

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: 9.52 - End of Examination Negotiation Status

Planning Act 2008



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

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GLOSSARY

Abbreviation	Description
AOD	Above ordnance datum
AS-	Additional Submissions
BAT	Best Available Techniques
BEIS	The Department for Business, Energy and Industrial Strategy
CCGT	Combined Cycle Gas Turbine
CCUS	Carbon Capture, Utilisation and Storage
CEMP	Construction and Environmental Management Plan
CTMP	Construction Traffic Management Plan
CO ₂	Carbon dioxide
CPO	Compulsory Purchase Order
dB	Decibels
DCO	Development Consent Order
dDCO	Draft Development Consent Order
EIA	Environmental Impact Assessment
EPC	Engineering, Procurement and Construction
ES	Environmental Statement
ETS	Emissions Trading Scheme
ExA	Examining Authority
FEED	Front end engineering and design
FRA	Flood Risk Assessment
Ha	Hectares
HDD	Horizontal Directional Drilling
HIA	Hydrogeological Impact Appraisal
HoT	Heads of Terms
kV	Kilovolts
MHWS	Mean High Water Springs
MLWS	Mean Low Water Springs
Mt	Million tonnes

NATS	National Air Traffic Services
NSIP	Nationally Significant Infrastructure Project
NWL	Northumbria Water Lagoon
NZT	The Net Zero Teesside Project
NZT Power	Net Zero Teesside Power Limited
NZNS Storage	Net Zero North Sea Storage Limited
PA 2008	Planning Act 2008
PCC	Power Capture and Compressor Site
PDA-	Procedural Deadline A
PINS	Planning Inspectorate
RCBC	Redcar and Cleveland Borough Council
RR	Relevant Representation
SBC	Stockton Borough Council
SEL	Sound Exposure Level
SPA	Special Protection Areas
SoCG	Statement of Common Ground
SoS	Secretary of State
STDC	South Tees Development Corporation
SuDS	Sustainable urban drainage systems
UXO	Unexploded Ordnance
WFD	Water Framework Directive

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1 INTRODUCTION

1.1 Overview

- 1.1.1 This document, End of Examination Negotiation Status (Document Ref. 9.52) has been prepared on behalf of Net Zero Teesside Power Limited and Net Zero North Sea Storage Limited (the 'Applicants'). It relates to the application (the 'Application') for a Development Consent Order (a 'DCO'), that has been submitted to the Secretary of State (the 'SoS') for Business, Energy and Industrial Strategy ('BEIS'), under Section 37 of 'The Planning Act 2008' (the 'PA 2008') for the Net Zero Teesside Project (the 'Proposed Development').
- 1.1.2 The Application was submitted to the SoS on 19 July 2021 and was accepted for Examination on 16 August 2021. A change request made by the Applicants in respect of the Application was accepted into the Examination by the Examining Authority on 6 May 2022.

1.2 Description of the Proposed Development

- 1.2.1 The Proposed Development will work by capturing CO₂ from a new the gas-fired power station in addition to a cluster of local industries on Teesside and transporting it via a CO₂ transport pipeline to the Endurance saline aquifer under the North Sea. The Proposed Development will initially capture and transport up to 4Mt of CO₂ per annum, although the CO₂ transport pipeline has the capacity to accommodate up to 10Mt of CO₂ per annum thereby allowing for future expansion.
- 1.2.2 The Proposed Development comprises the following elements:
- **Work Number ('Work No.') 1** – a Combined Cycle Gas Turbine electricity generating station with an electrical output of up to 860 megawatts and post-combustion carbon capture plant (the '**Low Carbon Electricity Generating Station**');
 - **Work No. 2** – a natural gas supply connection and Above Ground Installations ('AGIs') (the '**Gas Connection Corridor**');
 - **Work No. 3** – an electricity grid connection (the '**Electrical Connection**');
 - **Work No. 4** – water supply connections (the '**Water Supply Connection Corridor**');
 - **Work No. 5** – waste water disposal connections (the '**Water Discharge Connection Corridor**');
 - **Work No. 6** – a CO₂ gathering network (including connections under the tidal River Tees) to collect and transport the captured CO₂ from industrial emitters (the industrial emitters using the gathering network will be responsible for consenting their own carbon capture plant and connections to the gathering network) (the '**CO₂ Gathering Network Corridor**');
 - **Work No. 7** – a high-pressure CO₂ compressor station to receive and compress the captured CO₂ from the Low Carbon Electricity Generating

