APPENDIX A
EVALUATION OF OFFERS

Contract on subsidy for carbon capture, transport and Storage

Contents

1. THE AWARD CRITERION

Capitalised terms used in this Appendix shall have the meaning as ascribed to them in Appendix 2, Definitions.

Award of one or more contracts will take place on the basis of the award criterion best price-quality ratio.

In this connection, the DEA will apply the following sub-criteria with the weighting of each sub-criterion in the offer evaluation as specified by the percentage rates:

1. **Subsidy 80 %**
   Evaluated on the basis of the Evaluation Amount, which for the purpose of this Appendix means the Offered Rate plus a calculated evaluation-technical supplement, if applicable, see paragraph 2.2.

   As stated in Appendix 6, Offered Rate, Contracted Quantity & baselines, the Evaluation Amount (calculated as *Offered Rate + VAT of Offered Rate + evaluation-technical supplement*, see paragraph 2.2) may not exceed DKK 1750 per tonne CO_2 (2025-prices), see further information in Appendix 6, Offered Rate, Contracted Quantity & baselines.

   Each offer will be awarded points on a scale from 0 to 10 points as further described in paragraph 2.3.

2. **Project maturity 20 %**
   Evaluated on the basis of the tenderer's Project Description, Project Schedule, Authority Approval Plan and Risk Management Plan, see the Tender specifications, paragraph 13.1.4, where the contents of the Project Description, Project Schedule, Authority Approval Plan and Risk Management Plan are described. The evaluation will be an overall assessment of the maturity of the tenderer's project based on the Project Description, Project Schedule, Authority Approval Plan and Risk Management Plan and the extent to which these support successful establishment and operation of the Value Chain and a successful performance of the Contract, especially in reaching the Commercial Operation Date on time and securing capture and Storage of the Contracted Quantities in each year of the Contract. In the evaluation, emphasis will be put on the following:

   - The extent to which the offer reflects a well-thought-through Value Chain which is mature and feasible, taking into account the different elements of the Value Chain and their integrations and dependencies.

   - The extent to which the offer convincingly demonstrates a coherent and well-thought-through planning of the tenderer's project towards reaching the Commercial Operation Date on time, including e.g. that the Project Schedule includes relevant milestones and activities, that the

Project Schedule clearly identifies the critical path towards the Commercial Operation Date and that the Project Schedule includes float to minimize risk of delay.

- The extent to which the offer demonstrates that the tenderer has a well-thought-through and realistic plan for achieving the necessary approvals, permits and certificates required to establish and operate the full Value Chain, including e.g. that the plan is comprehensive and takes into account all parts of the Value Chain.

- The extent to which the offer convincingly demonstrates a good understanding of the risks associated with the project and well-thought-through and resilient risk mitigation measures, including e.g. that the identified risks are relevant for the project and that the mitigation measures are practicable (e.g. in terms of economy and/or resources) and suitable to minimize or avoid the identified risks.

Each offer will be awarded points on a scale from 0 to 10 points as further described in paragraph 2.4.

2. EVALUATION METHOD

2.1 Evaluation model

For the evaluation of which offers have the best price-quality ratio, the DEA uses a point model for the sub-criteria "Subsidy" and "Project Maturity".

The evaluation model is based on a comparison of the total weighted number of points achieved by the offers under the sub-criteria "Subsidy" and "Project maturity".

The offer(s) having achieved the highest number of points will be found to have offered the best price-quality ratio.

A contract will be awarded to the tenderer(s) who submit an offer [1] with highest number(s) of points, to the extent that the offers can be kept within the available funds, see paragraphs 2.5 and 2.6.

The details of the evaluation model are described in the following paragraphs.

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[1] The contract can only be awarded to an offer, which is compliant with the requirements set out in the tender documents. This appendix A describes the evaluation of compliant offers, i.e. the term offer in this Appendix A means a compliant offer.

2.2 Evaluation Amount

For the purpose of the evaluation of the offers, the Evaluation Amount is calculated. The Evaluation Amount is the Offered Rate[2] plus VAT of the Offered Rate plus a calculated evaluation-technical supplement, if applicable, as set out in this paragraph 2.2.

A calculated evaluation-technical supplement will be added to reflect that the DEA awards contract(s) to the tenderer(s) who have offered the lowest financial offer based on the Offered Rate taking the potential derived tax losses (in Danish: afledt afgiftstab) into account. The evaluation-technical supplement will be calculated on the basis of the Baseline Total Tax Savings (as further described in clause 2.2.1).

