

Factsheet from Halite Energy

Community Meeting

Date 7th December 2018



Item 1 Halite Energy Group Ltd under New Ownership

On the 30th October 2018, Halite Energy was sold to Cheshire Energy Ltd, part of the NPL Group, who already have a significant presence in Wyre and Lancashire developed over the past 15 years at the Hillhouse Enterprise Zone.

Cheshire Energy purchased Halite's underground gas storage project at Preesall, Lancashire and its Liquefied Natural Gas (LNG) project at Amlwch, on the north east coast of Anglesey, Wales.

An NPL Capability Statement is available for handout at this meeting.

Item 2 National Need for Gas Storage

The UK's largest gas storage facility at Rough in the North Sea closed in June 2017. Rough held nine days gas supply. Total UK domestic gas storage has now reduced from 15 to 5 days. Preesall will add 3 days gas supply.

Three quarters of UK households rely on gas. In Lancashire, 525,970 meters are installed in residential (508,000) and commercial premises (17,970). *Source DECC Gas Sales and Number of Customers 2013 National Statistics.*

3 structural trends are increasing UK gas market needs:

- a) Increasing import dependency – National Grid estimates that by 2025 the UK will import 70-80% of its gas supply. North Sea gas is in terminal decline. UK is increasingly reliant on LNG, which is "chunky" – cargoes can take 2-4 weeks to arrive and for a regasification process to work.
- b) Declining gas supply flexibility – UK has lost 70% of gas storage working volume with the closure of Rough. There is a storage investment hiatus & further closures / mothballing (Hornsea). European production flexibility is declining. The Dutch government plans to halt extraction at the Groningen gas field by 2030 to limit the danger posed by earthquakes.
- c) Increasing gas requirement to combat renewable intermittency and provide power generation – Closure of coal (11GW by 2025). The UK has 15 nuclear reactors generating about 21% of its electricity but almost half of this capacity is to be retired by 2025. Renewable intermittency (solar & wind) is to rise substantially through 2020s causing greater swings in gas supply & demand.

Government subsidies to support renewable energy £4.8bn in 2015-2016. Forecast to rise to £9bn a year by 2025. Source: Renewable Energy Foundation. Renewable energy subsidies for wind and other renewables add an average of £30 to every household bill a year. Source: DECC 2017.

On 17th October 2018 the UK Government announced an Inquiry into gas storage.

Item 3 Current Preesall Project Status

- a) Phase 1 – Construction of Haul Road linking to the A588 Hall Gate Lane. The road will take approximately four months to complete, starting in the Spring of 2019.
- b) Haul Road Development Consent Order (DCO) Requirements:
 - 15 requirements have been discharged by Wyre Council;
 - 1 requirement is pending decision (dust management and mitigation); and
 - 2 requirements pending submission (drainage, alteration to street layout)
- c) Current Cavern Development Plan:
 - Phase 1a – 5 caverns, 3 wellhead compounds, 151 mcm working gas. "First Gas" December 2022. Completion 2024.
 - Phase 1b – 4 caverns, 2 wellhead compounds, 191 mcm working gas
 - Phase 2 – 7 caverns, 2 wellhead compounds, 153 mcm working gas
 - Total No of Caverns 16. Wellhead Compounds 7. Working gas 495 mcm.
- d) Brine Discharge (a handout is available at this meeting)
 - The Environment Agency (EA) has granted Halite a brine discharge consent to ensure it complies with its stringent requirements to minimise and mitigate environmental impact.
 - Extensive surveys and technical assessments have been undertaken since which have been scrutinised and verified by the EA, Natural England and Marine Management Organisation (MMO).
 - The creation of the brine pipeline is planned to start in the latter part of 2019. Further baseline environmental surveys will be completed prior to brine discharge to inform the operational modelling.
 - A Marine Environmental Monitoring Plan is being developed that will include details on timing, location, frequency, duration and reporting on compliance with the discharge consent. Halite will agree this with the EA.
 - An independent Brine Discharge Monitoring Group has been established by the EA, that includes the MMO, North Western Inshore Fisheries and Conservation Authority.
- e) Safety
 - Since 2010 Halite has invested over £250,000 to safeguard the integrity of the former ICI brinefield at Preesall, where 110 old brine wells were created since the late 1800s.
 - Halite is not using any of these old brine wells for its project. It is creating brand new caverns in virgin salt areas.

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