

SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE	Agenda Item No. 7
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Report of the Executive Director of Strategic Resources

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ENERGY FROM WASTE FACILITY – PROJECT UPDATE

1. PURPOSE

- 1.1 The aim of this report is to update the Committee on the progress of the development of the Energy from Waste (EfW) Facility in Fengate.

2. RECOMMENDATIONS

- 2.1 The committee note the progress to date and the planned programme to handover the EfW facility to the Council in December 2015.
2.2 The committee to note that the facility will be operated by Viridor, following its handover to the Council, for a period of 30 years.

3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY

- 3.1 The management of Peterborough's waste and recycling is an important part of its aspiration to be the UK's Environment Capital.

The Council wishes to reduce to an absolute minimum the amount of waste it sends to landfill for the following reasons:

- Because it is environmentally unsustainably
- To save taxpayers money: landfill costs are increasing sharply each year

The proposed facility is an alternative to the landfill disposal of the significant proportion of waste remaining after recycling, composting and reuse, as well as being an important element in the generation of low carbon and renewable energy in the City.

Building an EfW Facility will allow a significant reduction in the amount of waste landfill by the City Council and will see a subsequent improvement in Environmental performance and National Indicator NI193 (Municipal waste land filled).

4. BACKGROUND

- 4.1 On 28 February 2007 Council resolved that there should be an integrated waste management solution for Peterborough as part of the waste management strategy, a commitment to recycle and compost 65% plus and that the infrastructure to deliver this would include an energy from waste facility which was capable of generating heat and power.

On 17 January 2008, the then Leader of the Council re-affirmed the resolution of Council referred to above and decided that the Council would procure the necessary services to enable the waste management infrastructure to be delivered and to implement a suitable delivery vehicle for integrating waste management in Peterborough.

On 31 December 2009, the Deputy Leader of the Council and then Cabinet Member for Environment Capital and Culture took an executive decision which, inter alia, included:-

- (a) three bidders would be invited to participate in competitive dialogue for Lot 1 (energy from waste facility) which in alphabetical order were Kier Limited, Shanks PLC and Viridor Waste Management Limited.
- (1) On 13 August 2012, the Cabinet Member for Resources, Deputy Leader and Cabinet Member for Culture, Recreation and Strategic Commissioning took an executive decision which, inter alia, included: To identify the name of the preferred bidder for the energy from waste facility as Viridor Waste Management Limited which submitted the most economically advantageous tender;
 - (2) To agree that on expiry of the call-in period relating to this decision, Viridor Waste Management Limited be formally appointed as preferred bidder for the contract on suitable conditions to include award of the contract subject to:-
 - expiry of the Alcatel (standstill period);
 - satisfactory resolution of any outstanding matters and completion of a suite of legal documents applying to the contract;
 - (3) To grant a 33 year contract which includes a 3 year construction period and 30 year operating period;
 - (4) To authorise the Executive Director – Strategic Resources, in conjunction with the Solicitor to the Council, to determine any issues that may require resolution and to authorise any action to enable the suite of legal documents to be completed, to include finalising the business case referred to in the budget recommendation;

Notice to Proceed was issued to Viridor on 12 June 2013 in line with the delegations set out under point 4 above of the 13 August 2012 Cabinet Member Decision Notice.

The Deputy Leader has also held a number of presentations for all City Councillors both informally and at All Party Policy and Cabinet Forum meetings and circulated regular written briefings to all City Councillors.

5. KEY BENEFITS

5.1 The proposal offers a number of benefits:

- Reduce the amount of the Councils waste landfilled by circa 94% per annum
- Eliminate the Councils exposure to increasing landfill disposal charges, arising from the reducing space available in landfill sites as well as the increasing landfill tax charges
- Reduce the quantity of greenhouse gas emissions arising from the management of household waste by the equivalent of 10,000 tonnes, equal to removing around 2,800 Ford Mondeos from the road!
- The facility will become a significant generator of low carbon renewable energy, equivalent to the needs of some 15% of households in the City, although the power could itself go into the National Grid and therefore may be used elsewhere
- The facility will also be Combined Heat and Power (CHP) enabled from its construction which keeps open the opportunities to develop an area wide 'district' heating system subject to a separate feasibility assessment. Even without the investigation into CHP the facility will be one of the most efficient in the Country, even more so than some facilities many times its size treating considerably more waste.

