

CCUS: Proposed Commercial Frameworks for Power and Industrial Carbon Capture, and Transport & Storage

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The development of Carbon Capture Usage and Storage (“**CCUS**”) is a key component of the UK’s strategy to achieve net zero emissions by 2050. Successful CCUS deployment requires significant government support, particularly through the introduction of a robust regulatory and contractual framework.

It is the UK’s aim to deploy CCUS in at least two industrial clusters by the mid-2020s, and for two more clusters to be operational by 2030. Since December 2020, the Department for Business, Energy and Industrial Strategy (“**BEIS**”) has published numerous proposals relating to transport, storage and use of carbon.

To date BEIS is considering three principal business models, the Transport & Storage (“**T&S**”) Business Model, the Dispatchable Power Agreement (“**DPA**”) Business Model and the Industrial Carbon Capture (“**ICC**”) Business Model.

This article will outline the key features of each of the business models in turn.

1. T&S Business Model

This model centers around the T&S company (“**T&SCo**”), a privately owned company which will be responsible for the development, construction, financing, operation, maintenance, expansion, and decommissioning of the T&S network.

The result would be to separate (i) generation and capture, and (ii) T&S business models. This would carve out the CCUS T&S network as a distinct asset class that would attract investors with an appetite for specific T&S related risks. Generation and capture would be protected in respect of T&S network issues, whilst the T&S network revenues will be insulated in respect of issues at the generation/capture end.

The T&S Business Model includes (a) heads of terms for the economic licence, (b) heads of terms for the Revenue Support Agreement (which sets out the terms for the RSA Counterparty to provide Revenue Support in specified circumstances), (c) heads of terms for the Government Support Package (which consists of the Supplementary Compensation Agreement and Discontinuation Agreement) and (d) heads of terms for the Liaison Agreement (which sets out proposed terms for the relationship between government and T&SCo, including in relation to proposed changes to project documents or variations to the T&S network).

[Read the full article here.](#)