

The Keadby Next Generation Power Station Project

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**The Keadby Next Generation Power Station Development
Consent Order [year]**

**Land at, and in the vicinity of, the Keadby Power Station
(Trentside, Keadby, Scunthorpe DN17 3EF)**

Funding Statement

The Planning Act 2008

**The Infrastructure Planning (Applications: Prescribed Forms and
Procedure) Regulations 2009**

Regulation 5(2)(h)

Applicant: Keadby Next Generation Limited

Date: August 2025

GLOSSARY

Abbreviation	Description
2008 Act	The Planning Act 2008
APFP Regulations	APFP Regulations Application (Prescribed Forms and Procedure) Regulations
CGGT	Combined cycle gas turbine
DCO	Development Consent Order
ES	ES Environmental Statement
MHCLG	Ministry of Housing, Communities and Local Government
MW	Megawatts
NSIP	Nationally Significant Infrastructure Project
SoS	Secretary of State

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EXECUTIVE SUMMARY

This Funding Statement has been prepared to evidence the provision of funding to support the exercise of compulsory powers as required by Regulation 5(2)(h) of The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 in respect of the Keadby Next Generation Power Station Project.

This Funding Statement is structured as follows:

- Section 1 comprises an introduction to the purpose and contents of this Funding Statement.
- Section 2 provides an overview of the Applicant's Background and experience within its wider corporation and of its partner, in delivering large scale, complex energy infrastructure.
- Section 3 summarises the need for the grant of compulsory purchase powers.
- Section 4 sets out the current estimated costs of the Proposed Development.
- Section 5 sets out the funding approach for the Proposed Development.

1 INTRODUCTION

- 1.1 This Funding Statement relates to the application by Keadby Next Generation Limited (the "Applicant"), which is a subsidiary of SSE plc. It forms part of the application (the "Application") for a DCO that has been submitted to the Secretary of State for Energy Security and Net Zero under Section 37 of the Planning Act 2008 (the "2008 Act").
- 1.2 The Applicant is seeking development consent for the construction, operation and maintenance of a new CCGT electricity generating station on land at, and in the vicinity of, the existing Keadby Power Station, Trentside, Keadby, Scunthorpe DN17 3EF ("the Site").
- 1.3 The Keadby Next Generation Power Station (the "Proposed Development") is a new CCGT electricity generating station with a capacity of up to 910MW electrical output. The CCGT electricity generating station will be designed to run on 100% hydrogen and able to run on 100% natural gas or a blend of natural gas and hydrogen and will be located on land to the west of Keadby 1 and Keadby 2 Power Stations. The Proposed Development includes connections for cooling water, electricity, hydrogen and natural gas, and construction laydown areas and other associated development. It is described in full in the **Environmental Statement (ES) Volume I Chapter 4: The Proposed Development (Application Document Ref. 6.2.4)**.
- 1.4 The Proposed Development falls within the definition of a Nationally Significant Infrastructure Project ("NSIP") under Section 14(1)(a) and Sections 15(1) and (2) of the 2008 Act, as it is an onshore generating station in England that would have a generating capacity greater than 50MW electrical output (50MW). As such, a DCO application is required to authorise the Proposed Development in accordance with Section 31 of the 2008 Act.
- 1.5 The DCO, if made by the SoS, would be known as 'The Keadby Next Generation Power Station Order' (the "Order").
- 1.6 Subject to the necessary consents being granted and an investment decision being made, construction of the Proposed Development could potentially start in 2027. Construction activities are expected to be completed within three to four years of commencement, including commissioning.
- 1.7 This Funding Statement has been prepared pursuant to the requirements of Regulation 5(2)(h) of The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 and in accordance with the MHCLG guidance, "Planning Act 2008: nationally significant infrastructure projects – Application Form Guidance" and "Planning Act 2008: guidance related to procedures for the compulsory acquisition of land." This Funding Statement forms part of the Application.
- 1.8 This Funding Statement has been submitted as powers of compulsory acquisition of land or interests in land have been sought in the Order, and Regulation 5(2)(h) requires that any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how such an order is proposed to be funded.
- 1.9 The MHCLG guidance on compulsory purchase explains that this statement should provide as much information as possible about the resource implications of both acquiring the land and implementing the project for which the land is required. This Funding Statement therefore explains how the Applicant proposes to fund the implementation of the Proposed Development, including the acquisition of rights and interests in land. It should be read alongside the Statement of Reasons (**Application Document Ref. 4.1**) that justifies the powers of compulsory acquisition that are sought in the draft Order (**Application Document Ref. 3.1**).

