General Clarifications - NLWA Response 8.1.10

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WIDP latest response 20.1.10

No.	Clarifications	NLWA Response	WIDP Comment
1	1.6.1 The VfM figures are very low in particular for the Waste Services Contract at 6.40%. Please supply to basis for this?	The reduction in VfM percentage compared with the previous iteration of the OBC is primarily a function of the move to using an estimate of current private sector funding terms within the PPP element of the VfM calculation. It should be noted that the VfM sensitivity analysis remains within the Guidance tolerances.	Closed
2	1.6.2. Table 1.2 The modelling for the Reference Project 'to do minimum' states landfill costs are £2,893,625. This is based on Edmonton closing in which year?	The reference project models Edmonton EfW closing on 31st March 2020.	Closed
3	1.6.4 PFI support in Table 1.4 is £589,496 and in Table 1.5 the upper boundary of the affordability envelop is £565,445. Please clarify why the upper boundary is less than the affordability envelop?	The upper boundary calculation assumes a 2 year delay in Full Service Commencement for both contracts. Consequently, it has been assumed that PFI Revenue Support payments are delayed until such time as this is achieved (but that the annual payments remain unaltered). With a fixed end point to the contract, this results in a reduction in whole life RSG.	Closed
4	1.6.5. What are the foreign exchange assumptions in the sensitivity analysis? Also the total PFI figure in Table 1.5 is different to that on Table 8.15 p.172 for PFI support. Please clarify.	The £: € exchange rate used in the sensitivity analysis is the same as the base case, namely 1£ = 1.1€. Table 1.5 refers to the upper limit of the affordability envelope, governed by the 2 year delay sensitivity, hence with a reduced total RSG (please see response above). Table 8.15 refers to the base case affordability analysis.	Closed
5	1.6.7 Please provide copies of the relevant financial report to Authority members on the 9th December.	Draft minutes including the resolutions relating to the OBC will be provided by the 8th January. These are subject to formal acceptance at the NLWA meeting of the 10th February. The summary of recommendations that were agreed are as follows: a. Agree the Outline Business Case for submission to	Closed

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WIDP latest response 20.1.10

		Government prior to the deadline of 11 December 2009 b. In particular to note and agree the cost and affordability analysis contained in section 8 of the OBC text; c. Delegate authority to the Director of Procurement to make any minor drafting changes to the text of the OBC in consultation with the Chair; d. Delegate authority to the Director of Procurement to pursue discussions with Government officers with a view to securing Government approval of the OBC for PFI credit purposes; and e. Require regular progress reports on Government's scrutiny and approval process.	
6	1.7 When was the last time the communications strategy, approved in October 2008, was updated and in what areas?	The Authorities communication strategy was last revised and approved by members at the December 2008 Authority meeting. Since this time the focus has been in implementing the four strands which form the overall strategy. The following updates have been made: • The updated communications strategy has been extended to guide communication through to 2014; • The communications strategy has been updated to reflect developments on reference project sites; • A fourth plan has been added to the strategy, related to general NLWA communications, to supplement the existing three, which are focussed on industry communication, borough communication and resident communication; • The updated communications strategy also includes targeting audiences through media (TV, radio, online and press) which includes local, regional, national, waste trade, energy trade, PFI and infrastructure trade and local government trade; • Internal and external communication objectives have been set to meet the aims of the updated communication strategy;	Closed

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Forth iteration returned 8.1.10. Revisions in red.

WIDP latest response 20.1.10

		• The channels we will use to communicate with our target audiences has been included; • The communication tactics, i.e. the approach to meeting the overarching aims and objectives of the communication strategy has been updated; and • The evaluation method for the communications strategy has also been updated. Of the plans comprising the strategy, the Authority has carried out the following in 2009: Industry communications - Sustained market engagement. Looking forward a bidder day is planned in April 2010 General NLWA communications -Extensive consultation with wider organisations including the GLA, LDA and boroughs related to decentralised energy. Borough Communications - Establishment of regular bilateral borough meetings. Resident Communications - Award winning Watch Your Waste Week , European Week of Waste Reduction and Love Food Hate Waste Campaigns. Across all audiences -Consultation on the Pinkham Way site with all stakeholders The comms strategy was approved by members as part of the May 09 OBC submission. It is recognised that the strategy will require review and update at key points during the procurement. On the 19th January 2010 it is planned to release the OBC into the public domain via the Authority's website Related to general communications of the Authority, a Strategic Comms Manager was appointed in late December 09, reporting directly to the Managing Director.	

General Clarifications - NLWA Response 8.1.10

NLWA original response returned 23.12.09

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WIDP latest response 20.1.10

7	2.4.2 Bullet point 2, waste to HWRC is an additional 24,300 tonnes per annum. Is this projected new waste/recyclate or diverted from kerbside collections?	The figure under the second bullet should read 29,000 tonnes per annum and not 24,300 tpa (please see response under question 26 for details of how this figure is derived); 25% of this figure is assumed to be new waste and 75% is diverted from current waste streams split between bulky household waste, fly tipped waste and black bag waste.	Closed
8	2.4.4.1 Can NLWA be relocated from the Hendon RTS if a suitable alternative can be found, as stated in the authority's response 8.12.09.	The existing Hendon site falls within the boundaries of the BXC development and under the resolution to grant outline planning permission is earmarked for other uses. As part of the section 106 agreement the developer is required to safeguard the provision of a waste facility by preventing the existing facility from being closed until a suitable alternative is provided. This is affirmed by the attached letter from the local planning authority (General Clarifications 23.12.09 – Annex 1) Please note the letter is pp'd by [redacted] who is the Case Officer for the BXC development. The Authority confirms that the projected recycling rates will not change irrespective of whether the MRF is delivered as part of the contract or merchant.	Closed
9	2.4.4.1 Please clarify the purpose of the Merchant capacity.	In the event that the BXC development does not proceed, the Authority would not move to the new site at Hendon and would remain on the existing site. The existing site does not provide enough developable space to accommodate a MRF. In this event the Authority would need to secure MRF capacity from the market on a merchant basis.	Closed
10	2.5.1.3 What evidence is there that the constituent authorities have committed to the roll out of food waste collections? Is there a stated financial commitment in the MOU or drafted IAA, to deliver this to support the commitment to 50% by 2020? This section states	The Authority and the constituent boroughs all approved the North London Joint Waste Strategy (NLJWS) in 2008. At the heart of the strategy is a series of key policies that are designed to underpin waste management in the sub region for the period the strategy covers; 2008 – 2020. Policy 1B of the strategy sets out the aims and objectives, as found at appendix C of the OBC. It is clear from the aims and objectives of the strategy that the Partners to the strategy (the Authority and the constituent borough's) are committed to driving the	Closed

