

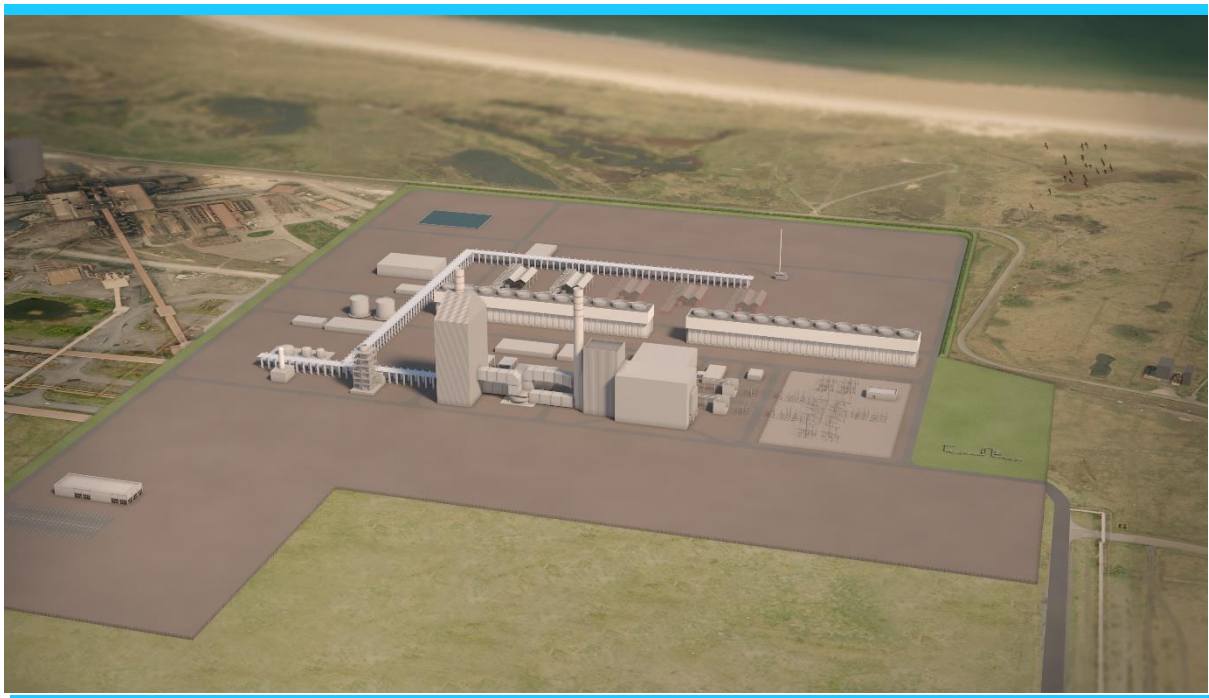
Net Zero Teesside Project

Planning Inspectorate Reference: EN010103

Land at and in the vicinity of the former Redcar Steel Works site, Redcar and in Stockton-on-Tees, Teesside

The Net Zero Teesside Order

Document Reference: 8.26 – Statement of Common Ground with Sembcorp Utilities (UK) Ltd



Applicants: Net Zero Teesside Power Limited (NZN Power Ltd) & Net Zero North Sea Storage Limited (NZNS Storage Ltd)

Date: May 2022

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GLOSSARY

Abbreviation	Description
AGI	Above Ground Installation
Applicants	Together NZT Power and NZNS Storage
Application (or DCO Application)	The application for a DCO made to the SoS under Section 37 of PA 2008 in respect of the Proposed Development, required pursuant to Section 31 of the PA 2008 because the Proposed Development is a NSIP under Section 14(1)(a) and Section 15 of PA 2008 by virtue of being an onshore generating station in England or Wales of electrical capacity of more than 50 megawatts, and which does not generate electricity from wind, and by the Section 35 Direction
CA	Compulsory acquisition
CEMP	Construction and Environmental Management Plan
DCO	A Development Consent Order made by the relevant Secretary of State pursuant to the PA 2008 to authorise a NSIP. A DCO can incorporate or remove the need for a range of consents which would otherwise be required for a development. A DCO can also include powers of compulsory acquisition
ES	Environmental Statement, documenting the findings of the EIA
ExA	Examining Authority
Land Plans	The plans showing the land that is required for the Proposed Development, and the land over which interests or rights in land are sought as part of the Order
NZT Power	Net Zero Teesside Power Limited

