

Glyn Rhonwy Pumped Storage Development Consent Order Non-material change application 2023

Consultation on proposed request for a non-material change.



PINS Reference	EN010072	
	Document No. SPH.GR [NMC-002]	
	Authors SPH/ BS	
Revision	Date	Description
1	27/09/2023	To accompany regulation 6 notice

1 INTRODUCTION

- 1.1 Snowdonia Pumped Hydro Limited ("SPH") (company number 08644844) having its registered address at 35 Ballards Lane, London N3 1XW is the undertaker with the benefit of the Glyn Rhonwy Pumped Storage Generating Station Order 2017, which was granted by the Secretary of State for Business, Energy and Industrial Strategy on 8 March 2017 (Statutory Instrument 2017 No. 330) as corrected by the Glyn Rhonwy Pumped Storage Generating Station (Correction) Order 2017 (Statutory Instrument 2017 No. 969) (the "Order") following an application made by SPH (Planning Inspectorate reference EN010072).
- 1.2 The Order was amended by the Glyn Rhonwy Pumped Storage Generating Station (Amendment) (Wales) Order 2021 (Statutory Instrument No. 1284 (W.323)). This non-material amendment extended the period for implementation of the Order to 29 March 2024. This was required due to the circumstances arising from the ongoing COVID-19 pandemic, including the restrictions imposed by the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 (as amended) and the various Health Protection (Coronavirus Restrictions) (Wales) Regulations which frustrated SPH's ability to fulfil the various requirements of the DCO, and to commence the authorised development before the expiry of that deadline.
- 1.3 The Order was made pursuant to Sections 114 and 120 of the Planning Act 2008 (the "2008 Act"), with the reasons for making the Order contained in the Secretary of State's letter dated 8 March 2017.
- 1.4 The Order grants development consent for the construction and operation of a 99.9MW pumped storage scheme (referred to in the Order as the "authorised development"). The authorised development is described in Part 1 of Schedule 1 to the Order.
- 1.5 The authorised development would be located on land at the Glyn Rhonwy and Chwarel Fawr quarries in Gwynedd, Wales. The entire project lies within the administrative boundary of Gwynedd Council. The location of the authorised development is shown on the Land Plans certified by the Secretary of State (drawing numbers: 141004-EXPA-LAND-001-J, 141004-OVER-LAND-001-J, and 141004-OVER-LAND-002-J) and the various components that comprise the authorised development are shown on the Works Plans certified by the Secretary of State (drawing numbers: GR_160809_DCO_2.04b_v17, GR_160809_DCO_2.04c_v17 and GR_160809_DCO_2.04d_v17).
- 1.6 The land comprises of several disused quarries, pits and slate tips, woodland, grazing land and an industrial estate platform. The majority of the eastern end of the land is owned by Gwynedd Council and the majority of the western end is owned by the Crown Estate.
- 1.7 Option agreements to acquire the necessary rights to or ownership of land and interests required to construct and operate the development permitted by the Order have been concluded.
- 1.8 SPH entered into an exclusivity agreement with Gwynedd Council dated 5 March 2014 pursuant to which Gwynedd Council has agreed to enter into a 125 year lease of property (as defined therein) to permit the construction and operation of the authorised development.
- 1.9 SPH entered into an option agreement with the Crown Estate dated 16 March 2015 pursuant to which the Crown Estate has agreed to enter into a 125 year lease of the property (as defined therein) to permit SPH to undertake the construction and operation of the authorised development.
- 1.10 Requirement 2 of the Order (Paragraph 2 of Part 2 of Schedule 1) ensures that the authorised development must commence no later than 29 March 2024. SPH is concerned that they will not be able to commence the authorised development within

this period due to unprecedented increases to projected capital costs of the development associated with the Russian invasion of Ukraine and other post-covid inflationary factors. Furthermore the policy background for Large-scale Long-duration Energy Storage facilities such as Glyn Rhonwy is likely to be updated in 2024-25.

