensation is agreed or determined;
- (B) any and all QCiL Opex Payments effected as a Strike Price Adjustment shall be reflected in the calculation of the Difference Amount in the UKLCH Billing Statement for each Billing Period on and with effect from the QCiL Compensation Date (or, if necessary, reflected as a Reconciliation Amount in respect of each relevant Billing Period); and
- (C) any and all QCiL Compensation effected as daily or staged payments shall commence no later than ten (10) Business Days after the later of:
- (i) the QCiL Compensation Date; and
 - (ii) the date on which the amount of the QCiL Compensation is agreed or determined,

and, in either case, the final payment shall be made by the earlier of: (i) the date that is five (5) years from the QCiL Effective Date; and (ii) the Specified Expiry Date, in accordance with Condition 40.3(B), 40.5(B), 40.32(B) or 40.32(B) (as appropriate),

provided that, in each case, if the amount of any QCiL Compensation is agreed or determined after the QCiL Compensation Date, such QCiL Compensation shall be reflected as a UKLCH Reconciliation Amount (pursuant to Condition 21.5) in respect of the UKLCH Billing Statements for each Billing Period on and with effect from the QCiL Compensation Date.

- 41.3 No QCiL Compensation shall be payable if and for so long as the LCHA Counterparty withholds or suspends payment pursuant to Condition 3.75(B)(ii) (*Failure to comply with CO₂ T&S Connection Confirmation Requirement: Suspension*), Condition 28.2 (*Failure to comply with compliance of technology undertaking*) Condition 29.9 (*Failure to comply with Metering Schematic Obligation*) Condition 29.16 (*Failure to provide Metering access Right*), Condition 29.20 (*Failure to comply with Automated Data Systems Obligations*), Condition 30.11 (*Suspension of Payments (Failure to provide Measurement Data)*), Condition 33.10 (*Failure to provide an Offtaker Confirmation Declaration Obligation: suspension*), Condition 37.7 (*Failure to comply with the LCHA Counterparty Audit Right*), Condition 38.11 (*Failure to provide an Annual Compliance Report: Suspension*), Condition 49.16 (*Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension*), paragraph 8.3 (*Suspension of*

Payments (LCHS Non-Compliance) of Annex 6 (Data Collection and Monitoring Compliance with the LCHS) or [others to be considered].¹⁰⁵

- 41.4 All QCiL Compensation shall be made by direct bank transfer or equivalent transfer of immediately available funds into the account notified to the Producer pursuant to Condition 28.1(A) or the LCHA Counterparty pursuant to Condition 25(B) (*Payment Accounts*) (as relevant).

42. **QUALIFYING CHANGE IN LAW: TRUE-UP**

LCHA Counterparty QCiL True-Up Notice

- 42.1 If any QCiL Compensation has been agreed or determined, or paid, commenced or effected, in respect of any Qualifying Change in Law or a Qualifying Shutdown Event, the LCHA Counterparty may, subject to Condition 42.2, give the Producer a notice (a "**LCHA Counterparty QCiL True-Up Notice**"), requiring the Producer to confirm:

- (A) the impact of the relevant Qualifying Change in Law having occurred, having been implemented or having become effective or, as the case may be, the Qualifying Shutdown Event having occurred (including all out-of-pocket costs (including QCiL Tax Liabilities) which have been incurred in respect of the Project by the Producer, all savings (including avoided out-of-pocket costs, reliefs from or reductions in a QCiL Tax Liability, insurance proceeds and other compensation) which have been made or received in respect of the Project by the Producer and revenue decreases or increases which were incurred, received or made by the Producer, and which arose directly from the relevant Qualifying Change in Law being implemented, occurring or becoming effective or, as the case may be, the Qualifying Shutdown Event having occurred, and the duration of any Adjusted Output Period affecting the Facility);
- (B) that no amount has been recovered (or is entitled to be recovered) by the Producer pursuant to Conditions 62.5 (*No double recovery*) and 62.7 (*No double recovery*) or, if any amount has been so recovered, confirmation of such amount; and
- (C) such other matters which were pertinent to the calculation of the QCiL Compensation (including the steps that the Producer has taken to comply with Condition 62.3 (*Mitigation*) and the Reasonable and Prudent Standard), (the information referred to or specified in paragraphs (A) to (C) above being "**QCiL True-Up Information**").

- 42.2 No LCHA Counterparty QCiL True-Up Notice shall be given in respect of a Qualifying Change in Law or a Qualifying Shutdown Event, as the case may be, within one (1) calendar year of the relevant QCiL Compensation Date.

Producer QCiL True-Up Response Notice

- 42.3 If the LCHA Counterparty gives a LCHA Counterparty QCiL True-Up Notice to the Producer, the Producer shall, as soon as reasonably practicable and in any event no later than forty (40) Business Days after receipt of such LCHA Counterparty QCiL True-Up Notice, give a notice to

¹⁰⁵

Note to Reader: This list is subject to review as the LCHA further develops.

the LCHA Counterparty (a **"Producer QCiL True-Up Response Notice"**). A Producer QCiL True-Up Response Notice shall:

- (A) contain the QCiL True-Up Information; and
- (B) include such Supporting Information, in reasonable detail, as the Producer considers to be relevant to and supportive of the QCiL True-Up Information,

(the information referred to or specified in paragraphs (A) and (B) above being the **"QCiL True-Up Response Information"**).

42.4 A Producer QCiL True-Up Response Notice shall be accompanied by a Directors' Certificate in relation to the QCiL True-Up Response Information.

42.5 If the Producer becomes aware before QCiL True-Up Compensation is agreed or determined, or paid, effected or commenced, pursuant to this Condition 42 (*Qualifying Change in Law: True-up*) that the QCiL True-Up Response Information is no longer true, complete and accurate in all material respects or is misleading (or was not true, complete and accurate in all material respects or was misleading as at the date of the Directors' Certificate referred to in Condition 42.4), the Producer shall as soon as reasonably practicable:

- (A) notify the LCHA Counterparty that this is the case; and
- (B) provide the LCHA Counterparty with the updated, corrected information (the **"Revised Producer QCiL True-Up Response Information"**), together with a Directors' Certificate in relation to the Revised Producer QCiL True-Up Response Information.

42.6 The LCHA Counterparty may, by notice to the Producer no later than twenty (20) Business Days after receipt of a Producer QCiL True-Up Response Notice or any Revised Producer QCiL True-Up Response Information, require the Producer to provide such Supporting Information in relation to that Producer QCiL True-Up Response Notice or, as the case may be, the Revised Producer QCiL True-Up Response Information (a **"Producer QCiL True-Up Response Notice Information Request"**) as the LCHA Counterparty reasonably requests.

42.7 If the LCHA Counterparty gives a Producer QCiL True-Up Response Notice Information Request to the Producer, the Producer shall, no later than twenty (20) Business Days, or such longer period as is specified by the LCHA Counterparty, after receipt of the request, prepare and deliver such further Supporting Information to the LCHA Counterparty.

Producer QCiL True-Up Notice

42.8 If any QCiL Compensation has been agreed or determined, or paid, commenced or effected, in respect of any Qualifying Change in Law, the Producer may, subject to Condition 42.13, give the LCHA Counterparty a notice (a **"Producer QCiL True-Up Notice"**). A Producer QCiL True-Up Notice shall:

- (A) contain the QCiL True-Up Information; and
- (B) include such Supporting Information, in reasonable detail, as the Producer considers to be relevant to and supportive of the QCiL True-Up Information,

(the information referred to or specified in paragraphs (A) and (B) above being **"QCiL True-Up Supporting Information"**).

- 42.9 A Producer QCiL True-Up Notice shall be accompanied by a Directors' Certificate in relation to the QCiL True-Up Supporting Information.
- 42.10 If the Producer becomes aware before QCiL True-Up Compensation is agreed or determined, or paid, effected or commenced, pursuant to this Condition 42 (*Qualifying Change in Law: True-up*), that the QCiL True-Up Supporting Information is no longer true, complete and accurate in all material respects or is misleading (or was not true, complete and accurate in all material respects or was misleading as at the date of the Directors' Certificate referred to in Condition 42.9), the Producer shall as soon as reasonably practicable:
- (A) notify the LCHA Counterparty that this is the case; and
 - (B) provide the LCHA Counterparty with the updated, corrected information (the **"Revised Producer QCiL True-Up Information"**), together with a Directors' Certificate in relation to the Revised Producer QCiL True-Up Information.
- 42.11 The LCHA Counterparty may, by notice to the Producer no later than twenty (20) Business Days after receipt of a Producer QCiL True-Up Notice or any Revised Producer QCiL True-Up Information, require the Producer to provide such Supporting Information in relation to that Producer QCiL True-Up Notice or, as the case may be, the Revised Producer QCiL True-Up Information (a **"Producer QCiL True-Up Notice Information Request"**) as the LCHA Counterparty reasonably requests.
- 42.12 If the LCHA Counterparty gives a Producer QCiL True-Up Notice Information Request to the Producer, the Producer shall, no later than twenty (20) Business Days, or such longer period as is specified by the LCHA Counterparty, after receipt of the request, prepare and deliver such further Supporting Information to the LCHA Counterparty.
- 42.13 No Producer QCiL True-Up Notice shall be given in respect of a Qualifying Change in Law or a Qualifying Shutdown Event, as the case may be, within one (1) calendar year of the relevant QCiL Compensation Date.
- 42.14 The LCHA Counterparty shall be under no obligation to consider or take any action in response to a Producer QCiL True-Up Notice unless and until the Producer shall have provided the LCHA Counterparty with all the QCiL True-Up Information, and the Directors' Certificate in respect of such Producer QCiL True-Up Notice.

Agreement between the Parties in respect of a true-up

- 42.15 The Parties shall meet to discuss and, in good faith, seek to agree:
- (A) the QCiL True-Up Information;
 - (B) any such other matters which the Parties consider pertinent to the calculation of the QCiL True-Up Compensation (if any);
 - (C) the QCiL True-Up Compensation (if any) that shall be payable by the LCHA Counterparty or the Producer (as the case may be); and

- (D) the manner in which such QCiL True-Up Compensation (if any) shall be paid by the LCHA Counterparty or the Producer (as the case may be), provided that:
- (i) where the QCiL True-Up Compensation relates to an QCiL Strike Price Adjustment, the QCiL True-Up Compensation shall be effected by way of a QCiL True-Up Strike Price Adjustment; and
 - (ii) where the QCiL True-Up Compensation does not relate to an QCiL Strike Price Adjustment, the QCiL True-Up Compensation shall be paid in the same manner as the QCiL Compensation agreed in respect of that Qualifying Change in Law, unless the Parties expressly agree otherwise.

Such meeting shall be convened: (i) as soon as reasonably practicable, and in any event no later than twenty (20) Business Days, after the LCHA Counterparty receives a Producer QCiL True-Up Response Notice and the associated Directors' Certificate (or, if the LCHA Counterparty gives the Producer a Producer QCiL True-Up Response Notice Information Request, no later than twenty (20) Business Days after the LCHA Counterparty receives the requested Supporting Information); or (ii) if the Producer gives the LCHA Counterparty a Producer QCiL True-Up Notice and the associated Directors' Certificate, at such date as is determined by the LCHA Counterparty in its sole and absolute discretion.

- 42.16 Any and all QCiL True-Up Compensation is to be calculated and paid in accordance with and subject to Conditions 39 (*Qualifying Change in Law: Compensation*), 41 (*Qualifying Change in Law: Effective date and payment*) and 44 (*Changes in Law: General provisions*) (in each case with the necessary modifications).

Disputes in respect of a true-up

- 42.17 If the Producer and the LCHA Counterparty are not able to agree any of the matters in Condition 42.15, either the Producer or the LCHA Counterparty may refer the Dispute for resolution by an Arbitral Tribunal in accordance with the Arbitration Procedure or, if the Producer and the LCHA Counterparty agree in writing that such Dispute is amenable to determination by an Expert, refer the Dispute to an Expert for determination in accordance with the Expert Determination Procedure.
- 42.18 Until the Dispute has been resolved by agreement between the Producer and the LCHA Counterparty or determination in accordance with the Arbitration Procedure or the Expert Determination Procedure, as the case may be, there shall be no QCiL True-Up Compensation payable.

43. QUALIFYING SHUTDOWN EVENT: PROCEDURE

- 43.1 If a Qualifying Shutdown Event has occurred, the Producer may give notice to that effect to the LCHA Counterparty (a "**QSE Notice**"). A QSE Notice shall:
- (A) include reasonable details of the Qualifying Shutdown Event;
 - (B) specify the date on which the Qualifying Shutdown Event occurred;
 - (C) specify the Producer's good faith estimate of the QCiL Operations Cessation Event Costs and the QCiL Operations Cessation Event Savings;

- (D) include such Supporting Information, in reasonable detail, which the Producer considers to be relevant and supportive of the foregoing; and
 - (E) include Supporting Information evidencing, in reasonable detail, the steps that the Producer has taken and/or proposes to take to comply with Condition 62.3 (*Mitigation*) and the Reasonable and Prudent Standard.
- 43.2 Any QSE Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the QSE Notice.
- 43.3 A QSE Notice shall be deemed to constitute a Producer QCiL Notice and the provisions of Conditions 62.739 (*Qualifying Change in Law: Procedure*) to 42 (*Qualifying Change in Law: True-up*) (inclusive) shall apply (with the necessary modifications) for the purposes of:
- (A) agreeing or determining whether a Qualifying Shutdown Event has occurred;
 - (B) (if a Qualifying Shutdown Event has occurred) agreeing or determining the amount of QCiL Compensation resulting from the occurrence of such Qualifying Shutdown Event (on the basis that a Qualifying Shutdown Event constitutes a QCiL Operation Cessation Event) and the terms and conditions upon which such QCiL Compensation will be paid or effected; and
 - (C) agreeing or determining any and all other related matters pertinent to the foregoing.

44. **CHANGES IN LAW: GENERAL PROVISIONS**

Indemnity

- 44.1 The Producer shall, promptly on demand from time to time, indemnify the LCHA Counterparty, and keep the LCHA Counterparty fully and effectively indemnified, against any and all out-of-pocket costs properly incurred by the LCHA Counterparty and which would not have been incurred but for a Producer QCiL Notice (including any QSE Notice) having been given. This Condition 44.1 shall not apply in respect of any such costs resulting from the LCHA Counterparty having disputed that a Qualifying Change in Law or Qualifying Shutdown Event has occurred if a resolution or determination to the contrary is made pursuant to the Dispute Resolution Procedure.

Excluded Change in Law

- 44.2 There shall be no amendment to the LCHA, adjustment to the Strike Price or other compensation in respect of or on account of any Excluded Change in Law other than pursuant to the Change Control Procedure.

45. **CHANGE IN APPLICABLE LAW: PROCEDURE**

Requirement to undertake a CiAL Review

- 45.1 The LCHA Counterparty shall conduct a CiAL Review if:
- (A) it determines that:

- (i) any Change in Applicable Law: (i) has been implemented, has occurred or has become effective; or (ii) is expected to be implemented, to occur or to become effective; and
 - (ii) as a result of such Change in Applicable Law being implemented, occurring or becoming effective one (1) or more of the Required CiL Amendment Objectives will cease to be met; or
- (B) the CiAL Request Criterion is met,
- (each, a **"CiAL Review Trigger"**).

45.2 If the Producer considers that:

- (A) any Change in Applicable Law: (i) has been implemented, has occurred or has become effective; or (ii) is expected to be implemented, to occur or to become effective; and
- (B) as a result of such Change in Applicable Law being implemented, occurring or becoming effective one (1) or more of the Required CiL Amendment Objectives will cease to be met,

the Producer may give a notice to the LCHA Counterparty requesting the LCHA Counterparty to undertake a CiAL Review (a **"CiAL Request Notice"**). A CiAL Request Notice:

- (i) shall specify why, and the date on which, the Producer considers that a Change in Applicable Law: (a) has been implemented, has occurred or has become effective; or (b) is expected to be implemented, occur or become effective;
- (ii) shall specify why the Producer considers that the Change in Applicable Law results or will result in one (1) or more of the Required CiL Amendment Objectives ceasing to be met; and
- (iii) may set out the Producer's opinion of the Required CiL Amendment(s),

together with such Supporting Information, in reasonable detail, which the Producer considers to be relevant to and supportive of the foregoing.

45.3 For the purposes of Condition 45.1(B), the **"CiAL Request Criterion"** is that thirty per cent. (30%) or more of all LCHA Producers as at the date of the CiAL Request Notice, by volume or number, have given the LCHA Counterparty a CiAL Request Notice in any period of ten (10) consecutive Business Days. For the purposes of determining whether the CiAL Request Criterion is met, the LCHA Counterparty shall calculate:

- (A) the number of LCHA Producers which have given a CiAL Request Notice as a percentage of the total number of LCHA Producers as at the date of the CiAL Request Notice; and
- (B) the volume attributable to UKLCH Programme LCHAs to which LCHA Producers which have given a CiAL Request Notice are party as a percentage of the total volume attributable to UKLCH Programme LCHAs (and, for this purpose, "volume" shall be calculated by the LCHA Counterparty using the [Initial] LCHA Sales Cap in each relevant UKLCH Programme LCHA).

Validity of CiAL Request Notices

- 45.4 The Producer acknowledges and agrees that all CiAL Request Notices shall be invalid and of no effect if the CiAL Request Criterion is not met.
- 45.5 The LCHA Counterparty shall notify the Producer no later than ten (10) Business Days after the CiAL Request Criterion has been met (a **"CiAL Request Validity Notice"**).

Notification of CiAL Review

- 45.6 If the LCHA Counterparty is required or elects to undertake a CiAL Review pursuant to Condition 45.1, the LCHA Counterparty shall give a notice to the Producer (a **"CiAL Review Notice"**). A CiAL Review Notice shall specify:
- (A) the CiAL Review Trigger which has occurred; and
 - (B) a deadline by which the Producer must provide a CiAL Review Response Notice, such deadline to be no less than ten (10) Business Days after the date on which the CiAL Review Notice is received by the Producer (the **"CiAL Review Response Deadline"**).
- 45.7 The Producer shall, as soon as reasonably practicable and not later than the CiAL Review Response Deadline, give a notice to the LCHA Counterparty (the **"CiAL Review Response Notice"**). A CiAL Review Response Notice:
- (A) shall include all of the Supporting Information which the Producer wishes the LCHA Counterparty to take account of in undertaking the CiAL Review; and
 - (B) may set out the Producer's opinion of the Required CiL Amendment(s).
- 45.8 The LCHA Counterparty may disregard any CiAL Review Response Notice received after the CiAL Review Response Deadline.

Notification of outcome of CiAL Review

- 45.9 The LCHA Counterparty shall give a notice to the Producer of the outcome of a CiAL Review (a **"CiAL Review Outcome Notice"**) as soon as reasonably practicable following the conclusion of a CiAL Review. A CiAL Review Outcome Notice shall:
- (A) set out the outcome of the CiAL Review and, if applicable, the Required CiL Amendments; and
 - (B) specify the date from which such Required CiL Amendments are to take effect.

46. CHANGE IN APPLICABLE LAW: DISPUTE PROCESS**Procedure for raising a Dispute**

- 46.1 The Producer may, no later than twenty (20) Business Days after receipt of a CiAL Review Outcome Notice, give a notice to the LCHA Counterparty that it wishes to raise a Dispute in relation to the outcome of such CiAL Review (a **"CiAL Dispute"**, such notice a **"CiAL Dispute Notice"** and any such Producer, a **"CiAL Dispute Producer"**). Each CiAL Dispute Notice

shall comply with the requirements of a Dispute Notice as specified in Conditions 55.3(A) to 55.3(H) (*Expert Determination Procedure*) (inclusive).

Validity of CiAL Dispute Notices

- 46.2 The Producer acknowledges and agrees that all CiAL Dispute Notices shall be invalid and of no effect if the CiAL Dispute Threshold Criterion in respect of the relevant CiAL Dispute is not met.
- 46.3 The LCHA Counterparty shall notify the Producer no later than ten (10) Business Days after the CiAL Dispute Threshold Criterion has been met (irrespective of whether or not the Producer is a CiAL Dispute Producer) (a "**CiAL Dispute Validity Notice**"). A CiAL Dispute Validity Notice shall:
- (A) include a proposal as to the identity, and terms of reference, of an Expert to determine the CiAL Dispute (the "**Proposed CiAL Expert**") and details of the relevant expertise that the LCHA Counterparty considers qualifies the Proposed CiAL Expert to determine such CiAL Dispute (being a person fulfilling the requirements of Condition 57.2 (*Expert Determination Procedure*) and having no conflict of interest which prevents the Proposed CiAL Expert from determining the CiAL Dispute);
 - (B) comply with the requirements of an Expert Determination Notice as specified in Condition 57.1 (*Expert Determination Procedure*); and
 - (C) comply with the requirements of a Consolidation Notice as specified in Condition 59.2 (*Consolidation of Connected Disputes*).

Permitted bases of Dispute: CiAL Review

- 46.4 The Producer acknowledges and agrees that it may only raise a Dispute with respect to the outcome of any CiAL Review if there is a manifest error or fraud in any determination by the LCHA Counterparty as to:
- (A) the outcome of the CiAL Review; or
 - (B) the Required CiL Amendments,
- in each case contained within the CiAL Review Outcome Notice, and any CiAL Dispute Notice which is based upon grounds other than those specified in this Condition 46.4 shall be invalid and of no effect.

Resolution of valid CiAL Disputes

- 46.5 If:
- (A) the CiAL Dispute Threshold Criterion is met in respect of the relevant CiAL Dispute; and
 - (B) the relevant CiAL Dispute complies with Condition 46.4,
- then such CiAL Dispute shall be finally resolved in accordance with Condition 46.6.

46.6 If Condition 46.5 applies to any CiAL Dispute:

- (A) Condition 56 (*Resolution by Senior Representatives*) shall not apply to such CiAL Dispute;
- (B) no agreement between the Producer and the LCHA Counterparty to settle the relevant CiAL Dispute shall be valid and binding unless such resolution is agreed with all LCHA Producers;
- (C) the Arbitration Procedure shall not apply to such CiAL Dispute;
- (D) the Producer agrees not to raise any objection to the consolidation of such CiAL Dispute in accordance with Condition 59 (*Consolidation of Connected Disputes*);
- (E) the Expert Determination Procedure shall apply to such CiAL Dispute on the basis that:
 - (i) (if the Expert Appointment Threshold is met) the LCHA Counterparty shall be deemed to have satisfied the requirements of, and to have given an Expert Determination Notice pursuant to, Condition 57.1 (*Expert Determination Procedure*) and the Parties will be deemed to have agreed to both the identity and the terms of reference of the Proposed CiAL Expert;
 - (ii) (if the Expert Appointment Threshold is not met) the LCHA Counterparty may, within ten (10) Business Days, either:
 - (a) make an alternative proposal as to the identity and the terms of reference of an Expert to determine the CiAL Dispute; or
 - (b) (1) request the LCIA to nominate an Expert for the purposes of determining the CiAL Dispute in accordance with Condition 57.4; (*Expert Determination Procedure*); and (2) following such nomination by the LCIA, the LCHA Counterparty shall make an alternative proposal as to the terms of reference of such Expert to determine CiAL Dispute,

in each case, Conditions 46.3(A) and 46.6(E)(i), and this Condition 46.6(E)(ii), shall apply to such proposed Expert as if they were a Proposed CiAL Expert. The identity and the terms of reference of the Proposed CiAL Expert shall be determined by the LCHA Counterparty in its sole and absolute discretion (after having regard to any submissions presented by any LCHA Producer) and any such determination shall be final and binding on the parties, provided that the terms of reference shall be sufficiently broad to enable the Expert to determine the proposed CiAL Dispute;
 - (iii) if the LCHA Counterparty and the LCHA Producers fail to agree on the terms of appointment of the Expert within ten (10) Business Days of the parties agreeing the identity and terms of reference of an Expert in accordance with Condition 46.6(E)(i) or 46.6(E)(ii), as applicable, such matter shall be determined by the LCHA Counterparty in its sole and absolute discretion (after having regard to any submissions presented by any LCHA Producer) and any such determination shall be final and binding on the parties, provided that the terms of appointment shall comply with the requirements of Condition 46.6(E)(iv);

- (iv) Condition 57.5 (*Expert Determination Procedure*) shall be deemed to have been modified such that the Parties shall use reasonable endeavours to procure that the terms of appointment of the Expert prohibit the Expert from disclosing any Supporting Information disclosed or delivered by:
 - (a) the Producer to the Expert in consequence of, or in respect of, his appointment as the Expert to any other LCHA Producer; or
 - (b) the LCHA Counterparty to the Expert in consequence of, or in respect of, their appointment as the Expert to any LCHA Producer other than the Producer;
- (v) the Expert will be instructed, in establishing or modifying the procedure for the determination of the CiAL Dispute, to afford the Producer an opportunity to make submissions in respect of the CiAL Dispute irrespective of whether or not the Producer is a CiAL Dispute Producer;
- (vi) if the circumstances described in Condition 57.8 (*Expert Determination Procedure*) arise, Conditions 46.3(A), 46.6(E)(i) and 46.6(E)(ii) shall apply, with the necessary modifications, to the appointment of a replacement Expert;
- (vii) for the purposes of Condition 57.12 (*Expert Determination Procedure*), the Expert shall be: (a) required to include in their determination provision for the allocation of their fees and the costs and expenses of the LCHA Counterparty among each of the CiAL Dispute Producers in such manner as they, in their absolute discretion, determine is fair and equitable if they make a determination against the CiAL Dispute Producers; and (b) permitted to allocate their fees and the costs and expenses of the LCHA Counterparty in such manner as they determine is fair and equitable if they make a determination in favour of the CiAL Dispute Producers; and
- (viii) the Expert shall, notwithstanding any other provision of the Expert Determination Procedure, be instructed to reach a determination which is to be applied to all UKLCH Programme LCHAs; and
- (F) the Producer acknowledges and agrees that the determination of the Expert in any CiAL Dispute shall be applied to all UKLCH Programme LCHAs, irrespective of whether the Producer was a party to the CiAL Dispute giving rise to that determination.

Expert Appointment Threshold

- 46.7 For the purposes of Conditions 46.6(E)(i) and 46.6(E)(ii), the "**Expert Appointment Threshold**" is that thirty per cent. (30%) or more of LCHA Producers, by volume or number, have consented, or not objected in writing, to both the identity and the terms of reference of the Proposed CiAL Expert. For the purposes of determining whether the Expert Appointment Threshold is met, the LCHA Counterparty shall calculate:
- (A) the number of LCHA Producers which have consented or have been deemed to have consented to the Proposed CiAL Expert as a percentage of the total number of LCHA Producers; and

- (B) the volume attributable to UKLCH Programme LCHAs to which LCHA Producers which have consented or have been deemed to have consented to the Proposed CiAL Expert are party as a percentage of the total volume attributable to UKLCH Programme LCHAs (and, for this purpose, "volume" shall be calculated by the LCHA Counterparty using the [Initial] LCHA Sales Cap in each UKLCH Programme LCHA).

Provisions applying pending resolution of a CiAL Dispute

- 46.8 If there is a valid CiAL Dispute requiring resolution in accordance with the provisions of Conditions 46.5 and 46.6 then, pending resolution of such CiAL Dispute, there shall be no amendments or supplements to the LCHA as a result of the Change in Applicable Law.

CiAL Dispute Threshold Criterion

- 46.9 For the purposes of this Condition 46 (*Change in Applicable Law: Dispute process*), the "**CiAL Dispute Threshold Criterion**" is that thirty per cent. (30%) or more of LCHA Producers, by volume or number, have given the LCHA Counterparty a CiAL Dispute Notice in respect of any given CiAL Dispute prior to the date specified in Condition 46.1. For the purposes of determining whether the CiAL Dispute Threshold Criterion is met, the LCHA Counterparty shall calculate:

- (A) the number of LCHA Producers which have given a CiAL Dispute Notice as a percentage of the total number of LCHA Producers; and
- (B) the volume attributable to UKLCH Programme LCHAs to which LCHA Producers which have given a CiAL Dispute Notice are party as a percentage of the total volume attributable to UKLCH Programme LCHAs (and, for this purpose, "volume" shall be calculated by the LCHA Counterparty using the [Initial] LCHA Sales Cap in each UKLCH Programme LCHA).

47. **CHANGE IN APPLICABLE LAW: GENERAL PROVISIONS**

- 47.1 The occurrence of a Change in Applicable Law that has the result of one (1) or more of the Required CiL Amendment Objectives ceasing to be met shall not:

- (A) constitute Force Majeure or a Payment Disruption Event for the purposes of the LCHA; or

- (B) provide either Party the right to suspend or terminate its obligations under the LCHA,

provided that paragraph (A) above shall not preclude a Change in Law from constituting Force Majeure.

- 47.2 Subject to the provisions of Conditions 45 (*Change in Applicable Law: Procedure*), 46 (*Change in Applicable Law: Dispute process*) and this Condition 47 (*Change in Applicable Law: General provisions*), the Parties shall be relieved from liability, and deemed not to be in breach of the LCHA (or any other LCHA Document) for any failure or delay in the performance under the LCHA (or any other LCHA Document) if and to the extent such failure or delay is directly attributable to the occurrence and continuation of a Change in Applicable Law, provided that nothing in Conditions 45 (*Change in Applicable Law: Procedure*), 46 (*Change in Applicable Law: Dispute process*) and this Condition 47 (*Change in Applicable Law: General provisions*)

shall relieve either Party from any obligation to pay any sum due and payable to the other Party pursuant to the LCHA (or any other LCHA Document) (whether pursuant to an obligation to pay, an indemnity, a costs reimbursement provision or otherwise).

- 47.3 Any costs and expenses, or risks, arising from a Change in Applicable Law which are not of a type provided for in the LCHA are not intended by the provisions of Conditions 45 (*Change in Applicable Law: Procedure*), 46 (*Change in Applicable Law: Dispute process*) and this Condition 47 (*Change in Applicable Law: General provisions*) to be allocated to one (1) Party; and any such costs and expenses, or risks, shall be borne by the affected Party.

48. **COMPLIANCE WITH THE LCHS**

General provisions

- 48.1 The Parties agree and acknowledge that any amendment, supplement or replacement of the LCHS [Version 3] shall be of no effect for the purposes of determining whether any Hydrogen produced by the Facility complies with the LCHS and/or constitutes Qualifying Volumes.

Material LCHS Data Annex Amendment: Procedure

- 48.2 If the Producer considers that a Material LCHS Data Annex Amendment has been implemented, occurred or become effective (or is shortly to be implemented, to occur or to become effective), it may give a notice to the LCHA Counterparty (a "**Producer Material LCHS Data Annex Amendment Notice**"). A Producer Material LCHS Data Annex Amendment Notice shall:

- (A) include reasonable details of the relevant Material LCHS Data Annex Amendment;
- (B) specify why the Producer considers that such amendment constitutes, or will constitute, a Material LCHS Data Annex Amendment; and
- (C) include the Producer's good faith estimate of any QCiL Costs or QCiL Savings that would arise as a result of complying with such Material LCHS Data Annex Amendment,

together with such Supporting Information, in reasonable detail, as the Producer considers to be relevant to and supportive of the foregoing.

- 48.3 Each Producer Material LCHS Data Annex Amendment Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Producer Material LCHS Data Annex Amendment Notice.

- 48.4 The LCHA Counterparty may, by notice to the Producer no later than thirty (30) Business Days after receipt of a Producer Material LCHS Data Annex Amendment Notice, require the Producer to provide additional Supporting Information in relation to that Producer Material LCHS Data Annex Amendment Notice (a "**Material LCHS Data Annex Amendment Notice Information Request**") as the LCHA Counterparty reasonably requests.

- 48.5 If the LCHA Counterparty gives a Material LCHS Data Annex Amendment Notice Information Request to the Producer, the Producer shall, no later than thirty (30) Business Days, or such longer period as is specified by the LCHA Counterparty, after receipt of the request, prepare and deliver such further Supporting Information to the LCHA Counterparty.

48.6 The LCHA Counterparty shall be under no obligation to consider or take any action in response to a Producer Material LCHS Data Annex Amendment Notice unless and until the Producer has provided the LCHA Counterparty with all of the Supporting Information, and the Directors' Certificate, in respect of such Producer Material LCHS Data Annex Amendment Notice.

48.7 The LCHA Counterparty:

- (A) may, at any time, if it considers that a Material LCHS Data Annex Amendment has been implemented, occurred or become effective (or is shortly to be implemented, to occur or to become effective); or
- (B) shall, no later than thirty (30) Business Days after receipt of a Producer Material LCHS Data Annex Amendment Notice or, if applicable, receipt of the further Supporting Information and the Directors' Certificate to be provided by the Producer in accordance with Condition 48.5,

give a notice to the Producer (a "**LCHA Counterparty Material LCHS Data Annex Amendment Notice**"). A LCHA Counterparty Material LCHS Data Annex Amendment Notice shall:

- (C) set out whether the LCHA Counterparty:
 - (i) considers that a Material LCHS Data Annex Amendment has been implemented, occurred or become effective (or is shortly to be implemented, to occur or to become effective); or
 - (ii) does not consider that a Material LCHS Data Annex Amendment has been implemented, occurred or become effective (or is shortly to be implemented, to occur or to become effective); and
- (D) only if the LCHA Counterparty considers that a Material LCHS Data Annex Amendment has been implemented, occurred or become effective (or is shortly to be implemented, to occur or to become effective), specify whether the Producer:
 - (i) is required to comply with the Material LCHS Data Annex Amendment and, if so, the date from which such compliance will be required and/or any other terms and conditions pursuant to which such Material LCHS Data Annex shall be implemented (a "**Material LCHS Data Annex Amendment Direction**"); or
 - (ii) is not required to comply with the Material LCHS Data Annex Amendment.

48.8 A Material LCHS Data Annex Amendment Direction shall be deemed to constitute a Qualifying Change in Law and the provisions of Conditions 39 (*Qualifying Change in Law: Procedure*) to 47 (*Changes in Law: General provisions*) (inclusive) shall apply for the purposes of:

- (A) agreeing or determining the amount of QCiL Compensation resulting from the occurrence of such Material LCHS Data Annex Amendment Direction and the terms and conditions upon which such QCiL Compensation will be paid or effected; and
- (B) agreeing or determining any and all other related matters relevant to the Material LCHS Data Annex Amendment Direction.

Part 9 Termination

49. TERMINATION

Pre-Start Date termination

49.1 If:

- (A) (i) the Producer fails to deliver the Milestone Requirement Notice by the Milestone Delivery Date; or (ii) (subject to Condition 49.3) neither Milestone Requirement has been complied with and fulfilled by the Milestone Delivery Date;
- (B) at any time prior to the Start Date, any Directors' Certificate provided pursuant to Condition 4.2 (*Milestone Requirement Notice*) is not true, complete or accurate in any material respect or is misleading as at the date thereof;
- (C) at any time prior to the Start Date, a Termination Event occurs and is continuing;
- (D) any of the Initial Conditions Precedent are not fulfilled by the Producer or waived by the LCHA Counterparty within twenty (20) Business Days of the Agreement Date; or
- (E) (subject to Condition 49.4) any of the Operational Conditions Precedent are not fulfilled by the Producer or waived by the LCHA Counterparty by the Longstop Date,

then the LCHA Counterparty shall have the right, but not the obligation, to give notice to the Producer terminating the LCHA (a "**Pre-Start Date Termination Notice**"). A Pre-Start Date Termination Notice shall specify:

- (i) the date (on or following the date of the Pre-Start Date Termination Notice) on which termination of the LCHA is designated by the LCHA Counterparty to take effect (the date so designated being a "**Pre-Start Date Termination Date**"); and
- (ii) in the case of termination pursuant to Condition 49.1(C), the Termination Event which has occurred.

49.2 If the LCHA Counterparty gives a Pre-Start Date Termination Notice, the LCHA shall terminate on the Pre-Start Date Termination Date even if (as the context requires):

- (A) a Milestone Requirement has been complied with and fulfilled prior to such date;
- (B) the Termination Event is no longer continuing as at such date; or
- (C) the Conditions Precedent remaining to be fulfilled when the Pre-Start Date Termination Notice was given have been fulfilled.

49.3 The LCHA Counterparty shall not exercise its right to terminate the LCHA pursuant to Condition 49.1(A) in circumstances in which the Producer has provided a Milestone Requirement Notice no later than the Milestone Delivery Date unless and until:

- (A) the LCHA Counterparty has given the Producer a Milestone Assessment Response Notice specifying that it requires Requested Milestone Supporting Information to be provided to it by the Producer; and
- (B) either:
 - (i) the Producer fails to provide to the LCHA Counterparty the Requested Milestone Supporting Information within the period specified in Condition 4.4(C)(i) (*Milestone Requirement Notice*); or
 - (ii) (a) the Requested Milestone Supporting Information is provided to the LCHA Counterparty within the period specified in Condition 4.4(C)(i) (*Milestone Requirement Notice*); and (b) the LCHA Counterparty has given the Producer a Further Milestone Assessment Response Notice specifying that the LCHA Counterparty does not consider a Milestone Requirement to have been complied with and fulfilled.

49.4 The LCHA Counterparty shall not exercise its right to terminate the LCHA pursuant to Condition 49.1(E) in circumstances in which the Producer has provided an OCP Notice no later than the Longstop Date unless and until:

- (A) the LCHA Counterparty has given the Producer an OCP Response Notice specifying that it requires OCP Supporting Information to be provided to it by the Producer; and
- (B) either:
 - (i) the Producer fails to provide to the LCHA Counterparty the OCP Supporting Information within the period specified in Condition 3.10(C)(i) (*Operational Conditions Precedent: General Reporting Obligations*); or
 - (ii) (a) the requested OCP Supporting Information is provided to the LCHA Counterparty within the period specified in Condition 3.10(C)(i) (*Operational Conditions Precedent: General Reporting Obligations*); and (b) the LCHA Counterparty has given the Producer a Further OCP Response Notice specifying that the LCHA Counterparty does not consider the Operational Condition Precedent to have been fulfilled.

Termination for Prolonged Force Majeure

49.5 If an event or circumstance of Force Majeure (excluding Force Majeure that occurs by reason of a Change in Law) that first occurs between the Agreement Date and the Milestone Satisfaction Date, prevents or delays the development, construction, completion, testing and/or commissioning of the Facility for a continuous period of at least twelve (12) Months as determined by the LCHA Counterparty (a "**Prolonged FM Event**"), then the LCHA Counterparty shall have the right, but not the obligation, to notify the Producer in writing (a "**Prolonged FM Event Notice**") that the LCHA Counterparty may terminate the LCHA following the expiry of a further six (6) Month period from the date of such Prolonged FM Event Notice (a "**Prolonged FM Trigger Date**") in accordance with Condition 49.6. A Prolonged FM Event Notice shall:

- (A) specify the Prolonged FM Trigger Date; and

- (B) be accompanied by such Supporting Information as the LCHA Counterparty considers necessary to evidence the relevant Prolonged FM Event.

49.6 If a Prolonged FM Event has not been remedied and is continuing at the Prolonged FM Trigger Date, the LCHA Counterparty shall have the right, but not the obligation, to give notice to the Producer terminating the LCHA (a **"Prolonged FM Termination Notice"**). A Prolonged FM Termination Notice shall specify the date (on or following the date of the Prolonged FM Termination Notice) on which termination of the LCHA is designated by the LCHA Counterparty to take effect (the date so designated being the **"Prolonged FM Termination Date"**).

49.7 If the LCHA Counterparty issues a Prolonged FM Termination Notice in accordance with Condition 49.6, the LCHA shall terminate on the Prolonged FM Termination Date even if (as the context requires):

- (A) a Milestone Requirement has been complied with and fulfilled (such that the Milestone Satisfaction Date has occurred) prior to such date; or
- (B) the Prolonged FM Event is no longer continuing as at such date.

Termination for CO₂ T&S Prolonged Unavailability Event¹⁰⁶

Conditions 49.8 to 49.26 shall apply to CCUS-Enabled Facilities only.

49.8 If, at any time after the Agreement Date, the LCHA Counterparty determines that:

- (A) one (1) of the following events has occurred and has been continuing for a continuous period of at least [six (6)] Months:
 - (i) a CO₂ T&S Commissioning Delay Event; or
 - (ii) a Full CO₂ T&S Outage Event¹⁰⁷; which has not arisen out of or in connection with any act, omission, breach or default by the Producer or its Representatives (including any breach by the Producer or its Representatives of any Industry Document); or
- (B) a CO₂ T&S Cessation Event has occurred,

(a **"CO₂ T&S Prolonged Unavailability Event"**), the LCHA Counterparty shall have the right, but not the obligation, to give notice to the Producer of the occurrence of such CO₂ T&S Prolonged Unavailability Event (a **"CO₂ T&S Prolonged Unavailability Event Notice"**) and the Producer agrees and acknowledges that it may only raise a Dispute with respect to a CO₂ T&S Prolonged Unavailability Event Notice if there is a manifest error or fraud in relation to the LCHA Counterparty's determination that a CO₂ T&S Prolonged Unavailability Event has occurred. A CO₂ T&S Prolonged Unavailability Event Notice shall:

- (i) specify the date:

¹⁰⁶ Note to Reader: The time periods in this section are subject to further consideration by DESNZ.

¹⁰⁷ Note to Reader: DESNZ is considering whether this termination right will also apply to substantial outages of the relevant CO₂ T&S Network.

- (a) by which the Producer shall give a notice responding to the LCHA Counterparty in accordance with Condition 49.9, being the date which falls [six (6)] Months after the date of the CO₂ T&S Prolonged Unavailability Event Notice (the **"CO₂ T&S Prolonged Unavailability Response Deadline"**); and
 - (b) on and from which, without prejudice to the LCHA Counterparty's rights under Condition 49.16, the LCHA Counterparty may terminate the LCHA being the date which falls [thirty (30)] Months after the date of the CO₂ T&S Prolonged Unavailability Event Notice (the **"CO₂ T&S Prolonged Unavailability Remediation Deadline"**); and
 - (ii) be accompanied by such Supporting Information as the LCHA Counterparty considers necessary to evidence the CO₂ T&S Prolonged Unavailability Event.
- 49.9 No later than the CO₂ T&S Prolonged Unavailability Response Deadline, the Producer shall give a notice to the LCHA Counterparty (a **"CO₂ T&S Prolonged Unavailability Response Notice"**). A CO₂ T&S Prolonged Unavailability Response Notice shall:
- (A) specify that:
 - (i) the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at such date, whereby such notice shall be accompanied by such Supporting Information as the Producer considers necessary to evidence the same;¹⁰⁸
 - (ii) the Producer considers that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline, whereby such notice shall be accompanied by such Supporting Information as the Producer considers necessary to evidence the same;
 - (iii) the Producer intends to provide the LCHA Counterparty with and implement an Alternative CO₂ T&S Network Solution Plan, following which Condition 49.13 shall apply; or
 - (iv) the Producer considers that the CO₂ T&S Prolonged Unavailability Event will not be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and the Producer cannot provide a feasible Alternative CO₂ T&S Network Solution Plan due to one (1) or more of the following reasons (each a **"No Alternative CO₂ T&S Solution Reason"**):
 - (a) it is not technically feasible for the Producer, acting in accordance with the Reasonable and Prudent Standard, to connect the Facility to an alternative CO₂ delivery point and CO₂ T&S Network or permanent storage site;
 - (b) the implementation of an Alternative CO₂ T&S Network Solution Plan would be illegal;

108

Note to Reader: DESNZ is considering what is needed from the relevant CO₂ T&S Operator to verify that the CO₂ T&S Prolonged Unavailability Event has been remedied.

- (c) it is not economically feasible for the Producer, acting in accordance with the Reasonable and Prudent Standard, to connect the Facility to an alternative CO₂ delivery point and CO₂ T&S Network or permanent storage site;
 - (d) there is no feasible alternative CO₂ T&S Network which can permanently store the captured CO₂ from the Facility; and/or
 - (e) any other reason which will, or is reasonably likely to, justify the decision not to provide an Alternative CO₂ T&S Network Solution Plan; and
 - (B) include Supporting Information evidencing, in reasonable detail, the steps that the Producer has taken and/or proposes to take to comply with Condition 62.3 (*Mitigation*) and the Reasonable and Prudent Standard.
- 49.10 Each CO₂ T&S Prolonged Unavailability Response Notice and (where Condition 49.12(B)(i) applies) CO₂ T&S Prolonged Unavailability Further Response Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the CO₂ T&S Prolonged Unavailability Response Notice or CO₂ T&S Prolonged Unavailability Further Response Notice (as applicable).
- 49.11 The LCHA Counterparty shall, no later than [thirty (30)] Business Days after: (i) the date of a CO₂ T&S Prolonged Unavailability Response Notice issued in accordance with Condition 49.9(A)(i), 49.9(A)(ii) or 49.9(A)(iv); (ii) receipt of Supporting Information provided in accordance with Condition 49.12(A)(iii), 49.12(B)(ii) or 49.12(C)(iii); or (iii) the date of a CO₂ T&S Prolonged Unavailability Further Response Notice issued in accordance with Condition 49.12(B)(i), give a notice to the Producer (a "**CO₂ T&S Prolonged Unavailability Review Notice**"). A CO₂ T&S Prolonged Unavailability Review Notice shall specify whether the LCHA Counterparty considers that:
- (A) if the CO₂ T&S Prolonged Unavailability Response Notice relates to Condition 49.9(A)(i) or the LCHA Counterparty has received Supporting Information in accordance with Condition 49.12(A)(iii) or the LCHA Counterparty has received a CO₂ T&S Prolonged Unavailability Further Response Notice in accordance with Condition 49.12(B)(ii)(a):
 - (i) the Producer has or has not delivered evidence, in form and content satisfactory to the LCHA Counterparty (acting reasonably), that the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at such date; or
 - (ii) it has not been provided with sufficient Supporting Information to determine whether the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at such date and, if so, such notice shall contain details of the additional Supporting Information which the LCHA Counterparty requires to make such a determination;
 - (B) if the CO₂ T&S Prolonged Unavailability Response Notice relates to Condition 49.9(A)(i), the LCHA Counterparty has received Supporting Information in accordance with Condition 49.12(B)(ii) or the LCHA Counterparty has received a CO₂ T&S Prolonged Unavailability Further Response Notice in accordance with Condition 49.12(B)(ii)(b):

- (i) the Producer has or has not delivered evidence, in form and content satisfactory to the LCHA Counterparty (acting reasonably), that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline; or
 - (ii) it has not been provided with sufficient Supporting Information to determine whether the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and, if so, such notice shall contain details of the additional Supporting Information which the LCHA Counterparty requires to make such a determination; or
- (C) if the CO₂ T&S Prolonged Unavailability Response Notice relates to Condition 49.9(A)(iv), the LCHA Counterparty has received Supporting Information in accordance with Condition 49.12(C)(iii) or the LCHA Counterparty has received a CO₂ T&S Prolonged Unavailability Further Response Notice in accordance with Condition 49.12(B)(ii)(a)(dd):
- (i) the Producer has or has not delivered evidence, in form and content satisfactory to the LCHA Counterparty (acting reasonably), that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and the Producer cannot provide a feasible Alternative CO₂ T&S Network Solution Plan due to a No Alternative CO₂ T&S Solution Reason; or
 - (ii) it has not been provided with sufficient Supporting Information to determine whether the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and/or the Producer cannot provide a feasible Alternative CO₂ T&S Network Solution Plan due to a No Alternative CO₂ T&S Solution Reason and, if so, such notice shall contain details of the additional Supporting Information which the LCHA Counterparty requires to make such a determination.

49.12 If the LCHA Counterparty states in the CO₂ T&S Prolonged Unavailability Review Notice that:

- (A) if the CO₂ T&S Prolonged Unavailability Response Notice relates to Condition 49.9(A)(i):
 - (i) the Producer has delivered satisfactory evidence that the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at such date, then the CO₂ T&S Prolonged Unavailability Event will be deemed to have been remedied for the purposes of the LCHA;
 - (ii) the Producer has not delivered satisfactory evidence that the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at such date, then the CO₂ T&S Prolonged Unavailability Event will be deemed to have not been remedied for the purposes of the LCHA; or
 - (iii) the Producer has not provided sufficient Supporting Information to enable the LCHA Counterparty to determine whether the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at the date of such notice, then the Producer shall provide such Supporting Information to the LCHA Counterparty within

[twenty (20)] Business Days of the date of the CO₂ T&S Prolonged Unavailability Review Notice and Condition 49.11 shall reapply;

(B) if the CO₂ T&S Prolonged Unavailability Response Notice relates to Condition 49.9(A)(ii):

(i) the Producer has delivered satisfactory evidence that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline, then the Producer shall notify the LCHA Counterparty in writing no later than [five (5)] Business Days following the date on which the CO₂ T&S Prolonged Unavailability Event has been remedied together with such Supporting Information, in form and content satisfactory to the LCHA Counterparty (acting reasonably), to evidence that the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at such date;

(ii) if the Producer has not delivered satisfactory evidence that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline then, as soon as reasonably practicable but no later than the Alternative CO₂ T&S Network Solution Plan Deadline, the Producer shall give a further notice to the LCHA Counterparty (a **"CO₂ T&S Prolonged Unavailability Further Response Notice"**). A CO₂ T&S Prolonged Unavailability Further Response Notice shall:

(a) specify that:

(aa) the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at the date of such notice, whereby such notice shall be accompanied by such Supporting Information as the Producer considers necessary to evidence the same, following which Condition 49.11 shall reapply;

(bb) the Producer considers that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline, whereby such notice shall be accompanied by such Supporting Information as the Producer considers necessary to evidence the same, following which Condition 49.11 shall reapply;

(cc) the Producer intends to implement an Alternative CO₂ T&S Network Solution Plan, whereby such notice shall be accompanied by a draft Alternative CO₂ T&S Network Solution Plan (with Supporting Information), following which Condition 49.13 shall apply; or

(dd) the Producer considers that the CO₂ T&S Prolonged Unavailability Event will not be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and the Producer cannot provide a feasible Alternative CO₂ T&S Network Solution Plan due to one (1) or more of the No Alternative CO₂ T&S Solution Reasons, whereby such notice shall be accompanied by such

Supporting Information as the Producer considers necessary to evidence the same, following which Condition 49.11 shall reapply; and

- (b) include Supporting Information evidencing, in reasonable detail, the steps that the Producer has taken and/or proposes to take to comply with Condition 62.3 (*Mitigation*) and the Reasonable and Prudent Standard; or
 - (iii) if the Producer has not provided sufficient Supporting Information to enable the LCHA Counterparty to determine whether the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline, then the Producer shall provide such Supporting Information to the LCHA Counterparty within [twenty (20)] Business Days of the date of the CO₂ T&S Prolonged Unavailability Review Notice and Condition 49.11 shall reapply;
- (C) if the CO₂ T&S Prolonged Unavailability Response Notice relates to Condition 49.9(A)(iv):
 - (i) the Producer has delivered satisfactory evidence that the CO₂ T&S Prolonged Unavailability Event will not be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and the Producer cannot provide a feasible Alternative CO₂ T&S Network Solution Plan due to a No Alternative CO₂ T&S Solution Reason, then the LCHA Counterparty shall have the right, but not the obligation, to terminate the LCHA pursuant to Condition 49.22(B);
 - (ii) the Producer has not delivered satisfactory evidence that the CO₂ T&S Prolonged Unavailability Event will not be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and the Producer cannot provide a feasible Alternative CO₂ T&S Network Solution Plan due to a No Alternative CO₂ T&S Solution Reason, then the CO₂ T&S Prolonged Unavailability Event will be deemed to have not been remedied for the purposes of the LCHA; or
 - (iii) the Producer has not provided sufficient Supporting Information to enable the LCHA Counterparty to determine whether the CO₂ T&S Prolonged Unavailability Event will not be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and/or the Producer cannot provide a feasible Alternative CO₂ T&S Network Solution Plan due to a No Alternative CO₂ T&S Solution Reason, then the Producer shall provide such Supporting Information to the LCHA Counterparty within [twenty (20)] Business Days of the date of the CO₂ T&S Prolonged Unavailability Review Notice and Condition 49.11 shall reapply.

49.13 If this Condition 49.13 applies:

- (A) the Producer shall prepare and submit to the LCHA Counterparty for the LCHA Counterparty's approval a draft Alternative CO₂ T&S Network Solution Plan (with Supporting Information) no later than the Alternative CO₂ T&S Network Solution Plan Deadline; and
- (B) the LCHA Counterparty shall, no later than [six (6)] Months after receipt of the draft Alternative CO₂ T&S Network Solution Plan (and Supporting Information) in accordance

with Condition 49.13(A) or the relevant additional Supporting Information in accordance with Condition 49.14(A) or an amended draft Alternative CO₂ T&S Network Solution Plan in accordance with Conditions 49.14(B) or 49.14(C), give a notice to the Producer (an **"Alternative CO₂ T&S Network Review Notice"**) which shall specify whether the LCHA Counterparty (in its sole and absolute discretion):

- (i) approves the draft Alternative CO₂ T&S Network Solution Plan without amendment, following which the draft Alternative CO₂ T&S Network Solution Plan shall become the **"Approved Alternative CO₂ T&S Network Solution Plan"**;
- (ii) requires the Producer to provide additional Supporting Information in relation to the draft Alternative CO₂ T&S Network Solution Plan, in order for the LCHA Counterparty to assess whether or not to approve such draft Alternative CO₂ T&S Network Solution Plan;
- (iii) requires amendments to the draft Alternative CO₂ T&S Network Solution Plan, in which case the Alternative CO₂ T&S Network Review Notice shall provide the Producer with sufficient detail in relation to such required amendments; or
- (iv) rejects the draft Alternative CO₂ T&S Network Solution Plan, in which case the Alternative CO₂ T&S Network Review Notice shall provide the Producer with such Supporting Information as the LCHA Counterparty considers necessary to evidence the reasons for such rejection and the Producer agrees and acknowledges that it may only raise a Dispute with respect to such rejection of the draft Alternative CO₂ T&S Network Solution Plan if there is a manifest error or fraud in relation to the LCHA Counterparty's determination.

49.14 The Producer shall no later than [twenty (20)] Business Days after the date of an Alternative CO₂ T&S Network Review Notice, submit to the LCHA Counterparty:

- (A) if Condition 49.13(B)(ii) applies, the relevant additional Supporting Information specified in the Alternative CO₂ T&S Network Review Notice;
- (B) if Condition 49.13(B)(iii) applies, an amended draft Alternative CO₂ T&S Network Solution Plan which includes the amendments specified in the Alternative CO₂ T&S Network Review Notice; or
- (C) if Condition 49.13(B)(iv) applies, an amended draft Alternative CO₂ T&S Network Solution Plan,

and Condition 49.13(B) shall then reapply.

49.15 Nothing in Conditions 49.8 to 49.14 (*Termination for CO₂ T&S Prolonged Unavailability Event*) shall require the LCHA Counterparty to specify in:

- (A) any CO₂ T&S Prolonged Unavailability Review Notice or any CO₂ T&S Prolonged Unavailability Further Response Notice that a CO₂ T&S Prolonged Unavailability Event is no longer continuing; and

- (B) any Alternative CO₂ T&S Network Review Notice that a draft Alternative CO₂ T&S Network Solution Plan is approved,

unless and until the LCHA Counterparty is satisfied of the same.

Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension

49.16 If the Producer fails to give:

- (A) a CO₂ T&S Prolonged Unavailability Response Notice to the LCHA Counterparty by the CO₂ T&S Prolonged Unavailability Response Deadline pursuant to Condition 49.9;
- (B) if applicable, a CO₂ T&S Prolonged Unavailability Further Response Notice to the LCHA Counterparty by the Alternative CO₂ T&S Network Solution Plan Deadline pursuant to Condition 49.12(B)(i);
- (C) if applicable, the relevant Supporting Information in accordance with Condition 49.12(A)(iii), Condition 49.12(B)(ii) or Condition 49.12(C)(iii) (as applicable) to enable the LCHA Counterparty to assess the CO₂ T&S Prolonged Unavailability Response Notice;
- (D) if applicable, a draft Alternative CO₂ T&S Network Solution Plan to the LCHA Counterparty by the Alternative CO₂ T&S Network Solution Plan Deadline pursuant to Condition 49.13(A);
- (E) if applicable, the relevant additional Supporting Information specified in the Alternative CO₂ T&S Network Review Notice pursuant to Condition 49.14(A);
- (F) if applicable, an amended draft Alternative CO₂ T&S Network Solution Plan which includes the amendments specified in the Alternative CO₂ T&S Network Review Notice pursuant to Condition 49.14(B); and/or
- (G) if applicable, an amended draft Alternative CO₂ T&S Network Solution Plan pursuant to Condition 49.14(C),

(each a "**CO₂ T&S Prolonged Unavailability Procedure Obligation**"), the LCHA Counterparty may elect to suspend payment of any amounts (including any CO₂ T&S Connection Delay Compensation) which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of a CO₂ T&S Prolonged Unavailability Procedure Obligation, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any such amounts; and (ii) the date from which it proposes to effect such suspension.

49.17 If the Producer subsequently complies with the relevant CO₂ T&S Prolonged Unavailability Procedure Obligation(s), then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation of Condition 49.16. The LCHA Counterparty may elect to make such payment on a lump sum, staged or daily basis. No Compensatory Interest or Default Interest shall be payable in respect of any amount payable pursuant to this Condition 49.17.

49.18 If Condition 49.13(B)(i) applies:

- (A) as soon as reasonably practicable and in any event, no later than [sixty (60)] Business Days after the date of the Alternative CO₂ T&S Network Review Notice, the Producer shall commence the implementation of the Approved Alternative CO₂ T&S Network Solution Plan, and the Producer shall continue to implement the Approved Alternative CO₂ T&S Network Solution Plan in accordance with its terms in order to remedy the CO₂ T&S Prolonged Unavailability Event; and
- (B) the Producer shall notify the LCHA Counterparty in writing no later than [five (5)] Business Days following the date on which the Producer fully implements the Approved Alternative CO₂ T&S Network Solution Plan such that the CO₂ T&S Prolonged Unavailability Event has been remedied (a **"CO₂ T&S Prolonged Unavailability Remediation Notice"**) together with such Supporting Information, in form and content satisfactory to the LCHA Counterparty (acting reasonably), to evidence that the CO₂ T&S Prolonged Unavailability Event has been remedied.

49.19 The Producer shall keep the LCHA Counterparty reasonably informed as to the progress towards remediation of the CO₂ T&S Prolonged Unavailability Event and, in particular, shall provide the LCHA Counterparty with reports (in a form, content and frequency satisfactory to the LCHA Counterparty) of the progress made in or towards the remediation of the CO₂ T&S Prolonged Unavailability Event.

49.20 The Producer shall give the LCHA Counterparty a notice promptly upon the Producer becoming aware of any fact, matter or circumstance which will or is reasonably likely to:

- (A) significantly affect the accuracy of any CO₂ T&S Prolonged Unavailability Response Notice or CO₂ T&S Prolonged Unavailability Further Response Notice, including any accompanying Supporting Information;
- (B) where the Producer has notified the LCHA Counterparty that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline, prevent (or delay) the remediation of the CO₂ T&S Prolonged Unavailability Event by the CO₂ T&S Prolonged Unavailability Remediation Deadline; or
- (C) where Condition 49.13(B)(i) applies, prevent (or delay) the implementation of an Approved Alternative CO₂ T&S Network Solution Plan in accordance with its terms in order to remedy the CO₂ T&S Prolonged Unavailability Event.

49.21 The Producer shall ensure that:

- (A) all forecasts, forward-looking statements and data provided by or on behalf of the Producer pursuant to Conditions 49.9 to 49.20 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 the Producer pursuant to Conditions 49.9 to 49.20 is true, complete and accurate in all material respects and is not misleading.

Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event

49.22 If:

- (A) subject to limbs (B), (C) and (D), the CO₂ T&S Prolonged Unavailability Event has not been remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline;
- (B) where Condition 49.9(A)(iv) applies, the Producer has delivered evidence to the satisfaction of the LCHA Counterparty that the CO₂ T&S Prolonged Unavailability Event will not be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and the Producer cannot provide a feasible Alternative CO₂ T&S Network Solution Plan due to a No Alternative CO₂ T&S Reason;
- (C) where Condition 49.13 applies, the LCHA Counterparty rejects the draft Alternative CO₂ T&S Network Solution Plan pursuant to Condition 49.13(B)(iv); or
- (D) where Condition 49.13(B)(i) applies but no earlier than the CO₂ T&S Prolonged Unavailability Remediation Deadline, and subject to Condition 49.26, the Producer fails to commence and continue to implement an Approved Alternative CO₂ T&S Network Solution Plan in accordance with its terms in order to remedy the CO₂ T&S Prolonged Unavailability Event (notwithstanding that the CO₂ T&S Prolonged Unavailability Event has not been remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline),

then the LCHA Counterparty shall have the right, but not the obligation, to give notice to the Producer terminating the LCHA (a **"CO₂ T&S Prolonged Unavailability Termination Notice"**). A CO₂ T&S Prolonged Unavailability Termination Notice shall specify the date (on or following the date of the CO₂ T&S Prolonged Unavailability Termination Notice) on which termination of the LCHA is designated by the LCHA Counterparty to take effect (the date so designated being a **"CO₂ T&S Prolonged Unavailability Termination Date"**).

49.23 No later than ten (10) Business Days after receipt of a CO₂ T&S Prolonged Unavailability Termination Notice, the Producer shall give notice to the LCHA Counterparty (a **"CO₂ T&S Termination Response Notice"**). A CO₂ T&S Termination Response Notice shall:

- (A) specify the Producer's good faith estimate of the CO₂ T&S Termination Payment; and
- (B) include such Supporting Information as the Producer considers necessary to enable the LCHA Counterparty to calculate the CO₂ T&S Termination Payment, in particular the details required to apply the formula set out in Condition 50.4 (*Consequences of CO₂ T&S Prolonged Unavailability Event termination*) in order to carry out such calculation.

49.24 A CO₂ T&S Termination Response Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the CO₂ T&S Termination Response Notice.

49.25 Following the delivery of a CO₂ T&S Prolonged Unavailability Termination Notice, the LCHA shall terminate on the CO₂ T&S Prolonged Unavailability Termination Date even if the CO₂ T&S Prolonged Unavailability Event is no longer continuing on the CO₂ T&S Prolonged Unavailability Termination Date.

49.26 To the extent that the Producer is prevented from or delayed in implementing an Approved Alternative CO₂ T&S Network Solution Plan in accordance with Condition 49.22(D) as a direct result of the occurrence and continuance of Force Majeure in respect of which the Producer is the FM Affected Party, then:

- (A) the Producer shall be relieved from liability and deemed not to be in breach of Condition 49.22(D); and
- (B) any agreed milestones set out in the Approved Alternative CO₂ T&S Network Solution Plan shall be extended day for day for each day of delay to the implementation of the Approved Alternative CO₂ T&S Network Solution Plan,

but only to the extent that the Producer has satisfied the requirements and conditions of Condition 67 (*Force Majeure*).

Default termination

49.27 If, at any time on or after the Start Date, a Termination Event has occurred and is continuing, the LCHA Counterparty shall have the right, but not the obligation, to give notice to the Producer terminating the LCHA (a "**Default Termination Notice**"). A Default Termination Notice shall specify:

- (A) the date (on or following the date of the Default Termination Notice) on which termination of the LCHA is designated by the LCHA Counterparty to take effect (the date so designated being a "**Default Termination Date**"); and
- (B) the Termination Event which has occurred.

49.28 If the LCHA Counterparty gives a Default Termination Notice to the Producer, the LCHA shall terminate on the Default Termination Date even if the Termination Event is no longer continuing on the Default Termination Date.

Termination for failing to satisfy the Required Installed Capacity

49.29 If:

- (A) the Final Installed Capacity is lower than the Required Installed Capacity; or
- (B) the Producer does not give a Final Installed Capacity Notice on or prior to the date which is ten (10) Business Days after the later of:
 - (i) the Longstop Date; and
 - (ii) if applicable the date which is ten (10) Business Days after the LCHA Counterparty has given notice to the Producer (on or at any time after the date falling ten (10) Business Days prior to the Longstop Date) reminding the Producer of the requirement to give a Final Installed Capacity Notice,

the LCHA Counterparty shall have the right, but not the obligation, to terminate the LCHA with immediate effect upon giving the Producer notice (a "**Final Installed Capacity Termination Notice**").

Termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement

Condition 49.30 shall apply to CCUS-Enabled Facilities only.

- 49.30 If the LCHA Counterparty has waived the CO₂ T&S Connection Confirmation CP pursuant to Condition 3.66 (*Waiver of CO₂ T&S Connection Confirmation CP*), and the CO₂ T&S Connection Confirmation Requirement is not fulfilled by the Producer on or before the CO₂ T&S Connection Confirmation Deadline, the LCHA Counterparty shall have the right, but not the obligation, to terminate the LCHA with immediate effect upon giving the Producer notice (a **"TCDE Termination Notice"**).

