

NEGOTIATIONS WITH LANDOWNER, FUNDING**THE VPI IMMINGHAM LLP (LAND AT ROSPER ROAD) COMPULSORY PURCHASE
ORDER 2024****DOCUMENT CD 8.3****STATEMENT OF EVIDENCE**

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1 QUALIFICATIONS AND EXPERIENCE

- 1.1 I am Jonathan Michael Briggs, Development and Delivery Director for VPI Holding Limited, the parent of VPI Immingham LLP (**“the Acquiring Authority”**).
- 1.2 I hold a Master of Engineering degree in Chemical Engineering from Imperial College, London, and a Masters of Business Administration from INSEAD.
- 1.3 I have been employed by the VPI Holding Limited since 2019 and have undertaken various roles at the organisation, including Project Director Humber Zero, Director of Project Development and Delivery, Board Member VPI Flexkraft GmbH. I have been the Chairman of the Board (and current board member) of the Carbon Capture and Storage Association for the past 8 years. I have been involved in developing decarbonisation projects for over 20 years in both the UK and North America, advancing energy transition projects with BP and other independent organisations.
- 1.4 As the first employee for the VPI Humber Zero project and as an originator of the Humber Zero partnership, I have worked on the Carbon Capture Plant Project at VPI Immingham for the Acquiring Authority since 2019 and have been leading a team on the negotiations with Phillips 66 Limited (**“P66”**) ever since.

2 SCOPE OF EVIDENCE

- 2.1 The scope of my evidence is limited to:
 - 2.1.1 The discussions and correspondence with P66 to date concerning voluntary acquisition of the land required for the Project since 1 October 2021 (see Paragraph 3).
 - 2.1.2 The Acquiring Authority’s position on funding the Project (see Paragraph 4).

3 NEGOTIATION WITH LANDOWNERS

- 3.1 VPI is one of the UK’s leading power generators, with approximately 4GW of capacity in the UK. We are also the largest operator of battery storage systems in Ireland and recently launched an ambitious battery platform in Germany. We view our role as facilitating the energy transition by providing dispatchable power to support the widescale deployment of renewable energy. VPI and P66 have been in a contractual relationship since 2013, when VPI acquired the operating asset and site lease of the 1200MW combined heat and power (CHP) plant from P66. Since then, VPI has provided the 2 adjacent refineries (including P66’s Humber Oil Refinery) representing over 30% of the UK’s refining capacity with daily power and steam, and has provided up to 2.5% of the UK grid’s power requirement.
- 3.2 VPI’s contractual relationship with P66 is documented in a series of agreements (collectively called the Energy Services Agreement, or ESA). Under the ESA, VPI provides power and steam to P66 under a pricing formula, the term of which expires in 2037. A number of secondary products (e.g. demineralised water and refinery off gas) are also exchanged between the parties under the ESA. The annual cost of these

products varies with the price of natural gas but will typically represent tens of millions of pounds GBP on a monthly basis.