The Evaluation Amount is given by:

Evaluation Amount = Offered Rate + VAT of Offered Rate + evaluation-technical supplement

As specified in the formula above, the Evaluation Amount is calculated as the Offered Rate (which per definition is an amount not including VAT) + the VAT of the Offered Rate + the evaluation-technical supplement. In this way, the Evaluation Amount is an amount per tonne of CO_2 including VAT and derived tax losses as a consequence of the fact that the total amount of the CCS Fund also includes VAT and derived tax losses (see Tender Specification paragraph 2).

The calculated evaluation-technical supplement will be added only for the purpose of evaluation and award of contracts. The calculated evaluation-technical supplement can be 0 (zero) for some tenderers.

2.2.1 Calculation of the evaluation-technical supplement

The evaluation-technical supplement shall be added to the Offered Rate if the tenderer and/or an entity on which the tenderer bases the performance of the Contract is subject to CO_2Tax and/or Emission Tax with regard to the Contracted Quantity in accordance with the following legislation and to the extent that such tax can be reimbursed or is avoided as a result of the Storage of the CO_2:

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[2] If the DEA has quantified a reservation to a General Requirement in accordance with paragraph 15.3 of the Tender specifications, the Evaluation Amount will be the Offered Rate plus a supplement pursuant to paragraph 15.3 of the Tender specifications plus a calculated evaluation-technical supplement, if applicable, as set out in this paragraph 2.2.

- Act on taxation of CO_2-emissions from quota covered sectors (Act on emission tax) no. 619 of 11 June 2024[3] with later amendments thereof in force at the deadline for submission of the Best and Final Offer, in which case a supplement relating to emissions tax will be added; and/or

- Act on carbon dioxide tax on certain energy products, cf. consolidation Act no. 1353 of 2 September 2020[4] with later amendments thereof in force at the deadline for submission of the Best and Final Offer, including e.g. by Act amending the Act on carbon dioxide tax on certain energy products, Act on energy tax on mineral oil products, etc., Act on tax on natural gas and city gas, etc., Act on tax on hard coal, lignite and coke, etc. and various other laws[5] no. 683 of 11 June 2024, in which case a supplement relating to CO_2 tax will be added.

The evaluation-technical supplement will be calculated as the total sum of savings from the CO_2 Tax and the Emission Tax for the contract period (i.e. the sum of all Baseline Total Tax Savings and in the following called "total tax savings" divided by the Contracted Quantity (i.e. the sum of the Annual Quantities for the contract period and the 2029-Quantity, if any). Thus, the evaluation-technical supplement is an amount in DKK per tonne.

The calculation of the evaluation-technical supplement and the calculation of the Evaluation Amount for each tenderer is based on information in Appendix 6, Offered Rate, Contracted Quantity & baselines and on information submitted by the tenderer in Appendix 6, Offered Rate, Contracted Quantity & baselines. The calculation of the evaluation-technical supplement and of the Evaluation Amount is made in Appendix 6 and as further described below.

The evaluation-technical supplement shall be calculated and added with the value of the tax savings irrespective of whether the Contracted Quantity originates from a tenderer that is subject to such taxes or from another entity (which the tenderer bases the performance of the Contract on), that is subject to such taxes.

Calculation of Baseline Total Tax Saving
The Baseline Total Tax Savings (calculated for each year of the contract) shall be based on the composition of the tenderer's Contracted Quantity and the relevant tax rates per tonne of CO_2 applicable to the Contracted Quantity in accordance with the applicable legislation in force at the deadline for submission of the Best and Final Offer.

The calculation of the Baseline Total Tax Savings is based on the information submitted by the tenderer in Appendix 6, Offered Rate, Contracted Quantity & baselines, sheet "*Baseline Values – tenderer*") regarding

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[3] In Danish: *Lov om afgift af CO2-emissioner fra kvoteomfattede sektorer (emissionsafgiftsloven), jf. lov nr. 619 af 11. juni 2024*

[4] In Danish: *Lov om kuldioxidafgift af visse energiprodukter, jf. lovbekendtgørelse nr. 1353 af 2. september 2020*

[5] In Danish: *Lov om ændring af lov om kuldioxidafgift af visse energiprodukter, lov om energiafgift af mineralolieprodukter m.v., lov om afgift af naturgas og bygas m.v., lov om afgift af stenkul, brunkul og koks m.v. og forskellige andre love.*

fractions of the Annual Quantity (and if relevant, of the 2029 Quantity) subject to CO_2 Tax or Emission Tax for different activities, and on the information provided by the DEA regarding the rates for the CO_2 Tax and Emission tax as pertains to different activities in Appendix 6, Offered Rate, Contracted Quantity & baselines, sheet "*Baselines Values – DEA*", and the tenderer's Annual Quantity (and 2029-Quantity, if relevant) submitted by the tenderer in Appendix 6, Offered Rate, Contracted Quantity & baselines, sheet "*Contracted Quantity*".

