

Post-hearing submission  
in respect of Drax Re-  
power (App. No.  
EN010091) Issue Specific  
Hearing 1 and response  
to Deadline 3 submissions

13 December 2018

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## Introduction

1. This submission is made by ClientEarth<sup>1</sup> in respect of (i) matters addressed at Issue Specific Hearing 1 on Environmental Issues held on 5 December 2018 (ISH1), and (ii) certain further issues raised in the Applicant's submissions at Deadline 3, in accordance with the Examining Authority's timetable in its Rule 8 letter.<sup>2</sup>
2. Before commenting on issues that were not addressed directly or in detail at ISH1 (in Section 2 below), we first set out ClientEarth's position on the issues raised at the hearing, following the order of the Examining Authority's agenda item "B) The Principle of the Proposed Development and the Effects on Climate Change", reproduced below for reference:
  - a. Whether or not the Proposed Development is compliant with National Policy Statement (NPS) EN-1:
    - i. Whether 'need' is a matter before the ExA;
    - ii. Whether the NPS treats 'need' and 'demand/projection' independently and differently; and
    - iii. Whether demand for renewables has met UEP projections.
  - b. The tests of s 104 of the Planning Act 2008:
    - i. Whether the Proposed Development contravenes international obligations and any other enactment in respect to the Climate Change Act 2008 and the Paris Climate Agreement 2015 (s 104(4) and (5)); and
    - ii. An assessment against s 104(7) of the Planning Act 2008, looking at:
      1. An assessment of the adverse impacts of the proposed development, and in particular a focus on whether or not the future baseline scenarios as used in the Environmental Statement in respect to provision elsewhere, and an emissions intensity of

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<sup>1</sup> Interested Party reference: 20011838. [ClientEarth](#) is an environmental law charity with offices in London, Brussels, Berlin, Warsaw, Beijing and New York (registered in England and Wales, Charity Registration No. 1053988. Company Registration No. 2863827).

<sup>2</sup> Unless specified otherwise, abbreviations and defined terms used in this submission are the same as those used in ClientEarth's Written Representation of 8 November 2018.

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450gCO<sub>2</sub>/kWh are misleading; and concerns regarding the cumulative and transboundary effects; and

2. An assessment of the benefits of the proposed development; and
  - c. Whether Carbon Capture Storage should be considered as a mitigation measure.
3. In Section 2, we address the following further issues raised by the Applicant's Deadline 3 submissions:
  - a. the operation of s 104(7);
  - b. the scope of the presumption in favour of granting consent under the NPS framework;
  - c. the relevance of average grid emissions intensity;
  - d. whether the Applicant has mitigated the Proposed Development's public subsidy / decommissioning risk; and
  - e. corrections.

## 1 Matters addressed at ISH1

### 1.1 Whether or not the Proposed Development is compliant with National Policy Statement (NPS) EN-1

#### 1.1.1 Whether 'need' is a matter before the ExA

4. EN-1 places the relative need for different types of energy infrastructure at the centre of energy NSIP decision making. Paragraph 3.1.3 states that:

The [SoS] should therefore assess all applications for development consent for the types of infrastructure covered by the energy NPSs on the basis that the Government has demonstrated that there is a need for those types of infrastructure *and that the scale and urgency of that need is as described for each of them in this Part.* (our emphasis)

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5. In Part 3 of EN-1, unabated fossil fuel generation is given the lowest priority in terms of scale and urgency. In contrast to renewables and CCS developments,<sup>3</sup> there is no suggestion that the need for unabated fossil fuel generation is urgent or large in scale. Rather EN-1 envisages an increasingly residual role for unabated fossil fuel generation on the grid:

If fossil fuel plant remains the most cost-effective means of providing such back-up, particularly at short notice, it is possible that even when the UK's electricity supply is almost entirely decarbonised *we may still need fossil fuel power stations for short periods* when renewable output is too low to meet demand, for example when there is little wind.<sup>4</sup>

...

Fossil fuel power stations play a vital role in providing reliable electricity supplies: they can be operated flexibly in response to changes in supply and demand, and provide diversity in our energy mix. They will continue to play an important role in our energy mix as the UK makes the transition to a low carbon economy, and *Government policy is that they must be constructed, and operate, in line with increasingly demanding climate change goals.*<sup>5</sup>

...

*Some* of the new conventional generating capacity needed is likely to come from new fossil fuel generating capacity in order to maintain security of supply, and to provide flexible back-up for intermittent renewable energy from wind.<sup>6</sup>

...

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<sup>3</sup> EN-1, para 3.4.5 ("Paragraph 3.4.1 above sets out the UK commitments to sourcing 15% of energy from renewable sources by 2020. To hit this target, *and to largely decarbonise the power sector by 2030*, it is necessary to bring forward new renewable electricity generating projects as soon as possible. *The need for new renewable electricity generation projects is therefore urgent.*"), para 3.4.2 ("Large scale deployment of renewables will help the UK to tackle climate change, reducing the UK's emissions of carbon dioxide by over 750 million tonnes by 2030."), and para 3.6.8 ("... *the need for the CCS demonstration projects is urgent.*") (our emphasis).

<sup>4</sup> EN-1, para 3.3.11 (our emphasis).

<sup>5</sup> EN-1, para 3.6.1 (our emphasis).

<sup>6</sup> EN-1, para 3.6.3 (our emphasis).

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As set out in paragraph 3.3.8 above, a number of fossil fuel generating stations will have to close by the end of 2015. Although this capacity may be replaced by new nuclear and renewable generating capacity in due course, it is clear that there must be *some* fossil fuel generating capacity to provide back-up for when generation from intermittent renewable generating capacity is low and to help with the transition to low carbon electricity generation. It is important that such fossil fuel generating capacity should become low carbon, through development of CCS, *in line with carbon reduction targets*. Therefore there is a need for CCR fossil fuel generating stations and *the need for the CCS demonstration projects is urgent*.<sup>7</sup>

6. Part 3 of EN-1 therefore makes a clear distinction between the urgent need for large-scale deployment of low carbon energy generation and the potential need for some residual, back-up generation from unabated fossil fuel energy sources.<sup>8</sup> In line with this, the Applicant is only able to go as far as saying that EN-1 envisages “an ongoing role for fossil fuel generating stations”<sup>9</sup> and “the need for *some future capacity* to continue to come from non-renewable sources”<sup>10</sup>, while “having a *quantum* of gas generation on the power grid” is said not to prevent the UK achieving an average power grid emissions intensity level of 100gCO<sub>2</sub>/kWh in 2030 or complying with the Climate Change Act target.<sup>11</sup> However, the Applicant fails entirely to explain why the Proposed Development is required to meet that declining, residual need.
7. Paragraphs 3.1.4 and 3.2.3 of EN-1 require respectively (i) that substantial weight be given to “the contribution which projects would make” towards satisfying the need for a particular type of infrastructure set out in Part 3 of EN-1, and (ii) that “in any given case” such weight “be proportionate to the anticipated extent of a project’s actual contribution to satisfying the need for a particular type of infrastructure”. The footnote to paragraph

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<sup>7</sup> EN-1, para 3.6.8 (our emphasis).