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WIDP latest response 20.1.10

	only ''to review their collection systems'?	management of waste up the hierarchy and see this as the mantra to their future waste collection and disposal service provision. In addition, policy 4.L2 of the strategy states that the Partners will work to achieve 35% recycling and composting standards by 2010, 45% by 2015 and 50% by 2020. Furthermore, the MOU and the IAA Statement of Principles establishes a financial commitment to recycling. The statement of principles establishes the premise that the IAA will seek to incentivise the Authorities towards the achievement of the desired outcomes and targets. The statement of principles also sets out that the Authorities agree to the pooling of recycling targets for the achievement of 45% by 2015 and 50% by 2020 and that the pooling of targets will be operated on a fair and equitable basis which both rewards and penalises Authorities in financial terms and ensures that all Authorities work to secure the maximum level of recycling The statement under 2.5.1.3 that borough's are to 'review their collection systems' is made in the context of a recognition by borough's that as the future waste disposal infrastructure emerges they will need to adapt and amend their services to meet their commitment to achieve recycling rates of 45% by 2015 and 50% by 2020. This recognition for the need to change is also reiterated in the MOU and IAA Statement of Principles provided at Appendix AA of the OBC. It is clear from the waste composition data (provided at figure 2.8 of the OBC) that in order to achieve the recycling rates required at the kerbside to underpin the reference project there is a need to collect food waste. It should be noted that the 50% recycling rate achievement by 2020 is made up of 40% recycling from the kerbside, 7% from HWRC's and 3% from the MBT/AD process. To date 3 boroughs, one of which has support from WRAP, have commenced food waste collection trials and although it is too early to assess the exact impact, all 3	

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WIDP latest response 20.1.10

		boroughs are considering extending these trials in the next financial year. The emerging results of these trials will be considered by the Authority's '50% club'. The 50% club is a body attended by all Partners as well as WRAP and is chaired by the Director of Environment for Islington. It has been established with the specific aim of driving forward recycling in the North London sub region to achieve the desired outcome of 50% recycling by 2020. It should be noted that there is little processing infrastructure in place currently to handle source segregated food waste and until such time as this exists the separate collection of food waste is difficult to justify financially as the material has to be blended back with green waste and processed through IVC rather than being processed through more suitable AD facilities. If all the waste collection authorities commenced a full collection service at this time for separately collection food waste there would be insufficient capacity for this material to be processed through appropriate infrastructure. The Authority's reference project seeks to address this lack of infrastructure through the provision of AD capacity which will give its waste collection authority's the confidence that a long term sustainable outlet for separately collected food waste exists to allow them to develop such schemes and achieve the recycling rate at the kerbside required to achieve an overall 50% recycling rate. The Authority has considered the merits of letting the AD contract early, disaggregating it from the main waste services procurement, and effectively falling outside of the PFI. On balance it was considered that this was a much poorer solution. The key issues were: • Additional costs arising from the separate construction of AD capacity related to source-separated kitchen waste and AD capacity providing the biological treatment in MBT; • Additional costs arising from duplicative grid connections; • Loss of efficiency and increased operational challenges arising from the use of the Edmonton site for construction work on different timescales and being delivered by different parties; • The substantial prudential borrowing incurred by the	

General Clarifications - NLWA Response 8.1.10

NLWA original response returned 23.12.09

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Forth iteration returned 8.1.10. Revisions in red.

WIDP latest response 20.1.10

		Authority in securing LWL and the Edmonton site; • The priority for HWRC works in bidding for London Waste and Recycling Board funding.	
11	3.2.1 What is the position of the draft JWS?	The North London Joint Waste Strategy (NLJWS) 2008 was approved by the Authority at its meeting of 25th June 2008. Each of the seven Constituent Boroughs has also approved the strategy at their respective cabinets.	Closed
12	3.6.2 Re-use and Recycling centres are stated as under the control of the Partner Authorities by 2015. Will these not be under the control of NLWA by this time?	Re-use and Recycling centres are under the control of the partner Authorities to the JWS. However, their operation is currently delivered by the constituent boroughs and not the NLWA. It is the intention to transfer responsibility for running Re-use and Recycling centres to the NLWA prior to the scheduled financial close date of the Waste Services Contract, October 2012.	Closed
13	3.6.2 Partner Authorities are stated to deliver 35 % in 2010. Is this feasible? Also a figure is given for 2015 at 45%, but what is the figure agreed for the Partner Authorities for 2020?	As stated under our response to question 10 the agreed figure for the Partner Authorities for recycling/composting for 2020 is 50%. The recycling rate for the Partner Authorities for the first quarter if 2009/10 is 29.4%. As such it is likely that the 35% recycling rate will not be achieved until 2011. Whilst it is disappointing that the 2010 target is unlikely to be achieved until a year after planned, it should be recognised that the boroughs have moved significantly in terms of recycling over the last 3 years and many have introduced new/enhanced collection schemes in the early part of 2009/10 and the full effect of these changes has not yet been realised. In addition, many of the constituent boroughs are finalising plans to extend their recycling collection services further between 2010 and 2015 in recognition of the need to increase the recycling rate in their area. It should also be noted that the current recycling rates at HWRC's across the sub region vary considerably and as stated within the OBC there are clear plans to not only enhance provision but also increase recycling rates across the network in line with national best practice which will have a significant positive impact on the sub regions overall recycling rate.	Closed
14	4.2.3 Who is project	The development and operation of the HWRC network is	Closed

