



City of  
**Melville**

# Waste to Energy Agreements

**24 November 2020 Agenda Briefing Forum**





## **Partnership with SMRC and Waste to Energy**

- City of Melville a member of the SMRC since 1999 which is underpinned by several Agreements (Establishment, RRRC Project Participant, SMRC Office)
- The SMRC partnership has enabled the City to achieve superior waste management outcomes in diverting waste from landfill
- The SMRC tendered for a waste to energy solution for residual waste that is not able to be recycled or re-used
- Avertas Energy in Kwinana selected as the preferred supplier
- The waste to energy solution requires the SMRC and City to enter Agreements that commit the City to providing waste to the Avertas Energy facility
- The Agreements have undergone extensive negotiation through legal advisors, and are subject to a peer legal review instigated by the Participant Councils
- The City spends \$1.56M per annum for the disposal of municipal solid waste that is proposed to be contracted to the waste to energy facility



## City Kerbside Waste Streams and 3-Bin FOGO System

- Red Lidded Bin (Municipal Solid Waste) - currently disposed in landfill via transfer station and proposed for waste to energy facility
- Yellow Lidded Bin (Recyclables) – currently sorted at the Materials Recovery Facility (MRF) at the RRRC Site in Canning Vale and processed by recyclers under contract
- Lime Green Lidded Bin (FOGO) – primary processing at RRRC Site prior to composting offsite and marketed for sale under contract





- **SMRC's governance structure and role** – streamlined and flexible
- **Capital Investment by Participant Councils** – no major capital investment by Participant Councils required
- **RRRC Site** – operated as a cost recovery and integrated strategic waste management facility
- **Resource Recovery** – achieves or exceeds the Waste Strategy 2030 resource recovery targets
- **Waste Disposal Fees and Charges** – competitive, market based gate fees and high recovery rates and levels of service
- **Leadership in Waste Management** – continued leadership and advocacy role
- **Waste Education and Behaviour Change** – continued focus on waste education and behaviour change in community.



- Selected in 2020 as the preferred supplier through tender coordinated by the SMRC
- Facility is based on proven technology that has been operating across the Europe and other countries for decades
- Emissions from the waste to energy process scrubbed to high level to achieve/exceed EU emissions standards
- Waste to energy plant will produce 36MW of electricity when complete
- Construction well advanced and expected to be completed in October 2021



#### Waste-to-energy plant

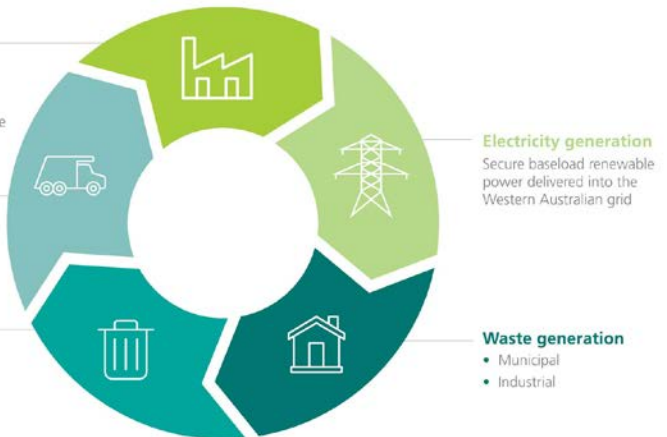
- Net reduction to carbon emissions equivalent to 400,000t CO<sub>2</sub>
- **By products:** outputs bottom ash, non-ferrous and ferrous metals for re-use

#### Waste diverted from landfill, trucked to plant

400,000 tonnes p.a. of non-recyclable waste diverted from landfill

#### Waste management

- Household
- Local industry
- Waste to landfill
- Recyclable waste





## Waste Supply Agreement between Project Co, SMRC and Participants

- Establishes obligations to supply waste (SMRC and Participants) and process waste (Project Co)

## Financiers Direct Deed of Agreement between BTI Institutional Services Australia, SMRC and Participants

- Establishes assurances that the SMRC and Participants supply waste to ensure debt obligation is secured for investors

## Project Participants Agreement between SMRC and Participants

- Existing Agreement updated to reflect FOGO and waste to energy processes

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Confidential Draft for SMRC Council Approval

### Waste Supply Agreement

Southern Metropolitan Regional Council  
ABN 65 165 661 263

and

The Participants as set out below:

City of Fremantle  
ABN 74 680 272 485

City of Melville  
ABN 81 152 433 900

Town of East Fremantle  
ABN 80 052 365 032

and

Kwinana WTE Project Co Pty Ltd  
ABN 65 165 661 263 in its capacity as trustee of the Kwinana WTE Project Trust ABN 5011 363 6774

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Confidential Draft for SMRC Council approval

### Financier Direct Deed

BTA Institutional Services Australia Limited  
ABN 48 002 916 396

and

Southern Metropolitan Regional Council  
ABN 28 965 675 752

and

Each Participant in Schedule 2

and

Kwinana WTE Project Co Pty Ltd  
ABN 65 165 661 263 in its capacity as trustee of the Kwinana WTE Project Trust ABN 5011 363 6774



### Deed of Amendment and Restatement

Project Participants' Agreement – Regional Resource Recovery Centre Project of the Southern Metropolitan Regional Council

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Town of East Fremantle

City of Fremantle

City of Melville

Southern Metropolitan Regional Council

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Issue	Risks	Mitigations
SMRC	SMRC wound up	Agreements transferred to Participant with same conditions
Participant	Participant withdraws	SMRC and remaining Participants continue Agreements. Amended business plan prepared.
WtoE Facility Construction	Plant delayed	Provision for Avertas to negotiate sunset date in liaison with SMRC
WtoE Facility Closure	Plant closed or ceases operations	Avertas meets cost of alternative waste disposal as agreed with SMRC
Tender	Tender does not proceed	SMRC and Participants continue to landfill. Participants can tender for WtoE solution separately
Emissions	Emissions standards change	Built in maximum fee for additional costs related to changed standards



- Red Lidded Bin waste represents 25% of kerbside waste collection tonnages and currently costs \$1.56M per annum for disposal
- Waste to Energy is a superior option for waste processing, compared to landfill disposal, for a similar price with transport costs included
- The City has introduced best practice 3-bin waste collection system and is well placed for Waste to Energy from systems, geographic location and economies of scale perspectives
- It is recommended the Council endorses the Agreements and directs the CEO to sign the Agreements subject to agreed amendments following the outcomes of peer legal review



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# ***QUESTIONS?***

- For any questions or further information, please contact Director Technical Services on [mick.mccarthy@melville.wa.gov.au](mailto:mick.mccarthy@melville.wa.gov.au)
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