



£500 million UK Eco-Park a step closer



Ince Marshes Eco-Park, Manchester

Covanta Energy and Peel Environmental have joined forces to deliver a £500 million investment in the North West of England. Together they will create the UK's biggest industrial "Eco-Park" designed to increase waste recycling, reprocessing and energy recovery.

The Eco-Park is to be located adjacent to the Stanlow Oil Refinery on the south bank of the Manchester Ship Canal about 10 miles to the east of Chester and within easy reach of both Manchester and Liverpool. It will be the UK's largest resource recovery park and will be run by Ince Park LLP in a joint venture partnership between Covanta and Peel.

The agreement will see Covanta Energy, the world's biggest operator of Energy from Waste (EfW) facilities, design, build, own and operate the EfW facility. This state-of-the-art facility will turn household and business waste which cannot be sensibly recycled into heat and up to 95MW of electricity – that's enough electricity to meet the needs of about

150,000 homes. Much of this energy can be redeployed on the Eco-Park to increase the viability of recycling and reprocessing goods and materials to avoid them being sent to landfill. Construction of the EfW facility is anticipated to commence in 2011.

Peel Environmental and Covanta will jointly market the remainder of the 126 acre site to organisations in the waste and environmental sectors. They will promote the use of the Manchester Ship Canal's deep water berth for the transportation of goods to and from the Eco-Park as well as its rail sidings and easy access to the motorway (M56). About 50 acres of the site has already been earmarked for extensive landscaping and a nature reserve.

The concept behind the Eco-Park is to treat waste as a resource rather than a costly problem. Covanta's UK Managing Director, Malcolm Chilton said: "Our Energy from Waste facility will be the heart of the Eco-Park which we believe will be a model for the future. It represents the most sensible and viable alternative to our country's current over reliance on landfill for municipal and business waste. It will provide the energy and means to truly make recycling and reprocessing a reality and not just an aspiration."

Owen Michaelson, Chairman of Peel Environmental, said: "We need to make more careful use of the earth's resources. I believe we should make efficient use of the waste that remains after recycling and maximise our use of renewable resources."

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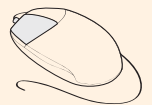
Feedback from Bedfordshire's public exhibitions

Election impacts – a first look at new Government strategies

Waste by rail in Wales

Meet the Team: introducing planners Simon McKee and Nigel Gould

Just a mouse click away



COVANTA NEWS features quarterly industry news and updates as well as company developments. In the meantime, if you would like to find out more about Covanta Energy, its facilities or more about Energy from Waste, visit

www.covantaenergy.co.uk

A UK first for Covanta Energy



Covanta Energy has completed a successful second series of public exhibitions for the Rookery South Resource Recovery Facility (RRF) near Stewartby, Bedfordshire.

More than 550 local people attended the exhibitions to find out more about the proposals for an Energy from Waste (EfW) facility and Materials Recovery Facility (MRF) on the 14 hectare former clay pit site. This facility would generate electricity (65MWe) from treating 585,000 tonnes of residual waste every year, 50% of which would be renewable.

Following the exhibitions, Managing Director of Covanta Energy, Malcolm Chilton said: "I'm grateful to everyone who attended the exhibitions and who responded to the Preliminary Environmental Report for this exciting project.

"The feedback will be thoroughly analysed. To ensure there's adequate time to undertake this important work, Covanta

will make an application to the Infrastructure Planning Commission this summer."

Early feedback from the 2010 exhibitions reflects the importance of the building blending into the local landscape and ensuring that noise and traffic impacts are kept low.

Shaping designs for the future

Covanta has been consulting with local communities for some time and held the first public consultations in 2009. Results from this year's exhibitions indicate that nearly 80% of people felt that Covanta has considered the feedback from last year's events and responded with design and operational enhancements.

Covanta has also commissioned environmental experts to build on health studies of the effects that such a plant might have in the neighbourhood. The move follows discussions with the Bedfordshire and Luton Primary Health Care Trust and Health Protection Agency.

"The feedback received will help shape final design and operational features of the facility. There's still more work to be done and over the next few months a full independent Health Impact Assessment will take place ahead of the planning submission to the Infrastructure Planning Commission," Malcolm added.

Covanta project update

From Bedfordshire in the south east of England, to Leeds in the north and from the south of Wales to sites in Scotland, Covanta is continuing to work on a wide number of waste procurement and merchant Energy from Waste solutions.