- 3.3 Negotiations with P66 for voluntary acquisition of the land included in VPI's Order ("**Order Land**") started in 2020 when VPI, Harbour Energy and P66 determined that the Immingham cluster was the most attractive way of decarbonising our collective assets, and the wider Humber region. Because close and integrated infrastructure is key to an optimised carbon capture, transportation and storage system, it was agreed in principle by VPI, Harbour and P66 that the Order Land would host the VPI Project and the Viking CCS collection infrastructure. The Order Land was originally identified as the preferred project location for the VPI capture plant by Wood Engineering in July 2020, following the development of a pre-Front End Engineering and Design ("**FEED**") feasibility study (**Appendix 1**). This study was commissioned and paid for by VPI, P66 and Uniper in accordance with a Memorandum of Understanding between the parties dated 14 February 2020 (**Appendix 2**). On completion of the study in 2020, P66 removed a portion of P66 land on the north side of Rosper Road identified by Wood for VPI's Humber Zero, as this would be earmarked for their Hydrogen 'Gigastack' project (which has subsequently been paused indefinitely). As such, the parties proceeded with the preferred site for VPI's Humber Zero project on the Order Land. No other lands were proposed by P66 at this time.
- 3.4 On completion of the Wood pre-FEED study in 2020, VPI and P66 prepared a joint application for UK government funding to the Humber Zero project from the Industrial Decarbonisation Challenge program run by UK Research & Innovation (UKRI). Throughout the application process (which included joint representations by VPI and P66 and a joint interview process with a selection panel from UKRI), the Order Land was the identified site for VPI's Humber Zero project.
- 3.5 In March 2021, following a competitive process, the Humber Zero project was awarded £12.7m as a result of a joint application by VPI and P66. Subsequent to the award, and throughout 2022, 2023 and into 2024, both VPI and P66 held combined quarterly program reviews with program officers from UKRI, jointly representing the Humber Zero project at both VPI and P66 sites (**CD 2.3**). Again, the Order Land was consistently identified as the site for the VPI capture plant, including in joint reviews with P66 and UKRI for the consenting process, technical program and plant plan associated with the project on the Order Land.
- 3.6 VPI and P66 also agreed to jointly manage their respective elements of the Humber Zero project via a Joint Project Management Team ("JPMT") and from 10 August 2021, VPI and P66 started to hold monthly JPMT meetings (as documented in the Acquiring Authority's Statement of Case paragraph 7.7, **CD 6.1**) with monthly discussion and review of the technical, permitting and commercial elements of the project. These were attended by key project, technical, permitting and commercial team leads from both VPI and P66 (including Jonathan Briggs, Chris Gilbert, Duncan Hammond, Mike Wailes, Jenny Sutcliffe, Adam Young, James Beresford-Lambert, Dwight Gomes, Karina Castaneda, Mark Francis, Mayowa Akinrinlola and Phil Gothard) to advance, amongst other things, a formal position on VPI acquiring an interest in the Order Land for the Project. Every JPMT monthly meeting included a section for a review of the commercial and land considerations between the Parties.

- 3.7 The process of negotiating heads of terms for a negotiated land interest from P66 for the Project (“**HoTs**”) was protracted and laborious. The first draft of the HoTs was circulated to P66 on 25 February 2021. A full-time commercial manager, Dwight Gomes, was hired by the Acquiring Authority in July 2021 (working alongside external Counsel, Pinsent Masons), whose initial role was focussed primarily on securing the Order Land voluntarily. Even with these dedicated resources, a non-binding set of heads of terms (**Appendix 3**) was only signed by the parties on 9 February 2022, some 12 months after negotiations first commenced.
- 3.8 The HoTs included, at P66’s insistence, a provision that the final land agreement between the parties would be subject to an amended ESA being entered into by P66 and VPI.
- 3.9 Following the agreement of the HoTs, VPI commenced the lengthy process of seeking planning approvals and environmental permits based on the VPI Project being located on the Order Land. Once planning approvals and environmental permits were commenced based on the location of the Project on the Order Land having been agreed between the parties, consulted on and assessed for environmental effects, altering the location of the Project away from the Order Land became untenable.
- 3.10 VPI and P66 used the same planning consultants and environmental consultants to advance their respective projects. The environmental impact assessment produced to support the respective planning applications (**Appendix 4**) covered both projects. VPI and P66 held bi-weekly joint conference calls with these consultants with the goal of jointly obtaining planning approvals and a final environmental permit. At no point throughout any of these meetings did P66 indicate or expressly state that the use of the Order Land for the project would not be acceptable to them or would prejudice delivery of other projects yet to be consented. P66’s implicit support for VPI’s Project on the Order Land was made clear through that process and in P66’s planning consultant’s (DWD) planning application covering letter to NLC dated 3 March 2023 (**CD 3.2**), which states:

