

# H2Teesside Project

Planning Inspectorate Reference: EN070009

Land within the boroughs of Redcar and Cleveland and Stockton-on-Tees, Teesside and within the borough of Hartlepool, County Durham

The H2 Teesside Order

Document Reference: 3.3a Supplementary Funding Statement

The Infrastructure Planning (Compulsory Acquisition) Regulations 2010 – Regulation 5(b)(ii)



**Applicant: H2 Teesside Limited**

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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 H2 Teesside Limited (the 'Applicant'). 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 the Department for Energy Security and Net Zero ('DESNZ'), under section 37 of the Planning Act 2008 (the 'PA 2008') in respect of the H2 Teesside Project (the 'Proposed Development').
- 1.1.2 The Applicant is H2 Teesside Limited, a bp company. H2 Teesside Limited will be the lead developer of the Proposed Development and bp will be appointed as the operator of the Proposed Development. The Proposed Development will support the decarbonisation of UK-produced natural gas by converting it to low carbon hydrogen in Teesside for use in industrial applications, thus helping to achieve national targets in relation to net zero. It will also contribute to restoring manufacturing jobs in the Tees Valley. The Proposed Development will export carbon dioxide (CO<sub>2</sub>) to the Northern Endurance Partnership ('NEP') offshore storage facility via NEP infrastructure on the adjacent Net Zero Teesside ('NZT') site, including the high-pressure compression facility and the CO<sub>2</sub> export pipeline.
- 1.1.3 The Applicant is seeking development consent for the construction, operation and maintenance of the H2Teesside Project, including associated development (together the 'Proposed Development') on land within the boroughs of Redcar and Cleveland and Stockton-on-Tees, Teesside and within the borough of Hartlepool, County Durham.
- 1.1.4 Development consent is required for the Proposed Development as it is the subject of a Direction dated 22 December 2022 made by the SoS under sections 35(1) and 35ZA of the PA 2008. The DCO, if made by the SoS, would be known as 'The H2 Teesside Order' (the 'Order').

### 1.2 The Purpose and Structure of this Document

- 1.2.1 This Statement has been produced because the Applicant has made changes to the Application which involve additional land being included within the Order limits as well as changes to the rights sought over plots already included in the Order limits ('the Additional Land'). The Applicant is seeking to acquire permanent rights over the Additional Land and is providing the information required under the Infrastructure Planning (Compulsory Acquisition) Regulations 2010 ('CA Regulations'). 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 updated Book of Reference (Document Ref. 3.1) and Supplementary Land Plans (Document Ref. 2.2a).
- 1.2.3 The document is structured as follows:
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- Section 2 – the Applicant and the project partners;
  - Section 3 – the Proposed Development cost;
  - Section 4 – the project funding; and
  - Section 5 – funding for compulsory acquisition and blight.

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## 2.0 THE APPLICANT AND THE PROJECT PARTNERS

### 2.1 The Applicant

2.1.1 H2 Teesside Limited (company number 14523230) is the Applicant for the Application. It is registered in England and Wales and is part of BP p.l.c. (incorporated in England and Wales with company number 00102498).

2.1.2 As set out in paragraphs 2.1.3 and 2.1.4 of the Funding Statement [APP-025], BP p.l.c. is currently the ultimate parent company of H2 Teesside Limited and H2 Teesside Limits will be the lead developer of the Proposed Development and bp will be appointed as the operator of the Proposed Development.

### 2.2 The Project Partners

2.2.1 The information within section 2 of the Funding Statement [APP-025] remains correct.

2.2.2 Subject to a final investment decision ('FID') being made and shareholder agreements being confirmed, the Proposed Development is being developed by the following partners ('Project Partners', these being the ultimate parent companies), with bp leading as operator:

- BP p.l.c., a company incorporated in England and Wales (company number 00102498); and
- Abu Dhabi National Oil Company (ADNOC) P.J.S.C. ('ADNOC'), a company existing under the laws of the Emirate of Abu Dhabi.

2.2.3 The latest audited accounts of bp group up to 31 December 2023 were submitted as part of the Application in Appendix 2 of the Funding Statement [APP-025]. The audited accounts stated total net assets of \$85,493 million.

2.2.4 As set out in the Funding Statement and the Applicant's Response to ExQ1 Compulsory Acquisition and Temporary Possession at Q1.6.32 [REP2-024], ADNOC is a wholly stated-owned enterprise of the Emirate of Abu Dhabi and so operates with strong financial backing and support of the Government of Abu Dhabi. The Government of Abu Dhabi, through its various sovereign wealth funds such as the Abu Dhabi Investment Authority (ADIA) and Mubadala Investment Company, manages assets exceeding \$1 trillion.

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### **3.0 PROPOSED DEVELOPMENT COST**

- 3.1.1 There is no change to the cost estimate of Phase 1 of the Proposed Development that is the subject of the Application being £2,300 million and Phase 2 of the Proposed Development being £2,200 million set out in the Funding Statement [APP-025], including taking account of the Additional Land.
- 3.1.2 The estimate remains the same, notwithstanding the Additional Land, given its small scale, the fact that the proposed change involves utilising a pipeline that already exists and so any works required would only be minor, and noting that other land has been removed from the Order limits.

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## 4.0 PROJECT FUNDING

- 4.1.1 There is no change to Section 4 of the Funding Statement, and the use of the pipeline on 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 construction costs incurred as part of the development programme will be funded from a combination of equity (private financing) and public funding sources, with the exact combination dependent upon market conditions at the date construction commences.
- 4.1.3 The FID on the Proposed Development will be taken by the Project Partners once the development consent is granted and will be based on a detailed costed development programme.
- 4.1.4 The costed development programme will confirm the projected costs for all elements of the delivery of the Proposed Development including capital expenditure during the construction phase, the cost of acquiring land or obtaining necessary rights for the Proposed Development and any compensation payable as a result of the Proposed Development and in accordance with the DCO. Costs incurred as part of the development programme, including any compulsory acquisition costs, will be funded from a combination of equity and potentially direct Government support, with the exact combination to be determined.



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## 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. This is the case because of the small scale of the Additional Land, the proposal to permanently acquire new rights as opposed to permanently acquiring the freehold, and also noting that the Applicant's other changes pursuant to this Change Request Application includes substantial reductions in other parts of the Order limits.
- 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.