

# CCSA Non-Pipeline Transport Working Group

18 August 2025



# Agenda

No.	Approx. Time	Item
1	14:00	<b>Introduction and CCSA competition law policy notice</b>
2	14:05	<b>NPT workstreams updates</b> <ul style="list-style-type: none"><li>• NPT status update</li><li>• NPT consultation timings and next steps</li></ul>
3	14:20	<b>Discussion: CCSA positions for the incoming NPT consultation</b> <ul style="list-style-type: none"><li>• NPT fee options</li><li>• Timing mismatch</li><li>• Standards and operational issues</li><li>• Delivering merchant projects</li><li>• Any other areas of concern from DESNZ presented proposals</li></ul>
4	15:00	<b>Discussion: Developing further evidence to inform the consultation and applying pressure</b> <ul style="list-style-type: none"><li>• CCSA letter to DESNZ discussion</li><li>• Further evidence for consultation</li><li>• UK-EU ETS Cross Border Letter</li></ul>
6	15:25	<b>AOB and meeting close</b>

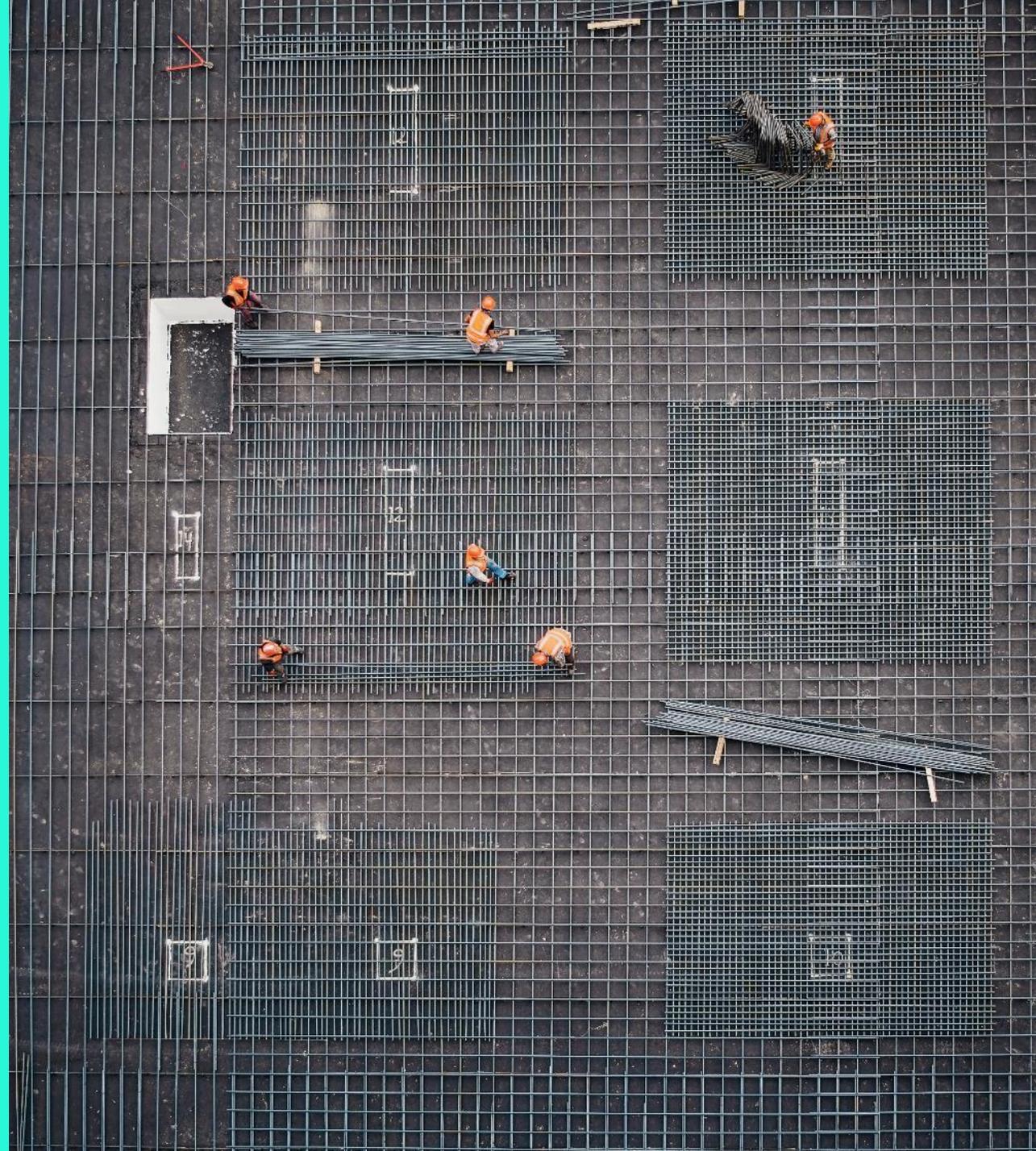
# House Keeping

- Meeting is being recorded for internal note taking purposes
- CCSA Competition Law Policy notice is attached to the meeting invite
  
- If you are not speaking please mute your microphone
- Please **raise your hand** if you wish to comment, you will be invited to come off of mute, if you can also turn on your camera
- Please also pose any **comments in the chat** and these will be picked up by the secretariat
  
- **Introductions:** Secretariat and CCSA Members who are new on the call (name & organisation)

# NPT workstreams updates

- NPT status update
- NPT consultation timings and next steps

***Mark Sommerfeld (CCSA UK Director)***



# NPT workstreams updates

## NPT status update

CCSA continue to highlighting importance of NPT in realising future market

- Spending Review continue to focus predominantly on pipeline – filling the T1 stores. However, potential for Development funding for Viking and Acorn to have some focus on NPT.
- Future funding for NPT projects now required in Spending Review 2027.
- Concerns over lack of progress and industry frustration reported to DESNZ.
- Current Future Networks Call for Evidence call also be used to touch on NPT development

## NPT consultation timings and next steps

- Last industry call indicated publication in November 2025.
- However, call ran through clear consultation issues which CCSA hope to help drive industry consensus on prior to consultation.

## CCSA Next Steps

- Develop positions for NPT consultation, including potential DESNZ roundtables.
- Continue to apply pressure for delivering NPT framework.
- Develop further evidence to inform

