



BILLET D'ÉTAT

XIII
2002

WEDNESDAY, 26th JUNE, 2002

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BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **26th JUNE, 2002**, immediately after the Meetings already convened for that day.

PROJET DE LOI

ENTITLED

**THE BARCLAYS PRIVATE CLIENTS INTERNATIONAL LIMITED
(GUERNSEY) LAW, 2002**

The States are asked to decide:—

I.—Whether they are of opinion to approve the Projet de Loi entitled “The Barclays Private Clients International Limited (Guernsey) Law, 2002”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

THE ROAD TRAFFIC (CONSTRUCTION AND USE OF MOTOR VEHICLES) ORDINANCE, 2002

The States are asked to decide:—

II.—Whether they are of opinion to approve the draft Ordinance entitled “The Road Traffic (Construction and Use of Motor Vehicles) Ordinance, 2002”, and to direct that the same shall have effect as an Ordinance of the States.

**THE EMPLOYMENT PROTECTION (SUNDAY SHOP WORKING)
(GUERNSEY) LAW, 2001 (COMMENCEMENT) ORDINANCE, 2002**

The States are asked to decide:—

III.—Whether they are of opinion to approve the draft Ordinance entitled “The Employment Protection (Sunday Shop Working) (Guernsey) Law, 2001 (Commencement) Ordinance, 2002”, and to direct that the same shall have effect as an Ordinance of the States.

STATES BOARD OF ADMINISTRATION

NEW MEMBER

The States are asked:—

IV.—To elect a sitting member of the States as a member of the States Board of Administration to complete the unexpired portion of the term of office of Douzaine Representative D. A. Grut, who has resigned as a member of that Board, namely, to the 31st May, 2003.

STATES ADVISORY AND FINANCE COMMITTEE**PROPOSED NEW INSURANCE LAWS**

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

22nd May, 2002.

Dear Sir

PROPOSED NEW INSURANCE LAWS (“The Proposed Laws”)

The general functions of the Financial Services Commission, as set out in section 2(2) of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987, include “to prepare and submit to the Committee recommendations and schemes for the statutory regulation of finance business”. In exercise of that function the Commission has advised the Committee that there is a need to repeal the Insurance Business (Guernsey) Law, 1986 as amended (“the 1986 Law”) in favour of new insurance legislation.

Since the enactment of the 1986 Law, Guernsey has developed into an innovative insurance centre. As the 1986 Law is 16 years old, the practice of regulating the insurance industry now goes further than was anticipated by the 1986 Law and the Commission has to rely heavily on policy, which has been developed over the years, in order to supervise the insurance industry effectively.

It is proposed that the new legislation will be split into two Laws, one encompassing the supervision of insurance companies, the other, insurance intermediaries and insurance managers.

In addition to bringing into legislation the policy details mentioned above, the proposed Laws incorporate the following elements:

1. Application of the Law to all Bailiwick islands;
2. compliance with human rights requirements;
3. the consolidation of the 1986 Law and its amendments;
4. recommendations made by the Insurance Law Review Committee (“ILRC”) originally set up in 1993 to review the 1986 Law;
5. the addition of various sections to ensure consistency with the more recent Banking Supervision (Bailiwick of Guernsey) Law, 1994 as amended and the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000;
6. amendments to ensure compliance with the Core Principles set down by the International Association of Insurance Supervisors (“IAIS”).

The Proposed Laws will enable the Commission to supervise insurance business to keep pace with accepted international standards; to better safeguard the interests of policyholders; and to safeguard the reputation of Guernsey as an international finance centre. By identifying matters to be addressed under Regulations it is believed that this will enable Guernsey to keep at the forefront of international developments and continue to allow the Commission the degree of flexibility so important to such a diverse industry.

By way of background, the ILRC was set up in 1993 to consider ways of improving the 1986 Law. The ILRC comprises wide industry representation, from all areas of insurance, and includes advocates, accountants and banking representatives as well as Commission staff. The ILRC was charged with making recommendations for updating the 1986 Law to ensure it was able to provide the flexibility to cope with future developments in the insurance field.

The progress of the ILRC was significantly reduced during the period from 1995 to 1998, primarily, because of the need to extend the 1986 Law to cover insurance intermediaries (the amendments were enacted in 1998). In addition, there was the necessity to consider the recommendations of Andrew Edwards, who conducted a review on behalf of the UK Government. The proposed Laws address issues raised in the Edwards report.

The ILRC re-formed in 1999 with the additional task of considering the newly-released, international supervisory standards, the Core Principles of Insurance Supervision, issued by the IAIS. It was considered desirable that the revisions to the 1986 Law were compliant with those Principles in all material respects. The Core Principles identify key aspects of a regulatory framework as well as the role of the regulator in ensuring the framework is effectively administered.

The IMP and World Bank use the Core Principles as the basis for their assessments of the adequacy of the supervision of insurance business on a worldwide basis. The Commission considers it is in the industry's long-term interests to meet the IAIS standards whilst still maintaining flexibility and competitiveness with other international insurance centres.

To ensure compliance with the Core Principles the ILRC formed sub-committees to consider each of the Principles and suggest amendments to the 1986 Law, where necessary. The ILRC concluded that changes to the proposed Laws were necessary. The requirements of the Principles are summarised as follows:

The Licensing Principle requires the legislation to provide for the assessment of the suitability of owners, directors, and/or senior management, and the soundness of the business plan, which would include pro forma financial statements, a capital plan and projected solvency margins.

Although this is the Commission's current practice in assessing insurance applications the current legislation needs some expansion in order to satisfy the requirements of the Principle.

Changes in control are currently covered by imposing conditions on the licensee. To ensure consistency it will be necessary to establish within the legislation clear requirements to be met when a change in control occurs.

The Proposed Laws will enable the Commission to bring out regulations or codes relating to corporate governance and internal controls including: setting requirements with respect to the rules and responsibilities of the board of directors; reliance on other supervisors for companies licensed in another jurisdiction; and, the distinction between the standards to be met by companies incorporated in the Bailiwick and branch operations of companies incorporated in another jurisdiction.

The Commission will be able to review the internal controls that the board of directors and management approve and apply, and request strengthening of the controls where necessary; and require the board of directors to provide suitable prudential oversight, such as setting standards for underwriting risks and setting qualitative and quantitative standards for investment and liquidity management.

The Proposed Laws will enable regulations to be brought out with respect to the assets of insurers licensed in the Bailiwick and should apply at least to an amount of assets equal to the total of technical provisions. These regulations should address diversification by type, any restrictions on the amounts that may be held in derivatives, other financial instruments, property and receivables and the basis for valuation of assets. Provisions for the safekeeping of assets, appropriate matching of assets and liabilities, and liquidity will also be included.

An important part of the balance sheet of any insurer are the technical provisions (policy liabilities). The Proposed Laws establish methods of valuation of technical provisions and other liabilities based on sound accounting and actuarial principles, and the Commission will have the authority to prescribe standards for establishing technical provisions and other liabilities.

Capital adequacy requirements should reflect the size, complexity and business risks of the company in the Bailiwick.

The Proposed Laws will allow the Commission to review reinsurance arrangements, to assess the degree of reliance placed on these arrangements and to determine the appropriateness of such reliance.

The Proposed Laws will allow the Commission to properly form an opinion on the financial strength of the operations of each insurance company in the Bailiwick and allow the Commission to quickly collect the information needed to carry out this review and analysis from the financial and statistical reports that are filed on a regular basis, supported by information obtained through special information requests, on-site inspections and communication with actuaries and external auditors.

The Proposed Laws will improve transparency in respect of the Commission's specific powers to take remedial action where problems involving licensed insurance entities are identified. The Proposed Laws also include provisions relating to Principles covering Market Conduct, Cross-Border Operations, Co-ordination and Co-operation; and Confidentiality.

It is essential that the Proposed Laws are introduced so that Guernsey can demonstrate observance of the Core Principles, and be considered compliant. The IMF will be visiting Guernsey in November this year to perform an assessment of the Proposed Laws against the IAIS Core Principles. The Proposed Laws were made available for wide consultation on 25 March 2002. A number of lunchtime seminars were organised to assist industry with the consultation process and meetings have been held with the industry associations.

Comments were received by the Commission as a result of the consultation and suggested improvements to the draft legislation have been incorporated. The comments received mainly related to the removal of items from the proposed Laws with the proposal to incorporate the changes in Regulations. The consultation process has been wide and support from industry has been positive.

The Commission considers the Core Principles to apply equally to all types of insurance business and the Proposed Laws will represent a positive move for Guernsey as an international finance centre.

The authorities in Alderney and Sark are being consulted and it is hoped that they will wish the legislation to apply in those Islands in which case the Projet de Loi will be drafted as a Bailiwick Law.

It is therefore recommended that the 1986 Law be repealed and that the proposed Laws be enacted on the lines set out in this report.

I should be grateful if you would lay this matter before the States with appropriate propositions, including one directing the preparation of the necessary legislation.

Yours faithfully,

L. C. MORGAN,

President,

States Advisory and Finance Committee.

The States are asked to decide:—

V.—Whether, after consideration of the Report dated the 22nd May, 2002, of the States Advisory and Finance Committee, they are of opinion:—

1. That the Insurance Business (Guernsey) Law, 1986, as amended, shall be repealed and replaced by the proposed new Laws as set out in that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

STATES BOARD OF ADMINISTRATION**ENERGY FROM WASTE FACILITY**

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

15th May, 2002.

Dear Sir,

ENERGY FROM WASTE FACILITY**1. Executive Summary**

- 1.1 In 1998, following consideration of the Advisory and Finance Committee's report dated 20 May 1998 entitled "*Waste Strategy Assessment – Current Status and Proposals for a Solid Waste Management Plan*" (WSA2), the States resolved, inter alia, "*To agree in principle the installation of a waste-to-energy plant, and to direct the States Board of Administration to pursue the feasibility of its installation for an intended operational date of 2002*".
- 1.2 In order to develop the feasibility study the Board of Administration commissioned in 1999 an Environmental Impact Assessment of potential sites for the Waste to Energy plant and a detailed study resulting in an environment statement in respect of the preferred site at Longue Hougue. A Planning Inquiry in respect of Longue Hougue was held in December 2001 at which the Environmental Impact Assessment was placed as evidence. The Board has also re-examined alternative options for waste handling including export of waste and alternative incineration technologies.
- 1.3 A detailed Project Definition Brief has been prepared in respect of the required plant and service provision including design of an architectural concept, the latter having been the subject of discussions with the Island Development Committee. Site investigations have been carried out in order to inform decision taking in respect of civil engineering. Tender documentation and a draft bespoke contract have been prepared. A risk analysis including a risk workshop has been carried out and this information has been fed into the tender documentation and contract. As a result of the risk workshop the Board has, with its consultants Marsh, formulated a project specific insurance package in respect of this project. Procurement options and funding models have been examined and cost comparisons carried out with potential alternative waste disposal options.
- 1.4 Expressions of interest have been sought and design build/operate consortia have been short-listed. Confirmation of the short-listed consortia's interest in tendering for the project has been obtained.

- 1.5 A first stage technology application has been submitted to the Board of Health, as Waste Regulation Authority, under the provisions of the new U.K. Integrated Pollution Prevention Control, regulations and guidance notes. This procedure will ensure that tenderers fully understand what technology and processes are considered “Best Available Technology” by the regulators under the Integrated Pollution Prevention Control (IPPC) provisions, hence enabling the submission of appropriate and valid tenders as well as reducing the time for final licence approval once the contract has been awarded.
- 1.6 The Board of Administration has now completed its feasibility study and is ready, subject to States approval, to tender the Waste to Energy project.

2. Introduction

- 2.1 At its meeting held on 24 June 1998 the States considered the Advisory and Finance Committees report dated 20 May 1998 entitled “*Waste Strategy Assessment – Current Status and Proposals for a Solid Waste Management Plan*” (WSA2) and resolved:
- “1. *To direct the States Board of Administration to introduce measures which achieve all economically justifiable recycling measures (as described in section 4.5 of that Report).*
 2. *To direct the States Board of Administration to investigate the feasibility of installing a tunnel composting system for “green” waste (as described in section 4.5 of that Report).*
 3. *To agree in principle the installation of a waste-to-energy plant, and to direct the States Board of Administration to pursue the feasibility of its installation for an intended operational date of 2002.*
 4. *To agree in principle that Les Vardes Quarry will be unsuitable for the disposal by landfill of putrescible wastes.*
 5. *To direct the States Advisory and Finance Committee to commission environmental impact assessments of suitable sites for the location of a waste-to-energy plant, including any adjoining Materials Recovery Facility, waste sorting, separation and transfer operation, etc.*
 6. *To direct the States Advisory and Finance Committee to prepare the relevant amendments of the Strategic and Corporate Plan.*
 7. *To direct the Island Development Committee to identify appropriate located sites in the Island for the collection, sorting, transfer and recycling of solid wastes, and to investigate the advantages and disadvantages of locating such facilities in one location adjoining the waste-to-energy plant.*
 8. *To direct the States Board of Administration to review the charges for the collection and disposal of all Island wastes according to the principles set out in the Waste Strategy Assessment, Report No. 2, and to investigate the possibility of charging potential polluters at source, and to report to the States its findings and recommendations.*
 9. *To direct the States Board of Administration to prepare a Waste Disposal Plan, based on the content and recommendations of that Report.”*
- 2.2 The Board regrets that it has not been able to report back to the States sooner but it became immediately clear to the Board that the conducting of an Environmental Impact Assessment (EIA) constituted the first part of any study into the feasibility of installing a Waste to

Energy facility (WtE). As a consequence and with the agreement of the Advisory and Finance Committee the Board became the “client committee” in respect of the EIA in February 1999.