<sup>8</sup> The Applicant appears to accept this, if not the implications for its application. See Applicant’s Response to ClientEarth’s Written Representation, para 4.6.6 (“It is true that the emphasis in EN-1 is on bringing forward low carbon technology.”).

<sup>9</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.10.3.

<sup>10</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.14.28 (our emphasis).

<sup>11</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.16.7 (our emphasis). See also the Applicant’s Response to the ExA’s Written Questions, para 2.1.83 (“Therefore, as the power sector continues to decarbonise, it is crucial that Britain’s power system retains and replaces *a degree* of flexible, dispatchable thermal generation alongside the continued deployment of low carbon technologies.” (our emphasis)).

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3.1.4 also indicates the need for the decision maker to assess the contribution that a project “would make” on the basis of up-to-date modelling and information:

In determining the planning policy set out in Section 3.1, the Government has considered a range of projections and models that attempt to assess what the UK’s future energy needs may be. Figures referenced relate to different timescales and therefore cannot be directly compared. *Models are regularly updated and the outputs will inevitably fluctuate as new information becomes available.*

8. As confirmed by its responses to the Examining Authority’s questions at the hearing, the Applicant has not assessed the project’s anticipated actual contribution to the need for fossil fuel generation infrastructure – it has merely assumed it. The Applicant accepted at the hearing that paragraph 3.2.3 is “an important paragraph for the Examining Authority”; however, then suggested an approach to deciding the present application that failed to give it any effect. Indeed, in its written submissions the Applicant has sought to change the wording of paragraph 3.1.3 to support its position. By replacing the words “types of infrastructure” with the word “schemes”, it creates the misleading impression that EN-1 requires the need for a specific project to be assumed as having been demonstrated.<sup>12</sup> This approach of course renders paragraphs 3.1.4 and 3.2.3 of EN-1 entirely redundant.
9. The requirement to assess a given project’s anticipated actual contribution to need – by reference to the most reliable and up-to-date projections – is also in line with the overarching objective of the energy NPSs, that of avoiding carbon lock-in:

A failure to decarbonise and diversify our energy sources now could result in the UK becoming locked into a system of high carbon generation, which would make it very difficult and expensive to meet our 2050 carbon reduction target. *We cannot afford for this to happen.*<sup>13</sup>

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<sup>12</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.6.4 (“Indeed, it is the Government’s national policy that decisions should proceed on the basis that need for *schemes such as that proposed here* has been demonstrated (EN-1, Paragraph 3.1.3).” (our emphasis)) and para 4.12.2 (“For the reasons set out above, ClientEarth’s approach to need is flawed in particular as it ignores the national policy statements’ clear position that *the determination of applications for schemes such as this should proceed on the basis that need has been demonstrated ...*” (our emphasis)). See also Applicant’s Response to the ExA’s Written Questions, para 2.1.71 (“The Proposed Scheme *falls within NPS EN-1* and, therefore, *the “need” for the Proposed Scheme ... is not up for debate.*” (our emphasis)).

<sup>13</sup> EN-1, para 3.3.16 (our emphasis).

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10. At the hearing, the Applicant advanced a new argument about the alleged need for the Proposed Development based on local grid services that it said the CCGT capacity would provide. ClientEarth awaits the full detail of the Applicant's position, including as to why it believes that the Proposed Development is necessary to allow for adequate boundary transfers. In the meantime, we would refer the Examining Authority to the report by Vivid Economics and Imperial College London published earlier this year that explains (among other things) why:

- The UK can achieve a reliable, low-carbon electricity system with high levels of variable renewables, and low levels of thermal generation capacity. It can do so without new nuclear beyond Hinkley Point C, no CCS and no biomass.
- Wind and solar could provide over 60% of electricity generation by 2030.
- 20 GW of thermal generation capacity is needed to provide inertia. Of this, 4.5 GW may need to be low-carbon (and would be achieved with delivery of Hinkley).<sup>14</sup>

### 1.1.2 Whether the NPS treats 'need' and 'demand/projection' independently and differently

11. As set out above, EN-1 requires an assessment of "the anticipated extent of the project's actual contribution to satisfying the need for a particular type of infrastructure."<sup>15</sup>

12. Current government projections are a useful – and as explained below conservative – reference for establishing the anticipated actual need for the project under examination, as are National Grid's Future Energy Scenarios and the analysis of energy experts such as Sandbag. Indeed, industry body Oil & Gas UK recently relied on the latest BEIS energy and emissions projections when stating in its first 'Energy Transition Report' that:

Renewable and storage technologies have fallen in cost significantly. These trends are likely to continue as a result of the advances being made in reducing the cost of generation from both solar and wind technologies. ... *These technological developments raise the prospect of a largely renewable electricity system that only requires minimal back-up generation from fossil fuels.* Further advances in smart metering, digital control and, to some extent the internet-based

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<sup>14</sup> Vivid Economics / Imperial College London, Thermal generation and electricity system reliability, June 2018 (<http://www.vivideconomics.com/wp-content/uploads/2018/06/Thermal-generation-and-reliability-final-report.pdf>), p. 18.

<sup>15</sup> EN-1, para 3.2.3.

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service economy could also give more scope for automated response for ensuring supply and demand are in balance. How quickly this transformation takes place is, as yet, unclear. *However, at current levels of electricity demand, it is a reasonable scenario that gas will only play a residual role in electricity generation compared to its share of around 40% today.* This could reduce gas demand by up to one-third and remove roughly 25 mtoe from the total level of oil and gas consumption in the UK [Footnote: BEIS — Updated energy and emissions projections: 2017 – Annex J: Total electricity generation by source].<sup>16</sup>

13. Where – as here – a particular type of infrastructure is given relatively low priority and the projections in question are based on providing a reliable grid and security of supply,<sup>17</sup> it is reasonable to treat the government’s projections as representing a ‘ceiling’ or maximum level for need under EN-1. By contrast, given the UK’s decarbonisation targets, projections for infrastructure of high priority such as renewables and CCS would serve as a possible ‘floor’ or minimum level for need under EN-1. This is reflected in the illustrative discussion regarding future demand at paragraph 3.3.22 of EN-1, where a *residual balance* of 18GW of new capacity in 2025 is allocated to non-renewable capacity, with the aspiration that “a significant proportion of this” would be met by “new low carbon generation”.<sup>18</sup>

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<sup>16</sup> Oil & Gas UK, Energy Transition Outlook 2018 (<https://oilandgasuk.cld.bz/Energy-Transition-Report-2018>), p. 8 (our emphasis).

