

NORTH LONDON WASTE AUTHORITY

REPORT TITLE

LONDONWASTE LTD – WASTE INCINERATION DIRECTIVE - PROGRESS

REPORT OF

FINANCIAL ADVISER

FOR SUBMISSION TO

DATE

AUTHORITY MEETING

27 APRIL 2005

1. SUMMARY OF REPORT

This report provides a brief update on the progress being made by LondonWaste Ltd (LWL) to meet the requirements of the Waste Incineration Directive.

2. RECOMMENDATIONS

The Authority is requested to:-

- (i) Note the contents of this report.

Signed by the Financial Adviser:

Date:

3. **BACKGROUND**

- 3.1 LondonWaste Ltd (LWL) is carrying out modifications to the Energy-from-Waste facility at Edmonton in order to meet the requirements of the European Directive 2000/76/EC, the Waste Incineration Directive (WID).
- 3.2 On 9 July 2003, the Authority (in its capacity as a shareholder of LWL) agreed to give its consent to the Company to proceed with the refurbishment project and to incur such costs as are necessary to deliver the project.
- 3.3 The refurbishment option aims to ensure delivery of the NLWA/LWL main waste disposal contract until it expires in December 2014, and thereby reduces the uncertainty of future waste disposal costs over this time to the Authority and its constituent councils.
- 3.4 The Authority is not required to make any contribution towards the costs of the refurbishment other than by foregoing any dividend payments that may become payable by the Company to the Authority before 2014 (as provided for in the Joint Venture Agreement with Sita UK).
- 3.5 The project provides for the refurbishment of the 5 existing boilers to ensure that all WID emission limits are met, but by means other than the 2-second residence time in the combustion chamber. The Environment Agency (EA) has confirmed that it will grant an exemption in respect of the 2-second residence time provided the refurbishment meets all other requirements of the Directive, including all emission limits.
- 3.6 LWL tendered and selected a contractor to carry out the combustion improvements and, following an intensive period of technical evaluation and engineering design work, modification work commenced on one of the Company's five boilers on 29 March 2004. Work to boiler No. 4 was completed in August 2004.
- 3.7 Subsequently, on 13 October 2004 the Authority agreed in principle to the Company's proposed new borrowing facilities to finance the project and delegated authority to the Clerk to the Authority to convey the Authority's formal consent subject to LWL meeting the conditions that had been attached to the Authority's consent.

4. **FURTHER REVIEW OF PROGRESS**

- 4.1 Modification work to boiler No.3 began on 29 November 2004 and is currently scheduled to begin waste incineration at the end of April, i.e. slippage of 3 weeks. Work on boiler No. 5 commenced on 20 January 2005 and is currently scheduled to begin waste incineration on 14 June 2005 in line with the original planned return.

- 4.2 Work has also commenced on the installation of denox equipment in order to reduce the NOx emissions to a new lower level and work to boiler 4 should have been completed by the date of this meeting.
- 4.3 Although the timetable remains tight the LWL project team are cautiously optimistic that the project will be fully compliant by 28 December 2005. Work on boiler No.1 is currently planned to commence on 9 May 2005 and scheduled to return to waste incineration on 18 September 2005. Work on the boiler No. 2 (the last) is planned to commence on 18 July 2005 and scheduled to return to waste incineration on 21 November 2005. After each boiler is returned to incineration this is followed by a 7-day trial and then a 28-day period of optimisation. All boilers are expected to be operating at maximum by 28 December 2005.
- 4.4 Work on the installation of the denox equipment is also scheduled for completion and fully tested by 28 December 2005.
- 4.5 Following confirmation and demonstration by LWL that it had met all conditions that the Authority had attached to giving its shareholder consent to LWL's new borrowing facilities, the Authority's formal consent was given on 10 February 2005.

