

CABINET SECRETARY FOR ECONOMY, JOBS AND FAIR WORK

What	Tour of the Grangemouth Petrochemical Plant and a meeting with INEOS Olefins & Polymers (O&P) UK.
Where	Ineos O&P HQ, Inchyra Road, Grangemouth (opposite Gate 12)
When	30 March 2017, 8:30 – 10:30am
Key Message(s)	<ul style="list-style-type: none"> • The Scottish Government values the significant contribution INEOS makes to the Scottish economy, and recognises the important role INEOS can play as new entrants to the North Sea. • The Scottish Government wants a sustainable future for the petrochemical and refinery business at Grangemouth. • Scottish Government and Falkirk Council have agreed to work together, through the Falkirk Economic Partnership (Falkirk Council, SG, SE, INEOS, Forth Ports, CalaChem, Scottish Canals, Forth Valley College and other local businesses), to explore how best to drive inclusive growth through the Grangemouth Investment Zone and related developments.
Who	<ul style="list-style-type: none"> • John McNally, CEO INEOS O&P UK • Tom Crotty, Director INEOS Group.
Why	<ul style="list-style-type: none"> • An opportunity to discuss a range of issues, including: <ul style="list-style-type: none"> ○ Petrochemical plant and future investment; ○ 2020 Vision for Grangemouth REDACTED ○ INEOS plans for North Sea investments.
Supporting official (incl. mobile no.)	<ul style="list-style-type: none"> • David Ritchie, Deputy Director, Energy Industries Division REDACTED • REDACTED Head of Oil & Gas Policy, Energy Industries Division REDACTED
Briefing contents	Annex A – Summary Annex B – Unconventional Oil & Gas Annex C – Grangemouth Investment Zone Proposal Annex D – Planning Application – Bo’Ness Road Annex E – Forties Pipeline System (FPS) Annex F – Biographies
Media Handling	No proactive media planned. There is a debate in the Scottish Parliament on the same day about unconventional oil and gas.
Social Media	No social media planned.
Greeting Party and meeting point on arrival	Cabinet Secretary to arrive at INEOS’ new HQ and will be met by INEOS staff.
Ministerial car/parking arrangements	INEOS Olefins & Polymers Europe, Inchyra Road, Grangemouth, Stirlingshire. New HQ opposite Gate 12. Postcode for Sat Nav: FK3 9XB <i>[Map sent separately to Government Car Service]</i>

ANNEX A: SUMMARY

Purpose of Meeting

1. SG has an important relationship with Ineos, in terms of both the Refinery (owned by PetrolIneos JV and operated by Ineos) and the Petrochemical plant (owned and operated by Ineos). **REDACTED**
 - Ineos is a large scale chemical company, which operates 65 manufacturing sites across 16 countries, with around 17,000 employees. The Grangemouth refinery and petrochemicals facility is Ineos' largest production centre.
 - Petrochemicals are used in a range of high-value products including: medicine, clothing, buildings, vehicles, computers, and green technologies, such as wind turbines.
2. This meeting will provide an opportunity to discuss a range of issues, including:
 - **The Petrochemical plant and future investment;**
 - **2020 Vision for Grangemouth (REDACTED); and**
 - **INEOS plans for North Sea investments.**

Natural Gas & Ethane

3. **REDACTED.**
 - **REDACTED**
 - The Grangemouth facility has one of only 4 gas crackers in Europe capable of using ethane gas to manufacture ethylene.
 - The Grangemouth ethane project completed in Q3 2016. With the first delivery of US shale ethane arriving on 28 September 2016.
4. **REDACTED.**
 - In addition to ethane, methane is an important energy resource at the GM complex (for both the petrochemical plant and refinery).
 - The Cabinet Secretary visited Grangemouth Refinery on 6 October, **REDACTED**
5. Advice on the current Unconventional Oil & Gas Consultation is provided in **Annex B.**

Ineos 2020 Vision & Bo'Ness Road

6. The INEOS 2020 Vision & Masterplan sets out the company's commitment to building a modern chemicals manufacturing facility that offers a competitive and appealing investment location.