NZNS Storage	Net Zero North Sea Storage Limited
NZT	Net Zero Teesside - the name of the Proposed Development.
Order Limits	The limits of the land to which the Application relates and shown on the Land Plans and Works Plans within which the Proposed Development must be carried out and which is required for its construction and operation
PA 2008	The Planning Act 2008 which is the legislation in relation to applications for NSIPs, including preapplication consultation and publicity, the examination of applications and decision making by the Secretary of State
PCC Site	Power, Capture and Compression Site - the part of the Site that will accommodate the Electricity Generating Station, along with the CCP and high-pressure compressor station
Proposed Development (or Project)	The development to which the Application relates and which requires a DCO, and as set out in Schedule 1 to the Order
Requirements	The 'requirements' at Schedule 2 to the Order that, amongst other matters, are intended to control the final details of the Proposed Development as to be constructed and to control its operation, amongst other matters to ensure that it accords with the EIA and does not result in unacceptable impacts
RTS	Return to service
Sembcorp	Sembcorp Utilities (UK) Ltd (company number 04636301)
Sembcorp Pipeline Corridor	the link, vein and tunnels owned or operated by Sembcorp and forming a network of pipeline corridors providing a route for apparatus principally between plants and/or clusters on Teesside (including their shared apparatus infrastructure such as supports, access routes and laydown spaces therein
Site (or Proposed Development Site)	The land corresponding to the Order Limits which is required for the construction and operation of the Proposed Development
SoCG	Statement of Common Ground

SoS	The Secretary of State - the decision maker for DCO applications and head of Government department. In this case the SoS for the Department for Business, Energy, and Industrial Strategy
Work No.	Work number, a component of the Proposed Development, described at Schedule 1 to the Order
Works Plans	Plans showing the numbered works referred to at Schedule 1 to the Order and which together make up the Proposed Development

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1.0 INTRODUCTION

1.1 Overview

- 1.1.1 This Statement of Common Ground (Document Ref. 8.26) has been prepared by Net Zero Teesside Power Limited and Net Zero North Sea Storage Limited (the ‘Applicants’) in conjunction with Sembcorp Utilities (UK) Limited (“Sembcorp”) in respect of the Net Zero Teesside Project (the ‘Proposed Development’).
- 1.1.2 The SoCG sets out the matters of agreement between the Applicants and Sembcorp and also explains those matters which, at the time of writing, remain unresolved between the parties.
- 1.1.3 The agreements to date have been reached through consultation and continuing discussions between the parties, including interface meetings and regular face to face discussions.

1.2 Sembcorp Utilities (UK) Limited Interests

- 1.2.1 Sembcorp’s land interests in relation the DCO are set out below:
- Freehold land under title numbers CE188116, CE188169, CE188245, CE188349, CE188383
 - Leasehold land under title number CE166003, CE147639
 - Land & rights held under a deed of grant dated 31.12.1998 for pipelines cables and infrastructure etc for a section the Sembcorp Pipeline Corridor to the north of SABIC’s north tees works over which the Applicant’s CO₂ Gathering Network is proposed.
 - Land & rights held under a deed of easement dated 27.10.1970 for pipestrip at Seal Sands being a section the Sembcorp Pipeline Corridor within the INEOS plant over which the Applicant’s CO₂ Gathering Network is proposed.
 - Land & rights held under a deed of grant dated 10.11.1975 for land at Seal Sands being a section the Sembcorp Pipeline Corridor to the west of the River Tees (known as the “THPA Land”) over which the Applicant’s CO₂ Gathering Network is proposed.
 - Land & rights held under a deed of grant for an existing services tunnel from Seal Sands to the northern bank of the mouth of Dabholm Gut (Sembcorp Tunnel No 2). The Applicants have an option in the DCO (Option 3) to route the CO₂ Gathering Network across the River Tees through the Sembcorp Tunnel Number 2.
 - Land and rights for existing natural gas pipeline infrastructure from an existing gas plant (north Tees) under the River Tees to Bran Sands (Sembcorp Gas Pipeline). The Applicants have applied to supply natural gas to the Electricity Generating Station via a tie-in to the gas transmission network on the north

