

Implementing Anaerobic Digestion in Wales

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Accelerating the Delivery of AD

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Who are PUK?

- Company established by Government in 2000 to support the public sector deliver complex projects
- PUK works solely for the public sector and is a non-profit maximising organisation.

PUK's Role

- Working alongside WAG to deliver the Waste Procurement Programme and WAG's municipal waste strategy
- Two elements to the programme
 1. Residual waste treatment
 2. Food waste treatment
- Support from PUK comes in two packages:
 1. Central Programme Management Support – governance, funding, affordability, project scrutiny, quality assurance, best practice, market engagement, training, guidance documentation,
 2. Local Project Development & Procurement Support (WAG funded) – sharing experiences, appoint advisors, document preparation, bid evaluation, commercial aspects

Outline of Emerging Programme

- Food Waste Treatment
 - Indicative target of 15% of municipal waste, under review in the context of the new “Future Directions” paper
 - WAG is funding food waste collection, but shortage of treatment facilities
 - Some authorities already have access to facilities or projects in development (IVC)
 - Additional capacity of c. 200,000 tpa required by 2012/13 to meet EU targets
 - AD is WAG preferred technology, on environmental and sustainability grounds
 - Potentially c. 15 different procurements cf. 6 residual consortia
 - WAG capital support for local authorities being considered, also discussions with EIB

Accelerating the AD Programme

- Delivering AD is critical to meet the targets and avoid infraction fines, however
- Delivering AD in time identified as a key risk, given procurement and planning timescales
- Options identified to accelerate delivery:
 - Maintain current support arrangements
 - More proactive intervention during procurement
 - Greater consolidation during procurement
 - Centralised procurement of AD
- Options soon out for consultation

Accelerating the AD Programme

- More proactive intervention:
 - Co-ordinated market engagement strategy
 - Central pre-qualification of advisors
 - Central pre-qualification of bidders
 - Drafting model form contracts
 - Drafting all template procurement documents (IM, Spec, ISOS, ISDS)
 - Working with others to identify suitable sites, pre-qualify site investigation contractors
 - Supporting LAs secure planning permissions

Proposed Commercial Basis

- Assumption that contracting basis would be Design, Build, Operate, Maintain under a long term service contract, aligned to SoPC4
- Risk of delays, planning failure, construction cost overruns, operational cost over runs, poor performance, technology infer a strong case for having private capital exposed to risk to incentivise delivery on time, to budget with proper management of the operations and maintenance throughout the service period
- Assumed that assets will revert to the public sector upon contract expiry
- Local authorities will need to demonstrate the value for money benefits of any alternative approach
- If facilities are not dedicated to local authority waste – advice on State Aid may be necessary

Next Steps

- Confirm affordability and extent / form of WAG financial support for local authorities
- Detail what measures, if any, will be adopted to accelerate the programme
- Market awareness event at an appropriate stage