The Sizewell C Project, Ref. EN010012

Response to the ExA's commentary on the draft DCO [PD-038] issued on 3 August 2021, by Suffolk County Council

Suffolk County Council Registration ID Number: 20026012

Deadline 7

3 September 2021

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Paragraph	ExA comment	SCC's reply
2. Other Wr	itten Submissions Responding to Actions Arising from ISH1	Doc 9.48 Revision 1.0 [REP5-113]
2.20	Injunctions and cross-undertakings in damages. The ExA's understanding is that the practice of the Courts in relation to cross-undertakings where injunctions are sought under the Town and Country Planning Act 1990 (TCPA 1990) is generally not to require them. The ExA is simply suggesting that the practice should in TCPA 1990 injunction cases should be made to apply expressly in this very large project. Please will the Applicant and the Councils consider this.	SCC would welcome a provision which ensured that cross-undertakings in damages could not be sought in relation to applications for injunctions relating to the Deed of Obligation. SCC has already expressed views on this point in REP5-177 and these points are not repeated here. SCC is conscious that the current approach is a result of the use of the Court's discretion. SCC has requested whether the Applicant would be willing to agree not to seek a cross-undertaking in damages in the event ESC and/or SCC sought an interim injunction and it is understood that the Applicant is considering this.
2.21	The ExA notes that in the D5 version of the dDCO (Revision 5) the provision of Clause 9(5)(b) that "the Deed of Obligation completed pursuant to this Order, and any variations to it at the date of transfer or grant, shall be enforceable against the transferee or lessee as they would against the transferor" has been deleted and replaced by a procedure needing a deed of adherence. The stated intention of the Applicant when it put forward the DoO was to make the DoO apply to the undertaker, just like the DCO. It is to run with the DCO rather than "with the land". Accordingly, the ExA strongly suggests a return to the	1. SCC suggested the requirement for a Deed of Adherence to any transfer under Article 9 of the DCO in its response to SA.1.7 [REP2-189]. At that time this was not intended to be suggested as an alternative and SCC's request was for this to be provided as an additional layer of comfort to the Councils as to the enforceability of the Deed of Obligation given the novel nature of what were the Sizewell Special Arrangements at that stage.
	original wording rather than adding the need for another action – the execution of a deed. The ExA also does not see a justification for the "save to the extent" wording, giving the SofS the ability to relieve a transferee undertaker of the obligations in the DoO. No such option is available if the deed were a conventional s106 agreement; no such option is available in the case of any provisions of the DCO. The ExA's comment applies also to the "unless otherwise agreed" provisions of the DoO in clause 4.5. There are consequential effects to Clause 8.10 of the DoO.	2. SCC's response to [REP2-189] explained that the provision of a Deed of Adherence (in the context of the Sizewell Special Arrangements at that time) could provide greater comfort as to any concern that there would not be privity of contract between a transferee (or grantee) under Article 9. This response also set out that a Deed of Adherence could also have the useful practical effect of clearly demonstrating that any transferee (or grantee) under Article 9 was aware of their obligations under the Deed of Obligation. This

response also suggested that Article 9 should provide for the Councils to have (for example) 28 days' notice of any transfer and for a completed copy of the agreement to any proposed transferee.

- 3. At paragraph 5.7 of Appendix 26A to the Applicant's responses to ExQ1 [REP2-113] the Applicant comments in relation to transfers or grants under Article 9 that "[c]urrently, no such transfer or grant is specifically envisaged...".
- 4. In [REP3-083] SCC welcomed the Applicant's indication at Deadline 2 that it would revise the dDCO to include a provision which required any transferee or grantee to enter into a deed of adherence (and SCC considered that this deed of adherence should be completed and provided to SCC before any transferee or grantee could take the benefit of DCO powers under Article 9).
- 5. SCC note the ExA's comments at 2.21 of [PD-038] and their strong suggestion that the original wording for Article 9 is returned to. For the following reasons, SCC would continue to support the proposed Article 9 transfer/grant provisions retaining a requirement for a deed of adherence to be entered into by any transferee or lessee (subject to the point immediately below).
 - a. This requirement for a deed of adherence may be in addition to and not in replacement of the "automatic" binding of transferees/grantees under Article 9 as proposed for the Deadline 7 version of the dDCO.

