

STATES OF JERSEY



ENERGY FROM WASTE FACILITY: RESCINDMENT

**Lodged au Greffe on 20th January 2009
by the Deputy of St. Mary**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to refer to their Act dated 9th July 2008, in which they referred to their Act dated 13th July 2005 relating to the approval of a new solid waste strategy; and then approved the replacement of the Bellozanne incinerator by an Energy from Waste facility, as set out in sections 8 and 10.1 of the Report of the Transport and Technical Services Department dated 20th May 2008 (P.72/2008), and authorised the Minister for Transport and Technical Services to accept the tender of the preferred bidder subject to the approval of the withdrawal from the Consolidated Fund of an additional £102,810,000 for that department's capital expenditure; and

- (a) to rescind their decision relating to the Energy from Waste facility and to request the Minister for Transport and Technical Services to take immediate action to cancel the contract for the plant which was signed and sealed on 14th November 2008 with CSBC (Jersey) Limited;
- (b) to request the Minister for Transport and Technical Services, in conjunction with the Minister for Treasury and Resources, to take all necessary steps to reduce the financial consequences of cancellation in the best manner possible for the States and the Island, and
- (c) to request the Minister for Transport and Technical Services to present to the Assembly as soon as possible, and in any case no later than one month from the date of approval of this proposition, a plan setting out in outline options for dealing with the Island's solid waste in an environmentally-sound, publicly acceptable and cost-effective way.

DEPUTY OF ST. MARY

Note: In accordance with Standing Order 23(a) this proposition has been signed by the following members.

1. Connétable of St. Helier
2. Deputy M.R. Higgins of St. Helier
3. Deputy A.K.F. Green of St. Helier

The reasons for bringing this proposition are set out in the report below.

REPORT

Introduction

The decision to build the incinerator down at La Collette was and is controversial. This proposition invites members to revisit that decision, and with it to start the process of having a modern, environmentally-sound, publicly acceptable and cost-effective waste strategy.

It has to be stressed at the outset that the current facility at Bellozanne must be replaced as soon as possible, and that is just as true for the scenario here being proposed as for the current situation, which is itself quite unsatisfactory. I return to this point below.

Preparation of the plan mentioned in section (c) of the proposition can of course build on the work done to date towards raising public awareness of recycling and waste reduction issues and options, and on the building of the waste model, hence the tight timeline which is both achievable, and which has to be achieved.

Preparation of this plan could use expertise within and outside the department, and would include, but not be limited to, aspects of public and parish involvement, financial instruments and incentives, timelines, and costs both environmental and financial.

The plan would use as a guideline for the overall financial total cost, the existing sums allocated or foreseen for the capital and operating costs of the Energy from Waste plant and for the collection and other systems which currently form the Island's methods for tackling solid waste, less the costs of cancellation.

Reluctance to rescind

I am well aware of the understandable reluctance felt by many members in reconsidering a major decision. In this case, however, I believe that the House is justified in taking this step. There are 5 factors to take into account:

First, there has been a rapid decline in the economic and financial situation which, at a minimum, calls for exceptional prudence in the management of public funds.

Second, public opinion has shifted on this issue, and this Assembly should be seen to be leading people in the right direction, and not blocking their good intentions.

Third, sustainability has moved up the agenda and is now built into the Strategic Plan, which was not the case when the Solid Waste Strategy was approved in 2005. Burning a large percentage of our waste in an incinerator is now perceived, and rightly so, to go against this vital tenet of our society.

National and international changes that are essential, not merely highly desirable, to transition to economic and environmental sustainability, will likely cause waste arisings to first stabilise then reduce increasingly rapidly in flat contradiction to the forecasts of TTS' waste model upon which their case for a large incinerator was partly predicated.

Fourth, it is my understanding that many members had expected the debate to centre on viable alternatives and/or options, and that despite an immense amount of pre-debate work by bodies like Scrutiny, these alternatives and/or options were not formally proposed.

And fifth, the final decision was taken in the dying days of an Assembly, by a Minister who is no longer with us, having been rejected by the electorate. Of course, this rejection cannot be linked exclusively to the incinerator, but it does give a steer as to the public's view on this and other related matters.

Cost of cancellation

The first question in members' minds when they view the title of this proposition is no doubt that of cost, more specifically, the cost of cancellation at this early stage of construction.

'Maybe we should revise our waste strategy, maybe the assumptions built into the waste model are now obsolete, but ... can we afford to cancel the incinerator now?'

To answer this question I have asked the following written question of the Minister for Transport and Technical Services (TTS) –

“Given that any cancellation costs would be contested and determined at arbitration, would the Minister advise the Assembly what the Transport and Technical Services Department estimates the cost to the Island would be if the contract for the new Energy from Waste Plant at La Collette was cancelled, set out and justified under as many clear headings as are necessary for the estimate to be verifiable by peer review, and outline the variations in potential liability to the States, if any, should the date of cancellation be taken to be 16th February 2009, or an earlier or later date?”

The answers of TTS to this vital question will no doubt be on members' desks at the Sitting on Tuesday 20th January.

