

Net Zero Teesside Project

Planning Inspectorate Reference: EN010103

Land at and in the vicinity of the former Redcar Steel Works site, Redcar and in Stockton-on-Tees, Teesside

The Net Zero Teesside Order

Document Reference: 3.3a – Supplementary Funding Statement

The Planning Act 2008



Applicants: Net Zero Teesside Power Limited (NZN Power Ltd) & Net Zero North Sea Storage Limited (NZNS Storage Ltd)

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GLOSSARY

Abbreviation	Description
Applicants	means, together, Net Zero Teesside Power Limited and Net Zero North Sea Storage Limited.
Application	The Application for a Development Consent Order made to the Secretary of State under Section 37 of PA 2008 in respect of the Project, required pursuant to Section 31 of the PA 2008 because the Project is a Nationally Significant Infrastructure Project under Section 14(1)(a) and Section 15 of PA 2008 by virtue of being an onshore generating station in England or Wales of electrical capacity of more than 50 Megawatts and by direction under sections 35(1) and 35ZA of PA 2008 and associated development under section 115(1)(b) of that Act.
Associated development	Defined under S.115(2) of PA 2008 as development which is associated with the principal development and that has a direct relationship with it. Associated development should either support the construction or operation of the principal development, or help address its impacts. It should not be an aim in itself but should be subordinate to the principal development.
BEIS	Department for Business, Energy and Industrial Strategy
CA Regulations	Infrastructure Planning (Compulsory Acquisition) Regulations 2010
CCGT	Combined cycle gas turbine
CCUS	Carbon Capture Utilisation and Storage
Compressor Station	High pressure CO2 compression facilities, located on the PCC Site

CO2 Export Pipeline or CO2 Export Pipeline Corridor	High pressure CO2 export pipeline. CO2 export is expected to include an on-shore high pressure Compressor Station located adjacent to the Power and Capture plant, and the commencement of an export pipeline to the off-shore elements of the NZT development. The offshore elements will be separately consented and do not form part of the Proposed Development – including the off-shore portion of the CO2 Export Pipeline, the CO2 store itself and CO2 injection wells into the store and the associated off-shore infrastructure (either platform or subsea or combination thereof).
DCO	A Development Consent Order made by the relevant Secretary of State pursuant to PA 2008 to authorise a NSIP. A DCO can incorporate or remove the need for a range of consents which would otherwise be required for a development. A DCO can also include powers of compulsory acquisition.
CO2 Gathering Network or CO2 Gathering Network Corridor	Gaseous Phase CO2 Gathering Network connecting various industrial installations across the Tees Valley. The CO2 Gathering Network will predominantly use an existing above ground pipe network route running along existing pipe racks and using existing culverts and overbridges, however it may be necessary to install the pipe below ground if pipe racks are not available.
Land Plans	A plan showing the land that is required for the Project and over which interests or rights in land are sought as part of the Order.
Low-Carbon Electricity Generating Station or Electricity Generating Station	A new build low-carbon gas-fired generating station with associated carbon capture plant, low pressure CO2 compression and associated utilities and buildings (Work No. 1), comprising: <ul style="list-style-type: none"> • Combined Cycle Gas Turbine (CCGT) Plant; • Cooling Infrastructure for the CCGT; • Carbon capture and low pressure compression plant for the CCGT; and • Administration, control room and stores.
NSIP	A Nationally Significant Infrastructure Project that must be authorised by the making of a DCO under PA 2008.
NZT Power	Net Zero Teesside Power Limited.
NZNS Storage	Net Zero North Sea Storage Limited.