- 1.10 The Applicant will be responsible for the construction, operation (including maintenance) and eventual decommissioning of the Proposed Development, with the exception of hydrogen and natural gas supply connection works, supply pipework, and electrical power export lines which will be the responsibility of those beneficiaries identified in the draft Order.

2 APPLICANT'S BACKGROUND

- 2.1 The Applicant is Keadby Next Generation Limited which is a subsidiary of the FTSE 100-listed SSE plc ("SSE"), one of the UK's largest and broadest-based energy companies, and the country's leading developer of renewable energy generation.
- 2.2 The Proposed Development is currently being jointly funded and developed by SSE via a Cooperation Agreement between SSE Thermal Energy Operations Limited (a wholly owned subsidiary company of SSE plc) and Equinor Low Carbon UK Limited (wholly owned by Equinor ASA). Equinor is one of the largest energy companies in the world and has a significant presence in the UK energy market.
- 2.3 At a later stage in the Proposed Development, it is anticipated both parties (being Equinor and SSE) will explore Equinor Low Carbon UK Limited (or a subsidiary company of the same) acquiring equity in the Applicant company, Keadby Next Generation Limited, creating a shared ownership structure. It is anticipated that this will be prior to or at Final Investment Decision.

Background to SSE

- 2.4 SSE is a leading generator of renewables and flexible energy in Great Britain and Ireland. SSE currently holds stated total net assets in excess of £28 billion. Over the last 20 years, SSE has invested billions of pounds to deliver industry-leading offshore wind, onshore wind, CCGT, energy from waste, biomass, energy networks and gas storage projects.
- 2.5 These projects include the adjacent Keadby 1 Power Station and Keadby 2 Power Station which are owned and operated by SSE, as well as the Keadby Windfarm which lies to the north and south of the Proposed Development and generates renewable energy from 34 turbines, with a total installed generation capacity of 68MW.
- 2.6 In November 2021, SSE announced its 'Net Zero Acceleration Programme' to accelerate clean growth, lead the energy transition and maximise value for all stakeholders. The programme is a fully funded £17.5 billion five-year strategic capital investment plan to 2027, focused on net zero infrastructure. It is expected that around £1.5 billion of the spend under the plan would be directed towards investments in flexible generation (including the Proposed Development), distributed energy and customer businesses.
- 2.7 SSE has repeatedly demonstrated, through effective capital allocation, raising debt at highly attractive terms, capital recycling and partnering, that it can take advantage of the accretive opportunities it creates. It is this disciplined approach that will guide the delivery of a plan that creates a platform for future growth and returns while providing optionality over any further favourable opportunities that arise. The plan is also consistent with an investment grade credit rating, an efficient balance sheet and a robust funding structure.
- 2.8 The design of the Proposed Development demonstrates the commitment to invest in flexible generation and net zero infrastructure. The Proposed Development will be built with a clear route to decarbonisation, being designed to run on 100% hydrogen, which has zero carbon

emission at the point of combustion, consistent with SSE's commitment to reduce the carbon intensity of electricity generated by 80% by 2030, compared to 2018 levels.