Qualifying Change in Law termination

- 49.31 Subject to Condition 49.32, if a Qualifying Change in Law is implemented, occurs or becomes effective and gives rise to or results in a QCiL Construction Event or a QCiL Operations Cessation Event (including a Qualifying Shutdown Event), the LCHA Counterparty shall give notice to the Producer terminating the LCHA (a **"QCiL Termination Notice"**). A QCiL Termination Notice shall specify the date (on or following the date of the QCiL Termination Notice) on which termination of the LCHA is designated by the LCHA Counterparty to take effect (the date so designated being the **"QCiL Termination Date"**).
- 49.32 The LCHA Counterparty shall not exercise its right to terminate the LCHA pursuant to Condition 49.31 in circumstances in which the Producer has provided a Producer QCiL Notice or a Producer QCiL Response Notice unless and until the Parties have agreed that a QCiL Construction Event or QCiL Operations Cessation Event has occurred or a determination to that effect has been made pursuant to the Dispute Resolution Procedure.

QCiL Compensation termination

- 49.33 The LCHA Counterparty shall have the right, but not the obligation, to give notice to the Producer terminating the LCHA if:
- (A) a Qualifying Change in Law occurs, is implemented or becomes effective; and
 - (B) either:
 - (i) (a) such Qualifying Change in Law occurs, is implemented or becomes effective before the Start Date and does not constitute a QCiL Construction Event; and (b) Condition 40.3(A) applies; or
 - (ii) (a) such Qualifying Change in Law occurs, is implemented or becomes effective on or after the Start Date and does not constitute a QCiL Operations Cessation Event; and (b) Condition 40.3(B) applies,

(a **"QCiL Compensation Termination Notice"**). A QCiL Compensation Termination Notice shall specify the date (on or following the date of the QCiL Compensation Termination Notice) on which termination of the LCHA is designated by the LCHA Counterparty to take effect (the date so designated being a **"QCiL Compensation Termination Date"**).

No other termination rights

- 49.34 The termination rights in this Condition 49 (*Termination*) are the only rights that either Party has to terminate the LCHA.

Notice provisions

- 49.35 Any Pre-Start Date Termination Notice, Prolonged FM Termination Notice, Default Termination Notice, CO₂ T&S Prolonged Unavailability Termination Notice or QCiL Compensation Termination Notice issued by the LCHA Counterparty pursuant to this Condition 49 (*Termination*) may be revoked by the LCHA Counterparty giving written notice of the same to the Producer at any time prior to the Pre-Start Date Termination Date, Prolonged FM Termination Date, Default Termination Date, CO₂ T&S Prolonged Unavailability Termination Date or QCiL Compensation Termination Date (as applicable) and, upon such revocation, the Pre-Start Date Termination Notice, Prolonged FM Termination Notice, Default Termination Notice, CO₂ T&S Prolonged Unavailability Termination Notice, TCDE Termination Notice or QCiL Compensation Termination Notice (as applicable) shall cease to have any effect.

50. CONSEQUENCES OF TERMINATION

Consequences of termination: General

- 50.1 Termination of the LCHA pursuant to Condition 49.1 (*Pre-Start Date Termination*), 49.6 (*Termination for Prolonged Force Majeure*), 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*), 49.29 (*Termination for failing to satisfy the Required Installed Capacity*), 49.30 (*Termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement*), 49.27 (*Default Termination*), 49.31 (*Qualifying Change in Law Termination*) or 49.33 (*QCIL Compensation termination*):

- (A) shall not affect, and shall be without prejudice to, the accrued rights and liabilities of each Party and the rights and liabilities of each Party arising as a result of:
 - (i) any antecedent breach of any provision of the LCHA; and
 - (ii) any breach of any provisions of the LCHA which are expressed to survive expiry pursuant to Condition 52 (*Survival*); and
- (B) shall be subject to Condition 52 (*Survival*).

Consequences of Pre-Start Date termination; termination for Prolonged Force Majeure; termination for failing to satisfy the Required Installed Capacity and termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement

- 50.2 Subject to Condition 50.1, if the LCHA Counterparty terminates the LCHA pursuant to Conditions 50.1 (*Pre-Start Date Termination*), 49.6 (*Termination for Prolonged Force Majeure*), 49.29 (*Termination for failing to satisfy the Required Installed Capacity*) or 49.30 (*Termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement*):

- (A) no payment shall be payable by either Party to the other Party as a consequence of such termination;
- (B) all rights and obligations of the Parties under the LCHA shall end; and

- (C) neither Party shall be entitled to make any claim against the other Party under or in respect of the LCHA.

Consequences of CO₂ T&S Prolonged Unavailability Event termination

Conditions 50.3 to 50.7 shall apply to CCUS-Enabled Facilities only.

50.3 If the LCHA Counterparty terminates the LCHA pursuant to Condition 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*), as soon as reasonably practicable after receipt of the CO₂ T&S Termination Response Notice pursuant to Condition 49.23 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*), the LCHA Counterparty shall:

- (A) calculate the CO₂ T&S Termination Payment; and
- (B) give a notice to the Producer (a **"CO₂ T&S Termination Payment Notice"**). A CO₂ T&S Termination Payment Notice shall specify:
 - (i) the amount of the CO₂ T&S Termination Payment;
 - (ii) the principal inputs used by the LCHA Counterparty to calculate the CO₂ T&S Termination Payment; and
 - (iii) whether the CO₂ T&S Termination Payment shall be effected (after consultation with the Producer) as a lump sum payment or staged payments.

50.4 If the CO₂ T&S Termination Payment is to be paid as a lump sum, the CO₂ T&S Termination Payment shall be calculated as follows:

$$CO_2 \text{ T\&S Termination Payment} = \sum_{j=1}^n \frac{C_j - S_j - NRV_j}{(1 + R_s)^{j-1}}$$

where¹⁰⁹:

j a whole number integer from one (1) to *n*; such integers referring to distinct time periods as follows:

- the first (1st) period (*j* = 1) covers the period from the CO₂ T&S Prolonged Unavailability Termination Date to 31 December in the year of the CO₂ T&S Prolonged Unavailability Termination Date;
- the second (2nd) to the (*n*-1)th periods ($2 \leq j < n$) are consecutive periods of one (1) calendar year length each; and
- the *n*th period (*j* = *n*) is the period starting on 01 January in the year in which the Specified Expiry Date falls and ending on the Specified Expiry Date

¹⁰⁹

Note to Reader: This formula is under review, noting that it is aligned with the approach taken under the ICC Contract.

NRV_j	the Net Recoverable Value of the Facility relevant to period (j) (£) expressed in real terms as at the CO ₂ T&S Prolonged Unavailability Termination Date
C_j	all CO ₂ T&S Termination Costs in period (j) (£) expressed in real terms as at the CO ₂ T&S Prolonged Unavailability Termination Date
S_j	all CO ₂ T&S Termination Savings in period (j) (£) expressed in real terms as at the CO ₂ T&S Prolonged Unavailability Termination Date
R_s	the Post-Tax Real Discount Rate

50.5 If the CO₂ T&S Termination Payment is to be paid by means of staged payments:

- (A) the CO₂ T&S Termination Payment shall be effected on the basis that such compensation shall be equivalent to the amount that the Producer would have received had the CO₂ T&S Termination Payment been effected as a lump sum payment in accordance with Condition 50.4; and
- (B) the LCHA Counterparty may (after consultation with the Producer) determine the frequency of such payments provided that the final staged payment shall be made by the earlier of: (i) the date that is five (5) years from the date of the CO₂ T&S Termination Payment Notice; and (ii) the Specified Expiry Date.

50.6 Subject to Condition 50.7:

- (A) if the CO₂ T&S Termination Payment is to be effected as a lump sum payment, the LCHA Counterparty shall no later than thirty (30) Business Days after the date of the CO₂ T&S Termination Payment Notice, pay to the Producer (or such person as the Producer may direct) the CO₂ T&S Termination Payment; or
- (B) if the CO₂ T&S Termination Payment is to be effected as staged payments, the LCHA Counterparty shall commence payment no later than ten (10) Business Days after the date of the CO₂ T&S Termination Payment Notice and the final payment shall be made by the earlier of: (i) the date that is five (5) years from the date of the CO₂ T&S Termination Payment Notice; and (ii) the Expiry Date.

50.7 The LCHA Counterparty may set off against the CO₂ T&S Termination Payment any or all other amounts owing (whether or not matured, contingent or invoiced) by the Producer to the LCHA Counterparty as at the CO₂ T&S Prolonged Unavailability Termination Date. The right of set-off shall be without prejudice and in addition to any other right to which the LCHA Counterparty is otherwise entitled. If an amount is unascertained, the LCHA Counterparty may reasonably estimate the amount to be set off, subject to subsequent adjustment within twenty-eight (28) calendar days of the amount becoming ascertained.

50.8 Subject to Conditions 50.3 to 50.7, if the LCHA Counterparty terminates the LCHA pursuant to Condition 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*):

- (A) no payment shall be payable by either Party to the other Party as a consequence of such termination;
- (B) all rights and obligations of the Parties under the LCHA shall end; and
- (C) neither Party shall be entitled to make any claim against the other Party under or in respect of the LCHA.

Consequences of default termination

50.9 If the LCHA Counterparty terminates the LCHA pursuant to Condition 49.27 (*Default termination*) on, or as soon as reasonably practicable after, the Default Termination Date the LCHA Counterparty shall:

- (A) calculate the Default Termination Payment; and
- (B) give a notice to the Producer (a "**Default Termination Payment Notice**"). A Default Termination Payment Notice shall specify the amount of the Default Termination Payment along with the principal inputs used by the LCHA Counterparty to calculate such Default Termination Payment.

50.10 The Producer shall no later than thirty (30) Business Days after notification of the amount of the Default Termination Payment, pay to the LCHA Counterparty (or such person as the LCHA Counterparty may direct) the Default Termination Payment, which amount shall bear interest in accordance with Condition 22 (*Default Interest*) and no dispute by the Producer as to the amount of the Default Termination Payment shall relieve it of its obligation pursuant to this Condition 50.10.

50.11 Subject to Conditions 50.1, 50.9 and 50.10, if the LCHA Counterparty terminates the LCHA pursuant to Condition 49.27 (*Default termination*):

- (A) no payment shall be payable by either Party to the other Party as a consequence of such termination;
- (B) all rights and obligations of the Parties under the LCHA shall end; and
- (C) neither Party shall be entitled to make any claim against the other Party under or in respect of the LCHA.

Consequences of Qualifying Change in Law termination and QCiL Compensation termination

50.12 Subject to Condition 50.1, if the LCHA Counterparty terminates the LCHA pursuant to Condition 49.31 (*Qualifying Change in Law Termination*) or 49.33 (*QCIL Compensation termination*):

- (A) no payment shall be payable by either Party to the other Party as a consequence of such termination, except that such termination shall be without prejudice to each Party's obligation to pay any QCiL Compensation and QCiL True-Up Compensation;
- (B) all rights and obligations of the Parties under the LCHA shall end; and

- (C) (subject to paragraph (A) above) neither Party shall be entitled to make any claim against the other Party pursuant to the LCHA.

51. TERMINATION EVENTS¹¹⁰

Termination Events

51.1 A "**Termination Event**" means the occurrence at any time with respect to the Producer of any of the following events.

(A) *Insolvency*: the Producer:

- (i) is dissolved (other than pursuant to a solvent consolidation, amalgamation or merger) or becomes insolvent or unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;
- (ii) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a solvent consolidation, amalgamation or merger); or
- (iii) is subject to any event with respect to it which, pursuant to the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in Conditions 51.1(A)(i) or 51.1(A)(ii),

except where any of the events set out in this Condition 51.1(A) is attributable to the LCHA Counterparty not paying when due any amount which, but for the operation of Condition 69 (*Limited recourse arrangements, undertakings and acknowledgements*), would have been due pursuant to the LCHA.

(B) *Non-payment*: the Producer fails to pay:

- (i) any Producer Net Payable Amount on the due date pursuant to the LCHA at the place at and in the currency in which it is expressed to be payable and that failure is not remedied on or before the tenth (10th) Business Day after the LCHA Counterparty gives the Producer notice of that failure (the "**NPA Payment Cure Period**") unless the failure is caused by a Payment Disruption Event in which case the NPA Payment Cure Period shall be extended day for day for each day on which the Payment Disruption Event continues; or
- (ii) any amount other than a Producer Net Payable Amount on the due date pursuant to the LCHA at the place at and in the currency in which it is expressed to be payable and that failure is not remedied on or before the twentieth (20th) Business Day after the LCHA Counterparty gives the Producer notice of that failure (the "**Non-NPA Payment Cure Period**") unless the failure is caused by a Payment Disruption Event in which case the Non-NPA Payment Cure Period shall be extended day for day for each day on which the Payment Disruption Event continues.

¹¹⁰

Note to Reader: The list of Termination Events is subject to further review by DESNZ.

- (C) *Breach of key obligations:*
- (i) the Producer is in breach of any of Conditions 28.1(E) (*Ownership*) or 78 (*Transfers*); or
 - (ii) any director, officer or other senior manager of the Producer commits or procures fraud, or aids, abets or counsels fraud (and fraud is in fact committed) in relation to the LCHA or any other LCHA Document.
- (D) *Credit support default:*
- (i) the Producer fails to transfer, deliver, extend, renew or replace (or procure the transfer, delivery, extension, renewal or replacement of) Acceptable Collateral in accordance with Part 10 (*Credit Support*);
 - (ii) any Letter of Credit provided pursuant to Part 10 (*Credit Support*) expires or terminates or fails or ceases to be in full force and effect in breach of, and is not extended, renewed or replaced in accordance with, Part 10 (*Credit Support*); or
 - (iii) the Producer, or the issuer of any Letter of Credit, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of a Letter of Credit provided to the LCHA Counterparty pursuant to Part 10 (*Credit Support*), unless such disclaimer, repudiation, rejection or challenge is withdrawn or a substitute Letter of Credit is provided to the LCHA Counterparty no later than five (5) Business Days after such disclaimer, repudiation, rejection or challenge.
- (E) *Metering:* a Technical Compliance Termination Event, a Metering Access Termination Event or a Misleading Measurement Data Termination Event.
- (F) *Monitoring and reporting obligations:* an Offtaker Confirmation Process Termination Event, an Offtaker Compliance Declaration Termination Event, a Misleading Declaration Termination Event, an Own Consumption Obligation Termination Event, a LCHA Audit Termination Event or an Annual Compliance Report Termination Event.
- (G) *Offtaker RTFO Compliance:* the Producer has breached the RTFO Compliance Obligation on three (3) or more occasions.
- (H) *UK ETS free allowances:* the Producer is in breach of Condition [●] (*UK ETS Free Allowances*).¹¹¹
- (I) *Permitted Annual Sales Cap:* a Permitted Annual Sales Cap Obligation Breach is deemed to have occurred in three (3) consecutive or non-consecutive Fiscal Years.
- (J) *Cross-default:* the NZHF Grant Funding Agreement is terminated due to the Producer's breach or default.¹¹²

¹¹¹ Note to Reader: The LCHA will prohibit Producers (or other relevant third parties) from applying for or receiving free allowances from the UK ETS registry administrator in respect of the relevant Facility and a breach of such prohibition will be a Termination Event (see item 4.14 in Section B of the LCHA HoTs published on 16 December 2022). DESNZ is still considering the way in which the prohibition will be detailed in the LCHA.

¹¹² Note to Reader: Projects that have requested capex support through Strands 3 and 4 of the Net Zero Hydrogen Fund (NZHF) will be required to sign a Grant Funding Agreement (GFA) in order to be paid grant funding. We aim to publish

- (K) *Payment Information Notice*: a Payment Information Notice Termination Event.
- (L) *Misleading LCHS Reported Data*: a Misleading LCHS Reported Data Termination Event.
- (M) *LCHS Audit Right*: a LCHS Audit Termination Event.
- (N) *Producer LCHS Non-Compliance*: a Producer LCHS Non-Compliance Event.

52. **SURVIVAL**

52.1 Upon termination or expiry of the LCHA, the Parties shall have no further obligations under the LCHA, but termination or expiry shall not affect:

- (A) (save to the extent taken into account in the calculation of the Default Termination Payment and, for CCUS-Enabled Facilities only, the CO₂ T&S Termination Payment (if any)) the provisions of the LCHA as they relate to the payment of any sum due by one Party to the other pursuant to the LCHA (including any QCiL Compensation or QCiL True-Up Compensation Agreement); and
- (B) the continued existence and validity of, and the rights and obligations of the Parties pursuant to Part 1 (*Introduction*), Conditions 3.80 and 3.81, Part 6 (*Billing and payment*), Conditions 31.16 and 31.17, Conditions 36 (*Producer Undertaking: NQ Volume Clawback*) and 37 (*LCHA Counterparty Audit Rights*) this Part 9 (*Termination*), Conditions 54.14 and 54.15 and Part 11 (*Dispute Resolution*) to Part 14 (*Miscellaneous*) (inclusive).

the GFA for NZHF Strands 3 and 4 alongside the LCHA in Q3 2023. We intend that the GFA will mostly follow the GFA that was used for the Industrial Carbon Capture (ICC), with amendments made to ensure that it is specific to the LCHA. The ICC GFA and ICC Contract can therefore be used to provide an indication of how the NZHF Strands 3 and 4 GFA and LCHA will likely interact with each other. For reference, the ICC GFA can be accessed here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1125243/CIF_Industrial_Carbon_Capture_Grant_Funding_Agreement_Terms_and_Conditions.pdf

Part 10

Credit Support

53. COLLATERAL REQUIREMENT

Notification of collateral requirement

- 53.1 If there is a Payment Failure on more than one (1) occasion within any twelve (12) Month period, the LCHA Counterparty may (irrespective of whether or not the Producer has paid any of the Producer Net Payable Amounts owing within the applicable NPA Payment Cure Period) give the Producer a notice on the second (2nd) of those occurrences (a **"Second Payment Failure Notice"**). A Second Payment Failure Notice shall identify the Billing Periods to which such Payment Failures relate.
- 53.2 If there have been Payment Failures on three (3) or more occasions in any twelve (12) Month period, the LCHA Counterparty may (irrespective of whether or not the Producer has paid any of the Producer Net Payable Amounts owing within the applicable NPA Payment Cure Period) give a notice to the Producer (a **"Collateral Posting Notice"**). A Collateral Posting Notice shall:
- (A) identify the Billing Periods to which such Payment Failures relate;
 - (B) specify:
 - (i) the requirement for the Producer to transfer or deliver, or procure the transfer or delivery of, Acceptable Collateral to the LCHA Counterparty;
 - (ii) the Collateral Amount;
 - (iii) the Collateral Posting Date; and
 - (iv) the Initial Collateral Repayment Date; and
 - (C) provide details of the Reserve Account.
- 53.3 If any Payment Failure occurs after the date of a Collateral Posting Notice and before the applicable Collateral Repayment Date, the LCHA Counterparty may give the Producer a notice (a **"Replacement Collateral Notice"**). A Replacement Collateral Notice shall:
- (A) identify the Billing Period to which any such Payment Failure relates; and
 - (B) specify the Replacement Collateral Repayment Date.

Collateral Amount

- 53.4 The Collateral Amount shall be calculated by the LCHA Counterparty as follows:

$$\text{Collateral Amount} = Z * IC * ALF * N * HID$$

where:

$$Z = \text{twenty pounds per MWh (£20/MWh)}$$

<i>IC</i>	=	the Maximum Contract Capacity (<i>MW</i>)
<i>ALF</i>	=	the Assumed Load Factor
<i>N</i>	=	forty (40), representing the number of Days for which collateral is required
<i>HID</i>	=	twenty-four (24), the number of hours in a Day

54. **ACCEPTABLE COLLATERAL**

Provision of collateral

- 54.1 If a Collateral Posting Notice is given to the Producer, the Producer shall, no later than the Collateral Posting Date, transfer or deliver, or procure the transfer or delivery of, Acceptable Collateral to the LCHA Counterparty in an aggregate amount equal to the Collateral Amount.

Transfers and custody of collateral

- 54.2 All transfers or deliveries pursuant to the LCHA of any Acceptable Collateral shall be made by or on behalf of the Producer and shall be given:
- (A) in the case of cash, by transfer in accordance with the instructions made by or on behalf of the LCHA Counterparty, to the credit of the Reserve Account; and
 - (B) in the case of a Letter of Credit, by a Qualifying Issuer issuing a Letter of Credit to the LCHA Counterparty or its designee. Such transfer shall be deemed effective upon receipt by the LCHA Counterparty or its designee from the Qualifying Issuer of the duly executed and issued Letter of Credit.

Letters of Credit

- 54.3 The Producer shall:
- (A) procure that:
 - (i) any Letter of Credit provided pursuant to a Collateral Posting Notice shall be valid at least until the Initial Collateral Repayment Date as set out in that notice; and
 - (ii) (if a Replacement Collateral Notice is given) any Letter of Credit provided pursuant to a Replacement Collateral Notice shall be valid at least until the Replacement Collateral Repayment Date as set out in that notice; and
 - (B) ensure that any Letter of Credit provided by the Producer as Acceptable Collateral, including any renewal or replacement of a Letter of Credit, shall be accompanied by a notice from the Producer (a "**Letter of Credit Details Notice**"). A Letter of Credit Details Notice shall specify:
 - (i) the identity and credit rating of the Qualifying Issuer issuing the Letter of Credit;
 - (ii) the contact details for the Qualifying Issuer (or its representative or relationship manager); and

- (iii) the period of time during which the Letter of Credit will remain in effect and the amount of credit to be provided.

54.4 At least ten (10) Business Days prior to the date of expiry or cancellation of a Letter of Credit, the Producer shall renew or procure the renewal of such Letter of Credit by transferring or delivering, or by procuring the transfer or delivery of, Acceptable Collateral in the amount of and in substitution and to be effective no later than the date of expiry or cancellation of the current Letter of Credit, provided that Acceptable Collateral is still required, pursuant to the provisions of this Part 10 (*Credit Support*), after the date of expiry or cancellation of the current Letter of Credit.

Altering collateral

54.5 If, at any time, the Posted Collateral is not or ceases to be Acceptable Collateral and/or the Posted Collateral is less than the Collateral Amount, the LCHA Counterparty may give a notice to the Producer (a **"Collateral Correction Notice"**). A Collateral Correction Notice shall specify:

- (A) the Posted Collateral which is not or has ceased to be Acceptable Collateral and the reason that prevents such collateral from constituting Acceptable Collateral; and/or
- (B) the amount by which the Posted Collateral is less than the Collateral Amount (a **"Deficient Collateral Amount"**).

54.6 No later than five (5) Business Days after receipt of a Collateral Correction Notice, the Producer shall transfer or deliver, or procure the transfer or delivery of, Acceptable Collateral in an amount more than or equal to the Deficient Collateral Amount.

54.7 The Producer may, from time to time, and on giving the LCHA Counterparty not less than ten (10) Business Days' notice, substitute some or all of the Posted Collateral with other Acceptable Collateral which shall not in any event be less than the Collateral Amount in aggregate.

Credit event by a Qualifying Issuer

54.8 If, at any time, the Qualifying Issuer of a Letter of Credit ceases to be a Qualifying Issuer, the Producer shall give notice to the LCHA Counterparty and the Producer shall procure the replacement of such Letter of Credit with Acceptable Collateral no later than ten (10) Business Days after the date on which the Qualifying Issuer ceases to be a Qualifying Issuer.

54.9 If the Producer fails to procure replacement Acceptable Collateral within ten (10) Business Days in accordance with Condition 54.8, the LCHA Counterparty may demand payment pursuant to the Letter of Credit and shall hold any cash paid pursuant to the Letter of Credit in a Reserve Account until such time as the Posted Collateral is substituted in accordance with Condition 54.7.

Making a Posted Collateral Demand

54.10 The LCHA Counterparty may make a demand under a Letter of Credit procured by the Producer or draw down on any cash amount in a Reserve Account (a **"Posted Collateral Demand"**) in the following circumstances:

- (A) the Producer fails to pay any amount when due pursuant to the LCHA and that failure is not remedied by the last day of the NPA Payment Cure Period; or
- (B) the Producer fails to renew or extend, or procure the renewal or extension of, a Letter of Credit in accordance with Condition 54.4 by the transfer or delivery of substitute Acceptable Collateral.

54.11 If a Posted Collateral Demand has been made, the Producer shall transfer or deliver, or procure the transfer or delivery of, further Acceptable Collateral in an amount no less than the Collateral Amount no later than two (2) Business Days after such demand.

Return of collateral

54.12 If the Producer has transferred or delivered, or procured the transfer or delivery of, Acceptable Collateral to the LCHA Counterparty pursuant to the foregoing provisions in this Part 10 (*Credit Support*), and:

- (A) the Collateral Repayment Date has passed; or
- (B) the Collateral Amount has been replaced or substituted with other Acceptable Collateral in accordance with this Part 10 (*Credit Support*),

then, subject to Condition 54.14, the LCHA Counterparty shall transfer the Posted Collateral back to the Producer no later than five (5) Business Days after:

- (i) in the case of Condition 54.12(A), the Collateral Repayment Date; and
- (ii) in the case of Condition 54.12(B), the date on which the Producer replaces Acceptable Collateral in accordance with this Part 10 (*Credit Support*).

54.13 The LCHA Counterparty shall transfer back the Posted Collateral:

- (A) in the case of cash, by transfer in accordance with the instructions made by or on behalf of the Producer, to the credit of one (1) or more bank accounts in the United Kingdom specified by the Producer; and
- (B) in the case of a Letter of Credit, by surrendering, or procuring the surrender of, the relevant Letter of Credit.

Termination

54.14 If the LCHA expires in circumstances in which no Default Termination Payment, QCiL Compensation or QCiL Compensation is due to the LCHA Counterparty, the LCHA Counterparty shall return any Posted Collateral transferred or delivered by or on behalf of the Producer no later than five (5) Business Days after the expiry, provided that the LCHA Counterparty shall be entitled to set-off against the cash collateral in accordance with Condition 23 (*Set-off*).

54.15 If the LCHA is terminated in circumstances in which any Default Termination Payment, QCiL Compensation or QCiL True-Up Compensation is due to the LCHA Counterparty, the LCHA Counterparty shall return any Posted Collateral transferred or delivered by or on behalf of the Producer after all Producer payment obligations pursuant to the LCHA have been fulfilled,

provided that the LCHA Counterparty shall be entitled to set-off against the cash collateral in accordance with Condition 23 (*Set-off*).

Part 11

Dispute Resolution

55. DISPUTE RESOLUTION PROCEDURE: GENERAL PROVISIONS

Objective for resolution of Disputes

- 55.1 If a Dispute arises, the objective of the Parties shall be to seek to ensure that the Dispute is resolved as quickly, as efficiently and as cost-effectively as possible. Each Party shall, at each stage of the Dispute Resolution Procedure, endeavour in good faith to resolve all Disputes through negotiation.

Compliance with obligations during a Dispute

- 55.2 The Producer and the LCHA Counterparty shall continue to comply with all of their respective obligations under the LCHA notwithstanding any Dispute which falls to be resolved in accordance with this Condition 55 (*Dispute Resolution Procedure: General provisions*).

Outline of Dispute Resolution Procedure

- 55.3 Except as otherwise expressly provided in these Conditions, if a Dispute arises either Party may give a notice to the other Party to initiate the Dispute Resolution Procedure (a "**Dispute Notice**"). A Dispute Notice:
- (A) shall include a description of the subject matter of the Dispute and the issues to be resolved;
 - (B) shall include a statement identifying the Condition to which the Dispute relates or pursuant to which the Dispute arises;
 - (C) shall include a description of the position the referring Party considers is correct and the referring Party's reasons for that position;
 - (D) (except for LCHA Technical Disputes) shall include details of any other dispute or claim relating to or arising out of another UKLCH Programme LCHA which the referring Party considers should be consolidated with or joined to the Dispute;
 - (E) may, where the referring Party considers it appropriate, include copies of any Supporting Information on which the referring Party intends to rely;
 - (F) shall include a statement outlining the relief, determination, remedy or recourse which the referring Party seeks in relation to the Dispute;
 - (G) (except where the LCHA expressly provides for the Dispute, including any LCHA Technical Dispute, to be subject to determination in accordance with the Expert Determination Procedure) shall include a statement as to whether the referring Party considers that the Dispute should (without a Senior Representatives Settlement being reached) be referred for determination in accordance with the Expert Determination Procedure or resolution in accordance with the Arbitration Procedure; and
 - (H) shall include the identity of the referring Party's Senior Representative.

- 55.4 Following the service by either Party of a Dispute Notice:
- (A) (subject to Condition 55.5) the Parties shall seek to resolve the Dispute by convening a meeting of the Senior Representatives of the Parties in accordance with Condition 56 (*Resolution by Senior Representatives*) but, if and to the extent that the Senior Representatives are unable to agree, settle, compromise or resolve the Dispute in accordance with Condition 56 (*Resolution by Senior Representatives*), Condition 55.4(B) shall apply;
 - (B) (subject to Condition 55.6) either Party may refer the Dispute (except for a LCHA Technical Dispute) for resolution by an Arbitral Tribunal in accordance with the Arbitration Procedure or, if the Parties agree in writing within the Resolution Period (or such longer period as they may agree in writing) that such Dispute is amenable to determination by an Expert, refer the Dispute to an Expert for determination in accordance with the Expert Determination Procedure; and
 - (C) (subject to Condition 55.6) either Party may refer a LCHA Technical Dispute for determination by an Expert in accordance with the Expert Determination Procedure.
- 55.5 Condition 55.4(A) shall not apply where the LCHA expressly provides that Condition 56 (*Resolution by Senior Representatives*) shall not apply to the relevant Dispute.
- 55.6 If the LCHA expressly provides for the relevant Dispute to be subject to determination in accordance with the Expert Determination Procedure:
- (A) Conditions 55.4(A) and 55.4(B) shall not apply to such Dispute; and
 - (B) following service of a Dispute Notice, such Dispute shall be referred by the referring Party to an Expert for determination in accordance with the Expert Determination Procedure (but subject to such amendments to the Expert Determination Procedure as are expressly provided for in the relevant provisions of the LCHA).
- 55.7 Subject to Condition 55.8, all communications between the Parties with respect to a Dispute (including any statement, concession, waiver or agreement made by a Party during discussions and meetings pursuant to Condition 56 (*Resolution by Senior Representatives*)) (and any minutes or statements relating to such discussions or meetings) shall be "without prejudice" to the Dispute (or "without prejudice save as to costs" if expressly communicated or stated to be as such) (together, "**Dispute Information**"). Dispute Information shall be inadmissible in any Proceedings that may follow whether related to the Dispute or otherwise (including pursuant to the Expert Determination Procedure or the Arbitration Procedure), except that those expressly stated to be "without prejudice save as to costs" shall be admissible for the purposes of Conditions 57.12 and 58.2.
- 55.8 Condition 55.7 shall not apply to:
- (A) any Dispute Notice;
 - (B) any Senior Representatives Settlement;
 - (C) any communications between the Parties once an Expert Determination Procedure or an Arbitration Procedure has commenced, save for such communications expressly

communicated or stated to be "without prejudice" or "without prejudice save as to costs";
or

- (D) any communications between the Parties where the Parties agree in writing that Condition 55.7 shall not apply.

56. RESOLUTION BY SENIOR REPRESENTATIVES

56.1 The Parties shall procure that their respective Senior Representatives shall meet no later than ten (10) Business Days after the date of service of a Dispute Notice. If the Senior Representatives of the Parties:

- (A) are able to resolve the Dispute within thirty (30) Business Days of the date of service of the Dispute Notice (or within such longer period as the Senior Representatives of the Parties may agree in writing) (the "**Resolution Period**"), the terms of the agreement, settlement, compromise or resolution reached between the Senior Representatives in respect of the Dispute (a "**Senior Representatives Settlement**") shall be documented in writing and shall be signed by the Senior Representative of each Party;
- (B) are unable to resolve the Dispute (except for a LCHA Technical Dispute) within the Resolution Period, either Party may refer the Dispute for resolution by an Arbitral Tribunal in accordance with the Arbitration Procedure or, if the Parties agree in writing within the Resolution Period (or such longer period as they may agree in writing) that such Dispute is amenable to determination by an Expert, refer the Dispute to an Expert for determination in accordance with the Expert Determination Procedure; or
- (C) are unable to resolve a LCHA Technical Dispute within the Resolution Period, either Party may refer such dispute for determination by an Expert in accordance with the Expert Determination Procedure.

56.2 If, at any time during the Resolution Period, both Parties agree that the Senior Representatives of the Parties will not be able to agree, settle, compromise or resolve the Dispute, then:

- (A) either Party may refer the Dispute (except for a LCHA Technical Dispute) for resolution by an Arbitral Tribunal in accordance with the Arbitration Procedure or, if the Parties agree that such Dispute is amenable to determination by an Expert, refer the Dispute to an Expert for determination in accordance with the Expert Determination Procedure;
- (B) either Party may refer a LCHA Technical Dispute for determination by an Expert in accordance with the Expert Determination Procedure; and
- (C) there shall be no requirement for the Parties to wait until the expiry of the Resolution Period before making any such reference.

56.3 Neither Party may commence the Expert Determination Procedure nor the Arbitration Procedure prior to the expiry of the Resolution Period except in the circumstances specified in Condition 56.2.

56.4 The rules, obligations and procedures set out in this Condition 56 (*Resolution by Senior Representatives*) shall apply to all Disputes unless expressly stated to the contrary in the LCHA.

57. EXPERT DETERMINATION PROCEDURE

- 57.1 Either Party may, subject to Condition 56 (*Resolution by Senior Representatives*), refer a Dispute to be determined by an Expert if either: (i) the Parties have agreed in writing that a Dispute is amenable to determination by an Expert pursuant to Condition 56.1(B) or 56.2(A); or (ii) the LCHA expressly provides for the relevant Dispute to be determined by an Expert. Such referral shall be effected by either Party giving a notice (an **"Expert Determination Notice"**) to the other Party. An Expert Determination Notice shall:
- (A) include the information required to be included in a Dispute Notice pursuant to Conditions 55.3(A) to 55.3(H); and
 - (B) include a proposal as to the identity, and terms of reference, of the Expert and the relevant expertise that the referring Party considers qualifies the proposed Expert to determine the relevant Expert Dispute.
- 57.2 Any Expert appointed to determine any Expert Dispute shall be required to have an appropriate level of experience in relation to matters of the same general description as the matter in Dispute.
- 57.3 The Party receiving the Expert Determination Notice (the **"Respondent"**) shall, no later than ten (10) Business Days after receipt of the Expert Determination Notice, give notice (an **"Expert Determination Response Notice"**) to the other Party (the **"Claimant"**). An Expert Determination Response Notice shall specify whether or not the Respondent accepts:
- (A) the Expert proposed by the Claimant (and, if the Respondent does not accept the Expert proposed by the Claimant, it shall specify an alternative Expert for consideration by the Claimant); and
 - (B) the terms of reference for the Expert proposed by the Claimant (and, if the Respondent does not accept the terms of reference for the Expert proposed by the Claimant, it shall propose alternative terms of reference for the Expert for consideration by the Claimant).
- 57.4 If the Parties fail to agree on the identity of the Expert within twenty (20) Business Days of the date of service of the Expert Determination Notice (or such other period as the Parties may agree in writing), either Party may request that the Expert be nominated by the LCIA, which shall be requested to choose a suitably qualified and experienced Expert for the Expert Dispute in question. The LCIA's nomination shall, subject to Condition 57.5(A)(i), be binding on the Parties.
- 57.5 The Parties shall:
- (A) use reasonable endeavours to procure that no later than ten (10) Business Days after the Parties have agreed the identity of the Expert to be appointed (or the LCIA having nominated an Expert in accordance with Condition 57.4):
 - (i) the Expert confirms in writing to the Parties that:
 - (a) the Expert is willing and available to act in relation to the Expert Dispute; and

- (b) the Expert has no conflict of interest which prevents the Expert from determining the Expert Dispute;
- (ii) (subject to the confirmation referred to in Condition 57.5(A)(i) having been given) the terms of appointment and the terms of reference of the Expert are agreed between the Parties and the Expert (and an appointment letter entered into among them), such terms:
 - (a) to include an undertaking that the Expert shall not disclose to any person any Supporting Information disclosed or delivered by a Party to the Expert in consequence of, or in respect of, their appointment as the Expert; and
 - (b) to exempt the Expert (and any employee, agent or adviser of or to the Expert) from liability for anything done or omitted in the discharge or purported discharge of the Expert's functions, unless such act or omission is fraudulent or in bad faith;
- (B) instruct the Expert:
 - (i) to act fairly and impartially;
 - (ii) to reach their decision in accordance with the applicable Laws in relation to the Dispute referred to the Expert;
 - (iii) to take the initiative in ascertaining the facts and the law, including by:
 - (a) considering any Supporting Information submitted to the Expert by the Parties;
 - (b) instructing an expert and/or taking counsel's opinion as to any matter raised in connection with the Dispute, provided that the Expert shall not be entitled to delegate any decision to such expert or counsel;
 - (c) requiring the Parties to produce any Supporting Information (excluding any of the foregoing which would be privileged from production in court proceedings); and
 - (d) opening up, reviewing and revising any opinion, assessment, certificate, instruction, determination or decision of whatsoever nature given or made pursuant to the LCHA, provided that the Expert may not in so doing purport: (i) to open up, review or revise any matter determined pursuant to an earlier dispute under the Dispute Resolution Procedure or included with a negotiated settlement; or (ii) to decide any matter which falls outside the Expert's terms of reference in relation to the relevant Expert Dispute or is otherwise excluded from the Expert Determination Procedure; and
 - (iv) if requested by either Party in writing, to provide reasons for their decision, which shall be communicated to the Parties;

- (C) afford the Expert the discretion to establish the procedure (including the timetable) for the determination of the Expert Dispute, it being agreed by the Parties that:
 - (i) the Expert shall be requested to confirm to the Parties the proposed procedure for the relevant Expert Dispute as soon as reasonably practicable after the Expert Appointment Date and, in any event, no later than ten (10) Business Days after such date and, the Parties agree that:
 - (a) the Expert shall be requested to afford (and shall so afford) the Parties the opportunity to address the Expert in a meeting at which both Parties shall have the right to be present, where either Party requests such a meeting in writing or the Expert otherwise considers it to be necessary or desirable to reach a determination in respect of the relevant Expert Dispute, with the format and procedure applicable to any such meeting being a matter for the Expert to decide in their sole and absolute discretion;
 - (b) subject to (c) below, the Expert may modify the time periods provided for in Condition 57.6 and otherwise modify the procedure contemplated by such Condition; and
 - (c) any modification(s) to the time periods and/or procedure for the determination of an Expert Dispute shall not extend the overall timetable of the Expert Determination Procedure by more than sixty (60) calendar days without the agreement of both Parties;
 - (ii) all submissions made by a Party to the Expert (including all Supporting Information provided to the Expert) shall be provided to the other Party contemporaneously with such submissions being made to the Expert; and
 - (iii) the Parties shall (without prejudice to Condition 57.5(C)(i)) request the Expert to determine the Expert Dispute within the earlier of:
 - (a) thirty (30) Business Days following the date on which a Response Submission has been provided by the Respondent; and
 - (b) sixty (60) Business Days after the First Submission Deadline; and
- (D) afford the Expert all Supporting Information and assistance which the Expert requires to determine the Expert Dispute (and, if a Party fails to produce any such Supporting Information or assistance, the Expert may continue the determination process without that Supporting Information or assistance).

57.6 Subject to Condition 57.5(C):

- (A) the Claimant shall provide the Expert with a copy of the Expert Determination Notice no later than ten (10) Business Days after the Expert Appointment Date (the date on which the Expert receives the copy of the Expert Determination Notice being the "**Expert Referral Date**");

- (B) the Claimant shall provide a written statement of its case, together with any Supporting Information, to the Expert (the **"First Submission"**) no later than twenty (20) Business Days after the Expert Referral Date (the **"First Submission Deadline"**) and, without limitation, the First Submission may cover any of the matters required to be contained in the relevant Dispute Notice pursuant to Conditions 55.3(A) to 55.3(H) (inclusive) and shall include copies of any Supporting Information which the Claimant considers to be important and relevant and a copy of such First Submission shall be provided to the Respondent at the same time as it is provided to the Expert; and
 - (C) the Respondent may, but is not obliged to, submit a response to the Claimant's First Submission, together with any Supporting Information, on which the Respondent intends to rely (a **"Response Submission"**) no later than thirty (30) Business Days after receipt of the First Submission.
- 57.7 The Arbitration Act 1996 and the law relating to arbitrators and arbitrations shall not apply to the Expert or their determination or the procedure by which the Expert reaches their determination.
- 57.8 If the Expert is at any time unable or unwilling to act or fails to come to a decision within the specified time allowed, either Party may proceed to seek the appointment of a replacement Expert as if the Expert Determination Notice had just been served. The provisions of the Expert Determination Procedure shall apply to any replacement Expert and the replacement Expert shall be authorised to determine any Expert Dispute which was submitted to their predecessor but which their predecessor had not determined at the time when their predecessor became unable or unwilling to act.
- 57.9 The Expert's determination shall be final and binding upon the Parties, except in the event of fraud or manifest error.
- 57.10 No Expert determination shall have the effect of amending the LCHA unless expressly permitted pursuant to the LCHA.
- 57.11 If either Party does not comply with the decision of the Expert, the other Party may commence proceedings in the English Courts to secure enforcement of that decision.
- 57.12 The Expert may, in their determination, provide that one or other or both of the Parties pay the Expert's fees and expenses and each other's costs (including the fees and expenses of external advisers and consultants) in such proportions as the Expert may specify on the general principle that the allocation of costs should reflect the Parties' relative success and failure in the Expert Determination Procedure. In the absence of such a direction, each Party shall bear its own costs and the fees and expenses of the Expert shall be paid in equal shares by the Parties.
58. **ARBITRATION PROCEDURE**
- 58.1 Either Party may, subject to Condition 56 (*Resolution by Senior Representatives*), refer an Arbitration Dispute to arbitration. Any Arbitration Dispute so referred to arbitration shall be resolved in accordance with the LCIA Arbitration Rules, which rules are to be treated as incorporated by reference into this Condition 58.1.

- 58.2 The Arbitral Tribunal shall make its award in writing (the "**Arbitral Award**") and the Parties agree that all final Arbitral Awards shall be binding on the Parties.
- 58.3 No Arbitral Award shall have the effect of amending the LCHA unless expressly permitted pursuant to the LCHA.
- 58.4 The Arbitral Tribunal shall consist of three (3) Arbitrators except where the Parties have agreed in writing that the Arbitral Tribunal shall consist of one (1) Arbitrator (the "**Mutual Appointment Decision**").
- 58.5 If the Arbitral Tribunal is to consist of:
- (A) three (3) Arbitrators, each Party shall nominate one (1) Arbitrator to be appointed by the LCIA as contemplated by the LCIA Arbitration Rules and the third Arbitrator shall be nominated by the Arbitrators nominated by the Parties and shall act as chair; or
 - (B) one (1) Arbitrator, the Parties shall use reasonable endeavours to agree on the identity of the Arbitrator no later than ten (10) Business Days after the Mutual Appointment Decision, failing which the Arbitrator shall be appointed by the LCIA as contemplated by the LCIA Arbitration Rules.
- 58.6 The seat, or legal place, of any arbitration shall be London.
- 58.7 The language to be used in any arbitral proceedings shall be English.
- 58.8 This Condition 58 shall not apply to any LCHA Technical Dispute.
59. **CONSOLIDATION OF CONNECTED DISPUTES**
- 59.1 If:
- (A) any Dispute raises issues which are substantially the same as, connected with or related to issues raised in any dispute or claim relating to or arising out of any other UKLCH Programme LCHA (each, a "**Connected Dispute**");
 - (B) the Dispute Resolution Procedure has been commenced in relation to the Dispute; and
 - (C) a dispute resolution procedure under the other UKLCH Programme LCHA has been commenced in relation to the Connected Dispute under that agreement,
- then either Party may request consolidation of those Connected Disputes at any time so that the Connected Disputes shall be determined together and in respect of any Connected Dispute, the Parties consent, pursuant to Article 22.7 and/or Article 22.8 of the LCIA Arbitration Rules (or any equivalent provisions in any version of the LCIA Arbitration Rules that may come into force hereafter), to the consolidation of an arbitration commenced pursuant to the LCHA with an arbitration commenced under the relevant UKLCH Programme LCHA(s).
- 59.2 Where a Party wishes to consolidate Connected Disputes pursuant to Condition 59.1, that Party shall give notice in writing to all of the parties to the Connected Disputes (a "**Consolidation Request**"). A Consolidation Request shall be copied to the Expert or Arbitrator(s) (as relevant) of each Connected Dispute at the same time that it is given to the

parties to each Connected Dispute, or, to the extent that the Expert or Arbitrator(s) have not been appointed at that date, forthwith upon appointment of the Expert or Arbitrator(s).

59.3 Following delivery of a Consolidation Request to every party who is to receive it under Condition 59.2, the Parties shall use reasonable endeavours (including cooperating with the parties to the other UKLCH Programme LCHA(s)) to procure that the Expert or Arbitrator(s) (as relevant) of each Connected Dispute shall, within five (5) Business Days after the delivery of the Consolidation Request, determine between them whether:

- (A) they are satisfied that the issues of both fact and/or law raised in each of the Connected Disputes are substantially the same as, or substantially connected or related to, each other; and
- (B) consolidation of the Connected Disputes will not materially affect the timetable for resolution of any Connected Disputes.

59.4 If:

- (A) the Expert(s) or Arbitrator(s) are so satisfied by majority and provide notice of that fact to the parties to all of the Connected Disputes; and
- (B) the parties to the other UKLCH Programme LCHA(s) consent to consolidation;

the Dispute may be consolidated with any relevant Connected Disputes (including, in the case of two (2) or more arbitrations, pursuant to the relevant provisions of the LCIA Arbitration Rules).

59.5 If the Expert(s) or Arbitrator(s) are not so satisfied by majority, or one (1) or more parties to another UKLCH Programme LCHA does not consent to the consolidation, the Dispute shall not be consolidated with the Connected Dispute under that agreement.

59.6 If the Parties or either of them receive(s) one (1) or more notice(s) from a party or parties to one (1) or more other UKLCH Programme LCHA(s) seeking to consolidate a dispute under the other UKLCH Programme LCHA(s) with a Dispute under the LCHA for reasons similar to those set out in Condition 59.3 above, neither Party shall unreasonably withhold its consent to consolidation of the Dispute with the relevant dispute(s) under the other UKLCH Programme LCHA(s) and shall use reasonable endeavours to facilitate the consolidation of the disputes.

59.7 If there has been a request for consolidation, whether by way of Consolidation Request under the LCHA or an equivalent notice under one (1) or more other UKLCH Programme LCHA(s) and it is determined that two (2) or more disputes shall be consolidated,

- (A) the Parties shall use reasonable endeavours to procure that the outcome described in Condition 59.8 below is achieved; and
- (B) neither Party shall unreasonably withhold consent to any reasonable proposal by a party to another UKLCH Programme LCHA which has as its objective the procuring of an outcome equivalent to that described in Condition 59.8 below.

59.8 If different Experts or Arbitrators have been appointed in respect of Connected Disputes prior to their being consolidated in accordance with the Dispute Resolution Procedure and those Experts or Arbitrator(s) give a notice, in accordance with Condition 59.4 that the Connected Disputes shall be consolidated, the Parties shall use reasonable endeavours to agree in writing

with each other and the parties to any relevant Connected Dispute, no later than five (5) Business Days after the giving of that notice, which of the Experts or Arbitrators shall be the Experts or Arbitrator(s) for the consolidated Connected Disputes. If no such agreement can be reached, the parties to the Dispute shall request that the president or vice-president of the LCIA court select, no later than five (5) Business Days after such request, which of those Experts or Arbitrator(s) shall be the Experts or Arbitrator(s) for the consolidated Connected Disputes, provided the parties to any relevant Connected Dispute(s) consent to this step.

59.9 If the Expert(s) or Arbitrator(s) of consolidated Connected Disputes is or are unable to give their award in respect of the consolidated Connected Disputes at the same time then the award in respect of the Dispute may be given in such order as the Expert(s) or Arbitrator(s) may determine.

59.10 This Condition 59 shall not apply to any LCHA Technical Dispute.

60. **NO OTHER PROCEEDINGS**

60.1 Subject to Condition 60.2, any and all Disputes are to be finally resolved in accordance with the Dispute Resolution Procedure, and neither Party shall commence any Proceedings in respect of a Dispute other than in accordance with the Dispute Resolution Procedure. If either Party commences any Proceedings in breach of the Dispute Resolution Procedure, it shall not oppose an application for strike-out, termination, discontinuance or stay of such Proceedings.

60.2 Notwithstanding any other provision of the Dispute Resolution Procedure, either Party may at any time:

- (A) commence, prosecute and/or defend Proceedings against the other Party in the courts of England and Wales for:
 - (i) an order to obtain urgent injunctive or other equitable relief, including specific performance;
 - (ii) judgment to enforce a Senior Representatives Settlement, the determination of an Expert, or an Arbitral Award; and/or
- (B) give a notice of arbitration to the other Party so as to prevent the expiry of any applicable period of limitation or prescription, or the application of the equitable doctrine of laches.

61. **METERING DISPUTES**

61.1 LCHA Technical Disputes shall be resolved in accordance with the Dispute Resolution Procedure (except for those provisions of the Dispute Resolution Procedure which are expressly stated not to apply to LCHA Technical Disputes).¹¹³

¹¹³ Note to Reader: The dispute resolution procedures for LCHA Technical Disputes are subject to change as industry codes and procedures are established and developed.

Part 12

General provisions regarding liabilities, remedies and waivers

62. EXCLUDED LOSSES AND LIABILITIES

Interpretation

- 62.1 Any and all compensation in respect of any event to be calculated, agreed or determined, and paid, commenced or effected, pursuant to the LCHA shall be calculated on the basis that the Producer has complied, and will comply with:
- (A) the general mitigation obligation set out in Condition 62.3, irrespective of whether the Producer has in fact complied, or will comply, with such obligation; and
 - (B) the Reasonable and Prudent Standard, including with respect to the incurrence of costs in relation to the Project, irrespective of whether the Producer has in fact complied, or will comply, with such standard.
- 62.2 Any notification by the Producer to the LCHA Counterparty of the mitigating steps that the Producer has taken, or proposes to take, in order to comply with the general mitigation obligation set out in Condition 62.3, or the Reasonable and Prudent Standard, shall be of indicative value only and, as such, shall not be determinative of whether it has complied, or will comply, with such general mitigation obligation or Reasonable and Prudent Standard.

Mitigation

- 62.3 The Producer shall promptly take all reasonable steps to mitigate any loss or, as the case may be, maximise any benefit, in respect of which a claim could be brought under the LCHA or any other LCHA Document (including by recommencing Hydrogen production, as soon as reasonably practicable), provided that this obligation to mitigate shall not be construed as relieving the Producer from complying in full with its obligations under the LCHA or any other LCHA Document.
- 62.4 The Producer shall give notice as soon as reasonably practicable to the LCHA Counterparty of the mitigating steps that it has taken or procured, is taking or procuring or proposes to take or procure and shall as soon as reasonably practicable provide such Supporting Information regarding such mitigation as the LCHA Counterparty may reasonably request.

No double recovery

- 62.5 The Producer may recover only once in respect of the same loss. The LCHA Counterparty shall not be liable to pay any compensation under any term of the LCHA to the extent that the subject of the claim has been compensated for, or the same loss has been recovered by the Producer under the LCHA, any other LCHA Document and/or the NZHF Grant Funding Agreement.
- 62.6 If the Producer is at any time entitled to recover from a third party any sum (whether under a power purchase agreement, a gas purchase agreement, a hydrogen offtake agreement, an insurance policy or otherwise) in respect of any matter or circumstance giving rise to a claim under the LCHA, any other LCHA Document and/or the NZHF Grant Funding Agreement, the Producer shall take all necessary steps to enforce such recovery.

62.7 If the Producer (or its nominee) recovers any amount from: (i) the LCHA Counterparty as a consequence of any claim under the LCHA or any other UKLCH Programme LCHA to which it is a party; or (ii) such other person as is referred to in Condition 62.6:

- (A) such amount shall be taken into account in the calculation of any compensation payable pursuant to the LCHA or any other LCHA Document;
- (B) no claim shall be made by the Producer pursuant to the LCHA or any other LCHA Document in respect of the amounts so recovered; and
- (C) if the Producer has previously received compensation in relation to the same claim, they or it shall pay promptly to the LCHA Counterparty an amount equal to the lesser of: (i) the amount so recovered; and (ii) the amount so previously received.

General limitation on liability

62.8 Subject to Condition 62.9, neither Party shall be liable to the other Party under or pursuant to the LCHA or any other LCHA Document, 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 Agreement Date 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 the LCHA or any other LCHA Document.

62.9 Condition 62.8 shall not operate so as to prejudice or override:

- (A) the express terms of any obligation to pay, indemnity or costs reimbursement provision contained within the LCHA or any other LCHA Document;
- (B) the express terms relating to the calculation of any QCiL Compensation or QCiL True-Up Compensation, or the obligation of either Party to pay any QCiL Compensation or QCiL True-Up Compensation to the other Party (or to commence or effect such compensation), in each case in accordance with Part 8 (*Changes in Law*); or
- (C) the express terms relating to the calculation of the Default Termination Payment, or the obligation of the Producer to pay the Default Termination Payment to the LCHA Counterparty, in each case in accordance with Condition 50.10 (*Consequences of default termination*), it being agreed that the LCHA Counterparty has a legitimate interest to which the Default Termination Payment is proportionate in light of factors including but not limited to the anticipated harm that the LCHA Counterparty would suffer and the difficulty of estimation or calculation of actual damages upon early termination of the LCHA.

CO₂ T&S Operator actions

- 62.10 For CCUS-Enabled Facilities only, except where expressly stated to the contrary, any payments to the Producer in respect of or pursuant to instructions issued by any CO₂ T&S Operator shall not be calculated or made pursuant to the terms of the LCHA, and the LCHA Counterparty shall have no liability pursuant to the LCHA to pay or compensate the Producer in respect of any resulting losses.

Electricity Transmission System Operator, Electricity Transmission Licensee or Licensed Electricity Distributor actions

- 62.11 Any payments to the Producer in respect of or pursuant to instructions issued by any Electricity Transmission System Operator, Electricity Transmission Licensee or Licensed Electricity Distributor shall not be calculated or made pursuant to the terms of the LCHA, and the LCHA Counterparty shall have no liability pursuant to the LCHA to pay or compensate the Producer in respect of any resulting lost supply.

Gas Licensed Transporter actions

- 62.12 Any payments to the Producer in respect of or pursuant to instructions issued by any Gas Licensed Transporter shall not be calculated or made pursuant to the terms of the LCHA, and the LCHA Counterparty shall have no liability pursuant to the LCHA to pay or compensate the Producer in respect of any resulting lost supply.

Water Licensed Operator actions

- 62.13 Any payments to the Producer in respect of or pursuant to instructions issued by any Water Licensed Operator shall not be calculated or made pursuant to the terms of the LCHA, and the LCHA Counterparty shall have no liability pursuant to the LCHA to pay or compensate the Producer in respect of any resulting lost supply.

63. NO WAIVER

- 63.1 No waiver by either Party of any breach by the other Party of the LCHA or any other LCHA Document shall operate unless expressly made in writing, and no such waiver shall be construed as a waiver of any other breach.
- 63.2 No delay or omission by either Party in exercising any right, power or remedy provided by law or pursuant to the LCHA or any other LCHA Document shall:
- (A) affect that right, power or remedy; or
 - (B) operate as a waiver of it.
- 63.3 The single or partial exercise by either Party of any right, power or remedy provided by law or pursuant to the LCHA or any other LCHA Document shall not, unless otherwise expressly stated, preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 63.4 Any legal privilege attaching to information or documents that are:

- (A) made available by the Producer or its Representatives to the LCHA Counterparty or its Representatives remains for the benefit of the Producer; or
- (B) made available by the LCHA Counterparty or its Representatives to the Producer or its Representatives remains for the benefit of the LCHA Counterparty,

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

64. **CONSENTS**

64.1 Any consents, confirmations, approvals, waivers or agreements to be given by the LCHA Counterparty pursuant to the LCHA or any other LCHA Document:

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

64.2 The exercise of discretion by the LCHA 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 the LCHA or any other LCHA Document.

65. **ENTIRE AGREEMENT**

65.1 The LCHA, together with the other LCHA Documents, 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 the LCHA or the other LCHA Documents.

65.2 Each Party acknowledges that in entering into the LCHA 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 the LCHA or any other LCHA Document made or given by or on behalf of either Party or the Secretary of State at any time prior to the Agreement Date (whether made negligently or innocently) other than as expressly set out in the LCHA or any other LCHA Document.

65.3 Nothing in this Condition 65 (*Entire agreement*) shall limit or exclude liability for fraud.

66. **PAYMENT DISRUPTION EVENT**

Relief due to Payment Disruption Event

66.1 Subject to Condition 66.2, a Party affected by a Payment Disruption Event (a "**PDE Affected Party**") shall be relieved from liability, and deemed not to be in breach of the LCHA (or any other LCHA Document), for:

- (A) any failure to pay (or delay in paying) to the other Party any sum due and payable pursuant to the LCHA (or any other LCHA Document) (whether pursuant to an obligation to pay, an indemnity, a costs reimbursement provision or otherwise); and
- (B) (in the case of the Producer) any failure to transfer, deliver, extend, renew or replace (or procure the transfer, delivery, extension, renewal or replacement of) Acceptable Collateral in accordance with Part 10 (*Credit Support*), or any delay in doing so,

(such obligations "**PDE Obligations**") in each case if and to the extent that such failure or delay is directly attributable to the occurrence and continuance of such Payment Disruption Event.

Conditions to Payment Disruption Event relief

66.2 The PDE Affected Party's relief from liability pursuant to Condition 66.1 is subject to and conditional upon:

- (A) the PDE Affected Party giving notice as soon as reasonably practicable to the other Party of the nature and extent of the Payment Disruption Event causing its failure or delay in performance; and
- (B) the PDE Affected Party using reasonable endeavours:
 - (i) to mitigate the effects of the Payment Disruption Event;
 - (ii) to carry out and perform its obligations under the LCHA (and each other LCHA Document) in any way that is reasonably practicable; and
 - (iii) to pay the sum due and payable or transfer, deliver, extend, renew or replace Acceptable Collateral in accordance with Part 10 (*Credit Support*) (as relevant) immediately upon cessation of the Payment Disruption Event.

67. FORCE MAJEURE

Relief due to Force Majeure

67.1 Subject to the provisions of this Condition 67 (*Force Majeure*), a Party affected by Force Majeure (an "**FM Affected Party**") shall:

- (A) be relieved from liability, and deemed not to be in breach of the LCHA (or any other LCHA Document), for any failure or delay in the performance of any of its obligations under the LCHA (or any other LCHA Document) if and to the extent such failure or delay is directly attributable to the occurrence and continuance of such Force Majeure; and
- (B) be entitled to an extension of one (1) or more of the Longstop Date, the Milestone Delivery Date and/or the Target Commissioning Window, for any delay to the Project if and to the extent such delay is directly attributable to the occurrence and continuance of such Force Majeure, subject to the requirements of the definition of that term.

67.2 Nothing in this Condition 67 (*Force Majeure*) shall relieve either Party from its obligations to perform or comply with any PDE Obligations.

67.3 Nothing in this Condition 67 (*Force Majeure*) shall affect the LCHA Counterparty's right to terminate the LCHA pursuant to:

- (A) Condition 49.5 (*Termination for Prolonged Force Majeure*); or
- (B) for CCUS-Enabled Facilities only and subject to Condition 49.22 to 49.26 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*).

Conditions to Force Majeure relief

67.4 The FM Affected Party's relief from liability and/or entitlement to an extension of any of the Longstop Date, the Milestone Delivery Date and/or the Target Commissioning Window pursuant to Condition 67.1 is subject to and conditional upon (and in the case of 67.1(B) shall only be available to the extent that the failure or delay in performance and/or delay to the Project could not have been avoided by):

- (A) the FM Affected Party giving notice as soon as reasonably practicable to the other Party in writing of the nature and extent of: (i) any Force Majeure of which it is aware which it considers will or is likely to cause its failure or delay in performance and/or delay to the Project; and (ii) any Force Majeure that has caused or is causing failure or delay in performance and/or delay to the Project; and
- (B) the FM Affected Party using reasonable endeavours to:
 - (i) mitigate the effects of the Force Majeure (including delay to the Project);
 - (ii) carry out its obligations under the LCHA and each other LCHA Document in any way that is reasonably practicable; and
 - (iii) resume the performance of its obligations under the LCHA and each other LCHA Document as soon as reasonably practicable.

Provision of Force Majeure information

67.5 In addition to its notification obligation pursuant to Condition 67.4, the FM Affected Party shall give notice as soon as reasonably practicable to the other Party in writing (to the extent that such Information is available to the FM Affected Party) of:

- (A) the steps being taken by the FM Affected Party to remove or mitigate the effect of the Force Majeure (including delay to the Project) and to carry out its obligations under the LCHA (or the relevant LCHA Document);
- (B) the anticipated date of resumption of performance of its obligations under the LCHA (or the relevant LCHA Document); and
- (C) such other details relating to the Force Majeure and its effects (including delay to the Project) as may be reasonably requested by the other Party,

and, to the extent that such Information is not available at the time a notice is given, the FM Affected Party shall provide such Information to the other Party as soon as it becomes available to it.

- 67.6 The FM Affected Party shall give notice to the other Party every twenty (20) Business Days:
- (A) of any update to the Information provided pursuant to Condition 67.5 and shall give notice as soon as reasonably practicable to the other Party upon it becoming aware of any material developments or additional material Information relating to the Force Majeure and its effects; and
 - (B) where the Force Majeure is a continuing one, that it is continuing, accompanied by an explanation and Information to show that the events or circumstances concerned continue to meet all of the requirements of the definition of Force Majeure.

68. **SEVERABILITY**

If any provision or part of a provision of the LCHA or any other LCHA Document is or becomes illegal, invalid or unenforceable in any respect in any jurisdiction, that shall not affect or impair:

- (A) the legality, validity or enforceability in that jurisdiction of any other provision of the LCHA or of any other LCHA Document; or
- (B) the legality, validity or enforceability in other jurisdictions of that or any other provision of the LCHA or of any other LCHA Document.

69. **LIMITED RECOURSE ARRANGEMENTS, UNDERTAKINGS AND ACKNOWLEDGEMENTS¹¹⁴**

LCHA Counterparty payment undertakings

- 69.1 For the purpose of Conditions 69.2 to 69.8, references in Conditions 69.2 to 69.5 to "liabilities" shall be construed as if the limited recourse provisions set out in Condition 69.7 do not apply.
- 69.2 The LCHA Counterparty shall make appropriate requests to [HMG] [on the basis provided for by the Funding Mechanism] for the purpose of ensuring that it is in sufficient funds to meet its liabilities in full pursuant to the LCHA.
- 69.3 The LCHA Counterparty shall, to the extent consistent with the LCHA Counterparty's proper exercise of its functions and duties pursuant to the [Energy Bill 2023] or any other statutory function or duty, as soon as reasonably practicable:
- (A) notify [HMG] of any sum which [HMG] is required by virtue of the [Funding Mechanism] to pay to the LCHA Counterparty and which has not been paid by the date on which it is required by virtue of the [Funding Mechanism] to be paid and which is necessary to ensure that the LCHA Counterparty can meet its liabilities in full pursuant to the LCHA; and
 - (B) notify the Secretary of State if the LCHA Counterparty has reason to believe that it will have insufficient funds available to make when due the totality of the payments to producers that are required pursuant to UKLCH Programme LCHAs.

¹¹⁴ Note to Reader: This Condition remains subject to review by DESNZ, including in light of the proposed hydrogen levy funding arrangements set out in the Energy Bill.

- 69.4 The LCHA Counterparty shall notify the Producer if it is of the opinion that it will have insufficient funds to meet its liabilities in full pursuant to the LCHA.
- 69.5 The LCHA Counterparty agrees that in circumstances where the LCHA Counterparty has failed to pay an amount on the due date thereof pursuant to the LCHA:
- (A) damages alone would not be an adequate remedy for any breach by it of its obligations set out in Condition 69.3;
 - (B) accordingly, the Producer will be entitled to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach by the LCHA Counterparty of its obligations set out in Condition 69.3; and
 - (C) it will not raise any objection to an application by the Producer for any such remedies.
- 69.6 Without prejudice to Condition 69.7, the maximum liability of the LCHA Counterparty in respect of breach by it of Condition 69.2, 69.3 or 69.4 shall be limited to an amount equivalent to the Default Interest on the amount which has not been paid by the LCHA Counterparty to the Producer pursuant to the LCHA 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, provided that the limit of liability in this Condition 69.6 shall not apply where the breach is caused by the gross negligence or wilful misconduct of the LCHA Counterparty.

Limited recourse

- 69.7 Notwithstanding any other provision of the LCHA:
- (A) the liability of the LCHA Counterparty pursuant to the LCHA shall not exceed the aggregate of the amounts from time to time received and held by the LCHA Counterparty, and allocated to the LCHA, in accordance with the [Funding Mechanism]; and
 - (B) the LCHA Counterparty shall not be in default pursuant to the LCHA in not making any payment that is due and owing if and to the extent that it shall not have received the amounts and other funds referred to in Condition 69.7(A) which are necessary to make such payment, but if and to the extent that such payment is not made, the LCHA 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 two (2) Business Days) after and to the extent of its receipt of such corresponding and allocated amounts and other funds.