- 2.3 Terence O’Rourke was appointed by the Board in November 1999 as the lead consultant for the EIA and the final report in respect of the preferred site at Longue Hougue was submitted in May 2001. A Planning Inquiry in respect of this site was conducted between the 11th and 21st December 2001 and the Island Development Committee’s proposals in response to this planning inquiry were the subject of a policy letter considered by the States in April 2002. The States resolved:

- “1. *To adopt the draft Alteration to the Written Statement (Industry Chapter) of the Urban Area Plan 1995.*
2. *To adopt the Outline Planning Brief for the Longue Hougue Land Reclamation Site and Key Industrial Area, subject to the amendments recommended by the Planning Inspector as set out in “Amendment Schedule 1” and “Amendment to Figure 5 of Outline Planning Brief resulting from Planning Inquiry” attached to that Report.”*

- 2.4 The Board identified, as the second main feature of the feasibility study, the need to specify the nature of the facility that would be required to meet Guernsey’s needs and to test the markets appetite for providing such a facility. Due to the specific technical nature of this project the Board appointed the Danish consultancy engineering company Rambøll to assist in this work. Rambøll are recognised as one of Europe’s leading consultancies in the field of Energy from Waste (EfW).

(N.B. The terms Waste to Energy and Energy from Waste are synonymous but the latter reflects the terminology currently adopted by the industry and has, therefore, been adopted by the Board)

- 2.5 Rambøll was appointed in December 2000 and the first draft of the Project Definition Brief (PDB) was presented to the Board in May 2001. The PDB has been refined to take into account the specific requirements of Longue Hougue as a site, insurance and risk assignment has been addressed, conceptual architecture has been prepared and a draft contract written. The Board has investigated alternatives to mass burn EfW including export for disposal and alternative incineration technologies. The Board is now in a position, subject to States approval, to tender the project.

3. The Solid Waste Working Party

- 3.1 In September 1998 the Board approved the formation of an inter-committee, staff-level working party to oversee the implementation of the solid waste management strategy. The working party has been chaired, throughout, by the Board’s Deputy Chief Executive and also comprised:

The Strategic Property Advisor, Advisory and Finance Committee
 Head of Engineering Services, Department of Engineering
 Principal Engineer Waste Services, Department of Engineering
 Project Manager, Department of Engineering
 Principal Planning Officer, Island Development Committee
 Chief Environmental Health Officer, Board of Health
 Administrative Officer, Board of Administration

The mandate of the working party was, and continues to be:

“To oversee and co-ordinate the implementation of the solid waste management strategy approved by the States on 11 June 1998, to report regularly to the Strategic Working Party and to respective States Committees and to seek the approval of those bodies and of the States as appropriate, to proposed actions.”

- 3.2 This report is the first report addressing the work of the Solid Waste Working Party and it is intended that it will be supported by at least two further reports. The first setting out proposals for a long term Waste Management Plan (see section 4.3 below), and the second setting out the results of the tendering exercise for the proposed Energy from Waste facility along with recommendations as to future charging policies for collection and disposal of all Island wastes (resolution 8 above).
- 3.3 The Board wishes to express its gratitude to the officers of the Solid Waste Working Party and their respective Committees for the significant work that has been undertaken to date and for the corporate commitment that has been given to this complex project.

4. Integrated Waste Management Facility

- 4.1 The resolutions of the States as set out in 2.1 above directed the Board to investigate the feasibility of commissioning an EfW facility. However, the EIA was to be conducted in respect of an EfW facility along with associated Materials Recovery Facility, waste sorting, separation and transfer operation, etc. The Board, therefore, believes it was clear that the intention of the States was to investigate the options and feasibility for ultimately procuring an Integrated Waste Management Facility (IWMF). However, as will be referred to below, the Board's key area of work to date has, in accordance with the States resolution, concentrated on the EfW facility. Nevertheless, the Board has, in taking forward the EfW project, considered the common and or inter-linking areas between the respective elements of the IWMF.
- 4.2 The EIA, which is referred to in greater detail in section 8 below, has identified Longue Hougue as the preferred site for an IWMF. However, in developing the EfW project it has become clear that some of the early assumptions made for the purposes of the EIA, and in particular assumptions on space requirements, did not afford sufficient flexibility. As a consequence, even Longue Hougue, which is the largest of the preferred sites, does not afford enough space for all possible elements of an IWMF to be co-located. The Board, therefore, prioritised the elements that it would wish to see on Longue Hougue, in order to co-locate key elements, and submitted this prioritisation to the Island Development Committee for consideration in drawing up the draft Outline Planning Brief (OPB). As a consequence the draft OPB included provision for the EfW facility incorporating an Animal Carcass Incinerator (ACI), a Materials Recovery facility (MRF), a Civic Amenity (CA) Site and a Scrap Metal Yard. Future phases of the OPB will address the provision of a wastewater treatment plant, slaughterhouse and knackers yard if sufficient space remains. However, bearing in mind the Board's stated intention to reserve 23 acres for port activities, it is unlikely that sufficient space will exist for these other facilities or for composting or paper baling activities. The Board remains firmly of the view that these other facilities, if proven to be necessary, can be located on other smaller sites without compromising the operational viability of the proposed Longue Hougue IWMF.

- 4.3 In this respect the Board is mindful of the directions and policies contained in the 2001 Policy and Resource Planning Report and Strategic and Corporate Plan. Paragraph 8.7.11 of that report noted that:

“the IDC was directed to identify appropriate sites for the collection, sorting, transfer and recycling of solid wastes.”,

whilst Strategic Policy 27 required:

“Specific provision for sites for the disposal and ancillary operations relating to solid waste, in accordance with strategic policy on the environment, the principles of the Solid Waste Strategy, and revised environmental health legislation, should be investigated with a view to commencing implementation of infrastructure in 2000”.

The designation of Longue Hougue as the site for an integrated waste facility is a significant step towards meeting this strategic objective but, as indicated above, a requirement for land for the handling and treatment of solid waste remains. As a consequence, the Board’s officers are working with the officers of the Advisory and Finance Committee to ensure that appropriate revisions are made to the strategic policies within the 2002 Policy and Resource Planning Report and Draft Strategic and Corporate Plan for consideration by the States.

- 4.4 Having significantly completed the work required to enable the procurement of the EfW facility and having completed the EIA and Planning Inquiry, the Board has now turned its attention to drafting a detailed Waste Management Plan (WMP) for consideration by the States later this year. The WMP, which will be prepared following consultation with all public and private interested parties, will develop the key principles set out in WSA2 and enable detailed specifications for the MRF, CA site, Composting facility etc. to be drawn up. The WMP will further examine the roles of recycling and recovery in light of the principles of self-sufficiency, proximity, best practical environmental option and polluter pays, and, where appropriate, will recommend waste management targets for adoption by the States. The WMP will also examine options for delivering waste management over the life of the plan and will, therefore, form the basis on which any potential future long-term integrated waste collection and disposal service contract would be based. For the avoidance of doubt, the WMP will not be restricted to those elements that will form part of the proposed Longue Hougue IWMF but will also examine those other existing and potential future elements of a sustainable waste disposal plan. The Board envisages that this will include consideration of the potential for centralising waste collection services as well as examining the future operation of the Board’s collection and disposal facilities.
- 4.5 It is the Board’s intention to complete this work during 2002 in order that any impacts on the EfW facility, that may be identified, can be addressed prior to contract signing. In addition, the rate of land reclamation at Longue Hougue is such that work on the construction of the remaining elements of the proposed Longue Hougue IWMF are likely to be commenced towards the end of 2005, approximately at the same time that the proposed EfW facility would become operational. It is the Board’s intention to complete work on scoping the IWMF and prescribing the WMP as well as letting any IWMF contract at the earliest date possible in order to ensure that all elements of the IWMF, and not solely the EfW facility, become operational as soon as possible.
- 4.6 Whilst common practice would require the preparation of a WMP in advance of specifying and or contracting an EfW facility the Board is confident that the work of the WMP will not

significantly alter or impact on any recommendations made in respect of the EfW facility. The Advisory and Finance Committee's Waste Strategy Assessment report addressed waste arisings and disposal options in sufficient detail to enable the States to consider and support the essential role of EfW within a sustainable strategy. The Board has been mindful of the elements of the strategy and the role of the IWFM throughout its work in specifying an appropriate EfW facility for Guernsey.

5. The Animal Carcass Incinerator

- 5.1 As indicated in section 4.2, the EIA was conducted on an IWFM incorporating an Animal Carcass Incinerator (ACI). However, the existing ACI currently located at Longue Hougue is in a location which compromises the future development of the site and prevents the optimum use of land space. Should the current ACI remain in its existing location it is most unlikely that a CA site could be accommodated on Longue Hougue. In addition, the current ACI, whilst operating in accordance with current emission standards for a facility of this nature, is not equipped with full flue gas cleaning and emission control equipment. Further the emissions from the ACI could suffer an adverse impact as a result of being in such close proximity to the mass of the proposed new EfW building and this would be most likely to manifest as localised grounding of pollutants. The Board has also been advised that there are strong signs that future EU directives will impose more stringent emission standards on ACI plants and that it is debatable as to whether an ACI which burns waste other than animal carcasses, i.e. bums offal, is required to comply with current new emission standards.
- 5.2 As a consequence of the above and following liaison with the Agriculture and Countryside Board, the Board of Health and the Advisory and Finance Committee, the Board concluded that it would be effective to construct a new ACI within the envelope of any proposed new EfW facility. Whilst this solution allows joint usage of some common facilities including weighbridges, residue treatment and storage, offices and the building envelope, a separate incineration furnace and flue gas cleaning plant is required. Nevertheless, provision of a new integrated ACI now will ensure the ability to comply with current and future emission controls and will enable the site to be optimally developed as an integrated waste management facility. As a consequence, in developing tender documentation and draft contracts the Board has included the provision and operation of a new ACI. The Board would, subject to the States approval of the recommendations set out in this report, seek to sell the existing ACI to offset some of the costs associated with providing the new facility.
- 5.3 The Board has required, within the draft contract and tender documentation, that the proposed new EfW facility, incorporating the new ACI, be constructed in such a way that the existing ACI can continue to operate until such time as the new ACI has been commissioned.

6. The Role of Energy from Waste

- 6.1 The principal ground for commissioning an EfW facility, namely sustainability in waste management, was addressed in the Advisory and Finance Committee's May 1998 policy letter and the WSA2 report. Guernsey is currently filling its last readily available landfill space at Mont Cuet. The States has resolved that neither Bests Quarry, St Andrews nor Ronez Quarry, Les Vardes, the only remaining quarries in Guernsey of sufficient size to warrant the necessary engineering works, should be designated as future landfill space. Waste minimisation, recovery and recycling cannot provide a sustainable disposal strategy unless supported by landfill or incineration. Therefore, in the absence of suitable sustainable

landfill space, incineration was identified as the only acceptable sustainable option. In addition the current EU landfill directive requires Member States to significantly reduce reliance on landfill and to valorise waste. Whilst minimisation and recycling occur higher up the waste hierarchy, EfW is considered more acceptable than landfill. Not only does incineration generate a valuable resource in the form of energy thus reducing demand on fossil fuels, but also the process provides the greatest reduction in the volume of waste requiring final disposal thus significantly prolonging the life of associated landfill.

- 6.2 At current in-fill rates and void calculations Mont Cuét is estimated to have a life of no more than 10 years. Subject to the Board obtaining the States approval to tender the EfW project immediately the programme provides for commissioning of the plant during the first quarter of 2006. Assuming construction progresses without significant delays Mont Cuét will have a life of little more than six years on commissioning of the plant. This remaining capacity must accommodate those waste streams that are not suitable for incineration, export as hazardous waste, disposal as inert waste or recovery. Asbestos and asbestos containing building products are one example and disposal of fly ash and or bottom ash into Mont Cuét can not, at this stage, be ruled out. Typical performance figures suggest that the in-fill rates will be reduced by a factor of 10 upon commissioning of the EfW facility and hence the life of Mont Cuét after 2005 could be in the order of 60 years. This is sustainable but every year delay incurred now depletes that sustainable life by 10 years. The Board can not therefore stress strongly enough the very serious impact any delay in moving to the new waste disposal regime would have on the Island's long term sustainable waste management strategy.
- 6.3 Notwithstanding the above, the Board recognises the concern that many individuals voice over the potential polluting effects of incineration. These concerns have been heightened in recent months in the light of incidents in the UK concerning alleged inappropriate handling and disposal of fly ash. In addition concern is often expressed over the potential for incineration to adversely impact on recycling initiatives. These issues were explored in detail at the Planning Inquiry at which the Board provided detailed evidence in support of its proposals. Members can be assured that construction and operation of the proposed EfW facility will be subject to a licensing regime operated by the Board of Health which will ensure the use of best available technology and procedures giving the best practical environmental option. This regulation regime and the work that has been commenced is detailed in section 19.
- 6.4 Construction of an EfW facility is not a low risk option. Capital costs will be significant and resources will be required both in terms of land and labour. These resources can, to a degree, be offset by reductions in landfill activity but it must be assumed that the total resource burden will increase. The Board decided, therefore, that it would be appropriate to examine alternative options to mass burn incineration before reporting back to the States. Export of waste and alternative incineration technology has, therefore, been considered.