<sup>17</sup> See BEIS, Updated Energy and Emissions Projections 2017 ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/671187/Updated\\_energy\\_and\\_emissions\\_projections\\_2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/671187/Updated_energy_and_emissions_projections_2017.pdf)), p. 37 (“Revised system operability requirements from National Grid allow greater penetration of renewables in this year’s [Energy and Emissions Projections].”). See also National Grid, Future Energy Scenarios (<http://fes.nationalgrid.com/fes-document/>), July 2018, p. 92 (“We have created scenarios where there is enough gas and electricity supply to meet demand. For electricity, this means meeting the reliability standard set out by the Secretary of State – currently three hours per year loss of load expectation (LOLE). ... We have sometimes been asked why we do not create a more challenging scenario where the security of supply standard is not met. The answer is that the scenarios support our planning for a secure and operable network. Therefore, none of our scenarios lead to a network that fails the security standards.”). As the Applicant stated in its response to Biofuelwatch’s Written Representation with respect to the pathways included in National Grid’s Future Energy Scenarios: “These pathways are rigorously tested, reviewed and developed with input from stakeholders across the energy sector to ensure they are robust, credible and reflect the changing energy landscape.” (para 5.7.7).

<sup>18</sup> EN-1, para 3.3.22.

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### 1.1.3 Whether demand for renewables has met UEP projections

14. The below tables show how the deployment of renewables has significantly outperformed the government's UEP 2010 (the latest projections at the time EN-1 was designated):

#### UEP 2010 – Central Scenario<sup>19</sup>

SCENARIO	Central															
PRICES	Central															
POLICY IMPACT	Central															
GROWTH	Central															
Total Capacity, GW	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Coal	29	28	26	24	25	23	20	19	20	18	17	15	14	12	11	8
Coal CCS	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	4
Oil	4	4	4	3	3	2	1	1	1	1	1	1	1	1	1	1
Gas	35	36	37	38	39	40	41	42	43	44	44	44	44	43	43	43
Nuclear	11	10	10	9	8	7	6	5	4	4	4	4	5	5	4	5
Renewables	9	10	12	15	19	22	25	28	31	34	36	36	37	37	37	37
Imports	3	3	3	3	3	6	6	6	6	6	6	6	6	6	6	6
Storage	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Other	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>94</b>	<b>94</b>	<b>95</b>	<b>96</b>	<b>101</b>	<b>105</b>	<b>104</b>	<b>106</b>	<b>110</b>	<b>111</b>	<b>113</b>	<b>113</b>	<b>112</b>	<b>109</b>	<b>106</b>	<b>107</b>

#### UEP 2017 – Reference Scenario<sup>20</sup>

##### BEIS 2017 Updated Energy & Emissions Projections

v1.0 21-Nov-2017

##### Reference Scenario

##### Scenario Assumptions:

Fossil Fuel Prices	Reference
Economic Growth	Reference
Policies	Reference

##### Capacity by fuel: all power producers<sup>1,2</sup>

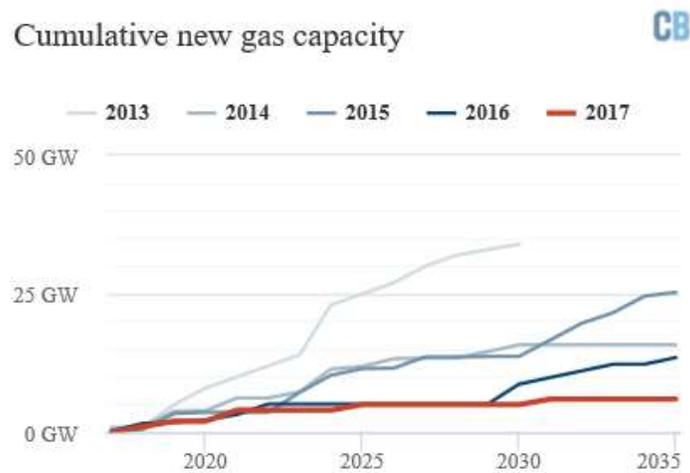
GW	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Coal	14	12	10	7	7	3	2	1	1	0	0	0	0	0	0	0	0	0	0
Coal and natural gas CCS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Oil	0	0	0	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2
Natural gas	38	38	39	39	40	38	34	34	35	35	33	33	32	32	30	30	29	28	26
Nuclear	9	9	9	9	9	8	6	5	6	8	7	9	9	8	9	11	11	13	14
Other Thermal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewables	40	43	45	46	48	51	52	54	56	58	59	61	62	63	64	65	67	68	68
Interconnectors	5	5	6	6	8	11	14	19	19	19	19	19	19	19	19	19	19	19	20
Storage	3	3	3	3	3	3	3	3	3	4	4	5	6	7	8	9	10	11	11
<b>Total capacity<sup>2</sup></b>	<b>110</b>	<b>110</b>	<b>111</b>	<b>110</b>	<b>115</b>	<b>115</b>	<b>113</b>	<b>118</b>	<b>122</b>	<b>125</b>	<b>124</b>	<b>128</b>	<b>130</b>	<b>130</b>	<b>133</b>	<b>136</b>	<b>138</b>	<b>140</b>	<b>142</b>

<sup>19</sup> <https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2010>

<sup>20</sup> <https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2017>

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15. Comparing the 2010 central scenario for 2017 with the position in 2017 shows that renewables deployment has surpassed projections by 12GW (by approx. 40%), at 40GW rather than 28GW in 2017. By contrast, natural gas capacity in 2017 was 4GW lower than projected in 2010 (at 38GW rather than 42GW).
16. Indeed, the conservative nature of the BEIS projections is illustrated by the below graphic from Carbon Brief comparing BEIS's new-build gas projections over the past five years:<sup>21</sup>



17. Consistent with government projections for fossil fuel generation representing a conservative 'ceiling' for need, the amount of projected new gas capacity has typically fallen year on year (with the exception of 2015 in respect of the post-2030 period). The decrease in expected new capacity has also not been merely incremental; in the space of two years, BEIS's projections for total new-build gas out to 2035 fell by over 75% (21GW) from 27GW to 6GW.<sup>22</sup>

<sup>21</sup> <https://www.carbonbrief.org/analysis-uk-government-slashes-outlook-for-new-gas-power-plants>

<sup>22</sup> BEIS, [Updated Energy and Emissions Projections 2015](https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2015) (<https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2015>), February 2016, Annex K – total cumulative new electricity generating capacity.

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## 1.2 The tests of s 104 of the Planning Act 2008

### 1.2.1 Whether the Proposed Development contravenes international obligations and any other enactment in respect to the Climate Change Act 2008 and the Paris Climate Agreement 2015 (s 104(4) and (5))

18. Sections 104(4)-(6) of the Act provide that (unless another exception applies) the Secretary of State must decide an NSIP application except to the extent that:

*deciding the application in accordance with any relevant national policy statement* would lead to the United Kingdom being in breach of any of its international obligations [or] ... the Secretary of State being in breach of any duty imposed on the Secretary of State by or under any enactment [or] ... would be unlawful by virtue of any enactment.

