

**Clients: Bioenergy Infrastructure Group
("BIG") and Hills Waste Solutions**

**Market Due Diligence – Northacre EfW
Merchant Waste**

17 July 2019

Draft V 2.2

PRIVATE AND CONFIDENTIAL



Issue Number	1	2.0	2.1	2.2
Date	27.03.19	26.04.19	29.04.19	17.07.19
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EXECUTIVE SUMMARY

- ◆ BIG and Hills have engaged Tolvik to prepare an independent market due diligence report with respect to the 95ktpa of Merchant Capacity at Northacre EfW which will not be subject to the [REDACTED] contract. This Merchant Capacity may be filled with additional contracts prior to Financial Close, [REDACTED]
- ◆ The report considers a local Market (split into discrete 6 sub-markets). The market is broadly based on a 2 hour drive time, but adjusted to reflect the effects of EfW competition, particularly towards the periphery of the Market. Its broad boundaries are the Bristol Channel, South Coast, Gloucestershire and vicinity of the A34.
- ◆ The report focusses on **Residual municipal-like C&I Waste** and **excludes an analysis of Residual LACW**. Residual LACW is therefore a source of upside to the analysis in this report with the most likely opportunities being Swindon and the new local authorities arising from the reorganisation of Dorset, Poole and Bournemouth. In the market in 2017 there was **0.76Mt** of Residual C&I Waste.
- ◆ With respect to future tonnages of Residual Waste, the review considers three tonnage scenarios. These reflect the recent release of the Government's Waste Strategy for England. At one end of the range the **"Incremental Change"** scenario assumes that recycling rates improve only very modestly with time; at the other, the **"Policy Intervention"** scenario assumes the Government delivers in full on its proposed actions in the Strategy – but that England will nevertheless fall significantly short of the EU's 2035 Circular Economy targets. The **Median** scenario reflect the estimated probability midpoint to the two.
- ◆ Unlike the Policy Intervention scenario where it falls to 0.64Mt, the projected tonnages of Residual Municipal-like C&I Waste in the Market under the Incremental Change and Median scenarios are projected remain relatively flat through to 2035.
- ◆ Within the Market there are currently six "Certain" EfWs (i.e. EfWs which are either operational or in construction). By the time these 6 EfWs are operational in 2022, it is projected that these facilities will have a **total capacity for the treatment of municipal-like C&I Waste of 0.30Mtpa**. In Tolvik's opinion it is reasonable to assume that no Certain EfWs outside the Market are likely to have a material impact on the Market.
- ◆ In the 2022 Median scenario modelling suggests across the Market **0.47Mt** of Residual C&I Waste (0.77Mt – 0.30Mt) potentially available in the Market for Northacre EfW. Of this, 0.13Mt would be potentially available from the Inner Market (the most proximate source to Northacre EfW), whilst competition from Bridgwater EfW, Avonmouth EfW and Severnside EfW suggests little/no Residual C&I Waste would be available in from the West sub-region.

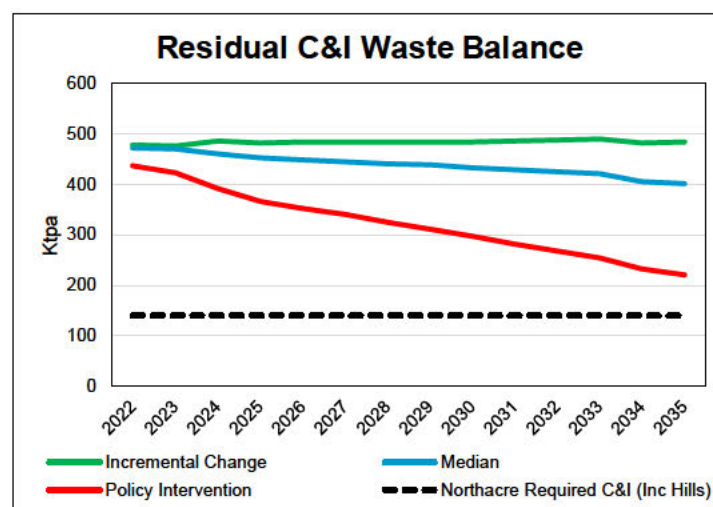


Figure E1: Balance in the Market

- ◆ Further modelling shows that, after allowing for the C&I Waste element of the Hills supply contract, in the Median scenario Northacre EfW would need to secure around one quarter of the potentially available municipal-like Residual C&I Waste in the Market if it is to fill the Merchant Capacity. In the

Policy Intervention scenario this rises to 54% by 2035. This declines if Northacre EfW contracts [REDACTED]

- ◆ It seems reasonable to assume, based on publicly available information, that [REDACTED] would be able to meet its indicated tonnage obligations under the proposed additional waste supply contract.
- ◆ 6 additional EfWs currently under development have been identified which, if developed, could have a material impact on the Market. Of these, potentially the most significant are 50ktpa Park Grounds EfW (simply on the basis of proximity) and WTI’s proposed 500ktpa Harewood EfW in Hampshire. The scale of Park Grounds means it is not expected to materially impact on the availability of municipal-like Residual C&I Waste in the Market – but would probably put modest pressure on gate fees. On the other hand, if developed – Tolvik rank the probability of development as Medium to Low - Harewood EfW could in the longer term (it is probably 2 years from being consented) influence both Residual C&I Waste availability and gate fees.
- ◆ It seems reasonable to assume that a contracting strategy which maximises the contracted tonnage at Northacre EfW is likely to be the prudent course of action if the probability of development of Harewood EfW rises – not least because as the probability rises so gate fee expectations in the Market are likely to be dampened.
- ◆ With the required share of the Residual C&I Waste in the Market Northacre EfW needs to secure being reasonably similar under the two different tonnage scenarios until the late 2020’s, competition, from additional EfWs (i.e. Harewood) is likely to have a far more significant impact on future gate fees.