6. IMPLICATIONS

6.1 *Ward affected*

The proposed location in Fengate impacts on East Ward.

Traffic movements

The site is in a predominantly industrial area of Peterborough, with good transport links to the centre of town and the Parkways. It is therefore an established route for heavy goods vehicles.

A full transport assessment was carried out during the planning application process into the likely number of operational vehicles and cars that the EfW would attract.

Legal

The development of this facility will allow the Council to continue to fulfil its statutory duty to arrange for the treatment of household waste arising within its administrative area, whilst avoiding landfill and limiting its exposure to cost.

Property

- The former Materials Recycling Facility (MRF) site is owned by the Council and therefore is utilising its own assets.

Procurement

The procurement was undertaken in line with European Union and United Kingdom procurement law under the competitive dialogue process. This process encourages innovative solutions from the private sector to challenges facing local government and allows the Council to discuss these proposed solutions during the period they are being developed.

Financial

- The contract not only significantly reduces the Council's exposure to uncertain future costs from landfill tax but also provides a significant amount of renewable energy that it may use or sell in support of its ESCo

Other

- Corporate Priorities: see section 3 above
- Environment Capital: see section 3 above
- Crime and Disorder: none
- Discrimination and equality: none
- Human Resources: none
- ICT: none

7. CONSULTATION

- 7.1 Ward Councillors in the East Ward of Peterborough have been made aware of the proposal and will continue to be engaged as the development moves into construction.

Public engagement will also continue through online and other media sources as well as through the establishment of a liaison group for the facility both through its construction and into its operation.

8. NEXT STEPS

- 8.1 Construction Programme.

- The existing facility will be cleared in preparation for the development of the EfW facility by end of August 2013, the following milestones are scheduled as follows:
- August 2013 – Place contract for building of the steam turbine
- September 2013 – Place order for materials and book construction schedule for boiler
- Due to the complicated nature of these items there is a considerable lead time in order to obtain a construction slot with a manufacturer and placement of an early order is key to project delivery.

- November 2013 – Begin excavation and construction of waste storage bunker
- Between November 2013 and early 2014 the site will be undergoing the most intensive phase where the foundations will be constructed alongside the steel framework upon which the key process components will be mounted.
- July 2014 – Boiler parts will arrive from manufacturers for assembly on site
- October 2014 – Steam turbine will be lifted into position and connected to services
- February 2015 – Building envelope closed
- During this key phase the various elements of the process equipment will be fitted into the building in preparation for the lengthy task that following of linking all the components together to form the completed machine.
- August 2015 – The process of 'Hot Commissioning' will commence including the burning of waste when initial tests are passed
- December 2015 – Acceptance certificate issued and following endurance tests facility is handed over to the Council
- This final stage of the construction programme will bring the actual building of the process equipment to a close and allow the detailed process of testing individual components to commence. As each system is tested individually and passed it can be linked to the wider process plant and the testing moves towards the testing of the subsystem all the way up to the complete facility.

Overview of Construction Phase.

- The contract is based on the stage payments model whereby the Council only makes a payment once a piece or stage of work has been completed to its satisfaction.
- The Authority has appointed an engineer AMEC Ltd who will support it through the construction and commissioning process to ensure it pays for works properly completed.
- Separately Viridor have appointed an Independent Certifier whose role will be to monitor the construction and commissioning process to act as an independent eyes and ears for Viridor, as well as being required to offer the same impartial advice to the City Council. Professional Indemnity Insurance is provided to both Viridor and the Council for advice offered in conjunction with this appointment.
- The contract has a number of enforcement provisions which encourage Viridor and its construction partners to ensure compliance with timetables for the necessary works. At this point in time the facility would be substantially completed and subject to any minor corrective actions, which would have to be agreed and completed by Viridor and its construction partners before final payments would be forthcoming from the Council.
- As part of the commissioning process the facility will be accepting the Councils waste for processing some time in advance of the formal handover to the Council and therefore waste will be diverted from landfill before the formal handover date in December 2015.

9. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1
- Future of Waste Management in Peterborough - Waste 2020: Doing Nothing is Not An Option – FEB/28/2007
 - Cambridgeshire and Peterborough Minerals and Waste Site Specific Proposals Development Plan (Adopted 22 February 2012)
 - Waste 2020 Programme: Energy from Waste Facility and Other Associated Works and Services - AUG12/CMDN/077.

10. APPENDICES

- 10.1 None