



Danish Energy Agency

# APPENDIX 2

## DEFINITIONS

Contract on subsidy for carbon capture, transport and Storage

### **Energistyrelsen**

Carsten Niebuhrs Gade 43  
1577 København V

T: +45 3392 6700  
E: [ens@ens.dk](mailto:ens@ens.dk)

[www.ens.dk](http://www.ens.dk)



## 1. Introduction

This Appendix sets out definitions used in the Contract and its Appendices. All defined terms are written with an initial capital letter.

## 2. Definitions

- 2029-Quantity means the quantity of CO<sub>2</sub> specified in Appendix 6, Offered Rate, Contracted Quantity & baselines, that the Operator is obliged to capture and Store, in 2029, i.e. the period from 1 January 2029 at the earliest until (and including) 31 December 2029 in accordance with the Contract.  
*[The tenderer is not obliged to specify any 2029-Quantity]*
- Activity means any type of action, task, performance, delivery, etc. or series of actions, tasks, performances, deliveries, etc. in the life cycle of the Contract.
- Actual Atmospheric Allowances Fraction means the actual fraction (in percentage) of the Verified Delivered Quantity for a given calendar year subject to atmospheric allowances.<sup>1</sup>
- Actual Biogenic Allowances Fraction means the actual fraction (in percentage) of the Verified Delivered Quantity for a given calendar year subject to biogenic allowances.<sup>2</sup>
- Actual Fossil EUA Fraction means the actual fossil fraction (in percentage) of the Verified Delivered Quantity for a given calendar year, which would have required EUA if not captured and Stored.
- Actual Subsidy means an amount in DKK excluding VAT calculated by the DEA in connection with the Annual Settlement for a given calendar year.

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<sup>1</sup> This becomes relevant if future legislation entails that participation in the EU Emissions Trading System (ETS), or a similar EU-mandated trading scheme, becomes voluntary for Operators capturing and Storing Atmospheric CO<sub>2</sub>.

<sup>2</sup> This becomes relevant if future legislation entails that participation in the EU Emissions Trading System (ETS), or a similar EU-mandated trading scheme, becomes either mandatory or voluntary for emitters of Biogenic CO<sub>2</sub>.



- Actual Subsidy Rate means an amount in DKK per tonne CO<sub>2</sub> excluding VAT calculated by the DEA for the Annual Settlement for a given calendar year in accordance with Appendix 5, Subsidy and economy scheme.
- Actual Total Carbon Credit Income means the total income in DKK generated by Carbon Credits related to the Verified Delivered Quantity for a given calendar year.
- Actual Total Tax Savings means a total amount in DKK based on the sum of the Emission Tax and CO<sub>2</sub> Tax that would have been subject to payment in a given calendar year if the Verified Delivered Quantity had not been captured and Stored.
- Annual Forecast Quantity means the total quantity of CO<sub>2</sub>, which the Operator expects to Store in a given calendar year, submitted by the Operator in accordance with R-6, Appendix 3, Requirements specification.
- Annual Quantity means the quantity of CO<sub>2</sub> specified in Appendix 6, Offered Rate, Contracted Quantity & baselines, that the Operator is obliged to capture and Store every calendar year from 2030 until (and including) 2044 in accordance with the Contract. As a minimum the Annual Quantity shall be 100,000 tonnes of CO<sub>2</sub>.
- Annual Report on the Delivered Quantity means the Operator's annual report on the Delivered Quantity, see R-8, Appendix 3, Requirements specification
- Annual Settlement means the calculations made by the DEA after a given calendar year of operation in accordance with Appendix 5, Subsidy and economy scheme.in order to ascertain whether the Operator shall repay subsidy.
- Appendix means an appendix to the Contract
- Atmospheric CO<sub>2</sub> means CO<sub>2</sub> from the ambient air and not the emissions from energy or industrial plants.
- Authority Approval Plan means the Operator's authority approval plan submitted as part of the Operator's offer and included in the Contract as Sub-appendix 4.C, Authority Approval Plan, and any final version of det document made in accordance with R.1, Appendix 3, Requirements specification, and



with any changes made in accordance with the Contract, including the change management procedure in Appendix 8, Change management.

