

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: 8.37 – Statement of Common Ground with North Sea Midstream Partners (NSMP)



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

Date: November 2022

DOCUMENT HISTORY

Document Ref	8.37		
Revision	2.0		
Author	Jack Bottomley, bp (JB)		
Signed	JB	Date	November 2022
Approved By	Jack Bottomley, bp (JB)		
Signed	JB	Date	November 2022
Document Owner	bp		

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
CATS	Central Area Transmission System
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
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
NGPL	Northern Gas Processing Limited
NSIP	Nationally Significant Infrastructure Project that must be authorised by the making of a DCO under PA 2008
NSMP	North Sea Midstream Partners Limited which for the purpose of this submission shall (where the

	context admits) be deemed to refer to TGLP, NGPL and TGPP collectively.
NSMP Facility	The Teesside Gas Processing Plant and associated infrastructure and apparatus, as described at paragraph 1.4 below
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	The Net Zero Teesside Order, being the DCO that would be made by the Secretary of State authorising the Proposed Development, a draft of which has been submitted as part of the Application
Order Land	The land which is required for, or is required to facilitate, or is incidental to, or is affected by, the Proposed Development and over which powers of compulsory acquisition are sought in the Order
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
PDT	PD Teesport Limited
PPs	Protective Provisions
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 draft Order
Requirements	The 'requirements' at Schedule 2 to the draft 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 Environmental Impact Assessment for the Proposed Development and does not result in unacceptable impacts
Sembcorp	Sembcorp Utilities (UK) Limited
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 for the United Kingdom Department for Business, Energy, and Industrial Strategy
TGLP	Teesside Gas and Liquids Processing
TGLP Freehold	The freehold properties registered under Land Registry title numbers CE160125 and CE168304
TGPP	Teesside Gas Processing Plant Limited
Work No.	Work number, a component of the Proposed Development, described at Schedule 1 to the draft Order
Works Plans	Plans showing the numbered works referred to at Schedule 1 to the draft 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. 8.37) has been prepared by Net Zero Teesside Power Limited and Net Zero North Sea Storage Limited (the 'Applicants') in conjunction with NSMP 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 NSMP 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 discussions between the parties, including interface meetings.

1.2 Teesside Gas and Liquids Processing Interests

1.3 Land at Seal Sands, Billingham

- 1.3.1 Freehold Interest in land at Seal Sands, Billingham east of Seaton Carew Road registered at the Land Registry under title numbers CE160125, CE168304 and CE160127.
- 1.3.2 TGLP's, NGPL's and TGPP's interests are managed by NSMP.
- 1.3.3 An area of the TGLP Freehold (roughly corresponding to plot 105) is presently leased to Sembcorp under a lease expiring in 2046.
- 1.3.4 NSMP benefits from rights over other areas within and nearby to the Order Land including but not limited to rights of access and emergency access, drainage, utilities and pipelines, which NSMP consider are critical to the operations of the NSMP Facility (see next).

1.4 NSMP Facility

- 1.4.1 NSMP own the Teesside Gas Processing Plant and associated infrastructure and apparatus (the "NSMP Facility"). The NSMP Facility is located at Seal Sands on Teesside in northeast England and currently processes gas from the UK Central North Sea and the northern part of the Southern Gas Basin for a number of large multi-national energy companies. The NSMP Facility consists of 2 gas processing facilities with a combined capacity to process up to 675 million cubic feet of gas per day, a capacity which represents around 10% of daily UK gas demand. The NSMP Facility feeds gas into the National Transmission System and also has unique processing equipment for deep liquids extraction of propane, butane and condensate, not available at any other processing facility on Teesside. The NSMP Facility has had an operational availability since start-up of more than 99.5% and maintains an exemplary safety record.
- 1.4.2 The NSMP Facility is classified as an Upper Tier Control of Major Accident Hazards site and is operated in compliance with the COMAH Regulations

2015. NSMP considers the Teesside Gas Processing Plant to be vital national infrastructure. The production of natural gas has lower emissions than other fossil fuels and will continue to play a critical role in the UK's energy mix during the move towards Net Zero. The Teesside Gas Processing Plant is important in this regard, supporting the operation of approximately 30 natural gas fields in the North Sea. NSMP consider that any negative impacts on the Teesside Gas Processing Plant's operation would have a considerable impact on the UK's energy security.

