

# Relevant Representation - Kellas Midstream Limited and CATS North Sea Limited



## 1 INTRODUCTION

- 1.1 This representation is submitted pursuant to the Section 56 notice dated May 2024 and issued by H2 Teesside Limited (“**H2Teesside**”). This representation has been prepared on behalf of Kellas Midstream Limited (“**Kellas**”) and CATS North Sea Limited (“**CNSL**”) in relation to the application for a Development Consent Order (“**DCO**”) for the H2Teesside Project (the “**Project**”). Kellas and CNSL request that they are registered as an Interested Party in the Examination.
- 1.2 Kellas is the parent company of CNSL. CNSL is an owner and the operator of the Central Area Transmission System (“**CATS**”), which transports natural gas from the Central North Sea to a terminal at Teesside. It is essential that any interaction with the Project does not adversely impact CATS, which is infrastructure of national importance.
- 1.3 Kellas and CNSL do not object to the principle of the Project but are concerned that the DCO for the Project being granted in its current form could have an unacceptable impact on CATS. The H2Teesside development site boundaries include land where CATS operating infrastructure is located. Any H2Teesside works that take place in close proximity to these CATS assets have the potential to cause damage to these assets, leading to significant risk to both the general public and the CATS business. Sufficient protective measures will need to be put in place to manage this risk, as well as ensuring that H2Teesside maintain an open dialogue with CNSL and Kellas.

## 2 BACKGROUND TO CNSL’S OPERATIONS

- 2.1 CATS is one of the largest UK North Sea natural gas transportation and processing systems and can carry over 48 MCMD (1700 mmscfd) of natural gas, which represents approximately 25% of daily UK gas demand. CATS transports gas through a 404km, 36 inch pipeline from the Central North Sea to a processing terminal located with a 29-hectare site at Teesside. The CATS pipeline is classified as a “Major Accident Hazard” pipeline and is operated in compliance with the Pipeline Safety Regulations 1996.
- 2.2 CATS, including the CATS pipeline, is essential national infrastructure necessary for the operation at any one time of approximately 30 oil and gas fields in the North Sea. Any incident which results in damage to the CATS pipeline or which would require the CATS pipeline to shut down would, amongst other things, have a significant adverse impact upon the UK gas and electricity supplies to both the domestic and commercial markets.

### CATS Terminal Overview

- 2.3 The CATS Terminal is a combination of gas reception and processing facilities owned by a group of international infrastructure, oil, gas and energy companies and operated by CNSL. Wood plc is appointed by CNSL as Control of Major Accident Hazards (“**COMAH**”) Operator of the CATS Terminal and Pipeline Operator of the CATS pipeline. The CATS Terminal transports and treats gas on behalf of a number of customers.
- 2.4 The system can handle more than 1.6 billion cubic feet of natural gas per day, enough to supply more than 8 million British homes.
- 2.5 The CATS pipeline begins at a riser platform in the Central North Sea and transports gas some 250 miles (404km) to the CATS processing terminal at Seal Sands, Teesside on the North East coast of England. At the CATS Terminal, natural gas liquids (“**NGLs**”) are removed and the gas is processed for delivery into the National Gas National Transmission System (“**NTS**”).
- 2.6 The CATS Terminal, comprises gas reception facilities and two gas processing trains, each of 600 million cubic feet per day capacity to process gas. The CATS Terminal

removes impurities (such as hydrogen sulphide using absorption treatment beds) and NGLs from the incoming gas. The processed natural gas (largely methane) is metered before leaving the processing plant and being fed directly into the NTS. The NGLs are fractionated into saleable products, which meet tightly controlled specifications. The four products generated by this process are:

