

SABIC UK PETROCHEMICALS LIMITED AND SABIC PETROCHEMICALS BV (URN 20053908)

APPLICATION BY MORGAN OFFSHORE WIND LIMITED AND MORECAMBE OFFSHORE WINDFARM LIMITED FOR

THE MORGAN OFFSHORE WIND PROJECT AND MORECAMBE OFFSHORE WINDFARM: TRANSMISSION ASSETS DEVELOPMENT CONSENT ORDER (EN020028)

DEADLINE 3

SABIC'S REPLY TO APPLICANTS' RESPONSE TO ITS WRITTEN REPRESENTATION

Reference	Written Representation Comment	Applicants' Response	SABIC's Reply
REP1-195 195.1	<p>2. SUMMARY OF SABIC'S POSITION</p> <p>2.1 SABIC made a relevant representation in relation to the Application to protect its position in relation to the following key concerns:</p> <p>2.1.1 To adequately protect its assets from the authorised works, compulsory acquisition, temporary possession and diversion.</p> <p>2.1.2 To ensure that suitable and adequate indemnity and insurance provisions are included in the Order.</p> <p>2.1.3 To ensure that SABIC Petrochemicals BV benefits from the protection of that indemnity and those insurance provisions.</p> <p>2.2 More details about SABIC's operations and concerns are set out below.</p> <p>2.3 SABIC does consider that its concerns are capable of being allayed by protective provisions. However such protections must be both suitable and adequate.</p> <p>2.4 SABIC provided the Applicant with its standard protective provisions for its pipelines on 1 April 2025.</p> <p>2.5 SABIC presently awaits the Applicant's comments on this document and the extent of any agreement and disagreement between the parties is therefore not currently known.</p>	<p>The Applicants thank SABIC UK Petrochemicals Limited and SABIC Petrochemicals BV (SABIC) for its written representation and its continued engagement and hope that this will lead to agreement on protective provisions and a Statement of Common Ground.</p>	N/A

	2.6 In light of the above, SABIC does not consider that it is possible at present to submit a meaningful Statement of Common Ground, as requested by the ExA.		
REP1-195 195.2	<p>3. SABIC'S OPERATIONS</p> <p>3.1 Overview</p> <p>3.1.1 SABIC operates from two primary sites at Wilton International and the North Tees Site. These facilities are linked together via pipeline corridors known as Link Line Corridors.</p> <p>3.1.2 In addition SABIC operates two cross-country pipelines: the Trans-Pennine Ethylene Pipeline and the Wilton to Grangemouth Ethylene Pipeline which form part of the national ethylene production and distribution network.</p> <p>3.1.3 This Application affects the Trans-Pennine Ethylene Pipeline.</p> <p>3.2 Wilton International</p> <p>3.2.1 Wilton International is an industrial area between Eston and Redar in North Yorkshire bounded by the A174 to the south, the A1053 Greystone Road to the west, the A1085 and the Mains Dike to the east.</p> <p>3.2.2 SABIC operates a facility at Wilton International, known as the Cracker, which is used to manufacture ethylene.</p> <p>3.3 North Tees Site</p> <p>3.3.1 The North Tees Site is situated at Seal Sands on the north bank of the River Tees.</p> <p>3.3.2 It is the site of substantial storage, distribution and shipping services including three shipping terminals. Ethane is imported into the North Tees Site via the River Tees and, once processed by the Cracker, ethylene is exported.</p> <p>3.4 Pipelines: TPEP and WGEP</p> <p>3.4.1 National Ethylene Pipeline Network</p> <p>(a) The UK's ethylene production relies on only three crackers: SABIC's Cracker at Wilton, INEOS' at Grangemouth and ExxonMobil's at Mossmorran.</p> <p>(b) These three crackers are linked together and linked to various ethylene consumers across Grangemouth, Wilton,</p>	<p>The Applicants note the overview provided by SABIC of its operations, including the Cracker at Wilton, the North Tees Site, the Trans Pennine Ethylene Pipeline (TPEP), and the Wilton to Grangemouth Ethylene Pipeline (WGEP), as well as the broader national ethylene network.</p> <p>The Applicants acknowledge SABIC's concerns regarding the national importance of the ethylene production and distribution system and its position that robust protections are required for the TPEP.</p> <p>The Applicants confirm that they have been engaging with SABIC to understand the nature of its assets and operations and to develop bespoke protective provisions, which reflect the interactions between the Transmission Assets and SABIC's assets. As set out in the Land Rights Tracker (REP1-065), the Applicants updated Part 3 of Schedule 10 of the draft Development Consent Order (DCO) (REP1-008) at Deadline 1 to reflect the fact that these protective provisions are for the protection of SABIC.</p>	N/A

