

Our challenge

- Hertfordshire produces c.600,000 tonnes municipal waste/annum
- Hertfordshire's local authorities spend £40m/year on collecting, recycling and disposing of waste
- Landfill, the primary means of disposal, is running out and, in any event, will become prohibitively expensive
- To carry on as we are is simply not an option
- Most local authorities are in the same boat

Waste procurement project update – October 2008



Our response

- Hertfordshire Waste Strategy 2007 targets including 50% recycling by 2012
- Feasibility Study 2007 described the options
- Expression of Interest March 2008 was accepted
- Procurement project with full assessment of technical and financial options

Waste procurement project update – October 2008



Our progress

- Waste growth 0.8%, takes into account RSS etc
- Recycling targets verified, treatment for 270,000 tonnes needed
- Energy-from-Waste plus Combined Heat + Power the preferred technology
- New Barnfield is feasible
- Capital costs of £224m
- PFI is the optimum funding route
- Recommendation to submit Outline Business Case by 31st October

Waste procurement project update – October 2008

Technical assessment

- Criteria applied
 - diversion from landfill
 - compliance with waste hierarchy
 - environmental impacts
 - flexibility
 - reliability/deliverability
 - social impact

Waste procurement project update – October 2008

Technical assessment cont...

• Summary of ranking	TOA rank
A. Status Quo (do minimum)	7
B. Single site – EfW	3
C. Twin site – Two EfW	4
D. Single site – EfW producing additional local heat	1
E. Twin site – One EfW producing local heat, one EfW electricity only	2
F. Twin site – Two MBT facilities configured for fuel production (off site combustion at Cement kiln or similar)	5
G. Twin site – Two MBT with AD on both sites	8
H. Twin site – Two MBT, one with Thermal Treatment (Gasifier most likely)	6

Waste procurement project update – October 2008

Technical assessment cont..

Conclusions

- Option D (single site EfW + CHP) scores highest
- Second was Option B (single site EfW only)
- Contributing factors are proven nature of the technology, the ability to divert waste from landfill and the performance against the waste hierarchy
- The scores for utilisation of heat, planning risk and flexibility set Option D above other EfW Options

Waste procurement project update – October 2008

Sites and planning

- Competitive Environment
- Compact Settlements
- RSS – housing and employment
- Hi-Tech and Offices
- Green Belt County
- Warehousing
- Little or no PDL

Waste procurement project update – October 2008



Financial assessment

- Comparison work – over 28 years
 - doing the same £2.174 billion
 - reference case - £1.857 billion
- Estimate shortfall based on current MTFF, projected forward to provide total of £1.505 billion
 - doing the same £669 million
 - reference case £352 million

Waste procurement project update – October 2008

Financial assessment cont...

- Cost of the facility
 - £224 million estimated, on 270,000 tonnes
 - PFI available £112 million, equivalent to £208 million over the life of the project
- Funding routes and effects
 - Doing the same + £14.1m/year or 3.1% Council Tax
 - Private Finance Initiative + £3.1m/year or 0.68% Council Tax

Waste procurement project update – October 2008

Risk management and risk transfer

- Extensive project risk register
- SOPC4 will be used
 - Minimisation risk where possible
 - Risk transfer where it can be best managed
- Partnership approach with contractor?

Waste procurement project update – October 2008

The implications

- The PFI bidding process is highly competitive
- Need certainty over supply in the long term to get the best deal from the market
- EfW is controversial and will require solid and comprehensive communications effort
- Opportunity to secure state-of-the-art facility with electricity and heat benefits
- The market may come forward with alternative solutions

Waste procurement project update – October 2008



Next steps

- October HCC's Cabinet (20th)
OBC to Defra (31st)
Various stakeholder briefings
- October – February “clarification period” by Defra and HM Treasury
- March Decision on PFI award
- April 2009 OJEU published
- September 2010 Preferred bidder selected
- March 2011 Contract awarded
- May 2011 Planning application submitted
- 2012 – 2013: Construction
- 2014 – 2015: Commissioning

Waste procurement project update – October 2008

Issues for the HWP

- Communications
 - The process and timetable
 - The facts
 - A solution for Hertfordshire
- Commitments
 - Binding agreements
 - Open discussions over future plans and a willingness to review
- Involvement
 - Procurement Board
 - Member Advisory Group
 - Specific workstreams e.g. trade waste, inter-authority agreement

Waste procurement project update – October 2008