The Baseline Total Tax Savings will be calculated as the sum of CO_2 Tax savings and Emission Tax savings.

The CO2 Tax respectively the Emission Tax savings for each year are calculated as the sum of the savings for each activity subject to CO2 Tax respectively Emission Tax for each year. The savings of each activity is calculated by multiplying the fraction of the Annual Quantity subject to CO2 Tax respectively Emission Tax as pertains to the relevant activity multiplied with the tax rate for the CO2 Tax respectively Emission Tax as pertains to the relevant activitiy (as provided by the DEA in Baseline Values DEA in this appendix) and multiplied with the tenderer's Annual Quantity (or 2029-Quantity, if relevant).

Calculation of the total tax savings
The total sum of savings from CO2 Tax and Emission Tax ("total tax savings") is the sum of the Baseline Total Tax Savings for each year of the Contract (i.e the sum of all calculated Baseline Total Tax Savings). The total tax savings are calculated in Appendix 6, Offered Rate, Contracted Quantity & baselines, sheet "*Baseline Savings*".

Calculation of the evaluation-technical supplement
The evaluation-technical supplement is an amount in DKK per tonne and will be calculated as:

$$Evaluation\text{-}technical\ supplement = \frac{total\ tax\ savings}{Contracted\ Quantity}$$

Where total tax savings is the total sum of all Baseline Total Tax Savings, and Contracted Quantity is the total tonnage of the CO2 that the tenderer is obliged to capture and Store i.e. the Annual Quantity multiplied by 15 plus the 2029-Quantity, if relevant.

Example:

Variables & parameters	Amounts
Baseline Total Tax Savings 2029	9,000,000.00 DKK
Baseline Total Tax Savings for each year 2030-2044	56,250,000.00 DKK
Total Tax Savings	$9,000,000.00 + 15 \cdot 56,250,00.00 = 852,750,000.00\ DKK$

2029-Quantity	25,000 tonnes
Annual Quantity	150,000 tonnes
Contracted Quantity	$25,000 + 15 \cdot 15,000 = 2,275,000 \; tonnes$

$$Evaluation\text{-}technical\ supplement = \frac{852,750,000.00\ DKK}{2,275,000\ tonnes} = 374.84\ DKK\ per\ tonne$$

In the example, the tenderer has a Baseline Total Tax Savings of DKK 9,000,000.00 in 2029 and Baseline Total Tax Savings of 56,250,000.00 DKK for each year from 2030-2044. The total tax savings i.e. the Baseline Total Tax Savings of 2029 plus 15 times the Baseline Total Tax Savings of 2030-2044 equals 852,750,000.00 DKK. The tenderer has a 2029-Quantity of 25,000 tonnes and an Annual Quantity of 150,000 tonnes. The Contracted Quantity i.e. the total tonnage of the contract, the 2029-Quantity plus 15 times the Annual Quantity, therefore equals 2,275,000 tonnes. Dividing the total tax savings with the Contracted Quantity equals 374.84 DKK per tonne, which is the evaluation-technical supplement for this tenderer.

2.3 Points for the sub-criterion "Subsidy"

With regard to the financial sub-criterion "Subsidy" each offer will be awarded points based on the Evaluation Amount (see paragraph 2.2) in accordance with a financial framework. The financial framework is defined by the lowest Evaluation Amount and a gradient, which together determine the range of the financial framework. The gradient of the initial framework is 75 %:

$$Financial\ framework \in [lowest\ Evaluation\ Amount; (1 + 0.75) \cdot lowest\ Evaluation\ Amount]$$

The offer with the lowest Evaluation Amount is awarded the highest number of points on the scale (maximum points), i.e. 10 points.

Offers with an Evaluation Amount that exactly matches the financial framework (lowest Evaluation Amount*(1+0.75)), or exceeds this framework, are awarded the lowest number of points on the scale (minimum points), i.e. 0 points.

The number of points awarded to each offer will not be rounded.

