

ABERDEEN CITY COUNCIL

COMMITTEE	Zero Waste Management Sub-Committee
DATE	28 November 2017
REPORT TITLE	Energy from Waste Project Update
REPORT NUMBER	CHI/17/294
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1. PURPOSE OF REPORT

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

2. RECOMMENDATION

- a) That the report is noted.

3. BACKGROUND/MAIN ISSUES

3.1 Background

- 3.1.1 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.

3.4 Procurement

3.4.1 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 The terms of the procurement were established in the Inter-Authority Agreement established between Aberdeen City, Aberdeenshire and Moray Councils in October 2016. Some of the key characteristics of the procurement are:

- Design, build and operation of an EfW facility for 20 years
- Works period of no more than 3 years
- Handback of the facility at the end of the contract with residual life (i.e. ability to continue operation for a number of years)
- An EfW facility located at the former gas holder site in East Tullos
- An EfW with capacity of 150,000 tpa in line with existing planning permission
- A plant that is enabled to provide both heat and power
- A plant that has the ability to provide heat to a local district heating network
- A plant that provides maximum financial benefit to the Councils through electricity production while utilising heat as required by SEPA.

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.

3.7 Since March a series of dialogue meetings have been held with each of the bidders. The purpose of these meetings is to assist the bidders in developing their proposals and allows the Project Team to identify areas that require further clarification both in the proposals but also the detail of the Councils' requirements from the procurement. By December 2017, the dialogue process will be completed and Bidders will be asked to submit their detailed proposals. This is slightly later than previously reported however does not affect the overall programme. It was felt necessary to extend this period to allow more of the Projects requirements to be finalised which will lead to better submissions from Bidders. Following evaluation of the submissions, 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.

3.8 Site Purchase and Remediation

3.8.1 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 demolition and remediation works in January 2017 with the bulk of the works being undertaken over the summer. All of the structures (including the 4 section steel gas holder) have now been removed and further geotechnical and environmental investigations undertaken to clarify the ground conditions.

3.10 The Council is now in receipt of these investigation reports and is considering whether these meet the conditions of site purchase.

3.11 Planning Permission and Environmental Permit

3.11.1 Planning permission for a 150,000 tonne EfW facility was granted by Aberdeen City Council on the 10th October 2016. The 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.

3.12 In order to develop and operate the EfW facility, it will be necessary for the successful bidder to obtain a Permit to operate from the Scottish Environment Protection Agency (SEPA). It is anticipated that an application for this will be submitted once the preferred bidder is appointed (spring 2018). This application will be subject to public scrutiny with SEPA undertaking a consultation exercise.

3.13 Exemption from Thermal Treatment Guideline Pre-Treatment Requirements

3.13.1 As previously reported an application for an exemption from the requirement to pre-treat waste for the removal of dense plastics and metals from the waste stream has been made in accordance with the Waste (Scotland) Regulations 2012. This exemption will only be accepted if SEPA are satisfied that the three authorities have widespread (100%) collections in place for plastics and metals and that other recyclables are also being removed from the general waste stream. By removing as much material of this nature at source, the quality of recyclable products is much higher, ensuring better value is achieved for the authorities and that markets exist for reprocessing.

3.14 To date, the authorities are awaiting letters of comfort from SEPA that exemptions will be granted at the appropriate time (i.e. immediately prior to commencement of plant operation in 2021).

3.15 Current Project Timeline

3.15.1 The project remains on schedule for commencement of waste operations in late-summer 2021. The key future stages are as follows:

- Continue dialogue meetings until December 2017
- Detailed submissions submitted for evaluation January 2018
- Shortlisting of Two Bidders March 2018
- Further dialogue March 2018
- Submission of Final Tenders April 2018
- Identification of Preferred Bidder May 2018
- Inter Authority Agreement (3) August 2018
- Contract Award August 2018
- Service Commencement 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

7.1 Economy

7.1.1 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.

7.2 People

- 7.2.1 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.
- 7.2.2 Since the commencement of dialogue meetings, engagement with the Stakeholder Group has been reduced as the dialogue process does not require frequent discussion or reporting. The Project recently engaged professional mediators to assist with reviewing the activity of this group and to assist with improving relationships with the local Communities and they will present their recommendations to all stakeholders during November.

7.3 Place

- 7.3.1 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.

7.4 Technology

- 7.4.1 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

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