

ABERDEEN CITY COUNCIL

COMMITTEE	Zero Waste Management Sub-Committee
DATE	29 June 2017
REPORT TITLE	Energy from Waste Project Update
REPORT NUMBER	CHI/17/168
INTERIM DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Peter Lawrence

1. PURPOSE OF REPORT

The purpose of this report is to update the Sub-Committee on progress with the Energy from Waste Project

2. RECOMMENDATION

That the report is noted.

3. BACKGROUND/MAIN ISSUES

Background

3.1 In 2010, Aberdeen City Council approved a Waste Strategy that identified Energy from Waste as the preferred mechanism for managing non-recyclable waste. This position was reiterated in a revised Waste Strategy approved in 2014.

3.2 The principle decision to develop an Energy from Waste (EfW) facility in Aberdeen was based upon a series of Business Cases, most recently in 2015 that identified a joint solution with Aberdeenshire and Moray Councils as the best value solution. The business case was the basis for a decision by the Council in December 2015 to enter into a Stage 1 Inter-Authority Agreement (IAA) with the partner authorities for the acquisition of a site in East Tullos for the facility and to obtain planning permission for an EfW facility with capacity for the projected non-recyclable waste arising from the three authorities in 2021 (150,000 tonnes per annum).

3.3 Planning permission for the facility was granted in October 2016 followed by a decision by Council to enter into a second Stage IAA agreement

with the partner authorities to undertake a competitive dialogue procurement for the design, build and operation of the facility.

Procurement

3.4 As a major purchase for the Councils, the procurement of the EfW is subject to European Union Public Procurement Regulations. This required that the Councils advertise the project in the European Journal – the gazette of records, including tenders, for the European Union - and undertake an extensive procurement exercise. It is expected to take up to two years to award the Contract to a suitably qualified and experienced Contractor.

3.5 A Project Board comprising one senior officer from each authority is in place supported by Project Director, Linda Ovens. There is an extensive Project Team and external legal, financial and technical advisers have been engaged.

3.6 The Contract Notice was published in the European Journal on 3rd February 2017 inviting companies to prequalify to take part in the procurement exercise. Submissions were received on 20th March and four companies have been selected to discuss their proposals. The bid consortia are Acciona/Indaver/Keppel Segers, FCC/HZI, MVV/Baumgartner and Suez/CNIM

3.7 By November 2017, the four Bidders will have submitted their detailed proposals. By the end of 2017, following evaluation, the Councils hope to identify two of those Bidders to take part in further discussions and to submit Final Tenders. The preferred Bidder should be known by April 2018 with the Contract awarded in the autumn of 2018.

Site Purchase

3.8 The site identified for the plant at East Tullos within Aberdeen City is being purchased from SGN (Scotia Gas Networks) by Aberdeen City Council and is conditional on SGN demolishing structures and decontaminating the site to a satisfactory standard.

3.9 SGN commenced remediation works in January 2017. To date, a gas pipeline that crosses the site has been moved and the gas holder has been drained of water.

3.10 Demolition and clearance activities were scheduled to commence on the 15th May and will take around 5 months to complete. Upon completion, the site will be handed over to Aberdeen City Council.

Planning Permission

3.11 The development of the EfW Facility requires Planning Permission. Aberdeen City Council, on behalf of the three authorities, applied for planning permission in early 2016. The application was classed as a major development and required the application to be accompanied by an Environmental Statement. This is a publicly available document that sets out

the developer's assessment of the likely environmental effects of the proposed development. It was prepared by the developer and submitted with the planning application. Planning permission for a 150,000 tonne EfW facility was granted by Aberdeen City Council on the 10th October 2016.

3.12 The Planning determination was followed by a three month Judicial Review period where the decision could be formally challenged. This period ended on 10th January 2017 and the Council did not receive any notification from the Court of any formal challenges being raised.

3.13 The Planning Permission is now considered valid with works requiring to be commenced within three years.

3.14 Permission will be provided to the successful bidder, it is likely that bidder will require some minor amendments to be made to fit the final agreed design. It is unlikely that any major change could be accommodated within the timescale of the project since it could involve a new application.

Exemption from Thermal Treatment Guideline Pre-Treatment Requirements

3.15 The EfW facility will only accept residual waste that has had valuable recyclable materials extracted prior to delivery. This can be achieved through the use of pre-treatment facilities but also through extensive and comprehensive waste collection systems. The Councils are each applying to the Scottish Environment Protection Agency (SEPA, Scotland's environmental regulator) for exemptions which confirm that sufficient pre-treatment has been achieved through kerbside collection without the need for further pre-treatment.

3.16 Following submission of applications in October 2016, SEPA responded requesting a number of clarifications. These were submitted to SEPA in December 2016 followed by a meeting early February. Indications from that meeting are that the Councils are likely to gain exemption.

3.17 Written confirmation is expected shortly to confirm the exemption status. A review of this position will be undertaken in 2020 prior to the plant becoming operational.

Current Project Timeline

- OJEU Notice published 3rd February 2017
- Submission of Prequalification documents by Bidders 20th March 2017
- Report to Project Board 9th May 2017
- Shortlisting of 4 Bidders for detailed discussions 9th May 2017
- Detailed discussions from June to November 2017
- Submission of Detailed Tenders December 2017
- Shortlisting of Bidders to 2 by February 2018
- Contract Award August 2018
- Construction August 2018 to August 2021
- Facility Operational from August 2021

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report.

4.2 The projected costs associated with the site acquisition, procurement and design and build of the EFW facility are included in the Council's approved capital plan.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 No new risks have been identified arising from this update report.

7. IMPACT SECTION

Economy

7.1 Development of the EfW facility will provide the most cost-effective and low risk solution to the management of non-recyclable waste following the introduction of the ban on landfilling of biodegradable waste in 2020; this has been demonstrated in the revised EfW business case considered by Council in advance of entering into the IAAs with partner authorities. The project is a significant infrastructure investment for the city.

People

7.2 There are no new impacts arising from this report. A EIA has been developed along with the Aberdeen City Waste Strategy which includes this project. Continuing stakeholder engagement is managed primarily through the Energy from Waste Stakeholder Group.

Place

7.3 The development of an alternative solution for non-recyclable waste to landfill will significantly reduce greenhouse gas emissions from the disposal of waste. The EfW will also produce low carbon electricity and heat, offsetting fossil fuel generated energy that is utilised in the city.

Technology

7.4 The EfW facility will utilise the best available techniques for the management of waste with the procurement process encouraging the

introduction of innovative technology to reduce emissions and maximise energy efficiency.

8. REPORT AUTHOR DETAILS

Peter Lawrence
Waste and Recycling Manager
plawrence@aberdeencity.gov.uk
01224 387050

HEAD OF SERVICE DETAILS

Mark Reilly
Head of Public Infrastructure and Environment
MaReilly@aberdeencity.gov.uk
01224 523096