

**THE NATIONAL GRID NEMO LINK LIMITED (PEGWELL BAY)
COMPULSORY PURCHASE ORDER 2014**

Statement of Reasons

1 Introduction

1.1 This is the Statement of Reasons for National Grid Nemo Link Limited (company registration number 8169409 and referred to in this statement as '**NGNL**') for the making of the National Grid Nemo Link Limited (Pegwell Bay) Compulsory Purchase Order 2014 ('**the Order**').

1.2 NGNL is part of the National Grid group, which owns and operates the electricity transmission infrastructure in the UK. Through other subsidiaries, National Grid also links the UK electricity transmission system to other countries' networks via electrical interconnectors to meet energy demands in the UK. Links with France, known as IFA (Interconnexion France Angleterre), and the Netherlands, known as BritNed, have already been developed.

1.3 The Order, if confirmed, will authorise NGNL to purchase compulsorily rights in land to enable it to construct an electrical interconnector between the UK and Belgium, known as Nemo Link. Nemo Link is a joint project between NGNL and the Belgian electricity transmission network operator, Elia, and will give both countries improved reliability and access to electricity and sustainable generation.

1.4 This statement is prepared in accordance with Appendix R of ODPM Circular 6/04 on Compulsory Purchase which gives guidance on what should be included with the Statement of Reasons (adapted and supplemented as necessary according to the circumstances of this particular order). This statement therefore includes the following sections:

- **Section 2** identifies the powers under which the Order will be made;
- **Section 3** sets out the background for Nemo Link and a description of the proposals for the use of the Order Land;
- **Section 4** sets out the rights to be acquired under the Order;
- **Section 5** sets out a description of the land subject to the Order ('**the Order Land**') and its location;
- **Section 6** sets out NGNL's approach to acquiring required rights in the Order Land by agreement and how negotiations are progressing;
- **Section 7** sets out the need for compulsory purchase;
- **Section 8** describes the planning policy position in relation to the Order Land and Nemo Link;
- **Section 9** justifies the use of compulsory purchase powers, and sets out their compatibility with the Convention rights;
- **Section 10** covers other special considerations that apply;
- **Section 11** summarises the environmental impact assessment undertaken for the project;
- **Section 12** explains the funding for Nemo Link;
- **Section 13** details related applications;
- **Section 14** explains where those interested may find further information.

- 1.5 In summary this statement sets out the justification for seeking compulsory purchase powers within the Order and will show that there is a compelling case in the public interest for compulsory purchase powers.
- 1.6 This statement is separate to, and independent from, the Statement of Case that NGNL will be required to prepare in case of an inquiry into the Order.

2 Powers under which the Order is made

2.1 The Order is made under section 10 of and Schedule 3 to the Electricity Act 1989.

2.2 Paragraph 1(1) of Schedule 3 provides that:

the Secretary of State may authorise a licence holder to purchase compulsorily any land required for any purpose connected with the carrying on of the activities which the licence holder is authorised by the licence to carry on.

2.3 Paragraph 1(2) makes it clear that licence holders are authorised to acquire rights in land as well as the title to land, and that this can be done by creating new rights as well as by acquiring existing rights.

2.4 NGNL was granted an interconnector licence under section 6(1)(e) of the Electricity Act 1989 on 8 March 2013 from Ofgem.

2.5 The activity which NGNL is authorised to carry out is “to participate in the operation of the Nemo Link, an electricity interconnector between Great Britain and Belgium connecting at Richborough 400kV substation in Great Britain”. The interconnector licence granted to NGNL incorporates a standard condition which relates to compulsory purchase:

The powers and rights conferred by or under the provisions of Schedule 3 to the Act (Compulsory Acquisition of Land etc. by Licence Holders) shall have effect in relation to the licensee to enable the licensee to carry on the activities authorised by this licence and which relate to:

- (a) the construction or extension of the licensee’s interconnector; or*
- (b) activities connected with the construction or extension of the licensee’s interconnector or connected with the operation of the licensee’s interconnector.*

2.6 NGNL may therefore be authorised to purchase compulsorily land or rights required to enable NGNL to carry on the activities authorised by its licence and in particular to purchase land or rights required to enable it to construct or extend the Nemo Link interconnector or for activities connected with the interconnector’s construction, extension or operation. All of the rights in land proposed to be acquired under the Order are needed for these purposes.