Damages for breach

- 69.8 The Parties acknowledge and agree that:
- (A) the LCHA Counterparty shall have full right and liberty to recover from the Producer any loss, damage, cost or expense suffered or incurred by the LCHA Counterparty as a result of a breach by the Producer of the LCHA or any other LCHA Document and for this purpose no regard shall be had to the right or ability (if any) of the LCHA Counterparty to recover such loss, damage, cost or expense from [HMG] or any other person in accordance with the [Funding Mechanism]; and

- (B) to the extent that any such loss, damage, cost or expense is recovered by the LCHA Counterparty from the Producer, it is the intent that the LCHA Counterparty will not keep those amounts but will, in accordance with the [Funding Mechanism]:
- (i) use such amounts to make good any loss, damage, cost or expense suffered or incurred by the LCHA Counterparty;
 - (ii) pass or return those amounts to [HMG] or other person(s) as directed by [HMG]; and/or
 - (iii) use such amounts for the benefit of [HMG] or other person(s).

Part 13

Confidentiality, announcements and freedom of information

70. CONFIDENTIALITY

Confidentiality restrictions: application to the terms of the LCHA

- 70.1 Subject to Condition 71 (*Announcements*), the Parties agree that the provisions of the LCHA shall not be treated as Confidential Information and may be disclosed without restriction.

Producer Confidential Information

- 70.2 The LCHA Counterparty shall keep all Producer Confidential Information confidential and shall not disclose Producer Confidential Information without the prior written consent of the Producer, other than as permitted by Condition 70.3 or to fulfil the LCHA Counterparty Permitted Purposes.

- 70.3 Condition 70.2 shall not prevent the disclosure of Producer Confidential Information by the LCHA Counterparty:

- (A) on a confidential basis:
 - (i) to its Representatives to enable or assist the LCHA Counterparty to fulfil the LCHA Counterparty Permitted Purposes;
 - (ii) to any Transferee to fulfil the LCHA Counterparty Permitted Purposes;
 - (iii) to any person engaged in providing services to the LCHA Counterparty to enable or assist the LCHA Counterparty to fulfil the LCHA Counterparty Permitted Purposes;
 - (iv) to any Government Entity (or to its Representatives or to any person engaged in providing services to such Government Entity) where the LCHA Counterparty considers such disclosure is required to enable or assist:
 - (a) the LCHA Counterparty to fulfil the LCHA Counterparty Permitted Purposes;
 - (b) such person to: (i) fulfil any of its functions arising out of or in connection with this LCHA or for the purposes of any other UKLCH Programme LCHA or any other LCHA Document; or (ii) perform any function ancillary or related to its functions arising out of or for the purposes of this LCHA or any other UKLCH Programme LCHA or any other LCHA Document or the UKLCH Programme; or (iii) fulfil any functions, duties or obligations arising by virtue of or pursuant to the [Energy Act 2023]; or
 - (v) to the Secretary of State for Transport in order to assess RTFO Compliance;
 - (vi) to any:
 - (a) Electricity Transmission System Operator, Electricity Transmission Licensee or any Licensed Electricity Distributor, the Gas Licensed

Transporter, the Water Licensed Operator, the LCHA Settlement Services Provider, (or to their respective Representatives); and

- (b) for CCUS-Enabled Facilities only, the CO₂ T&S Operator and the Economic Regulator (or to their respective Representatives),

to the extent that the LCHA Counterparty considers such disclosure is necessary to enable or assist: (a) the LCHA Counterparty to fulfil the LCHA Counterparty Permitted Purposes; or (b) such person to fulfil or perform any of its functions, duties or obligations arising out of or in connection with this LCHA or for the purposes of any other UKLCH Programme LCHA or LCHA Document or to fulfil or perform any ancillary or related function, duty or obligation (including any such functions, duties or obligations arising by virtue of or pursuant to the [Energy Act 2023]),

provided that: (i) the LCHA Counterparty shall use reasonable endeavours to inform the recipient of the Producer Confidential Information of the LCHA Counterparty's obligations pursuant to Condition 70.2; and (ii) in the case of disclosure of Producer Confidential Information pursuant to Condition 70.3(A)(i), 70.3(A)(ii) or 70.3(A)(iii), the LCHA Counterparty shall ensure that the recipient of the Producer Confidential Information shall be subject to substantially the same obligation of confidentiality as contained in Condition 70.2;

- (B) to enable a Dispute to be instigated, progressed, consolidated with other disputes, settled or determined pursuant to and in accordance with the Dispute Resolution Procedure (except where the relevant Producer Confidential Information has been provided on a "without prejudice" or "without prejudice save as to costs" basis);
- (C) (subject to Condition 70.4) to Parliament or to any Parliamentary committee, but only if and to the extent that the LCHA Counterparty considers such disclosure is required to enable or assist it to fulfil any LCHA Counterparty Permitted Purpose;
- (D) (subject to Condition 70.4) to any Secretary of State to enable or assist the Secretary of State to make a disclosure to Parliament or to any Parliamentary committee, but only if and to the extent that the Secretary of State has notified the LCHA Counterparty that such disclosure is required to enable or assist the Secretary of State to fulfil its functions;
- (E) (subject to Condition 70.4) to any Secretary of State to enable or assist the Secretary of State to make a disclosure to a Subsidy Control Competent Authority or other Competent Authority or otherwise to comply with the Subsidy Control Rules, but only if and to the extent that the LCHA Counterparty considers (or the Secretary of State has notified the LCHA Counterparty that) such disclosure is required in connection with the application of the Subsidy Control Rules or in connection with any decision by a Subsidy Control Competent Authority relating to those rules;
- (F) (subject to Condition 70.4) to a Subsidy Control Competent Authority or other Competent Authority or an interested party under the Subsidy Control Rules, but only if and to the extent that the LCHA Counterparty considers such disclosure is necessary in connection with the application of the Subsidy Control Rules or in connection with any decision by a Subsidy Control Competent Authority relating to those rules;

- (G) (subject to Condition 70.4) which is required to comply with any Law or Directive having the force of law or, if not having the force of law, compliance with which is in accordance with accepted general practice;
- (H) (subject to Condition 72 (*Freedom of information*)) which is required:
 - (i) by the FoIA; or
 - (ii) by the EIR;
- (I) to the National Audit Office for the purpose of any examination pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the LCHA Counterparty has used its resources;
- (J) that is otherwise expressly permitted pursuant to the terms, or required for the operation or fulfilment, of the LCHA or any other LCHA Document; or
- (K) to any Secretary of State or Government Entity to enable or assist the Secretary of State or Government Entity to: (i) make a disclosure to the European Commission or other Competent Authority in order to fulfil a legal obligation, and/or (ii) facilitate transparent public reporting by the Secretary of State or Government Entity, and the Producer agrees and acknowledges that such Information may be published by the Secretary of State, Government Entity, European Commission or any other Competent Authority.

70.4 Prior to any disclosure of Producer Confidential Information by the LCHA Counterparty pursuant to any of Conditions 70.3(C), 70.3(D), 70.3(E), 70.3(F) and 70.3(G), the LCHA Counterparty shall use reasonable endeavours to give notice to the Producer of the Producer Confidential Information to be disclosed, provided that:

- (A) it is lawful and reasonably practicable in the circumstances to do so; and
- (B) in the case of any disclosure pursuant to Condition 70.3(C) or 70.3(D), it is not inconsistent with Parliamentary convention.

LCHA Counterparty: insider dealing and market abuse

70.5 The Producer shall consult with the LCHA Counterparty in good faith, from time to time upon request by the LCHA Counterparty, in relation to whether Producer Confidential Information held by the LCHA Counterparty (or its Representatives) constitutes at that time Inside Information. Nothing in this Condition 70.5 is intended to or shall result in the Producer or any of its Representatives: (i) incurring any liability whatsoever under or in respect of the LCHA Counterparty's (or any of its Representatives') obligations and responsibilities pursuant to the FSMA or the CJA; or (ii) being obliged to consult with the LCHA Counterparty on Producer Confidential Information to be provided to the LCHA Counterparty which constitutes (or may constitute) "inside information" (within the meaning of section 118C of the FSMA or section 56 of the CJA) in respect of any person other than the Producer or any members of its Group.

LCHA Counterparty: liability for Representatives and service providers

70.6 The LCHA Counterparty shall be responsible for:

- (A) any failure by its current or former Representatives or any person to whom Producer Confidential Information is disclosed pursuant to Condition 70.3(A)(ii) or 70.3(A)(iii) to comply with Condition 70.2 as if they were subject to it; and
- (B) any use by its current or former Representatives or any person to whom Producer Confidential Information is disclosed pursuant to Condition 70.3(A)(ii) or 70.3(A)(iii), of any Producer Confidential Information in breach of Condition 70.2; as if they were subject to it.

LCHA Counterparty Confidential Information

70.7 The Producer shall keep all LCHA Counterparty Confidential Information confidential and shall not disclose LCHA Counterparty Confidential Information without the prior written consent of the LCHA Counterparty, other than as permitted by Condition 70.8, or to fulfil the Producer Permitted Purposes.

70.8 Condition 70.7 shall not prevent the disclosure of LCHA Counterparty Confidential Information by the Producer:

- (A) on a confidential basis:
 - (i) to its Representatives to enable or assist the Producer to fulfil the Producer Permitted Purposes;
 - (ii) to members of its Group (and their respective Representatives) to enable or assist the Producer to fulfil the Producer Permitted Purposes;
 - (iii) to any Transferee to fulfil the Producer Permitted Purposes;
 - (iv) to providers or prospective providers to the Producer of debt financing, refinancing or credit support and their professional advisers, provided that such disclosure is restricted to Information necessary for the purposes of assessing the provision or potential provision of such financing, refinancing or credit support;
 - (v) to bona fide prospective purchasers of the Facility, provided that such disclosure is restricted to Information necessary for the purpose of assessing such potential purchase;
 - (vi) to any:
 - (a) Electricity Transmission System Operator, Electricity Transmission Licensee or any Licensed Electricity Distributor, the Gas Licensed Transporter, the Water Licensed Operator, the LCHA Settlement Services Provider, (or to their respective Representatives); and
 - (b) for CCUS-Enabled Facilities only, the CO₂ T&S Operator and the Economic Regulator (or to their respective Representatives),

to the extent that the Producer considers such disclosure is required to enable or assist:

- (a) the Producer to fulfil the Producer Permitted Purposes; or
- (b) such person to fulfil or perform any of its functions, duties or obligations arising out of or in connection with the

LCHA or any other UKLCH Programme LCHA or to fulfil or perform any ancillary or related function, duty or obligation (including any such functions, duties or obligations arising by virtue of or pursuant to the [Energy Act 2023]);

(vii) for the purposes of:

- (a) the examination and certification by its auditors of the Producer's accounts; or
- (b) complying with a proper request from the Producer's insurance adviser or insurer on placing or renewing any insurance policies,

provided that: (i) the Producer shall use reasonable endeavours to inform the recipient of the LCHA Counterparty Confidential Information of the Producer's obligations pursuant to Condition 70.7; and (ii) in the case of disclosure of LCHA Counterparty Confidential Information pursuant to Condition 70.8(A)(i), 70.8(A)(ii), 70.8(A)(iii), 70.8(A)(iv) or 70.8(A)(v), the Producer shall ensure that the recipient of the LCHA Counterparty Confidential Information shall be subject to substantially the same obligation of confidentiality as contained in Condition 70.7;

- (B) to enable a Dispute to be instigated, progressed, consolidated with other disputes, settled or determined pursuant to and in accordance with the Dispute Resolution Procedure (except where the relevant LCHA Counterparty Confidential Information has been provided on a "without prejudice" or "without prejudice save as to costs" basis);
- (C) (subject to Condition 70.9) which is required to comply with any Law or Directive (including the rules of any securities exchange, clearing system or regulatory body) having the force of law or, if not having the force of law, compliance with which is in accordance with the general practice of the Producer; or
- (D) that is otherwise expressly permitted pursuant to the terms, or required for the operation or fulfilment, of the LCHA or any other LCHA Document.

70.9 Prior to any disclosure of LCHA Counterparty Confidential Information by the Producer pursuant to Condition 70.8(C), the Producer shall use reasonable endeavours to give notice to the LCHA Counterparty of the LCHA Counterparty Confidential Information to be disclosed, provided that it is lawful and reasonably practicable in the circumstances to do so.

Producer: liability for Representatives and service providers

70.10 The Producer shall be responsible for:

- (A) any failure by its current or former Representatives or any person to whom LCHA Counterparty Confidential Information is disclosed pursuant to Condition 70.8(A)(ii), 70.8(A)(iii), 70.8(A)(iv) or 70.8(A)(v) to comply with Condition 70.7 as if they were subject to it; and
- (B) any use by its current or former Representatives or any person to whom LCHA Counterparty Confidential Information is disclosed pursuant to Condition 70.8(A)(ii) or 70.8(A)(iii), of any LCHA Counterparty Confidential Information in breach of Condition 70.7 as if they were subject to it; and

- (C) any failure by any person to whom LCHA Counterparty Confidential Information is disclosed pursuant to Condition 70.8(A)(iv) or 70.8(A)(v) to comply with the restrictions on usage of LCHA Counterparty Confidential Information provided for in such Conditions.

No licence

- 70.11 No right or licence is granted to any person in relation to any Confidential Information save as explicitly set out in this Condition 70 (*Confidentiality*).

71. ANNOUNCEMENTS

No announcements

- 71.1 The Producer:

- (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 and each member of its Group (and their respective Representatives) do not,

make, publish, issue or release any announcement or public statement in relation to, or which refers to, the LCHA or any other LCHA Document or any related or ancillary matter, without the express prior consent of the LCHA Counterparty (such consent not to be unreasonably withheld or delayed).

Producer permitted announcements

- 71.2 Notwithstanding Condition 71.1 (*No Announcements*):

- (A) the Producer (and its directors, officers and employees) may make, publish, issue or release any announcement or public statement in relation to, or which refers to, the LCHA or any other LCHA Document or any related or ancillary matter if and to the extent required by any Law or Directive (including the rules of any securities exchange, clearing system or regulatory body) having the force of law or, if not having the force of law, compliance with that which is in accordance with the general practice of the Producer, provided that:
 - (i) the Producer shall use (and shall procure that its directors, officers and employees shall use) reasonable endeavours to agree the contents of such announcement or public statement with the LCHA Counterparty before it is made, published, issued or released (such consent not to be unreasonably withheld or delayed); or
 - (ii) if the contents of such announcement or public statement are not able to be agreed before the making, publishing, issuing or releasing of such announcement or public statement, notify the LCHA Counterparty of such announcement or public statement immediately following its being made, published, issued or released; and

(B) neither the Producer (nor any of its directors, officers or employees) shall be precluded from making, publishing, issuing or releasing any announcement or publication in relation to, or which refers to, the LCHA or any other LCHA Document or any related or ancillary matter if such announcement or publication:

- (i) does not contain any LCHA Counterparty Confidential Information;
- (ii) will not hinder, preclude, prejudice or otherwise adversely affect or impact upon the LCHA Counterparty Permitted Purposes or the LCHA Counterparty's ability to fulfil the LCHA Counterparty Permitted Purposes (whether in relation to the LCHA or any other UKLCH Programme LCHA);
- (iii) does not relate or refer to any fact, matter or circumstance in respect of a Dispute or which will, or is reasonably likely to, give rise to a Dispute (whether in relation to the LCHA or any other UKLCH Programme LCHA); and
- (iv) will not hinder, preclude, prejudice or otherwise adversely affect or impact upon:
 - (a) the allocation by the Secretary of State or the LCHA Counterparty of UKLCH Programme LCHAs, including any competitive allocation process in relation thereto;
 - (b) any application by any person for a UKLCH Programme LCHA,

provided that the Producer shall notify the LCHA Counterparty of such announcement or public statement immediately following its being made, published, issued or released.

71.3 Condition 71.2 shall apply (with the necessary modifications) to any announcement or public statement made, published, issued or released (or proposed to be so made, published, issued or released) by any of the persons referenced in Condition 71.1(B).

LCHA Counterparty permitted announcements

71.4 The LCHA Counterparty may make, publish, issue or release any announcement or public statement in relation to, or which refers to, the LCHA or any other LCHA Document or any related or ancillary matter that it considers to be necessary, desirable or appropriate (acting reasonably), provided that, if and to the extent that such announcement or statement contains any Producer Confidential Information, the making, publication, issue or release of such announcement or public statement does not breach Condition 70 (*Confidentiality*).

Publication of Anonymised ASP Data and Emissions Data

71.5 Nothing in Condition 70 (*Confidentiality*) or Condition 71 (*Announcements*) shall restrict or prevent the publication by the LCHA Counterparty of:

- (A) Anonymised ASP Data; and/or
- (B) Emissions Data,

in each case, which the LCHA Counterparty may include and update in the LCHA Counterparty's register.

- 71.6 The Producer may make representations to the LCHA Counterparty in respect of any Emissions Data and/or Anonymised ASP Data that the Producer considers (acting reasonably) should be excluded from publication on the basis that such data is commercially sensitive, and the LCHA Counterparty may (but shall not be obliged to) take into consideration any such representations prior to publishing the relevant information.

72. FREEDOM OF INFORMATION

Producer acknowledgements and undertakings

- 72.1 The Producer acknowledges and agrees that the LCHA Counterparty:

- (A) is subject to the requirements of the FoIA and the EIR;
- (B) may be obliged under the FoIA or the EIR to disclose Producer Confidential Information:
 - (i) in certain circumstances without consulting or obtaining consent from the Producer; or
 - (ii) following consultation with the Producer and having taken their views into account,

provided always that where (i) above applies, the LCHA Counterparty shall draw this to the attention of the Producer prior to any disclosure; and

- (C) shall be responsible for determining in its absolute discretion (subject to any decision of the Information Commissioner following an application under section 50 of the FoIA and the outcome of any subsequent appeal to the Tribunal if applicable), whether the FoIA Information it holds (or that is held on its behalf) that is the subject of a Request for Information:
 - (i) is exempt or excepted from disclosure pursuant to the FoIA or the EIR, as appropriate; or
 - (ii) is to be disclosed in response to a Request for Information,

and, for the purposes of this Condition 72.1(C), any notification to the LCHA Counterparty which identifies FoIA Information as being Producer Confidential Information is of indicative value only and the LCHA Counterparty may nevertheless be obliged to disclose such FoIA Information in accordance with the requirements of the FoIA and the EIR.

- 72.2 The Producer:

- (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 and each member of its Group (and their respective Representatives) do not,

respond directly to a Request for Information unless expressly authorised to do so in writing by the LCHA Counterparty.

- 72.3 The Producer undertakes to assist and co-operate with the LCHA Counterparty, at the Producer's cost, to enable the LCHA Counterparty to comply with its obligations pursuant to the FoIA and the EIR.

Requests for Information: procedure

- 72.4 If the LCHA Counterparty receives a Request for Information in relation to FoIA Information that the Producer is holding on behalf of the LCHA Counterparty and which the LCHA Counterparty does not hold itself, the LCHA Counterparty shall notify the Producer as to the FoIA Information to which the Request for Information relates and the Producer shall:
- (A) as soon as reasonably practicable (and in any event within five (5) Business Days, or such longer period as is specified by the LCHA Counterparty, after the LCHA Counterparty's request) provide the LCHA Counterparty with a copy of all such FoIA Information in the form that the LCHA Counterparty requests; and
 - (B) provide all assistance reasonably requested by the LCHA Counterparty in respect of any such FoIA Information to enable the LCHA Counterparty to respond to a Request for Information within the time for compliance set out in section 10 of the FoIA or regulation 5 of the EIR.
- 72.5 Following notification under Condition 72.4 and until the Producer has provided the LCHA Counterparty with all the FoIA Information specified in Condition 72.4(A), the Producer may make representations to the LCHA Counterparty whether or on what basis the FoIA Information requested should be disclosed, and whether further Information should reasonably be provided to identify and locate the FoIA Information requested.
- 72.6 The Producer shall ensure that all FoIA Information held on behalf of the LCHA Counterparty is retained for disclosure and shall permit the LCHA Counterparty to inspect such FoIA Information as requested from time to time.
- 72.7 If the Producer receives a Request for Information in relation to the LCHA Counterparty or in connection with the LCHA, the Producer shall as soon as reasonably practicable and in any event within two (2) Business Days after receipt forward such Request for Information to the LCHA Counterparty, and this Condition 72 (*Freedom of information*) shall apply as if the Request for Information had been received by the LCHA Counterparty.

Publication schemes

- 72.8 Nothing in this Condition 72 (*Freedom of information*) shall restrict or prevent the publication by the LCHA Counterparty of any FoIA Information in accordance with:
- (A) any publication scheme (as defined in the FoIA) adopted and maintained by the LCHA Counterparty in accordance with the FoIA;
 - (B) any model publication scheme applicable to the LCHA Counterparty as may be approved by the Information Commissioner; or
 - (C) the obligation to proactively release information under Regulation 4(1)(a) of the EIR,
- provided that, in deciding whether to publish Producer Confidential Information in accordance with any such publication scheme or model publication scheme, the LCHA Counterparty shall

take account of whether such Producer Confidential Information would be exempt from disclosure pursuant to the FoIA or the EIR.

Part 14

Miscellaneous

73. INTELLECTUAL PROPERTY RIGHTS

Retention of Intellectual Property Rights

- 73.1 Nothing in this LCHA shall transfer any ownership of any Intellectual Property Rights acquired or developed by or on behalf of any Party, whether pursuant to or independently from (and whether before or during the term of) this LCHA, any other LCHA Document or (in the case of the LCHA Counterparty) any other UKLCH Programme LCHA.

Licence of Intellectual Property Rights

- 73.2 Each Party hereby grants to the other Party with effect from the Agreement Date and subject to Condition 73.3(B) for the duration of the Term, a licence of any Intellectual Property Rights that are created by it, or on its behalf, pursuant to the terms of the LCHA, any other LCHA Document or (in the case of the LCHA Counterparty) any other UKLCH Programme LCHA that:

- (A) it owns; or
- (B) is licensed to it (but only to the extent that it has the right to sub-license such Intellectual Property Rights),

on a non-exclusive, royalty-free, non-transferable basis and (subject to Condition 73.3) solely for the LCHA Counterparty Restricted Purposes (in the case of the LCHA Counterparty as licensee) or the Producer Permitted Purposes (in the case of the Producer as licensee).

- 73.3 The licence granted pursuant to Condition 73.2 shall:

- (A) permit each Party to sub-license to the extent required for the LCHA Counterparty Restricted Purposes (in the case of the LCHA Counterparty as licensee) or the Producer Permitted Purposes (in the case of the Producer as licensee); and
- (B) permit each Party to use and sub-license the Intellectual Property Rights after expiry or termination of the LCHA, but only for the LCHA Counterparty Restricted Purposes (in the case of the LCHA Counterparty) or the Producer Permitted Purposes (in the case of the Producer).

Indemnity for infringement of Intellectual Property Rights

- 73.4 The Producer shall promptly on demand from time to time indemnify the LCHA Counterparty, and keep the LCHA Counterparty fully and effectively indemnified, against all liabilities, costs, expenses, damages and losses (including legal costs) incurred in respect of any actual infringement of third party Intellectual Property Rights arising from the use by the LCHA Counterparty (or any entity that is sub-licensed in accordance with Condition 73.3) of Intellectual Property Rights licensed to the LCHA Counterparty by the Producer pursuant to Condition 73.2, provided that such infringement has arisen from the use of such Intellectual Property Rights in accordance with the LCHA Counterparty Restricted Purposes.

- 73.5 The LCHA Counterparty shall promptly on demand from time to time indemnify the Producer, and keep the Producer fully and effectively indemnified, against all liabilities, costs, expenses,

damages and losses (including legal costs) incurred in respect of any actual infringement of third party Intellectual Property Rights arising from the use by the Producer (or any entity that is sub-licensed in accordance with Condition 73.3(A)) of Intellectual Property Rights licensed to the Producer by the LCHA Counterparty pursuant to Condition 73.2, provided that such infringement has arisen from the use of such Intellectual Property Rights in accordance with the Producer Permitted Purposes.

74. MAINTENANCE AND RETENTION OF RECORDS

- 74.1 The Producer shall maintain, or procure the maintenance of, detailed records relating to the Project in accordance with the Reasonable and Prudent Standard and any applicable Law.
- 74.2 The records referred to in this Condition 74 (*Maintenance and retention of records*) shall be retained by the Producer for the Term of the LCHA and for at least [ten (10) years] following the expiry or termination of the LCHA.¹¹⁵

75. PRODUCER CO-OPERATION: SUBSIDY CONTROL RULES

- 75.1 If the LCHA Counterparty is notified or becomes aware that a Subsidy Control Competent Authority or other Competent Authority has decided that the LCHA Counterparty or other public body must recover any subsidy granted or paid in relation to the LCHA and that decision has not been annulled, the LCHA Counterparty shall, if it is the party to which such order is addressed or if otherwise required by the Secretary of State, give notice as soon as reasonably practicable to the Producer of the sums to be repaid and any other actions necessary to ensure compliance with a Subsidy Control Competent Authority or other Competent Authority's decision and the Producer shall repay or procure the repayment of the relevant sums so notified to the LCHA Counterparty or as the LCHA Counterparty directs and take any other necessary actions so notified without delay.
- 75.2 The Producer shall, on reasonable notice and at its own cost:
- (A) do or procure the doing of all acts and execute or procure the execution of all documents; and
 - (B) provide the LCHA Counterparty with the Information and assurances,
- reasonably necessary for the LCHA Counterparty or other public body to comply with the terms of any decision of a Subsidy Control Competent Authority or other Competent Authority pursuant to the Subsidy Control Rules in relation to the LCHA and any other UKLCH Programme LCHAs.

76. PRODUCER ACKNOWLEDGEMENTS: GENERAL

Producer responsibility for advice and appraisal

- 76.1 The Producer acknowledges and agrees that none of the LCHA Counterparty, the LCHA Settlement Services Provider or the Secretary of State (nor any of their respective Representatives):

¹¹⁵

Note to Reader: This definition is subject to further development in relation to alignment with the NZHF.

- (A) is:
 - (i) acting as a fiduciary of the Producer; or
 - (ii) advising the Producer (including as to any financial, legal, tax, investment, accounting or regulatory matters in any jurisdiction); or
- (B) shall have any liability, duty, responsibility or obligation to the Producer with respect thereto.

LCHA Counterparty contracting as principal

76.2 The Producer acknowledges and irrevocably and unconditionally agrees that:

- (A) the LCHA Counterparty is contracting as principal and not on behalf of or as an agent for the Secretary of State;
- (B) it shall not have or bring any claim or action against the Secretary of State (or its Representatives), or the Representatives of the LCHA Counterparty, in respect of the LCHA or any other LCHA Document;
- (C) nothing in the LCHA or any other LCHA Document shall impute or impose any liability, duty, responsibility or obligation upon the LCHA Counterparty (other than pursuant to and in accordance with the express terms of the LCHA or any other LCHA Document); and
- (D) it shall not hold itself out as having any authority to act for or represent the LCHA Counterparty in any way, nor act in any way which confers on the Producer any express, implied or apparent authority to incur any obligation or liability on behalf of the LCHA Counterparty.

Producer's relationship with the LCHA Settlement Services Provider

76.3 The Producer acknowledges and agrees that it shall not have or bring any claim or action against the LCHA Settlement Services Provider in respect of any breach of the LCHA (or any other LCHA Document) or any loss, damage, cost or expense suffered or incurred thereunder and that its sole recourse for any breach of the LCHA (or any other LCHA Document) or any loss, damage, cost or expense suffered or incurred thereunder shall be against the LCHA Counterparty.

77. NO PARTNERSHIP

Nothing in the LCHA or any other LCHA Document and no action taken by the Parties pursuant to the LCHA or any other LCHA Document shall constitute a partnership, joint venture or agency relationship between the Parties.

78. TRANSFERS

Restriction on Transfers

78.1 Save as expressly permitted by this Condition 78 (*Transfers*), neither Party may:

- (A) assign to any person all or any of its rights or benefits under the LCHA or any other LCHA Document;
- (B) make a declaration of trust in respect of or enter into any arrangement whereby it agrees to hold in trust for any person all or any of its rights or benefits under the LCHA or any other LCHA Document; or
- (C) transfer (whether by way of novation, sub-contract, delegation or otherwise) to any person, or enter into an arrangement whereby any person is to perform, any or all of its obligations under the LCHA or any other LCHA Document,

(each, a "**Transfer**", and "**Transferee**"), without the prior written consent of the other Party.

Permitted Transfers by the LCHA Counterparty

78.2 Notwithstanding Condition 78.1 (*Restriction on Transfer*), a Transfer of the LCHA Counterparty's rights or obligations may be effected (whether by virtue of any Law or any scheme pursuant to any Law or otherwise), without the consent of the Producer, to any:

- (A) company formed and registered under the Companies Act 2006;
- (B) entity directly wholly owned or controlled by a Minister of the Crown; or
- (C) public authority, including any person any of whose functions are of a public nature,

in each case where such company, entity or public authority:

- (i) acquires the whole of the LCHA;
- (ii) has the legal capacity, power and authority to become a party to, and to perform the obligations and exercise the discretions of the LCHA Counterparty under, the LCHA;
- (iii) has sufficient financial standing or access to sufficient financial resources to perform the payment obligations of the LCHA Counterparty under the LCHA; and
- (iv) has or has access to sufficient non-financial resources and expertise to perform the obligations and exercise the discretions of the LCHA Counterparty under the LCHA.

Other permitted assignments by the LCHA Counterparty

78.3 Notwithstanding Condition 78.1 (*Restriction on Transfers*), the LCHA Counterparty shall be entitled, without the consent of the Producer, to assign to any person all or any of its rights or benefits under the LCHA and any other LCHA Document on such terms as the LCHA Counterparty considers appropriate.

Permitted delegation by the LCHA Counterparty

78.4 Notwithstanding Condition 78.1 (*Restriction on Transfers*), the LCHA Counterparty shall be entitled, without the consent of the Producer, to sub-contract or delegate to any person, or

enter into an arrangement whereby any person is to perform, any or all of its obligations under the LCHA and any other LCHA Document on such terms as the LCHA Counterparty considers appropriate, provided that the LCHA Counterparty shall not be relieved of any of its obligations under the LCHA and any other LCHA Document and shall be liable for the acts and omissions of any person to whom it sub-contracts or delegates or with whom it enters into an arrangement to perform any or all of its obligations under the LCHA and any other LCHA Document.

General provisions relating to permitted transfers

78.5

- (A) If the LCHA Counterparty effects or proposes to effect a Transfer referred to in Conditions 78.2, 78.3 or 78.4, the Producer shall enter into such further agreements and do all such other things as are necessary to substitute the relevant Transferee for the LCHA Counterparty in respect of the rights, benefits, obligations or liabilities that are, or are to be, the subject of the Transfer (the **"Transferring Rights and Obligations"**) and to give effect to any consequential amendments to the LCHA (or other relevant LCHA Document) that are necessary to give effect to such transfer.
- (B) To the extent practicable, the LCHA Counterparty shall give the Producer not less than ten (10) Business Days' prior written notice specifying the identity of the Transferee and the Transferring Rights and Obligations, provided that no such prior written notice shall be required in respect of any Transfer pursuant to Condition 78.4 (*Permitted delegation by the LCHA Counterparty*).

Permitted assignment by the Producer

78.6 Notwithstanding Condition 78.1 (*Restriction on Transfers*) the Producer shall be entitled, without the consent of the LCHA Counterparty, to assign all (but not part only) of its rights and benefits under the LCHA and any other LCHA Document by way of security to or in favour of:

- (A) a Lender;
- (B) any Affected Person;
- (C) any parent undertaking of the Producer which provides funding in relation to the Facility;
or
- (D) any agent or security trustee on behalf of any Lender or Affected Person or any parent undertaking of the Producer referred to in (C) above.

The Producer shall give the LCHA Counterparty not less than ten (10) Business Days' written notice prior to effecting an assignment pursuant to this Condition 78.6 and shall specify in such notice the identity of the assignee and provide such details in relation to such assignee as the LCHA Counterparty may reasonably request having received such notification.

Direct Agreement

78.7 The LCHA Counterparty shall enter into a Direct Agreement with, and at the request of, any person (or with any agent or security trustee on the relevant person's behalf):

- (A) (i) who is a Lender with the benefit of first ranking security over all or substantially all of the assets of the Producer (including its rights in respect of the Facility and under the LCHA); or
- (ii) who is an Affected Person (or an agent or security trustee on an Affected Person's behalf) with the benefit of first ranking security over all or substantially all of the assets of the Producer (including its rights in respect of the Facility and under the LCHA); and
- (B) in whose favour the Producer assigns its rights under the LCHA and any other LCHA Document in accordance with Condition 78.6.

Other Transfers by the Producer; Stapling obligation

78.8 If the consent of the LCHA Counterparty to the transfer by the Producer of all or substantially all of the Producer's rights, benefits and obligations under the LCHA and any other LCHA Document to a Transferee is required and is given, the Producer shall transfer ownership of the Facility to the same Transferee contemporaneously with the Transfer. Any Transfer effected, or purported to be effected, in breach of this Condition 78.8 shall be ineffective and void.

Costs

78.9 The LCHA Counterparty shall, promptly on demand from time to time, indemnify the Producer, and keep the Producer fully and effectively indemnified, against any and all out-of-pocket costs properly incurred by the Producer and which would not have been incurred but for a Transfer of the rights and obligations of the LCHA Counterparty pursuant to Condition 78.2 (*Permitted Transfers by the LCHA Counterparty*).

Restricted Share Transfers

78.10 No Restricted Share Transfer may occur without the prior written approval of the LCHA Counterparty.¹¹⁶

79. NOTICES¹¹⁷

Form of notices

79.1 Any notice to be given pursuant to or in connection with the LCHA, or any other LCHA Document, shall be effective only if it is in writing and is in English. Faxes are not permitted and, unless otherwise expressly stated, website publication is not permitted, but email and submission to the LCHA Counterparty's electronic portal are permitted.

Pro forma notices

¹¹⁶ Note to Reader: DESNZ is also considering the inclusion of provisions under which the Producer would be required to notify the LCHA Counterparty of any change of control. If, by way of a change of control, an offtaker became an "Affiliate" of the Producer (i.e. part of the same corporate group), then the Producer would be prevented from reducing the ASP for such offtaker below the historic average ASP for such offtaker. This is to ensure the LCHA delivers value for money for government.

¹¹⁷ Note to Reader: DESNZ is considering whether any additional updates need to be made to the pro forma notices to reflect how notices will be delivered via the LCHA Counterparty's electronic portal.

- 79.2 Where these Conditions permit, or require, either Party to give a notice to the other Party such notice shall be in substantially the form set out in Annex 13 (*Pro forma notices*) (each such notice, a "**Pro Forma**"). The foregoing: (i) shall be without prejudice to the requirement for the relevant notice to include such content as may be prescribed by the relevant Condition; and (ii) shall apply only if a Pro Forma in respect of the relevant Condition is contained in Annex 11 (*Pro forma notices*).

Notice details

- 79.3 The notice details of the Parties as at the Agreement Date are set out in the Agreement.

Changes to notice details

- 79.4 A Party may change its notice details on giving notice to the other Party in accordance with this Condition 79 (*Notices*). Such notice shall be effective only from:
- (A) the date specified in such notice (being not less than three (3) Business Days after the date of delivery or deemed delivery of such notice); or
 - (B) (if no date is specified in such notice or the date specified is fewer than three (3) Business Days after the date of delivery or deemed delivery of such notice) the date falling three (3) Business Days after the notification has been received.

Deemed delivery

- 79.5 Any notice given pursuant to or in connection with the LCHA or any other LCHA Document shall, in the absence of evidence of earlier receipt, be deemed to have been received:
- (A) if delivered by hand, on the Business Day of delivery or, if delivered on a day other than a Business Day, on the next Business Day after the date of delivery;
 - (B) if sent by first class post within the United Kingdom, on the third (3rd) Business Day after the day of posting;
 - (C) if sent from one country to another, on the fifth (5th) Business Day after the day of posting;
 - (D) if sent by email, when sent except that an email shall be deemed not to have been sent if the sender receives a delivery failure notification; or
 - (E) if submitted to the LCHA Counterparty's electronic portal, when submitted except that an electronic portal submission shall be deemed not to have been submitted if the Party submitting the electronic portal submission receives an upload failure notification,

provided that any notice given outside Working Hours in the place to which it is addressed (or, in the case of a notice sent by email, the location of the person to whom it is addressed) shall be deemed not to have been given until the start of the next period of Working Hours in such place.

Notice requirements

79.6 Except where expressly stated to the contrary, each notice given by the LCHA Counterparty to the Producer, or by the Producer to the LCHA Counterparty, pursuant to the LCHA or any other LCHA Document must be duly signed (including, in the case of notice by way of email, by Electronic Signature (and "**Electronic Signature**" shall have the meaning given to that term in the Electronic Communications Act 2000)):

(A) in the manner, and by the person, specified in the relevant provision of the LCHA or LCHA Document; or

(B) (where no such requirement is specified) by an authorised signatory of the relevant Party.

Disapplication of notice provisions

79.7 This Condition 79 (*Notices*) shall not apply in relation to any document relating to service of process (including in respect of the service of Service Documents).

80. COSTS

80.1 Subject to Condition 80.2, each Party shall bear all costs and expenses incurred by it in connection with the entry into the LCHA and each other LCHA Document, including all costs and expenses incurred in connection with the negotiation, preparation, execution, performance and carrying into effect of, and compliance with, the LCHA and each other LCHA Document.

80.2 Condition 80.1 is subject to any provision of the LCHA or any other LCHA Document which expressly provides for the Producer to bear the costs and expenses of the LCHA Counterparty (or to pay or reimburse or indemnify the LCHA Counterparty in respect of such costs and expenses) in respect of which such costs and expenses shall comprise all out-of-pocket costs and expenses (including all legal and other advisory and consultants' fees) properly incurred by the LCHA Counterparty in relation to the relevant matter. Where such costs and expenses are required to be apportioned between the Producer and one (1) or more other LCHA Producers, the LCHA Counterparty shall apportion such costs between the Producer and such other LCHA Producers (for this purpose ignoring the proviso in the definition of LCHA Producers in Condition 1.1) in such proportion as the LCHA Counterparty (acting reasonably) deems fair and equitable.

81. FURTHER ASSURANCE

Each Party shall at its own cost do or procure the doing of all things and execute or procure the execution of all further documents 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 the LCHA and all other LCHA Documents save that the LCHA Counterparty shall not be required pursuant to this Condition 81 (*Further assurance*) to exercise or perform any statutory power or duty.

82. THIRD PARTY RIGHTS

- 82.1 Conditions 76.1, 76.2 and 76.3 confer benefits on the LCHA Settlement Services Provider, the Secretary of State and its respective Representatives (each, a **"Third Party"**) (such Conditions being **"Third Party Provisions"**).
- 82.2 Subject to the remaining provisions of this Condition 82 (*Third party rights*), the Third Party Provisions are intended to be enforceable by the Third Parties by virtue of the C(RTP) Act.
- 82.3 The Parties do not intend that any term of the LCHA, other than the Third Party Provisions, should be enforceable, by virtue of the C(RTP) Act, by any person who is not a Party.
- 82.4 Notwithstanding this Condition 82 (*Third party rights*), the LCHA may be varied in any way and at any time by the Parties without the consent of any Third Party.

83. NO VARIATION

- 83.1 Subject to Condition 83.2, no variation to the provisions of the LCHA shall be valid unless it is in writing and signed by each Party.
- 83.2 Condition 83.1 is subject to the operation of:
- (A) Condition 45 (*Change in Applicable Law: Procedure*);
 - (B) Annex 4 (*Change Control Procedure*);
 - (C) Annex 12(*Gas Reference Price Review Process*);
 - (D) Annex 10 (*LCHS Certification*); and
 - (E) [*others*].

84. COUNTERPARTS

The LCHA 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.

85. GOVERNING LAW AND JURISDICTION

- 85.1 The LCHA, the other LCHA Documents and any matter, claim or dispute arising out of or in connection with any of them (including any Dispute) shall be governed by and construed in accordance with English law.
- 85.2 Any Dispute shall be finally determined or resolved in accordance with the Dispute Resolution Procedure.

86. AGENT FOR SERVICE OF PROCESS

Application

- 86.1 This Condition 86 (*Agent for service of process*) shall apply to the LCHA only if it is expressed to apply to the LCHA in the Agreement.

Service Agent

- 86.2 The Producer irrevocably appoints the Service Agent to be its agent for the receipt of Service Documents and claim forms, application notices, orders, judgments and any other documents relating to any Dispute. It agrees that any Service Document and any claim form, application notice, order, judgment or other document relating to any Dispute may be effectively served on it in England and Wales by service on its Service Agent effected in any manner permitted by the Civil Procedure Rules.

Replacement

- 86.3 If the Service Agent at any time ceases for any reason to act as such, the Producer shall appoint a replacement agent for the receipt of Service Documents and claim forms, application notices, orders, judgments and any other documents relating to any Dispute having an address for service in England or Wales and shall notify the LCHA Counterparty of the name and address of the replacement agent. Failing such appointment and notification, the LCHA Counterparty shall be entitled by notice to the Producer to appoint a replacement agent to act on behalf of the Producer for the receipt of Service Documents and claim forms, application notices, orders, judgments and any other documents relating to any Dispute. The provisions of this Condition 86 (*Agent for service of process*) applying to service on a Service Agent apply equally to service on a replacement agent.

Service of process

- 86.4 A copy of any Service Document or any claim form, application notice, order, judgment or other document relating to any Dispute served on an agent shall be sent by post to the Producer. Failure or delay in so doing shall not prejudice the effectiveness of service of the relevant document.

87. LANGUAGE

English language

- 87.1 All Information provided by the Producer to the LCHA Counterparty pursuant to or in connection with the LCHA or any other LCHA Document shall be in English unless otherwise agreed in writing by the LCHA Counterparty.

Translations

- 87.2 In the case of any Information which is translated into English, prior to its being delivered to the LCHA Counterparty pursuant to the LCHA or any other LCHA Document, the Producer shall ensure that any such translation is carried out (at the Producer's cost) by a recognised and appropriately qualified and skilled translation agent.

- 87.3 The LCHA Counterparty shall be entitled to assume the accuracy of and rely upon the English translation of any Information provided pursuant to Condition 87.2 and the English translation shall prevail.

Annex 1

Conditions Precedent

Part A

Initial Conditions Precedent

1. LEGAL OPINION

Delivery to the LCHA Counterparty of a legal opinion addressed to the LCHA Counterparty, in form and content satisfactory to the LCHA Counterparty (acting reasonably), from the legal advisers to the Producer confirming that the Producer:

- (A) is duly formed and validly existing under the laws of the jurisdiction of formation; and
- (B) has the power to enter into and perform, and has taken all necessary action to authorise its entry into and performance of, the LCHA and the other LCHA Documents.

2. KYC DOCUMENTATION

Delivery to the LCHA Counterparty of evidence, in form and content satisfactory to the LCHA Counterparty, acting reasonably, of compliance by the Producer with "know your customer" or similar identification procedures or checks under all applicable laws and regulations pursuant to the transactions contemplated by the LCHA and the other LCHA Documents.

3. THE FACILITY

Delivery to the LCHA Counterparty of the following:

- (A) a description of the Hydrogen Production Plant, in form and content satisfactory to the LCHA Counterparty (acting reasonably), including:
 - (i) details of the assets comprising the Hydrogen Production Plant;
 - (ii) an aerial view of the unique geographical location of the Hydrogen Production Plant, whether an extract from the Ordnance Survey map or equivalent; and
 - (iii) a process flow diagram of the Hydrogen Production Plant; and
- (B) for CCUS-Enabled Facilities only, a description of the Capture Plant, in form and content satisfactory to the LCHA Counterparty (acting reasonably), including:
 - (i) details of the assets comprising the Capture Plant;
 - (ii) an aerial view of the unique geographical location of the Capture Plant whether an extract from the Ordnance Survey map or equivalent, showing the proposed locations of: (a) the Capture Plant; (b) the Outlet CO₂ Metering Equipment and; (c) the CO₂ T&S Network Delivery Point(s); and
 - (iii) a process flow diagram of the Capture Plant, demonstrating that the Capture Plant will comply with the CO₂ Metering Specification;
- (C) if applicable, a description of any Hydrogen Storage Infrastructure, in form and content satisfactory to the LCHA Counterparty (acting reasonably); and

- (D) if applicable, a description of any Hydrogen Transport Infrastructure, in form and content satisfactory to the LCHA Counterparty (acting reasonably).

4. **THE SITE**

Delivery to the LCHA Counterparty of the following:

- (A) a description of the Site, in form and content satisfactory to the LCHA Counterparty (acting reasonably), including an aerial view of the unique geographical location of the Site, whether an extract from the Ordnance Survey map or equivalent, showing the proposed locations of:
 - (i) the Meter Measurement Systems; and
 - (ii) the Measurement Points;
- (B) a description of any On-site Non-UKLCH Storage, in form and content satisfactory to the LCHA Counterparty (acting reasonably); and
- (C) a description of any Off-site Non-UKLCH Storage, in form and content satisfactory to the LCHA Counterparty (acting reasonably).

5. **KEY PROJECT DOCUMENTS**

Delivery to the LCHA Counterparty of evidence, in form and content satisfactory to the LCHA Counterparty (acting reasonably), that the following documents have been entered into or obtained by the Producer:

- (A) the Applicable Connection Agreements;
- (B) if applicable, the NZHF Grant Funding Agreement signed by the Secretary of State and the Producer; and
- (C) the Applicable Planning Consents for the Facility and associated infrastructure, with the challenge period having expired with no challenge being brought (or any challenge having been unsuccessful with no further rights of appeal).

6. **OTHER**

Delivery to the LCHA Counterparty of evidence, in form and content satisfactory to the LCHA Counterparty (acting reasonably), of the following:

- (A) the Producer's:
 - (i) certificate of incorporation (if applicable);
 - (ii) most recent annual return (where available); and
 - (iii) VAT certificate of registration;
- (B) a copy of the resolution of the Producer's board of directors approving the terms of and the transactions contemplated by the LCHA and resolving that it executes, delivers and performs the LCHA; and

- (C) a declaration by the authorised person(s) of the Producer that it is:
- (i) not in receipt of any other scheme of funding by a Government Entity; or
 - (ii) in receipt of another scheme of funding by a Government Entity and/or any other Approved Scheme of Funding, together with Supporting Information in relation to such scheme of funding.

Part B
Operational Conditions Precedent¹¹⁸

1. LCHA SETTLEMENT SERVICES PROVIDER

Delivery to the LCHA Counterparty of written confirmation from the LCHA Settlement Services Provider that:

- (A) it has received the LCHA Settlement Required Information which is required from the Producer prior to the Start Date; and
- (B) the Producer has in place the systems and processes which are necessary for the continued provision of the LCHA Settlement Required Information.

2. HYDROGEN PRODUCTION

Delivery to the LCHA Counterparty of the following:

- (A) evidence, in form and content satisfactory to the LCHA Counterparty, acting reasonably, that an Installed Capacity of not less than eighty per cent. (80%) of the Installed Capacity Estimate has been Commissioned, in accordance with Annex 2 (*Testing Requirements*);
- (B) the Data Collection and Monitoring Procedures including the Fugitive Emissions Risk Reduction Plan having been documented by the Producer and agreed with the LCHA Counterparty¹¹⁹; and
- (C) evidence in form and content satisfactory to the LCHA Counterparty, acting reasonably, that the Facility can produce Hydrogen that meets the requirements of the Low Carbon Hydrogen Standard, in accordance with Annex 2 (*Testing Requirements*)¹²⁰.

3. METERING OBLIGATIONS

Delivery to the LCHA Counterparty of evidence, in form and content satisfactory to the LCHA Counterparty, acting reasonably, that the Producer is complying in full with the Metering Obligations [and Measurement Data Obligations].

4. METERING SCHEMATICS

Delivery to the LCHA Counterparty of a date and time stamped copy of the schematic diagram, certified as being correct and up to date by a director or company secretary of the Producer and showing the locations of the relevant Meter Measurement Systems (including the relevant Measurement Points) associated with all assets comprised within the Facility (including details of the type of metering and relevant Meter Measurement System installed in compliance with the Metering Obligations).

¹¹⁸ Note to Reader: DESNZ is also considering the inclusion of a KYC requirement at OCP stage.

¹¹⁹ Note to Reader: The level of evidence that will be required for the satisfaction of this Condition Precedent will be further developed by DESNZ

¹²⁰ Note to Reader: The level of evidence that will be required for the satisfaction of this Condition Precedent will be further developed by DESNZ

5. **CO₂ CAPTURE**

For CCUS-Enabled Facilities only, delivery to the LCHA Counterparty of evidence, in form and content satisfactory to the LCHA Counterparty (acting reasonably), that the Facility has connected to the CO₂ T&S Network in accordance with the relevant CO₂ T&S Operator's compliance requirements ("**CO₂ T&S Connection Confirmation CP**").

6. **SUBSIDY CONTROL DECLARATION OPERATIONAL CP**

Delivery to the LCHA Counterparty of a written confirmation from the Producer, in form and content satisfactory to the LCHA Counterparty (acting reasonably), that either:

- (A) no Subsidy, State aid and/or Union Funding has been received by the Producer or by any other person in relation to the costs of the Project (excluding the subsidy arising under the LCHA, the NZHF Grant Funding Agreement and/or any other Approved Scheme of Funding); or
- (B) Subsidy, State aid and/or Union Funding has been received by the Producer or by any other person in relation to the costs of the Project (excluding the subsidy arising under the LCHA, the NZHF Grant Funding Agreement and/or any other Approved Scheme of Funding), and that such Subsidy, State aid and/or Union Funding (as applicable) (adjusted for interest in accordance with Condition 31.12 (*Subsidy Interest*)) has been repaid to the granter of the subsidy, aid or funding in full.

Annex 2

Testing Requirements

1. DEFINITIONS

1.1 In this Annex 2 (*Testing Requirements*):

"Approved Performance Test Procedure" has the meaning given to that term in paragraph 2.3(A) (*Performance Test Procedure*);

"Design Capacity" means the maximum continuous hydrogen output that an electrolyser module(s) can achieve on a reliable basis at reference site conditions as specified by the relevant technology manufacturer;

"Full Load" means the operation of an electrolyser(s) at the Design Capacity to produce Hydrogen;

"Initial Notified Performance Test Date" has the meaning given to that term in paragraph 3.1 (*Notification of Performance Test Date*);

"Islanded Facility" means a hydrogen production facility which imports electricity solely from a Private Electricity Network and which does not have a connection to the Total System;

"Longstop Date Performance Tests" means the Commissioning Tests to be carried out and completed by the Producer (whether simultaneously with, or subsequent to, the Performance Tests) in order to demonstrate whether the Producer has satisfied the Minimum Longstop Date Commissioning Requirements;

"Longstop Performance Test Notice" has the meaning given to that term in paragraph 2.10 (*Performance Test Procedure*);

"Longstop Proposed Test Date" has the meaning given to that term in paragraph 2.10 (*Performance Test Procedure*);

"Maximum Available Load" means the maximum Hydrogen output than can be produced by the Facility on a continuous and reliable basis at a reference site conditions;

"Minimum Longstop Date Commissioning Requirements" means that:¹²¹

- (A) an Installed Capacity of not less than ninety-five per cent. (95%) of the Installed Capacity Estimate has been Commissioned. This shall be demonstrated by:
 - (i) for CCUS-Enabled Facilities, evidence that the total Hydrogen produced by the Facility during the Test Run Period is at least ninety-five per cent. (95%) of the Installed Capacity Estimate; or
 - (ii) for Electrolytic Facilities, evidence that electrolyser module(s) have been installed which collectively have a Design Capacity, output of not less than ninety-five per cent. (95%) of the Installed Capacity Estimate; and

¹²¹

Note to Reader: This definition is subject to further review by DESNZ.

(B) the Facility can produce Hydrogen that meets the requirements of the LCHS;

"Minimum OCP Commissioning Requirements" means that:¹²²

(A) an Installed Capacity of not less than eighty per cent. (80%) of the Installed Capacity Estimate has been Commissioned. This shall be demonstrated by:

- (i) for CCUS-Enabled Facilities, evidence that the total Hydrogen produced by the Facility during the Test Run Period is at least eighty per cent. (80%) of the Installed Capacity Estimate; or
- (ii) for Electrolytic Facilities, evidence that electrolyser module(s) have been installed which collectively have a Design Capacity output of not less than eighty per cent. (80%) of the Installed Capacity Estimate; and

(B) the Facility can produce Hydrogen that meets the requirements of the LCHS;

"Notified Performance Test Date" means:

- (A) the relevant Initial Notified Performance Test Date; or
- (B) if paragraph 3.2(A) applies, the relevant Revised Notified Performance Test Date; or
- (C) if paragraph 3.12 applies, the relevant Rescheduled Performance Test Date;

"OCP Performance Test" means the Commissioning Tests to be carried out and completed by the Producer pursuant to paragraphs 2(A) and 2(C) of Part B of Annex 1 (*Conditions Precedent*) (whether simultaneously with, or prior to, the Longstop Date Performance Tests), in order to demonstrate whether the Producer has satisfied the Minimum OCP Commissioning Requirements;

"OCP Proposed Test Date" has the meaning given to that term in paragraph 2.2(C) (*Performance Test Procedure*);

"Performance Tests" means the OCP Performance Tests and/or the Longstop Date Performance Tests (as applicable);

"Performance Test Access Notice" has the meaning given to that term in paragraph 3.15 (*Performance Test Access Right*);

"Performance Test Access Right" has the meaning given to that term in paragraph 3.15 (*Performance Test Access Right*);

"Performance Test Date Adjustment Notice" has the meaning given to that term in paragraph 3.2 (*Notification of Performance Test Date*);

"Performance Test Outputs" has the meaning given to that term in paragraph 3.4 (*Purpose of Performance Test*);

"Performance Test Procedure" means the performance test procedure for each Performance Test which shall be consistent with the Test Performance Standards and notified to, and approved by, the LCHA Counterparty pursuant to paragraphs 2.1 to 2.9 (*Performance Test Procedure*);

"Performance Test Procedure Notice" has the meaning given to that term in paragraph 2.1 (*Performance Test Procedure*);

"Performance Test Report" means a report to be provided to the LCHA Counterparty in accordance with paragraph 3.17 (*Performance Test Report*);

"Private Electricity Network" means a network for the distribution of electricity which is not operated by a Licensed Electricity Distributor;

"Proposed Test Date" means the OCP Proposed Test Date and/or Longstop Proposed Test Date (as applicable);

"Proposed Test Date Window" means five (5) Business Days, with such period commencing on the applicable Proposed Test Date;

"PTP Response Notice" has the meaning given to that term in paragraph 2.2 (*Performance Test Procedure*);

"Rescheduled Performance Test Date" has the meaning given to that term in paragraph 3.12 (*Lack of LCHS electricity at the date of the Performance Test*);

"Rescheduled Performance Test Date Notice" has the meaning given to that term in paragraph 3.12 (*Lack of LCHS electricity at the date of the Performance Test*);

"Revised Notified Performance Test Date" has the meaning given to that term in paragraph 3.2(A) (*Notification of Performance Test Date*);

"Revised Notified Performance Test Date Notice" has the meaning given to that term in paragraph 3.2(A) (*Notification of Performance Test Date*);

["Test Performance Standards" means the industry guidelines, practices and standards which:

- (A) are relevant or apply to the completion, testing and commissioning of the Facility;
- (B) are required to be complied with, followed or passed (as appropriate): (i) in order for a hydrogen production facility to produce Hydrogen and make it available for sale; or (ii) to demonstrate that a hydrogen production facility is fit for commercial operation; and
- (C) shall include the following standards for both CCUS-Enabled Facilities and Electrolytic Facilities (as applicable):
 - (i) ISO 14687;
 - (ii) ISO/TS 19883;
 - (iii) ASME B31.12; and

- (iv) NFPA 2;
- (D) in addition to the standards referred to in paragraph (C) above, shall include the following standards for CCUS-Enabled Facilities:
 - (i) BS EN 14181;
 - (ii) MCERTS; and
 - (iii) as applicable:
 - (a) ISO 27919, or ISO/AWI 27928;
 - (b) ISO/TR 27912;
 - (c) ISO 14040, ISO 14044; and
 - (d) ASME PTC-4.4; and
- (E) in addition to the standards referred to in paragraph (C) above, shall include the following standards for Electrolytic Facilities (as applicable):
 - (i) ISO TC197;
 - (ii) CGA G5.5; and
 - (iii) BS EN 50073;]¹²³

"Test Report Minimum Technical Requirements" means the minimum required technical content of each Test Report: (i) as required by the Data Collection and Monitoring Procedures and the Performance Test Outputs, (ii) as required by the relevant Test Performance Standards and (iii) as required to comply with the Reasonable and Prudent Standard, which shall include, but shall not be limited to, the following:

- (A) procedure for testing and calculation;
- (B) details of relevant calculations with definitions of terminology, including showing actual manipulation of test data such as averaging;
- (C) details of relevant results;
- (D) copies of log sheets and raw data in electronic format;
- (E) field data sheets;
- (F) analyses of Hydrogen produced by the Facility;
- (G) post-test uncertainty analyses;
- (H) details of calibrations of all instruments and copies of associated calibration certificates;

- (I) the DCMP Data for the full Test Run Period; and
- (J) DCMP Data for at least four (4) consecutive hours of Hydrogen production which comply with the LCHS;

"Test Run Period" means the applicable period(s) of time during which each Performance Test is required to be conducted, which shall be the time period set out in paragraph 3.6 (*Performance Test Run Period*); and

"Total System" means the Electricity Transmission System and each Electricity Distribution System.

2. PERFORMANCE TEST PROCEDURE

Performance Test Procedure

- 2.1 The Producer shall not submit a Performance Test Procedure Notice before the Data Collection and Monitoring Procedures have been agreed between the Producer and the LCHA Counterparty pursuant to paragraph 2 (*Agreement of Data Collection and Monitoring Procedures*) of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*).
- 2.2 The Producer shall, at least six (6) Months prior to the date on which it proposes to conduct the OCP Performance Tests, give a notice to the LCHA Counterparty (a **"Performance Test Procedure Notice"**) with such notice to:
 - (A) include the draft Performance Test Procedure it proposes to be adopted for the purposes of each Performance Test;
 - (B) include the Facility's pre-test uncertainty calculations for the instrumentation to be used for the performance test measurements (as set out in ASME PTC 19.1 or ISO/IEC Guide 98-3) in each Performance Test; and
 - (C) confirm the date on which it proposes to commence the OCP Performance Tests (the **"OCP Proposed Test Date"**).
- 2.3 The LCHA Counterparty shall, no later than thirty (30) Business Days after receipt of: (i) a Performance Test Procedure Notice; (ii) additional Supporting Information pursuant to paragraph 2.4(A); or (iii) an amended draft Performance Test Procedure pursuant to paragraph 2.4(B) (as applicable), give a notice to the Producer (a **"PTP Response Notice"**). A PTP Response Notice shall specify whether the LCHA Counterparty:
 - (A) approves the draft Performance Test Procedure without amendment, following which the draft Performance Test Procedure shall become the **"Approved Performance Test Procedure"**;
 - (B) requires the Producer to provide additional Supporting Information in relation to the draft Performance Test Procedure, in order for the LCHA Counterparty to assess whether or not to approve such procedure; or
 - (C) requires amendments to the draft Performance Test Procedure, in which case the PTP Response Notice shall provide the Producer with sufficient detail in relation to such required amendments.

- 2.4 The Producer shall, no later than twenty (20) Business Days after receipt of a PTP Response Notice, submit to the LCHA Counterparty:
- (A) if the PTP Response Notice relates to paragraph 2.3(B), the relevant additional Supporting Information specified in the PTP Response Notice; or
 - (B) if the PTP Response Notice relates to paragraph 2.3(C), an amended draft Performance Test Procedure which includes the amendments specified in the PTP Response Notice,
- and in either case, paragraph 2.3 shall then reapply.
- 2.5 The Producer shall conduct each Performance Test in accordance with the Approved Performance Test Procedure and Test Performance Standards.
- 2.6 The Producer shall give the LCHA Counterparty a notice promptly upon the Producer becoming aware of any fact, matter or circumstance which will or is reasonably likely to significantly affect the accuracy of the Approved Performance Test Procedure.
- 2.7 Nothing in paragraphs 2.2 to 2.4 shall require the LCHA Counterparty to specify in any PTP Response Notice that the LCHA Counterparty accepts any draft Performance Test Procedure, unless and until the LCHA Counterparty is satisfied of the same.
- 2.8 Any Performance Test Procedure Notice shall be irrevocable.
- 2.9 The Producer may give a Performance Test Procedure Notice pursuant to paragraph 2.1 on only one (1) occasion.
- 2.10 If the Producer intends to conduct the Longstop Date Performance Tests, the Producer shall, at least three (3) Months prior to the date on which it proposes to conduct such tests, give a notice to the LCHA Counterparty (a **"Longstop Performance Test Notice"**) with such notice to:
- (A) include the Approved Performance Test Procedure; and
 - (B) confirm the date on which it proposes to conduct the Longstop Performance Tests (the **"Longstop Proposed Test Date"**).

3. **PERFORMANCE TEST**

Notification of Performance Test Date

- 3.1 The Producer shall, no later than one (1) Month prior to the start of the relevant Proposed Test Date Window, give a notice to the LCHA Counterparty confirming the anticipated date of the relevant Performance Test which must be within the Proposed Test Date Window (an **"Initial Notified Performance Test Date"**).
- 3.2 If the Producer proposes to change the date that it anticipates it will conduct the relevant Performance Test from the Initial Notified Performance Test Date, the Producer shall give a notice to the LCHA Counterparty (a **"Performance Test Date Adjustment Notice"**). The Producer shall give such Performance Test Date Adjustment Notice to the LCHA Counterparty

at least three (3) Business Days prior to the proposed date of the relevant Performance Test and the Performance Test Date Adjustment Notice shall:

- (A) specify the new date within the Proposed Test Date Window on which the Producer proposes to conduct the relevant Performance Test (the **"Revised Notified Performance Test Date"**); and
- (B) include Supporting Information evidencing the reasons for the change from the Initial Notified Performance Test Date to the Revised Notified Performance Test Date.

3.3 The Producer shall conduct the relevant Performance Test on the Notified Performance Test Date.

Purpose of Performance Test

3.4 The purpose of the Performance Test shall be for the Producer to determine (simultaneously during the Test Run Period):

- (A) the Installed Capacity;
 - (B) the Hydrogen produced by the Facility (*expressed in MWh (HHV)*); and
 - (C) all DCMP Data required to demonstrate compliance with the LCHS for at least four (4) consecutive hours, including Measurement Data,
- (the **"Performance Test Outputs"**).

3.5 The Performance Test Outputs shall not be adjusted for:

- (A) degradation; or
- (B) any tolerances to account for instrument uncertainty.

Performance Test Run Period

3.6 Each Performance Test shall comprise one (1) **"Test Run Period"** which shall be:

- (A) a twenty-four (24) hour continuous period for CCUS-Enabled Facilities; and
- (B) an eight (8) hour continuous period for Electrolytic Facilities,

or such longer period as is required by the Test Performance Standards.

Performance Test Standards

3.7 The Producer shall ensure that the methodology and instrumentation for determining the Hydrogen produced by the Facility, the Measurement Data and any other metered inputs and outputs are compliant with the relevant Technical Specification(s).

3.8 [In the event of conflict between the Test Performance Standards and the Technical Specification(s), the Technical Specification(s) shall take precedence.]

Facility Mode of Operation

- 3.9 A Performance Test shall not commence until the Facility has satisfied the required stabilisation criteria for steady state operation in accordance with the Test Performance Standards or, where such Test Performance Standards are not applicable to the Facility, the relevant stabilisation criteria agreed in the Performance Test Procedure.
- 3.10 Subject to paragraphs 3.11 and 3.12, during a Performance Test the Producer shall ensure that:
- (A) the Facility is operated in a normal mode which is representative of long-term operating configuration with all equipment operating as designed and within specification and with alarm limits consistent with the Reasonable and Prudent Standard;
 - (B) no normally operating systems are taken out of service including suppressed alarms unless specifically allowed in the Performance Test Procedure;
 - (C) variations exceeding steady state conditions invalidate the Test Run Period, which shall then be repeated; and
 - (D) the Facility is operated at Maximum Available Load.

