Health and Environmental Services Department

Waste Management

Your reference TW/JB

Our reference

Date 11th November 2010

James McSherry
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

Dear James,

SEM Committee Proposed Position Paper SEM-10-060
dated 2nd September 2010 on the
Principles of Dispatch and the Design of the Market Schedule
in the Trading and Settlement Code

I refer to the invitation to submit comments on the proposed decisions set out in the above paper. Belfast City Council welcome the opportunity to respond and would comment as follows:

We acknowledge that under the Single Electricity Market, which operates over the Island of Ireland, certain types of electricity generators will be given priority over others with regard to the sale of their electricity. The SEM Position Paper SEM-10-060 proposes certain changes to the operation of the Market, including some relating to the definition of 'priority' status.

However, the position paper does not suitably clarify or address the position with regards to the unique position pertaining to Energy from Waste (EfW) projects and in particular reflect the necessity for these facilities to be provided with Priority Dispatch status. The unique position of EfW primarily relates to its critical role in ensuring compliance with statutory waste obligations allied to arduous operational demands.

It is widely recognised and accepted that a more holistic and cohesive approach to tackling waste and energy is required and that it is important that arrangements and conditions are created to facilitate and improve the current position.

The crucial role for EfW in enabling Northern Ireland to meet its statutory waste obligations has been articulated in the National Waste Strategy and the three sub-regional Waste Management Plans. Failure to implement these plans and establish EfW facilities in Northern Ireland will prevent it from discharging its legal obligations with the likelihood of severe sanctions from the Europe Commission and European Court of Justice to follow.

The Republic of Ireland's waste management policy sets out the need to develop integrated treatment solutions to meet European and National landfill diversion targets. EfW, referred

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to as Waste-to-Energy (WtE) technologies, have been identified as one of the preferred solution options, with high efficiency waste recovery facilities replacing landfill disposal.

For the purposes of managing wastes, Ireland's local authorities have come together and formed seven regions and 3 counties. Each region and county have prepared Waste Plans outlining a management framework and required treatment capacities. EfW is included as a policy objective in all Plans and the development of plants has materialised in three regions to date.

An operational EfW facility has yet to be fully established in Northern Ireland and the Republic of Ireland. However, a number of nationally significant projects are currently at various stages of development on both sides of the border.

The realisation of projects to deliver waste infrastructure which include an EfW facility requires certainty that the electricity output is provided with Priority Dispatch status in the Single Electricity Market and thus be able to:

- Meet statutory waste targets under the Landfill Directive 1999/31/EC;
- Achieve recovery status to ensure that waste undergoes recovery operations in accordance with the Waste Hierarchy and Environmental Protection provisions under the Waste Framework Directive 2008/98/EC;
- Establish an integrated and adequate network of recovery installations with due regard to the principles of self-sufficiency and proximity as prescribed in the Waste Framework Directive 2008/98/EC;
- Obtain and comply with associated regulatory permissions e.g. planning and IPPC
- Comply with the Waste Incineration Directive 2000/76/EC with particular reference to prescribed resident times and temperatures.

In addition, from a financial and economic perspective the provision of Priority Dispatch status will;

- Provide the robustness and certainty with regard to incorporation into the business cases to ensure the relevant facilities are built;
- Realise the most economically advantageous position for the taxpayer / ratepayer – who will also be an electricity consumer;
- Raise the initial necessary private sector funding to deliver the infrastructure required to meet statutory waste targets;
- Enable predictable cash flows to meet project debt servicing.

We would point out that the Renewable Energy Directive 2009/28/EC requires Member States to give priority to generating installations using renewable energy sources in so far as the secure operation of the national electricity system permits and based on transparent and non-discriminatory criteria. The renewable energy sources as defined in Renewable Energy Directive include the biodegradable fraction of industrial and municipal waste. Accordingly, there is a clear direction from the EU that EfW facilities fuelled by the biodegradable fraction of industrial and municipal Waste should be afforded priority dispatch within the Single Electricity Market. We would stress that the Directive does not differentiate between the renewable and non renewable fraction of waste nor discriminate against the non-renewable fraction. It is important that priority dispatch for EfW facilities is not confused with the issue of the electricity consumer or taxpayer funded incentives for renewable fuel sources e.g. ReFIT NIROCs etc.

We would contend that a holistic approach must be taken to the development of energy policy and that adequate regard must be taken in respect to statutory obligations for waste

management. We would urge the SEM Committee and the Departments in each jurisdiction to recognise that waste legislative provisions could help and contribute to preventing any abuse or inappropriate outcomes in the Single Electricity Market through the introduction of pragmatic and workable measures.

Furthermore we believe that legislative and policy direction must be maintained and co-ordinated on both the environmental and energy fronts. Support should be given to bona fide EfW operators whose facilities are established to meet statutory waste management obligations and to accord such facilities a "must run" status. Steps include:

(a) Promotion of the waste hierarchy and EfW as a recovery rather than disposal route;
(b) Meeting of onerous permitting requirements by EfW facilities;
(c) Recognition of the security of supply provided by the non-intermittent indigenous fuel source used by EfW facilities;
(d) Recognition of the contribution EfW will make in respect of targets for energy from biomass;
(e) Recognition of EfW facilities technical characteristics and environmental constraints in Grid Code;
(f) Recognition of EfW facilities in respect to proximity to demand

We see no incompatibility with the points made in this response and the SEM Committee's legal duties and functions which are outlined in the introduction of the Position Paper. This could be summarised as follows:

- Protection of the interests of consumers of electricity – consumers of electricity are also producers of waste and they have an interest in their waste being converted from a liability to an income stream to control both the price they pay for both electricity and for waste management.

- Effective competition – the energy from waste facilities planned as part of waste infrastructure across Ireland will provide new base load generating capacity with low variable cost.

- Security of supply and environment – EfWs provide reliable capacity, generate electricity from non intermittent indigenous fuel source, are in close proximity to centres of demand, provide fuel diversity and reduce the reliance on imported fuel, contribute to the reduction of greenhouse gas emissions and remove from the next generation a legacy of landfill sites created by this one.

- Energy from renewable sources – the fuel source for the planned EfWs use renewable fuel sources as defined by EU Directives and will make a significant contribution to the targets to produce energy from biomass.

- Exercise of functions – it is now practical to address how EfWs are treated in the SEM given the need to transpose EU legislation related to waste being a renewable fuel source in an uncomplicated and transparent manner to national law and the status of waste infrastructure programmes in both jurisdictions. It would be illogical and inconsistent for the SEM to overlook or frustrate the implementation of statutory waste programmes and leave member states and citizens at risk of significant legal and financial consequences. On the contrary, the SEM has an opportunity to facilitate the implementation of EU waste legislation while also progressing energy policy and facilitating the attainment of renewable targets.

In closing we would again reiterate that the Single Electricity Market and associated measures are implemented such that Energy from Waste facilities are granted priority

dispatch to enable compliance with strategic waste obligations and in recognition of their renewable energy contribution, indigenous fuel source and the operating constraints placed on them by EU Directives and environmental licensing.

I trust this is of assistance and makes a constructive contribution.

Yours Sincerely,