

WRITTEN REPRESENTATION OF HUNTSMAN POLYURETHANES (UK) LIMITED (HPU)

1. INTRODUCTION

- 1.1 This Written Representation is submitted on behalf of HPU in respect of the Net Zero Teesside Project DCO Application ("the Scheme") .
- 1.2 HPU operates facilities at Wilton International manufacturing the production of nitrobenzene and aniline.
- 1.3 These facilities are linked via a Link Line Corridor and tunnel to the Exolum Site which operates terminal facilities for HPU's products and raw materials.
- 1.4 Subject to the proper protection of their undertakings, HPU do not object in principle to the making of the Order.
- 1.5 HPU is negotiating protective provisions with the Applicant for their benefit and an agreement to satisfy their concerns.
- 1.6 Those negotiations are on-going. Until agreed, HPU's interests are currently not adequately protected and their objection is therefore maintained.
- 1.7 HPU is concerned about the interaction of the following aspects of the Scheme with its assets:
- 1.7.1 The effect of the gas connection pipelines on the Link Line Corridor next to NWL (Option 2) that HPU's aniline pipeline runs through.
 - 1.7.2 The effect of the waste water disposal on the Link Line Corridor at the southern end of the proposed works.
 - 1.7.3 The effect of the Carbon Dioxide Gathering Network on:
 - (a) The whole of the Link Line corridor next to NWL (along the southern edge of the NWL Lagoon (Option 2)) that HPU's aniline pipeline runs through.
 - (b) Tunnel No. 2.
 - (c) The link line at the tunnel head houses.
 - (d) The link line corridor south of the Exolum Site where HPU's aniline pipeline runs through Tunnel No.2
 - (e) The effect the access and highway improvements on the link line next to NWL

2. HUNTSMAN'S FACILITIES

- 2.1 HPU owns and operates an integrated facility on the Wilton site for the manufacture of nitrobenzene and aniline:
- 2.1.1 The Nitrobenzene Plant produces nitrobenzene through the nitration of benzene with nitric acid, in the presence of sulphuric acid. When constructed in 1996 it was the largest plant of its' type in the world, and it has been further improved. The most recent capacity expansion was completed in April 2015. All of the Nitrobenzene produced on the this plant is exported to the neighbouring Aniline Plant.
 - 2.1.2 The Aniline Plant produces aniline through the hydrogenation of Nitrobenzene. The Aniline Plant and export via the Link Line Corridor is operated 24/7, 365 days a year. The majority of the aniline produced (90-95%) is exported to HPU's Rotterdam site and

used in the manufacture of isocyanates ("MDI"), with the balance supplied to external customers.

- 2.2 The Nitrobenzene Plant and the Aniline Plant are linked to other facilities via the Link Line Corridors:
 - 2.2.1 Benzene is imported by pipeline to the Nitrobenzene Plant from storages to the north of the Tees. Exolum owns this pipeline up to a section on Wilton site where ownership transfers to HPU. Sections of the Exolum owned pipeline run through areas of the Order. This pipeline is marked in green on Plan 2 at Appendix 2.
 - 2.2.2 Dilute Effluent is exported by pipeline from the Nitrobenzene Plant to NWL's Bran Sands treatment works. NWL own this pipeline that runs through areas of the Order. This pipeline is marked in pink on Plan 2 at Appendix 2.
 - 2.2.3 Hydrogen is supplied by pipeline from the BOC Hydrogen Plant at North Tees to the Aniline Plant. BOC owns this pipeline which runs through areas of the Order. This pipeline is marked in blue on Plan 2 at Appendix 2.
 - 2.2.4 Aniline produced on the Aniline Plant is exported via pipeline to the Exolum Storage Terminal on the north bank of the Tees. HPU owns this pipeline. This pipeline is marked in green on Plan 1 at Appendix 1.
- 2.3 HPU directly employs approximately 75 people at its Wilton facility.
- 2.4 In addition to this, there are a large number of people indirectly employed to in the maintenance, servicing and logistics that support this facility.
- 2.5 It is widely accepted that the ratio of supply chain jobs to direct jobs is at least 2:1, suggesting that at least 150 jobs in the supply chain are supported by the HPU operation.

