



30 Wellhead Lane, Westbury, Wiltshire. BA13 3PT

**Our ref:** BE01-Pro2304 v2

**Date:** 13<sup>th</sup> April 2023

Dear Murray

### Engagement Letter – UK ETS Training

I am writing to confirm the terms of OPRED's engagement of Planet & Prosperity to deliver services to you in connection with development and delivery of training for OPRED personnel on the UK ETS.

The following paragraphs and attachments describe the objectives and scope of our engagement and the nature and limitations of the service that we will provide to you; the details described have been updated in line with your latest communication. Unless you wish to make amendments, you should sign and return a copy of the letter and that will form the basis of our contract.

#### 1. Scope of our services

We set out in **Annex 1** the details of the nature and scope of services that are to be delivered under this engagement. Please note that any additional information regarding these services that we may subsequently provide to you will be done so on the basis that all work performed will be governed by this letter and its attachments

The description of this engagement and our estimation of time required have been created based upon the information supplied to Planet & Prosperity during our previous correspondence and discussions with you.

Any work already performed in connection with this engagement before the date of this letter will also be governed by the terms and conditions of this letter. Any additional work that may subsequently be required will be subject to a written variation agreement.

#### 2. Timetable and Resources

You have requested various options for delivery of the planned training (as outlined below), these different options have implications for the timing of delivery; we set out in **Annex 2** available timeslots for delivery of the various different options based on the most recent communications on delivery dates etc. Due to upcoming commitments, it will be important to get dates reserved in the PPL calendar as soon as possible.

As the first date for training offered is June, this engagement needs to be confirmed as soon as possible in order for development of materials to commence in a timely way.

Your primary point of contact will be Lucy Candlin who will co-ordinate all aspects of the relationship between Planet & Prosperity and OPRED and will deliver the planned training sessions.

#### Options requested:

- **Option 1: Online:** Deliver one 0.5-day *UK-ETS Explained* session, one 1-day *Role of the Verifier* session and two 2-day *Framework, processes and compliance calendar* sessions. No T&S expenditure will be applicable.
- **Option 2: In person:** Deliver one 0.5-day *UK-ETS Explained* session, one 1-day *Role of the Verifier* session and one 2-day *Framework, processes and compliance calendar* sessions at

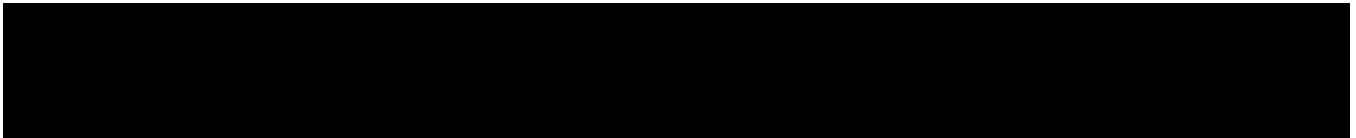
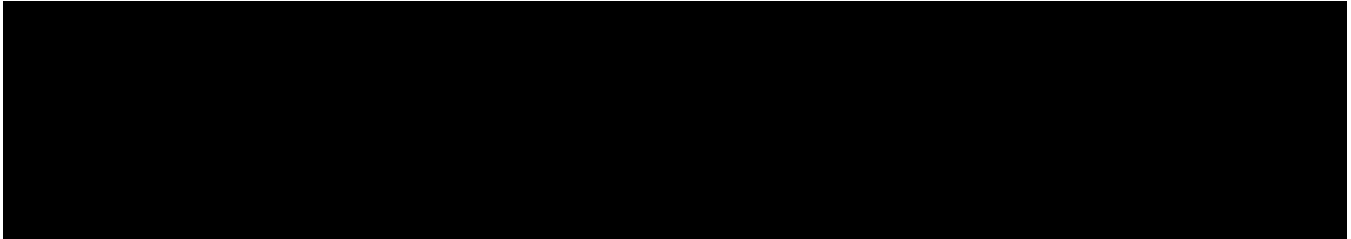
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...taking responsibility