- Baseline EUA Savings Per Tonne means an amount in DKK per tonne of CO<sub>2</sub> calculated for each calendar year from 2030 (or 2029, if relevant) until (and including) 2044 on the basis of the Baseline Fossil EUA Fraction and the Baseline EUA Value. The Baseline EUA Savings Per Tonne is specified in Appendix 6, Offered Rate, Contracted Quantity & baselines.
- Baseline EUA Value means the price of EUA specified in Appendix 6, Offered Rate, Contracted Quantity & baselines, for each calendar year from 2029 until (and including) 2044.
- Baseline Fossil EUA Fraction means the fossil fraction (in percentage) of the Annual Quantity for a given year (or for 2029, if relevant, of the 2029 Quantity) which would require EUA if not Stored. The Baseline Fossil EUA Fraction is specified in Appendix 6, Offered Rate, Contracted Quantity & baselines, for each calendar year from 2030 (or 2029, if relevant) until (and including) 2044.
- Baseline Tax Savings Per Tonne means an amount in DKK per tonne of CO<sub>2</sub> calculated by dividing the Baseline Total Tax Savings for a given calendar year with the Annual Quantity (or for 2029, if relevant, divided with the 2029-Quantity). The Baseline Tax Savings Per Tonne is specified in Appendix 6, Offered Rate, Contracted Quantity and baselines, for each calendar year from 2030 (or 2029, if relevant) until (and including) 2044.
- Baseline Total Carbon Credit Income means the income generated by Carbon Credits - e.g. income based on concluded agreements and/or a reservation corresponding to expectations to future agreements - related to the Storage of the Annual Quantity in a given calendar year (for 2029, if relevant, of the 2029 Quantity). The Baseline Total Carbon Credit Income is specified in Appendix 6, Offered Rate, Contracted Quantity & baselines, for each calendar year from 2030 (or 2029, if relevant) until (and including) 2044.
- Baseline Total Tax Savings means a total amount in DKK based on the sum of Emission Tax and CO<sub>2</sub> Tax that would have been subject to payment in a given year if the Annual Quantity (or 2029-Quantity, if relevant) had not been captured and Stored. The Baseline Total Tax Savings is specified in



Appendix 6, Offered Rate, Contracted Quantity & baselines, for each calendar year from 2030 (or 2029, if relevant) until (and including) 2044.

- Biogenic CO<sub>2</sub> means CO<sub>2</sub> that originates from the combustion, digestion, fermentation, decomposition or processing of non-fossil fuels or feedstock such as biomass. Furthermore, to qualify as biogenic CO<sub>2</sub>, the biomass input, from which the CO<sub>2</sub> is captured, shall comply with the at any time applicable sustainability criteria for renewable energy production according to “Bekendtgørelse om bæredygtighed og besparelse af drivhusgasemissioner for biomassebrændsler og flydende biobrændsler til energiformål, m.v.” (BEK nr 530 af 28/05/2024) and later amendments thereof concerning use of biomass and biomass fuel for the production of electricity, heating or fuels, including biogas.
- Business Day means any Day excluding Saturdays, Sundays, Danish public holidays, 24 December, 31 December, and 5 June (Constitution Day).
- Carbon Capture Plant means either i) a capture plant capturing CO<sub>2</sub> from a point source, or ii) a direct air capture plant capturing atmospheric CO<sub>2</sub>.
- Carbon Credits means certificates (or similar terms such as e.g. “carbon removal certificates”, “voluntary credits” and “voluntary certificates”) representing the removal of CO<sub>2</sub> through verified CO<sub>2</sub> removal activities, which are tradable. For the purpose of providing information of the quantity of Carbon Credits and the value pr. Carbon Credit in appendix 6, a Carbon Credit represents the removal of one metric tonne of CO<sub>2</sub>.
- CCS Activities means the collective Activities performed by the CCS Value Chain.
- CCS Directive means directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 with subsequent amendments.
- CO<sub>2</sub> Tax (in Danish: *CO<sub>2</sub>-afgift*) refers to the Danish, national tax governed by Act on carbon dioxide tax on certain energy products, cf. consolidation



Act no. 1353 of 2 September 2020<sup>3</sup> with later amendments thereof, 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<sup>4</sup> no. 683 of 11 June 2024.

