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WORKGROUP REPORT

CCS002 – MODIFICATION PANEL CHAIRPERSON EXPENSE REIMBURSEMENT

Document version	v0.1
Proposed Implementation Date	1 Business Day following Panel decision with a 15 Business Day appeal window

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

OVERVIEW

This modification seeks to clarify any provisions relating to reimbursement of the Panel Chairperson's expenses and how those costs will be borne by the T&SCos.

STATUS

This Workgroup Report has been produced for review at the Modification Panel on 14/01/2026.

CONTENTS

1 BACKGROUND

SUMMARY

The Network Code does not contain any provisions relating to reimbursement of the Panel Chairperson's or Deputy Panel Chairperson's expenses and how those costs will be borne by the T&SCos.

PROPOSED SOLUTION

Update Section B (Governance) to include a mechanism where T&SCos are jointly responsible for funding an equal proportion of the costs incurred by the Panel Chairperson and Deputy Panel Chairperson in the carrying out of the various tasks and duties assigned to it under the code.

The proposed approach is for the Secretary to enter into a contract to reimburse the Panel Chairperson and Deputy Panel Chairperson for all reasonable costs and expenditure incurred in the carrying out of the various tasks assigned under the 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 and Deputy Panel Chairperson, and the expense claim issued by the Secretary quarterly will include the Panel Chairperson's and Deputy Panel Chairperson's expenditure.

The draft and final statement of expenses are to include the proportion of the Panel Chairperson's and Deputy 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 and the Panel Chairperson's casting vote right throughout the above process will be revoked due to the inherent conflict of interest.

CASE FOR CHANGE

This will provide prospective Panel Chairpersons 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 Deputy Chairperson and appointing the most ideal candidate(s).

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	Limited	n/a

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		
The economic, efficient and effective discharge of the Licensee's obligations under the licence	Positive	This will facilitate a more effective discharge of the T&SCo's obligations under the Network Code and their Licences for the timely appointment of a Panel Chairperson.

2 WORKGROUP DEVELOPMENT

This section provides a summary of the discussions from the Workgroup meeting held on 7th November 2025.

ATTENDEES (07/11/25)

Name	Initials	Organisation	Role
Ali Beard	AB	Talan	Chair
Barry Allan	BA	Liverpool Bay CCS Ltd	T&SCo
Neal Gray-Wannell	NG	Northern Endurance Partnership	T&SCo
Ben Hanson	BH	Net Zero Teesside Power	User
Iain Walpole	IW	Castle Cement Ltd	User
Helen Moon	HM	Protos ERF CCS Ltd	User
Edward Thomas	ET	Viridor Energy Runcorn CCUS Limited	Third Party
Richard Holden	RH	EET Hydrogen (HPP1) Ltd	Third Party
Edward Ash	EA	Ofgem	Regulator
Ellie Osobina	EO	Ofgem	Regulator
Pablo Rose	PR	Ofgem	Regulator
Jeremy Allen	JA	DESNZ	Secretary of State
Paul Freeman	PF	DESNZ	DESNZ Observer
Humera Ansari	HA	DESNZ	DESNZ Observer
Jennifer Bernachea	JB	DESNZ	DESNZ Observer
Oliver Richardson	OR	Environment Agency	Designated Non-Code Parties
Ben Giblin	BG	Talan	Secretariat
Alexandra Scott	AS	Talan	Secretariat

AMENDMENTS MADE TO DOCUMENTATION

The Secretary raised that amendments had been submitted shortly before the Panel meeting on 8 October 2025, and that Panel members had requested time to review these amendments. Within the Modification Report, it was proposed the term 'Submission to Regulator' be removed from Page 1. Within the Legal Text, the following amendments had been suggested:

Clause	Suggested Amendment
7.8	'Panel' has been updated to 'Modification Panel'.
7.19	Reference to 7.17 has been removed - now references 7.18.
7.20	'Modification Panel' has been capitalised.

The Workgroup accepted these amendments.