3 Nemo Link

- 3.1 The Nemo Link is a proposed high voltage direct current ('**HVDC**') electrical interconnector with an approximate capacity of 1,000 megawatts which will allow the transfer of electrical power via subsea cables between the electricity transmission networks of Great Britain (at Richborough) and Belgium (at Herdersbrug) in order to facilitate trading of electricity between the two markets in either direction.
- 3.2 The Nemo Link is being developed by NGNL, part of the National Grid group, and Elia System Operator NV/SA ('**Elia**') which is part of the national electricity transmission company in Belgium. National Grid plc, through its subsidiaries, owns and operates gas and electricity infrastructure in the UK. One of National Grid plc's subsidiary companies, National Grid Electricity Transmission plc ('**NET**') separately owns the electricity transmission network in England and Wales and operates the high voltage electricity transmission system for the whole of Great Britain.
- 3.3 National Grid has interests in other electricity transmission interconnector projects: National Grid Interconnectors Limited owns 50 percent of the assets in, and jointly operates, the France – GB electricity transmission interconnector with Réseau de Transport d'Electricité ("**RTE**"). With its partner Tennet, National Grid Interconnector Holdings Limited ('**NGIH**') is a shareholder in the 50:50 joint venture, Britned Developments Limited, which owns and operates the Netherlands – GB electricity transmission interconnector.
- 3.4 NGIH is currently the sole parent company of NGNL. NGIH and Elia have agreed to acquire joint control of NGNL by way of a 50/50 subscription of shares in NGNL (on completion, NGNL will change its name to Nemo Link Limited). NGNL will develop, construct, own, operate and maintain the Nemo Link.
- 3.5 The Nemo Link will consist of subsea and underground cables connected to a converter station in each country, thus allowing electricity to flow in either direction between the two countries' electricity transmission networks, depending on the supply and demand in each country. Using subsea cables, the Nemo Link will provide interconnection between two High Voltage Alternating Current ('**HVAC**') electricity systems currently separated by the North Sea. Using HVDC technology enables the Nemo Link to avoid the need to synchronise the two interconnected AC networks. The proposed subsea cables would run from Pegwell Bay near Ramsgate in Kent to Zeebrugge in Belgium, passing through English, French and Belgian waters. Ofgem's view is that the Nemo Link will increase access to energy generation and make energy supplies more secure and resilient for consumers.
- 3.6 The interconnector infrastructure will comprise:
- Two HVDC subsea cables between the landfall and the low water mark
 - Two HVDC onshore underground cables from the converter station to the coast where they will be joined to the subsea HVDC cables
 - Fibre optic cables installed with the onshore and subsea HVDC cables for the purposes of operational telemetry and communications
 - An HVDC converter station on part of the site of the former Richborough Power Station which would convert the HVDC power used in the link to HVAC for use in the national transmission system and vice-versa
 - A connection bay at the Richborough 400 kV electricity substation on part of the site of the former Richborough Power Station

- Three 400kV HVAC underground electricity land cables to connect the above substation to the HVDC converter station and up to two telecommunications.

Onshore cables

- 3.7 The UK onshore element of the Nemo Link, in relation to which compulsory purchase powers are being sought under the Order, consists of the route of underground cables which will run between the mean low water mark at Pegwell Bay and a converter station on the site of the former Richborough Power Station.
- 3.8 The HVDC onshore cables will be approximately 15cm in diameter. The fibre optic cables will be installed with the onshore underground cables and will be approximately 5cm in diameter. The onshore underground cables will be installed along the length of the route in three distinct ways:
- Standard trenching;
 - Surface laid with capping; and
 - Horizontal directional drilling.

Offshore cables

- 3.9 The Nemo Link will include two subsea HVDC cables between the landfall points at Pegwell Bay to mean low water and continuing to Zeebrugge. The cables will be rated between 350kV and 400kV. The size of the subsea cables will also be approximately 15cm in diameter.
- 3.10 The subsea cables will be bundled together in the same trench and jointed to the HVDC onshore underground cables in a transition joint pit ('**TJP**'). The approximate distance between Low Water and the TJP will be 1,800m.
- 3.11 The TJP will be an excavated pit (15m long x 5m wide x 2.5m deep) with a reinforced concrete plinth laid in its base. The cables will be jointed on the plinth and once this is undertaken, the excavation will be backfilled to original ground levels. On completion of works, there will not be any visible sign of the TJP on the surface.
- 3.12 The Pegwell Bay foreshore in which the subsea cables are to be installed is owned by Thanet District Council or the National Trust (who have leased part to the Kent Wildlife Trust). As the cables continue seaward they will be installed on the seabed, which is owned by the Crown Estate. The Order provides for the compulsory purchase of rights over the foreshore owned by Thanet District Council and the National Trust, but not over the seabed owned by the Crown Estate. A licence over the seabed is being negotiated between NGNL and the Crown Estate.

Converter Station

- 3.13 The converter station will convert the electric current between direct current ('**DC**'), which is used for the subsea cables, and alternating current ('**AC**'), which is used by the electricity transmission system.
- 3.14 The converter station will require a main building which will be constructed at the former Richborough Power Station site. It will also contain the equipment necessary for the conversion between DC and AC, transformers for switching to the correct voltage rating, filter

banks and associated switch gear. The converter station also requires 'valve halls' and other buildings to enclose the equipment. The main building will comprise 3 main parts and in total will be approximately 149m long by 93m wide with a maximum height of approximately 30.3m. AC connection gantries of approximately 15m in height will also be required.

- 3.15 There will also be a service building and a storage building. These buildings will each be approximately 27.4m long, 13.6m wide and 14.5m high, and attached to the main building.
- 3.16 A voluntary agreement has been reached between Richborough A Limited and NGIH's parent company, National Grid Holdings One PLC, which will provide NGNL with the necessary interest and rights to construct and operate the converter station.

Substation

- 3.17 A new 400kV Gas Insulated Switchgear (**GIS**) substation is also needed at Richborough to connect the Nemo Link interconnector to the national electricity transmission system. This will be owned, constructed and operated by NGET. The substation will be within a separately fenced compound adjacent to the proposed converter station to the west. The proposed substation will occupy a footprint of approximately 2.65 ha and will contain a combination of indoor and outdoor electrical equipment.
- 3.18 The substation will include a GIS Hall containing switchgear outdoor gas insulated busbar, overhead line gantries, two Super Grid Transformers, and equipment used to regulate and stabilise transmission voltages.
- 3.19 The GIS Hall will be approximately 52.2m long, 21.5m wide and 15m high and clad in a similar manner to the converter station. The maximum height of the outdoor electrical equipment will be approximately 12.7m.
- 3.20 A voluntary agreement has been reached between NGET and Richborough A Limited, granting NGET the necessary rights to construct and operate the substation.

4 Rights sought under the Order

- 4.1 Only the onshore cable element of Nemo Link, and the offshore cables to the landward side of mean low water are included in the Order Land. The site of the former Richborough Power Station is not included in the Order Land as the required rights have already been negotiated over this land by National Grid Holdings One PLC. Land below the mean low water mark is also outside of the scope of the Order Land as it is owned by the Crown Estate. Negotiations are underway with the Crown Estate for a licence to place the cables on the sea bed up to 12 nautical miles from low water.
- 4.2 As the onshore cables are to run underground, it is not necessary for NGNL to acquire the Order Land outright. Instead, NGNL is seeking one of two types of right in the Order Land: one where the infrastructure is to be permanently located (defined as an 'interconnector right' in the Order), and the other where the land is to be used temporarily as a worksite (defined as a 'work compound right' in the Order).