Offers with an Evaluation Amount that lies within the financial framework are awarded points by linear interpolation:

$$Points\ by\ linear\ interpolation =$$

$$Maximum\ points - \left(\frac{(maximum\ points - minimum\ points)}{gradient}\right) \cdot \frac{(Evaluation\ Amount\ of\ offer - lowest\ Evaluation\ Amount)}{lowest\ Evaluation\ Amount}$$

In the formula, the Evaluation Amount of offer constitutes the Evaluation Amount of the offer in question, which, using the formula, is awarded points by linear interpolation; lowest Evaluation Amount is the Evaluation Amount of the offer with the lowest Evaluation Amount and the gradient is the addition to the lowest Evaluation Amount on which the financial framework is based.

Example:

$$10 - \left(\frac{(10 - 0)}{0.75}\right) \cdot \left(\frac{(950 - 600)}{600}\right) = 2.22$$

In this example, the offer with the lowest Evaluation Amount, which thus is receiving maximum points, is DKK 600 per ton entailing that the upper range of the financial framework is DKK 1050. In the example, an offer with an Evaluation Amount of DKK 950 per ton would receive 2.22 points by linear interpolation for the sub-criterion "Subsidy". Further, in this example, an offer with an Evaluation Amount of DKK 1100 per ton would receive 0 points because this Evaluation Amount would exceed the upper range of the financial framework of DKK 1050.

The graph below illustrates the DEA's award of points in accordance with a financial framework in a situation where the gradient is 75 % and with 10 offers – each bullet on the graph representing an offer from a tenderer with varying ranked Evaluation Amounts (highest to lowest). As shown in the graph, one offer with the lowest Evaluation Amount, is awarded 10 points for the sub-criterion "Subsidy". Six offers lie within the financial frame-work while the remaining 4 offers each are awarded 0 points for the sub-criterion "Subsidy" as the Evaluation Amount of these offers exactly matches or lie outside the financial framework.

Example: Points for sub-criterion "Subsidy", gradient 75 %
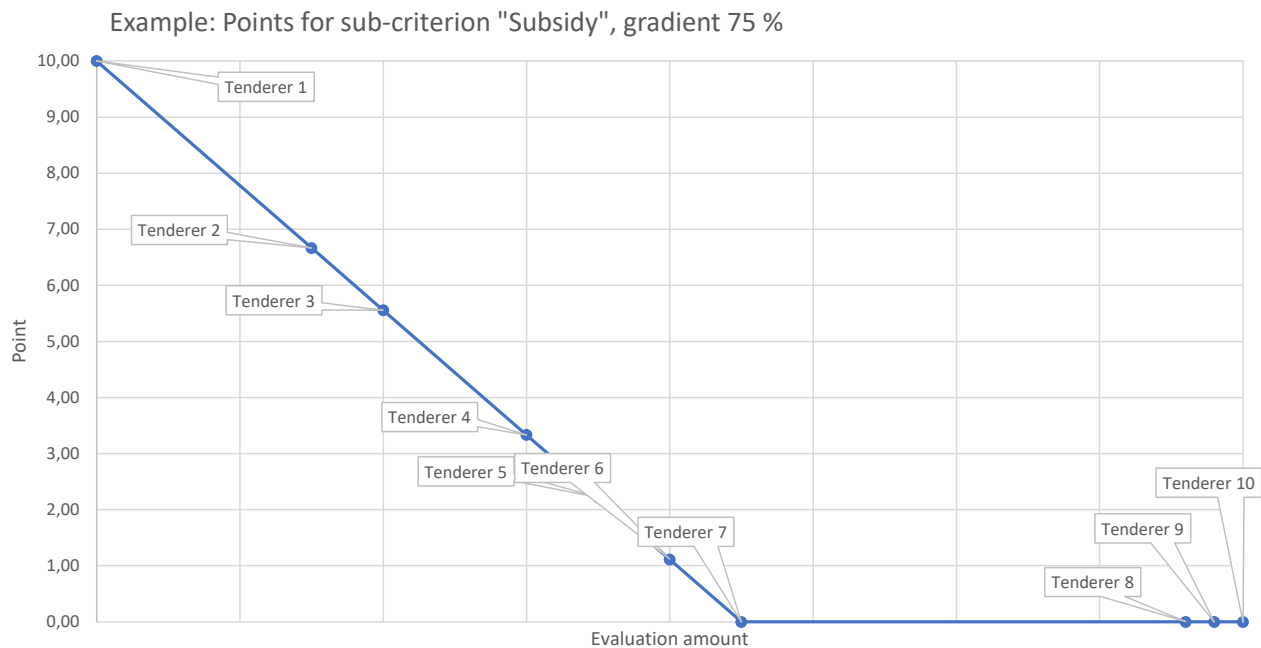
2.3.1 Correction model extension of financial framework

The financial framework is subject to three possible corrections: correction A, correction B and correction C.