WORKGROUP DISCUSSION

DESNZ (JA) commented that the proposed provision seemed sensible and efficient to avoid the need for appointing another Chair in the future. Workgroup member (BA) asked if something specific was being sought, and JA clarified that the aim was simplicity, particularly in case a Deputy Panel Chairperson needed reimbursement. Talan (AB) queried whether this was limited to expenses and noted that, as far as they were aware, a Deputy was not currently required. JA explained that the intention was to anticipate a future scenario where a formal Deputy Chairperson might claim expenses, to avoid last-minute arrangements, and suggested using this opportunity to provide contingency.

DESNZ (PF) noted that the Code already refers to appointing a Panel Chairperson and Deputy, so aligning these provisions makes sense. BA agreed and added that this is not future proofing but addressing a current gap in the Code, supporting resolving this now to avoid revisiting it later. AB asked if anyone disagreed; no objections were raised, and Workgroup members HM and NGW expressed active support. AB confirmed that legal text will be drafted and circulated. IW asked if this would be raised at the next Panel meeting, and AB confirmed it could not be included with the papers for the Panel meeting on 12 November 2025 as the paper deadline has passed, but it will be addressed at a future meeting.

The group then discussed reasonable expenses, with JA highlighting the need for clearer definition to avoid ambiguity and prevent unreasonable claims. Guidance in the Code would help avoid assumptions and ensure compliance with expectations from the Secretary of State. NGW agreed but noted that simplicity was the original intention and questioned whether adding detail would introduce complexity. BA asked if categories were being considered and how this would translate into Legal Text. JA emphasized simplicity and avoiding complex tests, while excluding inappropriate claims.

PF suggested being more specific, particularly around premises, without creating an exhaustive list. NGW proposed splitting the list into two categories. AB asked how the list would be developed, whether through circulation or consultation. PF and ET noted challenges in implementing such a list solely through the Code and suggested Ofgem or DESNZ might be better placed to define it. EA agreed to review interactions between the Code and license. NGW referenced sections 7.11 and 7.12, noting that 7.11 may not need to mention the Panel Chairperson. PF reiterated that listing facilities is primarily for budget planning and that prescriptive lists may not be necessary. BA supported simplicity and noted existing controls would address unusual claims. AB suggested creating a strawman based on other codes. NGW and DESNZ offered to draft a proposal Relating to amending the Resource Plan, whilst DESNZ also agreed to provide wording for changes to the Budget Forecast. In order to discuss these proposed changes, members agreed that another Workgroup should be arranged.

Another Workgroup was arranged for 15 December 2025 for CCS002.

The following section provides a summary of the discussions from the Workgroup meeting held on 15th November 2025.

ATTENDEES (15/12/25)

Name	Initials	Organisation	Role
Ali Beard	AB	Talan	Chair
Barry Allan	BA	Liverpool Bay CCS Ltd	T&SCo
Neal Gray-Wannell	NG	Northern Endurance Partnership	T&SCo
Iain Walpole	IW	Castle Cement Ltd	User
Helen Moon	HM	Protos ERF CCS Ltd	User
Edward Ash	EA	Ofgem	Regulator
Pablo Rose	PR	Ofgem	Regulator
Paul Freeman	PF	DESNZ	DESNZ Observer
Jennifer Bernachea	JB	DESNZ	DESNZ Observer
Ben Giblin	BG	Talan	Secretariat
Alexandra Scott	AS	Talan	Secretariat

WORKGROUP DISCUSSION

Workgroup member (NGW) introduced the proposed amendment, explaining that this had been discussed in the previous workgroup and was considered the simplest way to cover the matter in the Code. NGW clarified that the intention was not to imply that the Panel Chairperson could expense for business purposes, which is why the provision was originally limited to the Secretary.

Workgroup member (BA) recalled previous discussions about covering the Deputy Chairperson, and HM asked if the Code referenced this role. The Chair (AB) confirmed that it does but noted that a Deputy Chairperson should not be on standby all the time. DESNZ (PF) added that this is ultimately a decision for the Panel and explained that there were two considerations regarding the language: clarity on costs outside the Secretariat and ensuring the required text addressed both points.