“Two planning applications would be separately consented under the Town and Country Planning Act 1990 – one for the Phillips 66 Limited Humber Refinery (this application) and one for VPI Immingham CHP Plant. In recognition of the interrelated nature of both developments, a joint Environmental Statement (“ES”) documenting the findings of the EIA for both applications has been prepared by AECOM Limited (AECOM). The ES has been prepared in accordance with the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 (the “EIA Regulations”) and based on the Scoping Opinion issued by NLC on 11 March 2022.”
- 3.11 P66’s support for the Project located on the Order Land was further reinforced by the joint community and stakeholder consultations held by P66 and VPI between March – July 2022 to support both projects, as well as in P66’s Humber Zero Planning Statement dated March 2023 (**CD 3.1**), where P66 highlights the critical importance of VPI’s Project to the decarbonisation of the UK power grid.
- 3.12 Between February 2022 and December 2024 (as documented in the Acquiring Authority’s Statement of Case) and alongside coordinated efforts to renegotiate the ESA, the Acquiring Authority’s commercial team and external counsel have engaged in

ongoing negotiations with P66 to agree an option for lease of the Order Land. By the end of this period, two key issues remained unresolved:

- 1) The nature and extent of ESA amendments required; and
- 2) The level and nature of security required under the proposed lease.

3.13 The ESA

3.14 P66 is seeking a major amendment to the ESA as part of their willingness to lease the Order Land to VPI. As mentioned above, the ESA is the primary long-term agreement that commits VPI to provide power and steam to P66 and in its current form has been agreed until 2037. The pricing terms under the ESA were established when the VPI CHP plant ran on a fundamentally different operating mode and is currently very attractive to P66 and often economically challenging to VPI. Meeting the requirements of either the VPI or P66 Humber Zero project (as defined and presented to the UK government on a quarterly basis via the UK Research and Innovation's Industrial Decarbonisation Challenge (UKRI's IDC) program between 2020 and 2024) does not require extension or renegotiation of the ESA.

3.15 VPI and P66 have worked closely on the Humber Zero project since 2020, and on many occasions have jointly represented the project to external parties including UKRI and the UK Government. During initial verbal discussions on ESA requirements during 2022, P66 requested only additional power under the ESA to service its defined Humber Zero project with no indication of pricing or term. It was not until 5 June 2023 that P66 provided a detailed request for considerably more power and steam (i.e. significantly above current ESA levels) for a number of potential future projects, regardless of how likely or speculative, and regardless of their connection to VPI or Humber Zero (**Appendix 5**). At this time, it became clear to VPI that there was a material risk that an ESA amendment was not feasible but considerable efforts were made following the 5 June 2023 request to negotiate the position with P66. In October 2024, despite very little progress having been made, P66 provided an additional request that the term of the ESA also be extended beyond 2037 to 2050 (with increased product to be provided, at P66's insistence, on the same challenging pricing terms as the existing ESA). For a plant such as VPI's Immingham CHP, originally constructed in 2003, agreeing to such terms would render the plant uneconomic, unless a significant investment program (none of which would be related to Humber Zero) was carried out by VPI and unless a cost reflective pricing formula was introduced into the ESA. It is important to make clear that the June 2023 and October 2024 requests were in return for the land required for VPI's project. P66 was asking for guaranteed provision of steam and power for a range of projects (not just Humber Zero) up to 2050 at existing uneconomic ESA rates. It is highly unusual for a customer to have price and supply certainty for such a significant period of time into the future on uneconomic terms from the start of the contractual term.

3.16 By this point, VPI had committed in excess of £12m of funding to the project together with completion of the majority of the UKRI IDC program and receipt of the majority of the UK government's £12.7m investment in the project. Despite understanding the severity of outcome for VPI in June 2023, VPI continued to seek a more reasonable outcome with P66 at the JPMT meetings (**CD 2.2**) that would not affect the Humber Zero project and would deliver on the significant capital investment made by the UK

taxpayer in the project before initiating the CPO process in September 2024 in order to maintain the integrity of the Humber Zero project.