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WIDP latest response 20.1.10

	managing the development of the HWRC as this is outside the PFI contract?	within the scope of the Waste Services PFI Contract. The development of the HWRC network is modelled to take place between 2013 and 2016 and costs associated with this are included within the affordability model for the Waste Services Contract. Please note these costs are not included within the Shadow Tariff Model. The Authority is very keen to overachieve against this proposed development timetable and is currently seeking funding from the LaWRB in this regard. The funding application and associated project management function for this element of work is being managed by the Authority's Contract and Strategy Team. It should be noted that the Contracts and Strategy team consists of 14 FTE's who are responsible for the management of day to day operations and developments prior to the commencement of the new Contractual arrangements being put in place. In addition the Authority's recently appointed Managing Director provides strategic support and guidance to the Authority's Contracts and Strategy Team and the Procurement Team	
15	4.2.7 Hendon is an 'integral site' indicated as to be offered to the contractor to develop an MRF. What is your contingency if this is not possible, if you cannot relocate the RTS operation by this time?	As outlined in Chapter 7 of the OBC, the Authority's reference project is supported by four sites: • Edmonton • Pinkham Way • Hendon (Existing) • Hendon (New) The new Hendon site is identified for the relocation of the infrastructure that is currently provided at the existing Hendon site, namely; a 320,000 tpa rail transfer station and bulking for recyclates and organics. The relocation would be as a direct result of the development of the Brent Cross Cricklewood area which is described in more detail in chapter 7 of the OBC. The new Hendon site is also identified for the provision of a 100,000 tpa MRF.	Closed

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WIDP latest response 20.1.10

		The requirement for MRF capacity is outlined within the Main Waste Services outputs spec, which requires bidders to process mixed dry recyclates collected by the Constituent Boroughs. To deliver this requirement, bidders will most likely seek develop a MRF on the Hendon site. However, any proposal will be conditional on Authority securing the site in a timely manner. The site falls within the BxC CPO process, which is scheduled to commence prior to ISDS providing a high degree of certainty around acquisition of the site. This, combined with the LB Barnet's resolution to grant outline planning permission for the BxC development on the 19th November 2009, inclusive of a waste handling facility, provides bidders with a significant degree of confidence related to the deliverability of a MRF on the Hendon site. In arriving at the reference project, the Authority reviewed the available options and concluded that the best value for money case was to build a MRF rather than rely on any emerging market capacity. In this respect, the development of a MRF is fundamental to the VfM case. It should be noted that the MRF is not included within the Authority's PFI credit application. If the Authority are not required to relocate from the existing Hendon site due to the BXC development not proceeding, which is considered very unlikely given the current planning position, and as a result are not able to construct the MRF as planned it would seek to secure the required capacity for the processing of mixed recyclables via a merchant facility.	
16	4.3.1.2 The favoured options H (1) and H (2) are based on a 250 ktpa MBT/AD facility developed based at Hendon? What are the planning ramifications e.g. section 106?	The Scenarios listed under 4.3.1.2 should refer to sites in the East of the Authority area and the West of the Authority area respectively when the terms Upper Lee Valley and Hendon are used. The planning implications for all sites listed under our response to question 15 are discussed in Chapter 7 of the OBC and Appendix L – Planning Health Checklist response.	Closed

General Clarifications - NLWA Response 8.1.10

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WIDP latest response 20.1.10

17	4.3.1.3 Table 4.2 Options Appraisal Methodology appears vague. What is the criterion for a measurement basis for 'Professional judgement'?	A full refreshed technical options appraisal was not carried out as the latest OBC is a refinement relating primarily to the acquisition of the Edmonton site and the latest tonnage information. In all other respects the outcomes of the initial options appraisal provided in Appendix E remain valid. Section 3.3.3 of the original Technical Options Appraisal, Appendix E, provides full details on the qualitative factors which were assessed.	Closed
18	4.3.2. B (2) EfW full CHP scored best under your technical options appraisal. Why is this not your chosen preference?	Within Section 3.1.3 of the original Technical Options Appraisal, Appendix E of the OBC, scores were applied to each type of facility reflecting the associated planning risk. Because of the London Plan's presumption against new conventional incineration capacity; EfW facilities, even with CHP, are not considered deliverable by the Authority. In addition, Section 4.5 of the OBC details further Planning, Place Shaping, Improvement Potential and Recycling Contribution considerations, which point to the significantly enhanced deliverability of the reference project against an EfW solution. Within the current London Plan, Policy 4A.21 Waste strategic policy and targets makes specific mention of the dealing of waste by other means, "with a declining reliance on landfill and an increasing use of new and emerging technologies". Further, Section 4.62 of the London Plan states that "other forms of energy recovery such as new and emerging advanced conversion technologies should be considered in preference to conventional incineration". Within the Consultation Draft Replacement London Plan, paragraph 5.81 states that "the Mayor wants to develop a minimum greenhouse gas performance for technologies recovering energy from non-recyclable waste. All waste treatment technologies will need to meet this level, or demonstrate they can practically meet it in the future in order to gain Mayoral support. This would for example, tend to rule out new mass burn incineration facilities of mixed waste generating electricity only, but would also	Closed