Background to Equinor

- 2.9 The Proposed Development is being developed with Equinor, one of the country's leading energy providers, supplying natural gas, oil and electricity. Equinor is developing multiple low-carbon hydrogen and carbon capture projects in the Humber, working towards transforming the UK's most carbon intensive industrial cluster into a net zero region. Equinor is one of the largest energy companies in the world and has a significant presence in the UK energy market. Equinor currently holds stated total net assets in excess of £131 billion.
- 2.10 Equinor's Energy Transition Plan, which was updated in March 2025, sets out the company's aim to achieve net zero by 2050 across scope 1, 2 and 3 emissions (covers scope 3 emissions from use of the energy products it produces). To measure progress, it has set out ambitions and milestones to reduce operated (scope 1+2) emissions by 50% from 2015 to 2030, at a pace and scale consistent with 1.5°C-aligned trajectories.
- 2.11 Equinor has acted early to reduce emissions, and by the end of 2024 has reduced emissions by 34% since 2015. Equinor intends to achieve 90% of its 2030 ambition through absolute reductions, using high-quality credits to cover remaining residual emissions. To measure progress on the strategic ambitions towards net zero, Equinor has developed a net carbon intensity metric that addresses both decarbonisation and energy production. This metric tracks net emissions, including scope 3 emissions from use of the energy products it produces, in relation to the overall energy from the oil, gas, electricity, hydrogen, biofuels and other energy products that it produces. Equinor aims to reduce its net carbon intensity by 15-20% by 2030 and 30-40% by 2035 compared to its 2019 baseline.

3 COMPULSORY ACQUISITION OF LAND AND BLIGHT

- 3.1 The majority of the land required for the implementation of the Proposed Development is freehold land owned by SSE and its subsidiary companies comprising Keadby Developments Limited, Keadby Generation Limited and SSE Generation Limited.
- 3.2 However, the implementation of the Proposed Development requires the acquisition of additional interests in land, acquisition and creation of new rights under and over land, and the temporary use of land, as further described in the Statement of Reasons (**Application Document Ref. 4.1**).
- 3.3 These interests in the Site are set out in the Book of Reference (**Application Document Ref. 4.3**) and considered in the Statement of Reasons (**Application Document Ref. 4.1**).
- 3.4 Notwithstanding the Applicant's intention to acquire these interests and rights by voluntary agreement, as set out in the draft DCO (**Application Document Ref. 3.1**), the Applicant is requesting powers to compulsorily acquire land, interests and rights. This is to ensure that the necessary interests and rights in land can be secured without unnecessary delay.
- 3.5 In the absence of such powers being granted the Applicant would not have certainty that it would be able to implement the Proposed Development.

- 3.6 The current position regarding negotiations with landowners and those with interests in the land affected by the DCO is summarised in the Statement of Reasons (**Application Document Ref. 4.1**).
- 3.7 The current cost estimate of the Proposed Development (see paragraph 4.3 below) includes an amount to meet the compensation payable in respect of interests identified to be acquired via compulsory acquisition powers included in the Order.
- 3.8 Should any claims for blight arise as a consequence of the Application, the Applicant has access to sufficient funds to meet the cost of acquiring these interests at whatever stage they are served.

4 ESTIMATED COST OF THE PROPOSED DEVELOPMENT

- 4.1 Chapter 5 of the Environmental Statement Volume I (**Application Document Ref. 6.2.5**) explains the construction phase of the Proposed Development setting out details of the anticipated construction programme, timings and methods of working.
- 4.2 As explained, a detailed construction programme is not available, as this is normally determined by the Engineering, Procurement and Construction contractors who have yet to be appointed.
- 4.3 The estimated cost of the proposed development is approximately £800 million - £950 million based on an estimate accuracy range commensurate with this early stage of development. This figure includes the cost of land acquisition and compensation.

5 SOURCE OF FUNDING

- 5.1 **The SSE Group** funds itself on a consolidated basis, with subsidiary companies borrowing from SSE plc as required. SSE plc has a £1.5 billion committed Revolving Credit Facility (currently undrawn), from a group of 15 well rated relationship banks and this facility is available to all subsidiaries. SSE plc has a good investment grade credit rating and is able to issue debt into the capital markets on a regular basis, with £1.6 billion issued into the Eurobond market in 2025 and an expectation that SSE will be able to continue to tap the global bond markets for any potential future funding requirements, where required. Capital expenditure on projects such as the Proposed Development may also be funded from cash reserves or future surplus operational cash flows.
- 5.2 As at August 2025, SSE's long-term credit ratings are investment grade: BBB+ stable outlook for Standard & Poor's and Baa1 stable outlook for Moody's.

