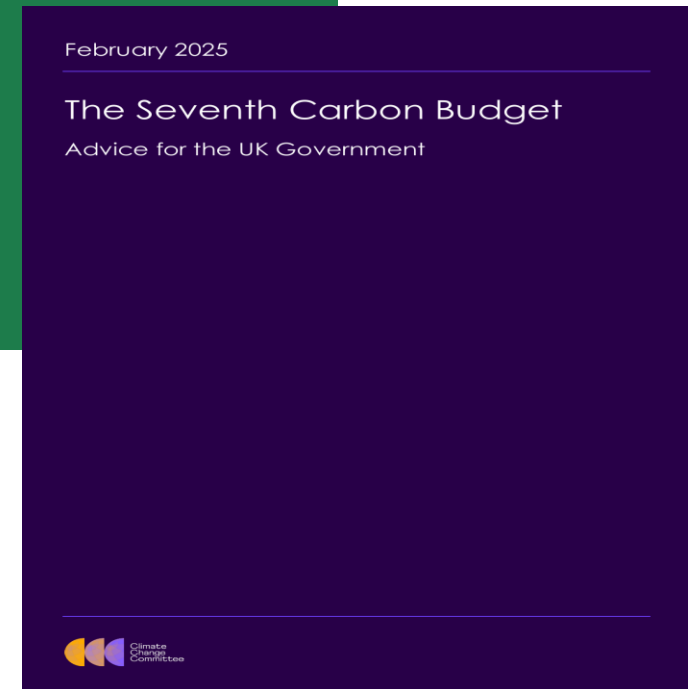
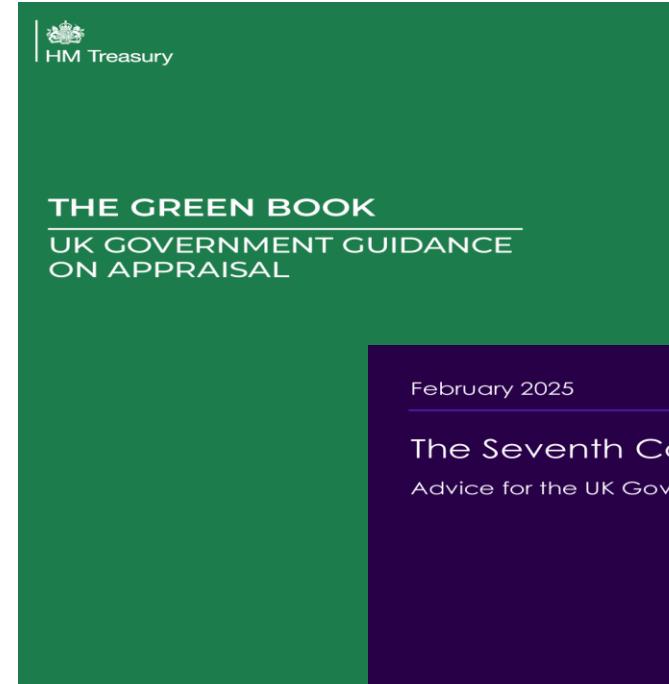


Evolving Business Case for CCS: General Principles

STOREGDA

- Fundamental role of CCS in supporting delivery of UK Carbon Budgets, Clean Power Mission and UK industry has not changed.
 - “Important supporting role for low-carbon fuels and CCS to address sources of emissions that are less well suited for electrification”, CCC
 - Support the Just Transition principles: role of CCS supporting industrial sectors, regions and jobs.
 - Supporting economic growth.
- Need to collectively work within government affordability and policy requirements.
 - Clarification of key near-term and long-term policy areas.
 - Risk allocation between government and private sector.
 - Cost reduction and phasing.
- Ongoing need for stable policy support and delivery.
 - UK-ETS price trajectory.
 - Business Model reform in collaboration with industry.



How can T&S Networks support the evolving CCS Business Case

STOREGRID

- Customers
 - Range of capacity products – duration and type.
 - Some form of secondary capacity trading market.
 - Declining fees (allowing for inflation)
 - Different fee structures?
- Network operations:
 - Development of different licences: T_{ransport} Co., S_{torage} Co. in a disaggregated or unbundled market.
 - Different Network Incentives – customer connections, demand forecasting, efficiency targets, etc.
- Further investment:
 - Investment needs will be driven by customer demand and reservoir performance, with customary requirements for storage capacity resources estimates; the RAB model will need to adapt.
- People:
 - Developing the right skills and in-house expertise – mix of traditional offshore and RAB skills.
- Investors:
 - A changing shareholder base?
- Working with Government.
 - Lower levels of direct and contingent support both for networks and emitters as the market transition progresses.
 - Support focused on key policy areas