Electricity supply at the date of the Performance Test

- 3.11 For Electrolytic Facilities only, if at the date of a Performance Test it is not: (i) technically feasible; and/or (ii) economically feasible, for the Producer, acting in accordance with the Reasonable and Prudent Standard, to procure the supply of electricity for the Facility to run at Full Load during the Test Run Period and to demonstrate compliance with the LCHS for at least four (4) consecutive hours:
- (A) the electricity supply emissions of the Facility shall be deemed to be zero (0) for LCHS purposes during the Test Run Period, if the Producer has satisfied the following conditions:
 - (i) the Producer is able to import electricity from the Total System and conducts a Performance Test at Full Load for the duration of the Test Run Period by importing the required electricity from such system; and
 - (ii) the Producer has provided evidence to the satisfaction of the LCHA Counterparty that the Producer has entered into at least one (1) Eligible PPA; or
 - (B) if the Producer is an Islanded Facility, the Producer shall conduct the relevant Performance Test importing electricity solely from an electricity generating station connected to the relevant Private Electricity Network, and evidence the following conditions:
 - (i) the Facility can run at Full Load for a minimum of one (1) hour during the Test Run Period; and
 - (ii) the Hydrogen produced by the Facility is more than zero (0) (MWh (HHV)) for a minimum of four (4) consecutive hours which includes an hour at Full Load during the Test Run Period.

- 3.12 If the Producer is unable to satisfy the conditions set out in paragraph 3.11(B) during the applicable Test Run Period, the Producer shall give a notice to the LCHA Counterparty rescheduling the relevant Performance Test (a **"Rescheduled Performance Test Date Notice"**). The Producer shall give such Rescheduled Performance Test Date Notice to the LCHA Counterparty promptly and in any event no later than three (3) Business Days prior to the new date on which the Producer will conduct the relevant Performance Test (the **"Rescheduled Performance Test Date"**), and the Rescheduled Performance Test Date Notice shall:
- (A) specify the Rescheduled Performance Test Date; and
 - (B) include such Supporting Information as the Producer considers to be relevant to evidence the reasons for the change from the Notified Performance Test Date to the Rescheduled Performance Test Date.

CO₂ T&S Commissioning Delay Event or CO₂ T&S Outage Event

- 3.13 For CCUS-Enabled Facilities only, if at any time during a Test Run Period a CO₂ T&S Commissioning Delay Event or CO₂ T&S Outage Event is occurring, the Producer shall ensure that any captured CO₂:
- (A) is safely vented in accordance with applicable Required Authorisations; and
 - (B) complies with the Delivery CO₂ Quality Standards.
- 3.14 If conditions (A) and (B) have been satisfied during the CO₂ T&S Commissioning Delay Event or CO₂ T&S Outage Event (as applicable), and the captured CO₂ is metered in accordance with the CO₂ Metering Specification, the metered CO₂ captured by the Facility during the CO₂ T&S Commissioning Delay Event or CO₂ T&S Outage Event (as applicable) shall be deemed to be the value of $E_{CO_2 \text{ sequestration}}$ under the LCHS for the purposes of determining LCHS compliance.

Performance Test Access Right

- 3.15 With effect from the Agreement Date, the Producer shall grant (or, if the Producer is not the Registrant of the Meter Measurement System, shall procure that the Registrant grants) the LCHA Counterparty (and any and all persons nominated by the LCHA Counterparty and considered by the LCHA Counterparty to be suitably qualified) access to the Facility, the Meter Measurement System and to such plant, property or assets owned, occupied or controlled by the Producer (or the Registrant if the Producer is not the Registrant of the Meter Measurement System) and to which the Producer (or the Registrant if the Producer is not the Registrant of the Meter Measurement System) can lawfully grant access as may be reasonably necessary for the LCHA Counterparty to witness a Performance Test (the **"Performance Test Access Right"**).
- 3.16 If the LCHA Counterparty intends to exercise the Performance Test Access Right, it shall give a notice to the Producer (a **"Performance Test Access Notice"**). A Performance Test Access Notice shall specify that the LCHA Counterparty (or any suitably qualified persons nominated by it in accordance with paragraph 3.15) intends to exercise the Performance Test Access Right and the date(s) on which it intends to exercise such right.

- 3.17 On receipt of a Performance Test Access Notice, the Producer shall permit (or, if the Producer is not the Registrant of the Meter Measurement System, shall procure that the Registrant permits) the LCHA Counterparty to exercise the Performance Test Access Right in accordance with the Performance Test Access Notice provided that the date requested by the LCHA Counterparty to exercise such right is no earlier than one (1) Business Day after receipt of the Performance Test Access Notice.

Performance Test Report¹²⁴

- 3.18 The Producer shall, as soon as reasonably practicable after the completion of the Performance Test, submit a test report of such Performance Test to the LCHA Counterparty (the **"Performance Test Report"**). The Performance Test Report shall include, but shall not be limited to, the following:
- (A) a description of the Facility;
 - (B) the Test Report Minimum Technical Requirements; and
 - (C) evidence (including any test review reports) from the Producer's engineer and (if applicable) the Lender's engineer:
 - (i) of the results of the Performance Test;
 - (ii) that the Performance Test Report complies with the Test Report Minimum Technical Requirements; and
 - (iii) that the Producer has conducted the Performance Test in accordance with the Approved Performance Test Procedure.

¹²⁴

Note to Reader: The Performance Test Report will be verified by a third party procured by the Producer.

Annex 3 Calculation of Default Termination

DEFAULT TERMINATION PAYMENT CALCULATION

- 1.1 In the event that the LCHA Counterparty exercises its right to terminate the LCHA under Condition 49.27 (*Default termination*), the "**Default Termination Payment**" shall be calculated as follows:

$$\text{Default Termination Payment} = (\text{TFR} * \Pi_i) * \text{PASC}$$

where:

TFR	=	Termination Fee Rate equal to two pounds (£2.00) (£/MWh (HHV))
Π_i	=	Inflation Factor applicable to the Default Termination Date (i)
$PASC$	=	[Permitted Annual Sales Cap] (MWh HHV)

- 1.2 For the avoidance of doubt, where the LCHA Counterparty exercises its right to terminate the LCHA under Condition 49.27 (*Default termination*) on the basis that more than one (1) ground for termination has arisen, the Producer shall not be liable to pay more than one Default Termination Payment to the LCHA Counterparty.

Annex 4

Change Control Procedure

1. INTERPRETATION: ANNEX 4

Interpretation

- 1.1 In this Annex 4 (*Change Control Procedure*), any reference to an "amendment" (or grammatical variation thereof or any analogous term) in respect of any Proposed Amendment shall be deemed to include any change, replacement, deletion or supplement to or of any provision of:
- (A) the LCHA;
 - (B) UKLCH Programme LCHAs (other than any UKLCH Programme LCHA to which this Annex 4 (*Change Control Procedure*) is expressed not to apply); or
 - (C) UKLCH Programme LCHAs of a particular category (other than any UKLCH Programme LCHA to which this Annex 4 (*Change Control Procedure*) is expressed not to apply).

2. CHANGE CONTROL PROCEDURE

Amendment Notifications

- 2.1 The LCHA Counterparty may at any time give a notice to the Producer proposing an amendment to the LCHA (an "**Amendment Notification**"). Each Amendment Notification shall:
- (A) set out the proposed amendment(s) (the "**Proposed Amendment**");
 - (B) specify the date on which the Proposed Amendment is proposed to become effective (the "**Proposed Amendment Effective Date**");
 - (C) state whether the LCHA Counterparty considers the Proposed Amendment to be a Material Amendment or a Technical Amendment;
 - (D) if the LCHA Counterparty considers the Proposed Amendment to be a Technical Amendment, state whether the Proposed Amendment is a General Amendment;
 - (E) if the Proposed Amendment is a General Amendment, state whether it applies to all UKLCH Programme LCHAs or only to those of a specified category or categories (in each case, other than any UKLCH Programme LCHA to which this Annex 4 (*Change Control Procedure*) is expressed not to apply) and, if the latter, set out those categories; and
 - (F) contain such Supporting Information as the LCHA Counterparty considers necessary to enable the Producer to evaluate the Proposed Amendment.

Material Amendments: process

- 2.2 If an Amendment Notification specifies that the Proposed Amendment is a Material Amendment, the Producer shall, no later than twenty (20) Business Days after the Amendment Notification has been received, either:

- (A) confirm by notice in writing to the LCHA Counterparty that it agrees with the Proposed Amendment and the Proposed Amendment Effective Date; or
 - (B) specify, by notice in writing to the LCHA Counterparty (a **"Material Amendment Response Notification"**), any objections which the Producer has to:
 - (i) the Proposed Amendment, any such notification to include details of:
 - (a) any proposal by the Producer to address the matters identified in the Amendment Notification by means of an alternative amendment; and
 - (b) any consequential matters arising from the Proposed Amendment which the Producer considers have not been identified in the Amendment Notification; or
 - (ii) the Proposed Amendment Effective Date.
- 2.3 Any Material Amendment Response Notification shall also include such Supporting Information as the Producer considers necessary to enable the LCHA Counterparty to evaluate the matters covered in such notification.
- 2.4 No later than ten (10) Business Days after receipt by the LCHA Counterparty of a Material Amendment Response Notification, the Parties shall meet and negotiate in good faith to agree:
- (A) whether to effect the Proposed Amendment;
 - (B) the date on which the Proposed Amendment shall become effective (which need not be the Proposed Amendment Effective Date); and
 - (C) if effected:
 - (i) the terms of the Proposed Amendment; and
 - (ii) what, if any, consequential amendments need to be made to the LCHA.

Material Amendments: implementation

- 2.5 A Material Amendment shall not become effective unless and until documented in writing and signed by each Party (a **"Material Amendment Agreement"**). Any Material Amendment Agreement shall:
- (A) set out the amendment which is to be effected;
 - (B) state the effective date of the amendment; and
 - (C) detail any consequential amendments to be made (whether or not identified in the Amendment Notification).

Technical Amendments (bilateral Proposed Amendments): process

- 2.6 If an Amendment Notification:
- (A) specifies that the Proposed Amendment is a Technical Amendment; and

(B) does not specify that it is a General Amendment, the Producer shall, no later than twenty (20) Business Days after receipt of the Amendment Notification (the "**Technical Amendment Response Period**"), either:

- (i) confirm by notice in writing to the LCHA Counterparty that it agrees with the Proposed Amendment and the Proposed Amendment Effective Date; or
- (ii) specify, by notice in writing to the LCHA Counterparty (a "**Technical Amendment Response Notification**"), any objections which the Producer has to:
 - (a) the classification of the Proposed Amendment as a Technical Amendment (including reasonable details of the Producer's reasons for such objections) (a "**Classification Objection**");
 - (b) the Proposed Amendment, any such notification to include details of:
 - (1) any proposal by the Producer to address the matters identified in the Amendment Notification by means of an alternative amendment; and
 - (2) any consequential matters arising from the Proposed Amendment which the Producer considers have not been identified in the Amendment Notification; or
 - (c) the Proposed Amendment Effective Date.

2.7 Any Technical Amendment Response Notification shall also include such Supporting Information as the Producer considers necessary to enable the LCHA Counterparty to evaluate the matters covered in such notification.

2.8 If the Producer:

- (A) does not give the LCHA Counterparty a Technical Amendment Response Notification within the Technical Amendment Response Period, the Proposed Amendment shall be binding on the Parties with effect from the Proposed Amendment Effective Date; or
- (B) gives the LCHA Counterparty a Technical Amendment Response Notification within the Technical Amendment Response Period, then the following provisions shall apply:
 - (i) if the Technical Amendment Response Notification included a Classification Objection, then:
 - (a) the Technical Amendment Response Notification shall constitute a Dispute Notice and the resulting Dispute shall be subject to the Dispute Resolution Procedure; and
 - (b) if, pursuant to the Dispute Resolution Procedure, either of the Parties agrees (whether by means of a Senior Representatives Settlement or otherwise) that the Proposed Amendment is a Material Amendment or it is otherwise determined or resolved pursuant to the Dispute Resolution Procedure that the Proposed Amendment is a Material Amendment, then

the Proposed Amendment shall not become effective between the Parties unless and until a Material Amendment Agreement is entered into; and

(ii) if either:

- (a) the Technical Amendment Response Notification did not include a Classification Objection; or
- (b) (pursuant to the Dispute Resolution Procedure) the Parties agree (whether by means of a Senior Representatives Settlement or otherwise) that the Proposed Amendment is a Technical Amendment or it is otherwise determined or resolved pursuant to the Dispute Resolution Procedure that the Proposed Amendment is a Technical Amendment,

then:

- (1) the LCHA Counterparty shall consider the objections of the Producer set out in the Technical Amendment Response Notification and may make such amendments to the Proposed Amendment as it deems appropriate having regard to such objections; and
- (2) the Proposed Amendment (as amended if the LCHA Counterparty elects to so amend pursuant to paragraph 2.8(B)(ii)(b)(1)) shall become binding on the Parties with effect from the Proposed Amendment Effective Date.

Technical Amendments (General Amendments): process

2.9 If an Amendment Notification specifies that the Proposed Amendment is a Technical Amendment and is a General Amendment, then paragraphs 2.6 to 2.8 shall be applied, with the necessary modifications, on the following basis:

- (A) the confirmation provided for in paragraph 2.6(B)(i) shall be deemed to have been given by the Producer, and the Proposed Amendment shall (subject to paragraph 2.9(C)) be binding on the Producer with effect from the Proposed Amendment Effective Date, unless seventy-five per cent. (75%) or more in number of all CCP Affected Parties give a Technical Amendment Response Notification to the LCHA Counterparty within the Technical Amendment Response Period;
- (B) if seventy-five per cent. (75%) or more in number of the CCP Affected Parties deliver a Technical Amendment Response Notification within the Technical Amendment Response Period then the procedure provided for in paragraph 2.8(B) shall be applied; and
- (C) if the Producer gives a Technical Amendment Response Notification within the Technical Amendment Response Period which includes a Classification Objection, then the Proposed Amendment shall become binding on the Producer only in accordance with the provisions of paragraph 2.8(B).

Technical Amendments: implementation

2.10 Where any Technical Amendment is to take effect in accordance with this Change Control Procedure, the Producer shall, if requested by the LCHA Counterparty, promptly sign an agreement (a "**Technical Amendment Agreement**") which:

- (A) sets out the amendment which is to be effected;
- (B) states the effective date of the amendment; and
- (C) details any consequential amendments to be made (whether or not identified in the Amendment Notification),

in each case as agreed, determined or resolved in accordance with the relevant provisions of paragraphs 2.6 to 2.9 (inclusive).

2.11 Any failure or refusal by the Producer to sign a Technical Amendment Agreement shall not operate so as to prevent the relevant Technical Amendment being binding on the Parties with effect from the relevant Proposed Amendment Effective Date in accordance with the provisions of paragraph 2.8(B)(ii) or 2.9(A) (as appropriate).

Miscellaneous

2.12 The categorisation of any Proposed Amendment as a Technical Amendment (irrespective of whether it is a General Amendment) or a Material Amendment shall not operate so as to prevent the provisions of Condition 59 (*Consolidation of Connected Disputes*) applying to any Dispute arising in respect of that Proposed Amendment.

Annex 5
Form of Direct Agreement

LOW CARBON CONTRACTS COMPANY LTD
as LCHA

Counterparty and

[●]
as [Lender(s)]/[Security Trustee]¹²⁵ and

[●]
as Producer

DIRECT AGREEMENT
in relation to a LCHA for *[insert details of facility]*

DRAFT – Version 1

[●] 2023

CONTENTS

CLAUSE	PAGE
1. Definitions and interpretation	340
2. Consent to Security and Payment Instructions.....	346
3. Notification by LCHA Counterparty	348
4. Notification by the [Lender(s)]/[Security Trustee].....	351
5. Step-In Decision Period	351
6. Step-In.....	352
7. Step-In Period	353
8. Step-Out.....	353
9. Novation	354
10. Duration.....	356
11. Changes to Parties	356
12. Notices	357
13. Miscellaneous	358
14. Governing Law and Jurisdiction.....	360
Appendix 1 Form of Step-In Undertaking.....	362
Appendix 2 Form of Novation Agreement.....	364

THIS DIRECT AGREEMENT (this "**Deed**") is dated [●] and made as a deed

BETWEEN:

- (1) **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 "**LCHA Counterparty**");
- (2) **[[insert name of the lender(s)]** a company incorporated under the laws of [●] whose registered office is [●] and whose company number is [●] [the "**Lender(s)**"; /in its capacity as [agent and] security trustee for and on behalf of the Finance Parties (the "**Security Trustee**"); and]
- (3) **[insert name of the Producer]**, a company incorporated under the laws of [England and Wales] whose registered office is [●] and whose company number is [●] (the "**Producer**").¹²⁴

BACKGROUND

- (A) The LCHA Counterparty has entered into the Contract with the Producer.
- (B) It is a condition precedent to the availability of funding under the Facilities Agreement that the Parties enter into this Deed.
- (C) The Parties intend this document to take effect as a deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions¹²⁵

In this Deed, unless otherwise defined herein or the context requires otherwise:

"Affected Person" means any direct or indirect shareholder of the Producer who is able to evidence to the satisfaction of the LCHA Counterparty that if it (or an agent or security trustee on its behalf) has or had the benefit of a Direct Agreement, it is or would be:

- (A) contractually obliged to exercise rights under the relevant Direct Agreement in accordance with the instructions of one (1) or more Lenders (or a security trustee on its or their behalf); or
- (B) party to an agreement regarding the exercise of rights under such Direct Agreement with a person falling within paragraph (A) above;

"Affiliate" means, in relation to a Party, any holding company or subsidiary company of the relevant Party from time to time or any company which is a subsidiary company of a holding company of that Party from time to time (and the expressions "holding company" and

¹²⁴ Note to Reader: Parties to conform to underlying funding arrangements.

¹²⁵ Note to Reader: Definitions to conform to underlying funding arrangements.

"subsidiary" shall have the meanings respectively ascribed to them by section 1159 of the Companies Act 2006);

"Appointed Representative" means the Representative identified in the Step-In Notice;

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London;

"Contract" means the LCHA dated [●] and made between the LCHA Counterparty and the Producer in relation to the Facility;

"Contract Default" has the meaning given to **"Default"** in the Contract;

"Control" means, in relation to an entity (the **"controlled entity"**), the ability of another entity (the **"controlling entity"**) to:

- (A) exercise the majority of the voting rights in that entity; or
- (B) having become a direct or indirect shareholder, control the majority of the voting rights in that entity, either alone or pursuant to an agreement with other direct or indirect shareholders; or
- (C) having become a direct or indirect shareholder, appoint or remove a majority of the board of directors in that entity, or
- (D) having become a direct or indirect shareholder, exercise dominant influence or control over that entity.

and **"Controlled"** shall be construed accordingly;

"Event of Default" means any event or circumstance the occurrence of which is treated as an event of default under the Facilities Agreement;

"Facilities Agreement" means the facilities agreement dated [[●]]/[on or around the date of this Deed]] between, amongst others, [the lenders named therein,] the [Lender(s)]/[Security Trustee], [the Facility Agent] and the Producer;¹²⁶

"Facility" has the meaning given to that term in the Contract;

"Facility Agent" means the Facility Agent appointed under the Facilities Agreement;¹²⁷

"Finance Documents" means the Facilities Agreement and the other documents defined as Finance Documents in the Facilities Agreement;¹²⁸

"Finance Parties" means the parties with the benefit of security under the Security Documents and **"Finance Party"** means any of them;¹²⁹

¹²⁶ Note to Reader: Definition to conform to underlying funding arrangements.

¹²⁷ Note to Reader: Definition to conform to underlying funding arrangements.

¹²⁸ Note to Reader: Definition to conform to underlying funding arrangements.

¹²⁹ Note to Reader: Definition to conform to underlying funding arrangements.

"Finance Party Discharge Date" means the date on which all of the Finance Party Obligations have been fully and irrevocably paid or discharged and no further Finance Party Obligations are capable of becoming outstanding;

"Finance Party Obligations" means any obligations owed to the Finance Parties in connection with the Finance Documents;

"LCHA Counterparty Enforcement Action" means:¹³⁰

- (A) the termination or revocation of the Contract by the LCHA Counterparty (including the giving of any notice under or pursuant to Condition 49.1 (*Pre-Start Date termination*), 49.5 (*Termination for Prolonged Force Majeure*), 49.27 (*Default termination*), 49.29 (*Termination for failing to satisfy the Required Installed Capacity*) [or 49.30 (*Termination for failing to satisfy the CO₂ T&S Connection Confirmation Requirement*)¹³¹ of the Contract by the LCHA Counterparty to the Producer terminating the Contract, but excluding the giving of any notice under or pursuant to Condition 49.22 (*Termination for failing to remedy a CO₂ T&S Prolonged Unavailability Event*)¹³² 49.31 (*Qualifying Change in Law termination*), or 49.33 (*QCIL Compensation termination*) of the Contract by the LCHA Counterparty to the Producer terminating the Contract and the subsequent termination of the Contract under that Condition);
- (B) the suspension or withholding (as applicable) by the LCHA Counterparty of payments under or pursuant to Condition 3.75(B)(ii) (*Failure to comply with CO₂ T&S Connection Confirmation Requirement: Suspension*), 28.2 (*Failure to comply with compliance of technology undertaking*) 29.9 (*Failure to comply with Metering Schematic Obligation*), Condition 29.16 (*Failure to provide Metering Access Right*), Condition 29.20 (*Failure to comply with Automated Data Systems Obligations*), Condition 30.11 (*Suspension of Payments (Failure to provide Measurement Data)*), Condition 33.10 (*Failure to provide an Offtaker Confirmation Request Notice: Suspension*), Condition 34.9 (*Failure to comply with Offtaker Compliance Declaration Obligation: suspension*), Condition 37.7 (*Failure to comply with the LCHA Counterparty Audit Right*), Condition 38.11 (*Failure to provide an Annual Compliance Report: Suspension*), Condition 49.16 (*Failure to comply with CO₂ T&S Prolonged Unavailability Procedure Obligation: Suspension*), paragraph 8.3 (*Suspension of Payments (LCHS Non-Compliance)*) of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*) or [others to be considered];
- (C) the commencement by the LCHA Counterparty of any proceedings for, or the petitioning by the LCHA Counterparty for, the winding-up, administration, dissolution or liquidation of the Producer (or the equivalent procedure under the law of the jurisdiction in which the Producer is incorporated, domiciled or resident or carries on business or has assets);

"LCHA Counterparty Enforcement Notice" means a notice given by the LCHA Counterparty to the [Lender(s)]/[Security Trustee] specifying the LCHA Counterparty Enforcement Action which the LCHA Counterparty intends to take and, in reasonable detail, the grounds for such intended action;

¹³⁰ Note to Reader: This list is subject to ongoing review.

¹³¹ Note to Reader: This shall only apply to Producers with a CCUS-Enabled Facility.

¹³² Note to Reader: This shall only apply to Producers with a CCUS-Enabled Facility.

"LCHA Documents" has the meaning given to that term in the Contract;

"LCHA Settlement Required Information" has the meaning given to that term in the Contract;

"LCHA Settlement Services Provider" has the meaning given to that term in the Contract;

"Lender" means any bank or financial institution (excluding any direct or indirect shareholder of the Producer) which provides debt financing or refinancing in relation to the Facility;

"Non-Qualification Event"

[means the Security Trustee ceasing, in respect of the rights afforded to it under this Deed, to act only on behalf of any person who is:

- (A) [a] Lender(s) having the benefit of first ranking security over all or substantially all of the assets of the Producer (including its rights in respect of the Facility and under the Contract) and in whose favour the Producer has assigned its rights under the Contract and any other LCHA Document in accordance with Condition 78.6 (*Permitted assignment by the Producer*) of the Contract; or
- (B) an Affected Person having the benefit of first ranking security over all or substantially all of the assets of the Producer (including its rights in respect of the Facility and under the Contract) and in whose favour the Producer has assigned its rights under the Contract and any other LCHA Document in accordance with Condition 78.6 (*Permitted assignment by the Producer*) of the Contract;

PROVIDED that there shall not be a Non-Qualification Event where a person who previously satisfied sub-paragraph (A) above has become a direct or indirect shareholder solely as a result of the creation or enforcement of a security interest held by them (a **"Security Shareholder"**) and who otherwise continues to satisfy sub-paragraph (A) above, unless such Security Shareholder (whether directly or indirectly) has exercised Control over the Producer for a period of twenty (20) Business Days or more prior to the time of any breach, non-compliance or failure which is or may be the subject of a LCHA Counterparty Enforcement Notice or, having the right, ability or power to do so, fails to prevent any breach, non-compliance or failure which is or may be the subject of a LCHA Counterparty Enforcement Notice.]^{133/}

[means the Lender(s) ceasing, in respect of the rights afforded to [it]/[them] under this Deed, to be [a person who is/ persons who are]:

- (C) Lender(s) having the benefit of first ranking security over all or substantially all of the assets of the Producer (including its rights in respect of the Facility and under the Contract) and in whose favour the Producer has assigned its rights under the Contract and any other LCHA Document in accordance with Condition 78.6 of the Contract,

PROVIDED that there shall not be a Non-Qualification Event where [a person/ the persons] who previously satisfied sub-paragraph (A) above [has/have] become [a] direct or indirect shareholder(s) solely as a result of the creation or enforcement of a security interest held by

¹³³

Note to Reader: Retain wording in square brackets if there is a Security Trustee.

them (a **"Security Shareholder"**) but who otherwise continues to satisfy sub-paragraph (A) above, unless such Security Shareholder (whether directly or indirectly) has exercised Control over the Producer for a period of twenty (20) Business Days or more prior to the time of any breach, non-compliance or failure which is or may be the subject of a LCHA Counterparty Enforcement Notice or, having the right, ability or power to do so, fails to prevent any breach, non-compliance or failure which is or may be the subject of a LCHA Counterparty Enforcement Notice.]¹³⁴

"Novation Agreement" means a novation agreement entered into pursuant to Clause 9.3 (*Substitution Procedure*) between the LCHA Counterparty, the Producer and the Substitute substantially in the form set out in Appendix 2 (*Form of Novation Agreement*);

"Novation Date" has the meaning given to that term in Clause 9.3(B) (*Substitution Procedure*);

"Novation Notice" means a notice given by the [Lender]/[Security Trustee] to the LCHA Counterparty pursuant to Clause 9.1 (*Proposed Substitution*) specifying:

- (A) the identity of the proposed Substitute; and
- (B) the Proposed Novation Date;

"NQE Termination Trigger Date" means (as applicable) the date specified in the notice issued to the [Lender(s)]/[Security Trustee] pursuant to Clause 3.4(D)(i) (unless the [Lender(s)]/[Security Trustee] has remedied the failure or non-compliance prior to such date) or the date of a notice delivered to the LCHA Counterparty pursuant to Clause 10.3;

"Party" means a party to this Deed;

"Producer's Proceeds Account" means the account held by the Producer at [●] with the account number [●] and sort code [●] or such other account and bank as the Producer and the [Lender(s)]/[Security Trustee] may notify to the LCHA Counterparty from time to time;

"Proposed Novation Date" means the date proposed by the [Lender(s)]/[Security Trustee] in a Novation Notice for the novation to a Substitute of the Producer's rights and obligations under the Contract;

"Proposed Step-In Date" means the date proposed by the [Lender(s)]/[Security Trustee] in a Step-In Notice upon which the Appointed Representative shall give a Step-In Undertaking as contemplated by Clause 6.2 (*Step-In Undertaking*);

"Representative" means:

- (A) the [Facility Agent], [the Security Trustee] and any Finance Party and/or any of their Affiliates;
- (B) an administrator, administrative receiver, receiver, receiver and manager or any other insolvency official of the Producer and/or any or all of its assets appointed in connection with the Finance Documents;

¹³⁴

Note to Reader: Retain wording in square brackets if there is a Lender but no Security Trustee.

- (C) a person directly or indirectly owned or Controlled by [the Facility Agent], [the Security Trustee] and/or the Finance Parties or any of them; or
- (D) any other person approved by the LCHA Counterparty;

"Security Documents" means any documents creating or evidencing any existing or future security interest granted by the Producer to the [Lender(s)]/[Security Trustee] to secure the payment and discharge of any or all Finance Party Obligations;

"Security Shareholder" has the meaning given to that term in the definition "Non-Qualification Event";

"Step-In Date" means the date on which the Appointed Representative gives a Step-In Undertaking to the LCHA Counterparty as contemplated by Clause 6.2 (*Step-In Undertaking*);

"Step-In Decision Period" means a period commencing on the date of receipt by the [Lender(s)]/[Security Trustee] from the LCHA Counterparty of any LCHA Counterparty Enforcement Notice and ending on the first to occur of the Step-In Date, the Novation Date and the date falling one hundred and twenty (120) days after the commencement of the Step-In Decision Period;

"Step-In Notice" has the meaning given to that term in Clause 6.1 (*Step-In Notice*);

"Step-In Period" means the period from the Step-In Date to and including the first to occur of:

- (A) the expiry of the notice period in any notice given under Clause 8 (*Step-Out*);
- (B) the Novation Date;
- (C) the Finance Party Discharge Date; and
- (D) the date of any termination or revocation of the Contract by the LCHA Counterparty in accordance with this Deed and the Contract;

"Step-In Undertaking" means an undertaking substantially in the form set out in Appendix 1 (*Form of Step-In Undertaking*) given by the Appointed Representative;

"Step-Out Date" means the date upon which a Step-In Period ends;

"Step-Out Notice" has the meaning given to that term in Clause 8(A) (*Step-Out*);

"Substitute" means a person nominated by the [Lender(s)]/[Security Trustee] pursuant to Clause 9.1 (*Proposed Substitution*) or Clause 9.2 (*Objection to Substitute*), as the case may be, as the transferee of the Producer's rights and obligations under the Contract; and

"Supplier Obligation Regulations" has the meaning given to that term in the Contract;

"Working Hours" means 09:00 to 17:00 on a Business Day;

1.2 Interpretation

- (A) Unless a contrary indication appears, any reference in this Deed to:
- (i) the **"LCHA Counterparty"**, [the **"Facility Agent"**,] [the **"Security Trustee"**], the **"Producer"**, [any **"Lender"**,] [any **"Finance Party"**] or any **"Appointed Representative"** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) an agreement includes a deed and instrument;
 - (iii) an agreement is a reference to it as amended, supplemented, restated, novated or replaced from time to time;
 - (iv) a provision of law is a reference to that provision as amended, extended or re-enacted and includes all laws and official requirements made under or deriving validity from it;
 - (v) any **"obligation"** of any person under this Deed or any other agreement or document shall be construed as a reference to an obligation expressed to be assumed by or imposed on it under this Deed or, as the case may be, that other agreement or document (and **"due"**, **"owing"** and **"payable"** shall be similarly construed);
 - (vi) a **"clause"**, **"paragraph"** or **"annex"** is a reference to a clause or paragraph of, or an Annex to, this Deed;
 - (vii) a **"person"** includes any individual, firm, company, corporation, unincorporated organisation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or any other entity;
 - (viii) time is a reference to time in London, England; and
 - (ix) words in the singular shall be interpreted as including the plural, and *vice versa*.
- (B) The words **"include"** and **"including"** shall be construed without limitation to the generality of the preceding words.
- (C) Headings are for ease of reference only.

2. CONSENT TO SECURITY AND PAYMENT INSTRUCTIONS

2.1 Consent to Security

- (A) The Producer hereby gives notice to the LCHA Counterparty that, under or pursuant to the Security Documents, the Producer has assigned or charged by way of security to the [Lender(s)]/[Security Trustee] its rights, title and interest in and to the Contract.
- (B) The LCHA Counterparty acknowledges receipt of notice of, and consents to, the grant of the security interests referred to in paragraph (A) above.

- (C) The LCHA Counterparty acknowledges that neither the [Lender(s)]/[Security Trustee] nor any Finance Party shall have any obligations or liabilities to the LCHA Counterparty (whether in place of the Producer or otherwise) in respect of the Contract as a result of any security interest created under the Security Documents except to the extent that the [Lender(s)]/[Security Trustee] or such Finance Party incur[(s)] such obligations or liabilities pursuant to Clause 6 (*Step-In*), Clause 7 (*Step-In Period*), Clause 8 (*Step-Out*) or Clause 9 (*Novation*).

2.2 **No other Security Interests**

The LCHA Counterparty confirms that, as at the date of this Deed, it has not received notice of any other security interest granted over the Producer's rights, title and interest in and to the Contract. The LCHA Counterparty agrees to notify the [Lender(s)]/[Security Trustee] as soon as reasonably practicable if it receives any such notice.

2.3 **Payment of Monies**

- (A) Each of the Producer and the [Lender(s)]/[Security Trustee] irrevocably authorises and instructs the LCHA Counterparty, and the LCHA Counterparty agrees, to pay the full amount of each sum which it is obliged at any time to pay to the Producer under or in respect of the Contract (whether before or after termination of the Contract) to the Producer's Proceeds Account or [, following the occurrence of an Event of Default and at any time thereafter,] to such other account in the United Kingdom that the [Lender(s)]/[Security Trustee] may direct in writing to the LCHA Counterparty on not less than ten (10) Business Days' notice.
- (B) Each payment made in accordance with paragraph (A) above shall constitute a good discharge *pro tanto* of the obligation of the LCHA Counterparty to make the relevant payment to the Producer.
- (C) The authority and instructions set out in paragraph (A) above shall not be revoked or varied by the Producer without the prior written consent of the [Lender(s)]/[Security Trustee], copied to the LCHA Counterparty.

2.4 **Contract**

The Parties agree and acknowledge that the exercise of the rights of the [Lender(s)]/[Security Trustee] or the Appointed Representative, as the case may be (a) under the Contract during the Step-in Period; and (b) in connection with the security interests granted by the Producer shall not amend, waive or suspend the provisions of the Contract and the rights of the LCHA Counterparty under the Contract, except as expressly set out under this Deed and any Step-In Undertaking.

2.5 **Statement as to Event of Default conclusive**

The LCHA Counterparty may treat any statement or notice from the [Lender(s)]/[Security Trustee] or the lenders under the Facility Agreement] that an Event of Default has occurred as conclusive evidence of the occurrence of the Event of Default.

3. NOTIFICATION BY LCHA COUNTERPARTY

3.1 Notification of Default

- (A) The LCHA Counterparty shall, as soon as reasonably practicable, send to the [Lender(s)]/[Security Trustee] a copy of any notice of default under the Contract served by the LCHA Counterparty on the Producer.
- (B) The LCHA Counterparty shall have no obligation to notify the [Lender(s)]/[Security Trustee] of a default under the Contract where the LCHA Counterparty has not served a notice of default on the Producer.

3.2 Cure Right

The [Lender(s)]/[Security Trustee] may, at any time outside a Step-In Period, take or procure the taking of any action on behalf of the Producer in circumstances where:

- (A) the Producer's failure to take such action would be a breach of the Contract or would be or could reasonably be expected to contribute towards the occurrence of a Contract Default; or
- (B) the Producer has breached the Contract or a Contract Default has arisen,

and any such action will be deemed to have been taken by the Producer for the purposes of the Contract and any breach or Contract Default will be cured, remedied or will not arise (as appropriate) if such breach or Contract Default would have been cured or remedied or would not have arisen (as appropriate) if the Producer had taken such action itself.

3.3 LCHA Counterparty Enforcement Action

Subject to Clause 7.2 (*LCHA Counterparty Enforcement Action during a Step-In Period*), the LCHA Counterparty shall not take any LCHA Counterparty Enforcement Action without first giving a LCHA Counterparty Enforcement Notice to the [Lender(s)]/[Security Trustee].

3.4 Non-Qualification Event

- (A) The [Lender(s)]/[Security Trustee] shall by the fifteenth (15th) Business Day after delivery to the [Lender(s)]/[Security Trustee] of:
 - (i) any LCHA Counterparty Enforcement Notice; or
 - (ii) any notice from the LCHA Counterparty requesting that the [Lender(s)]/[Security Trustee] evidence that a Non-Qualification Event has not taken place,

(a **"Qualification Demonstration Deadline"**), deliver evidence to the satisfaction of the LCHA Counterparty (acting reasonably) that a Non-Qualification Event has not taken place.
- (B) For the purposes of Clause 3.4(A) unless otherwise agreed by the LCHA Counterparty, the evidence provided shall be:

- (i) a clear letter to the LCHA Counterparty from the external legal advisors to the [Lender(s)]/[Security Trustee] (the **"NQE Confirmation"**):
 - (a) setting out the corporate details of the [Lender(s)]/[Security Trustee] [and all persons for whom the Security Trustee acts in respect of the rights afforded to it under this Deed]¹³⁵;
 - (b) [confirming that the Security Trustee acts only, in respect of the rights afforded to it under this Deed, on behalf of the person(s) referred to in paragraphs (A) or (B) of the definition of Non-Qualification Event;]¹³⁶
 - (c) [if the Security Trustee acts on behalf of any person who is a direct or indirect shareholder of the Producer, explaining the basis upon which such person falls within (as applicable) paragraph (B) of the definition of Non-Qualification Event and]¹³⁷ confirming whether [such person]¹³⁸/[the Lender]¹³⁹ is a Security Shareholder and, if so, when they became a Security Shareholder;
 - (d) confirming that the external legal advisors are not aware of a Non-Qualification Event having occurred; and
 - (e) explaining any changes to the Finance Parties, the Finance Documents, the Security Documents[,]/[and/or] the underlying financial arrangements relating or relevant to this Deed [and/or the persons on behalf of whom the Security Trustee is exercising the rights afforded by this Deed]¹⁴⁰ since the last letter provided under this Clause 3.4(B) (or, if no letter has been provided, the date of this Deed) and confirming that (i) insofar as it is aware having made due and careful enquiry of the [Lender(s)]/[Security Trustee], the Finance Documents and Security Documents are up to date, true, complete and accurate and (ii) the contents of the NQE Confirmation are a true and accurate reflection of the relevant contents of the Finance Documents and the Security Documents; and
- (ii) a clear letter to the LCHA Counterparty from the [Lender(s)]/[Security Trustee] (**"Further NQE Confirmation"**) (signed by a duly authorised senior representative and/or in-house legal advisor) certifying that [insofar as it is aware having made all due and careful enquiry]¹⁴¹:
 - (a) a Non-Qualification Event has not occurred;
 - (b) [if the Security Trustee acts on behalf of any person who is a direct or indirect shareholder of the Producer, whether such person falls within (as

¹³⁵ Note to Reader: Words in square brackets to be retained if there is a Security Trustee.

¹³⁶ Note to Reader: Words in square brackets to be retained if there is a Security Trustee.

¹³⁷ Note to Reader: Words in square brackets to be retained if there is a Security Trustee.

¹³⁸ Note to Reader: Words in square brackets to be retained if there is a Security Trustee.

¹³⁹ Note to Reader: Words in square brackets to be retained in the case of a Lender and no Security Trustee.

¹⁴⁰ Note to Reader: Words in square brackets to be retained if there is a Security Trustee.

¹⁴¹ Note to Reader: Words in square brackets to be retained only if there is a Security Trustee.

applicable) paragraph (B) of the definition of Non-Qualification Event and]¹⁴² whether [such person]¹⁴³/[the Lender]¹⁴⁴ is a Security Shareholder;

- (c) if a breach, non-compliance or failure has occurred which is or may be the subject of a LCHA Counterparty Enforcement Notice, such breach, non-compliance or failure did not occur more than twenty (20) Business Days after the [Lender(s)]/[Security Trustee] became a Security Shareholder who has enforced its Security Documents and Controls the Producer. In this case, the [Lender(s)]/[Security Trustee] shall also provide an explanation of the situation and information or evidence to support its certification and explanation;
 - (d) the Finance Documents and Security Documents are up-to-date, true and complete; and constitute a true, complete, comprehensive and accurate record of the financial arrangements between the parties to them and are not misleading; and
 - (e) the [Lender(s)]/[Security Trustee] has provided all the Finance Documents and Security Documents to its external legal advisor for the purpose of such external legal advisor providing the NQE Confirmation; and
- (iii) if requested by the LCHA Counterparty, up-to-date, complete and accurate copies of the relevant Finance Documents and Security Documents.
- (C) Without limitation of Clause 3.4(B), the LCHA Counterparty may, within ten (10) Business Days of receipt of the NQE Confirmation, Further NQE Confirmation and/or the documentation referred to in Clause 3.4(B)(iii), request clarification of the contents of the NQE Confirmation, Further NQE Confirmation and/or documentation referred to in Clause 3.4(B)(iii). If the [Lender(s)]/[Security Trustee] receives such a request, it shall provide the requested clarification to the LCHA Counterparty within ten (10) Business Days of receipt of the request.
- (D) Where the [Lender(s)]/[Security Trustee]:
- (i) fails to comply with Clauses 3.4(A), 3.4(B) and/or 3.4(C) and/or if the Finance Documents and/or Security Documents provided under Clause 3.4(C) do not support and/or are inconsistent with or contradict the NQE Confirmation or Further NQE Confirmation,

the LCHA Counterparty may give a notice to the [Lender(s)]/[Security Trustee] that this Deed shall terminate on the date specified in which notice (such date being no earlier than the date falling ten (10) Business Days after the date of such notice), and this Deed shall so terminate pursuant to Clause 10.1, unless, in the case of Clause 3.4(D)(i), in the intervening period the [Lender(s)]/[Security Trustee] has remedied (as applicable) its failure or non-compliance with Clause 3.4(A), 3.4(B) and/or Clause 3.4(C) and/or the

¹⁴² Note to Reader: Words in square brackets to be retained if there is a Security Trustee.

¹⁴³ Note to Reader: Words in square brackets to be retained if there is a Security Trustee.

¹⁴⁴ Note to Reader: Words in square brackets to be retained if there is a Lender and no Security Trustee.

failure of the Finance Documents and/or the Security Documents to support or be consistent with the NQE Confirmation, Further NQE Confirmation and/or any contradiction between the Finance Documents and/or Security Documents and the NQE Confirmation and/or Further NQE Confirmation.

- (E) Where the [Lender(s)]/[Security Trustee] complies with Clause 3.4(A) by the Qualification Demonstration Deadline, the LCHA Counterparty shall provide confirmation of such compliance to the [Lender(s)]/[Security Trustee] as soon as reasonably practicable thereafter.

3.5 **No Waiver**

The provisions of this Clause 3 shall not constitute any waiver as against the Producer of the grounds for the intended exercise of the LCHA Counterparty's rights to take any LCHA Counterparty Enforcement Action or any of its other rights regarding such LCHA Counterparty Enforcement Action and the giving of a LCHA Counterparty Enforcement Notice shall not release the Producer from its obligations or liabilities under the Contract.

4. **NOTIFICATION BY THE [LENDER(S)]/[SECURITY TRUSTEE]**

4.1 **Notice of Event of Default**

The [Lender(s)]/[Security Trustee] shall, as soon as reasonably practicable, send to the LCHA Counterparty a copy of any notice of an Event of Default served by or on behalf of the [Lender(s)]/[Security Trustee or the lenders under the Facility Agreement] on the Producer.

4.2 **Notices from the [Lender(s)]/[Security Trustee]**

After receiving notification of an Event of Default from the [Lender(s)]/[Security Trustee], the LCHA Counterparty shall accept as validly given by the Producer any notices or demands pursuant to and in accordance with the Contract given or made by the [Lender(s)]/[Security Trustee] or Appointed Representative, as the case may be, provided, in each case, such notice or demand would have been validly given had it been given by the Producer itself. The Producer consents to the giving of such notices or demands and acknowledges and agrees that the service of such notices or demands by the [Lender(s)]/[Security Trustee] or Appointed Representative, as the case may be, shall not affect the rights and remedies of the LCHA Counterparty under the Contract.

5. **STEP-IN DECISION PERIOD**

5.1 **Suspension of Rights and Remedial Action**

During a Step-In Decision Period the LCHA Counterparty shall not take any LCHA Counterparty Enforcement Action (other than any LCHA Counterparty Enforcement Action taken pursuant to Clause 5.3 (*Revival of Remedies*) in relation to any prior Step-In Decision Period).

5.2 **Statement of Amounts Due**

- (A) As soon as reasonably practicable, and in any event within thirty (30) days, after the commencement of a Step-In Decision Period, the LCHA Counterparty shall give the

[Lender(s)]/[Security Trustee] a statement of any amounts owed by the Producer to the LCHA Counterparty and any outstanding performance obligations of the Producer under the Contract of which the LCHA Counterparty is aware as at the date of the LCHA Counterparty Enforcement Notice.

- (B) For the avoidance of doubt, a failure by the LCHA Counterparty to include in any such statement an amount owed or a performance obligation outstanding under the Contract shall not limit in any way the obligations or liabilities of the Producer under the Contract or the obligations or liabilities of the [Lender(s)]/[Security Trustee] or any Appointed Representative or Substitute under or pursuant to this Deed.

5.3 Revival of Remedies

If a LCHA Counterparty Enforcement Notice has been given and:

- (A) neither the Step-In Date nor the Novation Date has occurred before expiry of the Step-In Decision Period; or
- (B) the Step-In Date has occurred before expiry of the Step-In Decision Period but a Step-Out Date has subsequently occurred without there being a Novation Date,

the LCHA Counterparty shall be entitled to take LCHA Counterparty Enforcement Action without serving a further LCHA Counterparty Enforcement Notice if the default, event or circumstance in respect of which the LCHA Counterparty gave the LCHA Counterparty Enforcement Notice is subsisting or has not been remedied or cured (whether by the Producer, [Lender(s)]/[Security Trustee] or any other person).

6. STEP-IN

6.1 Step-In Notice

- (A) At any time during a Step-In Decision Period, the [Lender(s)]/[Security Trustee] may give notice to the LCHA Counterparty (a "**Step-In Notice**") specifying:
 - (i) the Appointed Representative who will give a Step-In Undertaking to the LCHA Counterparty; and
 - (ii) the Proposed Step-In Date (which shall be a date no earlier than five (5) Business Days after the date of the Step-In Notice).
- (B) The Proposed Step-In Date must fall on or prior to the expiry of the Step-In Decision Period.
- (C) The [Lender(s)]/[Security Trustee] may revoke a Step-In Notice at any time prior to the Step-In Date by notice to the LCHA Counterparty, provided that the relevant Step-In Decision Period shall be deemed to have expired on delivery of such notice to the LCHA Counterparty.

6.2 Step-In Undertaking

Unless otherwise agreed by the LCHA Counterparty in its sole and absolute discretion, the [Lender(s)]/[Security Trustee] shall procure that the Appointed Representative gives a Step-In Undertaking to the LCHA Counterparty on the Proposed Step-In Date.

7. STEP-IN PERIOD

7.1 Step-In Period

During the Step-In Period:

- (A) the LCHA Counterparty shall deal only with the Appointed Representative and not the Producer and the LCHA Counterparty shall have no liability to the Producer for compliance with the instructions of the Appointed Representative or the [Lender(s)]/[Security Trustee] in priority to those of the Producer;
- (B) the LCHA Counterparty agrees that payment by the Appointed Representative to the LCHA Counterparty of any sums due under the Contract, or performance by the Appointed Representative of any other of the Producer's obligations under the Contract, shall comprise good discharge *pro tanto* of the Producer's payment and other obligations under the Contract; and
- (C) the LCHA Counterparty shall owe its obligations under the Contract to the Producer and the Appointed Representative jointly but performance by the LCHA Counterparty in favour of the Appointed Representative alone shall be a good discharge *pro tanto* of its obligations under the Contract.

7.2 LCHA Counterparty Enforcement Action during a Step-In Period

- (A) During the Step-In Period, the LCHA Counterparty shall be entitled to take LCHA Counterparty Enforcement Action if:
 - (i) the Appointed Representative breaches the terms of the Step-In Undertaking; and
 - (ii) such breach would, save for the terms of Clause 5.1 (*Suspension of Rights and Remedial Action*), entitle the LCHA Counterparty to take the relevant LCHA Counterparty Enforcement Action under or in connection with the Contract.
- (B) The provisions of Clause 3.3 (*LCHA Counterparty Enforcement Action*) shall not apply to any LCHA Counterparty Enforcement Action taken pursuant to this Clause 7.2.

8. STEP-OUT

- (A) The Appointed Representative or the [Lender(s)]/[Security Trustee] shall give the LCHA Counterparty at least ten (10) Business Days' prior written notice of the date on which the Appointed Representative will step out (a "**Step-Out Notice**").
- (B) Upon the Step-Out Date (howsoever occurring):

- (i) all of the Appointed Representative's obligations and liabilities to the LCHA Counterparty under the Step-In Undertaking will be cancelled, other than those for which the Appointed Representative is liable under the Step-In Undertaking and which arose or accrued prior to the Step-Out Date;
 - (ii) all of the Appointed Representative's rights against the LCHA Counterparty under the Step-In Undertaking will be cancelled, other than those which arose or accrued prior to the Step-Out Date; and
 - (iii) without prejudice to sub-paragraph (i) above, the Appointed Representative will be released from all obligations and liabilities to the LCHA Counterparty under the Contract and this Deed.
- (C) The Producer shall continue to be bound by the terms of the Contract notwithstanding the occurrence of the Step-Out Date and the LCHA Counterparty shall continue to be entitled to exercise and enforce all of its rights and remedies under the Contract as against the Producer.

9. **NOVATION**

9.1 **Proposed Substitution**

- (A) Subject to paragraph (B) below, at any time:
- (i) during a Step-In Decision Period or a Step-In Period; or
 - (ii) during which an Event of Default is subsisting (and the LCHA Counterparty may treat as conclusive evidence that an Event of Default is subsisting any notice served by the [Lender(s)]/[Security Trustee] pursuant to this paragraph (A)),
- the [Lender(s)]/[Security Trustee] may give a Novation Notice to the LCHA Counterparty.
- (B) The [Lender(s)]/[Security Trustee] shall give the LCHA Counterparty not less than fifteen (15) Business Days' prior notice of the Proposed Novation Date.

9.2 **Objection to Substitute**

The LCHA Counterparty may only object to a proposed Substitute if the entry into a Novation Agreement or the Contract with the proposed Substitute would be unenforceable or illegal and the LCHA Counterparty gives notice of its objection to the [Lender(s)]/[Security Trustee] within ten (10) Business Days of receipt by the LCHA Counterparty of the Novation Notice, in which case the [Lender(s)]/[Security Trustee] may propose an alternative Substitute.

9.3 **Substitution Procedure**

- (A) On the Proposed Novation Date or such later date (if any) as the identity of the Substitute is determined pursuant to Clause 9.2 (*Objection to Substitute*) the LCHA Counterparty and the Producer shall each enter into a Novation Agreement with the Substitute.
- (B) The novation of the Producer's rights and obligations under the Contract pursuant to a Novation Agreement shall be effective from the date (the "**Novation Date**") which is

the latest of the Proposed Novation Date, such later date (if any) as the identity of the Substitute is determined pursuant to Clause 9.2 (*Objection to Substitute*) and the date upon which each of the following conditions is satisfied, namely:

- (i) the LCHA Counterparty having received, in form and content satisfactory to the LCHA Counterparty acting reasonably:
 - (a) a certified copy of the constitutional documents and certificate of incorporation and any certificate of incorporation on change of name of the Substitute; and
 - (b) evidence of compliance by the Substitute with "know your customer" or similar identification procedures or checks under all applicable laws and regulations pursuant to the transactions contemplated by the Novation Agreement, the Contract and the other LCHA Documents;
 - (ii) the LCHA Counterparty having received a legal opinion addressed to the LCHA Counterparty, in form and content reasonably satisfactory to the LCHA Counterparty, from the legal advisers to the Substitute confirming that the Substitute:
 - (a) is duly formed and validly existing under the laws of the jurisdiction of its formation; and
 - (b) has the power to enter into and perform, and has taken all necessary action to authorise its entry into and performance of, the Contract and the other LCHA Documents;
 - (iii) the LCHA Counterparty having received written confirmation from the LCHA Settlement Services Provider that:
 - (a) it has received the LCHA Settlement Required Information which is required from the Substitute prior to the Proposed Novation Date or such later date, as the case may be; and
 - (b) the Substitute has in place the systems and processes which are necessary for the continued provision of the LCHA Settlement Required Information;
 - (iv) the Substitute being or having become the legal and beneficial owner of the Facility, subject only to any third party rights arising by reason of any security interest created or subsisting over or in respect of the Facility; and
 - (v) any collateral required to be in place under Condition 53 (*Collateral Requirement*) or 54 (*Acceptable Collateral*) of the Contract having been provided by or on behalf of the Substitute.
- (C) The LCHA Counterparty shall notify the [Lender(s)]/[Security Trustee] and the Substitute of the Novation Date as soon as reasonably practicable after it has occurred.

- (D) At the [Lender(s)]/[Security Trustee]'s cost, the LCHA Counterparty shall, subject to and in accordance with Condition 78.7 (*Permitted assignment by the Producer*) of the Contract, enter into a direct agreement with the [Lender(s)]/[Security Trustee] (or such other representative of the lenders lending to such Substitute) and the Substitute on substantially the same terms as this Deed and effective from the Novation Date.

10. DURATION

- 10.1 This Deed shall commence on the date hereof and shall continue in full force and effect until the first to occur of:

- (A) the Finance Party Discharge Date;
- (B) expiry of the term of the Contract;
- (C) the termination or revocation of the Contract (in accordance with the Contract and this Deed); and
- (D) the NQE Termination Trigger Date,

in each case without prejudice to any accrued rights and obligations arising pursuant to this Deed existing at the date of termination.

- 10.2 The [Lender(s)]/[Security Trustee] shall promptly notify the LCHA Counterparty of the occurrence of the Finance Party Discharge Date.
- 10.3 The [Lender(s)]/[Security Trustee] shall promptly notify the LCHA Counterparty upon becoming aware of the occurrence of a Non-Qualification Event.
- 10.4 The [Lender(s)]/[Security Trustee] shall not exercise any rights under this Deed after becoming aware that a Non-Qualification Event is in operation as at the date when the right to exercise such rights would otherwise have arisen.

11. CHANGES TO PARTIES

11.1 Benefit of Deed

This Deed shall benefit and be binding on the Parties, their respective successors and any permitted assignee or transferee of all or some of a Party's rights and obligations under this Deed.

11.2 Assignment

Save as provided in Clause 9 (*Novation*) or Clause 11.3 (*Assignment by the [Lender(s)]/[Security Trustee]*), neither the [Lender(s)]/[Security Trustee] nor the Producer may assign, transfer, novate or otherwise dispose of all or any of their respective rights, benefits or obligations under this Deed without the prior consent of the other Parties.

11.3 **Assignment by the [Lender(s)]/[Security Trustee]**

The [Lender(s)]/[Security Trustee] may assign or transfer [its]/[their respective] rights under this Deed to any successor [Lender(s)]/[Security Trustee] without the consent of the LCHA Counterparty.

11.4 **Producer's Acknowledgement**

The Producer joins in this Deed to acknowledge and consent to the arrangements set out in it and agrees not knowingly to do or omit to do anything that may prevent either of the other Parties from enforcing its rights under this Deed.

12. **NOTICES**

12.1 **Communications in Writing**

Any communications to be made pursuant to or in connection with this Deed shall be made in writing and, shall be effective only if they are in writing and in English. Faxes are not permitted but email is permitted.

12.2 **Addresses**

The address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Deed is as follows:

(A) **LCHA Counterparty**

Address: Low Carbon Contracts Company, 10 South Colonnade, London, England E14 4PU

Attention: Head of Contract Management

(B) **[Lender(s)]/[Security Trustee]**

Address: [●]

Attention: [●]

(C) **Producer**

Address: [●]

Attention: [●]

12.3 **Changes to Notice Details**

A Party may change its notice details on giving notice to the other Party in accordance with this Clause 12 (*Notices*). Such notice shall be effective only from:

- (A) the date specified in such notice (being not less than three (3) Business Days after the date of delivery or deemed delivery of such notice); or

- (B) (if no date is specified in such notice or the date specified is fewer than three (3) Business Days after the date of delivery or deemed delivery of such notice) the date falling three (3) Business Days after the notification has been received.

12.4 **Deemed Delivery**

Any notice given pursuant to or in connection with this Deed shall, in the absence of evidence of earlier receipt, be deemed to have been received:

- (A) if delivered by hand, on the Business Day of delivery or, if delivered on a day other than a Business Day, on the next Business Day after the date of delivery;
- (B) if sent by first class post within the United Kingdom, on the third (3rd) Business Day after the day of posting;
- (C) if sent from one country to another, on the fifth (5th) Business Day after the day of posting; or
- (D) if sent by email, when sent except that an email shall be deemed not to have been sent if the sender receives a delivery failure notification,

provided that any notice given outside Working Hours in the place to which it is addressed (or, in the case of a notice sent by email, the location of the person to whom it is addressed) shall be deemed not to have been given until the start of the next period of Working Hours in such place.

13. **MISCELLANEOUS**

13.1 **Limited Recourse**

Notwithstanding any other provision of this Deed:

- (A) the liability of the LCHA Counterparty pursuant to this Deed shall not exceed the aggregate of the amounts from time to time received and held by the LCHA Counterparty, and allocated to the Contract, in accordance with the [Funding Mechanism]; and
- (B) the LCHA Counterparty shall not be in default pursuant to this Deed in not making any payment that is due and owing if and to the extent that it shall not have received the amounts and other funds referred to in paragraph 13.1(A) above which are necessary to make such payment, but if and to the extent that such payment is not made, the LCHA 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 two (2) Business Days) after and to the extent of its receipt of such corresponding and allocated amounts and other funds.

13.2 **Amendments**

This Deed may not be amended, waived, supplemented or otherwise varied unless in writing and signed by or on behalf of all of the Parties.

13.3 Remedies and Waivers

No failure to exercise, nor any delay in exercising, any power, right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.

13.4 Partial Invalidity

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

13.5 No Partnership

Neither this Deed nor any other agreement or arrangement of which it forms part, nor the performance by the Parties of their respective obligations under any such agreement or arrangement, shall constitute a partnership between the Parties.

13.6 Counterparts

This Deed may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

13.7 Third Party Beneficiaries

(A) Save as provided in paragraph (B) below, this Deed is intended for the sole and exclusive benefit of the Parties.

(B) The Contracts (Rights of Third Parties) Act 1999 is expressly excluded save for:

- (i) any rights of any Appointed Representative on and after the issue of a Step-In Undertaking by that Appointed Representative; or
- (ii) any rights of any Substitute on and after any Novation Date under or in connection with Clause 9 (*Novation*),

in each case, as if they were a party to this Deed.

(C) This Deed may be varied in any way and at any time by the Parties without the consent of any third party.

13.8 Entire Agreement

This Deed and the Contract constitute the entire agreement between the Parties with respect to the subject matter of this Deed.

13.9 Effect of this Deed

(A) The Parties acknowledge and agree that the express or implied terms and conditions of this Deed shall, in the event of any inconsistency or conflict with the express or

implied terms and conditions of the Contract, prevail over the relevant terms and conditions of the Contract.

- (B) Nothing in this Deed or the arrangements contemplated hereby shall prejudice the rights of any of the Finance Parties under the Finance Documents or any Security Documents or shall be construed as obliging the [Lender(s)]/[Security Trustee] to exercise any of [its]/[their respective] rights under the Security Documents or under this Deed.

14. GOVERNING LAW AND JURISDICTION

- (A) This Deed and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with the laws of England.
- (B) The Parties irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligations arising out of or in connection with this Deed).

IN WITNESS WHEREOF this Deed has been duly executed and delivered as a deed on the date stated at the beginning of this Deed.

LCHA Counterparty

EXECUTED and delivered as a **DEED** by)
LOW CARBON CONTRACTS COMPANY LTD)
 acting by its director/duly appointed attorney)
 Director/Attorney

in the presence of

Signature:.....

Print Name:.....

Address:.....

Occupation:.....

[Lender]/[Security Trustee]

EXECUTED and delivered as a **DEED** by)
 [●] acting by its)
 director/duly appointed attorney)
 Director/Attorney

in the presence of

Signature:.....

Print Name:.....

Address:.....

Occupation:.....

Producer

EXECUTED and delivered as a **DEED** by)
 [●] acting by its)
 director/duly appointed attorney)
 Director/Attorney

in the presence of

Signature:.....

Print Name:.....

Address:.....

Occupation:.....

Appendix 1
Form of Step-In Undertaking

[From the Appointed Representative]

From: [Appointed Representative]
 To: Low Carbon Contracts Company Ltd *[insert address]*
 For the attention of: Head of Commercial

Date: *[insert date]*

Dear Sir/Madam,

DIRECT AGREEMENT (the "Agreement")

1. In accordance with clause 6 (*Step-In*) of the Agreement, we undertake to you that we will:
 - (a) pay, or procure payment, to you within three (3) Business Days of the date hereof any sum that is due and payable to you by the Producer but unpaid as of the date hereof;
 - (b) pay, or procure payment, to you any sum which becomes due and payable by the Producer to you pursuant to the terms of the Contract during the Step-In Period which is not paid by the Producer on the due date;
 - (c) perform or discharge, or procure the performance or discharge of, all outstanding performance obligations of the Producer which have arisen or fallen due prior to the date hereof:
 - (i) within ten (10) Business Days of the date hereof; or
 - (ii) if the performance or discharge of any obligation is being disputed pursuant to the provisions of the Contract, within ten (10) Business Days of the same being agreed or finally determined; and
 - (d) perform or discharge, or procure the performance or discharge of, any performance obligations of the Producer under the Contract which arise during the Step-In Period,

in each case in accordance with and subject to the terms of the Contract as if we were a party to the Contract in place of the Producer.
2. This Step-In Undertaking may be terminated by the giving of a Step-Out Notice to you in accordance with clause 8 (*Step-Out*) of the Agreement and shall automatically terminate upon the Step-Out Date, save that we shall continue to be liable to you for outstanding obligations and liabilities arising prior to termination in accordance with clause 8(B) (*Step-Out*) of the Agreement.
3. All capitalised terms used in this letter shall have the meanings given them in the Agreement.
4. This Step-In Undertaking and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with the laws of England and the

courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with it.

Yours faithfully,

.....
For and on behalf of
[Appointed Representative]

Appendix 2

Form of Novation Agreement

THIS NOVATION AGREEMENT is dated [●] and made as a deed BETWEEN:

- (1) **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 "**LCHA Counterparty**");
- (2) **[insert name and details of the Producer]**, a company incorporated under the laws of [England and Wales] whose registered office is [●] and whose company number is [●] (the "**Producer**"); and
- (3) **[insert name and details of the substitute]**, a company incorporated under the laws of [England and Wales] whose registered office is [●] and whose company number is [●] (the "**Substitute**")

(together referred to as the "**Parties**").

BACKGROUND

- (A) The Producer, the LCHA Counterparty and the [Lender(s)]/[Security Trustee] have entered into an agreement (the "**Direct Agreement**") dated [●] pursuant to which the [Lender(s)]/[Security Trustee] [has]/[have] the right to require the rights and obligations of the Producer under the Contract to be novated to a Substitute.
- (B) The Substitute has been identified as the Substitute for the purposes of clause 9 (*Novation*) of the Direct Agreement.
- (C) This is the Novation Agreement referred to in clause 9.3 (*Substitution Procedure*) of the Direct Agreement.

IT IS AGREED as follows:

5. Definitions and Interpretation

Unless a contrary indication appears, words and expressions defined, or defined by reference, in the Direct Agreement have the same meanings in this Agreement.

6. LCHA Counterparty Release and Discharge

With effect from the Novation Date, the LCHA Counterparty releases and discharges the Producer from all liabilities, duties and obligations of every description, whether deriving from contract, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or disputed, owing to the LCHA Counterparty and arising out of or in respect of the Contract, save for the Producer's obligations under Condition 70 (*Confidentiality*) of the Contract.

7. Producer Release and Discharge

With effect from the Novation Date, the Producer releases and discharges the LCHA Counterparty from all liabilities, duties and obligations of every description, whether deriving

from contract, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or disputed, owing to the Producer and arising out of or in respect of the Contract.

8. Substitute Assumption of Liabilities

The Substitute undertakes to assume all the liabilities, duties and obligations of the Producer of every description contained in the Contract, whether deriving from contract, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or unascertained or disputed, and agrees to perform all the duties and to discharge all the liabilities and obligations of the Producer under the Contract and to be bound by their terms and conditions in every way as if the Substitute were named in the Contract as a party in place of the Producer from the date of the Contract.

9. LCHA Counterparty Agreement to Perform

The LCHA Counterparty agrees to perform all its duties and to discharge all its obligations under the Contract and to be bound by all the terms and conditions of the Contract in every way as if the Substitute were named in the Contract as a party in place of the Producer from the date of the Contract.

10. Replacement of Producer by Substitute

As from the Novation Date, reference to the Producer (by whatsoever name known) in the Contract shall be deleted and replaced by reference to the Substitute.

11. Outstanding LCHA Counterparty Claims

The LCHA Counterparty shall not take any LCHA Counterparty Enforcement Action by reason of any event notified in a LCHA Counterparty Enforcement Notice or any act or omission by the [Lender(s)]/[Security Trustee], any Appointed Representative and/or the Producer occurring prior to the Novation Date provided that the foregoing shall be without prejudice to the LCHA Counterparty's remedies (including without limitation the right to take LCHA Counterparty Enforcement Action) in respect of:

- (A) outstanding amounts properly due and payable to the LCHA Counterparty on the Novation Date and which remain unpaid on the expiry of three (3) Business Days' notice from the LCHA Counterparty to the Substitute that such amounts are due and payable; and
- (B) to the extent not covered by paragraph (A) above, any breach of a Step-In Undertaking or the Contract by an Appointed Representative, the Producer or the [Lender(s)]/[Security Trustee] occurring prior to the Novation Date which has not been remedied upon the expiry of ten (10) Business Days' notice from the LCHA Counterparty to the Substitute that such breach has not been remedied.