Interconnector Right

- 4.3 This right is sought over plots 1 to 11, 13 to 15, and 17 to 24. It would give NGNL all rights necessary:
- (a) to place new electricity interconnector infrastructure within the Order Land and thereafter retain, inspect, maintain, repair, alter, renew, replace, remove and use the electricity interconnector infrastructure;
 - (b) to fell, trim and lop all trees, bushes and other vegetation which obstructs or interferes with the exercise of those rights;
 - (c) to access the Order Land and access adjoining land in connection with the electricity interconnector infrastructure; and
 - (d) to protect the electricity interconnector infrastructure; prevent interference with, damage or injury to the electricity interconnector infrastructure or its operation, or interference with or obstruction of access to it.

Work Compound Right

- 4.4 This right is sought over plots 12 and 16. It would give NGNL all rights necessary:
- (a) to use the Order Land as a working and compound area for construction, inspection, maintenance, repair, alteration, renewal, replacement and removal of the electricity interconnector infrastructure;
 - (b) to prevent any works on or use of the Order Land which may interfere with or damage the electricity interconnector infrastructure or which interferes with or obstructs access to the interconnector infrastructure;
 - (c) to fell, trim and lop all trees, bushes and other vegetation which obstructs or interferes with the exercise of those rights;
 - (d) to access the Order Land and access adjoining land in connection with the electricity interconnector infrastructure; and
 - (e) to protect the electricity interconnector infrastructure and prevent interference with, damage or injury to the electricity interconnector infrastructure or its operation, or interference with or obstruction of access to it.

5 The Order Land

- 5.1 The Order Land covers a site of approximately 335,302 square metres, encompassing 1.8km of subsea underground cable, and 2.3km of onshore underground cable. The route of the subsea cables runs through the foreshore area of Pegwell Bay, between the average low water mark and landfall. The route of the subsea cables to Pegwell Bay has been confirmed by geophysical and geotechnical survey. The two subsea cables will be installed in a single trench, from mean low water to the TJP. The subsea cables will be approximately 15cm in diameter, installed in a trench approximately 1-2m wide and buried to a target depth of between 1m and 3m. The precise depth of burial depends on the nature of the material

encountered, with the shallowest depth applying to the most difficult material to excavate. In this area, the cables will be laid on a concrete base, which will be capped to form a box.

5.2 The two onshore underground cables (each approximately 15cm in diameter) will be installed in a trench approximately 1m wide and 1m deep. The Order Land is a strip approximately 10m wide to accommodate the trenches and working room. Fibre optic cable will also be installed for control and communication along the link. An onshore underground cables route has been identified between the subsea cables' landfall at Pegwell Bay and the converter station taking account of the following:

- Designated sites of nature conservation;
- Presence of protected species;
- Quality of saltmarsh habitat;
- Proximity to residential areas;
- Archaeology;
- Highways;
- Planning proposals;
- Watercourses;
- Risk of encountering contamination;
- Utilities and services; and
- Land use.

5.3 The route of the onshore underground cables is on the coastal side of an existing footpath and cycleway which runs parallel to the A256 Sandwich Road, through Pegwell Bay Country Park, then into Stonelees Nature Reserve and the BayPoint sports complex. From the sports complex, the cables will be routed by horizontal directional drilling beneath the A256, Minster Stream, and a compartment of Hacklinge Marshes SSSI terminating in the converter station. The converter station is on the site of the former Richborough Power Station, which is currently derelict.

5.4 The Order Land includes 24 plots of land. The Order Land is in a variety of ownerships and 6 of the plots are unregistered land, 3 of which are in unknown ownership. The largest landowner is Thanet District Council.

5.5 Plots 1 to 13, and 20 to 24 of the Order Land (approximately 331,125 square metres in total) fall within the administrative boundary of Thanet District Council. Plots 14 to 19 (approximately 4,177 square metres in total) are within the administrative boundary of Dover District Council.

5.6 Much of the Order Land is designated for its conservation status: running through part of the Thanet Coast and Sandwich Bay SPA and Ramsar site; the Sandwich Bay SAC; the Thanet Coast SAC; the Sandwich Bay to Hacklinge Marshes SSSI; and the Sandwich and Pegwell National Nature Reserve.

5.7 The Order Land generally comprises the following land:

Plot	Size (approximate)	Description	Owner
1	281,128 square metres	Pegwell Bay foreshore to the east of Sandwich Road, Ramsgate	Thanet District Council
2	4,657 square metres	Pegwell Bay foreshore to the east of Sandwich Road, Ramsgate	The National Trust
3	19,044 square metres	Pegwell Bay foreshore to the east of Sandwich Road, Ramsgate	The National Trust (freehold) Kent Wildlife Trust (leasehold)
4	1,204 square metres	Pegwell Bay foreshore to the south east of Sandwich Road, Ramsgate	Kent County Council
5	1 square metre	Foreshore to the east of Sandwich Road, Ramsgate	Thanet District Council
6	85 square metres	Foreshore to the east of Sandwich Road, Ramsgate	Thanet District Council
7	2,541 square metres	Foreshore and cycle path to the southern side of Sandwich Road, Ramsgate	Thanet District Council
8	116 square metres	Highway verge to the southern side of Sandwich Road, Ramsgate	Kent County Council
9	561 square metres	Scrubland to the south east of Sandwich Road, Ramsgate	Kent County Council
10	164 square metres	Scrubland to the east of Sandwich Road, Ramsgate	Kent County Council
11	12,543 square metres	Footpaths and overgrown scrub land within Pegwell Bay Country Park	Kent County Council
12	3,153 square metres	Overgrown scrub land within Pegwell Bay Country Park	Kent County Council
13	3,319 square metres	Rough land within Stonelees	Kent Wildlife Trust