7. The Potential to Export Municipal Solid Waste

- 7.1 Based on waste arising calculations carried out as part of the WSA2 and developed during the PDB, it will be necessary to process approximately 1000 tonnes of combustible waste per week. Export of this waste, if feasible, would require baling and transportation to a UK or European EfW plant. The Board has investigated baling options with UK equipment suppliers. Typically 1250 bales would need to be transported weekly. Bales, which are

stabilised with net and wrapped in plastic, would be loaded into containers and transported from the baling plant to the harbour for shipment. Typically 30 return container/lorry movements of waste would be required per week, along with the weekly importation of some 200 to 250 rolls of plastic film and netting for bale construction. Options exist for hiring or purchasing a ship to transport to ports other than the UK, and to purchase or hire lorries and containers and employ drivers rather than use commercial hauliers. Indicative costings would be:

ITEM	COST Over 20 yrs	COST Per Tonne
Building and key infrastructure (20 yrs)	6,000,000	6.00
Plant and Equipment (20 yrs)	2,000,000	2.00
Labour on island (min 6 full time staff)		3.00
Consumables		4.50
Shipping (using commercial charge for shipping to UK port)		30.00
Incineration at receiving plant		50.00
Transport in receiving jurisdiction		3.50
SUB Total		99.00

Inquiries into shipping costs direct to Le Havre have indicated that three shipments every two weeks, each of 50 fourteen tonne containers would be required. Costs would be in the order of £400 per container or £28.50 per tonne (excluding costs associated with purchase and storage of 100 to 150 containers and road transport etc). Incineration costs in France have been quoted at between £40 and £50 per tonne excluding handling charges associated with unloading containers etc.

- 7.2 To these costs must be added the administration costs, sampling and financial guarantee costs associated with meeting regulatory controls as referred to in 7.9 and 7.10 below.
- 7.3 In 1998 Jersey tested the costs of export as part of an emergency plan in the event of its incinerator shutting down. The costs were calculated to be in excess of £100 per tonne excluding some on island costs.
- 7.4 The Board has also contacted 14 French incinerator plants being the nearest to the key ports as well as 10 plants in the UK. Between those 24 plants only 20,000 tonnes, less than half of Guernsey's requirements, of spare capacity is currently available.
- 7.5 Export of waste would be a high-risk strategy for Guernsey. Not only would the island be subject to any change in operating policies at the preferred incinerator plant or plants but also, in addition, the island would be subject to any change in governmental policy in respect of the importation of waste at the receiving jurisdiction. It would be unrealistic for Guernsey to assume that contracts could be formed, with Governments and incinerator operators, which would provide guarantees of a minimum of 4 years notice of contract termination. As such, even if export is possible, Guernsey could find itself, at relatively short notice, without a long-term waste disposal route during which time an on island incinerator would need to be constructed.

- 7.6 The export of waste is controlled by three international conventions. The Basle Convention 1989 regulates the shipment of hazardous waste which would include, inter alia, clinical waste, biocides and fly ash from incinerator flue gas treatment systems. However, the convention also refers to other (non-hazardous) waste including household waste. The OECD Regulations control the shipment of waste for recovery rather than for disposal, whilst the Lome IV Convention regulates the shipment of hazardous waste from Europe to African, Caribbean and Pacific jurisdictions. These conventions have largely been carried forward into EC Regulation 259/93 and the Waste Framework Directive 91/962/EEC.
- 7.7 The Basle convention requires member states to take appropriate measures to ensure that the transboundary movement of hazardous and other wastes is only allowed if “the wastes in question are required as raw material for recycling or recovery industries in the States of import”. Regulation 259/93 requires member States to restrict movements for disposal but to allow, in line with the requirements of the OECD decisions, wastes to pass to recovery facilities. The UK waste Import/Export plan makes it clear that where an incinerator has been constructed for the primary purpose of incinerating waste, recovery of energy from the waste cannot be used to classify the waste shipment as a recovery shipment. The Waste Framework Directive requires the establishment of a network of disposal installations with the aim of becoming self sufficient in waste disposal by disposing of the waste close to the point at which it is generated.
- 7.8 Where shipments do take place the shipment must be in accordance with a movement permit system which requires classification of the waste and prior notification and agreement with the authorities regulating export, import and (if the territories of a third party are involved) transit. The shipment must also be the subject of formal contracts between the relevant jurisdictions. The contract requires the exporter to take back the waste if the shipment does not accord with the movement permits. This most typically occurs when the characterisation of the waste is shown, on analysis by the receiving jurisdiction, to be contrary to that stated on the movement permit. A financial guarantee must be provided in respect of each shipment and the various interested parties may be required to agree the value of the financial guarantee. The regulation also requires that 30 days prior notice of a shipment is given. Enforcement of these provisions is a function of the Board of Health and, whilst it is possible to issue a multiple notification for a period of one year in respect of a single category of waste following a single consignment route, it is far more probable that a number of incinerators in the receiving jurisdiction would be targeted, in order to ensure available capacity. As a consequence significant administrative impacts would occur to the Customs Department, the Board of Health and the Board of Administration.
- 7.9 All costs associated with administration and testing both in the export and import jurisdictions as well as the costs of providing financial guarantees must be born by the exporting country and hence these costs are added to the basic processing costs.
- 7.10 The Basle convention also requires wastes to be disposed of as close to the site of generation as is possible. The Basle, OECD and Regulation 259/93 principles are based on self-sufficiency and proximity. In effect it is necessary to demonstrate that the jurisdiction giving rise to the waste does not have the infrastructure to handle the waste in an environmentally acceptable manner and can not reasonably provide the required infrastructure. Economic arguments alone are not sufficient evidence of inability to acquire the necessary infrastructure. The proximity principle then requires that the waste is disposed of or processed as close as is reasonably practicable to its origin and this would require shipment of the waste to either France or UK. Discussions with the UK have already indicated that it

would be most unlikely that the UK could be convinced that the Island is not in a position to construct an EfW facility and is most unlikely, therefore, to accept municipal solid waste exported for disposal. Whether or not the States would be able to demonstrate, to the satisfaction of a receiving country, that Guernsey cannot be expected to handle its own waste is a matter to be tested with each “target” jurisdiction. However, in light of the risk assessment and financial findings referred to in 7.1 and 7.5 the Board does not believe that the exportation of waste warrants further investigation.

8. Incineration Technology Options

- 8.1 Guernsey’s island status presents specific issues that must be addressed when considering the criteria that will dictate the nature of the incineration technology to be adopted. Most fundamentally the island does not have the benefit of the availability of alternative facilities within ready access and suffers severe pressure in respect of available labour resources. As a consequence **and in accordance with the recommendations of WSA2** the Board specified that the plant must be based on reliable robust technology with a well-proven track record. Guernsey cannot, in the Board’s opinion, be used as a test bed for companies to develop plant and technology. In addition the Board is of the view that the plant should be able to cope with combustible waste in the general form that arisings currently occur. Labour intensive hand sorting of waste, on front-end conveyor belts, to generate a more homogenous waste whilst also generating additional waste streams for which there is no ready disposal route was not supported.
- 8.2 Mass burn incineration is widely recognised as having a well-proven and reliable track record and has the flexibility to accommodate combustible waste arisings without pre-preparation other than shredding of bulk refuse. Gasification, Pyrolysis and Batch Oxidation are some of the alternative incineration technologies to mass burn. The chemistry and physics behind these processes have been known for many decades and these process technologies have been applied to specific uniform feedstocks such as coal for many years. In the past few years plants have been developed to combust waste of a fairly uniform nature such as wood pulp, shredded used tyres etc. and in recent months one or two plants have been commissioned in the UK to treat municipal solid waste. Nevertheless, it remains a fact that very few if any companies can demonstrate a track record over a period of years of burning mixed waste arisings, in gasification and/or pyrolysis plants, on a commercial basis and at a scale similar to that required by Guernsey. These plants do not, therefore, have a proven track record and hence present significant additional risk. In addition, the plants generally require the feedstock to be of a uniform size and calorific value and hence front-end pre-treatment is required.
- 8.3 As late as November 2001, Hampshire County Council was quoted as stating “We have seen no system that has dealt successfully with municipal waste.” Hampshire County Council had been leading on a pioneering project to utilise gasification for municipal waste but the pilot project has now been abandoned and Hampshire County Council has placed orders for three mass burn EfW facilities. Further, during a meeting with the UK Environment Agency held in January 2002 the Agency’s senior officers advised the Board’s staff that at present these alternative technologies cannot be considered to be effective and reliable.

Based on this information and taking into account that whatever technology is used must satisfy the Board of Health as to its reliability and effectiveness in order to obtain a licence, the Board is of the view that to procure an alternative technology plant would constitute a very significant risk.

- 8.4 Notwithstanding the above, the Board recognises that there have been recent claims that alternative technology plants offer the potential for significant capital savings and reduced operating costs, cleaner emissions, lower profile buildings and smaller footprints along with increased energy production and efficiency. If such claims could be substantiated then one is faced with a risk versus cost decision. That is, does the potential lifetime savings warrant the additional risks associated with procuring such technology.
- 8.5 The Board has consequently met with Davies Bros, Compact Power and Brightstar Environmental, three providers of alternative technology plants claiming to lead the field in the UK, and has also sourced and examined the international alternative technology database of the leading consultancy company in this field Juniper. As a result of this work the Board invited both Rambøll and Juniper to present to the Board their independent views on the status of gasification/pyrolysis technologies and their suitability as an option for Guernsey. The Board noted, with great interest, the huge variety of potential solutions being developed. Over 110 systems are quoted in the Juniper database in 22 countries from 41 different suppliers. Of these companies many are very small, under funded and under resourced and cannot at this stage be considered key players. A fairly small minority have sufficient financial backing and resources to develop and effectively market their products. Similarly, many companies have tested their systems on specific homogenous waste streams whilst very few have developed and tested their systems for mixed household waste.
- 8.6 Those companies which have been operating for longer periods of time and have better proven track records indicate lifetime costs in line with the mass burn energy from waste solution. Of those companies claiming significantly lower costs few have allowed their figures to be scrutinised by independent assessors and of those that have several have been found to be unreliable. In addition it would appear that costs quoted in literature and at conferences are rarely reflected in actual tender submissions. The Board noted that some facilities are without doubt cheaper than the mass burn solution but many are more expensive. Similarly, some systems are more energy efficient and others less so. The same is true for visual profile and massing and the footprint occupied by the plant and the Board noted that many systems produce worse emissions than mass burn.
- 8.7 Most fundamentally, the Board noted that very few if any of the possible solutions presented the likelihood of cost savings whilst being compatible with Guernsey's waste streams, site constraints, commissioning programme, future long term strategy, and specific constraints presented by its island status. Juniper also expressed the view that any such facilities that might meet Guernsey's criteria are generally still in the development phase and that many months and preferably several years of data will be required before such plants could be considered proven both in terms of technology and lifetime costs. As a consequence Juniper recommended the mass burn option procured in accordance with the procedures set out in this report.
- 8.8 Whilst not wishing to commit further resources or unnecessarily delay the project the Board considered, in light of the diversity of issues and conflicting messages being promulgated within the industry, it would be appropriate to commission Juniper to present a documented report to the Board addressing the alternative technology issues. This report, a copy of which will be provided to States Members and be available from the Board, supports the Board's opinion that mass burn is the most appropriate technology for Guernsey.
- 8.9 The Board is firmly of the view that any potential savings that may be obtained from pursuing the alternative technology route do not warrant the additional associated risk. The

risk is not merely a matter of capital invested for a plant that fails to meet the island's needs but the associated risk that waste arisings could occur without the necessary infrastructure to deal with them accompanied by the only suitable site in Guernsey for an IWMF being sterilised by defective/redundant plant. It is noteworthy that such a situation arose in Germany where a plant developed by Siemens, a very major engineering company, subsequently had a catastrophic failure and was eventually closed and dismantled. At the time the plant was closed Siemens already had four further orders on their books, all of which were subsequently abandoned. Siemens, having invested heavily in this technology, took the decision to leave this area of the technology market.