bank of the Tees at Seal Sands with subsequent transport through the existing Sembcorp Gas Pipeline under the River Tees to Bran Sands and then via a new 24" diameter buried gas pipeline from Bran Sands to the PCC Site.

1.3 The Purpose and Structure of this Document

- 1.3.1 The purpose of this document is to summarise the agreements reached between the parties on matters relevant to the Examination of the Application and to assist the Examining Authority ('ExA'). It also explains the matters which remain unresolved at the time of writing, but which both parties are working positively toward resolving. As such, it is expected that further iterations of the SoCG will be submitted to the ExA throughout the Examination and prior to the making of any Development Consent Order ('DCO') for the Proposed Development.
- 1.3.2 The SoCG has been prepared with regard to the guidance in 'Planning Act 2008: examination of application for development consent' (Department for Communities and Local Government, March 2015).
- 1.3.3 The SoCG is structured as follows:
- Section 2 – sets out consultation and related discussions held between the Applicants and Sembcorp Utilities (UK) Limited.
 - Section 3 – sets out the matters discussed and agreed to date.
 - Section 4 – sets out matters to be agreed and the proposed way forward.

2.0 SUMMARY OF CONSULTATION AND DISCUSSIONS

2.1 Overview

2.1.1 This section provides a summary of how the Applicants have consulted Sembcorp on the Proposed Development and also sets out the discussions that have taken place between the parties.

2.2 Consultation

2.2.1 **Table 2.1** (below) provides a summary of how the Applicants have consulted Sembcorp and how Sembcorp have responded to that consultation.

Table 2.1: Summary of Consultation

Consultation Stage/Date	Sembcorp Response
Stage 1 Consultation (non-statutory) – 2 nd October to 19 th November 2019	N/A
Stage 2 Consultation (statutory) – 7 th July to 18 th September 2020	<p>Holding objection on the extent of the proposed Order Limits, use of CA powers, width of pipeline easements being sought and the impact on the Wilton International site and pipeline corridors. Specific concerns raised on traffic management, site security, electric and magnetic fields and the interface between the CO₂ gathering pipeline and existing apparatus.</p> <p>Sembcorp seeks amendments on the inclusion of Protective Provisions, rights to review and approve applicable design details of the Proposed Development and removal of CA powers in relation to any Sembcorp interests.</p>
Section 42 Update Consultation – 8 th December 2020 to 25 th January 2021 (further targeted consultations held 12 th February to 16 th March 2021 & 26 th March to 3 rd May 2021)	<p>Acknowledged the reduction in proposed Order Limits but maintained its objection with regards to impact on Wilton International and the existing pipeline corridors.</p> <p>Reiterated their specific concerns on traffic management, site security and the interface between the CO₂ gathering pipeline and existing apparatus.</p> <p>Raised an objection on the inclusion of new land near Dabholm Gut to provide optionality for crossing the River Tees and the potential impact on existing pipelines and apparatus. They stated that there would be less disruptive alternatives, namely the use of Sembcorp’s existing No. 2 Tunnel and its gas pipeline.</p>
Consultation on proposed changes to DCO Application – 10 th March to 14 th April 2022	<p>Sembcorp wrote to the Applicant on 11 May 2021 noting that their previous objections applied equally to small areas of land at Seal Sands Road, Brans Sands and Dabholm Gut that had now been included in the red line boundary, while also noting that the overall effect of the changes to the red line boundary changes was to reduce the impact on Sembcorp’s land.</p>

2.3 Discussions

2.3.1 A summary of the discussions that have taken place between the parties is set out in **Table 2.2**. Where appropriate, email follow-up has taken place to provide each party with information to support the progression of discussions.