12. Continuance of the Contract

It is hereby agreed and declared that the Contract shall continue in full force and effect and that, as from the Novation Date, the terms and conditions of the Contract have only changed to the extent set out in this Agreement.

13. **Further Assurance**

The Parties shall perform such further acts and execute and deliver such further documents as may be required by law or reasonably requested by each other to implement the purposes of and to perfect this Agreement.

14. **Contract (Rights of Third Parties) Act 1999**

This Agreement does not create any rights under the Contract (Rights of Third Parties) Act 1999 enforceable by any person who is not a party to it.

15. **Variations**

No variation of this Agreement shall be effective unless it is in writing and is signed by or on behalf of each of the parties to this Agreement.

16. **Notices**

Any notices to be served on the Substitute pursuant to the Contract shall be served in accordance with Condition 79 (*Notices*) of the Contract and to:

[insert Substitute contact details]

17. **Counterparts**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original but all the counterparts together shall constitute one and the same instrument.

18. **Governing Law and Jurisdiction**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with the laws of England and the Parties hereby submit to the exclusive jurisdiction of the courts of England.

IN WITNESS WHEREOF this Agreement has been executed and delivered as a deed on the date first stated above.¹⁴⁵

¹⁴⁵

Note to Reader: Execution blocks to be amended as appropriate

LCHA Counterparty

EXECUTED and delivered as a **DEED** by)
LOW CARBON CONTRACTS COMPANY LTD)
 acting by its director/duly appointed attorney)
 Director/Attorney

in the presence of

Signature:

Print Name:

Address:

Occupation:

Producer

EXECUTED and delivered as a **DEED** by)
 [●] acting by its)
 director/duly appointed attorney)
 Director/Attorney

in the presence of

Signature:

Print Name:

Address:

Occupation:

Substitute

EXECUTED and delivered as a **DEED** by)
 [●] acting by its)
 director/duly appointed attorney)
 Director/Attorney

in the presence of

Signature:

Print Name:

Address:

Occupation:

Annex 6

Data Collection and Monitoring Compliance with the LCHS

1. DEFINITIONS AND INTERPRETATION

1.1 In this Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*):

"Ancillary Reporting Obligations" has the meaning given to that term in paragraph 6.1 (*Ancillary Reporting Obligations*);

"Data Collection and Monitoring Procedures" or **"DCMP"** means the collection and documentation procedures required to fulfil the DCMP Purposes, the form and content of which is to be documented and agreed between the LCHA Counterparty and the Producer pursuant to paragraph 2 (*Agreement of Data Collection and Monitoring Procedures*), as such collection and documentation procedures may be amended, supplemented, restated or replaced from time to time by agreement between the Producer and the LCHA Counterparty;

"DCMP Data" means all Supporting Information delivered and required to be delivered to the LCHA Counterparty pursuant to the Data Collection and Monitoring Procedures to enable and assist the LCHA Counterparty to assess whether the Data Collection and Monitoring Procedures are being carried out and implemented, with such Supporting Information to include the provision of all Measurement Data and other data required to verify emissions required to be reported pursuant to the LCHS;

"DCMP Proposal Notice" has the meaning given to that term in paragraph 2.1 (*DCMP Proposal Notice*);

"DCMP Proposal Response Notice" has the meaning given to that term in paragraph 2.2 (*DCMP Proposal Response Notice*);

"DCMP Proposal Supporting Information" has the meaning given to that term in paragraph 2.2(C) (*DCMP Proposal Response Notice*);

"DCMP Purposes" means enabling and assisting the LCHA Counterparty (including by way of audit, check, examination, inspection or stocktake) to:

- (A) assess all emissions arising from the Facility as required by the LCHS;
- (B) assess:
 - (i) compliance or non-compliance by the Producer and the Facility with this Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*) (including with respect to the Data Collection and Monitoring Procedures); and
 - (ii) LCHS Compliance in respect of each Discrete Consignment (which may take into account the averaging of consignment where permitted in accordance with the terms of the LCHS);
- (C) assess all Discrete Consignments;
- (D) assess and quantify the Total Invoiced Volumes in a Billing Period which are Qualifying Volumes;

- (E) quantify the Metered CO₂ Rich Stream Output to CO₂ T&S delivered to the CO₂ T&S Network Delivery Point(s) (if relevant);
- (F) agree monitoring methodologies to collect data and calculate emissions in accordance with the LCHS;
- (G) agree the DCMP Data that the Producer will provide and how that DCMP Data should be retained;
- (H) assess fugitive hydrogen emissions from the Facility using an agreed monitoring methodology and assess compliance by the Producer with the Fugitive Emissions Risk Reduction Plan;
- (I) agree those emissions sources which fall below the LCHS Materiality Threshold;
- (J) assess whether the Producer is fulfilling its obligations in relation to the Monthly LCHS Reports;
- (K) assess compliance or non-compliance of each Meter Measurement System with the relevant Meter Measurement System Technical Specification; and
- (L) where electricity is sourced from a generator using biogenic feedstock, assess estimated indirect land use change emissions using an agreed monitoring methodology;

"Discrete Consignment" means the volume of Hydrogen produced within a relevant Reporting Unit which shares identical environmental characteristics (as such characteristics are identified in section 8.1 of the LCHS Guidance);¹⁴⁶

"Eligible PPA" means a contract between the Producer and a generator and/or supplier of electricity for the physical supply of electricity, either directly via a Private Electricity Network, or via the Electricity Distribution System or Electricity Transmission System;¹⁴⁷

"LCHS Auditor" has the meaning given to that term in paragraph 5.2 (*LCHS Audit Report*);

"LCHS Audit Notice" has the meaning given to that term in paragraph 7.2 (*Scope of access in respect of the LCHS Audit Right*);

"LCHS Audit Report" means an audit report prepared in accordance with paragraph 5.1 (*LCHS Audit Report*);

"LCHS Audit Right" has the meaning given to that term in paragraph 7.1 (*Scope of access in respect of the LCHS Audit Right*);

"LCHS Audit Year" means each twelve (12) month period during the Term which begins on 1 April and ends on the immediately following 31 March, provided that:

¹⁴⁶ Note to Reader: For current purposes, the drafting refers to the April LCHS Guidance. This reference will be updated to refer to the relevant provision of the LCHS once the next version has been published.

¹⁴⁷ Note to Reader: DESNZ is considering further this definition and its use in the LCHA.

- (A) the first LCHS Audit Year shall be the period from and including the Start Date to and including the immediately following 31 March; and
- (B) the final LCHS Audit Year shall be the period from and including 1 April immediately preceding the end of the Term and ending on the last day of the Term;¹⁴⁸

"LCHS Audit Termination Event" has the meaning given in paragraphs 8.4 (*Failure to comply with the LCHS Audit Right*);

"LCHS Compliance"¹⁴⁹ means complying with the requirements of the LCHS in relation to the production of low carbon hydrogen which includes:

- (A) meeting the GHG emissions intensity of 20 gCO₂/MJ_{LHV} in respect of the Hydrogen produced by the Facility;
- (B) calculating the GHG emissions [in respect of the Hydrogen produced by the Facility] up to the point of production;
- (C) accounting for the emissions associated with meeting a theoretical minimum pressure level of 3MPa and a theoretical minimum purity of 99.9% by volume at the Hydrogen Production Plant, in the emissions calculation;
- (D) including in the emissions calculation those emissions associated with capture, compression and transport of CO₂ until entry into a CO₂ T&S Network;
- (E) accounting for the use of electricity:
 - (i) using actual data to demonstrate that the Hydrogen Production Plant is operating at the same time as the electricity input source; and
 - (ii) evidencing that the Producer has exclusive ownership of the electricity used to cover the amount of Hydrogen produced by the Hydrogen Production Plant;
- (F) complying with the requirements of the Fugitive Emissions Risk Reduction Plan;
- (G) meeting additional requirements for the use of biogenic inputs, where relevant and as appropriate for the feedstock source and classification to:
 - (i) demonstrate compliance with the land, soil carbon and forest criteria;
 - (ii) satisfy the minimum waste and residue requirement; and
 - (iii) report on estimated indirect land-use change GHG emissions;

"LCHS Guidance" means the UK Low Carbon Hydrogen Standard 'Guidance on the greenhouse gas emissions and sustainability criteria' version 2 published in April 2023;

¹⁴⁸ Note to Reader: The timing of the audit year remains under consideration by DESNZ and the LCHA Counterparty, including from a practicality perspective if multiple projects all have the same audit year.

¹⁴⁹ Note to Reader: This definition is subject to further review in the context of the development of the LCHS.

"LCHS Materiality Threshold"¹⁵⁰ has the meaning given to that term in the LCHS;

"LCHS Reported Data" has the meaning given to that term in paragraph 8.5 (*Misleading LCHS Reported Data*);

"Misleading LCHS Reported Data Termination Event" has the meaning given to that term in paragraph 8.5 (*Misleading LCHS Reported Data*);

"Monthly LCHS Report" means the report to be supplied to the LCHA Counterparty on a Billing Period basis pursuant to paragraph 4 (*Provision of Monthly LCHS Report*);

"Producer DCMP Proposal" has the meaning given to that term in paragraph 2.1 (*DCMP Proposal Notice*);

"Producer LCHS Non-Compliance Event" has the meaning given to that term in paragraph 8.1 (*Producer LCHS Non-Compliance*);

"Reporting Unit" means a half hour period; and

"Third Party DCMP Contractor" means a third party contractor engaged by the Producer in accordance with this Annex for the purposes of implementing the Data Collection and Monitoring Procedures and Monitoring and/or producing the Monthly LCHS Report.

2. AGREEMENT OF DATA COLLECTION AND MONITORING PROCEDURES

DCMP Proposal Notice

- 2.1 As soon as reasonably practicable following the Agreement Date, the Producer shall give a notice to the LCHA Counterparty (a **"DCMP Proposal Notice"**) setting out the Data Collection and Monitoring Procedures which it proposes are adopted for the purposes of the LCHA (the **"Producer DCMP Proposal"**).

DCMP Proposal Response Notice

- 2.2 The LCHA Counterparty shall, no later than twenty (20) Business Days after receipt of the DCMP Proposal Notice, give a notice to the Producer (a **"DCMP Proposal Response Notice"**). A DCMP Proposal Response Notice shall specify whether the LCHA Counterparty:
- (A) consents to the Producer DCMP Proposal;
 - (B) does not consent to the Producer DCMP Proposal, in which case the LCHA Counterparty shall summarise its reasons for not consenting to the Producer DCMP Proposal; or
 - (C) considers that it has not been provided with sufficient Supporting Information to determine whether to consent to the Producer DCMP Proposal (and, in such circumstances, the LCHA Counterparty may request further Supporting Information from the Producer in connection with: (i) the Producer, the Facility and the Producer DCMP Proposal; and (ii) any potential amendments, modifications, supplements or replacements the LCHA Counterparty may require to be made to the Data Collection

¹⁵⁰

Note to Reader: This definition is subject to further review in the context of the development of the LCHS.

and Monitoring Procedures contained within the Producer DCMP Proposal) (the "**DCMP Proposal Supporting Information**").

Agreement between the Parties in respect of Producer DCMP Proposal

2.3 If the LCHA Counterparty states in the DCMP Proposal Response Notice that it consents to the Producer DCMP Proposal:

- (A) such proposal shall be adopted for the purposes of the LCHA, as the Data Collection and Monitoring Procedures; and
- (B) the Operational Condition Precedent set out in paragraph (B) of Part B of Annex 1 (*Operational Conditions Precedent*) shall be deemed to have been fulfilled as at the date such consent was provided (and, as such, Conditions 3.7 to 3.17 (inclusive) (*Operational Conditions Precedent: General Reporting Obligations*) shall not apply in respect thereto).

2.4 If the LCHA Counterparty states in the DCMP Proposal Response Notice that: (i) it does not consent to the Producer DCMP Proposal; or (ii) it requires the Producer to provide DCMP Proposal Supporting Information to enable it to assess whether to consent to the Producer DCMP Proposal, the Parties shall, as soon as reasonably practicable, and in any event no later than fifteen (15) Business Days after:

- (A) the LCHA Counterparty giving a DCMP Proposal Response Notice to the Producer; or
- (B) (if the LCHA Counterparty has requested the Producer to provide DCMP Proposal Supporting Information to the LCHA Counterparty in its DCMP Proposal Response Notice) the Producer having provided such DCMP Proposal Supporting Information to the LCHA Counterparty,

meet and, in good faith, seek to agree upon the Data Collection and Monitoring Procedures which the LCHA Counterparty is willing to consent to and to be adopted for the purposes of the LCHA as the Data Collection and Monitoring Procedures.

2.5 Nothing in this paragraph 2 (*Agreement between the Parties in respect of Data Collection and Monitoring Procedures*) shall require the LCHA Counterparty to consent to the adoption of any Producer DCMP Proposal (or any amended, modified, supplemented or replaced proposals) as the Data Collection Monitoring Procedures for the purposes of the LCHA unless and until the LCHA Counterparty determines that any such proposals are appropriate to fulfil the DCMP Purposes.

3. PRODUCER'S DCMP AND ELIGIBLE PPA OBLIGATIONS

Conduct of the Data Collection and Monitoring Procedures

3.1 The Producer shall, with effect on and from the Start Date, carry out and implement the Data Collection and Monitoring Procedures. The Producer shall regularly check whether the procedures and processes in the Data Collection and Monitoring Procedures can be improved.

- 3.2 If, at any time, the Producer fails to carry out or implement all or any part of the Data Collection and Monitoring Procedures, it shall remedy such non-compliance as soon as reasonably practicable.
- 3.3 Without prejudice to the generality of Condition 78 (*Transfers*), the Producer may not sub-contract or delegate any of its obligations to carry out and implement the Data Collection and Monitoring Procedures or the production of the Monthly LCHS Report to a Third Party DCMP Contractor without the prior written consent of the LCHA Counterparty. Any such Transfer to a Third Party DCMP Contractor (whether by way of novation, sub-contract, delegation or otherwise) shall not relieve the Producer of its obligations in relation to the Data Collection and Monitoring Procedures or the Monthly LCHS Report.
- 3.4 If at any time following the Start Date, the Producer wishes to make any changes to the Data Collection and Monitoring Procedures, it must notify the LCHA Counterparty and follow the process set out in paragraph 2 as though it is implementing and adopting a new Data Collection and Monitoring Procedure.
- 3.5 Notwithstanding paragraph 3.4, until revised Data Collection and Monitoring Procedures are agreed between the LCHA Counterparty and the Producer, the Data Collection and Monitoring Procedures in place at the time of notifying any proposed changes to the LCHA Counterparty shall apply and the Producer shall continue to comply with such Data Collection and Monitoring Procedures.
- 3.6 The Producer must notify the LCHA Counterparty and propose appropriate changes to the agreed Data Collection and Monitoring Procedures in accordance with paragraph 3.4 if:
- (A) there is a change to the Facility or a Meter Material Change occurs;
 - (B) there is a change to the manner in which sampling or analysis is carried out and this has an impact on the accuracy of emissions calculations;
 - (C) there is a change to the manner in which the Producer assesses the materiality of emissions sources for LCHS Compliance purposes and/or any emissions sources that were previously claimed to be below the LCHS Materiality Threshold now exceed such threshold;
 - (D) there is a change to an emission source and/or a new emissions source is introduced, which requires the Producer to agree with the LCHA Counterparty changes to and/or new monitoring methodologies for calculating emissions;
 - (E) there is a change to any emissions calculation that has not been agreed by the Producer and the LCHA Counterparty pursuant to this Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*);
 - (F) there is a change to the LCHS Data Annex that is not already accounted for in the agreed Data Collection and Monitoring Procedures; and/or
 - (G) data resulting from the monitoring methodologies agreed in the DCMP previously has been found to be incorrect.

Obligations in relation to Eligible PPAs

3.7 The Producer must ensure that each Eligible PPA that it enters into:

- (A) provides that the electricity generation facility installs, configures, maintains and operates a meter measurement system that measures the supply of low carbon electricity that meets the requirements of Part D of Annex 9 (*Metering Operational Framework and Technical Specifications*) (other than any requirement in that Annex as to the physical location of the relevant meter(s));
- (B) allows the Producer to report to the LCHA Counterparty the emissions associated with the electricity supplied in respect of each Discrete Consignment;
- (C) allows the Producer to comply with its obligations under paragraph 5.4(B) in relation to a generator and the electricity generation facility; and
- (D) provides for the Producer to be notified of any changes in the emissions associated with the electricity supplied (other than any inherent variations arising in the agreed course of supply) and any changes to the generation facility that may affect the emissions associated with the electricity supplied.

4. PROVISION OF MONTHLY LCHS REPORT

Procedure

4.1 The Producer shall, with effect on and from the Start Date, submit a Monthly LCHS Report to the LCHA Counterparty in respect of each Billing Period within five (5) Business Days following the end of such Billing Period.

Content requirements

- 4.2 Each submission of the Monthly LCHS Report shall include the information set out in Appendix 1 to this Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*), together with any further information that the LCHA Counterparty requires, in respect of the relevant Billing Period.¹⁵¹
- 4.3 The Monthly LCHS Report in respect of the last Billing Period in a LCHS Audit Year shall also include the information set out in Appendix 2 to this Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*), together with any further information that the LCHA Counterparty requires, in respect of the relevant LCHS Audit Year.
- 4.4 Each submission of the Monthly LCHS Report shall be accompanied by a Directors' Certificate in relation to such Monthly LCHS Report.

¹⁵¹

Note to Reader: Provisions will also be developed to deal with the position where missing data impacts the calculation of emissions and/or compliance with the LCHS and/or the determination of whether the requirements set out in the LCHS are satisfied. In this case, DESNZ's minded to position is that Producers should be required to estimate emissions using pre-approved methodologies (e.g. default values from the LCHS), failing which the LCHA Counterparty will determine the emissions. In the case of missing data or supporting information, the LCHA Counterparty should have the right to deem that the relevant consignment(s) are not compliant with the LCHS and therefore not eligible for payment under the LCHA. DESNZ is considering whether pre-approved methodologies should be agreed as part of the Data Collection and Monitoring Procedures.

5. LCHS AUDIT REPORT

- 5.1 With effect from the Start Date, the Producer shall procure that a person complying with the requirements of paragraph 5.2 prepares a LCHS Audit Report in respect of a relevant LCHS Audit Year and shall procure that a copy of such LCHS Audit Report is delivered to the LCHA Counterparty within [●] Business Days following the end of such LCHS Audit Year.
- 5.2 Each LCHS Audit Report shall be prepared by a person (the "**LCHS Auditor**") who:
- (A) is not the Producer (or any of its connected persons where, for this purpose, "**connected person**" shall be construed in accordance with sections 1122 and 1123 of the Corporation Tax Act 2010);
 - (B) complies with the requirements for greenhouse gas emissions validation and verification bodies, as set out in ISO14065:2021; and
 - (C) is accredited by the United Kingdom Accreditation Service.
- 5.3 The Producer shall:
- (A) at its own cost and expense, appoint a LCHS Auditor to carry out the LCHS Audit Report;
 - (B) procure that the LCHS Auditor confirms in writing to the Producer that it has no conflict of interest which prevents it from carrying out the LCHS Audit Report;
 - (C) instruct the LCHS Auditor to:
 - (i) act fairly and impartially;
 - (ii) use its professional judgement, discretion and experience in carrying out the Annual Audit; and
 - (iii) notify the LCHA Counterparty if the Producer fails to provide any Supporting Information or assistance that the LCHS Auditor reasonably requires to carry out the Annual Audit; and
 - (D) cooperate and provide all required access, assistance and information to enable the LCHS Auditor to carry out the Annual Audit.¹⁵²

Content requirements: General

- 5.4 The Producer shall instruct (and, where relevant, allow) the Auditor to:
- (A) verify the data in the Monthly LCHS Reports by applying detailed testing of the data, including by: (i) tracing the data back to all supporting evidence including primary data sources, (ii) cross-checking data with external data sources, (iii) performing reconciliations, (iv) checking compliance with the requirements set out in the LCHS regarding appropriate data and (v) carrying out recalculations;

¹⁵²

Note to Reader: The LCHS Audit Report provisions are subject to further harmonisation with the MRV provisions.

- (B) conduct a Site visit, and conduct visits to any third party sites to assess the operation of the meter measurement systems, to conduct interviews, to carry out the activities required by this LCHS Audit Report as well as to gather sufficient evidence enabling the Auditor to conclude whether the Monthly LCHS Reports are free from material misstatements;
- (C) as part of the verification in (A) and taking into account the DCMP, check the boundaries of the Facility, the completeness of emission categories as described in the DCMP, the consistency of the aggregated reported data in the Monthly LCHS Reports with all supporting evidence, including primary source data, and the reliability and accuracy of the data;
- (D) verify the Meter Measurement Systems to confirm that each has been configured, operated and maintained in accordance with the relevant requirements of Annex 9 (*Metering Operational Framework and Technical Specifications*);
- (E) verify the correct application and implementation of the DCMP as approved by the LCHA Counterparty;
- (F) verify the Producer's materiality assessment to validate that emissions have been appropriately excluded; and
- (G) carry out substantive testing consisting of analytical procedures, data verification and checking the monitoring methodology and assessing the following:
 - (i) the data flow activities and the systems used in the data flow, including information technology systems;
 - (ii) whether the control activities of the Producer are appropriately documented, implemented, maintained and effective to mitigate the risks of material misstatements; and
 - (iii) whether the procedures listed in the DCMP are effective to mitigate the inherent risks and control risks and whether the procedures are implemented, sufficiently documented and properly maintained.

5.5 Each LCHS Audit Report shall:

- (A) include the LCHA Counterparty as an addressee;
- (B) contain the following elements: the name of the Producer that was subject to verification, the objectives of the verification, the scope of the verification, a reference to the Monthly LCHS Reports that have been verified, the criteria used to verify the Monthly LCHS Reports including the DCMP, the dates on which the site visits were carried out and the verification opinion statement;
- (C) contain a detailed narrative of the information collected during the audit;

- (D) state whether the Monthly LCHS Reports are free from material misstatements¹⁵³ and omissions;
- (E) contain a detailed description of any identified minor and material (individually or when aggregated) misstatements or omissions which arise from:
 - (i) inaccuracies, errors, misrepresentations, or missing data;
 - (ii) non-compliance with the DCMP and with the requirements set out in the LCHS; and/or
 - (iii) fraud and/or the submission of misleading information within the scope of paragraph 8.5;
- (F) assess whether the verification risk is at an acceptably low level to obtain reasonable assurance, and ensure that sufficient evidence has been gathered to be able to give a verification opinion with reasonable assurance that the report is free from material misstatements;
- (G) state whether the Meter Measurement Systems have been configured, operated and maintained in accordance with the relevant requirements of Annex 9 (*Metering Operational Framework and Technical Specifications*);
- (H) be prepared in accordance with the requirements for greenhouse gas emissions validation and verification bodies, as set out in EN ISO14065:2021; and
- (I) be in form and content satisfactory to the LCHA Counterparty (acting reasonably).

6. **ANCILLARY REPORTING OBLIGATIONS**

6.1 The Producer shall, with effect on and from the Start Date:

- (A) provide the LCHA Counterparty with all Information requested by the LCHA Counterparty for the DCMP Purposes, such Information to be provided as soon as reasonably practicable and no later than ten (10) Business Days, or such longer period as is specified by the LCHA Counterparty, after the Information is requested; and
- (B) inform the LCHA Counterparty as soon as reasonably practicable if it becomes aware that it (or any Third Party DCMP Contractor) has failed to comply with the Data Collection and Monitoring Procedures and provide details of the nature of such non-compliance and any remedial action that the Producer is taking or proposes to take,

(together, the "**Ancillary Reporting Obligations**").

6.2 Subject to paragraph 6.3, the Producer shall ensure that all Information provided to the LCHA Counterparty pursuant to paragraph 6.1, each Monthly LCHS Report and all DCMP Data submitted to the LCHA Counterparty, is true, complete and accurate in all material respects and is not misleading.

¹⁵³

Note to Reader: DESNZ is considering the inclusion of an obligation on the Producer to correct any misstatements identified by the auditor with the consequent reconciliation of payments.

6.3 Without prejudice to paragraph 6.2, the Producer shall be entitled to include in the Information provided to the LCHA Counterparty pursuant to paragraph 6.2 the Producer's good faith estimate in respect of certain aspects of such Information, provided that it has obtained the prior written consent of the LCHA Counterparty to:

- (A) such estimates being provided; and
- (B) the way in which such estimates are to be calculated or produced.

7. ACCESS RIGHTS

Scope of access in respect of the LCHS Audit Right

7.1 The Producer shall grant the LCHA Counterparty (and any and all persons nominated by the LCHA Counterparty and considered by the LCHA Counterparty to be suitably qualified) access to:

- (A) (i) the Facility; (ii) any plant, machinery, processing or storage facility associated with the Facility; and (iii) any location at which fuel gas, energy supply or any other input material is used or is to be used at the Facility, in each case owned, occupied or controlled by the Producer and to which the Producer can lawfully grant access;
- (B) the books and records of the Producer, insofar as they relate to matters pertinent to the DCMP Purposes; and
- (C) the directors, officers and employees of the Producer or the Third Party DCMP Contractor (who will be instructed to give as soon as reasonably practicable all Supporting Information reasonably requested by the LCHA Counterparty (and any persons nominated by it in accordance with this paragraph 7.1)),

in each case as the LCHA Counterparty considers to be reasonably necessary for the LCHA Counterparty to assess compliance or non-compliance with the DCMP Purposes (the "**LCHS Audit Right**").

7.2 If the LCHA Counterparty intends to exercise the LCHS Audit Right it shall give a notice to the Producer (a "**LCHS Audit Notice**"). A LCHS Audit Notice shall:

- (A) specify that the LCHA Counterparty or any persons nominated by the LCHA Counterparty and considered by it to be suitably qualified intends to exercise the LCHS Audit Right; and
- (B) specify the date by which the Producer must, in accordance with paragraph 7.3, permit the exercise of the LCHS Audit Right.

7.3 On receipt of a LCHS Audit Notice, the Producer shall permit the LCHA Counterparty to exercise the LCHS Audit Right at such time as the LCHA Counterparty may nominate, provided that it is no earlier than one (1) Business Day after the receipt of the LCHS Audit Notice.

8. **PRODUCER LCHS NON-COMPLIANCE**¹⁵⁴

8.1 If the LCHA Counterparty determines that the Producer and/or the Facility (as relevant):

- (A) has failed to comply with its obligations under paragraph 7.3 to permit the LCHA Counterparty to exercise the LCHS Audit Right;
- (B) is not satisfactorily carrying out or implementing all or any part of the Data Collection and Monitoring Procedures at any time during which the LCHA Counterparty is relying on the Data Collection and Monitoring Procedures to assess LCHS Compliance;
- (C) has failed to comply with its obligations in relation to Eligible PPAs under paragraph 3.7 (*Obligations in relation to Eligible PPAs*);
- (D) has failed to submit a Monthly LCHS Report in accordance with the requirements of paragraph 4 (*Provision of Monthly LCHA Report*); or
- (E) has failed to procure the carrying out of a LCHS Audit Report in accordance with the requirements of paragraph 5 (*LCHS Audit Report*),

(each a **"Producer LCHS Non-Compliance Event"**), the LCHA Counterparty may give a notice to the Producer which shall:

- (F) contain a statement specifying which Producer Non-Compliance Event has occurred;
- (G) summarise the LCHA Counterparty's reasons for concluding that the relevant Producer LCHS Non-Compliance Event has occurred; and
- (H) specify the date from which the LCHA Counterparty has determined that the relevant Producer LCHS Non-Compliance Event has occurred.

The Producer may not dispute the validity of any notice issued pursuant to this paragraph 8.1.

Suspension of Payments (LCHS Non-Compliance)

8.2 Following the issuance of a notice pursuant to paragraph 8.1, the LCHA Counterparty may elect to suspend payment of any amounts which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the relevant Producer LCHS Non-Compliance Event subsists, provided that, prior to effecting any such suspension, the LCHA Counterparty shall notify the Producer of: (i) its intention to suspend payment of any amount which would otherwise be payable by the LCHA Counterparty to the Producer in any period during which the Producer is in breach of such obligation; and (ii) the date from which it proposes to effect such suspension.

8.3 If the Producer and/or the Facility subsequently complies with the relevant obligations which are the subject of the relevant notice pursuant to paragraph 8.1, then the LCHA Counterparty shall pay any amounts to the Producer which would have been payable but for the operation

¹⁵⁴ Note to Reader: To the extent a subsidised payment in respect of a previous Billing Period has been made in respect of volumes that it transpires do not meet the LCHS, the LCHA Counterparty shall be entitled to reconcile any such amounts in accordance with Condition 20.5 (*Calculation of UKLCH Reconciliation Amount*) (please refer to footnote 86).

of paragraph 8.2. No Compensatory Interest or Default Interest shall be payable in respect of any amount payable pursuant to this paragraph 8.3.

Failure to comply with the LCHA Audit Right

8.4 If the Producer:

- (A) fails to comply with its obligations under paragraph 7.3 to permit the LCHA Counterparty to exercise the LCHS Audit Right; and
- (B) has not permitted the LCHA Counterparty to exercise the LCHS Audit Right within four (4) Business Days of the date on which the LCHA Counterparty or its appointed representative first sought to exercise the LCHS Audit Right in accordance with paragraph 7.3,

then a **"LCHS Audit Termination Event"** will be deemed to have occurred.

Misleading LCHS Reported Data

8.5 If any Monthly LCHS Report or any Information provided pursuant to an Ancillary Reporting Obligation (together the **"LCHS Reported Data"**) is misleading in any respect, then provided that:

- (A) the Producer knew that such LCHS Reported Data was, or such failure to provide such LCHS Reported Data would be, misleading;
- (B) the Producer acted recklessly in providing or failing to provide such LCHS Reported Data; or
- (C) the Producer failed to make all due and careful enquiries when providing such LCHS Reported Data,

a **"Misleading LCHS Reported Data Termination Event"** will be deemed to have occurred.

Appendix 1

Monthly LCHS Report – Information Requirements (each Billing Period)

No.	Information Requirement
1.	A confirmation that all emissions from the Facility have been assessed in the relevant Billing Period.
2.	Emissions for each Discrete Consignment produced during the relevant Billing Period.
3.	Breakdown of emissions per LCHS emissions category for each Discrete Consignment produced during the relevant Billing Period.
4.	A confirmation that a maximum of one weighted averaged consignment has been submitted in the relevant Billing Period. The Producer shall exclude Discrete Consignments associated with RTFO Volumes from the calculation of any weighted averaged consignment.
5.	The overall weighted average GHG emissions of all Discrete Consignments produced in the relevant Billing Period.
6.	Breakdown of the Discrete Consignments and weighted average consignments produced in the relevant Billing Period which comply or do not comply with the LCHS including the non-GHG sustainability criteria but excluding RTFO Volumes.
7.	A statement confirming that emissions sources assessed as falling below the LCHS Materiality Threshold in the previous Billing Period remain below the LCHS Materiality Threshold or if not providing the reasons for any change together with confirmation whether any emissions sources assessed as being above the LCHS Materiality Threshold in the previous Billing Period are now below the LCHS Materiality Threshold.
8.	Where emissions factors are variable and emissions sources have been assessed to be above the LCHS Materiality Threshold, the Producer shall submit emissions factors for each source of: (A) feedstock; (B) energy supply; (C) input materials; and (D) a statement of emissions linked to CO₂ compression and transport prior to CO₂ T&S network entry, where such emissions are not already evidenced through the above categories.
9.	Monthly Meter Data (A) For all Producers: (i) Measured Hydrogen Output, in MJLHV per Half Hour;

	(ii) Measured Electricity Input, in kWh per Half Hour, metered separately for different electricity sources (e.g. grid vs Private Wire); (iii) Measured Electricity Generator Output (if applicable), in kWh per Half Hour; and (iv) Measured Water Input, in tonnes per Half Hour. (B) For CCUS-Enabled Facilities only: (i) Measured Fuel Gas Energy Input, in MJ LHV per Half Hour; (ii) Measured Fuel Gas Carbon Content, measured once per Half Hour; (iii) Metered CO₂ Rich Stream Output to CO₂ T&S in tonnes of pure CO₂ per Half Hour; and (iv) Measured Oxygen Input (if applicable), in m³ or kg per Half Hour.
10.	Requirements for electricity inputs in respect of the relevant Billing Period:¹⁵⁵ (A) Breakdown of electricity supplied in MWh and per Half Hour: (i) pursuant to any Eligible PPA including information identifying the PPA contract IDs and name of the PPA generator; and (ii) from the grid or any private wire arrangement that is not an Eligible PPA including name of the generator. (B) MWh consumed which are covered by an accepted bid offer from a BSC Party to increase consumption via the Balancing Mechanism¹⁵⁶; (i) report on whether any PPAs have been entered into in the previous Billing Period; (ii) electricity supply and/or PPA settlement invoices broken down per Half Hour supplied; and (iii) where electricity is sourced from an electricity generator using biogenic feedstock, confirmation that consignments comply with the non-GHG criteria set out in the LCHS.
11.	Invoices recording the quantity of Alternative Fuels, chemicals or catalysts used at the Facility during the relevant Billing Period, where emissions associated with these emissions sources have been assessed to be above the LCHS Materiality Threshold.

¹⁵⁵ Note to Reader: This requirement is subject to further review in the context of the development of the LCHS where Producers may be expected to provide information pertaining to any electricity storage.

¹⁵⁶ Note to Reader: This consumption must occur in a region of the UK that had a carbon intensity of below 20gCO₂/MJ H₂ for the corresponding settlement period. The full methodology and evidence list will be set out in the third update to the LCHS.

12.	Any other DCMP Data as agreed with the LCHA Counterparty as part of the DCMP.

Appendix 2**Monthly LCHS Report – Information Requirements (last Billing Period each LCHS Audit Year)**

No.	Information Requirement
1.	A report on actions to mitigate fugitive emissions as set out in the DCMP and the Fugitive Emissions Risk Reduction Plan.
2.	Where electricity is sourced from an electricity generator using biogenic feedstock, a report on indirect land use change emissions.

Annex 7

Form of Supply Chain Report

Part A

1. HOW TO COMPLETE THIS FORM

- 1.1 Please use the text boxes in this template (Part A) and the tables in the accompanying spreadsheet (Part B) to report on the economic benefits and UKLCH Programme supply chains associated with the development of the Project. The purpose of this reporting is to provide the LCHA Counterparty and the Secretary of State with the key economic, technical, and commercial data around the supply chain and the value drivers that underpin it. For the avoidance of doubt, submission of each Supply Chain Report relates to the Producer's supply chain reporting obligations pursuant to Condition 32 of the LCHA only.
- 1.2 Please ensure that each submission is complete and includes all required evidence and Supporting Information. At the point of publication of the Conditions, this template is indicative only and the Secretary of State reserves the right to review and amend the requirement for Producers to report on economic benefits and supply chains in relation to their Project. As such, the template may be updated with final amendments during the negotiation phase of the UKLCH Programme process.

2. MINIMUM REQUIREMENTS

2.1 Each Supply Chain Report must:

- (A) be submitted by the relevant Supply Chain Report Deadline;
- (B) be accompanied by a Directors' Certificate;
- (C) be completed in full, ensuring fields are not left blank;
- (D) be completed with information that is relevant to the question asked; and
- (E) comply with the restrictions on the type of data that can be entered into the accompanying spreadsheet (Part B) and the word count limits specified for the text boxes of this form (Part A).

- 2.2 If the LCHA Counterparty has issued a Supply Chain Report Response Notice which states that the relevant Supply Chain Report does not comply with the requirements set out in this Annex, the Producer will be required to pay the Supply Chain Report Fees in respect of the Producer's failure to provide the LCHA Counterparty with the relevant Supply Chain Report.

3. CONTACT AND PROJECT DETAILS

Company name and project name		Authorised representative(s)	
Company address		Preferred contact number(s)	

Preferred email(s)		Preferred contact person	

4. REPORT SUBMISSION DECLARATION

To the best of your knowledge, is the information provided in this report accurate, complete, and compliant with the requirements set out in the guidance above? Please provide details on how the information and data have been quality assured.	Yes/No (delete as appropriate) Details:
Has the submission of this report been accompanied with a Directors' Certificate?	Yes/No (delete as appropriate)
Report milestone (1, 2, or 3) and version number. Please provide further details if this is not the first version submitted for a report milestone, including whether a non-compliance notice had been issued.	(e.g. Report 1, Version 1)
Has this report been submitted within the deadline? Please provide further details if necessary.	Yes/No (delete as appropriate)
Report Submission Date	[DD/MM/YYYY]

5. DISCLOSURE OF INFORMATION

- 5.1 The LCHA Counterparty will pass the Information provided in each Supply Chain Report , including information provided in supporting documents, to the Secretary of State, pursuant to Condition 70.3(K). The Secretary of State may look to publish extracts from these reports in order to share information with wider industry, to support the implementation of a UKLCH Programme supply chain and to support the development of the UKLCH Programme.
- 5.2 The Secretary of State may be required to disclose any information provided by Producers in accordance with the Secretary of State's legal obligations (including, but not limited to, under the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018, UK General Data Protection Regulation (UK GDPR) and the Environmental Information Regulations 2004 (EIR)). More information on the FOIA, Data Protection Act 2018, GDPR and EIR (including information on exemptions) can be found at: <https://ico.org.uk/for-organisations/>.
- 5.3 To help the Secretary of State deal with information requests and without prejudice to the paragraph above, in the box below, please set out the reasons why you consider any specific information should not be disclosed, including (if possible) by reference to the specific exemption contained in the relevant legislation (for example, because disclosure of the

information would prejudice your commercial interests under section 43 of the FOIA), explaining why this is the case. Where appropriate, please also state whether you consider your reasons for non-disclosure only apply for a particular time period.

Please detail what specific information, if any, within this report submission should not be disclosed and the reasons why. Please include (if possible) reference to the specific exemption contained in the relevant legislation.	

6. SUPPLY CHAIN SUMMARY

- 6.1 For this section and Section 7 below, it would be useful to make references to activities that have either already taken place, are ongoing or planned. Where activities have already been completed or are ongoing, Producers should provide evidence of what has taken place and progress towards delivery (expressed as a % if relevant), the metric used to measure the intended outcomes, and evidence of the outcome of the activity where known. Where there is reference to activities that are planned, Producers should explain how these will be implemented, including sources of funding and engagement with key stakeholders.
- 6.2 Include in your responses metrics and KPIs to measure outcomes, who is responsible, milestones, date of achieving expected outcome and how you will monitor progress in delivery of the activity and outcomes. Please specify in responses to the below sections the main risks to achieving the intended outcomes, including those arising from interdependencies and how they will be mitigated. Examples of success and lessons learnt can also be referenced.
- 6.3 It is also important to explain any deviations from the supply chain activities or plans proposed in the Project's UKLCH Programme submission and progress towards making any improvements that have been suggested to Producers following the assessment of the submission.
- 6.4 Where relevant within this Part A and Part B of the Form of Supply Chain Report and supporting documentation, please describe data sources, underlying evidence and assumptions that have been used to estimate the data, and methods for quality assuring estimates. Please specify the time periods over which data forecasts and estimates are provided, providing a breakdown between data relevant to the contract term length and data forecasts or estimates provided for time periods beyond the contract term length (if applicable).
- 6.5 Producers should provide sufficient information and evidence to support their answers within this Part A and Part B of the Form of Supply Chain Report, but should note that there is not a target length for information that should be provided for this reporting requirement. Producers should, however, not exceed the maximum word limit (which is specified for each section below and excludes information provided in Part B and supporting documentation).

Supply chain planning and risks (1000 words)

6.6 Please complete sections 6.6 and 6.7 for the first report only. Projects should provide a concise explanation of the assessment of the supply chain, labour and skills needed to support the proposed delivery timescales for the project and any identified gaps. This should include:

- (A) a description of the key uncertainties linked to the supply chain, the consequential uncertainty in project costs and timelines, and when the uncertainty is expected to be resolved;
- (B) a description of the key risks and challenges linked to the supply chain and potential mitigations or solutions. This could also include any key supply chain risks arising from interactions with the CO₂ T&S Network;
- (C) a description of the supply chain capacity and capability to support the project; and
- (D) any uncertainties, risks, or issues with the supply chain that government or industry could help to resolve.

Reference to specific related activities in the project programme would be helpful.

6.7 Please also confirm the project developers will and/or are following best practice in sourcing of labour and materials.

References to supporting documentation for Section 6.7	

Supply chain engagement (750 words in Part A and Table 1 in Part B)

6.8 Please complete this section 6.8 for the first Supply Chain Report only, providing a concise explanation of the extent of the supply chain engagement, including which parts of the supply chain have been engaged with and where there are key contracts in place. Please include a description of:

- (A) the current view of capability and capacity and how any associated challenges are being addressed;
- (B) agreements which have been entered into with third parties and their scope; and
- (C) the effectiveness of engagement with the supply chain.

References to supporting documentation for Section 6.8	

7. ECONOMIC BENEFITS

7.1 Information provided in this section can help to demonstrate the contribution that the Project is making or can make to the UK economy and the UK government's levelling up agenda, in addition to the UK government's objective of supporting clean, resilient and sustainable economic growth. Information should be provided in the text boxes below and through supporting documentation, and in the accompanying spreadsheet (Part B).

Number and quality of jobs (500 words in Part A and Table 2 in Part B)

7.2 The Producer should indicate plans, initiatives, or metrics relating to the quality of jobs in relation to the Project (e.g. employee salary measured against national/local salary, financial

security, social protection offered by employers, openness of employer for employees to participate in trade unions etc.).

References to supporting documentation for Section 7.2	

Transparency of supply chain procurement processes (750 words)

- 7.3 Please provide information on how you are making or have made the Project procurement strategies as transparent as possible. For example, identifying and implementing supply chain opportunities, advertising them as early as possible and improving the visibility of them to suppliers, and undertaking meaningful engagement with UKLCH Programme supply chain companies including SMEs. It would be useful to describe the effectiveness of early engagement with the supply chain and of transparent supply chain processes more generally. Producers should explain any challenges they have identified in implementing their procurement process and how they are working to overcome these.

References to supporting documentation for Section 7.3	

Investment in UKLCH Programme related skills (750 words in Part A and Table 3 in Part B)

- 7.4 Please provide details on the types of initiatives to upskill/reskill employees and building capability. This can include any formal training that has been (or is being) offered and the impact of this on the NVQ level of employees and whether non-formal training is being or has been considered such as vocational courses or digital training. It would be useful to describe whether training has been (or is being) internally and/or externally led. Any collaboration with educational institutions should be mentioned.
- 7.5 Please also provide evidence that demonstrates where consortium partners have (or are) individually or collectively investing in training programmes to develop UKLCH Programme related skills, for example in apprenticeships and retraining programmes. We ask that projects provide detail on time and duration of these programmes and specifically how they have (or are) supporting retraining workforces transitioning from other sectors – locally, regionally and nationally.

References to supporting documentation for Sections 7.4 and 7.5.	

Wider economic benefits (750 words in Part A and Table 4 in Part B)

- 7.6 Noting the commitments made in the UKLCH Programme supply chains roadmap, which set out the UK government's objective to drive local and regional growth to level up across the UK, please set out how the Project has contributed or is contributing to economic growth within the local area in line with the following strategic priorities:
- (A) synergies with other decarbonisation programmes and potential to be a 'SuperPlace' (as defined in the UK government's Ten Point Plan). This could be demonstrated through, for example, the mapping of a broader decarbonisation pathway for the region, identifying the economic benefits and opportunities of decarbonisation, as well as the development of skills required to realise these benefits;
 - (B) regeneration and community renewal: Producers should consider how the Project has contributed or is contributing to improving and widening the economic benefits associated with their development and impact on local communities. This could include but is not limited to, impacts on air quality, increased attractiveness to other businesses, local transport links or land value. Producers should provide evidence of any wider economic benefits that they deem to be relevant. Producers should reference any engagement with local communities or institutions that has taken place, or will take place, and the outcome of any such engagement; and
 - (C) equality, diversity and inclusion: Producers should demonstrate how they are continuing to ensure the diversity and inclusivity of their workforce, as well as how they

are or plan to incorporate hiring practices which do not disadvantage those with protected characteristics. Producers should describe how their recruitment process removes barriers to recruitment of suitably qualified and skilled workers and provides equal and fair consideration of applicants.

References to supporting documentation for Section 7.6	

Tables to be completed in Excel spreadsheet

- 7.7 In addition to the text boxes within this Part A of the Form of Supply Chain Report, please also complete the tables in the accompanying spreadsheet (Part B), which can be found on the following page: [●]. For ease, these tables are listed below.

Table 1	List of suppliers	To be completed
Table 2	Jobs	To be completed
Table 3	Skills and training	To be completed
Table 4	Wider economic benefits	To be completed

- 7.8 For any enquiries regarding the content of the Form of Supply Chain Report, Projects should contact the following email: [●]

Part B

[*LCHA Form of Supply Chain Report: Part B (Spreadsheet)*, available at: [●]]

Annex 8
Form of Invoice

Producer's Company Letterhead

Registered address/contact details of Producer:

Registered address/contact details of Offtaker:

OFFTAKER INVOICE

Offtake Agreement ID: 100001			
Invoice No.: OFFTK1			
Invoice Date:			
Due Date:			
Billing Period:			
Invoice Segment 1: Fuel			
Offtaker ID: 100001a			
Service Rendered	Unit Cost (£/MWh (HHV))	No. Units/Volumes	Total (£)
Take-or-Pay Volumes			<i>[Note: this will not be included in the Total Sales Price]</i>
Segment 1A – Fuel QV			
Service Rendered	Unit Cost (£/MWh (HHV))	No. Units/Volumes	Total (£)
Provision of Hydrogen (commodity)			<i>[Note: this will be included in the Relevant Invoiced Amount for the Relevant Offtaker in respect of Qualifying Volumes]</i>

Additional purification [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
Additional compression [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
Flexible delivery charge [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
H ₂ transport [Note: this may be a Strike Price Exclusion]			[Note: this may be a Strike Price Exclusion Amount but, if not, it will included in the Relevant Invoiced Amount (QV)]
H ₂ storage [Note: this may be a Strike Price Exclusion]			[Note: this may be a Strike Price Exclusion Amount but, if not, it will included in the Relevant Invoiced Amount (QV)]
Applicable taxes, levies, and duties [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
QV Fuel: sum of Strike Price Exclusion Amounts for all Strike Price Exclusions in respect of Qualifying Volumes	-	-	[Note: this will be the sum of the Strike Price Exclusion Amounts set out in this column in the preceding rows for all of the Strike Price Exclusions set out in the first column in the preceding rows]

QV Fuel: Total Sales Price	-	-	[Note: this will be the Total Sales Price for the Relevant Offtaker in respect of Qualifying Volumes]
QV Fuel: Invoiced Volumes to Relevant Offtaker which are Qualifying Volumes which correspond to the Relevant Invoiced Amount	-	[Note: this will be the total of the volumes set out in this column which correspond to the Relevant Invoiced Amount (as identified in the preceding rows)]	-
Segment 1B – Fuel NQV			
Service Rendered	Unit Cost (£/MWh (HHV))	No. Units/Volumes	Total (£)
Provision of Hydrogen (commodity)			[Note: this will be included in the Relevant Invoiced Amount for the Relevant Offtaker in respect of Non-Qualifying Volumes]
Additional purification [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
Additional compression [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
Flexible delivery charge [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
H ₂ transport [Note: this may be a Strike Price Exclusion]			[Note: this may be a Strike Price Exclusion Amount]

			<i>but, if not, it will included in the Relevant Invoiced Amount (NQV)]</i>
H ₂ storage [<i>Note: this may be a Strike Price Exclusion</i>]			<i>[Note: this may be a Strike Price Exclusion Amount but, if not, it will included in the Relevant Invoiced Amount (NQV)]</i>
Applicable taxes, levies, and duties [<i>Note: this is a Strike Price Exclusion</i>]			<i>[Note: this is a Strike Price Exclusion Amount]</i>
NQV Fuel: sum of Strike Price Exclusion Amounts for all Strike Price Exclusions in respect of Non-Qualifying Volumes	-	-	<i>[Note: this will be the sum of the Strike Price Exclusion Amounts set out in this column in the preceding rows for all of the Strike Price Exclusions set out in the first column in the preceding rows]</i>
NQV Fuel: Total Sales Price	-	-	<i>[Note: this will be the Total Sales Price for the Relevant Offtaker in respect of Non-Qualifying Volumes]</i>
NQV Fuel: Invoiced Volumes to Relevant Offtaker which are Non-Qualifying Volumes which correspond to the Relevant Invoiced Amount	-	<i>[Note: this will be the total of the volumes set out in this column which correspond to the Relevant Invoiced Amount (as identified in the preceding rows)]</i>	-

Invoice Segment 2: Feedstock			
Offtaker ID: 100001b			
Service Rendered	Unit Cost (£/MWh (HHV))	No. Units/Volumes	Total (£)
Take-or-Pay Volumes			[Note: this will not be included in the Total Sales Price]
Segment 2A: Feedstock QV			
Service Rendered	Unit Cost (£/MWh (HHV))	No. Units/Volumes	Total (£)
Provision of Hydrogen (commodity)			[Note: this will be included in the Relevant Invoiced Amount for the Relevant Offtaker in respect of Qualifying Volumes]
Additional purification [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
Additional compression [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
Flexible delivery charge [Note: this is a Strike Price Exclusion]			[Note: this is a Strike Price Exclusion Amount]
H ₂ transport [Note: this may be a Strike Price Exclusion]			[Note: this may be a Strike Price Exclusion Amount but, if not, it will be included in the Relevant Invoiced Amount (QV)]
H ₂ storage [Note: this may be a Strike Price Exclusion]			[Note: this may be a Strike Price Exclusion Amount]

			<i>Exclusion Amount but, if not, it will included in the Relevant Invoiced Amount (QV)]</i>
Applicable taxes, levies, and duties [<i>Note: this is a Strike Price Exclusion</i>]			<i>[Note: this is a Strike Price Exclusion Amount]</i>
QV Feedstock: sum of Strike Price Exclusion Amounts for all Strike Price Exclusions in respect of Qualifying Volumes	-	-	<i>[Note: this will be the sum of the Strike Price Exclusion Amounts set out in this column in the preceding rows for all of the Strike Price Exclusions set out in the first column in the preceding rows]</i>
QV Feedstock: Total Sales Price	-	-	<i>[Note: this will be the Total Sales Price for the Relevant Offtaker in respect of Qualifying Volumes]</i>
QV Feedstock: Invoiced Volumes to Relevant Offtaker which are Qualifying Volumes which correspond to the Relevant Invoiced Amount	-	<i>[Note: this will be the total of the volumes set out in this column which correspond to the Relevant Invoiced Amount (as identified in the preceding rows)]</i>	-

Segment 2B: Feedstock NQV			
Service Rendered	Unit Cost (£/MWh (HHV))	No. Units/Volumes	Total (£)
Provision of Hydrogen (commodity)			<i>[Note: this will be included in the Relevant Invoiced Amount for the Relevant Offtaker in respect of Non-Qualifying Volumes]</i>
Additional purification <i>[Note: this is a Strike Price Exclusion]</i>			<i>[Note: this is a Strike Price Exclusion Amount]</i>
Additional compression <i>[Note: this is a Strike Price Exclusion]</i>			<i>[Note: this is a Strike Price Exclusion Amount]</i>
Flexible delivery charge <i>[Note: this is a Strike Price Exclusion]</i>			<i>[Note: this is a Strike Price Exclusion Amount]</i>
H ₂ transport <i>[Note: this may be a Strike Price Exclusion]</i>			<i>[Note: this may be a Strike Price Exclusion Amount but, if not, it will included in the Relevant Invoiced Amount (NQV)]</i>
H ₂ storage <i>[Note: this may be a Strike Price Exclusion]</i>			<i>[Note: this may be a Strike Price Exclusion Amount but, if not, it will included in the Relevant Invoiced Amount (NQV)]</i>
Applicable taxes, levies, and duties <i>[Note: this is a Strike Price Exclusion]</i>			<i>[Note: this is a Strike Price Exclusion Amount]</i>

NQV Feedstock: sum of Strike Price Exclusion Amounts for all Strike Price Exclusions in respect of Non-Qualifying Volumes	-	-	<i>[Note: this will be the sum of the Strike Price Exclusion Amounts set out in this column in the preceding rows for all of the Strike Price Exclusions set out in the first column in the preceding rows]</i>
NQV Feedstock: Total Sales Price	-	-	<i>[Note: this will be the Total Sales Price for the Relevant Offtaker in respect of Non-Qualifying Volumes]</i>
NQV Feedstock: Invoiced Volumes to Relevant Offtaker which are Non-Qualifying Volumes which correspond to the Relevant Invoiced Amount	-	<i>[Note: this will be the total of the volumes set out in this column which correspond to the Relevant Invoiced Amount (as identified in the preceding rows)]</i>	-

VAT No.

XXXXXXXX

Producer's Bank Account Details:

Note: This invoice is an Offtaker Invoice for the purpose of the LCHA.

Annex 9

Metering Operational Framework and Technical Specifications

1. DEFINITIONS¹⁵⁷¹⁵⁸

In this Annex 9 (*Metering Operational Framework and Technical Specifications*):

"Additional Meters" has the meaning given to that term in paragraph 7.1 of Part A (*Meter Measurement System – General*);

"BPCS" means a Basic Process Control System;

"Electricity Invalid Reporting Unit" has the meaning given to that term in paragraph 3.2 of Section 4 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement System - Technical Specifications*);

"Electricity Measurement Data" has the meaning given to that term in Section 4 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Electricity Meter" has the meaning given to that term in Section 4 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Electricity Meter Measurement Point(s)" has the meaning given to that term in Section 4 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Electricity Meter Measurement System" has the meaning given to that term in Section 4 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Electricity Meter Specification" means the specification set out in Section 4 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*) in the case of the Electricity Meter;

"Electricity Overall Measurement Uncertainty Requirement" has the meaning given to that term in Section 4 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Electricity Primary Data" has the meaning given to that term in Section 4 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Fuel Gas" has the meaning given to that term in Section 1 (*Fuel Gas Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

¹⁵⁷ Note to Reader: The Metering Operational Framework and Technical Specifications Annex is subject to further harmonisation with the remainder of the LCHA (including the harmonisation of defined terms).

¹⁵⁸ Note to Reader: the CO₂ post-capture metering specification is being developed separately and will be included in the LCHA once finalised. The general metering provisions may need to be updated following inclusion of such specifications to ensure the general provisions continue to have general applicability; and there is scope for certain provisions to be consolidated to the extent equivalent provisions exist in the LCHA (e.g. access rights). That process of consolidation will take place in due course.

"Fuel Gas Invalid Reporting Unit" has the meaning given to that term in paragraph 3.2 of Section 1 (*Fuel Gas Meter Technical Specification*) to Part D (*Meter Measurement System – Technical Specifications*);

"Fuel Gas Measurement Data" has the meaning given to that term in Section 1 (*Fuel Gas Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Fuel Gas Metering Dispute" means a dispute or part of a dispute which relates to the calculation of the Measured Fuel Gas Energy Input, the Measured Fuel Gas Mass Input and/or the Measured Fuel Gas Carbon Content;

"Fuel Gas Flow Meter(s)" has the meaning given to that term in Section 1 (*Fuel Gas Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Fuel Gas Meter Measurement Point(s)" has the meaning given to that term in Section 1 (*Fuel Gas Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Fuel Gas Meter Measurement System" has the meaning given to that term in Section 1 (*Fuel Gas Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Fuel Gas Meter Specification" means the specification set out in Section 1 (*Fuel Gas Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Fuel Gas Overall Measurement Uncertainty Requirement" has the meaning given to that term in Section 1 (*Fuel Gas Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Fuel Gas Primary Data" has the meaning given to that term in Section 1 (*Fuel Gas Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Further Proving Test Response Notice" has the meaning given to that term in paragraph 4.12(C)(ii) of Part C (*Meter Measurement System - Operations*);

"Hydrogen Invalid Reporting Unit" has the meaning given to that term in paragraph 3.2 of Section 2 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement System – Technical Specifications*);

"Hydrogen Measurement Data" has the meaning given to that term in Section 2 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Hydrogen Flow Meter(s)" has the meaning given to that term in Section 2 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Hydrogen Meter Measurement Point(s)" has the meaning given to that term in Section 2 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Hydrogen Meter Measurement System" has the meaning given to that term in Section 2 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Hydrogen Meter Specification" means the specification set out in Section 2 (*Hydrogen Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*) in the case of the Hydrogen Flow Meter;

"Hydrogen Overall Measurement Uncertainty Requirement" has the meaning given to that term in paragraph 4.5 of Section 2 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Hydrogen Primary Data" has the meaning given to that term in Section 2 (*Electricity Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Inaccurate Measurement Data" means any Measurement Data which is generated in circumstances where:

- (A) the relevant Meter Measurement System recording such Measurement Data does not meet the relevant Overall Measurement Uncertainty Requirement;
- (B) the relevant Meter Measurement System recording such Measurement Data drifts beyond the permitted specification as determined by the BPCS technology deployed by such Meter Measurement System which is notified by the Producer to the LCHA Counterparty;
- (C) there is an error in a correction factor or scaling factor within the BPCS;
- (D) there is an error in the transcription from the BPCS to the LCHA Counterparty; and/or
- (E) the Meter Measurement System is otherwise incorrectly recording data;

"Invalid Reporting Unit" means each of:

- (A) a Fuel Gas Invalid Reporting Unit in the case of a Fuel Gas Meter Measurement System;
- (B) a Hydrogen Invalid Reporting Unit in the case of a Hydrogen Meter Measurement System;
- (C) a Water Invalid Reporting Unit in the case of a Water Meter Measurement System;
- (D) an Electricity Invalid Reporting Unit in the case of an Electricity Meter Measurement System; and/or
- (E) an Oxygen Invalid Reporting Unit in the case of an Oxygen Meter Measurement System;

"Invitee" means each of:

- (A) the LCHA Counterparty acting through any reasonably nominated employee, agent or contractor; and
- (B) the Technical Assurance Agent, acting through any reasonably nominated employee, agent or contractor;

"LCHA Meter Audit" means an audit, check, examination or inspection conducted by the LCHA Counterparty and/or its appointed representative in accordance with Part B (*Technical Assurance*) with such frequency as is considered necessary by the LCHA Counterparty in accordance with paragraph 3.1 of Part B (*Technical Assurance*), acting reasonably;

"Measurement Data" means each of, as applicable, the:

- (A) Fuel Gas Measurement Data;
- (B) Hydrogen Measurement Data;
- (C) Water Measurement Data;
- (D) Electricity Measurement Data; and
- (E) Oxygen Measurement Data;

"Measurement Point(s)" means each of, as applicable, the:

- (A) Fuel Gas Meter Measurement Point(s);
- (B) Hydrogen Meter Measurement Point(s);
- (C) Water Meter Measurement Point(s);
- (D) Electricity Meter Measurement Point(s); and
- (E) Oxygen Meter Measurement Point;

"Measurement Uncertainty Assessment" has the meaning given to that term in paragraph 3.18 of Part B (*Meter Measurement System – Technical Assurance*) of this Annex 9 (*Meter Operational Framework and Technical Specifications*);

"Meter(s)" means any Fuel Gas Flow Meter, Hydrogen Flow Meter, Water Flow Meter, Electricity Meter or Oxygen Flow Meter;

"Meter Measurement System Fault" has the meaning given to that term in paragraph 3.18 of Part C (*Meter Measurement Systems - Operations*) of this Annex 9 (*Meter Operational Framework and Technical Specifications*);

"Meter Measurement System Technical Details" means all of the technical details relating to the relevant Meter Measurement System that are required to enable metered data to be collected and correctly interpreted from that Meter Measurement System as referred to in the relevant Section of Part D (*Meter Operational Framework and Technical Specifications*);

"Metered Product" means, as applicable, Fuel Gas, Hydrogen, water, electricity or oxygen;

"Metered Value" means, as applicable:

- (A) in relation to a Fuel Gas Meter Measurement System, the Measured Fuel Gas Energy Input, the Measured Fuel Gas Mass Input and the Measured Fuel Gas Carbon Content;

- (B) in relation to a Hydrogen Meter Measurement System, the Measured Hydrogen Output and the Hydrogen Equivalent Energy Flow;
- (C) in relation to a Water Meter Measurement System, the Measured Water Input;
- (D) in relation to an Electricity Meter Measurement System, the Measured Electricity Input and the Measured Generator Output; and
- (E) in relation to an Oxygen Meter Measurement System, the Measured Oxygen Input;

"Overall Measurement Uncertainty Requirement" means each of, as applicable:

- (A) the Fuel Gas Overall Measurement Uncertainty Requirement in the case of a Fuel Gas Flow Meter;
- (B) the Hydrogen Overall Measurement Uncertainty Requirement in the case of a Hydrogen Flow Meter;
- (C) the Water Overall Measurement Uncertainty Requirement in the case of a Water Flow Meter;
- (D) the Electricity Overall Measurement Uncertainty Requirement in the case of an Electricity Meter; and
- (E) the Oxygen Overall Measurement Uncertainty Requirement in the case of an Oxygen Flow Meter;

"Oxygen Invalid Reporting Unit" has the meaning given to that term in paragraph 3.2 of Section 5 (*Oxygen Meter Technical Specification*) of Part D (*Meter Measurement System – Technical Specifications*);

"Oxygen Flow Meter" has the meaning given to that term in Section 5 (*Oxygen Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Oxygen Meter Measurement Point(s)" has the meaning given to that term in Section 5 (*Oxygen Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Oxygen Meter Measurement System" has the meaning given to that term in Section 5 (*Oxygen Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Oxygen Meter Specification" means the specification set out in Section 5 (*Oxygen Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*) in the case of any Oxygen Meter;

"Oxygen Overall Measurement Uncertainty Requirement" has the meaning given to that term in Section 5 (*Oxygen Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Oxygen Primary Data" has the meaning given to that term in Section 5 (*Oxygen Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Primary Data" means the Fuel Gas Primary Data, the Hydrogen Primary Data, the Water Primary Data, the Electricity Primary Data and the Oxygen Primary Data;

"Proving Test" means the test described in paragraph 4.8 of Part C (*Meter Measurement System – Operations*), or as otherwise agreed in accordance with paragraph 4.8 of Part C (*Meter Measurement Systems – Operations*);

"Proving Test Notice" has the meaning given to that term in paragraph 4.9 of Part C (*Meter Measurement Systems – Operations*);

"Proving Test Response Notice" has the meaning given to that term in paragraph 4.11 of Part C (*Meter Measurement System – Operations*);

"Proving Test Supporting Information" has the meaning given to that term in paragraph 4.11(C) of Part C (*Meter Measurement System – Operations*);

"Reporting Unit" means a half hour period;

"Technical Assurance" means compliance by the Producer with the requirements of this Annex 9 (*Meter Operational Framework and Technical Specification*) in relation to the Meter Measurement Systems;

"Technical Assurance Agent" means a third party agent or representative appointed by the LCHA Counterparty to be responsible for monitoring Technical Assurance;

"Technical Specifications" means each of, as applicable, the following specifications:

- (A) the Fuel Gas Meter Specification;
- (B) the Hydrogen Meter Specification;
- (C) the Water Meter Specification;
- (D) the Electricity Meter Specification; and
- (E) the Oxygen Meter Specification;

"Water Primary Data" has the meaning given to that term in Section 3 (*Water Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Water Invalid Reporting Unit" has the meaning given to that term in paragraph 3.2 of Section 3 (*Water Meter Technical Specification*) of Part D (*Meter Measurement System – Technical Specifications*);

"Water Flow Meter" has the meaning given to that term in Section 3 (*Water Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Water Meter Measurement System" has the meaning given to that term in Section 3 (*Water Meter Technical Specification*) of Part D (*Meter Measurement Systems – Technical Specifications*);

"Water Meter Measurement Point(s)" has the meaning given to that term in Section 3 (*Water Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*);

"Water Meter Specification" means the specification set out in Section 3 (*Water Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*); and

"Water Overall Measurement Uncertainty Requirement" has the meaning given to that term in Section 3 (*Water Meter Technical Specification*) of Part D (*Meter Measurement Systems - Technical Specifications*).

2. INTERPRETATION

In this Annex 9 (*Metering Operational Framework and Technical Specifications*):

- 2.1 in relation to a Meter Measurement System, references to requirements under the relevant Technical Specification shall be construed as requirements in relation to all of the Meters and associated equipment comprised or required to be comprised in that Meter Measurement System;
- 2.2 references to a relevant Meter Measurement System includes the Meter Measurement System comprising one (1) or more Meter(s) which a third party is or will be required to install;
- 2.3 references to a Meter Measurement System shall be construed as references to all of the Meters and associated equipment which are or will be comprised in that Meter Measurement System; and
- 2.4 **"commission"** means to commission in accordance with the requirements of paragraph 4 of Part C for the purposes of the LCHA Settlement Activities in accordance with this Annex 9 (*Meter Operational Framework and Technical Specifications*) and "commissioned" and other derivative terms shall be construed accordingly.

Part A
Meter Measurement Systems – General

1. INTRODUCTION

1.1 This Part sets out:

- (A) the general requirements for the installation, commissioning, operation and maintenance of the Meter Measurement Systems; and
- (B) the functions of any agents or representatives appointed by the LCHA Counterparty in connection with such Meter Measurement Systems.