- 8.10 The Board has, therefore, identified mass burn technology as the only suitable incineration technology at this time. Mass burn is a continuous process whereby combustible waste is delivered to a waste store before being transported by a grab on a crane gantry to a hopper head feeding the furnace grate. The waste is incinerated over a moving grate with clinker or bottom ash being collected from the end of the grate for quenching and subsequent treatment and disposal. The gases from the combustion process are retained at 850°C for 2 seconds to ensure complete burn out before being passed to the flue gas cleaning systems. Prior to cleaning, heat is extracted from the flue gas in a boiler and the steam generated drives a turbine to create electricity. The bunker provides for storage of waste to ensure a constant waste feed and also provides for mixing of waste to ensure a relatively constant calorific value.
- 8.11 Whilst mass burn technology has a proven track record the Board would emphasise that this should not be taken to mean that old, outdated technology is being adopted. The majority of new, modern plants use mass burn technology and when coupled with appropriate flue gas cleaning systems meet the most stringent European emission standards.
- 8.12 Section 11 of this report refers to the Project Definition Brief for the proposed EfW facility. It should be noted that a single stream 9 tonnes per hour plant is proposed which is sufficient to meet Guernsey's current and future needs subject to waste arisings increasing in accordance with reasonable predictions. However, it must be recognised that waste arisings could exceed predicted growth as has been the case for Europe over the last decade or so. A substantially larger single stream plant would be very inefficient to run and would require regular shut downs to allow sufficient waste volume to accumulate. Twin smaller streams giving, for example a total capacity of 12 tonnes per hour is not cost effective. As a consequence, in supporting the single stream, 9 tonne per hour, option, the Board required that the layout and architectural treatment of the plant was such that a fixture second stream could be readily accommodated. A second stream is most unlikely to be required in advance of 2018 by which time the Board believes alternative technology solutions will be sufficiently developed to provide the option of expanding the facility by utilising the new technology.

9. Environmental Impact Assessment

- 9.1 The Board took on responsibility for the EIA in February 1999 following consultation and agreement with the Advisory and Finance Committee. In May 1999 potential consultants to undertake the EIA, being members of the Institute of Environmental Management and Assessment and/or the Chartered Institute of Water and Environmental Management, were contacted. Fourteen expressions of interest were received and four companies were short-listed to tender following interviews with eight of the companies.

9.2 Three tenders were submitted:

Terence O'Rourke	£245,651.50
Entec	£199,655.00
EAG Environ	£230,414.00

Following a value for money assessment, which took into account omissions and assumptions within the tender submissions, the Advisory and Finance Committee approved the Board's recommendation to appoint Terence O' Rourke. Terence O' Rourke was appointed in November 1999.

9.3 The EIA comprised four stages. Stage one, which was reported in January 2000, was essentially a desk study of available local and European literature, legislation and statistics leading to the generation of a Scoping Document and candidate sites. The Scoping Document proposed the methodology to be adopted and the range of environmental issues to be addressed. The candidate sites were identified in a three-phase process. Firstly a negative filter was applied to the Island map in order to exclude from further consideration any land which was covered by constraints that were incompatible with the IWMF. This excluded, for example, housing target areas and Green Zone areas other than those already being used for waste management and disposal. The second phase involved the application of a positive screen to those areas not discounted by phase one. The positive screen gave preference, for example, to sites zoned for industry and sites at or adjacent to existing waste facilities. The third phase was the selection of candidate sites resulting from the application of the first two phases. Seven candidate sites were identified.

9.4 Stage two of the EIA involved assessment of the 7 candidate sites according to a range of environmental criteria covering 26 points under 4 headings. Each site was the subject of 6 specialist comparative reports. Stage two was reported in May 2000 and identified Longue Hougue as the preferred site. The report made 16 recommendations including: that a preliminary engineering design for the EfW facility should be prepared; and that Longue Hougue should be taken forward for detailed environmental impact assessment.

9.5 Following consultation by the Board with interested parties, Stage three of the EIA was commenced in July 2000 and the results of the specialist studies were combined into the stage four Environment Statement, which was completed in May 2001. In view of the fact that the full nature of the EfW facility had not been specified at this stage, Terence O' Rourke adopted certain assumptions as to the nature of the plant and its likely impacts. The full EIA and the Environment Statement then formed part of the Island Development Committee's OPB on Longue Hougue which was the subject of a Planning Inquiry held between 11th and 21st December 2001. The States, at its April 2002, meeting considered the Island Development Committee's report on the Planning Inquiry.

9.6 The EIA process will not, however, be complete until the contractor for the proposed EfW facility has completed all relevant design work and demonstrated that the plant can and will operate in accordance with the criteria set down in the Environment Statement and or set by the Board of Health as Waste Regulation Authority. The contractor, on behalf on the States, will be required to submit a compliance document as part of the planning process and this will, therefore, address the fact that the EIA was, in part, based on assumptions as to the nature of the plant.

10. Rambøll

10.1 In order to assist the Board in taking forward this highly technical and specialist project consultant engineers with a proven track record in Energy from Waste were required. Advertisements for expressions of interest were placed in the Institute of Wastes Management Journal and the Waste Manager. In addition individual companies were targeted from the Energy from Waste Associations list. Ten expressions of interest were received and short-listed to four companies for interview. Three companies were subsequently invited to tender.

10.2 Three tenders were received:

Rambøll	£925,285
Fichtner	£1,180,595
Electrowatt Ekono	£991,924

Following a value for money assessment, which took into account omissions and assumptions within the tender submissions, the Advisory and Finance Committee approved the Board's recommendation to appoint Rambøll. Rambøll was appointed in December 2000.

10.3 The brief for the consultant included:

- Advising on appropriate technology.
- Undertaking conceptual design, preparing design briefs and specifications.
- Preparing cost estimates.
- Advising on Operation and Maintenance Services requirements.
- Preparing Contract documents.
- Undertaking technical review of tenders.
- Reviewing contractor's design and acting as 'Engineer' for the contract.

The latter work element can only be exercised if the States, following consideration of the outcome of the tender exercise, approves the awarding of a contract for the design and construction of the EfW facility and hence the Board of Administration's contract with Rambøll has a no cost break clause on completion of post tender negotiations.

10.4 In order to enable Rambøll to consider and advise the Board on civil engineering issues associated with developing an EfW facility at Longue Hougue the Board commissioned site investigations including trial piles under the proposed footprint of the plant. Five companies were invited to tender and two tenders were received:

Norwest Holst	£153,797
Fugro	£198,637

Following a value for money assessment, which took into account omissions and assumptions within the tender submissions, the Advisory and Finance Committee approved the Board's recommendation to appoint Norwest Hoist.

10.5 The site investigations have been taken into consideration during the project development and will be available to tenderers. As a consequence tenderers will be able to make informed decisions on the civil engineering issues associated with this project.

11. Project Definition Brief

11.1 The first function undertaken by Rambøll in consultation with the Board was to draft a Project Definition Brief (PDB). The PDB comprises, inter alia: Design Information; Site Criteria; Design Concepts; Key Technical Data; and Plant Operation considerations and is supported by a number of technical memoranda. The document scoped the parameters of the plant and compared the process technology options in terms of efficiency, environmental benefits and economics, thus ensuring agreement on the nature of the plant before devoting significant resources to tender and draft contract preparation. In effect the PDB and the associated work formed a value for money assessment of the plant alternatives and formed the basis for the preparation of tender documents.

11.2 As a result of the work undertaken during the PDB, tender documentation has now been prepared for the procurement of an EfW facility meeting the following key design requirements.

- Current combustible waste arisings 50,000 tonnes/annum.
- Design (allowing for future) waste arisings 70,000 tonnes/annum.
- Design waste arisings provides for combustion of sewage sludge.
- Sewage sludge to be delivered as either 25% or 80% dried solids content.
- Incinerator design point of 9 tonnes/hour with average calorific value of 11 MJ/Kg.
- Growth in waste arisings over the life of the plant taken as 1.3% per annum. N.B. UK currently averages 3% per annum and has set a target of 1%. Europe is approximately 2% per annum and is seeking to reduce that figure.
- A single stream 9 Tonnes/hour mass burn plant with horizontal water tube boiler. Design parameters of boiler are prescribed.
- Layout and architectural treatment to facilitate future expansion with a second stream.
- Gas oil start up and auxiliary burners.
- ACT with equivalent capacity to existing to be accommodated within building envelope.
- ACT to be equipped with flue gas treatment system in accordance with “Best Available Technology” (BAT) under Integrated Pollution Prevention Control (IPPC).
- Energy recovery by steam turbine/generator with air cooled condensers. Efficiency of turbine is prescribed.
- Ability to operate in independent mode i.e. isolated from Guernsey electricity grid. This enables the plant to continue operating in the event of some problem or shut down with all or part of the electricity grid.
- No front end sorting line.
- Shredder in reception hall to process bulky waste.
- Ferrous metal removal from bottom ash. Organic content of bottom ash is prescribed.
- Mobile Baling Facility in reception hall to accommodate plant shut downs and emergency situations. Capacity of baling plant is prescribed.
- Wet flue gas cleaning system with plume suppression.
- Tipping hail and tipping bays to be able to accommodate compactor and non-compactor vehicles including manual offloading. Tipping bays and bunker capacity is prescribed.
- Fully automated, unmanned, weighbridge utilising smart card technology.
- Duplicate waste cranes.

- Central Vacuum Cleaning System for improved health and safety.
- Inbuilt service cranes for maintenance and repair.
- Uninterrupted power supply with emergency back up Diesel Generator.
- Basic laboratory facilities for slag testing and analysis etc.
- Dedicated Control and Monitoring System including automatic generation of process and environmental reports.
- Ancillary accommodation. A schedule of rooms is prescribed.
- Application of principles of the Construction Design and Management regulations.

12. Flue Gas Treatment

- 12.1 The flue gas treatment systems applied to the Municipal Waste Incinerator and the ACT will be the subject of applications for approval to the Board of Health as the Waste Regulation Authority in accordance with the procedures set out in section 19 below. The Board has, therefore, commenced its preparation of applications in accordance with the Integrated Pollution Prevention Control (IPPC) procedure in order to ensure that “Best Available Technology” (BAT) is specified. BAT is not an absolute concept and what may be BAT for a plant in the UK need not necessarily be BAT for a plant in Guernsey. The burden of evidence rests with the Board and its advisors and, therefore, it has been necessary for the Board to consider the merits of the various treatment systems.
- 12.2 Dry and Semi Dry systems are very similar concepts. Acid gases are reacted with lime resulting in solid residue products. In Dry systems the lime is added in solid form whilst in Semi Dry systems the Lime is in aqueous form. The temperature at which the process must be carried out is not optimum for Mercury adsorption and hence activated carbon is also added. The solid particulates are then removed in a bag house filter. Dry and Semi Dry Systems generally involve less capital outlay but higher operating costs, generate a plume with less water content which is, therefore, less visible and utilise less space. The systems are relatively simple and for these reasons manufacturers have over recent years tended towards Dry or Semi Dry Systems.
- 12.3 Wet systems on the other hand use Electrostatic Precipitation (or cyclones or bag house filters) as the first stage to remove solid particles. The flue gas is then cooled and washed resulting in an acid liquid effluent containing Mercury and other heavy metals. The acid liquid is then neutralised and the heavy metals precipitated out. Coagulants are added to improve the precipitation process and Sulphur compounds are precipitated in a second alkaline scrubber stage. The resulting sludge is then dewatered. Whilst Wet systems involve a higher capital outlay operating costs are lower and treatment efficiency is optimised. The consumption of chemicals and hence the need to import and store chemicals is also reduced. Wet systems generate a more visible plume but are more able to meet future tightening of emission standards. Most fundamentally, Wet systems generate less fly ash residue and the residue that does result lends itself to further treatment that, potentially, can result in a dry product that can safely be disposed of in Guernsey and a concentrated sludge that potentially can be exported for recovery of the heavy metals.
- 12.4 The Board recognised the importance of reducing the amount of residue for final disposal, the significant benefit of being able to meet future emission standards with minimal additional works and the additional risks and costs associated with importing and storing significant quantities of treatment chemicals. Against this the Board recognised the need to

minimise the extent to which the plume would be visible. In view of the above, the Board expressed initial support for the Wet system but undertook further work to examine means of addressing plume visibility and to further examine the potential to treat the ash residue resulting from the Wet system.

- 12.5 Plume visibility can be addressed by condensing out the water vapour or by heating the flue gas. The former allows the condensate to be used in other parts of the process thus reducing the reliance of the plant on a public water supply. The Board has been advised that plume visibility from a wet system can be reduced from a figure of approximately 6 (on an arbitrary scale) to a figure of 1 with condensation by sub cooling. A Dry or Semi Dry system would score around 3 on the same scale.
- 12.6 During these investigations the Board became aware that the UK draft guidance note, which was to be issued for the purposes of applying IPPC, identified Wet Systems as default BAT. As a consequence the Board has now identified Wet flue gas cleaning systems with sub cooling to reduce plume visibility as its preferred option and is in the process of submitting IPPC applications to the Board of Health for this technology.

