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FINAL MODIFICATION REPORT

CCS002 – MODIFICATION PANEL CHAIRPERSON EXPENSE REIMBURSEMENT

Document version	V1.2
Document date	14 th January 2026
Implementation Date	Ad hoc release one Business Day following decision

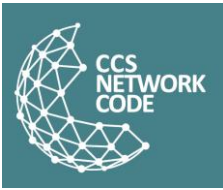
Modification Path	Self-Governance
Urgent Modification	No
Impacted by Significant Code Review	No
Impacted by SoS Modification Proposal	No

OVERVIEW

This modification seeks to update Section B ‘Governance’ to include a mechanism which will mean T&SCos are jointly responsible for funding an equal proportion of the costs incurred by the Panel Chairperson as they undertake the tasks and duties assigned to the position stipulated within this Network Code.

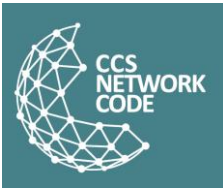
MODIFICATION STATUS

At the Modification Panel meeting on 8th October 2025, members noted that several issues were outstanding, meaning CCS002 should not proceed to vote. A Workgroup was organised to discuss these issues which took place over two sessions. After the issues were resolved, the Workgroup recommended to the Modification Panel that the final vote should take place on 14th January 2026. At the Modification Panel meeting on 14th January 2026, members unanimously voted to approve this modification, with an implementation date of 15th January 2026.



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BACKGROUND

SUMMARY

The Network Code does not contain any provisions relating to reimbursement of the Panel Chairperson's expenses and how those costs will be borne by the T&SCo. The Modification seeks to update Section B to include a mechanism where T&SCos are jointly responsible for funding an equal proportion of the costs incurred by the Panel Chairperson in the carrying out of the various tasks and duties assigned to it under the Network Code.

ISSUE

Currently, Section B 'Governance' 7.8 details T&SCo's responsibilities for funding costs incurred by the Secretary but does not make any provisions for reimbursement of the Panel Chairperson. In the course of their duties as Panel Chairperson, they may incur costs which need to be reimbursed. This will also apply to anyone appointed as the Deputy Panel Chairperson.

PROPOSED SOLUTION

The proposed solution is to update Section B to include a mechanism whereby T&SCos are jointly responsible for funding an equal proportion of the costs incurred by the Panel Chairperson as they carry out the various tasks and duties of the role.

The proposed solution will involve:

- The Secretary entering into a contract to reimburse the Panel Chairperson for all reasonable costs and expenditure incurred in the carrying out of the various tasks assigned under the Network Code as a pass-through charge to the T&SCos.
- The Resource Plan and Budget Forecast submitted by the Secretary is to include the requirements for the Panel Chairperson.
- The expense claim issued by the Secretary is to include the Panel Chairperson's expenditure.
- The draft and Final Statement of Expenses are to include the proportion of the Panel Chairperson's expenditure to be included in the invoice to the T&SCos.
- The Secretary will invoice the T&SCos their proportion of the Secretary and Panel Chairperson's expenditure.
- The Panel Chairperson's right to a casting vote throughout the above process will be revoked due to the inherent conflict of interest.
- This solution also applies to the Deputy Panel Chairperson. Where the Panel Chairperson is detailed, the Deputy Panel Chairperson has also been added.

Further detail on the changes to Section B can be found in the legal text in Annex A.



CASE FOR CHANGE

This change will provide prospective Panel Chairperson(s) with greater confidence in the ability to recover expenses incurred in the carrying out of the various tasks and duties assigned to them. The lack of clarity on this topic is a blocker to widening the pool of potential candidates for the Panel Chairperson and appointing the most suitable candidate.