1.2 For the purposes of this Annex 9 (*Meter Operational Framework and Technical Specifications*), the relevant quantities of Metered Product shall be measured and recorded through the relevant Meter Measurement System installed, commissioned, operated and maintained and otherwise provided for as set out in this Part A (*Meter Measurement System – General*).

2. PRODUCER RESPONSIBILITY FOR METER MEASUREMENT SYSTEMS

2.1 The principal functions and responsibilities of the Producer (or any agent or representative appointed on its behalf) shall be to install, commission, operate, test, maintain, rectify faults in and provide a sealing service in respect of the Meter Measurement Systems in accordance with the relevant Technical Specification.

2.2 The Producer shall comply with or (as appropriate) procure that any appointed agent or representative complies with the requirements of this Annex 9 (*Meter Operational Framework and Technical Specifications*).

3. METER MEASUREMENT SYSTEM – BASIC REQUIREMENTS

Producer Responsibilities

3.1 The Producer shall ensure that each Meter Measurement System is:

- (A) calibrated, tested, installed and commissioned; and
- (B) operated and maintained,

for the purposes described in paragraph 1.2 in accordance with and subject to the provisions of this Part A (*Meter Measurement Systems – General*) and in accordance with the relevant Section of Part D (*Meter Measurement Systems – Technical Specifications*).

Meter Measurement System Technical Details

3.2 The Producer shall, in accordance with this Annex 9 (*Meter Operational Framework and Technical Specifications*):

- (A) establish and maintain the Meter Measurement System Technical Details in respect of each Meter Measurement System; and
- (B) ensure that such Meter Measurement System Technical Details are true, complete and accurate.

Compliance with the Technical Specification

- 3.3 All components of each Meter Measurement System shall comply with or exceed the requirements referred to or set out in the relevant Technical Specification.
- 3.4 The Producer shall provide such evidence as the LCHA Counterparty may require to confirm that, once it has been commissioned the relevant Meter Measurement System meets the requirements of the relevant Technical Specification. This evidence shall be traceable and dated.
- 3.5 Subject to paragraphs 3.9 and 3.10, the Technical Specification in respect of each component of the relevant Meter Measurement System shall be the version of the Technical Specification (including any standards specified therein) which is current at the Agreement Date and such component shall not be required to comply with any Technical Specification which in any respect later amends, modifies or supersedes that version of the Technical Specification.
- 3.6 If, following the Agreement Date, any component of the Meter Measurement System is calibrated, tested, installed or commissioned, such component shall comply with the latest version of the applicable Technical Specification (including any standards specified therein) prevailing at the time of such calibration, testing, installation or commissioning.

Meter Material Change

- 3.7 Notwithstanding paragraphs 3.3 to 3.6, where any Meter Material Change occurs:
 - (A) the Producer shall promptly notify the LCHA Counterparty following such Meter Material Change; and
 - (B) the version of the Technical Specification (including any standards specified therein) current at the time of such Meter Material Change shall be the Technical Specification in respect of that component.

Requirements for Meter Measurement Systems

- 3.8 The Producer shall ensure that each Meter Measurement System is calibrated (including during installation, testing, commissioning, maintenance and operation), tested, installed and commissioned in accordance with the relevant Technical Specification.

Maintenance of the Meter Measurement Systems

- 3.9 The Producer shall, at its own cost and expense, ensure that each Meter Measurement System is kept in good working order, repair and condition in accordance with the relevant Section of Part D (*Meter Measurement Systems – Technical Specifications*) to the extent necessary to allow the correct registration, recording and transmission of the relevant Measurement Data by the relevant component of the Meter Measurement System.
- 3.10 If any component of the Meter Measurement System is removed, replaced or otherwise changed, then its commissioning and maintenance record shall be retained by the Producer in accordance with the relevant Section of Part D (*Meter Measurement Systems – Technical Specifications*) and shall be provided to the LCHA Counterparty upon request.

Testing and inspection

- 3.11 The Producer shall ensure that routine audits, tests and checks, including but not limited to any audits, tests and checks required pursuant to this paragraph 3 and pursuant to the relevant Section of Part D (*Meter Measurement Systems – Technical Specifications*), are carried out to confirm the measurement uncertainty of each Meter Measurement System, in addition to the LCHA Meter Audits carried out by the LCHA Counterparty (or its appointed representative).
- 3.12 The Producer shall give the LCHA Counterparty reasonable prior written notice of the date, time, place and nature of every audit test and/or check carried out pursuant to paragraph 3.11 and the LCHA Counterparty (including the Technical Assurance Agent) shall have the right to attend such audit test(s) and/or check(s).
- 3.13 If the Producer (or any agent or representative appointed on its behalf) has reason to believe that a Meter Measurement System does not comply with the requirements set out in the relevant Section of Part D (*Meter Measurement Systems - Technical Specifications*), or otherwise for any reason is recording Inaccurate Measurement Data, the Producer or such other third party (as procured by the Producer) shall so notify:
- (A) the LCHA Counterparty; and
 - (B) the Producer (if relevant), as soon as reasonably practicable and in any event, within forty-eight (48) hours of the date on which the Producer or such other third party becomes aware of the same.
- 3.14 The LCHA Counterparty may appoint a Technical Assurance Agent to conduct an inspection of any Meter Measurement System as part of a LCHA Meter Audit. The timing and frequency of such an inspection shall be independent of any inspection carried out or otherwise attended by the LCHA Counterparty under paragraphs 3.12 or 3.15. The LCHA Counterparty shall give the Producer notice of its intention to carry out such an inspection, setting out the date on which it proposes to do so, which shall generally be no sooner than ten (10) Business Days after the date of the notice.
- 3.15 If the LCHA Counterparty is notified (under paragraph 3.13(A)) or otherwise has reason to believe that any component of any Meter Measurement System does not comply with the relevant requirements set out in the relevant Section of Part D (*Meter Measurement Systems – Technical Specifications*) or the relevant Meter Measurement System is otherwise for any reason recording Inaccurate Measurement Data:
- (A) the LCHA Counterparty may require the Producer to inspect and then test the relevant Meter Measurement System as soon as reasonably practicable, and in any event no later than ten (10) Business Days after the LCHA Counterparty gives notice of such requirement pursuant to this paragraph 3.15(A), where upon the Producer shall carry out such test in the presence of a representative of the LCHA Counterparty (including the Technical Assurance Agent), provided that in respect of Inaccurate Measurement Data, paragraph 4.6 shall apply; or
 - (B) the LCHA Counterparty may, as part of a LCHA Meter Audit and without giving notice to the Producer, arrange for the inspection of any Meter Measurement System by a Technical Assurance Agent, and for such agent to carry out such tests as such agent

shall deem necessary to determine the measurement uncertainty of the relevant Meter Measurement System, and the Producer shall co-operate with such agent in carrying out such tests. A Technical Assurance Agent shall be entitled to assume that all required consents have been obtained for the relevant inspection until such time as it is notified to the contrary.

- 3.16 All reasonable costs incurred in undertaking a LCHA Meter Audit, including the reasonable costs incurred by the LCHA Counterparty and/or its appointed representative in attending the relevant Meter Measurement System and the reasonable costs of any tests which form part of that LCHA Meter Audit, shall be borne by the Producer and paid by the Producer to the LCHA Counterparty pursuant to paragraph 6.1 (*Costs*) of Part A (*Meter Measurement Systems – General*) (but without prejudice to its right to charge any other person for such service pursuant to another agreement or arrangement). However (unless such LCHA Meter Audit has been requested by the Producer in accordance with paragraph 3.1(F) (*Reasons for requesting a LCHA Audit*) of Part A (*Meter Measurement Systems – General*)), where the Producer is found not to be in material breach of any requirement of this Annex 9 (*Meter Operational Framework and Technical Specifications*), any reasonable costs reasonably incurred by the Producer in carrying out any inspections and tests required by the LCHA Counterparty as part of a LCHA Meter Audit (but excluding any costs associated with the attendance by the Producer and/or its appointed representative(s) at such inspections and tests), shall be borne by the LCHA Counterparty and paid by the LCHA Counterparty to the Producer pursuant to paragraph 6.2 (*Costs*) of Part A (*Meter Measurement Systems – General*). For the purposes of this paragraph, **"material breach"** shall mean a breach that has a material impact on the relevant Measurement Data provided for the purposes of the LCHA Settlement Activities.
- 3.17 Any test carried out pursuant to paragraphs 3.11 to 3.16 shall comply with the relevant Section of Part D of Annex 9 (*Meter Measurement Systems – Technical Specifications*).

Measurement uncertainty requirement

- 3.18 The Producer shall, as a minimum, carry out a measurement uncertainty assessment in order to determine the overall measurement uncertainty of the relevant Metered Value (a **"Measurement Uncertainty Assessment"**):
- (A) at least once every Contract Payment Term Year; and
 - (B) following a Meter Material Change,
- to ensure that the relevant Metered Value is complying with the relevant Overall Measurement Uncertainty Requirement. The Producer shall give the LCHA Counterparty reasonable prior written notice of the date, time, place and nature of every Measurement Uncertainty Assessment and the LCHA Counterparty (including the Technical Assurance Agent) shall have the right to attend.
- 3.19 The Producer shall retain the results of each Measurement Uncertainty Assessment, which shall include a list of all relevant components that form part of the Meter Measurement System that was subject to the Measurement Uncertainty Assessment, and shall provide a copy of such results, on request, to the LCHA Counterparty within five (5) Business Days of receipt of the request.

- 3.20 To ensure that the relevant Meter Measurement System complies with the relevant Overall Measurement Uncertainty Requirement the Producer shall ensure that:
- (A) all of the components which form part of a Meter Measurement System are calibrated and traceable to ISO/IEC 17025 and validated routinely at least once every twelve (12) Months;
 - (B) all of the components of the Meter Measurement System are checked to ensure they are operating within their calibration range;
 - (C) regular functional and quality assurance checks of all of the components of the Meter Measurement System are performed including parallel measurements against standard reference methods.
- 3.21 The Producer shall ensure that any third party audit reports related to the operation of the Meter Measurement Systems are provided to the LCHA Counterparty as soon as reasonably practicable after such report has been issued to the Producer.
- 3.22 The Producer shall ensure that any test laboratories and personnel carrying out measurements, calibrations and assessments including Meter Measurement System calibrations and related assessments are accredited in accordance with EN ISO/IEC 17025 for the relevant calibration and assessment activities.

Sealing and security

- 3.23 The Producer shall:
- (A) procure that each component of the Meter Measurement Systems is appropriately sealed so as to provide assurance that the Reasonable and Prudent Standard of anti-tamper protection are met;
 - (B) procure that each Meter Measurement System is as secure as possible in all circumstances; and
 - (C) notify the LCHA Counterparty if any of the Meter Measurement System's seals are broken or damaged.

Time keeping

- 3.24 Each Meter shall record the current time in Co-ordinated Universal Time Clock (UTC) expressed as hh:mm:ss. No switching between UTC and British Summer Time (BST) shall occur.

Monitoring facilities

- 3.25 The Producer shall provide monitoring facilities in respect of the Primary Data, with associated alarm conditions when an error in the data source is detected.
- 3.26 The Producer shall ensure that any error(s) in the functionality of the Meter Measurement Systems are recorded as an event alarm which includes the date and time of such error(s).

Communications

- 3.27 The Producer shall provide both local and remote interrogation facilities for the Meter Measurement Systems.
- 3.28 The Producer shall ensure that unauthorised access to the Primary Data in the Meter Measurement Systems is prevented.
- 3.29 The Measurement Data shall be in a format approved by the LCHA Counterparty.

Associated installations

- 3.30 The Producer may install additional features within or associated with the Meter Measurement Systems provided such additional features do not interfere with the operation of the Meter Measurement Systems, including data flow and storage.

Information and Records

- 3.31 The Producer shall:
 - (A) comply with the requirements of the LCHA to provide the LCHA Counterparty with information relating to each Meter Measurement System, including the Meter Measurement System Technical Details;
 - (B) provide such Meter Measurement System Technical Details to the LCHA Counterparty if requested; and
 - (C) provide the LCHA Counterparty with all such information regarding the relevant Meter Measurement System as the LCHA Counterparty reasonably requires for the purposes of carrying out a LCHA Meter Audit.
- 3.32 The information to be provided under paragraph 3.31 includes information regarding the dates and time periods for the installation of new Meters and the dates and time periods when such Meters are out of service.
- 3.33 Records required to be kept by the Producer and provided to the LCHA Counterparty under this Annex 9 (*Metering Operational Framework and Technical Specification*) shall include, as a minimum and where applicable, the following information:
 - (A) Producer name;
 - (B) Facility name;
 - (C) Facility address;
 - (D) Site name;
 - (E) Site address;
 - (F) instrument manufacturer;
 - (G) instrument model;
 - (H) instrument serial number;

- (I) instrument operating principle;
- (J) instrument operating range;
- (K) instrument compliance (calibration certificate(s) number);
- (L) name and accreditation number of instrument calibration laboratory;
- (M) all Primary Data; and
- (N) all reports related to the commissioning of the Meter Measurement Systems.

3.34 The Producer shall prepare and maintain complete and accurate records relating to the Meter Measurement Systems for the Term of the LCHA and for at least two (2) years following the expiry or termination of the LCHA and shall provide a copy of such records to the LCHA Counterparty upon request.

Displays and facilities for Producer information

3.35 Each Meter Measurement System shall display the following information on the Producer's BPCS:

- (A) the Primary Data;
- (B) the date (*expressed in day/month/year*); and
- (C) the time (*expressed in a 24 hour clock*).

4. DATA

Ownership of data

- 4.1 Subject to paragraph 4.2, the Producer shall own the Measurement Data and may provide any person with access to and use of such Measurement Data.
- 4.2 The Producer shall not exercise any rights in relation to, or provide any person with any use of or access to, the Measurement Data in a manner which would interfere with the LCHA Settlement Activities or which otherwise would be inconsistent with giving effect to the LCHA or this Annex 9 (*Meter Operational Framework and Technical Specifications*) (including the exercise of the LCHA Counterparty's rights hereunder).

Access to and use of data

- 4.3 The Producer shall provide access to, and hereby authorises the use of, the Measurement Data, to and by the LCHA Counterparty (for the purposes of this paragraph 4.3, the "data recipient", which term shall include any officer, official, director, employee, agent, representative, consultant or adviser of the same), without charge, for all purposes for which each such data recipient requires such access and use pursuant to or in order [to give effect to this Annex 9 (*Meter Operational Framework and Technical Specifications*), but not for any other purpose.
- 4.4 The Producer shall provide the Measurement Data to:

- (A) each Third Party; and
- (B) any other person,

who (in either case) is entitled to receive such Measurement Data in accordance with the LCHA or this Annex 9 (*Meter Operational Framework and Technical Specifications*).

Missing and Inaccurate Measurement Data¹⁵⁹

- 4.5 If any Reporting Unit is an Invalid Reporting Unit, the relevant provisions of Part D (*Meter Measurement System – Technical Specifications*) shall apply.
- 4.6 If the Producer becomes aware at any time that any Measurement Data measured by the Meter Measurement System is Inaccurate Measurement Data:
 - (A) if it is technically feasible to correct such Inaccurate Measurement Data such that such Measurement Data is not Inaccurate Measurement Data, the Producer shall:
 - (i) correct such Measurement Data as soon as possible and in any event within three (3) Business Days of becoming aware of the same;
 - (ii) notify the LCHA Counterparty of such corrected Measurement Data within two (2) Business Days of such Measurement Data being corrected; and
 - (iii) the Inaccurate Measurement Data shall be replaced with such corrected Measurement Data for the purposes of the LCHA; or
 - (B) if it is not technically feasible to correct such Inaccurate Measurement Data such that such Measurement Data is not Inaccurate Measurement Data, then such Inaccurate Measurement Data shall not be included in the calculation of any Metered Value.

Data Flow and Storage

- 4.7 The Producer shall establish, document, implement and maintain written procedures for data flow activities relating to each Meter Measurement System.
- 4.8 Such written procedures shall include the following as a minimum:
 - (A) a simple diagram providing an overview of the sequence of data collection and processing steps;
 - (B) identification of the primary measured data source;
 - (C) a summary of each step from the Primary Data to the Metered Value, including any formulas and coefficients used in the calculations;
 - (D) a summary of any relevant electronic data processing and storage systems used and the interaction between such systems and other inputs, including manual inputs; and

¹⁵⁹

Note to Reader: DESNZ is considering the interaction between the provisions relating to Inaccurate Measurement Data, Measurement Data Breaches and Invalid Reporting Units.

(E) the way the measured quantities of data are recorded and stored.

4.9 The Producer shall put in place appropriate control measures for mitigating the risk of omission, misrepresentation or error in such data flows.

4.10 All data shall be identifiable to its respective date and time.

5. **ACCESS TO PROPERTY**

The Producer shall comply with its obligation to provide the Metering Access Rights in accordance with Condition 29.11 the LCHA.

6. **COSTS**

Payment from Producer

6.1 In relation to any costs payable by the Producer to the LCHA Counterparty pursuant to this Annex 9 (*Meter Operational Framework and Technical Specifications*), the Producer shall, by no later than the tenth (10th) Business Day following receipt of written demand, pay such costs to the LCHA Counterparty by direct bank transfer or equivalent transfer of immediately available funds into the account notified to the Producer pursuant to Condition 25 (*Payment Accounts*) of the LCHA.

Payment from LCHA Counterparty

6.2 In relation to any costs payable by the LCHA Counterparty to the Producer pursuant to this Annex 9 (*Meter Operational Framework and Technical Specifications*), the LCHA Counterparty shall, by no later than the tenth (10th) Business Day following receipt of written demand, pay such costs to the Producer by direct bank transfer or equivalent transfer of immediately available funds into the account notified to the LCHA Counterparty pursuant to Condition 25 (*Payment Accounts*) of the LCHA.

7. **ADDITIONAL METERING**

7.1 The Producer acknowledges and agrees that if any additional input(s), beyond those already specified in this Annex 9, is required to be transported via pipeline from Off-site into the Hydrogen Production Plant and such additional input(s) has an impact on LCHS compliance then that method of sourcing such additional input(s) shall be permitted provided that the Producer and the LCHA Counterparty agree (each acting reasonably) appropriate amendments to the LCHA (including this Annex 9 (*Metering Operational Framework and Technical Specifications*)) on the basis that the relevant meter(s) and associated equipment for such additional input(s) (the "**Additional Meters**") shall be treated in a comparable way to the Meters) to take into account such Additional Meters and any associated emissions therefrom.

7.2 The Producer acknowledges and agrees that the LCHA Counterparty shall be entitled to require the Producer to:

(A) deliver to the LCHA Counterparty evidence, in form and content satisfactory to the LCHA Counterparty, acting reasonably, that the Producer is complying in full with the Metering Obligations at [Condition 28.4] (*Undertakings: Metering Obligation*) in respect of such Additional Meters; and

- (B) provide the LCHA Counterparty with a date and time stamped copy of the relevant schematic diagram, certified as being correct and up to date by a director or company secretary of the Producer and showing the locations of the Additional Meters associated with all assets comprised within the Facility (including details of the type of metering and equipment installed in compliance with the Metering Obligations).

Part B
Meter Measurement System – Technical Assurance

1. TECHNICAL ASSURANCE

- 1.1 The LCHA Counterparty shall appoint a Technical Assurance Agent to carry out inspections and/or audits of each Meter Measurement System as it sees fit. For the avoidance of doubt, for the purposes of this Annex 9 (*Meter Operational Framework and Technical Specifications*) and as the context requires, the Technical Assurance Agent shall be an agent of the LCHA Counterparty.
- 1.2 The Technical Assurance Agent shall monitor Technical Assurance and identify cases where there is any Technical Assurance failure ("**non-compliance**").
- 1.3 The Technical Assurance Agent shall possess an appropriate level of knowledge of metering and technical systems.

2. NON-COMPLIANCE

- 2.1 The Technical Assurance Agent shall determine, in respect of those matters or things (including those associated with or connected to each Meter Measurement System) which it has been requested to inspect and/or audit, whether that such matter or thing is non-compliant if the requirements of this Annex 9 (*Meter Operational Framework and Technical Specifications*) are not being adhered to and/or if configurable meter parameters are not consistent with the relevant Meter Measurement System Technical Details supplied by the Producer.
- 2.2 Where any non-compliance has been determined in accordance with paragraph 2.1, the Producer shall ensure that the non-compliance is rectified as soon as reasonably practicable.
- 2.3 Following the rectification of any material non-compliance (as determined by the Technical Assurance Agent in accordance with paragraph 2.1) the LCHA Counterparty shall, where in its discretion it considers it appropriate to do so having regard to the nature of such rectification, require the Producer to carry out a Proving Test, and the LCHA Counterparty and/or the Technical Assurance Agent may attend and/or request details if any such Proving Test is carried out.

3. AUDIT

Reasons for requesting a LCHA Meter Audit

- 3.1 The LCHA Counterparty and/or its appointed representative (including the Technical Assurance Agent) may conduct a LCHA Meter Audit for the following reasons:
 - (A) the LCHA Counterparty has reason to suspect invalid Meter Measurement System Technical Details;
 - (B) the LCHA Counterparty has reason to suspect that any Measurement Data recorded by a Meter Measurement System is Inaccurate Measurement Data;
 - (C) Measurement Data recorded by a Meter Measurement System has failed validation;

- (D) the LCHA Counterparty has not been provided with or is unable to access the Measurement Data from a Meter Measurement System;
- (E) Measurement Data required for a Proving Test cannot be obtained;
- (F) the Producer requires such a LCHA Meter Audit; and/or
- (G) any reason analogous to the reasons set out above at paragraphs (A) to (E) (inclusive).

Description of tests and checks forming part of LCHA Meter Audit

3.2 The LCHA Counterparty and/or its appointed representative (including the Technical Assurance Agent) may carry out tests and checks as part of any LCHA Meter Audit including, but not limited to, the following:

- (A) Meter Measurement System Technical Details

The Meter Measurement System Technical Details may be checked to ensure that they conform with those recorded in LCHA Settlement Activities systems using information provided by the Producer, including any commissioning details.

- (B) Measurement uncertainty

The overall measurement uncertainty of a Meter Measurement System may be checked by the LCHA Counterparty, the Technical Assurance Agent or any other appointed agent in accordance with the applicable requirements set out in the relevant Section of Part D (*Meter Measurement System – Technical Specifications*).

- (C) Compliance with Technical Specification

Checks may also be carried out to ensure that a Meter Measurement System meets the standards required by the relevant Section of Part D (*Meter Measurement System – Technical Specifications*).

- (D) Quality of Installation

All points may be checked as specified by the Technical Specification, including, but not limited to the:

- (i) labelling of equipment; and
- (ii) general standard of installation, being the good working practice standard.

Queries and appeals

3.3 If the Producer wishes to dispute any determination made pursuant to the LCHA Audit process, it can do so in accordance with Condition 21.5 (*LCHA Technical Dispute*).

Investigation of Invalid Reporting Units

3.4 If:

- (A) there are greater than two hundred and forty (240) Invalid Reporting Units in a Billing Period; and/or
- (B) there are greater than nine hundred and sixty (960) Invalid Reporting Units within any [twelve (12)] consecutive Billing Periods,

then the LCHA Counterparty and/or its appointed representative may undertake a full investigation of the relevant Meter Measurement System at the Producer's expense.

Meter audits to form part of the LCHS Audit Report

- 3.5 The Parties acknowledge and agree that the inspection and audit of the Meter Measurement Systems shall form part of the scope of the LCHS Audit Report pursuant to the terms of paragraph 5 of Annex 6 (*Data Collection and Monitoring Compliance with the LCHS*).

Part C

Meter Measurement Systems - Operations

1. INTRODUCTION

Purpose and scope

- 1.1 This Part C (*Meter Measurement Systems - Operations*) sets out the processes that the Producer shall develop and implement to operate the Meter Measurement Systems.

2. METER OPERATION OBLIGATIONS

General Obligations: Systems and Processes

- 2.1 The Producer shall develop and implement systems and processes so approved in accordance with the relevant Section of Part D (*Meter Measurement Systems - Technical Specifications*) for the operation of each Meter Measurement System.
- 2.2 Subject to paragraph 2.2 of Part A (*Meter Measurement Systems – General*), the Producer may appoint a competent third party, agent or representative to operate each relevant Meter Measurement System. If the Producer does appoint such a third party, it shall notify the LCHA Counterparty of the identity of that third party, the scope of its appointment and of any change to the identity of such person from time to time.
- 2.3 Where the Producer has appointed a third party to operate a Meter Measurement System in accordance with paragraph 2.2 of Part A (*Meter Measurement System - General*) and that third party ceases to do so at any time and for any reason, the Producer shall resume the responsibility for operating the relevant Meter Measurement System until such a time as a replacement third party is appointed.
- 2.4 Notwithstanding paragraph 2.2 above, the Producer shall remain responsible for any failure by any third party, agent or representative appointed on behalf of the Producer to comply with the requirements of this Annex 9. (*Meter Operational Framework and Technical Specifications*).

Identification and Reporting of Meter Measurement System Faults

- 2.5 Meter Measurement System fault reporting:
- (A) If at any time any component of a Meter Measurement System is destroyed, damaged or otherwise ceases to function, or is or is found to be recording Measurement Data outside the Overall Measurement Uncertainty Requirement (in each case a "**Meter Measurement System Fault**"), the Producer shall notify the LCHA Counterparty of the nature of such Meter Measurement System Fault within one (1) Business Day of becoming aware of the same. The Producer shall separately identify Meter Measurement System Faults affecting the Measurement Data and those not affecting the Measurement Data.
 - (B) The Producer shall investigate such Meter Measurement System Fault within two (2) Business Days of becoming aware of the same. If the Producer employs a third party agent or representative to operate the relevant component of the Meter Measurement System, the Producer shall investigate the Meter Measurement System Fault within five

- (5) Business Days of being notified by such third party of such Meter Measurement System Fault or otherwise becoming aware of the same.
- (C) The Producer shall use all reasonable endeavours to rectify the Meter Measurement System Fault, and/or, including by repairing or replacing any defective component so as to ensure that such component is back in service and is operating in accordance with the relevant Section of Part D (*Meter Measurement Systems – Technical Specifications*) as soon as reasonably practicable, and in any event within ten (10) Business Days of the date on which the Meter Measurement System Fault is discovered by or notified to the Producer.
 - (D) If the Meter Measurement System Fault has not been rectified within such ten (10) Business Day period, the Producer shall notify the LCHA Counterparty immediately with a proposal setting out how it intends to rectify the Meter Measurement System Fault.
 - (E) The Producer shall notify the LCHA Counterparty within two (2) Business Days of rectifying the relevant Meter Measurement System Fault. For these purposes, a Meter Measurement System Fault affecting any Measurement Data shall be treated as rectified when the relevant Meter Measurement System recommences recording and supplying Measurement Data to the LCHA Counterparty and, where the LCHA Counterparty is not the LCHA Settlement Services Provider, the LCHA Settlement Services Provider, in compliance with Part D (*Meter Measurement Systems - Technical Specifications*).
 - (F) The LCHA Counterparty shall be entitled to attend any investigation of a Meter Measurement System Fault without charge.

3. INTERFACE AND TIMETABLE INFORMATION

New Connection

- 3.1 In the event that the Producer installs or replaces any component of the Meter Measurement System, it shall:
- (A) ensure that it does so in compliance with this Part C (*Meter Measurement Systems - Operations*) and the relevant Section of Part D (*Meter Measurement Systems - Technical Specifications*); and
 - (B) provide an updated version of the relevant schematic diagram referred to in paragraph 4 of Part B of Annex 1 (*Conditions Precedent*) to the LCHA Counterparty in accordance with Condition 29.7 (*Undertakings: Metering Schematics*) of the LCHA.

Replacement of Meter Measurement System

- 3.2 If any component of a Meter Measurement System needs to be replaced for any reason, the Producer shall install and commission the relevant component within five (5) Business Days of the removal of the previous component.
- 3.3 The Producer shall send to the LCHA Counterparty written confirmation, including any relevant Supporting Information, that it has successfully commissioned the relevant component within two (2) Business Days of completion of the commissioning of such component.

- 3.4 If such replaced component has a material impact on the Measurement Data, the Producer shall undertake a Proving Test of the relevant Meter Measurement System within twenty (20) Business Days of completion of the commissioning of such component.

4. **INSTALLATION, CALIBRATION AND COMMISSIONING**

Initial Installation

- 4.1 The Producer shall install and commission the initial component(s) of the Meter Measurement System in accordance with this Annex 9 (*Metering Operational Framework and Technical Specifications*) prior to the commencement of Performance Test(s).

In situ calibration of a Meter Measurement System

- 4.2 All relevant components of each Meter Measurement System shall have appropriate certification and be calibrated in situ in compliance with the relevant standard for such Meter Measurement System as set out in the relevant Section of Part D (*Meter Measurement System – Technical Specifications*) following initial installation to meet the Overall Measurement Uncertainty Requirement stated in the relevant Section of Part D (*Meter Measurement System – Technical Specifications*). Such calibration shall demonstrate conformity with relevant product standards applicable to the class index of each component of the Meter Measurement System. The Producer shall procure the manufacturers' certificates which include the actual errors of each component of a Meter Measurement System across its operating range. Such certificates shall be retained by the Producer for the life of each component of a Meter Measurement System and shall be made available, on request, to the LCHA Counterparty.

Commissioning of a Meter Measurement System

- 4.3 The purpose of commissioning is to ensure that the Measurement Data is recorded by the associated Meter Measurement System in accordance with the requirements specified in the relevant Section of Part D (*Meter Measurement Systems – Technical Specifications*).
- 4.4 The Producer shall commission each Meter Measurement System on site to confirm and record, so far as appropriate, that the relevant Meter Measurement System has been installed, certified and commissioned in accordance with the standards for such Meter Measurement System as set out in the relevant Section of Part D (*Meter Measurement System – Technical Specifications*), with any calibration activities undertaken by organisations accredited in accordance with EN ISO/IEC 17025 for the relevant commissioning activities.

Proving of a Meter Measurement System¹⁶⁰

- 4.5 The Producer shall be required to perform, or procure the performance of, a Proving Test:
- (A) following a Meter Material Change; and/or
 - (B) if required by any policy, Legislation or Industry Documents; and/or

¹⁶⁰

Note to Reader: DESNZ will further consider the Proving Tests in the context of meters that may not be owned by the Producer and so tests may need to be carried out by a third party.

- (C) if required by any provision of this Annex 9 (*Meter Operational Framework and Technical Specifications*).
- 4.6 The Producer shall give the LCHA Counterparty a minimum of twenty (20) Business Days' notice prior to the performance of a Proving Test.
- 4.7 The LCHA Counterparty may request that a Technical Assurance Agent attends any Proving Test and the Producer shall permit the same.
- 4.8 Each Proving Test for a relevant Meter Measurement System shall be carried out in accordance with the standard for such Meter Measurement System as set out in the relevant Section of Part D (*Meter Measurement System – Technical Specifications*) by an organisation accredited in accordance with ISO/IEC 17025. Each Proving Test shall include, but shall not be limited to:
- (A) confirmation that the Meter Measurement System has been installed and certified in accordance with the standards for such Meter Measurement System as set out in the relevant Section of Part D (*Meter Measurement System – Technical Specifications*);
 - (B) the calibration of the Meter Measurement System;
 - (C) a functional test and audit of the Meter Measurement System; and
 - (D) confirmation that the BPCS is operating in accordance with the manufacturer's specification.
- 4.9 The Producer shall give a notice to the LCHA Counterparty of the results of each Proving Test within five (5) Business Days of the date such Proving Test is carried out (a **"Proving Test Notice"**). Each Proving Test Notice shall:
- (A) specify whether the Meter Measurement System has or has not passed the Proving Test; and
 - (B) include such Supporting Information as the Producer considers to be relevant to and supportive of the foregoing.
- 4.10 Each Proving Test Notice shall be accompanied by a Directors' Certificate in relation to the information contained in, and enclosed with, the Proving Test Notice.
- 4.11 The LCHA Counterparty shall, no later than ten (10) Business Days after receipt of a Proving Test Notice, give a notice to the Producer (a **"Proving Test Response Notice"**). A Proving Test Response Notice shall specify whether the LCHA Counterparty:
- (A) considers that the Proving Test has or has not been carried out in accordance with paragraph 4.8; and
 - (B) agrees or does not agree that the Meter Measurement System has or has not passed the Proving Test; or
 - (C) considers that it has not been provided with sufficient Supporting Information to determine whether the Proving Test has been carried out in accordance with paragraph 4.8 and/or whether the Meter Measurement System has or has not passed the Proving

Test to which the Proving Test Notice relates and, if so, details of the additional Supporting Information which the LCHA Counterparty requires to determine whether the Proving Test has been carried out in accordance with paragraph 4.8 and whether the relevant Meter Measurement System has or has not passed the Proving Test (the **"Proving Test Supporting Information"**).

4.12 If the LCHA Counterparty states in a Proving Test Response Notice that:

- (A) the Proving Test has been carried out in accordance with paragraph 4.8 and the Meter Measurement System has passed the Proving Test, the Meter Measurement System will be deemed to have passed the Proving Test for the purposes of the LCHA;
- (B) the Proving Test:
 - (i) has been carried out in accordance with paragraph 4.8 but the Meter Measurement System has not passed the Proving Test; or
 - (ii) has not been carried out in accordance with paragraph 4.8,

the Meter Measurement System will be deemed not to have passed the Proving Test for the purposes of the LCHA and the Producer will be required to carry out a further Proving Test within two (2) Business Days of receipt of the Proving Test Response Notice; or
- (C) the Producer has not provided the LCHA Counterparty with sufficient Supporting Information to determine whether the Proving Test has been carried out in accordance with paragraph 4.8 and/or whether the Meter Measurement System has or has not passed the Proving Test to which the Proving Test Notice relates:
 - (i) the Producer shall provide the Proving Test Supporting Information as soon as practicable, and in any event no later than ten (10) Business Days after receipt of the Proving Test Response Notice, or such longer period as is specified by the LCHA Counterparty; and
 - (ii) upon receipt of the Proving Test Supporting Information, the LCHA Counterparty shall as soon as reasonably practicable, and in any event no later than ten (10) Business Days after receipt of such Proving Test Supporting Information, give a further Proving Test Response Notice to the Producer (a **"Further Proving Test Response Notice"**). A Further Proving Test Response Notice shall specify whether the LCHA Counterparty considers that the Proving Test has or has not been carried out in accordance with paragraph 4.8 and whether the Meter Measurement System has or has not passed the Proving Test.

4.13 The Producer may use an alternative method of proving to that set out in paragraph 4.8 subject to obtaining the prior written consent of the LCHA Counterparty (such consent not to be unreasonably withheld).

Part D
Meter Measurement Systems - Technical Specifications

Section 1 – Fuel Gas Meter Technical Specifications (CCUS-Enabled Facilities only)

DEFINITIONS:

"Equation of State" means a thermodynamic equation relating to the state of variables, which describe the state of matter under a given set of physical conditions, such as pressure, volume and temperature or internal energy;

"Fuel Gas" means the gas(es) routed to the Hydrogen Production Plant for the purposes of producing Hydrogen, which shall be:

- (A) Natural Gas; and/or
- (B) Refinery Off-Gas;

"Fuel Gas Analysis Equipment" means the measurement equipment for measuring composition and quality of Fuel Gas, with such equipment comprising but not limited to, gas chromatography equipment, calorimeters, sensors or sampling systems.

"Fuel Gas Flow Meter(s)" means one (1) or more flow metering device(s) including ancillary instrumentation that complies with the relevant requirements of this Section for measuring the Fuel Gas flow rate;

"Fuel Gas Measurement Data" means the Fuel Gas Primary Data and Fuel Gas Secondary Data;

"Fuel Gas Measurement Equipment" has the meaning given to the term in paragraph 2.1 of this Section to Part D (Fuel Gas Meter Measurement System – Technical Specification);

"Fuel Gas Meter Measurement Point(s)" means the point(s) at which the Measured Fuel Gas Energy Input is measured by the Fuel Gas Meter, as identified on the plan in Annex 1, Part A, paragraph 3 (*Description of the Facility*) and consistent with the requirements of this Section;

"Fuel Gas Meter Measurement System" means the relevant commissioned Fuel Gas Meter(s) and Fuel Gas Measurement Equipment installed for the purposes of measuring Fuel Gas at the Fuel Gas Meter Measurement Point(s);

"Fuel Gas Primary Data" has the meaning given to the term in paragraph 3.1(A) of this Section to Part D (*Fuel Gas Meter Measurement System – Technical Specification*);

"Fuel Gas Secondary Data" has the meaning given to the term in paragraph 3.1(C) of this Section to Part D (*Fuel Gas Meter Measurement System – Technical Specification*);

"Measured Fuel Gas Carbon Content" has the meaning given to it in paragraph 3.1(C)(iii);

"Measured Fuel Gas Energy Input" means the quantity of Fuel Gas (*expressed in MJ LHV*) entering the Hydrogen Production Plant during the relevant Reporting Unit, as measured in accordance with this Fuel Gas Meter Specification;

"Measured Fuel Gas Mass Input" has the meaning given to that term in [●];

"Measured Fuel Gas Mass Input Uncertainty Requirement" has the meaning given to that term in paragraph 4.2; and

"Refinery Off-Gas" means off-gases that are produced at refineries that contain multiple components, such as diolefins, olefins, CO₂, CO, hydrocarbons, H₂S and various organic sulphur species.

1. **METERING POINTS**

1.1 The Producer shall ensure that:

- (A) a Fuel Gas Meter Measurement System is installed on every stream of Fuel Gas that is routed to the Hydrogen Production Plant; and
- (B) each Fuel Gas Meter Measurement Point shall be:
 - (i) located upstream of any On-Site processing or compression of Fuel Gas;
 - (ii) located downstream of the Fuel Gas supply battery limit emergency shutdown valve (ESDV); and
 - (iii) installed in compliance with BS EN 1776.

2. **FUEL GAS METER MEASUREMENT SYSTEM**

2.1 Each Fuel Gas Meter Measurement System shall include the following equipment:

- (A) Fuel Gas Flow Meter(s) for the measurement of the Fuel Gas flow rate;
- (B) Fuel Gas Analysis Equipment, for the measurement of the net calorific value ("**NCV**") and carbon content ("**CC**") of the Fuel Gas, if required under paragraph 2.2;
- (C) any other measurement device(s) that is necessary to enable the calculation of the Fuel Gas Secondary Data including fluid stream temperature and pressure devices; and
- (D) a flow computer, which shall be linked to the main site BPCS,

together the **"Fuel Gas Measurement Equipment"**.

2.2 Fuel Gas Analysis Equipment shall be installed upstream of the Fuel Gas Flow Meter(s) for the purpose of determining the Fuel Gas composition, and, subsequently, the NCV and CC, unless the Fuel Gas routed to the Hydrogen Production Plant is supplied wholly from the UK National Grid Gas Transmission System, in which case the NCV and CC shall be determined as outlined in paragraph 2.3. The Fuel Gas Analysis Equipment used to obtain the sample of Fuel Gas for quality measurements shall ensure that no change to the gas composition occurs between the sample point and the analytical instrument.

2.3 If the Hydrogen Production Plant is supplied wholly with Fuel Gas from the UK National Gas Transmission System, the composition and NCV reported as part of the Producer's Natural Gas supply agreement (or equivalent approved reference) shall be used for reporting the values of NCV and CC.

2.4 At least one (1) stand-by Fuel Gas Flow Meter shall be installed in parallel with the in-service Fuel Gas Flow Meter(s) at each Fuel Gas Measurement Point.

- 2.5 The Fuel Gas Flow Meter(s) shall not be permitted to have an unmetered bypass.
- 2.6 The Producer shall ensure that all Fuel Gas Measurement Equipment is tested, certified and installed in compliance with industry guidelines, practices and standards.
- 2.7 All test equipment used in the proving of the installed components shall have a valid calibration certificate (i.e. issued within the last twelve (12) months of the relevant proving) from a laboratory which is accredited with ISO/IEC 17025.
- 2.8 Each Fuel Gas Flow Meter shall be installed and operated by the Producer, in compliance with industry guidelines, practices and standards. Appropriate straight pipe lengths upstream and downstream of each Fuel Gas Flow Meter shall be installed to ensure minimum impact of installation effects on the Fuel Gas Flow Meter performance or alternatively a flow conditioner may be installed upstream of each Fuel Gas Flow Meter. If flow conditioners are installed, then the type and location of these devices should follow national and international standards and, where these are not available, follow industry best practise and manufacturers' instructions.
- 2.9 Isolation system for Fuel Gas Flow Meter(s) should meet industry standard guidance as per HSE guidance, "The Safe Isolation of Plant and Equipment - HSG 253", and IGEM/UP/1-Strength, testing, tightness and direct purging of industrial and commercial gas installations.
- 2.10 The Producer shall ensure that:
 - (A) each Fuel Gas Meter Measurement System shall conform with the UKEX Regulations, if any component of the relevant Fuel Gas Meter Measurement System is sourced from the UK, or the ATEX 114 Equipment Directive 2014/34/EU and ATEX 153 Workplace Directive 1999/92/EC, if such component is sourced from the EU.
 - (B) each Fuel Gas Flow Meter conforms with the BS EN 1776; and
 - (C) if applicable, any determination of the composition of Fuel Gas shall conform to ISO 6974-4:2000.

3. FUEL GAS MEASUREMENT DATA

Reporting, determining and recording of Fuel Gas Measurement Data

- 3.1 The Producer shall ensure that:
 - (A) the following measurements are recorded each minute by each Fuel Gas Meter Measurement System:
 - (i) the Fuel Gas flow rate at the Fuel Gas Meter Measurement Point (*expressed in kg/s or Am³/s*)
 - (ii) the pipeline pressure (*expressed in kPa*);
 - (iii) the temperature (*expressed in °C*);
 - (iv) density (*expressed in kg/m³*) where volumetric flow meter(s) are used,
 - (i) to (iv) are together, the "**Fuel Gas Primary Data**";

- (B) the following values are recorded by each Fuel Gas Meter Measurement System:
- (i) the number of seconds of operation of the Fuel Gas Meter Measurement System in each Reporting Unit; and
 - (ii) the date (*expressed in day/month/year*);
- (C) the following measurements shall be calculated in respect of each Fuel Gas Meter Measurement System and reported to, or collected by, the LCHA Counterparty or third party aggregator;
- (i) the mean Fuel Gas flow rate (*expressed in kg/s or Am3/s*) in each Reporting Unit (*i*) calculated by dividing the Fuel Gas flow rate recorded for each minute in the relevant Reporting Unit by the number of minutes in such Reporting Unit in which data has been recorded;
 - (ii) the Measured Fuel Gas Mass Input (*expressed in tonnes*) in each Reporting Unit (*i*), calculated as follows:
 - (a) where using a mass flow meter:

$$Mass_i = \frac{\tilde{m}_i * t_i}{1000}$$

where:

$Mass_i$	=	means the Measured Fuel Gas Mass Input (<i>expressed in tonnes, dry gas</i>) in each Reporting Unit (<i>i</i>)
$\tilde{m}_i$	=	means the mean Fuel Gas flow rate at the Fuel Gas Meter Measurement Point(s) measured on a flow rate mass basis (<i>expressed in kg/s, dry gas</i>) in each Reporting Unit (<i>i</i>)
t_i	=	means the number of seconds in each Reporting Unit (<i>i</i>)

- (b) where using a volumetric flow meter:

$$Mass_i = \frac{\tilde{v}_i * p * t_i}{1000}$$

where:

$Mass_i$	=	means the Measured Fuel Gas Mass Input (<i>expressed in tonnes, dry gas</i>) in each Reporting Unit (<i>i</i>)
$\tilde{v}_i$	=	means the mean Fuel Gas flow rate at the Fuel Gas Meter Measurement Point measured on a flow rate

actual volumetric basis (*expressed in Am³/s, dry gas*)
in each Reporting Unit (*i*)

p = means the density of the Fuel Gas flow at line pressure and temperature (*expressed in kg/m³*)

t_i = means the number of seconds in each Reporting Unit (*i*)

(ii) The net calorific value (*expressed in MJ/kg*) of the Fuel Gas, measured in each Reporting Unit (*i*) based on the compositional analysis of the Fuel Gas obtained from the Fuel Gas Analysis Equipment as per ISO 6974-4:2000, or otherwise if permitted under paragraph 2.3.

(iii) The carbon content (CC) of the Fuel Gas (the **"Measured Fuel Gas Carbon Content"**), measured in each Reporting Unit (*i*), calculated as follows:

$$CC_i = \sum_z \frac{12.011 * n_z * x_z}{Mr_z}$$

Where:

CC_i = means the carbon content of the Fuel Gas in a Reporting Unit, *i*

n_z = means the number of carbon atoms in each species *z*

x_z = means the mass fraction of each species *z* within the Fuel Gas

Mr_z = means the molar mass of each species *z* (*expressed in g/mol*)

where: x_z is determined by compositional analysis of the Fuel Gas using the Fuel Gas Analysis Equipment, or otherwise if permitted under paragraph 2.3.

(iv) the Measured Fuel Gas Energy Input (*expressed in MJ LHV*), in each Reporting Unit (*i*), calculated as follows:

$$Energy_{LHV} = Mass_i * NCV_i * 1000$$

where:

$Energy_{LHV}$ = means the Measured Fuel Gas Energy Input (*expressed in MJ*) in each Reporting Unit (*i*)

$Mass_i$ = means the Measured Fuel Gas Mass Input (*expressed in tonnes, dry gas*) in each Reporting Unit (*i*)

NCV_i = means the net calorific value (lower heating value) of Fuel Gas (*expressed in MJ/kg*) in each Reporting Unit (*i*)

((C)(i) to (iv) are together the **"Fuel Gas Secondary Data"**).

Invalid Reporting Units

3.2 If during a Reporting Unit:

- (A) there are fewer than twenty nine (29) minutes of Fuel Gas Measurement Data; or
- (B) there is greater than one (1) minute of Inaccurate Measurement Data,

then such Reporting Unit shall be invalid (a **"Fuel Gas Invalid Reporting Unit"**) and the Measured Hydrogen Output during such Fuel Gas Invalid Reporting Unit shall (i) be deemed to be non-compliant with the LCHS, (ii) not form part of the calculation of any weighted averaged consignments for LCHS purposes and (iii) be deemed to be Non-Qualifying Volumes.

3.3 If:

- (A) There are greater than two hundred and forty (240) Fuel Gas Invalid Reporting Units in a Billing Period; or
- (B) there are greater than nine hundred and sixty (960) Fuel Gas Invalid Reporting Units within any twelve (12) consecutive Billing Periods,

then the Producer shall be deemed to have breached Conditions 30 of the LCHA.

4. UNCERTAINTY REQUIREMENTS

Overall Measurement Uncertainty Requirement

- 4.1 The uncertainty of the Fuel Gas Analysis Equipment, for measurement of the CC and NCV, shall at all times be equal to or less than $\pm 0.1\%$ of the measured value at 95% confidence interval (the **"Fuel Gas Analysis Equipment Uncertainty Requirement"**).
- 4.2 The uncertainty of the Measured Fuel Gas Mass Input shall at all times be equal to or less than $\pm 1.0\%$ of the measured value at 95% confidence interval (the **"Measured Fuel Gas Mass Input Uncertainty Requirement"**).
- 4.3 The uncertainty of the Measured Fuel Gas Energy Input shall at all times be equal to or less than 1.1% of the calculated value at 95% confidence interval (the **"Measured Fuel Gas Energy Input Uncertainty Requirement"**).
- 4.4 The Fuel Gas Analysis Equipment Uncertainty Requirement, the Measured Fuel Gas Mass Input Uncertainty Requirement and the Measured Fuel Gas Energy Input Uncertainty Requirement (together, the **"Fuel Gas Overall Measurement Uncertainty Requirement"**) shall each be:
 - (A) obtained by combining the measurement uncertainty of the relevant components of the relevant Fuel Gas Meter Measurement System in a measurement uncertainty budget; and

- (B) ascertained in accordance with internationally recognised and accepted standards, including, but not limited to the guide to the expression of uncertainty in measurement ISO/IEC Guide 98 all parts.

Fuel Gas Flow Meter(s)

- 4.5 The Fuel Gas flow rate shall be measured continuously with Fuel Gas Flow Meter(s) with a granularity equal or less than one (1) minute.
- 4.6 The Fuel Gas Flow Meter uncertainty including associated secondary instrumentation shall comply with the Measured Fuel Gas Mass Input Uncertainty Requirement
- 4.7 Where the Measured Fuel Gas Mass Input is measured with volumetric Flow Meter(s) the Fuel Gas fluid density shall be determined with an Equation of State. The fluid density uncertainty shall comply with the Fuel Gas Overall Measurement Uncertainty Requirement set out in paragraph 4.3 and be accounted for in the Measurement Uncertainty Assessment.
- 4.8 Where the fluid density is determined with an Equation of State, the most appropriate Equation of State shall be used in accordance with national and international standards and, where these are not available, follow industry best practise. Full account shall be taken of the impact of impurities on the Equation of State uncertainty. The fluid density uncertainty shall be assessed and the assessment shall include the Equation of State uncertainty, the measured fluid stream temperature and pressure uncertainty.
- 4.9 The Fuel Gas Flow Meter(s) including associated secondary instrumentation shall be used at all times within the calibrated measurement range as required by the relevant manufacturer requirements.
- 4.10 The Fuel Gas Flow Meter(s) shall be calibrated:
 - (A) prior to initial installation at a test laboratory under flowing conditions; and
 - (B) at least annually thereafter under flowing conditions:
 - (i) at a test laboratory, or
 - (ii) in situ against a master meter or a prover.
- 4.11 Where any Fuel Gas Flow Meter is calibrated with a fluid different from the operational fluid , transferability of the calibration shall be assessed for the employed metering technology and the additional uncertainty from calibration with an alternative fluid shall be accounted for in the Measurement Uncertainty Assessment set out in paragraph 3.18 of Part A.
- 4.12 Where any Fuel Gas Flow Meter is calibrated at line pressure and temperature different from the operational ones, the impact of this difference on the performance of the meter shall be assessed for the employed metering technology and corrected for where needed and if feasible. Any additional uncertainty from calibration of the meter at line pressure and temperature different from the operational ones shall be accounted for in the Fuel Gas Measurement Uncertainty Assessment set out in paragraph 3.18 of Part A.

- 4.13 Where the Fuel Gas Flow Meter(s) is calibrated in situ against a master meter or a prover the master meter or prover shall be calibrated at regular interval and at least annually. The master meter or prover calibration shall be traceable to national or international standards.
- 4.14 The secondary instrumentation, including temperature and pressure devices and where applicable differential pressure devices shall be calibrated prior to initial installation at a test laboratory and at least every twelve (12) months or more frequently if required as per manufacturer's requirements thereafter either at a test laboratory or in-situ. Where calibrated in-situ, reference test equipment shall be dedicated to the metering service and shall be traceable to accredited EN ISO/IEC 17025 laboratories and shall at least be calibrated on a yearly basis.

General Equipment

- 4.15 The uncertainty of the temperature device(s) used to measure the flow stream temperature shall be at all times $\pm 0.5^{\circ}$ Celsius at 95% confidence interval. The temperature devices(s) shall be used at all times within the calibrated measurement range required by the manufacturer's requirements.
- 4.16 The uncertainty of the pressure device(s) used to measure the flow stream static pressure shall at all times be equal to or less than $\pm 0.25\%$ of the measured value at 95% confidence interval. The static pressure devices(s) shall be used at all times within the calibrated measurement range required by the manufacturer's requirements.
- 4.17 The measurement range, resolution and uncertainty of any other measurement device(s) that is necessary to enable the calculation of the Measured Fuel Gas Energy Input shall comply with the Fuel Gas Overall Measurement Uncertainty Requirement set out in paragraph 4.3.

5. MEASUREMENT SYSTEM CRITERIA

Fuel Gas Meter Measurement System

- 5.1 The Fuel Gas Meter Measurement System shall, as a minimum, comply with the following standards:
- (A) ISO 10723; and
 - (B) IGEM/GM/4 Flow Metering Practices. Inlet Pressure exceeding 38 bar and not exceeding 100 bar.

Section 2 – Hydrogen Meter Technical Specifications

DEFINITIONS

"Equation of State" has the meaning given to that term in Section 1;

"Hydrogen Analysis Equipment" means the measurement equipment for measuring composition and quality of Hydrogen with such equipment comprising but not limited to, gas chromatography equipment, calorimeters, sensors or sampling systems;

"Hydrogen Flow Meter(s)" means one (1) or more flow metering device(s) including ancillary instrumentation that complies with the relevant requirements of this Section for measuring the Hydrogen flow rate;

"Hydrogen Measurement Data" means the Hydrogen Primary Data and Hydrogen Secondary Data;

"Hydrogen Meter Measurement Equipment" has the meaning given to the term in paragraph 2.1 of this Section to Part D (*Hydrogen Meter Measurement System – Technical Specification*);

"Hydrogen Meter Measurement Point(s)" means the point(s) at which the Measured Hydrogen Output is measured by a Hydrogen Flow Meter, as identified on the plan in Annex 1, Part A, paragraph 3 (*Description of the Facility*) and consistent with the requirements of this Section;

"Hydrogen Meter Measurement System" means the relevant commissioned Hydrogen Flow Meter(s) and Hydrogen Meter Measurement Equipment installed for the purposes of measuring Hydrogen at the Hydrogen Meter Measurement Point(s);

"Hydrogen Primary Data" has the meaning given to that term in paragraph 3.1(A) of this Section 2 to Part D (*Hydrogen Meter Measurement System – Technical Specification*);

"Hydrogen Secondary Data" has the meaning given to that term in paragraph 3.1(E) of this Section 2 to Part D (*Hydrogen Meter Measurement System – Technical Specification*); and

"Measured Hydrogen Output" means the quantity of Hydrogen (*expressed in MWh HHV*) leaving the Hydrogen Production Plant at a Hydrogen Meter Measurement Point during the relevant Reporting Unit as measured in accordance with this Hydrogen Meter Specification.

1. METERING POINTS

1.1 The Producer shall ensure that:

(A) A Hydrogen Meter Measurement System is installed:

- (i) on the Site boundary and downstream of any final On-site Hydrogen processing or compression (the **"Site Boundary Meter"**); and
- (ii) if On-site Storage is used, immediately downstream of any processing or compression at the Hydrogen Production Plant (the **"Production Meter"**); and
- (iii) if Off-site Hydrogen Storage Infrastructure is used and such Off-Site Hydrogen Storage comprises part of the Facility; immediately downstream of any Off-Site Hydrogen Storage.

2. HYDROGEN METER MEASUREMENT SYSTEM

2.1 Each Hydrogen Meter Measurement System shall include the following equipment:

- (A) Hydrogen Flow Meter(s) for the measurement of the Hydrogen flow rate;
- (B) Hydrogen Analysis Equipment for the measurement of the mass fraction of Hydrogen within the gas stream and the net calorific value;
- (C) any other measurement device(s) that is necessary to enable the calculation of the Hydrogen Secondary Data including fluid stream temperature and pressure devices; and
- (D) a flow computer, which shall be linked to the main site BPCS,

together the **"Hydrogen Meter Measurement Equipment"**.

2.2 Hydrogen Analysis Equipment shall be installed upstream of the Hydrogen Flow Meter(s) for the purpose of determining the mass fraction of Hydrogen within the gas stream and the NCV of the hydrogen routed to the Hydrogen Meter Measurement Point(s). The Hydrogen Analysis Equipment used to obtain the sample of Hydrogen for quality measurements shall ensure that no change to the gas composition occurs between the sample point and the analytical instrument.

2.3 At least one (1) stand-by Hydrogen Flow Meter shall be installed in parallel with the in-service Hydrogen Flow Meter(s) at each Hydrogen Meter Measurement Point.

2.4 The Hydrogen Flow Meter(s) shall not be permitted to have an unmetered bypass.

2.5 Straight pipe lengths upstream and downstream of a Hydrogen Flow Meter shall be installed in accordance with manufacturer's recommendations to ensure there is minimal impact of such installation on the Hydrogen Flow Meter performance. Alternatively a flow conditioner may be installed upstream of a Hydrogen Flow Meter. If a flow conditioner is installed, then the type and location of these devices shall follow national and international standards and where these are not available follow industry best practise guide and as per manufacturers' recommendation.

2.6 Isolation system for Hydrogen Flow Meters should, as a minimum, meet industry standard guidance as per HSE guidance, HSG253, The safe isolation of plant and equipment.

2.7 The Producer shall ensure that:

- (A) each Hydrogen Meter Measurement System shall conform with the UKEX Regulations, if any component of the relevant Hydrogen Meter Measurement System is sourced from the UK, or the ATEX 114 "equipment" Directive 2014/34/EU and ATEX 153 "workplace" Directive 1999/92/EC specific to gas group IIC, if such component is sourced from the EU.
- (B) if applicable, any determination of the composition of Hydrogen shall conform to ISO 6976:2016.

3. HYDROGEN MEASUREMENT DATA

Reporting, determining and recording of Hydrogen Measurement Data

3.1 The Producer shall ensure that:

- (A) the following measurements are recorded each minute by each Hydrogen Meter Measurement System:
 - (i) the hydrogen flow rate at the Hydrogen Meter Measurement Point (*expressed in kg/s or Am³/s*);
 - (ii) the pipeline pressure (*expressed in kPa*);
 - (iii) the temperature (*expressed in °C*);
 - (iv) density (*expressed in kg/m³*), where volumetric Flow Meter(s) are used,
 together the **"Hydrogen Primary Data"**;
- (B) the following values are recorded by each Hydrogen Meter Measurement System:
 - (i) the number of seconds of operation of the Hydrogen Meter Measurement System, in each Reporting Unit; and
 - (ii) the date (*expressed in day/month/year*);
- (C) the following measurements shall be calculated in respect of each Hydrogen Meter Measurement System and reported to, or collected by, the LCHA Counterparty or third party data aggregator:
 - (i) the mean Hydrogen flow rate (*expressed in kg/s or Am³/s*) in each Reporting Unit (*i*) calculated by dividing the Hydrogen flow rate recorded for each minute in the relevant Reporting Unit by the number of minutes in such Reporting Unit in which data has been recorded;
 - (ii) the total mass of hydrogen (expressed in tonnes) in each Reporting Unit (*i*)

where using a mass flow meter:

$$Mass_i = \frac{\tilde{m}_i * t_i}{1000}$$

where:

$Mass_i$	=	means the total mass of hydrogen (<i>expressed in tonnes, dry gas</i>) in each Reporting Unit (<i>i</i>)
$\tilde{m}_i$	=	means the mean hydrogen flow rate at the Hydrogen Meter Measurement Point measured on a flow rate mass basis (<i>expressed in kg/s, dry gas</i>) in each Reporting Unit (<i>i</i>)

t_i = means the number of seconds in each Reporting Unit (i)

where using a volumetric flow meter:

$$Mass_i = \frac{\tilde{v}_i * p * t_i}{1000}$$

where:

$Mass_i$ = means the total mass of hydrogen (*expressed in tonnes, dry gas*) in each Reporting Unit (i)

$\tilde{v}_i$ = means the mean hydrogen flow rate at the Hydrogen Meter Measurement Point measured on a flow rate actual volumetric basis (*expressed in Am^3/s , dry gas*) in each Reporting Unit (i)

p = means the density of the hydrogen flow at line pressure and temperature (*expressed in kg/m^3*)

t_i = means the number of seconds in each Reporting Unit (i)

- (i) The mass fraction of Hydrogen within the gas, based on the compositional analysis of the hydrogen routed to the Hydrogen Meter Measurement Point obtained from the Hydrogen Analysis Equipment, and determined according to the equation:

$$x_{H2} = \frac{x_{H2} * Mr_{H2}}{\sum_z x_z * Mr_z}$$

where:

x_{H2} = means the mass fraction of Hydrogen within the gas stream

x_{H2} = means the mole fraction of Hydrogen within the gas stream

Mr_{H2} = means the molar mass of molecular hydrogen (*expressed in g/mol*)

x_z = means the mole fraction of each species z within the gas stream

Mr_z means the molar mass of species z (*expressed in g/mol*) within the gas stream and determined

- (D) At least once per Reporting Unit for CCUS-Enabled Facilities; and

- (E) At least once per Billing Period for Electrolytic Facilities.
- (i) The gross calorific value and net calorific value (expressed in *MJ/kg*) based on the compositional analysis of the hydrogen routed to the Hydrogen Meter Measurement Point obtained from the Hydrogen Analysis Equipment as per ISO 6976:2016
 - (ii) At least once per Reporting Unit for CCUS-Enabled Facilities; and
 - (iii) At least once per Billing Period for Electrolytic Facilities.
 - (iv) the Measured Hydrogen Output (expressed in MWh/h HHV) in each Reporting Unit, as follows:

$$H_2Output_{HHV} = \frac{Mass_i * x_{H2} * GCV_{H2}}{3.6}$$

where:

$H_2Output_{HHV}$ = means the Measured Hydrogen Output (*expressed in MWh HHV*) in each Reporting Unit (*i*)

$Mass_i$ = means the total mass of hydrogen (*expressed in tonnes, dry gas*) in each Reporting Unit (*i*)

x_{H2} = means the mass fraction of Hydrogen within the gas stream

GCV_{H2} = means the gross calorific value (higher heating value of pure Hydrogen (*expressed in MJ/kg*), which shall have a value of 141.7 MJ/kg

- (v) for the Site Boundary Meter only, or where there is On-site Storage, the Production Meter only, the Hydrogen Equivalent Energy Flow (*expressed in MJ_{LHV}*) in each Reporting Unit.¹⁶¹

(i) to (iv) are together the **"Hydrogen Secondary Data"**.

Invalid Reporting Units

3.2 If during a Reporting Unit:

- (A) there are fewer than twenty nine (29) minutes of Hydrogen Measurement Data; or
- (B) there is greater than one (1) minute of Inaccurate Measurement Data,

then such Reporting Unit shall be invalid (a **"Hydrogen Invalid Reporting Unit"**) and the Measured Hydrogen Output, for such Hydrogen Invalid Reporting Unit, shall (i) not form part of the calculation of any weighted averaged consignments for LCHS purposes, (ii) be deemed

¹⁶¹

Note to Reader: An equation for determining the Hydrogen Equivalent Energy Flow (*expressed in MJ_{LHV}*) will be provided following the publication of Version 3 of the LCHS.

to be Non-Qualifying Volumes and (iii) be deemed to be the Deemed Invalid Reporting Unit Output, calculated as follows:

$$DIRUO_i = (0.5 * FIC * ALF)$$

$DIRUO_i$ = means the Deemed Invalid Reporting Unit Output (expressed in *MWh HHV*) for the relevant Reporting Unit (*i*)

FIC = means the Final Installed Capacity (expressed in *MW*)

ALF = means the Assumed Load Factor (%)

And such Deemed Invalid Reporting Unit Output shall be deemed non-compliant with the LCHS.

3.3 If:

- (A) there are greater than two hundred and forty (240) Hydrogen Invalid Reporting Units in a Billing Period; or
- (B) there are greater than nine hundred and sixty (960) Hydrogen Invalid Reporting Units within any twelve (12) consecutive Billing Periods,

then the Producer shall be deemed to have breached Condition 30 of the LCHA.

4. UNCERTAINTY REQUIREMENTS

Overall Measurement Uncertainty Requirement

- 4.1 The uncertainty of the Hydrogen Analysis Equipment, for the measurement of the mass fraction, NCV and GCV shall at all times be equal to or less than +/-0.1% of the measured value at 95% confidence interval (the **"Hydrogen Analysis Equipment Uncertainty Requirement"**).
- 4.2 The uncertainty of the total mass of hydrogen to the Hydrogen Meter Measurement Point shall always be equal to or less than +/-1.0 % of the measured value at 95% confidence interval (the **"Hydrogen Mass Flow Uncertainty Requirement"**).
- 4.3 Where applicable, the overall uncertainty of the Hydrogen Equivalent Energy Flow (expressed in *MJ LHV*) shall always be equal to or less than +/-1.1% of the calculated value at 95% confidence interval (the **"Hydrogen Equivalent Energy Flow Uncertainty Requirement"**).
- 4.4 The overall uncertainty of the Measured Hydrogen Output (expressed in *MWh HHV*) shall always be equal to or less than +/-1.1% of the calculated value at 95% confidence interval (the **"Measured Hydrogen Output Uncertainty Requirement"**).
- 4.5 The Hydrogen Analysis Equipment Uncertainty Requirement, the Hydrogen Mass Flow Uncertainty Requirement, the Hydrogen Equivalent Energy Flow Uncertainty Requirement and the Measured Hydrogen Output Uncertainty Requirement (together, the **"Hydrogen Overall Measurement Uncertainty Requirement"**) shall each be:

- (A) obtained by combining the measurement uncertainty of the relevant components of the relevant Hydrogen Meter Measurement System in a measurement uncertainty budget; and
- (B) ascertained in accordance with internationally recognised and accepted standards, including, but not limited to the guide to the expression of uncertainty in measurement ISO/IEC Guide 98 all parts.