- ◆ [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

1. BACKGROUND AND APPROACH

1.1. Background

Tolvik Consulting Ltd. (“Tolvik”) is a specialist provider of independent market analysis and commercial advisory services to the waste and bioenergy sectors.

Bioenergy Infrastructure Group (“BIG”) and Hills Waste Solutions (“Hills”) are currently jointly developing a [REDACTED] Energy from Waste (“EfW”) facility in Westbury, Wiltshire (“Northacre EfW”).

It is understood that [REDACTED] Residual Waste to Northacre EfW will be supplied by Hills – contracted on a long term basis from [REDACTED]

There is also the potential for additional Residual Waste to be contracted to Northacre EfW by way of [REDACTED].

The intention is that any remaining “merchant” tonnage to be sourced from the local market on short term/spot contracts.

It is understood that Northacre EfW will be able to accept the full range of Residual Waste types.

BIG and Hills have engaged Tolvik to prepare an independent due diligence report with respect to the 95ktpa of capacity at Northacre EfW which will not be subject to the [REDACTED] contract. For clarity, in this report this capacity is termed “**Merchant**” capacity, irrespective of the ultimate Residual Waste supply contracting arrangements for the facility.

It is to also be noted that as the focus in this report is upon the availability of Residual C&I Waste, where appropriate, to prevent double counting, reference is also made to the [REDACTED]

1.2. Data Sources

This review has been prepared using a number of data sources including:

- ◆ Tolvik’s in-house Market Analysis Model – which has itself been developed from a range of publicly available data sources.
- ◆ DEFRA’s 2017-8 Annual Municipal Waste Management statistics and equivalents for the devolved regions;
- ◆ EA’s Waste Data Interrogator 2017 (“WDI”);
- ◆ EfW Annual Returns for 2017/8 as provided by EA under FoI requests;
- ◆ Various internet searches.

Other sources have been separately identified within the text of the report.

1.3. Residual Waste

In this report **Residual Waste** is defined as solid, combustible, non-hazardous waste remaining after recycling deriving from either LACW or municipal-like C&I Waste and which is similar to Household Waste.

Residual Waste may be presented in three forms:

- ◆ Unprocessed “black bag” waste generally EWC 20 03 01;
- ◆ Lightly processed Refuse Derived Fuel (“RDF”) with EWC 19 12 10 or 19 12 12;
- ◆ A refined Solid Recovered Fuel (“SRF”), prepared to a specification – generally for use in a cement kiln (with EWC 19 12 10).

The boundaries between these different presentations of Residual Waste in the UK are blurred and vary with changing commercial/market conditions and so for this report there has been no differentiation between the different presentations of Residual Waste.

It should be noted that Residual Waste definition above **includes** the combustible element of “fines” from Residual Waste processing operations.

1.4. Reliance

BIG and Hills shall not be entitled to rely on the draft version of this report but shall be entitled, once executed and in accordance with the terms of Tolvik's engagement, to rely on the Final version of this report.

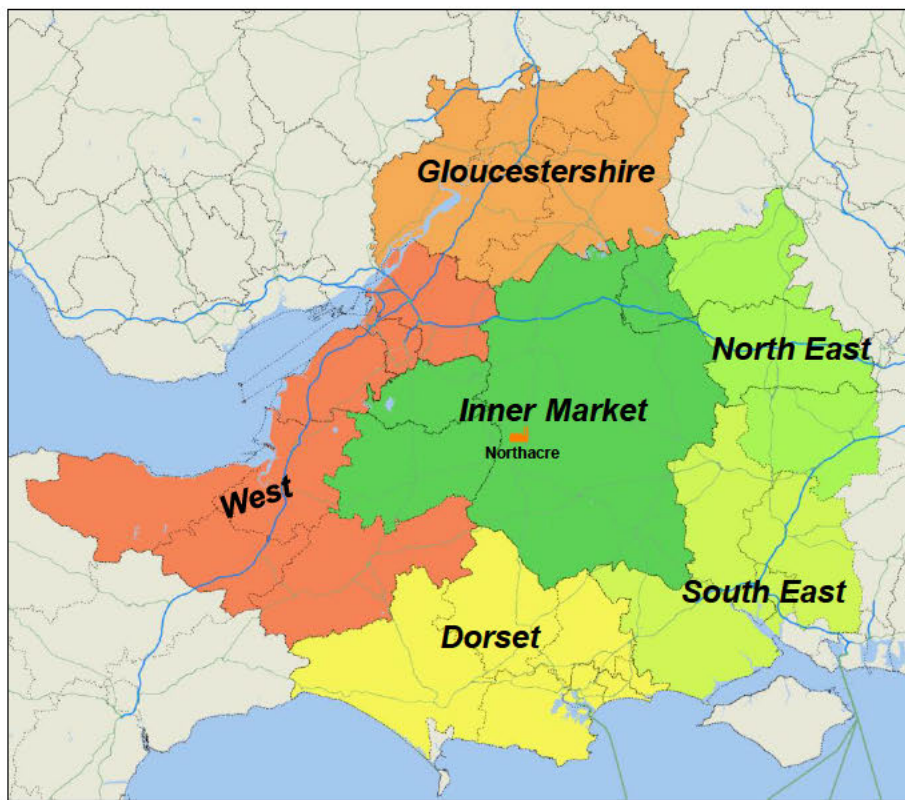
2. DEFINING THE MARKET FOR NORTHACRE EFW

