

Review of Funding for a Mass Burn Incinerator

Report carried out for Herefordshire & Worcestershire Action Group.

Introduction

Worcestershire County Council (WCC) and its' contractor, Mercia Waste Management, are proposing to increase the waste budget at a time when waste disposal costs nationally have fallen dramatically.

The 25 year incinerator contract has failed to adequately respond to, or assess Value for Money, given the substantial changes in waste policy, legislature and technology of recent years.

The Council's Review of its' 15 year old PFI contract did not aim to find an optimum approach to waste management and has not considered the economic and environmental benefits of a more flexible and higher recycling option.

- 1. INCINERATOR COSTS EXPENSIVE:** Government statistics show that the average gate fee including finance and operation of a new incinerator is around £101 -131 per tonne ^(ref 1). This is more expensive than any other waste treatment, including landfill with landfill tax. It is for this reason that ratepayers in Herefordshire and Worcestershire will have to pay at least an extra £6,000,000 (six million pounds) per year on top of what is already a very expensive waste contract, should the incinerator proposal proceed.
- 2. FOOD WASTE COLLECTION CHEAPER:** Half of English councils have begun separate food waste collections in the last 3 years. Food waste comprises around a third of all residual waste and can be treated more cheaply and further up the waste hierarchy by Composting or Anaerobic Digestion; both of which cost around £40 per tonne.

Up to 68% of the waste to be burned could be treated for a third of the cost. By determining to burn food waste Worcestershire County Council is risking a future legal challenge as it has a statutory duty to treat waste as high up the waste hierarchy as possible.

The new Waste Hierarchy has now been incorporated into UK law through the Waste (England & Wales) Regulations 2011. Under this Law food waste should be identified as a waste stream and Councillors are obliged to apply the waste hierarchy in their approach to waste management. The proposal therefore presents a real risk to the Council.

- 3. CLEANER RECYCLING MEANS MORE RECYCLING:** When organics are collected separately, the remaining other materials are much cleaner and recycling capture rates increase. In Wales, where food waste collections are being rolled-out to all households, recycling is already 10% higher than in England (at an average of 53%) and there is a realistic target of 70% in the near future (some councils are already achieving over 60% recycling). The separate collection of food waste allows recycling to increase and the costs to fall as the waste becomes 'clean'. If the council funds the incinerator, the cost of increasing the rate of recycling will then become so high that the level of recycling is suppressed and future targets are likely to be missed. This may have additional financial implications.
- 4. LOSS OF REVENUE THANKS TO PFI FLAWS:** Many Councils are paid for recyclable material at an average £26 per tonne for co-mingled, and far higher prices are obtained when households separate paper, plastics, metals and glass ^(ref 2). Unfortunately, WCC **does not receive any value** for their recyclate and in fact pays an **additional recycling supplement** to the PFI contractor of almost £6 million per annum, in addition to a base fee in excess of £8million per annum, which means recycling costs would be around £95 per tonne and as a result more expensive than the charge for landfilling (this could be why recycling figures have stagnated for the last three years). This is currently a cost which ought to be a substantial saving of potentially £9 million per annum if both the recycling supplements and the revenue from the sale of recyclates are considered.

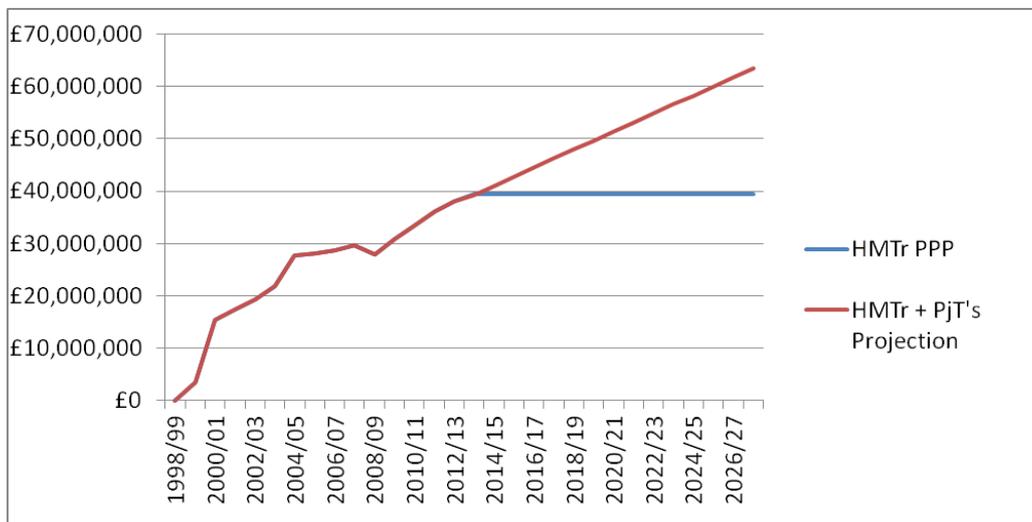
5. MORE RISKS GOING FORWARD: Although Worcestershire County Council’s **PFI contract has only 10 years to run**, (after which time the Council would be able to enjoy the income from recycling and be able to access the **cheapest waste treatment alternatives** available,) they have already declared that an ‘energy from waste’ plant is the preferred option. This demonstrates a fixation with single site, single plant operation, rather than examining a more modular flexible approach. This blinkered thinking is not in the public interest and is prejudicial to achieving a balanced waste management process that is responsive to changing environmental, cost and legislative pressures.

The EU Waste Directive is proposing to ban the incineration of all recyclable and organic material by 2020. Further, EU waste reduction levels have already been reached, meaning PFI Projects like this one are no longer needed. Such a shortfall in waste in simple terms means that there will not be enough waste to run a 200,000 tonne per year Incinerator during its’ 30 year life.