- Commercial Operation Date (COD) means the date when the Operator shall commence the operation of the full Value Chain. If the Operator's performance of the Contract is based on more than one Carbon Capture Plant, operation of the full Value Chain (i.e. COD) encompasses operation of all Carbon Capture Plants but see the general notes under "General Requirements" in Appendix 3, Requirements specifications, in relation to certain requirements that shall also be based on the date of commencement of operation of Carbon Capture Plant(s) that commences operations before COD.
- Contract means this Contract between the Parties on subsidy for carbon capture, transportation, and storage, including the Appendices, with any changes made in accordance with the Contract, including the change management procedure in Appendix 8, Change management.
- Contracted Quantity means the quantity of CO<sub>2</sub> specified in Appendix 6, Offered Rate, Contracted Quantity & baselines that the Operator is obliged to capture and Store in accordance with the Contract, i.e. the total tonnage of the Contract – calculated as the sum of the Annual Quantities and the 2029-Quantity, if any.
- Day means calendar day.
- DEA's Requirements mean the Contract excluding appendices, Appendix 2 (Definitions), Appendix 3 (Requirements specification), Appendix 5 (Subsidy and economy scheme), Appendix 6 (Offered Rate, Contracted Quantity & baselines) excluding the parts provided / completed by the Operator, Appendix 7 (Code of conduct), Appendix 8 (Change management), Appendix 9 (Contact persons), Appendix 10 (Information about Sub-

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<sup>3</sup> In Danish: *Lov om kuldioxidafgift af visse energiprodukter, jf. lovbekendtgørelse nr. 1353 af 2. september 2020*

<sup>4</sup> 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, jf. lov nr. 683 af 11. juni 2024.*



Suppliers) excluding the parts provided / completed by the Operator and Appendix 11, (Model performance and warranty guarantee).

- Deliverables means the various documentation, reporting, information, data, etc. that the Operator has provided as part of the offer or which the Operator shall provide and make available to the DEA subject to the Contract and the Appendices, including but not limited to clause 12 of the Contract.
- Delivered Quantity means the total quantity of CO<sub>2</sub> Stored in accordance with the Contract in a given period.
- Emission Tax (in Danish: *emissionsafgift*) refers to the Danish, national tax governed by Act on taxation of CO<sub>2e</sub>-emissions from quota covered sectors (Act on emission tax)<sup>5</sup> no. 619 of 11 June 2024 with later amendments thereof.
- Force Majeure means an event as defined in the clause 23 of the Contract.
- Forecast Atmospheric Allowances Fraction means the fraction (in percentage) of the Annual Forecast Quantity subject to atmospheric allowances for a given calendar year, specified by the Operator in accordance with R-6, Appendix 3, Requirements specification.<sup>6</sup>
- Forecast Biogenic Allowances Fraction means the fraction (in percentage) of the Annual Forecast Quantity subject to biogenic allowances for a given calendar year, specified by the Operator in accordance with R-6, Appendix 3, Requirements specification.<sup>7</sup>
- Forecast Fossil EUA Fraction means the fossil fraction (in percentage) of the Annual Forecast Quantity which would have required EUA if not captured and Stored in a given calendar year, specified by the Operator in accordance with R-6, Appendix 3, Requirements specification.

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<sup>5</sup> In Danish: *Lov om afgift af CO<sub>2e</sub>-emissioner fra kvoteomfattede sektorer (emissionsafgiftsloven)*, jf. lov nr.619 af 11. juni 2024.

<sup>6</sup> This becomes relevant if future legislation entails that participation in the EU Emissions Trading System (ETS), or a similar EU-mandated trading scheme, becomes voluntary for Operators capturing and Storing Atmospheric CO<sub>2</sub>.

<sup>7</sup> This becomes relevant if future legislation entails that participation in the EU Emissions Trading System (ETS), or a similar EU-mandated trading scheme, becomes either mandatory or voluntary for emitters of Biogenic CO<sub>2</sub>.