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WIDP latest response 20.1.10

		combustion of biomass waste where both heat and power generated are used." On this basis, we consider that the development of an EfW (CHP) utilising SRF in North London would be supported by the Mayor. This is evidence by the attached letter of the 9th December from the Mayor as attached at appendix A of the Technical clarifications. Support for decentralised energy systems within the London Plan is further reinforced by para 5.9, consultation draft London Plan: '*including the use of low carbon and renewable energy and the greater utilisation of energy generated from waste*'. In particular the consultation draft Plan refers to waste as a valuable resource and draft Policy 5.5 identifies an expectation that '*25% of the heat and power used in London to be generated through the use of localised decentralised energy systems by 2025*', with the supporting text identifying that use of energy from waste is supported. Therefore, the Authority has strong reason to believe that the GLA will support the utilisation of energy from waste where they form an integral part of a wider development that provides demand for heat (e.g. major housing or mixed use development proposals).	
19	4.4. Scenario H (1) the reference case is based on a 100 ktpa MRF being operation at Hendon 2016. Again as in 4.4.1.2 what are the planning ramifications of this?	As outlined under our response to question 15 the Authority has put in place contingency arrangements should the site for the 100,000 tpa MRF not be realised. The planning implications for all sites listed under our response to question 15 are discussed in Chapter 7 of the OBC and Appendix L – Planning Health Checklist response.	Closed
20	4.4.2.2 Lister Geotechnical Consultants Ltd highlights the need for further assessment due to soft clays etc. Does this not have an impact on delivery of the site to support an MBT and AD facilities and how have you costed for this in the affordability of the project?	Notwithstanding the soft clays etc underlying the site, the present EfW and IVC demonstrate that the site is able to be developed with adequate engineering measures in place. At an outline business case stage it is not reasonably practicable to provide a cost for individual construction elements. In order to provide this level of information, a detailed design would be required which is not in the spirit of an outline business case. The Authority has however adopted a prudent and considered approach in commissioning a Geotehcnical report and is therefore	Closed

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WIDP latest response 20.1.10

		aware of the risk inherent to the site ground conditions. The MBT facility costs are based on a generic MBT facility containing an anaerobic digestion stage. The Authority's technical advisers derived the CAPEX estimate from the analysis of a range of similar UK procurement EPC contract prices supplemented by a London Inflator. Current market trends dictate that the Authorities reference facilities would cost in the order around £100-120M for the 345ktpa MBT/AD facility based on an EPC contract, excluding interest and land - in real mid 2009 prices. Related to the ground conditions, the model includes £14.5 million for civil works.	
21	4.4.2.2 MBT potential incorporating AD states a contribution of 3-5%. Originally this was modelled at 1.8%. Can you explain this improved performance?	The level of recycling from the MBT facility has risen partly due to less material being separated out at the kerbside and thus more potential recyclables reaching the MBT facility and due to a further review of the proposed technologies and their likely performance. The level of material potentially recycled from MBT's varies greatly according to the feedstock and the technology type. Recycling levels in the region of 4-12% (by weight) of input waste have been seen in the market but guaranteed performance will always be at the lower end, with higher recycling levels being dependant on more unreliable market outlets. For removal of metals and a grit/glass fraction we have used a figure of 6% (of input waste) (~3% contribution to NLWA National Indicators), the exact split of material has not been analysed as the modelling has only used headline figures.	Closed
22	4.5.1 'Edmonton is expected to be operational for some time'. What is your projected month & year for close?	31st March 2020.	Closed
23	4.5.1 It is sated that 'it would take little to demonstrate that EfW/CHP solution is not a	The Upper Lea Valley is identified in the London Plan as an opportunity area. As such the LDA is developing an energy strategy for the area which seeks to develop decentralised energy networks. To date discussions with	Closed

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WIDP latest response 20.1.10

	commercially realistic proposition'. Particularly on the basis of securing planning approval. However, does the Enfield emerging Core Strategy not support a CHP solution? Also in 7.3.3 in the London Plan 'there is recognition that London should manage as much waste within its boundaries as possible' which again would encourage a preference for a London solution. What is the Authority's response to this?	the LDA have indicated that the planned heat distribution network extending from Barking Power Station to the Upper Lea Valley will require 5 years planning and up to 15 years to establish. This would potentially see a 10 year mismatch between the establishment of the network and the possible establishment of an EfW facility on the Edmonton site. The Authority is of the view that the ability to deliver a 'good quality' CHP scheme in the Upper Lee Valley is not currently supported by a single heat user and that there is only one theoretical combination of possible users, which would require 'a challenging combination of build programmes and several commercial decisions to source energy from this supply' (the EfW). The findings of a review of energy demand in the Upper Lee Valley are set out at Figure 3.1 of the OBC, which clearly identifies that the timetable for delivery of regeneration proposals is currently unknown. The current market uncertainty associated with development in regeneration areas is also noted by the Authority. As such an EfW CHP solution is not (currently considered) a commercially realistic proposition. There is also concern that if the one theoretical combination did not materialise the proposed plant would not be able to deliver CHP. A key theme in emerging policy is reducing carbon emissions. As set out at 7.3.3 of the OBC there is recognition that London should manage as much waste within its boundaries as possible, but the text goes on to refer to a coordinated approach to strategic waste management with neighbouring regions (south east and east of England) which may result in preference being given to facilities outside London if they are closest to where waste is produced as demonstrated through the carbon outcomes of the treatment method and transportation. The emerging London Plan confirms '*for the purposes of meeting self sufficiency, waste is deemed to be managed in London if: … it is solid recoverable fuel produced in London…*'. The proposed reference project incorporates MBT technology that will create SRF and as such would be consistent with the London Plan objective	

