



Comhshaoil, Pobal agus Rialtas Áitiúil  
Environment, Community and Local Government

Oifig an Ard Rúnaí  
**Office of the Secretary General**  
Mr. Ted McEnery,  
Clerk to the Committee of Public Accounts,  
Leinster House  
Dublin 2.



19 September 2012

Dear Mr. McEnery,

I refer you to my letter to the Committee of 17 July 2012 in relation to the proposed Waste to Energy facility at Poolbeg.

I indicated in that letter that the City Manager was expected to provide an update on the project to the elected members of Dublin City Council in September and that I would ensure that the update was also made available to the Committee. Therefore, please find enclosed the report of the City Manager for the information of the Committee.

Yours sincerely,

Geraldine Tallon  
Accounting Officer





Comhairle Cathrach  
Bhaile Átha Cliath  
Dublin City Council

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## Update on Dublin Waste to Energy Project

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### Introduction

I wish to refer to my email to you on the 1<sup>st</sup> March 2012. In that email you were informed that Dublin City Council and Covanta had reached agreement on revised commercial arrangements in relation to the Waste to Energy plant and that both parties had agreed a period to the 31<sup>st</sup> August 2012 to allow Covanta to secure project financing for construction of the plant and for Dublin City Council to deal with a number of regulatory issues and a further period to a date no later than 5<sup>th</sup> November 2012 for construction to recommence on site.

I also issued a report to you on the 2<sup>nd</sup> March 2012 wherein I set out again the:

- Background to the project,
- Process involved in the statutory procedures (Planning Application, Commission for Energy Regulation Permission, EPA Waste Licence, Site Acquisition, Foreshore Licence
- Appointment of Authorised Officer
- Competition Authority and EU Commission Processes

I also highlighted the current waste situation referring to the EPA Waste Report which was published on the 1<sup>st</sup> March 2012. It was noted that the EU Waste Framework Directive had been transposed into Irish Law in 2011.

### National Waste Policy

In July the revised national waste policy "A Resource Opportunity Waste Management Policy in Ireland" was published and in this regard it is noted that:

- In commenting on the new Waste Policy the Minister recognised the importance of waste as an energy resource opportunity in terms of recovery and the need to develop efficient ways to harness that resource. He further commented that the



policy provides the certainty that industry requires to plan and make investment decisions.

- The development of waste management plans will remain a function of local authorities although regional formations will reduce from 10 to no more than three. We expect Dublin City Council is likely to be the lead authority for any East Region
- All existing waste management plans will be evaluated to ensure compliance with the requirements of the EU Waste Framework Directive with new plans put in place by early 2014
- There will be a increased focus on the implementation and enforcement of new regional waste management plans
- In keeping with the proximity and self-sufficiency principles a key objective will be to ensure a sufficiency of waste management infrastructure within the State to manage municipal waste
- Waste collected must be managed in accordance with the waste hierarchy and in a manner supportive of the development of a resource efficient and sustainable approach to the management of waste.
- Inspection and enforcement resourcing for collection permits will be increased and funded in part by the revised permitting fees structure
- A review of the respective waste regulation and enforcement roles of the EPA and local authorities will be completed by the end of 2013
- Decisions in relation to the waste hierarchy in matters of licensing and enforcement will the responsibility of the appropriate regulatory authorities and determinations will take account of the Waste Framework Directive, national policy and regional waste management plans
- The storage and export of waste material will be strictly policed to prevent environmental damage from storage, to ensure adherence to Trans Frontier Shipment (TFS) of Waste Regulations, and no environmental damage occurs in the country of destination
- The TFS Office in their decisions on export of material will have regard to national policy and the Waste Framework Directive which are focussed on maximising the resource that can be extracted from waste material and the development of a self sufficient approach to the management of waste in this country in accordance with the proximity principle
- The reform of the permitting system will provide the opportunity for the application of such conditions as are necessary to give effect to the waste hierarchy, to promote self sufficiency and to drive a move away from disposal towards recovery.
- Government will ensure that the relevant Departments and Agencies will pursue a co-ordinated approach in support of the development of recovery infrastructure
- Government policy seeks to ensure that Ireland will have an adequate network of quality waste treatment facilities. The EPA will in particular examine the capacity for



managing municipal waste in conformity with the principles of proximity and self sufficiency.