- Forecast Total Carbon Credit Income means the total expected income in DKK generated by Carbon Credits related to the Storage of the Annual Forecast Quantity in a given calendar year, specified by the Operator in accordance with R-6, Appendix 3, Requirements specification.
- Forecast Total Tax Savings means a total amount in DKK based on the sum of Emission Tax and CO<sub>2</sub> Tax that would have been subject to payment in a given year if the Annual Forecast Quantity had not been Stored, specified by the Operator in accordance with R-6, Appendix 3, Requirements specification.
- Fossil CO<sub>2</sub> means CO<sub>2</sub> that originates from the combustion of fossil fuels or products made from fossil fuels as well as process emissions from e.g. cement production.
- Guarantor means an independent entity domiciled in the EU / EEA and governed by public regulation applicable for financial institutions (banks or credit insurance companies) and is under the supervision of a governmental institution.
- Intellectual Property Rights means copyrights and related rights, including rights in databases, patents, utility models, trademarks, service marks, trade names, topography rights, design rights, domain names, rights under the Danish Marketing Practices Act (In Danish: Markedsføringsloven) and all applications or pending applications for all the mentioned rights in all cases, whether or not registerable in any country, and all rights and forms of protection of a similar nature or having equivalent or similar effect anywhere.
- Invoiced Quantity means the quantity of CO<sub>2</sub> in a given period that the calculation of invoiced amount has been based on.
- Key Milestones means milestones that are critical for the project in relation to achieving the Commercial Operation Date. Key Milestones are specified by the Operator in Sub-appendix 4.B, Project Schedule.
- Liability Cap means the limitation of the liability of the Parties as further described in clause 21.4 of the Contract (which also sets out the exclusions from the cap).





- Offered Rate means the amount in DKK per tonne CO<sub>2</sub> captured and Stored excluding VAT offered by the Operator and stated by the Operator in Appendix 6, Offered Rate, Contracted Quantity & baselines.
- Operator means the entity which has entered into the Contract with the DEA or, if the Contract has been transferred in accordance with clause 18.1 of the Contract, the entity to which the Contract has been transferred.
- Operator's Solution means the Operator's offer and any document provided by the Operator to the DEA after entry into force of the Contract.
- Parties mean both the Operator and the DEA.
- Party means either the Operator or the DEA.
- Penalty/Penalties means an amount to be paid by the Operator to the DEA under the conditions stipulated in the Contract, notwithstanding whether or not the DEA can demonstrate a loss.
- Performance and Warranty Guarantee means a guarantee as described in clause 13 of the Contract.
- Project Description means the Operator's project description submitted as part of the Operator's offer and included in the Contract as Sub-appendix 4.A, Project Description, and any final version of the document made in accordance with R-1, Appendix 3, Requirements specifications, and with any changes made in accordance with the Contract, including the change management procedure in Appendix 8, Change management.
- Project Schedule means the Operator's project schedule submitted as part of the Operator's offer and included in the Contract as Sub-appendix 4.B, Project Schedule, and any final version of the document made in accordance with R-1, Appendix 3, Requirements specifications, and with any changes made in accordance with the Contract, including the change management procedure in Appendix 8, Change management.
- Quarterly Report on Delivered Quantity means the Operator's quarterly report on the Delivered Quantity provided to the DEA, see R-7, Appendix 3, Requirements specification.



- Risk Management Plan means the Operator's risk management plan submitted as part of the Operator's offer and included in the Contract as Sub-Appendix 4.D, Risk Management Plan, and any final version of the document made in accordance with R-1, Appendix 3, Requirements specification, and with any changes made in accordance with the Contract, including the change management procedure in Appendix 8, Change management.
- Solution Description means the Operator's Project Description, Project Schedule, Authority Approval Plan and Risk Management Plan.
- Storage and its verb form Store (including any related verb conjugations) means either a physical CO<sub>2</sub> storage site where the CO<sub>2</sub> is permanently, geologically stored or the act of permanently, geologically storing CO<sub>2</sub>, including subsurface injection into geological formations such as saline aquifers, depleted reservoirs, or basaltic rock formations that allow for mineralization below the surface.
- Subsidy/Subsidies means the subsidies that the Operator may become entitled to under the Contract.
- Subsidy Rate means an amount in DKK per tonne CO<sub>2</sub> excluding VAT calculated by the DEA for invoicing of Delivered Quantity in accordance with Appendix 5, Subsidy and economy scheme.
- Sub-Supplier means an entity contributing to the Operator's performance of the Contract. The meaning of the term "Sub-Supplier" shall be fully interchangeable with the word "sub-contractor".
- Value Chain means the full range of Activities needed to capture, transport, and Store CO<sub>2</sub>.
- Verified Delivered Quantity means the total quantity of CO<sub>2</sub> Stored in accordance with the Contract in a given calendar year verified in accordance with R-8, Appendix 3, Requirements specification.