In Leeds, joint venture company Aire Valley Environmental (AVE) is due to submit refined solutions in autumn 2010 with Preferred Bidder expected in 2011. AVE is currently working with the City Council to promote an early awareness of the proposals for a facility at the Knostrop Wastewater Treatment Works. AVE is also bidding in neighbouring Bradford, and is waiting for news of the Detailed Solution submission.

In the south east Covanta submitted detailed solutions for the Milton Keynes and Northamptonshire waste

procurement in May and expects to hear further on this in October 2010.

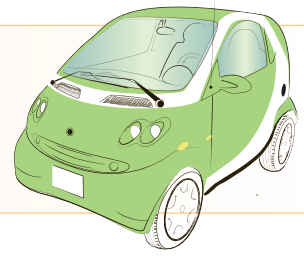
In Bedfordshire, the final round of public consultations were well attended with plenty of feedback given on the proposals (see article above). The team is now working hard to complete a Health Impact Assessment prior to making an application for a Development Consent Order from the Infrastructure Planning Commission in the summer.

Further north, the Ince Marshes Eco-Park (front page) is Covanta's first joint project with Peel Environmental and combines excellent economies of scale, co-location benefits and multi-transport options.

In Wales, the public exhibitions for the Brig y Cwm merchant plant at Merthyr Tydfil will be taking place throughout June. The proposed 750,000tpa facility will serve the south of Wales and has excellent waste by rail opportunities. The Brig y Cwm project will be Covanta's second application through the Infrastructure Planning Commission (more on page 8).

Did you know?

Covanta EfW facilities recycle over 360,000 tonnes of metal annually. That's enough to build 300,000 new hybrid cars a year!



UK faces renewable energy crisis

Anaerobic digestion plants now deemed commercially unviable. What does this mean for Energy from Waste plants?

The future of anaerobic digestion plants looks bleak as prices set by government for electricity generated from organic waste are deemed too low by green campaigners. Once considered to be one of the most promising solutions to the UK's waste management problems, this latest announcement has left many proposed digestion plants commercially unviable. The Department for Energy and Climate Change (DECC) intends to pay 11.5p per kWh up to 500kWh, but the Renewable Energy Association (REA) said that farmers need to receive at least double this amount to generate a commercial return on their investment.

The (REA) has since stated that many farmers have aborted plans to build anaerobic digestion plants, intended to convert animal slurries, manure and rotting vegetables into energy, following the announcement last February.

David Collins, from REA, said: "All the momentum has been knocked out of the system. There just won't be any plants built unless they are supported commercially [but] the new tariffs are not high enough to support any of the small plants."

This setback further identifies the UK as lagging behind in the commitment to increase the proportion of electricity from renewable sources by 2020. In the UK there are approximately 30 anaerobic digestion plants, compared with more than 4,000 in Germany.

One government department had hoped Britain could build 1,000 anaerobic digestion plants by 2020, but this target now seems unlikely, despite major supermarkets such as Sainsbury's and Tesco backing the drive for such developments.

Alternative ways of generating Energy from Waste to reach government targets have however, been identified.

Hergen Haye, DECC's Director of Heat Policy, has already attempted to allay public concerns about Energy from Waste plants at a recent "Energy into Waste" conference. He said that while many people oppose this option on account of fears for emission content and control of toxic gases, this was despite new stricter regulations to control gas emissions.

By contrast Energy from Waste facilities are a commercially viable option for local authorities. For a plant with a capacity to process around 600,000 tonnes the potential annual saving could be £10 million a year.



Covanta and SEMASS reach three-year agreement

A union representing 140 American workers has settled its dispute with Covanta and reached agreement on a three-year deal. They were all employees of the SEMASS Energy from Waste plant in Braintree. As a result, the union (Local 369) agreed to withdraw complaints it had made regarding an employee handbook and work-related rules. A Covanta spokesman said there was a better understanding now between the two sides. The new three-year contract came into force on April 15th.

Infrastructure costs

Speaking of investing in infrastructure points to the most critical and the most intriguing outcomes from the election.

The most critical is the need to act swiftly to reduce public debt. Currently standing at about £167 billion, the new government is committed to reducing its indebtedness by around a half in the lifetime of the parliament. With manifesto and coalition commitments to safeguard spending in areas like health and education, the reality is that non-protected departments and spending programmes (such as environment and energy) face real terms cuts in excess of 25% over the coming years.

“Getting to 30% in itself requires a six-fold increase in renewable output in just ten years.”