19. As the italicised wording above indicates, the relevant question is whether *deciding the application in accordance with the NPS* would lead to an exception being triggered. It is not – as the Applicant suggests – whether granting the application for development consent would lead to e.g. breach of the UK’s international obligations (“Section 104(4) is not triggered as *the Application* would not lead to the United Kingdom being in breach of any of its international obligations”).<sup>23</sup>

20. The above distinction is important as it would be possible to decide an application in accordance with a policy implementing out-of-date climate mitigation obligations owed by the UK while granting development consent for the project in question might not on its own trigger the UK breaching its obligations. This is the case here, as granting the Applicant’s application for development consent would not necessarily lead to the UK being unable to meet its obligations under the Paris Agreement (under future nationally determined contributions (NDCs)); however, EN-1 and EN-2 aim to meet the pre-Paris Agreement temperature target of “no more than” 2 degrees,<sup>24</sup> instead of the current obligation to seek to hold temperature increases to “well below” 2 degrees while seeking to limit increases to 1.5 degrees.<sup>25</sup> While it is arguable that the NPSs already give low

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<sup>23</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.6.8 (our emphasis).

<sup>24</sup> See EN-1, para 2.2.8: “To avoid the most dangerous impacts of climate change, the increase in average global temperatures must be kept to no more than 2°C, and that means global emissions must start falling as a matter of urgency.”

<sup>25</sup> Paris Agreement 2015, Art. 2(1)(a). The Paris Agreement is referred to as an “overarching commitment by the UK” in the Applicant’s Environmental Statement (para 15.2.2). The Applicant’s Planning Statement

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carbon generation maximum priority, should the Examining Authority or the SoS consider that the NPSs allow for further priority to be given to low carbon generation, such additional priority should be applied to reflect the higher mitigation ambition to which the UK has committed since the NPSs were designated.

21. Equally, if (as the Applicant appeared to suggest at the hearing) the NPSs were to prevent the decision maker from taking into account the cumulative and transboundary climate effects of the Proposed Development – including consistency with the Climate Change Act target framework – this would trigger the exceptions under ss 104(5)-(6), as such an assessment is now required by the EIA Regulations 2017.<sup>26</sup>

### **1.2.2 An assessment of the adverse impacts of the Proposed Development, and in particular a focus on whether or not the future baseline scenarios as used in the Environmental Statement in respect to provision elsewhere, and an emissions intensity of 450gCO<sub>2</sub>/kWh are misleading**

22. The Applicant continues to rely on a series of alternative baseline scenarios that it has not demonstrated represent “the likely evolution” of circumstances in the scenario that the Proposed Development is not implemented.<sup>27</sup> The Environmental Statement confirms that the feasibility of adapting Units 5 and 6 to meet the 450gCO<sub>2</sub>/kWh emissions limit “is not considered”, while the emissions intensity of replacement generation elsewhere on the grid “is not considered in detail”, it being “assumed” that an emissions intensity of 450gCO<sub>2</sub>/kWh would apply.<sup>28</sup> This is in clear contravention of the requirement in the EIA Regulations that this exercise be carried out by the Applicant to the extent it can be done “with reasonable effort on the basis of the availability of environmental information and scientific knowledge.”<sup>29</sup>

23. In respect of biomass co-firing, the Applicant states that “it is reasonable to assume that co-firing will remain economically feasible”;<sup>30</sup> however, it has not established that such co-firing is *currently* economically feasible (let alone that it will remain so). It has only gone as far as speculating in generic terms about the future impacts of a biomass cost

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also incorrectly refers to the Paris temperature goal as being “no more than 2 degrees Celsius above pre-industrial levels” rather than “well below 2 degrees” (Planning Statement, para 4.3.4).

<sup>26</sup> The Infrastructure Planning (Environmental Impact Assessment) Regulations 2017, reg. 14 and Sch. 4.

<sup>27</sup> The Infrastructure Planning (Environmental Impact Assessment) Regulations 2017, Sch. 4, para 3.

<sup>28</sup> Environmental Statement, Vol. 1, para 15.4.2.

<sup>29</sup> The Infrastructure Planning (Environmental Impact Assessment) Regulations 2017, Sch. 4, para 3.

<sup>30</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.14.43.

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reduction programme.<sup>31</sup> Moreover, it has made its assumption of economic feasibility entirely contingent on “the end price of electricity” without assessing the reasonableness of such assumptions about future prices.<sup>32</sup> This is in contrast to the approach taken in the Applicant’s CCR Statement where the Applicant has carried out a detailed assessment of the future economics, including wholesale electricity prices, to arrive at a set of justified conclusions about the economic feasibility of CCS.<sup>33</sup> It is also not clear how such co-firing would be consistent with the Applicant’s public commitment to be “coal free” by 2025 as part of its membership of the Powering Past Coal Alliance.<sup>34</sup>

24. In respect of the proposed ‘partial CCS’ scenario, the Applicant only feels able to say that it is “not necessarily correct” to suggest that this would not be “technically or economically feasible”, far short of being “likely” as required by the EIA Regulations.<sup>35</sup> The Applicant has also not explained how it would be economically feasible to capture, transport and store less than half of the coal’s greenhouse gas emissions while continuing to pay for carbon allowances in respect of the remaining 450g of emissions.

25. In view of the above, it is unsurprising that the Applicant makes no reference in its latest Annual Report to either co-firing with biomass or partial CCS as possible options for Units 5 and 6 following the UK’s coal phase-out.<sup>36</sup>

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<sup>31</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.14.40.

<sup>32</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.14.39.

<sup>33</sup> CCR Statement, Section 10, ‘Economics Assessment’.

<sup>34</sup> [https://www.drax.com/press\\_release/uks-biggest-power-station-signs-powering-past-coal-alliance/](https://www.drax.com/press_release/uks-biggest-power-station-signs-powering-past-coal-alliance/) (“Will Gardiner, Drax Group CEO, said: ... The government made it very clear earlier this year that it wants the UK’s power sector to be coal free in 2025 – and we will achieve that, and possibly even beat it. We’re exploring options for repowering our remaining coal units to use sustainable biomass and gas which we believe could help us to become coal free even earlier than the 2025 deadline.”).

<sup>35</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.14.49.