Hydrogen Flow Meter(s)

- 4.6 The hydrogen flow rate at the Hydrogen Meter Measurement Point, shall be measured continuously with Hydrogen Flow Meter(s) with a granularity equal to or less than one (1) minute.
- 4.7 The Hydrogen Flow Meter(s) uncertainty including associated secondary instrumentation shall comply with the Hydrogen Mass Flow Uncertainty Requirement.
- 4.8 Where the total mass of hydrogen is measured with volumetric Flow Meter(s) the hydrogen fluid density shall be determined with an Equation of State. The fluid density uncertainty shall comply with the Hydrogen Overall Measurement Uncertainty Requirement set out in paragraph 4.5 and be accounted for in the Measurement Uncertainty Assessment.
- 4.9 Where the fluid density is determined with an Equation of State, the most appropriate Equation of State shall be used in accordance with national and international standards and where these are not available follow industry best practise guide. Full account shall be taken of the impact of impurities on the Equation of State uncertainty. The fluid density uncertainty shall be assessed, and the assessment shall include the Equation of State uncertainty, the measured fluid stream temperature and pressure uncertainty.
- 4.10 The Hydrogen Flow Meter(s) including associated secondary instrumentation shall be used at all times within its calibrated measurement range as required by the relevant manufacturer requirements.
- 4.11 The Hydrogen Flow Meter(s) shall be calibrated:
 - (A) prior to initial installation at a test laboratory under flowing conditions;
 - (B) at least annually thereafter under flowing conditions:
 - (i) at a test laboratory, or
 - (ii) in situ against a master meter or a prover.
- 4.12 Where any Hydrogen Flow Meter(s) is calibrated with a fluid different from the operational fluid, transferability of the calibration shall be assessed for the employed metering technology and the additional uncertainty from calibration with an alternative fluid shall be accounted for in the Hydrogen Overall Measurement Uncertainty Assessment.
- 4.13 Where any Hydrogen Flow Meter is calibrated at line pressure and temperature different from the operational ones, the impact of this difference on the performance of the meter shall be assessed for the employed metering technology and corrected for where needed and if feasible. Any additional uncertainty from calibration of the meter at line pressure and

temperature different from the operational ones shall be accounted for in the Hydrogen Overall Measurement Uncertainty Assessment.

- 4.14 Where the Hydrogen Flow Meter(s) is calibrated in situ against a master meter or a prover the master meter or prover shall be calibrated at regular interval and at least annually. The master meter or prover calibration shall be traceable to national or international standards.
- 4.15 The secondary instrumentation, including temperature and pressure devices and where applicable differential pressure devices shall be calibrated prior to initial installation at a test laboratory and at least every twelve (12) months or more frequently if required as per manufacturers requirements thereafter either at a test laboratory or in-situ. Where calibrated in-situ, reference test equipment shall be dedicated to the metering service and shall be traceable to accredited EN ISO/IEC 17025 laboratories and shall at least be calibrated on a yearly basis.

General Equipment

- 4.16 The uncertainty of any temperature device(s) used to measure the flow stream temperature shall be at all times $\pm 0.5^{\circ}$ Celsius at 95% confidence interval. The temperature devices(s) shall be used at all times within the calibrated measurement range required by the manufacturer's requirements.
- 4.17 The uncertainty of any pressure device(s) used to measure the flow stream static pressure shall at all times be equal to or less than $\pm 0.25\%$ of the measured value at 95% confidence interval. The static pressure device(s) shall be used at all times within the calibrated measurement range required by the manufacturer's requirements.
- 4.18 The measurement range, resolution and uncertainty of any other measurement device(s) that is necessary to enable the calculation of the Measured Hydrogen Output to the Hydrogen Meter Measurement Point shall comply with the Hydrogen Overall Measurement Uncertainty Requirement.

5. METER MEASUREMENT SYSTEM CRITERIA

Hydrogen Meter Measurement System

- 5.1 The Hydrogen Meter Measurement System shall, as a minimum, comply with ISO/TR 15916:2015 Basic considerations for the safety of hydrogen systems and, for Electrolytic Facilities only, ISO 22734:2019 Hydrogen generators using water electrolysis — Industrial, commercial, and residential applications.

6. HYDROGEN METER CHECKS

- 6.1 The Producer shall ensure that the Hydrogen Meter Measurement System is checked on a daily, weekly, monthly and annual basis.

Section 3 – Water Meter Specification

DEFINITIONS

"Measured Water Input" means the quantity of water (*expressed in m³*) entering the Hydrogen Production Plant at a Water Meter Measurement Point, during the relevant Reporting Unit, as measured in accordance with this Water Meter Specification;

"Water Flow Meter(s)" means one (1) or more flow metering device(s) including ancillary instrumentation for measuring the Measured Water Input;

"Water Measurement Data" means the Water Primary Data and the Water Secondary Data;

"Water Meter Measurement System" means the relevant commissioned Water Meter(s) and Water Measurement Equipment installed for the purposes of measuring Water at the Water Meter Measurement Point(s);

"Water Primary Data" has the meaning given to that term in paragraph 3.1 of this Section 3 to Part D (*Water Meter Measurement System – Technical Specification*);

"Water Secondary Data" has the meaning given to that term in paragraph 3.1 of this Section 3 to Part D (*Water Meter Measurement System – Technical Specification*);

"Water Meter Measurement Equipment" has the meaning given to the term in paragraph 2.1 of Part D (*Water Meter Measurement System – Technical Specification*); and

"Water Meter Measurement Point(s)" means the point(s) at which the Measured Water Input is measured by the Water Meter, as identified on the plan in Annex 1, Part A, paragraph 3 (*Description of the Facility*) and consistent with the requirements of this Section.

1. METERING POINTS

1.1 The Producer shall ensure that:

- (A) a Water Meter Measurement System is installed on every stream of water that is routed to the Hydrogen Production Plant; and
- (B) each Water Meter Measurement Point shall be:
 - (i) located within the Site boundary; and
 - (ii) located immediately upstream of any on-site water treatment or water purification system, if any.

2. WATER METER MEASUREMENT SYSTEM

2.1 Each Water Meter Measurement System shall include the following equipment:

- (A) Water Flow Meter(s) for the measurement of the Measured Water Input;
- (B) any other measurement device(s) that is necessary to enable the calculation of the Measured Water Input including fluid stream temperature devices; and

(C) a flow computer, which shall be linked to the main site BPCS.

together the **"Water Meter Measurement Equipment"**.

2.2 At least one (1) stand-by Water Flow Meter should be installed in parallel with the in-service Water Flow Meter(s) at each Water Meter Measurement Point.

3. **WATER MEASUREMENT DATA**

Reporting, determining and recording of Water Measurement Data

3.1 The Producer shall ensure that:

- (A) the volumetric flow rate (*expressed in m³/h*) is recorded each minute by each Water Meter Measurement System (the **"Water Primary Data"**);
- (B) the Measured Water Input (*expressed in m³*) per Reporting Unit is calculated in respect of each Water Meter Measurement System and reported to, or collected by, the LCHA Counterparty or third-party data aggregator: (the **"Water Secondary Data"**).

Invalid Reporting Units

3.2 If during a Reporting Unit:

- (A) there are fewer than twenty nine (29) minutes of Water Measurement Data; or
- (B) there is greater than one (1) minute of Inaccurate Measurement Data,

then such Reporting Unit shall be invalid (a **"Water Invalid Reporting Unit"**) and the Measured Hydrogen Output during such Water Invalid Reporting Unit shall (i) be deemed to be non-compliant with the LCHS; (ii) not form part of the calculation of any weighted averaged consignments for LCHS purposes and (iii) be deemed to be Non-Qualifying Volumes.

3.3 If:

- (A) there are greater than two hundred and forty (240) Water Invalid Reporting Units in a Billing Period; or
- (B) there are greater than nine hundred and sixty (960) Water Invalid Reporting Units within any twelve (12) consecutive Billing Periods,

then the Producer shall be deemed to have breached Condition 30 of the LCHA.

4. **UNCERTAINTY REQUIREMENTS**

Overall Measurement Uncertainty Requirement

4.1 The overall uncertainty of the Measured Water Input to the Hydrogen Production Plant shall at all times be equal to or less than $\pm 3\%$ of the measured value at 95% confidence interval (the **"Water Overall Measurement Uncertainty Requirement"**).

4.2 The Water Overall Measurement Uncertainty Requirement shall be:

- (A) obtained by combining the measurement uncertainty of all the quantities necessary to enable the calculation of the Measured Water Input to the Hydrogen Production Plant; and
- (B) ascertained in accordance with internationally recognised and accepted standards, including, but not limited to the guide to the expression of uncertainty in measurement ISO/IEC Guide 98 all parts.

5. MEASUREMENT SYSTEM CRITERIA

Water Meter Measurement System

- 5.1 The Water Meter Measurement System shall, as a minimum, comply with the BS EN ISO 4064:2017 standard.

Section 4 – Electricity Meter Technical Specifications

DEFINITIONS

"CT" means current transformer;

"Code Of Practice" means the Balancing and Settlement Code (BSC) documents published by Elexon that detail the technical requirements for Electricity Meter Measurement Equipment.

"Documented Open Protocol" means a multi-vendor, non-proprietary, published protocol not using a pulse-output, such as Modbus/RTU or Mbus;

"Electricity Meter" means the metering equipment located at the Electricity Meter Measurement Point(s) used to measure the Measured Electricity Input to the Site;

"Electricity Meter Measurement Point(s)" means the point(s) at which the Measured Electrical Input is measured by an Electricity Meter, as identified on the plan in Annex 1, Part A, paragraph 3 (*Description of the Facility*);

"Electricity Meter Measurement System" means the relevant commissioned Electricity Meter(s) and Electricity Meter Measurement Equipment installed for the purposes of measuring Electricity at the Electricity Meter Measurement Point(s);

"Electricity Meter Measurement Equipment" means all equipment and installations, including Electricity Meter, documented open protocol, and any other necessary ancillary equipment and infrastructure installed for the purpose of measuring the Measured Electrical Input of electricity routed to the Site;

"Electricity Measurement Data" means the Electricity Primary Data and the Electricity Secondary Data;

"Electricity Overall Measurement Uncertainty Requirement" has the meaning given to that term in paragraph 4.1 of this Section 4 of Part D (*Hydrogen Meter Measurement System - Technical Specification*);

"Electricity Primary Data" has the meaning given to that term in paragraph 3.1(C) of this Section 4 of Part D (*Hydrogen Meter Measurement System - Technical Specification*);

"Electricity Secondary Data" has the meaning given to that term in paragraph 3.1(C) of this Section 4 of Part D (*Hydrogen Meter Measurement System - Technical Specification*);

"Measured Electricity Input" means the amount of electricity (*expressed in kWh*) entering the Site at the Electricity Meter Measurement Point per Reporting Unit as measured in accordance with this Electricity Meter Specification;

"MID" means the Measurement Instrument Directive;

"Total System" means the Distribution or Transmission System;

"VT" means voltage transformer.

1. **METERING POINTS**¹⁶²

1.1 The Producer shall ensure that:

- (A) an Electricity Meter Measurement System is installed, where applicable:
 - (i) on the connection from the Total System to the Facility;
 - (ii) on each private wire connection from a generation asset to the Facility.
- (B) each Electricity Meter Measurement System shall be located within the Site boundary; and
- (C) each Electricity Meter shall be installed in compliance with:
 - (i) BS EN 60079, Electrical apparatus for explosive gas atmospheres.
 - (ii) The Electricity at Work Regulations (1989)
 - (iii) BS 7671 (18th Edition The IET Wiring Regulations)

2. **ELECTRICITY METER EQUIPMENT**

2.1 The Electricity Meter Measurement Equipment shall include the following equipment:

- (A) Electricity Meter for the measurement of Measured Electricity Input (*expressed in kWh*); and
- (B) Documented Open Protocol.

2.2 At least one (1) stand-by Electricity Meter shall be installed in parallel with the in-service Electricity Meter(s) at each Electricity Meter Measurement Point.

2.3 Each Electricity Meter shall feature;

- (A) a digital communication interface; and
- (B) a cloud-connected system that allows data to be displayed, calculated, and reviewed by the LCHA Counterparty and third-party auditors.

2.4 The Producer shall ensure that:

- (A) the Electricity Meter Measurement Equipment shall meet the relevant requirements of the applicable Code of Practice;
- (B) all Electricity Meter(s) are MID certified meters; and
- (C) all CTs and VTs shall be manufactured to the current IEC standard at the time of installation.

¹⁶²

Note to Reader: Additional metering requirements may be required for the use of batteries on-site.

3. ELECTRICITY MEASUREMENT DATA

Reporting, determining and recording of Electricity Measurement Data

3.1 The Producer shall ensure that:

- (A) each Electricity Meter Measurement System records the electrical input to the Site at the Electricity Meter Measurement Point (*expressed in kWh*) for each 15 minute period (the "**Electricity Primary Data**")
- (B) the following values are recorded by each Electricity Meter:
 - (i) the date (*expressed in day/month/year*);
 - (ii) Voltage (*expressed in V*);
 - (iii) Current (*expressed in A*);
 - (iv) Frequency (*expressed in Hz*);
 - (v) Real Power Consumption (*expressed in kWh*);
 - (vi) Reactive Power Consumption (*expressed in kVarh*);
 - (vii) Power Factor (*expressed in cos phi*);
 - (viii) Total harmonic current distortion (*expressed in THDi*);
 - (ix) Real Power (*expressed in kW*);
 - (x) Half Hour Average Demand (*expressed in kVA*);
 - (xi) Reactive Power (*expressed in kVar*); and
 - (xii) Apparent Power (*expressed in kVA*).
- (C) the following measurements shall be calculated in respect of each Electricity Meter Measurement System and reported to, or collected by, the LCHA Counterparty or third party data aggregator;
 - (i) the Measured Electricity Input (*expressed in kWh*) in each Reporting Unit (*i*) calculated as follows:

$$Electricity_i = \sum_j e_j$$

where:

$Electricity_i$ = means the Measured Electricity Input (*expressed in kWh*) in each Reporting Unit (*i*)

e_j = means the electrical input to the Facility (*expressed in kWh*) in each 15 minute period in the relevant Reporting Unit (*i*)

being the "**Electricity Secondary Data**")

Invalid Reporting Units

3.2 If:

- (A) there are fewer than twenty nine (29) minutes of Electricity Measurement Data during a Reporting Unit; or
- (B) there is greater than one (1) minute of Inaccurate Measurement Data,

then such Reporting Unit shall be invalid (an "**Electricity Invalid Reporting Unit**") and the Measured Hydrogen Output during such Electricity Invalid Reporting Unit, shall be (i) deemed to be non-compliant with the LCHS, (ii) not form part of the calculation of any weighted averaged consignments for LCHS purposes and (iii) be deemed to be Non-Qualifying Volumes.

3.3 If:

- (A) there are greater than two hundred and forty (240) Electricity Invalid Reporting Units in a Billing Period; or
- (B) there are greater than nine hundred and sixty (960) Electricity Invalid Reporting Units within any twelve (12) consecutive Billing Periods,
- (C) then the Producer shall be deemed to have breached Condition 30 of the LCHA

4. UNCERTAINTY REQUIREMENTS

Overall Measurement Uncertainty Requirement

4.1 The overall uncertainty of the Measured Electricity Input to the Facility shall be dependent on the circuit (the "**Electricity Overall Measurement Uncertainty Requirement**");

- (A) Three metering types dependant on the capacity of the circuit include;

- (i) Metering Type 1 – for circuits rated greater than 100 MVA; or

Condition	Limits of error at stated power factor	
Current expressed as a percentage of Rated Measuring Current	Power Factor	Limits of Error
120% to 10% inclusive	1	± 0.5%
Below 10% to 5%	1	± 0.7%
Below 5% to 1%	1	± 1.5%
120% to 10% inclusive	0.5 lag and 0.8 lead	± 1.0%

- (ii) Metering Type 2 – for circuits rated up to 100 MVA and rated greater than 10 MVA; or

Condition Current expressed as a percentage of Rated Measuring Current	Limits of error at stated power factor	
	Power Factor	Limits of Error
120% to 10% inclusive	1	± 1.0%
Below 10% to 5%	1	± 1.5%
Below 5% to 1%	1	± 2.5%
120% to 10% inclusive	0.5 lag and 0.8 lead	± 2.0%

(iii) Metering Type 3 – for circuits rated up to 10 MVA.

Condition Current expressed as a percentage of Rated Measuring Current	Limits of error at stated power factor	
	Power Factor	Limits of Error
120% to 10% inclusive	1	± 1.5%
Below 10% to 5%	1	± 2.0%
120% to 10% inclusive	0.5 lag and 0.8 lead	± 2.5%

4.2 The accuracy requirements for;

(A) Current Transformers; and

Meter Type	Minimum Accuracy Class	Configuration Requirements
1	0.2s	One set of CTs for the Main Meter and a second set for the Check Meter (per circuit)
2	0.2s	One set of CTs for the Main and Check Meters (per circuit)
3	0.5s	One set of CTs for the Main and Check Meters (per circuit)

(B) Voltage Transformers

Meter Type	Minimum Accuracy Class	Configuration Requirements
1	0.2s	One set of VTs, or dedicated secondary winding for the Main Meter and a second set, or separate secondary winding, for the Check Meter (per circuit)
2	0.5s	One set of VTs, or dedicated secondary winding for the Main and Check Meters (per circuit)
3	1.0s	One set of VTs for the Main and Check Meters (per circuit)

4.3 The Electricity Overall Measurement Uncertainty Requirement shall be:

- (A) obtained by combining the uncertainty of all the quantities necessary to enable the calculation of the Measured Electricity Input; and
- (B) ascertained in accordance with internationally recognised and accepted standards, including, but not limited to the guide to the expression of uncertainty in measurement ISO/IEC Guide 98 all parts;

Electricity Meter(s)

- 4.4 The electrical input to the Site shall be measured continuously with Electricity Meter(s) with a granularity equal or less than fifteen (15) minutes.
- 4.5 The Electricity Meter(s) uncertainty including associated secondary instrumentation shall comply with the Electricity Overall Measurement Uncertainty Requirement set out in paragraph 4.1.
- 4.6 The Electricity Meter(s) including associated secondary instrumentation shall be used at all times within its calibrated measurement range.
- 4.7 The Electricity Meter(s) shall be calibrated prior to initial installation by the Meter manufacturer. Such calibrated Meters can remain in service for up to 10 years. Subsequent Meter calibrations can be performed to establish whether Meter(s) can be left in service for longer if they remain within the error limits.
- 4.8 Details of the instrument used to perform the calibration shall be given on the test results and this instrument must have been calibrated. The test instrument calibration record must be traceable to an accredited laboratory (UKAS / National Physical Laboratory/ EN ISO/IEC 17025).
- 4.9 Calibration must be carried out to the relevant product standard. The relevant product standards are BS EN/IEC 62053-22 (Active static Meters of Classes 0.2S and 0.5S), 62053-11 (Active electromechanical Meters of Classes 0.5, 1 and 2), 62053-21 (Active static Meters of Classes 1 and 2), or 62053-23 (Reactive static Meters of Classes 2 and 3)).

5. MEASUREMENT SYSTEM CRITERIA

Electricity Measurement System

- 5.1 The Electricity Meter Measurement System shall, as a minimum, comply with the following standards, where applicable:
 - (A) IEC 62052-11:2020 - Electricity metering equipment - General requirements, tests and test conditions - Part 11: Metering equipment.
 - (B) IEC 60060 – High voltage test techniques
 - (C) IEC 62053 – Electricity metering equipment – Particular requirements
 - (D) EN 50470-1:2007 – Electricity metering equipment
 - (E) EN 50470-3 - Electricity metering equipment (a.c.) Part 3: Particular requirements - Static meters for active energy (class indexes A, B and C)

- 5.2 Any Electricity Meter Measurement Equipment that is routed on the connection between the Total System and the Site shall conform to National Electricity Transmission System Regulations.
- 5.3 CTs and VTs shall be manufactured to the current IEC standard at the time of installation.

Section 5 – Oxygen Meter Technical Specifications (CCUS-Enabled Facilities only)

DEFINITIONS

"Oxygen Flow Meter(s)" means one (1) or more flow metering device(s) including ancillary instrumentation for measuring the oxygen flow rate;

"Measured Oxygen Input" means the quantity of oxygen (*expressed in m³* or *kg*) entering the Hydrogen Production Plant per Reporting Unit as measured in accordance with this Oxygen Meter Specification;

"Oxygen Measurement Data" means the Oxygen Primary Data and the Oxygen Secondary Data;

"Oxygen Meter Measurement Equipment" has the meaning given to the term in paragraph 2.1 of this Section to Part D (*Oxygen Meter Measurement System – Technical Specification*);

"Oxygen Meter Measurement System" means the relevant commissioned Oxygen Flow Meter(s) and Oxygen Meter Measurement Equipment installed for the purposes of measuring oxygen at the Oxygen Meter Measurement Point(s);

"Oxygen Meter Measurement Point(s)" means the point(s) at which the Measured Oxygen Input is measured by an Oxygen Meter Measurement System, as identified on the plan in Annex 1, Part A, paragraph 3 (*Description of the Facility*);

"Oxygen Primary Data" has the meaning given to that term in paragraph 4.1 of this Section 5 to Part D (*Oxygen Meter Measurement System – Technical Specification*);

"Oxygen Secondary Data" has the meaning given to that term in paragraph 3.1 of this Section 5 to Part D (*Oxygen Meter Measurement System – Technical Specification*);

1. METERING POINTS

1.1 The Producer shall ensure that any Oxygen Meter Measurement System shall:

- (A) be installed on the stream of oxygen that is routed to the Hydrogen Production Plant;
- (B) be located within the Site boundary; and
- (C) be located upstream of any oxygen compression system, if any.

2. OXYGEN METER MEASUREMENT SYSTEM

2.1 Each Oxygen Meter Measurement System shall include the following equipment:

- (A) Oxygen Flow Meter(s) for the measurement of the oxygen flow rate;
- (B) any other measurement device(s) that is necessary to enable the calculation of the Measured Oxygen Input including temperature and pressure devices; and
- (C) a flow computer, which shall be linked to the main site BPCS.

together the **"Oxygen Meter Measurement Equipment"**.

- 2.2 At least one (1) stand-by Oxygen Flow Meter should be installed in parallel with the in-service Oxygen Flow Meter(s) at each Oxygen Water Meter Measurement Point.
- 2.3 The Producer shall ensure that the Oxygen Meter Measurement System shall conform with UKEX certification, if any component of the relevant Oxygen Meter Measurement System is sourced from the UK, or the ATEX 114 "equipment" Directive 2014/34/EU and ATEX 153 "workplace" Directive 1999/92/EC, if such component is sourced from the EU.

3. OXYGEN MEASUREMENT DATA

Reporting, determining and recording of Oxygen Measurement Data

- 3.1 The Producer shall ensure that
- (A) the following measurements are recorded for each minute by each Oxygen Meter Measurement System:
 - (i) the oxygen flow rate (expressed in kg/s or Am³/s)
 - (ii) the pipeline pressure (*expressed in kPa*)
 - (iii) the temperature (*expressed in °C*)
 - (iv) density (*expressed in kg/m³*), where volumetric Flow Meter(s) are used
 - ((i) to (iv) are together the **"Oxygen Primary Data"**);
 - (B) the Measured Oxygen Input (*expressed in kg or m³*) per Reporting Unit is calculated in respect of each Oxygen Meter Measurement System and reported to, or collected by, the LCHA Counterparty or third-party data aggregator (the **"Oxygen Secondary Data"**).

Invalid Reporting Units

- 3.2 If during a Reporting Unit:
- (A) there are fewer than twenty nine (29) minutes of Oxygen Measurement Data; or
 - (B) there is greater than one (1) minute of Inaccurate Measurement Data,
- then such Reporting Unit shall be invalid (a **"Oxygen Invalid Reporting Unit"**) and the Measured Hydrogen Output during such Oxygen Invalid Reporting Unit shall (i) be deemed to be non-compliant with the LCHS, (ii) not form part of the calculation of any weighted averaged consignments for LCHS purposes and (iii) be deemed to be Non-Qualifying Volumes.
- 3.3 If:
- (A) there are greater than two hundred and forty (240) Oxygen Invalid Reporting Units in a Billing Period; or
 - (B) there are greater than nine hundred and sixty (960) Oxygen Invalid Reporting Units within any twelve (12) consecutive Billing Periods,

then the Producer shall be deemed to have breached Conditions 30 of the LCHA

4. UNCERTAINTY REQUIREMENTS

Overall Measurement Uncertainty Requirement

- 4.1 The overall uncertainty of the Measured Oxygen Input to the Hydrogen Production Plant shall at all times be equal to or less than $\pm 3\%$ of the measured value at 95% confidence interval (the "**Oxygen Overall Uncertainty Requirement**").
- 4.2 The Oxygen Overall Uncertainty Requirement shall be:
- (A) obtained by combining the measurement uncertainty of all the quantities necessary to enable the calculation of the Measured Oxygen Input to the Hydrogen Production Plant; and
 - (B) ascertained in accordance with internationally recognised and accepted standards, including, but not limited to the guide to the expression of uncertainty in measurement ISO/IEC Guide 98 all parts;

5. MEASUREMENT SYSTEM CRITERIA

Oxygen Meter Measurement System

- 5.1 The Oxygen Meter Measurement System shall, as a minimum, comply with BS EN 50104:2019.

Annex 10

LCHS Certification

1. DEFINITIONS

1.1 In this Annex 10 (*LCHS Certification*):

"Acceptable Certification Scheme" has the meaning given to that term in paragraph 2.14(A) (*Notification of Acceptable Certification Scheme(s)*);

"Acceptable Certification Scheme Notice" has the meaning given to that term in paragraph 2.14 (*Notification of Acceptable Certification Scheme(s)*);

"Certification Scheme" means either the Government Certification Scheme and/or an Other Certification Scheme (as applicable);

"Certification Scheme Amendment Notice" has the meaning given to that term in paragraph 2.12 (*Notification of amendment to Certification Scheme(s)*);

"Certification Scheme Change Notice" has the meaning given to that term in paragraph 2.11 (*Notification of amendment to Certification Scheme(s)*);

"Certification Scheme Participation Notice" has the meaning given to that term in paragraph 2.3 (*Notification of participation in Certification Scheme*);

"Certification Scheme Response Notice" means a Government Certification Scheme Response Notice or an Other Certification Scheme Response Notice (as applicable);

"Certification Scheme Supporting Information" means Government Certification Scheme Supporting Information or Other Certification Scheme Supporting Information (as applicable);

"Further Certification Scheme Response Notice" has the meaning given to that term in paragraph 2.9(B) (*Notification of participation in Certification Scheme*);

"Government Certification Scheme" means the [UK low carbon hydrogen certification scheme] effected or endorsed by the Secretary of State or another UK Competent Authority, which issues, grants, allocates or attributes Hydrogen Certificates (as such scheme may be amended, supplemented, restated or replaced from time to time);

"Government Certification Scheme Response Notice" has the meaning given to that term in paragraph 2.4 (*Notification of participation in Certification Scheme*);

"Government Certification Scheme Supporting Information" has the meaning given to that term in paragraph 2.4(C) (*Notification of participation in Certification Scheme*);

"Hydrogen Certificate(s)" means any certificate, guarantee of origin or other similar instrument issued, granted, allocated or attributed in respect of the emissions attributed to the production of low carbon hydrogen at the Facility (but excluding any certificate issued, granted, allocated or attributed under the RTFO Scheme);

"Linked Entity" means the Producer's subsidiaries, subsidiary undertakings, associated undertakings and any holding company of the Producer and all other subsidiaries, subsidiary

undertakings, associated undertakings and holding companies of any such holding company from time to time;

"Other Certification Scheme" means a scheme, organisation or process which issues, grants, allocates or attributes Hydrogen Certificates, other than the Government Certification Scheme;

"Other Certification Scheme Response Notice" has the meaning given to that term in paragraph 2.6 (*Notification of participation in Certification Scheme*); and

"Other Certification Scheme Supporting Information" has the meaning given to that term in paragraph 2.6(C) (*Notification of participation in Certification Scheme*).

2. PARTICIPATION IN CERTIFICATION SCHEMES

Restriction on participation in Certification Scheme(s)

- 2.1 The Producer shall be entitled to participate in the Government Certification Scheme which relates to Hydrogen Certificate(s), subject to paragraphs 2.3 to 2.13.
- 2.2 The Producer shall not, and shall procure that its Linked Entities and any other third parties shall not register, become registered or accredited for, or otherwise participate in, any aspects of an Other Certification Scheme which relates to Hydrogen Certificate(s) without the prior approval of the LCHA Counterparty in accordance with paragraphs 2.3 to 2.10.

Notification of participation in Certification Scheme

- 2.3 If the Producer intends to participate in a Certification Scheme it shall give a notice to the LCHA Counterparty (a **"Certification Scheme Participation Notice"**). A Certification Scheme Participation Notice shall specify:
 - (A) the Certification Scheme that the Producer intends to participate in;
 - (B) the date from which the Producer proposes to participate in the Certification Scheme;
 - (C) the Competent Authority that administers the Certification Scheme (including the contact details of such Competent Authority);
 - (D) the chain of custody in respect of any Hydrogen Certificate(s) issued, granted, allocated or attributed by the Certification Scheme; and
 - (E) where applicable, details of how the Producer may receive revenue (directly or indirectly) as a result of participating in the Certification Scheme.

The Producer shall not be entitled to submit a Certification Scheme Participation Notice prior to the date which is six (6) Months after the date of the previous Certification Scheme Participation Notice submitted by the Producer to the LCHA Counterparty (if any).

- 2.4 The LCHA Counterparty may, no later than thirty (30) Business Days after receipt of a Certification Scheme Participation Notice that relates to the Government Certification Scheme give a notice to the Producer (a **"Government Certification Scheme Response Notice"**). A

Government Certification Scheme Response Notice shall set out whether the LCHA Counterparty (acting reasonably):

- (A) does not object to the Producer participating in the Government Certification Scheme;
- (B) objects to the Producer participating in the Government Certification Scheme (providing details of the LCHA Counterparty's grounds for objection); or
- (C) requires the Producer to provide additional Supporting Information in order for the LCHA Counterparty to determine whether or not it objects to the Producer's participation in the Government Certification Scheme and, if so, details of the additional Supporting Information which the LCHA Counterparty requires (the **"Government Certification Scheme Supporting Information"**).

2.5 If the LCHA Counterparty does not issue a Government Certification Scheme Response Notice to the Producer within thirty (30) Business Days after receipt of a Certification Scheme Participation Notice the LCHA Counterparty shall be deemed to have no objection to the Producer participating in the Government Certification Scheme from the date set out in the Producer's Certification Scheme Participation Notice, subject to paragraphs 2.11 to 2.13 (*Notification of amendment to Certification Scheme(s)*).

2.6 The LCHA Counterparty shall, no later than [ninety (90) Business Days] after receipt of a Certification Scheme Participation Notice that relates to an Other Certification Scheme give a notice to the Producer (an **"Other Certification Scheme Response Notice"**). An Other Certification Scheme Response Notice shall set out whether the LCHA Counterparty (acting reasonably):

- (A) consents to the Producer participating in the Other Certification Scheme;
- (B) does not consent to the Producer participating in the Other Certification Scheme (providing details of the LCHA Counterparty's grounds for withholding consent); or
- (C) requires the Producer to provide additional Supporting Information in order for the LCHA Counterparty to determine whether or not it consents to the Producer's participation in the Other Certification Scheme and, if so, details of the additional Supporting Information which the LCHA Counterparty requires (the **"Other Certification Scheme Supporting Information"**).

2.7 In the case of a Certification Scheme Response Notice which relates to paragraph 2.4(A) or paragraph 2.6(A), the LCHA Counterparty may also (acting reasonably) specify conditions that must be complied with by the Producer in order for it to be allowed to participate in the relevant Certification Scheme.

2.8 For the purposes of any decision made or conditions imposed by the LCHA Counterparty pursuant to paragraphs 2.4, 2.6, 2.7, 2.9 or 2.12, the LCHA Counterparty shall be deemed to be acting reasonably if such decision or condition is made or imposed to:

- (A) avoid over-compensation of the Producer as a result of the Producer being allowed to participate in the relevant Certification Scheme; or

- (B) provide sufficient time for the LCHA Counterparty to implement any necessary changes to its systems that may be required due to the Producer's participation in the relevant Certification Scheme.

2.9 If the LCHA Counterparty states in a Certification Scheme Response Notice that the LCHA Counterparty requires the Producer to provide the Certification Scheme Supporting Information:

- (A) the Producer shall provide the Certification Scheme Supporting Information as soon as reasonably practicable, and in any event no later than [ninety (90)] Business Days after receipt of the Certification Scheme Response Notice, or such longer period as is specified by the LCHA Counterparty; and
- (B) upon receipt of such Certification Scheme Supporting Information, the LCHA Counterparty shall give a further Certification Scheme Response Notice to the Producer (a **"Further Certification Scheme Response Notice"**). A Further Certification Scheme Response Notice shall contain one of the statements set out in paragraphs 2.4(A), 2.4(B), 2.6(A) or 2.6(B). The LCHA Counterparty may also specify in any Further Certification Scheme Response Notice (acting reasonably) conditions that must be complied with by the Producer in order to participate in the relevant Certification Scheme.

2.10 If the LCHA Counterparty states in a Certification Scheme Response Notice that:

- (A) the LCHA Counterparty objects to the Producer participating in the Government Certification Scheme or does not consent to the Producer participating in an Other Certification Scheme, then:
 - (i) the Producer shall not be entitled to participate in such Certification Scheme, subject to paragraphs 2.11 to 2.13 (*Notification of amendment to Certification Scheme(s)*),
 - (ii) in the case of an Other Certification Scheme, paragraph 2.2 (*Restriction on participation in Certification Scheme(s)*) shall continue to apply in respect of such Other Certification Scheme(s),
 - (iii) without prejudice to the rights of the Producer to serve any further Certification Scheme Participation Notice(s) in the future, including in respect of the same Certification Scheme;
- (B) the LCHA Counterparty does not object to the Producer participating in the Government Certification Scheme or consents to the Producer participating in an Other Certification Scheme, then the Producer shall be entitled to participate in such Certification Scheme; and
- (C) conditions must be complied with by the Producer in order to participate in the Government Certification Scheme or an Other Certification Scheme, the Producer shall not participate in the relevant Government Certification Scheme or an Other Certification Scheme until it has provided the LCHA Counterparty with evidence, in form and content satisfactory to the LCHA Counterparty (acting reasonably) that such conditions have been complied with.

Notification of amendment to Certification Scheme(s)

2.11 If at any time after:

- (A) the issuance of a Certification Scheme Response Notice which relates to paragraph 2.4(A) or paragraph 2.6(A); or
- (B) the date on which the LCHA Counterparty is deemed to have no objection to the Producer participating in the Government Certification Scheme pursuant to paragraph 2.5,

the Producer becomes aware of any fact, matter or circumstance which will or is reasonably likely to affect the accuracy of the information provided to the LCHA Counterparty in respect of a Certification Scheme pursuant to paragraphs 2.3(C) to 2.3(E) (inclusive) (*Notification of participation in Certification Scheme*) the Producer shall promptly give a notice to the LCHA Counterparty (a "**Certification Scheme Change Notice**") along with Supporting Information.

2.12 Upon receipt of a Certification Scheme Change Notice the LCHA Counterparty may issue a notice to the Producer (the "**Certification Scheme Amendment Notice**"). A Certification Scheme Amendment Notice shall specify that:

- (A) the LCHA Counterparty (acting reasonably) no longer consents to the Producer participating in such Certification Scheme; and/or
- (B) additional conditions (acting reasonably) that must be complied with by the Producer in order to continue to participate in the Certification Scheme; and
- (C) the date from which the withdrawal of consent or the additional conditions that must be complied with are to take effect, such date being no earlier than the date which is six (6) Months after the date on which the LCHA Counterparty issues the relevant Certification Scheme Amendment Notice pursuant to paragraph 2.11.

2.13 Paragraph 2.12 shall be without prejudice to any right of the Producer to hold, sell, trade, transfer, forfeit or surrender any Hydrogen Certificate which relates to such Certification Scheme in accordance with this Annex 10 (*LCHS Certification*), provided that such Hydrogen Certificate(s) have been issued on or prior to the relevant date set out by the LCHA Counterparty in the relevant Certification Scheme Amendment Notice pursuant to paragraph 2.12(C).

Notification of Acceptable Certification Scheme(s)

2.14 The LCHA Counterparty may, at any time, issue a notice to the Producer (an "**Acceptable Certification Scheme Notice**") which may set out, in the LCHA Counterparty's discretion details of:

- (A) any Certification Scheme in which the Producer shall be entitled to participate (an "**Acceptable Certification Scheme**"); and
- (B) any conditions (acting reasonably) that must be complied with by the Producer in order to be permitted to participate in any Acceptable Certification Scheme.

- 2.15 From the date of the Acceptable Certification Scheme Notice, paragraph 2.2 to 2.10 (inclusive) shall not apply to the Acceptable Certification Scheme set out in the Acceptable Certification Scheme Notice.
- 2.16 The LCHA Counterparty may issue a Certification Scheme Amendment Notice in respect of an Acceptable Certification Scheme pursuant to clause 2.12 at any time, without the requirement for a Certification Scheme Change Notice to have been issued.

Notification of accreditation and Notification of ceased participation in Certification Scheme

- 2.17 The Producer shall, within twenty (20) Business Days of having become registered or accredited for a Certification Scheme, notify the LCHA Counterparty, with such notice to specify the date on which the Producer became registered or accredited for such Certification Scheme.
- 2.18 The Producer shall, within twenty (20) Business Days of ceasing to participate in any Certification Scheme, notify the LCHA Counterparty, with such notice to specify the date on which the Producer ceased to be registered or accredited in such Certification Scheme.

Annex 11
H₂ Levy Revenue Support Regulations¹⁶³

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Note to Reader: DESNZ will provide stakeholders with further information in relation to the contents of this Annex in due course.

Annex 12

Gas Reference Price Review

Part A

GRP Review Procedures

1. DEFINITIONS: ANNEX 12

1.1 In this Annex 12 (*Gas Reference Price Review*):

"10-BD Sample Period" means a period of ten (10) consecutive Business Days;

"Calculation Gas Price Source" means a price source which is determined pursuant to a GRP Principles Review to have met the GRP Quality Criteria;

"Gas Price Source" has the meaning given to that term in Condition 1.1 (*Definitions: Part 1*) of Part 1 (*Introduction*);

"Gas Settlement Price" has the meaning given to that term in Condition 1.1 (*Definitions: Part 1*) of Part 1 (*Introduction*);;

"GRP Dispute" means a Dispute in relation to the outcome of a GRP Principles Review;

"GRP Dispute Producer" has the meaning given to that term in paragraph 2.1 (*Procedure for raising a Dispute*) of Part B (*GRP Review Procedures*);

"GRP Dispute Notice" has the meaning given to that term in paragraph 2.1 (*Procedure for raising a Dispute*) of Part B (*GRP Review Procedures*);

"GRP Dispute Threshold Criterion" has the meaning given to that term in paragraph 2.10 (*GRP Dispute Threshold Criterion*) of Part B (*GRP Review Procedures*);

"GRP Dispute Validity Notice" has the meaning given to that term in paragraph 2.3 (*Validity of GRP Dispute Notices*) of Part B (*GRP Review Procedures*);

"GRP Expert Appointment Threshold" has the meaning given to that term in paragraph 2.7 (*GRP Expert Appointment Threshold*) of Part B (*GRP Review Procedures*);

"GRP Mechanism Amendment" has the meaning given to that term in paragraph 1.6 (*Purpose of Gas Price Principles Review*) of Part B (*GRP Review Procedures*);

"GRP Principles" means the principles set out in paragraph 1 (*GRP Principles*) of Part C (*GRP Principles*);

"GRP Principles Prioritisation" means the prioritisation of the GRP Principles described in paragraph 2 (*Prioritisation of GRP Principles*) of Part C (*GRP Principles*);

"GRP Principles Request Criterion" has the meaning given to that term in paragraph 1.3 (*Requirement to undertake GRP Principles Reviews*) of Part B (*GRP Review Procedures*);

"GRP Principles Request Notice" has the meaning given to that term in paragraph 1.2 (*Requirement to undertake GRP Principles Reviews*) of Part B (*GRP Review Procedures*);

"GRP Principles Request Validity Notice" has the meaning given to that term in paragraph 1.5 (*Validity of GRP Principles Request Notices*) of Part B (*GRP Review Procedures*);

"GRP Principles Review" means a review conducted by the LCHA Counterparty pursuant to, and within the parameters specified in, paragraph 1 (*GRP Principles Review*) of Part B (*GRP Review Procedures*);

"GRP Principles Review Implementation Date" has the meaning given to that term in paragraph 1.12(B) (*Notification of outcome of GRP Principles Review*) of Part B (*GRP Review Procedures*);

"GRP Principles Review Notice" has the meaning given to that term in paragraph 1.8 (*Notification of GRP Principles Review*) of Part B (*GRP Review Procedures*);

"GRP Principles Review Outcome Notice" has the meaning given to that term in paragraph 1.12 (*Notification of outcome of GRP Principles Review*) of Part B (*GRP Review Procedures*);

"GRP Principles Review Proposals" has the meaning given to that term in paragraph 1.8(A) (*Notification of outcome of GRP Principles Review*) of Part B (*GRP Review Procedures*);

"GRP Principles Review Response Deadline" has the meaning given to that term in paragraph 1.8(B) (*Notification of GRP Principles Review*) of Part B (*GRP Review Procedures*);

"GRP Principles Review Response Notice" has the meaning given to that term in paragraph 1.9 (*Notification of GRP Principles Review*) of Part B (*GRP Review Procedures*);

"GRP Principles Review Trigger" has the meaning given to that term in paragraph 1.1 (*Requirement to undertake GRP Principles Reviews*) of Part B (*GRP Review Procedures*);

"GRP Quality Criteria" in respect of a price source, means the LCHA Counterparty having determined that, as at the GRP Principles Review Response Deadline:

- (A) the underlying data used to compile or prepare such price source:
 - (i) is subject to reasonable procedures to ensure its accuracy and completeness;
 - (ii) is subject to reasonable procedures to ensure its retention by the administrator for a period of at least two (2) years such that it is capable of audit; and
 - (iii) consists only of verifiable transaction data (including confirmed bid and offer prices) and does not include data which is the product of a subjective judgement;
- (B) the methodology used by the administrator to prepare and compile such price source:
 - (i) is appropriately documented;
 - (ii) is not subject to subjective judgement; and
 - (iii) may only be changed in accordance with documented change control procedures which provide adequate protection against conflicts of interest which exist or are reasonably likely to arise in connection with such methodology; and

- (C) the administrator of such price source and the submitters to such price source have effective organisational and administrative arrangements in place to identify and manage conflicts of interest and to protect commercial confidentiality,

and **"GRP Quality Criterion"** shall be construed accordingly;

"Initial GRP Index" has the meaning given to that term in Condition 1.1 (*Definitions: Part 1*) of Part 1 (*Introduction*);

"Month Ahead Natural Gas Contracts" has the meaning given to that term in Condition 1.1(*Definitions: Part 1*) of Part 1 (*Introduction*);

"Price Source Live Day" means, in respect of price source, a day where Month Ahead Gas Contracts are conducted or reported; and

"Proposed GRP Expert" has the meaning given to that term in paragraph 2.3(A) (*Validity of GRP Dispute Notices*) of Part B (*GRP Review Procedures*).

Part B
GRP Review Procedures

1. GRP PRINCIPLES REVIEW

Requirement to undertake GRP Principles Reviews

1.1 The LCHA Counterparty:

- (A) shall conduct a GRP Principles Review if:
 - (i) the Gas Price Source ceases to be available to the LCHA Counterparty;
 - (ii) the Gas Price Source ceases to be available to the LCHA Counterparty on commercially reasonable terms;
 - (iii) no Gas Reference Price is capable of being calculated pursuant to Condition 9.12 (*Floor Price Calculation*) for a period of ten (10) consecutive Business Days;
 - (iv) the volume (*expressed in MWh*) of Month Ahead Gas Contracts in respect of gas to be delivered within Great Britain reflected in each Gas Price Source is nil in any 10-BD Sample Period;
 - (v) the splitting of the Great Britain gas market has been proposed or effected by the relevant Competent Authority; or
 - (vi) the GRP Principles Request Criterion is met; and
- (B) may conduct a GRP Principles Review if it determines that the Gas Reference Price does not reflect the market price for the sale of gas delivered within Great Britain,

(each, a **"GRP Principles Review Trigger"**).

1.2 If the Producer considers that the calculation of the Gas Reference Price does not comply with all of the GRP Principles, the Producer may give a notice to the LCHA Counterparty requesting the LCHA Counterparty to undertake a GRP Principles Review (a **"GRP Principles Request Notice"**). A GRP Principles Request Notice:

- (A) shall specify which of the GRP Principles the Producer believes the calculation of the Gas Reference Price does not comply with;
- (B) may include proposals from the Producer with respect to the manner in which the non-compliance with the GRP Principles should be addressed (including any proposals regarding GRP Mechanism Amendments which the Producer considers should be effected); and
- (C) shall include Supporting Information, in reasonable detail, which the Producer considers to be relevant to and supportive of the matters in paragraphs (A) and (B).

1.3 For the purposes of paragraph 1.1(A)(v), the **"GRP Principles Request Criterion"** is that thirty per cent. (30%) or more of LCHA Producers, by volume or number, have given the LCHA

Counterparty a GRP Principles Request Notice in any period of ten (10) consecutive Business Days. For the purposes of determining whether the GRP Principles Request Criterion is met, the LCHA Counterparty shall calculate:

- (A) the number of LCHA Producers which have given a GRP Principles Request Notice as a percentage of the total number of LCHA Producers; and
- (B) the volume attributable to UKLCH Programme LCHAs to which LCHA Producers which have given a GRP Principles Request Notice are party as a percentage of the total volume attributable to UKLCH Programme LCHAs (and, for this purpose, **"volume"** shall be calculated by the LCHA Counterparty using the [Initial] LCHA Sales Cap in each relevant UKLCH Programme LCHA).

Validity of GRP Principles Request Notices

- 1.4 The Producer acknowledges and agrees that all GRP Principles Request Notices shall be invalid and of no effect if the GRP Principles Request Criterion is not met.
- 1.5 The LCHA Counterparty shall notify the Producer no later than ten (10) Business Days after the GRP Principles Request Criterion has been met (a **"GRP Principles Request Validity Notice"**).

Purpose of Gas Price Principles Review

- 1.6 If the LCHA Counterparty is required or elects to undertake a GRP Principles Review pursuant to paragraph 1.1, then the purpose of such GRP Principles Review shall be to assess the extent to which:
 - (A) the calculation of the Gas Reference Price in accordance with Condition 2.2 (*Gas Price calculation*) is compliant with the GRP Principles and, if the calculation of the Gas Reference Price in accordance with Condition 2.2 (*Gas Price calculation*) is not compliant with the GRP Principles, the changes to Condition 2.2 (*Gas Price calculation*) which the LCHA Counterparty considers to be necessary to ensure compliance with all of the GRP Principles; and
 - (B) any of the following would ensure compliance with all of the GRP Principles:
 - (i) an amendment or supplement to, or replacement or removal of, the Gas Price Source;
 - (ii) the application of any weighting (whether by volume or number of trades) with respect to any price sources used in the calculation of the Gas Reference Price; or
 - (iii) a change to the Month-ahead methodology for calculating the Gas Reference Price,
 including any consequential changes to Condition 9 (*Payment Calculations*) and this Annex 12 (*Gas Reference Price Review*) which are necessary to give effect to any of the foregoing,
 (each such change, or any combination of such changes, a **"GRP Mechanism Amendment"**).

- 1.7 If the LCHA Counterparty considers that it is not possible to effect any GRP Mechanism Amendment in a manner which will be compliant with all of the GRP Principles, the LCHA Counterparty shall assess which GRP Mechanism Amendment should be effected in order to comply with the greatest number of GRP Principles in accordance with the GRP Principles Prioritisation.

Notification of GRP Principles Review

- 1.8 If the LCHA Counterparty is required or elects to undertake a GRP Principles Review pursuant to paragraph 1.1, the LCHA Counterparty shall give a notice to the Producer (a **"GRP Principles Review Notice"**) and, if the LCHA Counterparty has been required to undertake a GRP Principles Review pursuant to paragraph 1.1(A)(iii), the LCHA Counterparty shall give the GRP Principles Review Notice no later than five (5) Business Days after such GRP Principles Review Trigger has occurred. A GRP Principles Review Notice shall:
- (A) specify the GRP Principles Review Trigger which has occurred; and
 - (B) specify a deadline by which the Producer may provide a GRP Principles Review Response Notice, such deadline to be no less than ten (10) Business Days after the date on which the GRP Principles Review Notice is received by the Producer (the **"GRP Principles Review Response Deadline"**).
- 1.9 The Producer may, as soon as reasonably practicable and not later than the GRP Principles Review Response Deadline, give a notice to the LCHA Counterparty (the **"GRP Principles Review Response Notice"**). A GRP Principles Review Response Notice:
- (A) shall include all of the Supporting Information which the Producer wishes the LCHA Counterparty to take account of in undertaking the GRP Principles Review; and
 - (B) may include proposals from the Producer with respect to the manner in which the GRP Principles Review Trigger should be addressed (including any proposals regarding GRP Mechanism Amendments which the Producer considers should be effected).
- 1.10 The LCHA Counterparty may disregard any GRP Principles Review Response Notice received by the LCHA Counterparty after the GRP Principles Review Response Deadline.

Gas Price Sources during GRP Principles Review

- 1.11 From the date on which the GRP Principles Review Notice is given, subject to Conditions 9.11 to 9.15 (*Floor Price Calculation*), the Gas Price Source prior to the commencement of the relevant GRP Principles Review shall remain unamended pending the outcome of a GRP Principles Review.

Notification of outcome of GRP Principles Review

- 1.12 The LCHA Counterparty shall give a notice to the Producer of the outcome of a GRP Principles Review (a **"GRP Principles Review Outcome Notice"**) as soon as reasonably practicable following the conclusion of a GRP Principles Review. A GRP Principles Review Outcome Notice shall:

- (A) set out the outcome of the GRP Principles Review (including the details of any GRP Mechanism Amendments which the LCHA Counterparty proposes to effect) (the "**GRP Principles Review Proposals**") and, if paragraph 1.7 applies:
 - (i) a summary of the reasons for the LCHA Counterparty having determined that it is not possible to effect any GRP Mechanism Amendment in a manner which complies with all of the GRP Principles; and
 - (ii) the GRP Principles which the LCHA Counterparty considers will be complied with by virtue of the GRP Mechanism Amendments being effected; and
- (B) specify the date from which any GRP Mechanism Amendments are to take effect, such date being:
 - (i) no earlier than three (3) Months after the date on which the GRP Principles Review Outcome Notice is given (or such other earlier date as may be agreed by the Parties); and
 - (ii) in the case of GRP Mechanism Amendments relating to a GRP Principles Review Trigger pursuant to paragraph 1.1(A)(ii), not before such splitting of the Great Britain gas market occurs,

(the "**GRP Principles Review Implementation Date**").

GRP Principles Review: Disputes

- 1.13 Paragraph 2 (*GRP Reviews: Dispute Process*) shall apply to any Dispute relating to this paragraph 1 (*GRP Principles Reviews*).
- 1.14 Subject to paragraph 2.9 (*Provisions applying pending resolution of a GRP Dispute*), the GRP Mechanism Amendments set out in the GRP Principles Review Outcome Notice shall take effect on the GRP Principles Review Implementation Date.

2. GRP REVIEWS: DISPUTE PROCESS

Procedure for raising a Dispute

- 2.1 The Producer may, no later than twenty (20) Business Days after receipt of a GRP Principles Review Outcome Notice, give a notice to the LCHA Counterparty that it wishes to raise a Dispute in relation to the outcome of such GRP Principles Review (a "**GRP Dispute Notice**" and any such Producer, a "**GRP Dispute Producer**"). Each GRP Dispute Notice shall comply with the requirements of a Dispute Notice as specified in Condition 55.3 (*Outline of Dispute Resolution Procedure*).

Validity of GRP Dispute Notices

- 2.2 The Producer acknowledges and agrees that all GRP Dispute Notices shall be invalid and of no effect if the GRP Dispute Threshold Criterion in respect of the relevant GRP Dispute is not met.
- 2.3 The LCHA Counterparty shall notify the Producer no later than twenty (20) Business Days after the GRP Dispute Threshold Criterion has been met (irrespective of whether or not the Producer

is a GRP Dispute Producer) (a **"GRP Dispute Validity Notice"**). A GRP Dispute Validity Notice shall:

- (A) include a proposal as to the identity, and terms of reference, of an Expert to determine the GRP Dispute (the **"Proposed GRP Expert"**) and details of the relevant expertise that the LCHA Counterparty considers qualifies the Proposed GRP Expert to determine such GRP Dispute (being a person fulfilling the requirements of Condition 57 (*Expert Determination Procedure*) and having no conflict of interest which prevents the Proposed GRP Expert from determining the GRP Dispute);
- (B) comply with the requirements of an Expert Determination Notice as specified in Condition 57.1 (*Expert Determination Procedure*); and
- (C) comply with the requirements of a Consolidation Request as specified in Condition 59.2 (*Consolidation of Connected Disputes*).

Permitted bases of Dispute: GRP Principles Review

2.4 For the purposes of paragraph 2.1 (*Procedure for Raising a Dispute*), the Producer acknowledges and agrees that it may only raise a Dispute with respect to the outcome of any GRP Principles Review if:

- (A) the LCHA Counterparty has acted unreasonably in failing to pay due regard to the Supporting Information which the Producer requested the LCHA Counterparty to take account of in undertaking the GRP Principles Review (as set out in its GRP Principles Review Response Notice);
- (B) the LCHA Counterparty has proposed to effect a GRP Mechanism Amendment which was stated in the GRP Principles Review Outcome Notice to be compliant with all of the GRP Principles and the Producer considers that such GRP Mechanism Amendment contravenes one (1) or more of the GRP Principles; or
- (C) the LCHA Counterparty has proposed to effect a GRP Mechanism Amendment on the basis contemplated by paragraph 1.7 (*Purpose of Gas Price Principles Review*) and the Producer considers that either:
 - (i) one (1) or more of the proposed GRP Mechanism Amendments contravenes one (1) of the GRP Principles which the LCHA Counterparty considers would be complied with by virtue of such GRP Mechanism Amendment being effected; or
 - (ii) an alternative GRP Mechanism Amendment complies with a greater number of GRP Principles (in accordance with the GRP Principles Prioritisation) than the GRP Mechanism Amendments contained within the GRP Principles Review Proposals,

and any GRP Dispute Notice which is based upon grounds other than those specified in this paragraph 2.4 shall be invalid and of no effect.

Resolution of valid GRP Disputes

2.5 If:

- (A) the GRP Dispute Threshold Criterion is met in respect of any GRP Dispute; and
- (B) the relevant GRP Dispute complies with paragraph 2.4 (*Permitted bases of Dispute: GRP Principles Review*),

then such GRP Dispute shall be finally resolved in accordance with paragraph 2.6 (*Resolution of valid GRP Disputes*).

2.6 If paragraph 2.5 applies to any GRP Dispute:

- (A) Condition 56 (*Resolution by Senior Representatives*) shall not apply to such GRP Dispute;
- (B) no agreement between the Producer and the LCHA Counterparty to settle the relevant GRP Dispute shall be valid and binding unless such resolution is agreed with all LCHA Producers;
- (C) the Arbitration Procedure shall not apply to such GRP Dispute;
- (D) the Producer agrees not to raise any objection to the consolidation of such GRP Dispute in accordance with Condition 59 (*Consolidation of Connected Disputes*);
- (E) the Expert Determination Procedure shall apply to such GRP Dispute on the basis that:
 - (i) (if the GRP Expert Appointment Threshold is met) the LCHA Counterparty shall be deemed to have satisfied the requirements of, and to have given an Expert Determination Notice pursuant to, Condition 57.1 (*Expert Determination Procedure*) and the Parties will be deemed to have agreed to both the identity and the terms of reference of the Proposed GRP Expert;
 - (ii) (if the GRP Expert Appointment Threshold is not met):
 - (a) the LCHA Counterparty may, within ten (10) Business Days, either:
 - (1) make an alternative proposal as to the identity of an Expert to determine the GRP Dispute, in which case paragraphs 2.3(A) and 2.6(E)(i), and this paragraph 2.6(E)(ii)(a)(1), shall apply to such proposed Expert as if that Expert were a Proposed GRP Expert; or
 - (2) request the LCIA to nominate an Expert for the purposes of determining the GRP Dispute in accordance with Condition 57.4 (*Expert Determination Procedure*); and
 - (b) the terms of reference of the Proposed GRP Expert (or any Expert nominated by the LCIA pursuant to paragraph 2.6(E)(ii)(a)(2)) shall be determined by the LCHA Counterparty in its sole and absolute discretion (having regard to any submissions made to it by any Producer), and shall be binding on the Parties, provided that such terms of reference are sufficiently broad to enable the Expert to determine the GRP Dispute;

- (iii) if the LCHA Counterparty and the LCHA Producers fail to agree on the terms of appointment of the Expert within ten (10) Business Days of the identity of the Expert having been agreed (or deemed to have been agreed) pursuant to paragraph 2.6(E)(i) or having been nominated by the LCIA pursuant to paragraph 2.6(E)(ii)(a)(2), such terms shall be determined by the LCHA Counterparty in its sole and absolute discretion (having regard to any submissions made to it by any LCHA Producer), and shall be binding on the Parties, provided that the terms of appointment comply with the requirements of paragraph 2.6(E)(iii) and Conditions 57.5(A)(ii)(a) and 57.5(A)(ii)(b) (*Expert Determination Procedure*);
 - (iv) Condition 57 (*Expert Determination Procedure*) shall be deemed to have been modified such that the Parties shall use reasonable endeavours to procure that the terms of appointment of the Expert prohibit the Expert from disclosing any Supporting Information disclosed or delivered by:
 - (a) the Producer to the Expert in consequence of, or in respect of, their appointment as the Expert to any other LCHA Producer or the LCHA Counterparty; or
 - (b) the LCHA Counterparty in consequence of, or in respect of, their appointment as the Expert to any LCHA Producer (including the Producer);
 - (v) the Expert will be instructed, in establishing or modifying the procedure for the determination of the GRP Dispute, to afford the Producer an opportunity to make submissions in respect of the GRP Dispute irrespective of whether or not the Producer is a GRP Dispute Producer;
 - (vi) if the circumstances described in Condition 57 (*Expert Determination Procedure*) arise, paragraphs 2.3(A), 2.6(E)(i) and 2.6(E)(ii) shall apply, with the necessary modifications, to the appointment of a replacement Expert;
 - (vii) for the purposes of Condition 57 (*Expert Determination Procedure*), the Expert shall be: (i) required to include in their determination provision for the allocation of their fees and the costs and expenses of the LCHA Counterparty among each of the GRP Dispute Producers in such manner as the Expert, in their absolute discretion, determines is fair and equitable if the Expert makes a determination against the GRP Dispute Producers; and (ii) permitted to allocate their fees and the costs and expenses of the LCHA Counterparty in such manner as the Expert determines is fair and equitable if the Expert makes a determination in favour of the GRP Dispute Producers; and
 - (viii) the Expert shall, notwithstanding any other provision of the Expert Determination Procedure, be instructed to reach a determination which is to be applied to all UKLCH Programme LCHAs;
- (F) the Producer acknowledges and agrees that the determination of the Expert in any GRP Dispute shall be applied to all UKLCH Programme LCHAs, irrespective of whether the Producer was a party to the GRP Dispute giving rise to that determination;

- (G) if the GRP Dispute falls within paragraph 2.4(A), 2.4(B) or 2.4(C)(i) (*Permitted bases of Dispute: GRP Principles Review*), the Expert shall be instructed to determine whether the GRP Mechanism Amendments contravene the GRP Principles (or such of the GRP Principles as were specified by the LCHA Counterparty as being complied with by virtue of the proposed implementation of the GRP Mechanism Amendments) and, if the Expert finds in favour of the Producer, to include within their determination: (i) a GRP Mechanism Amendment which will comply with all of the GRP Principles; or (ii) (if the Expert considers that it is not possible to effect any GRP Mechanism Amendment in a manner which will be compliant with all of the GRP Principles) the GRP Mechanism Amendment which will comply with the greatest number of GRP Principles in accordance with the GRP Principles Prioritisation;
- (H) if the GRP Dispute falls within paragraph 2.4(C)(ii) (*Permitted bases of Dispute: GRP Principles Review*), the Expert shall be instructed to determine whether the GRP Mechanism Amendments proposed by the Producer would result in compliance with a greater number of GRP Principles (in accordance with the GRP Principles Prioritisation) than the GRP Mechanism Amendments contained within the GRP Principles Review Proposals and, if the Expert finds in favour of the Producer, to stipulate the GRP Mechanism Amendments which will comply with the greatest number of GRP Principles in accordance with the GRP Principles Prioritisation; and
- (I) notwithstanding paragraphs (F) and (G), the Expert shall not be permitted to include within their determination any alternative GRP Mechanism Amendments to those contained within the GRP Principles Review Proposals unless such proposals contravene one (1) or more principles and the Expert has determined that there is a GRP Mechanism Amendment which will comply with a greater number of GRP Principles (in accordance with the GRP Principles Prioritisation) than the GRP Principles Review Proposals and, as such, the Expert's role shall not extend to an assessment of whether the GRP Principles Review Proposals represent an optimal solution in the context of the parameters contemplated by the GRP Principles.

GRP Expert Appointment Threshold

- 2.7 For the purposes of paragraphs 2.6(E)(i) and 2.6(E)(ii) (*Resolution of valid GRP Disputes*), the **"GRP Expert Appointment Threshold"** is that thirty per cent. (30%) or more of LCHA Producers, by volume or number, have consented, or not objected in writing, to both the identity and the terms of reference of the Proposed GRP Expert. For the purposes of determining whether the GRP Expert Appointment Threshold is met, the LCHA Counterparty shall calculate:
- (A) the number of LCHA Producers which have consented or have been deemed to have consented to the Proposed GRP Expert as a percentage of the total number of LCHA Producers; and
 - (B) the volume attributable to UKLCH Programme LCHAs to which LCHA Producers which have consented or have been deemed to have consented to the Proposed GRP Expert are party as a percentage of the total volume attributable to UKLCH Programme LCHAs (and, for this purpose, "volume" shall be calculated by the LCHA Counterparty using the [Initial] LCHA Sales Cap in each relevant UKLCH Programme LCHA).

Provisions applying pending resolution of a GRP Dispute

2.8 If there is a valid GRP Dispute requiring resolution in accordance with the provisions of paragraphs 2.5 to 2.7 then, pending resolution of such GRP Dispute, paragraph 2.9 shall apply.

2.9 If there is a valid GRP Dispute relating to a GRP Principles Review:

- (A) the relevant GRP Principles Review Outcome Notice shall be deemed to be valid and effective and the GRP Principles Review Proposals shall apply with effect from the GRP Principles Review Implementation Date; and
- (B) if the Expert finds in favour of the Producer, the GRP Mechanism Amendments provided for in the determination of such Expert shall be implemented on a date falling no earlier than three (3) Months after the date on which the Expert has made their determination.

GRP Dispute Threshold Criterion

2.10 For the purposes of this paragraph 2 (*GRP Reviews: Dispute Process*), the "**GRP Dispute Threshold Criterion**" is that thirty per cent. (30%) or more of LCHA Producers, by volume or number, have given the LCHA Counterparty a GRP Dispute Notice in respect of any given GRP Dispute prior to the date specified in paragraph 2.1 (*Procedure for raising a Dispute*). For the purposes of determining whether the GRP Dispute Threshold Criterion is met, the LCHA Counterparty shall calculate:

- (A) the number of LCHA Producers which have given a GRP Dispute Notice as a percentage of the total number of LCHA Producers; and
- (B) the volume attributable to UKLCH Programme LCHAs to which LCHA Producers which have given a GRP Dispute Notice are party as a percentage of the total volume attributable to UKLCH Programme LCHAs (and, for this purpose, "**volume**" shall be calculated by the LCHA Counterparty using the [Initial] LCHA Sales Cap in each relevant UKLCH Programme LCHA).

Part C
GRP Principles

1. GRP PRINCIPLES

The following are the "**GRP Principles**":

- (A) Save in respect of a GRP Principles Review Trigger pursuant to paragraph 1.1(A)(v) of Part B, the calculation of the Gas Reference Price shall be the same for all UKLCH Programme LCHAs.
- (B) The calculation of the Gas Reference Price shall reflect the market price for the sale of gas within Great Britain or, in the event of a GRP Principles Review Trigger pursuant to paragraph 1.1(A)(v) of Part B, the relevant part of Great Britain.
- (C) The Gas Reference Price shall be calculated so as to reflect a reasonable volume of trades from a reasonable number and diverse range of market participants.
- (D) The Gas Reference Price shall be calculated so as not to unduly dampen, dilute, disrupt or otherwise distort components of the gas market in Great Britain that would, absent the existence of UKLCH Programme LCHA, contribute to the operational behaviour of the gas market in Great Britain and the pricing thereof.
- (E) The Gas Reference Price shall be calculated using price sources which are available to the LCHA Counterparty on commercially reasonable terms.
- (F) The Gas Reference Price calculation shall utilise price sources which satisfy the GRP Quality Criteria.
- (G) The Gas Reference Price shall be calculated using prices in respect of contracts as far in advance of the delivery of gas pursuant to such contracts as possible, provided that, for this purpose, the Gas Reference Price calculation shall not include prices that are quoted further in advance than Month Ahead Gas Contracts.
- (H) If a GRP Principles Review Trigger falling within paragraph 1.1(A)(v) of Part B occurs or has occurred, the Gas Reference Price calculation shall pay regard to the physical location of the Facility and the extent to which such physical location and constraints on the delivery of gas into the market thereby imposed may have on the price for the sale of its gas delivered within Great Britain or the relevant part of Great Britain.