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WIDP latest response 20.1.10

		to manage as much waste within its boundaries as possible. In relation to the role of waste in tackling climate change para 5.66 pf the emerging Plan states: '*London cannot deal with these issues in isolation. The Mayor intends to work closely with neighbouring regions and local authorities to ensure these challenges and opportunities are addressed in the most environmentally friendly and effective ways possible*'. It is also relevant to acknowledge that the emerging London Plan supports greater utilisation of energy generated from waste, as a part of decentralised energy systems that will contribute to tackling climate change and draft Policy 5.6 requires development proposals to link to decentralised energy networks or CHP systems. This approach is consistent with the objective to reduce carbon dioxide emissions by 60% by 2025. The Authority's interpretation of the emerging Plan is that there is considerable support for energy generated from waste, but the overarching objective is reducing carbon emissions and as such a flexible approach will be adopted to self sufficiency, so that the overall carbon outcomes are given greater consideration when considering proposed waste facilities. Enfield's emerging Core Strategy supports sustainable energy use and requires new and existing (via retrofitting) development to address the causes and impacts of climate change through measures including using energy generated from renewable sources. The Core Strategy also identifies that a more sustainable and efficient use of the EcoPark site should be secured, including exploring opportunities for local energy provision to support new development at Meridian Water. Whilst the Authority is willing to support this policy objective to explore local energy provision, without certainty as to how associated infrastructure (e.g. transmission pipe work) would be	

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WIDP latest response 20.1.10

		delivered or funded; or when the demand for CHP would commence and peak, there is currently considerable uncertainty as to the viability and feasibility of CHP requirements in the local area.	
24	4.5.4. States MBT/AD can deliver 3-6% to recycling, please confirm what you are modelling to support your OBC reference case.	The OBC assumes that 6% of MBT/AD input is recycled which equates to around 3% total recycling increase for North London based on National Indicator calculations.	Closed
25	4.5.4 States a saving in collection costs due to the introduction of MBT/AD. AD is based on separate food waste collections; again what is the commitment of the Partner Authorities in this area?	The reference in 4.5.4 relates to the MBT/AD part of the reference project that is used to underpin the Authority's solution for residual waste and not the standalone AD that is provided for source segregated food waste collections. Savings in collection costs are realised through the introduction of the MBT/AD as the technology is able to provide a contribution to the Authority's commitment to achieve 50% recycling and means the Authority does not need to rely on the kerbside collection services of the boroughs delivering recycling rates which are considered high for an urban area like North London. If he Authority did not achieve a recycling contribution through its residual waste treatment process it would need to increase its recycling rate at the kerbside or through HWRC's. The Authority has modelled a recycling rate of between 60 and 65% from HWRC's, which is seen as challenging but achievable, and as such it is considered that the loss of recycling contribution realised from its chosen residual treatment solution would need to be derived from the kerbside collection system. The costs associated with increasing recycling from the kerbside from a level of 40% to 43% are considered prohibitive due to the Authority's housing mix and its urban make up. Current collection costs (£/y) are as follows: • Current ~£57 million • Projected ~£64 million Collection costs are further analysed in the Authority's	Closed

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Forth iteration returned 8.1.10. Revisions in red.

WIDP latest response 20.1.10

		response to question 15 of the Financial Clarifications.	
26	4.5.5 The reference case is based on two MBTs, two ADs for food waste, one SRF combustion plant and one MRF. Please confirm that this is correct? If so, can you also confirm the location for the MRF?	The Authority's reference case is set out at 4.13.1 In summary it is; <u>Waste Services</u> • Two MBT plants for residual waste with AD providing the Biological Treatment element. One 240ktpa facility at Pinkham Way, one 345ktpa at Edmonton. • One 112ktpa new build AD facility for source segregated food waste supported by and existing 30ktpa IVC. Both facilities located at Edmonton • Two transfer stations. An existing road based transfer facility at Hornsey Street and a 300ktpa Rail Transfer Facility at Hendon. The RTS based at the existing site initially and relocated to the new Hendon site when required by the BXC development • A 100ktpa MRF for mixed dry recyclables located at the new Hendon site. As outlined under our response to question 15 the Authority would look to secure capacity on a merchant basis should the new Hendon site not be realised. The rationale for developing a MRF and the mitigation strategy should the required site not become available is further explained under question 15 • Enhancement of the HWRC network outlined below; 3 new sites in the west of the Authority area: • one 10ktpa site from 2013 • one 3.5ktpa site from 2015 • one 3.5ktpa site from 2016 3 replacement sites • Replacement of the 22ktpa Barrowwell Green site in the East of the Authority area with a 30ktpa facility being provided in close proximity to the existing site in 2013. • Replacement of the 3.5ktpa Hornsey High Street site with an equivalent capacity facility in close proximity to the existing site in 2013 • Replacement of the 6ktpa Park View Road site with a 10ktpa capacity site at Marsh Lane from 2013. 2 refurbished sites – both in the Waltham Forest borough	Closed

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Forth iteration returned 8.1.10. Revisions in red.