<sup>36</sup> Drax Group plc, [Annual Report and Accounts 2017](https://www.drax.com/wp-content/uploads/2018/03/Drax-Group-plc-2017-annual-report.pdf) (<https://www.drax.com/wp-content/uploads/2018/03/Drax-Group-plc-2017-annual-report.pdf>). See, e.g, p. 16 (“The UK Government’s response to its consultation on the cessation of coal generation by 2025 has confirmed an end to non-compliant coal generation by October 2025. We believe our assets, projects and ability to support our customers’ electricity management will support the Government’s ambition to maintain reliability when coal generation ceases.”), and p. 23 (“The UK Government has now confirmed an end to non-compliant coal generation by 2025. We support this move subject to an appropriate alternative technology being in place. With this in mind we have continued to develop options for our remaining coal assets to convert to biomass or gas, to provide the reliable, flexible capacity which we believe will be required to manage the increasingly volatile energy system of the future.”).

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26. At the hearing, the Applicant referred to guidance published by the Institute of Environmental Management & Assessment (IEMA) regarding the assessment of greenhouse gas emissions as part of an EIA.<sup>37</sup> This guidance states that:

Future baseline should capture both operational and use GHG emissions irrespective of their source (i.e. direct and indirect emissions). ... *With regards to energy supply ... future baseline should report on operational GHG emissions and how these may change over time (based on ... UK grid decarbonisation projection scenarios or the adoption of renewables for example)*. Box 3 lists potential sources of information which can be considered when establishing future baseline emissions.

Box 3 Potential sources of information on GHG and energy projections (see Appendix A for further details)

- Committee on Climate Change (CCC) – The Fifth Carbon Budget;
- The Department for Business, Energy & Industrial Strategy (previously DECC);
- UK greenhouse gas emissions statistics; ...<sup>38</sup>

27. The Applicant disputes that the average emissions intensity on the grid over the operating life of the Proposed Development is a suitable benchmark for the emissions intensity of replacement generation and assumes that such generation can only be supplied by “existing gas generating capacity at an intensity of around 450gCO<sub>2</sub>/kWh”.<sup>39</sup> However, this position would appear to contradict the industry guidance that it accepts applies in this context.

28. Further to the Examining Authority’s request at the hearing, ClientEarth confirms that it will seek to provide a revised baseline scenario and emissions calculation by Deadline 5.

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<sup>37</sup> IEMA, Environmental Impact Assessment Guide to: Assessing Greenhouse Gas Emissions and Evaluating their Significance (<https://www.iema.net/assets/newbuild/documents/IEMA%20GHG%20in%20EIA%20Guidance%20Document%20V4.pdf>), 2017.

<sup>38</sup> IEMA, Environmental Impact Assessment Guide to: Assessing Greenhouse Gas Emissions and Evaluating their Significance, 2017, p. 8.

<sup>39</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.14.62.

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### 1.2.3 Concerns regarding the cumulative and transboundary effects

29. The EIA Regulations 2017 require the Applicant to assess the cumulative and transboundary effects of the Proposed Development including with respect to climate change.<sup>40</sup> However, the Applicant nonetheless chose not to conduct such an assessment, giving the following reasons:

Cumulative effects are not considered under the topic of Climate as GHG emissions are not restricted to a geographical area and are considered on a national level.<sup>41</sup>

30. The Applicant's reasoning finds support in neither law, policy or industry guidance:

- a. Contrary to the Applicant's suggestion at the hearing,<sup>42</sup> the IEMA guidance also explicitly obliges developers to take account of the cumulative effects of projects in respect of greenhouse gas emissions and climate change:

*The UK has legally binding GHG reduction targets – EIA must therefore give due consideration to how a project will contribute to the achievement of these targets; GHG emissions have a combined environmental effect that is approaching a scientifically defined environmental limit, as such any GHG emissions or reductions from a project might be considered to be significant;*

...

*Questions to consider during stakeholder engagement to support GHG emissions assessment and mitigation ... What are the international, national and sectorial level legislation, policy or good practice on climate change and GHG emissions relevant to the project? Are there relevant*

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<sup>40</sup> The Infrastructure Planning (Environmental Impact Assessment) Regulations 2017, Sch. 4, para 5.

<sup>41</sup> Environmental Statement, Vol. 1, para 17.12.5.

<sup>42</sup> The Applicant cited in isolation the highlighted part of the following sentence from the IEMA guidance: "Therefore **in the absence of any significance criteria or a defined threshold, it might be considered that all GHG emissions are significant** and an EIA should ensure the project addresses their occurrence by taking mitigating action." (IEMA, Environmental Impact Assessment Guide to: Assessing Greenhouse Gas Emissions and Evaluating their Significance, 2017, p. 14).

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*sector-specific GHG strategies and targets that should be recognised by the EIA in addressing GHG emissions?*

...

[T]here is a GHG emission budget that defines a level of dangerous climate change whereby any GHG emission within that budget can be considered as significant.<sup>43</sup>

...

*Generating a project's carbon contribution, will enable the impact of your project, to be contextualised against sectoral, local or national carbon budgets. ... [T]he Committee on Climate Change (CCC) has determined a UK wide carbon budget broken down by the following key sectors: power generation ...<sup>44</sup>*

- b. An assessment of cumulative impacts is also required by EN-1:

When considering cumulative effects, the ES should provide information on how the effects of the applicant's proposal would combine and interact with the effects of other development (including projects for which consent has been sought or granted, as well as those already in existence). ... The [SoS] should consider how the accumulation of, and interrelationship between, effects might affect the environment, economy or community as a whole, even though they may be acceptable when considered on an individual basis with mitigation measures in place.<sup>45</sup>

- c. As explained previously, paragraph 5.2.2 of EN-1 does not prevent the SoS from taking into account the cumulative climate impacts of the Proposed Development – it simply confirms that the planning decision maker is not responsible for

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<sup>43</sup> In this context, the executive director of the International Energy Agency (IEA) recently warned that: "We have no room to build anything that emits CO2 emissions." (The Guardian, [World has no capacity to absorb new fossil fuel plants, warns IEA](https://www.theguardian.com/business/2018/nov/13/world-has-no-capacity-to-absorb-new-fossil-fuel-plants-warns-iea) (<https://www.theguardian.com/business/2018/nov/13/world-has-no-capacity-to-absorb-new-fossil-fuel-plants-warns-iea>), 13 November 2018.)

<sup>44</sup> IEMA, [Environmental Impact Assessment Guide to: Assessing Greenhouse Gas Emissions and Evaluating their Significance](#), 2017, pp 1, 6, 14 and 16 (our emphasis).

<sup>45</sup> EN-1, paras 4.2.5 and 4.2.6.

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enforcing compliance with carbon budgets.<sup>46</sup> As discussed above, if it did prevent the consideration of cumulative climate impacts, it would need to be disregarded in any event under ss 104(5)-(6) of the Planning Act 2008 for contravening the EIA Regulations 2017.<sup>47</sup>

31. Cumulative effects are also relevant to the issue of need under EN-1. Specifically, the above-cited extract from EN-1 confirms the relevance of “projects for which consent has been sought or granted, as well as those already in existence”.<sup>48</sup> This requirement exists under the EIA Regulations 2017 and is elaborated in Planning Inspectorate guidance.<sup>49</sup> The reason for this is that once consent is granted there is no way to rule out implementation of the consent.<sup>50</sup>

32. Contrary to the Applicant’s suggestion at the hearing, it is not possible to rely on other development consent for CCGT capacity lapsing after five years. This is demonstrated by the fact that capacity granted consent over five years ago continues to bid into the

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<sup>46</sup> See ClientEarth’s Written Representation, 8 November 2018, para 12.

