

Responding to the Downturn: Mothballing or Decommissioning Plant



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Mothballing or Decommissioning

Aside from EHS:

- Employment
- Pensions
- Customers
- Suppliers
- Property
- Taxation

Mothballing – The EHS advantages/disadvantages



Advantages

- Don't have to dismantle plant
- Ability to start again
- No surrender of permits
- Potentially avoiding repayment of grants



Disadvantages

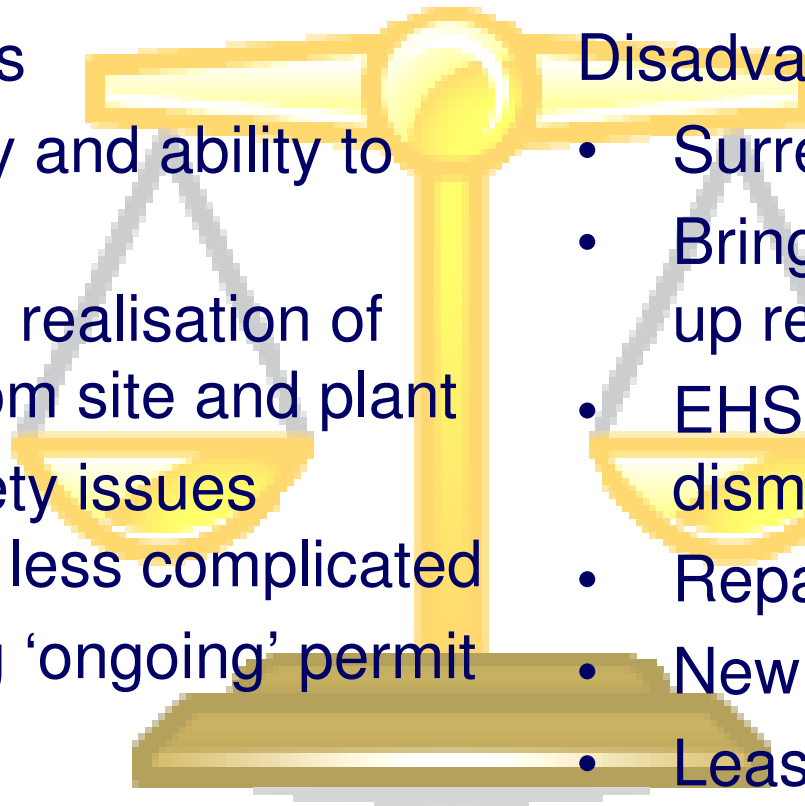
- Practicalities - can you re-start?
- Notification to Regulators
- Maintaining safety of site
- May need to vary permit
- Planning break in existing use
- Lease issues

Decommissioning – The EHS advantages/disadvantages



Advantages

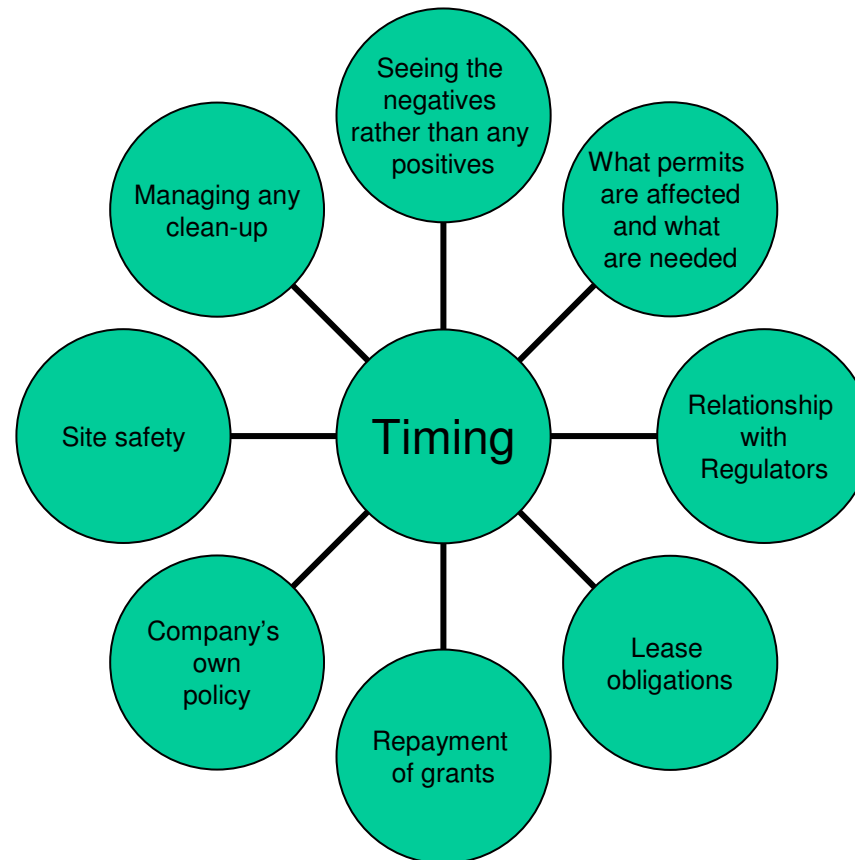
- Certainty and ability to plan
- Possible realisation of value from site and plant
- Site safety issues possibly less complicated
- Avoiding 'ongoing' permit costs