- 3.17 Subsequent discussions after filing of the Order have only modestly scaled back P66's demands, which remain unfeasible to VPI. Under the current proposed terms, VPI would be precluded from providing power to any other large industrial customer and must provide power to P66 on pricing terms that are deeply uneconomic to VPI, for a period of time significantly beyond the current term of the ESA. Realising the complications associated with making the amendments to the ESA a condition to completing the land agreements, we asked to have ESA issues separated from the lease arrangements and to have a discussion on land access based solely on commercial terms and the fair market value of the land. This position was rejected outright by P66 via e-mail in November 2024 (**Appendix 6**). On 26 November 2024, Dwight Gomes e-mailed Mike Wailes of P66 with the following:

"Clearly, the biggest obstacle to the lease option becoming effective remains the outstanding ESA renegotiations. Separating the ESA renegotiations from the lease would result in us having a final, binding and bankable lease option. Our lenders have asked if we can remove this conditionality from the lease option (which of course works for us) but we assume the nexus between the lease and ESA remains a core requirement for P66. Just checking to confirm no movement on that front from you and that from your perspective we won't have an unconditional lease option until an amended ESA is agreed"

- 3.18 Mike Wailes responded on the 27 November 2024 to say:

"For P66, the ESA and the VPI HZ Lease are directly related and we cannot separate them. We have limited land and multiple use opportunities, so it is critical is [sic] ensuring that it's use is in alignment with Humber's future (the ESA)".

- 3.19 The requirements of the Humber Zero project can be met in terms of provision of power and steam from the Immingham CHP without any renegotiation of the ESA under most operating conditions. The desired amendment by P66 to the ESA, as finally defined by P66 in October 2024, is related to securing further certainty as to the provision of energy products beyond 2037 and associated pricing for projects that VPI have no part of. In other words, they are changes which are not required to deliver Humber Zero.
- 3.20 It is accepted that in a very small number of circumstances, additional power beyond the amounts currently supplied under the ESA may be required to power the P66 carbon capture plant which forms part of Humber Zero. However, there is no reason at all that this cannot be provided under a separate commercial agreement on standard market rates, be it via VPI or via approaching the district system/network operator, Northern PowerGrid, and securing a separate connection for incremental power requirements within the given timescales of P66's Humber Zero project (which is scheduled to come online at least one year later than our project).
- 3.21 By providing the shortfall under a separate commercial agreement, the parties could move forward to deliver Humber Zero and renegotiate the terms of the ESA separate from it and VPI has always been willing (and remains willing) to de-couple the ESA and land negotiations given the complexities and challenges this nexus has caused to

date. VPI's willingness to negotiate on this point was most recently set out to P66 in a letter sent by Pinsent Masons to Burges Salmon on 1 April 2026 (**CD 4.1**).

3.22 Paragraph 2.24 of P66's Statement of Case states that:

"It appears that VPI is using the compulsory acquisition process as a means to pressure P66 into agreeing terms in the ESA that are commercially unacceptable to P66. Indeed, VPI has indicated to P66 that if P66 is willing to accept its favoured ESA terms, VPI would be willing to withdraw its CPO".

3.23 This statement is not consistent with VPI's stated position in this proof of evidence and in direct correspondence with P66 to date - VPI has always been willing to de-couple the ESA from the land negotiation altogether and continue to negotiate the ESA in isolation from the Project.

3.24 Paragraph 8.10 of P66's Statement of Case states that:

"Both P66 and VPI acknowledge that the ESA requires amendments to provide additional utilities; without this the P66 CC (carbon capture) Plant is infeasible and the Immingham cluster is not a cluster as one of the key anchor projects would fall away leaving only one of the two required as a minimum by the UK Government".

3.25 Whilst the VPI Humber Zero 3.3 million tonne per annum (mtpa) carbon capture project can proceed without any amendment to the ESA, it is accepted that the 0.46 mtpa P66 carbon capture plant may need additional power under limited circumstances. VPI has offered this at market price. As it has done previously during its operations, P66 is also able to seek additional power from the district systems/network operator. It is completely untenable for P66 to expect VPI to provide this additional power – and further power for other projects – for the duration of their project lifetime at deeply uncommercial rates to VPI. Instead of agreeing commercial terms on the provision of such resources, P66 is seeking to extract those resources on uncommercial terms by ransoming the land needed to deliver the Project. This action risks leaving neither of the key anchor projects in place which would result in the transportation pipeline – which was granted its development consent order on 9 April 2025 - having no connected emitters.