- 1.11 SPH therefore seeks change the Order so as to extend the deadline for the commencement of the authorised development by 24 months to 29 March 2026 through a non-material amendment (the “NMC Application”). The NMC application is made under the Infrastructure Planning (Changes to, and Revocation of, Development Consent Orders) (Regulations 2011 (the “Changes Regulations”). This document is provided as part of the consultation on that proposed NMC Application in order to explain why the changes are sought.
- 1.12 This document sets out the proposed non-material amendment to the Order and the reasons for doing so. It also confirms that the changes will result in no new or different likely significant environmental effects.

2 CONSULTATION PROCESS

- 2.1 Regulations 6 and 7 of the Changes Regulations set out the process for publicising and consulting on the NMC Application. In accordance with Regulation 7A of the Changes Regulations, SPH will submit a separate Consultation and Publicity Statement certifying its compliance with Regulations 6 and 7 of the Changes Regulations.
- 2.2 This document is submitted to the Inspectorate with a notice under regulation 6 requesting that the documents be made available to the public on the Inspectorate's website:
- A notice of the application will be published for at least two successive weeks in the Caernarfon and Denbigh Herald, which is a local newspaper in the vicinity of the land on the 4th and 11th October 2023.
 - The following will be consulted by means of being sent a notice in hard copy:
 - those consulted about the original application;
 - those who benefit from the original development consent order; and
 - those who may be directly affected by the proposed changes. (Reg 7(2))
- 2.3 The NMC Application will be available to view on the Glyn Rhonwy website at:
- <https://www.snowdoniapumpedhydro.com/> and also on the Planning Inspectorate's website at:
- <https://infrastructure.planninginspectorate.gov.uk/projects/wales/glyn-rhonwy-pumped-storage/>
- 2.4 Hard copies of the NMC Application documents can be requested free of charge by contacting SPH at info@snowdoniapumpedhydro.com or Snowdonia Pumped Hydro Limited, 12A Talus House, Halstead, Essex, CO9 2BX.
- 2.5 Consultees may submit comments on the NMC Application until the closing date for consultation which is set out in the Regulation 6 notice associated with this NMC Application.
- 2.6 The applicant has undertaken non-statutory consultation with the local planning authority prior to submitting this request.

3 PROPOSED NON-MATERIAL CHANGE TO THE ORDER

The Glyn Rhonwy Pumped Storage Generating Station Order 2017 (as amended)

- 3.1 The Order includes 32 operative provisions, referred to as articles, and 7 Schedules.
- 3.2 Part 2 of Schedule 1 contains the Requirements. Requirement 2 states that the authorised development must commence by 29 March 2024. Requirement 2 would prohibit the commencement of the authorised development after 29 March 2024.

Proposed non-material change to the Order

- 3.3 SPH proposes a single change to the Order which is to substitute the date specified in Requirement 2 with a new deadline of 29 March 2026. The amended Requirement 2 would be amended as shown in the table below.

Provision	Drafting in the Order	Proposed Change
Paragraph 2 of Part 2 of Schedule 1	2. Time limits <i>"The authorised development must be commenced no later than 29 March 2024."</i>	2. Time limits <i>"The authorised development must be commenced no later than 29 March 2026."</i>