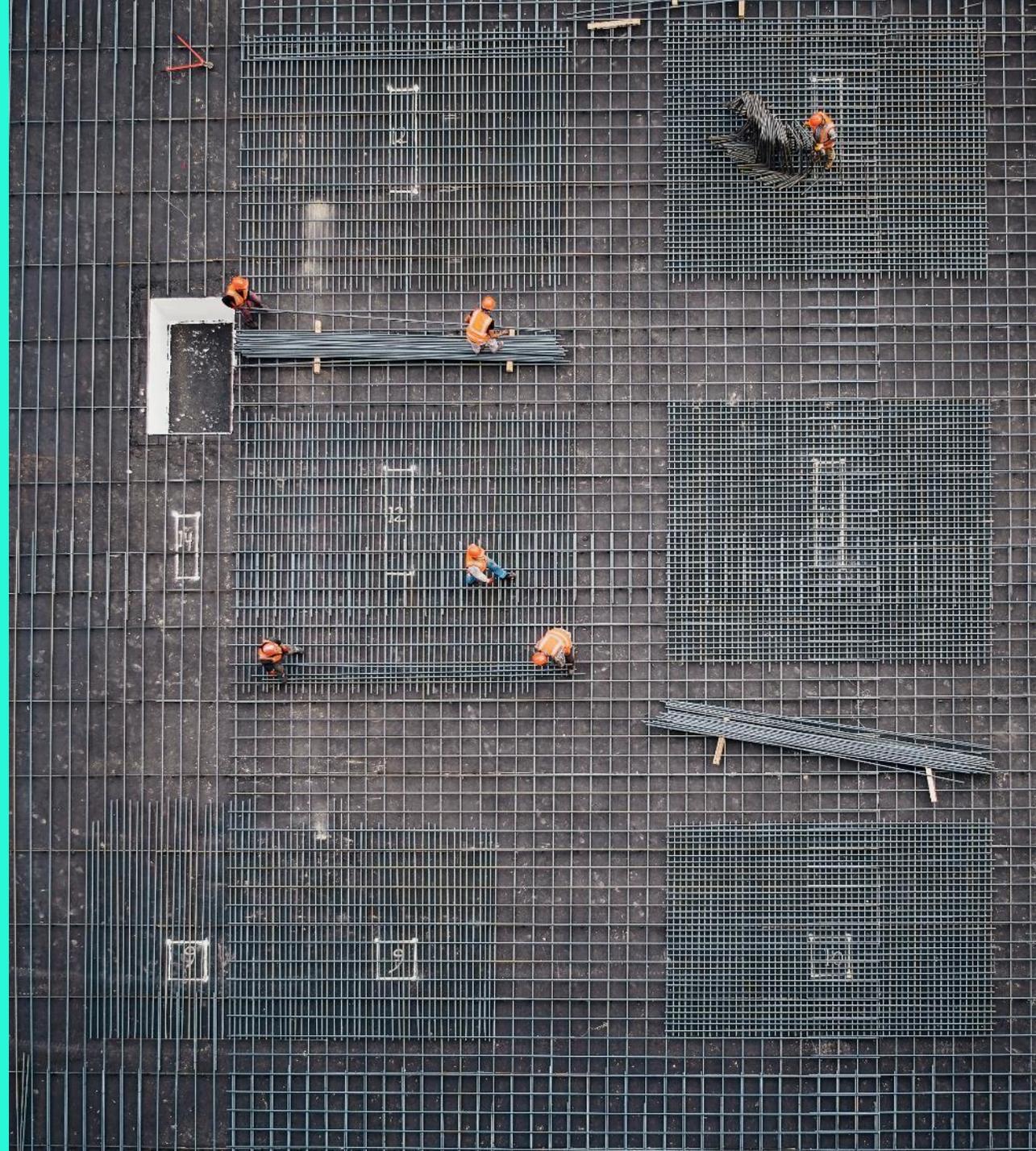


# Discussion:

## CCSA positions for the incoming NPT consultation

- NPT fee options
- Timing mismatch
- Standards and operational issues
- Delivering merchant projects
- Any other areas of concern from DESNZ presented proposals

**Mark Sommerfeld (CCSA UK Director) / All members**



# NPT Fee Options

- *DESNZ not currently stating preferred position*
- *Option 5 – which saw greater underwriting had been dismissed*

- Which option would you prefer?