3. INTEGRATION WITH SUPPLIERS

- 3.1 In addition to the links set out above, the Nitrobenzene Plant and Aniline Plant are integrated into other Teesside chemical operations, most notably with:
 - 3.1.1 CF Fertilisers (for the supply of nitric acid);
 - 3.1.2 BOC (for the supply of Hydrogen); and
 - 3.1.3 Sembcorp Utilities (for the supply of utilities).
- 3.2 Any impact on HPU operations would impact those suppliers.
- 3.3 HPU's operations are "world scale" and provide critical mass to a number of suppliers.
- 3.4 The closure or disruption of the HPU assets would directly lead to the closure or disruption of the BOC Hydrogen plant and the likely closure or disruption of one of the nitric acid plants operated by CF Fertilisers.

4. PRIVATE LOSSES

- 4.1 Any cessation in the flow of HPU's product through the Link Line Corridor for a period greater than a couple of hours would require HPU to shut down its two manufacturing facilities.
- 4.2 Any cessation in the flow of benzene through Exolum's assets in the Link Line corridor for a period of greater than 20 minutes would require HPU to shut down its two manufacturing facilities.

- 4.3 Any cessation in the flow of hydrogen through BOC's assets in the Link Line corridor would require HPU to immediately shutdown of its two manufacturing facilities.
- 4.4 Any cessation of flow of Dilute Effluent to NWL though NWL's assets in the Link Line corridor for a period of greater than a couple of hours would require HPU to shut down its two manufacturing facilities.
- 4.5 Aniline is a key intermediate in the production of polyurethane chemicals and whilst there is a small merchant market for aniline, aniline production is always associated with a consuming polyurethanes production plant.
- 4.6 These market characteristics make it very difficult to source large quantities of aniline at short notice. It is for this reason that planned maintenance of the Aniline Plant is always aligned to that of its consuming polyurethanes plant.
- 4.7 Any significant outage at HPU's Aniline Plant would quickly lead to a significant impact on its polyurethane production. It is highly unlikely that sufficient aniline could be purchased at short notice.
- 4.8 Any such purchases would come at a premium to the cost of produced aniline but a much larger impact from reduced polyurethane production and associated sales could be anticipated.
- 4.9 The magnitude of the potential impact can be derived from the size of the business interruption insurance policy that the company holds (\$200M).
- 4.10 Shutting the facilities down and starting them up is also not without safety risk – a full start up from shut down can take a number of days.
- 4.11 In addition, if the Scheme resulted in a prolonged shutdown this would result in production loss for both the Teesside and the sister site in Rotterdam which relies on Teesside as the sole supply of aniline, which can be over 1000tes per day.

5. COMPULSORY ACQUISITION

- 5.1 HPU 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.
- 5.2 HPU's interests in the Link Line Corridor consist of rights to maintain their apparatus on the land. If compulsory acquisition powers were used without protection or qualification, HPU would be concerned that their existing rights to access and maintain its apparatus would be over-ridden.
- 5.3 HPU is concerned that these aspects of the scheme will compromise:
 - 5.3.1 The safety and operation of the Link Line Corridors (including Tunnel No.2 which runs under the Tees);
 - 5.3.2 Uninterrupted Access;
 - 5.3.3 Navigation on the River Tees.
- 5.4 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:
 - 5.4.1 "...there is a compelling case in the public interest for the land to be acquired compulsorily."