Justification for non-material changes

- 3.4 Since the amendment in 2021 SPH has been actively working on progressing the project in terms of the DCO Requirements, surveying and engineering. SPH has finalised the detailed design work with Fichtner Consulting Engineers which has included extensive consideration of the final detailed engineering design of the project, the construction methodology and supply chain. Following this work, SPH has taken the project out to tender with a number of major European civil and mechanical & electrical engineering contractors. Unfortunately, the tendered prices received have come back considerably higher than previously estimated.
- 3.5 The opinion of our consultants, and of the contractors themselves is that these unforeseen rises in costs are associated to the unprecedented inflation being experienced in the UK and Europe due to the Russian invasion of Ukraine as well as other post-covid factors.
- 3.6 UK building materials cost data shows significant, sharp rises and volatility in costs for key construction materials such as concrete and steel as shown in the graph in Figure 1. These rises in costs are also being experienced across Europe which is relevant as due to the scale and nature of the Development, the key contractors tend to be based in Europe. Inflation in petroleum products such as gas for manufacturing of materials and diesel for plant operation have also shown sharp increases.
- 3.7 According to the Building Cost Information Service (BCIS), part of the Royal Institution of Chartered Surveyors, "69% of British civil engineering firms [are] reporting difficulties with finding skilled operatives"¹. High labour costs have also proven to be a significant component of high construction costs during our tendering process. Some industry bodies such as the BCIS now consider that labour is now set to overtake materials as the main driver of increases to construction costs.
- 3.8 Since receiving the results of the tender exercise other projects in the energy sector that use similar materials such as the Vattenfall Boreas Wind Farm in Norfolk have announced that they are delaying development work due to high inflation impacting

¹ <https://bcis.co.uk/insight/bcis-webinar-series-construction-inflation-is-delivery-a-problem/>

construction costs and affecting the economics of the project² (projected costs increased by c.40%).

- 3.9 The data outlined above matches with our experiences during the tender process where in some cases, key construction materials such as concrete and installed steel tunnel lining prices have tripled or even quadrupled since initial estimates in 2021.

