

Covanta receives 'thumbs up' from clients

In keeping with Covanta's continual improvement programme, a Covanta survey of its clients in North America has revealed exceptional satisfaction levels for the company's approach, technology and service.

Thirty-six client community representatives responded to an online survey, and over 90% rated the company's operational performance as good or very good. The annual survey has been running for several years, but the current one produced a much higher number of returns.

One of the highest scoring results was Covanta's environmental performance. The survey (which was completed in April this year) was specifically focused on Covanta owned and/or operated facilities, but its results have implications for the wider Energy-from-Waste sector, and the benefits that the technology can bring.

Malcolm Chilton, Managing Director, Covanta UK, said: "Our reputation with local authority clients and the communities we jointly serve is very important.

"Although this survey only included Covanta's US facilities, the facilities we are planning in Ireland and the UK will be developed and operated to a standard at least as good and well within the stringent EU requirements."

Notable responses included:

- **97%** agreed or strongly agreed that Covanta complies with its contractual obligations, with no one disagreeing
- **94%** rated Covanta's environmental performance as good or very good
- **58%** of local authority clients reported an increase in recycling over the previous year
- Over **90%** believed that their community is neutral or in favour of Energy-from-Waste facilities – with 0% saying their community was opposed.

Project updates

Following the Public Inquiry into Covanta's plans to build an Energy-from-Waste facility in Middlewich, a decision is expected to be made by the Secretary of State during the fourth quarter of 2011.

Covanta's procurement project in **South Wales**, known as Project Green, has successfully gone through to the ISDS stage. There are three bidders for this contract; Covanta, Viridor and Veolia.

Leeds City Council is expected to announce its Preferred Bidder in October for its Residual Waste Treatment PFI Project contract. Aire Valley Environmental is the joint venture project between Covanta and Kelda Water Services.

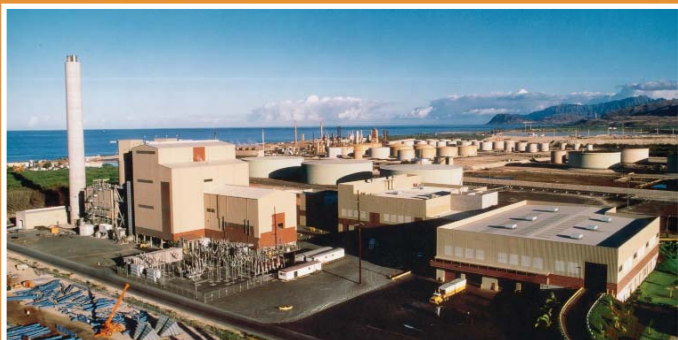
The Infrastructure Planning Commission Preliminary Hearing took place on 7th June for the **Brig y Cwm** project. Here the IPC published a list of questions which covered what it believed to be the main issues of the project.

Did you know?

Some £10bn of investment is needed to upgrade the UK's waste management infrastructure by 2020*

* Source: CBI Brief: Going to Waste – making the case for energy from waste (October 2010)





Facility profile

Covanta Honolulu Resource Recovery Venture

Location: Kapolei, Hawaii (USA)

Size: 28 acres

Commenced commercial operation: May 1990
(Covanta acquired the facility in 1993 from Combustion Engineering/ABB)

Design refuse capacity: 551,000 tonnes per annum

Boiler design: 62 bar / 443 degrees Celcius superheater outlet conditions

Air pollution control equipment: Semi-dry flue gas scrubbers injecting lime, fabric filter baghouses, five-field Electro-Static Precipitators and continuous emissions monitoring (CEM) system

Energy generation at rated capacity: Up to 57 megawatts export from one condensing steam turbine generator

Sold to: Hawaiian Electric Company

About the H-POWER Facility, Hawaii

Covanta Honolulu is currently undergoing a major \$302 million expansion. The expansion project will increase the facility's capacity by 816 tonnes per day (a 40% increase) bringing overall processing capacity to 816,000 tonnes per year.

For more information please visit:

<http://www.covantaenergy.com/list-of-facilities/covanta-honolulu.aspx>

Renewable realism

Figures released recently by the Department for Energy and Climate Change (DECC) revealed that in 2010, renewables accounted for just 6.6% of the UK 's electricity generation. They also showed that public subsidy for renewables through the Renewables Obligation (RO) amounted to more than £1.25 billion. This data shows the scale of the task facing the UK if it is to meet its target of producing 30% of electricity from renewable sources by 2020. Between 2011 and 2020, it is forecast that the total cost of the RO will be around £32 billion.

There is increasing evidence that the issues of cost and low deployment are inter-linked. This point was made strongly in a recent report by the influential Policy Exchange think tank entitled "2020 Hindsight". It noted that a key problem of current policy is that subsidy is skewed to support the technologies that are most expensive to develop. Other commentators have pointed to the relatively low level of performance of some renewable energy technologies compared with earlier projections. Onshore wind, for example, is frequently cited as averaging 30% availability. Data from DECC, however, shows that in 2009 and 2010 onshore wind delivered little more than 20% availability.

