



## Belfast City Council

<b>Report to:</b>	Strategic Policy & Resources Committee
<b>Subject:</b>	North Foreshore
<b>Date:</b>	18 November 2011
<b>Reporting Officers:</b>	Gerry Millar, Director of Property & Projects
<b>Contact Officers:</b>	Susan Quail, North Foreshore Manager

<b>1</b>	<b>Relevant Background Information</b>
1.1	<b>North Foreshore - Grant of a Licence to Lisburn Envirocare Ltd</b> <p>The council's Health and Environmental Services Department, Waste Management Unit, has entered into contract with Lisburn Envirocare Ltd to transport Belfast's black bin waste from the Waste Transfer Station (WTS) at the North Foreshore to a private landfill. Lisburn Envirocare Ltd has sought a licence to occupy a small plot of land within the WTS complex on which to place a 10' x 40' metal container to be used for storage and as a staff rest area. See location plan, area shaded red, Appendix 1.</p>
1.2	<b>North Foreshore – Developers Brief for Disposal of Site for Commercial Anaerobic Digester</b> <p>Members will recall their approval on the 18 February 2011 to advertise for Expression of Interest inviting private sector operators to submit proposals for an anaerobic digestion (A.D) facility on a site at the North Foreshore Giants Park.</p>
1.3	<p>A potential joint venture arrangement was proposed whereby the private operator would design, fund, build and operate an anaerobic digestion biogas production facility to provide fuel for a redundant generator in the landfill gas electricity generating facility operated by our joint venture partner, Renewable Power Systems (RPS) Ltd.</p>
1.4	<p>The private operator would be prohibited from generating electricity. Rather, they would sell biogas to the Council and derive a further income from the sale of digestate, a residual product used as a fertiliser. All income from the sale of electricity together with Government subsidies would accrue to the Council.</p>
1.5	<p>This would have involved a tripartite contract between the Council, the A.D operator and Renewable Power Systems Ltd, and the A.D operator would enter into a Development Agreement with the Council.</p>

<b>2</b>	<b>Key Issues</b>
2.1	<p><b>North Foreshore - Grant of a Licence to Lisburn Envirocare Ltd</b></p> <p>The contract between Belfast City Council and Lisburn Envirocare Ltd commenced on 1<sup>st</sup> November 2010 for a term of 17 months with the possibility of further monthly extensions up to a maximum of 12 months. The licence will be backdated to 1<sup>st</sup> November 2010 and run concurrently with the contract. A container has been placed on site by Lisburn Envirocare Ltd and this licence will regularise their occupation. The council has installed a mains electricity supply to provide lighting and heating. The council will retain liability for rates (if any) and utility costs</p>
2.2	<p><b>North Foreshore – Developers Brief for Disposal of Site for Commercial Anaerobic Digester</b></p> <p>The council publicly advertised for expressions of interest from the private sector and had over 50 requests for documentation. This enabled the council to test the market and to formalise the enquiries concerning the availability of sites at the North Foreshore for a potential AD Facility. At the closing date the council received 8 Expressions of Interest from Local and European Commercial Companies interested in developing an Anaerobic Digester at the North Foreshore. The assessment revealed that there was a variety of technical specification for the anaerobic digester and different types of feedstock proposed, which would generate different levels and quality of methane gas.</p>
2.3	<p>The landfill gas powered generators currently operating on site are owned, operated and maintained by RPS Ltd, our joint venture partner under contract with Belfast City Council. The use of A.D generator biogas to fuel a generator would require RPS Ltd consent and inclusion in a tripartite agreement. RPS Ltd has examined the expressions of interest received, and raised concerns over technical issues surrounding the different proposals and the potential quality of methane gas due to the variety of feedstock. There is a concern of legal liability in the event of damage to the machinery in the event of a defective A.D process. RPS Ltd have advised that a tripartite agreement would be high risk and inherently litigious. See attached statement from RPS Ltd contained in Appendix 3.</p>
2.4	<p>In the circumstances, RPS Ltd is reluctant to pursue this approach and have withdrawn their consent to fuel the redundant generator with A.D produced biogas. This necessitates a revision of the Councils approach to the project.</p>
2.5	<p>The NI Executive is promoting the development of AD Facilities to generate renewable energy. There is considerable interest from Private Companies to acquire a site at the North Foreshore for a commercial A.D. Facility that would produce up to 1 mw of renewable electricity sufficient to power up to 1,000 homes. To capture the potential private sector investment opportunity an alternative approach is proposed to minimise risk and provide an acceptable return to the Council. Following a Development Brief being publicly advertised and subsequently evaluated it is proposed to grant site lease to a preferred operator subject to an estimate current market ground rent of £30,000 per acre per annum reviewable every 5 years. The lease would permit the operator to develop an A.D biogas production facility, install generators and generate electricity on site for export to the local grid via the sub station adjoining the landfill gas compound. All income from the sale of electricity together with Government NIROC Subsidies would accrue to the operator. In addition to the site rent, the Council would receive a royalty for connection to the sub station awarded on the amount of electricity generated. This approach minimises the risk to the Council and places all onus on the operator to maximise electricity</p>

	production and enhance the royalty return to the Council.
<b>3</b>	<b>Resource Implications</b>
	<b><u>Finance</u></b>
3.1	<b>Grant of a Licence to Lisburn Envirocare Ltd</b>  A licence fee has been assessed at £250pa inclusive of rates (if any) and utility costs. This has been paid in full by Lisburn Envirocare Ltd up to 31 <sup>st</sup> October 2011.
3.2	<b>Developers Brief for Disposal of Site for Commercial Anaerobic Digester</b>  The Council will receive a ground rent in accordance with the site lease. In addition it will receive a royalty payment in relation to the amount of electricity generated by the operator.
3.3	<b><u>Asset &amp; Other Implications</u></b>  This is a low risk option to the Council.
3.4	<b><u>Environmental</u></b>  Members should be aware that an A.D process is in-vessel i.e. the process takes place in sealed containers in the absence of oxygen. There is no external storage of waste and the process does not produce offensive odours.
<b>4</b>	<b>Equality and Good Relations Considerations</b>
	None
<b>5</b>	<b>Recommendations</b>
	1) The Committee approves the grant of a licence to Lisburn Envirocare Ltd on a site as indicated in Appendix 1 on the above terms and conditions.  2) That the Committee agrees to publicly issue a Development Brief seeking detailed proposals from Commercial Companies interested in acquiring a site for an Anaerobic Digestion & electricity generator facility on the North Foreshore Giants Park in accordance with the above terms and conditions.
<b>6</b>	<b>Decision Tracking</b>
	A Report will be brought back to Committee in April 2012.
<b>7</b>	<b>Key to Abbreviations</b>
	A.D. - Anaerobic Digester RPS Ltd – Renewable Power Systems Ltd NIROC – Northern Ireland Renewable Obligation Certificates
<b>8</b>	<b>Documents Attached</b>
	Appendix 1 – Grant of a Licence to Lisburn Envirocare Ltd location map Appendix 2 – Proposed site for Anaerobic Digester Appendix 3 – RPS Letter