

UNOFFICAL TRANSLATION - LICENSE

NO. X/XX

FOR INVESTIGATION AND USE OF THE SUBSOIL FOR GEOLOGICAL
STORAGE OF CO₂

2022

This translation is provided for convenience only, and in the event of any conflict between the wording of the Danish and English versions, the wording of the Danish version shall prevail in all respects.

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Appendix 1. License area

Appendix 2. Work Programme

Licensee

In accordance with Section 23 of the Act on the Use of Denmark's Subsoil (the Subsoil Act) – cf. Consolidated Act no. no. 1533 of 16 December 2019, as subsequently amended – and on the basis of the information obtained in the application of [date] and otherwise obtained, the Minister for Climate, Energy and Utilities hereby grants to

[Company 1],
registered in [country] with Enterprise Registration Number [no.],
for a proportion of..... XX %

[Company 2],
registered in [country] with Enterprise Registration Number [no.],
for a proportion of..... XX %

.....

.....

Danish North Sea Fund (Nordsøfonden),
registered in Denmark with enterprise registration number CVR no. 29435065,
for a proportion of.....XX %

jointly, hereinafter referred to as the Licensee, a license for the investigation and use of the subsoil for geological storage of CO2 in the area specified in section 2.

The license shall be subject to the conditions laid out below.

Section 1 – Definitions

For the purposes of this License, the following terms shall have the meaning stated below, unless otherwise stated in the context:

The competent authority:

The Ministry of Climate, Energy and Utilities is the competent authority for this License. It follows from Section 3(1)(1) of Executive Order no. 2573 of 22 December 2021 on the Tasks and Authority of the Danish Energy Agency that – where the Minister for Climate, Energy and Utilities is granted powers under the Subsoil Act, subject to Section 4 and sections 7-15 of the Executive Order – the Danish Energy Agency exercises these powers on behalf of the Minister and receives notification and material on behalf of the Minister.

CCS Executive Order:

Executive Order no. 1425 of 30 November 2016 on Geological Storage of CO₂ etc. (the CCS Executive Order), as amended by Executive Order no. 162 of 10 February 2017 amending the Executive Order on Geological Storage of CO₂ etc.

Subsection 1.

The definitions in Chapter 6 a of the Danish Subsoil Act on special provisions on geological storage and transport of CO₂ apply to this License. Pursuant to Section 23(e) of the Subsoil Act, the following definitions apply:

CO₂ storage site:

A particular area or area with associated volume within a geological formation used for geological storage of CO₂, and associated land-based installations and injection facilities.

Geological formation:

A lithostratigraphic subdivision into distinct layers that can be detected and mapped.

Geological storage of CO₂:

Injection of CO₂ streams followed by storage of CO₂ in underground formations.

Subsection 2.

The competent authority may authorise other state authorities to exercise powers covered by this License.

Section 2 – License Area

Subsection 1. The License shall cover the area indicated on the enclosed map with the corner coordinates and blocks indicated in Appendix 1.

Subsection 2. The corner coordinates are given in geographical coordinates based on European Datum 1950. The block division of the Danish area is based on blocks with a size of 7.5 width minutes and 15 longitude minutes.

Subsection 3. If the area covered by the license or areas within it are not covered by or omitted from Danish sovereignty under international legal rules, including by international agreement, the licensee must respect any resulting restriction of the area, without any claim being made against the competent authority or the Danish State in general.

Section 3 – Scope of the License

Subsection 1. Within the area specified in section 2, the license gives the licensee the exclusive right to inject and store CO₂ in the subsoil as defined in section 1.

Subsection 2. The license shall not prevent other licensees from carrying out preliminary studies of the subsoil for the purpose of investigation of hydrocarbons, exploration and extraction of other raw materials, establishment and operation of pipeline installations for use in activities covered by the Subsoil Act use of the subsoil for storage or purposes other than extraction that are not storage of CO₂, or scientific studies. The licensee is obligated to ensure that no unnecessary obstacles are placed in the way of activities as mentioned in section 1, or of activities covered by the Subsoil Act, which are carried out under other licenses.