Plot	Size (approximate)	Description	Owner
		Nature Reserve	
14	39 square metres	Hedgerow at Escana, Ramsgate Road, Sandwich	Unknown
15	1,824 square metres	Part of sports ground at Escana, Ramsgate Road, Sandwich	The Bay Point Club Limited
16	1,258 square metres	Part of sports ground at Escana, Ramsgate Road, Sandwich	The Bay Point Club Limited
17	44 square metres	Highway verge to the east side of Ebbsfleet Roundabout, Sandwich	Kent County Council
18	74 square metres	Access track to east of Ebbsfleet Roundabout, Sandwich	Unknown
19	938 square metres	Access road and verge to the east of Ebbsfleet Roundabout, Sandwich	Kent County Council
20	739 square metres	Highway and subsoil at Ebbsfleet Roundabout, Sandwich	Kent County Council
21	184 square metres	Woodland to the west of Ebbsfleet Lane, Ramsgate	Alexandra and James Pace
22	699 square metres	Anaerobic digester site to the northwest of Ramsgate Road, Sandwich	Alexandra and James Pace (freehold) St Nicholas Court Farms Limited (leasehold)
23	72 square metres	Minster Stream	Unknown
24	917 square metres	Grassland in Hacklinge Marshes SSSI	Richborough Estates Limited

6 NGNL's Approach to Acquiring Rights in Land by Agreement

- 6.1 NGNL has been negotiating with the owners and occupiers of the land over which rights are required under the Order, to seek to agree acquisition or options to make acquisitions on a voluntary basis. NGNL will continue to negotiate in parallel with seeking compulsory purchase powers, which will be used only as a last resort in order to ensure the deliverability of Nemo Link.
- 6.2 National Grid Holdings One plc has already acquired rights by agreement over the land comprising the site of the former Richborough Power Station, and will grant the necessary rights out of these to NGNL.
- 6.3 NGNL has attempted to negotiate voluntary agreements with the known landowners providing for the necessary rights to be granted to NGNL, however while heads of terms have been agreed with Thanet District Council and Richborough Estates Limited, and agreed in principle with Kent County Council, no formal agreements have yet been reached.
- 6.4 Whilst NGNL will continue to seek to reach an agreement with landowners it is considered necessary to also have compulsory acquisition powers over the Order Land for the following reasons:
- (a) Generally only an option is obtained by agreement. The compulsory powers therefore provide a fallback should the voluntary agreements fail and cover instances where the owner is unwilling to grant the relevant land interest or right once the option has been exercised.
 - (b) Comprehensive compulsory purchase powers encourage affected landowners to come to the negotiating table in the first instance and, importantly, to conduct negotiations in the context of the ultimate compulsory acquisition process with a view to reaching a deal.
 - (c) Including all interests in a compulsory purchase order enables all of the required rights to be obtained in the same way and through one process, potentially by General Vesting Declaration ('GVD').
 - (d) Compulsory acquisition by GVD is effective against all interests in the land, so avoiding the risk of the landowner failing to disclose a relevant interest, which could give rise to a ransom situation; the GVD is effective even against interests that may be unknown to the landowner and the promoter of the scheme.
 - (e) Acquisition of all easements by single GVD avoids any argument that individual easements cannot benefit the grantee's undertaking due to lack of direct connection to the remainder of the grantee's undertaking at the time of grant – the alternative being to ensure completion of all negotiated easements on the same day which is impracticable.
 - (f) Compulsory powers are more readily enforceable, so reducing additional risk, cost and delay.

6.5 Further, as there are 3 parcels of land where, after using all reasonable endeavours, the ownership remains unknown, and a further 3 where ownership is presumed but unregistered, it is necessary to seek to acquire the land compulsorily to ensure the Project can be delivered.

7 The Purpose of the Order and the Need for Compulsory Purchase powers

7.1 The purpose of the Order is to enable the comprehensive implementation of Nemo Link, an interconnector between the United Kingdom and Belgium's national electricity transmission systems. Electricity interconnection is considered by Ofgem to have many benefits:

- improving competition by creating larger effective markets, thereby making electricity market prices more efficient;
- making supply more secure by increasing access to generation in periods of system or energy shortage;
- making generation dispatch more efficient by providing access to the most efficient units over a larger area. This can also help to reduce the greenhouse gas emissions; and
- improving integration between variable generation and demand (for example, wind and solar renewable energy generation) by harnessing the diversity between output in different locations and improving access to the balancing services and other production flexibility needed to maintain security and quality of supply.

7.2 Nemo Link will deliver electrical interconnector infrastructure for which there is a strong public interest, on two principal grounds:

7.2.1 Increasing energy from renewable sources and reducing greenhouse gas emissions; and

7.2.2 Ensuring the competitiveness, sustainability and security of Europe's energy supply.

Renewable Energy

7.3 Nemo Link will support the domestic and European objective of reaching renewable and climate change targets. The UK has two key environmental targets relating to renewable energy and greenhouse gas emissions. First, the European Union's 20/20/20 vision for energy sets a target of 20% of European energy to come from renewable sources by 2020. The Renewable Energy Strategy published in July 2009 identified that for the UK to meet its share of the EU target, 30% of the UK's electricity would have to come from renewable sources by 2020. The second target is incorporated in the Climate Change Act 2008 and sets a target of an 80% reduction in UK greenhouse gas emissions from 1990 levels by 2050. This equates to a 34% reduction in greenhouse gas emissions by 2020 as specified by the Climate Change Committee.