The Council’s own reference document (West Midlands Waste Alliance Report) clearly states that the Incinerator Bottom Ash that is not recycled is currently disposed of fairly cheaply to landfill, but there are two main threats to this. Firstly, it may yet be re-classified as hazardous waste under rules covering waste description. Secondly, because of this, it might also cease to be classified as inactive waste under the Landfill Tax regulations. If both of these come to pass, this could push the landfilling of Incinerator Bottom Ash to £100 per tonne or more, and although different contract provisions apply, it is nevertheless the Authorities who have contracted for the EfW Plants who will largely bear the financial burden.

Comparative costs of incineration and the high recycling alternative*

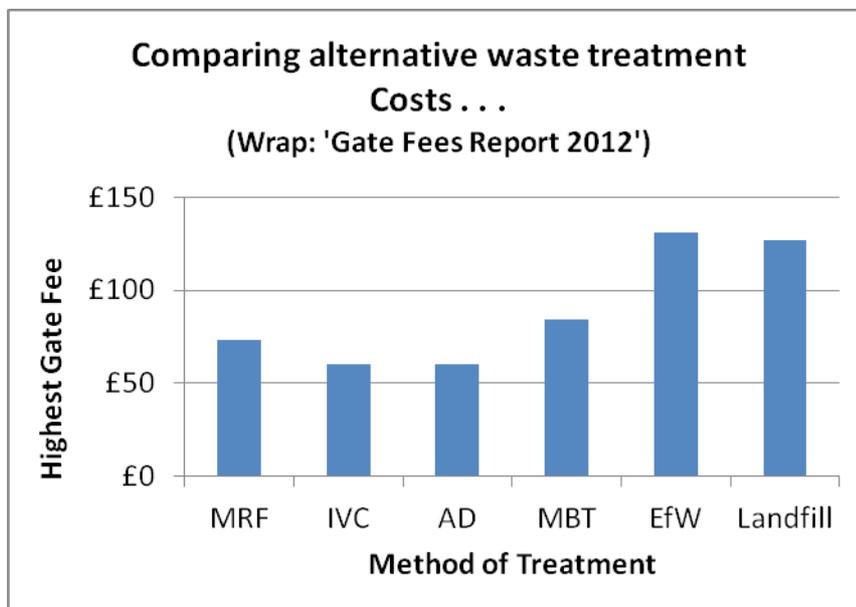
All household waste, whether for recycling or ‘residual’, collected by Herefordshire and Worcestershire is given to the PFI contractor, Mercia, to process at an overall cost currently of £39.5m p/a ^(graph 1) – or around £106 per tonne for all 370,000 tonnes. This does not include the cost of collecting waste, which is paid for separately, and is not part of this PFI contract.



Graph 1: H&W PFI Contract : Annual Unitary Charge paid to the Contractor.

In order to benefit from the dramatically cheaper and greener alternatives to incineration and landfill, waste needs to be collected and treated in three streams; recyclables, organics (food and garden waste) and residuals. This will require WCC to adopt a more modern co-ordinated approach to waste management and to work more closely with the Districts who collect the waste in order to achieve the best overall costs and benefits.

The contractors have only been able to persuade the Council that incineration is the cheapest option because they only quote future landfill costs for comparison and overall incinerator contract costs are kept secret. Using the WRAP Gate Fees Report ^(ref 1) to overcome commercial confidentiality, cost comparisons per tonne for the alternative treatment processes are clearly shown ^(graph 2).



Graph 2: showing the Cost of waste treatment options per tonne ^(see ref 1)

WCC have argued that extra collection costs will make the higher recycling alternative too expensive. This is not the case. As a recent Eunomia Report ^(ref 2) has shown, the cost of collecting mixed recyclables is the same as collecting residual waste. So the huge savings would be of great financial benefit and more than off-set any additional cost of food waste collection.-

Risks to Future Council Budgets

A 25 year incinerator contract is a massive commercial undertaking with overall costs including finance and operation of around £1.5 billion. Yet there seems little evidence that WCC have undertaken the necessary Risk Assessment crucial to ensuring long-term economic viability. This would need to be a central issue for the Review. Below is a sample of the risks taken from WCC's own 'Risk Register' ^(ref 4):

'Affordability' is seen as the top risk due to increased recycling, new Waste and Health Legislation and competition from the expanding waste market.

'Recycling' is another risk for the council in that if "the councils significantly increase their recycling targets", it could result in, "Additional cost to councils". The contract is based on a recycling rate of just 42% and any increases to this rate will mean spare incinerator capacity will also increase.

High & Rising Costs

The contract would guarantee payments until 2023 for an amount which would average out at £130 per tonne, if the Council used all 200,000 tonnes capacity per year. However the increasing spare capacity envisaged would mean that the effective price per tonne would increase beyond this cost.

WCC have said that C&I waste will be available to buy the spare space but this is highly unlikely given that almost all C&I waste is recyclable or can be processed for a fraction of the WCC gate/contract fee. The Council will then face subsidising outside waste by lowering their gate fee.

Budget Cuts Elsewhere

John Hobbs, Director of Environmental Services at Worcestershire Council, has recently stated that the waste budget is going to cost an additional £6,000,000 (6 million pounds) per year if the proposal for the incinerator goes ahead, and that this would come from other budgets.

This raises the question of precisely how this will be funded and what affect this will have on other services?

This reinforces the need to undertake full and current costings of all available alternatives and such sequential testing as is necessary to demonstrate financial probity. Indeed, such investigation may very well identify a cheaper alternative and this fact should not be ignored.

Breach of EU Law?

It is extremely concerning that the Council are proposing to guarantee profits for Mercia Waste using taxpayers money with their statement “*Mercia Waste Management will get an agreed return on their investment which they state is currently scheduled to end in 2023*”. Favouring the contractor in this way contravenes EU Procurement Law.

Contrary To Government Policy?