Table 2.2: Summary of Discussions

Meeting Date	Meeting Type	Topics Discussed
24/09/2020	Meeting	Bp/DM introduction to terms
10/12/2020	Meeting	Heads of terms review and land rights
23/03/2021	Meeting	Sembcorp / BP proposed wayleaves discussion
22/07/2021	Meeting	Sembcorp - NZT catchup meeting (return to service, RTS), tunnel re-use
09/09/2021	Meeting	Sembcorp-NZT gas line RTS scope meeting
15/09/2021	Meeting	Review of terms and commercials
07/10/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
14/10/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
19/10/2021	Meeting	Terms and wider Proposed Development review
28/10/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
04/11/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
11/11/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
18/11/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
25/11/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
02/12/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
09/12/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
16/12/2021	Meeting	Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session
21/01/2022	Meeting	Meeting with DM & Sembcorp
25/01/2022	Meeting	All parties meeting
18/02/2022	Meeting	Sembcorp – NZT steering committee meeting
24/02/2022	Meeting	Sembcorp – NZT meeting [upon the DCO changes]
25/02/2022	Meeting	Sembcorp – NZT steering committee meeting
04/03/2022	Meeting	Sembcorp – NZT steering committee meeting
10/03/2022	Meeting	Senior management meeting
18/03/2022	Meeting	Sembcorp – NZT steering committee meeting
25/03/2022	Meeting	Sembcorp – NZT steering committee meeting
01/04/2022	Meeting	Sembcorp – NZT steering committee meeting
08/04/2022	Meeting	Sembcorp – NZT steering committee meeting
22/04/2022	Meeting	Sembcorp – NZT steering committee meeting
29/04/2022	Meeting	Sembcorp – NZT steering committee meeting

14/04/2022	Meeting	Senior management meeting
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1. Senior management meetings: review key outstanding points of alignment and milestone progress; acts as points of escalation to resolve matters. Topics have included progress on procurement & payment, return to service of existing pipeline, operational models for Sembcorp's existing pipeline, the use of Sembcorp's No 2 Tunnel as part of Works No. 6, legal progress covering all aspects of the above.
2. Sembcorp-NZT steering committee meeting (recurring, weekly): Sembcorp update and forward plan on NZT related activities, e.g. 24" Gas Pipeline RTS, NTS and CATS connections, CO2 Pipeline Route, associated commercial and property arrangements etc. Acts as a pre-cursor to the Senior management meeting (as point 1 above).
3. Sembcorp South Pipeline PLC23B Return to Service - Weekly Update Session: this was the pre-cursor to point 2 above, organised and led by Sembcorp's design contractor (Px).

3.0 MATTERS AGREED

3.1 Overview

3.1.1 This section sets out the matters agreed between the parties.

3.2 Principle of the Proposed Development

3.2.1 The Applicants contend that there is an urgent need for the Proposed Development in order to provide low carbon electricity and the means to decarbonise other existing and proposed emitters in Teesside. Whilst Sembcorp has a number of specific reservations which it is in dialogue with the Applicant upon, Sembcorp is broadly supportive and recognises that the Proposed Development offers existing and proposed emitters in Teesside with a potential route to decarbonise through the CO2 Gathering Network.

3.3 Heads of terms

3.3.1 The Applicants and Sembcorp have been working towards a set of (non-binding) heads of terms and these are now agreed and have been passed to solicitors for both parties to document an option with an associated deed of grant for a section of the CO2 Gathering Network within Sembcorp's freehold titles CE188116 and CE188245 and one leasehold title CE166003 forming part of the Sembcorp Pipeline Corridor at Saltholme.

3.4 Commercial Position

3.4.1 Subject to contract, Sembcorp has provided the Applicants with an outline of and indicative commercial consideration with regard to the rights being sought for the above ground CO2 Gathering Network where it is routed within the sections of the Sembcorp Pipeline Corridor for which Sembcorp owns the freehold. These indicative costs are in line with Sembcorp's standard charging mechanism for the Sembcorp Pipeline Corridor applicable to all users and are understood to be acceptable to the Applicants. There remains ongoing dialogue regarding the use of Sembcorp Tunnel No 2 crossing under the Tees.

