Richard Watson

Mobile

I.D.WATSON FARMERS



PINS RECEIVE

-3 APR 200 VAT NO: 170 134403

2nd April 2019

My Reference: DRAX - AP053

The Planning Inspectorate Temple Quay House 2 The Square

Temple Quay Bristol BS1 6PN

Dear Sirs

APPLICATION BY DRAX POWER LTD for an Order Granting DEVELOPMENT CONSENT for the DRAX RE-POWER PROJECT - EN010091

Further to the various hearings held at Goole Leisure Centre, Drax Power and ID Watson Farmers (on behalf of the tenants of Drax Abbey Farm, namely Richard Ian and David Watson) have not been able to agree terms for the surrender of the Re-power project land within the tenancy.

As agreed with the Inspectorate, I therefore duly enclose a Statement from ID Watson Farmers, on behalf of the tenants of Drax Abbey Farm, in regard to the Development Consent Order being sought by Drax Power ("DPS") for the Drax Re-power Project. This statement has been seen by DPS prior to its submission with an exchange of emails from Mr A Koss, the Chief Executive of Drax Power Ltd.

I would reaffirm my support for the proposed Re-Power project but wish to question why and if Compulsory Purchase Powers are appropriate with regard to the Surrender of the tenanted land, which is comprehensively dealt with by the provisions of Agricultural Holdings Act 1986.

If any clarification of the statement is required, please do not hesitate to contact me.

Yours faithfully

Richard Watson

Enc.

Cc A.Koss Esq, Drax Power Station Limited, Drax, Selby, YO8 8PH

DRAX RE-POWER PROJECT DCO

2nd April 2019

Statement from ID Watson Farmers ("IDWF"), on behalf of the tenants of Drax Abbey Farm, Richard Ian and David Watson, in regard to the DCO being sought by Drax Power ("DPS") for the Drax Re-power Project.

As previously stated, IDWF fully supports the proposed Re-power development application, but wishes to clarify why and if CPO powers should be granted.

BACKGROUND:

There have been numerous projects, since its original construction of the power station, involving IDWF and the various operators of Drax Power Station over the surrender of land but the relevant ones concerning the land to the north of the Power Station included in the current CPO request are as follows:

In 1988 DPS were seeking considerable further land for the expansion of the Waste Ash pile and IDWF sold the freehold interest of the entire farm to DPS, subject to a leaseback, dated 22nd July 1988 under the Agricultural Holdings Act of the balance of land; some of which has subsequently been taken back by DPS for various schemes. The IDWF controlled land under the Re-power Project is within this AHA tenancy.

White Rose Project

In 2015, IDWF was approached by DPS in regard to the White Rose Project over the surrender of land directly to the north of the Power Station, including the Re-power project land. In order to give DPS the maximum flexibility for the White Rose Project and any other future development project, the terms were agreed between the parties which gave DPS absolute control over the surrender of all or part(s) of the development land totalling 36 hectares to the north of the existing plant with minimum of notice. It was agreed that IDWF continued to farm any land required and pay the rent, but DPS had an absolute right to gain vacant possession, with 2 weeks of notice, of any land required for development, subject to the usual crop compensation being payable.

Once these terms were approved by the Drax Power's main board, documents were issued by Drax's solicitors, agreed and subsequently engrossed. Notice to Quit was served by DPS's solicitors Walker Morris on 16th June 2015 triggering the transaction. The Heads of Terms of the agreed transaction are attached.

Without withdrawing the Notice to Quit, DPS walked away from the agreed deal, leaving IDWF to serve Counter-Notice to terminate the AHA lease surrender; perhaps DPS was hoping to claim the land without having to fulfil its obligations under the agreement.

When challenged by IDWF after serving the Counter-notice, DPS claimed that the Government had notified them much earlier that the subsidy had been withdrawn and that therefore they did not have the funds to proceed with the £600m White Rose Project. Apparently, they were aware of this, when the deal was approved by the Board and documents issued and yet they still proceeded with the Notice to surrender to initiate the deal.

As the deal was designed to allow future development of this land and the then Chief Executive of Drax Group was a Director of the Bank of England, it was extraordinary that they did not honour the agreement, having served the Notice.

Whilst this is a commercial aspect of the current land requirement, the Inspector should be aware that there is an agreed deal which can be implemented immediately, which IDWF has stated in open correspondence that they will accept within reasonable time limits.

Re-power Project

IDWF was approached in May 2018 to discuss the land required by DPS for the Re-power Project and informed them that they would accept the White Rose deal as all paperwork was ready to transact immediately.

Subsequently DPS put a final offer on the table dated 14th September 2018, copy attached, which was rejected by IDWF, due to the uncertainty of DPS's ability and track record to proceed and lack of funding for the Re-power scheme. DPS had been unable to fund the White Rose scheme without significant subsidy from the Government even though they were in a joint venture with two major multinational partners. Last year, DPS acquired Scottish Energy's gas assets for £600m. The DCO documentation does not give any explanation as to how DPS can fund the Re-power project from internal resources, which has been questioned by press commentators, querying how this can be achieved without substantial subsidies from the Government, which we are told, are not available.

IDWF's position is that unless there is certainty on DPS's ability to actually proceed with the development in terms of planning and funding, then we would not wish to surrender any land except on terms of the "White Rose agreement" which dealt with the bigger picture.

Whilst there have been a number of subsequent meetings between DPS and IDWF representatives, DPS confirmed at each meeting that they are not prepared to improve or change their offer terms of their letter of 14th September, notwithstanding Mr Koss's wish to continue our discussions (email of 2/4/19).

Following the meeting in January 2019, DPS indicated that the land beyond the proposed Re-power Development would be surplus to any future requirements, as any further development would be on the coal storage land, marked "AREA CY", hatched in Pink, extending to more than 24 ha. Therefore, IDWF offered to buy the farm excluding any Re-power development land in a letter dated 29th January 2019. DPS have not replied to this offer notwithstanding the deadline of 4th April 2019 for any submissions to the Planning Inspectorate and an email exchange with the CEO of DPS in March 2019, seeking a call.

DCO Compulsory Purchase Order Proposals

1. CCR Land Area - Area Work No 10 A-B-C

Under the Carbon Readiness – A guidance note for Section 38 Electricity Act 1989 consents applications Section 11 states

"sufficient space is available to accommodate carbon capture equipment sized so as to be capable of processing emissions from the entire power station in the future."

Section 16 states — "Applicants may not suggest nor agree with any third party that land set aside for the purposes of CCR should be considered as environmental mitigation space to compensate for loss of habitat due to the power station development."

It is also important that the site is not allowed to become a wildlife reserve through neglect or mismanagement such that it wold be available for retrofit in the future.

The retained land should not be owned, occupied or used (either by the applicant or a third party) in any way which may prevent its being cleared and freed to accommodate the carbon capture plant within two years of the capture equipment being required to be installed."

I am therefore presuming that the plans provided by DPS (Figure 3, duly attached) meet this need. However, DPS have stated that they have at least two alternatives schemes for a CCR development and that the plans provided are no more than indicative.

The suggested layout does not take account for the Power Stations main water supply pipeline which crosses the CCR reserve land upon which, we were informed, cannot be built on. This plan shows a substantial office administration block directly over this pipeline with the footpath going through other constructions.

DPS already hold the freehold interest of the land in question identified as AREA Works 10 A-B -C and, whilst IDWF hold a tenancy on the land under Agricultural Holdings Act provisions, DPS has an absolute right to obtain possession of the necessary land for development purposes within the required two year period, upon serving notice under AHA legislation subject to the landlord being capable of immediately undertaking the development (ie have funding and Board approval to commence the scheme immediately). A copy of the relevant pages of the lease are attached.

DPS have already stated that the CCR scheme will require its own DCO in due course as and when the scheme is designed and required.

As such, IDWF question whether the CPO request complies CCR requirements as the existing ownership structure fully complies with the guidance requirements and cannot be available for "environmental mitigation space". In any event, the land is required to be "farmed" in order to prevent it becoming an unmanaged wildlife reserve, which DPS are incapable to undertaking themselves.