Government policy seems to indicate that Core Strategies should not be technology specific. However, the Waste Management Contract drawn up in 1998 clearly states that the Waste to Energy Plant means Waste Incinerator and therefore the strategy embodied in the contract is patently and seriously in conflict with current policy and should be rewritten. In fact, there is a clause in the Contract stating: " Voluntary Termination by the Councils " - which may be called upon after ten years from the contracts effective start date, if it can be shown there exists "new technology providing significant cost savings". This clause was never utilised - raising the question 'why'?

Environmental Legislation and Policy:

Councils are legally required to follow the Waste Hierarchy - treating waste by prevention, re-use and recycling before burning. Worcestershire County Council, in failing to provide a fully costed options appraisal have failed to seriously consider any waste treatment option that moves waste further up the Hierarchy. Consequently, the residual waste treatment by the two counties is likely to remain rooted to the bottom of the waste Hierarchy until 2023, and for the life of the proposed incinerator.

The Waste Hierarchy will be further strengthened by forthcoming legislation. For example, the EU has resolved to ban both plastics and organics from incineration.

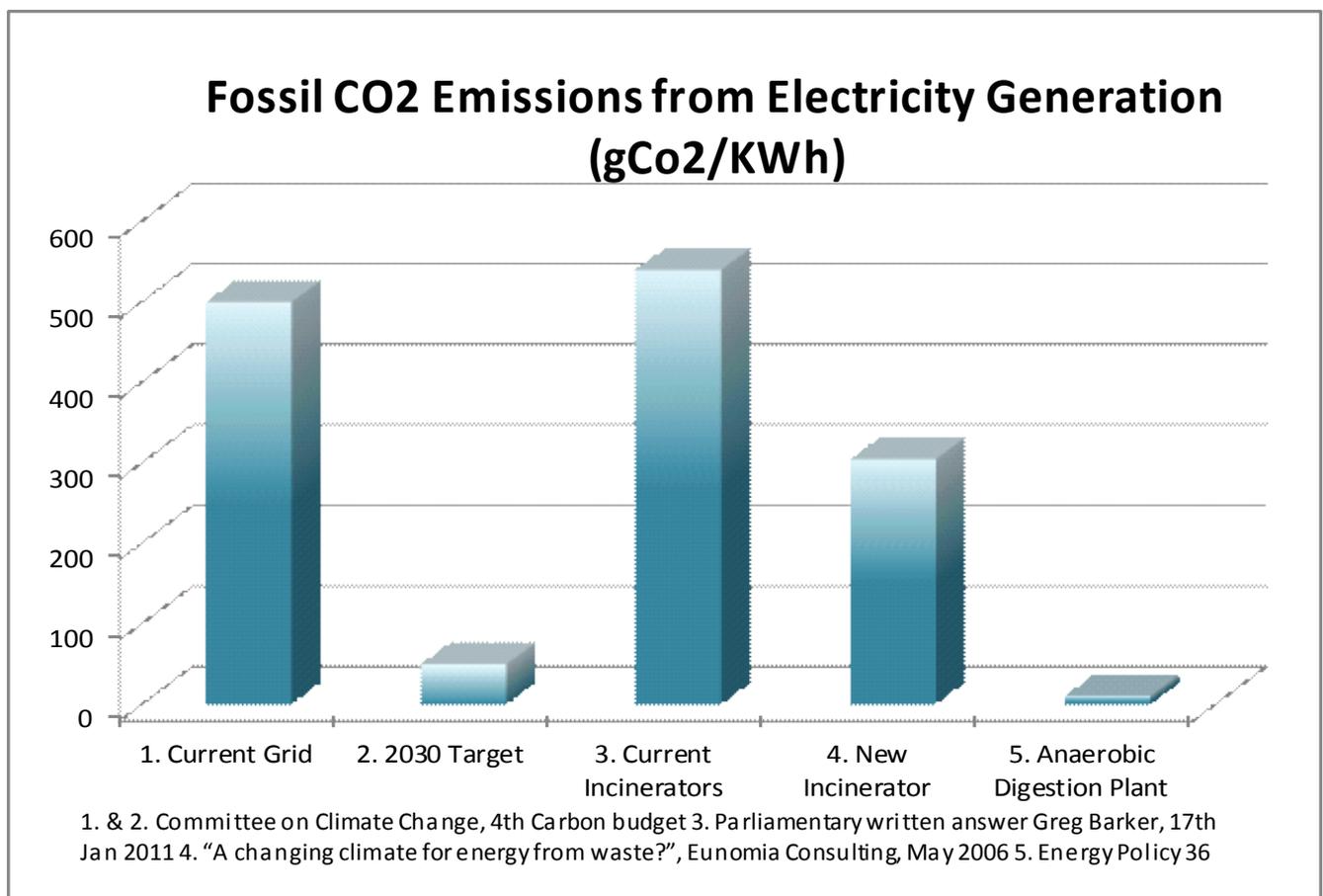


Chart 1: Fossil CO₂ Emissions from Electricity Generation, and the 2030 Target.

Energy Production Risks:

The proposed Incinerator will produce around 200,000 tonnes of CO² a year along with other dangerous pollutants. The likelihood is that incinerators will soon be liable for carbon or incineration taxes. This was indicated in the Waste Review of 2011 and will not reach carbon budgets set by the Committee on Climate Change for energy production by 2030 ^(Chart 1). This extra tax will be borne by local taxpayers.

In contrast, Anaerobic Digestion produces near carbon-free energy and its' residue is a useful fertiliser. The Government has stated its preference for Anaerobic Digestion over Incineration for dealing with certain waste and has placed it higher up the legally-binding Waste Hierarchy.

Balloon Payment – Legal & Cost Risks

The PFI contract will end in 10 years time, but the proposed incinerator would have a life of 25 to 30 years. At contract-end, Mercia Waste Management will no longer be obliged to run the plant. Despite this the Council must agree to pay for the outstanding finance; the 'balloon payment' to the banks.