2.1. The Market

Historically, for a report such as this, the approach would have been to develop an assumption with respect to the reasonable drive time distance over which Northacre EfW could source Residual C&I Waste to fill its Merchant capacity, and to then use this “Catchment Area” as the basis for the assessment of the market.

As the Residual Waste market matures, this approach becomes less and less relevant as the impact from competing EfW developments, irrespective of whether or not they lie within the Catchment Area, becomes more significant.

This report has therefore splits the local market (“Market”) into 6 discrete sub-markets, informed by a combination of drive time (which is particularly dependent on the road network) and potential EfW competition. It is from this that the assessment of the Market has been made.



Sub-Market	Local Authorities
Inner	Wiltshire, Bath & NE Somerset, Mendip, Swindon
West	Somerset (exc Mendip), North Somerset, Bristol and South Gloucestershire
Gloucestershire	Gloucestershire
North East	Vale of White Horse, West Berkshire, Basingstoke and Deane
South East	Test Valley, Winchester, Havant, Southampton, New Forest
Dorset	Dorset (excluding Weymouth), Bournemouth, Poole

Figure 1: The Market for Northacre EfW

By way of reference, Figure 2 shows a 2 hour drivetime from Northacre EfW using standard mapping assumptions for HGV movements. There are some differences between this and Figure 1 which reflects the “natural” catchment areas for EfWs located towards the periphery of the Market.

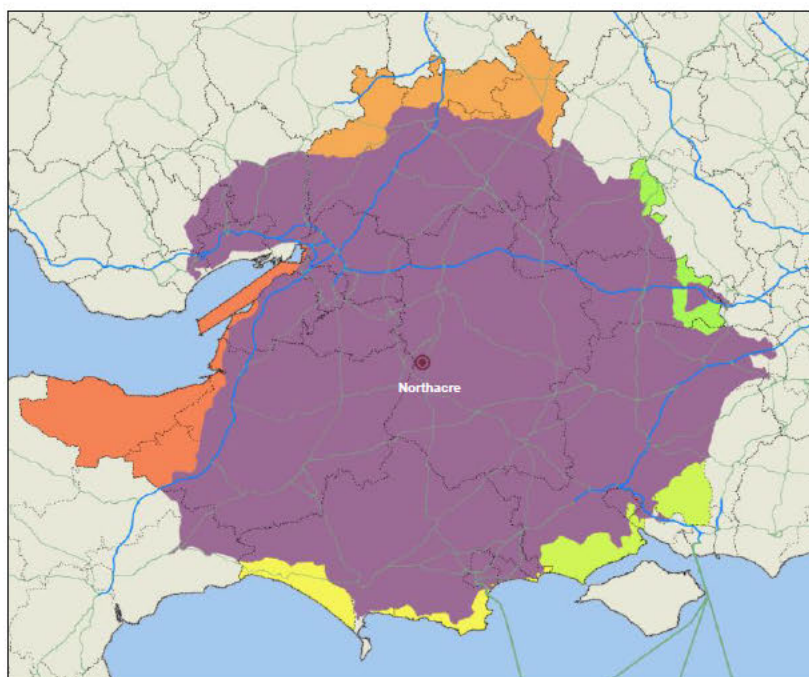


Figure 2: 2 Hour Drivetime from Northacre EfW

2.2. Baseline Residual C&I Waste Reconciliation

The first stage of the due diligence is to validate that the underlying data is reliable within an acceptable margin of error given the data quality (which Tolvik has historically assumed to be +/-5%).

The focus on this analysis is upon Municipal-like C&I Waste, as data for Residual Local Authority Collected Waste (“LACW”) is reasonably reliable and readily available. Given data availability, particularly in WDI, the validation focusses on the Market at a Waste Disposal Authority (“WDA”) level. For this reason, Figure 3 **excludes** Vale of White Horse (the only part of Oxfordshire WDA in the Market) but significantly **includes** all of Hampshire and Dorset.