- (a) Natural gas
- (b) Propane
- (c) Butane
- (d) Condensate

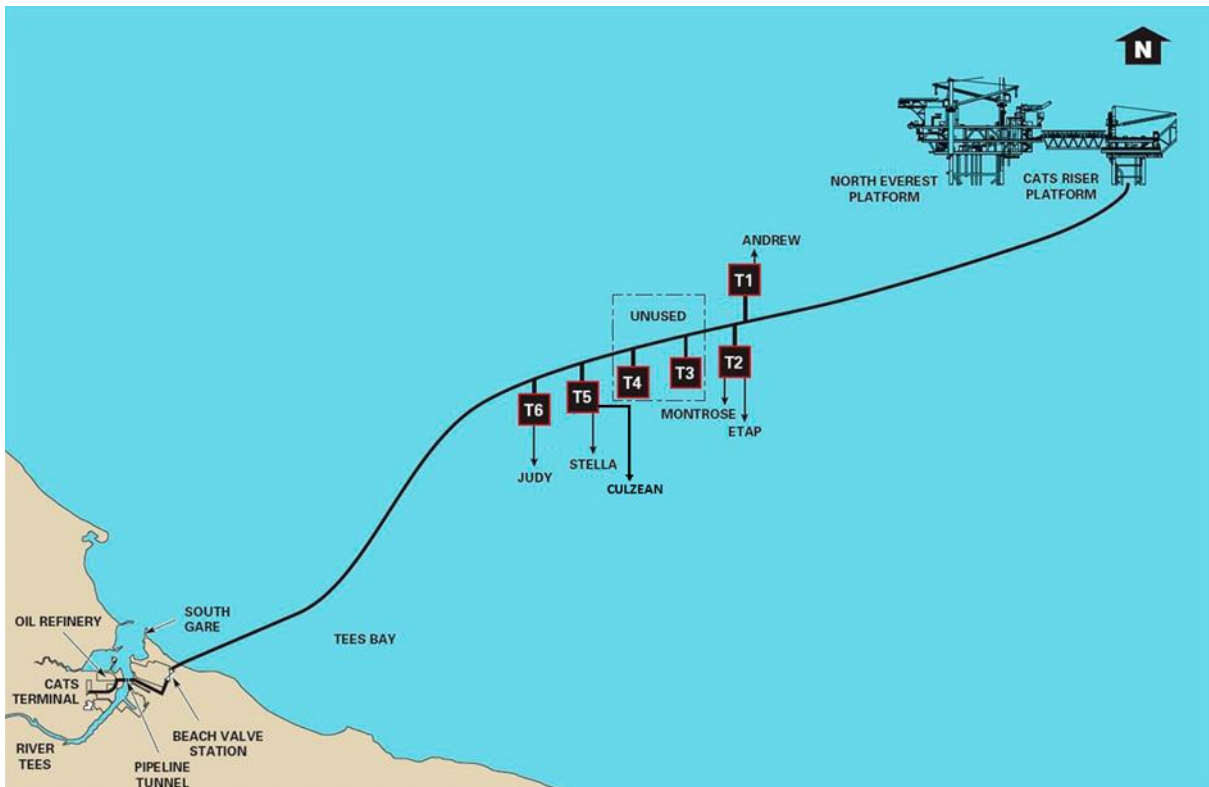
- 2.7 The propane, butane and condensate are transported through dedicated pipelines to the nearby facilities as raw materials or 'feedstock' for the chemical industry, or to storage and jetty facilities for transportation in tankers to customers. The CATS gas pipeline and NGL pipelines are regulated, operated and maintained under the Pipeline Safety Regulations 1996.

### **CATS 36" Pipeline (PL774)**

#### *Physical Description*

- 2.8 The offshore section of the 36" CATS pipeline runs for 404km from the CATS Riser Platform to a Beach Valve Station at the pipeline landfall by Coatham Sands.
- 2.9 The pipeline transports natural gas at high pressure from the CATS Riser Platform (bridge linked to the North Everest Platform) in the Central Graben area of the North Sea to the CATS Terminal at Seal Sands, Teesside.
- 2.10 Third party shippers deliver gas into CATS. The Everest, Lomond, Erskine and Fleming, Drake, Hawkins, Seymour, Maria and Rev fields enter the 36" pipeline at the CATS Riser Platform. Gas also feeds into the pipeline from a variety of additional fields which are connected to CATS via the hubs which deliver gas at each of the subsea tees as shown in Figure 1 below.

**Figure 1 Offshore Schematic of CATS Pipeline**



- 2.11 The onshore section of the CATS pipeline passes mainly through industrial land before it reaches the CATS terminal at Seal Sands, Teesside (a total of 8 km) as shown in Figure 2 below.
- 2.12 Pig launching facilities are installed on the CATS 36" gas pipeline at the CATS Riser Platform and pig receiving facilities at the CATS terminal. The CATS 36" gas pipeline pigging facilities are maintained in working order such that in-line inspection pigging operations can be conducted or as a requirement for operational pigging.
- 2.13 At the CATS terminal the gas is processed and redelivered to CATS users at the entry point into the National Transmission System.
- 2.14 Other infrastructure includes the Beach Valve Station, which is an onshore facility for the regulation of pressure in the CATS pipeline and emergency shut-down of the same, located near the mouth of the river Tees, where the CATS pipeline comes ashore, as indicated in Figure 2 below.

**Figure 2 Onshore CATS Schematic**



### Design and Operating Limits

- 2.15 The CATS 36" gas pipeline has a design pressure of 179.3 barg and a design temperature of 60 degrees Celsius and holds an inventory of up to  $49 \times 10^6 \text{ Sm}^3$  of natural gas at normal operating pressure of around 135barg. The pipeline transports dry gas and is designed for  $\text{H}_2\text{S}$  levels of up to 1500 ppm at design pressure. Current average  $\text{H}_2\text{S}$  levels are low at approximately 10 ppm.