Subsection 3. If the licensee finds hydrocarbons or raw materials covered by the Subsoil Act or the Mineral Resources Act, the licensee is obligated to notify the competent authority accordingly.

Section 4 – Work Programme and Evaluation Programme

Subsection 1. The licensee shall carry out the investigation work laid out in the work programme enclosed as Appendix 2.

Subsection 2. The work programme shall include a timetable for carrying out the works, indicating the date on which the licensee expects to be able to define a suitable CO₂ storage site at the latest. The competent authority shall, within 12 months of that date, have received a request for approval of a plan for the storage facility for the purpose of the storage facility with regard to approval under Section 23d(2).

Section 5 – Terms of License and extension for the purpose of storage

Subsection 1. This License shall run for X years from the date of its notification. The competent authority may in special circumstances, extend the investigation license for up to 2 years at a time. However, the total investigation period may exceed 10 years only in exceptional cases.

Subsection 2. The extension of the License under Section 23(2) of the Subsoil Act for the purpose of storage shall be granted by the competent authority for the area defined in accordance with Subsection (4) for a period of 30 years from the granting of the extension, subject to Section 35(4) of the License. Extensions can be done separately for one or more areas.

Subsection 3. The right to an extension referred to in Subsection 2 shall be conditional on the licensee having fulfilled its obligations, including carrying out the work programme and submitting, in accordance with Section 4 of the License, a request for approval of a storage plan. The request shall be accompanied by a report on the CO₂ storage site assessments on the basis of which the suitability determination is based. The report shall include a description and an evaluation of the geological and reservoir-technical CO₂ storage site, as well as an indication of the technical and economic conditions for the proposed storage activity.

Subsection 4. The competent authority shall define the area or areas to which the license is extended for storage. The delimitation shall be indicated by geographical coordinates and depth indications. The demarcated area shall include the CO₂ storage site as its geographical and depth extent is documented by the licensee in the context of the request for extension of the license, at the discretion of the competent authority. Where conditions so require, a demarcated area may comprise more than one geological structure. Where the extent of the geological structure cannot be determined with considerable certainty, the competent authority shall consider this when determining the additional area and depth indications.

Section 6 – Storage

Subsection 1. The extension of the license pursuant to Section 23(2) for the purpose of storing CO₂ is subject to the condition that the licensee submits, before the deadline stated pursuant to Section 4(2), a storage plan for the storage operations, including the organization of the storage operations and the facilities for it (storage

measures etc.), which the competent authority may approve in accordance with Section 23 d(2) of the Subsoil Act, and initiate storage at the time specified at the time of approval.

Subsection 2. The competent authority may set detailed requirements for the content and form of an application pursuant to Section 23d(2) of the Subsoil Act and for the information to be submitted in connection with or in connection with it.

Sections 7-12 – (Not used)

(Not used)

Section 13 – State participation

Subsection 1. The North Sea Fund (Nordsøfonden) exercises the rights for the Danish State under this licence in proportion to the size of its share. The detailed rules on the rights and obligations of the state participant as co-holder of the license are set out in Section 23 y of the Subsoil Act and the conditions for this are also stated in the Joint Operating Agreement, which must be approved by the competent authority under Section 18 of the License.

Sections 14-17 – (Not used)

(Not used)

Section 18 – Joint Operating Agreement

Subsection 1. The license shall be subject to the signing of a Joint Operating Agreement within 90 days of the license, between the participants of the license to exercise the activities covered by the license, which may be approved by the competent authority.

Subsection 2. Any modification, derogation from or addition to this Joint Operating Agreement, including the designation of a new operator, shall be subject to the approval of the competent authority.

Section 19 – Observers

Subsection 1. Representatives of the competent authority shall be entitled to attend, as observers, meetings of cooperation bodies established in connection with the activities covered by the license.

Subsection 2. The competent authority shall be summoned with the same notice and shall have the same documents, including minutes, as the licensee.

Section 20 – Transport and accommodation for the supervisors, etc.