7.4 The UK Government's vision to ensure safe, secure and affordable supplies for the future involves the construction of a new fleet of nuclear generation, rapid expansion of renewable energy (mainly through offshore wind) and the development of interconnector projects. To meet the targets set out at 6.3 and the targets in the European Commission's 3rd energy package which states that 15% of the UK's demand for energy needs to be generated from

the renewable sources by 2020, the UK will need an energy portfolio of 34% wind generating capacity by 2020. This is a dramatic increase on the 4% wind generating capacity which the UK has today.

- 7.5 In both the UK and Belgium more electricity is being generated from renewable sources, including onshore and offshore wind. The vast majority of the UK's increased wind generation capacity is expected to be obtained from the Crown Estate's licensed Round 3 Development Zones which have the aim of installing 25GW of offshore wind capacity. By its nature, wind generation is intermittent, and interconnectors such as the Nemo Link support an increase in wind generating capacity by allowing fluctuations in supply and demand to be managed effectively. It does this by enabling renewable energy from one geographical market to be used in another market: if too much renewable energy is generated in one region, the energy that is surplus to requirements can easily be transmitted through the interconnector to a region where the level of demand is higher. This will support the European renewable and climate change targets. It will also reduce the demand for non-renewable energy sources.
- 7.6 In December 2009 the UK and Belgium both became signatories to the North Seas Countries Offshore Grid Initiative, with the objective of co-ordinating offshore wind energy and infrastructure developments in the North Sea. Interconnection between countries is a pre-requisite to achieving this co-ordination.

Europe's Energy Supply

- 7.7 Nemo Link also supports European energy supply policies. The European Commission strategy document "Europe 2020" recognises the urgent need to upgrade Europe's energy infrastructure and to interconnect networks across borders to meet the EU's core energy policy objectives of competitiveness, sustainability and security of supply. The particular need to transport and balance energy from renewable sources is also recognised in European policy. Despite the existence of common rules for the internal market in electricity, the European Commission recognises that the internal market remains fragmented due to insufficient interconnections between national energy networks.
- 7.8 Nemo Link is pro-competitive, as it will enhance cross-border electricity flows in Europe. It will increase electricity interconnections across the EU, by directly linking the electricity markets in Great Britain and Belgium without the need to make use of any other countries' electricity transmission networks. Interconnectors play a crucial role in the European Union's strategy to achieve a competitive and integrated European energy market. Greater opportunities for trading with wider European energy markets will contribute to downward pressure on wholesale electricity prices which will create greater liquidity in the national markets and increase the availability of traded energy. Nemo Link will make a significant contribution to the European Commission's key policy objective of creating a single energy market by facilitating the integration of electricity markets in GB and Belgium. Nemo Link therefore contributes to achieving the European Commission's objectives for a single EU electricity market.
- 7.9 Security of supply is also another major rationale for the development of Nemo Link. By enabling participants in the GB and Belgian markets to trade electricity, Nemo Link will increase security and diversify both countries' electricity supply. The trading of electricity between GB and Belgium will support the electricity security needs of both countries and also wider within Europe. Greater interconnection between GB and mainland Europe provides the opportunity for the creation of new possibilities (between GB – Belgium).

- 7.10 Accordingly, the development of Nemo Link supports the European Commission's requirement for a wider electricity market within Europe, with electricity being traded throughout Europe and utilized more efficiently netting demand with supply. This should also see an overall reduction in the cost of wholesale electricity prices which would be reflected in the cost of electricity for consumers across Europe.
- 7.11 Having identified that a modern infrastructure with adequate interconnectors and reliable networks is crucial for an integrated energy market where consumers get the best value for their money, on 21 December 2013 the European Commission published its first list of 'Projects of Common Interest' (PCI) under Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure, referred to as '**the TEN-E Regulation**'. Nemo Link is one of those PCIs. Under the TEN-E Regulation, designated PCIs are considered to be necessary to take forward EU energy networks policy and should be given the most rapid consideration in the permitting process that is legally possible. Consequently PCIs are to benefit from faster and more efficient permit granting procedures, and improved regulatory treatment and potential access to financial support from the Connecting Europe Facility. In order to qualify as a PCI, a project must:
- Deliver significant benefits for at least two European Member States,
 - Further support market integration and competition,
 - Enhance security of energy supply, and
 - Contribute to reducing CO2 emissions.
- 7.12 In 2002 the EU Council set a target for all Member States to have electricity interconnection capacity equivalent to at least 10% of their installed production capacity by 2005. The UK is still failing to meet this target, with current total interconnection capacity of 3.5GW representing just over 4% of the 86GW of installed generation capacity.
- 7.13 The proposed Nemo Link is one of several interconnector projects currently under development. Taking into account these other projects, the Nemo Link will contribute 15% of a total interconnection capacity of 5.4GW for the UK which will represent 6.4% of the UK's installed generation capacity.
- 7.14 An industry consultation carried out by National Grid Interconnectors Limited, Elia and RTE in 2008 concluded that there was significant demand for new interconnection between Britain and continental Europe. Respondents considered interconnection to be an important means to respond to the intermittency of wind generation, to respond to periods when wind generation is greater than electricity demand, to help meet the challenge of retiring fossil fuel and nuclear plants in the UK and to support neighbouring wholesale and supply markets.

8 The Planning Position

Planning Application

- 8.1 Hybrid applications for planning permission under the Town and Country Planning Act 1990 for all the UK onshore elements of Nemo Link were submitted to Thanet District Council and Dover District Council. The applications were hybrid in that they were for outline permission for the development of the converter station and substation, and for full permission in relation

to the underground cables. In other words, full permission was sought for the development on the Order Land.

