Immingham Western Deepwater Jetty
Statement of Justification

Introduction

Associated British Ports (ABP) has applied to the Marine Management Organisation ("MMO") for a harbour revision order unde Section 14 of the Harbours Act 1964 ("the Act") relating to a development known as Immingham Western Deepwater Jetty (IWDJ). The proposed Development will comprise a port facility to be used for the import, storage and onward distribution of liquid bulk goods. This category of cargo includes Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG), white oils and kerosene/ aviation fuel.

The facility consists of berthing facilities for one panamax vessel and one coastal vessel, dredged areas to accommodate vessels, landside infrastructure to accommodate the handling of liquid bulk cargoes and affording onward distribution, including road improvements and rail connections. In order to ensure that road improvements can be secured compulsory purchase powers are sought over five parcels of adjoining land comprising parts of Station Road and parts of the arable field adjacent to Station Road.

Under section 14 (2) (b) it is required that "*a harbour revision order shall not be made in relation to a harbour by the appropriate Minister...unless the appropriate Minister is satisfied that the making of the order is desirable in the interests of securing the improvement, maintenance or management of the harbour in an efficient and economical manner or of facilitating the efficient and economic transport of goods or passengers by sea*."'

Need for the Proposed Development

This statement sets out the justification for the scheme, explains how the proposal satisfies the requirements of section 14(2)(b) of the Harbours Act 1964 and demonstrates that there is a compelling case in the public interest for the compulsory acquisition of land to serve the development.

Need

The need for the proposed Development is twofold. Historically the Site has been held by ABP for port operational purposes as part of the Port of Immingham and has been designated and protected as over the years such by the Planning Authority in its development plan, currently the North Lincolnshire Local Plan. Over the years, possible port operational uses for the Site have been considered and the Site now presents as the last undeveloped area within the Port of Immingham estate with immediate access to the river available to Associated British Ports (ABP). Proposals for its development have been brought to the fore principally by an approach made to the applicant by a bulk liquid fuels operator who wishes to take advantage of the site's unique location, namely direct access to the sea and direct access to the Government Pipeline and Storage System (GPSS) network *via* the Oil and Pipeline Agency (OPA) terminal. The proposed Development will, therefore, service that customer's need and in so doing, will assist in protecting the UK's vital energy supplies. In addition, however, ABP has also since been approached by a number of other operators and end users similarly seeking liquid bulks import capacity at the Port.

At the same time, ABP has itself been faced with a rapidly-growing problem within the Port of Immingham – namely a commercial requirement to expand its customer facilities albeit without any further river side berthing space left within the Port estate. This requirement, which is discussed below, has arisen as a result of the promotion by Government of its green energy policies and the consequent increased demand placed upon the import of sustainable

fuels into the UK – in this instance, biomass. If the Port of Immingham is to be able to service the requirements of its commercial customers, it needs to expand its ability and capacity to bring more biomass into the Port. Whilst IWDJ could of itself be developed as a biomass terminal, such a use would negate the locational advantage offered by the fact that the Site is immediately adjacent to the OPA site and the GPSS network.

ABP's current strategy, therefore, which underlines the need to construct the IWDJ at the earliest opportunity, is to expand the Humber International Terminal by the construction of Humber Internal Terminal (HIT) 3, which would facilitate the import of increased volumes of biomass. This expansion, however, will mean that it will be necessary first to relocate the existing liquid bulks facility at the Immingham Gas Jetty to IWDJ.

This twofold rationale is discussed in more detail in the following paragraphs.