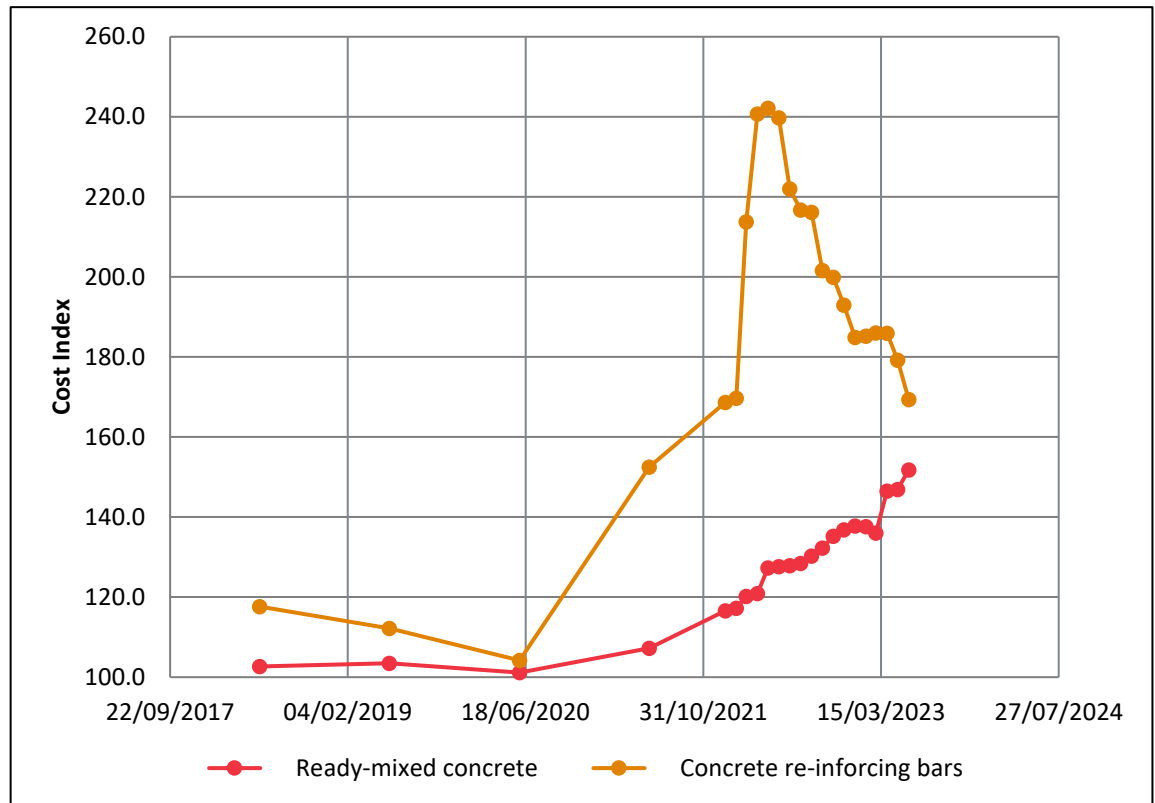


Figure 1 - Department for Business and Trade Building Materials and Components statistics³

- 3.10 Whereas previously, the economics of the project were such that no support from government was required, it is likely that final investment decision on the scheme will depend on the Government's Long Duration Energy Storage Support scheme which is set to be implemented in 2024. This now brings SPH in line with the position of other developers of pumped hydro energy storage such as Drax⁴ and SSE⁵ who are also awaiting confirmation of the Government support scheme. This sentiment is also shared by trade organisations such as Scottish Renewables⁶ as well as the First Minister of Scotland⁷. National Grid also call for the Government to deliver policy to unlock

²<https://group.vattenfall.com/press-and-media/newsroom/2023/first-six-months-2023-a-positive-development-for-the-customer-business-and-challenges-in-offshore-wind-power>

³ <https://www.data.gov.uk/dataset/75ee36ed-21f7-4d7b-9e7c-f5bf4546145d/building-materials-and-components-statistics>

⁴ https://www.drax.com/press_release/scottish-energy-minister-calls-on-uk-government-to-support-new-pumped-storage-hydro-plants/

⁵<https://www.sserenewables.com/news-and-views/2022/04/sse-renewables-renews-call-for-policy-action-on-long-duration-energy-storage/>

⁶<https://www.scottishrenewables.com/news/1342-drax-approved-for-new-500m-cruachan-2-pumped-storage-hydro-project>

⁷<https://www.gov.scot/publications/call-for-uk-government-to-support-pumped-hydro-storage-through-a-market-mechanism-letter-to-prime-minister/>

investment in Long Duration Energy Storage in their 2023 Future Energy Scenarios document⁸.

- 3.11 Due to these unexpected and extraordinary circumstances SPH considers that extending the deadline in Requirement 2 by 24 months would provide greater flexibility to enable it to commence the development permitted by the Order and reduce the risk of the development not going ahead at all. The 24 months would give us sufficient time to await the announcement from Government, appoint the Principal Contractor for the project's construction and give sufficient time to finalise all pre-construction work required.

Materiality of the proposed change

- 3.12 This NMC Application has been prepared with reference to the Planning Act 2008: Guidance on Changes to Development Consent Orders issued by the Department for Communities and Local Government in 2015 (the 2015 Guidance). This states that neither the 2008 Act nor the Changes Regulations provide a definition of a material or non-material change. However, the 2015 Guidance does provide four basic areas under which a proposed change should be considered which are:

- Environmental statement;
- Habitats and protected species;
- Compulsory acquisition; and
- Impacts on businesses and residents.

- 3.13 The proposed change will not alter any physical aspect of the development permitted by the Order and there will be no powers of compulsory acquisition in the Order.

- 3.14 From a Habitats Regulations perspective, the development permitted by the Order remains the same. It is not reasonably likely that the NMC Application would result in any different effects on habitats and protected species, nor on any sites of European importance. Therefore, it is not considered that a Habitats Regulation Assessment would be required.