WIDP latest response 20.1.10

		Fuel Use A 320ktpa EFW plant for the combustion of SRF.	
27	4.6.2 There are six areas where lessons are taken from the Greater Manchester experience. Part of this, such as in bullet point 4 implies the authority should take on the interface risk. On bullet point six the authority acknowledges that this in turn presents a challenge 'to the local authority's resources in managing two procurements'. It would be useful for the authority to evidence additional resources allocated above what it believes is required for a single procurement of this scale.	Greater Manchester is a relevant case because that Authority ran the initial stages of separated fuel use procurement and because the eventual outcome was a fuel use solution that contractually and commercially involved a party that was not involved in delivering waste services. GMWDA was therefore dealing with a party that was unfamiliar with a PFI procurement and had a step learning curve. The banks also saw the two parts of the Greater Manchester solution as separate finance solutions albeit that this was an 'integrated' contractual solution. One of the lessons from Greater Manchester is the need for greater internal project team capacity to deliver a separated procurement. The internal NLWA project team is roughly3 times the size of the equivalent GMWDA team (14 full time equivalents rather than 5). Part of this greater resource is the creation of a separate team to handle the fuel use procurement. Section 5.3.7 identifies the risks associated with managing two concurrent interfacing procurements and describes the Authority's strategy for driving the best possible outcome whilst minimising exposure to risk. This is considered in further detail in appendix H Interface Risk Review, which informed the parallel approach procurement strategy. It should be noted that table 8.1 of the OBC, 'Waste Procurement Programme Budget and Resource Requirement', is incorrect. Please find attached (General Clarifications 23.12.09 Annex 2) the correct budget figures through to the end of the procurement. The Authority's procurement budget recognises that running a twin track procurement would require increased resources when compared to letting a single contract and as a result makes a prudent allowance for both internal and external resources. This is demonstrated when comparing the Authority's budget allocation with other round four Waste PFI procurements	Closed

NLWA original response returned 23.12.09

Second iteration returned 5.1.10. Revisions in blue.

Forth iteration returned 8.1.10. Revisions in red.

WIDP latest response 20.1.10

		set out in the attachment (General Clarifications 23.12.09 Annex 2). It should be noted that provision is made for a year on year contingency budget to cover any unforeseen costs. In procurement of advisers, the Authority has sought to drive out efficiencies where, although employing distinct teams, there is commonality across both procurements. The internal support staff also provides a common function reducing duplication and hence costs. The Authority meets at regular intervals over the course of the financial year and receives regular updates on the Authority' finances including details of any budget pressures. If costs could not be contained within the original approved budget member approval would be sought to increase the existing budget from Authority reserves. Please refer to Tim Judson's letter of the 8th January 2010 to [redacted] regarding secondees.	
28	4.6.3 SRF production is stated as 300,000 tpa please confirm what figure has been modelled in the reference case.	320,000 tonnes per annum of SRF is modelled as being produced.	Closed
29	4.6.3 'Our intention is to procure the Fuel Use in two lots of at least 150,000 tonnes'. Will one lot result in the project being LATS compliant by 2020?	The procurement of just one lot of 150ktpa of SRF would result in the project being LATS compliant in 2020. The Reference Case is approximately 145ktpa below LATS limit. Assuming SRF/digestate is less than 45% biodegradable, the Authority could landfill all of its SRF (320ktpa) and still meet its 2020 LATS target. The Authority's 2020 LATS allowance is set at 167,318t or 41,830 per quarter. With the proposed closure of Edmonton set for 31 March 2020, the operation throughput of Edmonton would be in the order of 126,250t for the first quarter resulting in a LATS surplus of 28,230. With a total of 585,000t of household waste requiring disposal in the 2020 calendar year, some 458,750t would require landfilling. Therefore the LATS exceedence for the year 2020 would be 144,632.	Closed

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WIDP latest response 20.1.10

<table>
<tr><td></td><td></td><td>A breakdown of LATS by Quarter is given in the table below.

<table><tr><th></th><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>TOTAL</th></tr><tr><td>Total Waste</td><td>146,250</td><td>146,250</td><td>146,250</td><td>146,250</td><td>585,000</td></tr><tr><td>EFW</td><td>126,250</td><td>-</td><td>-</td><td>-</td><td>126,250</td></tr><tr><td>Tonnage for landfill</td><td>20,000</td><td>146,250</td><td>146,250</td><td>146,250</td><td>458,750</td></tr><tr><td>BMW tonnage to landfill (@68%)</td><td>13,600</td><td>99,450</td><td>99,450</td><td>99,450</td><td>311,950</td></tr><tr><td>LATS allowance</td><td>41,830</td><td>41,830</td><td>41,830</td><td>41,830</td><td>167,318</td></tr><tr><td>LATS position</td><td>28,230</td><td>- 57,621</td><td>- 57,621</td><td>- 57,621</td><td>- 144,632</td></tr></table></td><td></td></tr>
<tr><td>30</td><td>4.7. Once the contractor takes control of the Edmonton facility, can it offer a variant bid to secure the projects SRF? If so, how has the NLWA authority modelled for this and the impact on market competitiveness?</td><td>A variant bid of this nature would not be accepted by the Authority under the adopted procurement strategy. Therefore, this scenario has not been modelled.

Furthermore such an approach would severely reduce the market response to the procurement and it would prove very difficult if not impossible to evaluate bids based on different configurations of solutions.</td><td>Closed</td></tr>
<tr><td>31</td><td>4.10 Again confirmation on the commitment to their recycling services is required by the Partnering Authorities, as it states ‘will be a least some change in the collection systems’. What is the financial and agreed strategic commitment to deliver on a minimum of 50% recycling/composting by 2020?</td><td>The strategic commitment to achieve 50% recycling across the North London sub region is set out in the NLJWS; please see our response to question 10 for further details.

The financial commitment to achieving this level of recycling is established through the agreement to the affordability analysis by boroughs, and the MOU and the IAA Statement of Principles. The statement of principles establishes the premise that the IAA will seek to incentivise the Authorities towards the achievement of the desired outcomes and targets.