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7. INEOS are working with Scottish Enterprise on investment packages, co-investment, and skills to bring forward a specialist chemicals campus and SME investment opportunities.
8. INEOS believe that it is critical that Grangemouth Investment Zone (GIZ) infrastructure enables site growth (further detail on GIZ at **Annex C**).
 - **REDACTED.**
9. **REDACTED**
10. **REDACTED** As this is a live planning proposal, Ministers should refrain from commenting on the merits or specifics of the proposal so as not to prejudice any future involvement they may have in the planning process.
 - **REDACTED.**
 - **REDACTED.**

New Energy Project (NEP)

11. INEOS are also developing plans for new power generation facilities at Grangemouth
12. **REDACTED**
13. **REDACTED.**

ANNEX B: UNCONVENTIONAL OIL & GAS

Issue: On 31 January we launched a comprehensive public consultation on unconventional oil and gas, which will run until 31 May.

- Once the consultation closes and the responses have been independently analysed, the Scottish Government will consider the full range of evidence, and make a recommendation on the future of unconventional oil and gas in Scotland.
- The Scottish Government will then ask the Scottish Parliament to vote on our recommendation, and we will come to a final decision on whether or not unconventional oil and gas has a role in Scotland's energy mix.

Top line: We value the views of the business and industrial community on unconventional oil and gas, and we encourage you and the wider industrial sector to respond to our consultation.

What does the UOG consultation cover?

- The consultation covers the potential processes and technologies that would be involved in extracting shale oil and gas, including hydraulic fracturing, and coal bed methane extraction. Evidence on potential impacts is discussed under community, economic, environmental themes.

How long will the consultation last for?

- The consultation will close on 31 May 2017.

Why does the consultation not set out a Scottish Government policy position?

- In line with our evidence-led approach, the consultation creates space for dialogue and encourages different perspectives to come forward. This is a unique and important approach that demonstrates our commitment to exploring both the evidence and the views of people across Scotland without bias or prejudgement.

Is the consultation a referendum on fracking?

- Our consultation is not simply an opinion poll - this would not do justice to the broad and complex range of issues that people care about and that need to be debated. The consultation provides clear opportunities for everyone to put their views across on UOG and on specific topics or issues.

When will a decision on UOG be taken?

- Once the consultation closes, all responses will be independently analysed, and a report of this analysis will be published. The Scottish Government will then consider the full range of evidence, and make its recommendation on the future of unconventional oil and gas. The Scottish Parliament will then be asked to vote on this recommendation, before the Scottish Government makes a decision by the end of 2017.

ANNEX C: GRANGEMOUTH INVESTMENT ZONE PROPOSAL

Issue: The Scottish Government and Falkirk Council have agreed to work together, through the Falkirk Economic Partnership (Falkirk Council, Scottish Government, Scottish Enterprise, INEOS, Forth Ports, CalaChem, Scottish Canals, Forth Valley College and other local businesses), to explore how best to drive inclusive growth through the Grangemouth Investment Zone and related developments. Detailed work to develop a business case to support the proposition is being taken forward.

Top Line: Welcome INEOS's contribution as a key partner in the Falkirk Economic Partnership, to the ambitious plans for the future development of Grangemouth, ensuring that the significant opportunities for economic growth in the area are maximised. This Government is committed to exploring how collectively we can work together towards that and I shall be following developments with a close interest.

Recent Ministerial engagement with Falkirk Economic Partnership (FEP)

- Mr Wheelhouse met with FEP on 2 March to discuss growth opportunities in the area and how they could be realised. This meeting followed a series of exchanges with the council in the margins of the Longannet Task Force and built on discussions between Mr Wheelhouse and Cllr Martin, leader of the Council.
- At the meeting the Minister agreed that the Scottish Government will work to:
 - bring together key local partners - including INEOS - to develop the detail of the opportunities and specific projects that could be supported as part of an Investment Zone and its related developments;
 - identify how these opportunities might be delivered, including how existing and future funding mechanisms, such as TIF, could contribute to the area's success and establish the anticipated impact in terms of investment, jobs, skills and place – detailed work is being taken forward to develop the proposition; and
 - use this work as a basis for future discussions to build on existing commitments and help to realise the opportunities of the Investment Zone and its related developments.