	<p>Stanlow, Runcorn, Carrington and Saltend (Hull) via a series of interconnected pipelines</p> <p>(c) A UK Onshore Pipeline Operators' Association document, providing some information about this system is copied at Annex 1 in order to aid the ExA's understanding of SABIC's operations and the national scale of the ethylene circuit. This document is a little out of date, but provides helpful background information.</p> <p>3.4.2 SABIC's National Operations</p> <p>(a) SABIC's operations include two major pipelines:</p> <p>(i) the Trans Pennine Ethylene Pipeline (TPEP); and</p> <p>(ii) the Wilton to Grangemouth Ethylene Pipeline (WGEP).</p> <p>(b) The TPEP and WGEP should be properly understood as two links in the larger national ethylene pipeline production and supply network. This provides a critical link between SABIC's operations on Teesside and the other two UK ethylene Crackers, and supply routes to end-users of ethylene.</p> <p>(c) SABIC's own operations are therefore fundamentally connected with other manufacturers of ethylene. A diversion of SABIC's apparatus may have significant effects across all three operations.</p> <p>(d) The Examining Authority is asked to keep firmly in mind that these three facilities – Wilton, Grangemouth and Mossmorran – comprise the totality of the UK's ethylene manufacturing industry. The protection of SABIC's facilities and apparatus from compulsory acquisition is therefore important not just as a protection for SABIC, but also for the protection of INEOS and Exxonmobil whose businesses utilise the TPEP to supply customers, and therefore the future of the UK's ethylene manufacturing industry.</p> <p>(e) In short, any operational problems experienced by SABIC on Teesside as a result of the authorised development would be likely to cause operational problems to the ethylene production and distribution system at a national level.</p> <p>3.4.3 TPEP</p> <p>(a) The TPEP is a high pressure buried pipeline through which ethylene manufactured at the Cracker at Wilton is</p>	<p>The Applicants will continue to work with SABIC to develop and agree suitable protective provisions for inclusion in the draft DCO (C1/F04), with a view to ensuring appropriate safeguards for SABIC's infrastructure while enabling delivery of the Transmission Assets.</p>	
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	<p>transported to Runcorn for use by Vynova. It can also be used to transport ethylene manufactured at Grangemouth (where INEOS has a cracker) and Mossmorran (where ExxonMobil has a cracker).</p> <p>(b) As a major accident hazard pipeline the TPEP is likely to present engineering challenges to the proposed development. Development in the vicinity of the TPEP could present serious operational difficulties to SABIC and would not usually be allowed.</p> <p>(c) The potentially nationally significant serious detriment to the UK ethylene production and distribution system – and to end users of ethylene – is a factor which should be borne clearly in mind by the Examining Authority when considering which version of the protective provisions to include in their final recommended Order.</p> <p>(d) In particular, it is only right that the highest and most rigorous standards are applied in the Order to make sure that compulsory acquisition powers are only used when there is no other option.</p>		
REP1-195 195.3	<p>4. THE OPERATIONAL AND SAFETY CONTEXT OF SABIC'S BUSINESS</p> <p>4.1 COMAH</p> <p>4.1.1 SABIC's operations at Wilton and North Tees Sites fall within the ambit of the Control of Major Accident Hazards Regulations 2015 (COMAH), whilst the WGEP and TPEP fall under the Pipelines Safety Regulations 1996 (PSR). The TPEP is a major accident hazard pipeline (MAHP) under PSR.</p> <p>4.1.2 Both COMAH and PSR place SABIC under a duty to take all necessary measures to prevent major accidents involving dangerous substances, and to limit the consequences to people and the environment of any major accidents which do occur.</p> <p>4.2 PSR</p> <p>4.2.1 Under regulation 12 of the Pipelines Safety Regulations 1996 (PSR) SABIC as operator of the TPEP must ensure that no fluid is conveyed in a pipeline unless adequate arrangements have been made for dealing with an accidental loss of fluid from, discovery of a defect in or damage to or other emergency affecting the pipeline.</p>	<p>The Applicants note the detailed information provided by SABIC regarding its regulatory obligations under the Control of Major Accident Hazards Regulations 2015 and Pipelines Safety Regulations 1996, the designation of the TPEP as a Major Accident Hazard Pipeline and the operational and safety context of SABIC's business.</p> <p>The Applicants acknowledge the importance of ensuring that the TPEP and associated assets are protected during the construction and operation of the Transmission Assets.</p>	N/A