The statement of principles also sets out that the Authorities agree to the pooling of recycling targets for the achievement of 45% by 2015 and 50% by 2020 and that the pooling of targets will be operated on a fair and equitable basis which both rewards and penalises Authorities in financial terms and ensures that all Authorities work to secure the maximum level of recycling.

The statement ‘there will be at least some changes to collection systems’ in section 4.10 of the OBC is again a recognition that to achieve a 50% recycling rate in North London there will need to be some changes to the</td><td>Closed</td></tr>
</table>

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WIDP latest response 20.1.10

		current collection systems. Clearly, one of these is the need to introduce food waste collection systems to all parts of the North London area, the context of which is discussed in our response to question 10.	
32	4.11 Who will provide the RTS?	Under the section 106 agreement of the BXC development resolution to grant outline planning permission, the developer is required to provide an alternative suitable facility, inclusive of a rail transfer station.	Closed
33	4.13 In Table 4.22, please provide comparatives with recent projects to support the claim for £242.2 million for 2 MBT/2 AD facilities and £284 million for one SRF treatment facility.	The MBT facility costs are based on a generic MBT facility containing an anaerobic digestion stage. The CAPEX estimate was based on UK budget EPC contract prices on a range of scales submitted during other procurements and discussions between the Authority's technical advisers with UK operators on other projects. Work by the Authority's technical advisers with West Sussex County Council who are in the process of procuring a similar technology type has aided the development of the costs for NLWA. The price of the MBT facilities assumes standard architecture and no special circumstances. We would today expect such facilities to cost around £100-120M for the 345ktpa MBT/AD facility and around £85-100M for the 240ktpa facility (turnkey type contract, excluding interest and land - in real mid 2009 prices), both in the UK. Actual prices may vary more than this. Hence assuming the lower end of the range a value of £102.9M has been taken for the 345ktpa MBT/AD facility and £85.5M for the 240ktpa facility in real 2009 prices without inflation and a normal payment schedule. On the SRF Facility, the following approach was taken to developing the facility cost: A two line plant each with a capacity of 160,000tpa @ 13MJ/kg has been assumed. The technology is assumed to be a grate fired SRF plant with dry or semi dry flue gas cleaning system. Water cooled grate is assumed due to the high CV. No SCR is assumed for removal of NOx.	Closed

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		An SRF facility like this will be priced in the same way as an EFW facility. Energy input will be the key driver of CAPEX cost. The plant will require the same building envelope and overall we assume that the plant will require the same civil works solution as an EfW facility. The CAPEX estimate is based on recent UK budget EPC contract prices on EFW facilities in the 150,000 - 200,000tpa range (@ around 10MJ/kg) submitted during competitive dialogue, recently closed contracts on the key process plant components (furnace/boiler, flue gas cleaning and turbine/generator) in Europe and discussions on other projects with UK operators. The price of a SRF plant with a capacity of 160,000 tpa @ 13MJ/kg corresponds to for example a 190,000tpa EFW facility @ 11MJ/kg. With standard architecture and no special circumstances we would today expect such facility to cost around £140-160M (turnkey type contract, excluding interest and land - in real mid 2009 prices) - both in the UK and in Western Europe. Actual prices may vary more than this. Hence assuming the lower end of the range and that about £5M can be saved with a very plain industrial type building a competitive budget for one line would be around £135M. M&E typically constitutes 70% of the cost. Buying two lines at the same time will normally save 10-15% off the M&E cost. Assuming that 15% is saved this means that the M&E cost for a two line plant can be expected to be: 70% X £135M X 2 X 0.85 = £160.7M Civils typically constitutes 30% of the cost for a one line plant. Buying two lines rather than one it can be assumed civils for the second line will cost about 50% of the first. This means that the civils cost for a two line plant can be expected to be: 30% X £135M x 1.5 = £60.8M With these assumptions a competitive CAPEX estimate for a turnkey contract is thus: £221.5M for the 320,000tpa @13 MJ/kg facility (In real 2009 prices without inflation and a normal payment schedule).	

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WIDP latest response 20.1.10

		Development costs would need to be added on the top of this. The above figures were then used to derive the nominal capital expenditure detailed in Section 4.13.	
34	4.13.1 A 'joint venture' is stated as required for a new waste transfer facility. Can you confirm with whom and when this is planned for?	The 5th bullet under 4.13.1 is incorrect and should read: Two transfer stations. An existing road based transfer facility at Hornsey Street and a 300ktpa Rail Transfer Facility at Hendon. The RTS based at the existing site initially and relocated to the new Hendon site when required by the BXC development.	Closed
35	4.13.1 The final section indicates that 'even with PFI credit support of 50%' the Authority is faced with significant investment in five areas including waste minimisations, recycling to reach 35 and 40%. How is this to be addressed, as your PFI OBC must evidence a firm commitment to achieving a minimum of 50% recycling/composting by 2020?	As outlined in our response to questions 10 and 31 the Authorities have set out both a strategic commitment and established the financial principles to underpin its desire to achieve a recycling rate of 50% by 2020. In terms of the 5 areas identified in the OBC as requiring significant investment to achieve stretching recycling rates, all of the costs associated with this investment are included within the Authority's OBC affordability model that forms part of its OBC	Closed
36	6.3 The project team relies significantly on consultants to deliver the main areas of the project, in particular management of Fuel Use and Waste Services and technical. What are the long-term plans to recruit a core team to deliver the project? As the project is dependent on seconding from its advisors, how do you	The secondment of staff into the project team has meant that the Authority has been able to bring a much higher level of specialist expertise and experience to bear on key procurement issues than most other authorities are able to do – that has meant, for example, that the team includes two people who have previously led the delivery of waste PFI projects. The approach also means that the Authority has the flexibility to adjust its internal skills set as the nature of the task changes over time and it has the ability to retain key members of the team as the secondment approach provides more flexibility to adjust payments. This is especially relevant where key members of staff are	Closed

