

Sembcorp's Representation – 17.12.21 - Net Zero Teesside DCO Application

Sembcorp Utilities (UK) Limited (“**Sembcorp**”) is a Teesside based subsidiary of Sembcorp Energy UK, a leading provider of sustainable solutions supporting the UK's transition to Net Zero. With a total operational portfolio of around 1GW, including significant renewable generation and existing battery storage, Sembcorp Energy UK helps to keep the country's electricity system balanced and resilient, through a fast-acting, decentralised fleet of assets. On Teesside, Sembcorp's major industrial power plants deliver high-quality, centralised utilities and services to energy-intensive manufacturers.

In turn, Sembcorp Energy UK is part of the Singapore-based Sembcorp Industries group, a leading multi-national energy and urban development organisation. Listed on the main board of the Singapore Exchange, worldwide the group has in excess of 5,000 employees and a turnover of around S\$5.5 billion.

Wilton International where Sembcorp's industrial power and other utility assets are located is one of the UK's leading manufacturing sites, with the products made there being both of national importance and generating millions of pounds in export revenues annually for the UK economy. More than £1 billion has been spent by companies at Wilton International in recent years. This includes in excess of £200 million by Sembcorp in new and improved assets and just this week Sembcorp has announced from its development pipeline, a plan to build Europe's largest battery energy storage solution at Wilton. Other significant investment at Wilton International includes £250 million by SABIC on its Low Density Polyethylene plant, £350 million on Crop Energies' bioethanol plant and a new £250 million energy from waste facility in which Sembcorp is a major stakeholder. Sembcorp supplies the major industrial businesses at Wilton International with secure and reliable supplies of electrical power, steam, water, and other services, using greener, more sustainable power generating facilities. It also owns much of the land available for development on the site.

Around 4,400 people are currently employed at Wilton International, with a further 1,300 contractors visiting the site each weekday. Thousands more jobs are supported through the supply chains of businesses based at the site, which include SABIC, Ensus, Alpek Polyester UK, Huntsman, Biffa Polymers, Nippon Gases and Anglo Woodsmith. Sembcorp actively markets Wilton International with a view to securing inward investment and further growth.

Wilton International is thus an industrial and manufacturing hub of national importance and whilst overall Sembcorp supports the Net Zero Teesside Project (“Project”) (acknowledging the important contribution the Project could, if selected and/or developed have towards the shared goal of reducing the UK's greenhouse gas emissions over the coming decade(s)), Sembcorp continues to express its concern about the impact Project may have on it, Wilton International and a number of the existing industrial emitters on Teesside, which the CO₂ gathering network is intended to support.

Sembcorp has previously expressed a number of its concerns by its letters dated 18 September 2020, 25 January 2021 and 11 May 2021 in respect of the Applicants' previous application for a very similar development consent order. These are however summarised below:

The importance of Wilton International is specifically acknowledged in local planning policy. Paragraph 1.18 of the Redcar & Cleveland Local Plan, for example, notes that

“[t]he chemical industry, mainly based at Wilton International, is a vitally important part of the local, regional and national economy”. Paragraph 1.67 further states that “[t]he chemicals industry is a key part of the local economy, with the Wilton International site, together with sites on the northern side of the river, comprising the largest integrated chemicals complex in the UK in terms of manufacturing capacity, and the second largest in Europe”.

The wider economic impact of Net Zero Teesside Project must therefore be considered. Wilton International forms part of an important cluster of petrochemical, speciality and other process manufacturing businesses. As previously stated, these businesses play a vital role in the regional and, indeed, national economy. Sembcorp has invested heavily in Wilton International and aims to attract even more large industrial and manufacturing businesses to the site. As previously noted, many of the existing and future occupiers of Wilton International are or could potentially be producers of CO₂ that could be utilised by Net Zero Teesside. Wilton International and the wider industrial and manufacturing cluster of which it is part are thus key enablers of Net Zero Teesside. This is, in fact, one of the factors that contributes to Teesside being an attractive location for the Project.

Ultimately, the net economic contribution of existing and future occupiers of Wilton International will almost certainly exceed that of Net Zero Teesside. While it is accepted that Net Zero Teesside is a project of national importance, the same can be said of Wilton International and certainly the collective manufacturing and chemical clusters with which it is physically and economically linked. It is therefore imperative not only that existing business at Wilton International are not disrupted, but also that the future development of Wilton International is not impeded. Any such negative effects must be eliminated and appropriate safeguards and mitigation provided.