3.26 **The Lease**

3.27 The proposed form of lease drafted by P66 included a provision that required VPI to obtain a letter of credit from a bank in the amount of £200m if VPI did not meet P66's creditworthiness thresholds. This threshold was initially set at an unreasonable level given the potential exposure were the lease to be terminated. We requested that this credit level be reduced but this request was rejected. A letter of credit is an expensive form of financial security which would use £200 million of VPI's proposed credit facilities for Humber Zero, restricting our ability to issue other guarantees required by the project agreements. This would place significant restrictions on how VPI funds Humber Zero and cannot be accepted.

3.28 As an alternative to letters of credit, VPI proposed insurance as a viable solution. At significant cost, we offered to increase our insurance policy to £200 million and to have P66 expressly included as a named beneficiary under the policy. P66 initially indicated

a willingness to consider (at least in part) an insurance solution to the issue, but after several discussions with our respective finance/insurance teams, P66 outright refused an insurance solution in an email dated 14 March 2024 (**Appendix 7**), despite this being a market standard way of dealing with potential catastrophic losses.

- 3.29 Security for damage to property (resulting from our operations) in the sum of £5.2 million per annum was also requested by P66 to guarantee them under the lease. This is over 10 times the cost of the lease (each year) which is incredibly unusual, prohibitively expensive and not at all consistent with industry standards. Thus, VPI and P66 remain quite some distance apart on this key term of the lease and VPI is not confident that a resolution on this point is likely. The parties continue to hold discussions and will continue working to explore whether an acceptable solution might arise.

3.30 The Compulsory Purchase Order

- 3.31 Initiating the CPO against our Humber Zero partner was not an easy decision. At the time of making the Order, we were approximately one year away from an original final investment decision (December 2025), in alignment with the combined Viking Cluster CCS schedule prepared by Harbour Energy. Although the current final investment decision has now been moved to December 2026, we have little confidence that an agreement with P66 will be obtained by this time. P66 has consistently pushed back negotiations whenever a schedule delay arose. Given that the lease option could only be exercised by VPI upon a positive final investment decision (i.e. upon there being no risk that the land would be called on by VPI in the absence of Humber Zero continuing), it would have served both parties interests to resolve all land matters as quickly as possible so that each party could focus on other elements of our projects. P66, however, has consistently set negotiation dates in reference to potential FID dates. It is VPI's understanding that P66 were doing this to exert maximum "last minute" pressure on VPI with regard to the ESA negotiation.
- 3.32 Our strong preference was (and is) to negotiate a reasonable lease option that is separate from the complications of extending the ESA. In fact, holding a freehold interest in land is something VPI tries to avoid as an inefficient allocation of capital. To illustrate, when VPI purchased various electricity generation operating assets from Drax in 2021, we immediately divested ourselves of all unencumbered freehold interests and converted them into leasehold interests.
- 3.33 Since it has become clear that P66 is unwilling to enter any further discussions or negotiations for the voluntary acquisition of the land required independent of significant ESA amendments, it has become necessary to proceed with the use of compulsory purchase powers in order to obtain the Order land. It is important to note that obtaining the Order land will not prejudice P66's Humber Zero project nor will it prejudice the Viking Cluster CCS, as evidenced by Harbour Energy's withdrawal as an objector (**CD 5.3**). Failure to obtain the Order Land, however, will cause the Project to be delayed/terminated, removing the key anchor emitter from the Viking CCS Cluster and removing any prospect of Viking Cluster CCS being operational by 2030.