- 3.15 The Environmental impact assessment work for the Glyn Rhonwy DCO was carried out on behalf of SPH by appropriately qualified environmental consultants. It was reviewed and updated in 2020 and a report to accompany the previous non-material amendment application was produced. The lead technical author of the original ES and the update report has carried out a further Environmental Appraisal of the potential impact of the proposed Non-Material Amendment on the various subject areas covered in the Environmental Statement (ES) for the project. This appraisal report is included with the NMC application. The general conclusions of the Environmental Appraisal are:

- Any potential impacts on local businesses and residents will not be altered by the proposed NMA
- Any subsequent planning permission for any new sensitive residential receptors should have taken account any potential effects of the construction, operation and decommissioning of the Glyn Rhonwy project
- The amendment will not lead to any new or different significant environmental effects for any of the environmental topics / areas covered by the certified ES

⁸ <https://www.nationalgrideso.com/future-energy/future-energy-scenarios>

- There will be no change to any previously agreed mitigation measures, or any of the documents already approved under the requirements in the Order. Consequently all of the assessments made in the ES still remain valid.
 - The commitments in the Order to mitigate any potential impacts on receptors would continue to apply.
- 3.16 In conclusion, the changes proposed in this NMC Application are considered to be non-material.

4 POLICY CONSIDERATIONS

- 4.1 Government policy support for low carbon electrical infrastructure and projects which can support and contribute to Net Zero has increased since the Order was made.
- 4.2 The Net Zero Strategy: Build Back Greener (October 2021) sets out that the deployment of new flexibility measures, including storage, is one of its key priorities (page 19). The British Energy Security Strategy (April 2022) sets out that “the system will prioritise 2 key features: anticipating need because planning ahead minimises cost and public disruption; and hyper-flexibility in matching supply and demand so that minimal energy is wasted”. It provides that the Government will “ensure a more flexible, efficient system for both generators and users: encouraging all forms of flexibility with sufficient large-scale, long-duration electricity storage to balance the overall system by developing appropriate policy to enable investment”. The development would provide long-duration electricity storage which is established as a priority by the strategy.
- 4.3 Since the making of the Glyn Rhonwy Pumped Storage Generating Station (Amendment) (Wales) Order 2021, there has been no change to the National Policy Statements for Energy as in force. The consultation on the revised National Policy Statements closed on 23 June 2023. It is noted that the draft EN-1 as consulted on provided support for the delivery of electricity storage, providing at paragraph that “Storage has a key role to play in achieving net zero and providing flexibility to the energy system”.
- 4.4 Future Wales 2040; The National Plan was published in February 2021 and now forms part of the development plan. This plan sets out the “need to consider large-scale energy storage as part of the energy system”. The development would deliver such storage in North Wales in compliance with that plan.
- 4.5 The applicable local development plan, the Joint Local Development Plan was adopted in July 2017 and remains the current local development plan. That plan sets out support for renewable and low carbon energy technologies which the pumped hydro project would help to support (Strategic Policy PS7). Policy AND 3 provides that “Proposals for renewable and low carbon energy technologies, other than wind or solar, which contribute a low carbon future will be permitted” subject to the impacts being acceptable. As the impacts of the DCO have already been assessed as acceptable, SPH considers that the policy supports this amendment application.
- 4.6 The non-material amendment sought would allow delivery of the development which is supported by policy at all levels and would contribute to policy objectives, including the achievement of Net Zero.

5 SUMMARY AND CONCLUSIONS

- 5.1 SPH is applying to make a non-material change to the Order to allow an extension of 24 months to the time limit set out in Requirement 2 (Paragraph 2 of Part 2 of Schedule 1) of the Order. This will allow for additional flexibility to commence the authorised development in response to unprecedented rises in construction costs associated with inflation. There will be no changes to any other provisions of the Order and the authorised development will remain the same.

- 5.2 An Environmental Appraisal Report has been prepared to accompany the NMC Application. The report considers the proposed change to the Order and assesses the potential for any new or different likely significant environmental effects to arise when compared with the findings of the Environmental Statement submitted with the original application and the 2020 update. The report demonstrates that the proposed change would result in no new or different likely significant effects.
- 5.3 Therefore, SPH considers that the proposed changes are not material for the purposes of the Changes Regulations and submits that the change proposed in this application can be granted by the Welsh Ministers.