Option	Description of option
<b>1 - Capture costs and NPT fee based on volumes stored</b>	<ul style="list-style-type: none"> <li>• All NPT costs are included in one variable component meaning that the entirety of the NPT fee is paid based on the tonnes that reach the T&amp;S delivery point (meter D).</li> <li>• Capture costs, where applicable, would be calculated based on tonnes reaching meter D.</li> </ul>
<b>2 - Fixed fee tapers down to zero based on full NPT solution performance</b>	<ul style="list-style-type: none"> <li>• The fixed component of the NPT fee covers contractually fixed costs and is tapered from an expected performance threshold down to zero as the performance of the whole NPT solution decreases.</li> <li>• Performance of the NPT solution is measured on the efficiency of transporting CO<sub>2</sub> between meter A and meter D.</li> <li>• The variable component covers other eligible costs which are not contractually fixed. The variable fee is paid based on flows through meter A.</li> <li>• When no CO<sub>2</sub> flows from the capture project, we could either not pay the NPT fee or pay the NPT fee based on a historic average.</li> </ul>
<b>3 - Fixed fee paid based on full NPT solution availability</b>	<ul style="list-style-type: none"> <li>• The fixed component of the NPT fee covers contractually fixed costs, and it is paid based on availability of the NPT solution. If the NPT solution is not available, there is no payment of the fixed fee.</li> <li>• The variable component covers other eligible costs which are not contractually fixed. The variable fee is paid based on flows through meter D.</li> <li>• Availability could be defined in two broad ways:               <ol style="list-style-type: none"> <li>a) availability would be dependent on the nature of the NPT asset. Mechanism to define and monitor availability is still to be developed. Downtime and operational maintenance regimes would also be considered in availability calculations to avoid perverse incentives.</li> <li>b) availability could be deemed available as long as the NPT solution did not cause the capture project to vent. Further work would be required to determine attribution of fault/cause of venting.</li> </ol> </li> </ul>
<b>4 - Fixed fee paid based on individual NPT service provider availability</b>	<ul style="list-style-type: none"> <li>• The fixed component of the NPT fee covers contractually fixed costs, and it is paid based on availability of each NPT service provider. This can be delivered in two ways:               <ol style="list-style-type: none"> <li>a) The NPT project is responsible for attributing fault within the chain and is responsible for reporting this to the counterparty. Until fault attribution is complete, no fixed fee is paid. Once fault is determined, NPT entities not at fault are paid.</li> <li>b) The fixed fee is paid but later recouped once fault determination occurs. Recouped payments align with compensation agreements under a typical Send or Pay contract, for example when an off-hire event occurs.</li> </ol> </li> <li>• The variable fee is paid based on flows through meter D.</li> <li>• Under option 4, to prevent over subsidy some of the fixed component would also be recouped when additional compensation is paid to NPT service providers for any business interruption.</li> </ul>



# Timing mismatch

- As NPT value chains will be allowed to self-organise, government believes responsibility for managing timing mismatch risk should rest with the NPT project. These entities should ensure that the elements of the NPT solution are developed in lockstep, as they are likely better positioned to coordinate and align their operations to mitigate such risks.
- We intend to create an NPT solution readiness operational condition precedent (OCP) within the capture contracts which will see the NPT project as a single entity, making it their responsibility to manage schedules between themselves.
- Alongside an OCP, we expect there to be additional Initial Conditions Precedents (ICP) and technical evaluation criteria, ahead of commercial deployment that will need to be satisfied, similar to what currently exists in capture contracts, though these may differ in form for NPT entities.

- Unclear how timing mismatch relates to lack of policy decision.

# Operational issues

## CO2 specification and monitoring

- Confidence in the NPT value chain's ability to characterise CO2 quality reliably and promptly.
- Whether NPT operating processes should influence how CO2 quality is assessed at the T&S entry point.
- How batch transfer in NPT affects testing requirements and whether it can help remediate non-compliant CO2 before delivery

- Need to be able to demonstrate confidence in existing processes and measuring equipment.

## Network capacity

- Which entity in the NPT chain should hold Registered Capacity and why.
- Whether NPT service providers can vary flow rates, and what is needed to enable this technically, commercially, and operationally.
- Suggestions for new or alternative capacity products that accommodate NPT's flexibility.

# Delivering merchant projects

- DESNZ intend to integrate NPT elements within existing capture contracts by creating an NPT annex

## Option 1:

Direct contract between government and an NPT aggregator that operates the whole NPT solution (intermediary archetype).

## Option 2:

NPT services are an expansion of the Transport and Storage network and is operated by T&SCos (store led archetype). Where if allowed by the regulator, some NPT infrastructure may be on an existing Regulated Asset Base (RAB).

## Option 3:

NPT services are an extension of, and operated by, the capture project. NPT costs are included within the capture contracts and considered as part of the overall capture business model support package (capture led archetype).

## Option 4:

Government supports NPT service providers by providing one-off grant funding and/or offering an agreement on capital co-investment (e.g. loans, guarantees, equity shares).