- b. The Evolving Approach is a novel approach and this justifies particular care. Whilst one may consider the request of SCC cautious, it is considered that this is warranted in the circumstances of this matter.
- c. The Applicant has previously indicated in [REP2-113] that transfers or grants under Article 9 are not currently envisaged. The need for a deed of adherence is not therefore expected to be a particular administrative burden. SCC notes that in this case a conventional approach to securing planning obligations in a section 106 agreement by binding in the land that the Applicant owned within the Order Limits and then requiring deeds of adherence/covenant to be entered into in relation to land not bound into such a section 106 agreement before work under the DCO was carried out on that previously unbound land would have resulted in a greater volume deeds much adherence/covenant and that is being avoided by the utilisation of the Evolving Approach.
- d. SCC maintain the view expressed in [REP2-189] that completing and providing deed of adherence to the Councils before a transfer/grant took effect could also have the useful practical effect of clearly demonstrating that any transferee (or grantee) under Article 9 was aware of their obligations under the Deed of Obligation. This would avoid any later debate that any transferee/grantee was unaware of those obligations.
- e. The above is considered particularly so given that it is possible under Article 9 that a transferee may

then subsequently transfer the benefit of the DCO onwards. The completion (and provision to the Councils) of a Deed of Adherence would create a helpful paper trail in the event of such subsequent transfers.

- f. In SCC's written submissions following ISH1 [REP5-177] SCC pointed out that there was no provision in the draft Deed of Obligation which clarified whether liability under the Deed of Obligation would be joint and several following a transfer/grant under Article 9. This comment was made fully aware of the provision in Clause 5 of the draft Deed of Obligation that the Applicant would remain bound until it has transferred the entire benefit of the DCO under Article 9. SCC consider that a deed of adherence could help to address this point by making clear which obligations a transferee/grantee would be liable for under the Deed of Obligation. It is understood that the Applicant only envisages transferees/lessees of the "main" development site would be bound so there would only be one company bound by the Deed as only one company could be authorised to construct and operate the power station under the nuclear safety regime.
- 6. However, SCC understands that the Applicant and the ExA may be concerned by a "two-stage" transfer process which would involve an "automatic" passing of liability under the DoO pursuant to Article 9 and the need for a Deed of Adherence too. As a result, if it is considered that a Deed of Adherence will not be included in the arrangements under Article 9 then SCC

considers that (in addition to the comments made by SCC in response to ExA observation on the DoO 3.3) Article 9 must be revised to include a requirement to notify both East Suffolk Council and Suffolk County Council within five working days following any transfer or grant under Article 9(1) with the information which is currently required to be provided to the Secretary of State under Articles 9(8) and 9(10) to include confirmation of any obligations in the Deed of Obligation which would be binding on the transferee or lessee appropriate). This (as amendment is considered a necessary and important confirmatory step following the exercise of the powers in Article 9(1).

7. Assuming drafting to provide for an "automatic" passing of liability under the DoO to transferees and lessees is taken forward by the Applicant, SCC consider Article 9 should be revised to make it clear who the obligations of the Deed of Obligation are enforceable by. SCC consider that Article 9 should make it clear that this enforceability is in addition to enforcement against the Applicant. In this regard SCC highlight that section 106(3) refers to planning obligations being enforceable against both the person entering into that obligation and any person deriving title from that person and considers similar clarity could be given in Article 9 by reference to NNB Generation Company (SZC) Limited and transferee or lessee under Article 9(1). SCC has seen a draft version of the Applicant's proposed updated drafting for Article 9 and has provided comments to the Applicant on this suggested drafting on these points. SCC will review the form of drafting proposed at Deadline 7 and make any comments it has on this by Deadline 8.