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	ensure the quality of advisory support, when they are part of the team? Also, the Procurement Director is the stated cover for a number of areas such as taking on the management of both Fuel Use and Waste services directly if required. Rather than call on the resources of the Procurement Director, are there not sufficient resources within each team to cover this?	promoted as a result of professional development. We have also found that the approach works much better in terms of continuity when there are breaks of service arising from such as maternity leave. That said key project team personnel including the project sponsor, Director of Procurement, Deputy Director of Procurement and communications capacity are directly employed by LB Camden as the host authority for the NLWA. Over the next 12 months 4 further team positions currently filled by secondees will be filled by permanently employed staff as the Authority populates a structure with a view to future contract management as well as the immediate delivery of the procurements. The potential impact of secondments on the capacity within external advisor teams has been considered on an individual basis prior to the secondments being agreed. Generally the personnel concerned are more junior than the key staff in advisor teams. We have also made full use of the framework agreement that appointed more than one advisor firm. So for example, we have a secondee from Entec working on waste data although AEA/Ramboll have provided waste data support in respect to the OBC. In terms of contingency plans, the Authority's key concern is less with the volume of resource and more with keeping appropriate leadership for the two procurements involving someone with experience of delivering procurements - hence the assumption that the Director of Procurement would cover any unexpected loss at team leader level. The recent recruitment of an Authority Managing Director with an industry background means that there is some additional senior management capacity to draw on in the event of a loss of a key member of staff among the more senior project team members. Please refer to Tim Judson's letter of the 8th January 2010 to [redacted] regarding secondees.	
37	7.3.3 With reference to the Replacement London Plan, under Policy 5.17 no specific mention is given to any new	The lack of reference to new development at Hendon in Policy 5.17 of the draft replacement London Plan (October 2009), is not considered to have an impact on securing planning permission for this site, for the following reasons:	Closed

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WIDP latest response 20.1.10

	development at Hendon. What impact will this have on securing planning permission?	• Policy 5.17 sets out evaluation criteria against which planning applications should be assessed and criteria to allocate land for waste management in LDFs. The text at 7.3.3 of the OBC confirms that the both the Edmonton and Pinkham Way sites are strategic industrial locations, which Policy 5.17 (g) identifies as being suitable for allocation for waste management (hence the reference in the OBC). Although not stated in the OBC part g of the Policy also promotes '*protecting and facilitating the maximum use of existing waste sites, particularly waste transfer facilities and landfill sites*', which is pertinent to the current Hendon site. • Policy 5.17 provides guidance for LDF preparation. The relevant LDF document for waste is the emerging North London Waste Plan (NLWP) Preferred Options. As detailed at 7.3.4.1 of the OBC, the NLWP Preferred Options designates all of the sites in the reference project as either existing or potential waste management sites. The inclusion of the reference project sites, including any new development at Hendon, in the NLWP Preferred Options provides support for inclusion of the site in the reference project. • London Borough of Barnet resolved to grant outline planning permission for the Brent Cross Cricklewood (BXC) development on 19 November 2009. Therefore, the principle of the redevelopment, which includes the provision of a waste management facility, has been supported by the local planning authority.	
38	8.2. External advisor costs are standard to other projects we have seen for a standard procurement. However they appear low considering this involves two procurements and that the procurement team is heavily reliant on external advisors. There	Please see response to question 27 for updated budgets for the procurement. General Clarifications 23.12.09 Annex 2 provides a comparison of the Authority's budgets against other round 4 PFI procurements. It should be noted that there is a contingency of £0.5m in 2010/11 in the figures provided in this clarifications response. The Authority also carries out budget reviews at various times through the year. When necessary the Authority	Closed

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WIDP latest response 20.1.10

	is no contingency for 2010/2011. Why is this? This will be a key time to evaluate responses to your PQQ.	members are approached for any budget augmentation required and it should be remembered that the Procurement budget is part of a significantly larger Authority budget and virements between budget headings are undertaken when appropriate.	
39	8.5.3 Underlying swap rates of 4.10%, plus 50 basis point buffer.	We understand that this position was agreed at the scrutiny meeting of the 22nd December.	Closed
40	8.6 The affordability envelop approved by members on the 9th December and referenced in appendix U. However no revision of the original affordability envelope agreed in October 2008 has been made. In light of the fact that that this is now a different project and the financial markets have changed over the last 18 months can the Authority justify why it has not revised its affordability envelope accordingly, while the claim for PFI has increased by a considerable amount? Will Authority Partner leaders, CEOs and Section 151 officers be addressing this prior to any potential submission to PRG in 2010?	Whilst the Authority has updated its financial models to take account of changes in the project, to incorporate up-to-date market rates and to take account of DEFRA/WIDP guidance on the sensitivity tests that should be applied, the cost and affordability analysis remains well within the levels approved in October 2008. Following discussions with DEFRA/ WIDP the Authority will be providing up-to-date letters from the relevant Directors of Finance that confirm that the cost and affordability analysis is consistent with previous 8 authority decisions. We attach a draft template of the new affordability envelope letters at appendix A	Closed.
41	Will Authority Partner leaders, CEOs and Section 151 officers be addressing this prior to any potential submission to PRG in 2010?	Please see response above.	Closed.

General Clarifications - NLWA Response 8.1.10

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Please note, that Closed in the WIDP comment column, indicates that the Authority has addressed the questions raised. WIDP Scrutiny evaluation comments on the responses provided are recorded in the WIDP evaluation document.