2. PRIORITISATION OF GRP PRINCIPLES

If:

- (A) the application of any combination of the GRP Principles gives rise to a conflict; or
- (B) it is not possible for a methodology for calculating the Gas Reference Price to satisfy all of the GRP Principles,

the GRP Principle first appearing in the list in paragraph 1 (*GRP Principles*) shall be afforded priority.

Annex 13¹⁶⁴
Pro Forma Notices

	Page
Directors' Certificate	480
OCP Notice	482
OCP Response Notice	483
Further OCP Response Notice	484
OCP Non-Compliance Notice	485
Project Delay Notice.....	486
Reporting Obligations Audit Notice	487
Start Date Notice.....	488
CO ₂ TCDE Notice.....	489
CO ₂ TCDE Response Notice	490
Further CO ₂ TCDE Response Notice.....	491
CO ₂ T&S Connection Delay Compensation Notice	492
Producer CO ₂ T&S Connection Delay Compensation Notice Information Request	493
CO ₂ T&S Connection Delay Compensation Payment Notice	494
LCHA Counterparty CO ₂ T&S Connection Delay True-Up Notice	495
Producer CO ₂ T&S Connection Delay True-Up Response Notice	496
Producer T&S Connection Delay True-Up Response Notice Information Request.....	497
Producer CO ₂ T&S Connection Delay True-Up Notice.....	498
Producer T&S Connection Delay True-Up Notice Information Request	499
CO ₂ T&S Network Availability Notice	500
CO ₂ T&S Network Availability Response Notice.....	501
Further CO ₂ T&S Network Availability Response Notice	502
Milestone Requirement Notice	503
Milestone Assessment Response Notice.....	504
Further Milestone Assessment Response Notice	505
Milestone Delay Notice	506
RCE Notice.....	507
RCE Response Notice	509
Further RCE Response Notice	510
ICE Adjustment Notice	511

¹⁶⁴

Note to Reader: The notices set out in this Annex 12 will be fully populated and finalised in the final version of the LCHA.

Final Installed Capacity Notice.....	512
Final Installed Capacity Response Notice	513
CO ₂ T&S Outage Relief Event Notice	514
CO ₂ T&S Outage Relief Event Response Notice.....	516
Further CO ₂ T&S Outage Relief Event Response Notice	517
Billing Statement Dispute Notice.....	518
Metering Breach Notice.....	519
Metering Breach Response Notice	520
Producer Metering Remediation Notice	521
Producer Metering Remediation Notice Information Request	522
Metering Schematic Obligation Notice	523
Metering Inspection Notice.....	524
Supply Chain Report Response Notice	525
LCHA Counterparty QCiL Notice	526
Producer QCiL Response Notice	527
Producer QCiL Notice	529
Producer QCiL Notice Information Request.....	531
LCHA Counterparty QCiL True-Up Notice	532
Producer QCiL True-Up Response Notice.....	533
Producer QCiL True-Up Response Notice Information Request	534
Producer QCiL True-Up Notice	535
QSE Notice.....	536
CiAL Request Notice	537
CiAL Request Validity Notice	538
CiAL Review Notice	539
CiAL Review Response Notice	540
CiAL Review Outcome Notice.....	541
CiAL Dispute Notice	542
CiAL Dispute Validity Notice	543
Pre-Start Date Termination Notice	545
Prolonged FM Event Notice	546
Prolonged FM Termination Notice	547
CO ₂ T&S Prolonged Unavailability Event Notice	548
CO ₂ T&S Prolonged Unavailability Response Notice	549
CO ₂ T&S Prolonged Unavailability Review Notice.....	551
CO ₂ T&S Prolonged Unavailability Further Response Notice	552

Alternative CO ₂ T&S Network Review Notice	554
CO ₂ T&S Prolonged Unavailability Remediation Notice	555
CO ₂ T&S Prolonged Unavailability Termination Notice	556
Default Termination Notice.....	557
TCDE Termination Notice	558
QCIL Termination Notice.....	559
QCIL Compensation Termination Notice	560
CO ₂ T&S Termination Payment Notice.....	561
Default Termination Payment Notice	562
Second Payment Failure Notice	563
Collateral Posting Notice.....	564
Replacement Collateral Notice	565
Letter of Credit Details Notice	566
Collateral Correction Notice	567
Dispute Notice	568
Expert Determination Notice	570
Expert Determination Response Notice	571
Consolidation Request	572
CO ₂ T&S Connection Delay Compensation Payment Notice	573
Producer CO ₂ T&S Connection Delay Compensation Notice Information Request	574
Producer QCIL Response Notice Information Request	575
Producer QCIL True-Up Notice Information Request	576
CO ₂ T&S Termination Response Notice	577
Final Installed Capacity Termination Notice.....	578
Performance Test Procedure Notice.....	579
PTP Response Notice.....	580
Performance Test Access Notice.....	581
Amendment Notification	582
Material Amendment Response Notification.....	583
Technical Amendment Response Notification	584
Meter Measurement System Non-Compliance Notice.....	585
Proving Test Notice	586
Proving Test Response Notice	587
Further Proving Test Response Notice	588

Directors' Certificate

[Company Name]

[Unique reference number: [●]]

(the "Company")

LCHA – DIRECTORS' CERTIFICATE

To: [●] (the "LCHA Counterparty")

I, [●], being a Director of the Company, refer to the LCHA entered into by the Company and the LCHA Counterparty on [●] in relation to the [●] Project (the "**Agreement**"). Terms defined in or incorporated into the Agreement have the same meanings when used in this Certificate.

I hereby certify that, having made all due and careful enquiries, the information contained in and enclosed with [**to insert description of matters being certified**] is in all material respects true, complete and accurate and not misleading, in each case by reference to the facts and circumstances then existing.

This Certificate is governed by and construed in accordance with English law.

.....
 Name: [●]
 Position: Director
 Dated: [●]

.....
 Name: [●]
 Position: Director
 Dated: [●]

OR:

.....
Name: [●]
Position: Director
Dated: [●]

.....
Name: [●]
Position: Director
Dated: [●]

OCP Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – OCP NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.7(B).
3. This is an OCP Notice.
4. We consider that the following Operational Condition Precedent has been fulfilled: [●].
5. We enclose *[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]* Supporting Information which we consider to be relevant to evidence the fulfilment of the Operational Condition Precedent.
6. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is in all material respects true, complete and accurate and not misleading.

Yours faithfully,

.....
For and on behalf of the
Producer

OCP Response Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA –OCP RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.9.
3. This is an OCP Response Notice in relation to the OCP Notice dated [●].
4. ***[We consider that you have [not] fulfilled the Operational Condition Precedent to which the OCP Notice relates.]/[We consider that we have not been provided with sufficient Supporting Information to determine whether you have fulfilled the Operational Condition Precedent to which the OCP Notice relates. We require the following OCP Supporting Information: [●].]***

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Further OCP Response Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – FURTHER OCP RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.10(C)(ii).
3. This is a Further OCP Response Notice in relation to the OCP Notice dated [●] and the OCP Response Notice dated [●].
4. Following our receipt of the OCP Supporting Information from you on [●], we consider that you have [**not**] fulfilled the Operational Condition Precedent.

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

OCP Non-Compliance Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – OCP NON-COMPLIANCE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.11.
3. This is an OCP Non-Compliance Notice.
4. The Affected OCP is: **[●]**.
5. The Affected OCP ***[[will not]/[is not reasonably likely to] be fulfilled by the Longstop Date as a result of [●].]/[, which we previously notified to you as fulfilled pursuant to Condition 3.7(B), is no longer fulfilled.]*** The reasons for this are: **[●]**.
6. We enclose ***[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]*** Supporting Information which we consider to be relevant to the content of this notice.
7. We ***[have taken]/[are proposing to take]*** the following remedial action: **[●]**.
8. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

Project Delay Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA –PROJECT DELAY NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.15.
3. This is a Project Delay Notice.
4. We consider there is likely to be a delay to the [**design, development, construction, completion, testing and/or commissioning of the Installation**]. The reasons for this are: [●].
5. We [**have taken**]/[**are proposing to take**] the following remedial action: [●].
6. We [**enclose**]/[**set out**] [**(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)**] the following:
 - (A) a revised Project timetable (by reference to the Target Commissioning Date, the Target Commissioning Window and the Longstop Date); and
 - (B) the estimated additional costs to the Project arising as a result of the delay to the Project.
7. We enclose [**(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)**] Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to evidence the delay of the [**design, development, construction, completion, testing and/or commissioning of the Installation**].
8. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Reporting Obligations Audit Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – REPORTING OBLIGATIONS AUDIT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.18.
3. This is a Reporting Obligations Audit Notice.
4. We [*intend*]/[*nominate* [●]] to exercise the Reporting Obligations Audit Right.
5. The date and time by which you must, in accordance with Condition 3.19, permit the exercise of the Reporting Obligations Audit Right is [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Start Date Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – START DATE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Conditions 3.22 and 3.23.
3. This is a Start Date Notice.
4. We propose that the Start Date shall be: **[●]**.
5. We **[enclose]/[will deliver to you on the Start Date]** a Directors' Certificate certifying that the matters provided for in Condition 3.26(C) are, as at the date of this notice **[and on the proposed Start Date specified in this notice]**, true, complete and accurate in all material respects and are not misleading.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

CO₂ TCDE Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA CONTRACT – CO₂ TCDE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.32.
3. This is a CO₂ TCDE Notice.
4. The following CO₂ T&S Commissioning Delay Event has occurred: **[●]**.
5. **[We hereby request an extension of [the Longstop Date, the Milestone Delivery Date and/or the Target Commissioning Window] as a result of the CO₂ T&S Commissioning Delay Event.][We hereby request CO₂ T&S Connection Delay Compensation as a result of the CO₂ T&S Commissioning Delay Event.] [We hereby request that the CO₂ T&S Connection Confirmation CP is waived as a result of the CO₂ T&S Commissioning Delay Event.]**
6. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to evidence:
 - (A) the CO₂ T&S Commissioning Delay Event[;]
 - (B) **[that all Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have been fulfilled or waived; and**
 - (C) **that we have fully completed the Producer CO₂ T&S Connection Works].**
7. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

CO₂ TCDE Response Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – CO₂ TCDE RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.34.
3. This is a CO₂ TCDE Response Notice in relation to the CO₂ TCDE Notice dated [●].
4. ***[We consider that a CO₂ T&S Commissioning Delay Event as specified in the CO₂ TCDE Notice has [not] occurred and is [not] continuing.]/[We consider that you have [not] fully completed the Producer CO₂ T&S Connection Works.]/[We consider that we have not been provided with sufficient Supporting Information to determine whether a CO₂ T&S Commissioning Delay Event has occurred and is continuing[, whether all Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have been fulfilled or waived and/or whether you have fully completed the Producer CO₂ T&S Connection Works.] [We require the following Supporting Information: [●].]***

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Further CO₂ TCDE Response Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – FURTHER CO₂ TCDE RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.35(C)(ii).
3. This is a Further CO₂ TCDE Response Notice in relation to the CO₂ TCDE Notice dated [●] and the CO₂ TCDE Response Notice dated [●].
4. Following our receipt of the CO₂ TCDE Supporting Information from you on [●], we consider that a CO₂ T&S Commissioning Delay Event has [not] occurred and is [not] continuing [**and all of the Operational Conditions Precedent, other than the CO₂ T&S Connection Confirmation CP, have [not] been fulfilled and you have [not] completed the Producer CO₂ T&S Connection Works**].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

CO₂ T&S Connection Delay Compensation Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – CO₂ T&S CONNECTION DELAY COMPENSATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.44.
3. This is a CO₂ T&S Connection Delay Compensation Notice.
4. Our good faith estimate of the CO₂ T&S Connection Delay Compensation is [●].
5. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to enable you to calculate the CO₂ T&S Connection Delay Compensation.
6. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Producer CO₂ T&S Connection Delay Compensation Notice Information Request

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

**LCHA– PRODUCER CO₂ T&S CONNECTION DELAY COMPENSATION NOTICE INFORMATION
 REQUEST**

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.46.
3. This is a Producer CO₂ T&S Connection Delay Compensation Notice Information Request.
4. We require the following Supporting Information in relation to the CO₂ T&S Connection Delay Compensation Notice dated [●]: [●].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

CO₂ T&S Connection Delay Compensation Payment Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – CO₂ T&S CONNECTION DELAY COMPENSATION PAYMENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.48(B).
3. This is a CO₂ T&S Connection Delay Compensation Payment Notice.
4. The amount of CO₂ T&S Connection Delay Compensation is [●].
5. The principal inputs we have used to calculate the CO₂ T&S Connection Delay Compensation are:
 - (A) [●]; and
 - (B) [●].
6. The CO₂ T&S Connection Delay Compensation shall be effected as [*a lump sum payment/staged payments*].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – LCHA COUNTERPARTY CO₂ T&S CONNECTION DELAY TRUE-UP NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.50.
3. This is a LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice in relation to [*identify CO₂ T&S Commissioning Delay Event*].
4. We hereby require you to provide the CO₂ T&S Connection Delay True-Up Information.

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Producer CO₂ T&S Connection Delay True-Up Response Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – PRODUCER CO₂ T&S CONNECTION DELAY TRUE-UP RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.51.
3. This is a Producer CO₂ T&S Connection Delay True-Up Response Notice in relation to the LCHA Counterparty CO₂ T&S Connection Delay True-Up Notice dated [●].
4. We enclose the CO₂ T&S Connection Delay True-Up Information.
5. We enclose [(by way of upload(s) to the **LCHA Counterparty data room on the dates set out in Appendix 1 to this notice**)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the information contained in or enclosed with this notice.
6. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Producer T&S Connection Delay True-Up Response Notice Information Request

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

**LCHA – PRODUCER CO₂ T&S CONNECTION DELAY TRUE-UP RESPONSE NOTICE
INFORMATION REQUEST**

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.54.
3. This is a Producer CO₂ T&S Connection Delay True-Up Response Notice Information Request.
4. We require the following Supporting Information in relation to the [**Producer T&S CO₂ Connection Delay True-Up Response Notice dated [●]**]/[**Revised Producer CO₂ T&S Connection Delay True-Up Response Information received from you on [●]**]: [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Producer CO₂ T&S Connection Delay True-Up Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – PRODUCER CO₂ T&S CONNECTION DELAY TRUE-UP NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.56.
3. This is a Producer CO₂ T&S Connection Delay True-Up Notice in relation to **[identify T&S Commissioning Delay Event]**.
4. We confirm:
 - (A) the impact of the CO₂ T&S Commissioning Delay Event is: **[●]**;
 - (B) that **[we have not recovered (and are not entitled to recover) any amount pursuant to Conditions 62.5 and 62.7]/[we have recovered the amount of [●] pursuant to Conditions 62.5 and 62.7]**; and
 - (C) we have taken the following steps to mitigate the effects of the CO₂ T&S Commissioning Delay Event: **[●]**.
5. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the foregoing.
6. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

Producer T&S Connection Delay True-Up Notice Information Request

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

**LCHA – PRODUCER CO₂ T&S CONNECTION DELAY TRUE-UP NOTICE INFORMATION
REQUEST**

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.59.
3. This is a Producer CO₂ T&S Connection Delay True-Up Notice Information Request.
4. We require the following Supporting Information in relation to the [**Producer CO₂ T&S Connection Delay True-Up Notice dated [●]**]/[**Revised Producer CO₂ T&S Connection Delay True-Up Information received from you on [●]**]: [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

CO₂ T&S Network Availability Notice

To: **[[●]]** (the "LCHA Counterparty")
[Address]/**[●]** (the "Producer")
[Unique reference number: [●]]

From: **[[●]]** (the "Producer")
[Unique reference number: [●]]/[●] (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – CO₂ T&S NETWORK AVAILABILITY NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the **[Producer/LCHA Counterparty]** and us as the **[Producer/LCHA Counterparty]** in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.68.
3. This is a CO₂ T&S Network Availability Notice.
4. The CO₂ T&S Network Availability Date is **[●]**.
5. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to and supportive of the foregoing.
6. **[We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.]**

Yours faithfully,

.....
 For and on behalf of
 the **[Producer/LCHA Counterparty]**

CO₂ T&S Network Availability Response Notice

To: **[[●]]** (the "LCHA Counterparty")
[Address]/**[●]** (the "Producer")
[Unique reference number: [●]]

From: **[[●]]** (the "Producer")
[Unique reference number: [●]]/[●] (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – CO₂ T&S NETWORK AVAILABILITY RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the **[Producer/LCHA Counterparty]** and us as the **[Producer/LCHA Counterparty]** in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.70.
3. This is a CO₂ T&S Network Availability Response Notice.
4. **[We consider that the CO₂ T&S Network is [not] available to enable the Capture Plant to export captured CO₂ Rich Stream to the CO₂ T&S Network to enable [us/you] to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation CP.][We consider that we have not been provided with sufficient Supporting Information to determine whether the CO₂ T&S Network is available to enable the Capture Plant to export captured CO₂ Rich Stream to the CO₂ T&S Network to enable [us/you] to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation CP. We require the following Supporting Information: [●].]**
5. **[We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.]**

Yours faithfully,

.....
 For and on behalf of
 the **[Producer/LCHA Counterparty]**

Further CO₂ T&S Network Availability Response Notice

To: **[[●]]** (the "LCHA Counterparty")
[Address]/ **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[[●]]** (the "Producer")
[Unique reference number: [●]]/ **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – FURTHER CO₂ T&S NETWORK AVAILABILITY RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the **[Producer/LCHA Counterparty]** and us as the **[Producer/LCHA Counterparty]** in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.71(C)(ii).
3. This is a Further CO₂ T&S Network Availability Response Notice.
4. We consider that the CO₂ T&S Network is **[not]** available to enable the Capture Plant to export captured CO₂ Rich Stream to the CO₂ T&S Network to enable **[us/you]** to fulfil or procure the fulfilment of the CO₂ T&S Connection Confirmation CP.
5. **[We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.]**

Yours faithfully,

.....
 For and on behalf of
 the **[Producer/LCHA Counterparty]**

Milestone Requirement Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – MILESTONE REQUIREMENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 4.1.
3. This is a Milestone Requirement Notice.
4. *[We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] invoices, payment receipts and other Supporting Information with respect to the Project [which are listed in Appendix 1 to this notice] which we consider to be relevant to evidence expenditure by us and our direct shareholders of ten per cent. (10%) or more of the Total Project Pre-Commissioning Costs, being £[●].]/[We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] information as is specified, identified or listed as the Project Commitments and the following Supporting Information [which are listed in Appendix 1 to this notice] which we consider to be relevant to evidence compliance or fulfilment of the Project Commitments: [●].]*
5. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Milestone Assessment Response Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – MILESTONE ASSESSMENT RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 4.3].
3. This is a Milestone Assessment Response Notice in relation to the Milestone Requirement Notice dated [●].
4. ***[We consider that you have [not] complied with and fulfilled a Milestone Requirement [and the Milestone Satisfaction Date is [●]].]/[We consider that we have not been provided with sufficient Supporting Information to determine whether you have complied with and fulfilled a Milestone Requirement. We require the following Requested Milestone Supporting Information: [●].]***

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Further Milestone Assessment Response Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – FURTHER MILESTONE ASSESSMENT RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 4.4(C)(ii).
3. This is a Further Milestone Assessment Response Notice in relation to the Milestone Requirement Notice dated [●] and the Milestone Assessment Response Notice dated [●].
4. Following our receipt of the Requested Milestone Supporting Information from you on [●], we consider that you have [**not**] complied with and fulfilled a Milestone Requirement [**and the Milestone Satisfaction Date is [●]**].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Milestone Delay Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – MILESTONE DELAY NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 4.8.
3. This is a Milestone Delay Notice.
4. We consider there is likely to be a delay to the fulfilment of the Milestone Requirement and the Milestone Requirement will not be met by the Milestone Delivery Date. The reasons for this are: [●].
5. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in **Appendix 1 to this notice**)] Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to evidence the delay of the Milestone Requirement.
6. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

RCE Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – RCE NOTICE

Dear Sir/Madam,

Dear Sirs,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 6.1.
3. This is an RCE Notice.
4. The amount by which the Installed Capacity Estimate should be reduced to take into account the Relevant Construction Event is [●] MW and the RCE-Adjusted Installed Capacity Estimate is [●] MW.
5. The following change to the assets comprising the Facility will result from the proposed reduction to the Installed Capacity Estimate: [●].
6. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in **Appendix 1 to this notice**)] the following Supporting Information which we consider to be relevant to evidence:
 - (A) the existence or occurrence of the Construction Event and our basis for concluding that the Construction Event constitutes a Relevant Construction Event; [and]
 - (B) our basis for concluding that, as a result of the existence or occurrence of the Relevant Construction Event, the Installed Capacity Estimate is required to be reduced to the RCE-Adjusted Installed Capacity Estimate; and
 - (C) the change in the assets comprising the Facility which will result from the proposed reduction to the Installed Capacity Estimate.
7. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of

the **Producer**

RCE Response Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – RCE RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 6.4.
3. This is an RCE Response Notice in relation to the RCE Notice dated [●].
4. ***[We consider that a Relevant Construction Event has [not] occurred. We [do not] accept the RCE-Adjusted Installed Capacity Estimate specified in the RCE Notice.] [We consider that we have not been provided with sufficient Supporting Information to determine [whether a Relevant Construction Event has occurred]/[whether to accept the RCE-Adjusted Installed Capacity Estimate]/[the change to the assets comprising the Facility which will result from the proposed reduction to the Installed Capacity Estimate]. We require the following RCE Supporting Information: [●]]***

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Further RCE Response Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – FURTHER RCE RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 5.5(C)(ii).
3. This is a Further RCE Response Notice in relation to the RCE Notice dated [●] and the RCE Response Notice dated [●].
4. Following our receipt of the RCE Supporting Information from you on [●], we consider that a Relevant Construction Event has [**not**] occurred and we [**do not**] accept the RCE-Adjusted Installed Capacity Estimate specified in the RCE Notice.

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

ICE Adjustment Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – ICE ADJUSTMENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 6.1.
3. This is an ICE Adjustment Notice.
4. The Installed Capacity will be lower than the Installed Capacity Estimate by: [●] MW.
5. The Revised ICE is: [●] MW.
6. The following change to the assets comprising the Facility will result from the reduction to the Installed Capacity Estimate: [●].
7. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in **Appendix 1 to this notice**)] Supporting Information which we consider to be relevant to evidence of the change to the assets comprising the Facility which will result from the reduction to the Installed Capacity Estimate.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Final Installed Capacity Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – FINAL INSTALLED CAPACITY NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 7.1.
3. This is a Final Installed Capacity Notice.
4. The Final Installed Capacity is [●] MW.
5. We enclose *[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]* Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the Final Installed Capacity, including details of the assets comprising the Facility at the date of this notice.
6. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Final Installed Capacity Response Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – FINAL INSTALLED CAPACITY RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 7.4.
3. This is a Final Installed Capacity Response Notice in relation to the Final Installed Capacity Notice dated [●].
4. ***[We agree with the Final Installed Capacity as specified in the Final Installed Capacity Notice.]/[We consider that we have not been provided with sufficient Supporting Information to determine [the Final Installed Capacity]/[the assets comprising the Facility as at the date of the Final Installed Capacity Notice]. We require the following Final Installed Capacity Supporting Information: [●].]***

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

CO₂ T&S Outage Relief Event Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – CO₂ T&S OUTAGE RELIEF EVENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 17.1.
3. This is a CO₂ T&S Outage Relief Event Notice.
4. We consider that a CO₂ T&S Outage Relief Event has occurred, the relevant details of which are: **[●]**.
5. [The CO₂ T&S Outage Relief Event Period**[(s)] [is/are] [●]**.]
6. The CO₂ T&S Outage Relief Event Billing Period**[(s)] [is/are] [●]**.
7. We anticipate that the CO₂ T&S Outage Relief Event will have the following impact on our ability to produce Hydrogen at the Facility which complies with the LCHS: **[●]**.
8. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** evidence relating to the CO₂ T&S Outage Relief Event from the relevant CO₂ T&S Operator.
9. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to the foregoing.
10. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information evidencing, in reasonable detail, the steps that we **[have taken]/ [propose to take]** to comply with Condition 62.3 and the Reasonable and Prudent Standard.
11. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
**For and on behalf
of the Producer**

CO₂ T&S Outage Relief Event Response Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – CO₂ T&S OUTAGE RELIEF EVENT RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the Producer and us as the LCHA Counterparty in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 17.3.
3. This is a CO₂ T&S Outage Relief Event Response Notice in relation to the CO₂ T&S Outage Relief Event Notice dated **[●]**.
4. ***[We consider that the CO₂ T&S Outage Relief Event as specified in the CO₂ T&S Outage Relief Event Notice has [not] occurred]/[We consider that we have not been provided with sufficient Supporting Information to determine whether a CO₂ T&S Outage Relief Event has occurred. We require the following CO₂ T&S Outage Relief Event Supporting Information: [●].]***

Yours faithfully,

.....
 For and on behalf of the
LCHA Counterparty

Further CO₂ T&S Outage Relief Event Response Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA– FURTHER CO₂ T&S OUTAGE RELIEF EVENT RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 17.4(C)(ii).
3. This is a Further CO₂ T&S Outage Relief Event Response Notice in relation to the CO₂ T&S Outage Relief Event Notice dated [●] and the CO₂ T&S Outage Relief Event Response Notice dated [●].
4. Following our receipt of the CO₂ T&S Outage Relief Event Supporting Information from you on [●], ***[We consider that the CO₂ T&S Outage Relief Event as specified in the CO₂ T&S Outage Relief Event Notice has [not] occurred].***

Yours faithfully,

.....
For and on behalf of the
LCHA Counterparty

Billing Statement Dispute Notice

To: **[●]** (the "LCHA Counterparty")
[Address]/ **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "Producer")
[Unique reference number: [●]]/ **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – BILLING STATEMENT DISPUTE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the **[LCHA Counterparty]**/**[Producer]** and us as the **[LCHA Counterparty]**/**[Producer]** in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 21.3.
3. This is a Billing Statement Dispute Notice. The Billing Statement**[s]** to which the dispute relates **[is]**/**[are]** **[●]**.
4. **[Our]**/**[The Producer's]** **[name]**/**[unique identifier]** is **[●]**.
5. The **[name]**/**[unique identifier]** of the Facility is **[●]**.
6. The Billing Statement items to which the dispute relates are **[●]**.
7. The amount in dispute is **[●]**. The apportionment of this amount in relation to the relevant Billing Statement items is **[●]**.
8. **[We consider that the following Billing Statement dispute should be [consolidated with]/[joined to] this dispute: [●].]**
9. We consider the correct position is **[●]**. Our reasons for this are **[●]**.
10. We intend to rely on the following Supporting Information, copies of which are enclosed: **[●]**.
11. We enclose the following additional Information which we consider relevant in relation to the dispute: **[●]**.

Yours faithfully,

.....
 For and on behalf of
 the **[Producer/LCHA Counterparty]**

Metering Breach Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – METERING BREACH NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 29.2.
3. This is a Metering Breach Notice.
4. We enclose *[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]* Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to evidence the breach of the Metering Obligation.

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Metering Breach Response Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – METERING BREACH RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 29.3.
3. This is a Metering Breach Response Notice in relation to the Metering Breach Notice dated [●].
4. We [**do not**] accept that there has been a breach of the Metering Obligation as specified in the Metering Breach Notice.
5. [**We confirm that the date from which there has been a breach of the Metering Compliance Obligation is: [●].**]
6. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to and supportive of the foregoing.

Yours faithfully,

.....

For and on behalf of
the **Producer**

Producer Metering Remediation Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – PRODUCER METERING REMEDIATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition [●].
3. This is a Producer Metering Remediation Notice.
4. We successfully completed the implementation of the Metering Remediation Plan on [●].
5. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] the Supporting Information which we consider to be relevant to and supportive of the foregoing.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Producer Metering Remediation Notice Information Request

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – PRODUCER METERING REMEDIATION NOTICE INFORMATION REQUEST

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition [●]
3. This is a Producer Metering Remediation Notice Information Request.
4. We require the following Supporting Information in relation to the Producer Metering Remediation Notice dated [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Metering Schematic Obligation Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – METERING SCHEMATIC OBLIGATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 29.7(A).
3. This is a Metering Schematic Obligation Notice.
4. We have identified a Material Change to the Meter Measurement System: [*insert reasons for and details of the Material Change*].
5. This Material Change occurred on [*insert date Material Change occurred*].
6. [*We enclose an updated version of the relevant schematic diagram referred to in paragraph [4] of Part B of Annex 1 (Conditions Precedent) and Supporting Information.*]
7. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Metering Inspection Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – METERING INSPECTION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 29.12.
3. This is a Metering Inspection Notice.
4. [We]/[●], *nominated by us in accordance with Condition 29.11,* intend(s) to exercise the Metering Access Right.
5. The date by which you must, in accordance with Condition 29.13, permit the exercise of the Metering Access Right, is [●].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Supply Chain Report Response Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – SUPPLY CHAIN REPORT RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 32.4.
3. **[This is a Supply Chain Report Response Notice in relation to the Supply Chain Report dated [●].][We consider that you have failed to submit a Supply Chain Report by the Supply Chain Report Deadline.]**
4. **[We consider that the Supply Chain Report does [not] comply with the requirements of Annex 7 (Form of Supply Chain Report).]**

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

LCHA Counterparty QCiL Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – LCHA COUNTERPARTY QCIL NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 39.1.
3. This is a LCHA Counterparty QCiL Notice.
4. We [enclose]/[set out] the following reasonable details of the Qualifying Change in Law which we consider [has been implemented, occurred or become effective]/[is shortly to be implemented, occur or become effective]/[: [●]].
5. The [QCiL Effective Date]/[Expected QCiL Effective Date] is [●].
6. We consider that the Change in Law [constitutes]/[will constitute] a Qualifying Change in Law for the following reasons: [●]. We consider the Qualifying Change in Law to be [a Discriminatory]/[a Specific]/[an Other] Change in Law.
7. [We consider that the Notified Change in Law will give rise to or result in QCiL Operating [Costs]/[Savings].]
8. [We consider that the Notified Change in Law will give rise to or result in QCiL Capital [Costs]/[Savings].]
9. [We consider that the Notified Change in Law will give rise to or result in an Adjusted Output Period. Our AOP Estimate is [●].]
10. [We consider that the Notified Change in Law will give rise to or result in a QCiL Construction Event.]
11. [We consider that the Notified Change in Law will give rise to or result in a QCiL Operations Cessation Event.]

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Producer QCiL Response Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – PRODUCER QCIL RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 39.2.
3. This is a Producer QCiL Response Notice in relation to the LCHA Counterparty QCiL Notice dated [●].
4. *[We consider that the Notified Change in Law [constitutes]/[will constitute] a Qualifying Change in Law.]/[We do not consider that the Notified Change in Law [constitutes]/[will constitute] a Qualifying Change in Law and enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of that conclusion.]*
5. *[We agree with the [QCIL Effective Date]/[Expected QCIL Effective Date] specified in the LCHA Counterparty QCiL Notice.]/[We do not agree with the [QCIL Effective Date]/[Expected QCIL Effective Date] specified in the LCHA Counterparty QCiL Notice and we consider the [QCIL Effective Date]/[Expected QCIL Effective Date] to be [●].]*
6. *[We consider that the Notified Change in Law will give rise to or result in QCiL Operating [Costs]/[Savings]. Our good faith estimate of the QCiL Operating [Costs]/[Savings] is [●]. Our good faith estimate as to the profile of the [incurrence of]/[making or receipt of] such QCiL Operating [Costs]/[Savings] are [●]. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]*
7. *[We consider that the Notified Change in Law will give rise to or result in QCiL Capital [Costs]/[Savings]. Our good faith estimate of the QCiL Capital [Costs]/ [Savings] is [●]. Our good faith estimate as to the profile of the [incurrence of]/[making or receipt of] such QCiL Capital [Costs]/[Savings] are [●]. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]*

8. ***[We consider that the Notified Change in Law will give rise to or result in an Adjusted Output Period. Our AOP Estimate is [●] and our good faith estimate of the impact of the Notified Change in Law on the Estimated Facility Production is [●]. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]***
9. ***[We consider that the Notified Change in Law will give rise to or result in a QCiL Construction Event. Our good faith estimates of the QCiL Construction Event Costs and QCiL Construction Event Savings are [●] and [●] respectively. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]***
10. ***[We consider that the Notified Change in Law will give rise to or result in a QCiL Operations Cessation Event. Our good faith estimates of the QCiL Operations Cessation Event Costs and QCiL Operations Cessation Event Savings are [●] and [●] respectively. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]***
11. ***We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information evidencing, in reasonable detail, the steps that we [have taken]/[and]/[propose to take] to comply with Condition 57.3 and the Reasonable and Prudent Standard.***
12. ***We enclose a Directors' Certificate certifying the matters specified in Condition 39.4.***

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

Producer QCiL Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – PRODUCER QCIL NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 39.8.
3. This is a Producer QCiL Notice.
4. We **[enclose]/[set out the following]** reasonable details of the Qualifying Change in Law which we consider **[has been implemented, occurred or become effective]/[is shortly to be implemented, occur or become effective]/[●]**.
5. The **[QCIL Effective Date]/[Expected QCIL Effective Date]** is [●].
6. We consider that the Notified Change in Law **[constitutes]/[will constitute]** a Qualifying Change in Law for the following reasons: [●]. We consider the Qualifying Change in Law to be **[a Discriminatory]/[a Specific]/[an Other]** Change in Law. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of that conclusion.
7. **[We consider that the Notified Change in Law will give rise to or result in QCiL Operating [Costs]/[Savings]. Our good faith estimate of the QCiL Operating [Costs]/[Savings] is [●]. Our good faith estimates as to the profile of the [incurrence of]/[making or receipt of] such QCiL Operating [Costs]/[Savings] are [●]. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]**
8. **[We consider that the Notified Change in Law will give rise to or result in QCiL Capital [Costs]/[Savings]. Our good faith estimate of the QCiL Capital [Costs]/ [Savings] is [●]. Our good faith estimates as to the profile of the [incurrence of]/[making or receipt of] such QCiL Capital [Costs]/[Savings] are [●]. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]**

9. ***[We consider that the Notified Change in Law will give rise to or result in an Adjusted Output Period. Our AOP Estimate is [●] and our good faith estimate of the impact of the Notified Change in Law on the Estimated Facility Production is [●]. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]***
10. ***[We consider that the Notified Change in Law will give rise to or result in a QCiL Construction Event. Our good faith estimates of the QCiL Construction Event Costs and QCiL Construction Event Savings are [●] and [●] respectively. We enclose Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]***
11. ***[We consider that the Notified Change in Law will give rise to or result in a QCiL Operations Cessation Event. Our good faith estimates of the QCiL Operations Cessation Event Costs and QCiL Operations Cessation Event Savings are [●] and [●] respectively. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of this conclusion and these estimates.]***
12. We enclose ***[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]*** Supporting Information evidencing, in reasonable detail, the steps that we ***[have taken]/[and]/[propose to take]*** to comply with Condition 57.3 and the Reasonable and Prudent Standard.
13. We enclose a Directors' Certificate certifying the matters specified in Condition 39.9.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Producer QCiL Notice Information Request

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – PRODUCER QCIL NOTICE INFORMATION REQUEST

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 39.11.
3. This is a Producer QCiL Notice Information Request.
4. We require the following Supporting Information in relation to the [**Producer QCiL Notice dated [●]/[Revised Producer QCiL Information received from you on [●]]: [●]**].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

LCHA Counterparty QCiL True-Up Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – LCHA COUNTERPARTY QCIL TRUE-UP NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 42.1.
3. This is a LCHA Counterparty QCiL True-Up Notice in relation to [*identify relevant Qualifying Change in Law*].
4. We hereby require you to confirm the QCiL True-Up Information.

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Producer QCiL True-Up Response Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – PRODUCER QCIL TRUE-UP RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 42.3.
3. This is a Producer QCiL True-Up Response Notice in relation to the LCHA Counterparty QCiL True-Up Notice dated **[●]**.
4. We enclose the QCiL True-Up Information.
5. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the information contained in or enclosed with this notice.
6. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

Producer QCiL True-Up Response Notice Information Request

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – PRODUCER QCIL TRUE-UP RESPONSE NOTICE INFORMATION REQUEST

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 42.6.
3. This is a Producer QCiL True-Up Response Notice Information Request.
4. We require the following Supporting Information in relation to the [***Producer QCiL True-Up Response Notice dated [●]/[Revised Producer QCiL True-Up Response Information received from you on [●]]: [●]***].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Producer QCiL True-Up Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – PRODUCER QCIL TRUE-UP NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 42.8.
3. This is a Producer QCiL True-Up Notice in relation to **[identify Qualifying Change in Law]**.
4. We enclose the QCiL True-Up Information.
5. We confirm that **[we have not recovered (and are not entitled to recover) any amount pursuant to Conditions 62.5 and 62.7]/[we have recovered the amount of [●] pursuant to Conditions 62.5 and 62.7]**.
6. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of our conclusions.
7. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

QSE Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – QSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 43.1.
3. This is a QSE Notice.
4. We consider that a Qualifying Shutdown Event has occurred, the relevant details of which are: **[●]**.
5. The Qualifying Shutdown Event occurred on **[●]**.
6. Our good faith estimates of the QCiL Operations Cessation Event Costs and the QCiL Operations Cessation Event Savings are **[●]** and **[●]** respectively.
7. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information evidencing, in reasonable detail, the steps that the Producer has taken and/or proposes to take to comply with Condition 57.3 and the Reasonable and Prudent Standard.
8. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

CiAL Request Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – CIAL REQUEST NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 45.2.
3. This is a CiAL Request Notice.
4. We consider that a Change in Applicable Law **[has been implemented, occurred or become effective]/[is expected to be implemented, occur or become effective]** for the following reasons: **[●]**.
5. The date on which the Change in Applicable Law **[was implemented, occurred or became effective was]/[is expected to be implemented, occur or become effective is]** **[●]**.
6. We consider that the Change in Applicable Law **[results]/[will result]** in one (1) or more of the Required CiL Amendment Objectives ceasing to be met for the following reasons: **[●]**.
7. **[We consider that the Required CiL Amendment(s) are [●].]**
8. We enclose **[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]** Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the foregoing.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

CiAL Request Validity Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – CIAL REQUEST VALIDITY NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 45.5.
3. This is a CiAL Request Validity Notice.
4. The CiAL Request Criterion has been met.

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

CiAL Review Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – CIAL REVIEW NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 45.6.
3. This is a CiAL Review Notice.
4. The following CiAL Review Trigger has occurred: [●].
5. The CiAL Review Response Deadline is: [●].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

CiAL Review Response Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – CIAL REVIEW RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 45.7.
3. This is a CiAL Review Response Notice in relation to the CiAL Review Notice dated **[●]**.
4. We **[enclose]/[set out the following]** Supporting Information which we wish you to take account of in undertaking the CiAL Review: **[●]**.
5. **[We consider that the Required CiL Amendment(s) are [●].]**

Yours faithfully,

.....

For and on behalf of
the **Producer**

CiAL Review Outcome Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – CIAL REVIEW OUTCOME NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 45.9.
3. This is a CiAL Review Outcome Notice.
4. The outcome of the CiAL Review was as follows: [●]. [*The Required CiL Amendments are as follows: [●].*]
5. [*The date from which the Required CiL Amendments will take effect is: [●].*]

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

CiAL Dispute Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – CIAL DISPUTE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 46.1.
3. This is a CiAL Dispute Notice.
4. The subject matter of the Dispute is **[●]**. The issues to be resolved are **[●]**.
5. The **[Condition]/[paragraph] [to which the Dispute relates]/[pursuant to which the Dispute arises]** is **[●]**.
6. We consider the correct position is **[●]**. Our reasons for this are **[●]**.
7. **[We consider the following [claim[s]]/[dispute[s]] arising out of another UKLCH Programme LCHA should be consolidated with or joined to the Dispute: [●].]**
8. **[We intend to rely on the following Supporting Information, copies of which we enclose: [●].]**
9. The **[relief]/[determination]/[remedy]/[recourse]** that we seek in relation to the Dispute is **[●]**.
10. We **[do not]** consider the Dispute should (without a Senior Representatives Settlement being reached) be referred for **[determination in accordance with the Expert Determination Procedure]/[resolution in accordance with the Arbitration Procedure]**.
11. Our Senior Representative is **[●]**.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

CiAL Dispute Validity Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – CIAL DISPUTE VALIDITY NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "Agreement"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 46.3.
3. This is a CiAL Dispute Validity Notice in relation to the CiAL Dispute Notice dated [●].
4. The CiAL Dispute Threshold Criterion has been met.
5. The subject matter of the Dispute is [●].
6. The issues to be resolved are [●].
7. The relevant Condition to which the Dispute relates is [●].
8. We consider that the correct position is [●]. Our reasons for this are [●].
9. **[We consider that the following dispute or claim relating to or arising out of another UKLCH Programme LCHA should be [consolidated with]/[joined to] this Dispute: [●].]**
10. **[We intend to rely on the following Supporting Information, copies of which we enclose: [●].]**
11. The [relief]/[determination]/[remedy]/[recourse] which we seek in relation to the Dispute is [●].
12. We propose that the Proposed CiAL Expert appointed be [●]. We propose that [s]he be appointed on the following terms: [●]. We believe that the Proposed CiAL Expert has the relevant expertise which qualifies the Proposed CiAL Expert to determine the relevant CiAL Dispute for the following reasons: [●].
13. We enclose an Expert Determination Notice in relation to the CiAL Dispute Notice.

14. We enclose a Consolidation Request in relation to the CiAL Dispute.

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Pre-Start Date Termination Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – PRE-START DATE TERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.1.
3. This is a Pre-Start Date Termination Notice.
4. The Pre-Start Date Termination Date is [●].
5. **[The following Termination Event has occurred: [●].]**

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Prolonged FM Event Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – PROLONGED FM EVENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.5.
3. This is a Prolonged FM Event Notice.
4. The following Prolonged FM Event has occurred: [●].
5. The Prolonged FM Trigger Date is: [●]
6. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to evidence the Prolonged FM Event.

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Prolonged FM Termination Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA– PROLONGED FM TERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.6.
3. This is a Prolonged FM Termination Notice.
4. The Prolonged FM Termination Date is [●].
5. **[The following Prolonged FM Event has occurred: [●].]**

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

CO₂ T&S Prolonged Unavailability Event Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – CO₂ T&S PROLONGED UNAVAILABILITY EVENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.8.
3. This is a CO₂ T&S Prolonged Unavailability Event Notice.
4. The following CO₂ T&S Prolonged Unavailability Event has occurred: [●]
5. We hereby notify you that the CO₂ T&S Prolonged Unavailability Response Deadline is: [●].
6. We hereby notify you that we may serve a CO₂ T&S Prolonged Unavailability Termination Notice in accordance with Condition 49.22 on [●].
7. We enclose[(*by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice*)] Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to evidence the CO₂ T&S Prolonged Unavailability Event.

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

CO₂ T&S Prolonged Unavailability Response Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – CO₂ T&S PROLONGED UNAVAILABILITY RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.9.
3. This is a CO₂ T&S Prolonged Unavailability Response Notice in relation to the CO₂ T&S Prolonged Unavailability Event Notice dated [●].
4. ***[We consider that the CO₂ T&S Prolonged Unavailability Event is no longer continuing. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the foregoing.]***
5. ***[We consider that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the foregoing.]***
6. ***[We intend to provide and implement an Alternative CO₂ T&S Network Solution Plan.]***
7. ***[We consider that the CO₂ T&S Prolonged Unavailability Event will not be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and we cannot provide a feasible Alternative CO₂ T&S Network Solution Plan for the following reasons: [●].]***
8. We enclose ***[(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)]*** Supporting Information evidencing, in reasonable detail, the steps that we [have taken]/[and]/[propose to take] to comply with Condition 62.3 and the Reasonable and Prudent Standard.

9. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

CO₂ T&S Prolonged Unavailability Review Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "Counterparty")
[Address]

Dated: [●]

LCHA – CO₂ T&S PROLONGED UNAVAILABILITY REVIEW NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.11.
3. This is CO₂ T&S Prolonged Unavailability Review Notice.
4. ***[We consider that you have [not] delivered evidence, in form and content satisfactory to the LCHA Counterparty, that the CO₂ T&S Prolonged Unavailability Event is no longer continuing as at such date.]***
5. ***[We consider that we have not been provided with sufficient Supporting Information to determine whether the CO₂ T&S Prolonged Unavailability Event is no longer continuing. We require the following Supporting Information: [●].]***
6. ***[We consider that you have [not] delivered sufficient evidence, that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline.] / [We consider that you cannot provide a feasible Alternative CO₂ T&S Network Solution Plan.]***
7. ***[We consider that we have not been provided with sufficient Supporting Information to determine whether the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and you cannot provide a feasible Alternative CO₂ T&S Network Solution Plan. We require the following Supporting Information: [●].]***

Yours faithfully,

.....
For and on behalf of
the LCHA Counterparty

CO₂ T&S Prolonged Unavailability Further Response Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – CO₂ T&S PROLONGED UNAVAILABILITY FURTHER RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.12(B)(ii).
3. This is a CO₂ T&S Prolonged Unavailability Further Response Notice in relation to the CO₂ T&S Prolonged Unavailability Event Notice dated [●] and the CO₂ T&S Prolonged Unavailability Response Notice dated [●].
4. ***[We consider that the CO₂ T&S Prolonged Unavailability Event is no longer continuing. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the foregoing.]***
5. ***[We consider that the CO₂ T&S Prolonged Unavailability Event will be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the foregoing.]***
6. ***[We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] a draft Alternative CO₂ T&S Network Solution Plan which we intend to implement, together with Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the foregoing.]***
7. ***[We consider that the CO₂ T&S Prolonged Unavailability Event will not be remedied by the CO₂ T&S Prolonged Unavailability Remediation Deadline and we cannot provide a feasible Alternative CO₂ T&S Network Solution Plan for the following reasons: [●]. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information, in reasonable detail, which we consider to be relevant to and supportive of the foregoing.]***

Yours faithfully,

.....
For and on behalf of
the **Producer**

Alternative CO₂ T&S Network Review Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – ALTERNATIVE CO₂ T&S NETWORK REVIEW NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.13(B).
3. This is an Alternative CO₂ T&S Network Review Notice.
4. ***[We approve the draft Alternative CO₂ T&S Network Solution Plan submitted to us on [●].][We consider that we have not been provided with sufficient Supporting Information in relation to the draft Alternative CO₂ T&S Network Solution Plan, in order to determine whether or not to approve such plan. We require the following Supporting Information: [●].][We require the following amendments to be made to the draft Alternative CO₂ T&S Network Solution Plan: [●].][We do not approve the draft Alternative CO₂ T&S Network Solution Plan for the following reasons: [●].]***

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

CO₂ T&S Prolonged Unavailability Remediation Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – CO₂ T&S PROLONGED UNAVAILABILITY REMEDIATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.18(B).
3. This is an CO₂ T&S Prolonged Unavailability Remediation Notice.
4. We successfully completed the implementation of the Approved Alternative CO₂ T&S Network Solution Plan on [●].
5. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information listed in Appendix 1 to this notice which we consider to be relevant to evidence that the CO₂ T&S Prolonged Unavailability Event has been remedied.

Yours faithfully,

.....
For and on behalf of
the **Producer**

CO₂ T&S Prolonged Unavailability Termination Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – CO₂ T&S PROLONGED UNAVAILABILITY TERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.22.
3. This is a CO₂ T&S Prolonged Unavailability Termination Notice.
4. The CO₂ T&S Prolonged Unavailability Termination Date is [●].
5. **[The following CO₂ T&S Prolonged Unavailability Event has occurred: [●].]**

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Default Termination Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – DEFAULT TERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.27.
3. This is a Default Termination Notice.
4. The Default Termination Date is [●].
5. The following Termination Event has occurred: [●].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

TCDE Termination Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – TCDE TERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.30.
3. This is a TCDE Termination Notice.

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

QCIL Termination Notice

To: **[●]** (the "**Producer**")
[Unique reference number: [●]]

From: **[●]** (the "**LCHA Counterparty**")
[Address]

Dated: **[●]**

LCHA – QCIL TERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the Producer and us as the LCHA Counterparty in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.31.
3. This is a QCIL Termination Notice.
4. The QCIL Termination Date is **[●]**.

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

QCiL Compensation Termination Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – QCiL COMPENSATION TERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.33.
3. This is a QCiL Compensation Termination Notice.
4. The QCiL Compensation Termination Date is [●].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

CO₂ T&S Termination Payment Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – CO₂ T&S TERMINATION PAYMENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 50.3(B).
3. This is a CO₂ T&S Termination Payment Notice.
4. The CO₂ T&S Termination Payment is [●].
5. The principal inputs used by us to calculate such CO₂ T&S Termination Payment were: [●].
6. The CO₂ T&S Termination Payment shall be payable [*as a lump sum*]/[*as staged payments*].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Default Termination Payment Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – DEFAULT TERMINATION PAYMENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "Agreement"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 50.9(B).
3. This is a Default Termination Payment Notice.
4. The Default Termination Payment is [●].
5. The principal inputs used by us to calculate such Default Termination Payment were: [●].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Second Payment Failure Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – SECOND PAYMENT FAILURE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 53.1.
3. This is a Second Payment Failure Notice.
4. We hereby give you notice that two (2) Payment Failures have occurred in the past twelve (12) Month period, namely on [●] and [●].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Collateral Posting Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – COLLATERAL POSTING NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "Agreement"). Terms and expressions defined in the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 53.2.
3. This is a Collateral Posting Notice.
4. We hereby give you notice that there have been Payment Failures on [●] occasions in the past twelve (12) Month period.
5. The Billing Periods to which the Payment Failures relate are: [●].
6. You are required to transfer or deliver, or procure the transfer or delivery, of Acceptable Collateral to us pursuant to Condition 54.
7. The Collateral Amount is [●].
8. The Collateral Posting Date is [●].
9. The Initial Collateral Repayment Date is [●].
10. The details of the Reserve Account are as follows: [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Replacement Collateral Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – REPLACEMENT COLLATERAL NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 53.3.
3. This is a Replacement Collateral Notice.
4. We hereby give you notice that a Payment Failure occurred after the Collateral Posting Notice dated [●] and before the applicable Collateral Repayment Date.
5. The Billing Periods to which the Payment Failures relate are: [●].
6. The Replacement Collateral Repayment Date shall be: [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Letter of Credit Details Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – LETTER OF CREDIT DETAILS NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the LCHA Counterparty and us as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 54.3(B).
3. **[We have delivered to you a Letter of Credit today.]/[We intend to [deliver]/[renew] a [replacement] Letter of Credit on [●]]** and this is a Letter of Credit Details Notice.
4. We hereby notify you of the terms of such Letter of Credit:
 - (A) The Qualifying Issuer is: **[●]**.
 - (B) The credit rating of the Qualifying Issuer is: **[●]**.
 - (C) The relevant contact details for the Qualifying Issuer's **[representative] / [relationship manager]** are: **[●]**.
 - (D) The Letter of Credit is for an amount of: £**[●]**.
 - (E) The term of the **[renewed]/[delivered]/[replacement]** Letter of Credit is: **[●]**.

Yours faithfully,

.....
 For and on behalf of
 the **Producer**

Collateral Correction Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – COLLATERAL CORRECTION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 54.5.
3. This is a Collateral Correction Notice.
4. The following Posted Collateral [*is not*]/[*has ceased to be*] Acceptable Collateral: [●]. The reason that prevents such collateral from constituting Acceptable Collateral is: [●].
5. The Deficient Collateral Amount is [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Dispute Notice

To: **[[●]]** (the "**LCHA Counterparty**")
 [Address]/ **[[●]]** (the "**Producer**")
[Unique reference number: [●]]

From: **[[●]]** (the "**Producer**")
[Unique reference number: [●]]/ [●] (the "**LCHA Counterparty**")
[Address]

Dated: **[●]**

LCHA – DISPUTE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between you as the **[LCHA Counterparty]/[Producer]** and us as the **[LCHA Counterparty]/[Producer]** in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 55.3.
3. This is a Dispute Notice.
4. The subject matter of the Dispute is **[●]**.
5. The issues to be resolved are **[●]**.
6. The Condition to which the Dispute relates is **[●]**.
7. We consider that the correct position is **[●]**. Our reasons for believing this is the correct position are **[●]**.
8. **[We consider that the following dispute or claim relating to or arising out of another UKLCH Programme LCHA should be [consolidated with]/[joined to] this Dispute: [●].]**
9. **[We intend to rely on the following Supporting Information, copies of which we enclose: [●].]**
10. The **[relief]/[determination]/[remedy]/[recourse]** which we seek in relation to the Dispute is **[●]**.
11. We **[do not]** consider the Dispute should (without a Senior Representatives Settlement being reached) be referred for **[determination in accordance with the Expert Determination Procedure]/[resolution in accordance with the Arbitration Procedure]**.
12. Our Senior Representative is **[●]**.

Yours faithfully,

.....
 For and on behalf of

the [***LCHA Counterparty***]/[***Producer***]

Expert Determination Notice

To: [●]

From: [●]

Dated: [●]

LCHA – EXPERT DETERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between [●] as the LCHA Counterparty and [●] as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 57.1.
3. This is an Expert Determination Notice.
4. The subject matter of the Dispute is [●].
5. The issues to be resolved are [●].
6. The relevant Condition to which the Dispute relates is [●].
7. We consider that the correct position is [●]. Our reasons for this are [●].
8. ***[We consider that the following dispute or claim relating to or arising out of another UKLCH Programme LCHA should be [consolidated with]/[joined to] this Dispute: [●].]***
9. ***[We intend to rely on the following Supporting Information, copies of which we enclose: [●].]***
10. The [relief]/[determination]/[remedy]/[recourse] which we seek in relation to the Dispute is [●].
11. We propose that the Expert appointed be [●].
12. We propose that the proposed Expert be appointed on the basis of the following terms of reference: [●].
13. We believe that the proposed Expert has the relevant expertise which qualifies the proposed Expert to determine the relevant Expert Dispute for the following reasons: [●]

Yours faithfully,

.....
For and on behalf of
[●]

Expert Determination Response Notice

To: [●]

From: [●]

Dated: [●]

LCHA – EXPERT DETERMINATION RESPONSE NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between [●] as the LCHA Counterparty and [●] as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 57.3.
3. This is an Expert Determination Response Notice.
4. We [**do not**] accept the Expert proposed in the Expert Determination Notice dated [●]. [**We propose [●] as an alternative Expert.**]
5. We [**do not**] accept the terms of reference proposed in the Expert Determination Notice dated [●]. [**We propose the following alternative terms of reference: [●].**]

Yours faithfully,

.....
For and on behalf of
[●]

Consolidation Request

To: **[All the parties to a Connected Dispute]**

From: **[●]**

Dated: **[●]**

LCHA– CONSOLIDATION REQUEST

Dear Sir/Madam,

1. We refer to the agreement dated **[●]** between **[●]** as the LCHA Counterparty and **[●]** as the Producer in relation to the **[●]** Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 59.2.
3. This is a Consolidation Request.
4. The subject matter of the Dispute is **[●]**.
5. We consider that the following dispute[s] **[is]/[are]** Connected Dispute[s]: **[●]**.
6. Our reasons for considering that these disputes should be consolidated with the Connected Dispute[s] are **[●]**.
7. **[We intend to rely on the following Supporting Information, copies of which we enclose: [●].]**
8. This notice **[has been]/[will be]** copied to the **[Expert]/[Arbitrator(s)]** determining the Connected Dispute[s] **[at the same time this notice was given to the [addressees]]/[forthwith upon appointment of the [Expert]/[Arbitrator(s)]]**.

Yours faithfully,

.....
For and on behalf of
[●]

CO₂ T&S Connection Delay Compensation Payment Notice

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – CO₂ T&S CONNECTION DELAY COMPENSATION PAYMENT NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.48(B).
3. This is a CO₂ T&S Connection Delay Compensation Payment Notice.
4. The amount of CO₂ T&S Connection Delay Compensation is [●].
5. The principal inputs we have used to calculate the CO₂ T&S Connection Delay Compensation are:
 - (a) [●]; and
 - (b) [●].
6. The CO₂ T&S Connection Delay Compensation shall be effected as [*a lump sum payment/staged payments*].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Producer CO₂ T&S Connection Delay Compensation Notice Information Request

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

**LCHA– PRODUCER CO₂ T&S CONNECTION DELAY COMPENSATION NOTICE INFORMATION
 REQUEST**

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 3.46.
3. This is a Producer CO₂ T&S Connection Delay Compensation Notice Information Request.
4. We require the following Supporting Information in relation to the CO₂ T&S Connection Delay Compensation Notice dated [●]: [●].

Yours faithfully,

.....
 For and on behalf of
 the **LCHA Counterparty**

Producer QCiL Response Notice Information Request

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – PRODUCER QCIL RESPONSE NOTICE INFORMATION REQUEST

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 39.6.
3. This is a Producer QCiL Response Notice Information Request.
4. We require the following Supporting Information in relation to the [**Producer QCiL Response Notice dated [●]**]/[**Revised Producer QCiL Response Information received from you on [●]**]: [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Producer QCiL True-Up Notice Information Request

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA– PRODUCER QCIL TRUE-UP NOTICE INFORMATION REQUEST

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 42.11.
3. This is a Producer QCiL True-Up Notice Information Request.
4. We require the following Supporting Information in relation to the [***Producer QCiL True-Up Notice dated [●]/[Revised Producer QCiL True-Up Information received from you on [●]: [●]***].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

CO₂ T&S Termination Response Notice

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – CO₂ T&S TERMINATION RESPONSE NOTICE

Dear Sir/Madam,

We refer to the agreement dated [●] between you as the LCHA Counterparty and us as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.

1. We further refer you to Condition 49.23.
2. This is a CO₂ T&S Termination Response Notice.
3. Our good faith estimate of the CO₂ T&S Termination Payment is: [●].
4. The principal inputs used by us to calculate such CO₂ T&S Termination Payment were: [●].
5. We enclose [(by way of upload(s) to the **LCHA Counterparty data room on the dates set out in Appendix 1 to this notice**)] Supporting Information listed in Appendix 1 to this notice which we consider to be necessary to enable you to calculate the CO₂ T&S Termination Payment.
6. We enclose a Directors' Certificate certifying that the information contained in, and enclosed with, this notice is true, complete and accurate in all material respects and is not misleading.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Final Installed Capacity Termination Notice

To: [●] (the "Producer")
 [Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
 [Address]

Dated: [●]

LCHA – FINAL INSTALLED CAPACITY TERMINATION NOTICE

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to Condition 49.29.
3. This is a Final Installed Capacity Termination Notice.

Yours faithfully,

.....
 For and on behalf of the
LCHA Counterparty

Performance Test Procedure Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – PERFORMANCE TEST PROCEDURE NOTICE¹⁶⁵

PTP Response Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – PTP RESPONSE NOTICE¹⁶⁶

Performance Test Access Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – PERFORMANCE TEST ACCESS NOTICE¹⁶⁷

Amendment Notification

To: [●] (the "Producer")
[Unique reference number: [●]]

From: [●] (the "LCHA Counterparty")
[Address]

Dated: [●]

LCHA – AMENDMENT NOTIFICATION

Dear Sir/Madam,

1. We refer to the agreement dated [●] between you as the Producer and us as the LCHA Counterparty in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to paragraph 2.1 of Annex 4 (Change Control Procedure).
3. This is an Amendment Notification.
4. The Proposed Amendment is [●].
5. The Proposed Amendment Effective Date is [●].
6. We consider the Proposed Amendment to be a **[Material Amendment]/[Technical Amendment]**.
7. **[We consider the Proposed Amendment to be a Technical Amendment and we [do not] consider the Proposed Amendment to be a General Amendment.]/[We consider the Proposed Amendment to be a General Amendment and we [do not] consider that it applies to all UKLCH Programme LCHAs]/[consider that it applies only to those of [a specified category]/[specified categories], being [●]].]**
8. We enclose the following Supporting Information which we consider necessary to enable you to evaluate the Proposed Amendment: [●].

Yours faithfully,

.....
For and on behalf of
the **LCHA Counterparty**

Material Amendment Response Notification

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – MATERIAL AMENDMENT RESPONSE NOTIFICATION

Dear Sir/Madam,

1. We refer to the agreement dated [●] between [●] as the LCHA Counterparty and [●] as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to 2.2(B) of Annex 4 (Change Control Procedure).
3. This is a Material Amendment Response Notification.
4. We [**do not**] accept the Proposed Amendment proposed in the Amendment Notification dated [●]. [**We propose [●] as an alternative amendment.**]
5. [**We note that the Amendment Notification has not addressed the following consequential matters: [●].**]
6. We enclose [(**by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice**)] Supporting Information listed in Appendix 1 to this notice which we consider necessary to enable you to evaluate the matters covered in this Material Amendment Response Notification.
7. We [**do not**] accept the Proposed Amendment Effective Date proposed in the Amendment Notification dated [●]. [**We propose [●] as an alternative effective date.**]

Yours faithfully,

.....

For and on behalf of
the **Producer**

Technical Amendment Response Notification

To: [●] (the "LCHA Counterparty")
[Address]

From: [●] (the "Producer")
[Unique reference number: [●]]

Dated: [●]

LCHA – TECHNICAL AMENDMENT RESPONSE NOTIFICATION

Dear Sir/Madam,

1. We refer to the agreement dated [●] between [●] as the LCHA Counterparty and [●] as the Producer in relation to the [●] Project (the "**Agreement**"). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this notice.
2. We further refer you to 2.6(B)(ii) of Annex 4 (Change Control Procedure).
3. This is a Technical Amendment Response Notification.
4. We [**do not**] accept the classification of the Proposed Amendment as a Technical Amendment. [**Our reasons for this are: [●].**]
5. We [**do not**] accept the Proposed Amendment proposed in the Amendment Notification dated [●]. [**We propose [●] as an alternative amendment.**]
6. [**We note that the Amendment Notification has not addressed the following consequential matters: [●].**]
7. We [**do not**] accept the Proposed Amendment Effective Date proposed in the Amendment Notification dated [●]. [**We propose [●] as an alternative effective date.**]
8. We enclose [(by way of upload(s) to the LCHA Counterparty data room on the dates set out in Appendix 1 to this notice)] Supporting Information listed in Appendix 1 to this notice which we consider necessary to enable you to evaluate the matters covered in this Technical Amendment Response Notification.

Yours faithfully,

.....
For and on behalf of
the **Producer**

Meter Measurement System Non-Compliance Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "Technical Assurance Agent")
[Address]

Dated: **[●]**

LCHA – METER MEASUREMENT SYSTEM NON-COMPLIANCE NOTICE¹⁶⁸

Proving Test Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – PROVING TEST NOTICE¹⁶⁹

Proving Test Response Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – PROVING TEST RESPONSE NOTICE¹⁷⁰

¹⁷⁰

Note to Reader: This notice is subject to further development and will feature in the July publication.

Further Proving Test Response Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – FURTHER PROVING TEST RESPONSE NOTICE¹⁷¹

¹⁷¹

Note to Reader: This notice is subject to further development and will feature in the July publication.

Certification Scheme Participation Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – CERTIFICATION SCHEME PARTICIPATION NOTICE¹⁷²

¹⁷²

Note to Reader: This notice is subject to further development and will feature in the July publication.

Government Certification Scheme Response Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – GOVERNMENT CERTIFICATION SCHEME RESPONSE NOTICE ¹⁷³

Other Certification Scheme Response Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – OTHER CERTIFICATION SCHEME RESPONSE NOTICE¹⁷⁴

Further Certification Scheme Response Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – FURTHER CERTIFICATION SCHEME RESPONSE NOTICE¹⁷⁵

¹⁷⁵

Note to Reader: This notice is subject to further development and will feature in the July publication.

Certification Scheme Change Notice

To: **[●]** (the "LCHA Counterparty")
[Address]

From: **[●]** (the "Producer")
[Unique reference number: [●]]

Dated: **[●]**

LCHA – CERTIFICATION SCHEME CHANGE NOTICE¹⁷⁶

Certification Scheme Amendment Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – CERTIFICATION SCHEME AMENDMENT NOTICE¹⁷⁷

¹⁷⁷

Note to Reader: This notice is subject to further development and will feature in the July publication.

Acceptable Certification Scheme Notice

To: **[●]** (the "Producer")
[Unique reference number: [●]]

From: **[●]** (the "LCHA Counterparty")
[Address]

Dated: **[●]**

LCHA – ACCEPTABLE CERTIFICATION SCHEME NOTICE¹⁷⁸

¹⁷⁸

Note to Reader: This notice is subject to further development and will feature in the July publication.