The licensee shall, at the request of the competent authority, arrange for the transport of public representatives from their place of employment to and from the places where the activity is carried on, and provide accommodation. The licensee shall bear the costs of this.

Section 21 – Reporting

Subsection 1. In order to ensure access to and supervision of the licensee's activities under this license, the licensee shall:

- a) Communicate all necessary financial information about the company; cf. Section 26 of the Subsoil Act. The licensee shall submit annual reports of the licensee, guarantor and ultimate parent company, consisting of balance sheet, profit and loss account and annual report, as well as information on shareholders representing at least one tenth of the share capital. Where the license is awarded on behalf of several parties, the information shall be communicated for each participant in the license, in which case accounts shall be drawn up showing all common costs and revenues. As a rule, the competent authority must always receive consolidated annual reports that have been audited by a certified auditing firm in accordance with the provisions of the Danish Financial Statements Act, IFRS or other internationally recognised accounting policies, which can be approved by the competent authority, but may in special cases and upon request dispense with these requirements. The competent authority may also agree to receive annual reports in other languages, provided that a faithful and accurate translation into Danish or English is provided. Furthermore, the licensee shall immediately provide information on significant changes in the company's capital ratio.
- b) Provide all necessary information about the licensee's preliminary investigations, storage and settlement activities. The licensee shall – including during the performance of geophysical, geological, geochemical and other surveys and drilling – submit reports, samples, raw data, machining results, interpretations and assessments, as well as summary reports, containing interpretation and assessment of the results obtained. Furthermore, for the establishment, operation and decommissioning of storage facilities, the licensee shall submit information and reports on ongoing and impending activities on an ongoing or periodic basis.
- c) Each year, submit a summary of the licensee's expected activities and budgeted expenses for the next 4 calendar years. The summary statement shall specify the individual activities and indicate expected costs for feasibility studies, investigation and the establishment, operation and settlement of storage operations, as well as expected income and tax payments in each of the years of the period.

Subsection 2. The competent authority may draw up instructions and guidelines on the timing of the submission of the information referred to in Subsection 1, on the form and level of specification of the information and on the accounting of the licensee. The competent authority may also draw up guidelines on the information, which

the licensee must submit in addition to what follows from Subsection 1 and from the provisions laid down pursuant to Section 34(1) of the Subsoil Act, and require additional information in the individual case if this is deemed necessary.

Subsection 3. The competent authority may require the licensee to take special measures with regard to the storage and use of samples, data etc.

Section 22 – Confidentiality and disclosure of information

Subsection 1. Authorities and persons exercising tasks under the Subsoil Act, as well as anyone who otherwise provides assistance in this regard, are subject to professional secrecy in accordance with the provisions of sections 152 to 152 f of the Criminal Code with regard to information and samples etc., which the authorities receive from the licensee pursuant to this license and sections 26 and 34 of the Subsoil Act.

Subsection 2. The information provided pursuant to the license is publicly available in accordance with the rules of the Public Information Act, the Public Administration Act and the Environmental Information Act, unless where exceptions covered by the acts are made.

Subsection 3. Notwithstanding the provisions of Subsection (2), all information and samples etc. covered by Section 34(1) of the Subsoil Act may be disclosed to persons other than public authorities after 5 years from the time when the information etc. is obtained and accessible to the licensee. By way of derogation from Subsection 2, where the license expires, is cancelled, forfeited or revoked in whole or in part, that period shall be limited to 2 years in the case of information relating to the area in which the license has ceased.

Subsection 4. The provisions of subsections 1-3 shall not prevent the disclosure of the information etc., where:

- a) No legitimate interest of the licensee warrants their secrecy,
- b) The licensee's interest in maintaining professional secrecy is considered to be overridden by considerations of essential public interest,
- c) information of a general nature is provided in connection with the making of public statements, annual reports or the like on exploratory/investigative and storage matters or
- d) this is done in the context of cooperation with the authorities of other countries and provided that the information is subject to equivalent professional secrecy in the country concerned. Information received from the authorities of other countries indicating that the information is secret or confidential, or where this follows from the nature of the information, shall be subject to Subsection 1.