- Following the meeting, Mr Wheelhouse said:

“...we will bring together the Scottish Government and local government to commission work to develop the detail of the opportunities and specific projects that could be supported as part of the Grangemouth Investment Zone.

“Through this work, we want to ensure there is a clear vision for the area, focused on growth driven by local leadership and incorporating all sectors. We want to harness the combined potential of the assets and opportunities across the area. In developing more detailed proposals, we want to ensure that they are linked to the range of potential funding streams and approaches. We will also make sure that there is a clear link to sustainable

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economic outcomes in jobs and inclusive growth which are also in line with the Scottish Governments' Economic Strategy."

- Ineos attended FEO and gave a brief presentation on its plans for the development of the site and the potential it offered for substantial growth.

Background: Grangemouth Investment Zone proposal

- The Grangemouth Investment Zone is a National Development under the National Planning Framework – this status strengthens its nationally important role in freight handling, providing energy-related infrastructure and facilitating wider economic activity.
- Falkirk Council launched its 2015-2025 Economic Strategy in December 2015, to set out ambitions for the area's economy, stating "*Falkirk is an area committed to growth, attracting investment and enabling all in its communities to benefit from its economic opportunities.*"
- A key part focuses on the opportunities from a Grangemouth Investment Zone and the substantial pipeline of investment projects identified (estimated to draw together investment around £2 billion in private and public sector investment). The Council sees a Grangemouth Investment Zone offering opportunities to:
 - become a tier 1 international chemical science location;
 - create new centres of excellence in industrial bio-technology and energy;
 - apply smart technology to assist business, enhance infrastructure, and sustain resilience;
 - apply strengths of existing industries to become low a carbon transport development centre;
 - be a catalyst in developing transnational collaboration links;
 - broaden the area's industrial base and taking advantage of new found tourism potential; and
 - build on existing business base to expand, enable co-location and develop integration.
- Falkirk Council's view is that the opportunities are nationally significant and is keen to explore how best they can be delivered, including exploring a potential growth deal or other innovative funding models including a growth accelerator model or expanding TIF.
- Falkirk Council is commissioning (with joint funding from Scottish Enterprise) independent consultants to take forward work to shape an outline business case, to be completed by September 2017 for further discussion and refinement. This will begin to explore funding models.

ANNEX D PLANNING APPLICATION: BO'NESS ROAD

- INEOS Chemicals Grangemouth Ltd has submitted a planning application to Falkirk Council.
- Application consists of the construction of a security management centre, two security gatehouses, security fencing, five no pipe bridges, and the construction of new buildings and infrastructure.
- If granted permission the proposed development would need a section of the A904 Bo'ness Road to be permanently closed to the public by a "Stopping Up Order". Application site within the red border, depicted below.
- Members of Falkirk Council were supposed to meet on **29 March** to vote on a planning application by INEOS. The council recently confirmed the matter would **not be discussed at that meeting because INEOS had lodged supplementary information**, which would take more time to consider.
- **As this is a live planning proposal, Ministers should refrain from commenting on the merits or specifics of the proposal so as not to prejudice any future involvement they may have in the planning process.**



- The proposed development is classed as part of the Grangemouth Investment Zone, a National Development under the National Planning Framework.
REDACTED.
- **REDACTED.**
- As this is a National Development a pre-determination hearing took place on Monday 13 March to discuss the application.

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- Closure of the road cannot be completed unless planning permission has been granted for the proposed development. The Stopping Up Order would be subject to a separate procedure with public notice and opportunity for comment.