2. Re-power Land Area- WORK no.9B

- a. The area of land extends to some 8.4 hectares and is immediately to the east of New Road, shown cross hatched in green on Drax's plan Work No.9 Key Plan.
- b. The document states that this is primarily to be used for 400 car parking spaces and limited welfare offices but government guidelines on parking show that this number of spaces require only 0.7 hectares against their stated requirement of 8.4 Ha. The original proposal included in the DCO was definitive about all unloading being to the west of New Road, highlighting security concerns and the more recent documentation, provided at the February hearing, does not provide any further clarification as to why they now require further laydown areas. No proof has been provided that such additional land is essential for the construction of the Re-power Project and indeed there is a similar size vacant plot of land immediately to the north of the proposal hardstanding area [Work No 9A] in DPS existing secure site boundary, shown outlined and cross hatched in yellow, which has previously been available. We cannot find any provision for the realistic reinstatement of Work Area 9B back to farmland within the proposals upon completion of Re-power if CCR is not required, as required for such temporary use.
- c. Tree planting -Included within the CPO request, the DCO outlines that for the Re-power Project the woodland off New Road (Wood M) and the landscaping off in the field north of Carr Lane being maintained and enhanced. The CPO requested for the CCR scheme destroys the majority of Wood M and all the enhanced New Road Field woodland, questioning the purposes of the initial planting until there is certainty over the design of the CC plant.

Indeed IDWF is so concerned about the loss of Wood M that we are considering our own planting scheme and have approached DPS about funding it – copy attached. As this is much closer to the relevant cottages it will be more effective in screening the plant when Wood M is destroyed. DPS have prevaricated on the basis that it might affect the Scheduled Monument but the scheme is designed so that it is not situated on Scheduled Monument Land. This scheme has the benefit of creating connecting wildlife corridors across the farm.

- d. It has been discussed but not documented that DPS will ensure that there is a permanent right of way along the track to the west of New Road in favour of IDWF, which is not included in the CPO request.
- e. As to Rights of Ways, we presume that the footpaths from New Road through the fields to the West and to the East will be retained in perpetuity.

Comment on CPO Powers / AHA Surrender provisions

DPS lawyers stated that CPO Powers should only be sought as a last resort when there are no other legal methods of acquiring the necessary land. This is not the case as the party requesting such powers is already the freeholder with an absolute right to require a surrender of the land under Agricultural Holdings Acts and the terms of the occupational lease.

From our discussions with DPS, we understand that once the two remaining coal fired generators are converted to gas firing under the Re=power Project, or after 2024 when Coal fired electricity generators cease operating in the UK under existing legislation, then the coal yard, Area CY shown cross-hatched in pink (Works plan No.11) extending to over 24ha within the current secure site, will be available for development which DPS concedes was the more logical location within the existing security boundary for the future schemes.

Conclusion:

IDWF has not been provided with any documents and is unaware of any changes required under the Inspectorate's request to consider only Unit X development but with the considerably smaller proposal assumes that less land may be required from the tenanted areas.

DPS are requesting CPO powers over land where they already own the freehold interest with legally binding powers to obtain vacant possession from the tenant - as such, the need for such CPO powers is excessive.

By claiming land for landscaping outside the provisions of "A guidance note for Section 38 Electricity Act 1989" and excessive amounts of land for parking, IDWF questions DPS's motives to acquire excessive areas to derive the tenants of their legally held interest.

In terms of the bigger picture, IDWF have offered to proceed with the board approved deal which would allow DPS to take any lands (even in excess of the Re-power areas) for development with immediate effect, but ensure that the land can be farmed by IDWF in the short term pending DPS actual requirements.

The Agricultural Holdings Act legislation provides provisions to ensure that DPS can undertake such development but, in view of their previous action over White Rose, the law is designed to allow protection of a landlord gratuitously requiring the surrender of tenanted land without intending to proceed as IDWF have already experienced with DPS.

The DPS's position is that they are seeking a commitment to surrender a significant percentage of our tenancy, at nearly 10% of the total acreage with immediate effect even when one can question the likelihood of the Re-power Project proceeding, based on Drax's previous developments and indeed their financial position.

As such, IDWF request that the CPO powers covering Works Areas 9B, 10C and pt. 10A effecting their tenancy is rejected as DPS have an absolute right under existing Agricultural Holdings Act legislation to take any land necessary which should not affect their ability to proceed with their Re-power project.

Richard Watson on behalf of ID Watson Farmers

HEADS OF TERMS AGREEMENTS



Heads of Terms relating to Drax Abbey Farm

Without Prejudice and Subject to Contract

Parties:	Drax Power Limited ("Landlord") Mr R I Watson and Mr D.C.D Watson of	'Tenant")
Date:		

A. GENERAL AGREEMENTS BETWEEN THE PARTIES

1. Procedure

The Tenant will enter into the following Agreements, subject to contract, which are to be completed simultaneously:

- 1.1 Notice to Quit to be served by the Landlord.
- 1.2 Current AHA tenancy agreement to be replaced by a new Farm Business Tenancy (FBT) on those areas of Drax Abbey Farm to be retained by the Tenant ("Retained Land").
- 1.3 A new, short term FBT on the land to be surrendered for use in the Repower project ("Repower Land") and
- 1.4 A new short term lease on the potential future Development land ("Development Land").

2. General Terms

The Parties agree to the following:

- 2.1 A mutual covenant that during the term, no new residential accommodation (including temporary residential accommodation) will be permitted on the Retained Land, the Repower Land Take or the Development Land.
- 2.2 The Landlord and Tenant are to formalise the previously agreed building repair and renewal strategy of the farm buildings at Drax Abbey Farm.
- 2.3 All disputes arising under the new tenancy agreements should be subject to a dispute resolution procedure which refers the relevant matter to an independent expert, agreed by each Party.

3. Costs

The Parties agree that the Landlord will pay all the Tenant's reasonable surveying and legal expenses in connection with the Agreements.

B. SURRENDER OF EXISTING TENANCY AGREEMENT ON DRAX ABBEY FARM

Date: Before

Property: Drax Abbey Farm, Drax

Background: Drax Abbey Farm is currently occupied by David C D. Watson and

Richard I Watson under an Agricultural Holdings Act 1986 (AHA)

tenancy dated 22nd July 1988.

Landlord: Drax Power Limited

Tenant: Mr R I Watson and Mr D.C.D Watson of

Landlords Agent: Carter Jonas LLP, 82 Micklegate, York YO1 6LF

Landlords Solicitors: Walker Morris LLP, Kings Court, 12 King Street, Leeds, LS1 2HL

Tenants Agent: Mr W R Smith of Stephensons

Tenants Solicitor: Grays Solicitors, Duncombe Place, York

Procedure: The Landlord will serve a notice to terminate the tenancy, to which

the Tenant will not object provided that the parties will complete the new FBTs on or before [............] which will, in any event, be within the statutory period during which the Tenant may serve counter notice. The Tenant will complete an acceptance and agreement of the Notice to Quit at the same time as the completion

of the new FBTs.

Compensation:

[Statutory Compensation for the whole farm], payable by the

Landlord to the Tenant on completion.

Exclusive of VAT, if payable.

Rent: The rent for the holding is paid in arrears and has been paid up to

25th March 2018. There will be a final rent payment on completion, which will be calculated on a pro rata basis for the period from 25th

March 2018 until the date completion.

Dilapidations/Improvements:

The Landlord will not make any dilapidations claims and the Tenant will not make any claims for Tenant right or improvements in respect

of the holding.



C. NEW FARM BUSINESS TENANCY ON DRAX ABBEY FARM

Date:

Before [.....]

Property:

Drax Abbey Farm, Drax (excluding The Repower Land and

Development Land)

Landlord:

Drax Power Limited

Tenant:

Mr R I Watson of

Landlords Agent:

Carter Jonas LLP, 82 Micklegate, York YO1 6LF

Landlords Solicitors: Walker Morris LLP, Kings Court, 12 King Street, Leeds, LS1 2HL

Tenants Agent:

Mr W R Smith of Stephensons

Tenants Solicitor:

Grays Solicitors, Duncombe Place, York

Procedure:

The Tenant will enter into a new FBT agreement with the Landlord to be completed simultaneously with the surrender of the existing AHA tenancy and the new FBT agreement in respect of The Repower

Land and Development Land.

Term:

105 year fixed term.

Commencement Rent:

Existing rent reduced pro-rata based on revised land areas.