Order	The Net Zero Teesside Order, being the DCO that would be made by the Secretary of State authorising the Project, a draft of which has been submitted as part of the Application.
Order Land	The land over which powers of compulsory acquisition are sought in the Order.
Order Limits	The limits of the land to which the Application for the Order relates and shown on the Land Plans and Works Plans, within which the Project must be carried out and which is required for the construction and operation of the Project.
PA 2008	The Planning Act 2008 which is the legislation in relation to applications for NSIPs, including pre-application consultation and publicity, the examination of applications and decision making by the Secretary of State.
Project or Proposed Development	The development to which the Application relates and which requires a DCO, and as listed at Schedule 1 to the Order.
Project Site or Site	The land corresponding to the Order Limits, encompassing the Order Land and which is required for the construction and operation of the Project.
SoS	The Secretary of State. The decision maker for DCO applications and head of Government department. In this case the SoS for the Department for Business, Energy and Industrial Strategy.
Statement of Reasons	A statement submitted with the Application setting out the reasons and justification for the compulsory acquisition of land or rights in land within the Order Limits.
Work No.	Work number, a component of the Proposed Development, described at Schedule 1 to the Order
Works Plans	Plans showing the numbered works referred to at Schedule 1 to the Order and which together make up the Proposed Development.

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1.0 INTRODUCTION

1.1 Overview

- 1.1.1 This Supplementary Funding Statement (Document Ref. 3.3a) has been prepared on behalf of Net Zero Teesside Power Limited and Net Zero North Sea Storage Limited (the 'Applicants'). It relates to the application (the 'Application') for a Development Consent Order (a 'DCO'), that has been submitted to the Secretary of State (the 'SoS') for Business, Energy and Industrial Strategy ('BEIS'), under Section 37 of 'The Planning Act 2008' (the 'PA 2008').
- 1.1.2 The Applicants are seeking development consent for the construction, operation and maintenance of the Net Zero Teesside Project ('NZT'), including associated development (together the 'Proposed Development') on land at and in the vicinity of the former Redcar Steel Works site, Redcar and in Stockton-on-Tees, on Teesside (the 'Site').
- 1.1.3 The Proposed Development will be the UK's first commercial scale, full chain Carbon Capture, Utilisation and Storage project and will initially capture up to 4 million tonnes (Mt) of carbon dioxide (CO₂) emissions per annum. It will comprise a number of elements, including a new gas-fired Electricity Generating Station with post-combustion carbon capture plant; gas, water and electricity connections (for the generating station); a CO₂ pipeline network (a 'gathering network') for collecting CO₂ from a cluster of local industries on Teesside; a CO₂ compressor station (for the compression of the CO₂) and a CO₂ export pipeline.
- 1.1.4 The CO₂ captured from the Electricity Generating Station and local industries will be compressed and then transported (via the export pipeline) for secure storage within the Endurance saline aquifer located 145 kilometres offshore from Teesside under the North Sea. The export pipeline has the capacity to carry up to 10Mt of CO₂ per annum. The Proposed Development will therefore make a significant contribution toward the UK reaching its greenhouse gas emissions target by 2050.

1.2 The Purpose and Structure of this Document

- 1.2.1 This Statement has been produced because the Applicants have made changes to the Application which involve additional land being included within the Order land ('the Additional Land'). Whilst the Applicants are only seeking temporary possession of the Additional Land, they are providing the same information as would be required under the Infrastructure Planning (Compulsory Acquisition) Regulations 2010 ('CA Regulations') if compulsory acquisition powers over the land were sought. This Statement provides equivalent information to that under Regulation 5(b)(ii), being a statement indicating how the Order containing the authorisation of powers in relation to the Additional Land is proposed to be funded.
- 1.2.2 This Statement should be read in conjunction with the Supplementary Statement of Reasons (Document Ref. 3.2a), the Supplementary Book of Reference (Document Ref. 3.1a) and the Additional Land Plan (Document Ref. 4.2a).
- 1.2.3 The document is structured as follows:

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- Section 2 – the Applicants and the project partners;
 - Section 3 – the Proposed Development cost;
 - Section 4 – project funding; and
 - Section 5 – funding for compulsory acquisition and blight.

