

BY EMAIL

Abergelli Power Project Team
Secretary of State for Business, Energy and
Industrial Strategy
c/o the Planning Inspectorate, 3D Eagle Wing,
Temple Quay House, Temple Quay, Bristol, BS1
6PN

Our Ref 107327763.2\nm12\669000.07004

9 August 2019

Dear Sir / Madam

**THE PLANNING ACT 2008 AND THE INFRASTRUCTURE PLANNING (EXAMINATION
PROCEDURE) RULES 2010**

**APPLICATION BY ABERGELLI POWER LIMITED FOR THE PROPOSED ABERGELLI
POWER PROJECT**

PLANNING INSPECTORATE REFERENCE: EN010069

In response to your letter dated 26 July 2019 seeking further information in relation to the Abergelli Power Project, we write to you on behalf of Abergelli Power Limited (the "**Applicant**") to provide an update on the progress of the section 106 agreement, the side agreement entered into between the Applicant and Wales & West Utilities Limited and the Statements of Common Ground that remained outstanding at the close of Examination.

We note your request of the Welsh Government as to whether any of its policies which are relevant to the Application have changed as a result of its declaration of a climate emergency and provide our view below.

Section 106 agreement

Following the close of the examination there were further positive discussions between the Applicant, the landowner and the City and County of Swansea Council in particular in relation to the potential public rights of way improvements in the area. The section 106 agreement submitted at Deadline 6 has now been updated to reflect those discussions on the preferred (indicative) rights of way improvements, and to update administrative details.

The changes are as follows:

1. The definition of 'Footpath Improvements' has been amended, although it is noted that the improvements listed remain indicative and subject to finalisation by the Council in liaison with land owners and other stakeholders (as previously);
2. Plan 3 has been altered, in accordance with the updated definition above;
3. The title number in the definition of 'Land' has been corrected; and

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4. The trustees of the land have been inserted as the Owner, as they own the relevant land to which the development consent obligations attach.

The section 106 agreement has now been signed by the Applicant, City and County of Swansea Council and the Landowner. We anticipate completion of this agreement shortly and will submit the dated document as soon as possible, and request an extension to Monday 2 September to allow for the document to be returned from the Landowner and be completed. We enclose a copy of the section 106 agreement for information and for the benefit of any interested parties who may wish to comment on it (**Enclosure 1**). Please note that whilst the enclosed section 106 agreement only evidences the Applicant's signature, as noted above the City and County of Swansea Council and the Landowner have also signed the agreement.

Statements of Common Ground

Following the close of the examination there have been further discussions between the Applicant and the relevant landowners, with a view to seeking an agreement for the acquisition of the relevant interests within the Order land. APL has not reached such an agreement with the parties noted in the Secretary of State's letter.

The Statement of Common Ground ("**SoCG**") prepared by the Applicant and Michael Edwards has been updated to reflect the additional correspondence between the parties. This SoCG has been agreed and we enclose a copy of the SoCG signed by the Applicant (**Enclosure 2**).

The SoCG prepared by the Applicant and Mr Wynne Watkins and Redisplay Limited has also been updated to reflect the additional correspondence between the parties. This SoCG has been agreed and we enclose a copy of the SoCG signed by the Applicant (**Enclosure 3**).

Wales and West Utilities Limited

The Applicant entered into an agreement with Wales & West Utilities Limited on 11 June 2019. Following completion of the agreement, Wales & West Utilities Limited withdrew their representation on 8 August 2019. A copy of the withdrawal is enclosed for ease (**Enclosure 4**). No changes to the draft development consent order are required.

Declaration of climate emergency by the Welsh Government

The Welsh Government declared a climate emergency on 29 April 2019, as noted in the Secretary of State's question. APL is not aware that any of the Welsh Government's policies have changed as a result, and notes that the Welsh Government is requested to respond to the Secretary of State on this.

Separately we note that the UK government has recently made the Climate Change Act 2008 (2050 Target Amendment) Order 2019 ('the CCA Order') which implements a 'net-zero emissions' target by amending the Climate Change Act 2008 (CCA 2008). The CCA Order came into force on 27 June 2019.

This CCA 2008 now requires the UK government to achieve a net zero greenhouse gas emissions target by 2050. Neither the CCA 2008 nor the CCA Order stipulate policies or a pathway to achieving this. The UK's Committee on Climate Change (CCC) is required to provide advice to the government on meeting this 2050 net-zero emissions target and did so in May 2019 where it recommended that the 2050 target be adopted. As part of these recommendations it included a cost-effective pathway for the UK to adopt, and this included advice about the use of gas in power generation.

The CCC's advice highlighted that gas will still play a significant role in power generation out to 2050 and beyond, albeit in a decarbonised manner either through the use of Carbon Capture, Usage and Storage (CCUS) or hydrogen. Peak demand in the scenario is very high at 150 gigawatts (GW), due to increased electrification of heat and transportation, with modelling from

Imperial College (used for the analysis) suggesting a need for between 40-120 GW of backup gas plant (hydrogen or gas CCUS) operating in 2050. For context, peak demand today is approximately 41 GW with current installed gas capacity at 39 GW. Given the need to retire old and inefficient gas plant, new plant will need to be built to replace these units.

Similar analysis was conducted by National Grid Electricity System Operator ('ESO') for their Future Energy Scenarios. National Grid ESO is required to maintain power system stability through carefully balancing supply and demand in real time, and in their recent scenarios framework provided a scenario which can meet a net-zero emissions target. Similar to the CCC's advice, National Grid ESO's estimates (in Future Energy Scenarios 2019, 'FES') show decarbonised gas plays a key role as back-up on the energy system in a net-zero situation, with 42.9 GW of installed capacity on the system. Like the CCC's advice, the FES also notes a significantly higher electricity demand in 2050, as a result of decarbonisation.

The relevant National Policy Statements are the primary basis on which APL's DCO application must be determined, pursuant to section 104 of the Planning Act 2008 (PA 2008), and in particular EN-1 (Overarching National Policy Statement for Energy). APL's Planning Statement (APP-007) and representations during the examination note the relevant parts of the NPS; in particular that EN-1 identifies an urgent need for new energy generation of all types. It is clear that the Appraisals of Sustainability for EN-1 and EN-2 considered climate change, and dismissed alternative policies (such as ones placing more emphasis on reducing greenhouse gas emissions) as there would be a greater negative impact than the EN-1 policies on security of supply or the natural environment. The correct approach remains to consider the DCO application in line with the NPS, having regard to the requirements of the CCA 2008 (pursuant to section 104(5) PA 2008). The Abergelli Power Project is compliant with current carbon capture legislation and policy (principally the Carbon Capture Readiness (Electricity Generating Station) Regulations 2013, and policy in NPS EN-1) as it stands, and will comply with any future legislative requirements which may be brought forward.

These scenario analyses provided by two prominent and expert organisations clearly indicate that energy demand is predicted to significantly increase, and that gas power stations, such as the Abergelli Power Project, have a role to play in the energy system out to 2050 and beyond.

Yours faithfully

Pinsent Masons LLP

- Encl:
1. Copy of the draft section 106 agreement signed by the Applicant
 2. Copy of SoCG with Michael Edwards signed by the Applicant
 3. Copy of the SoCG with Wynne Watkins and Redisplay Limited signed by the Applicant
 4. Copy of withdrawal of representation by Wales & West Utilities Limited