
Response to DECC's letter dated 18 February 2016

**The Yorkshire and Humber (CCS Cross Country
Pipeline) Development Consent Order**

Date: 2 March 2016
Our ref: GPIN
Your ref: EN070001
e-mail: paul.j.green@nationalgrid.com

Department of Energy & Climate Change
3 Whitehall Place
London
SW1A 2AW

For the attention of Giles Scott

By email transmission only: giles.scott@decc.gsi.gov.uk

Dear Sirs,

Planning Act 2008 and the Infrastructure Planning (Examination Procedure) Rules 2010

Application by National Grid Carbon Limited (“the Applicant”) for an Order granting Development Consent for the Yorkshire and Humber Carbon Capture and Storage Cross Country Pipeline

REQUEST FOR COMMENTS FROM THE APPLICANT ON THE APPLICATION FOR THE PROPOSED YORKSHIRE AND HUMBER CARBON CAPTURE AND STORAGE CROSS COUNTRY PIPELINE

We refer to your letter dated 18 February 2016 requesting an update or further clarification on a number of points highlighted in your letter.

- (i) *It was confirmed on 25 November 2015 following the Chancellor of the Exchequer’s Autumn Statement that the £1bn ring-fenced capital budget for the Carbon Capture and Storage (“CCS”) Competition would no longer be available. This decision means that the CCS Competition has been closed. In the light of the decision to withdraw CCS funding, the Secretary of State wishes to know the intentions of the Applicant with respect to the future development of the Yorkshire and Humber Pipeline in the event that development consent for that project was to be granted.*

Our Need Case (Document 7.4 of the consent application) highlights that the application for development of the Yorkshire and Humber pipeline is for a multi-user pipeline and had never been intended for the sole use of the White Rose project. Therefore, the confirmation on 25 November 2015 that the £1bn ring-fenced capital budget for the CCS Competition would no longer be available, whilst impacting the progress of the White Rose project, does not undermine the broader purpose of the Yorkshire and Humber pipeline.

In determining the prospects of the Yorkshire and Humber Pipeline being used for other users, we note that the House of Commons Energy and Climate Change Committee report titled “Future of carbon capture and storage in the UK” (published 2nd February 2016) recommended in paragraph 33 of the report that;

DECC must now devise a new strategy for carbon capture and storage in conjunction with a new gas strategy, taking into account the infrastructure challenge in the future. It has already interrupted the momentum that had built up over recent years. It must not allow what is left to be lost. The Department must be clear over its plans, particularly with respect to CCS contracts-for-difference. Given initial costs and lead time for projects, if we do not commit to CCS now, we may have to accept that it will not be part of the future UK energy policy.

In coming to this recommendation the Committee took into account the Secretary of States statement to them in December 2015 that she was “**going to be taking a further look at industrial CCS strategy**” (paragraph 31 of the report).

In National Grids opinion the future development and use of the Yorkshire and Humber Pipeline cannot be fully assessed until the Government’s revised strategy for CCS is made clear. We believe that approval of the application is possible and is supported by established DCO precedent. However we are mindful that discussions with local stakeholders, with regard the impacted land and DCO, have been suspended since the Chancellor of the Exchequer’s Autumn Statement and pending clarity on Government’s forward strategy.

(ii) Again, in the light of the withdrawal of Government funding for the CCS demonstration programme, the Secretary of State would be grateful for an explanation about how any necessary funding for compensation to be paid in the event of compulsory acquisition powers being granted and exercised would be made available to those parties affected by such acquisition.

Should the Yorkshire and Humber Pipeline scheme be taken forward to a successful Final Investment Decision and construction, any necessary funding for compensation would be secured in accordance with the terms set out in our Funding Statement (Document 4.2 of the Consent Application). The withdrawal of Government funding for the CCS demonstration programme clearly impacts on the ability for the scheme, based on the White Rose project, to take a successful Final Investment Decision but not on the ability to fund any necessary compensation once that decision been taken.

(iii) The Secretary of State also requests information in respect of the offshore elements of the CCS chain linked to the Yorkshire and Humber Pipeline proposal – the pipeline from the coast at a point near Barmston in the East Riding of Yorkshire to the proposed storage facility – and particularly the latest position on any applications for necessary consents for that pipeline and for the related storage infrastructure.

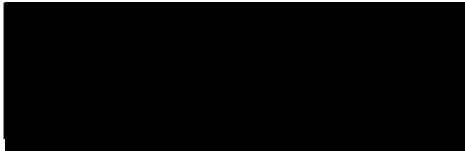
As part of the FEED work programme the development of the design for the offshore pipeline and storage site has been completed and, following engagement with the CCS supply chain, we now have cost information pertaining to that design.

The Pipeline Works Authorisation for the offshore section of the transportation pipeline has been submitted to the relevant Authority. Whilst the Applicant holds the storage licence and Agreement for Lease for the offshore storage location, the Storage Permit Application was provided in draft form to the relevant Authority at the time of the Chancellor of the Exchequer’s Autumn Statement but not formally submitted, pending clarity on the Government’s forward CCS strategy.

Both applications are complete and can be formally considered should the relevant Authority’s wish to do so.

We think there is an opportunity to secure the best value for the UK in both the current work, and in future development prospects, by granting the DCO. It may be that some amendment of the powers and conditions would make better provision for future flexibility. We are willing to continue to work with the Secretary of State and her officials in order for a successful outcome to be achieved. We hope this assists the Secretary of State in her consideration of the application for the DCO.

Yours faithfully,



Paul Green
For and on behalf of **National Grid Carbon Limited**