Planning Update

- To date the Council has received 312 public comments and 15 consultee comments on the application.
- The Council have confirmed that there are no outstanding objections to the application from statutory consultees.
- The Council had intended to determine the application at a full-council meeting on the 29th March. However, the applicant now intends to submit further information to support the application. A revised date for the full-council meeting is still to be set by the Council. This is likely to be after the Council elections.
- If the application is refused by Falkirk Council the applicant will have the option to appeal the decision to the Planning and Environmental Appeals Division (DPEA).
- The Scottish Government (Planning and Architecture Division) have not received any correspondence to date that Scottish Ministers should intervene in this application. Neither have they received any requests for brokerage.
- As this is a live planning proposal, Ministers should refrain from commenting on the merits or specifics of the proposal so as not to prejudice any future involvement they may have in the planning process.

Stopping Up Order

- A Stopping Up Order (SUO) is used by Local Authorities if there is a need to divert or stop up a road, footpath or bridleway permanently to enable a development to be carried out in accordance with the granting of planning permission.
- SUOs can be submitted to Scottish Ministers for action if there remain unresolved objections
- Ineos have submitted the application for the stopping up order. The Council have acknowledged but it is on hold until the planning application is determined.
- The Council will be required to undertake separate public consultation as part of the stopping up order process.
- Where there are outstanding objections to the stopping up order, the Council must submit it to Scottish Ministers (Planning and Architecture Division), but only after the planning authority has made every effort to resolve these objections.
- If objections are maintained the case is sent to the DPEA and a report will be prepared for Scottish Ministers consideration.
- Ministers should refrain from commenting on the merits or specifics of the stopping up order, so as not to prejudice any future involvement they may have in the process.

ANNEX E: FORTIES PIPELINE SYSTEM (FPS)

REDACTED

Background REDACTED

13. The FPS is critical network of North Sea infrastructure. It consists of around 100 miles of pipeline, and transports around 450,000 barrels of oil equivalent a day — 40 per cent of North Sea production.
14. FPS transports crude oil and gas liquids from offshore and onshore entry points. The liquids are processed at Kinneil, before being delivered for export at Hound Point or as feedstocks at Grangemouth.
15. **REDACTED**

INEOS' other North Sea assets

16. On 11 October 2015, Ineos announced it was entering the UKCS via the acquisition of LetterOne's North Sea gas fields for a reported consideration of US\$750m (£489m).
17. On 1 December, INEOS completed the acquisition of DEA Group's UK North Sea portfolio.
18. As part of this deal, INEOS gain operatorship of five onstream producing assets – Breagh, Clipper South, Cavendish, Topaz and Windermere – and equity in the onstream Anglia, Devenick, Minke, Orca UK and Saturn Area fields.
19. Production from Breagh and Clipper South represented around 4% of total UK gas production.

ANNEX F: BIOGRAPHIES

JOHN McNALLY, *Chief Executive Office, Ineos Olefins and Polymers (O&P) Europe*



PhD in Chemistry, Harvard University, 1987. John has worked in the petrochemical industry for 24 years, first for BP and then INEOS, in a variety of technical, commercial, and operational management roles in five countries. His most recent role was as Chief Operating Officer for INEOS Bio based in Florida, USA. John was appointed as the Chief Executive Officer for INEOS Olefins and Polymers, UK in August, 2014.

TOM CROTTY, *Ineos Director*



Tom is a Director of INEOS with responsibility for Corporate Affairs and Communications and the development of INEOS business in new territories. Following a 20 year career with ICI, he came into INEOS in January 2001 as CEO of INEOS Fluor. He subsequently became CEO of INEOS ChlorVinyls and then INEOS Olefins & Polymers Europe. Tom is a past President of the European Petrochemicals Association (EPCA). He is currently vice President of EPCA, Vice President of Plastics Europe, Chairman of Cogent, the UK Sector Skills Council for the Process Industries and sits on the UK's CBI Climate Change Board.