	<p>4.2.2 Regulation 23 of the PSR places a duty on SABIC as pipeline operator to prepare a major accident prevention document (MAPD). In respect of any health and safety arrangements or procedures described in the MAPD, SABIC must "ensure that those arrangements or procedures are followed". Protective provisions are required for SABIC to ensure that it is able to continue to comply with this duty.</p> <p>4.2.3 Regulation 25 PSR also places a duty on the local authority to prepare an emergency plan in respect of MAHPs.</p> <p>4.2.4 Regulation 15 of PSR provides that no person should cause damage to a pipeline and is aimed at third parties carrying out work around pipelines.</p> <p>4.2.5 Because it is an underground pipeline the TPEP is protected by a coating as well as cathodic protection which can be affected by electrical interference.</p> <p>4.2.6 When planning any new works in close proximity to the pipelines, SABIC requires as much advance notice as possible, so that they can agree safe working conditions and ensure that they comply with their duties. SABIC requires that it is notified of any works within 50 metres either side of the pipeline. Cases where it is not notified are pipeline infringements and are considered to be a "near miss".</p> <p>4.2.7 It follows that protective provisions are needed so that SABIC can approve works details and also to ensure that the Applicant monitors for damage during the works and that both parties are able to discharge their duties under the PSR.</p> <p>4.3 Diversion</p> <p>4.3.1 It is important to understand the technical and engineering difficulties of carrying out any works which might require the diversion of even a short section of the TPEP.</p> <p>4.3.2 The TPEP is designed to transmit ethylene directly and swiftly over a long distance. Although it is periodically joined to other links and spurs to Holford and Carrington, those links are infrequent.</p>	<p>The Applicants confirm that the protective provisions at Part 3 of Schedule 10 of the draft DCO (C1/F04) include provisions for working methods, appropriate notice periods and ongoing engagement with SABIC as operator of the TPEP, as well as clear restrictions and safeguards in relation to the exercise of such powers in respect of protected land and pipelines.</p> <p>The Applicants will continue to engage with SABIC with regards to bespoke amendments to address SABIC's specific concerns.</p>	
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	<p>4.3.3 Equally the design of the TPEP does not incorporate valve chambers at short intervals which would allow parts of the pipeline to be isolated so that work can be carried out. This means that in the event that the undertaker sought to divert the pipeline it would be likely that SABIC would have to isolate a section of the TPEP over 10 miles in length. This section would then need to be purged of inventory before any work could be carried out.</p> <p>4.3.4 SABIC estimates that such works would be likely to take 5-6 weeks to complete, and that its losses would run into the millions of pounds during such an interruption.</p> <p>4.3.5 In addition, such works would cut off supply to the Runcorn site affecting the manufacturing processes which take place there. The Runcorn site includes a facility for manufacturing chlorine operated by Runcorn MPC Limited (a joint venture between INEOS Inovyn and Vynova). Some of this chlorine is supplied to a second plant, operated by Vynova, which manufactures ethylene dichloride (EDC): it is this plant which uses the ethylene from the TPEP.</p> <p>4.3.6 SABIC cannot comment in any detail on the scale of operational difficulties or losses that would be suffered by the businesses operating from Runcorn as a result of an interruption to supply from the TPEP. However logically the following concerns need to be considered:</p> <p>(a) An interruption in ethylene supply to Vynova would be likely to affect or prevent the production of EDC at that plant.</p> <p>(b) If and to the extent that EDC is not being manufactured, that might also impact the production of the chlorine use to supply that plant.</p> <p>(c) This might impact on the supply of the chlorine used elsewhere in industry and/or public life, as it is understood that not all of the chlorine produced is used to manufacture EDC.</p> <p>(d) SABIC understands that Runcorn is the only large-scale chlorine manufacturing site in the UK.</p> <p>(e) Given the scale of operations at Runcorn, it is likely that their losses are also likely to be very significant and run into millions if not tens of millions of pounds.</p>		
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	<p>4.3.7 It is therefore difficult to predict the consequences of an interruption to ethylene supply across the chemical sector.</p> <p>4.3.8 These effects would be difficult to minimise or mitigate. There may potentially be a technical work-around using the WGEF to transport ethylene to Grangemouth and then the North West Ethylene Pipeline (NWEP) to transport ethylene down to Runcorn, however the NWEP is not a SABIC asset and is not under SABIC's control and it is far from guaranteed that this solution would be available.</p> <p>4.3.9 For this reason, SABIC is seeking to impose strong controls in the protective provisions against the use of powers of compulsory acquisition under the Order.</p>		
REP1-195 195.4	<p>4.4 Split Ownership</p> <p>4.4.1 One important feature of SABIC's operations is that:</p> <p>(a) The apparatus is operated by one group company, SABIC UK Petrochemicals Limited; but</p> <p>(b) The inventory (ie the contents of the pipelines) is owned by a different group company (SABIC Petrochemicals BV).</p> <p>4.4.2 This arrangement reflects the international, transcontinental nature of SABIC's ethylene production and supply business, a feature which is not present in the same way in the domestic operations of, say, National Grid Electricity Transmission Plc or National Gas Transmission.</p> <p>4.4.3 There is therefore a split of ownership between SABIC UK Petrochemicals Limited which owns the fixed, physical, apparatus in the UK, and SABIC Petrochemicals BV, who owns and continues to own the inventory as it passes across international borders to be processed and distributed or, in this case, is distributed through the TPEP.</p> <p>4.4.4 It is SABIC Petrochemicals BV who would be likely to suffer consequential loss as a result of the authorised development.</p> <p>4.4.5 It is a well-established principle that protective provisions have a role in protecting the financial position</p>	<p>The Applicants note SABIC's position regarding the split ownership of its assets and inventory, and its request that indemnity and insurance provisions reflect this arrangement. The Applicants are engaging with SABIC on these matters as part of the discussions on the protective provisions.</p>	N/A

