

APPENDIX 1.

PFoE Assumption	PCC View	Impact of Variation	Approximate Annual Impact
EfW Loan value £60m spread over 25 years	Agreed loan over 25 years. PCC have also modelled recent increases in Public Works Loan Board borrowing interest rates	Possible extension to asset life will reduce annual cost, i.e. life of 30 years, increasing the length of the loan.	Contract length agreed but 5yr extension to the loan period would reduce annual costs by c.£250k per annum.
Landfill gate fee omitted from modelled assumptions	Gate fees likely to be in excess of £30per tonne as capacity runs out and remaining operators take advantage of this.	Landfill costs significantly understated by PFoE and higher cost risk of residual waste being sent to landfill.	On 40,000 tonnes = £1.2m per annum. Drives requirement for 2015/16 "solution" for residual waste treatment.
Debt Repayments due in 2013	Repayments not required until prudential debt is drawn 2014/15 and beyond	No impact on Council Tax until 2015/16 and then, lower than "Do Nothing" and continuing to landfill waste which may cause an increase in Council Tax.	Council tax increases to fund alternative treatment of residual waste will be LESS than impact caused by landfill tax increases.
Council Tax increase of £5.1m (debt repayment) is 10.1% increase on rates	The figures contained within the PFoE report do not take account the landfill gate fee & tax avoided when alternative treatment is used	The "net" increment is significantly smaller (in % terms) than those indicated by the report and does not take any account of costs currently being incurred which will therefore be avoided when waste is treated as opposed to being landfilled.	Actual increase would only be small single digit value and nil / if residual waste continues to grow.
Recycling at 65% by 2020 and "reducing / no residual" waste growth.	The Council is currently aiming for 65% target to be achieved by 2020 and not 2015	Increasing residual waste will result in higher landfill disposal costs if no alternative is provided.	An additional 3,000 tonnes may incur costs > £0.5m per annum between 2015 and 2020 even if landfill tax increases only marginally.
Operating costs for the EfW are forecast as £65.60 per tonne.	The forecast used in modelling has been carried out by ENTEC and has been increased by the waste 2020 team to provide for inflation and a more prudent approach.	Costs used by PFoE for EfW are significantly higher than those stated by Entec. With capital costs of £78.50, overall costs of over £140 per tonne would have a significant impact on the financial evaluation.	The assumptions made by PFoE could add between £2.0m and £2.5m to the annual operating cost of the facility (at full capacity) and could therefore suggest a delay to the construction of the facility. This would be a high risk approach leaving the Council exposed to delays and additional costs.
Aggregate, Metal and Electricity sales at a rate of £26.46 per tonne.	The Council's view is similar in terms of financial values of these outputs but also incorporates this value into commercial inputs into the facility.	The annual margin received for these items on commercial inputs into the facility (to utilise excess capacity in the early years) equates to c£0.5m per annum.	The £0.5m contribution on commercial inputs is significant but does not in its own right impact on the decision to construct a facility to be operational in 2015/16.
EfW residues require land-filling as "active" material attracting the higher rate of landfill tax on 25% on all inputs as "toxic" residues.	The current consensus and output assumptions stated by Entec are that flue gas treatment (Air Pollution Control) residues are the only hazardous outputs requiring landfill disposal at full "active" landfill rates. This amounts to c.3% of inputs into the facility.	We have provided a significant disposal cost for the disposal of Air Pollution Control residues and will require guarantees that bottom ash residues must be recycled and / or rendered fully inactive to comply with Landfill obligations.	The difference in assumptions made by PFoE would equate to approx £1.5m of landfill tax cost. This is however an incorrect assumption by PFoE – as ENTEC have confirmed that bottom ash does not attract the higher landfill tax fees.

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<p>MBT (Mechanical, Biological Treatment): 1) Capital costs based on a proposed Milton Keynes solution</p>	<p>The Council has used assumptions in line with the costs identified by Entec rather than one off examples which do not allow for Peterborough's specific requirements.</p>	<p>Results as stated within Entec's advice to the council.</p>	<p>Financial and technical evaluation already incorporated within the advice given to the council..</p>
<p>2) Outputs. Quality of outputs from an MBT process can be variable depending on the capital infrastructure design.</p>	<p>The Council has used assumptions in line with the operating costs identified by Entec</p>	<p>Results as stated within the advice provided by ENTEC.</p>	<p>Financial and technical evaluation as provided by ENTEC.</p>
<p>3) Capital costs of MBT make little reference to the additional footprint of most MBT solutions</p>	<p>The site acquired to develop the Peterborough facility would not be large enough to support an MBT which is likely to require waste material to be on the site for a longer period if it is to degrade sufficiently to be further processed.</p>	<p>A new and larger site would be required for the Council's solution. This was also taken into consideration in ENTEC's advice to the council.</p>	<p>Assuming a suitable site could be found, the delay is likely to add two years to the procurement programme which would result in additional disposal and processing costs of c£2.0m depending on disposal costs and landfill tax positions.</p>
<p>4) No reference to capital costs associated with further processing Refuse Derived Fuel / Solid Recovered Fuel material in order to guarantee diversion.</p>	<p>Markets for the outputs from MBT facilities are still largely under developed or unproven. The Council needs to guarantee outlets and in order to do this would need (or be expected) to contribute towards the capital and operating costs of such facilities.</p>	<p>Additional risks/costs would be borne by the Council in relation to guaranteeing landfill diversion. The Council would need to place a long term contract at the same time as procuring the initial facility.</p>	<p>The costs associated with the processing of MBT outputs were considered in the advice provided by ENTEC.</p>