Where applicable, correction A will be applied.

Where applicable, correction B is applied first. Correction C will, if relevant, be applied subsequently.

Where correction B is not applicable and therefore not applied, correction C will be applied if relevant.

The correction models are specified in paragraphs 2.3.1.2, 2.3.1.3 and 2.3.1.3.

2.3.1.1 Correction A

If the actual spread between the offer with the lowest Evaluation Amount and the offer with the highest Evaluation Amount is less than 30 %, the financial framework will be reduced with 25 percentage points (i.e. lowest Evaluation Amount *(1+ 0.50)). Then points in accordance with the new financial framework will be awarded.

The graph below illustrates how the DEA will award new points when this correction model applies.

Example: Points for sub-criterion "Subsidy", gradient 75 % and with correction A
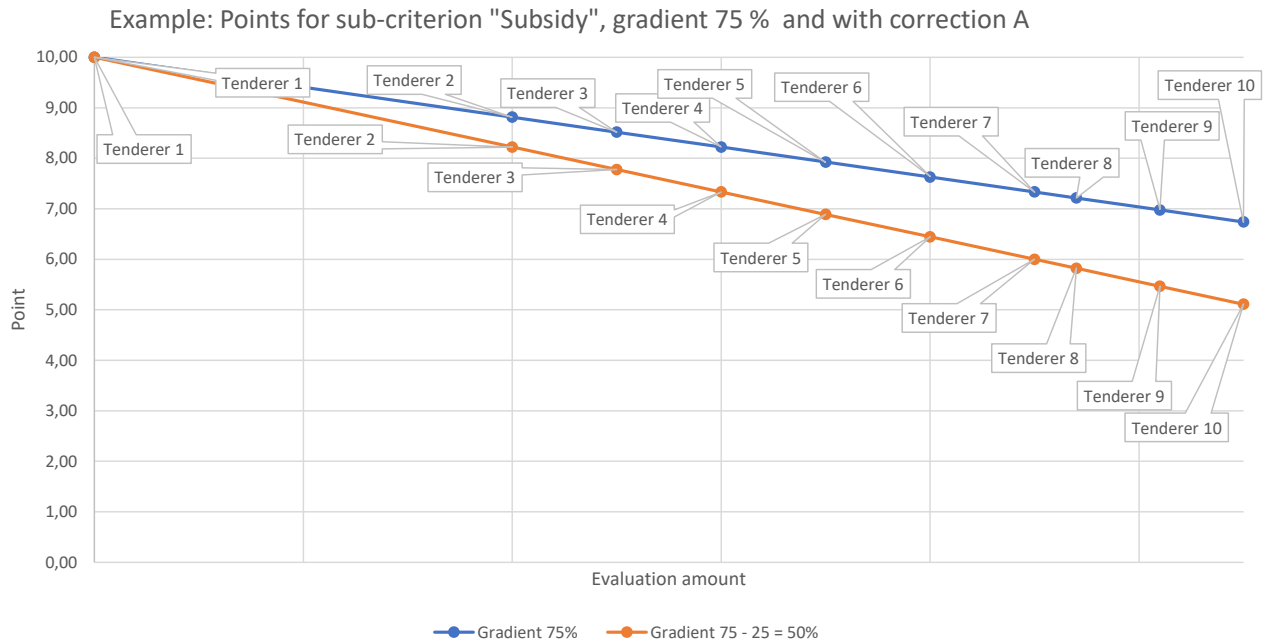
2.3.1.2 Correction B

If half or more of the offers lie outside the financial framework given by the lowest Evaluation Amount * (1+ 0.75) (as illustrated in the graph in paragraph 2.3), the financial framework will be increased by 25 percentage points (i.e. lowest Evaluation Amount * (1 + 1)). If less than half of the offers lie within the new, corrected financial framework, the financial framework will be increased by additional 25 percentage points (i.e. lowest Evaluation Amount *(1+ 1.25)). The gradient of the financial framework will be further increased by intervals of 25 percentage points until half or more of the offers lie within the financial framework.

If the total monetary sum of the offers within the financial framework (calculated as the total sum of the Evaluation Amount x Annual Quantity of each individual offer) is higher than the total available annual funds (DKK 1,791,200,000 incl. VAT) after correction B is made, then points will be awarded in accordance with the new, corrected financial framework (i.e. correction C will not be applied).