The Cabinet papers state, '*There is a risk that at that point Mercia are not good for the money and the Councils are left overpaying for a 'broken' plant*' ^(ref 5).

The European Procurement Office have stated that such a '**balloon payment**' would be in **contravention of European Law** and that action would be taken following such a breach resulting in even more unnecessary costs being burdened on the taxpayer.

Any extension of the existing contract to beyond 2023 is likely to harm the taxpayer in a number of ways:

1. It is likely that no re-tendering or procurement will take place at that point, when deciding how to proceed for the future of the council's treatment of all non-residual waste. This will mean the taxpayer being unable to take advantage of revenue streams available from recycling, and will instead be paying at rates determined by a payment formula agreed in 1998.
2. If re-tendering does take place in 2023, then the presence of a 'balloon' payment, will present a potential competitive advantage in the tendering process to Mercia Waste.

If Mercia is no longer '*good for the money*' and decide not to tender in 2023, it will send a clear message to other competing contractors that the ageing incinerator is not a good proposition. WCC will be in a very weak bargaining position and at best it will have to increase contract payments or at worst face paying for a white elephant. It certainly entails, '*unpredictable costs in the future*' ^(ref 5).

Treasury Guarantee and Moral Hazard

The Council are taking on commercial risks, notably lack of future feedstock and forthcoming Environmental Legislation, which the contractor would not accept and which would have been too expensive to insure against.

The acceptance by the Council of these risks may result in a mismatch of the interests of WCC and the contractor, Mercia, and this should be scrutinised to avoid the contravention of the legally enforceable public procurement rule, '*a change in the risk/reward share in the original contract*' ^(ref 5.19b).

Mercia developed the incinerator proposal and fought for the 25 year proposal at the Public Inquiry. However they have not had to consider the need for flexible waste disposal which complies with the new Waste Hierarchy or take into account the substantial changes taking place in waste policy, management practices or the development of a highly competitive waste market, because those risks have been accepted by the Council. They have not had to consider the overall cost envelope in the context of the current and future budgets, or in the context of the new austerity, because affordability is the Council's risk.

These risks were not present at the time of the original contract and they are specific to a long-term inflexible contract for rigid infrastructure in the changed risk profile detailed above. These risks constitute a 'a change in the risk/reward share in the original contract' ^(ref 5 19b) which necessitates urgent scrutiny before the project progresses further.

The Cabinet papers for 13th Dec 2012 states that they have sought assurances from the Treasury regarding payment of the 'Balloon Payment' (potentially many 100s of £millions?) and in the 'Financial Parameters' state, '*following dialogue with HM Treasury an infrastructure guarantee could be made available to Project financiers for any balloon payments, if required.*' The Council and Treasury may create a serious 'moral hazard' for Mercia by such a perceived state guarantee as it may remove the incentive to carry out proper operation and maintenance of the incinerator for its' 25-30 year life, 15 of which may be after Mercia's contract ends. Motivation for the private enterprise to be competitive or act in the public interest is reduced when the most profitable aspect of the PFI – its' financing – appears guaranteed. This could impact on the effective running of the plant, including the potential for emission breaches later in the plant's life.

Costed Risk Assessments need to be undertaken to compare the 25 year incinerator contract versus a modular and more flexible recycling option and ensure compliance with the legally binding Waste Hierarchy in order to protect future Council finances.

Business Case Failure

Worcestershire County Council have repeatedly failed to provide a full Business Case detailing CAPEX ,OPEX or lifecycle costs, to members of the public for this proposal.

Worcestershire County Council cannot provide an Options Appraisal that has been fully costed and so it would appear that no alternatives have been properly and intelligently considered.

It is of deep concern that the Council are unable to provide evidence that they have investigated all options fully, something which is surely essential in order to demonstrate Best Value?

To date, they have refused to produce whole life budget costs for all options and have clearly only compared the costs of incineration against landfill.

Of similar concern is the fact that DEFRA has no copy of either the Business Case or the Contract in spite of clearly stating in guidance, that it is in the public interest for these to be made available.

Failure to meet Planning Approval Requirements of CHP

The Council now recognise that there is no host for the heat element due to the rural location (something that the Council accept as being detrimental to the perceived benefits of the plant) and no likelihood in the foreseeable future.

It is believed that failure to utilise the heat will result in lost revenue of over £100 million over 25 years.

Furthermore, regarding the power element, the Council have stated that the facility would need to provide value for money without electricity generation. Plans presented to the planning inquiry detailing how it will connect to the National Grid have now been revoked.

Worcestershire County Council is now unable to explain how the electricity will be utilised or connected.

This should bring into question the whole viability of the proposal as significant revenue, and surely the rationale for selecting this option, will be lost. This also raises the question of whether the location of the site was ever suitable, and the whole site selection process is therefore so obviously flawed.

Site Unsuitability

Landfill: In addition to the fact that heat cannot be utilised, it is also pertinent to highlight that the site itself is within an area of existing landfills. It is well documented that these landfills produce significant amounts of landfill gas, which is known to migrate some distance, requiring additional and unnecessary costs to mitigate such risks. Due diligence in this regard was not demonstrated at the time of land purchase as these risks are a real hazard.

Water Supply: The location of the site also necessitates other significant costs as there is no natural water supply, and as such new infrastructure will be required. The considerable water needs of the Plant, in excess of 46 million litres per year, will have to be met from the public water supply.

Wildlife: The ongoing costs of wildlife removal (including Great Crested Newts) are significant. This had also not been properly considered at the time of purchase and again demonstrates the total lack of due diligence.

Green Belt: Siting the proposed incinerator in the Green Belt also necessitates lowering the plant into the ground by over 8 metres. This is a significant additional cost as is the cost of land drainage and the need to divert a stream which runs through the centre of the site. This demonstrates the unsuitability of the site, lack of due diligence and significant, unnecessary costs.