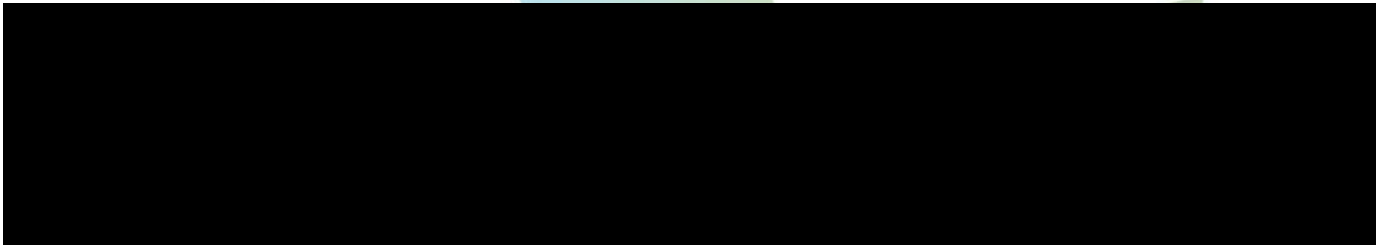
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AB1 over the course of a calendar week; and a second session of *Framework, processes and compliance calendar* at a later date in the year. Estimated T&S expenditure to be calculated.

### 3. Our Charges



Invoices will be raised in accordance with the following schedule; please note that all invoices will be payable on presentation:



### 4. Termination

The agreement detailed in this Engagement Letter may be terminated at any stage by either party, provided that one months' notice is given in writing to the other party concerned. All fees due and expenses incurred during the notice period will be payable.

### 5. General Terms of Business

We accept this engagement on the basis that our General Terms of Business, as attached to this letter, will apply to this work and govern our relationship with you. This letter is the "Engagement Letter" mentioned in our General Terms of Business. Please read these Terms carefully. There are various exclusions and limitations on our liability and associated obligations imposed on you. Through our contract with you we aim to clarify your and our obligations and responsibilities and we seek to protect ourselves, and our people. We draw your attention in particular to the following clauses of our General Terms.

Clause 6: We set out here the obligations imposed on us in respect of your Confidential Information. For our marketing or publicity purposes we are permitted to make general references to our relationship with you and to work performed for you.

Clauses 5 to 7: These set out our position where your interests may conflict with our other clients' interests and clarify our responsibilities in relation to Confidential Information (as defined in clause 6) in the circumstances identified.

Clause 10.3: We set out here our policy with respect to the offsetting of Carbon arising from flights required to deliver the agreed services. Offsets are purchased from suppliers offering alternative technology developments or UKA/EUA/ERU/CER retirement. The cost of Carbon Offsets will be included within travel expenses claimed, unless expressly declined.

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Clauses 11 to 12: We set out here the principal exclusions and limitations on our liability to you. We exclude liability for indirect or consequential economic losses. Our liability to you in connection with this engagement for direct losses shall be limited, on the basis set out in our General Terms, to a maximum aggregate of £1,000,000. If you wish to bring a claim against us, you must do so within 6 months of completion of the work.

#### 4. GDPR and Data Protection

UK GDPR<sup>1</sup> came into effect in May 2018 and regulates how Planet & Prosperity Ltd (PPL) gathers, uses and stores your personal data.

PPL will process your data in order to enable us to provide our advisory and assurance services, promote our services, maintain our own accounts and records, and to support and manage our employees and operations.

We undertake to keep data confidential and only disclose it to people or organisations required by law, regulatory bodies, those who we employ, contract or partner with and/or were authorised by you/clearly stated within individual engagement letters between ourselves and you. In any other circumstances, if it is necessary to share data, we will seek your permission.

Data held by PPL is securely stored and backed up in line with our Information Security Procedures. All IT equipment utilised by PPL is security and virus protected using market respected software. Full details are available upon request.

All documents (where practicable) are scanned and stored electronically. Hard copies are shredded, or placed in secure archive. Data is stored/archived for the period determined by applicable legislation, regulation or contractual requirements. Where there are no such requirements in place unless requested by the data owner, we will retain this data for a minimum of 6 years. Should the data owner request the destruction or return of this data, where no legal, regulatory, compliance or contractual obligations are present this will be done immediately with written confirmation sent to the data owner.

Under GDPR rules consent requires a positive 'opt' in and clear/specific statement of consent. By signing this engagement letter to accept the proposed work you are providing this specific consent.

#### 5. Acceptance

Please confirm your agreement to and acceptance of the proposal and terms contained in this letter and the attachments – and consent to PPL's data protection arrangements as outlined in section 6 above. By signing this engagement letter, you are providing this specific consent. If there are any aspects that you wish to discuss, please don't hesitate to contact me. We thank you for the opportunity of working with OPRED.

As regulated by the Data Protection Act 2018

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I have read and understood the terms and conditions of this letter and attachment and I agree to and accept them.

Signed:  2F39981BE54E46F...