If the total monetary sum of the offers within the financial framework is less than or equal to the total available annual funds (DKK 1,791,200,000 incl. VAT) after correction B is made, then correction C will be applied, see paragraph 2.3.1.3.

The graph below illustrates an example of the DEA's award of points in a situation where half or more of the offers lie outside the initial financial framework (with a gradient of 75 %), and where half or more of the offers lie within the new, corrected financial framework (with a gradient of 100 %) after correction B is made.

Example: Points for sub-criterion "Subsidy", gradient 75 % and with correction B
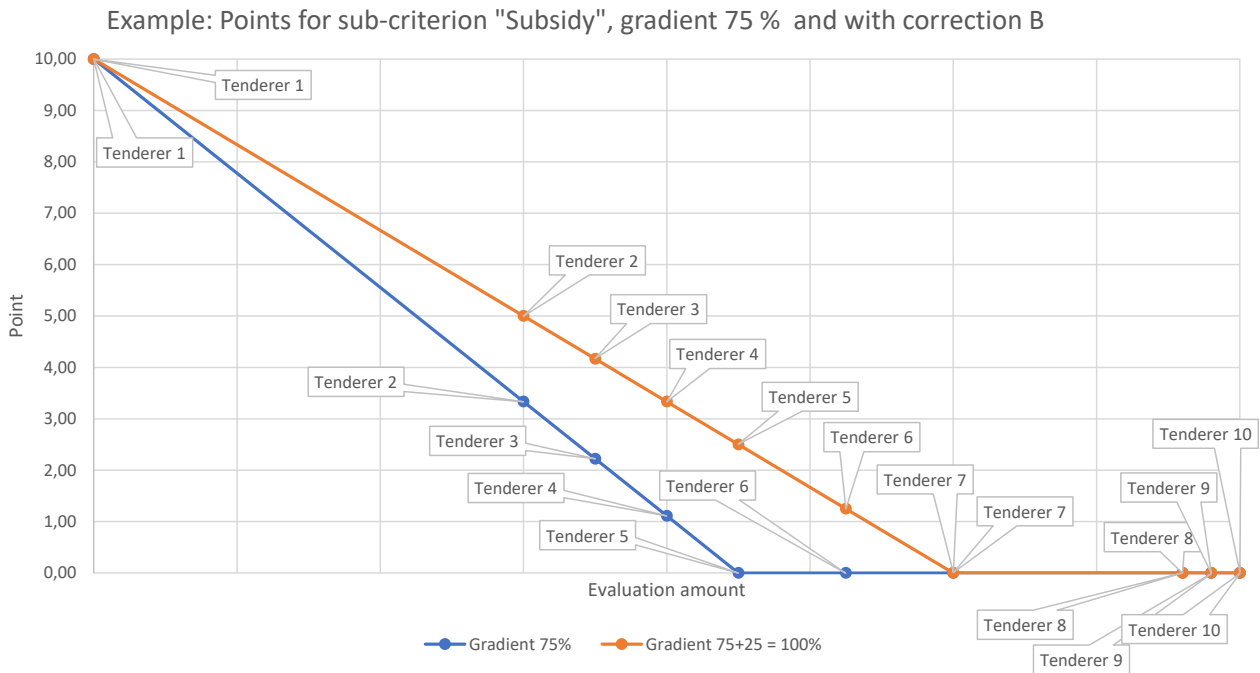

2.3.1.3   Correction C

If the total monetary sum of the offers within the financial framework (calculated as the total sum of the Evaluation Amount x Annual Quantity of each individual offer) is less than or equal to the total available annual funds (DKK 1,791,200,000 incl. VAT) after correction A is made, then the financial framework will be increased by intervals of 25 percentage points until the total monetary sum of the offers within the financial framework is higher than the total available annual funds (DKK 1,791,200,000 incl. VAT). Then points will be awarded in accordance with the new, corrected financial framework.

Correction C will also be applied if more than half of the offers lie within the financial framework given by the lowest Evaluation Amount*(1 + 0,75) (i.e. where correction B is not applied), but the total monetary sum of the offers within the financial framework is less than or equal to the total available annual funds (DKK 1,791,200,000 incl. VAT).

The graph below illustrates an example of the DEA's award of points in a situation where the total monetary sum of the offers that lie within the financial framework given by the lowest Evaluation Amount*(1 + 0,75) is

less than or equal to the total available annual funds (DKK 1,791,200,000 incl. VAT), where as a result, the financial framework has been increased until the total monetary sum of the offers within the financial framework is higher than the total available annual funds (DKK 1,791,200,000 incl. VAT) of the tender. Points are then awarded in accordance with the new, corrected financial framework, and Offers with Evaluation Amounts that exactly matches or lie outside the financial framework receive 0 points.

