

NORTH LONDON WASTE AUTHORITY

REPORT TITLE: GOVERNANCE OF LONDONENERGY LTD

REPORT OF: MANAGING DIRECTOR

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 5 OCTOBER 2023

SUMMARY OF REPORT:

This provides a regular report on the Governance of LondonEnergy Ltd.

RECOMMENDATIONS:

The Authority is recommended to note the Company's activities in the second quarter of 2023.

SIGNED:  Managing Director

DATE: 25 September 2023

1. INTRODUCTION

- 1.1. Following decisions made at the February 2010 meeting of the Authority covering a range of issues connected with the control of LondonEnergy Ltd (LEL) by the Authority, this is the regular report to up-date Members on the governance of the Company and its financial performance.
- 1.2. The Authority is the 100% shareholder of LEL. The Authority officer team manage a close relationship with LEL, providing both challenge and support – and ensuring both organisations act in alignment to deliver sustainable waste disposal services. The LEL Executives and Board have the key responsibility to deliver their services and to operate in a safe, sustainable and cost-effective manner.

2. QUARTERLY REPORTS

- 2.1. LEL provides quarterly reports to the Authority covering the main operational issues experienced. The report covering the second quarter of 2023 is at Appendix A. Highlights are referenced in this summary.
- 2.1 Plant availability at the energy from waste facility was high, at 95.33% for the second quarter. An explanation of how plant availability is calculated is provided in the report at Appendix A. Maintenance work was undertaken during the quarter to boilers (the parts of the plant which burn the waste), to turbines (the parts of the plant which generate electricity) and to the flue gas treatment system (the part of the plant which clean the gases from burning prior to them being emitted into the atmosphere). This reduced the full operating time of the plant. 121,000 tonnes of waste were burnt in the energy from waste plant, compared with 133,000 tonnes in the first quarter of the year. Maintenance is scheduled away from the winter period as that is when the highest income is produced for electricity generated. In the second quarter LEL generated 62,000 MWh, compared with 68,000 MWh between January and March.
- 2.2 The percentage of materials collected at reuse and recycling centres (RRCs) which was recycled averaged over 78%. This is a continued increase in recycling rates and the highest rate ever recorded across north London's RRCs. Use of the RRCs to coordinate specialist recycling such as mattresses, hard plastics and expanded polystyrene is reported in the services report to this meeting.

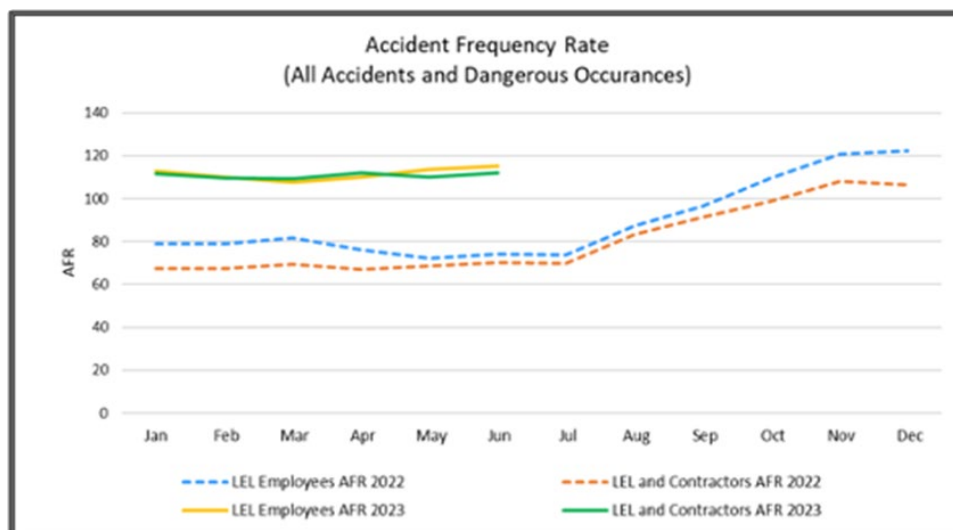
3. CAPITAL PROJECTS

- 3.1 As previously reported, a fifth turbine – which operates as a spare - was commissioned and successfully handed over to LEL in the first quarter. It has operated while maintenance was undertaken on turbine 4 in this quarter. In the first half of 2023 the 5th turbine has generated 15,000 MWh and contributed £3.5m in revenue.