- 8. Proposed limitation of the scope of the passing of liability under the DoO pursuant to Article 9 by reference to Work No. 1A(a) to (h):
 - a. It is understood that the Applicant's proposals at Deadline 7 will include that the "automatic" passing of liability under the DoO to transfers under Article 9(1) would be limited to situations where the power to construct or operate Work No. 1A(a) to (h) was transferred and that transfers or grants of other powers under the DCO would not result in liability being passed on to transferees or lessees.
 - b. In light of these proposals, SCC notes that the DCO would provide for much wider works to be constructed and operated which are important to the project as a whole than just Work No. 1A(a) to (h). SCC would appreciate greater clarity from the Applicant (assuming this is the approach that is maintained at Deadline 7) as why only transferees or lessees of the power to construct and operate Works 1A(a) to (h) should be bound by the DoO and why transferees/lessees of power to construct and operate other works within Work 1A, 1B to 1E (inclusive), 2A to 2L (inclusive) and 3 - which are all expressed to be works on the main development site - are not proposed to be caught too. It is not immediately apparent to SCC that all of these other works referred to are "associated development" and appear to relate to the main development site like Works 1A(a) to (h).

c. Subject to sight of precisely what is proposed by the Applicant at Deadline 7, SCC is continuing to consider the implications of the Applicant's proposed approach to binding future transferees/lessees with particular regard to the current drafting of Schedule 9 of the DoO regarding the use of "reasonable endeavours" to comply with the Implementation Plan. SCC notes that the Applicant considers third parties would be placed under contractual obligations to deliver parts of the project under a "sub-contractor acting as agent of SZC Co model". SCC also notes that there are no proposals from the Applicant to ensure obligations to deliver in its contracts with third parties are directly enforceable by the Councils in the event of default by those third parties. SCC is aware that under the approach that SCC expects will be proposed by the Applicant at Deadline 7 SCC would not have the power to enforce obligations in the DoO directly against those third parties and there is a possibility under the proposed drafting of Article 9 that the benefit of the Order in relation to associated development works (e.g. the two village bypass being Work No. 11A) may be transferred to a third party without the Deed binding that third party under the operation of Article 9. SCC is this proposed approach concerned that would further weaken the "reasonable endeavours" approach proposed by the Applicant as under Article 9 as it would then be possible for the benefit of the Order to deliver such associated works of development to be transferred to third parties and

		no longer rest with the Applicant. Whilst the Councils may consider enforcing against the Applicant in such a scenario in the event of a breach the Applicant may argue that it has used reasonable endeavours to contract with its subcontractors (and transferees/lessees under Article 9) to deliver key mitigation measures but those third parties have not delivered. If there has been no breach of the DoO by the Applicant (i.e., if they are found to have used "reasonable endeavours") then the Councils would not have a mechanism to enforce directly against a third party.
2.23	Bonds – the Applicant states at para 7.3 that if the Undertaker had failed financially the project would cease and the triggers for further payment would not arise. This is not the case in at least the matter of the Fen Meadow Contingency Fund, in fact in that case the trigger would be more likely to occur. Please will the Applicant and the Councils give consideration whether there are any other exceptions to the Applicant's para 7.3 statement to what would be appropriate in those cases and the case of the Fen Meadow Contingency Fund.	 SCC would welcome further discussion regarding the provision of bonds for certain obligations in the DoO. In any event, bonds will be required by SCC for highway works agreements entered into under Article 21 of the DCO (or any section 38 or section 278 agreements entered into by the Applicant outside of the Article 21 process). SCC notes the comments of the Applicant at paragraphs 7.2 and 7.3 of REP5-113. The Applicant does not consider it usual for a bond to cover all obligations in a section 106 agreement save in respect of highway works (which would potentially be made available under the Applicant's proposed Article 21 agreements). The Applicant also makes the point that where the Applicant is insolvent the project is likely to have been paused or abandoned (so that a new incoming undertaker would need to commit to the Deed through a deed of adherence (under the drafting of Article 9 at that time) or the project would not be ongoing and triggers for future payments would not arise