		Total 2017 (ktpa)	LACW 2017 (ktpa)	C&I Waste 2017 (ktpa)	Source
2017 Baseline				842	<i>Tolvik Market Analysis Model</i>
EfW	Total EfW Inputs in Market	618			<i>Annual Returns – Chineham, Marchwood and Severnside</i>
	Less LACW Inputs		(571)		<i>Wastedataflow</i>
	C&I Inputs to EfW in Market			47	
	C&I Inputs to EfW outside Market			19	<i>EA Incinerator database - Lakeside, Cornwall</i>
Landfill	Total Landfill Inputs	982			<i>WDI – Residual Waste</i>
	Less LACW Inputs		(483)		<i>Wastedataflow exc inerts</i>
	C&I Inputs to Landfill			499	
RDF Export	Total RDF Exports	512			<i>WDI adj for England understatement</i>
	Less LACW Exports		(253)		<i>Wastedataflow</i>
	C&I Waste exports			259	
2017 Inputs				825	

Figure 3: Baseline Reconciliation

As Figure 3 suggests, the difference between the data within Tolvik's Market Analysis Model and actual data lies well within the error of margin (at around 2%).

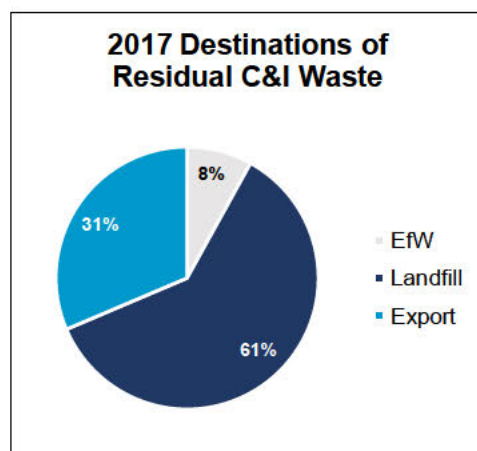


Figure 4: Destinations of Residual C&I Waste

Using the Market Analysis Model, the baseline figure for Residual C&I Waste in the Market in 2017 is a little lower than shown in Figure 3 (as it excludes a significant portion of Hampshire) at 759kt.

As can be seen from Figure 4, in 2017 landfill (61%) was the predominant outlet for Residual C&I Waste in the market.

2.3. Residual LACW

This report excludes an analysis of Residual LACW as it is either contracted long term or unlikely to be available in the market (by public procurement) a suitable scale for Northacre EfW to be able to process. Residual LACW is therefore a source of upside to the analysis in this report with the most likely opportunities being Swindon, Dorset, Poole and/or Bournemouth (highlighted green in Figure 5).

Residual LACW is, however, important in determining the merchant capacity at competing EfWs in the Market.

Local Authority	Expiry	Residual Waste 2017/18	Solution	Contractor
Wiltshire	2035	137	Westbury MBT + Lakeside EfW	Hills
Swindon	2025	55	RDF – currently to export	Public Power Solutions (Local authority)
Bath and NE Somerset	Starts 2020 to 2030 with extension options	38	120ktpa to Avonmouth EfW, 50ktpa to Severnside EfW, 47ktpa to Bristol MRF	West of England Partnership awards to Viridor, Suez and ETM
Bristol		97		
North Somerset		43		
S Gloucestershire		57		
Somerset	2031 + options	126	Avonmouth EfW	Viridor
Gloucestershire	2041	139	Javelin Park EfW	UBB
Oxfordshire	2035	133	Ardley EfW	Viridor
West Berkshire	2033	38	Chineham EfW	Veolia
Hampshire	2030	367	Chineham EfW, Marchwood EfW & Portsmouth EfW	Veolia
Southampton		76		
Dorset	2021	89	Canford MBT + Export plus Marchwood EfW	Panda, Veolia
Bournemouth	2021	44	Canford MBT + RDF Export	Panda
Poole	2027	40	Canford MBT + Lakeside EfW	Panda, Viridor

Figure 5: Residual LACW Contracts in the Market

3. ASSUMPTIONS AND PROJECTIONS

3.1. Tonnage Scenarios

This report considers three tonnage scenarios which might (without statistical analysis but using Tolvik's professional judgement) be regarded as a "P95" range – i.e. the range in which future tonnages are projected to fall with a 95% probability. The scenarios, informed by the recent Waste and Resources Strategy for England (*"Our Waste, Our Resources: A Strategy for England"*) - are defined as follows:

- ◆ **Incremental Change** – a scenario in which modest, incremental improvements in recycling and resource efficiency are seen, driven by a combination of social attitudes and relatively "light touch" legislative change.
- ◆ **Median** – a scenario in which the key elements of the Strategy (and corresponding policies for the devolved regions) are eventually delivered, but beyond which there is limited progress. This scenario is a P50 projection – i.e. there is a 50% chance that future Residual Waste tonnages are higher than this figure, and a 50% chance that they will be lower.
- ◆ **Policy Intervention** – in which there is legislative and fiscal support for sustained action on recycling and prevention to deliver recycling performance in line with northern European experience, but such action falls short of the necessarily radical (and arguably politically unpopular) changes needed for a step change towards Circular Economy targets.

3.2. Recycling Rate Assumptions

The modelling in this report is based on the recycling rates for England as a whole being as set out in Figure 6.