Land Cost: It is important to note that the Council purchased the site at a cost of approximately £4.5 million in 2007 (after the decision not to locate an autoclave on the site) without undertaking sufficient and proper checks. The site is next to a problematic landfill and the land is well-documented to be contaminated. The Council claim that the value paid was 'comparable to other sites' but it is not clear that this claim can be sufficiently evidenced. Especially, as later the same year, it seems that Worcestershire County Council purchased a similar site in a prime location for approximately £1.5 million less. This raises a host of questions about the council's procurement procedures that are worthy of further investigation.

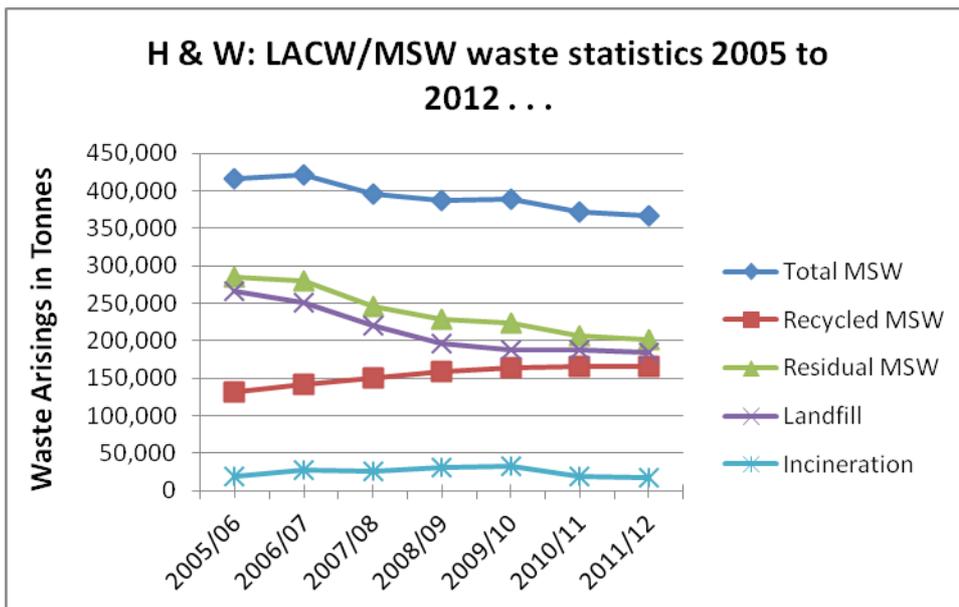
Failure to provide a Costed Transport Plan

There is no comprehensive transport plan or route plan available and therefore no associated costs available. This is of course a significant element of cost given the vast distances that the waste would need to travel due to the non-central and rural location of the proposed plant. No environmental benefit can be demonstrated.

Incineration Overcapacity

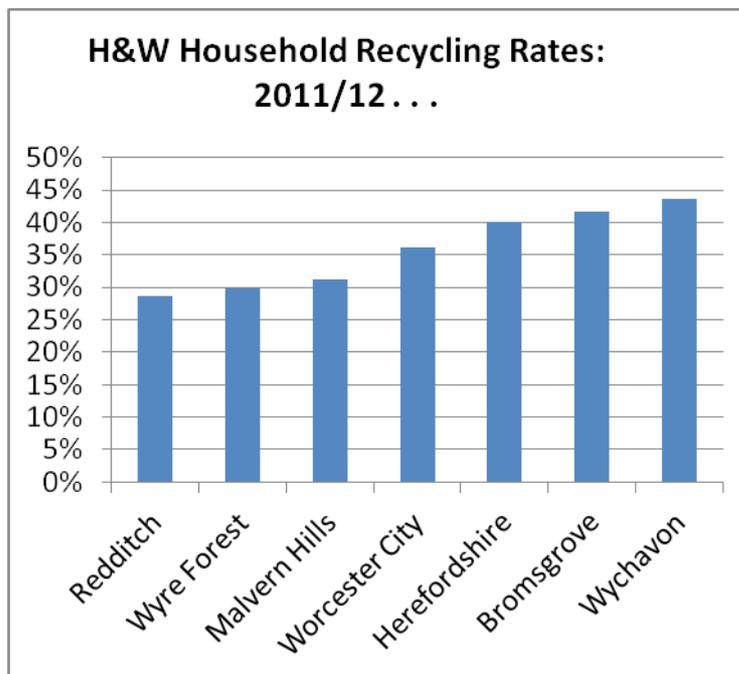
There are currently five operational incinerators within the West Midlands area, all of which are reported to be running at levels of under-capacity, thus bringing into question the economic viability of this project. This level of spare capacity will further increase when the two incinerators currently under construction (Four Ashes, and Battlefield) begin operation in 2015. This lack of need is compounded by the fact that waste levels are still falling, highlighting that there is no demonstrable need for this scheme, and its sustainability is questionable.

Detailed below is a graph ^(graph 3) showing that waste levels locally have fallen by over 48,000 tonnes since 2006. Whilst recycling has increased nationally with some councils already achieving over 60%, in Herefordshire and Worcestershire recycling has only increased by little more than 1,000 tonnes in the last 3 years. This equates to an increase of just 1% per year.



Graph 3: How H&W has treated or disposed of its' waste, (amounts shown in tonnes).

The graph ^(Graph 4) below, shows the wide disparity in recycling levels reached so far by each individual Council within the partnership, some of whom have barely reached 30%.