	<p>of the person affected, because otherwise the authorised development could cause a third party to suffer significant financial losses, thereby putting their future operations at risk.</p> <p>4.4.6 SABIC's protective provisions therefore provide for the benefit of the indemnity and the insurance policy to include SABIC Petrochemicals BV. This is to place SABIC and the undertaker in the same position they would be in if SABIC's business was not an international one.</p>		
REP1-195 195.5	<p>4.5 Employment</p> <p>4.5.1 SABIC is a major employer in the UK, employing approximately 400 full time employees (with an additional 400 contractors), and 31,000 persons globally.¹</p> <p>4.6 Financial Benefits and Investment</p> <p>4.6.1 SABIC's operations contribute £400 million to the economy in the North East of England.</p> <p>4.6.2 In recent years SABIC has made significant investments at Wilton International, including around £250 million on its Low Density Polyethylene plant and around £850 million on a fuel conversion project for the Cracker.</p> <p>4.6.3 As such it is very strongly in the public interest to protect SABIC's interests and assets in the areas of the proposed DCO Application. Businesses and investors into the UK need to know that their established operations will be properly protected and that they can invest in them with confidence.</p>	<p>The Applicants are committed to continued engagement with SABIC to ensure its concerns are addressed and that the Transmission Assets can proceed in a way that minimises impacts on existing businesses and infrastructure.</p>	<p>The Applicants' comments are welcome.</p>
REP1-195 195.6	<p>5. SABIC'S ADDITIONAL SITE SPECIFIC CONCERNS</p> <p>5.1 Laying of Underground Cables</p> <p>5.1.1 Schedule 1 of the dDCO describes Works 25A and 25B, which cross the TPEP as works to install cable circuits and associated cable ducts either by open cut trenching or trenchless installation.</p> <p>5.1.2 SABIC has a number of safety requirements where works are undertaken in the vicinity of the TPEP, including relating to undertaking excavations, piling, backfilling, compaction, horizontal directional drilling and superintendence. It also prohibits certain activities such as storage, lifting and hydraulic testing over the TPEP.</p> <p>5.1.3 It also requires that drawings of underground services are approved. A minimum distance of 300 mm</p>	<p>The Applicants note the detailed safety and engineering requirements outlined by SABIC in relation to works near the TPEP. The Applicants confirm that protective provisions for the protection of pipelines, including the TPEP, are already included at Part 3 of Schedule 10 of the draft DCO (C1/F04)</p>	<p>N/A</p>

