



Invitation to market dialogue concerning the first tender for the deployment of the CCS fund

1. Introduction

On 20 September 2023, a majority in the Danish Parliament signed an Agreement on strengthened framework conditions for CCS in Denmark (in Danish: "*Aftale om styrkede rammevilkår for CCS i Danmark*"). The agreement consolidated the second phase of the CCUS fund¹ and the GSR fund² to one combined fund (the "CCS fund") that is to be deployed in two tendering rounds. The fund will provide subsidy for a value chain for carbon capture, transport and storage ("CCS").

The Danish Energy Agency ("the DEA") is responsible for the deployment of the CCS fund.

This note concerns the first tender for the deployment of the CCS fund which is scheduled for publication in June 2024.

The overall framework for the CCS fund is set out in the Agreement on strengthened framework conditions for CCS in Denmark of 20 September 2023. The DEA therefore refers to this agreement for further information on the CCS fund.

Within the framework as set out in the political agreement the DEA is currently in the process of preparing the tender procedure for the first tender for the deployment of the CCS fund, including e.g. the form of tender procedure, the model for awarding one or several contracts, the economy and subsidy scheme etc.

Currently, the DEA expects that the tender will be conducted as a negotiated procedure (in Danish: "*Udbud med forhandling*").

The DEA wishes to invite all interested operators to provide written contributions on selected themes and questions. The market dialogue will provide an opportunity for the market and potential tenderers to contribute to the DEA's considerations in the

¹ As established by the Danish Climate Agreement for Energy and Industry of 22 June 2020

² As established by the Agreement on green tax reform for industry of 24 June 2022



preparation of the tender. For information on the process and how to participate in the market dialogue, see section 0.

It is emphasised that all operators who has an interest in the CCS fund (regardless of e.g. which part of the CCS value chain the operator belongs to) are encouraged to submit written contributions to the market dialogue.

This note is published in connection with the prior information notice concerning the market dialogue for the first tender for the deployment of the CCS fund published by the DEA in the Supplement to the Official Journal of the EU (the TED database) (submitted for publication on 18 December 2023³).

Before publication of the tender, the DEA will conduct a public consultation concerning the deployment of the CCS fund in accordance with the Commission's Guidelines on State aid for climate, environmental protection and energy 2022.

2. Participation in the dialogue

The DEA invites all interested operators to provide written contributions to the questions specified in section 0.

The deadline for submitting written contributions is **15 January 2024**. Input received after this date might not be taken into consideration by the DEA.

The written contributions may potentially be elaborated on in writing and/or discussed at dialogue meetings between the operator and the DEA if deemed relevant by the DEA.

The DEA may ask a limited number of operators specific additional questions and/or invite a limited number of operators to participate in dialogue meetings regarding additional questions.

If the DEA deems it relevant to ask the market additional questions, the DEA expects that such additional questions to the market will be published on the site stated in the prior information notice. The DEA might also publish information about assumptions and considerations regarding the tendering process and/or documents for the foreseen tendering process on the site stated in the prior information notice. All interested operators are encouraged to stay updated on the site in Digitale Udbud/ EU Supply specified in the notice.

The DEA does not expect to publish a summary after the market dialogue regarding the input received in the market dialogue.

³ Published on 19 December 2023 and as adjusted according to notice submitted for publication on 20 December 2023, see footnote 4.



How to submit written contribution in the market dialogue⁴:

- a) On the site specified in the prior information notice access to the material from the DEA is publicly available for download under “Documents”.
- b) Written contributions to the DEA should be submitted to the DEA on CCS-puljer@ens.dk .

For the sake of good order, it is noted that the “*Response deadline*” currently set as 30 June 2024 in the digital tendering system relates to the period in which the site in digital tendering will be accessible; it does not constitute the deadline for submitting written contributions to the market dialogue.

If there is information or elements in the written contributions which for business reasons are desired to be exempted from access to documents, the operator is asked to state so in its response. However, irrespective of the operator’s requests for confidentiality, the DEA will be entitled and obliged to give access to documents to the extent required by law.

3. Questions

The DEA asks the operators to submit written contributions on the following questions. The operators are encouraged to phrase its contributions as operational as possible taking into account that the contributions serve as input in the DEA’s preparation of the tender.