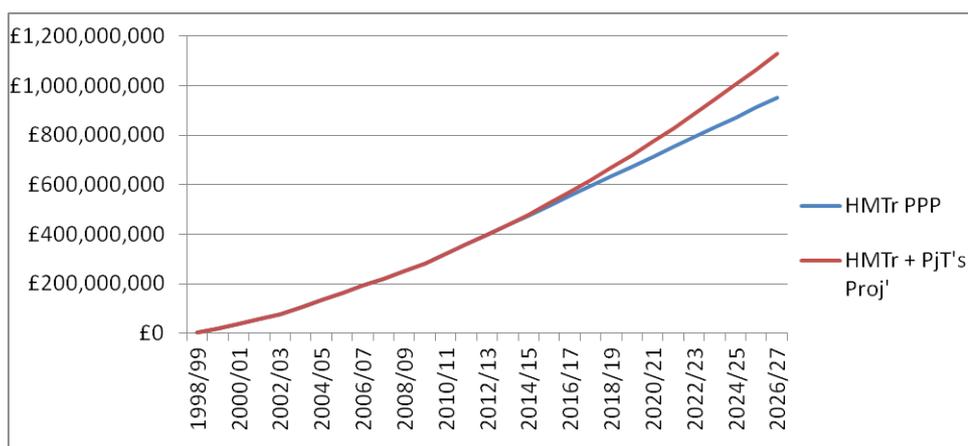
Graph 4: Local recycling rates – some barely reaching 30%

The average rate for the whole of England is 43%.

The Highest rate in England (Vale of White Horse) is 68%

The Government is now acknowledging that there is overcapacity by removing PFI credits from both the Allerton Park proposal in Yorkshire and in Merseyside. Both of these projects were set to cost over £1 billion and are therefore comparable in many ways to the proposal by this Council ^(graph 5).

It is worth noting that the cumulative costs shown below in the graph, are for the costs for the service currently provided, and do not include any of the increases that will come from the financing, constructing and running of the proposed incinerator. An overall cost in excess of £1 billion is likely.



Graph 5: Cumulative cost of H&W PFI Contract, projected to 2026/7

References:

[No government support for Allerton Park incinerator ~ http://www.bbc.co.uk/news/uk-england-york-north-yorkshire-21537662](http://www.bbc.co.uk/news/uk-england-york-north-yorkshire-21537662)

[Government pulls £90m Mersey incinerator funding ~ http://www.liverpoolecho.co.uk/liverpool-news/local-news/2013/02/25/government-pulls-90m-mersey-incinerator-funding-100252-32873347/](http://www.liverpoolecho.co.uk/liverpool-news/local-news/2013/02/25/government-pulls-90m-mersey-incinerator-funding-100252-32873347/)

Within both these reports is a clear statement that the Government pulled out of these projects as 'there are already enough incinerators in England to meet tight EU deadlines to reduce landfill'.

As has just been demonstrated by the withdrawal of funding for the PFI incinerators in York and Merseyside, the Government is fully aware of the fact that there is an overcapacity of incinerators.

The West Midlands, which encompasses Herefordshire and Worcestershire, has met all its landfill diversion targets 5 years early and is almost at 2020 target levels. As a region it burns more waste than any other, and waste levels continue to fall. One local landfill, which opened in 2010, may soon be mothballed due to a lack of waste, although it was meant to be operational until 2020 at least.

It must therefore be assumed that there is even more reason to halt this scheme than those areas who have already had funding withdrawn. Furthermore, the report by Eunomia Research ^(ref 6) highlights this

overcapacity. This report found that there is a considerable overcapacity even before this proposed incinerator is ever built. This is evidenced in the chart below, based on that research:

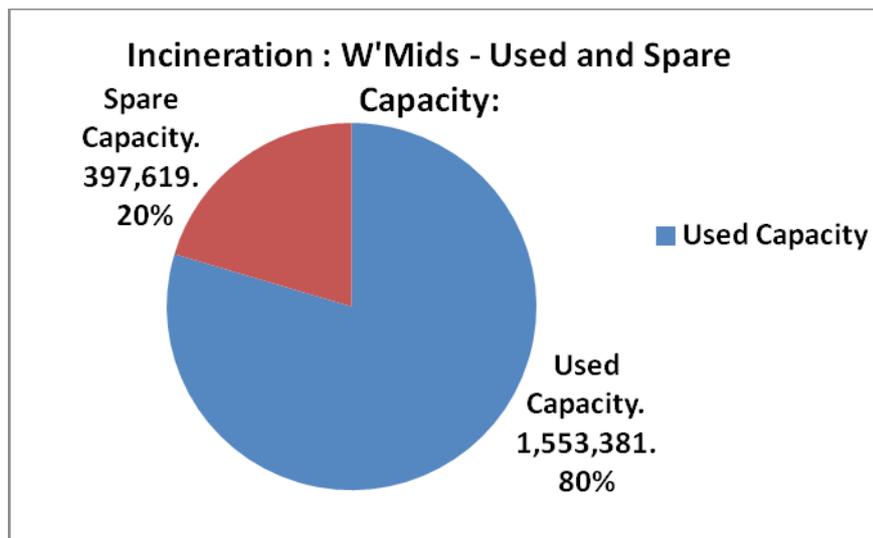


Chart 2: Incineration capacity in the West Midlands outstrips the amount of waste ^(ref 6)

It would be considered grossly negligent for this project to be allowed to proceed without forensic financial scrutiny. Cheaper options are available, and with such a high long-term risk to the public purse in times of austerity, it is absolutely vital that these alternatives are used over the costly option of incineration.

Alternative and More Affordable Options for the Counties Taxpayers

WCC's contract with Mercia began in 1998 and has only 10 more years to run. After this, WCC will be free to tender out its waste streams in the open waste market at the lower gate/contract costs and also gain the benefit of recyclate sales. The Council has a number of alternatives to start the move towards cheaper, modular and more flexible waste treatment technologies during this period.

The Council's Cabinet Meeting of February 2013 states that it is technically possible to recycle most of its' waste but this, it claims, would be too costly. As detailed in this report, recycling provides an income for Councils, or can be treated for a fraction of the cost of incineration. The Council statement confirms the extremely high costs of recycling in the present contract and could suggest that the present PFI Contract is weighted toward the Contractor.