Expansion of Dry Bulk Handling Facilities

As noted above, in addition to the need to service the requirements of an existing bulk liquid fuels operator, the need for IWDJ also arises in connection with the need to expand the Port's existing dry bulk handling facilities for deep-sea vessels (currently concentrated on HIT 1 and HIT 2). Recent developments in government policy and energy markets mean that the importation of large volumes of biomass is an immediate priority for the Port of Immingham. Such is the growing demand for in-river facilities to handle deep-sea dry bulk cargoes, principally biomass, whilst also continuing to service the needs of power stations in the Aire and Trent Valleys for coal, an additional in-river discharge facility is required to serve the Port. For operational reasons, this new facility will need to be located adjacent to HIT 1 and HIT 2, in order to give access to existing product storage areas. As a consequence, the selected location for what will be known as HIT 3, is immediately to the west of HIT 2. This in turn, however, will trigger the need to relocate the current Immingham Gas Jetty operation. The obvious location for the relocated facility is the IWDJ, the only remaining undeveloped site within the Port of Immingham.

For customer and practical operational reasons, it will be necessary for the IWDJ to be constructed before HIT 3 in order to enable the Port to relocate the existing cargo flows from the Immingham Gas Jetty to the IWDJ without disruption.

As the Port of Immingham has the deepest berthing capability of the Humber ports handling more dry bulks than any other UK port, it is ideally placed to play a major part in the energy supply industry. The additional dry bulk handling facilities proposed in the form of HIT 3 are simply a logical commercial extension to the Port's ability to service the import needs of its customers. Proximity to power stations and heavy industry, and effective road and rail links will ensure that dry bulks remain a major feature of any future cargo streams transiting the Port thereby underpinning the need for the development of HIT 3.

The HIT 3 proposal will be the subject of a separate consent application due to the different timescales associated with this particular development.

Liquid Bulk Handling

The proposed Development is therefore required both to service the needs of an existing bulk fuels operator and to accommodate bulk liquid cargoes that will have to be displaced from the Immingham Gas Jetty.

This twofold need, however, is reinforced by the fact that the import and export of liquid bulk cargoes at the Port of Immingham is set to increase further in volume in order to meet the growing national need. This is underlined by the fact that the size of bulk liquid fuels vessels is increasing, an inevitable consequence of the on-going globalisation of energy and fuel-

related cargoes. Liquid bulk traffic through UK ports is, therefore, becoming a significant business growth area, particularly when viewed in the context of declining indigenous refining capacity and increased global interest in the international LNG market and other liquefied gases.

Without the construction of the proposed Development, the Port will quickly face serious operational and commercial difficulties in servicing its customers' liquid bulks needs.

Proximity to Existing Infrastructure

The proposed Development will enable the importation of liquid bulks (for example, refined aviation fuels) for onward distribution through the nationally significant GPSS distribution pipeline network. As noted, the IWDJ development will be uniquely located in this respect, lying both immediately adjacent to the river, thereby affording direct vessel access via the jetty and immediately adjacent to the GPSS terminal currently serving the OPA's facility on the south bank of the Humber.

The proximity of the proposed Development to the GPSS therefore presents a critically important opportunity to enhance and protect the UK's energy supply.

It should be noted that a further important strategic consideration underlining the locational imperatives for IWDJ is the proximity of the Site to the Phillips 66 and Calor Gas underground gas caverns (one of the main liquid cargo storage areas in the general port area). These facilities have the potential to provide additional liquid bulk storage and handling capacity in the immediate vicinity of the proposed Development.

Customer Demand

Reference has already been made to the fact that the need for the proposed Development is underpinned by a number of approaches that have been received from potential liquid bulks operators and end users who wish to import liquid bulks to the Port of Immingham. As noted below, this is a need that cannot be met elsewhere within the Port estate. As well as the interface to the GPSS network – which a site within the Port estate could not offer - these customers will also require rail connectivity which, in the case of IWDJ is something that can be achieved easily, due to the proximity of the Site to the Killingholme Branch line, which of itself forms part of the national rail network operated by Network Rail. The recent news of the impending privatisation process of the OPA assets including the GPSS network is likely to accelerate interest in realising the opportunities for liquid bulk and fuel cargoes to transit the western part of the Port of Immingham.

