

WRITTEN REPRESENTATION OF SABIC UK PETROCHEMICALS LIMITED

1. INTRODUCTION

- 1.1 This Written Representation is submitted on behalf of SABIC UK Petrochemicals Limited (SABIC) in respect of the Net Zero Teesside Project DCO Application ("the Scheme").
- 1.2 SABIC operates facilities at Wilton International manufacturing, primarily ethylene and low density polyethylene (which is manufactured from ethylene).
- 1.3 These facilities are linked via a Link Line Corridor and tunnel to its North Tees site which contains three terminals and storage facilities.
- 1.4 In addition, there are substantial logistical facilities at Wilton and North Tees, including major storage capacity, a cross-country Link lines network and substantial distribution and shipping services.
- 1.5 Protective Provisions have been proposed by the Applicant although these are not currently in a form acceptable to SABIC, SABIC will engage with the Applicant in the hope that its concerns can be addressed by the end of the Examination.
- 1.6 SABIC is particularly concerned about the interaction of the following aspects of the scheme with its assets:
 - 1.6.1 The effect of the underground high pressure pipelines on:
 - (a) Tunnel No. 2 (Options 1A and 1B).
 - (b) The link line at the tunnel head houses (Options 1A and 1B).
 - (c) The link line next to NWL (Option 2)
 - (d) Seal Sands Road (Options 1A and 1B)
 - 1.6.2 The effect of the waste water disposal on the Link Line Corridor.
 - 1.6.3 The effect of the Carbon Dioxide Gathering Network on:
 - (a) The whole of the Link Line corridor along the southern edge of the NWL Lagoon (Option 2)
 - (b) Tunnel No. 2.
 - (c) The link line at the tunnel head houses.
 - (d) Seal Sands Road
 - (e) The Link Line Corridor west through Seal Sands and Saltholme
 - 1.6.4 The effect of the Construction and Laydown Areas, in particular Work 9B (temporary construction and laydown area, Navigator Terminal); and
 - 1.6.5 The effect the access and highway improvements on:
 - (a) The link line next to NWL; and
 - (b) Seal Sands Road

2. SABIC'S FACILITIES

- 2.1 SABIC operates two main facilities in the Wilton site:
 - 2.1.1 The Cracker. The Cracker processes ("cracks") various feedstocks to form a number of products, primarily ethylene. A project is currently underway to modify the Cracker into an to process solely ethane gas cracker using shale gas-based feedstock and to produce solely ethylene.
 - 2.1.2 The LDPE Plant. This produces 400 ktpa of low density polyethylene, a thermoplastic made from ethylene. Approximately 50% of the ethylene made by the Cracker is supplied to the LDPE Plant.
- 2.2 The Cracker and LDPE Plant are linked via the Link Line Corridor to SABIC's facilities to the north of the Tees, in particular its ship loading and unloading facilities at its North Tees Works.
- 2.3 SABIC transfers naphtha feedstocks from its jetties at the North Tees Works along the Link Line Corridor to the Wilton site, and then transfers ethylene in the opposite direction for distribution to purchasers. The Link Line Corridor is therefore an essential artery without which SABIC's operations could not function.
- 2.4 In addition, SABIC operates an aromatics complex at North Tees and an ethylene liquefaction facility at North Tees Works to allow export of the ethylene to Europe. Beside these there are substantial logistical facilities at Wilton and North Tees, including major storage capacity, a cross-country pipelines network and substantial distribution and shipping services.
- 2.5 The extent and location of SABIC's apparatus within the Order Limits can be seen marked in blue on Plan 1 at Appendix 1.

3. PRIVATE LOSSES

- 3.1 In the event of the Cracker being taken offline, it would have to be drained and reset and it would take approximately 10 to 12 days to bring it back into operation.
- 3.2 Excluding the sale of inventories already on hand, margins for the SABIC Group would immediately become zero from own produced on the LDPE and other products.
- 3.3 Any losses incurred due to not being able to fulfil third party commitments would either create a margin loss or, at best, a break-even situation depending on the market strength of supply and demand at the time of the outage and how easy it would be to source purchased material to satisfy customer contractual commitments.
- 3.4 In addition to this loss, in the event of a controlled shutdown of the Cracker there would be additional shutdown costs of typically £5,000,000.
- 3.5 Fixed costs ascribed to the Teesside site operations are in the order of £100,000,000 per annum included within this would be a headcount of circa 450 employees.
- 3.6 Following any cessation of production on the Cracker and the immediate loss of margin, this £100,000,000 of fixed costs would effectively become the EBITDA loss of the site on an annualised basis.
- 3.7 Factors such as additional losses (for example damages to third parties caused by the nondelivery of product, damages or costs as a consequence of environmental remediation or damages or costs relating to personal injury, or damage to property directly caused by the Works) are not included in the above figures.
- 3.8 The Examining Authority will appreciate that the nature of consequential most losses is that their extent would not become fully apparent until the powers under the Order were exercised; it is not,

therefore, possible to give an account of consequential all losses at this stage, however they could clearly be considerable.

3.9 In addition to the above, in terms of qualitative loss, it should be noted that the powers sought by the Applicant would, if granted in the terms it is requesting, cause significant business uncertainty for SABIC.

4. COMPULSORY ACQUISITION

- 4.1 SABIC is also concerned in relation to the proposed powers of compulsory acquisition, in particular power to override its existing rights and create rights which are not compatible with its existing rights, and the taking of temporary possession in respect of the Link Line Corridor near the A1085.
- 4.2 SABIC is concerned that these aspects of the scheme will compromise:
 - 4.2.1 The safety and operation of the Link Line Corridors (including Tunnel No.2 which runs under the Tees);
 - 4.2.2 Uninterrupted Access, including along Seal Sands Road
 - 4.2.3 Navigation on the River Tees.
- 4.3 Under Section 122(3) of the 2008 Act an order granting development consent may include provision authorising the compulsory acquisition of land only if the Secretary of State is satisfied that:
 - 4.3.1 "...there is a compelling case in the public interest for the land to be acquired compulsorily."
- 4.4 The Draft Order contains powers which could destroy SABIC's operations Article 31 (temporary use of land for carrying out the authorised development) for example, provides powers for the undertaker to take temporary exclusive possession of the Link Line Corridor which would include the SABIC's apparatus.
- 4.5 Even a short period of temporary exclusive possession and/or removal could have profound consequences for the SABIC's operations and their nationally significant assets.
- 4.6 The consequences of granting the powers of compulsory acquisition as set out in the Draft Order would therefore potentially be very severe both in terms of public and private loss; it follows that the test set out in Section 122(3) has not been satisfied in respect of the Link Line Corridor and that the powers of compulsory acquisition which the Applicant is seeking in relation to this land should not be granted.
- 4.7 This highlights the need for the proposed protective provisions to be tightened to offset the potential for private and public loss and reduce its weight when set against the potential public benefit of the Scheme.
- 4.8 Where SABIC's proposed protective provisions are weakened or made uncertain, the weight of private loss in the equation will increase accordingly.

5. CONCLUDING REMARKS

- 5.1 For the reasons set out above SABIC sustains its objection.
- 5.2 Unless and until SABIC's interests are adequately protected it shall ask that the Examining Authority considers that the Application for the Scheme as currently presented cannot be accepted.
- 5.3 SABIC reserves the right to add further details during the courts of the Examination.

APPENDIX 1 – PLAN 1 – SABIC'S FOOTPRINT IN THE PIPELINE CORRIDORS





