Rent Reviews:

Rent review provisions to be accordance with the Agricultural Holdings Act 1986 schedule 2. The Landlord is restricted to serving notice for review every tenth year. The total reviewed rent at any review is to be capped at a rent equating to £75 per acre on the

arable and pasture farmland area of the demised farm.

Repairs and Insurance:

In view of the ground rent structure of the lease and the existing state of repair of the buildings, the Tenant will only liable to repair and insure the landlord's buildings which are either put into a good state of repair or newly developed to an agreed specification, as outlined in the Schedule of Buildings attached as Appendix 1.

Improvements:

The Tenant may at his own discretion construct further agricultural buildings within the existing farmstead or its immediate vicinity (limited to fields numbers SE6728 0740 and SE6728 2128) with the Landlord's consent, not to be unreasonably withheld or delayed, subject to the grant of planning permission as tenant's improvements.

Alienation:

The Tenant may assign, sublet or charge the whole at any time during the term, subject to the Landlord's consent, such consent not to be unreasonably withheld or delayed.



C. NEW FARM BUSINESS TENANCY ON DRAX ABBEY FARM

Date:

Before [.....]

Property:

Drax Abbey Farm, Drax (excluding The Repower Land and

Development Land)

Landlord:

Drax Power Limited

Tenant:

Mr R I Watson of

Landlords Agent:

Carter Jonas LLP, 82 Micklegate, York YO1 6LF

Landlords Solicitors: Walker Morris LLP, Kings Court, 12 King Street, Leeds, LS1 2HL

Tenants Agent:

Mr W R Smith of Stephensons

Tenants Solicitor:

Grays Solicitors, Duncombe Place, York

Procedure:

The Tenant will enter into a new FBT agreement with the Landlord to be completed simultaneously with the surrender of the existing AHA tenancy and the new FBT agreement in respect of The Repower

Land and Development Land.

Term:

105 year fixed term.

Commencement Rent:

Existing rent reduced pro-rata based on revised land areas.

Rent Reviews:

Rent review provisions to be accordance with the Agricultural Holdings Act 1986 schedule 2. The Landlord is restricted to serving notice for review every tenth year. The total reviewed rent at any review is to be capped at a rent equating to £75 per acre on the arable and pasture farmland area of the demised farm.

Repairs and Insurance:

In view of the ground rent structure of the lease and the existing state of repair of the buildings, the Tenant will only liable to repair and insure the landlord's buildings which are either put into a good state of repair or newly developed to an agreed specification, as outlined in the Schedule of Buildings attached as Appendix 1.

Improvements:

The Tenant may at his own discretion construct further agricultural buildings within the existing farmstead or its immediate vicinity (limited to fields numbers SE6728 0740 and SE6728 2128) with the Landlord's consent, not to be unreasonably withheld or delayed, subject to the grant of planning permission as tenant's

improvements.

Alienation:

The Tenant may assign, sublet or charge the whole at any time during the term, subject to the Landlord's consent, such consent not to be unreasonably withheld or delayed.



Assignment or subletting of part is not permitted, save for the Tenant may sublet the farmhouse and/or the cottages and/or farm buildings.

User:

Agricultural use with the exception of the farmhouse and cottages which are for residential use. The farm buildings may be used for small scale industrial or workshop purposes, subject to grant of planning consent, if necessary, and the prior written consent of the Landlord, not be unreasonably withheld or delayed.

Resumption of Possession:

The Landlord can resume possession of part of the property on 12 months' notice, expiring on the term date or earlier by prior agreement, for any non-agricultural use relating to Drax Power Limited's own requirements. The Landlord is to pay the Tenant compensation based on the open market value of the land to be taken, such value being pro-rata per acre against the open market value of the leasehold interest of the whole holding, together with any compensation for crop loss (including subsidies).

Easements to Drax Power Limited for underground pipes or transmission lines are permitted subject to the statutory compensation payments.

Reservations:

The Landlord reserves the right to enter onto the property to undertake surveys, intrusive works, etc in connection with the development of the land and the Landlord agrees to compensate the Tenant for any crop damage as a direct result of the works.

SDLT

The Landlord is to pay the SDLT.



D. NEW MONTHLY PERIODIC FARM BUSINESS TENANCIES ON THE REPOWER LAND

Date:

[.....]

Property:

The Repower Land

Landlord:

Drax Power Limited

Tenant:

Mr R I Watson of

Landlords Agent:

Carter Jonas LLP, 82 Micklegate, York YO1 6LF

Landlords Solicitors: Walker Morris LLP, Kings Court, 12 King Street, Leeds, LS1 2HL

Tenants Agent:

Mr W R Smith of Stephensons

Tenants Solicitor:

Grays Solicitors, Duncombe Place, York

Procedure:

The Tenant will enter into a new FBT with the Landlord to be completed simultaneously with the new FBT on Drax Abbey Farm.

Term:

Two years less one day

Renewal:

The Lease is to be renewable unless Repower project or such other project is due to commence within the next month of the lease expiry date and such Board Approved intent to proceed with the development of the project is to be confirmed in writing by Drax Power Limited.

The Landlord can terminate the lease with one month's prior written notice to enable commencement of the Repower project or such other project and agrees to compensate the Tenant for any crop loss (including loss of any Basic Farm Payment or equivalent subsidy) as a direct result of terminating the lease.

In the event that the lease is not renewed, then the Landlord will undertake the following:

i. The Landlord and Tenant's building repair and renewal strategy includes the potential demolition of the existing facilities and the construction of a new suitable grain store, subject to planning consent. If the lease on Repower Land is not renewed, then as and when the new grain store is built the Landlord will make a capital contribution of £80,000 (eighty thousand pounds) (plus VAT if applicable) towards the cost of its construction, payable in two equal instalments, the first on commencement of the works and the second on In the event that the Tenant has already completion. completed such a building to the Landlord's reasonable satisfaction, then such payment is to be made in full upon commencement of the Repower Project



Rent:

£1 per annum

Repairs and Insurance:

Full Repairing and Insuring terms.

Alienation:

No subletting, assignment or parting with possession of the holding as a whole or part is permitted. Save for, in the event that the new FBT agreement (as set out in section C.) is assigned the Tenant must assign the whole to the assignee of the new FBT agreement. The Tenant must inform the Landlord if any such assignment is

planned or executed.

User:

Agricultural use only.

Reservations:

The Landlord reserves the right to enter onto the property to undertake surveys, intrusive works, etc in connection with the development of the land and the Landlord agrees to compensate the Tenant for any crop damage as a direct result of the works.

SDLT

The Tenant to pay the SDLT costs (if any).

Option:

Within 12 months of completion of the project and/or any part or parts of the Repower Land becoming vacant, the Landlord will offer such land, as and when available, to the Tenant on a similar FBT agreement to this at a similar rent per acre as the main farm FBT. subject to the land being deemed capable of agricultural use, which

is solely at the Tenant's discretion.

E. NEW MONTHLY PERIODIC FARM BUSINESS TENANCIES ON THE DEVELOPMENT LAND

Date: [......]

Property: The Development Land

Landlord: Drax Power Limited

Tenant:

Landlords Agent:

School Schrift is an architectural relation of the school school

Mr R I Watson of

Landlords Solicitors: Walker Morris LLP, Kings Court, 12 King Street, Leeds, LS1 2HL

Carter Jonas LLP, 82 Micklegate, York YO1 6LF

Tenants Agent: Mr W R Smith of Stephensons

Tenants Solicitor: Grays Solicitors, Duncombe Place, York

Procedure: The Tenant will enter into periodic FBT agreements with the Landlord

to be completed simultaneously with the new FBT on Drax Abbey

Farm.

Term: Two years less one day

Renewal: The Lease is to be renewed unless a Drax Power related project with

full planning and business approvals is due to commence within the next month of the expiry of the lease and such intent to proceed with the development of the project is to be confirmed in writing by Drax

Power Limited.

Termation: The Landlord can terminate any such lease on part or the whole of the

holding with one month's prior written notice to enable commencement of a Drax Power related project and agrees to compensate the Tenant for any crop loss (including loss of any Basic Farm Payment or equivalent subsidy) as a direct result of terminating

the lease.

Rent: the same rent per tillable acre as is paid per annum under the terms

of the main lease

Repairs and Insurance:

Full Repairing and Insuring terms.