Example: Points for sub-criterion "Subsidy", gradient 75 % and with correction C
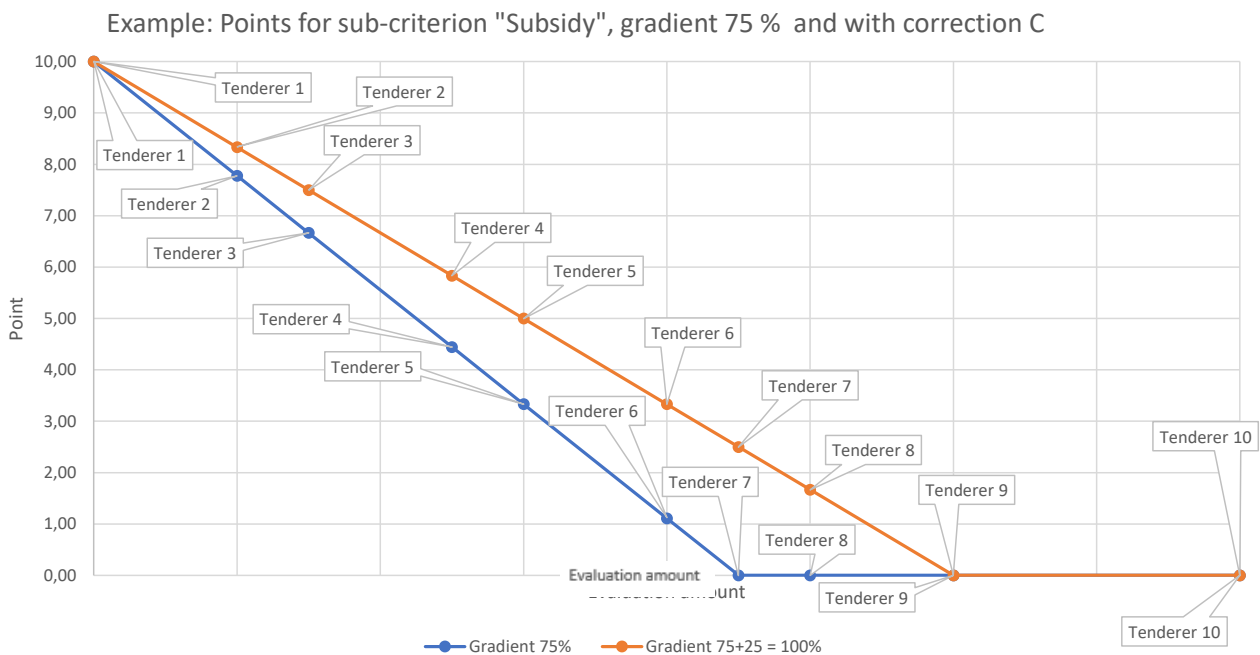
2.4   Points for the sub-criterion "Project maturity"

With regard to the qualitative sub-criterion "Project maturity", each offer will be awarded points in accordance with a qualitative evaluation.

The qualitative evaluation will be performed as an overall assessment of the sub-criterion "Project maturity" in accordance with the evaluation basis of the sub-criterion, see paragraph 1.

The qualitative evaluation will be based on the following descriptive scale:

- Excellent (10 points)
- Extremely satisfactory (9 points)
- Very satisfactory (8 points)
- Above satisfactory (7 points)
- A little above satisfactory (6 points)
- Satisfactory (5 point)
- A little below satisfactory (4 points)
- Below satisfactory (3 points)
- Less than satisfactory (2 points)
- Not satisfactory (1 point)
- Irrelevant (0 points)

With the qualitative evaluation, the DEA will award the number of points that corresponds to the evaluation on the descriptive scale. Only full points will be awarded, i.e. no decimals.

Each offer will be awarded one overall point for the sub-criterion "Project maturity".

2.5 Identification of the offer(s) with the best price-quality ratio

Finally, the total number of points for each offer will be calculated.

The total number of points represents the sum of the weighted number of points for each sub-criterion and is calculated using the following formula:

$$
\begin{aligned}
\text{Total number of points} \\
= \ & (\text{Points for sub-criterion "Subsidy"} * \text{Weighting of sub-criterion "Subsidy"}) \\
+ \ & (\text{Points for sub-criterion "Project Maturity"} * \text{Weighting of sub-criterion "Project Maturity"})
\end{aligned}
$$

The total number of points will not be rounded.