	<p>must be maintained and the angle of crossing must not be less than 60 degrees. Concrete raft protection must be provided above the pipeline (or above and below the pipeline if the new apparatus is to be installed under it).</p> <p>5.1.4 The UK's Institution of Gas Engineers (IGEM) guidance (IGEM/TD/1) should be adhered to. This recommends minimum separation of 300cm (3,000mm) for parallel pipes (or even greater, dependent on soil-type and pipeline pressure), and 60cm (600mm) for vertical separation.</p> <p>5.1.5 The TPEP is protected by a cathodic protection system and extreme care must be exercised during all construction work to avoid damage to cables, connections and test stations. As the proposed cables will carry high voltage electricity, interaction tests will have to be carried out to ensure the TPEP cathodic protection system is not impacted.</p> <p>5.1.6 SABIC would also be concerned about construction traffic passing over the TPEP otherwise than on public highways. SABIC would need to approve temporary crossing points and relevant protection.</p>	<p>These provisions require the Applicant to adopt appropriate working methods, provide advance notice of works, engage with SABIC and implement safeguards for pipeline infrastructure during construction. The Applicants are reviewing the additional draft protective provisions submitted by SABIC and will continue to engage with SABIC with regards to bespoke amendments to address SABIC's specific concerns.</p>	
REP1-195 195.7	<p>5.2 Permanent Environmental Mitigation Works</p> <p>5.2.1 The dDCO provides for Works Nos. 49A and 49B as "permanent environmental mitigation works" over a 30 hectare site. The works are identified in the Outline Ecological Management Plan ("OEMP") as "Permanent mitigation area south of Newton-with-Scales".</p> <p>5.2.2 SABIC has two concerns about the scheme in this location:</p> <p>(a) The proposed wader scrapes (shallow depressions created in fields to benefit wading birds). The making of these depressions by the Application would be of concern to SABIC if they are in the vicinity of the TPEP, as they would constitute excavations which could damage the TPEP. Additionally, any loss of cover above a pipeline increases the risk of third party interference with it.</p> <p>(b) The thickening of existing hedgerows and gapping of hedgerows with new native planting. SABIC maintains certain rules in relation to planting of trees and shrubs in the vicinity of the TPEP, as their roots would be likely to</p>	<p>The Applicants note SABIC's concerns regarding the proposed permanent environmental mitigation works in the vicinity of the TPEP. As noted in the Applicants' response to SABIC's relevant representation (Table 2.103 of PDA-007), the detailed design of the measures at the permanent mitigation area south of Newton-with Scales will take into account SABIC's TPEP infrastructure.</p> <p>Further, the Applicants refer to row 1917.5 in Table 2.103 of PDA-007, which sets out how the draft DCO (C1/F04)</p>	<p>The Applicants' response indicates that they will take into account SABIC's TPEP Infrastructure in the detailed design of the permanent mitigation area south of Newton-with Scales. SABIC's concern is that there is no formal mechanism in place to ensure that this takes place.</p> <p>Given the nature of its apparatus, and the reduction in soil cover which would result from a wader scrape, SABIC does not consider that it would be appropriate to install any part of the wader scrapes within 6 metres of any part of the TPEP to avoid the potential for erosion or land slip from that point to ingress towards the pipeline.</p> <p>It also considers that there should be an enforceable mechanism to ensure that the hedgerow planting accords with the restrictions set out in the below table:</p>