Name: Irene Thomson

Title: Senior Business Manager

Date: 5/17/2023

**Duly authorised, for and on behalf of DESNZ-OPRED**



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## Annex 1 – Scope of Services etc

The objective of this engagement is to provide training to OPRED personnel on the UK Emissions Trading Scheme. In our letter of 30<sup>th</sup> January 2023, we outlined potential Modules and indicative agendas for your consideration. You have requested that we take forwards the following Modules:

- Module 1 – UK ETS Explained
- Module 2 – UK ETS Framework, processes and compliance calendar
- Module 5 – The role of the Verifier

The proposed agendas for these Modules are outlined below (timings may be adjusted slightly once materials have been finalised).

Options have been provided in Annex 2 in terms of availability dates for different approaches to delivery of the proposed training. Should Option 1 (online) go ahead then a discussion is required in relation to the platform to be used for delivery of training, recording of the events, and other administrative matters including what happens if online access fails for some reason beyond the control of OPRED or PPL.

Should Option 2 go ahead then the acceptable delegate numbers for Module 2 will be limited to 25 people to allow for group working.

### Module 1 – UK ETS Explained

The target audience for this module is OPRED Managers

Sessio	Time	Title	Details
<b>Day 1</b>			
1.0	09.00	Arrivals, Registration, Introductions	
1.1	09.15	Course Introduction	
1.2		Background to the m-UK ETS	To include: <ul style="list-style-type: none"> <li>• From Rio to now</li> <li>• UK Experience 2002 onwards</li> </ul>
1.3		Mechanics of the m-UK ETS	To include: <ul style="list-style-type: none"> <li>• Scope &amp; Boundary</li> <li>• Roles &amp; responsibilities</li> <li>• Compliance Cycle</li> <li>• Annual Emissions vs Activity Data</li> </ul>
	10.30 - 10.45	<b>COFFEE/TEA BREAK</b>	
1.3	10.45	<i>Continued as necessary</i>	
1.4		ETS Systems: METS, Registry & Auctions	To include: <ul style="list-style-type: none"> <li>• What the systems do</li> <li>• System Users &amp; controls</li> </ul>
1.5		ETS Trading Market	To include: <ul style="list-style-type: none"> <li>• Compliance vs Trading vs Auctions</li> <li>• Who can trade</li> <li>• Potential issues</li> </ul>
1.6		Liquidity, linkage & change	To include: <ul style="list-style-type: none"> <li>• Challenges</li> <li>• Links with the EU &amp; other ETS</li> <li>• Offsets</li> <li>• Potential changes</li> </ul>
1.7	12.30	Q&A	

	13.00	<b>Session Close</b>
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## **Module 2 - UK ETS Framework, processes and compliance calendar**

The target audience for this module is EMs, BST, Inspectors & Managers

Session	Time	Title	Details
<b>DAY 1</b>			
1.0	09.00	Arrivals, Registration, Introductions	
1.1	09.15	Course Introduction	
1.2		Objectives of the UK ETS	To include: . Why an ETS . Link to climate budgets & emissions cap . NDC & international mechanisms
1.3		Context of the UK ETS	To include: . History of UK trading . Enabling legislation . Current and potential future rules
1.4		Mechanics of Emissions Trading	To include: . Principles of cap and trade . UKAs (& offsets) . Allowance distribution
10.30 - 10.45		<b>COFFEE BREAK</b>	
1.5	10.45	Principles of Monitoring and Reporting	To include: . Sectors, boundaries, scope & gases . Accounting principles
1.6		Roles & relationships of key players	To include: . UK institutional set up . Parties involved & their relationships
1.7		Compliance cycle	To include: . Key legislation . Mandatory & optional requirements . Key activities & deadlines
1.8		Q&A	
13.00 - 14.00		<b>LUNCH BREAK</b>	
1.9	14.00	<b>Annual Emissions Reporting</b>	To include: . Calculation methodologies . Tiers & derogations . Permit & MP requirements
1.10		Exercise 1 - Permit/ MP review (in smaller groups) (Laptop required)	To include: . Review MP template and Permit . Discuss potential issue areas . Discuss regulator's role
1.11		Notification & change requirements	To include: . mandatory reports to regulators . cost & technical feasibility
15.45 - 16.00		<b>TEA BREAK</b>	
1.12	16.00	<i>continuation as needed</i>	
1.13		Q&A	
	17.00	Day 1 close	



