Invitation to submit an Expression of Interest in Porthos CO2 transport and storage services in the Rotterdam port area

Port of Rotterdam, EBN and Gasunie New Energy (collectively the Porthos Parties) are developing a large scale, multiple source CO2 infrastructure project to transport CO2 from the Rotterdam port area to gas reservoirs under the North Sea for permanent storage (Porthos Project). Herewith the Porthos Parties wish to invite interested parties (the Interested Parties) to express on an individual basis their interest to contract in future services in connection with the transport and permanent storage of CO2 in the Rotterdam harbor area. Interested Parties are kindly requested to express their interest by filling out Exhibit A (the "Expression of Interest") and returning the signed document before April 1st, 2019 to customers@rotterdamccus.nl. Interested Parties will be informed on the next steps after April 1st, 2019.

The Porthos Parties wish to share their current working assumptions with Interested Parties and provide Interested Parties the opportunity to provide written feedback on these working assumptions. Interested Parties will receive the working assumptions and the invite to provide written feedback as soon as Interested Parties have submitted an Expression of Interest (Exhibit A) and a non-disclosure agreement (NDA) (Exhibit B). The working assumptions of the Porthos Parties will be send in the form of Exhibit C upon receipt of signed Exhibits A and B.

1 Background to the Invitation to the Expression of Interest

The Porthos Parties have witnessed promising progress in the development of a Dutch public policy on Carbon Capture, Utilisation and Storage ("CCUS"). This includes the following:

1. The Dutch government has confirmed in the Coalition Agreement (*"Regeerakkoord"*) (October 10th, 2017)[1] its ambition to reduce CO2 emissions in the Netherlands, amongst others by means of CCUS;

2. A broad coalition of stakeholders has identified CCUS as an indispensable means to achieve the industrial emission reduction targets in both the Proposal to the Main Principles of the Dutch Climate Accord (July 10th, 2018)[2] as well as in the draft Climate Accord presented to the Minister of Economic Affairs on (December 21st, 2019)[3];

3. Dutch industry has committed to reduce substantial amounts of CO2 emissions as part of the implementation of the Climate Accord and sees Carbon Capture and Storage as an important means to achieve its CO2 reduction objectives;

4. The Dutch government has further announced its intention to introduce in 2020 within the existing SDE-framework (*"Stimulering Duurzame Energieproductie"* or Stimulus Sustainable Energy Generation) a subsidy scheme referred to as SDE ++ (*"SDE+ Verbreding*) (November 21st,2018)[4];

5. As currently anticipated, the SDE++ will include CCS and will aim to cover all or a part of the unprofitable component in the business case of CO2 emission reduction initiatives. Subsidy applications will be evaluated through a mechanism based on the lowest costs per ton CO2 reduction[4];

6. The Dutch government has separately made available EUR 10 million for the year 2019 as a contribution for CCS feasibility and project studies as part of the so called Climate Envelope (*"Klimaatenvelop 2019"*) (*October 5th, 2018*)[5]. This stimulus is open for each individual party working on carbon capture projects;

[1] https://www.government.nl/documents/publications/2017/10/10/coalition-agreement-confidence-in-the-future
[2] https://www.klimaatakkoord.nl/documenten/publicaties/2018/09/19/proposal-for-key-points-of-the-climate-agreement
[3] https://www.klimaatakkoord.nl/documenten/publicaties/2018/12/21/ontwerp-klimaatakkoord
[4] https://www.rijksoverheid.nl/documenten/kamerstukken/2018/11/26/kamerbrief-over-verbreding-van-de-sde
[5] https://www.rijksoverheid.nl/documenten/kamerstukken/2018/10/05/kamerbrief-over-de-klimaatenvelop-2019

7. In parallel, the Porthos Parties:

    1. have successfully completed an in-depth feasibility study for an open access, multi-user CO2 transport, utilisation and storage system in the Rotterdam Port Area in 2017 (the “Porthos System”);
    2. will on the basis thereof finish their Concept Select studies in March 2019 and;
    3. will be positioned to initiate the Define phase in April 2019 which will amongst others entail Front End Engineering and Design;

8. The Porthos Parties aim to offer CO2 Transport and Storage Services to multiple customers and acknowledge that some sort of financial support may be necessary for most future customers of the Porthos System before being able to contractually commit to a CCS project and the Porthos System;

9. The SDE++ regulation, foreseen to enter into force in 2020, provides an opportunity to align the CCS project schedules of all parties willing to contract with the Porthos System.

2 Purpose of the Expression of Interest

This Invitation to submit an Expression of Interest is meant to:

1. Allow the Porthos Parties to firm-up design parameters and to provide all Interested Parties with an opportunity to confirm that they anticipate to submit CO2 volumes for transportation and storage as part of the Porthos System, who

    a. anticipate to be ready to participate in the 2020 SDE++ tender for CCS projects and
    b. are considering to enter into binding commitments with the Porthos System upon being successful in the 2020 SDE++ tender;

2. Progress the process towards further definition of the contracting structure and conditions in consultation with Interested Parties and align with the regulatory framework;

3. Provide comfort to the Porthos Parties before committing resources by the Porthos Parties to the Define Phase that sufficient market interest exists in the realisation of a multi-user CCUS Porthos System;

4. Enable Interested Partjes that have submitted their interest to provide written feedback on the working assumptions which is useful design input for the Porthos Parties before the start of the Define Phase with the aim of optimising the Porthos System;

5. Provide comfort to all Interested Parties before committing to further engineering studies that sufficient overall interest exists in the realisation of a multi-user CCUS system in the Port of Rotterdam;