<sup>47</sup> The Infrastructure Planning (Environmental Impact Assessment) Regulations 2017, paras 14 and 21.

<sup>48</sup> EN-1, paras 4.2.5.

<sup>49</sup> The Infrastructure Planning (Environmental Impact Assessment) Regulations 2017, Sch. 4, para 5 (“A description of the likely significant effects of the development on the environment resulting from, inter alia: ... (e) the cumulation of effects with other *existing and/or approved projects* ...” (our emphasis)). See also, Planning Inspectorate, Advice note seventeen: Cumulative effects assessment relevant to nationally significant infrastructure projects, December 2015, para 2.1 (“*The scale and nature of NSIPs will typically dictate a broad spatial and temporal zone of influence (ZOI) for an NSIP, resulting in an often complex CEA process. There may be considerable variation in the approach to the identification and assessment of ‘other development’ as part of the CEA process.*” (our emphasis).) and Table 3 (when considering “other developments” as part of the NSIP process, “Tier 1” developments that should be considered to the highest level of detail are those “under construction; *permitted application(s), whether under the PA2008 or other regimes, but not yet implemented; [and] submitted application(s) whether under the PA2008 or other regimes but not yet determined.*” (our emphasis)).

<sup>50</sup> In this connection, the Applicant has emphasised that “not one” of the projects listed by ClientEarth as having development consent have been built “since 1993” with the exception of Keadby 2 (Applicant’s Response to ClientEarth’s Written Representation, para 4.10.8). However, given Keadby 2’s is the consent that was granted in 1993, it is not clear what point the Applicant is seeking to make (the next earliest consent having been granted in 2009). In case this risks creating the false impression that no CCGT plants have been built and gone into operation in the UK in recent years, the following CCGT plant – with a combined capacity of approx. 6.5GW – have commenced operation in the past ten years: Carrington (2016), West Burton B (2013), Grain (2010), Langage (2010), Staythorpe C (2010), and Marchwood B (2009).

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Capacity Market (which requires the bidder to hold valid planning permission<sup>51</sup>). It is also the case that to avoid the consent lapsing, developers can (among other things) simply “commence” development within five years from the DCO, by carrying out “any operation” implementing the consent.<sup>52</sup>

33. As was suggested at the hearing, the government can implement any number of economic incentives or mechanisms to bring forward the construction of CCGT with development consent if it feels this to be necessary or desirable.<sup>53</sup> What matters for the present purposes of assessing need under EN-1 (and s 104(7)) is – to borrow the Applicant’s words – whether there are “*consented* plants that *can* provide the necessary security of supply required by Government.”<sup>54</sup>

34. The only circumstance in which other capacity with planning consent might not be relevant to need would be if it could be demonstrated that (i) the Proposed Development would be constructed and operated, while (ii) other capacity with development consent would in all likelihood not be constructed and operated. However, the Applicant has not demonstrated why – in all reasonably likely scenarios – the Proposed Development alone would be capable of being economically viable.

#### 1.2.4 An assessment of the benefits of the Proposed Development

35. In considering the potential benefits of the Proposed Development, it is important that the national and regional as opposed to solely local effects are considered, as confirmed by EN-1:

... the [SoS] should take into account environmental, social and economic benefits and adverse impacts, at *national, regional* and local levels.<sup>55</sup>

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<sup>51</sup> National Grid / Electricity Market Reform Delivery Body, Capacity Market Prequalification guidance, (<https://www.emrdeliverybody.com/Prequalification/CM%20Prequalification%20guidance%20v13.0%202018.pptx>), September 2018, p. 45.

<sup>52</sup> Planning Act 2008, s 155 (“For the purposes of this Act ... development is taken to begin on the earliest date on which any material operation comprised in, or carried out for the purposes of, the development begins to be carried out ... “Material operation” means any operation except an operation of a prescribed description.”).

<sup>53</sup> See, e.g., EN-1, para 3.3.24 (“The Government has other mechanisms to influence the current delivery of a secure, low carbon, affordable electricity mix.”)

<sup>54</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.16.4.

<sup>55</sup> EN-1, para 4.1.4 (our emphasis).

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36. In this context, if a proposed development were to displace other energy infrastructure elsewhere in the UK then the proposed development's overall net effect on matters such as employment should be taken into account.

### 1.3 Whether Carbon Capture Storage should be considered as a mitigation measure

37. On the Applicant's own case, there is a need to mitigate the "major, direct, long-term, permanent"<sup>56</sup> adverse effects of the Proposed Development in terms of absolute emissions, which the Applicant acknowledges should be "considered as unacceptable".<sup>57</sup> To this needs to be added the significant adverse emissions intensity impact that the Proposed Development would have when applying an appropriate baseline scenario, as well as the redundant infrastructure (or stranded asset) risk presented by the project.
38. ClientEarth's proposed CCS condition<sup>58</sup> is a necessary, enforceable and reasonable response to a major adverse impact that would otherwise be caused by the Proposed Development. It is accordingly consistent with the following policy in EN-1:

The [SoS] should only impose requirements in relation to a development consent that are necessary, relevant to planning, relevant to the development to be consented, enforceable, precise, and reasonable in all other respects.<sup>59</sup>

39. The Applicant's position (advanced for the first time at the hearing) appears to be that a condition requiring CCS should not be included in the DCO because: (i) no such requirement is included in the NPSs; and (ii) it would not be commercially acceptable to impose such a requirement. However, the first argument is not reconcilable with the terms of the NPSs, which as the extract above shows, expressly envisage the SoS imposing conditions beyond those stipulated in the NPSs. In respect of the second

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<sup>56</sup> Environmental Statement, Vol. 1, p. 18-23.

<sup>57</sup> Environmental Statement, Vol. 1, para 2.1.5.

<sup>58</sup> "That carbon capture and storage technology (with a CO2 mitigation rate of at least 90% at all times) be installed and used on Units X and Y at all times of operation."

<sup>59</sup> EN-1, para 4.1.7. See also Planning Inspectorate, [Advice note fifteen: Drafting Development Consent Orders](#), July 2018, para 15.2 ("The law and policy relating to planning conditions, imposed on planning permissions under the TCPA 1990, will generally apply when considering Requirements to be imposed in a DCO in relation to the terrestrial elements of a proposed NSIP. Requirements should therefore be precise, enforceable, necessary, relevant to the development, relevant to planning and reasonable in all other respects.").