Notwithstanding the considerable progress and constructive dialogue which is ongoing between Sembcorp and the Applicants (acknowledged further below) Sembcorp remains very concerned about the proposals to compulsorily acquire its land and rights in its land as well as to extinguish existing easements and rights over its land. In particular, Sembcorp is concerned about the affects of this on the pipeline corridors linking Wilton International with the previously mentioned other clusters on Teesside and which contain critical infrastructure servicing Wilton International. This is relied upon not only by Sembcorp and its tenants, but also by other petrochemicals and manufacturing companies at the site. This infrastructure is vital to many of the manufacturing, distribution and industrial processes operating at Wilton International and the other industrial clusters on Teesside. Pipelines within the corridor are used for the import and export of various chemicals and gases to and from the site. The entire pipeline corridor stretches from Wilton International, underneath the river Tees, through Seal Sands and to Billingham, representing a link-line route of around 12km.

Whilst Sembcorp recognises and commends the Applicants’ effort to narrow and remove land from the Order Limits (Site Boundary) that was first proposed, it remains its considered opinion that the Project’s proposed route easements for its CO₂ pipeline, gas supply, electricity cables and drainage are substantially wider than required. In addition, the Project continues to draw those Order Limits (Site Boundary) to include all or substantially all of Sembcorp’s No 2 River Tunnel; notwithstanding prior representations upon the specific adverse effect its inclusion would be likely to have upon a vital apparatus route. The effect of the Project taking larger easement corridors than are needed and/or interfering with that River Tunnel will be to reduce and / or restrict the future industrial and / or manufacturing operations that can take place at any of the industrial clusters linked by them including Wilton International. The Project’s easement footprint must be no more than is reasonably required to enable

the Scheme, should be confined to existing infrastructure corridors and promoted so as not to adversely affect Sembcorp's No 2 River Tunnel. Sembcorp has engaged, and will continue to engage, with Net Zero Teesside to discuss how the extent of easement corridors can be suitably minimised and/or a route developed which does not interfere with Sembcorp's No 2 River Tunnel to the detriment of current or future users.

However, Sembcorp objects to the compulsory acquisition of its land and/or rights in its land, and in particular to the compulsory acquisition of rights over the pipeline corridors it manages. The legal arrangements by which Sembcorp manages its pipeline corridors are complex. Compulsory acquisition of rights by Net Zero Teesside will inevitably disrupt the carefully constructed legal provisions that exist between Sembcorp and its pipeline customers. This effect will extend beyond the boundaries of the Net Zero Teesside Scheme. Such disruption is also likely to negatively affect the potential growth of Wilton International as an industrial and manufacturing hub, and cannot be adequately dealt with by the payment of compensation. Again, given the economic importance of Wilton International, there can be no compelling case for powers of compulsory acquisition over any part of it, whether of land or rights in land. Nor can there be a compelling case for the compulsory acquisition of rights nor a right to extinguish existing easements in pipeline corridors where this will negatively impact Wilton International or limit its future development.

The appropriate means of acquiring the easement rights Net Zero Teesside needs is via commercial agreement with Sembcorp. On this, as aforesaid, Sembcorp recognises the considerable progress that has been made with the Applicants, not only in relation to land rights but also in respect of inter alia other commercial arrangements between them. That said, Sembcorp's position is and will continue to be that any new rights granted to Net Zero Teesside must not only protect current apparatus, but also safeguard the rights of existing businesses to lay new apparatus and avoid sterilising or restricting large swathes of the pipeline corridors. It is imperative that the Project's rights are granted in common with all other uses and on such a basis as to acknowledge and maintain Sembcorp's role in managing the pipeline corridors on behalf of itself and all other users of it. Sembcorp considers it has approached negotiations and offered in principle terms in a reasonably commercial manner and it is hoped that an agreement will be finalised in due course. Since the relevant rights can be acquired by commercial negotiation, powers of compulsory acquisition are not needed and cannot be justified.

To conclude, Sembcorp acknowledges the potential benefits of the Project and that considerable progress has been made towards addressing its objections through the consultation process and through its dialogue with the Applicants. It will continue to discuss its concerns with Net Zero Teesside and will update the Examining Authority as to the progress of these discussions as the examination progresses. As matters stand, Sembcorp's key requirements are:

- a. The inclusion of Protective Provisions in Sembcorp's favour in the draft DCO.
- b. The inclusion of suitable Requirements in the draft DCO to give Sembcorp the opportunity to review and approve detailed design of the Scheme where it impacts on or interfaces with Wilton International or any of the pipeline corridors operated by Sembcorp.
- c. The removal of powers of compulsory acquisition of land or rights in land over any part of both Wilton International or the pipeline corridors operated by Sembcorp.

Sembcorp reserves the right to raise further or additional issues through the examination process.

If the Examining Authority requires any further information Sembcorp would be happy to provide it.