## Option 5 (Preferred option):

NPT costs are paid through the capture business models, but the NPT service provider is allowed to be a consignor of the CO<sub>2</sub> over the NPT value chain. Alongside enabling option 2 and 3, it allows the delivery of the intermediary-led archetype.

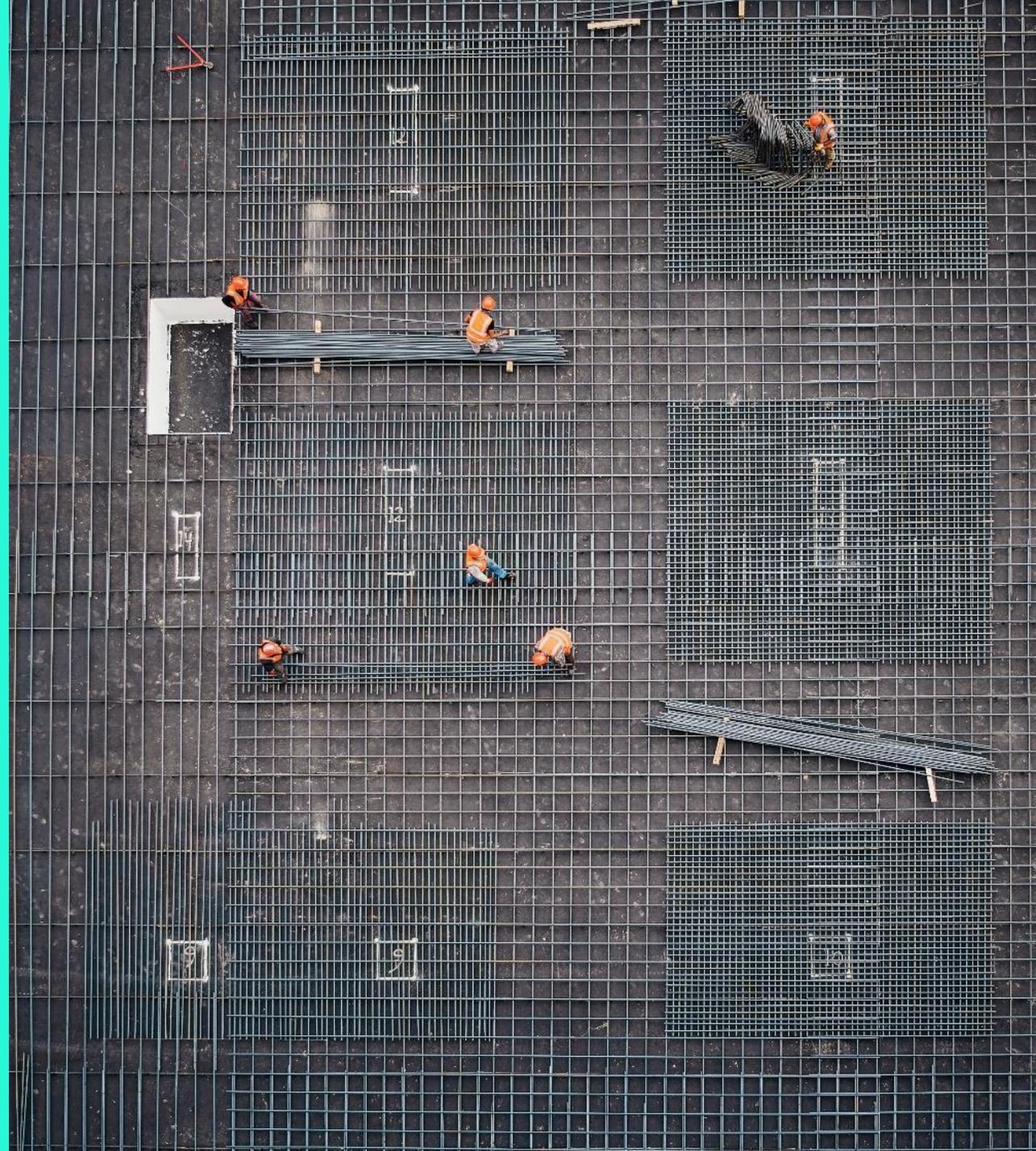
***Any other areas of concern on DESNZ presented proposals?***



