

APPENDIX 2

DEFINITIONS

Contract on subsidy for carbon capture, transport,
and storage

Danish Energy Agency

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1. Introduction

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

2. Definitions

1. Accredited EU ETS Third Party means an entity accredited under “Commission Implementing Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council” to provide written assurance of compliance.
2. Accredited Third Party means an entity accredited by an accreditation body to provide written assurance of compliance.
3. 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.
4. Additional Quantity means the delivery of > 0.4 MTA CO₂ per year from year 2026 until end of Contract.
5. Annual Management Meetings means the meetings held annually at the DEA’s premises.
6. Appendix means an appendix to the Contract.
7. Audit means a systematic, independent, and documented process for obtaining evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled. Normally, the evidence gathering process is based on sampling.
8. BAFO means the Operator’s last Offer submitted to the DEA in the tender procedure that led to the award of the Contract to the Operator.
9. Business Days means any Day excluding Saturdays, Sundays, Danish public holidays, 24 December, 31 December, and 5 June (Constitution Day).
10. Carbon capture means the activity of capturing CO₂ from gas streams that would otherwise be emitted.

11. Carbon capture and storage (CCS) means the process consisting of separation of CO₂ from industrial and energy-related sources, transport to a storage location, and permanent storage of the CO₂.
12. Carbon capture and utilisation (CCU) means the process of capturing CO₂ to be recycled for further use.
13. CCS Activities means the collective Activities performed by the CCS Value Chain.
14. 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.
15. Commercial Operation Date (COD) means the date when the Operator commences the full operation of the Value Chain.
16. Construction Phase means the phase encompassing, among other activities, the Operator's completion the construction of the carbon capture plant(s) and other assets required for the performance of the CCS Activities and delivery to the DEA of documentation for completion of all prior Programme and Project Milestones and all other prerequisites for the full operation of the Value Chain.
17. Contract means this Contract between the Parties on carbon capture, transportation, and storage, including the Appendices, with any changes made in accordance with the change management procedure in Appendix 10, Change management.
18. Contract Administrator means the person from each Party who reports, reviews, and interacts with the other Party with respect to the performance of the Contract.
19. Contract Owner means the person from each Party who is responsible for the Contract and has the mandate to make decisions and approvals.
20. Contract Signing means the date on which the Parties signed the Contract.
21. Contracted Quantity means the Minimum Quantity, the Ramp-up Quantity, and the Additional Quantity collectively.

22. Contracting Period means the duration of the Contract.
23. CCUS Community means the national and international organizations, companies, and other entities with a professional interest in the carbon capture utilisation and storage development and adaptation. For the avoidance of doubt, the CCUS Community shall also include the DEA.
24. Day means calendar day.
25. DEA means the Danish Energy Agency.
26. DEA's Requirements mean the Contract excluding appendices, Appendix 2 (Definitions), Appendix 3 (Requirements Specification), Appendix 5 (Time Schedules) excluding the parts provided / completed by the Operator, Appendix 6 (Subsidy and economy scheme), Appendix 7 (Price and costs) excluding the parts provided / completed by the Operator, Appendix 8 (Governance), Appendix 9 (Code of conduct), Appendix 10 (Change management), Appendix 11 (Model Performance and Warranty Guarantee), Appendix 12 (Model Parent Company Guarantee).
27. Delay means the non-performance of the Operator of its obligations within the Milestone, or any other time constraint set out in the Contract (with the exceptions set out in clause 6.2 of the Contract).
28. Deliverables means the various documentation, reporting, information, knowledge, data, etc. that the Operator shall provide and make available to the DEA and to the public.
29. Delivered Quantity means the Quantity of CO₂ a permanently stored in accordance with the requirements in Appendix 3, Requirements Specification, in a given period.
30. Denmark's National Inventory Report means the submission to the United Nations Framework Convention on Climate Change. The structure of the report is in accordance with the UNFCCC reporting guidelines (UNFCCC, 2013).
31. Draft Milestone Plan means the draft Milestone plan included in the Operator's BAFO.
32. External Engagement Meetings means the meetings held bi-annually (i.e. twice a year) before and after COD until 2030, at the DEA's premises.