- 3.2 An upgrade is being implemented to the ash conveying system in the Flue Gas Treatment system. This is intended to improve reliability, enhance safety and reduce the risk of fugitive emissions caused by blockages. The work has been completed in the third quarter of the year.
- 3.3 LEL has a private wire connection to supply electricity to a data centre located immediately to the north of the EcoPark. This had been out of operation but was re-energised in the quarter. LEL gains a higher income for electricity supplied direct to Ark than it does for electricity which is supplied to the Grid.

4. HEALTH AND SAFETY

- 4.1 The Board of LondonEnergy Ltd is legally responsible for Health and Safety matters and closely monitors the Company’s performance.
- 4.2 Regrettably the waste sector has a high injury rate, and it is important to the company and the Authority as shareholder that LEL seeks to perform contrary to this trend.
- 4.3 The chart below shows the accident frequency rate trend among LEL employees and including LEL contractors. There was a rise in late 2022 with performance remaining steady thereafter. This is below waste industry norms, and no serious injuries have occurred. However, LEL are concerned to ensure that all practical measures are taken to enhance safety. The company has therefore taken a new initiative to raise the profile of safety by requiring all staff to have training on “life saving rules”. This is an approach adopted in many of the sectors with high safety performance in operational environments. It reminds staff that inattention to detail can have severe consequences - and reminds them of key essentials which must always be followed to protect safety. Staff are supported to ensure that they are always able to consider life saving rules in taking forward any tasks.



5. LONDONENERGY LTD BOARD

5.1 The following directors served during the period:

Don Lloyd (Non-executive Director) Chair
Ulla Rottger (Non-executive Director)
Clyde Loakes (Non-executive Director)
Peter Zinkin (Non-executive Director)
Rebecca Rennison (Non-executive Director)
Rowena Champion (Non-executive Director)
Metec Coban (Non-executive Director)
Ian Williams (Non-executive Director)
Doug Wilkinson (Non-executive Director)
Martin Capstick (Non-executive Director)
James Kendall (Managing Director)
Justin Price (Finance Director)

6. EQUALITIES IMPLICATIONS

6.1 There are no equalities implications arising from this report

7. COMMENTS OF THE LEGAL ADVISER

7.1 The Legal Adviser has been consulted in the preparation of this report.

8. COMMENTS OF THE FINANCIAL ADVISER

8.1. The Legal Adviser has been consulted in the preparation of this report.

Contact officer:

Martin Capstick
Managing Director
North London Waste Authority
Unit 1b Berol House
25 Ashley Road
London N17 9LJ
post@nlwa.gov.uk



LondonEnergy

Powering the Circular Economy

Quarterly Report to North London Waste Authority



Second Quarter Report April – June 2023

APPENDIX A

CONTENTS

1. EXECUTIVE SUMMARY

1.1. Overview of the second quarter 2023

2. OPERATIONS

2.1. Key Events

2.2. Commercial and Operational Developments

3. SHAREHOLDER MATTERS

3.1. Number and names of directors in second quarter 2023

4. HSQE

4.1. Update on compliance matters

5. COMMUNICATIONS & PEOPLE

5.1. People Report

1. EXECUTIVE SUMMARY

1.1 Overview of the Second Quarter – April - June 2023

Operations

The Reuse and Recycling Centres (RRCs) performed well over the period, returning an average recycling rate of over 78%. A trial scheme to recycle hard plastics commenced at the Hornsey St RRC in April and was expanded to Regis Rd RRC soon afterwards. Existing programmes to recycle polystyrene and mattresses continue to perform well.

The existing EfW continued to perform well with availability over Q2-23 measuring over 98%.