Alienation: No subletting, assignment or parting with possession of the holding

as a whole or part is permitted. Save for, in the event that the new FBT agreement (as set out in section C.) is assigned the Tenant must assign the whole to the assignee of the new FBT agreement. The Tenant must inform the Landlord if any such assignment is

planned or executed.

User: Agricultural use only.

Reservations: The Landlord reserves the right to enter onto the property to

undertake surveys, intrusive works, etc in connection with the



APPENDIX 1: SCHEDULE OF BUILDING REPAIRS AND RENEWALS

(To be read in conjunction with the Schedule of Condition dated 1988)

A: Farm House and Cottages

The farm house and cottages are deemed to be in adequate repair and will be kept in repair by the Tenant, subject to the Schedule of Condition.

B: Old Water Tank and Staff Room

The building is redundant and can be demolished by the Tenant if appropriate.

C: Lean-to

The building is redundant and can be demolished by the Tenant if appropriate.

D: Milling Shed, Workshop and Old Granary

The building is redundant and can be demolished by the Tenant if appropriate, but at the Tenant's option and cost, can be refurbished by the Tenant as a Tenant's Improvement.

E: Straw Barn

Deemed to be in adequate repair and is to be kept in repair by the Tenant, subject to the Schedule of Condition.

F: Cattle Yard

Largely beyond economic repair and therefore the Tenant has no repairing liability, and can be demolished if deemed appropriate by the Tenant.

G: Tractor Shed

Not fit for modern agricultural purposes, so the Tenant has no repairing liability, but can be demolished by the Tenant if appropriate.

H: Calf house and Lean-to

Not fit for modern agricultural purposes and can be demolished by the Tenant if appropriate.

Grain Store Bins and Dryer

J: On-floor Drier Shed

Both I. and J. are judged not fit for modern agricultural purposes, so the Tenant has no repairing liability, but both can be demolished by the Tenant if necessary.

Subject to planning consent being granted, where noted the agricultural buildings can be demolished by the Tenant and a new suitable grain store built by the Tenant subject to a contribution by the landlord of £80,000, payable as outlined in the agreement. The Tenant will accept a repairing liability on the new building.

DPS PROPOSAL LETTERS 4th June and 14th September 2018 and Email exchange 2/4/19

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Timing It Mutinizing Contract.



Drax Power Station Selby North Yorkshire Y08 8PH

+44(0)1757 618381 www.drax.com

Mr D.C.D and R.I Watson



4 June 2018

Subject to Contract

Dear David and Richard

LAND FOR REPOWER PROJECT - COMPENSATION PROPOSAL

Thank you for Richard's letter dated 4 May 2018, which we have reviewed whilst preparing this proposal.

As previously explained, we are in the process of preparing an application for a Development Consent Order (DCO) to re-power up to two units at Drax Power Station with gas turbines (the Repower Project).

As you know, to develop the Repower Project we will require the area of land identified in red outline on the enclosed plan ("Repower Land"), which forms part of the land leased by yourselves from Drax Power Limited ("DPL") under the Abbey Farm lease dated 22 July 1988 ("AHA Tenancy Agreement"). This land is required for contractor car parking and construction laydown during the construction period, which we expect to commence in early 2020 and last for several years. The Repower Land is also being reserved to help demonstrate that the Repower Project is carbon capture ready.

'n dealing with land owners and tenants on the Repower Project, we have taken into account our understanding of positions reached by other comparable local projects. Our intention is to offer competitive market terms which are advantageous to counterparties compared to where voluntary agreements are not concluded and we fall back on the compulsory acquisition powers that are being sought under the DCO. Of course, our strong preference is to negotiate voluntary agreements rather than rely on these powers.

We note that Richard's proposal of 4 May is a modified version of our CCS discussions. We have not based our proposal on the CCS discussions for a number of reasons, including:

- 1. This is a different project to CCS, with different timing, strategic and commercial drivers:
- 2. Our land agents have provided the enclosed indicative estimates of compensation that you might be expected to receive under (i) exercise of DCO compulsory acquisition powers over the Repower Land or (ii) DPL resuming possession of the Repower Land under Article 4(3)(a) of the AHA Tenancy Agreement. Our initial valuation of your proposal is in the range of 1500-3000% of these amounts, depending on certain assumptions and which of the two processes is used for comparison;
- 3. It is intended that the Repower Project participates in the annual capacity market auction with other providers of generation capacity. This puts an onus on us to carefully manage project costs in order to remain competitive with other projects and so maximise our chances of success in the auction;



- 4. Offering such uniquely favourable terms to you would mean that we would not be treating all land owners and tenants that we are engaging with on the Repower Project equally and fairly;
- 5. We do not wish to negotiate access to the "Development Land" referred to Richard's letter. Compensation for this land would not be due under the alternative DCO compulsory acquisition and Article 4(3)(a) processes and incurring this unnecessary cost would not be in accordance with the principles at 3 and 4 above;
- 6. For the same reasons, we do not have an interest in terminating and replacing the whole AHA Tenancy Agreement and so paying compensation in respect of the whole holding (approximately 443 acres) instead of just the Repower Land (31.79 acres).

Our proposal is based on the draft agreements previously provided to you by our land agent. In summary:

- 1. We enter into a deed of part surrender so that the AHA Tenancy Agreement no longer applies to the Repower Land. The AHA Tenancy Agreement will continue to apply to the reminder of the land;
- 2. At the same time, we enter in to a Farm Business Tenancy (**FBT**) with you in respect of the Repower Land for a term of 2 years less 1 day, capable of termination on one month's notice;
- 3. Compensation arrangements to apply as set out in the enclosed Compensation Schedule.

If it is of interest to you, we are also happy to discuss the possibility of another FBT coming into force over the Repower Land after the end of the construction period.

We acknowledge that you have raised the possibility of deferring discussions until DPL has DCO certainty (expected in September 2019). However, we see real benefits in you engaging with our offer at this time:

- 1. Under our proposal you receive a payment on the part surrender. We intend this to be a 2018 payment, as opposed to a late 2019 or 2020 payment if you only negotiate after DCO approval;
- 2. This 2018 payment is not conditional on progress of the DCO or the Repower Project. Therefore you would receive a payment even if the Repower Project doesn't proceed;
- 3. If we only start negotiating in late 2019, it becomes more likely that we will need to activate the DCO compulsory acquisition powers or the Article 4(3)(a) process in parallel in case those negotiations aren't concluded by the intended construction start date. By negotiating early we can do so without the cost and distraction of those processes.

We believe that this is a reasonable proposal, however, if there are other benefits that you consider may be of value to you as part of our working relationship, please let us know and we can discuss these.

If you have any questions regarding this proposal, please contact the project team via our land agent, Paul Barnett who is a member of the Repower Project DCO team.

Yours sincerely

Tours sincerely

Oliver Baybut

Environment & Governance Section Head

Drax Power Limited

CC: Andy Koss, Chief Executive, Drax Power Limited

Drax Power LimitedRegistered Office: Drax Power Station, Selby, North Yorkshire YO8 8PRegistered in England and Wales Number 4883589



COMPENSATION SCHEDULE

DCO compulsory acquisition powers

HEAD	ACRES		ASSUMED RATE	SUB-TOTAL		
Tenant's interest				£25,669.79	عطلالته	ial way-maker.
s60(2)a	31.79	-	£65 ×2	£2,066.35		•
s60(2)b	31.79		£65 x 4	£8,265.40		
Tenant's right	31.79	-	£50	£1,589.50		
Agents fees				£1,500.00		
TOTAL				£39,091.04		

\rticle 4(3)(a)

HEAD	ACRES	ASSUMED RATE	SUB-TOTAL
s60(2)a	31.79	£65 ×>	£2,066.35
s60(2)b	31.79	£65 x 4	£8,265.40
Tenant's right	31.79	£50	£1,589.50
Estimated loss of profit	31.79	£300	£9,537.00
TOTAL			£21,458.25

NOTE: the above figures are based on assumptions and estimates and so are indicative only. You may wish to take your own advice on the amounts that may be payable under these processes.