Scenario	Household Waste Recycling			Municipal - like C&I Waste Recycling		
	2017	2030	2035	2017	2030	2035
Incremental Change	43.2%	46.4%	47.8%	60.9%	64.1%	65.0%
Median		49.3%	50.1%		65.0%	67.5%
Policy Intervention		52.7%	55.2%		67.0%	70.0%

Figure 6: Modelled Recycling Rates

Household Waste recycling rates in England have flat-lined at around 43% over the last few years.

The recycling assumptions in the **Median** scenario draw upon Tolvik's detailed analysis in its *"Filling the Gap"* report of the potential effects of the Strategy on recycling rates in England. At its core, it assumes that in the period to 2025 Household Waste recycling rates will increase by 4.7% as a result of the Strategy and will rise slowly thereafter.

In the more conservative **Policy Intervention** scenario the effects of the Strategy on Household Waste recycling are as modelled by WRAP of an increase of 7% by 2025. Thereafter modelling draws on the recycling experience in Germany – which showed a sustained growth of around 0.5%pa once a 50% recycling rate was achieved.

The **Incremental Change** scenario assumes that Household Waste Recycling rates see the 4.7% growth assumed in the Median scenario but over a longer time period (to 2035).

In modelling the scenarios for each Local Authority Tolvik has assumed future performance is based on the existing level of separate Food Waste collection and an assessment of its "rurality" (which impacts on recycling performance). Within these parameters it has been assumed that the performance of each Local Authority will be relative to their 2017/18 recycling figure – i.e. after adjusting for new Food Waste collections lower performing Local Authorities will remain low performing. A maximum recycling rate for a single Local Authority has been set at 65%.

For municipal-like C&I Waste the recycling rates are assumed to rise more modestly, reflecting that, currently at around 60.9%, they are currently much higher than those for Household Waste. The Policy

Intervention assumptions in Figure 7 would mean that municipal-like C&I Waste recycling performance is at least as good as that that seen in the rest of Northern Europe.

3.3. Waste Growth and Resource Efficiency Assumptions

Aside from recycling rates, the other key factor influencing the future tonnage of Residual Waste in England are waste growth assumptions.

Household Waste growth is primarily driven by population/household growth and municipal-like C&I Waste arisings are generally influenced by Gross Domestic Product (“GDP”) for Services. This review assumes:

- ◆ Growth in household numbers at a local authority level in line with Office of National Statistics (“ONS”) projections (which run beyond 2030);
- ◆ National GDP growth for Services of 2.0% (as projected by HM Treasury) adjusted at a regional level to reflect historic regional growth trends.

However, for both Household Waste and municipal-like C&I Waste it has been assumed that there is a degree of “de-linking” between the assumed underlying growth drive and waste generation (“resource efficiency”) as set out in Figure 7.

In 2013 DEFRA estimated in its waste market projections a mean resource efficiency effect of 1.0% p.a. for C&I Waste, and following a detailed assessment by Tolvik as part of “*Filling the Gap*” report, this remains a reasonable assumption for the Median and Incremental Change scenarios.

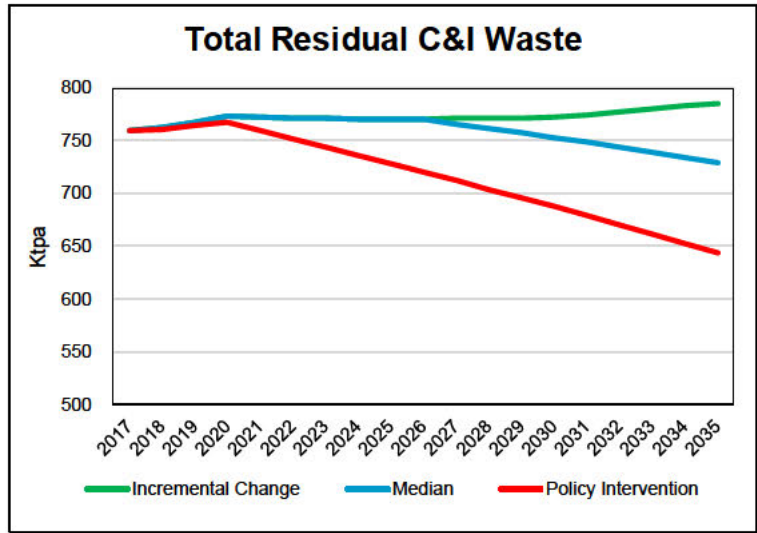
	Incremental Change	Median	Policy Intervention
Household Waste	(0.10%)	(0.35)%	(0.70)%
Municipal-like C&I Waste	(1.00)%	(1.00)%	(1.25)%

Figure 7: Assumed Annual Resource Efficiency Assumptions

4. PROJECTED RESIDUAL C&I WASTE IN THE MARKET

4.1. Projected Supply of Residual C&I Waste

Figure 8 shows the effects of the assumptions in Section 3 when applied to the 0.76Mt of Residual C&I Waste in the Market in 2017. It is only in the Policy Intervention scenario that a material change in this tonnage is projected – with a fall to 0.64Mt by 2035.