4 FUNDING POSITION OF THE PROJECT

- 4.1 The Acquiring Authority is one of the largest power generators in the UK, with approximately 4 gigawatts (“GW”) of existing thermal generation across a number of sites as shown in **Appendix 8**. We are spending significant resources on adapting our sites to a low carbon future, including exploring hydrogen conversion on GT3 at Immingham, working with National Grid on the Project Union hydrogen pipeline to service a number of our assets, and exploring potential new build power CCS at our large Damhead Creek II project. We are actively developing projects in Ireland and are currently the largest operator of battery energy storage systems in that country. We also recently launched a battery development platform in Germany, where we aim to deploy £500m of capital to build that business with the aim of being a market leader in zero carbon flexibility and generation services. In short, we view ourselves as being the system solver for problems, projects and technologies that must be resolved through the energy transition.
- 4.2 The Acquiring Authority is a wholly owned subsidiary of VPI Holding Limited, whose adjusted earnings before interest, tax, depreciation and amortisation (“EBITDA”) in its most recently filed accounts with Companies House was £800m for the year ending 31 December 2023 and £644m for the year ending 31 December 2022 (**Appendix 9**).
- 4.3 The VPI Humber Zero project is forecasted to cost approximately £1.5bn in total – This is a Class 2 (IPA) estimate (+/- 15%) derived following completion of our FEED study by Worley in April 2023 and a FEED verification study by Bechtel in December 2023. The cost of acquiring the Order Land was valued by Ardent Management Limited on 17 May 2024 to be £7.3m.
- 4.4 The cost of VPI’s Humber Zero project is reflective of its size. It will have the ability to capture 3.3 million tonnes per annum, in comparison to P66’s Humber Zero project which will capture approximately 460,000 tonnes per annum. This evidences that our project is on a significantly larger scale than P66’s, and as such will underpin Humber Zero and the Viking CCS Cluster as the key anchor emitter.
- 4.5 The Humber Zero project forms part of a CCS cluster, which is defined as multiple carbon dioxide emitters using shared transportation infrastructure. In 2021, the UK Government began a cluster sequencing process to identify at least two clusters suited to deployment in the mid-2020s. These clusters were identified as “Track 1” clusters. In 2021, the Government confirmed that these “Track 1” clusters were HyNet (Liverpool) and the East Coast Cluster (Teesside). In November 2024, the Government announced £21.7bn of funding over the next 25 years for both “Track 1” clusters.
- 4.6 The next part of the cluster sequencing process – “Track 2” - was announced on 30 March 2023. This established the next two clusters which could negotiate an economic licence (required to operate a carbon dioxide transport and storage network). On 31st July 2023, the Viking CCS Project (operated by Harbour Energy) and Acorn CCS Project (Aberdeenshire) were awarded “Track 2” status.
- 4.7 By selecting the Viking CCS Project as the next Government supported carbon capture system through the “Track 2” process, DESNZ has effectively guaranteed that VPI will be awarded the next Dispatchable Power Agreement (“DPA”). This is because VPI’s CHP Plant is “hard wired” into the Viking CCS system as one of the two key adjacent anchor emitters. Whilst the precise timing of Track 2 funding is not known, it is widely

anticipated by the industry that a final funding decision will be made either this year or next.

- 4.8 The award of a DPA would provide VPI with full cost recovery plus a return on capital over a 15-year fixed return contract. This support regime was designed specifically to make projects such as Humber Zero financeable by the debt and equity markets. The robustness of this program was recently evidenced when BP's Net Zero Teesside project (a new build gas-fired generating station with carbon capture) was able to obtain over £4bn of credit facilities off the back of the award of their DPA.
- 4.9 Given recent delays in the Government announcing Track 2 funding and the issuance of a DPA to VPI, Harbour Energy has updated the collective Viking CCS/Humber Zero FID to be December 2026, but all parties are working hard to accelerate this timing. It is anticipated that DESNZ will announce Track 2 funding at the next Treasury Spending Review. Even if that were not the case, and Track 2 funding was postponed to the next Treasury Spending Review (2026), it is clear that funding will be determined within the 3-year implementation period of the Order. In fact, the Government's expressed targets in respect of Clean Power 2030 and the legally binding Net Zero obligations requires funding to be made considerably earlier than the expiry of the implementation period of VPI's order (if confirmed).
- 4.10 To date, VPI has spent over £20m advancing Humber Zero to its current stage of design development and was one of a limited number of 9 projects to have received UKRI funding, showing early government support for Humber Zero.
- 4.11 VPI's strong balance sheet and banking relationships provide it with sufficient resources to develop large scale projects. Specifically, VPI has established strong relationships with several prominent international banks, leveraging these partnerships to drive its ambitious growth strategy. Recently, we secured over £200 million in funding to support the development of new projects currently under construction, showcasing our robust financial backing and commitment to delivering on our objectives.
- 4.12 VPI has been working with Lloyds Bank plc since April 2022, where Lloyds has been acting as our Humber Zero Debt Advisor. During this appointment, Lloyds has undertaken a number of market sounding exercises with the lending community. During these engagements, details of our Humber Zero project were communicated to the debt market and preliminary expressions of interest were obtained from prospective lenders. The outcome of these exercises were consistent expressions of interest (where 100% of the 23 banks approached provided strong letters of support and 2.5x indicative oversubscriptions of the maximum debt levels sought) to provide debt financing (of up to 80% of the entire capex of the project) on favourable market terms.
- 4.13 VPI has also been approached by several parties interested in providing equity financing to Humber Zero and in May 2024 we retained Rothschilds & Co. to review and assess potential equity partner options.
- 4.14 All debt and equity funding that would be necessary (as well as the DPA underpinning such financing) would be obtainable well within the lifetime of the Order and in any event, VPI has the necessary resources to acquire the Order Land and fund any land