The challenge will be to see how these can be achieved without jeopardising the UK’s obligations, for example, on diverting biodegradable municipal waste from landfill. Future solutions look set to be much more dependent upon private sector investment and delivering value for money, for example through achieving scale-economies.

Localism

The intriguing issue is that of ‘localism’. In recent years, the former government had done much to put central government itself in the driving seat for the delivery of essential new infrastructure. This was a response to the pressing requirements of international legislation and the sheer scale of new investment that is required. For example, some £200 billion is required between now and 2020 for new generating capacity alone. Both the Conservatives and the Liberal Democrats, however, promised a new era of localism, with greater power over things like planning devolved to local government and to communities.

One surprise aspect of the elections on 6 May, though, was that Labour made substantial gains in the simultaneous local elections. On the night it gained well over 400 council seats and took control of around 15 councils, among them some of the big metropolitan areas. Does this portend a new era of central/local tension of a kind we have not seen since Margaret Thatcher occupied No 10 and Ken Livingstone was ensconced across the Thames as leader of the then Greater London Council?

Clean prescription for waterways

When products such as prescription drugs, over-the-counter medicines and nutritional supplements are flushed down the drain, or disposed of in landfills, they have the potential to contaminate both surface and ground waters and can be harmful to the environment.

Working with local authorities in the USA, Covanta is rolling out a national programme to offer a free disposal and destruction service for unwanted medicines. Products collected by local governments in drug take-back programmes will be processed in one of Covanta’s EfW facilities providing residents with a safe and secure means of disposal.

John G. Waffenschmidt, Covanta Energy Vice President, Environmental Science and Community Affairs, said: “Studies have shown that pharmaceuticals are present in our nation’s streams and rivers.

We want to help prevent the discharge of these drugs into the waters that we drink, waters where fish live, and the waters where we swim.

“Our facilities are equipped with state-of-the-art combustion controls and air pollution control equipment and can undertake the destruction of these drugs in an environmentally friendly manner, one that protects the water we depend upon day in and day out. Our facilities ensure that any pharmaceuticals processed in them do not end up in surface waters.”



MEET the LEGAL TEAM...

Everything from bidding for waste contracts through to the operational stage of a project relies on the know-how of Covanta's legal experts who make sure that the company complies with all appropriate UK and EU laws and regulations.



Fiona Penhallurick – Director of Legal services

Covanta's lawyers are responsible for navigating a technically complex regulatory environment. It's their objective to ensure that projects such as the Rookery South Resource Recovery Facility in Bedfordshire, which will be one of the first to seek approval through the Infrastructure Planning Commission, meet not only operational compliances but also planning requirements.

The team is led by Director of Legal Services Fiona Penhallurick who has more than 15 years of commercial legal experience, much of it within the waste sector.

Before joining Covanta, Fiona was Group Counsel for waste management company Waste Recycling Group

(WRG), leading on their UK projects. She also spent seven years at the National Grid. Notably, two of these years were spent doing non-legal work to understand all facets of the business, an experience which she says was extremely valuable and one that all in-house solicitors should undertake.

Fiona's national and international project and construction experience is an important asset as Covanta seeks to further strengthen its position in the UK market.

Solicitor Katy Wanless is the newest addition to the legal team. Experienced in commercial property law having spent seven years at Pinsent Masons, Katy joined Covanta earlier this year.

Commenting on the team, Fiona Penhallurick said: "It is clear that Covanta is completely committed to the UK market and that the Energy from Waste industry has an important part to play over the next decade in helping the UK meet its landfill diversion targets.

"This is a really exciting time for the legal team as Covanta has been shortlisted to provide waste management solutions for a number of bids for local authorities across the country. We are looking forward to meeting the challenges ahead."

Ain't no Munro high enough...



Members of Covanta Energy will scale the dizzy heights of the Scottish highlands when they have their first shot at a bit of Munro bagging, all in aid of raising much needed funds for WaterAid.

The challenge, which will see Jeff George, David Clayton, Fiona Penhallurick, Judith Harper and Nigel Gould ascend Beinn a' Chochuill in the Southern Highlands, takes place on Saturday 12th June.

"I am really looking forward to scaling the mountain," said Jeff George, Director of Market Development. "Our primary objective is to raise lots of money for WaterAid, and I am expecting it to be quite an experience!"

The Munro Challenge, a bi-annual event organised by WaterAid, aims to put a team on the top of each of Scotland's Munros as well as all mountains over 3,000 feet in

England, Wales and Ireland between 12 noon and 2pm on the same day. The team will be climbing under the Aire Valley Environmental (AVE) name, the joint venture company comprising Covanta Energy and Kelda Water Services which is currently developing proposals for Leeds City Council and City of Bradford and Calderdale councils. Andy Hornung from Arup and Peter Sharpe from Kelda Water are also part of the AVE team setting out to conquer the 3,215 foot Munro.