2.0 THE APPLICANTS AND THE PROJECT PARTNERS

2.1 The Applicants

2.1.1 Net Zero Teesside Power Limited (company number 12473751) ('NZT Power') and Net Zero North Sea Storage Limited (company number 12473084) ('NZNS Storage') are together the Applicants for the DCO Application.

2.1.2 The information contained in Section 2 of the Funding Statement (Document Ref. 3.3) remains correct, other than the changes to the partners involved in each of the Applicant companies which are now as set out below. The remaining project partners have significant experience of relevance to the Proposed Development, as set out at paragraph 2.1.3 of the Funding Statement.

2.2 The Project Partners

2.2.1 The electricity generating station with carbon capture (Work Number 1) is being developed by the following partners, through the following entities, with bp leading as operator:

- BP Exploration Operating Company Limited, a company incorporated in England and Wales (company number 00305943),
- Equinor New Energy Limited, a company incorporated in England and Wales (company number 6824625), and

2.2.2 Eni UK Limited and Total Gas & Power Chartering Limited are no longer partners in relation to NZT Power.

2.2.3 The CO₂ gathering network (Work Number 6), CO₂ compressor station (Work Number 7) & onshore section of the CO₂ export pipeline (Work Number 8) are being developed by the following partners, through the following entities, with bp leading as operator:

- BP Exploration Operating Company Limited, a company incorporated in England and Wales (company number 00305943),
- Equinor New Energy Limited, a company incorporated in England and Wales (company number 6824625),
- Shell U.K. Limited, a company incorporated in England and Wales (company number 00140141),
- Total Gas & Power Chartering Limited, a company incorporated in England and Wales (company number 06710451), and
- National Grid Carbon Limited, a company incorporated in England and Wales (company number 03932833).

2.2.4 Eni UK Limited is no longer a partner in relation to NZNS Storage.

2.2.5 Audited accounts for the remaining project partners for the year ending 31 December 2021 are available and will be provided by the Applicants at Deadline 1 as part of their summary and update to be provided after Compulsory Acquisition

Hearing 1 (which was held on 11 May 2022). The accounts demonstrate that the remaining project partners between them have very substantial total net assets, of over £400,000 million.

3.0 PROPOSED DEVELOPMENT COST

- 3.1.1 There is no change to the cost estimate of £1,800m for the Proposed Development that is the subject of the DCO Application set out in the Funding Statement (Document Ref. 3.3), including taking account of the Additional Land.
- 3.1.2 The estimate remains the same notwithstanding the Additional Land given its very small scale and the relevant works that may take place on it, as part of Work No. 9D (Temporary Construction and Laydown Area – Saltholme) and which was already included within the DCO Application.

4.0 PROJECT FUNDING

- 4.1.1 There is no change to Section 4 of the Funding Statement, and the development of the Additional Land would be funded in the same way as the rest of the Proposed Development, as set out in that Section and briefly summarised below.
- 4.1.2 Section 4 set out that costs incurred as part of the development programme will be funded from a combination of equity, debt finance and potentially direct government support, with the exact combination dependent upon finalisation of the business models being developed by BEIS and ongoing discussions with the Project Partners and financial advisors. The Project Partners and Applicants will work with a variety of financial institutions and advisors in order to secure funding, and have extensive experience of financing major capital projects.

5.0 FUNDING FOR LAND ACQUISITION AND BLIGHT

- 5.1.1 The project cost estimate (see section 3 above) includes an amount to cover the total cost of the payment of compensation for the compulsory acquisition included in the Order and required for the Proposed Development, and does not change as a result of the powers sought in relation to the Additional Land. That is the case given the very small scale of it and its proposed temporary occupation, and noting that the Applicants' other changes (sought on 28 April 2022 and accepted by the Examining Authority on 6 May 2022) included substantial reductions in other parts of the Order land.
- 5.1.2 No claims for blight can arise as a consequence of the inclusion of the Additional Land given its nature and how it is occupied.