	<p>cause damage. For example, hawthorn should be planted not less than 3 metres away from the TPEP.</p> <p>5.2.3 In light of these difficulties and constraints, SABIC does not believe that it is appropriate for the scheme to use this land and is very concerned that the Applicant has not given due consideration to possible alternatives.</p>	<p>controls the Applicants' compulsory acquisition and other powers in relation to apparatus or land owned by SABIC.</p> <p>As outlined above, the Applicants confirm that the protective provisions for the protection of pipelines, including the TPEP, are already included at Part 3 of Schedule 10 of the draft DCO (C1/F04). These provisions ensure the safety and integrity of pipeline infrastructure during the delivery of all Transmission Assets works, including environmental mitigation measures.</p> <p>The Applicants are reviewing the additional draft protective provisions submitted by SABIC and will continue to engage with SABIC to address its specific concerns, while ensuring the delivery of the Transmission Assets, including the environmental mitigation works, in accordance with detailed Ecological Management Plan(s), which will be informed by the Outline Ecological Management Plan (APP-212).</p>	DISTANCE FROM PIPELINE	SPECIES	MATURE HEIGHT
			No Restriction	Heathers Grass Pasture Crops Bracken	- - - -
			1.5 Metres min. (Schedule 'A')	Blackthorn Broom Hazel Laurel Privet Rhodedendron Snowberry Other ornamental shrubs	4 m 2 m 9 m 6 m 3 m 6 m 2 m -
			3 Metres min. (Schedule 'B')	Birch Crab Apple Elder Hawthorn Holly Pear Rowan Whitebeam Cherry Other Ornamental and Amenity Trees	30 m 9 m 9 m 14 m 20 m 15 m 20 m 24 m 12 m -
			6 Metres min. (Schedule 'C')	Alder Ash Beech	22 m 40 m 36 m

