

## **PUBLIC QUESTION NO. 1**

### **CITY AND COUNTY OF CARDIFF**

**COUNCIL : 24 FEBRUARY 2011**

### **ENVIRONMENT QUESTION**

#### **PUBLIC QUESTION FROM CHRIS BROWN**

European accounting rules specify that CO<sub>2</sub> emissions from waste incineration have to be included under the waste sector, not classified as industrial. What difference would Viridor's output of 1.5 million tonnes of CO<sub>2</sub> a year make if included in the assessment of Cardiff being a 'low Carbon' city?

#### **Reply**

Cardiff Council is fully committed to reducing all the carbon emissions within its direct control and encourages business and industry in the city to do the same.

As far as I am aware, the figure of 1.5 million tonnes Carbon Dioxide (CO<sub>2</sub>) per year to which you refer did not form part of any calculations submitted to this Council as part of a planning application sought by Viridor, so I cannot comment directly on your figure. However, I must make it clear that there are clear processes that the Council, as the Local Planning Authority, has to follow when considering a planning application. Factors that determine planning applications are constrained by many statutory considerations. In dealing with such matters, the Authority has to act in accordance with the planning framework.

By the term "European accounting rules", I am assuming that you are referring to the Emissions Trading Scheme. However, I understand from the scale of this proposed facility that this would not be captured within this scheme. Given that the proposed facility is not large enough to be captured by the Emissions Trading Scheme, any emissions from the facility would be captured and classified as 'Industrial' Carbon Dioxide in Cardiff and would be monitored as such under the Department of Environment and Climate Change statistical data management.

I understand that data relating to Viridor's potential outputs have been provided as part of an environmental impact assessment that was submitted as part of the planning process.

I would refer you to the published statement from the report that was considered by the Council's Planning Committee report on 9 June 2010, which included an assessment of the carbon footprint savings that the proposed facility would make, as opposed to the current method of waste disposal in Cardiff (i.e. landfill). The report noted:

*'The modelling of the Carbon Footprint has been based on the Environment Agency's Life Cycle Assessment Tool, and the results indicate that the energy from waste process generates a lower carbon footprint than landfill. The production of carbon is associated with the issue of climate change.'*

*The assessment concludes that the treatment of 350,000 tonnes of residual waste through an EfW facility results in an avoided burden of between -44,000 tonnes and -131,000 tonnes of carbon dioxide, depending on whether the facility generates electricity only, or recovers heat (with a suitable industrial or district heating end user), or uses a combination of the two. When compared to landfill (the baseline scenario), an overall carbon saving of between -108,000 tonnes and -196,000 tonnes would be achieved in the year 2013. It can therefore be concluded that the proposed facility will result in a negative carbon footprint, that is, an overall reduction in global CO<sub>2</sub> emissions."*

Furthermore, my understanding of the Environmental Permit process in relation to CO<sub>2</sub> emissions is that the operator would also have produced an options appraisal, which considers best available techniques in minimising emissions that have a Global Warming Potential. The Environmental Permit process is a matter for the Environment Agency and not this Council; however, I understand that this information is also publicly available.

## PUBLIC QUESTION NO. 2

### CITY AND COUNTY OF CARDIFF

COUNCIL : 24 FEBRUARY 2011

### FINANCE AND SERVICE DELIVERY QUESTION

#### PUBLIC QUESTION FROM ANNE GREAGSBY

Cardiff Council is a leading member of Prosiect Gwyrdd and, as set out in the Contract (OJEU) Notice, it is envisaged that the contract be procured as a PPP for the design, build, finance and operation of a residual waste treatment facility(ies) with revenue support being provided by WAG. Depending on the Solution preferred, the expectation is that financing for the Project will be predominantly, if not wholly, procured from private finance. Will you review the financial implications for Cardiff Council?

#### Reply

The OJEU Contract Notice that was published on 23 November 2009 included the following statement:

*'It is envisaged that the contract be procured as a Public Private Partnership for the treatment and disposal of the Partnership's municipal residual waste with revenue support being provided by the Welsh Assembly Government. The contract may include (without limitation) provision for the design, build, finance and operation of a residual waste treatment facility(ies) and/or a merchant waste treatment facility(ies). Dependant on the solution proffered, the expectation is that financing for the project will be predominantly, if not wholly, procured from private finance. However, the Partnership reserves the right to provide or procure capital contributions and/or finance for the project from other sources including (but not limited to) prudential borrowing and/or the European Investment Bank.'*

The five councils involved in Prosiect Gwyrdd took this approach in order to allow as much flexibility as possible, thereby allowing the best financing options to be offered by the market and risk profiles to be managed.