The consequences of this are two-fold:

- We are paying significantly more than we need to in our efforts to meet our renewable targets
- The high level of spending that is going into the sector is not delivering the optimum carbon outcomes.

This suggests that the government needs to think again about its strategy for the deployment of renewable technologies. The emphasis needs to shift towards delivering the greatest output (and therefore carbon reductions) at the lowest cost. In such a re-alignment of approach, there should be much greater emphasis on maximising the contribution of renewable energy derived from residual wastes. Proven Energy-from-Waste technologies are among the most efficient of all renewable technologies. A typical EfW plant will operate with availability well in excess of 90%. This helps to ensure that the energy produced is competitively priced. Being base-load, it also largely obviates the need for investment in expensive back-up capacity.

The simplest way of bringing about such a change of emphasis in renewable development is through pricing signals that focus on carbon outcomes. To that end, the government's recent commitment to introduce a Carbon Price Support Mechanism (effectively a carbon tax) from 2013 is very welcome. Reaching a level of £30 per tonne of carbon emitted by 2020, the mechanism will do much to boost investment to realign renewable deployment.

Elections 2011 – establishing battle lines for 2015?



Elections give voters the opportunity to change their political leaders in response to changing local, regional or national imperatives. As a result, they inevitably create uncertainty for businesses that have no say in their outcomes. May saw a ‘Super Thursday’ of elections in which voters got to have their say on:

- Whether to change the voting system for national election to the Westminster parliament
- Who should form the devolved administrations for Scotland and Wales
- The composition of over 200 local councils
- In one case (lucky Leicester South!) their MP.

Waste and resources management in general, and Energy-from-Waste in particular, appear to have played very little part in determining the outcomes, even at the local level where specific proposals for the development of new waste infrastructure exist.

The results in Scotland (where the Scottish Nationalists secured an historic overall majority) and in Wales (where Labour very nearly did so) mean that the new administrations will pick up largely from where they finished the last session but with renewed mandates. This means that in both countries, the drive towards zero waste will continue apace, in turn delivering welcome stability in the environment for investment. The results, perhaps, also pave the way for further devolution of powers, especially on fiscal and economic

matters. The pace of divergence of policy stances between the Westminster, Edinburgh and Cardiff governments is likely to increase, making life that much more complex.

At the local government level, Labour made substantial gains, largely to the cost of the Liberal Democrats. The Conservatives performed better than expected. It is likely that this is the start of a long process of Labour resurgence at local level and the decline of the government party/ies. Traditionally over time, Westminster governments find themselves at odds with councils increasingly dominated by their political opponents. It will be interesting to see how this plays out in relation to the government’s ‘localism’ agenda. Will ministers really want to devolve power to people with whom they disagree quite fundamentally? It looks likely that planning will be one of the key battlegrounds.

And what of the referendum? The simple point is that the resounding ‘no’ vote means that electoral reform is off the political agenda for a generation. More important will be the ramifications of that result within a coalition that was already beginning to show signs of tension in a range of critical policy areas. The position of the Conservatives looks to have been significantly strengthened; that of the Liberal Democrats undoubtedly is weakened. The collapse of the coalition agreement cannot be ruled out, triggering a fresh alignment of interests as the parties look to the power-play of the 2015 election – for indeed, by the time the dust settles on the 2011 elections, the unsung legislation to create fixed-term parliaments will have passed into law, creating a whole new dynamic to our politics.

MEET the TEAM...

Meet the team...Planning



Rachel Ness,
Director of
Planning



Anne Dugdale,
Senior Planning
Manager



Nigel Gould,
Senior Planning
Manager



Jane Stewart
Senior Planning
Manager



Simon McKee,
Planning Manager



Josef Balodis,
Planning Assistant



Tim Halley
Planning Assistant

Planning is a vital part of Covanta's operations. The success of a project proposal rests upon competent and coherent planning, to shape the process and provide a blueprint for all related activities. With seven projects across the UK and Ireland, the need for effective input from experienced and dedicated planners has never been more important.

The planning process needs to integrate with all other departments in the company. From Marketing and Communications to Engineering and Financial, Covanta's planners need to consider the impact of their proposals across departmental boundaries as well as in relation to factors such as government legislation, regional waste management requirements and national or local opposition.

Covanta's Planning team is responsible for putting together applications in accordance with the laws governing development. In essence, the Planning Department prepares the ground up to a point where an application can be submitted and determined.

The seven strong team is led by Director of Planning, Rachel Ness, who is supported by Senior Planning Managers, Anne Dugdale, Nigel Gould and Jane Stewart, Planning Manager, Simon McKee, and Planning Assistants, Josef Balodis and Tim Halley.