Sections 23 – (Not used)

(Not used)

Section 24 – Measurement

Subsection 1. The equipment, procedure and units of measurement for the qualitative and quantitative measurement of the stored CO₂ shall be approved by the competent authority. The measurements must be verifiable by the competent authority.

Subsection 2. Where it is found that the methods or equipment used have led to the measurement result not being correct, the competent authority shall, after consulting the licensee, establish procedures for determining the measurement results to be considered correct. The competent authority may require the licensee to carry out further investigations in order to provide the necessary grounds.

Section 25 – Drilling regulations

The licensee is obligated to comply with the regulations on the execution of boreholes and other works that may at any time be stated as conditions for approvals under Section 28 of the Subsoil Act.

Sections 26 – 29 (Not used)

(Not used)

Section 30 – Insurance

Subsection 1. The licensee's liability under the Subsoil Act must be covered by insurance in accordance with the rules in subsections (2) to (4); cf. also Section 24(e) of the Subsoil Act.

Subsection 2. The insurance must provide reasonable coverage based on the risk of the undertaking's exercise and the premium costs.

Subsection 3. At the end of each calendar year, the competent authority shall be informed of the insurance policies in force, indicating the main conditions. The competent authority may require the licensee to take out additional insurance. If, in connection with the activities of storing CO₂, facilities and installations are used that are also used in connection with other activities covered by the Subsoil Act, the competent authority may take into account whether insurance has already been taken out or secured for these in accordance with the licenses in which they are included.

Subsection 4. The licensee is also obligated to comply with any insurance provisions laid down by the competent authority.

Subsection 5. If, in connection with the CO₂ storage activities, installations, facilities and installations are used, which are also used in connection with other activities covered by the Subsoil Act, and the other enterprise ceases, the licensee is obligated to take out additional insurance for these purposes in compliance with Section 24(e)(1) of the Subsoil Act.

Section 31 – Form of liability

If the license has been granted jointly and several, they are jointly and severally liable for claims for damages under Section 35 of the Subsoil Act and for the fulfilment of obligations to the State under this license.

Section 32 – Provision of security

Subsection 1. The licensee must provide a provision of security for the fulfilment of all obligations under the license; cf. sections 24 f and 23 q of the Danish Subsoil Act. The security must be provided no later than 30 days after the license is granted and must, pursuant to Section 24 f, Subsection 3 of the Subsoil Act, be approved by the competent authority, which can impose conditions for the approval. The guarantee may take the form of a parent company guarantee and may be subject to amendment or supplement by the competent authority with a notice of 30 days.

Subsection 2. If, in connection with the activities of storing CO₂, plants, facilities and installations are used that are also used in connection with other activities covered by the Subsoil Act, the competent authority may, when approving the guarantee, take into account whether the obligations covered by Subsection 1 are already covered by approved collateral in connection with other activities covered by the Subsoil Act.

Subsection 3. If, in connection with the CO₂ storage activities, plants, facilities and installations are used, which are also used in connection with other activities covered by the Subsoil Act, and the other enterprise ceases, the licensee is obligated to provide additional guarantees in order to ensure that the company is incorporated into the environmental compliance with Section 24 f of the Subsoil Act.

Section 33 – Assignment

The license or shares therein may not be transferred, directly or indirectly, or in whole or in part, to third parties or otherwise between several co-holders, unless authorised by the competent authority in accordance with Section 29 of the Subsoil Act. The same applies to the transfer of shares and company shares of a size, which may give rise to a dominant influence over a company, which is a co-owner, or to the conclusion of agreements having the same effect.