1.5 Project Requirements

- 1.5.1 The Applicants require a tie-in to the Sembcorp south gas pipeline from their proposed AGI within the CATS site which is leased from PDT (plot 112). This will be achieved by taking a gas pipeline over the CATS lease area (plot 110) and connecting to the AGI within the Sembcorp lease area (plot 105) that is located within the TGLP Freehold land. Access to this location will be required for the works and for future operational activities. The exact nature of the proposed agreement(s) between the Applicants, NSMP and Sembcorp is currently under discussion.
- 1.5.2 The Project includes substantial works to be undertaken throughout Teesside. NSMP owns, uses or has rights in relation to infrastructure throughout Teesside, including major pipelines which serve the NSMP Facility. Especially in light of the developing nature of the Project, NSMP are concerned to ensure that such rights are protected. After substantial and productive discussions, the Applicants have taken steps towards providing such protection. While there still remain a number of key protections which NSMP require to be included and are not agreed by the Applicants (see paragraph 4.0 below), the parties note that substantial progress has been made.

1.6 The Purpose and Structure of this Document

- 1.6.1 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.
- 1.6.2 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).
- 1.6.3 The SoCG is structured as follows:
- Section 2 – sets out consultation and related discussions held between the Applicants and NSMP
 - 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 with NSMP on the Proposed Development and also sets out the discussions that have taken place between the parties.

2.1.2 NSMP have concerns that need to be dealt with in relation to the proposed compulsory acquisition of land and rights in and around the TGLP Freehold and its impact on the preservation of NSMP's existing rights, including for access, services and pipelines. There are specific concerns around the preservation of uninterrupted access to the TGLP Freehold and uninterrupted operation of the NSMP Facility including the export pipeline under the adjoining CATS site (plot 110) and other pipelines around Teesside which connect to the NSMP Facility, as well as the potential for the Project work to damage existing infrastructure or pipelines owned or used by NSMP. Those concerns have been confirmed as understood by the Applicants and the parties are in continued dialogue to seek appropriate solutions and mitigations.

2.2 Consultation

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

Table 2.1: Summary of Consultation

Consultation Stage/Date	Applicant position	NSMP position
Stage 1 Consultation (non-statutory) – 2 nd October to 19 th November 2019	N/A	N/A
Stage 2 Consultation (statutory) – 7 th July to 18 th September 2020	The Applicants issued letters on 7 July 2020 to the registered offices of TGPP and TGLP. No response was received from either entity during or after the Stage 2 Consultation.	NSMP have investigated internally and have no record of receipt of any letters in relation to the DCO or the Project in this period.
Section 42 Update Consultation – 8 th December 2020 to 25 th January 2021	The Applicants issued letters on 8 December 2020 to the registered offices of TGPP and TGLP. No response was received from either entity either during or after the Section 42 Update Consultation.	NSMP have investigated internally and have no record of receipt of any letters in relation

		to the DCO or the Project in this period.
Consultation on proposed changes to DCO Application – 10 th March to 14 th April 2022	The Applicants issued letters on 14 March 2022 to the registered offices of TGPP and TGLP. No response was received from either entity either during or after the Consultation on proposed changes to DCO Application.	NSMP have investigated internally and have no record of receipt of any letters in relation to the DCO or the Project in this period.

2.3 Discussions

2.3.1 NSMP require any impact to their existing and any future operations and site access, as well as all existing rights (including without limitation contractual rights, formal easements and informal rights and any rights over the entirety of Seal Sands Road) benefitting the NSMP Facility or otherwise held by NSMP or any of its affiliates to be limited or mitigated and they will not withdraw their objection to the Project until they are satisfied that this has been secured.

2.3.2 A summary of the discussions that have taken place between the parties is set out in **Table 2.2** below. 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

Date	Correspondence	Detail
28/04/22	Call	Introductory call between the Applicants and NSMP representative
10/05/22	Call	Further introductory call between the Applicants and NSMP representative
06/07/22	Interface Meeting	Initial meeting to discuss DCO requirements and outline the use of the NSMP Facility
06/07/22	Email	Provision of links to all PINS DCO documentation
06/09/22	Interface meeting	Discussion on draft PPs and HoTs
09/09/22	Progress Meeting	Detailed negotiations on PPs and Side Agreement
16/09/22	Progress Meeting	Detailed negotiations on HoTs and other land agreements
20/09/22	Progress Meeting	Detailed negotiations on HoTs and other land agreements
21/10/22	Progress Meeting	Detailed negotiations on PPs and Side Agreement

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 parties acknowledge the importance of the UK net zero targets and the need to support low carbon electricity and the means to decarbonise other existing and proposed emitters. Whilst recognising the importance of this, NSMP would also like to have acknowledged the importance of the NSMP Facility from a national security of supply perspective, as well as the fact that it is classed as a COMAH site. Subject to these concerns, NSMP are supportive of the Proposed Development.

