

# *Network Innovation Competition Full Submission*

## *Supplementary Answer Form*

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	NGGDGN01	Question Number	9
Question date	15/8/13	Answer date	19/8/13
Submission section question relates to	Business Case		
Topic	Business Case		
Question	Please explain why you assume that high gate fees (required to make the full-scale plant viable) will continue into the long term future, given that waste is expected increasingly to become a marketable commodity?		
Notes on question			
Answer	<p>The business case for all advanced thermal conversion technologies in the waste to energy market as well as the incinerators is based on there being a gate fee for waste received. The reason for this is to ensure that the capital build programme can be paid for. Only if the price of electricity or gas significantly rises or the capital costs significantly drops or the efficiency of the technology dramatically rises could these technologies afford to reduce the price at which waste is delivered. The current pressure on gate fees is reaching a dynamic level whereby waste collectors and local authorities are seeking to reduce the cost of disposing of the waste whilst the thermal plant owners and developers are not accepting the price reductions at a level where it becomes uneconomic. This level is significantly higher than some commentators suggest and will remain so whilst capital costs of the thermal treatment plants are so significant. The capital cost of these plants ranges from £4,000 per KW installed to around £8,000/KW installed. If the revenue structure does not provide for a reasonable return which includes a significant gate fee then no new infrastructure will be built and the waste will have to be landfilled which will cost the council tax payer more as penalties will be applied from the EU.</p> <p>Waste-derived fuels have been identified for this project because they offer</p>		

	<p>a near term price advantage compared with clean biomass. In the event that waste-derived materials become more valuable in the future this is most likely to be associated elsewhere in the economy with an increase in the price of primary materials and biomass fuels as well. The relative cost advantage is likely to remain, therefore.</p>
Attachments	
Verbal Clarifications (Consultants )	