Rachel Ness oversees the activities of the department and leads on several projects including Rookery South Resource Recovery Facility and Middlewich. Rachel has a wealth of industry experience, having joined Covanta after seven years as Director of Planning and Estates at Cory Environmental. Rachel is supported by three Senior Planning Managers, who take responsibility for specific Covanta projects: Anne Dugdale also joined Covanta from Cory Environmental and

works on the planning for the Brig y Cwm project in Wales. Nigel Gould has previously held local government positions, including Senior Planning Officer at East Staffordshire Borough Council, where he gained experience of the planning process from the other side of the fence. Nigel works primarily on the Aire Valley Environmental project in Leeds and the Airdrie North project in Scotland. The Planning team grew in November 2010 with the appointment of Jane Stewart, who previously worked at recycling and resource management company SITA. Jane now leads in preparing the planning work for Covanta's Joint Venture project with Peel Environmental, the Ince Park project.

Planning Manager, Simon McKee, joined the department following five years at Enviros Consulting Ltd. Simon has led on the planning for a proposed EfW facility in Coventry, as well as providing support to several Waste Disposal Authorities.

Planning Assistants Tim Halley and Josef Balodis joined Covanta in summer 2010 as part of the 'Rising Stars' graduate programme and both assist with planning activities for Covanta's many projects. Tim holds a Post-Graduate Diploma in Environmental Engineering, specialising in Environmental Impact Assessment, Waste Management and Micro Energies. Commenting on the team, Rachel said:

"We have a great wealth of experienced and talented planners in this department and I think it is testament to their hard work that we were the first company to have an application validated by the Infrastructure Planning Commission. I know that we will all continue to work hard to shape Covanta's investment in waste infrastructure in the UK and Ireland."

Carbon Price Support Mechanism – a good step in the right direction

By Malcolm Chilton, UK Managing Director, Covanta Energy

In March's Budget, Chancellor George Osborne announced plans to introduce a Carbon Price Support Mechanism which is due to come into force from April 2013. This is a bold and radical move by the government and a good step in the right direction to incentivise investment in renewable and low-carbon energy.

From April 2013, the Mechanism will result in a minimum price of £16 for every tonne of carbon dioxide produced by coal and gas plants. These charges are planned to rise to £30 by 2020. Osborne has made a good move here as this escalating approach is certain to be a catalyst for changing behaviours, much as the landfill tax has worked to drive the diversion of waste from landfill.

The Carbon Price Support Mechanism is not universally popular, not least because it will increase costs in some sectors of industry. But, as the government has recognised, that is a price that we have to face up to if we are to make the transition to a low-carbon economy in which future growth is genuinely sustainable.

Incentive

During 2010, Covanta argued strongly that the government should introduce a carbon tax without delay as its adoption would provide the incentive needed to encourage the development of the UK's renewable and low carbon energy infrastructure. The importance of implementing a carbon tax was an issue that I highlighted at London's Energy-from-Waste conference in October last year.

Importantly, the government's Carbon Price Support Mechanism looks to be a somewhat simpler approach to boosting the UK's renewable energy when compared to the

Renewables Obligation which focuses on getting all electricity suppliers to source fuel from Renewable Obligation Certified renewable energy generators.

Since its introduction in 2002, the Renewables Obligation has been subject to several reviews each time becoming more complex and less focused on carbon outcomes. It has become a mechanism for supporting the development of new technologies, rather than for mass deployment of renewables. It is not having the required effect.

Targets

In fact, the Renewables Obligation has not generated the shift towards sustainable energy production needed to make a significant dent in the UK's target of 30% energy produced by renewable technologies by 2020. Figures from 2009 show that just 6.6% of the UK's electricity was generated from renewable sources, up from around 2.5% when the Renewables Obligation was introduced in 2002.

The package of fiscal measures that Osborne has pledged, crucially including the graduated taxation approach of the Carbon Price Support Mechanism, is a good starter for ten. However the government must now have the courage to send out clear signals it is supporting the development of renewable energy infrastructure and that it will go further than what has already been committed. This requires political commitment beyond the next two elections, so all parties need to get behind the Carbon Price Support Mechanism to achieve this goal. By doing this the UK will stand a chance of meeting its renewable energy targets for the future and growing its renewable energy market.



Did you know?

The unreleased energy contained in the average dustbin each year could power a television for 5,000 hours.*

*Source: www.recycling-guide.org.uk



Celebrating Earth Day

Good Friday, 22nd April, was Earth Day and Covanta's facilities in North America took part in activities to celebrate the event. From California to New York, Covanta employees planted trees, distributed tree seedlings, made donations to local environment groups and cleaned up local city streets. Some Covanta facilities also sponsored shredding and recycling events for residents seeking to dispose of confidential paperwork safely.

The first plant to be opened by Covanta in 1987, Marion County, took part by planting trees at two local parks, Spong's Landing Park and Auburn Park. Officials at Marion County Oregon Public Works sent Covanta employees a thank you letter acknowledging all their hard work.

"Making small, intelligent changes to the way we manage and generate waste can have a huge impact on the health of our planet and communities," commented Paul Gilman, Chief Sustainability Officer at Covanta Energy.



The Covanta team at Spong's Park

Come and see us at RWM

Covanta Energy will be exhibiting at the Recycling and Waste Management conference in September at the NEC in Birmingham.

Come and visit us on stand 1510 between 13th and 15th September.

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