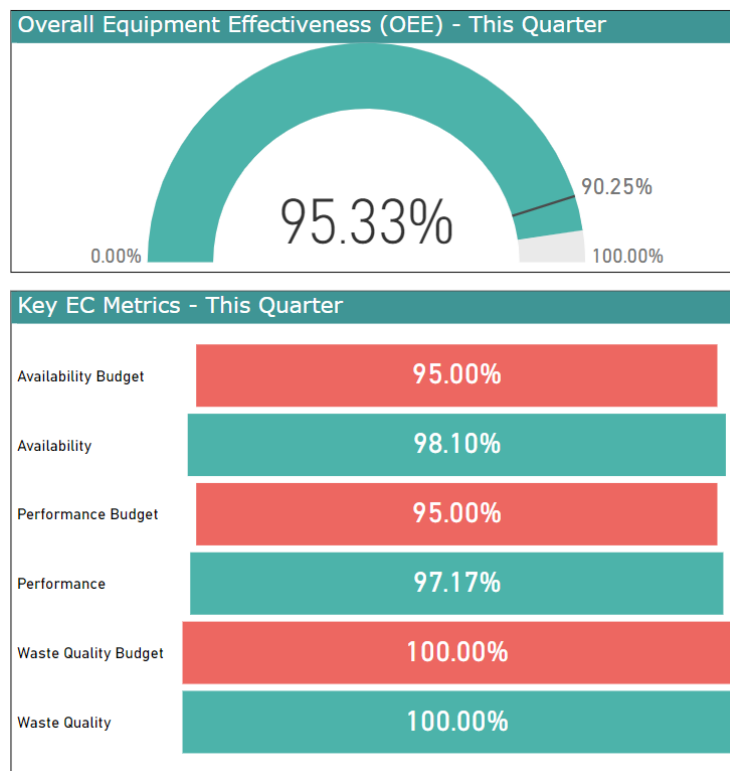
The scheduled outages on the boilers were carried out successfully and without incident. The outage on Turbine No 4, including the rewind of the generator, is on-going and will conclude in Q3-23.

LEL continues to work closely with colleagues at NLWA and NLHPP during 2023 to ensure effective preparations for the takeover of the RRF.

2. OPERATIONS

2.1 Key Events

Energy Centre (EC) Operations



The graphic (left) shows the key operational metrics for the Energy Centre over the period.

The availability percentage measures the amount of time the plant was operational, the performance number is derived from the average throughput of waste, and the quality measure shows plant effectiveness in treating waste without generating rejects.

The Company undertook both planned and reactive maintenance works to a range of plant and equipment over the period. Works included repairs to turbines, boiler lines and the flue gas treatment system. As a result, plant availability during the quarter was over 98% with 121,105 tonnes of waste processed and 61,859 MWh of electricity generated - this is an excellent achievement, especially given the age of the Energy Centre.

Third Party Waste Transfers

The Temporary Bulky Waste Facility (TBWRF) closed in February as part of the planned handover of the area to facilitate ERF construction works. The closure of the TBWRF meant that waste which

would previously have been received by LEL has had to be diverted to third-party contractors pending the completion and commissioning of the RRF.

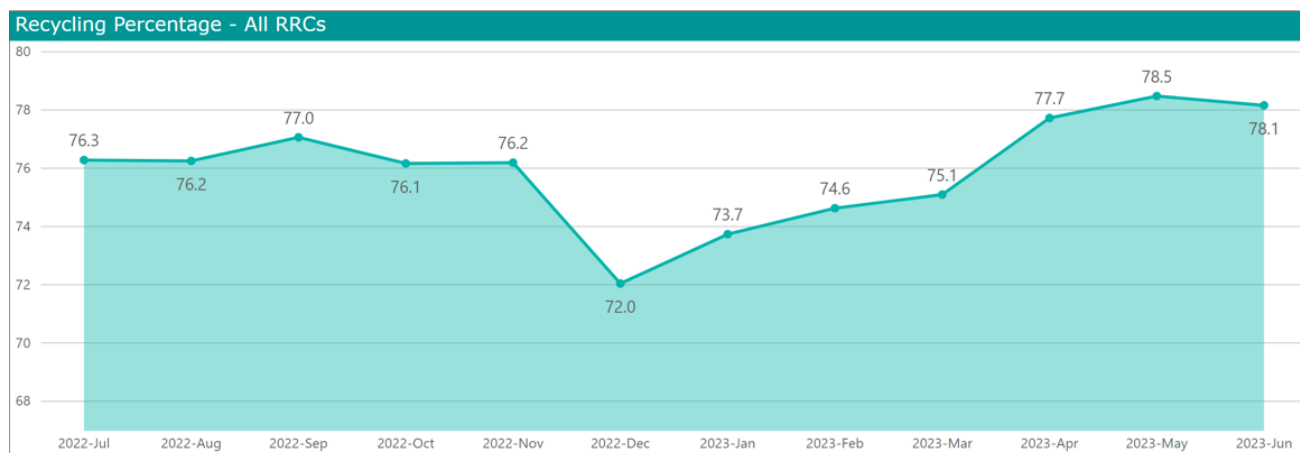
LEL worked closely with officers at the NLWA to ensure that agreements with suitable third-party contractors were put in place in a timely manner, such that borough services have been largely unaffected.