Section 34

(Not used)

Section 35 – Relinquishment of license

Subsection 1. The competent authority shall, in accordance with Section 23 m of the Subsoil Act and rules laid down pursuant thereto, if necessary, revoke this license in whole or in part,

- 1) if there is leakage, significant irregularities or there is a risk thereof,
- 2) if the results, information and documentation submitted pursuant to Section 12 of the CCS Executive Order or the inspections carried out pursuant to Section 13 of the CCS Order show that the license conditions are not being complied with or that there is a risk of leakage or significant irregularities,
- 3) if the licensee or its operator otherwise do not meet the license conditions, or conditions or orders under the Subsoil Act or rules made pursuant thereto are not complied with,
- 4) where necessary based on the latest scientific findings and technological progress.
- 5) 5 years after the license was awarded and every ten years thereafter, subject to subsections 1-4 and Section 30 of the Subsoil Act.

Subsection 2. The competent authority may revoke this license in whole or in part; cf. Section 30 of the Subsoil Act,

- 1) if the provisions, conditions or orders laid down therein are not complied with in the Subsoil Act and in this license or the provisions, conditions or orders laid down thereunder,
- 2) if a license application contains false or misleading information, or
- 3) if one or more of the license holders are taken into reconstruction or declared bankrupt.

Subsection 3. If the matter can be remedied by the licensee, revocation pursuant to subsections 1(3) and 2(1) may not take place until the competent authority has issued an order to remedy the matter within a specified period and the order has not been complied with.

Subsection 4. In the event of revocation pursuant to subsections (1) and (2), the provisions of sections 36 and 37 shall apply.

Section 36 – Consequences of termination of the license

Subsection 1. The expiry, abandonment, cancellation or withdrawal of the license shall not relieve the licensee of the obligations incumbent upon it by law, legal order or other prescribed provisions, conditions or orders.

Subsection 2. If any part of the work programme laid out in Appendix 2 or in work programmes for extensions of the license has not been carried out at the end of the license period, abandonment, lapse or revocation, the licensee shall (unless the competent authority grants a derogation thereof) pay to the Exchequer an amount equal to what the fulfilment of the obligations would have cost. The determination of the amount shall take into

account the costs incurred by allowing others to carry out the works for the State at the time of termination of the license.

Subsection 3. Payment of the amount referred to in Subsection 2 shall not be subject to the carrying out of the remaining works by the competent authority.

Subsection 4. Payment shall be made within 30 days of the notification by the competent authority.

Subsection 5. In the event of late payment, the licensee must pay an annual interest rate equivalent to that specified in Section 5(1) of the Act on Interest and Other Conditions in the Event of Late Payment (The Interest Act).

Section 37 – Transfer and removal of installations etc.

Subsection 1. When the license ceases upon expiration, abandonment, lapse or revocation – either for the whole area or for part of it – the State is entitled to take over, free of charge, in whole or part, all plants, facilities and installations intended for more permanent use in the area in question, as well as necessary accessories and materials, including records and manuals etc.; cf. Section 33 of the Subsoil Act.

Subsection 2. If the license ceases in accordance with Subsection 1, the licensee shall be obligated to ensure that the installations referred to in Subsection 1 etc. are present in the area and may be transferred free of charge to the State in such condition as due maintenance requires. The same applies to the installations referred to in Subsection 1 etc., which are being set up for storage activities, provided that the licensee is not obligated to take any further completion measures.

Subsection 3. At the time of termination of the license referred to in Subsection 1, the licensee shall be obligated to ensure that installations etc. referred to in subsections 1 and 2 which do not belong to the licensee or which are encumbered by other rights of third parties are released from third party rights of any kind so that free transfer to the State may be made in an unencumbered state.

Subsection 4. In the event of failure to fulfil its obligations under subsections 1, 2 and 3, whether negligent or not, the licensee shall be obligated to make good any loss thereon, including operating losses, and any expenses incurred by the State in order to be satisfied as if the obligations had been fulfilled according to their content.

Subsection 5. In the case of installations etc., which have exhausted their purpose before the end of the license, the provisions of subsections 1 to 4 shall apply mutatis mutandis as and when they are withdrawn from service.

Subsection 6. The licensee must submit a plan for the liquidation of all installations and installations etc. in connection with the license (completion plan) for the approval of the competent authority; cf. Section 32a of the

Subsoil Act, no later than at the same time as submitting an application for a license or approval under Section 23 d or Section 28 of the Subsoil Act. The completion plan shall include a statement of the expected costs of implementing the completion plan and a description of how to ensure that the funds for implementing the plan are available.