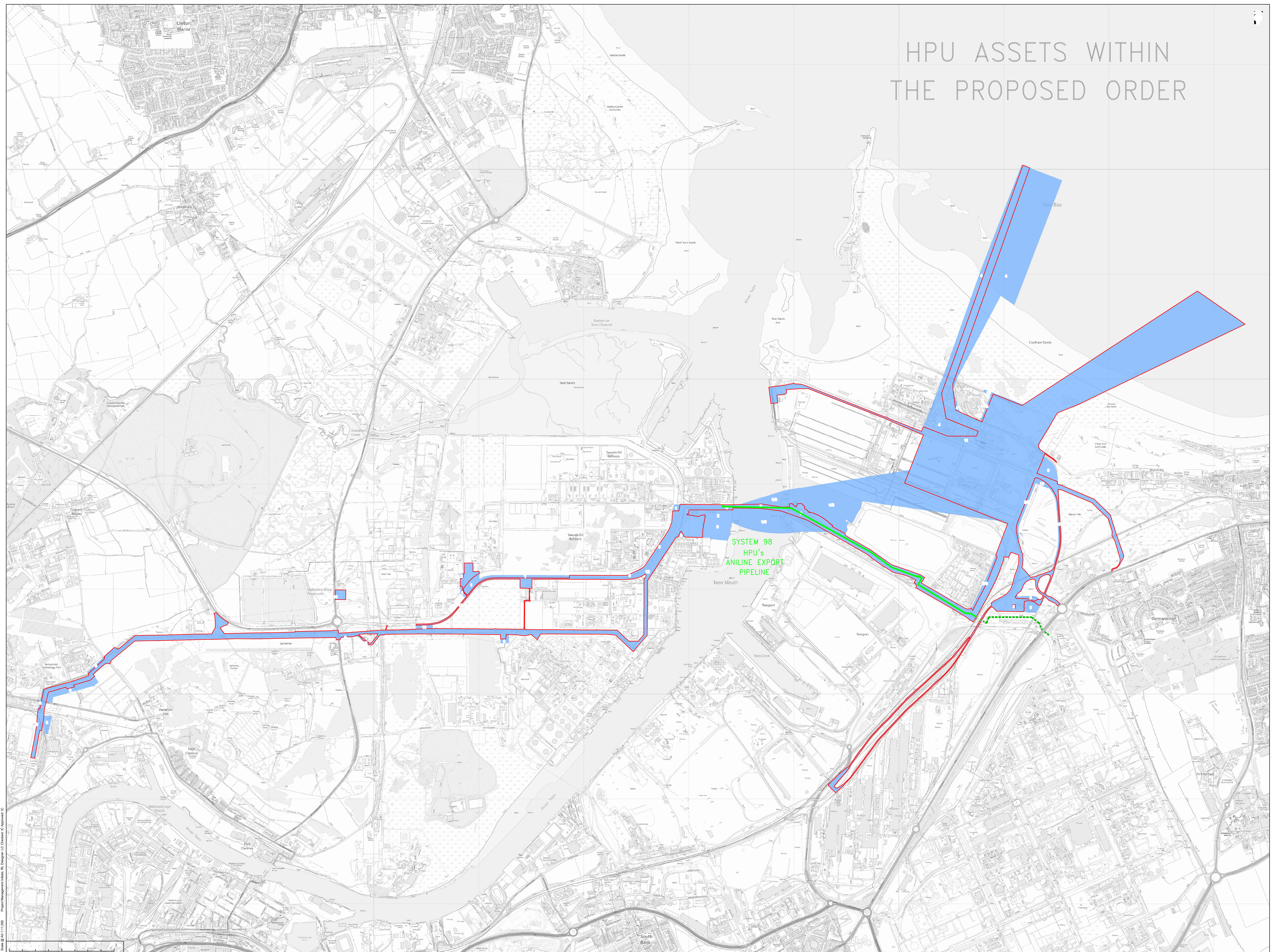
- 5.5 Even a short period of temporary exclusive possession and/or removal could have profound consequences for the HPU's operations and their nationally significant assets, as detailed in paragraph 4. HPU 's view is that existing wayleaves and controls from Sembcorp would allow the Applicant to still achieve their requirements without resorting to compulsory purchase.
- 5.6 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.
- 5.7 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.
- 5.8 Where HPU's proposed protective provisions are uncertain, the weight of private loss in the equation will increase accordingly.

6. CONCLUSION

- 6.1 HPU maintains its objection until it has agreed protective provision for the safeguarding of its infrastructure with the Applicant.
- 6.2 Unless and until HPU'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.

APPENDIX 1 – PLAN 1 – HPU ASSETS WITHIN THE PROPOSED ORDER

HPU ASSETS WITHIN THE PROPOSED ORDER



AECOM

PROJECT
NET ZERO TEESSIDE PROJECT



APPLICANT
NZT POWER LTD. AND NZNS STORAGE LTD.