13. Residue Disposal

- 13.1 Early residue disposal studies were conducted by Electrowatt Ekono, as sub-consultants to Terence O' Rourke, as part of the EIA. These studies suggested that EfW bottom or clinker ash could be disposed of into Longue Hougue reclamation facility whilst fly ash and gas cleaning residues could be stabilised with cement and deposited as cement pavement layers either in Mont Cuet or possibly in Longue Hougue. However, these proposals did not fully take into account the nature of either disposal facility and the potential impact of the saline marine environment. The Board of Health expressed concern over the findings and the fact that such disposal routes into a marine environment had not been proven. The Board shared this concern and was also concerned that, at current infill rates, Mont Cuet might not present a sustainable disposal option for fly ash stabilised with cement. As a consequence the Board, with the support of the Board of Health, commissioned Rambøll to carry out a further residue disposal study with the intention that the findings of that study would be submitted to the Board of Health as part of the IPPC licence application.
- 13.2 Those residue studies are now nearing completion and the Board is confident that adoption of the Wet flue gas cleaning option along with acid washing of the residues, thus providing the possibility of exporting, for recovery, the resultant heavy metal concentrated sludge, presents the best option for Guernsey. Current indications are that the remaining bottom ash and the non hazardous fly ash fraction after the acid washing treatment could, subject to formal Board of Health approval, be landfilled above the high water mark in Longue Hougue or any other land reclamation. In addition, the Board is liaising with the Board of Health with a view to providing for the treatment of fly ash, originating from the Clinical Waste Incinerator being constructed at the Princess Elizabeth hospital, at the EfW facility.
- 13.3 Notwithstanding the above, the Board has entered into discussions with the United Kingdom's Department for the Environment, Food and Rural Affairs and the Environment Agency, with a view to obtaining a short term export agreement under the principles of the Basle Convention, for the export of fly ash, until such time that the Board and its consultants can demonstrate the acceptability of the above identified disposal option. The Board is also investigating the possibility of constructing a hazardous waste disposal site on island for

containment of the heavy metal concentrated sludge should export not prove possible. The volume of this sludge that might need to be retained on Island for disposal is much reduced when compared to untreated fly ash and hence provides a more sustainable solution.

- 13.4 Whichever final disposal route is adopted will be subject to the IPPC licensing regime and will hence represent the BPEO for Guernsey.

14. Procurement Strategy

- 14.1 A number of procurement methods for the Energy from Waste plant were investigated. This process led to a more thorough investigation of two principal options.

- Procurement of the EfW facility by a Design and Construct (D&C) turnkey contract with a separate Operate and Maintain (O&M) contract.
- A Design-Build-Finance-Operate (DBFO) contract; a single contract for the procurement of the plant and its subsequent operation and maintenance.

With the first option, the EfW facility would be procured under a contract between the Board and a specialist D&C contractor. Under the second option, the Board's contract would be with a Waste Disposal Contractor who would sub-contract the construction of the plant to a specialist D&C contractor.

- 14.2 Design and Construct (D&C) is provided through a single contract where the Client takes possession of the completed facility. The contract requires the project to be fully defined and performance specifications to be absolutely clear prior to tendering. A significant benefit over some other procurement methods is the single source responsibility for satisfactory completion and delivery of the works. Since this is a technology led procurement the tenderers should all be specialists in the design and provision of EfW facilities.
- 14.3 Design-Build-Finance-Operate (DBFO) is a service based contract where plant, equipment, staff and all other costs are recovered by service based charges made during the contract period. This requires the operation period of the contract to be sufficiently long to allow recovery of the capital investment. 20 years is not untypical. These contracts should also include as much of the waste management function as possible if total costs are to be reduced and effective control of the waste stream ensured. The DBFO route, therefore, presents problems in that the States has not yet debated the issues surrounding the future long-term strategy for the integrated management of waste collection, treatment and disposal. The WMP commissioned by the Board (section 4 above) will enable the States to debate these issues. Should the States procure an EfW facility under a DBFO route in advance of determining its long-term strategy and in advance of resolving issues such as whether the States should be a provider or procurer of services, then future negotiations, to take on other aspects of the integrated waste package, would be with an incumbent DBFO contractor. Such negotiations will lack the element of competition and would hence be most unlikely to result in best value.
- 14.4 Further, the Board is of the opinion that it is of paramount importance that the EfW facility operates to standards of performance and reliability that establish the minimum risk to Guernsey and the States. Reliability will be enhanced by the adoption of proven technology in the design of the plant and from construction of the plant by an experienced and reputable contractor who will provide quality and durable plant components. The D&C contract is the best way of ensuring this.

- 14.5 The normal arrangement under such D&C contracts is for the contractor to ‘hand over’ the completed plant following commissioning and testing, which may be six months after ‘start up’. During this period the D&C contractor maintains overall responsibility for managing the operation and running of the plant, even where the ‘owner’ of the plant provides staff either directly, or under a separate contract for the plant’s operation. It is also normal for the D&C contractor to provide training to the staff who will run the plant following its ‘handover’ to the owner.
- 14.6 Following ‘handover’ of the plant, the D&C contractor is normally required to warrant the plant for two years and demonstrate that the plant will meet certain guarantees, for example that the plant will meet an availability test of 90% of time over a years operation. As a result of these requirements, the D&C contractor retains a close working relationship and contractual obligation for the warranty period following ‘handover’. It is during the commissioning and warranty periods that ‘teething’ problems may arise, when minor design, manufacture and construction problems will become apparent and which may require the D&C contractor to modify part of the plant. Following the initial operating period of an EfW facility, the majority of facilities perform relatively trouble free, provided planned maintenance is undertaken to the required level.
- 14.7 As a result of these considerations the Board has concluded that there are advantages to be gained from placing responsibility for operating the EfW facility with the D&C contractor for a period equating to the end of the warranty period, that is two years after successful commissioning and testing of the plant. The reasons are:
- There will be a clear ‘line drawn’ when responsibility is handed over from the Contractor for the completed contract.
 - The D&C contractor will maintain full responsibility for the plant during the period when ‘teething problems’ may occur resulting in consequential modifications.
 - The contractor can be required to provide or recruit the staff to operate and maintain the plant with plenty of time to provide training.
 - Arrangements can be drafted into the contract, for staff to be transferred from the D&C contractor to the Operate and Manage (O&M) contractor or the States as deemed appropriate at a later date.
- 14.8 In this type of arrangement i.e. a Design-Construct and two year Operate contract (DC2O) the operation and maintenance of the plant will be covered for approximately thirty months after the plant starts operating. This means that the requirements of any long-term O&M contract do not have to be identified until there has been some experience operating the facility. Further, by such time, a clear concept of the requirements of other waste disposal services can be determined and a decision taken on whether an integrated ‘umbrella’ contract has any benefit to meeting the Board’s responsibilities for solid waste.
- 14.9 One potential disadvantage of this procurement route is the possibility of the D&C contractor designing the plant such that it has minimum capital investment and consequently high operational costs. The Board identified this issue at an early stage and the Board’s consultants were required to present proposals to address the concern. As a consequence two fundamental principles have been built into the draft contracts and tender documentation. Firstly, the contractor, whilst tendering for a D&C contract, will be required to address certain key performance requirements and specified plans/proposals will be subject to client

scrutiny. This will result in a plant that whilst not being excessive or opulent in design meets the operating requirements of any of the key industry operators. Both Rambøll and Juniper have expressed the view that with such an approach the States will have no difficulty in tendering a long term operate contract in the future and that this optimises the ability to obtain best value. Secondly, the contract and tender documents impose performance testing and verification. As such the tenderers will be required to specify, inter alia, the consumables requirements, power generation efficiency, and plant availability as part of the tender submission. These factors will be independently assessed at final handover and any shortfall will result in a contractual penalty based on the resultant lifetime costs of the plant.

14.10 The Board was, therefore, satisfied that appropriate controls could be put in place and that a DC2O contract presented greatest flexibility and best value. The Board sought expressions of interest and received 50 expressions of interest from applicants interested in providing plant or services. Following an initial selection process the Board wrote to 12 applicants with further details of the project and an invitation to make a presentation to the project team. Nine applicants accepted this invitation and made presentations in March 2001. From these presentations four applicants were selected. It is now evident that two of the selected tenderers have merged various elements of their EfW business and now effectively operate as a single company. The Board, therefore, reviewed the pre-qualification report along with developments in company structures over the interim period and now has a list of 4 pre-qualified tenderers being:

- 1) Amec Capital Projects Ltd. (lead contractor/operator) / Volund (technology)
- 2) Lurgi (UK) Ltd. (lead contractor/technology supplier) / SITA and/or Guernsey Electricity (operator)
- 3) Babcock Borsig Power Environment GmbH (lead contractor/technology supplier) / CGEA-ONYX (operator) / Garenne Group
- 4) Martin Engineering Systems Ltd (technology) / MES Environmental Ltd. (operator)

15. Future Integrated Contract

15.1 In examining the DC2O option, consideration was given to the funding options for procuring the plant. A number of variations on funding options can be considered but in general all options fall into three main categories: States funded, partnership funded or private funded. The Board, in consultation with the Advisory and Finance Committee, considered these options and in particular the option of issuing a green bond. Whilst the issuing of a green bond was attractive, in that the project could potentially be funded without drawing on capital reserves whilst at the same time sourcing private finance at relatively low interest rates, this option was eventually dismissed on two main grounds.

15.2 Firstly, the Board is not yet in a position to contract the construction and/or operation of other elements of the IWMF. Therefore, the bond and financing would essentially only be in respect of the EfW facility and it was considered unlikely that a bond of such relatively low value could be readily underwritten and placed. It is implicit, within the decision to adopt the DC2O contract route, that at the end of the operating period for the EfW facility, either the States will need to take over responsibility for running the plant or, in the Board's opinion more beneficially, a new long-term operation contract will be let. This long-term

contract would be more attractive to the industry if operation of the EfW facility was only part of a larger contract for the operation, and possibly supply, of an integrated facility. The concept of a long-term integrated contract has been referred to in sections 4 and 14 above. Such a long-term IWMF contract provides a more realistic opportunity to attract private finance than the short DC2O contract for the EfW facility. Therefore, the Board does not believe that it would be appropriate to base the tender documents on funding strategies which are based on private finance or partnership approaches during the life of the DC2O contract and which would restrict future options which would present better value.

- 15.3 Secondly, the greatest period of risk occurs during the plant design, construction and performance testing phases. During these periods of higher risk any private financier seeks an increased return on capital in order to reflect the higher risk. This, therefore, results in higher interest rates and hence private finance cannot, in the Board's opinion, represent best value during the DC2O contract. Notwithstanding these observations, the Board has provided, within the tender documentation, the opportunity for the preferred tenderer to enter into discussions with the States over private financing options. In this way the market appetite for funding the contract can be assessed.
- 15.4 Should it be the States wish to develop an IWMF including an EfW facility whilst retaining or replenishing existing capital reserves, the option exists to sell or lease the plant as part of a long-term contract that can be let during or on expiry of the DC2O contract. This would be likely to take the form of a fund and operate for 25 years contract (FO25 IWMF). In order to protect this option and provide maximum flexibility, the Board has provided for break clauses, within the DC2O contract, thus allowing an integrated IWMF contract to be let after the performance testing phase of the DC2O contract but before completion of the two year operation element. In addition the contract structure has been designed to ensure compatibility with any future decision to let an integrated contract with or without a private funding element. This is described in greater detail in section 16 below.
- 15.5 The Board will continue its work to draft PDBs for the other elements of the IWMF in order that the design and construction of these elements, along with any required service provision, can be tendered in the near future. In order to take this forward, the WMP work referred to in 4.3 must first be completed. The Board, therefore, intends to return to the States with further reports on the options for future integrated waste management and the potential for future integrated contracts including private financing of the EfW facility.

16. DC20 Contract Structure

- 16.1 During the early stages of the project the Board was assisted by the Law Officers in considering legal implications of the various contract options. However, as the Law Officers became more involved in the project it became apparent that sufficient resources could not be afforded to take the project forward within the designated time frame and that solicitors experienced in drafting process engineering contracts were required. The Board, therefore, sought expressions of interest from solicitors firms with experience in EfW or similar process engineering contracts. Seven expressions of interest were received and interviews were held with four firms. In view of the fact that the Board was seeking advice as to the options for contract formulation and procurement as well as the provision of drafting and legal negotiation services, the Board could not draft a specific and restrictive brief against which firms could tender in the first instance. Interviews were, therefore, held at which

hourly rates, anticipated workloads and options for contract progress were explored. This led to two firms being invited to provide initial indicative costs for the work on the basis that these would be subject to further negotiation. Two tenders were received.

Tods Murray	£58,985
Bevan Ashford	£274,487

Following detailed negotiations Tods Murray was appointed on the basis of capped fees in the sum of £125,000 including disbursements.