The completion plan must include an account of the removal of facilities, etc. The completion plan shall also include an explanation and assessment of the environmental and safety impacts of the plan, as well as a timetable for implementation. The competent authority may set the detailed rules for the content of the plan.

The competent authority may require the licensee, in accordance with a timetable set by the competent authority, to remove in whole or in part all installations, etc., whether belonging to the licensee or others, which the State does not wish to take over in accordance with subsections 1-5.

Subsection 7. If the competent authority decides to close the CO₂ storage site pursuant to Section 23 n(1) of the Subsoil Act, then the licensee is obligated to seal the storage site and remove the injection facilities.

Subsection 8. The competent authority may at any time require the licensee to take other necessary measures designed to prevent installations etc. from presenting a risk or inconvenience. If the licensee does not comply with an order under Subsection 1, the competent authority shall be entitled to have the necessary action taken at the licensee's expense and risk in all respects without further notice. If the removal or implementation of remedial measures results in a claim for damages from third parties against the State, the licensee is obligated to indemnify the State for this purpose.

Section 38 – Indemnity

The licensee shall indemnify the State from any claim, which may be brought against the State by a third party as a result of the licensee's activities.

Section 39 – Relationship to legislation

Subsection 1. The license is subject to the legal rules in force at any time in Denmark, including any future amendments to the Act on the Use of Denmark's Subsoil, executive orders, regulations and the obligations in force at any given time as a result of Denmark's membership of the European Union. The license does not therefore entail any restrictions on the general law of taxation of the State or on the right to lay down general provisions on the detailed conduct of investigation and storage activities.

Subsection 2. The license does not exempt the licensee from obtaining necessary licenses and approvals pursuant to the Subsoil Act and the legislation in general.

Section 40 – Applicable law and jurisdiction

Subsection 1. All disputes arising in connection with this license or with the licensee's exercise of activities under the license shall be settled in accordance with the legal rules in force in Denmark.

Subsection 2. The place of jurisdiction is Copenhagen.

Subsection 3. Subsections 1 and 2 shall not prevent the competent authority and the licensee from deciding on a case-by-case basis that a dispute of the kind referred to in Subsection 1 shall be settled by arbitration.

Copenhagen, on the date

Dan Jørgensen /

Mogens Hagelskær

Appendix 1

for License number X/XX
for investigation and use of the subsoil for geological storage of CO2