Station and the CO₂ Gathering Network before it is transported offshore (the '**HP Compressor Station**');

- **Work No. 8** – a dense phase CO₂ export pipeline for the onward transport of the captured and compressed CO₂ to the Endurance saline aquifer under the North Sea (the '**CO₂ Export Pipeline**');
- **Work No. 9** – temporary construction and laydown areas, including contractor compounds, construction staff welfare and vehicle parking for use during the construction phase of the Proposed Development (the '**Laydown Areas**'); and
- **Work No. 10** – access and highway improvement works (the '**Access and Highway Works**').

1.2.3 The electricity generating station, its post-combustion carbon capture plant and the CO₂ compressor station will be located on part of the South Tees Development Corporation (STDC) Teesworks area (on part of the former Redcar Steel Works Site). The CO₂ export pipeline will also start in this location before heading offshore. The generating station connections and the CO₂ gathering network will require corridors of land within the administrative areas of both Redcar and Cleveland and Stockton-on-Tees Borough Councils, including crossings beneath the River Tees.

1.3 The Purpose and Structure of this document

1.3.1 The purpose of this document is to summarise the status of negotiation between the Applicants' and interested parties, with a particular reference to those who have participated in Examination. This is response to action 3 from compulsory acquisition hearing 3. The document is structured as follows:

- Section 2 – Summary of Negotiation Status

2 SUMMARY OF NEGOTIATION STATUS

The table below provides an end of examination negotiation status with affected parties who have participated in Examination. This summary is supplemented by the Compulsory Acquisition Schedule submitted at Deadline 12 [REP12-131]. Where agreements summarised in the table below are yet to be agreed, the Applicants will continue to engage with the interested party with the aim of reaching voluntary agreement.

Affected Party	Status of Protective Provisions	Status of Property Agreements
Air Products Plc	The parties are engaged in negotiating protective provisions and an asset protection agreement. Most recently the Applicants received comments on the documents from Air Products on 4 November 2022. The Applicants will continue to seek to reach agreement with Air Products following the close of Examination.	N/A
Anglo American	Agreed save for question of whether the Protective Provisions should include a control on the use of the DCO land powers. Please see Joint Statement submitted at Deadline 12 [REP12-130].	<p>Heads of Terms, including commercial terms, have been agreed with Anglo American.</p> <p>The property agreements are in near final form. The parties are aiming to complete prior to the end of the Examination or, if that is not possible, shortly after the end of the Examination.</p>
CATS North Sea Limited	The parties have agreed the form of side agreement and annexed protective provisions. These are now going through final internal sign-off processes ahead of completion.	<p>Heads of Terms have been in circulation with CATS since 7th July 2022. A number of meetings have been held, most recently on 15th September, following which updated Heads of Terms were sent to CATS.</p> <p>Marked up Heads of Terms were received from CATS on 21st October 2022. The Applicants have reviewed the mark-up and will be responding shortly. The Applicants consider that good progress has been made all round and remain optimistic that Heads of Terms negotiations for a voluntary agreement can be brought to an early conclusion.</p>
CF Fertilisers UK Limited	The parties have agreed the form of side agreement and annexed protective provisions. These are now going through final internal sign-off processes ahead of completion.	Heads of Terms for an Option Agreement for a Deed of Grant of Easement are agreed. Legal documentation was issued to CF Fertiliser on 23 August 2022 and is still with CF Fertiliser for comment. CF Fertiliser expressed a wish to concentrate on the protective provisions during Examination. Progress on the legal documentation which is currently with CF Fertiliser is hoped to be made shortly after the end of Examination.
Exolum Seal Sands	The parties have agreed the form of side agreement and annexed protective provisions. These are now going through final internal sign-off processes ahead of completion.	N/A