The group working on this debate intends to have this estimate peer-reviewed, so far as is possible, in the time available.

Cost of the project

Members should be reminded (and new members may not know) that the cost of this project is in fact open-ended. Even in the short time since the project was approved, serious questions have arisen as to the deteriorating Sterling-Euro exchange rate and the major (negative) impact this will have on costs.

Expert opinion is that the UK economy is more vulnerable than most to the effects of the credit crunch. This of course has implications for the ongoing costs of the project, if the Assembly decides to continue with it.

Projet 73/2008 approved the withdrawal of an additional sum of £102,810,000 (additional to the £3.5 million previously voted for enabling works) from the Consolidated Fund in order to fund the provision of the incinerator.

Within this sum, a sum of £93.35 million was budgeted for the Engineering Construction and Procurement Contract for the CNIM consortium ii (paragraph 2.2). This is referred to in proposition 73/2008 as a “fixed price.”

However the contract is 70% denominated in Euros. The possibility of exchange rate fluctuations was foreseen, and the proposition states: “The cost of any currency fluctuations will be met from the Capital Projects Reserve Vote in the event this increases the cost of the project.” (para. 3.3).

Full report later

In order that a much more comprehensive debate should take place, I am proposing a major re-evaluation of the assumptions upon which the Project was based and of what an alternative Plan would look like.

The model

The waste arisings model used by TTS predicted the Island's residual waste up to 2035, which in turn fixed the size of the incinerator.

- What are the assumptions used in the waste model? How were they arrived at? Did they make sense then? Do they make sense now?

In particular

- Do changes in the economic outlook have a bearing on the model?

- Do changes in public attitudes and behaviour have a bearing on the model?
- How sensitive is the model to changing the assumptions about population? Was the present size of incinerator dependent on the policy of population growth?
- What is the impact on the model of higher rates of recycling, waste reduction policies, and likely future changes in the direction of sustainability, in particular in manufacturing process and packaging methods, that will cause a significant downward trend in waste arisings?

Waste streams

- How would different elements of the waste stream be handled under different policies? What are the cost implications of such policies? What are the environmental benefits and costs?
- What are the issues around recycling, both financial and environmental, bearing in mind recent changes in global demand for many recyclables?

Technology

- What is the suggested alternative to the incinerator for handling the different elements of the waste stream?
- What are the advantages and disadvantages of one big piece of hardware as against several smaller pieces of equipment?

Community issues: the public, the parishes and the States

- What is the likely impact of a policy which depends on public participation and involvement on wider community issues and on the relationship between States and people?
- What is public opinion on this issue? Which way is it moving? Should we be leading or following?
- What are the implications of different strategies and different recycling rates on parishes and parish life?

Bellozanne

The existing incinerator is a health hazard according to TTS itself.

- What are the implications of the States running a facility which is a known health hazard? On existing policy? On any alternative policy?

Cost comparisons

- What is the capital cost of alternatives to the incinerator?
- What are the operating costs of alternatives to the incinerator?
- Would the new revised Solid Waste Strategy including the cost of cancellation, match the existing Solid Waste Strategy financially, including the incinerator?

Environmental issues

- How do we evaluate environmental costs such as carbon emissions? What importance do we place on

these costs? How much importance should we place on these costs? How should we include action to combat climate change into the Solid Waste Strategy?

- How can we apply these considerations to our choice of Solid Waste Strategy?

Health

- The new incinerator, if it is built, would be less harmful than the old. But is there evidence that all incinerators are harmful to health? If so what is the additional risk? What are the health risks associated with newer technologies?

Ramsar

The plant will impact via airborne pollution and via discharges of hot cooling water directly on the Ramsar site.

- Why were no members of the local Ramsar Steering Group consulted at any stage?
- Why was the Ramsar Secretariat in Geneva not informed?
- Why was no adequate Environment Assessment of marine impacts carried out?
- What are the wider implications of these failures?

Conclusion

This proposition asks members: is it better to stick with a mistake than to change it?

A detailed report covering all these issues will be available to members as soon as possible before the debate.

Financial and manpower implications

Paragraph 5 of the Introduction section of this Report specifies that the full cost of any set of options brought to the House in the outline plan, together with any additional costs attendant on preparation for different equipment, such as permissions and impact assessments, and the costs of cancellation, should be comparable to the full costs of implementing the present strategy including the construction and operation of the incinerator itself.

The best estimate of the costs of cancellation: (a) will be available from TTS, and (b) it is intended that these cost will be peer-reviewed. Further details will be researched and presented as soon as possible, but subject in any case to the principle of the previous paragraph.

Moving on to manpower, in the past I suspect that this House would always have assumed that the less manpower the better. However, in the present uncertain economic climate it is no longer the case that it is automatically better to replace people by machines. An efficient and more people-intensive operation might now be better economics than an efficient capital-intensive operation.

In addition, a less capital-intensive solution may have lower environmental costs. A further issue is that options involving a large element of community support and participation, as envisaged by this proposition, may save financial costs even though using more “manpower”.