ZEP Advisory Council 53

6th December 2017

Agenda Item 2: Secretariat update

2.a. 2018 AC and ACEC dates

Appended to this paper are dates for the 2018 AC and ACEC meetings

2.b. Finance update

Appended to this paper is the ZEP financial update.

2.c. ZEP-c financial report

Appended to this paper is the ZEP-c financial report.

European Zero Emission Technology and Innovation Platform

ZEP Secretariat,
Carbon Capture and Storage Association
6th Floor, 10 Dean Farrar Street, London, UK
www.zeroemissionsplatform.eu

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2.a. 2018 meetings of the AC and ACEC

The following dates for meetings of the AC and ACEC on 2018 have now been confirmed.

2018 AC and ACEC meeting dates	
ACEC January call	Tuesday 16th January
ACEC February call	Thursday 15th February
ACEC dinner	**Tuesday 13th March**
54th Advisory Council	**Wednesday 14th March**
ACEC April call	Thursday 12th April
ACEC May call	Tuesday 15th May
ACEC dinner	**Tuesday 12th June**
55th Advisory Council	**Wednesday 13th June**
ACEC July call	Tuesday 10th July
ACEC August call	Tuesday 14th August
ACEC dinner	**Tuesday 18th September**
56th Advisory Council	**Wednesday 19th September**
ACEC October call	Tuesday 23th October
ACEC November call	Tuesday 20th November
ACEC dinner	**Tuesday 4th December**
57th Advisory Council	**Wednesday 5th December**

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6th December 2017

Agenda Item 2.a: Finance update

Attached to this note is the 30th November ZEP-Communications financial management report. This covering note provides commentary on developments since the finance report to the AC52 and proposes an approach to agreeing 2018 ZEP services.

2017 Income and Expenditure

- Gassnova have agreed to provide support of €15,000 to ZEP in 2017 and an invoice has now been issued. This brings the 2017 received income to €180,000. There is no expectation of additional sponsorship for 2017 activities.
- There is currently €39,662 of outstanding invoices from Ardnacraggan (Energy Services) Ltd for services from April 2017 to October 2017.

2017 Net Position

- Delivering balanced ZEP-C accounts by the end of the period 2016 to 2017 was forecast to require €201,000 of income for both years. There is currently a shortfall of €31,000 of income over this period.
- The budgets for 2016 and 2017 and the forecast outturns for the same period are shown in tables 1 and 2 (see below). These show that on current projections ZEP-C is forecast to have a budget deficit of -€22,313 over the two year period.
- The attached ZEP-C financial management report is attached to this note. This shows that at the start of 2017 ZEP-C had a "left over budget" from 2016 of -€135,747. (ZEP-C started 2016 with -€133,821). Based on income received in 2017 the report indicates that ZEP will start 2018 with -€36,768 ("Forecasted left over budget 2017"). A difference of €14,455.
- The numbers do not reconcile precisely as they are derived from different sources. The "Forecasted left over budget" number is derived from the auditor's report and is the "Net equity" position of ZEP while the budgets represent the cash position of ZEP in a given year. In practice this indicates that ZEP had slightly higher debts on the 1st January 2016 then anticipated when the budgets were established.

Table 1: Budgeted income and expenditure

Activity	Budget 2016	Budget 2017
Basic Comms	122,941	
Admin/auditing	8,000	8,000
Website	5,000	5,000
Legal advice	2,000	2,000
Secretariat	120,750	0
Chair	53,667	67,992
Contingency	2,833	2,833
Total	315,191	85,825
	Forecast 2016 + 2017 expenditure	**401,016**
	Forecast 2016+2017 ZEP-C income	**402,000**
	Net profit /loss	**984**

Table 2: Outturn income and expenditure

Activity	Outturn 2016	Outturn 2017 (forecast)
Basic Comms	95,318	
Admin/auditing	6,368	5,200
Website	2,850	860
Legal advice	2,400	4,136
Secretariat	120,750	
Chair	81,997	67,992
Contingency	2,609	2,833
Total	312,292	81,021
	Forecast 2016 + 2017 expenditure	**393,313**
	Forecast 2016+2017 ZEP-C income	**371,000**
	Net profit /loss	**-22,313**