8.2 The applications were approved on 18 December 2013 by Thanet District Council (reference number F/TH/13/0760) and 19 December 2013 by Dover District Council (reference number 13/00759). Accordingly, there is full planning permission for the use of the Order Land for Nemo Link.

8.3 Documents submitted in support of the applications included:

- (a) Environmental Statement – this includes a description of the proposed Nemo Link Project, an outline of the alternatives considered, a description of the likely significant effects on the environment and a description of measures envisaged to prevent, reduce or where possible off-set any significant adverse impacts on the environment.
- (b) Planning Statement - provides the planning context and background. It also provides the details of the proposed Nemo Link Project and sets out how it fits with local, regional and national planning policy.
- (c) Design and Access statement - Section 62 of the Town and Country Planning Act 1990 (as amended) requires a Design and Access Statement to be submitted with most forms of planning applications. This statement sets out the design and access principles and concept of the proposed converter station and substation development components including an outline as to how these are reflected in the development layout, visual appearance and landscaping proposals.
- (d) Arboricultural Survey - details the arboricultural implications of development, subsequent mitigation recommendations and protective measures.
- (e) Sustainability appraisal report - sustainability appraisal has been a requirement in the development of certain plans and programmes in the UK since the enactment of the Planning and Compulsory Purchase Act (2004) and its use was extended in order to meet the requirements of Dover District Council. This report is drafted to describe what “sustainability” means with respect to the proposed works and to demonstrate how it has been built into the design of Nemo Link.

8.4 A full assessment of National, Regional and Local policy can be found in the planning statement that accompanied the planning applications. A brief summary of some of the relevant policies is set out below.

European Policy

8.5 As noted above, under the TEN-E Regulation, PCIs are considered to be necessary to implement the EU's energy priority corridors and areas. As Nemo Link has been designated as a PCI, its construction is considered to be necessary to implement EU energy policy.

8.6 On 26 March 2010, the European Council agreed to the Commission's proposal to launch a new strategy "Europe 2020". One of the priorities of the Europe 2020 strategy is sustainable growth to be achieved by promoting a more resource efficient, greener and more competitive economy. The strategy put energy infrastructures at the forefront as part of the flagship initiative "Resource efficient Europe", by underlining the need to urgently upgrade Europe's

networks, interconnecting them at the continental level, in particular to integrate renewable energy sources.

- 8.7 The Commission Communication "*Energy infrastructure priorities for 2020 and beyond – A Blueprint for an integrated European energy network*", followed by the Transport, Telecommunications and Energy Council conclusions of 28 February 2011 and the European Parliament resolution of 6 July 2011, called for a new energy infrastructure policy to optimise network development at European level for the period up to 2020 and beyond, in order to allow the Union to meet its core energy policy objectives of competitiveness, sustainability and security of supply.
- 8.8 The European Council Conclusion of 4 February 2011 underlined the need to modernise and expand Europe's energy infrastructure and to interconnect networks across borders, in order to make solidarity between Member States operational, to provide for alternative supply or transit routes and sources of energy and develop renewable energy sources in competition with traditional sources.
- 8.9 In linking the UK and Belgian electricity transmission networks, Nemo Link is fully supported by European policy.

National Policy

- 8.10 There is strong policy support at national level for Nemo Link. The Energy White Paper 2007 set out four key goals for energy policy and identified the challenges currently faced. Nemo Link will support the use of renewable energy which is important in meeting these challenges. The Project will support renewable energy connected to the UK's national electricity transmission system because the opportunity to export power when generation exceeds demand means that there is an additional potential market for renewables developers. This will support the development of renewable energy generation in the UK, assist in meeting the challenges related to security of supply and encourage investment in generation.
- 8.11 The National Policy Statements, approved by Parliament in July 2011, set out the most recent Government policy for the delivery of major energy infrastructure. These are a material consideration in England and Wales, including those which fall under the Town and Country Planning Act 1990 (as amended).
- 8.12 The Overarching National Policy Statement for Energy (EN-1) notes that it is critical that the UK continues to have secure and reliable supplies of electricity as we make the transition to a low carbon economy. The NPS notes that "existing transmission and distribution networks will have to evolve and adapt in various ways to handle increases in demand".
- 8.13 The National Policy Statement for Electricity Networks Infrastructure (EN-5) highlights that the new electricity generating infrastructure that the UK needs to move to a low carbon economy, while maintaining security of supply, will be heavily dependent on the availability of a fit for purpose and robust electricity network. That network will need to be able to support a more complex system of supply and demand and cope with generation occurring in locations of greater diversity.
- 8.14 The National Planning Policy Framework ("**NPPF**") published in March 2012 sets out the Government's planning policies for England. In support of the NPPF goal of delivering sustainable development the Project will help to build a strong and competitive economy by

creating jobs and create a cluster of high technology industry in the area. Good design has been incorporated in the Project and the potential effects on the natural environment as a result of the Project have been assessed in accordance with the NPPF. The Project also helps meet the challenge of climate change by supporting the use of renewable energy.

Local Policy

- 8.15 Tables 4.1 and 4.2 of the Planning Statement accompanying the planning applications set out the local plan policies that apply to the Order Land within Thanet (and also to the Richborough Power Station site). Tables 4.3 and 4.4 set out the policies that apply to the Order Land within Dover. In summary, while Nemo Link is not in full accordance with the local development plans, being as it is a particularly sui generis form of development, nor does it conflict with the policies or aims of the development plans. In particular, as the cables will be buried underground and as the construction impacts will be temporary, the proposed use of the Order land will not conflict with policies for the improvement of the A256, the protection of open spaces, the maintenance of the natural character of undeveloped beaches, and the protection of the integrity of green infrastructure networks (including long-distance paths and cycle tracks).
- 8.16 Both Thanet and Dover District Council concluded that the need for Nemo Link outweighed any harm that would be caused to the character and appearance of the area.

