

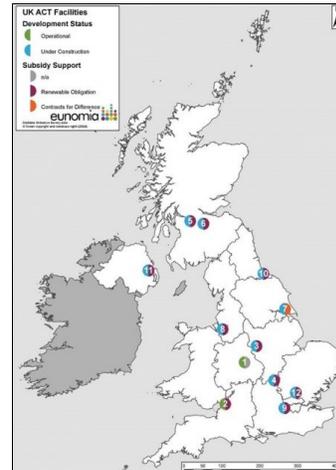
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New report highlights investment benefits of advanced energy from waste

Investors looking at residual waste treatment facilities should not be put off advanced conversion technologies (ACTs) by their checkered track record, according to specialist UK-based environmental consultancy Eunomia Research & Consulting.

In a new report published on 30 November, 2016, Eunomia has analysed the prospects for ACTs, such as gasification and pyrolysis as treatments for residual waste, finding several reasons to think that ACTs can compete effectively against other treatment technologies in the developing market for residual waste.

Key to the competitive advantage of ACTs is their eligibility for the Contracts for Difference (CfDs) renewable energy support scheme. Incinerators can get support if they meet the criteria for good quality combined heat and power (GQCHP), which few UK facilities are planned to do.



Operational and under construction ACT facilities in the UK

Three ACT facilities have already secured CfD funding, though only one has so far commenced construction, and the Department for Business, Energy and Industrial Strategy (BEIS) has recently confirmed that ACT projects are eligible for support at the forthcoming April 2017 auction.

Waste-fuelled ACT facilities

According to Eunomia, residual waste is not an ideal feedstock for ACTs, but has the attraction of enabling relatively high gate fees to be charged for the waste the plant receives. The UK has 12 waste-fuelled ACT facilities either in operation or being constructed. Together, they represent around 1.8 million tpa of treatment capacity, equivalent to around 200 MW_e of electrical output.

In addition, 5.5 million tpa of ACT capacity has planning consent, which if developed would deliver upwards of 600 MW_e of additional power.

Fresh wave of investor interest

In a statement, Eunomia said: “The key question is whether, in the event that some of the facilities currently being built prove successful in practice, a fresh wave of investor interest may bring these consented sites through the project pipeline.

“Another important question for investors is whether a proposed facility will be able to secure sufficient feedstock to keep it in operation for the period over which debt is repaid, which might be 10 to 15 years. Eunomia has raised concerns about a possible shortfall of residual waste in the UK in future, but potential ACT investors may take a more bullish view.

“One factor is the likelihood that an ACT facility with CfD support may be able to function profitably at a lower gate fee than competing facilities, whether in the UK or overseas. However, Brexit could also increase the amount of residual waste in the UK.”

Assuming it leaves the EU, the UK could choose not to commit to higher future recycling targets resulting from the EU Circular Economy Package, Eunomia said. The export of RDF, which has grown considerably in recent years, may also become less attractive: the weakened pound has raised the sterling equivalent gate fees at continental incinerators.

Mike Brown, managing director of Eunomia, said: “Despite current uncertainties, investors need to make a quick decision about whether to get involved in the ACT market. ACTs will be competitive in the April 2017 CfD auction, which could make for a good business case for development. In future rounds, support for ACTs may be refocused on higher value applications of syngas, such as industrial heat, transport fuel or the manufacture of chemicals.”

This story was written by Liz Gyekye, editor of Bioenergy Insight magazine.