The offer having achieved the highest number of points in total will be found to have offered the best price-quality ratio. The offer having achieved the second-highest number of points in total will be found to have offered the second-best price-quality-ratio and so forth.

See the calculation example below.

<u>Example:</u>

Calculation of total number of points

Sub-criteria	TENDERER 1	TENDERER 2	TENDERER 3	TENDERER 4	TENDERER 5
Subsidy (80 %)	10.0 points	8.9 points	6.6 points	1.4 points	4.0 points
Project maturity (20 %)	5 points	10 points	8 points	9 points	6 points

TENDERER 1 = (10 points x 80 %) + (5 points x 20 %) = 9.00 points

TENDERER 2 = (8.9 points x 80 %) + (10 points x 20 %) = 9.12 points

TENDERER 3 = (6.6 points x 80 %) + (8 points x 20 %) = 6.88 points

TENDERER 4 = (1.4 points x 80 %) + (9 points x 20 %) = 2.92 points

TENDERER 5 = (4 points x 80 %) + (6 points x 20 %) = 4.40 points

Given that TENDERER 2 has achieved the highest number of points, TENDERER 2 is considered to have offered the best price-quality ratio.

2.6 Award of contract(s)

The DEA will award one or more contract(s) to the tenderer(s) with the highest number(s) of points, see paragraph 2.5, that can be accommodated within the available funds of the CCS fund.

Award of contract(s) will thus be made to the tenderer(s) with the highest, second highest etc. number of points to the extent that:

- the total monetary sum of the offers (calculated as the sum of the Evaluation Amount x Annual Quantity of the individual offers) is less than or equal to the total available annual funds, which is DKK 1,791,200,000 incl. VAT in any given year.

If several offers, each of which can be accommodated within the available funds, receive the same number of points, the offers in question will be ranked through drawing lots to the extent that it is not possible to award all of the offers a contract within the available funds.

The contract(s) that can be accommodated within the available funds will be awarded to the relevant tenderer(s) encompassing the "Annual Quantity" specified by the tenderer in Appendix 6, Offered Rate, Contracted Quantity & baselines, and the 2029-Quantity, if offered by the tenderer.

If there are available remaining annual funds of the CCS fund the DEA will proceed to consider the marginal offer.

The marginal offer is the offer with the highest number of points after the offers that can be fully accommodated within the available annual funds ("the next offer in line"). The Evaluation Amount x Annual Quantity of the marginal offer thus exceeds the remaining available annual funds.

If there are marginal offers that have received the same number of points, the offers in question will be ranked through drawing lots.

The DEA will send a conditional award letter to the tenderer with the marginal offer specifying a reduced Annual Quantity with the same Offered Rate as specified in the tenderer's Appendix 6, Offered Rate, Contracted Quantity & baselines that can be contained within the available funds. The conditional award letter will state that as a condition for the DEA to be able to award a Contract to the tenderer, the tenderer must accept that the Annual Quantity specified in the tenderer's Appendix 6, Offered Rate, Contracted Quantity & baselines, is reduced to the Annual Quantity specified in the conditional award letter with the same Offered Rate as specified in the tenderer's Appendix 6, Offered Rate, Contracted Quantity & baselines such that the Contract can be contained within the remaining available annual funds of the CCS fund.

If the tenderer with the marginal offer accepts the conditions specified in the conditional award letter no later than 10 (ten) working days after the DEA has sent the conditional award letter to the tenderer, the DEA will award a Contract to the tenderer. Prior to conclusion of the Contract the tenderer's Appendix 6, Offered Rate, Contracted Quantity & baselines, and all other relevant appendices, shall be adjusted to specify the reduced Annual Quantity specified in the conditional award letter. The Offered Rate will not be adjusted.

If the tenderer with the marginal offer rejects the conditions specified in the conditional award letter or if the DEA does not receive an acceptance of the conditional award letter from the tenderer no later than 10 (ten) working days after the DEA has sent the conditional award letter to the tenderer, the conditional award of contract will lapse without further notice. Hereafter, the DEA will send a conditional award letter to the tenderer with a marginal offer with second highest number of points specifying a reduced Annual Quantity with the same Offered Rate as specified in the tenderer's Appendix 6, Offered Rate, Contracted Quantity & baselines, that can be contained within the available funds. The conditional award letter will state the same conditions as set out above, and the tenderer's acceptance or rejection will be dealt with in the same was as set out above. This procedure will be repeated until a conditional award letter is accepted or there are no more tenderers with marginal offers.