- 16.2 On the advice of Tods Murray the Board formed the view that the most appropriate way to procure the Energy from Waste facility under the DC2O contract is through the use of a Special Purpose Company (SPC). The DC2O Contract is a bespoke contract drafted by Tods Murray. In essence the contract covers 2 services, the construction element, intended to be undertaken on a “turnkey basis”, and the operation element which will cover the period of 2 years from the completion of Performance Tests. The contract will necessarily contain all conditions that would be expected within a construction contract including Cold and Warm Tests and Take Over Tests along with requirements in respect of collateral warranties, parent company guarantees and performance and payment bonds. In addition, at the end of the 2 year period a series of Handover Tests are proposed to ensure the continuing performance of the facility with penalty provisions converting underperformance at handover into lifetime costs.
- 16.3 In order to ensure maximum flexibility with regards to the ongoing Waste Management Plan (WMP) and development of the IWMF it is proposed, in addition to the normal termination clauses, to provide the SPC with the right to terminate early and allow a future long-term operator to take over the running of the facility should this prove to be efficient for the general development of the WMP.
- 16.4 The use of a SPC allows for flexibility and compliments the confirmed procurement strategy. In particular, were the States to decide ultimately for the EfW facility either to be operated by a long-term contractor or indeed as part of a larger IWMF contract then the existence of the Company allows the greatest flexibility. For example the Company could, should the States so resolve, take over responsibility and ownership of existing States waste facilities and operations and its shares could then be sold to a third party without the need for the States themselves to contract directly with the long term operator. The long term operator would therefore own the company that procured the plant which avoids the difficulties that can arise where the person procuring a Plant is subsequently caught in disputes between the operators/occupiers and the builder.
- 16.5 Further, the existence of a company also provides greater flexibility as regards long term funding. In the event that the States does choose to replenish its capital reserves at an earlier stage then the shares in the SPC could be sold at that stage to a long term contractor thereby allowing him to oversee the completion of the DC2O contract with all the benefits of direct covenants with the builder. At the same time this would make any long-term contractor’s proposals more bankable with the private sector than a more traditional contract route.
- 16.6 For the sake of reassurance it should be stressed that, in recognition of the strategic importance of the plant, the Board has decided in consultation with the States Advisory and Finance Committee that the SPC should only have a lease and not be able to purchase the land occupied by the IWMF at Longue Hougue.

- 16.7 As an alternative to a long term contractor taking over under the IWMF strategy or as a prelude to it the use of a Company provides the further options of either becoming a States Trading Company or being restructured to create a joint venture company should the WMP produce such recommendations. In this respect the use of a Company also provides the flexibility to the States to be more reactive in what is now a global market.
- 16.8 In choosing to use a SPC the Board is clear that at this stage very close control has to be maintained over the Company and its operations. Control is not merely necessary to ensure the proper protection of public funds but also to ensure that the trading history of the company cannot in any way be called into question in any subsequent negotiations on the future development of the IWMF strategy. To this end the Board would propose that the Memorandum of Association of the Company is clearly limited. The objects of the Company would be in effect to procure the design, construction and safe operation of an Energy from Waste facility together with the power to enter into contracts and undertake other matters necessary for the purposes of meeting the primary objective.
- 16.9 Further it is proposed that: The company is called Guernsey Waste Management; That the Company's share capital is set in agreement with the Advisory and Finance Committee; That in the first instance two £1 paid up shares are issued by the Company to the President and Vice President respectively of the States Board of Administration to be held in Trust for the benefit of the States of Guernsey and that the liability of the Company's members is limited to the value of the paid up share capital; and The Articles of Association of the Company will reflect the standard articles in common use in companies in Guernsey. The Board has decided to follow so far as is appropriate the same modifications to the Articles of Association applied to the States Trading Companies. The Board would propose that the Officers of the Company be Politicians/Civil Servants and that the role of the Company Secretary is performed by a firm of Advocates. The company would not be formed in advance of the contracts being ready for signature with the preferred tenderer.
- 16.10 Tendering for a project such as an EfW facility is an expensive process to the contractors and it is to be expected that post tender negotiations will be conducted with the preferred tenderer whilst the second preferred tenderer is held in reserve. The Board is concerned that on completion of post tender negotiations but prior to contract signing, publication of the outcome of the tender exercise in the States Billet in standard manner could result in the preferred tenderer seeking to subsequently renegotiate the tender price. As a consequence the Board proposes that the SPC be authorised to sign the contract conditions precedent with the preferred tenderer before the States debate on the outcome of the tendering exercise. One of the conditions precedent in the contract being the States acceptance of the contract sum.

17. Risk Assignment

- 17.1 Procurement of any substantial plant involves significant risks. These risks are all the greater when the plant must be designed and constructed to meet specific and unique needs and the design and construction of the component parts is carried out by a number of specialist sub contractors located in different countries. The fact that the performance of such plant is governed by international standards and that the processes in themselves involve inherent risk further highlights the need for risk identification, assessment and assignment.
- 17.2 Immediately following completion of the first draft of the PDB, the Board and its consultants Rambøll, therefore, commenced work on preparing a risk matrix. A "what if" exercise was undertaken during which officers of the Board, Advisory and Finance Committee, Island

Development Committee, Board of Health and the Law Officers were invited to list “what if questions”. The questions received ranged from “*what if sea levels rise due to climate change?*” through to “*what if a gas bottle explodes in the finished plant?*”. Members of the relevant committees were also afforded the opportunity to participate in the exercise and the Board’s engineering, legal and insurance consultants also participated.

- 17.3 All risks identified from the “what if” exercise were transferred to a risk matrix and responsibility for the risk was assigned to the States, the Contractor or both. Risk assignment was on the basis of obtaining best value and hence each risk was assigned to the party most able to regulate the risk. The risk matrix and subsequent contract clauses also seek to set means by which risk will be mitigated. The outcome of this exercise was presented and refined in a risk workshop held in September 2001.
- 17.4 In the light of the risk assignment work Marsh, the States Insurance and Risk Advisors, were appointed by the Board to design the project insurance strategy. As a consequence the Board recommends that the States procure a project specific insurance package.

18. Project Specific Insurance

- 18.1 Regardless of who actually arranges insurance cover in respect of the various insurance elements for a project of this nature, the costs will be borne by the States, either as direct costs or indirectly as part of the contract price. Marsh, the States insurance advisors, therefore, advised that it was unlikely that financial benefits could be gained by making the contractor responsible for key project insurances. Marsh also identified a number of other significant advantages resulting from the States arranging the principle insurances including: increased level of control; the ability to place advance loss of revenue cover; reducing the risk of loss of cover if a contractor was to go into liquidation; and increased control over the chosen insurer and their financial stability. Marsh further advised that should the States accept responsibility for the key insurances it would be beneficial to take out a project specific insurance covering the States, the SPC, the Contractor and sub-contractors. Such a policy removes the potential for disputes and minimises the likelihood of encountering uninsured loss as a result of the incident falling between gaps in cover. The Board has also investigated with Marsh the possibility of extending existing insurances to cover all or elements of the project but, whilst this option remains under consideration, it is generally felt that this is unlikely to give best value in the longer term.
- 18.2 In light of the above advice and recognising the strategic importance of this project, the Board has agreed that project specific insurance cover should be arranged by the Board on behalf of the States and the proposed SPC. The draft contracts and employers service requirements, to be included in the tender documentation, have been prepared accordingly. The contractor will, however, in accordance with Marsh’s advice, remain responsible for arranging Project Specific Professional Indemnity insurance, Employer’s Liability cover, Public and Product Liability cover and Contractors Plant and Equipment cover.

19. Regulation

- 19.1 The EfW facility, as a States development, will be operated in accordance with the States resolution of March 1991, which requires the Board to operate waste disposal facilities in accordance with the requirements of the Board of Health as the Waste Regulation Authority. The Board understands that the Board of Health will adopt the most recent UK guidance for licensing of EfW facilities under the Integrated Pollution Prevention Control (IPPC) procedure.

- 19.2 IPPC requires the application of Best Available Technology (BAT) and Best Practical Environmental Option (BPEO) as well as compliance with prescribed emission standards. The Board understands that IPPC encompasses the full remit of environmental controls including noise and vibration control, air and dust emissions, water pollution, light pollution, control of wind blown litter etc. The Board understands that the Board of Health will be adopting, alongside the environmental mitigation limits set down in the EIA, the standards of the latest EU directive 2000/76/EC and these will be applied to both the EfW facility and ACT incineration lines. The States can, therefore, be assured that the plant will be built and operated to the highest standards.
- 19.3 In due course the above controls will be achieved through the provisions of the proposed “Control of Environmental Pollution Law” the principles of which were approved by the States in February 1997. However, pending the introduction of the requisite legislation, the Board has drafted into the DC2O contract, clauses which, in effect, require the operator to operate the plant as if the legislation was in force. Nevertheless, effecting such controls through civil contract rather than through criminal law is not the preferred option and the Board remains concerned over the delay in implementing this legislation. The Board, therefore, would ask the Advisory and Finance Committee to liaise with the Board of Health and the Law Officers in order to expedite the implementation of this legislation as a matter of extreme urgency.
- 19.4 In order to ensure that the key elements of plant, for example the wet flue gas cleaning system, being specified in the tender documentation (section 12 above) are BAT for the purposes of IPPC, the Board has commenced the IPPC application process with the Board of Health. Any preliminary or in principle approvals will be passed to the contractor to take forward to completion in the IPPC application. The contractor will, by contract, be prevented from commencing construction until the Board of Health has issued a licence under IPPC.
- 19.5 The EIA process referred to in section 8 above referred to the role of the compliance document and explained that this unique document was required because the actual plant was not known at the time of the EIA and hence the EIA was conducted on generic plant and assumptions. It is the function of the compliance document, which forms part of the planning application documentation, to demonstrate that the plant conforms to the EIA. Application under IPPC to the Board of Health will address many of the issues required within the compliance document but other planning and building issues will similarly have to be addressed by the contractor on behalf of the Board.

20. Architecture

- 20.1 The EIA identified that locating an EfW facility on Longue Hougue would result in visual impacts and that mitigation measures would be required. Potential mitigation measures include good architectural treatment of the plant resulting in a landmark building, recessing the plant into the void to reduce height and positioning the plant to screen other waste segregation activities. However, whilst mindful of the need to address visual impacts the Board was concerned that giving precedence to formulating architectural design at an early stage might result in a layout and form which restricts the tenderers options for process engineering and lay out resulting in undue cost escalation.
- 20.2 Conversely, the Board was concerned that to tender the project without an architectural concept would present tenderers with a number of other difficulties. Firstly, the tenderers

would have no confidence that planning permission would be granted and could hence be reluctant to invest significant sums in preparing a competent tender. Secondly, tenderers would be faced with the difficult position of assessing how much architectural treatment should be applied to their proposal without any detailed knowledge of Guernsey. Thirdly, the Board could face the position of assessing two tenders with very similar costs but where one presents better technology in industrial style buildings whilst the other presents poorer technology but in a landmark building. Finally without addressing architectural concept at an early stage the Board recognised that unnecessary delays could result whilst the successful tenderer developed architecture and submitted those proposals to the Board and the Island Development Committee.

- 20.3 As a consequence and following officer level discussions with the Island Development Committee, the Board agreed to tender for the appointment of process architects with experience in designing EfW facilities. Potential tenderers were sought from the Royal Institute of Chartered Architects and 14 firms approached. Expressions of interest were obtained from eight of the firms and three were invited to interview. Two firms were subsequently invited to tender. Tenders were received from:

S'PACE SA	£36,200.00
Savage & Chadwick	£32,895.00

S'PACE impressed the Board with its innovative thinking and proposed solutions to the potential problems of this type of process architecture and were appointed to work in close liaison with Rambøll to prepare concept architecture which would provide mitigation against the potential visual impacts, whilst ensuring that the building layout would not compromise the choice and installation of the process plant.

- 20.4 Plans of the resultant concept architecture have been lodged at the Greffe and will be displayed, along with a scale model of the proposed facility, in the foyer of the Royal Court House.
- 20.5 The procurement and funding route described in sections 14, 16 and 23 mean that the proposed EfW facility would be a States development and as such subject to the normal planning procedures for States developments as set out under the provisions of the States resolutions of August 1991. The Board has, therefore, submitted the concept architecture to the Island Development Committee for its initial comments and a copy of the Committee's letter is attached as Appendix 1.
- 20.6 The Board believes that the concept architecture is a very successful balance between meeting the visual and engineering requirements whilst also optimising the IWFM site layout. The Board does, however, recognise that recessing the plant into the void carries additional civil engineering costs and that tenderers may seek to balance the extent to which the visual impact and concept architecture is compromised by raising elements of the plant, against the cost savings that might be realised. The tender documentation will not, therefore, confine tenderers to building the whole of the plant off Longue Hougue bed rock but will require that the overall massing and visual treatment of the plant above ground level accords with the general architectural concept.
- 20.7 Particularly note worthy is the inclusion, within the concept, of scope for expansion of the facility to the South. In essence the South façade can be moved out and the building envelope enlarged to incorporate a second stream should this prove necessary as a result of waste arisings growth exceeding predictions over the life of the plant.