## **3 H2TEESSIDE POTENTIAL IMPACTS ON CNSL OPERATIONS**

- 3.1 Given the national importance of CATS and associated CNSL infrastructure for the UK's supply of gas it is essential that there is no adverse impact on them as a result of the Project.
- 3.2 The Project may have severe operational impacts and safety implications for the CATS "Major Accident Hazard" gas pipelines. There are concerns with the proximity of the proposed development infrastructure, including above ground installations, pipelines, power cables, access roads and pipeline crossings. Given the nature of the CATS pipeline and its status as a Major Hazard gas pipeline, any adverse impact on the ability for CNSL to operate it safely is unacceptable and represents a potential danger to the public.
- 3.3 The Health and Safety Executive place responsibilities on both CNSL and the landowners along CATS pipeline routes to ensure the continued safe operation of CATS underground pipelines. The greatest threat to CATS pipelines is accidental damage resulting from third party works. To mitigate this risk CNSL undertakes a number of risk reduction measures including regular foot, road and aerial surveillance.

## **4 REQUESTS**

- 4.1 Given the risks posed by the Project, Kellas' response to the second consultation by H2 Teesside requested that any DCO submitted for the Project would include protective

provisions for CATS. A copy of template protective provisions for the CATS Pipeline were provided with the response.

- 4.2 Amongst other things, the protective provisions will require to include:
- (a) Prior approval of plans and drawings for works within close proximity to CATS.
  - (b) A requirement to adhere to CNSL's published guidance documents for parties undertaking works near CATS:
    - (i) CATS Wayleaves Guidance for Landowners and Third Parties, Doc Number: CAT-PPI-PRC-019;
    - (ii) CATS Conditions and Restrictions for Work Activities in Close Proximity to CATS Pipelines, Doc Number: CAT-PPI-PRC-020; and
    - (iii) CATS Procedures for the Excavation and Backfill of CATS Pipelines, Doc Number: CAT-PPI-PRC-021
  - (c) Restrictions on use of explosives for blasting.
  - (d) Consultation on proposed access to construction site.
  - (e) Requirements to monitor for any damage to the CATS pipeline while works are ongoing and detailing steps that must be taken if damage occurs.
  - (f) Requirements for performing pre and post construction surveys in and around the Project's construction areas.
  - (g) Restrictions on the use of compulsory acquisition power over any land or rights in land that are used by CNSL for the operation of CATS.
- 4.3 It is acknowledged and welcomed that H2Teesside's consultation report [AS-015] provides that H2Teesside will progress voluntary agreement and provide for protective provisions. However, Kellas and CNSL note that the draft DCO for the Project [AS-013] does not include the protective provisions. This objection will therefore be maintained until sufficient protections are in place for CATS.
- 4.4 In addition to the request for protective provisions, Kellas' response to the second consultation by H2Teesside requested that the Project establish a monthly meeting schedule with CNSL. The response suggested that these meetings would facilitate discussion of project progress, the sharing of detail surrounding specific close proximity work and the communication of any specific CNSL requirements to the Project. The response stressed that CNSL consider it essential that the further development of the Project by H2Teesside is done in an open and collaborative manner.
- 4.5 It is noted that H2Teesside's consultation report confirmed that it was in communication with Kellas in order to agree a date for a meeting. An introductory presentation to the CATS operator by H2Teesside in respect of the Project took place virtually on Thursday 9<sup>th</sup> May. Additional meetings relating to the specific requirements of the Project have yet to be proposed. It is essential that H2Teesside actively participates in these regular meetings to ensure the safe interaction between the Project and CATS operational infrastructure. This objection will be maintained until provisions for ongoing cooperation are agreed.
- 4.6 This should not be taken as a final statement of Kellas' and CNSL's suggested amendments to the Project and the draft DCO, which will be refined through subsequent engagement and representations, as additional information becomes available.

## **5 CONCLUSION**

- 5.1 Kellas' and CNSL's objections to the Project and draft DCO, in their current form, are as follows:
- (a) The draft DCO does not include sufficient protection for CATS operational infrastructure given the works which will be required in close proximity. This could be addressed by the inclusion of CNSL's standard protective provisions.
  - (b) There is currently insufficient communication in place between Kellas and H2Teesside in relation to the Project and its interaction with CATS operational infrastructure. Kellas would welcome further engagement by H2Teesside through the monthly meetings requested as part of its response to the second statutory consultation for the Project.
- 5.2 Kellas and CNSL are able to provide additional detail in respect of the matters contained in this representation and will continue to engage with the H2Teesside in respect of the Project.

**Burges Salmon LLP**

**On behalf of Kellas Midstream Limited and CATS North Sea Limited**

**28 June 2024**