



PAC-R-121

Correspondence 3.3  
Meeting – 26/10/2011



Comhshaol, Pobal agus Rialtas Áitiúil  
Environment, Community and Local Government

Oifig an Ard Rúnaí  
Office of the Secretary General

20 October 2011



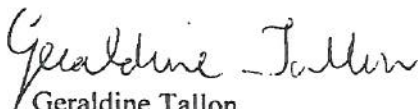
Mr. Eimear Lavelle,  
Public Accounts Committee Secretariat,  
Leinster House,  
Dublin 2.

Dear Ms. Lavelle,

I refer to your letter of 19 September 2011 and accompanying documentation in relation to the proposed waste to energy facility at Poolbeg, Dublin.

As requested, I am enclosing a briefing note on the matter. Please do not hesitate to contact me if you require any further information.

Yours sincerely,

  
Geraldine Tallon  
Secretary General



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## **Proposed Waste to Energy Plant at Poolbeg in Dublin**

### **Context**

The proposed Waste to Energy Plant at Poolbeg in Dublin is being progressed by Dublin City Council, on behalf of the four Dublin local authorities, as a key element in the transformation of waste management practices in the Dublin region. The proposed facility, which would have a capacity of 600,000 tonnes per annum, has been provided for in successive Dublin Regional Waste Management Plans, the making and implementation of which are the statutory responsibility of local authorities under the Waste Management Act 1996. Significant waste to energy capacity and the complementary achievement of best international practice levels of ambition in other waste management solutions, primarily high levels of recycling, are the key elements of the Regional Plan's strategy for dramatically reducing the unsustainable over-reliance on landfill for waste management purposes, in accordance with the internationally recognised "waste hierarchy".

### **The development of the proposal**

The procurement for the project was carried out in accordance with the Capital Appraisal and Public Private Partnership guidelines issued by the Department of Finance. In accordance with these guidelines, the project was subject to financial assessment by the National Development Finance Agency which confirmed in 2005 (and again in 2007 following a financial restructuring of the private sector partner) that the project represented value for money. Taking account of this, the then Department of the Environment, Heritage and Local Government, in its role under the PPP guidelines, advised Dublin City Council in September 2005 that it had no objection to the City Council proceeding to enter into contractual arrangements for the project.

Separately, the project had to apply for planning consent, a waste licence and relevant approvals from the Commission for Energy Regulation. These were obtained in November 2007, December 2008 and September 2009, respectively.

### **The role of the State**

The contract for the project is between Dublin City Council, on behalf of the 4 Dublin local authorities, and the selected private partner, Dublin Waste to Energy Limited. The State is not a party to the contract.

The roles of the Department of the Environment, Heritage and Local Government and the National Development Finance Agency in the procurement process for the project, in accordance with the relevant Department of Finance guidelines, are outlined above.

The only funding towards the project provided by central Government was in respect of certain planning costs. In that regard, a total of €7,561,841 was paid in grant assistance to Dublin City Council over the period August 2001 to December 2005, with some 85% of this recouped from the EU Cohesion Fund (following an earlier approval of a

maximum of €6.9m in grant assistance from the Fund). No financial assistance has been or is to be provided in respect of the actual construction or operation of the facility.

### **The Hennessy Report**

Mr. John Hennessy, SC, was appointed in February 2010 by the former Minister, Mr. John Gormley, as an Authorised Person under section 224 of the Local Government Act 2001, to examine potential financial risks associated with the project within a given set of scenarios. Mr. Hennessy's report was received in October 2010 and was considered in consultation with the Attorney General. The report was brought to Government by the Minister for the Environment, Community and Local Government in June 2011 and was published thereafter, subject to the redaction of material of a commercially sensitive nature to which Mr Hennessy had access for the purpose of preparing his report. The published report is available on the website of the Department of the Environment, Community and Local Government at the following link;

<http://www.environ.ie/en/Environment/Waste/PublicationsDocuments/FileDownload,26898,en.pdf>

In overall terms, the conclusion reached by Mr. Hennessy is set out in the following extract from paragraph 5.7 of his report;

*“What can be said is that termination or variation of the Agreement would give rise to significant financial cost for DCC (and perhaps, to the extent that DCC proved unable to meet the cost, for the Exchequer). However, trends in waste generation, recycling, market share and regulation make it likely that operation of the Agreement will also be very expensive for DCC, in that the scenarios envisaged in the terms of reference for this report tend to suggest that DCC may well be paying, for a considerable period of time, for the processing of significantly more waste than it is able to deliver to the Facility.”*

In publishing the report, the Minister for the Environment, Community and Local Government indicated that he had concluded that there was no national waste policy justification for the Government to intervene in the matter, adding that the Dublin Regional Waste Management Plan makes provision for the project and decisions in relation to it are a matter for the two parties to the contract, Dublin City Council and Dublin Waste to Energy Ltd.

### **Current position on the project**

At present, the contract for the project is subject to review by the parties. The date for the completion of the review is currently set at 30 November 2011; however, it is understood that this may be subject to extension, if necessary, by agreement between the parties.

Department of the Environment, Community and Local Government  
18 October 2011