

Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009

The Port Talbot Steelworks (Power Generation Enhancement) Order

4.02 Funding Statement

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1. Introduction

- 1.1 This Funding Statement ('**Statement**') accompanies an application by Tata Steel UK Limited ('the **Applicant**') to the Secretary of State for a Development Consent Order ('**DCO**') under section 37 of the Planning Act 2008. The DCO, if granted, would authorise the construction, operation and maintenance of an electricity generating station on the site of the Applicant's Port Talbot steelworks (the '**proposed development**').
- 1.2 This Statement has been prepared in accordance with regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 which states that, if the proposed order would authorise the compulsory acquisition of land or an interest in land or a right over land, the application must be accompanied by "a statement to indicate how an order that contains the authorisation of compulsory acquisition is proposed to be funded".
- 1.3 The proposed development would be constructed within the site of the Applicant's Port Talbot steelworks and almost all of the land required is owned by the Applicant. However, gas pipes and the electrical cables which connect the generating station to the existing onsite infrastructure are required to cross the Ogmere Vale railway line (disused) which runs through the site of the steelworks and which is owned by Network Rail.
- 1.4 The proposed Port Talbot Steelworks (Power Generation Enhancement) Order ('the **Order**') submitted with the Applicant's DCO application includes a power for the Applicant to acquire compulsorily the necessary rights over the railway line. The Order also contains a power to extinguish or suspend existing rights or restrictions over land owned by the Applicant. Accordingly, regulation 5(2)(h) requires that the DCO application be accompanied by this statement which explains how the Order is proposed to be funded. In preparing this Statement, the Applicant has had regard to the document '*Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land*' (Department for Communities and Local Government: September 2013).
- 1.5 This Statement is one of a number of documents accompanying the DCO application and should be read alongside those documents. In particular, this Statement is supported by the Statement of Reasons (Document 4.01) which justifies the compulsory acquisition powers which the Applicant is seeking, and explains why, in the Applicant's opinion, there is a compelling case in the public interest for those powers.

2. Capital Funding

Corporate structure

- 2.1 Tata Steel UK Limited is the Applicant for the DCO for the proposed development. The Applicant is a company registered in England (Company No. 02280000) and is the largest steel producer in the UK. The Applicant has three steel making sites in the UK, with a combined capacity of over 10 metric tonnes per annum. The total production in FY 2014 was c. 8.5 metric tonnes of steel, of which 4.5 metric tonnes was produced in Port Talbot. The total revenue of Tata Steel UK Limited in FY 14 was £4.5bn and the total asset base at the end of the same period was £4.6bn.
- 2.2 The Applicant is part of Tata Steel, which is one of the world's most geographically diversified steel producers, with operations in 26 countries and commercial offices in over 35 countries. It is the second largest steel producer in Europe. The Applicant is the UK operational subsidiary of Tata Steel Europe Limited, a company registered in England (Co. No. 05957565), which in turn is a subsidiary of Tata Steel Limited, a company registered in India.

Project cost

- 2.3 The Applicant has taken expert advice on the likely cost of implementing the proposed development, including the cost of construction and the funding of the acquisition of the necessary rights over land. The current costs estimate for the proposed development is approximately £200m. The Applicant has assessed the commercial viability of the proposed development in light of this information and is confident that the proposed development will be commercially viable and will therefore be funded if development consent is granted.

Project funding

- 2.4 The Applicant has the ability to procure the financial resources necessary to fund the works to be authorised by the DCO for the proposed development from its own resources or from funding from its lenders or from the resources of other group companies, subject to final board authority. These funds will meet the capital expenditure for the cost of the proposed development and the cost of acquiring the necessary rights over land (whether compulsorily or by agreement) and any compensation otherwise payable as a result of the exercise of the powers in the Order.
- 2.5 The Applicant has already invested significantly in improving the energy efficiency of the Port Talbot steelworks. In 2010, the Applicant commissioned a £60m energy efficiency scheme at the site, involving the capture and reuse of gas from the Basic

Oxygen Steelmaking (BOS) plant. This was followed by a £50m scheme to re-use waste heat on the site which was fully commissioned in early 2013.

3. Blight Expenditure

- 3.1 The current cost estimate for the proposed development (as set out above) includes an amount to cover the cost of the payment of compensation for the compulsory acquisition of rights and the extinguishment or suspension of existing rights or restrictions over land owned by the Applicant.
- 3.2 It is not anticipated that any claims for blight will arise. Should such claims arise as consequence of the application for the DCO, the costs of meeting claims that are upheld will be met by the Applicant from the sources of funding described above.