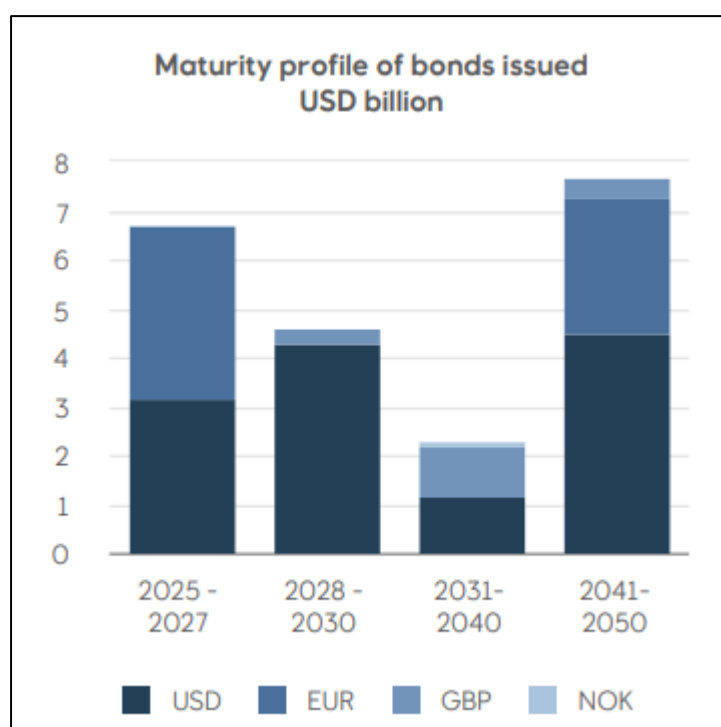
Concept and Basic Design Engineering Work

- 5.3 All costs since the inception of the Proposed Development have been funded through reliance on internal reserves, in equal parts by SSE and Equinor.

Implementation of the Proposed Development

- 5.4 It is anticipated that capital expenditure on the Proposed Development will be funded by shareholders on a pro-rata basis (equity) and by third-party non-recourse project finance (debt). The proportion of equity and debt funding is subject to further analysis and SSE and Equinor are working together to establish a Joint Business Model and optimal funding strategy. This will be informed by discussions with DESNZ on the Hydrogen to Power Business Model and Capacity Market Reform.

- 5.5 SSE is experienced in securing non-recourse project financing for large capital projects, most recently reaching financial close on Dogger Bank C. Dogger Bank C is a joint venture between SSE (40%), Equinor (40%) and Eni (20%) and will require total capital expenditure of around £3.0bn, including offshore transmission capex in the range of £0.9-1.0billion. Dogger Bank C is being project financed with gearing of c.70% for the generation assets and gearing on the transmission facilities is set at 90% of the forecast offshore transmission owner (OFTO) sale proceeds, in line with standard market practice in the sector. Total senior debt facilities are around £2.5bn plus ancillary facilities of around £435m.
- 5.6 SSE is experienced in funding and delivering large capital CCGT projects, completing construction and commissioning of Keadby 2, the most efficient gas-fired power station in Europe, on the same site as the Proposed Development in 2023.
- 5.7 **Equinor** generally seeks to establish financing at the corporate (top company) level. Loans or equity are then extended to subsidiaries to fund their capital requirements. Long-term funding is thus raised when Equinor identifies a need for such financing based on its business activities and cash-flows or to pre-fund when market conditions are considered favorable. Equinor ASA has been a regular bond issuer.
- 5.8 As of 31 December 2024, the average years to maturity of Equinor's bonds outstanding was 8.6 years. Please find the details below:



- 5.9 Equinor has a multicurrency revolving credit facility of USD 5 billion, including USD 3 billion “swing line” (same day value) option. The credit facility serves as a backstop facility for the group's borrowing in the US Commercial Paper market.
- 5.10 The Applicant therefore has full confidence that all funding resources necessary to deliver the Proposed Development will be available when required to enable timely delivery.