RELEVANT OBJECTIVES

RELEVANT OBJECTIVE	IMPACT TYPE	DESCRIPTION AND JUSTIFICATION
the safe, economic, efficient and effective development and operation of the T&S Network to which the licence relates (as well as the coordinated, safe, economic, efficient and effective development and operation of the carbon dioxide transport and storage networks of one or more other T&S Licensees where relevant	Neutral	Limited impact.
the economic, efficient and effective discharge of the Licensee's obligations under the licence;	Positive	This change will provide prospective Panel Chairperson(s) with greater confidence in the ability to recover expenses incurred in the carrying out of the various tasks and duties assigned to them. The lack of clarity on this topic is a blocker to widening the pool of potential candidates for the Panel Chairperson. Therefore, by making this change it will facilitate appointing the most suitable candidate.



1 WORKGROUP DEVELOPMENT

At the October 2025 meeting of the Modification Panel members agreed that a Workgroup meeting should take place before any final vote could take place. Following the Workgroup meeting on 7th November 2025 and 15th December 2025 a Workgroup Report has been produced and is available as Annex C to this document.

2 IMPACT ASSESSMENT

PARTY IMPACT ASSESSMENT

T&S NETWORKS	• No impact identified
T&SCO	• This will only impact the costs for the T&SCos and these will be very limited.
USERS	• This will not have any impact on the Users.
OTHER RELEVANT PERSONS, INCLUDING FUTURE USERS WHO MAY CONNECT TO A T&S NETWORK	• No impact identified.

PROGRAMME FOR WORKS

No programme for works has been proposed for this modification.

3 IMPLEMENTATION DATE AND APPROACH

This modification should be progressed as quickly as possible through the modification process to ensure matters relating to the reimbursement of the Panel Chairperson are resolved. This will ensure that prospective candidates to become Panel Chairperson are not deterred from applying for reasons relating to reimbursement of costs incurred. As such, this will ensure the most appropriate candidate can be selected.

A potential timeline for the Modification Proposal was shared with Modification Panel Members as stipulated by the Network Code, noting that the Modification Panel would have to decide whether the Proposal progressed to Workgroup and/or Consultation. Modification Panel Members discussed the urgency and timeline for the Proposal, agreeing that October 2025 would be the most appropriate stage for an independent Chairperson to be appointed and therefore an expense process should be in place in preparation for this. As per the Budget Plan for 2025/26, the Modification Panel Chairperson is provisioned for 1.5 days per month at a £1,500 day rate.

At the Workgroup meeting members believed that this modification should be implemented as soon as possible to avoid delays in appointing the Panel Chairperson.



4 SELF GOVERNANCE

The Proposer believes this Proposal is likely to have a non-material effect on Users and therefore meets the criteria (as provided in Section 9 – Modification Progression) for a Self-Governance Modification. The Modification Panel agreed in August 2025 that this modification met the criteria to proceed as a Self-Governance Modification as it does not have a material impact on existing and future Users, modification rules or matters relating to the operation of the T&S Network. The Workgroup also agreed that this modification meets the criteria of Self-Governance and should progress down this pathway.

5 CONSULTATION RESPONSES

The Secretary received two consultation responses. One respondent raised that they concur with the principle that the Chairperson should not have a casting vote in matters where they are conflicted. The respondent added that the amendments to the Legal Text do not reflect this principle. In response to this comment the Secretary amended the documentation to reflect the fact that if this modification was implemented the Chairperson would lose their casting vote in matters where there is a conflict of interest.

The Workgroup did not believe another consultation was required following development of the issues highlighted above. As such, they recommended to the Modification Panel that CCS002 proceed to vote on 15th December 2025.

6 MODIFICATION PANEL DISCUSSION (14 JANUARY 2026)

This modification was discussed at the Modification Panel on 14th January 2026, where members accepted the recommendation of the Workgroup that the final vote should take place.

The Secretary summarised the discussions from the modification, with members noting that issues raised during the consultation with regards to minor text changes and amendments to 'Budget Forecast' and 'Resource Plan' had been agreed.

Members agreed that this modification better facilitates the 'economic, efficient and effective discharge of the Licensee's obligations under the licence'. This is because it will facilitate a more effective discharge of the T&SCo's obligations under the Network Code and their Licences as any potential issues relating to reimbursement will be removed, helping to facilitate appointment of the most suitable candidate.