			<table><tr><td></td><td>Cedar Chestnut Elm Fir Larch Lime London Plane Oak Pine Spruce Sycamore</td><td>25 m 35 m 36 m 55 m 38 m 40 m 30 m 35 m 36 m 40 m 35 m</td></tr><tr><td>10 Metres min.</td><td>Poplar Willow</td><td>33 m 24 m</td></tr></table>		Cedar Chestnut Elm Fir Larch Lime London Plane Oak Pine Spruce Sycamore	25 m 35 m 36 m 55 m 38 m 40 m 30 m 35 m 36 m 40 m 35 m	10 Metres min.	Poplar Willow	33 m 24 m
	Cedar Chestnut Elm Fir Larch Lime London Plane Oak Pine Spruce Sycamore	25 m 35 m 36 m 55 m 38 m 40 m 30 m 35 m 36 m 40 m 35 m							
10 Metres min.	Poplar Willow	33 m 24 m							
REP1-195 195.8	6. SABIC'S GENERAL CONCERNS 6.1 DCO Powers 6.1.1 SABIC is concerned about powers of compulsory acquisition, in particular the right to take exclusive temporary possession and to create rights which are not compatible with SABIC's existing rights (including the power to override SABIC's existing rights. 6.1.2 The Applicant has not confirmed whether it needs to extinguish SABIC's rights or divert the TPEP. This creates an unacceptable level of uncertainty for SABIC in terms of the project. If the Applicant is unable to say that it needs to extinguish SABIC's rights then it is difficult to see how they can satisfy the Secretary of State that the powers being sought are no more than is reasonably required for the purposes of the development.	The Applicants acknowledge SABIC's position regarding the scope of powers sought. The Applicants are not seeking to extinguish or divert the TPEP. Any rights sought in relation to SABIC's land or apparatus would be governed by protective provisions in SABIC's favour, as set out in the protective provisions in Part 3 of Schedule 10 to the draft DCO (C1/F04). The Applicants continue to engage with SABIC to finalise the drafting.	SABIC welcomes the Applicants' confirmation that it is not seeking to extinguish or divert the TPEP, however the Order and protective provisions in their current form would allow this to occur. SABIC will explore with the Applicant whether it is their intention to completely remove powers (or to agree not to exercise them).						
REP1-195 195.9	6.2 Article 33 6.2.1 SABIC supports the principle of guarantees and securities being provided before compulsory acquisition takes place, as contained in Article 33 of the dDCO, however the Applicant has not made adequate provision	The Applicants note SABIC's support for the principle of guarantees and securities in Article 33 of the draft DCO (C1/F04) and its concerns regarding the process for	The Applicant has confirmed that the approval process in Article 33 is designed to allow the Secretary of State to assess the adequacy of the security, based on financial information provided by the Applicants.						

	<p>in the article to ensure that the Secretary of State is able to determine if the level of security is adequate.</p> <p>6.2.2 SABIC is particularly concerned about the incidental suspension or extinguishment of an inconsistent right under Article 22 or 29 and how the effect of the extinguishment or suspension of its rights would be taken into account under to ensure that an adequate security is obtained. Article 33 does not provide a mechanism under which information is to be provided to the Secretary of State to allow them to make an objective assessment regarding the level of compensation to be provided.</p> <p>6.2.3 In the absence of protective provisions to the contrary, the only cogent way to make this assessment would be to assume that the Applicant will exercise such powers to their fullest extent to extinguish SABIC's rights and remove SABIC's apparatus such as to prevent its continued operations and to place this outcome into the balance against the benefits of the scheme.</p> <p>6.2.4 It is unclear whether the Applicant has taken into account this "worst case" assessment in its Funding Statement [APP- 008]. However its estimate of £19,967,103 in paragraph 1.7.1.3 would not seem to take into account compensation payable to SABIC in the event of the extinguishment of its rights in respect of the TPEP.</p> <p>6.2.5 Although the quantum of compensation is not a matter for the ExA, the proper and adequate assessment of potential compensation in the context of the Funding Statement and the adequacy and securing of the funding to sufficiently meet that liability, are (in the case of a private company) matters which the ExA should properly consider.</p>	<p>assessing the adequacy of security and compensation liabilities. The Applicants confirm that Article 33 provides protection for affected parties by ensuring that Morgan OWL and Morecambe OWL cannot exercise key powers of compulsory acquisition, including those under Article 22 (compulsory acquisition of rights) and Article 29 (temporary use of land for carrying out the authorised project), unless and until the Secretary of State has approved the amount of any guarantee or alternative form of security, or confirmed that no such security is required. This approval process enables the Secretary of State to make an informed and objective assessment of the adequacy of the security, based on financial information provided by the Applicants.</p> <p>As confirmed in the Property Cost Estimates (PCE) at Annexes 1 and 2 of the Funding Statement (APP-009 and APP-010) costs for utility apparatus such as pipelines (which would include the TPEP) are not included in the figures referred to by SABIC.</p> <p>Compensation for impacts on SABIC's assets, including any</p>	<p>Article 33 does not make provision for this information to be supplied to the Secretary of State. Nor does it require the Applicant to make enquiries of landowners as to the knock-on effect of the acquisition of rights.</p> <p>SABIC is concerned about two main issues:</p> <ol style="list-style-type: none"> 1. A situation where the Applicant undervalues the likely compensation due to SABIC's because it fails to understand the compensation consequences of extinguishing its rights; or 2. A situation arising whereby the Applicant does not anticipate taking SABIC's rights when it gets authorisation, but then requires them due to engineering difficulties.
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		<p>extinguishment or suspension of rights, would therefore be determined under the Protective Provisions at Part 3 of Schedule 10 of the draft DCO (C1/F04). These provisions prevent the Applicants from exercising powers under Articles 22 or 29 in relation to the SABIC's assets (including the TPEP) without SABIC's consent, agreement via arbitration, or deemed consent mechanisms.</p>	
<p>REP1-195 195.10</p>	<p>6.3 Article 16 6.3.1 SABIC is concerned about the traffic regulation powers provided in Article 13 of the dDCO. These relate to streets, which includes but is not limited to highways and could include access routes to SABIC's assets. 6.3.2 The power to regulate traffic under Article does not include a geographical limit, and is not limited to the specific roads identified on the street works plan. This seems too broad for a project of this nature.</p>	<p>The Applicants acknowledge SABIC's concerns regarding the scope of Article 13. While Article 13 provides a general power to temporarily restrict or manage streets, its exercise over any street not listed in Schedules 4A and 4B of the draft DCO (C1/F04) is subject to the consent of the relevant street authority (which may impose reasonable conditions) under Article 13(6)(b) of the draft DCO (C1/F04). This safeguard ensures that the power to restrict or manage streets is controlled and appropriately limited.</p> <p>In addition, the protective provisions at Part 3 of Schedule 10 of the draft DCO (C1/F04) provide strong safeguards for access to pipelines and protected land,</p>	<p>SABIC thanks the Applicant for its helpful explanation.</p>