**Discussions:**

**Developing further  
evidence to inform the  
consultation and  
applying pressure**

*All Members*



# CCSA NPT Engagement

## Coordinating Industry Letter

Setting out a pathway for NPT Delivery

Three asks:

1. Consultation timeline: Ensure the NPT consultation does come out in November and government response to follow on
2. Signalling progress: Signal to the market how development funding going towards Acorn and Viking
3. Ahead of spending review 2027: DESNZ will need clear evidence of costs and support requirements

## Additional evidence for the consultation

- **Further engagement on consultation Positions – will look to arrange dedicated member positions on this.**
- Clear mapping of preferred liabilities for market arrangements within preferred NPT positions.
- Case studies for demonstrating how NPT will operate
- Updating lead time assumptions for NPT Developments



# UK-EU ETS Alignment

The CCSA Secretariat has prepared a letter addressed to EU and UK leaders, including European Commission President Ursula von der Leyen and Prime Minister Keir Starmer. The letter includes two main messages:

- Proceeding with linkage negotiations as soon and quickly as possible, including on CCUS;
- Establishing a CCUS Working Group under the Trade and Cooperation Agreement Specialised Committee on Energy.

## Cosignatories welcome.

Please contact [ariadna.lungulescu@ccsassociation.org](mailto:ariadna.lungulescu@ccsassociation.org)



To the attention of:

President of the European Commission Ursula von der Leyen

Prime Minister Keir Starmer

European Commissioner for Trade and Economic Security, Maroš Šefčovič

European Commissioner for Climate, Net Zero and Clean Growth, Wopke Hoekstra

European Commissioner for Energy and Housing, Dan Jørgensen

Rt Hon Nick Thomas-Symonds MP, Minister for the Cabinet Office, Minister for the Constitution and European Union Relations

Sarah Jones MP, Minister for Industry, Department for Energy Security and Net Zero, and the Department for Business and Trade

Brussels, XX.XX 2025

The signatories to this letter welcome the EU and UK's commitment to work towards the linkage of their respective Emissions Trading Systems. In this context, we highlight the importance of ensuring that the scope of the linkage is clearly defined to avoid carbon leakage and competitive distortions.

**Negotiations on recognition of CO<sub>2</sub> transport and storage must advance as quickly as possible** to ensure both the EU and UK meet their 2030 climate targets, and **industrial actors can have the clarity, predictability, and security** they need to enable making important investments towards decarbonising.

To this end, we call for the creation of a **Working Group under the Trade and Cooperation Agreement's Specialised Committee on Energy to focus on Carbon Capture, Utilisation and Storage (CCUS)**.

The EU and UK have each recently highlighted the key role of CCUS in their respective decarbonisation strategies. To ensure efficient and comprehensive collaboration on this topic, a dedicated forum for consultation should be created, which would oversee matters including **CCUS and permanent Carbon Dioxide Removals**.

As the EU and UK begin working on the linkage of their respective ETSs, it is a particularly opportune moment for the **establishment of a new Working Group on CCUS**. This would allow for the discussions on ETS linkage and cross-border CO<sub>2</sub> trade to progress in parallel, accelerating the timeline for developing cross-border CCUS projects – benefiting both EU and UK industrial stakeholders in the decarbonisation their activities whilst staying competitive in Europe.



# AOB & Next Steps

- Next steps
  - CCSA NPT letter to DESNZ
  - Members' feedback circulated for comments and then to DESNZ
- AOB
  - **CCSA joint ETS linkage letter:** if you are interested in it, please reach out to [ariadna.lungulescu@ccsassociation.org](mailto:ariadna.lungulescu@ccsassociation.org)
- Meeting close