DRAX PROPOSAL FOR NEGOTIATED OUTCOME

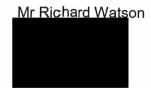
- 1. Payment on surrender of Repower Land and entry into FBT £45,000
- 2. Payment on early termination of FBT £300 for each month lost due to early termination
- 3. Payment for survey work (at any time prior to termination of the FBT):

HEAD	PAYMENT
Flat rate payment on first entry	£500
Boreholes/trial pits	£93.75 each
Piezometers	£12.50 per annum
Window Samples	£12.50 each
Archeological scrapes	£0.75 per square metre, subject to a minimum of £93.75
Crop loss	As incurred



Drax Power Station Selby North Yorkshire Y08 8PH

+44(0)1757 618381 www.drax.com



14 September 2018

Subject to Contract

Dear Mr Watson

REPOWER LAND

Thank you for your letter of 3rd September 2018 with respect to the Repower Project.

I thought it would be useful to start by answering some of the queries raised in your letter and in our productive meeting of 29th August:

- Regarding the footpath you refer to in the second paragraph of your letter, I can confirm that the footpath does not need to be relocated to enable the construction or operation of the Repower Project. However, it may be necessary to relocate the footpath at some point in the future should the Government require generating stations like Repower to install carbon capture storage (CCS) equipment. The draft Development Consent Order that we have submitted to the Secretary of State confirms that the footpath will only be relocated in this scenario Article 13 makes it clear that the footpath will only be relocated if it is necessary for Drax to take such action in order to prepare the carbon capture readiness reserve space for the installation and operation of CCS equipment. The draft Development Consent Order (given examination library reference number AS-012) can be viewed on the project webpage hosted by the Planning Inspectorate https://infrastructure.planninginspectorate.gov.uk/wpcontent/ipc/uploads/projects/EN010091/EN010091-000516-3.1%20Draft%20Development%20Consent%20Order%20Rev%201%20Clean.pdf.
- The block of trees that you refer to which are to the west of New Road will be retained as part of the Repower Project and will only be removed if we are required to install CCS. We have received advice from the Forestry Commission regarding woodland management techniques, which we will consider in order to enhance the value of this woodland. Further planting is also planned as part of the Repower Project, which will provide screening for any future CCS plant. We anticipate that there will be sufficient time for the proposed planting to mature prior to construction of any CCS plant. In addition, development of a CCS plant would require its own Development Consent Order. This would entail consultation on the CCS plant and necessary mitigation and a public examination of the proposals.
- Our intention, through the Development Consent Order, is to use the land to the east of New Road for laydown, construction car park and amenities, and as a reserve space for any future CCS development (as required by the Carbon Capture Readiness (Electricity Generating Stations)



Regulations 2013). We have consulted with the Local Authorities and with Highways England and it is anticipated that there will be up to 400 car parking spaces allocated on this area.

• The requirement to demonstrate that the installation of CCS on any plant >300MW is technically feasible is established through the Carbon Capture Readiness (Electricity Generating Stations) Regulations 2013. The funding arrangements for the Repower Project are set out in the Funding Statement, submitted as part of the DCO application and given examination library reference APP-023. The Funding Statement is available to view at - https://infrastructure.planninginspectorate.gov.uk/wpcontent/ipc/uploads/projects/EN010091/EN010091-000360-4.2%20Funding%20Statement.pdf.

As previously mentioned, the Repower Project is not associated with any other project that Drax has proposed in the past. The organisational structure and funding arrangements are distinctly different to the White Rose Project.

As previously noted, given that our current schedule involves commencing works on the Repower Land in 2020, we wish to successfully reach a voluntary agreement with you so that should the Development Consent Order for the Repower Project be granted, we can commence works in accordance with our schedule. We very much prefer an early negotiated outcome and will continue to seek this. In that regard I would be grateful if you could consider the compensation offer previously provided (enclosed with this letter for convenience).

We note your comments regarding your Relevant Representation and confirm that correspondence in relation to land ownership negotiations will be available for the Examining Authority to scrutinise. We welcome your continued support for the Repower Project overall and are grateful for your ongoing cooperation with our necessary surveys.

We look forward to hearing from you.

Yours sincerely



Oliver Baybut
Environment & Governance Section Head
Drax Power Limited

CC: Andy Koss, Chief Executive, Drax Power Limited Mr David Watson



COMPENSATION SCHEDULE

DCO compulsory acquisition powers

HEAD_	ACRES	ASSUMED RATE	SUB-TOTAL
Tenant's interest			£28,786.66
s60(2)a	35.65	£65	£2,317.25
s60(2)b	35.65	£65 x 4	£9,269.00
Tenant's right	35.65	£50	£1,782.50
Agents fees			£1,500.00
TOTAL			£43,655.41

Article 4(3)(a)

HEAD	ACRES	ASSUMED RATE	SUB-TOTAL
s60(2)a	35.65	£65	£2,317.25
s60(2)b	35.65	£65 x 4	£9,269.00
Tenant's right	35.65	£50	£1,782.50
Estimated loss of profit	35.65	£300	£10,695.00
TOTAL			£24,063.75

NOTE: the above figures are based on assumptions and estimates and so are indicative only. You may wish to take your own advice on the amounts that may be payable under these processes.

DRAX PROPOSAL FOR NEGOTIATED OUTCOME

- 1. Payment on surrender of Repower Land and entry into FBT £50,000
- 2. Payment on early termination of FBT £300 for each month lost due to early termination
- 3. Payment for survey work (at any time prior to termination of the FBT):

HEAD	PAYMENT
Flat rate payment on first entry	£500
Boreholes/trial pits	£93.75 each
Piezometers	£12.50 per annum
Window Samples	£12.50 each
Archeological scrapes	£0.75 per square metre, subject to a minimum of £93.75
Crop loss	As incurred

From: Richard Watson richard.watson@wesinvestments.com Subject: Re: Repower documents Date: 2 April 2019 at 09:10 To: Andy Koss andrew.koss@drax.com Andy thank you for getting back to me so quickly - much appreciated. The freehold offer does deal neatly with the surrender of the Repower land as they are obviously connected in terms of values. I am happy to continue our discussions, but, as far as I am aware, your team have not shifted their position since the letters of 4th June 14th September 2018. I will include this email exchange with the document so that the Inspectorate is aware of the current situation, unless I hear to the contrary kind regards Richard On 2 Apr 2019, at 07:11, Andrew Koss <andrew.koss@drax.com> wrote: Richard. Many thanks for sharing the document you intend to share with the Planning Inspectorate. I note your support for the repowering project, which is appreciated. I have also discussed this with our Planning team. From our perspective, there are now two parallel workstreams running. Firstly, your offer to purchase the freehold of the remainder of the farm, which is being considered by our estates team. I will chase up a response and ensure that you are provided with an update on our considerations, noting that this also needs to be discussed with our lenders to ensure they are comfortable with any agreed position. We see this as sitting outside of the repower project process, although I appreciate that they are related. I don't expect this to be resolved before the examination phase closes on Thursday. On the broader land negotiations, our position has not changed since the specific hearing on Compulsory Acquisition was held on 12 February. Our Planning team is keen to continue the discussions post-examination to progress compulsory acquisition discussions for the lease of the land, separate to, but in parallel with, any negotiations being held between you and our Estates department regarding your offer to purchase the farm. I don't know if you wish to amend your note to reflect this exchange of correspondence before submission, but I would reiterate our desire to keep talking on the various points under discussion. I hope to come back to you shortly on the freehold purchase. Kind regards, Andv Andy Koss Chief Executive **Drax Power Limited** 01757 612333 andrew.koss@drax.com www.drax.com Drax Power Station, Selby, North Yorkshire, YO8 8PH, United Kingdom ----Original Message----From: Richard Watson < richard.watson@wesinvestments.com> Sent: 01 April 2019 16:33 To: Andrew Koss <andrew.koss@drax.com> Subject: Repower documents Dear Andy Further to my call and email last week, I was hoping to discuss the DCO issues with you before I submitted my

statement to the Planning inercetorate, which is due this week as it includes reference to the White Pass

statement to the maining inspectorate, which is due this week as it includes reference to the writte mose agreements.

I duly attach a final draft copy of your perusal and will be sending it to the Inspectorate on tuesday this week. If you have any comment, please let me know.

It is deeply disappointing that I am still awaiting a response from your team to my offer to purchase the freehold of the remainder of the farm submitted over 2 months ago and likewise with regards to the planting proposal which would only enhance the environment with its proposed wildlife corridors.