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Day 2			
2.0	09.00	Recap of Day 1 and questions	
2.1	09.15	Exercise 2 - AEM report review (in smaller groups) (Laptop required)	To include: • Review AER template • Discuss potential issue areas • Review verifier opinion statement
		Consequences of non-verified report	To include: • Corrections & determinations • Mandatory Excess carbon penalty/ civil penalties
2.3		Q&A	
10.30 - 10.45		COFFEE BREAK	
2.4	10.45	<b>Annual Activity Reporting</b>	To include: • Purpose of BDR & ALCR • Scope, sub-installations & methodologies • Monitoring Methodology Plan
2.5	11.45	Exercise 3 - MMP template review (in smaller groups) (Laptop required)	To include: • Elements of the MMP • Discuss potential issue areas • Relationship to MP & Permit • Update requirements • Discuss regulator's role
2.6		Q&A	
13.00 - 14.00		LUNCH	
2.7	14.00	Exercise 4 - ALCR template review (in smaller groups) (Laptop required)	To include: • Review AER template • Discuss potential issue areas • Review verifier opinion statement
15.30 - 15.45		TEA	
2.8	15.45	Consequences of non-verified report	To include: • Corrections & determinations • Withholding of allowances
2.9		Final Q&A	
	16.30	Course Close	

For the convenience of training, templates used in the various exercises will be those published by the EC (on which the UK's current ETSWAP online reporting system is based for emissions reporting). We will provide sanitised copies of the various templates for use during the exercises, delegates will require access to a laptop during their work to enable them to review the template in small groups.

**Support will be required from OPRED on the content of Module 2 sessions 2.2 and 2.8 in terms of internal processes etc that come into play if there is a no-verification opinion statement for either of the reports.**



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## **Module 5 – The role of the verifier**

The target audience for this module is Inspectors

Session	Time	Title	Details
<b>DAY 1</b>			
1.0	09.00	Arrivals, Registration, Introductions	
1.1	09.15	Course Introduction	
1.2		Objectives of the UK ETS	To include: . Why an ETS . Link to climate budgets & emissions cap . NDC & international mechanisms
1.3		Compliance cycle	To include: . Key legislation . Mandatory & optional requirements . Key activities & deadlines
1.4		Roles & relationships of key players	To include: . UK institutional set up . Parties involved & their relationships
1.5		Q&A	
	10.30 - 10.45	<b>COFFEE BREAK</b>	
1.6	10.45	Verifier's tasks	To include: . Strategic analysis . Risk Assessment & Plan . Process Analysis & evaluation . Reporting
1.7		AER compliance	To include: . Permit & Monitoring Plan . Permit conditions . Records control . Data points to check
1.8		Key verifier activities	To include: . Offshore visits (& waivers/remote work) . Instrumentations . Sampling & analysis & labs . MP & internal controls . Data gaps . Managing change
1.9		Inspection vs verification	
1.10		Q&A	
	13.00 - 14.00	<b>LUNCH BREAK</b>	
1.11	14.00	BDR/ALCR compliance	To include: . BDR vs ALCR . Eligibility . Sub-installations . Data points to check . Potential issues
1.12		Non-standard activities	To include: . Closure/permit surrender . Reverification
	15.15 - 15.30	<b>TEA BREAK</b>	
	15.30	<i>continuation as needed</i>	
1.13		Verifier documentation	To include: . Workpapers . Opinion statement
1.14	16.30	Final Q&A	
	17.00	<b>Course Close</b>	

**Support will be required from OPRED for Module 5 in terms of details of inspector's typical activities and any specific role in monitoring ETS compliance etc.**

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## **Annex 2 – Available time for delivery of training & delivery options**

Timing of training delivery is dependent upon whether it is online or in person in Aberdeen; we are flexible on the approach to be taken and can be available for either approach, as outlined below (this table is updated in relation to proposed times to align with latest discussions).

Module	Duration	Delivery Date	Delivery mode
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1. UK ETS Explained 0.5 days Online or onsite tacked onto one of the 2-day June/Autumn session

2 In whichever order works best for OPRED

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0. Framework, processes and compliance calendar	2 days	<b>Session 1.</b> 2 days in either w/b 5 <sup>th</sup> , 12 <sup>th</sup> or 19 <sup>th</sup> June <b>Session 2.</b> 2 days in Autumn, tbc	Face to face at AB1
5. The role of the verifier	1 day	Online or onsite tacked onto one of the 2-day June/Autumn session	

Having looked at the current logistics for getting to Aberdeen from Bristol, the order of the sessions within one week would need to be Module 2/Module 5<sup>2</sup>, then Module 1 as the return flight from Aberdeen would require me to be at the Airport mid-afternoon. This should not impact the training as the audiences for the two Modules are different. Table 1 below outlines proposed timings for the June date – if Modules 1 and 5 are to run later in the year, assuming the date selected is a clear full week, the same timings would apply (in this circumstance the dates selected for Module 2 are more flexible within the week).