		and the Councils would not take over the project
		themselves).
		3. It is the view of SCC that bonds are sometimes utilised
		for section 106 agreements which secure large
		financial contributions/mitigation and particularly where
		those works/funds are critical or where monies are paid
		in tranches and authorities may be committing to
		contracts of their own against future payments. SCC. In
		REP5-177 SCC gave examples of the payment of the
		Residual Healthcare Contribution in tranches in
		Schedule 6 of the draft DoO and the Contingent Effects
		funds which would need to be drawn down on if certain
		events occurred. It is also considered that the same
		view could be taken of any payments made in the DoO
		where they are made in tranches and would be used in
		relation to funding on-going services/contracts that
		SCC would procure or to deliver capital projects that
		SCC would need to commit to against future tranche
		payments. At present it the triggers for the payment of
		financial contributions in the DoO are subject to on-
		going negotiation and it is not possible to provide a
		comprehensive list of obligations where a
		bond/guarantee would be considered appropriate in
		SCC's view. SCC is keeping this point under review as
		the DoO evolves.
		4. SCC also observes that enforcement through drawing
		on bonds is likely to be a quicker and cheaper
		mechanism of enforcement by the Councils than taking
		action to recover debts or High Court action for an
		injunction.
3. Comments on the dDCO, Revision 5 [REP5-030]		
3.2	Definitions – the name of EDF Nuclear Generation Ltd has been	SCC will review the DCO as requested by the ExA.
	amended by the addition of "Energy" after EDF. Whilst this is no	·
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	doubt simply a correction, please will the Councils check that throughout the DoO the correct entities are correctly described, not only as to their names but also as to registered offices and company registration numbers.	
3.3	Art 9 – see comments above.	SCC has commented on the ExA observation 2.21 in relation to Article 9. In addition to those comments, SCC has the following observations on Article 9:
		SCC would welcome the addition of a provision requiring the consultation with the Councils on a transfer under Article 9(1) and it is understood that such an amendment to Article 9 will be suggested by the Applicant at Deadline 7. However, SCC has the following observations on this:
		 a. any updated drafting proposed for Article 9(1) should be clear as to whether the obligation to consult lies with the Secretary of State (presumably after a reference to the Secretary of State for consent to transfer/grant under Article 9(1) by the undertaker) or whether the obligation to consult lies with the undertaker.
		b. SCC observe that under Article 9(6) the Secretary of State's consent is not required when the transferee or lessee is the holder of a licence under section 3 of Nuclear Installations Act 1965 and it is understood that the Applicant will propose at Deadline 7 that the DoO would only continue to be binding on the party authorised to construct or operate the nuclear power station (as discussed in SCC's comments on the ExA observation 2.21 in relation to Article 9). In such a scenario SCC question whether the Secretary of State's consent would be required to any transfers which would

		result in a transferee being bound by the obligations in the DoO. 2. As a result of the above, SCC consider that Article 9(1) should make it clear that the obligation to consult lies with the undertaker and to add further clarity on the consultation mechanism. SCC has seen a draft version of the Applicant's proposed updated drafting for Article 9 and has provided comments to the Applicant on this suggested drafting. SCC will review the form of drafting proposed at Deadline 7 and make any comments it has on this by Deadline 8.
3.4	Arts 9A and 9B – please will the Councils comment.	 SCC maintains the view expressed in their written submissions following ISH1 [REP5-177] that it welcomes the direction of travel from the Applicant in moving closer to a position where SCC would have the enforcement options open to it as it would have if the Deed of Obligation was entered into as a section 106 agreement. SCC understands that the Applicant is considering the provision of an indemnity to the Councils in relation to the cost of taking action under Articles 9A(2) to 9A(8) and SCC awaits proposed drafting on this. SCC observed in REP5-177 that section 13(3) of the Compulsory Purchase Act 1965 (on which it is understood the warrant provisions in Article 9A are modelled) sets out that the costs accruing by reason of the issue and execution of the warrant are to be settled by the person refusing to give possession but in this

case it is SCC's view that it would be more appropriate for the Applicant (undertaker) to meet those costs.

3. SCC also awaits confirmation from the Applicant as to whether they would be willing to commit to not seek a cross undertaking in damages in the event ESC or SCC seek an interim injunction relating to the Deed of Obligation.

Article 9B

- 4. This provision does not include the five year period set out in section 106A(4)(b) which means that no application to vary a section 106 agreement may be made within the first five years beginning with the date it is entered into. This was the period that Parliament considered was appropriate when enacting section 106A(4)(b) and SCC consider this period of time does serve a purpose to ensure some certainty from the Councils' perspective in the obligations that may be agreed in due course in the DoO. It would still be open for the Applicant and the Councils to agree to vary the Deed of Obligation by way of a Deed of Variation during any such period. On this basis, SCC would is of the view that the five year period should be included in Article 9B.
- 5. Given the interrelationship between obligations given to ESC and those given to SCC (e.g. possible highways impact implications relating to variations in the provision of the accommodation campus) it is considered that where a Deed of Variation is proposed to be entered into under Article 9B(1)(a) any Council (either ESC or SCC respectively) who are not proposed to be a party to such a Deed are notified and consulted