Mt	2022	2025	2030	2035
Incremental Change	0.77	0.77	0.77	0.79
Median	0.77	0.77	0.75	0.73
Policy Intervention	0.75	0.73	0.69	0.64

Figure 8: Projected Residual C&I Waste in the Market

4.2. “Certain” EfW Competition in the Market

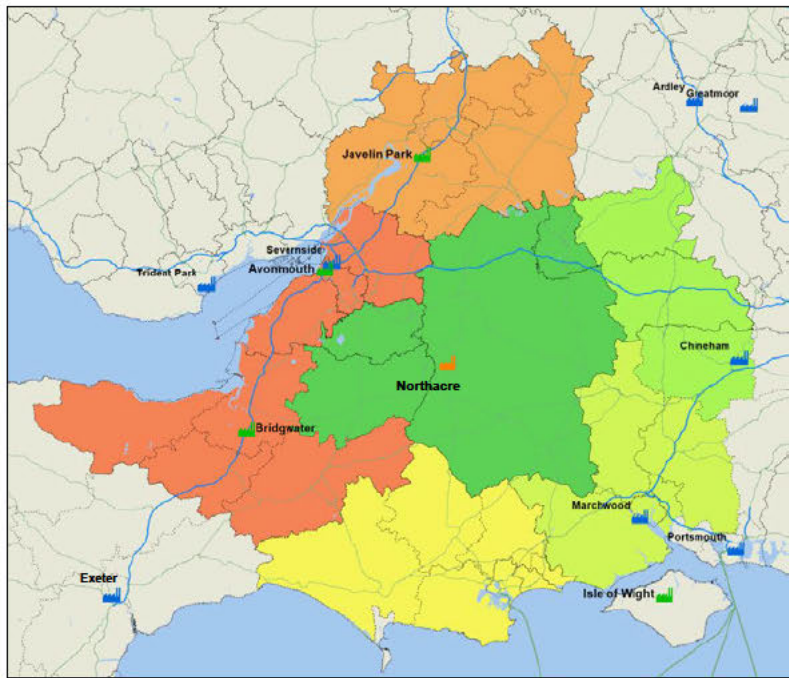


Figure 9: Certain EfW Capacity in the Market

Figure 9 shows the “Certain” EfW capacity in and around the Market – where “Certain” EfW capacity is that EfW which is currently in operation, construction or for which finance is in place and construction imminent.

Within the Market there are currently six Certain EfWs. The figure excludes Avonmouth ACT, designed for the processing of RDF, but which ceased operations in 2016 and if it is to be reopened would focus upon recycled wood biomass.

EfW	Operational Status	Assumed Capacity ktpa	2022 Median	
			Contracted Residual LACW	C&I Waste Capacity ktpa
Sevenside	Operational	380	WLWA (302), West of England (50). Assumed North Devon now to Cornwall with West of England win	28
Chineham	Operational	110	Hampshire (70), W Berks (20)	20
Marchwood	Operational	203	Southampton (60), Hampshire (120), Dorset (10)	13
Javelin Park	From Mid-2019	181	Gloucestershire (133)	48
Avonmouth	From End 2019	333	Somerset (120), West of England (121)	92
Bridgwater	From 2022	100		100
			Total	300

Figure 10: C&I Waste EfW Capacity in the Market

By the time these 6 EfWs are operational in 2022, it is estimated that there will be a total capacity for municipal-like Residual C&I Waste of 0.30Mtpa.

In Tolvik’s opinion it is reasonable to assume that no Certain EfWs outside the Market are unlikely to have a material impact on the Market. This is not necessarily the case for additional EfWs outside the Market – as discussed in Section 4.5.

4.3. Balance in Sub-Markets

Figure 11 compares the tonnage of Residual C&I Waste in each sub-market with the merchant capacity in each sub-market in the 2022 Median scenario. This suggests 0.47Mt of Residual C&I Waste potentially available in the Market for Northacre EfW.

Of this, in this scenario in 2022 0.13Mt is potentially available from the Inner Market (the most proximate source), whilst it would appear that little/ no tonnage is likely to be available from the West sub-market.

Sub-Market, ktpa	Residual C&I Waste (Fig. 8)	Merchant Capacity (Fig.10)	Balance
Inner	131	0	131
West	213	220	(7)
Gloucestershire	88	48	40
North East	103	20	83
South East	158	13	145
Dorset	80	0	80
Total	773	300	473

Figure 11: Balance in the Sub-Market, 2022, Median

The West sub-market is defined specifically to include those facilities with the greatest merchant capacity, and that the EfWs in the West will source municipal-like Residual C&I Waste from Somerset and former Avon, except Bath and Mendip (which are closer to Westbury).

In Tolvik’s opinion, there is likely to be little movement of municipal-like Residual C&I Waste from Devon into Bridgwater or from Wales into either of the Avonmouth/Severnside EfWs to reduce the modelled merchant capacity and whilst there may be some movement from Gloucestershire into Avonmouth – such movements would not impact the overall Market balance.

[Redacted text block]

As Figure 11 shows, based on Certain EfWs, material tonnages of municipal-like Residual C&I Waste are expected to be available in the other sub markets.