KEY

Site Boundary - For Change
Notification - February 2022

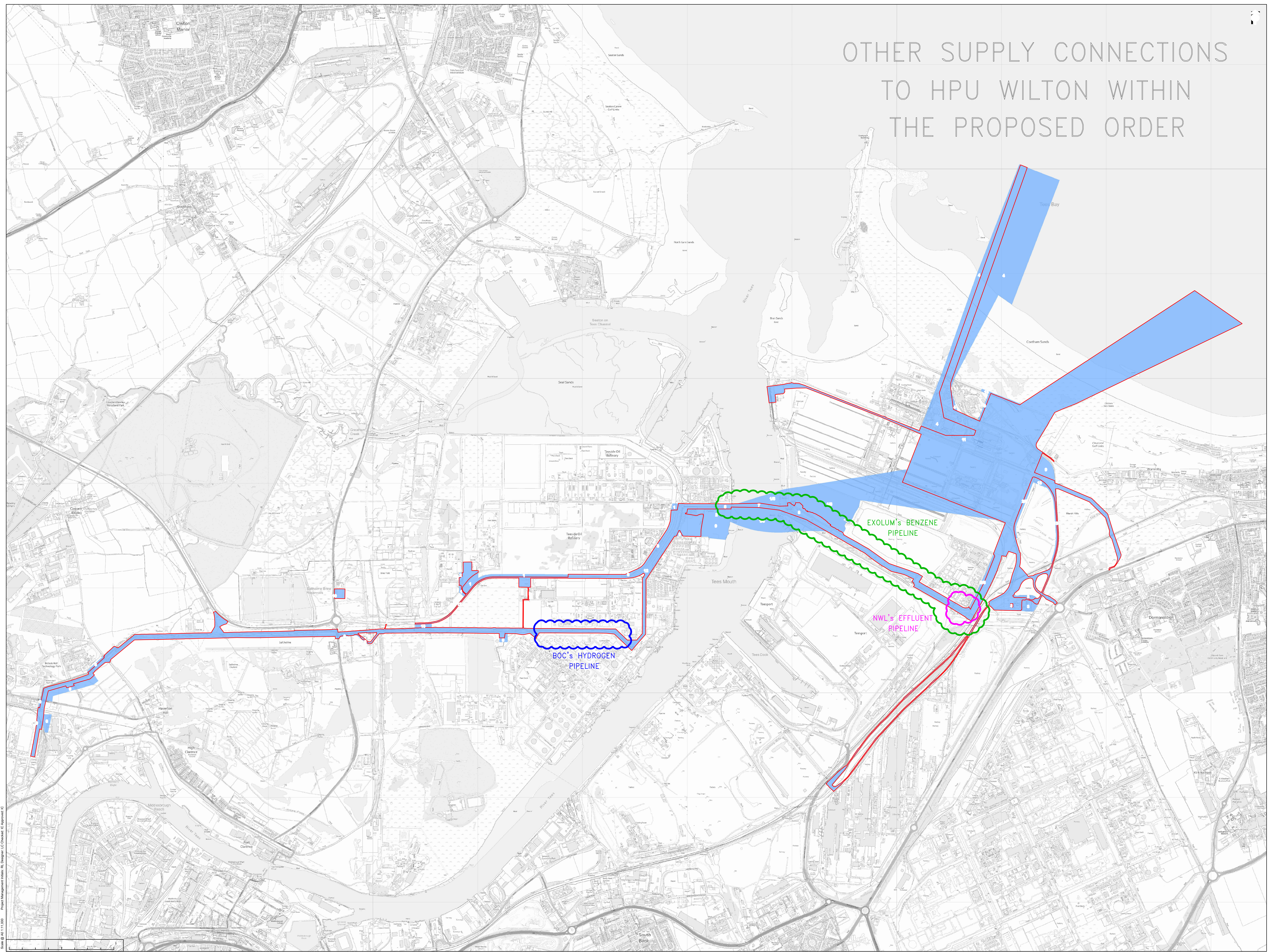
Site Boundary - DCO Application - July 2021

TITLE
NOTIFICATION OF PROPOSED CHANGES
OVERVIEW

REFERENCE
NZT_202216_P104_v3
SHEET NUMBER
1 of 1
DATE
16/02/22

**APPENDIX 2 – PLAN 2 – OTHER SUPPLY CONNECTIONS TO HPU WILTON WITHIN THE
PROPOSED ORDER**

OTHER SUPPLY CONNECTIONS TO HPU WILTON WITHIN THE PROPOSED ORDER



AECOM
PROJECT
NET ZERO TEESIDE PROJECT
Net Zero Teesside
APPLICANT
NZT POWER LTD. AND NZNS STORAGE LTD.
KEY
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SHEET NUMBER
1 of 1
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