compensation from its own reserves. P66 have asserted that VPI has not complied with the necessary CPO guidance requirements because no mechanism has been disclosed which would enable VPI as an LLP to draw down the funds from its parent company. There is no requirement for VPI to disclose such a mechanism and in any event, it would be an inefficient use of capital for the LLP to hold cash reserves on its balance sheet for land acquisition when powers have not yet been granted to enable VPI to acquire the Order Land. This is not how businesses like VPI work. If powers are confirmed and at the point at which VPI is ready to implement the Order, funds will be made available for the land acquisition.

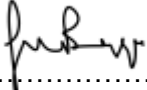
- 4.15 It is clear, therefore, that funding will be in place during the lifetime of the Order, with several options available to VPI to ensure that sufficient sources of funding are available for both acquiring the Order Land and completing the VPI Humber Zero project.

5 CONCLUSION

- 5.1 I have been working with P66 for over 5 years on the Humber Zero project, as part of an effort to decarbonise the Immingham industrial site, the largest source of emissions in the Humber region. Much progress has been made. Both VPI and P66 successfully competed for and were awarded £14m of government funding from UKRI. To date, VPI has now invested almost £20 million to define the VPI Humber Zero project and present what is a critical CCS project to the UK in deploying CCS at scale, and to the Humber in terms of deploying transformational CCS infrastructure to allow the UK's largest industrial region to decarbonise.
- 5.2 Despite this progress, no binding agreement in support of providing land or planning has been agreed with P66. From the outset in 2020, P66 is attempting to ransom the VPI project by directly linking the negotiation of a land interest for the project with an unnecessary extension of the ESA which would not otherwise be extended or renegotiated until 2037. If P66 require additional power for the Humber Zero project, this does not necessarily need to be provided under the ESA – it can be dealt with under a separate power purchase agreement. Additionally, P66 does not need to buy the power from VPI – it could purchase directly from the Grid or another third party supplier. It is clear that the P66 position of linking the ESA negotiation to the Project is an attempt to extract price and supply certainty until 2050 on wholly disadvantageous terms to VPI that would almost completely restrict our ability to supply other customers. Their position puts the delivery of a critical cornerstone of the UK's net zero strategy and the provision of £20 million of public funding in jeopardy.
- 5.3 VPI has done all that is required to evidence that it can fund the necessary land acquisition and compensation, as well as the delivery costs for the VPI project. The entire Humber Zero project (including P66's part of the project) would not proceed without the grant of a DPA as the main anchor emitter for Viking CCS would fall away. If the Order is confirmed before the grant of the DPA by Government, powers would not be exercised until the DPA was issued to guarantee to debt and equity funders that the project was financeable. Extensive work has been carried out to demonstrate that the project has the full support of the debt markets and ongoing work is being carried out to identify equity funders. The VPI group's EBIDTA in its most recently filed accounts shows profits of over 100x the amount required to purchase the Order Land and fund compensation to land and rights holders.

6 STATEMENT OF TRUTH

- 6.1 This statement of evidence has been prepared and provided for this inquiry by me and I confirm that the facts stated in my proof are either within my own knowledge or, where indicated, reflect the advice that I have received. The opinions that I have expressed represent my true opinion.



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Jonathan Briggs

Date: 22nd April 2025