Capital Projects

Several capital project works were progressed in the period, including an upgrade of the flue gas treatment (FGT) system and installation of an air extraction system within the bunker house (waste storage area). These improvements are targeted at both increasing plant resilience and reliability, but also at improving safety for operators. Both projects have progressed well as a result of close collaboration between various LEL departments and external contractors. To further improve project delivery, LEL will soon centralise its project management activity under the oversight of the Asset Management team.

RRCs

The RRCs performed well over the period, returning an average recycling rate of over 78%. A trial scheme to recycle hard plastics commenced at the Hornsey St RRC in April and was expanded to Regis Rd RRC soon afterwards. Existing programmes to recycle polystyrene and mattresses continue to perform well, with over 22,000 mattresses diverted from landfill over the quarter.



The graph above shows the average recycling rate for the six Reuse and Recycling Centres operated by LEL, on a rolling 12-month basis.

Transport

There have been no prohibition notices issued, nor MOT failures or roadside checks undertaken by the DVSA. LEL has FORS Gold Accreditation for the next twelve months and will maintain green Operator Compliance Risk Score (OCRS).

The OCRS a measure used by DVSA to decide which vehicles should be inspected. OCRS is used to calculate the risk of an operator not following the rules on roadworthiness (the condition of its vehicles) and traffic, for example drivers' hours or weighing checks. It's more likely that an operator's vehicles will be inspected if the OCRS is high – LEL's score is very low as measured by the "Green" status.

2.2 Commercial and Operational Developments

NLHPP

LEL's NLHPP team have continued to play a central role in ensuring Operations can continue unimpeded, whilst enabling the construction activity and plotting a path through the various conflicting requirements of those using the EcoPark.

During the period, the company made significant strides in its asset management objectives. A key highlight was the arrival of a new Head of Asset Management, an appointment which brings fresh insights and leadership to the team.

LEL also concluded a pilot project designed to validate the asset information exchange process and ensure on-site data quality checks. This successful pilot points to a robust system that will enhance our operational efficiency in managing asset information, although it is dependent on timely and accurate information being supplied by Taylor Woodrow.

In relation to the RRF, work in the period focused on the successful delivery of 'Desktop Trials'. This activity has allowed members of the RRF staff to interact with a scale model of the building and design the processes that will allow the facility to be operated safely and efficiently. The outcome of these sessions has been a collection updated processes, risk assessments and method statements which will contribute significantly to the process of familiarisation and eventual operation of the new building.

In relation to the ERF, a productive safety workshop attended by LEL, Acciona, HZI and Ramboll took place on the 20th-21st June. The work of reviewing and commenting on technical documents has also continued with 194 documents assessed thus far. Looking forward, the team are increasingly focussed on the staffing and organisational planning for the ERF.

3. SHAREHOLDER MATTERS

3.1 Number and names of directors for the second quarter 2023

There were 12 serving directors on the LEL Board for the period, they are as follows:

- Don Lloyd (Non-executive Director) – Chair, Board
- Ulla Rottger (Non-executive Director) – Chair, Transition Committee
- Clyde Loakes (Non-executive Director)
- Rowena Champion (Non-executive Director)
- Mete Coban (Non-executive Director)
- Peter Zinkin (Non-executive Director) – Chair, Audit & Risk Committee
- Rebecca Rennison (Non-executive Director) – Chair, Remuneration & People Committee
- Ian Williams (Non-executive Director)
- Doug Wilkinson (Non-executive Director) – Chair, Health, Safety, Environment & Operations Committee
- Martin Capstick (Non-executive Director)
- Jim Kendall (Managing Director)
- Justin Price (Finance Director)

4. HEALTH, SAFETY, QUALITY AND ENVIRONMENT (HSQE)

4.1 Update on compliance matters:

There were no prohibition notices, improvement notices or prosecutions in the quarter.

5. PEOPLE

5.1 People Report

The headcount summary shows that as of 31st June 2023 LondonEnergy employed 377 people compared to the forecast of 381.