33. Force Majeure means an event as defined in the clause 18 of the Contract.
34. Fraction means the percentage (between 0% and 100%) of the total CO₂ quantity subject to the EU ETS.
35. 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.
36. Indicative Offer means an indicative Offer submitted the Operator to the DEA during the tender procedure that led to the award of the Contract to the Operator.
37. Inspections means the process of recording, monitoring, checking, reviewing, assessing, and inspecting the construction site.
38. 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.
39. Liability Cap means the limitation of the liability of the Parties as further described in clause 16.4 of the Contract (which also sets out the exclusions from the cap).
40. Master Milestone Plan means the final version of the Operator's milestone plan.
41. Milestone means a specific significant point in the programme or project's life cycle, which is used to measure the Operator's progress towards the finalization of the Pre-construction and Construction Phases. A Milestone is either a Programme Milestone or Project Milestone, unless otherwise specified.
42. Minimum Quantity means the delivery of 0.4 MTA CO₂ per year from year 2026 until end of Contract.
43. Minute-taker means the person who is responsible for documenting the participants of each meeting, the content of the meeting, and especially the decisions made during the meeting.

44. Offer means an offer submitted by the Operator to the DEA during the tender procedure that led to the award of the Contract to the Operator.
45. Operation & Maintenance Phase means the phase encompassing, in particular, the Operator's achievement of the CO₂ reductions as required in the Contract.
46. Operator means the entity which has entered into the Contract with the DEA.
47. Operator's Solution means the Operator's BAFO and any document provided by the Operator to the DEA after entry into force of the Contract.
48. Operator's Solution Description means the description of the parts of the Operator's Solution included in Appendix 4.
49. Parent Company Guarantee means a parent company guarantee as described in clause 8.3 of the Contract.
50. Parties mean both the Operator and the DEA.
51. Party means either the Operator or the DEA.
52. 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.
53. Performance and Warranty Guarantee means a guarantee as described in clause 8.2 of the Contract.
54. Pre-Construction Phase means the phase encompassing, among other activities, the Operator's obtaining of permits, approvals, etc. necessary for the construction of the carbon capture plant(s) and other assets required for the performance of the CCS Activities.
55. Project Milestone means the Milestones specified by the Operator in Appendix.
56. Programme Milestone means the Milestones specified by the DEA in Appendix.
57. QHSE Plan means the Operator's QHSE plan.
58. Quarterly Meetings means the meetings held every quarter at the DEA's premises.

59. Ramp-up Quantity means the delivery of CO₂ from start of Operation and until 31 December 2025.
60. Reporting period means the calendar year during which emissions must be monitored and reported.
61. Risk Management Plan means the Operator's risk management plan.
62. Stakeholder means an entity which is defined as part of the CCUS Community.
63. 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".
64. Subsidy / Subsidies means the subsidies that the Operator may become entitled to under the Contract.
65. Timing means the date of the Activity of the Programme or Project Milestone's completion.
66. Ultimate Parent Company means a parent which is not itself a subsidiary of another entity of the group of which the Operator is part, cf. the definition of parent, group, subsidiary, and control in the International Accounting Standard (IAS 27) from the International Accounting Standards Board (IASB). If the Operator is a consortium or other form of association of entities, "Operator" shall mean each entity that is a member of the consortium or association.
67. Value Chain means the full range of Activities needed to capture, transport, and permanently store CO₂.
68. Verification means the composition of a systematic approach towards concluding whether a system (tangible or not) complies with and lives up to pre-established requirements and/or standards.

3. Abbreviations

BAFO = Best and Final Offer

CCS = Carbon Capture and Storage

CCUS = Carbon Capture Utilization and Storage

DEA = Danish Energy Agency

EU = European Union

EU ETS = EU's Emission Trading System

EUA = European Emission Allowance

INDO = Indicative Offer

MT = Million Tonnes

MTA = Million Tonnes Annually

QHSE = Quality, Health, Safety, and Environment

T = Tonnes