3.3 Plot 105 and 106

3.3.1 The parties have agreed that the Applicants will not use plots 105 and 106 for access to plots 110, 112, 113 and 114.

3.4 Plot 107

3.4.1 Plot 107 was included as part of the original application but has now been irrevocably removed.

3.5 Plot 108

3.5.1 Plot 108 is in the ownership of PDT.

3.6 Protective Provisions & Side Agreement

3.6.1 The parties' intention is to progress Protective Provisions (& Side Agreement) on terms that address NSMP's concerns throughout this process, with a view to reaching agreement in respect of the Side Agreement after the Examination. The parties have made substantial progress in relation to the Protective Provisions & Side Agreement. See paragraph 4.0 below for a summary of the remaining points to be agreed in relation to the Protective Provisions, along with a redline of the two parties' draft Protective Provisions, attached to this statement.

3.7 Requirements

3.7.1 Following engagement between the parties it was agreed that NSMP would be added as a consultee for Requirements 3, 18 and 29 of Schedule 2 of the DCO. This was addressed in the draft DCO submitted at Deadline 8 [REP8-003].

4.0 MATTERS TO BE AGREED

4.1 Overview

4.1.1 Although NSMP are engaging in the voluntary process, no terms have been agreed. However, discussions have been productive and substantial progress has been made towards agreement. This section sets out remaining matters to be agreed between the parties and the proposed way forward.

4.2 Property Agreement(s)

4.2.1 The structure of the legal agreement(s) between the Applicants, NSMP and Sembcorp is still to be defined. Initial Heads of Terms have been issued to NSMP by the Applicants and subsequent drafts have been exchanged between the parties. The Applicants are working to address NSMP's concerns and are looking to progress a voluntary agreement. A markup of the Heads of Terms is currently awaited by the Applicants following the meetings held on 16 & 20 September, which will reflect the parties' positions following negotiations on the Protective Provisions (& Side Agreement) throughout the Examination.

4.3 Access

4.3.1 The Applicants are seeking an additional strip of access road outside of the Order Limits which may be included within a potential voluntary agreement. This strip of road widens the access into plot 105 and is beneficial to the project but not essential. This is acceptable in principle to NSMP strictly subject to the specific terms of any legal easement.

4.4 Plot 105

4.4.1 The Applicants are seeking a tie-in point within plot 105. The interplay with the existing lease to Sembcorp of this area needs to be addressed. The Applicants have held discussions with Sembcorp on their existing lease. NSMP have also engaged with Sembcorp. The Applicants understand that Sembcorp intend to hold discussions with NSMP to agree on the principles of a tripartite agreement and the Applicants will continue to engage with both parties. NSMP has particular concerns about construction access to plot 105 and the potential implications for the sole access road to the NSMP Facility (see below).

4.5 Plots 103 & 106

4.5.1 The Applicants are seeking access rights over plots 103 & 106 to construct the Applicants' pipeline, a small part of which is proposed to be constructed within the Sembcorp lease area (plot 105), and also for future operational requirements. NSMP is prepared to allow construction access via plots 103 and 106 for the part of the pipeline and tie-in point which fall within plot 105 only, subject to agreeing comprehensive and appropriate measures to address NSMP's substantial access concerns (including a liability regime). This includes compliance by the Applicants with all site rules and regulations and an agreed construction and traffic

management plan, in all cases maintaining site safety, security and uninterrupted and unimpeded access.

- 4.5.2 Plot 103 is also included in the Order Limits as an access route to plots 110, 112, 113 & 114 for the construction of the Work No. 2A and 2B. The Applicants are pursuing a voluntary agreement with the adjacent CATS site in relation to the granting of access for the foregoing plots and work. NSMP's position is that this route through the CATS site should be used and plots 103, 106 and 108 (which contain portions of the sole access road to the NSMP Facility) should not be used for any construction traffic, other than potentially limited construction road access for the work on plot 105, subject to agreement on terms as set out above. NSMP require the Applicants to use all reasonable endeavours to obtain alternative access to the CATS site. NSMP and the Applicants continue to engage on the access proposals.

4.6 Plot 108

- 4.6.1 The Applicants are seeking to rely on rights of access over plot 108. NSMP notes, however, the PDT owns the freehold, not NSMP. NSMP are concerned that their existing rights are preserved and that the right is restricted to non-construction traffic (other than for plot 105 construction road access). NSMP and the Applicants continue to engage on the access proposals and have made substantial progress towards agreement. The Applicants are proceeding on the basis that access rights for plot 108 are to be secured directly from PDT as freeholder. The Applicants have issued draft Heads of Terms for access over plot 108 to PDT.

