

March 7, 2013

## PROSIECT GWYRDD

PRESS RELEASE/DATGANIAD I'R WASG

### TURNING A PROBLEM INTO A RESOURCE

#### PARTNER COUNCILS AGREE ON VIRIDOR AS PREFERRED BIDDER

Prosiect Gwyrdd is pleased to report that all 5 local authorities have agreed to the Joint Committee's recommendation that Viridor should be appointed preferred bidder for a 25 year residual waste contract. Viridor is expected to be formally appointed Preferred Bidder in a few weeks with Contract Award planned for the end of June

This follows the public announcement on February 1<sup>st</sup>, giving the news that the Project Board identified Viridor as the highest scoring bidder in the three year procurement process. The Project will now work with Viridor to finalise the agreed terms in the contract in line with European Tendering Legislation in preparation of contract award.

Cllr Russell Goodway, Chairman of the Joint Committee for Prosiect Gwyrdd, said: "This partnership is set to be one of the most significant partnerships between the public and private sector in Welsh history. It has been a long process, but it is a very complex project, which will ensure that all five local authorities have a very good value, reliable and environmentally sustainable means to treat non recyclable waste for the next 25 years.

He continued, "The new Joint Committee which was formed following the May local elections has ensured that the project has been scrutinised in detail and the cost savings to the partnership are £500m as compared to landfill over the 25 year contract period. It is now time to finalise the agreed terms with Viridor and while this process starts, the Project Team continues to engage with residents to ensure information is available and any questions or concerns can be addressed."

Howard Ellard, Viridor's Business Development Director, said: "After a three-year tendering process, we are pleased that the Partnership Councils have agreed to the Joint Committee's recommendation that Viridor should be appointed preferred bidder. We look forward to working with Prosiect Gwyrdd to finalise the necessary details to allow commencement of this essential service for the Project partners and their residents."

Information packs have been sent to 17,500 Cardiff properties in close proximity to Trident Park with an invite to the public events. All the information that is made available at these events can be viewed online through: [www.prosiectgwyrdd.co.uk](http://www.prosiectgwyrdd.co.uk)

Public events have already been provided in Star Leisure Centre and Moorland Community Centre in Splott and County Hall in Cardiff Bay. The remaining events take place at the following locations:

March 7 – Norwegian Church, Cardiff Bay - 3. 30pm till 6 30pm

March 9 – Caerphilly Visitors Centre, Caerphilly - 10. 00am till 3.00pm

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March 16 – St Augustine’s Parish Hall, Penarth - 10. 00am till 3. 00pm

March 23 – Newport Centre, Newport -10. 00am till 3. 00pm

March 27 – Ebenezer Chapel, Magor Square, Magor - 10.00am till 3.00pm Howard Ellard, Viridor’s Business Development Director

## Notes to Editors:

### Public Engagement

- Local residents living in close proximity to Trident Park have received information on the scheme and an invite to the public events listed above. Posters have also been put up in Splott and Cardiff Bay. All of the information that will be made available at these events is able to be viewed online through the following link:  
[http://www.caerphilly.gov.uk/prosiectgwyrdd/english/preferred\\_bidder.html](http://www.caerphilly.gov.uk/prosiectgwyrdd/english/preferred_bidder.html)

### Cost

- It is estimated that the saving to the 5 Councils during the first year of operation, compared with current landfill arrangements will be in excess of £11M. On average this is a 50% saving compared to the projected cost of continuing to landfill. This trend continues throughout the contract, as the price per tonne increases at a lower rate than inflation.

### Governance

- In line with the Joint Working Agreement with the 5 local authorities, the recommendation of the Preferred Bidder has been presented to each Full Council along with a new Joint Working Agreement between the partners for the operational phase of the contract. The Preferred Bidder recommendation has now been approved and process now moves forward to ‘fine tuning’ the agreed terms in the contract in line with EU Procurement Law.

### Viridor’s Merchant Facility

- Viridor’s facility is a merchant facility, in that the company would have built the infrastructure regardless of winning the Project Gwyrdd contract. The facility is being built at Trident Park in Cardiff and obtained Planning Permission from Cardiff Council and a permit to operate from the Environment Agency in 2010.
- The size of the facility (350 000 tonnes per year) has been proposed by the company themselves and is based on their own commercial assumptions on the amount of waste which they believe will require waste treatment. The planning process and the permitting process are separate from the procurement.

### Welsh Government Policy and Funding

- A Final Business Case has been submitted to the Welsh Government with the final agreed commercial terms of the contract. Once approved, the Partnership will receive a subsidy of 25% of the gate fee of the facility (the cost of every tonne that is sent to the facility by the partnership)
- For more information on the Welsh Government Towards Zero Waste Strategy, please visit:  
[http://wales.gov.uk/topics/environmentcountryside/epq/waste\\_recycling/zerowaste/?lang=en](http://wales.gov.uk/topics/environmentcountryside/epq/waste_recycling/zerowaste/?lang=en)
- The following waste targets have been set in law by the Welsh Government.