		including specific requirements to consult with SABIC and others on construction access plans, manage construction to minimise impacts on access, and ensure continued access to protected assets. The Applicants consider these provisions ensure that access to SABIC's assets is properly protected.	
REP1-195 195.11	7. PROTECTIVE PROVISIONS 7.1 SABIC does consider that its concerns can be allayed by protective provisions. However such protections must be both suitable and adequate. 7.2 SABIC provided the Applicant with its standard protective provisions for its pipelines on 1 April 2025. These are contained at Annex 2 of this document. 7.3 At Deadline 1 SABIC awaits the Applicant's comments on this document and the extent of any agreement and disagreement between the parties is not known. 7.4 SABIC will engage with the Examination to seek to ensure the protect its position in particular in relation to the following key concerns: 7.4.1 To adequately protect its assets from the authorised works, compulsory acquisition, temporary possession and diversion. 7.4.2 To ensure that suitable and adequate indemnity and insurance provisions are included in the Order. 7.4.3 To ensure that SABIC Petrochemicals BV benefits from the protection of that indemnity and those insurance provisions.	<p>As set out above, the Applicants confirm that Part 3 of Schedule 10 of the draft DCO (C1/F04) contains protective provisions for the benefit of SABIC's assets, including the TPEP. These provisions address matters such as working methods, access, safety measures and restrictions on the exercise of powers including compulsory acquisition, temporary possession and extinguishment of rights.</p> <p>The Applicants note that SABIC has provided its standard protective provisions for pipelines and confirm that these are being reviewed. The Applicants will continue to engage with SABIC with a view to agreeing bespoke protective provisions that are suitable and adequate to address SABIC's concerns</p>	Engagement between the parties continues on the terms of protective provisions.

		prior to the close of examination.	
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Womble Bond Dickinson (UK) LLP

10 January 2025