<p>Huntsman Polyurethanes (UK) Limited</p>	<p>The parties are engaged in negotiating protective provisions and a side agreement. Most recently the Applicants returned comments on the documents 24 October 2022. The Applicants will continue to seek to reach agreement with HPU following the close of Examination.</p>	<p>N/A</p>
<p>INEOS Nitriles (UK) Limited</p>	<p>The parties are engaged in negotiating a side agreement and protective provisions, with the latest draft issued to the Applicants by INEOS' legal representatives on 7 November. The Applicants will continue to seek to reach agreement with INEOS following the close of Examination. If agreement is not reached, the Applicants' position remains that compulsory acquisition powers should be granted for the reasons given in the Statement of Reasons [REP12-010] and notes that INEOS Nitriles would benefit from the protection of the draft Order protective provisions provided at Part 9 of Schedule 12 to the DCO [REP12-003].</p>	<p>Heads of Terms for an Option Agreement for a Deed of Grant of Easement have been agreed, subject to board approval. Board approval has not yet been granted.</p> <p>Legal documents have been issued proactively for negotiations but have received no engagement on those. The Applicants continue to attempt to engage with INEOS senior management in order to seek agreement of the Heads of Terms and progress matters to legal drafting.</p>
<p>Ineos UK SNS Limited</p>	<p>The parties have agreed the form of side agreement and protective provisions, with final comments being exchanged over which plan is to be annexed to the agreement. The documents will then go through final approvals ahead of completion.</p>	<p>N/A</p>
<p>National Grid Electricity Transmission Plc</p>	<p>The parties are engaged in negotiating a side agreement and protective provisions, with the latest set of drafts issued by the Applicants to National Grid Electricity Transmission's solicitors on 28 October. The parties will continue to seek to reach agreement on these documents following the close of Examination. If Agreement is not reached, the Applicants' position remains that compulsory acquisition powers should be granted for the reasons given in the Statement of Reasons [REP12-010] and notes that National Grid Electricity Transmission would benefit from the protection of the draft Order protective provisions provided at Part 3 of Schedule 12 to the DCO [REP12-003].</p>	<p>N/A</p>

National Grid Gas Plc	The parties are engaged in negotiating a side agreement and protective provisions, with the latest set of drafts issued by the Applicants to National Grid Gas' solicitors on 28 October. The parties will continue to seek to reach agreement on these documents following the close of Examination. If Agreement is not reached, the Applicants' position remains that compulsory acquisition powers should be granted for the reasons given in the Statement of Reasons [REP12-010] and notes that National Grid Gas would benefit from the protection of the draft Order protective provisions provided at Part 4 of Schedule 12 to the DCO [REP12-003].	N/A
Network Rail Infrastructure Limited	The parties are engaged in negotiating a side agreement and protective provisions, and will continue to seek to reach agreement on these documents following the close of Examination. If Agreement is not reached, the Applicants' position remains that compulsory acquisition powers should be granted for the reasons given in the Statement of Reasons [REP12-010] and notes that Network Rail would benefit from the protection of the draft Order protective provisions provided at Part 11 of Schedule 12 to the DCO [REP12-003].	Clearances have been approved for the proposed CO2 Gathering Pipeline and the Electrical Cable. Heads of Terms have been reviewed by Network Rail. The Applicant's solicitor has requested confirmation of Network Rail's solicitor's legal fees so that a fee undertaking can be provided. The Applicant has provided a proposal for the commercial agreement.
North Tees Group	The parties are engaged in negotiating a side agreement and protective provisions, with the latest draft issued by the Applicants to North Tees Group's legal representatives on 28 October and a call held between the parties and their legal representatives on 4 November. The Applicants will continue to seek to reach agreement with North Tees Group following the close of Examination. If agreement is not reached, the Applicants' position remains that compulsory acquisition powers should be granted for the reasons given in, for instance, the Statement of Reasons [REP12-010] and Applicants' Comments on D12 Submissions [document ref. 9.50] and notes that the North Tees Group would benefit from the protection of the draft Order protective provisions provided at Part 27 of Schedule 12 to the DCO [REP12-003].	Heads of Terms for a voluntary Option Agreement for a Deed of Grant of Easement are currently being negotiated by the parties. The Applicants will continue to engage with NTG in relation to the voluntary agreement