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2009/10 - 40% combined recycling and composting  
 2012/13 - 52% combined recycling and composting  
 2015/16 - 58% combined recycling and composting  
 2019/20 - 64% combined recycling and composting  
 2019/20 – 10% maximum to be disposed to landfill  
 2024/25 – Minimum of 70% combined recycling and composting  
 2024/25 – 5 % maximum to be disposed to landfill.

- The combined recycling and composting rates for the 5 partner authorities (provisional) are:

Reuse, recycling and composting rate for 2011/12:

Caerphilly – 56%  
 Cardiff – 50%  
 Monmouthshire – 55%  
 Newport – 46%  
 Vale of Glamorgan – 50%

Contract and Partnership Working

- The contract will be for 25 years with a possible 5 year extension. The length of the contract is industry standard to ensure that significant infrastructure projects are affordable and good value to the public sector.
- As Project Gwyrdd isn't a legal entity, the contract will be signed by a Host Authority, which is Cardiff Council. A Joint Working Agreement will then control the contract between the Lead Authority and the Partners during the contract term.
- The Partnership will control the agreed terms that have been negotiated with Viridor during the procurement process through the Payment Mechanism and the Performance Framework. These contractual control mechanisms will be managed by a Contract Manager, who reports to a Project Gwyrdd Committee.
- The Project will supply a Guaranteed Minimum Payment to Viridor, based on a waste tonnage that has been predicted on achieving the Welsh Government waste targets. The waste projections over the contract term are based on current recycling rates, future recycling rates and population growth over the contract term.

Energy from Waste Process

- Through the energy from waste (incineration) process, two types of ash are produced: Incinerator Bottom Ash (IBA) (20% of the weight of the waste put into the plant) and Air Pollution Control Residues (APCR) (2 to 3 % of the weight of the waste put into the plant). The project has put a contractual obligation on Viridor to recycle 100% of the IBA, or financial penalties will be incurred. There will also be contractual controls in place for Viridor to periodically review the recycling markets for the APCR, as the recycling markets are currently in their infancy. The Project is aiming for zero waste to landfill.
- Claims are made by campaign groups against incineration that the ash from this process is 'toxic'. The Environment Agency advice on IBA is that it can be recycled and they are developing a quality protocol to ensure this waste is diverted from landfill. The APCR is classed as hazardous due to the virgin lime that it is added to the acid gases to neutralise the material. This gives the APCR a high alkaline content so current standard practice is disposal at a hazardous landfill site or storage facility (i.e. in a salt mine). The waste sector is progressing recycling options for this material.

Regulation and health impacts

- The Environment Agency regulates all energy from waste facilities, and information on the process of this regulation can be downloaded from their website, [www.environment-agency.gov.uk/](http://www.environment-agency.gov.uk/)

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- All waste processes which involve burning have to comply with the Waste Incineration Directive (WID). This law sets stringent controls on emissions of all types of energy from waste technologies, including Pyrolysis, Gasification and Energy from Waste with Combined Heat and Power (Incineration). These technologies are required to monitor emissions to ensure that they comply, as a minimum, with the limits in the EU Waste Incineration Directive (2000/76/EC) which sets strict emissions controls for pollutants. The Directive has been implemented in England and Wales by the Environmental Permitting (EP) (England and Wales) Regulations 2007. From April 2008 these replaced the Pollution Prevention and Control (PPC) (England and Wales) Regulations 2000'. The guidance on this legislation can be viewed through the following link: <http://www.defra.gov.uk/environment/quality/industrial/eu-international/wid/>
- The Health Protection Agency published two reports in September 2009 and February 2010, addressing the health effects of municipal waste incineration. The reports can be viewed through the following link: <http://www.caerphilly.gov.uk/prosiectgwyrd/pdfs/RCE-13%20for%20web%20with%20security.pdf>
- The comparative impacts on health on different methods of waste disposal have been considered in detail in a report prepared for the Department of Environment, Food and Rural Affairs (Defra 2004). A summary of this extensive research can be reviewed through the following link: <http://archive.defra.gov.uk/environment/waste/statistics/documents/health-report.pdf>
- This research, 'The Review of the Environmental and Health Effects of Waste Management Municipal Solid Waste and Similar Wastes', considered 23 high quality studies of the patterns of disease around EFW plants and four peer review papers looking at the health effects of EFW plants. It concluded that there is no convincing link between EFW plants and adverse effects on public health.

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