I look forward to hearing from you if you have any comments

kind regards
Richard
ID Watson Farmers, ■
0207183 9210

Drax Power Limited Registered in England and Wales, Number 4883589. Registered Office: Drax Power Station, Selby, North Yorkshire YO8 8PH CONFIDENTIALITY NOTICE The contents of this email, and any files transmitted with it, are confidential to the ordinary user of the email address to which it was addressed and may also be privileged. If you are not the addressee of this email you may not copy, forward, disclose or otherwise use it or any part of it in any form whatsoever. If you are not the intended recipient, or have received this email in error please email the sender immediately by replying to this message, and delete the material from any computer. This message and its contents are attributed to the sender and may not necessarily reflect the view of Drax Power Limited, its parent, subsidiaries or associates.

29th JANUARY 2019 IDWF OFFER LETTER

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Richard Watson

Mobile

I.D.WATSON FARMERS

VAT NO: 170 134403 29thJanuary 2019

SUBJECT TO CONTRACT

O Baybutt Esq., Drax Power Ltd., Drax power Station SELBY YO8 8PH

Dear Oliver

REPOWER PROJECT

As discussed on Friday, in order to reach agreement on the surrender of the Repower Land, I duly submit an offer, subject to contract, to buy back the freehold interest of all our tenanted land not effected by the Repower Scheme or any existing/proposed works. I have outlined the extent of the purchase on the attached plan to include all the land to the north of the Scheduled Monument (but excluding the land around the Water Supply pipeline from the Ouse Pump house running up to Pear Tree Road). As discussed, I have also included the remaining land between the Power Station and the Scheduled Monument, excluding any land required for the Repower Project and the CCS proposal as outlined in the DCO plans on the basis of your comment that, with the coal firing ceasing by 2024, Drax's future development will be solely focussed on the 60/70 acres of existing Coal depot.

Subject to the acquisition, any land not included would be surrendered and, if not required immediately offered back to me on a short term (Sub 365 day) FBT at the passing rent, as previously agreed, so that you can obtain possession with say a month's notice, subject to the usual compensation provisions.

Having discussed it with my advisors, in line with the current market transactions, I am prepared to offer a net price reflecting a yield of 2.0 % on the apportioned passing rent for the freehold land to purchased, subject to contract. Obviously, the documentation would include all necessary access rights for Power Station and I will require a right of access off New Road in the remaining land to the west, which, as agreed, will be retained in the CCS proposal. We would want proposed planting for the CCS scheme to be planted within 12 months.

Acquisition Land 396 acres Existing tenanted acreage 440 acres

Passing Rent £28,810 per annum

Area Rental apportionment 90.9% of passing rent - £26,190 per annum

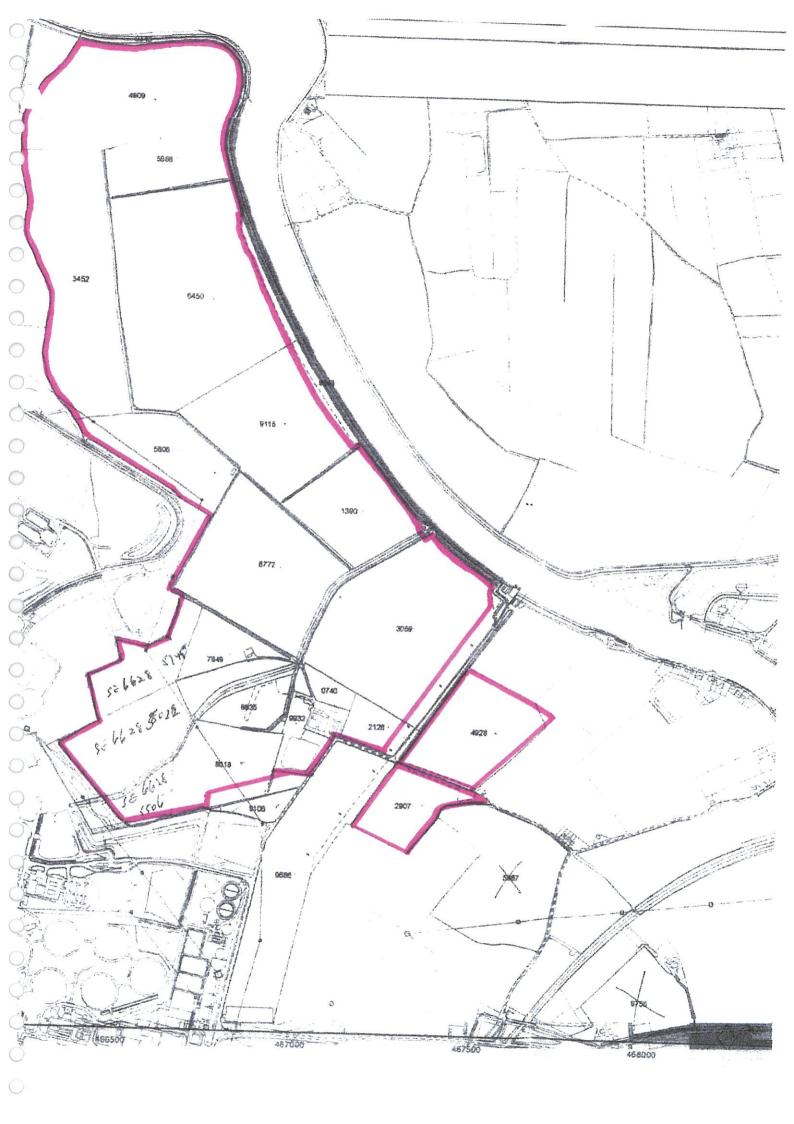
Yield 2.0% net of costs

Price £1,220,000 (One million two hundred and twenty thousand pounds)

I trust that this is of interest, and look forward to discussing it with you as a way forward.