		by the undertaker before any such modification or discharge is agreed.
		6. SCC notes that there is a process for the variation of section 106 agreements set out in the Town and Country Planning (Modification and Discharge of Planning Obligations) Regulations 1992 ("1992 Regulations").
		7. SCC considers that Article 9B should be updated to include a requirement to notify ESC and SCC when an application is made to the Secretary of State to modify the Deed of Obligation and for the Secretary of State to be required to consult the Councils during the application process. In addition, SCC considers that Article 9B should set out the information that the undertaker should submit with an application under Article 9B(2), for the Councils to be informed of a determination under Article 9B(4) (and for that notice to include full reasons for the decision) and for the application under Article 9B(2) to be publicised by site and newspaper notice.
		8. SCC has seen a draft version of the Applicant's proposed updated drafting for Articles 9A and 9B and has provided comments to the Applicant on this suggested drafting. SCC will review the form of drafting proposed at Deadline 7 and make any comments it has on this by Deadline 8.
3.7	Sch 2, para 1(4) – meaning of "general accordance"; 3.7.1. Please will the Councils comment?	Rev. 5 of the draft DCO included a new paragraph 1(4) in Schedule 2 (requirements), which states –
		"Where any requirement provides that the authorised development or any part of it is to be carried out in 'general accordance' with details, or a scheme, plan or

other document that is listed in Schedule 22 and certified under Article 80 of this Order, this means that the undertaker will carry out such work(s) in a way that is substantively consistent with the information set out in those details, schemes, plans or other document and in a manner that does not give rise to any materially new or materially different environmental effects to those assessed in the environmental information".

Following discussions between ESC, SCC and the Applicant, the Applicant proposes to amend paragraph 1(4) (at D8) to state –

"Where any requirement provides that the authorised development or any part of it is to be carried out in 'general accordance' with details, or a scheme, plan or other document that is listed in Schedule 22 and certified under Article 80 of this Order, this means that the undertaker will carry out such work(s) in a way that is substantively consistent with the information set out in those details, schemes, plans or other document unless otherwise approved by the discharging authority and in a manner that does not give rise to any materially new or materially different environmental effects to those assessed in the environmental information".

Provided these amendments are made to paragraph 1(4), SCC is content with the definition of "general accordance".

4. The Deed of Obligation

4.2 The ExA notes the changes to the recitals. What is the purpose of the split between the Planning Inspectorate and the Secretary of State in revised recital (A)? Section 37(8) of the 2008 Act says that applications are made to the SofS.

It is understood that the Applicant will be updating the DoO to remove reference to the Planning Inspectorate and replace this with the Secretary of State in Recital (A) for the Deadline 7 version of the DoO. SCC is content with this proposed amendment.

4.3	Does the definition of Councils need to extend to West Suffolk Council? The ExA notes that SCC is exercising its functions which may be enough.	SCC is content with the current definition of "Councils" in the DoO which does not include West Suffolk Council. West Suffolk Council confirmed in REP2-199 that West Suffolk Council is content for Suffolk County Council to deal with matters in relation to Pakenham Fen Meadow on its behalf and on the basis that West Suffolk Council will not be a party to the Deed.
4.4	As with the dDCO please will the Councils be alert to the naming of companies and other entities and ensure the details are correct.	SCC will review the DoO as requested by the ExA.
4.5	Indexation, clause 10. Please explain the reason for the inclusion of the phrase "(where the Index at Payment Date / Index at today's date is equal to or greater than one (1)).	This drafting is to ensure that the indexation of contributions under the Deed of Obligation can only result in increases in contributions in the Deed of Obligation by way of indexation. This is to make sure that, as a minimum, the contributions to be secured in the DoO are maintained.
4.6	Third parties and the deed of covenant. Clause 15 and Annex [•] (epage 111). The ExA has some concerns that whilst this is desirable from the point of view of ensuring participation in the various governance bodies in the case of payments it is imposing administrative and accounting obligations which have not been negotiated with the recipients. They may turn out to be onerous in the case particularly of smaller recipients or administratively incompatible. It notes however the provisions of Clause 15.3. The ExA can see the desirability of ring-fencing the payments so that they are used for the purpose for which they are paid. And the ExA can see that the duty in the deed of covenant to repay unused funds is an incentive to ensure that. But if a payment is repaid that would surely mean that the mitigation is not delivered. (A) Please will the Applicant and Councils reflect on the repayment obligation. (B) If clause 15.3.3(a) – alternative arrangements for the relevant mitigation – is engaged should there not be a covenant by the relevant Council to deliver the mitigation? (C) Please will the Applicant and Councils confirm that quorum and voting arrangements have been adjusted to deal with the possibility that a body which	adequate time to use those funds towards mitigating this impact. In principle, SCC considers that if a suitable time period is included and this balance is achieved then the repayment obligation should only properly become effective where the funds provided by the Applicant has – for a reason unknown at present – not been required to be used to mitigate an impact that is envisaged at the point the DoO is entered into. However, it is accepted that there is a possibility that funds are returned where a third party has failed to use these to deliver mitigation that was (and remains at the