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argument, EN-1 is clear on the public interest basis of planning decision-making and particularly as the basis for imposing conditions:

The planning system controls the development and use of land in the public interest. It plays a key role in protecting and improving the natural environment, public health and safety, and amenity, for example *by attaching conditions to allow developments which would otherwise not be environmentally acceptable to proceed, and preventing harmful development which cannot be made acceptable even through conditions*.<sup>60</sup>

40. In line with this principle, the courts have established that it is possible to impose a condition prohibiting the implementation of a consent until that condition has been met – even where there are no reasonable prospects of the condition being met.<sup>61</sup> However, in the context of the present application, the Applicant appears to believe that there is a reasonable prospect of CCS being economically and technically feasible “by the mid-2020s”.<sup>62</sup>

41. In any event, as the Applicant’s CCR Statement acknowledges, retrofitting CCS technology is more expensive, allows for less operational efficiency and generally increases commercial risk for operators.<sup>63</sup> It would therefore be more economically efficient – and present less of a risk of the Proposed Development becoming a stranded asset – if CCS were required from the outset. Such an approach is also supported by the IEMA guidance, which recommends “ensuring that carbon mitigation measures are ‘built in’ rather than ‘bolted on’ at a later stage”.<sup>64</sup>

## 2 Response to the Applicant’s submissions at Deadline 3

42. In the following, we respond to arguments advanced by the Applicant in its Deadline 3 submissions that we were not addressed directly or in detail at ISH1.

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<sup>60</sup> EN-1, para 4.10.2.

<sup>61</sup> *British Railways Board v Secretary of State for the Environment* [1993] 3 PLR 125.

<sup>62</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.14.45. See also para 4.14.48.

<sup>63</sup> CCR Statement, paras 4.2.6 and 10.6.1.

<sup>64</sup> IEMA, Environmental Impact Assessment Guide to: Assessing Greenhouse Gas Emissions and Evaluating their Significance, 2017, p. 2.

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## 2.1 The operation of s 104(7)

43. ClientEarth agrees with the Applicant that s 104(7) allows the substantive content of national policy relevant to assessing the benefits and adverse impacts of a proposed development – including the NPSs – to be taken into account. This could include, for example, the NPSs’ policy regarding the urgent need for low carbon energy projects while ensuring adequate security of supply. However, ClientEarth does not agree that this extends to importing decision-making rules under NPSs, such as presumptions in favour of granting consent, assumptions of need or special weight being placed automatically on certain factors.<sup>65</sup>
44. In its Response to ClientEarth’s Written Representation, the Applicant describes ClientEarth’s approach to applying s 104(7) as “novel”,<sup>66</sup> as well as involving the insertion of new wording into the text and serving to “undermine the architecture of the Planning Act regime”.<sup>67</sup> However, this is not the case. In fact, ClientEarth’s approach to applying s 104(7) follows the plain wording of the section within the context of the Act, and it is also in line with the judgments of Sales LJ and Ouseley J in the judicial review of the Thames Tideway DCO.<sup>68</sup> Their judgments confirm that the exercise of balancing benefits and adverse impacts under s 104(7) cannot be overridden by any decision-making rule stipulated by the NPS(s) in question.<sup>69</sup> It is a separate exercise and, importantly, an *exception* to the application of the NPS framework.

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<sup>65</sup> See Applicant’s Response to ClientEarth’s Written Representation, paras 4.8.4 and 4.8.6.

<sup>66</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.4.4.

<sup>67</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.8.6.

<sup>68</sup> This case concerned the Thames Tideway Tunnel development consent issued under the Waste Water NPS (2012). The latter expressly directed the SoS to assume that the need for the Thames Tunnel project specifically had been demonstrated (para 2.6.34: “The examining authority and the decision maker should undertake any assessment of an application for the development of the Thames Tunnel on the basis that the national need for this infrastructure has been demonstrated. The appropriate strategic alternatives to a tunnel have been considered and it has been concluded that it is the only option to address the problem of discharging unacceptable levels of untreated sewage into the River Thames within a reasonable time at a reasonable cost.”)

<sup>69</sup> *R. (Thames Blue Green Economy Limited) v SoS for Communities and Local Government* [2015] EWCA Civ 876 at [15-16] (Sales LJ): “Secondly, Mr McCracken submitted that section 104(7) was in substance otiose on the interpretation given to it by Ouseley J since (as I understood the argument) any Secretary of State would simply have his hands tied by the determination of national need reflected in the National Policy Statement and so could never be satisfied that the adverse impact of the proposed development would outweigh its benefits. Accordingly, Mr McCracken submits that section 104(7) has to be given the wider

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45. By allowing presumptions, assumptions and other decision rules to override the general balancing exercise required by s 104(7) would be to make the exception entirely circular and redundant. It would also insert qualifications into the section that do not exist.
46. This is in line with the express confirmation in EN-1 that the presumption in favour of granting consent is “subject to the provisions of the Planning Act 2008 referred to at paragraph 1.1.2 of this NPS”,<sup>70</sup> with paragraph 1.1.2 of EN-1 listing the various exceptions under s 104.
47. Like the other exceptions under s 104, the test under s 104(7) is intended to prevent unacceptable outcomes resulting from an NPS being applied due, for example, to new or unforeseen circumstances arising following the NPS’s designation or to the specific circumstances of a proposed development. The section allows the decision maker to avoid a situation where an assumption or presumption in an NPS would require them to take a decision that they judge in light of current facts and circumstances would lead to net negative outcomes.
48. In this context, the exceptions under s 104 create an additional bar to development consent and are intended to avoid unacceptable decisions being taken due, for example, to a failure to update an NPS in light of evolving circumstances or the outcome of applying an NPS in the context of a particular project. However much primacy an NPS has under the Act, s 104 clarifies that its application cannot involve (among other things) breach of any applicable enactment, breach of the UK’s international obligations, or the

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interpretation for which he contends, or at least it is arguable that it must be. Again, I do not agree. Section 104(7) allows the Secretary of State to bring into consideration the statement of national need, which appears from a National Policy Statement, as against particular detriments which may be identified in the process of examining the application for a specific development consent order in specific circumstances and to weigh them against each other: *it allows for the possibility that the local and particular detriments may be so great as to outweigh in the particular circumstances of a specific application a national need reflected in the National Policy Statement*. Indeed, what happened on the examination in this case illustrates the possibility of that happening, since (as Mr McCracken emphasised) the Examining Authority in this case said that the issues were finely balanced and it plainly gave serious consideration to the possibility of recommending refusal of an order for development consent.” (our emphasis)). *R. (Thames Blue Green Economy Limited) v SoS for Communities and Local Government* [2015] EWHC 727 (Admin) at [38] (Ouseley J): “The natural meaning of the language of Section 104 (7) is that the adverse impact of the development proposed in the Development Consent Order must first be shown to outweigh the benefits of the project applied for in the development consent.”)