Kind regards

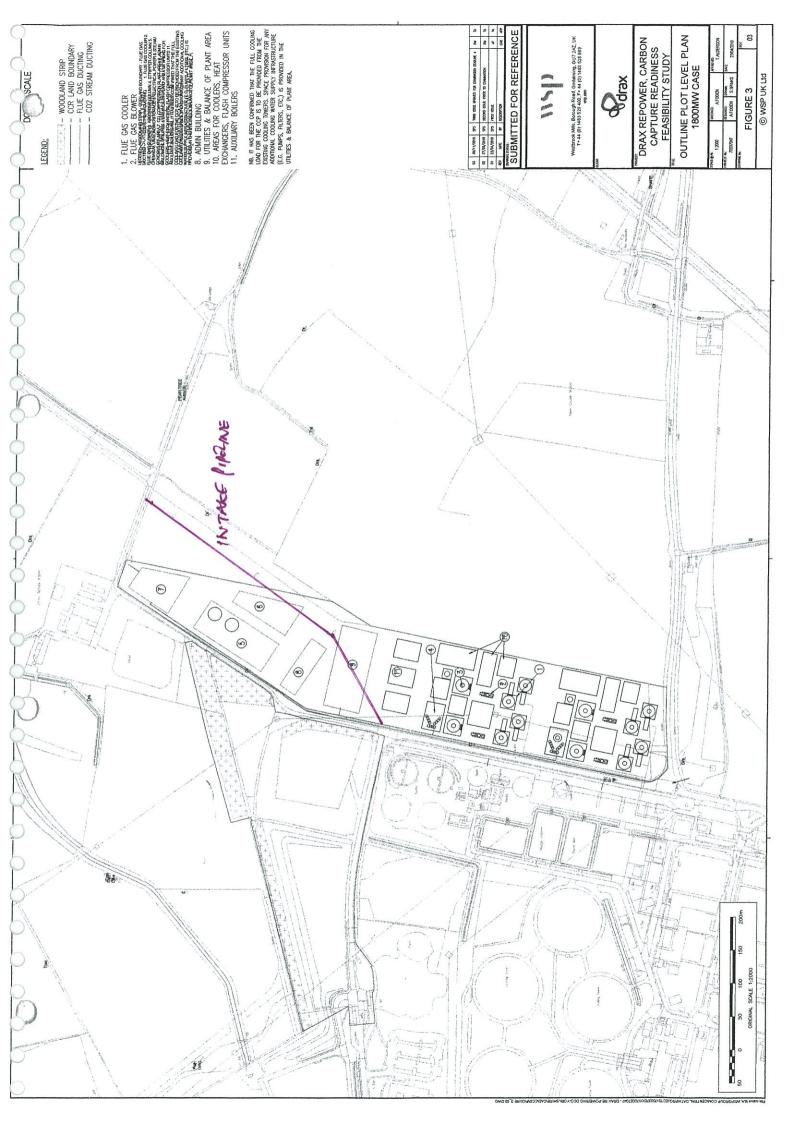
Richard Watson

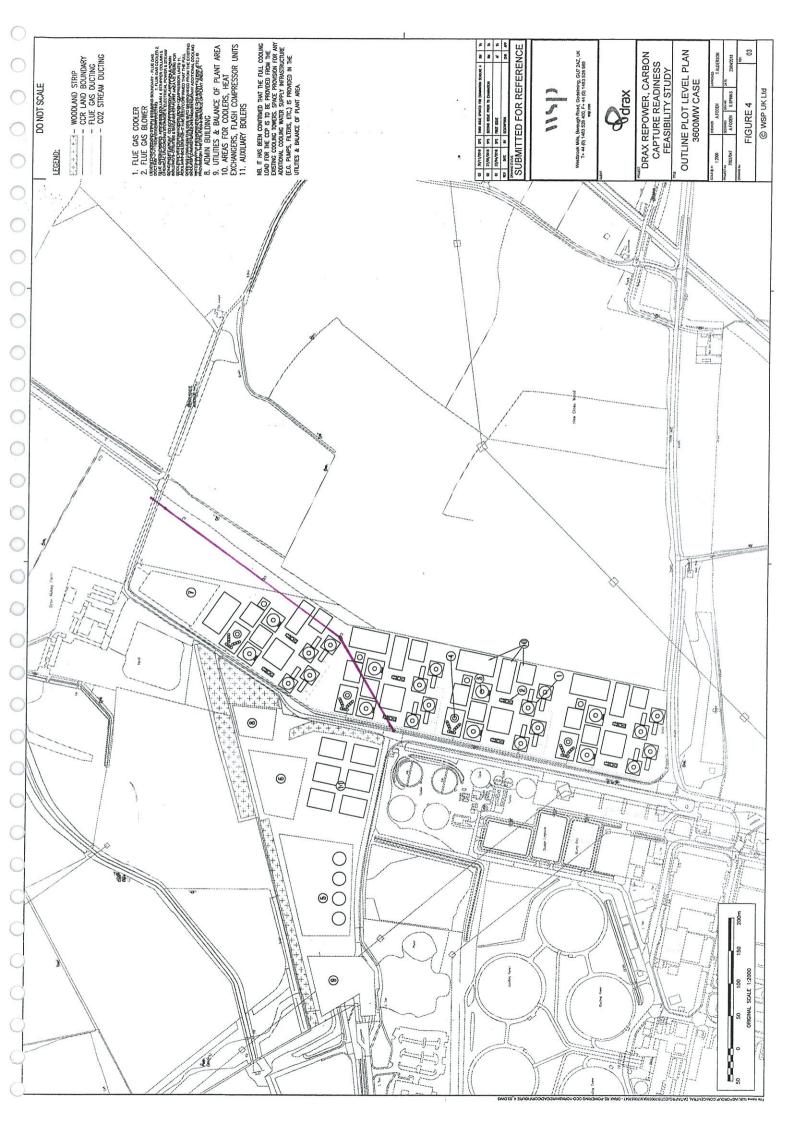


WORKS NO 10 PLAN

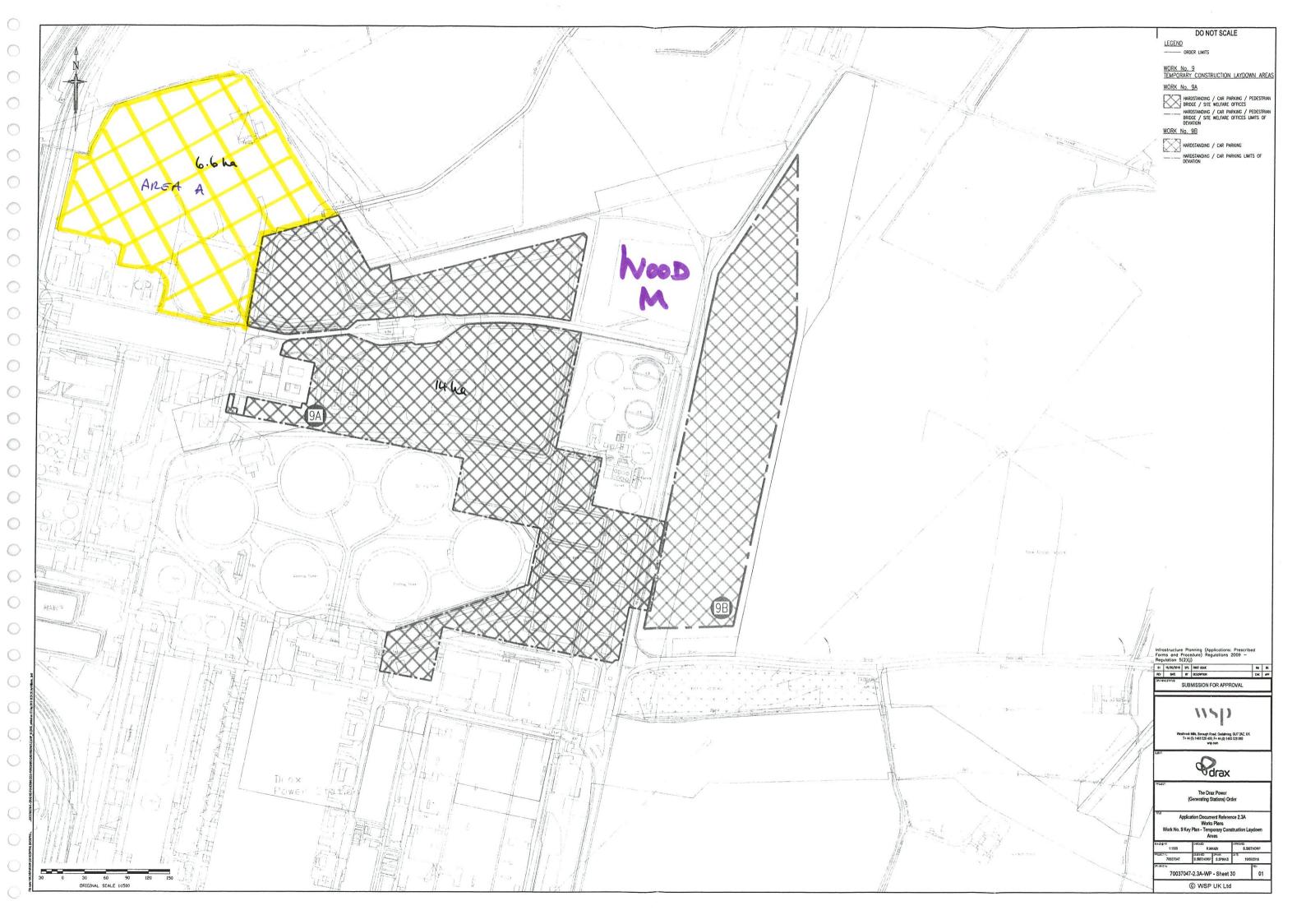


CAPTURE READINESS FEASIBILITY STUDY PLANS





WORKS NO 9 PLAN



IDWF AMENTITY PLANTING SCHEME AND PROPOSAL

 \bigcirc

Richard	Watson
Mobile	

I.D.WATSON FARMERS



VAT NO: 170 134403

27th January 2019

O Baybutt Esq., Drax Power Ltd., Drax power Station SELBY YO8

Dear Oliver

REPOWER PROJECT

Thank you for setting up Friday's meeting.

In terms of our respective positions, you confirmed that Drax will not proceed with the previously Board approved and documented deal, notwithstanding that you did originally served notice to surrender upon me.

Likewise you are not prepared to increase their terms of their offer in your letter of 25th July 2019.

I confirm that your offer is not acceptable as I would not wish to be deprived of any land for the Repower scheme on these terms, which are marginally above basic CPO settlement figures, when the Company has failed to progress such developments in the past.