Northern Powergrid	The parties are engaged in negotiating a side agreement and protective provisions, with the latest set of drafts issued by the Applicants to Northern Powergrid’s legal representatives on 13 October. The parties have arranged a call to discuss these drafts for 9 November and will continue to seek to reach agreement on the documents following the close of Examination. If Agreement is not reached, the Applicants’ position remains that compulsory acquisition powers should be granted for the reasons given in the Statement of Reasons [REP12-010] and notes that Northern Powergrid would benefit from the protection of the draft Order protective provisions provided at Part 12 of Schedule 12 to the DCO [REP12-003].	N/A
Northumbrian Water Limited	The parties have agreed the form of side agreement and annexed protective provisions. These are now going through final internal sign-off processes ahead of completion.	N/A
NPL Waste Management Limited (NPL)	The parties are engaged in negotiating a side agreement and protective provisions, and will continue to seek to reach agreement on these documents following the close of Examination. If agreement is not reached, the Applicants’ position remains that compulsory acquisition powers should be granted for the reasons given in the Statement of Reasons [REP12-010] and notes that NPL would benefit from the protection of the draft Order protective provisions provided at Part 13 of Schedule 12 to the DCO [REP12-003].	The Applicants have engaged positively with NPL for the past 18 months to progress heads of terms. The Heads of terms have gone through several iterations and the Applicants have made large changes to accommodate issues and concerns raised by NPL. In July 2022 the Applicants issued what it believed to be a final set of terms to NPL having accommodated most of the points raised and offered concessionary positions on those where agreement had not been reached. The Applicants have confirmed it is not seeking powers over any mines or minerals rights NPL have title to. There was a delay in negotiation due to some unsettled fee invoices that were rectified earlier this year. At this time the Applicants still await a response on those terms from NPL but the Applicants are hopeful agreement will be reached once engagement resumes and before any determination by the secretary of state.

<p>PD Teesport Limited</p>	<p>The protective provisions included in the DCO submitted at Deadline 12 [REP12-003] are agreed. As associated side agreement has also been agreed and signed by the parties.</p>	<p>The Applicants have engaged actively with PDT throughout the course of 2022 and, through various iterative negotiations and discussions with PDT, it has been possible to narrow down the rights and interests which are being sought under a voluntary agreement. The last meeting was held in person on 6th October and, subsequent to this, there have been further exchanges of emails.</p> <p>To date the Applicants have been dealing directly with PDT and have provided Heads of Terms in respect of Easements for part of the CO2 Pipeline and for Access over Plots 91& 92 and Plot 108 (TGPP).</p> <p>Most recently (by email of 25th October 2022), the Applicants have been asked by PDT to reconfirm the rights and interests being sought and understand that an agent is to be appointed by PDT to provide Heads of Terms to the Applicants.</p> <p>The Applicants will be responding to this request shortly.</p>
<p>Redcar and Cleveland Borough Council</p>	<p>N/A</p>	<p>Heads of Terms are agreed and legal documents are near to completion. Completion is expected to take place shortly after the end of the Examination.</p>
<p>Redcar Bulk Terminal Limited</p>	<p>Protective Provisions between the Parties – please see confirmation of this in the Applicants’ Comments on Deadline 12 submissions.</p>	<p>The agreements are in near final form. The parties are aiming to complete prior to the end of the Examination or, if that is not possible, shortly after the end of the Examination.</p>