How to Save £20million a year:

Recently Economica Research produced a Report for a Council considering a similar sized incinerator^(ref 2). It gives cost comparisons taking into account changing waste management systems and accessing the open waste market. Instead of a 240,000 tonne incinerator, they estimate that **£20 million p.y. would be saved** by simply diverting recyclable materials out of the PFI contract and onto the open market. By getting out of the contract altogether **£20 million per year can be saved**

Also Government policy currently is to renegotiate old PFI Contracts to produce savings for Councils and it may be possible that local MPs may be able to help with this during the remaining 10 years of the Mercia Waste PFI.

The most efficient way to remove organics from landfill and avoid landfill tax is by either building Anaerobic Digestion plants or by accessing the existing well-established AD market. To build 2 AD Plant to process 40,000 tonnes of food waste would cost around £10 million to £15 million, an amount easily offset by the reduction in landfill tax liability that would result.

If the Council still considers there is a need for incineration in the medium term, then tendering the waste to the other West Midlands incinerators should be considered first as there is spare capacity already in most of these, and a national overcapacity of incineration due by 2015 ^(ref 6). The gate fees of older incinerators are also lower than the contract fees for newly-built facilities.

If the Council still considers it needs its own infrastructure then a far smaller plant for truly residual waste would cost less, allow for greater flexibility and access to the highly competitive waste market. However, before this decision can be made it will be necessary to review Herefordshire and Worcestershire's approach to waste management and the savings that could be made by adopting a high-recycling option.

* All attempts have been made to ensure that the figures and information used in this report are accurate. However as WCC have refused to disclose key information, reliance has been placed on the Government's own statistics to aim at overcoming commercial confidentiality.

Report prepared and presented by Herefordshire and Worcestershire Action Group.

www.hwag.org.uk

References . . .

Ref 1:

<http://www.wrap.org.uk/sites/files/wrap/Gate%20Fees%20Report%202012.pdf>

Ref 2: There is also a link to the Eunomia Report itself, at the bottom of the web page article . . .

http://www.resourceuk.com/article/UK/Cornwall_waste_contract_%E2%80%98outdated%E2%80%99_and_%E2%80%98expensive%E2%80%99-2497#.UROZF6WEySp

Ref 3:

<http://www.letsrecycle.com/prices>

Ref 4:

'Outline Business Case' available from Worcestershire CC on request.

Ref 5: This link has to be copied then pasted into the web browser, for the link to work . . .

<https://public.worcestershire.gov.uk/web/home/DS/Documents/Appendix/Cabinet/Agendas%20and%20Reports%202012/Thursday%2C%209%20February%202012/item%2012.pdf>

Ref 6: There is also a link to the Eunomia Report itself, near the bottom of the web page article . . .

<http://www.waste-management-world.com/articles/2012/05/over-capacity-looming-for-gb-residual-waste-infrastructure.html>

Graph Data and Sources . . .

The data for the graphs is taken from various Government or Local Authority sources, including . . .

- **HM Treasury : PPP Team Database:** Record of Unitary Charge payments made under PFI.
- **Defra : Waste Data Flow:** Annual publication of the recorded waste data for every Council.
- **Defra : WRAP:** Gate Fees report – costs of waste treatment options.
- **Defra : ResourceFutures:** Report on the composition of LACW(MSW).
- **Environment Agency:** Incineration capacity and throughput data.

Glossary / Acronyms. . .

AD : Anaerobic Digestion – a technique for dealing with the Biodegradable/Putrescible waste.

IVC : In-Vessel Composting – composting process carried out in closed containers.

LACW : Local Authority Collected Waste – the newer, broader definition of Local Authority waste.

MSW : Municipal Solid Waste – the original term used for most of the waste collected by Councils.

MRF : Materials Reclamation Facility – used to separate the various materials fractions in waste.
MBT : Mechanical and Biological Treatment - processes used to both separate and treat waste.
H&W : Herefordshire County Council and Worcestershire County Council. (also HCC & WCC)
Mercia : Mercia Waste Management – the PFI Contractor to the two Councils.
C&I Waste: Commercial and Industrial waste – over 70% of this is already being recycled.
WRAP : Waste and Resources Action Programme.

Additional Notes/Comments on specific Graphs in the text of the report . . .

Graph 1: H&W PFI Actual and Predicted Cost – Annual Charge . . .

This shows H&W PFI Unitary Charge payments paid to the Contractor so far, as recorded by HM Treasury to date. The costs have then been projected forward to the Contract end.

Comment: These figures are the gross Payments made, but **do not include the additional cost** that will be added by financing, constructing, and then running the proposed Incinerator.

Appendix:

Additional Graphs – to further illustrate or expand specific points in the report . . .