As I suggested yesterday, rather than swamp the Inspector with all our correspondence, I propose that I prepare a statement on our discussions with regards to the surrender of tenanted land, which you can respond to accordingly. I should be in a position to submit the draft to you next week.

I look forward to receiving indicative plans of the CCS plant. As you explained, such plans are purely indicative as no design is available for any of the potential options and indeed you have no detail of the actual area required for such a scheme, only an indicative guideline. You did confirm that the CCS scheme if it was required, will go through its own DCO process with its ability to request CPO powers at time, which would also cover any landscaping.

Whilst it is impossible to design landscaping to screen such unknown plans, I am much concerned about the potential loss of trees in Block A and the essential screening for our cottages under the proposals for reserved land for CCS (Plan 11). Whilst I understand that these trees will be thinned and managed for the Repower Project together with the trees at the southern end of the New Road field, it would appear that these are scheduled to be felled for the CCS scheme.

In order to mitigate this potential loss, I am considering planting up the areas marked in yellow, shown on the attached plan as mixed woods, together with new hedging marked in green to give a "wildlife corridor" to your nature reserve. We would include alternate cherry trees and Holme Oaks every 7 metres in hedging to give better screening of the plant. The planting will be outside the limits of the Scheduled Monument in the old Carr Dyke with the hedging, providing a new boundary to the Scheduled Monument. As this is closer to the Cottages, it will provide more effective screening. We can discuss other planting for the CCS project but both parties would need to be sure that it will be effective in its design to screen the CCS plant.

Would you consider funding my planting scheme?

You offered to check the issue of dredging the pond to return it to its original banks and we can replant the southern side after we completed the dredging here to further enhance the screening. This will require a replacement fence.

l attach an estimate of the likely costs of the scheme for your consideration – Ideally this would be planted up within the next 8 weeks.

I look forward to hearing from you

Kind regards

Richard Watson enc

DRAX ABBEY HEDGING AND TREE PLANTING PLANT - 2019

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cost per standard tree

Cost per metre Cost per metre

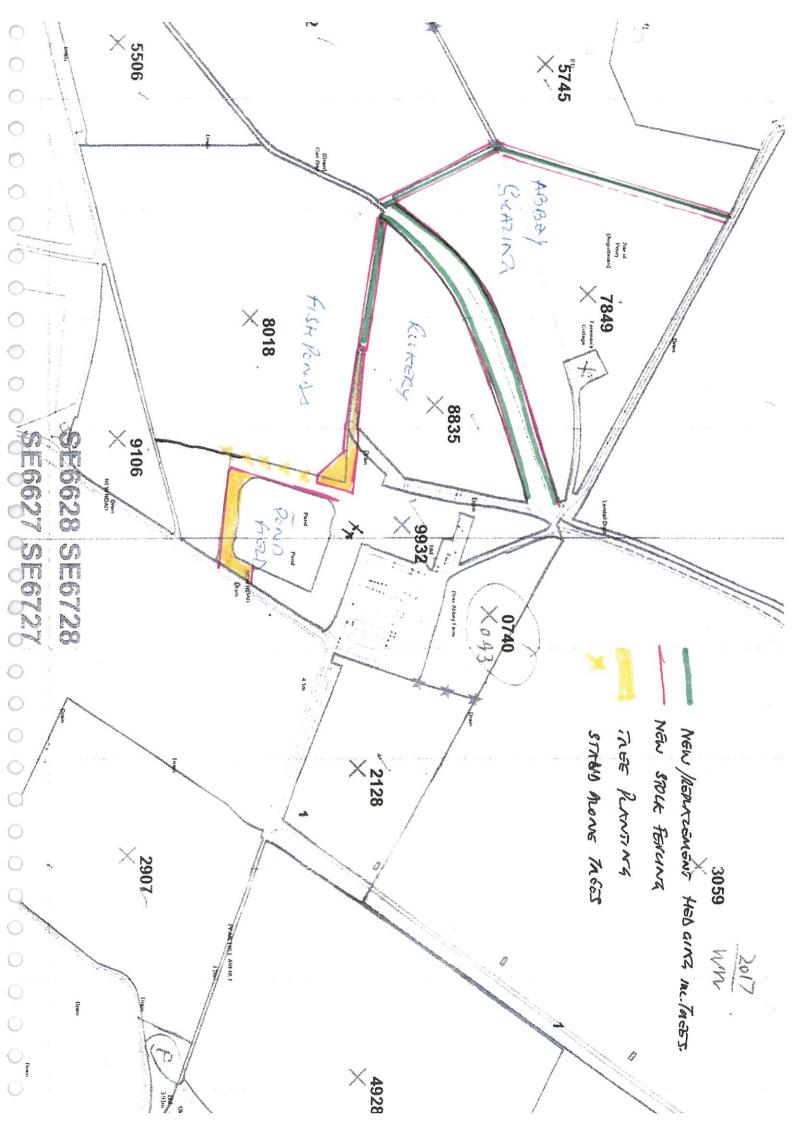
£10.00	cost	uards		£528.57 £6,648.57	£514.29 £4,674.29	£385.71 £3,355.71	£457.14 £3,977.14	£478.57 £4,163.57	£500.00 £500.00		£1,000.00	£2,000.00	£200.00 £200.00		
	Tree every Tree cost	7m inc guards		53 £	51 £	3 68	46 £	48 £	100 E	(trees @ £5 each)			40 E	(trees @ £5 each)	
	Gates			200	200	0	0	0							
£6.00	Hedge Cost Gates			£2,220.00	£2,160.00	£1,620.00	£1,920.00	£2,010.00							
£5.00	Fencing	cost		£3,700.00	£1,800.00	£1,350.00	£1,600.00	£1,675.00			£1,000.00				
	Total Fence Fencing	Length		740	360	270	320	335			200				
	a)	fence		D	S	S	S	S	SQFT		S		sqft		
	Fence Length Double/Single			370	360	270	320	335	22,000		200		8000 sqft		
				SW Side	SE Dyke Side	North (field)	North (grazing	NW Dyke side	Tree Area		POND FIELD Fencing to Por	Dredging	Tree Area		
			ABBEY	GRAZING		FISHPONDS North (field)		ROOKERY			POND FIELD				

Hedging Standard Stewardship hedging

Fence Trees based on alternate Holme Oak and Cherry every 7 metres

Screening planting based on mixed woodland

StandAlone Trees - Chestnuts to match the existing avenue



LEASE EXTRACT

DATED

22 JULY

CENTRAL ELECTRICITY GENERATING BOARD

- to -

MESSRS D.C.D. AND R.I. WATSON

AGREEMENT

- for -

letting of land containing 455.63 acres at from year to year

RENT £ 29615-96 for annum

as from 35 Sp/1-1993

Legal Department Central Electricity Generating Board Sudbury House 15 Newgate Street London EClA 7AU

Solicitor to the Board

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24058Y02/RH 1

unreasonable expense) by reason of subsidence of any land by the blocking of outfalls which are not under the control of either the Landlord or the Tenant or by the refusal of any competent authority to grant any licence or permission

- (3) That it shall be lawful for the Landlord:-
- at any time or times on giving the Tenant not less than (a) Three months previous notice in writing of its intention so and allowing the Tenant fair and reasonable compensation in accordance with The Act of 1986 to resume possession of the Holding or any part or parts thereof for the purpose of its undertaking or for any other purpose not being the use of the land for agriculture and for which planning permission or deemed planning permission shall have been granted PROVIDED THAT any such notice given by the Landlord shall not terminate or entitle the Tenant to terminate the tenancy hereby granted except in regard to the part or parts of the Holding of which possession is resumed by the Landlord PROVIDED FURTHER THAT the Tenant shall take all steps reasonably required by the Landlord in or towards the obtaining of vacant possession of any of the cottages on the Holding which may be occupied by agricultural workers or others but so that the Tenant gives no warranty or guarantee that vacant possession will be given of any property which shall be subject to any such occupation or tenancy
- (b) at any time or times on giving the Tenant not less than One month's previous notice in writing of its intention so to do to grant any easement wayleave or other right in respect of the Holding or any part or parts thereof for any purpose not being the use of the land for agriculture

WORKS PLAN No. 11

