SUMMARY OF ORAL SUBMISSIONS MADE ON BEHALF OF NATIONAL GAS TRANSMISSION PLC

EAST PARK ENERGY PROJECT – CAH 1

10 JUNE 2026

Introduction

1. National Gas Transmission Plc ('National Gas') attended Compulsory Acquisition Hearing 1 ('CAH1') relating to the proposed East Park Energy DCO ('the Project') held on 10 June 2026. National Gas appeared in person, and were represented by [redacted], of Counsel, and [redacted], of Mills & Reeve, Solicitors for National Gas.

2. National Gas is the statutory undertaker responsible for multiple gas transmission assets (and related apparatus) that cross the Order Land and are affected by proposals for cabling/access creation (see further **RR-902**; **REP3-081**). The rights sought over land in which National Gas have assets are required in respect of Works No. 6 and No.9. The relevant plot number is Plot 6-1 (see Sheet 6, Land Plans, **REP3-004**).

3. At CAH1, National Gas spoke in relation to Agenda Item 3b, Update on Negotiation with Statutory Parties. [redacted], on behalf of National Gas, confirmed that, with the exception of the issue relating to security, positive progress on the terms of the protective provisions was being made.

Summary of Submissions

4. [redacted] explained that, as a responsible statutory undertaker with responsibility for the national gas transmission network, National Gas needs to ensure that damage to its assets is avoided or, where such damages arises, that it is appropriately indemnified.

5. It was explained that, to that end, it is conventional for Orders and related agreements to provide for an indemnity, which indemnity is backed up by both (a) insurance and (b) security ('acceptable insurance and acceptable security provisions'). This is what

is proposed in National Gas's draft protective provisions (see **REP3-004, paragraph 11**).

6. The intention is that insurance should be effective to cover the majority of situations where damage to assets arise. However, wherever insurance is used, there is always a risk of (a) uninsured events, and/or (b) insurer insolvency. The risk of uninsured events is exacerbated in situations where, as here, National Gas has no control over the coverage of the insurance, beyond the minimum liability amount (see **REP3-004, paragraph 11(6)**).

7. Whilst it is recognised that there may be a relatively low risk of such an event arising, such an event would, if it arose, be 'high impact'. It would leave National Gas, and the public at large who pay for its services, exposed to potentially very significant sums. This outcome would be unacceptable to the Regulator, Ofgem, who require National Gas to operate a safe, efficient and economic transmission system.

8. In order to mitigate against this high impact risk, National Gas requires the indemnity that has been offered to be underwritten by security, which is intended to 'plug the gaps' in the event that insurance cover falls short. For this reason, National Gas explained, security is not something sought *"on top of other financial protection"*, as the Applicant characterised the position, but is necessary in order to underwrite the financial protection on offer. It was observed that an indemnity that is not adequately underwritten is, essentially, worthless.

9. It was emphasised that, if the Applicant proceeds appropriately, both in terms of actions on the ground and obtaining suitable insurance cover, the security should never need to be called on. It was further emphasised that the security provision does <u>not</u> require the Applicant to make available £50million in cash: acceptable security may be by way of one of three alternatives – parent company guarantee; bank bond; or credit letter.

10. [redacted] sought to explain why she had described the acceptable insurance and acceptable security provisions as 'conventional'. She explained that, with one

exception, National Gas's understanding was that every solar farm order[1] made in last 5 years (2021-2026) had included those provisions. The one order it understood to have excluded the provisions was one where the Examining Authority Report had made clear that a confidential side agreement existed; indeed, that order did not even provide for insurance.[2]

11. *Post-hearing note: At the hearing, the Applicant drew attention to the Heckington Fen Order, and National Gas agrees that this too does not contain the acceptable insurance and acceptable security provisions. However, like Longfield Solar Farm, the Examining Authority's Report makes clear that a separate commercial agreement had been negotiated alongside the Order, which was to National Gas's satisfaction. It remains National Gas's understanding that these are the only two solar farm orders to have been made within the last 5 years prior to CAH1 that did not include the disputed provisions on the face of the order.*

12. At the hearing, [redacted] also noted that, outside of the solar context, the issue of the necessity of the acceptable insurance and acceptable security provisions had been considered in the recent Viking CCS Recommendation Report, and in relation to Dogger Bank, the latter of which Examination had – unusually - had the benefit of detailed submissions made by both the Applicant, RWE, and objector, National Grid Electricity Transmission ('NGET'), on the issue. In both of those cases, the Examining Authority agreed that the provisions were necessary, with NGET's case being accepted in full.

13. [redacted] noted the Applicant's intention to set out its explanation as to why it considered security to be disproportionate in writing (such explanation not having been openly provided at the time of CAH1), and that National Gas would consider that explanation and respond in due course. However, she gave an early indication that the initial explanation given at CAH1 about 'limited interactions' with National Gas assets on this Project reducing the risks was unlikely to be a sound one, given that the

[1] National Gas focussed on solar orders in its submissions rather than other forms of development, because the nature of the risks to which National Gas's assets are exposed is comparable in these orders. For the avoidance of doubt, the acceptable insurance and acceptable security provisions are commonplace across all infrastructure types.

[2] Longfield Farm Solar (2023).

same fact would not diminish the seriousness of the issue if it arose. The issue remained ‘low probability, high impact’. Moreover, she observed that it was difficult to see – if the Applicant was confident that the security would not be required – why it did not simply accept it for National Gas’s reassurance.

14. *Post-hearing note: The Applicant’s characterisation of interactions with National Gas’s assets as ‘limited’ is not accepted. National Gas awaits the Applicant’s detailed response, however, before addressing this point further.*

For and on behalf of National Gas

10 July 2026