- The timing and nature of the application of landfill bans will be considered in light of the levels of diversion being achieved and the development of beneficial uses for waste in support of the virtual elimination of the State's dependence on landfill. This will provide the benchmark for decisions in respect of policy options such as continued exemptions for specified material from the landfill levy
- Following on from the mid – 2012 and mid – 2013 increases in the landfill levy the rate of charge of the levy will be kept under review by reference to diversion rates and the CPI to ensure the dissuasive effect of the levy as an economic instrument is maintained against landfill as opposed for example to recovery infrastructure.

The link with energy policy should also be noted in that the REFIT scheme also recognises the importance of more sustainable management of waste including municipal waste, through a range of treatments, including Anaerobic Digestion and Waste to Energy and the inherent potential this source has to contribute to meeting Irelands renewable energy targets.

In effect waste management policy has been re-affirmed and strengthened having regard to the EU Waste Framework Directive which was transposed into Irish law in 2011. This also needs to be considered in the context of the significant challenges that have to be met if the State is to meet its obligations for the diversion of biodegradable waste from landfill and avoid the imposition of fines which have been estimated at up to €41m per annum. Indeed the most recent EPA National Waste Report assigns an "at risk" status to the achievement of the 2013 and 2016 targets. All of this highlights the continuing need for the Waste to Energy Facility at Poolbeg.

#### **Expenditure to date**

There were Council questions earlier this year regarding expenditure on this project. I set out here-under a further update with details of expenditure to date. Classification of expenditure has also been further examined and simplified. The bulk of expenditure in 2012 has related to finalising land acquisition.

<b>Classification of Expenditure</b>	<b>Expenditure to date</b>
Clients Representative (CR)	€25,553,140
Client Rep - Public Relations	€3,009,437
Local Office/Associated Community Consultation/Information	€1,675,449
DCC Project Management Payroll Costs	€1,986,197
Purchase of Land and associated costs including relocation and provision of new premises in certain cases such as Westway Terminals Ltd. Hammond Lane, Dublin Port Company and Clearway were also compensated	€52,154,405
Security Costs	€336,708
Legal Costs (non CR)	€1,722,789
Site Management	€3,501,785
Miscellaneous (Includes for example Statutory Fees, Site Rent, Authorised Officer work )	€1,219,629
<b>Total</b>	<b>€91,159,539</b>

Details of the apportionment to date of the net figure (i.e. €91.159m less €12.1m recoupment = €79.059m) between the four local authorities are set out below:

Breakdown LAs	Percentage	Amount
DCC	42.64%	€33.711m
FCC	20.22%	€15.986m
SDCC	20.80%	€16.444m
DLR	16.34%	€12.918m
Totals	100.00%	€79.059m

In relation to the DCC share, there is a balance of €17.51m to be funded at this stage. During the 2012 budgetary process it was noted that this is being funded through the revenue account at a rate of €1.5m per annum. However, the intention is to recoup the full outlay by the Dublin Local Authorities from the operation of the facility.

#### **Current Situation**

Referring back to my email of 1<sup>st</sup> March 2012 significant progress has been made by Covanta on securing project financing for construction of the plant and by Dublin City Council in dealing with the remaining regulatory issues. In relation to the securing of project finance, Covanta and their financial advisors are in the final throes of negotiation with a group of banks. Given the situation with financial markets, the due diligence procedure is far more protracted than heretofore. For these reasons the Council feels it is reasonable to consider an extension to the decision/commencement date. Every effort is still being made to commence the project before the end of the year but it will be at least four to six weeks before the revised date can be confirmed. Members will be separately notified in this regard.

**John Tierney**  
**Dublin City Manager**