21. Enabling Works

21.1 In order to facilitate construction and future operation of the IWMF, several elements of enabling works are required. Specifically:

- a. Construction of access and egress road(s) with improvements to junctions with Bulwer Avenue.
- b. Laying of a 11 kV electric cable.
- c. Laying of utilities and fire main.
- d. Removal/relocation of the weighbridge and other existing facilities.

Whilst these works could feature as part of the contract for the construction of the EfW facility, this would inevitably lead to an unnecessary delay before construction of the plant could commence. Therefore, the Board proposes, subject to the States agreement, to tender and procure these works as separate contracts as soon as possible with the intention that these enabling works are completed prior to the proposed date for EfW construction commencement.

21.2 In order to progress this matter without unnecessary delay, the Board proposes that the Advisory and Finance Committee be given delegated authority to approve the tender selection and sums in respect of these enabling works, many of which will be provided by the States trading companies or utilities. The engineers of the Advisory and Finance Committee have prepared a rough order of magnitude sum for these works in the order of £900,000.

22. Programme

22.1 An indicative programme for the works through to final hand-over of the plant either to the States or to the new long-term operator is:

Issue invitation to tender documents	Mid July 02
Tender preparation and return	4 months to Mid Nov 02
Tender evaluation	1 month to Mid Dec 02
Negotiation	2 months to Late Feb 03
Contract award	1 Mar 03
States Debate	April 03
Permissions process	6 months to end Oct 03
Construction	27 months to end Jan 06
Operation contract	24 months to end Jan 08

23. Funding

23.1 The WSA2 report provided a capital estimate sum of £14.5 million, this sum being for the construction only of a plant capable of burning 25,000 tonnes per annum. The plant required to meet Guernsey's needs is approximately three times that size (maximum capacity of 70,000 tonnes) and the proposed contract includes a two year operation element. In addition, the WSA2 price quoted will be some five years out of date by the time construction commences. During that time emission standards have become more stringent, design build companies have amalgamated creating a smaller supply market and a significant number of

orders for new plants or retrofitting of older plants have been placed. In addition, Guernsey building costs have undergone significant inflation and the chosen site presents major civil engineering challenges.

- 23.2 In its budget setting exercise for 2001 the Board identified a sum of £25 million for the EfW facility. Since that date, Jersey has quoted a sum of £60 million for its proposed plant. The Board has now prepared a pretender budget based on the PDB, the concept architecture and the civil engineering works associated with constructing this facility within a marine environment. The Board does not wish to compromise the tendering process by publishing the details of this pre-tender budget and believes that too often in the past the States has led potential contractors towards submitting potentially inflated tenders as a result of publishing the pre-tender estimate. The Board is convinced that the proper way forward is to retain this information as confidential whilst tendering the project and carrying out post-tender negotiations and, where appropriate, post-tender value engineering examinations. The Board will, of course, then report to the States with the outcome of the tendering exercise. The Board would, however, advise that the pre-tender budget indicates that the proposed plant remains a competitive option when compared against the potential alternatives described in this report.
- 23.3 As indicated in section 15 of this report, the Board is of the view that the use of capital reserves during the DC2O contract will present best value. The contract and procurement strategy protects the States option to subsequently sell the plant as part of a long-term (possibly IWMF) contract thus replenishing capital reserves.
- 23.4 It will be clear from the above that the Board cannot at this stage release the gate price figures that it would expect to be applied in respect of each tonne of waste disposed of at the facility. Not only would issuing the pretender gate fees compromise the position set out in paragraph 23.2 but also in addition the actual gate fees can only be set once a number of factors have been resolved. In addition to the capital cost, the method of funding that capital will impact heavily on the eventual disposal costs as indicated in section 15 above. In addition, the extent to which the facility features as part of an integrated waste management contract will also impact on gate fees. The facility's ability to supply 10 percent of the islands electricity needs has already been highlighted. However, the extent to which income from electricity sales can be used to offset the costs of producing that electricity from waste combustion is dependent on future States decisions in respect of the application of a green tariff on renewable energy as well as the extent to which competition in supply is supported. Finally the Board will need to formulate its future waste disposal charging structures following the States' consideration of the polluter pays principle versus funding from taxation and general revenue. These issues can only be addressed once the work of the WMP is complete and the Board will report to the States on these issues early in 2003.
- 23.5 The Board would, however, take this opportunity to stress that the cost of waste disposal must rise. If full economic costs including capitalisation of landfill quarries was to be applied, the tonnage cost of landfill would be greater than currently charged by the Board. Any private funding initiative or desire on the part of the States to replenish the capital outlay associated with procuring an EfW facility must result in amortisation of those costs against revenue thus resulting in a higher gate fee. In addition landfill is recognised as being one of the cheaper options in respect of waste disposal and hence these factors taken together must result in a significant increase in waste disposal costs.

24. Staff Implications

- 24.1 The project has, from its inception, been multidisciplinary and involved many States Committees. The core project team for the development of the Energy from Waste plant specification and contract documents has comprised officers from the Board of Administration and Guernsey Technical Services assisted as necessary by officers from, among others, the Board of Health, Island Development Committee, the Law Officers Chambers and the Agriculture and Countryside Board.
- 24.2 The contract, as a design and build contract, will not require the level of supervision that a conventional construct only contract would. It is expected that, once the contract is let, one Senior Officer, drawn from the existing project team, with administrative support will be sufficient to monitor the contract. However, there will be a continuing requirement to draw on specialist external technical support which, it is anticipated, will be supplied by Rambøll as project engineers.
- 24.3 The requirements for external support will be developed during the tender evaluation period and recommendations presented in the Board's policy letter regarding the selection of a contractor for this project.

25. Environmental Considerations

- 25.1 All environmental considerations and implications have been addressed within the EIA and no further comment is considered necessary within this policy letter.

26. Consultations

- 26.1 Through the work of the Solid Waste Working Party, the Advisory and Finance Committee, the Board of Health and the Island Development Committee have been kept fully informed of all developments and been afforded, through their respective officers, the opportunity to input. In addition, all stages of the EIA were the subject of presentations to interested States Committees and the reports sent to the Parish Douzaines, Friends of the Earth, Chamber of Commerce and La Société Guernesiaise. Copies were also lodged in the public libraries. The detailed stage three EIA involved consultations with all relevant States Committees. The OPB including the EIA was the subject of statutory consultation by the Island Development Committee. The risk assessment workshop was open to all participating Committees and the Board organised trips to French incinerators for representatives from the relevant committees, Friends of the Earth and the St Sampson and Vale Douzaines.
- 26.2 The fact that the work to date has been of a very technical nature along with the fact that the EIA was open to public scrutiny and comment through the Planning Inquiry process has limited the need for further consultation. However, development of the IWMF and the WMP necessitates further consultation with interested public and private bodies and these consultations will be reported along with the Board's proposals once this work is complete.

27. Conclusion

- 27.1 The Board of Administration was directed by the States to investigate the feasibility of procuring an Energy from Waste facility. In doing so the States had considered the possible alternatives available to it including landfill, export and incineration technology other than mass burn. Nevertheless, in light of the rapid changes that are occurring as a result of EU

initiatives and other external factors, the Board has re-examined export of waste as an option along with alternative incineration technology. The Board has concluded that, at this time, only mass burn incineration with a proven track record can meet the island's needs with out involving undue risk.

- 27.2 The Board has also concluded that it would be inappropriate at this stage to tender a long term Integrated Waste Management Facility contract incorporating an EfW facility and, therefore, the Board has formulated a flexible procurement route under a States funded Design Construct and 2 year Operate contract between the contractor and a States owned Special Purpose Company. This option ensures that best value for money can be obtained whilst at the same time providing an opportunity for private financing of a long term integrated facility including the EfW facility upon the expiry of the DC2O contract or sooner should this be desirable.
- 27.3 The Board has concluded that the plant should be subject to licensing under the Board of Health's proposed Integrated Pollution Prevention Control provisions and that as such the plant is required to have Best Available Technology and present the Best Practical Environmental Option whilst also meeting EU emission standards. The plant will also be required to meet the criteria and standards set down in the Environment Statement of the Environmental Impact Assessment and as such should be designed and constructed having due regard to the Architectural Concept.
- 27.4 The life of Mont Cuet, the islands only remaining landfill site, is now estimated to be no greater than 10 years. This remaining capacity must accommodate those waste streams that are not suitable for incineration, export as hazardous waste, disposal as inert waste or recovery. The life of Mont Cuet after 2006 with an EfW facility operating could be in the order of 60 years. This is sustainable but every year delay incurred now depletes that sustainable life by 10 years. **The Board can not, therefore, stress strongly enough the very serious impact any delay in moving to the new waste disposal regime would have on the Island's long term sustainable waste management strategy.**

28. Recommendations

The Board of Administration recommends the States:

- i.) To approve in principle the procurement of a mass burn Energy from Waste (EfW) facility as detailed in this report.
- ii.) To approve in principle the procurement of the plant referred to in i) above by means of a Design-Construct and two year Operate (DC2O) contract as described in section 16 of this report.
- iii.) To direct the States Board of Administration to seek tenders for the provision of the DC2O contract and to enter into post tender negotiations with the preferred tenderer.
- iv.) To approve the formation of a Special Purpose Company in the manner and for the purposes described in section 16 of this report.
- v.) To authorise the Special Purpose Company to sign the DC2O contract on behalf of the States with conditions precedent, pending consideration of the outcome of the tendering exercise by the States.

- vi.) To direct the States Board of Administration to seek tenders in respect of enabling works as described in section 21 and to direct the Board to execute those works subject to obtaining necessary approvals or consents.
- vii.) To delegate authority to the States Advisory and Finance Committee to approve the capital votes in respect of those enabling works referred to in v.) above and consultants fees as set out in this report, which votes shall be charged to the capital allocation of the States Board of Administration.
- viii.) To approve the concept architecture for an EfW facility located at Longue Hougue as detailed in section 20 of this report and to direct the States Island Development Committee to take due regard of the concept architecture when considering detailed applications submitted in accordance with the requirements of the Environmental Impact Assessment.
- ix.) To authorise the States Advisory and Finance Committee to take account of the States Board of Administration's balance of capital allocation and its other capital priorities at the relevant time and, if necessary, to release to that allocation appropriate sums from the Capital Reserve.
- x.) To direct the States Advisory and Finance Committee, in consultation with the States Board of Health and Law Officers, to take all necessary steps to expedite the implementation of the proposed Control of Environmental Pollution Law and its associated Ordinances.
- xi.) To direct the States Board of Administration to report back to the States within twelve months on proposals for a long term Waste Management Plan including any proposals for an integrated waste management contract as set out in section 15 of this report.

I have the honour to request that you will be good enough to lay this matter before the States with appropriate propositions.

Yours faithfully,

R. C. BERRY,

President

States Board of Administration.

Appendix 1

Architectural Concept –

Letter from Island Development Committee

The President,
Board of Administration,
Sir Charles Frossard House,
St Peter Port,
GY1 1FH.

13 March, 2002

Dear Deputy Berry,

CONCEPT ARCHITECTURE – WASTE TO ENERGY PLANT

On the 5th March, 2002 the Committee was shown the latest drawings and model for the Waste to Energy Plant, as requested by the Board.

As you know, the Committee was originally concerned that this development should be designed to the highest standards, given the prominence and importance of the proposed site and the exceptional scale of development proposed. The Committee felt that a design-led approach to the building was required that went beyond the purely functional and achieved the level of design quality that was apparent in some of the examples of similar development which we visited in France, approximately a year and a half ago, The Committee considers that this objective has been achieved in these proposals and would like to congratulate the Board in that regard.

The Committee appreciates that the current design is conceptual and may well be subject to significant change as the process of design development proceeds. Indeed, in carrying out it's own role in determining a future planning application, the Committee must necessarily maintain an open mind to these proposals; so that it can make a fair and impartial assessment of the proposals at the appropriate time in the light of any representations and advice that it then receives.

Nevertheless, the Committee does believe that these current proposals demonstrate the benefit of a design-led approach and trusts that the Board of Administration will ensure that the design that is eventually submitted to the Committee maintains the overall quality apparent in the current concept architecture.

Yours sincerely,

J. E. Langlois,
President,
Island Development Committee.

GLOSSARY OF ABBREVIATIONS

ACI	Animal Carcass Incinerator
BAT	Best Available Technology
BPEO	Best Practical Environmental Option
CA	Civic Amenity
D&C	Design and Construct
DBFO	Design-Build-Finance-Operate
DC20	Design-Construct and two year Operate
EfW	Energy from Waste
EIA	Environmental Impact Assessment
FO25	Fund and Operate for 25 years
IPPC	Integrated Pollution Prevention Control
IWMF	Integrated Waste Management Facility
MRF	Materials Recovery Facility
O&M	Operate and Manage
OECD	Organisation of Economic Co-operation and Development
OPB	Outline Planning Brief
PDB	Project Definition Brief
SPC	Special Purpose Company
WMP	Waste Management Plan
WSA2	Waste Strategy Assessment – Current Status and Proposals for a Solid Waste Management Plan – Report No. 2
WtE	Waste to Energy

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

24th May, 2002.