4.7 DCO

- 4.7.1 The Applicants confirmed in the meeting held between the parties on 6 July 2022 that they are only seeking rights of access over plots 103, 106 and 108 and that no highway improvement works or new accesses will be undertaken. Therefore, NSMP have requested that a new Work No 10a is created for plots 103, 106 and 108 which only grants the Applicants new rights of access, as opposed to the current Work No 10 which is much broader. The Applicants have rejected this request. Again, NSMP are concerned that their existing rights are preserved and any rights of access are restricted to non-construction traffic (subject only to any agreement in accordance with paragraph 4.5.2 above). The Applicants believe that these concerns can be addressed through appropriate Protective Provisions. While progress has been made in respect of the Protective Provisions, the position in respect of highway works remains unresolved; see below.

4.8 Protective Provisions

- 4.8.1 Negotiations have been ongoing in respect of the Protective Provisions. NSMP submitted its own version of Protective Provisions at Deadline 12 (Appendix 1 of REP12-167). However, following publication of the Applicant's Protective Provisions as relate to NSMP (which reflected substantial progress made between the parties), NSMP adopted the updated structure used by the Applicants and accepted as many points as possible with a view towards reaching agreement. NSMP will submit a revised Protective Provisions at Deadline 13 which reflect the progress made

between the Parties but also contain the outstanding key protections which NSMP require that remain disputed by the Applicants. There are a number of differences between the Applicants' and NSMP's Protective Provisions, but see below a number of key outstanding points set out in brief.

- 4.8.1.1. **Protections to benefit NSMP Group:** NSMP require the indemnity to be provided to the NSMP's affiliates and its and their directors, officers, employees, contractors, sub-contractors, representatives and agents.
- 4.8.1.2. **NSMP Pipelines:** NSMP require the definition of NSMP pipelines to include all NSMP pipelines at Teesside; not just in the Order limits. The Applicants have confirmed that this is acceptable and that an error was made in the draft DCO submitted at Deadline 12. The Applicants will address this error at Deadline 13.
- 4.8.1.3. **Relevant Works:** NSMP require any works relating to the Project undertaken by the Applicants (whether inside the order limits or outside of the under a voluntary agreement) that could have an impact on the NSMP operations must be covered by the Protective Provisions.
- 4.8.1.4. **Relevant Works approval:** NSMP require any works done by the Applicants relating to the Project that could potentially impact NSMP operations to be subject to the same approval requirements. NSMP cannot accept that approval of works shall be deemed following a period of time; any approval of works affecting NSMP operations must be subject to specific approval of NSMP.
- 4.8.1.5. **Pipeline Crossing Agreements:** NSMP require it to be reasonable for consent to works being undertaken to be withheld where the Applicants have not entered a pipeline crossing agreement.
- 4.8.1.6. **Monitoring Relevant Works:** NSMP require ongoing monitoring rights in respect of the relevant works, notification of practical completion of the relevant works, input to practical completion of the relevant works and remediation of any defects in respect of the relevant works.
- 4.8.1.7. **Compliance with requirements:** NSMP will provide details of the conditions and requirements or regulations relating to the NSMP operations on request. The requirements to comply with such provisions must not be subject to receipt by the Applicants of such details.
- 4.8.1.8. **Access Road Works:** NSMP do not accept that works can be undertaken to the access road on plots 103, 106 and 108 in the event the state of repair is not suitable for HGVs. Practically it will be impossible for the Applicants to undertake any works to the road and also maintain uninterrupted and unimpeded access, which the parties have agreed is a fundamental protection required by NSMP. In addition the reference to "state of repair" is too subjective.
- 4.8.1.9. **Compulsory Acquisition Rights:** NSMPs operations are of national significance. Accordingly the Applicants should be required to obtain the written consent of NSMP prior to exercising the identified powers under the Order (such consent not to be unreasonably withheld).

4.8.1.10. **Indemnity:** The indemnity in the Protective Provisions must apply during the construction phase of the Project as well as the subsequent operation of the Project. NSMP also requires the heads of losses covered to be clearly delineated to cover those heads of loss which are likely to arise in the event of an incident, including consequential losses and loss of profit.

4.8.1.11. **Alternative Access:** NSMP require the Applicants to use all reasonable endeavours to secure alternative access to plots 110, 112, 113 and 114.

4.9 Side Agreement

4.9.1 A Side Agreement is to be agreed. NSMP have shared a draft Side Agreement on 17 October 2022 with the Applicants and are awaiting a full mark-up from the Applicants.