5. HEALTH AND SAFTY ISSUES ON THE WID PROJECT

- 5.1 The information contained in this section has been based upon information provide by LWL.
- 5.2 The WID project operates in accordance with Construction, Design and Management (CDM) Regulations under which LWL is "Principal Contractor" and Suez Environment function as the "Planning Supervisor". By arrangement with the project's main contractor, Mitsui-Babcock Engineering Limited (MBEL), LWL have nominated MBEL as their Agent Principal Contractor and this fact has been registered with the Health and Safety Executive.
- 5.2 It was necessary to make MBEL responsible for health and safety management for the WID project because LWL's in-house health and safety organisation is essentially orientated towards an operating site and not towards a large construction site.
- 5.3 By way of the above arrangements, the project has a fully trained health and safety organisation, which has short daily and more lengthy and minuted weekly meetings. The health and safety organisation rigorously implement and police site safety rules which are a specific WID project development of the LWL "safety rules and procedures". All persons working on or just visiting the site must go through a detailed induction process before they can enter the CDM area (i.e. a specific area of the plant where the works are being carried out) where their

- presence is recorded in and out with a personal tag system. Personal protection equipment (hard hat, overalls, goggles, reflection vests and safety boots) must be worn by all persons entering the CDM area.
- 5.4 Despite these carefully conceived and implemented procedures, the refurbishment project has unfortunately a blemished accident record of three serious incidents, two of which were relatively minor but unpleasant (gashed leg and a broken ankle).
- 5.5 However the third and most recent accident, a fall from height, resulted in a man in his twenties receiving life threatening injuries. Two months after the accident, he remains unconscious and although he shows signs of regaining consciousness, the outcome is at present unknown. Nobody witnessed this incident hence the reason for the fall, from a hand-railed stairway, onto a concrete floor ten metres below, remains unknown. As is usual with such incidents, a Health and Safety Executive investigation is ongoing.
- 5.6 Partly in response to these unfortunate occurrences, but mainly as part of continuous improvement, the Company has formed a Health and Safety Task Force for the project, consisting of four health and safety professionals and two members of staff - a shift charge engineer and a maintenance operative.
- 5.7 The mandate given to the Health and Safety Task Force provides them with authority to continuously make recommendations and implement health and safety improvements across the site. To date, following a 360-degree critical appraisal, the Task Force has reported no large defects in the safety arrangements in place but have implemented and continue to implement important and constant improvements.
- 5.8 Despite the accidents, the Company is confident that it is doing all it reasonably can to promote and maintain a safe working environment. In these matters however whilst the Company always uses its best endeavours, they know they can never be complacent and vigilance is always mandatory.
6. **OPERATIONAL ASSISTANCE WITH WID COMPLIANCE**
- 6.1 Achieving the new WID limits with 100% reliability over the remaining term of the contract is clearly a major task for LWL.
- 6.2 LWL are seeking to manage the entire combustion process as closely as possible to ensure the WID limits are not breached. This includes greater attention being paid to the feedstock to the energy recovery process, and in particular to the issue of bulky wastes or volatile wastes (such as paint) that create blockages or sharp variations within the furnaces.

- 6.3.1 In newly-built energy recovery incinerators this is commonly achieved through all the waste being deposited into one large single bunker, with the crane operator controlling the crane from a control room looking into the side of the bunker. With this arrangement, the crane operator can mix various types of waste to remove clearly unsuitable items and to create an even mix of inputs to the furnaces.
- 6.4 Edmonton was designed in the 1960's, and has five separate bunkers with the crane operator seated in a cabin on rails directly above the crane as it lifts up to five tonnes of rubbish at a time.
- 6.5 LWL have consequently studied Authority inputs to the bunkers more closely so that they can predict with some certainty the nature of the wastes being delivered in each Borough vehicle and can ensure a reasonable mix is deposited into each of the bunkers.
- 6.6 LWL are also seeking Authority and Borough co-operation with the reporting at the LWL weighbridge of loads containing bulky wastes that may cause blockages. Such loads are directed to the FPP road transfer station on site instead.
- 6.7 On 11 April 2005 LWL hosted the Technical Officer Group meeting so that they could give a presentation on this subject and also physically show Technical Officers where blockages become a problem.
- 6.8 Clearly, under the new Landfill Allowance Trading Scheme, the Authority (and indirectly the Boroughs) has an interest in maximising the diversion of residual wastes from landfill, so further liaison work will be necessary on an on-going basis.

7. CONCLUSION

- 7.1 Despite the problems that have occurred it would appear that the WID project is continuing to proceed well. The Company remains confident that the key requirement to make the Edmonton Energy-from-Waste facility WID compliant by 28 December 2005 is achievable.

8. COMMENTS OF THE LEGAL ADVISER

- 8.1 The Legal Adviser has been consulted in the preparation of this report and has no further comments to add.

Local Government Act 1972 - Section 100 as amended

No documents that are required to be listed have been used in the preparation of this report: -

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