Dear Sir

Energy From Waste Facility

I refer to the policy letter dated 15 May 2002 from the President of the Board of Administration on the above subject.

The Advisory and Finance Committee commends the Board of Administration on its comprehensive research into the Energy from Waste Facility, and the professional approach it has taken in developing its detailed proposals on how to progress this project.

The Committee endorses the Board's proposals and wishes to highlight the following:–

- a. The Board has undertaken exhaustive work in reviewing all possible disposal methods available. It has also commissioned Juniper, leading independent consultants in the field, to report on alternative technology issues. This independent study supports the Board's conclusion that mass burn is the most appropriate technology for Guernsey.
- b. The policy letter unusually does not mention the estimated cost of the Waste-to-Energy Plant. The Board of Industry's recent policy letter on The Construction Industry and the States Capital Programme highlighted the advantages of not disclosing such figures to potential tenderers. The Committee supports this approach.
- c. Due to the complexities in the relationship between the operating costs and the gate fees for the disposal of waste, the Board has not included details in the policy letter of possible waste disposal charges in connection with the Waste-to-Energy Plant. While unusual, there is sound logic in not disclosing this information at this stage.
- d. The Board has clearly been mindful of the many key strategic decisions that remain to be taken and has, therefore, adopted a very flexible structure. By procuring the facility under a DC2O contract through an SPC the States is afforded the opportunity of deciding to run the facility itself, operate the facility under a States Trading Board, operate as a joint venture company or fully privatise the operation. These decisions will be taken as part of the consideration of the Waste Management Plan.
- e. That the impact of progressing the Energy from Waste Facility on the local construction industry will be strongly mitigated by the fact that a considerable proportion of the contract sum will be made up from imported specialist plant and equipment.
- f. The Committee would also wish to emphasise that historically Guernsey has been able to dispose of its waste relatively cheaply, and this has been reflected in the very low charges made for disposal. Over the past decade or so a number of necessary improvements have been made at the landfill sites, and a proportion of the associated costs has been reflected

in modestly increased charges. The very necessary move to utilise an Energy from Waste facility will significantly increase the costs of waste disposal. The Board comments on this in Sections 23.4 and 23.5 of its policy letter, where it states that "...the Board will need to formulate its future waste disposal charging structures following the States' consideration of the polluter pays principle versus funding from taxation and general revenue. These issues can only be addressed once the work of the WMP (Waste Management Plan) is complete and the Board will report to the States on these issues early in 2003."

There remains a very high degree of urgency in progressing the matter, if the Island is to remain sustainable in terms of its waste disposal. Given the difficulties of disposing of waste on the Island, the Energy from Waste Facility should be considered as a high priority infrastructure project.

The Committee supports the Board's proposals and strongly recommends the States to approve the resultant propositions.

Yours faithfully,

L. C. MORGAN,

President,

States Advisory and Finance Committee.

The States are asked to decide:—

VI.—Whether, after consideration of the Report dated the 15th May, 2002, of the States Board of Administration, they are of opinion:—

1. To approve in principle the procurement of a mass burn Energy from Waste (EfW) facility as detailed in that Report.
2. To approve in principle the procurement of the plant referred to in 1 above by means of a Design-Construct and two year Operate (DC20) contract as described in section 16 of that Report.
3. To direct the States Board of Administration to seek tenders for the provision of the DC20 contract and to enter into post tender negotiations with the preferred tenderer.
4. To approve the formation of a Special Purpose Company in the manner and for the purposes described in section 16 of that Report.
5. To authorise the Special Purpose Company to sign the DC20 contract on behalf of the States with conditions precedent, pending consideration of the outcome of the tendering exercise by the States.
6. To direct the States Board of Administration to seek tenders in respect of enabling works as described in section 21 of that Report and to direct that Board to execute those works subject to obtaining necessary approvals or consents.
7. To delegate authority to the States Advisory and Finance Committee to approve the capital votes in respect of those enabling works referred to in 5 above and consultants fees as set out in that Report, which votes shall be charged to the capital allocation of the States Board of Administration.
8. To approve the concept architecture for an EfW facility located at Longue Hougue as detailed in section 20 of that Report and to direct the Island Development Committee to take due regard of the concept architecture when considering detailed applications submitted in accordance with the requirements of the Environmental Impact Assessment.
9. To authorise the States Advisory and Finance Committee to take account of the States Board of Administration's balance of capital allocation and its other capital priorities at the relevant time and, if necessary, to release to that allocation appropriate sums from the Capital Reserve.
10. To direct the States Advisory and Finance Committee, in consultation with the States Board of Health and Law Officers, to take all necessary steps to expedite the implementation of the proposed Control of Environmental Pollution Law and its associated Ordinances.
11. To direct the States Board of Administration to report back to the States within twelve months on proposals for a long term Waste Management Plan including any proposals for an integrated waste management contract as set out in section 15 of that report.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES**THE CRIMINAL JUSTICE (PROCEEDS OF CRIME) (BAILIWICK OF GUERNSEY)
(AMENDMENT) REGULATIONS, 2002**

In pursuance of the provisions of section 54(1)(c) of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, I lay before you herewith the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) Regulations, 2002, made by the States Advisory and Finance Committee on the 1st May, 2002.

EXPLANATORY NOTE

These Amendment Regulations expand the definition of financial services business in the Schedule to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999. The provisions of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations, 1999, (as amended) introduce a requirement for financial services businesses to introduce appropriate anti-money laundering measures. The definition of financial services businesses has now been expanded to include businesses not previously included.

The Amendment Regulations also require financial services businesses that are not regulated by the Commission (for example, those providing purely lending services, bureaux de change, money transmission agents and persons providing informal value transfer systems) to provide the Commission with relevant information. It has become acknowledged internationally that terrorists and other criminals, who launder terrorist funds and the proceeds of crime, may target such unregulated businesses. It is therefore important for the Commission to understand the scale and scope of such businesses in the Bailiwick.

In determining what measures to introduce account has been taken of recent Regulations introduced in the UK with respect to bureau de change, cheque cashers and money transmitters. Note has also been taken of changes introduced by the US Treasury and of the Financial Action Task Force on Money Laundering's anti-terrorist Special Recommendations.

THE MILK (RETAIL PRICES) (GUERNSEY) ORDER, 2002

In pursuance of the provisions of section 8(4) of the Milk (Control) (Guernsey) Ordinance, 1958, as amended, I lay before you herewith the Milk (Retail Prices) (Guernsey) Order, 2002, made by the States Agricultural and Countryside Board on the 29 April, 2002.

EXPLANATORY NOTE

This Order changes the retail price of milk sold in litres and half litres from 12 May, 2002.

**THE COMPANIES (SHARES OF NO PAR VALUE) (MODIFICATION OF
LEGISLATION) REGULATIONS, 2002**

In pursuance of the provisions of section 6(1)(d) of the Companies (Shares of No Par Value) Ordinance, 2002, I lay before you herewith the Companies (Shares of No Par Value) (Modification of Legislation) Regulations, 2002, made by the States Advisory and Finance Committee on the 22nd May, 2002.

EXPLANATORY NOTE

These regulations prescribe for the purposes of the Companies (Shares of No Par Value) Ordinance, 2002, the exceptions, adaptations and modifications subject to which the provisions of—

- (a) the Companies (Guernsey) Law, 1994, as amended;
- (b) certain Ordinances made under the Companies (Enabling Provisions) (Guernsey) Law, 1996; and
- (c) the Document Duty (Guernsey) Law, 1973, as amended, as it has effect in Guernsey;

shall apply to shares of no par value and to the companies which issue them.

DE V. G. CAREY,
Bailiff and President of the States.

The Royal Court House,
Guernsey.
The 7th June, 2002.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 26TH DAY OF JUNE, 2002

The States resolved as follows concerning Billet d'Etat No. XIII
dated 7th June, 2002

PROJET DE LOI

entitled

**THE BARCLAYS PRIVATE CLIENTS INTERNATIONAL LIMITED
(GUERNSEY) LAW, 2002**

- I. To approve the Projet de Loi entitled "The Barclays Private Clients International Limited (Guernsey) Law, 2002", and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**THE ROAD TRAFFIC (CONSTRUCTION AND USE OF MOTOR VEHICLES)
ORDINANCE, 2002**

- II. To approve the draft Ordinance entitled "The Road Traffic (Construction and Use of Motor Vehicles) Ordinance, 2002", and to direct that the same shall have effect as an Ordinance of the States.

**THE EMPLOYMENT PROTECTION (SUNDAY SHOP WORKING)
(GUERNSEY) LAW, 2001 (COMMENCEMENT) ORDINANCE, 2002**

- III. To approve the draft Ordinance entitled "The Employment Protection (Sunday Shop Working) (Guernsey) Law, 2001 (Commencement) Ordinance, 2002", and to direct that the same shall have effect as an Ordinance of the States.

STATES BOARD OF ADMINISTRATION

- IV. To elect Deputy P. N. Bougourd as a member of the States Board of Administration to complete the unexpired portion of the term of office of Douzaine Representative D. A. Grut, who has resigned as a member of that Board, namely, to the 31st May, 2003.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 27TH DAY OF JUNE, 2002

(Meeting adjourned from 26th June, 2002)

The States resolved as follows concerning Billet d'Etat No. XIII
dated 7th June, 2002

STATES ADVISORY AND FINANCE COMMITTEE

PROPOSED NEW INSURANCE LAWS

- V. After consideration of the Report dated the 22nd May, 2002 of the States Advisory and Finance Committee:-
1. That the Insurance Business (Guernsey) Law, 1986, as amended, shall be repealed and replaced by the proposed new Laws as set out in that Report.
 2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 28TH DAY OF JUNE, 2002

(Meeting adjourned from 27th June, 2002)

The States resolved as follows concerning Billet d'Etat XIII
dated 7th June, 2002

STATES BOARD OF ADMINISTRATION

ENERGY FROM WASTE FACILITY

VI After consideration of the Report dated 15th May, 2002, of the States Board of Administration:-

1. To approve in principle the procurement of a mass burn Energy from Waste (EfW) facility as detailed in that Report.
2. To approve in principle the procurement of the plant referred to in 1 above by means of a Design-Construct and two year Operate (DC20) contract as described in section 16 of that Report.
3. To direct the States Board of Administration to seek tenders for the provision of the DC20 contract and to enter into post tender negotiations with the preferred tenderer.
4. To approve the formation of a Special Purpose Company in the manner and for the purposes described in section 16 of that Report.
5. To authorise the Special Purpose Company to sign the DC20 contract on behalf of the States with conditions precedent, pending consideration of the outcome of the tendering exercise by the States.
6. To direct the States Board of Administration to seek tenders in respect of enabling works as described in section 21 of that Report and to direct that Board to execute those works subject to obtaining necessary approvals or consents.
7. To delegate authority to the States Advisory and Finance Committee to approve the capital votes in respect of those enabling works referred to in 5 above and consultants fees as set out in that Report, which votes shall be charged to the capital allocation of the States Board of Administration.
8. To approve the concept architecture for an EfW facility located at Longue Hougue as detailed in section 20 of that Report and to direct the Island Development Committee to take due regard of the concept architecture when considering detailed applications submitted in accordance with the requirements of the Environmental Impact Assessment.

9. To authorise the States Advisory and Finance Committee to take account of the States Board of Administration's balance of capital allocation and its other capital priorities at the relevant time and, if necessary, to release to that allocation appropriate sums from the Capital Reserve.
10. To direct the States Advisory and Finance Committee, in consultation with the States Board of Health and Law Officers, to take all necessary steps to expedite the implementation of the proposed Control of Environmental Pollution Law and its associated Ordinances.
11. To direct the States Board of Administration to report back to the States within twelve months on proposals for a long term Waste Management Plan including any proposals for an integrated waste management contract as set out in section 15 of that Report.
12. (a) To agree that any future charges for the incineration of animal carcasses and animal waste should take into account both the likely economic impact on the agricultural industry and the existing financial arrangements for the incineration of cull cattle.

(b) To direct the Board of Administration to consult with the Agriculture and Countryside Board and if required, the Advisory and Finance Committee, over the charging arrangements for the incineration of animal carcasses and animal waste at the Energy from Waste Facility and in the event of no agreement being reached to report back to the States before the end of 2003.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

THE CRIMINAL JUSTICE (PROCEEDS OF CRIME) (BAILIWICK OF GUERNSEY) (AMENDMENT) REGULATIONS, 2002

In pursuance of the provisions of section 54(1)(c) of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) Regulations, 2002, made by the States Advisory and Finance Committee on the 1st May, 2002, were laid before the States.

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THE COMPANIES (SHARES OF NO PAR VALUE) (MODIFICATION OF LEGISLATION) REGULATIONS, 2002

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S. M. D. ROSS
HER MAJESTY'S DEPUTY GREFFIER