ALTERNATIVE LEGAL TEXT DRAFTING

Section 7.11 (previously 7.10) – Relating to the Resource Plan

DESNZ (JB) introduced the DESNZ amendment, which aimed to clarify allowable expenses for the Panel Chairperson and Deputy Panel Chairperson, tightening the language. PF emphasised the importance of linking this to the Panel's role in approving the budget. NGW reiterated the goal of simplicity and suggested clearer wording such as "only for the Secretary, may include." BA noted that the complication lies in the Chairperson's expenses being unlimited, and AB observed that the Panel currently has no say over whether claims are reasonable. BA suggested that adding restrictions for the Secretary could leave ambiguity about Chairperson Expenses, which could be resolved with simple amendments. NGW proposed focusing on the Resource Plan under the Budget, while PF raised concerns about references to the Deputy Chairperson.

BA warned against overcomplicating the drafting and stressed the importance of capturing the Deputy Chairperson. AB asked voting members for their preference between the two texts. BA, HM, and IW agreed to include the Deputy Chairperson in the amendment, and NGW confirmed that the changes were not mutually exclusive. NGW proposed revised wording:

"The Resource Plan must include provision for the level of resources that the Secretary and Panel Chairperson and Deputy Chairperson consider necessary to undertake their functions respectively, which for the secretary alone, may also include…"

This wording was accepted by the Workgroup.

Section 7.11 – Relating to the Budget Forecast

The Workgroup agreed to also adopt DESNZ's amendment for the Budget Forecast. JB asked if the Deputy Chairperson should be added wherever the Chairperson is mentioned in subsequent text, and the Secretary (BG) confirmed this could be done. EA raised a point about defined terms, and AB suggested creating a separate term for Panel Chairperson Expenditure alongside Secretary Expenditure. NGW proposed including this in the definition of Expenditure.

An action was agreed for the Secretary to add reference to the Deputy Panel Chairperson where the Panel Chairperson is referenced. The Secretary also agreed to examine whether new definitions were required for Deputy and Panel Chairperson Expenditure. Following the meeting, the Secretary amended the legal text but did not propose new definitions.

3 GOVERNANCE STATUS

The Workgroup agreed to recommend to the Modification Panel that this should progress as a Self-Governance Modification. DESNZ suggested that the modification is a material change and should be Authority-Determined. A Workgroup member (BA) agreed with PF's reasoning but noted that in line with the Code definition, the modification should be considered Self-Governance. AB asked for confirmation from Workgroup representatives, and the majority agreed it should be treated as Self-Governance under the current Code wording. An action was noted to review Code criteria for Governance classification in future.

4 RELEVANT OBJECTIVES

There were no comments on objectives.

5 CASE FOR CHANGE

There were no comments on the case for change.

6 IMPLEMENTATION APPROACH

The Chair (AB) proposed implementation 16 business days after decision, but Workgroup member (BA) suggested accelerating due to delays in appointing the Chairperson. NGW supported acceleration, noting candidate concerns. AB proposed implementation one Business Day after Panel approval, with a 15 Business Day appeal window. If appealed, the Code would revert to the previous version, and this approach has precedent. BA agreed the risk of appeal is low and that early implementation would not deter candidates. BG clarified that final agreement will be made by the Modification Panel, and AB confirmed that the Workgroup would recommend to the Modification panel that implementation should be one Business Day after the Modification Panel's decision.

7 PROGRESSION TIMETABLE

TIMETABLE	
ACTION	**DATE**
Modification raised	22 July 2025
Modification Panel review modification	13 August 2025
Consultation	18 August – 8 September 2025
Modification Panel discussion	21 July 2025
Workgroup (1/2)	7 November 2025
Workgroup (2/2)	15 December 2025
Modification Panel	14 January 2026
Implementation (targeted)	*15 January 2026*
Appeal Window Closes	*4 February 2026*

8 POST MEETING ACTIONS

The Secretary agreed to draft the Legal Text to account for Deputy Chairperson Expenses, develop a strawman for reasonable expenses, confirm governance criteria review, and prepare for accelerated implementation following Panel approval.

The Workgroup recommended CCS002 be presented for final vote at the next Panel meeting on 14 January, provided the new legal text is circulated at least eight days before the meeting (by 2 January).

9 APPENDIXES

MODIFICATION PROPOSAL FORM	Proposer's Modification Proposal Form
LEGAL DRAFTING	Legal Text v0.4