The review of cost and affordability is a key evaluation criterion that is built into each stage of the procurement process. This minimises the risk of solutions that are taken forward at each stage of the process being

outside the affordability parameters that were set by the five councils as part of the Joint Working Agreement, which was agreed at the beginning of the procurement process that started in November 2009.

The eventual solution offered by a Preferred Bidder will be assessed by the Welsh Assembly Government as part of their 'health-check' process to consolidate their funding commitment.

The governance of this project lies with the Joint Committee, which consists of elected member representatives from the five Councils. This Committee is responsible for all key stage decisions made during the procurement process, operating through a Joint Working Agreement. The final decision on the appointment of the Preferred Bidder will be made at Full Council meetings of the participating local authorities and the full financial implications will form part of the Final Business Case documentation that elected members will have to take account of prior to taking the final decision.

## **PUBLIC QUESTION NO. 3**

### **CITY AND COUNTY OF CARDIFF**

**COUNCIL : 24 FEBRUARY 2011**

### **ENVIRONMENT QUESTION**

#### **PUBLIC QUESTION FROM EDMUND SCHLEUSSEL**

Noting

- a) that Prosiect Gwyrdd has selected four types of incinerators with similar, inefficient technology, for their estimated £1.1 billion 25-year contract, while local authorities and consortia elsewhere have preferred other technologies and shorter contracts;
- b) that the Neath-Port Talbot incinerator has repeated problems with polluting emissions and costly downtime; and
- c) that Prosiect Gwyrdd means annual spending of £10-15million p.a. compared with the current £5million,

will the Council devise a go-it-alone Plan B for the city's waste disposal, to serve as fall-back option in the event that Prosiect Gwyrdd proves to be poor value or unaffordable?

#### **Reply**

Cardiff Council is firmly committed to delivering, with our partner Councils, an environmentally and financially sustainable solution to residual waste that remains after recycling and composting has been maximised. The Council has every intention to progress the procurement through to a sustainable, affordable and deliverable conclusion.

The Prosiect Gwyrdd Partnership sought a technology neutral solution. Other consortia may rely on different technologies and contract length, but the current procurement approach was determined to be the best solution of the five partners. Local situations and financial arrangements can greatly influence any procurement strategy. All options available to the Partnership have been, and continue to be, explored throughout the procurement process in order to find the right solution and right contract length.

It is not appropriate for me to comment on the Neath Port Talbot technology; however, the Partnership has undertaken extensive market testing and research. The team has dedicated technical, legal and financial experts to assist in seeking the best solution and low risk outcomes for the five councils.

There are two components to waste disposal costs. The £5million you quote as current waste disposal costs for Cardiff simply reflects the landfill tax payable as of 2010/11, which is £4.6million, and does not cover landfill charges, overheads and aftercare for operating and paying for landfill. The total cost to the Council for residual waste disposal is estimated to outturn at nearly £11million in 2010/11, not the £5 million that you have requested to be noted. Landfill tax also increases at a rate of an additional £8 per year for each tonne disposed of to landfill, which is expected to further increase costs in 2011/12 by a further £0.5million.

The Council also recognises that, in addition to the landfill tax, landfill waste disposal charges are expected to rise nationally and it remains a fact that landfill reliant solutions are the most expensive and unsustainable options.

In addition, the Welsh Assembly Government targets for landfill minimisation from 2016 onwards cannot be reached without the landfill diversion contributions that will be made by the Prosiect Gwyrdd solution. With fiscal fines at £200, and potentially rising to £400, for every tonne over specific limits, the Council can ill afford to continue to landfill residual waste. This serves to confirm why Cardiff is progressing towards much higher recycling rates through a comprehensive new Waste Management Strategy.

With regard to the estimated Prosiect Gwyrdd costs stated these are estimates from the Outline Business Case. We do not yet know what the final costs will be, this will be finalised through the final business case. What we do know is that the Welsh Assembly Government have committed to providing up to £9.1M per annum towards the partnership's gate fees. This money will be apportioned to all five partner Councils to contribute 25% of each Councils gate fees. It is also worth noting that this money would not be available to any of the partner councils if authorities choose to leave the project.

Whilst we remain confident that the Prosiect Gwyrdd procurement will deliver a residual waste solution for Cardiff (and our local authority partners), the existing interim disposal and treatment contract for Cardiff is also a contingency arrangement. To confirm, in 2008, the Council

agreed to a 2-10 year residual waste contract to ensure that sufficient disposal and, if necessary, temporary treatment capacity is available to the Council. The contract is available should matters beyond our control impact on the joint Prosiect Gwyrdd procurement for residual waste treatment.

At this point in time, we have no reason to believe that will be necessary.