1. Contemplated value chain and project

- 1.1. What are the operator’s considerations and/or expectations concerning the elements of its value chain for CCS (e.g. number of capture plants, location of capture plant(s), means of transport, means of storage etc.)?
- 1.2. What are the operator’s considerations and/or expectations for how to establish a value chain for CCS in terms of collaboration with other operators, e.g., sub-contracting, establishing partnerships, establishing hubs etc.?

⁴ Due to technical reasons the procedure for submission of written contribution in the market dialogue stated in the version of the invitation published on 19 December 2023 has shown not to be possible. The procedure for submission of written contribution has therefore been adjusted in this version of the invitation. The prior information notice published on 19 December 2023 has similarly been adjusted to reflect this.



1.2.1. Does the operator consider it relevant or possible to participate in the tender procedure with other operators e.g., for the purpose of fulfilling minimum requirements regarding quantity of CO₂ or economic standing, if such are included in the tender documents.

1.3. When does the operator expect that each part of its contemplated value chain for CCS will be in operation?

1.4. Does the operator currently consider itself ready for participating in the tender scheduled for publication in June 2024 and/or the tender scheduled for publication in June 2025 taking into account the requirement of capture and storage from 2029?

1.5. Which barriers and/or risks does the operator expect to be the most significant regarding the project during the contract?

2. Tender procedure

2.1. Within the assumption that the tender is scheduled for publication in June 2024 and the requirement of capture and storage from 2029, what are the operator's considerations regarding the timing of the following phases of the tender procedure:

2.1.1. Deadline for submission of application for prequalification

2.1.2. Deadline for submission of initial tender

2.1.3. Deadline for submission of final tender

2.1.4. Timing of notification of the award decision

2.1.5. Timing of entering into contract

2.2. If the operator has any considerations regarding the timing of the second tender of the CCS fund, which is scheduled for publication in June 2025 with a requirement of capture and storage from 2029, please elaborate.

3. Financing

3.1. By which financial means (other than subsidy from the DEA) does the operator expect to establish its business case?

3.2. What are the operator's expectations to revenues and savings from the ETS quota system during the contract?



3.3. What are the operator's expectations to revenues from sale of certificates (voluntary credits) related to capture and storage of biogenic CO₂ or atmospheric CO₂?

4. Quantity of CO₂ for CCS

4.1. Does the operator expect to base its value chain for CCS on capture of biogenic CO₂, fossil CO₂, both biogenic and fossil CO₂ or atmospheric CO₂?

4.1.1. To the extent the operator expects to base its value chain on capture of both biogenic and fossil CO₂, does the operator expect the proportion between biogenic CO₂ respectively fossil CO₂ to be stable or unstable during the contract from year to year? If the operator expects the proportion to be unstable, please elaborate on whether and how this influences the operator's project and/or business case, and the time horizon for the operator to foresee any changes in the proportion.

4.2. What quantity of captured and stored CO₂ does the operator for a contract with the DEA expect to guarantee annually from (and including) 2028 or 2029 until end of the contract?

4.2.1. What quantity of CO₂ does the operator expect to be able to capture annually?

4.2.1.1. What is the difference between the quantity of CO₂ that the operator *is able to capture* annually and the quantity of CO₂ that the operator will guarantee annually in a contract with the DEA (i.e. the buffer capacity)?

4.2.1.2. Is the operator able to estimate any buffer capacity in advance and with a certainty of such buffer capacity being realized? If so, how far in advance (monthly basis, from year to year etc.), and with which degree of certainty?

4.2.2. Would the number of contracts that the DEA would be able to award based on the tender procedure influence the quantity of CO₂ that the operator wishes to offer annually? If, yes please elaborate on such influence.



4.2.3. Does the operator consider it relevant if the tender documents allow for submitting offer with different quantities and different subsidy per ton of CO₂ captured and stored?

4.3. To the operator's knowledge, are there any minimum limit(s) for the quantity of CO₂ that an operator will need to be able to commit to capturing in relation to transport and/or storage providers?

4.4. What are the operator's considerations towards the contract including either i) a penalty for delay with achieving the commercial operation date on time or ii) a penalty for non-performance with respect to capturing and storing the contracted quantities after the commercial operation date?

5. Regulatory aspects

5.1. Does the operator consider that there are any regulatory outstandings of importance for the operator from i) a Danish legislative perspective, ii) EU legislative perspective and iii) other? Please elaborate on the impact of such regulatory outstandings with regards to e.g. the preparation of an offer, the business case, the subsidy per ton, etc.

6. Substantial comments

6.1. Does the operator have any substantial comments for the DEA?

Best regards

The Danish Energy Agency