Policy

The need for the development is supported by a report on UK Downstream Oil Infrastructure, prepared on behalf of DECC by Wood Mackenzie, (2009). The report seeks to 'scan the horizon' for potential problems in the downstream refining/distribution sector for the UK as a whole, and considers regional pinch points, future supply resilience and how to sustain current logistical capacity given what it sees as a lack of investment over a long period of time.

Within the North East/ Yorkshire & Humber area, the report identifies the existing liquid bulk terminals at Immingham East and West as providing important back-up storage, blending and the product import facilities of the Total and Phillips 66 refineries (which form the key primary supply points for the region). The region relies on these facilities for a high proportion of its oil product needs, and in general, the report finds regional markets are becoming increasingly deficient. Changes in UK compulsory stocking obligations following revision of EU Directive

2006/67/EC "*imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products"* are predicted to exacerbate this problem.

A number of means whereby it may be possible to sustain current logistical capacity are identified, including investment in terminals and changes in land use. With respect to coastal infrastructure, the report notes that there could be constraints at locations related to jetty capacity and road/ rail loading facilities.

Regions where additional imports are likely to be required together with potential pinch points are identified and discussed, as is the fact that there has been little relevant major infrastructure development in the north-east region in recent years. In addition, it is noted that a number of terminals have closed due to the amount of investment required to achieve compliance with current regulatory provisions, e.g. HSE, fuel quality requirements etc. In general, the report considers that only limited investment has been made by independent storage companies and traders and it concludes that the Government needs to encourage further investment, it being pointed out that infrastructure investment will be required to maintain capacity at existing sites *e.g.* construction of new tanks to provide more operational flexibility.

The UK Government is currently engaged in public consultation on the security of energy supply and energy infrastructure development in the UK, through the Balance of Competence Energy Review (Department for Energy and Climate Change (DECC) 2013) and it is expected that the Government will also recognise the pressing need to maintain and protect liquid bulk imports for regional and national energy purposes. The IWDJ will meet that need.

In conclusion, therefore, it can be seen from the above that there is a clear and pressing need for the services which will be provided by IWDJ, both in the context of the need to service existing operators' requirements and the need to maintain and protect liquid bulk imports for regional and national energy purposes.

Alternatives

ABP has considered alternative options for the proposed development, but does not consider there is an acceptable alternative. Alternative options that have been considered and subsequently discounted are set out in Chapter 2 (The Proposed Development) of the IWDJ Environmental Statement.

Acquisition of land

Access to the new facility will be via Station Road which crosses over the Killingholme Branch Railway Line at the Regents Oil level crossing. As a result of increased vehicular and rail movements generated by the new facility, in accordance with Network Rail policy with regard to the safety of railway crossings, it will be necessary to provide a new vehicular and pedestrian overbridge across the Killingholme Branch Line.

This will have the additional advantage of providing continuous access to the facility which will enable it to operate more effectively.

Conclusion

The proposed Development, the IWDJ, will be a port facility to be used for the import, storage and onward distribution of liquid bulk goods. The proposed Development will complement existing Port facilities and is uniquely located to take advantage of road and rail access as well as existing pipeline networks.

The proposed Development is required to meet the needs of an existing customer and potentially other liquid bulks operators and end users and to accommodate the relocated

liquid bulk operations currently serviced by the Immingham Gas Terminal. The development of this new facility will, in turn, facilitate the expansion in capacity of the Humber International Terminal thereby enabling the import of increased levels of dry bulk fuels.

The project, therefore, will meet the growing demand for in-river facilities to handle deep-sea cargoes. Liquid bulk traffic through UK ports is a critical growth area in terms of the security of the UK's energy supply, and this requirement, which is aligned with the project's specific objectives, cannot be met elsewhere.

It can therefore be seen that the IWDJ satisfies the test under section 14 (2) (b) of the Harbours Act 1964 and that there is a compelling case in the public interest for the project to proceed.

References

DECC (2013) Balance of Competence Energy Review

Wood Mackenzie (2009) UK Downstream Oil Infrastructure