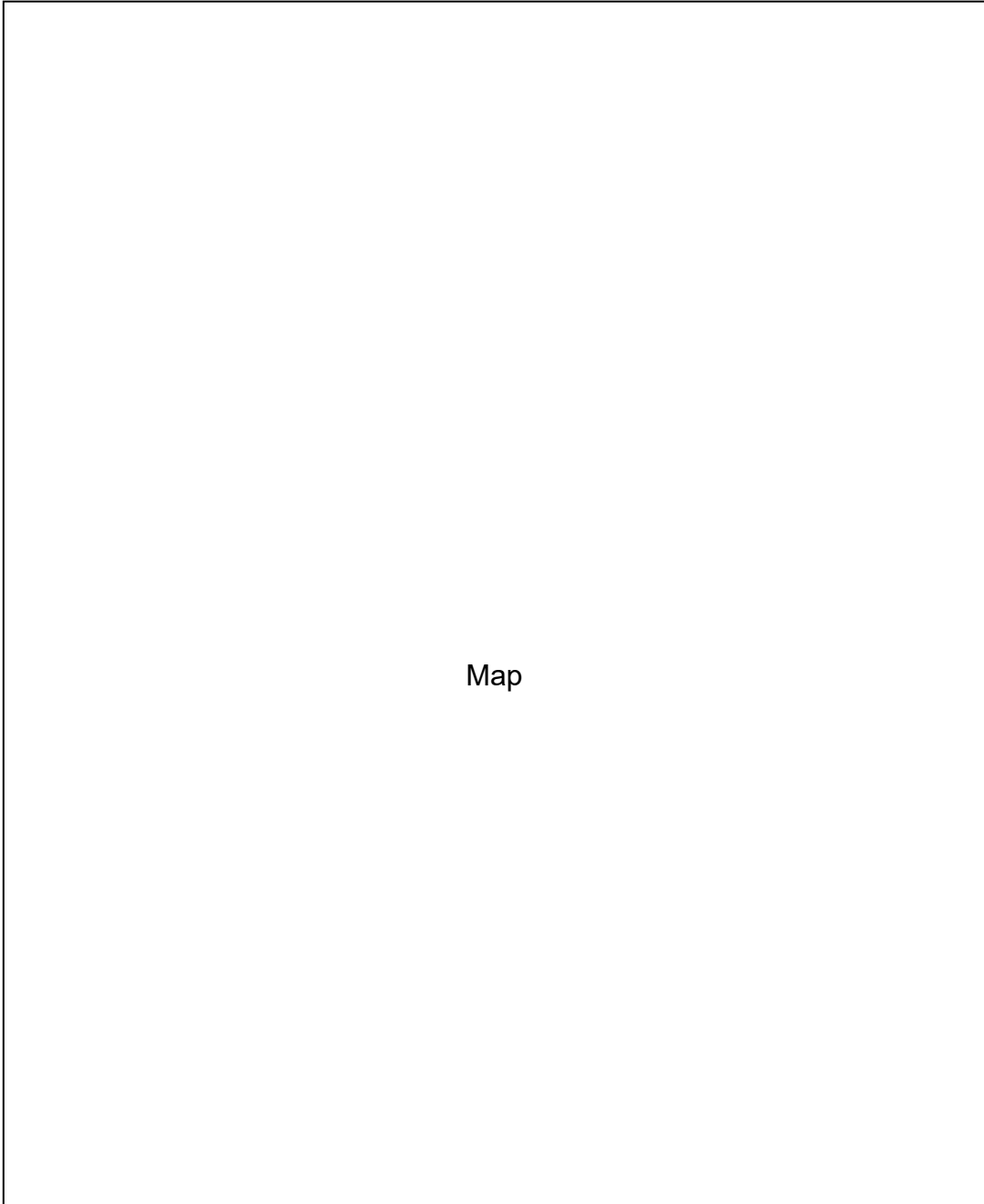
The license area; cf. Section 2(1).

The license covers the area indicated on the enclosed map in the blocks with corner coordinates:

(Geographical coordinate system European Datum 1950)

Point	Width			Length		
	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds
1	X	X	X	X	X	X
2	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
1	X	X	X	X	X	X

The license area shall be delimited, where possible, by connecting the corner coordinates in the order above with latitude or longitude. Otherwise, geodesic lines are used.



Map

License number X/XX

Projection UTM 31, ED 50

Appendix 2

for License number X/XX
for investigation and use of the subsoil for geological storage of CO₂

Work programme for the license; cf. Section 4(1).

The following work programme includes the investigation activities that the licensee must carry out as a minimum in accordance with Section 4(1) of License number X/XX for investigation and use of the subsoil for geological storage of CO₂ relating to the area covered by the license; see Appendix 1:

- 1) The licensee must, within xx months of the license being awarded, have provided xx km/km² of new 2D/3D seismic surveys.
- 2) The licensee must perform one (1) investigation drilling. Drilling must commence no later than xx months after the license is issued. The drilling must be carried to a depth that allows relevant data collection of the entire XX Formation to be carried out.
- 3)
- 4)

When the license for a site expires, the licensee shall submit a final report on the CO₂ storage suitability of that area to the competent authority.

Drilling shall be carried out in an exploratory manner, including by carrying out core taking, sampling and sampling production and otherwise in accordance with the guidelines established by the competent authority when approving each drilling programme.

Adequate analyses and interpretations of collected data must be carried out. The licensee shall follow any instructions given by the competent authority.

Before commencing work, the licensee may seek the decision of the competent authority on whether planned works may be included in the work programme.