3.5 Gas Transportation Agreement

3.5.1 (Non-binding) heads of terms have been agreed for the supply and transportation of gas to the Proposed Development so far as this can be achieved using Sembcorp's existing gas pipeline.

3.6 Use of supporting land

3.6.1 High-level principles agreed for the use of land adjoining and alongside the pipeline corridor to support construction, operation and maintenance of the CO2 Gathering Network. Further discussions are to take place in relation to this to agree the detail.

3.7 Access

- 3.7.1 The Applicants and Sembcorp have agreed the high-level principles for access over the wider site to allow efficient construction, operation and maintenance. Further discussions are to take place in relation to this to agree the detail.

3.8 Decommissioning

- 3.8.1 The Applicants and Sembcorp have agreed high-level principles regarding decommissioning and abandonment of the asset.

4.0 MATTERS TO BE AGREED

4.1 Overview

4.1.1 This section sets out matters to be agreed between the parties and the proposed way forward.

4.2 Commercial terms for the pipeline corridor

4.2.1 Some of the commercial terms relating to operations within the Sembcorp Pipeline Corridor remain not agreed and are still being considered by the parties and/or are only indicative and subject to contract.

4.3 Use of Sembcorp No 2 Tunnel (Work No 6 Option 3)

4.3.1 Work is currently being undertaken to determine the feasibility of the use of No 2 Tunnel for the proposed Development. As the option to use Sembcorp's No 2 Tunnel for the CO₂ Gathering Network was initially discounted by the Applicant in favour of its own tunnel, only since approximately the beginning of 2022 have the Applicant and Sembcorp re-opened dialogue concerning the use of Sembcorp's No 2 Tunnel for the CO₂ Gathering Network. No agreement has been reached in relation to its use, but the Applicant and Sembcorp are currently in dialogue about this.

4.4 Withdrawal of Compulsory Acquisition Powers

4.4.1 Discussions are continuing in relation to this issue. The Applicants have committed to not exercise CA powers against Sembcorp once an Option agreement is in place so far as the Applicants are able to deliver its Proposed Development without the need for the CA powers. Sembcorp's position is that there must be an absolute commitment not to exercise CA powers against (nor should the Applicants be able to extinguish rights in) the Sembcorp Pipeline Corridor once an Option agreement is in place because of the impact this could have on Sembcorp and/or upon other apparatus owners with pipelines in the Sembcorp Pipeline Corridor. Sembcorp contents that the grant of any CA powers to the Applicants could upset the role Sembcorp plays managing the Sembcorp Pipeline Corridor for all those with apparatus within it.

4.5 Protective provisions

4.5.1 Due to the nature of the Sembcorp holdings and land interests, protective provisions are being progressed between the parties. The Applicants are currently considering Sembcorp's proposed amendments to the protective provisions contained in the draft DCO.

4.6 Deed of Grant

4.6.1 As the Heads of Terms have now been agreed the respective solicitors are now drafting and progressing an option and a deed of grant (based on the Heads of Terms referred to above) in respect of a section of the CO₂ Gathering Network corresponding to Sembcorp's freehold titles CE188116, CE188169 and CE188245 together with (at the very recent direction of the Applicant) for Sembcorp's leasehold

title CE147639 and its rights in respect of the THPA Land (all forming part of the Sembcorp Pipeline Corridor). First drafts of the option and deed of grant have been sent to NZT's solicitors. The Applicants are going to arrange a joint meeting with Anglo American, it and Sembcorp and with PD Ports, it and Sembcorp to confirm the extension of that option and deed of grant over respectively, Sembcorp's leasehold title CE147639 and the THPA Land.

4.7 DCO Requirements

- 4.7.1 Sembcorp seeks in its relevant representation to have a role as a consultee in the approval of detailed design of relevant parts of the Proposed Development through requirements in the DCO. The Applicants consider that this is appropriately dealt with solely through the protective provisions, with the relevant planning authority being the approving body pursuant to requirements.