<p>Sembcorp Utilities (UK) Limited</p>	<p>The parties are engaged in negotiating protective provisions and a side agreement. The parties are working hard to reach agreement before the end of the Examination and confirmation of any agreement reached will be provided to PINS.</p>	<p>The Applicants and Sembcorp Utilities have been positively engaged since early 2020 with regular meetings at varying levels across both parties. Heads of terms have been agreed for the CO2 gathering network and the legal documents are at an advanced stage of negotiation. Comments on these documents have been shared by both parties and several calls between the Applicant and Sembcorp Utilities as well as both sets of solicitors to progress outstanding points.</p> <p>The Applicants and Sembcorp have agreed heads of terms for a gas transmission agreement and the legal documents are also now progressing.</p> <p>The Applicants and Sembcorp Utilities have agreed in principle terms for the use of Sembcorp Tunnel No 2 and further technical work has been progressed to support this. A legal agreement covering this is being progressed between the parties' solicitors.</p> <p>Negotiations and further discussions are progressing and will continue to do so positively to conclude the legal agreements. Due to the complex nature of the agreements, they are not now expected to conclude before the end of the Examination but it is anticipated that they will complete as soon as possible after the end of the Examination and before determination is made by the Secretary of State. Updates will be provided to PINS on this following the close of Examination.</p>
<p>SABIC UK Petrochemicals Limited</p>	<p>The parties are engaged in negotiating protective provisions and a side agreement. Most recently the Applicants returned comments on the documents 24 October 2022. The Applicants will continue to seek to reach agreement with SABIC following the close of Examination.</p>	<p>Heads of Terms in respect of an option for compound lease were agreed in December 2021 and the option and compound lease are currently in negotiation.</p>

<p>South Tees Development Corporation</p>	<p>The Applicants submitted their preferred protective provisions in the DCO at Deadline 12 [REP12-003]. STDC also submitted their preferred version at Deadline 12 [REP12-165]. The Applicants have provided comprehensive justification for their final protective provisions in Appendix 1 to the Schedule of Changes to the DCO submitted at Deadline 12 [REP12-005]. It has provided comprehensive comments on STDC's protective provisions at Appendix 1 of the Applicants Comments on Deadline 12 Submissions (Document Reference 9.50).</p>	<p>Negotiations have been ongoing in relation to the main site since May 2020. The option for leases for the main site is in a mature form. Documenting the option for easement will follow agreement of the option for leases. The most recent face to face all-parties meeting took place on 12 October 2022. Since then STDC's solicitors and the Applicant's solicitors have been working together to finalise the option for leases and in an effort to do that have held 14 legal calls since 12 October 2022. The next legal call is due to take place on 9 October 2022 and an all-parties call is to be arranged shortly after that. Completion of the option for leases is not now expected to take place prior to the end of the Examination but the Applicant continues to work with STDC to reach final agreement.</p>
<p>Teesside Gas Processing Plant / Teesside Gas and Liquids Processing</p>	<p>The parties are engaged in negotiating protective provisions and a side agreement. The parties are actively working together to reach agreement following the close of Examination.</p>	<p>The Applicants are in receipt of marked up Heads of Terms from TGPP. Meetings were held with TGPP and their lawyers on 16th and 20 September 2022 to discuss the points being made in the mark-up. TGPP are due to return comments on the Heads of Terms, but it is understood that this will only happen when the Side Agreement is completed with Applicants. The Side Agreement is currently in negotiation between the parties.</p>
<p>Teesside Wind Farm Limited</p>	<p>The parties have agreed the form of side agreement and annexed protective provisions. These are now going through final internal sign-off processes ahead of completion.</p>	<p>N/A</p>
<p>The Queen's Most Excellent Majesty in the Right of the Crown</p>	<p>N/A</p>	<p>Heads of terms have been agreed. The solicitor acting for the Crown has confirmed that he is clarifying a couple of points with the Crown before preparing draft legal documents for review.</p>