Disadvantages

- Surrender of permits
- Bringing forward clean-up responsibilities
- EHS issues arising from dismantling
- Repayment of grants
- New permits required
- Lease surrender

Potential Pitfalls





Technical issues to deal with on closure

- Mothballing
 - ensure integrity of systems pending restart
 - remove raw materials and/or wastes if susceptible to deterioration
 - put on standby maintenance routine
 - ensure good security

Technical issues to deal with on closure

- Decommissioning
 - Wet and dry waste removal from tanks, pipework underground and above ground
 - power isolation
 - deep clean of structures where contamination makes demolition problematic
 - abstraction and monitoring wells
- Onward sale of plant and equipment
- Control during plant removal
- Independent verification of works

Demolition

- health & safety controls
- asbestos identification and removal
- other hazardous materials (mercury, PCBs etc)
- waste disposal and duty of care
- recycling and payment for scrap
- underground structures
- protected structures



PPC Permits – surrender or transfer?

- PPC permit surrender
 - Return site to satisfactory state (potential soil remediation)
 - remove pollution risk (wet waste removal)
- Transfer
 - Operation must be comparable
 - May need substantial change modification by new holder
 - No need for ground remediation
 - Consider transfer of liability to new holder
 - Much easier for new operator than gaining a new permit



Waste Permits – surrender or transfer?



- Waste Permits - Surrender
 - Restoration and management of gas/leachate control systems
 - Demonstrate site presents no risk to health or the environment
 - Closure Plan
 - Monitoring Plan (1-60 years?)
 - Surrender
- Waste Permits - Transfer
 - Must be to a Fit and Proper Person
 - New holder needs to be able to predict aftercare liability
 - Can range from £5k to £5M, depending on nature of landfill



Sale options

- Sell as on-going operation (mothballed plant)
- Sell as is (demolition but no remediation)
- Go for enhanced value
- Balance of speed, value and liability control



Enhance value

- Enhance value
 - Decontamination of plant and demolition
 - Influence Local Plan (long time scale)
 - Obtain planning permission
 - Deal with traffic, access, housing density, ecology, archaeology
- Sell as an attractive redevelopment prospect to maximise return
- Work with Developer on open book basis
- If change to housing, consider the possible additional risk, and where it lies



Case Study 1 - former manufacturing facility



- Planning permission gained for housing, conditional on implementation of agreed Remedial Action Plan
- RAP accepted by Local Authority and EA - Site Specific Clean Up Targets agreed
- Working plans agreed for in-situ and ex-situ treatment technologies for soil and groundwater remediation
- More traditional techniques also applied (e.g. replacement of clean soil to ground agreed without need for exemption)
- Detailed verification testing undertaken - post remediation
- Site now fully developed and successful new community

Case Study 2

- Closure of herbicide storage and batching warehouse
- Sale of warehouse to confidential paper storage company
- Removal of batching plant
- Deep clean of structure and racking
- Localised ground clean-up of historical spill
- New use now operational



Case Study 3

- Two sites next to each other, closed 25 years ago
- Companies now selling land
- Company 1 has sold unremediated, and without new planning permission to specialist brownfield remediation company
- Company 2 is undertaking remediation, and gaining planning permission for housing and retail, before sale to housebuilders

Case Study 3 (2)

- Planning Authority has commented that they were very concerned that Company 1 had sold site unremediated
- Company 1 has received fairly nominal value for site, but has passed on liability through contract
- Company 2 has received positive response from Planning Authority regarding its planning application and remediation intentions
- Company 2 has received high price for remediated site with planning permission in place
- Liability transfer/elimination achieved by own actions

How to manage the potential pitfalls

- EHS issues considered early on
- Clarity of aims (e.g. what will you do with the site) (what is likely, mothballing period?)
- Appoint responsible person
- Information gathering
 - Property documents
 - Permits
 - Historical environmental reports
 - Valuation reports
 - List of EHS legislation
- Project Team (with external assistance)
- Consider value items and how you maintain their value
- Project plan with timelines and adaptability
- Ensure EHS issues dovetail with wider concerns
- Manage EHS disclosure issues



Q & A



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