2018 Finances

- The H2020 grant for 2016 – 2017 currently funds the secretariat and Weber Shandwick. The 2018 H2020 work programme includes a call for support to the ETIP ZEP. The work programme gives a call opening date of 05th December 2017 with the deadline of the 19th April 2018. Based on the experience with the current contract it is unlikely that the new contract will be signed before June / July 2018. This could result in a ~six month gap between the end of the current 2016 – 2017 contract (31st December 2016) and the start of the new contract.
- The secretariat has discussed this with the CCSA Board and ACEC and agreed that it can continue to provide secretariat services under an extended grant through to April 2018. This will help to close the gap between the end of the current grant and the deadline for the new grant. Were the current secretariat to be the successful bidder for the future grant it would seek to recover costs from the day after the grant deadline to limit any funding gap.
- The European Commission has approved a grant extension through April 2018 and the Secretariat has submitted an amendment. It is expected that this process should be completed within the month.
- The Secretariat has approached Weber Shandwick to determine their appetite to provide services over the first quarter of 2018 and the cost of this service. Weber Shandwick is

willing to offer services on a quarterly basis and have provided a quote for consideration by the Board (appended to this paper).

- It is proposed that the AC approves an initial budget for 2018 which allows continuation of the core ZEP-C services (Chair, accounts, legal support, etc) and this is shown in Table 3 below. The budget can be reviewed and finalised at the March 2018 AC meeting once there is greater clarity on the 2018 funding arrangements. In the interim the AC may wish to request the ACEC to manage arrangements for the provision of Secretariat and Weber Shandwick services for 1Q 2018.

Table 3 - Draft budget

Activity	Budget (€)
Administration / Auditing	8,000
Website maintenance	1,000
Legal advice	4,000
Chair	67,992
Contingency	4,000
Total Expenditure	84,992
Income	180,000
Net profit / loss	95,008

ZEP Communications financial management report *30/Nov/2017*

Budget management: Expenditure against 2017 budget

Activity	*Contractor*	*Budget 2017*	*Comments*	*To date Spent*	*Comments*	*To Date Committed*	*Comments*
Administration / Auditing	Adams accountants / Nijs & Partners	€ 8 000		€ 3 973			
Website maintenance	Karakas	€ 5 000		€ 860			
Legal advice	Lawsquare	€ 2 000		€ 2 068			
Chair	Ardnacraggan Energy Services	€ 67 992		€ 62 326			
Contingency		€ 2 833		€ 1 953			
Total 2017		**€ 85 825**		**€ 71 180**		**€ 0**	

Spent: Actually paid or contractually due for delivered work
Committed: Based on signed contracts, yet to be approved invoices or founded estimates

Spent + Committed € 71 180
Remaining total budget € 14 645

Forecast 2017

€ 135 747-	**Starting point 2017 (= Left over budget 2016)**

2017 Total Spend	*Comments Relative to budget*
€ 5 200	
€ 860	
€ 4 136	
€ 67 992	
€ 2 833	
€ 81 021	**Total budget spent 2017**

Cash management of ZEP Communications VZW / ASBL

Category	**Source**	Outstanding invoices	Comments	Pending invoices	Comments	Received payments	Comments
2017 contributions	O&G					€ 120 000	BP, Statoil, Shell, Total
	OEM						
	Others (confirmed)	€ 15 000				€ 45 000	TCE, PoR, HeidelbergCement, Gassnova
	Others (Potential)						
General	VAT return	€ 1 606	VAT declar 2017/01+02+03+04+05+	€ 673	Invoices 2017 to be rec.	€ 512	REIMBURS 16Q4
Total outstanding / pending ZEP-C		**€ 16 606**		**€ 673**			

€ 120 000	
€ 0	
€ 60 000	PoR and total support confirmed
€ 180 000	**Total forecasted income 2016**

66 700 paid !!

Cash situation (of 30 November 2017)

Current account (KBC - Business compact rekening)	€ 5 226
Savings account (KBC - Spaarrekening)	€ 101
Actual cash at bank and in hand	**€ 5 327**

€ 36 768-	**Forecasted Left over budget 2017**

Expenditure situation

Source		*Outstanding invoices*	*Comments*	*Pending invoices*	*Comments*
Short term creditors		€ 46 209	ARDNACRAGGAN	€ 9 544	ADAMS+NIJS
Outstanding invoices in spent to date, to be paid		**€ 46 209**		**€ 9 544**	

Cash boundaries

Minimum virtual financial position (all creditors paid, no more income) **€ 50 426-**
Maximum virtual financial position (all creditors paid, all income realised) **€ 33 147-**