is to participate in a governing body declines to enter into the deed. (D) The ExA also observes that the donee / participating body needs to be added to the execution provisions on epages 114 and 115.

impacts and in this regard SCC is considering whether there should be a further obligation on the Applicant and the Councils to consider an alternative form of delivery of mitigation when funds are returned from a third party as a result of the covenant to return unspent funds.

- (B) SCC would be content with a covenant to deliver the mitigation if the alternative arrangements for the relevant mitigation have resulted in an agreement by all parties (including SCC in its absolute discretion) that it should be SCC that should receive the funding that would otherwise have been paid to a third party and deliver the mitigation required.
- (C) SCC considers that the quorum and voting arrangements for the various working and review groups in the DoO is still the subject of negotiation and this is being reviewed as part of those negotiations. However, on the present drafting SCC is comfortable that the working and review groups would be quorate if a third party (not a party to the DoO) did not agree to participate. Although a slightly different arrangement, it is noted that the "Panel" (being a proposed decisionmaking body established by the Administration Agreement and Deed of Transfer to administer the Sizewell C Community Fund under Schedule 14) would currently require the participation of the Suffolk Community Foundation. SCC is also considering whether there should be a general fall-back arrangement in the event that the Applicant refused to participate in any working/review groups or could not participate in such groups by reason of insolvency.

		(D) SCC notes the ExA's observation on the execution clause for the draft Deed of Covenant.
4.7	Clause 20 and Approvals. Where in the deed is the equivalent of the dDCO Sch 2 para 1(3) applied to approvals?	It is understood that the Applicant will be updating the DoO to include drafting equivalent to that in dDCO Schedule 2 paragraph 1(3) for the Deadline 7 version of the DoO. SCC is content with this proposed amendment.
4.8	Sch 1, para 4 – unspent contributions. The comments of the ExA on the third-party deed of covenant apply also here.	SCC considers that the five year period for the repayment of contributions under Schedule 1 Paragraph 4 is too short. It is understood that the Councils should quite rightly be under obligations to use the contributions paid to them to deliver mitigation required in a timely manner (and in the DoO there are a number of specific obligations on SCC to deliver mitigation once funds are received from the Applicant). However, the period of time for the repayment of contributions paid to SCC under the DoO must strike a balance between this aim and giving SCC sufficient time to use the sums received from the Applicant. This is something that SCC is reviewing on an obligation by obligation basis but at present considers a ten year period for Schedule 1 Paragraph 4 would be more appropriate.
4.9	Schedules 3-17. Comments will be made separately on the substance and form of these schedules.	SCC awaits these specific comments. It is expected that the DoO will move on significantly between the version submitted at Deadline 5 and the version to be submitted by the Applicant at Deadline 7.
4.10.2	There are many blanks however and the ExA is concerned that the DoO, which sits with equal status to the DCO as part of the suite of primary documents regulating the proposed development and delivering mitigation, has some way to go, with a busy examination timetable ahead.	SCC notes the ExA's concerns here. SCC continues to work collaboratively with the Applicant to discuss and negotiate the terms of the DoO. It is expected that the DoO will move on significantly between the version submitted at Deadline 5 and the version to be submitted by the Applicant at Deadline 7. SCC will review the version of the DoO to be submitted at Deadline 7 once this is available.