4.4. Projected Market Balance

Figure 12 shows the projected balance between municipal-like Residual C&I Waste in the Market and merchant EfW capacity at the 6 Certain EfWs located in the Market. As can be seen, in the Incremental Change and Median scenarios, the balance remains relatively unchanged – whilst in the Policy Intervention scenario not unsurprisingly the graph reflects the decline in Residual C&I Waste shown in Figure 8.

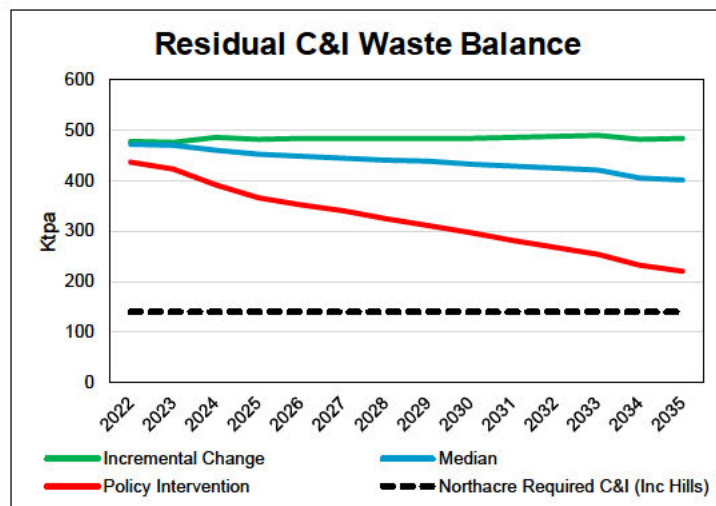


Figure 12: Projected Balance in the Market

Given what is known of the market and Residual C&I Waste contracts the balance shown is a reasonable proxy for the “potentially available” market. It is assumed that in the Market there is no municipal-like Residual C&I Waste contracted on a long term basis for RDF export.

[Redacted text block]

Figure 13 shows that in effect, excluding the Hills contract, in the Median scenario Northacre EfW would need to secure around one third of the potentially available municipal-like Residual C&I Waste in the market if it is to fill the Merchant capacity. In the Policy Intervention scenario this rises to two thirds by 2035. This is arguably an overly conservative analysis as it does not recognise the [Redacted] contracted by Hills which is not Merchant.

Figure 14 reflects Figure 13 but after allowing for the Hills C&I Waste tonnage and adjusting the available market size to prevent double counting).

Mt		2022	2025	2030	2035
Balance/ Potentially Available	Incremental Change	0.48	0.48	0.48	0.48
	Median	0.47	0.45	0.43	0.40
	Policy Intervention	0.44	0.37	0.30	0.22
Northacre EfW C&I Capacity		0.14			
Required Market Share	Incremental Change	29%	29%	29%	29%
	Median	30%	31%	32%	35%
	Policy Intervention	32%	38%	47%	64%

Figure 13: Required Market Share – ignoring Hills contract

After allowing for the Hills contract, in the Median scenario Northacre EfW would need to secure around one quarter of the potentially available Residual C&I Waste in the Market if it is to fill the Merchant Capacity. In the Policy Intervention scenario this rises to 54% by 2035.

Mt		2022	2025	2030	2035
Adjusted Balance/ Potentially Available	Incremental Change	0.43	0.44	0.44	0.44
	Median	0.43	0.41	0.39	0.36
	Policy Intervention	0.39	0.32	0.25	0.17
Northacre EfW Merchant Capacity		0.095			
Required Market Share	Incremental Change	22%	22%	22%	22%
	Median	22%	23%	24%	27%
	Policy Intervention	24%	30%	38%	54%

Figure 14: Required Market Share – allowing for Hills contract

The potential effect of an additional contract [REDACTED] is shown in Figure 15. As can be seen this reduces the required market share by around 5-6% under all scenarios; in the Median scenario the figure is a maximum of 21%.

Mt		2022	2025	2030	2035
Adjusted Balance/ Potentially Available	Incremental Change	0.41	0.41	0.41	0.41
	Median	0.40	0.38	0.36	0.33
	Policy Intervention	0.37	0.30	0.23	0.15
Northacre EfW Merchant Capacity		0.07			
Required Market Share	Incremental Change	17%	17%	17%	17%
	Median	17%	18%	19%	21%
	Policy Intervention	19%	24%	31%	47%

Figure 15: Required Market Share – [REDACTED]

4.5. Potential Additional EfWs

6 additional EfWs currently under development have been identified which, if developed, could have a material impact on the Market. These are shown on Figure 16.