**Table 1 – proposed timetable days for event delivery in person**

	W/b 5, 12 or 19 June
Monday	Travel
Tuesday	Module 2, Event 1, day 1
Wednesday	Module 2, Event 1, day 2
Thursday	Module 5, Event 1
Friday	Morning - Module 1, day 1
Friday	Afternoon - Travel

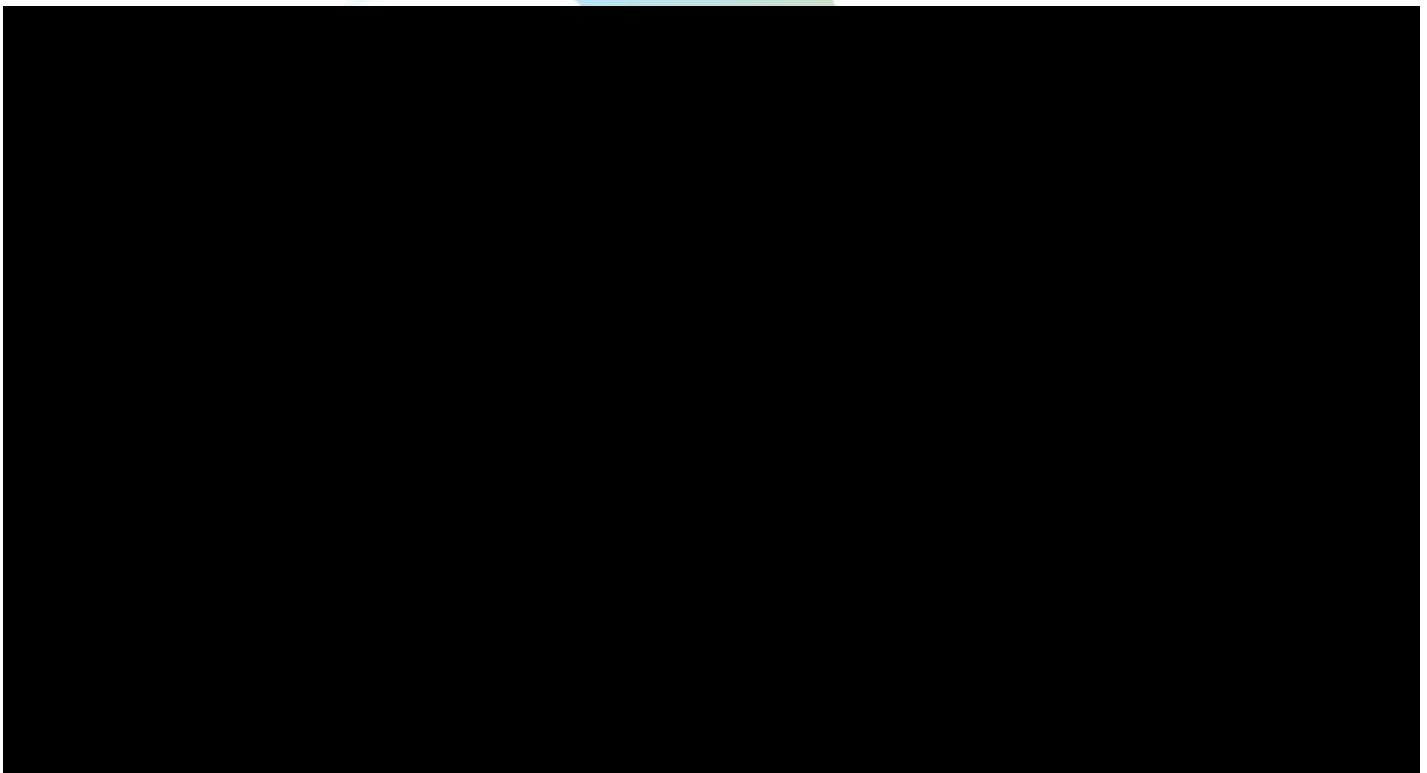
This proposed timetable is based on the assumption that travel to Aberdeen is from Bristol Airport; timings (& associated costs) may change if the routing has to be from Heathrow.

### Annex 3 – Fee Costs etc

Table 2 below outlines the fees to be recharged for development and delivery of the planned training activities as outlined in Annex 1 above. Table 3 outlines the estimated expenses associated with in person delivery of three Modules in one week in June 2023 and a second session of Module 2 in a subsequent week in the Autumn; the estimate assumes that travel to Aberdeen is from Bristol Airport. This estimate may differ to reality as it depends on the dates selected for training and the availability of flights and hotels.

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**Table 2 – fee charges to be made**



**Annex 4 – General Terms of Business**

Please see attached file - *PP Gen Terms Business v6 (20 08).pdf*