Members agreed that the modification met the Self-Governance criteria. They also agreed that the modification should be implemented one Business Day following approval, with a 15 Business Day appeal window. The rationale behind this decision was to limit delays in appointing the Panel Chairperson.



7 MODIFICATION PANEL VOTE (14 JANUARY 2026)

The Modification Panel voted to approve this modification. The voting record and rationale against the Code Objectives is provided below.

ORGANISATION	ROLE	VOTE	RATIONALE
Northern Endurance Partnership	T&SCo	Approve	This change will provide prospective Panel Chairperson(s) with greater confidence in the ability to recover expenses incurred in the carrying out of the various tasks and duties assigned to them. The lack of clarity on this topic is a blocker to widening the pool of potential candidates for the Panel Chairperson and appointing the most suitable candidate.
Liverpool Bay CCS Ltd	T&SCo	Approve	This change will provide prospective Panel Chairperson(s) with greater confidence in the ability to recover expenses incurred in the carrying out of the various tasks and duties assigned to them. The lack of clarity on this topic is a blocker to widening the pool of potential candidates for the Panel Chairperson and appointing the most suitable candidate.
Net Zero Teesside Power	User	Approve	This change will provide prospective Panel Chairperson(s) with greater confidence in the ability to recover expenses incurred in the carrying out of the various tasks and duties assigned to them. The lack of clarity on this topic is a blocker to widening the pool of potential candidates for the Panel Chairperson and appointing the most suitable candidate.
Castle Cement Ltd	User	Approve	This change will provide prospective Panel Chairperson(s) with greater confidence in the ability to recover expenses incurred in the carrying out of the various tasks and duties assigned to them. The lack of clarity on this topic is a blocker to widening the pool of potential candidates for the Panel Chairperson and appointing the most suitable candidate.



Protos ERF CCS Ltd	User	Approve	This change will provide prospective Panel Chairperson(s) with greater confidence in the ability to recover expenses incurred in the carrying out of the various tasks and duties assigned to them. The lack of clarity on this topic is a blocker to widening the pool of potential candidates for the Panel Chairperson and appointing the most suitable candidate.

8 PROGRESSION TIMETABLE

<u>TIMETABLE</u>	
ACTION	DATE
Modification raised	22 July 2025
Modification Panel review modification	13 August 2025
Consultation	18 August 2025 – 8 September 2025
Modification Panel discussion	8 October 2025
Workgroup Discussion	7 November 2025
Follow Up Workgroup Discussion	15 December 2025
Modification Panel vote	14 January 2025
Implementation	15 January 2025



9 MODIFICATION PROGRESSION CRITERIA

PROCESS	CRITERIA
Self-Governance	means that a Modification Proposal, if implemented: (a) is unlikely to have a material effect on: (i) existing or future Users; (ii) competition in the pipeline transportation and storage of carbon dioxide or any commercial activities connected with the pipeline transportation and storage of carbon dioxide; (iii) matters relating to the operation of the T&S Network, including emergencies; and (iv) the Modification Rules; and (b) is unlikely to discriminate between different classes of parties to the Code.
Fast-Track Self-Governance	means that a proposal, if implemented: (a) would meet the Self-Governance Criteria; and (b) is properly a housekeeping modification required as a result of some error or factual change, including: (i) updating names or addresses listed in the Code; (ii) correcting minor typographical errors; (iii) correcting formatting and consistency errors, such as paragraph numbering; or (iv) updating out of date references to other documents or paragraphs.
Regulator Determined	means that a Modification Proposal, if implemented: (a) is likely to have a material effect on: (i) existing or future Users; (ii) competition in the pipeline transportation and storage of carbon dioxide or any commercial activities connected with the pipeline transportation and storage of carbon dioxide; (iii) matters relating to the operation of the T&S Network, including emergencies; and (iv) the Modification Rules; and (b) is likely to discriminate between different classes of parties to the Code.

10 APPENDIX

ANNEX A	Legal Text v1.0
ANNEX B	Consultation Responses
ANNEX C	Workgroup Report