Figure 16: Potential Additional EfW Capacity in and around the Market

4.5.1. Park Grounds, Wootton Bassett, 50ktpa

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[Redacted text block]

4.5.2. Honda Swindon, 215ktpa

[Redacted text block]

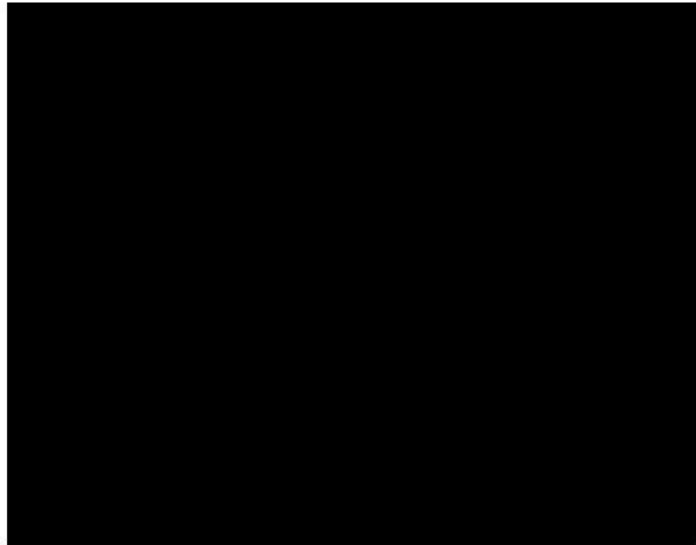
4.5.3. Harewood, Andover, 500ktpa

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4.5.4. Dorset EfW - TBC

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4.5.5. Uskmouth Power Station – 880ktpa

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4.5.6. Slough EfW – 500ktpa

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5. GATE FEE ASSUMPTIONS

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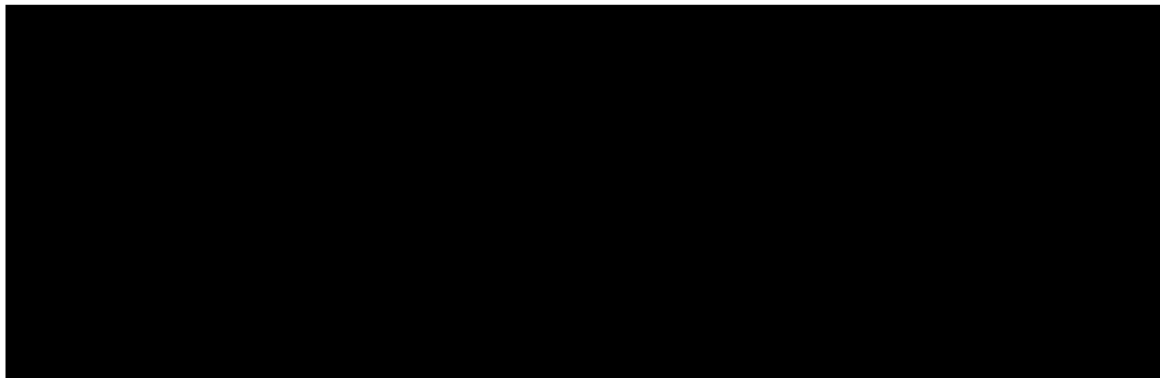
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APPENDIX 1 – GLOSSARY

Certain EfW	EfW which are operational or in construction at the date of the report
C&I Capacity	C&I Waste capacity at Northacre EfW including Hills 45ktpa – i.e. a total of 140ktpa
C&I Waste	Commercial & Industrial Waste
CfD	Contract for Difference
EA	Environment Agency
EfW	Energy from Waste facility
EWC	European Waste Catalogue
FoI	Freedom of Information Act
ktpa	'000s of tonnes per annum
Merchant Capacity	95ktpa of capacity at Northacre EfW not subject to the Hills 100ktpa contract
MBT	Mechanical Biological Treatment
Mtpa	Million tonnes per annum
LACW	Local Authority Collected Waste
RDF	Refuse Derived Fuel
Residual Waste	Waste which remains after recycling and composting
SRF	Solid Recovered Fuel
WDI	Waste Data Interrogator

APPENDIX 2 – ASSUMPTIONS BEHIND MERCHANT WASTE GATE FEE MODELLING

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APPENDIX 3 – SCOPE

Preparation of a written report, the primary purpose of which is to (a) inform BIG and other investors with respect to the availability of Residual Waste to fill, subject to final contracts, up to 95ktpa of merchant capacity at Northacre EfW and (b) the potential gate fees for such capacity under various contracting scenarios.

It is understood that a further third party report has already been prepared relating to the project and so for this reason the report will not provide any wider context to the UK Residual Waste market.

The scope of the report will cover, at the minimum, the following:

a. Uncontracted Fuel

For the 95ktpa of capacity not subject to Hills supply:

- a. Develop a suitable Catchment Area centred Northacre EfW;
- b. Establish a baseline estimate for the current levels of “available” Residual Waste in the market, and current contractual arrangements/availability of this Residual Waste, after including assumptions with respect to the 100ktpa to be provided by Hills;
- c. Develop Equity Base Case and Downside scenarios projecting future tonnages of “available” Residual Waste in the Catchment Area;
- d. Review current, planned and proposed and available competitive treatment capacity in and around the Catchment Area and form a view of the competitive threat posed by such treatment solutions and consequential implications for “available” Residual Waste in the Catchment Area;
- e. Assess the share of the market which Northacre EfW needs to capture so as to ensure that the plant operates at full capacity under various scenarios.

b. Independent Commercial Assessment

- a. Develop gate fee assumptions for merchant waste (together with indexation assumptions) under (TBC) for use in the Financial Model including
- b. Identify any proposed sensitivities;
- c. Draw overall conclusions with respect to the robustness and deliverability of the merchant waste supply arrangements.