All money collected will go to WaterAid a charity which raises funds for water and sanitation projects in the developing world.

See how the team gets on in the next issue of **COVANTA NEWS**.

Covanta planning team grows



Senior Planning Manager
Nigel Gould



Planning Manager Simon McKee

The Planning Team has recently gained two new members: Planning Manager Simon McKee and Senior Planning Manager Nigel Gould.

Nigel joins Covanta from Veolia where he was responsible for project managing the preparation and submission of waste management planning applications. During this time he worked predominantly on energy recovery facilities proposed for the Shropshire and Nottinghamshire waste contracts.

Nigel, who is a chartered town planner and an affiliate member of the Chartered Institute of Wastes Management, has previously worked with local authorities in Derbyshire and

Staffordshire and has experience managing the planning contribution to procurement processes.

Nigel said: "I am delighted to have the opportunity to work with such an experienced and professional organisation, especially as it continues to work on a range of tenders for local authorities across the UK".

Simon also brings with him a wealth of public sector experience, having previously spent five years with Buckinghamshire County Council's planning department. Prior to joining Covanta, Simon was Consulting Group Manager at Enviros Consulting Ltd. His project experience includes leading on planning for a proposed 300,000 tonne per annum Energy from Waste facility in Coventry, as well as conducting site assessments for the South London Waste Partnership.

"I'm excited to be joining such a forward thinking and ambitious company," said Simon. "Covanta Energy has been influential in the UK since establishing here in 2005 and I am confident that the company will continue to become a major player in the UK waste management industry."

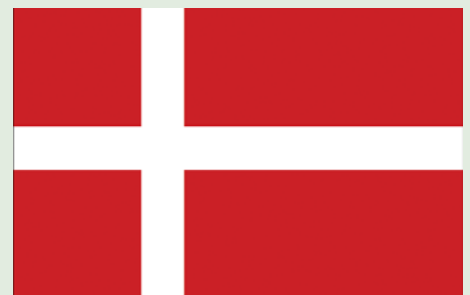
Nigel and Simon both give planning assistance to the company's business development team and support Covanta's Director of Planning, Rachel Ness. They are based at Covanta's planning office in Eversholt, Bedfordshire.

Positively Danish

Innovative design combined with lower heating costs mean that many Danes see Energy from Waste plants as a positive addition not only to the country's waste management infrastructure but also to the community. Energy from Waste plants are widespread in Denmark and are located in both poor and affluent communities. Locating the plants within communities means that the resulting heat can be piped directly into homes.

"New buyers are usually O.K. with the plant," said Hans Rast, president of the homeowners' association in Horsholm. The lower heating costs are a real plus; 80 percent of Horsholm's heat and 20 percent of its electricity come from the plant.

Importantly, countries that are expanding Energy from Waste capacity, like Denmark and Germany, typically also have the highest recycling rates; only the material that cannot sensibly be recycled is treated in this way.



Green light for waste by rail



Agreement has been reached to create a rail-linked transfer station in south Wales to transport domestic and commercial waste to Covanta's proposed £400 million Energy from Waste facility in Merthyr Tydfil.

Covanta and Freightliner Group Ltd have agreed to create the station to the east of the city, where, upon arrival, municipal and commercial waste will be sorted to extract recyclable materials and the remainder (non-recyclable waste) will be compacted under cover into sealed containers. It will then be transported by rail to Covanta's proposed Brig y Cwm plant in Merthyr Tydfil.

Covanta Energy's UK Managing Director Malcolm Chilton said: "We are pleased to have reached agreement with Freightliner to construct this waste transfer station as the site offers a number of benefits. It will use the same roadway as the nearby landfill site so there will be no increase in traffic used to transport waste."

"We are also planning a network of transfer stations which could serve other local authority areas."

"In addition, Brig y Cwm offers the benefit to local authorities of much lower waste disposal costs, at a time when many landfill sites are nearing closure and landfill taxes are set to soar – potentially adding to council tax bills."

See us at Futuresource

Covanta is exhibiting at the CIWM Futuresource international conference, Europe's sustainability event, at London's ExCel. Nearly 7,500 people from key industry sectors attended in 2009 to discuss best practice and share expertise – so why not come and see us?

Futuresource 15-17 June 2010, stand C25

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