9 Compatibility with the Human Rights Act 1998

- 9.1 NGNL recognises that compulsory purchase orders should only be made where there is a compelling case in the public interest. NGNL acknowledges that the rights over the Order Land which are sought in the Order interfere with the human rights of those with an interest in the land affected, particularly rights under Article 1 of the First Protocol to the European Convention on Human Rights, and that the purposes for which the rights are sought in the Order must be sufficient to justify this interference with human rights.
- 9.2 NGNL is satisfied that there is a compelling case in the public interest for the compulsory purchase of the Order Land, given the public policy support for the construction and operation of the Nemo Link interconnector.
- 9.3 NGNL has sought to keep any interference in the rights of those with interests in the Order Land to a minimum. The land within the Order has been limited to the minimum required for the cables to be installed and maintained. Furthermore, the route of the underground cables has been selected so as to minimise the impact on land use. The onshore underground cables have been routed so that they will not prevent any future development proposals with Pegwell Country Park, although there will be restrictions on planting above the cable route.
- 9.4 In summary, NGNL considers the Order to be necessary and proportionate and that the public interest in the proposals is sufficient to override the private interests in the Order Land where appropriate compensation for the compulsory purchase will be paid to those affected.

10 Special Considerations

10.1 Schedule 3 to the Acquisition of Land Act 1981 (**'the 1981 Act'**) applies to compulsory purchase of rights over certain specified types of land.

10.2 National Trust Land:

- (a) The Order Land includes approximately 23,701 square metres of foreshore in Pegwell Bay which is owned by the National Trust and 19,044 square metres of which is leased to the Kent Wildlife Trust.
- (b) Paragraph 5 of Schedule 3 to the 1981 Act contains restrictions which apply to the acquisition of rights over National Trust land and instances where special parliamentary procedure is required.
- (c) The land in question is not inalienable as it has been leased to Kent Wildlife Trust. As such the compulsory acquisition of rights over it is not subject to special parliamentary procedure under the 1981 Act.

10.3 Open Space Land:

- (a) Paragraph 6 of Schedule 3 to the 1981 Act contains restrictions which apply to the acquisition of rights over open space, allotments and common land.
- (b) "Open space" in this context means any land laid out as a public garden, or used for the purpose of public recreation, or land being a disused burial ground. While rights are sought over land within Pegwell Bay Country Park, none of the land affected is classified as open space for these purposes: all of the land is either a public footpath, or is overgrown scrub, where the undergrowth is too dense for use by the public for recreation. Accordingly, it is the view of NGNL that the Order falls outside the scope of paragraph 6.
- (c) If, however, the Secretary of State takes the view that the Order is within paragraph 6, then as the ground above the cables is to be reinstated following the construction of the cables, an application will be made to the Secretary of State for a certificate under para 6(1)(a) that the land "when burdened with that right, will be no less advantageous to those persons in whom it is vested and other persons, if any, entitled to rights of common or other rights, and to the public, than it was before".

10.4 Local Authority Land:

- (a) Paragraph 1 of Schedule 3 to the 1981 Act contains restrictions which apply to the acquisition of rights over local authority and statutory undertakers land.
- (b) There are parcels of Order Land that are held by local authorities, in particular sections of highway and amenity land. However, paragraph 1(2) of Schedule 3 provides that a compulsory purchase order shall not be subject to special parliamentary procedure where the person acquiring the interest is a statutory undertaker. As NGNL holds an interconnector licence under the Electricity Act 1989, it is a statutory undertaker for the purposes of the 1981 Act. Accordingly, special parliamentary procedure does not apply.

10.5 Listed buildings

- (a) There are no listed buildings within the Order Land.

11 Environmental Impact Assessment

- 11.1 Nemo Link will bring both short and long term local economic benefit, wider benefit to electricity consumers in the UK and Europe and enhanced opportunities for the integration of renewable energy to meet climate change targets. However, NGNL recognises that the Project could also bring some detrimental effects, and has sought to minimise these as far as possible.
- 11.2 NGNL has aimed to minimise and mitigate the environmental effects of the Project, and chose to prepare and submit a voluntary Environmental Statement to accompany its application for planning permission for the Nemo Link. The full ES is available on the project website at www.nemo-link.com. Overall, the ES predicts that Nemo Link will not bring significant environmental detriment, with the majority of environmental effects predicted to be neutral or beneficial. Minor adverse effects on traffic and transport, noise and air quality will be limited to the construction phase and will be localised and brief. As the cable route is underground it will have a neutral effect on landscape. The installation and construction of the Nemo Link is predicted to have no significant impact on ground conditions, hydrology and flood risk, ecology or archaeological and cultural heritage.

12 Funding

- 12.1 Nemo Link will be financed by NGNL, which in turn will be financed in equal shares by NIGH and Elia. NGNL's revenues will be regulated in accordance with a framework jointly developed between Ofgem and the Belgian energy regulator, CREG. This new framework is to be called the "cap and floor" mechanism.
- 12.2 Under the cap and floor mechanism, if developers' revenues exceed the cap, then revenue above the cap is returned to consumers via the relevant National Electricity Transmission System Operator (NGET or Elia respectively). If their revenues fall below the floor then consumers top up revenues to the level of the floor. For Project Nemo, Ofgem have calculated the cap and floor levels based on the final regime design and its assessment of costs to date; an annual floor level of £50.4m and an annual cap level of £80m (2013/14 prices). These will be subject to final adjustments after construction. This will ensure the implementation of the Order proposals is financially viable.

13 Related Applications, Appeals, Orders etc.

Planning permission

- 13.1 As noted in 8.3 above, planning permission for the underground cables was granted on 18 December 2013 by Thanet District Council and 19 December 2013 by Dover District Council.