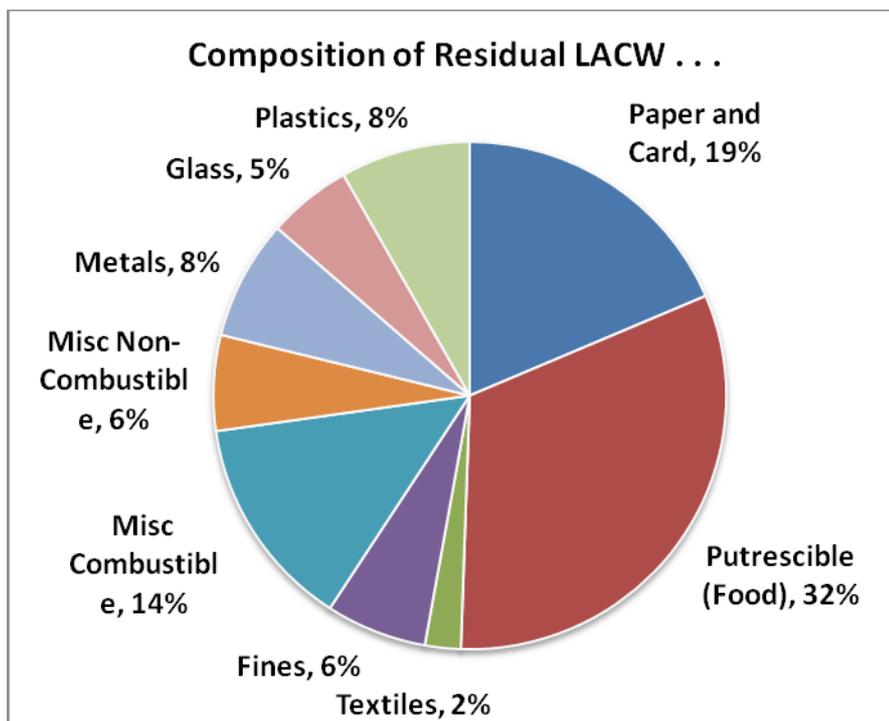
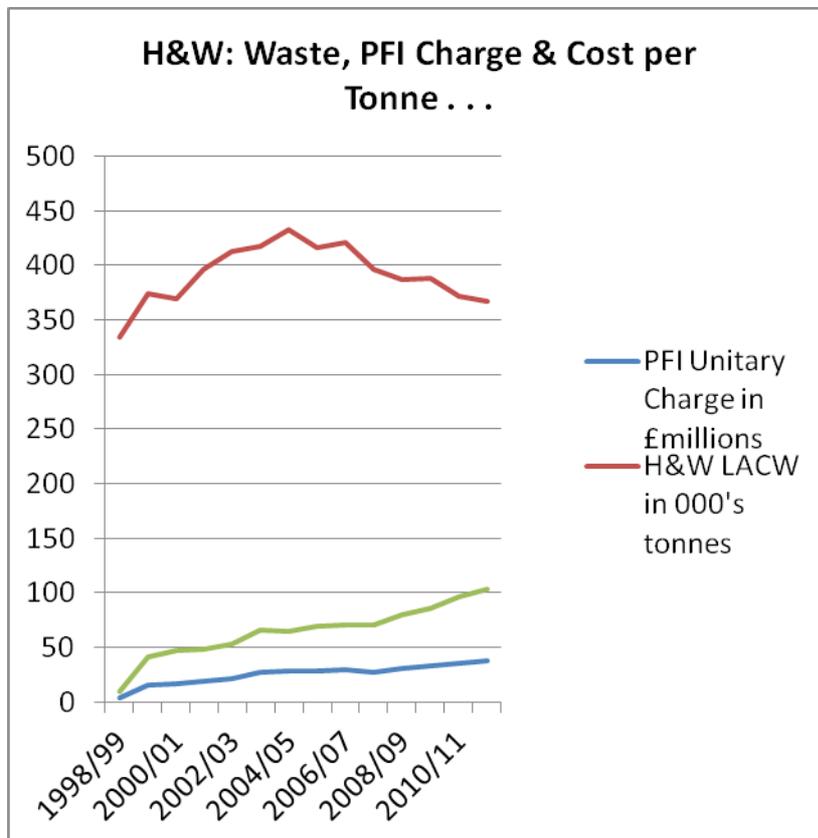


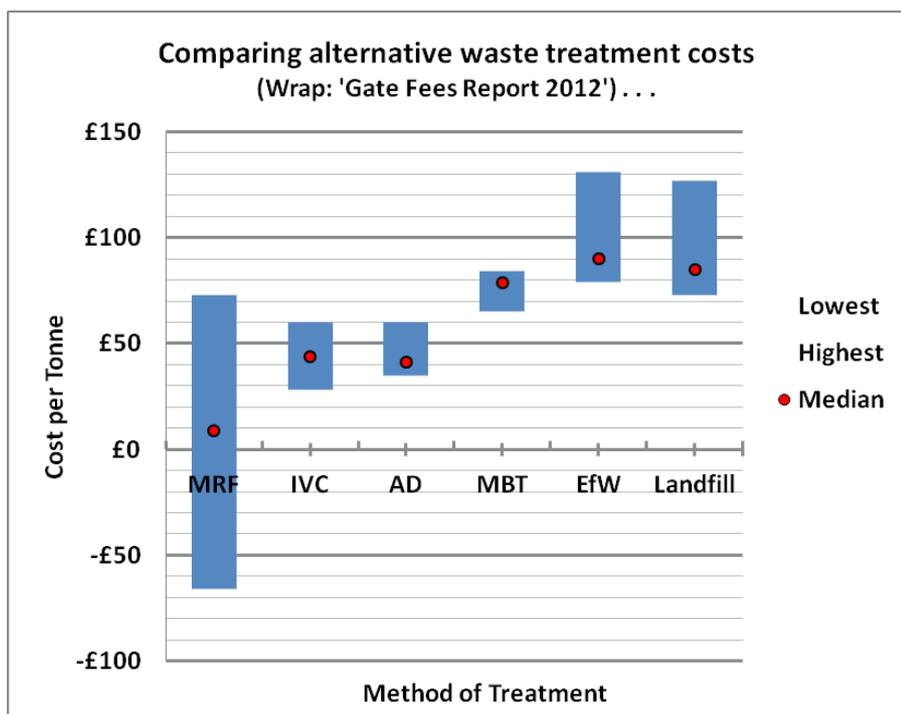
Chart A1: Shows the typical composition of Residual LACW. Earlier in the report, it was stated that between 50% (EU/WD) and 68% (Defra) is biodegradable. This fraction of the waste stream would be more effectively treated by Anaerobic Digestion or Composting.

Appendix: continued . . .

Additional Graphs – to further illustrate or expand specific points in the report . . .



Graph A2: Compares Waste Arisings with PFI Unitary Charges to derive a Cost per Tonne. **Note** that despite waste levels falling, the **cost per tonne continues to increase sharply.**



Graph A3: Shows the highest, lowest, and median Gate fees for various methods of treatment. Where a **negative value** is shown, the Contractor is **paying** the Local Authority for the waste.