<sup>70</sup> EN-1, para 4.1.2.

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granting of development consent where the decision maker does not believe it will be in the national interest.

49. In practice, the application of NPS decision rules to the balancing exercise under s 104(7) may have little or no effect – as here where there is no need for the Proposed Development and it risks creating major adverse impacts. However, that would not be the case if EN-1 were to be interpreted to require that the need for any given project be assumed, as the Applicant argues.<sup>71</sup>

## 2.2 The scope of the presumption in favour of granting consent under the NPS framework

50. In its Response to ClientEarth’s Written Representation, the Applicant suggests that the presumption in favour of granting consent under EN-1 may only be “*rebutted*” where “more specific and relevant policies set out in the relevant NPSs clearly indicate that consent should be refused”, in accordance with paragraph 4.1.2 of EN-1.<sup>72</sup> However, paragraph 4.1.2 does not say that. It states that the presumption “*applies* unless more specific and relevant policies set out in the relevant NPSs clearly indicate that consent should be refused”.
51. Accordingly, paragraph 4.1.2 says nothing about what is needed to *rebut* the presumption *where it applies*. In circumstances where there are no policies under the NPSs clearly indicating that consent should be refused (such as the restriction on consenting unabated coal capacity<sup>73</sup>), the presumption operates to require the granting of consent only *in the absence of any evidence or factors indicating that it should not be granted*. This is why EN-1 states that the SoS should only “*start* with a presumption in favour of granting consent”.<sup>74</sup>

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<sup>71</sup> See Applicant’s Response to ClientEarth’s Written Representation, para 4.6.4 (“Indeed, it is the Government’s national policy that decisions should proceed on the basis that need for *schemes such as that proposed here* has been demonstrated (EN-1, Paragraph 3.1.3).” (our emphasis)) and para 4.12.2 (“For the reasons set out above, ClientEarth’s approach to need is flawed in particular as it ignores the national policy statements’ clear position that *the determination of applications for schemes such as this should proceed on the basis that need has been demonstrated ...*” (our emphasis)). See also Applicant’s Response to the ExA’s Written Questions, para 2.1.71 (“The Proposed Scheme *falls within NPS EN-1* and, therefore, *the “need” for the Proposed Scheme ... is not up for debate.*” (our emphasis)).

<sup>72</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.4.2.

<sup>73</sup> EN-1, para 4.7.5.

<sup>74</sup> EN-1, para 4.1.2.

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## 2.3 The relevance of average grid emissions intensity

52. In its Response to ClientEarth's Written Representation, the Applicant suggests on a number of occasions that it is ClientEarth's position that in principle no fossil fuel generation capacity is capable of being consented under the NPS framework apparently due to ClientEarth's reference to average grid emissions intensity.<sup>75</sup> However, ClientEarth's reference to average grid emissions intensity is made in the context of ensuring that the assessment of the Proposed Development's climate effects in the Environmental Statement is accurate and in line with legal requirements; ClientEarth does not suggest that average grid intensity should serve as a threshold above which no projects should be consented under the NPS framework. ClientEarth's position is that this particular application should not be granted consent, given (among other things): (i) the anticipated lack of actual contribution to need that the Proposed Development would make; and (ii) the risk of major adverse impacts that the Proposed Development poses in respect of climate and / or redundant infrastructure.<sup>76</sup>

## 2.4 Whether the Applicant has mitigated the Proposed Development's public subsidy / decommissioning risk

53. ClientEarth has pointed to the risk of significant costs being imposed on the public in the event that the Proposed Development becomes uneconomic once it is built (due to increased carbon prices for example).<sup>77</sup> In response, the Applicant has noted that its Funding Statement demonstrates its ability to "deliver" the Proposed Development

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<sup>75</sup> Applicant's Response to ClientEarth's Written Representation, para 4.14.37 ("Returning to the carbon intensity quoted by Client Earth as some kind of threshold, this threshold would preclude any fossil plant from generating and hence would remove almost all flexible generating plant (aside from biomass) from the generating system."), para 4.14.57 ("NPS EN-1 and NPS EN-2 recognises the need for fossil-fired plant which inherently will have a greater carbon intensity than the average intensity across the entire grid and hence the comparison is somewhat academic since, if relevant, would have precluded any further gas plant being consented through the Planning Act 2008."), and para 4.18.2 ("Of course, Governments can legislate as they wish, subject to Parliamentary approval, and so if in the future the Government decided that policy should be no fossil fuel generating stations, then it would up to the Government to amend NPS EN-1 and NPS EN-2 accordingly. This is in the gift of the Government, but this is not the position before the Examining Authority or the Secretary of State in respect of the Proposed Scheme.").

<sup>76</sup> The Applicant comes closer to characterising ClientEarth's position accurately at paragraph 4.10.8 of its Response to ClientEarth's Written Representation: "ClientEarth ... argues ... that the UK has too many consented gas projects in the pipeline."

<sup>77</sup> ClientEarth's Written Representation, 8 November 2018, para 31(d).

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“commercially without public subsidy”.<sup>78</sup> This would of course appear to miss the point – unless the Applicant is seeking to suggest that its Funding Statement demonstrates that it is able to operate the Proposed Development at a significant loss indefinitely and that it excludes the possibility of the Proposed Development becoming a stranded asset.

## 2.5 Corrections

54. In its Responses to Other Parties’ Responses, the Applicant suggested that ClientEarth had not answered the Examining Authority’s question directed to it, question ANC 1.9.<sup>79</sup> However, as provided for by the Examining Authority, ClientEarth’s response to ANC 1.9 was contained in its Written Representation, principally at paragraphs 10 to 27. This was explained in ClientEarth’s cover email when submitting its Written Representation and was apparent from the title of the Written Representation as uploaded to the Examination Library.
55. Finally, in its Response to ClientEarth’s Written Representation, the Applicant incorrectly referred to the BEIS projections as forecasting 5 – 10 GW of new-build gas generation capacity “by 2025”, whereas this should have read “by 2035”.<sup>80</sup>

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<sup>78</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.14.19.

<sup>79</sup> Applicant’s Responses to Other Parties’ Responses to the Examining Authority’s Written Questions, para 2.1.6.

<sup>80</sup> Applicant’s Response to ClientEarth’s Written Representation, para 4.10.9. See BEIS, 2017 Updated Energy & Emissions Projections (<https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2017>), 21 November 2017 (published 2 January 2018), Annex K: Total cumulative new electricity generating capacity.

Post-hearing submission in respect of Drax  
Re-power (App. No. EN010091) Issue  
Specific Hearing 1 and response to  
Deadline 3 submissions



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Sam Hunter Jones  
Lawyer  
020 7749 5975  
shunterjones@clientearth.org  
[www.clientearth.org](http://www.clientearth.org)