Marine Licence

- 13.2 For the subsea cables within UK territorial waters, a marine licence was granted by the Marine Management Organisation on 23 December 2013 (reference number MLA/2013/00072).

International elements

- 13.3 For the non UK elements of the project, Nemo Link was granted authorisation to lay the offshore electricity cables in Belgian territorial waters by Secretary of State for Energy on 9 April 2014 (reference number EB-2013-0019-A). The environmental permit for these cables was approved by the Federal Minister of the North Sea on 20th March 2014. Consent for the part of Nemo Link which passes through French waters was received from the French Ministry of Ecology, Sustainable Development and Energy on 11 June 2013 (reference number 13014350).
- 13.4 Elia has entered into a Memorandum of Understanding with Electrabel for the proposed Belgian on-shore converter station at Herdersbrug. Negotiations with other land-owners for the use of that site are continuing, and there is no reason to suppose that approval is unlikely to be given. The outstanding approval for these elements does not therefore represent an impediment to the implementation of the Order.

14 Conclusion

- 14.1 NGNL may be authorised to purchase compulsorily land or rights required to enable NGNL to carry on the activities authorised by its licence and in particular to purchase land or rights required to enable it to construct the Nemo Link interconnector or for activities connected with the interconnector's construction, extension or operation.
- 14.2 The construction of the Nemo Link interconnector is in the public interest, it supports national energy policy and national planning policy, and does not conflict with local planning policy.
- 14.3 All of the rights in land proposed to be acquired under the Order are needed for the purposes of constructing and operating the Nemo Link interconnector. NGNL does not propose to acquire any greater rights than are needed.
- 14.4 There are no impediments to the implementation of the Order.
- 14.5 Accordingly, it is in the public interest that the Order should be confirmed.

15 Further Information

- 15.1 The Order, schedule and related maps are available for inspection at Ramsgate Library, Guildford Lawn, Ramsgate, Kent CT11 9AY and Sandwich Library, 13 Market Street, Sandwich, Kent CT13 9DA, as well as on the project website www.nemo-link.com. The documents, maps and plans produced for the planning application can also be downloaded from www.nemo-link.com.

- 15.2 A list of documents referred to in this Statement of Reasons is set out in the Appendix and may be inspected on www.nemo-link.com. NGNL reserves the right to supplement this list in the event of a public inquiry into the Order.
- 15.3 Further information about Nemo Link can be obtained by calling Freephone 0800 083 3149 between 9am – 5pm, Monday to Friday (an answerphone service is available outside these core hours), emailing nemointerconnector@communitycomms.co.uk or writing to Freepost RSLG-YXEU-BJUC, Nemo Link, PO BOX 68215, London, SW1P 9UJ.

APPENDIX

- 1 National Grid Nemo Link Limited (Pegwell Bay) Compulsory Purchase Order 2014
- 2 Appendix R of ODPM Circular 6/04 on Compulsory Purchase and the Crichel Down Rules
- 3 National Grid Nemo Link Limited's Interconnector Licence, Ofgem, 8 March 2013
- 4 Industry Consultation by National Grid Interconnectors Limited, Elia and RTE 2008
- 5 Third Package of Legislative Proposals for Electricity and Gas Markets, European Commission, 19 September 2007
- 6 European Commission Communication COM (2010), Europe 2020: A strategy for smart, sustainable and inclusive growth
- 7 Regulation (EU) No 347/2013 of 17 April 2013 on guidelines for trans-European energy infrastructure ('the TEN-E Regulation')
- 8 List of 'Projects of Common Interest' under the TEN-E Regulation, as set out in Commission Delegated Regulation (EU) No 1391/2013 of 14 October 2013
- 9 European Commission Communication COM (2010) 0677 'Energy infrastructure priorities for 2020 and beyond – A Blueprint for an integrated European energy network'
- 10 Transport, Telecommunications and Energy Council conclusions of 28 February 2011 (6950/11)
- 11 The European Parliament resolution of 6 July 2011 (2010/2242/(INI))
- 12 The European Council conclusion of 4 February 2011 (EUCO 2/1/11 REV 1 CO EUR 2 CONCL1)
- 13 Renewable Energy Strategy, Cm 7686, DECC, 15 July 2009
- 14 The Energy White Paper 2007 (CM 7124)
- 15 The Overarching National Policy Statement for Energy (EN-1), July 2011
- 16 The National Policy Statement for Electricity Networks Infrastructure (EN-5), July 2011
- 17 The National Planning Policy Framework
- 18 Dover District Local Plan 2002 saved policies and 2010 adopted Core Strategy
- 19 Thanet Local Plan 2006 saved policies, and preferred option pre-consultation draft Local Plan 2014
- 20 Kent Waste and Minerals plan saved policies
- 21 Planning permission granted by Thanet District Council (reference F/TH/13/0760) dated 18 December 2013

- 22 Planning permission granted by Dover District Council (reference 13/00759) dated 19 December 2013
- 23 Environmental Statement accompanying the applications for planning permission
- 24 Planning Statement accompanying the applications for planning permission
- 25 Design and Access Statement accompanying the applications for planning permission
- 26 Arboricultural Survey accompanying the applications for planning permission
- 27 Sustainability Appraisal Report accompanying the applications for planning permission
- 28 Marine Licence granted for the subsea cables within UK territorial waters by Marine Management Organisation dated 23 December 2013 (ref MLA/2013/00072)
- 29 Authorisation to lay offshore electricity cables in Belgian territorial waters by Belgian Federal Secretary of State for Energy dated 9 April 2014 (ref EB-2013-0019-A)
- 30 Consent for the part of Nemo Link which passes through French waters by French Ministry of Ecology, Sustainable Development and Energy dated 11 June 2013 (ref 13014350)

National Grid Nemo Link Limited
31 December 2014