



**Welcome to the EnviroDaq fortnightly newsletter focusing on companies in the UK's growing environmental goods and services (EGS) sector.**

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## EnviroDaq

EnviroDaq is an index of UK listed companies which generate at least 60% of their turnover from providing environmentally-focused goods and services. This includes companies in the following sectors: renewable energy; energy efficiency equipment; renewable materials; waste management; water and waste water treatment; air pollution control equipment; environmental monitoring and instrumentation; and cleaner technology processes.

Research carried out by EnviroDaq indicates that companies in the environmental goods and services sector now account for 2.5% of the AIM market. This is second only to the Speciality Finance sector in terms of market representation.

The EnviroDaq now has 77 members; all of whom are listed on the UK stock market, and the majority are listed on the AIM market.

### **EnviroDaq stats (as from today)**

EnviroDaq Index Current Value: 125.67

EnviroDaq Index Yesterday Close: 129.61

EnviroDaq Index Movement Today: -3.14%

EnviroDaq Index Movement Last 7 Days: -1.36%

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## Opinion

**Foreword:** In the waste and recycling industry, and among the public in general, there is much debate regarding the future of waste solutions in the UK. In particular, the approach that waste disposal authorities will take to treating biodegradable municipal waste (BMW) and reducing the amount going to landfill, in line with the legally binding targets under Article Five of the EU Landfill Directive, which set clear objectives for 2010 and beyond.

Currently, local authorities are taking guidance, undertaking research and consulting on the options for waste treatment, guided by Defra's Waste Implementation Programme. As a result, most local authorities are in the process of procuring waste services, both to meet 2010's interim targets and also looking towards the 2020 targets.

In response to the targets, it seems that most local authorities are issuing interim contracts for solutions to reduce the amount of BMW being sent to landfill (read about Norfolk county council's approach below). These contracts aim to increase the capacity at material recycling facilities and to increase the levels of organic waste treatment, such as in-vessel composting and anaerobic digestion. In the long-term, solutions such as energy from waste (EfW) and other technologies are also being considered.

The impact of the EU landfill targets is currently creating significant investor interest in the waste and recycling sector, particularly given that some of the waste disposal authority contracts are lucrative. An example being the £300 million Greater Manchester Waste Disposal Authority PFI contract recently awarded to preferred bidders Viridor Waste Management and John Laing Infrastructure.

We should also add that stakeholders in the waste and recycling industry should keep an eye out for the Review of England's Waste Strategy, anticipated in the first half of 2007. The review is sure to usher in changes in the waste and recycling industry, such as extending the recycling and re-use culture beyond the home to the workplace and highlighting sustainable management in non-municipal sectors.

Simon Chiva  
Head of Resource Efficiency Programme  
UK Centre for Economic & Environmental Development (UK CEED)

### **Norfolk Waste Disposal Authority; Procuring Waste Management Services**

Many local authorities responsible for waste disposal face the significant challenge of moving from landfill disposal to more complex capital intensive processes, aimed at treating residual municipal solid waste and recovering value from it.

Norfolk County Council was quick to realise that a disaggregated approach to procuring the range of waste services was the best way ahead, an approach since adopted by Defra. In 2004, Norfolk took this a step further and adopted a phased approach to the procurement of services to treat residual municipal waste.

Phase One, developed as a public private partnership contract, is already in advanced procurement and will provide treatment for up to 150,000 tonnes per annum, roughly half of the residual municipal waste that currently goes to landfill in Norfolk. Phase Two will address the remaining waste and has had an expression of interest for PFI credit support approved by Defra.

This month Sustainable Resource Management Ltd (SRM) was appointed as preferred bidder for Phase One. SRM is a special purpose vehicle set up by Norfolk Environmental

Waste Services Ltd, the County Council's local authority waste disposal company, with partners May Gurney and Innisfree and support from Lloyds TSB bank.

SRM is proposing an advanced mechanical biological treatment plant using mechanical biological treatment (MBT) and anaerobic digestion at a site on the outskirts of Norwich. The process will deliver high levels of materials for recycling, generate a gas which will be used to generate electricity and stabilised material for quarry restoration. The proposal does not rely on generation of refuse derived fuel, generally considered a given as part of any process involving MBT.

Looking ahead to Phase Two, waste disposal authorities can now deliver their own waste services without the need to use another company. Norfolk has explored the opportunities that this might offer with support from the regional centre of excellence. Consultants Mott MacDonald investigated the possibility that a collaborative working arrangement to develop and deliver services through a strategic waste partnership might produce a better value for money outcome for the County Council than a conventional PFI procurement.

This strategic waste partnership approach to procurement may find favour with a number of waste collection, waste disposal or unitary authorities for a range of projects. Furthermore, it seems that partnering principles, already recognised in other sectors, like Building Schools for the Future or the NHS PFIs, may be the perfect partner for the rigours of standardised PFI contracts in the waste sector. As we see more authorities starting to take significant steps in procuring the range of waste services required, could we see a strong role emerging for Waste Strategic Partnership PFIs?

*Joel Hull, Project Manager – residual waste treatment contracts, Norfolk County Council*

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## News in Brief

### **Closed Loop London Get Go Ahead for Recycling Plant**

Closed Loop London, the UK subsidiary of Australian recycling firm Visy Closed Loop, has gained approval for a ground-breaking recycling plant, to be built in Essex.

Funded by a £12 million joint private and public sector funding agreement, the 35,000-tonne capacity plant will be the first in the UK to recycle plastics into material for food packaging.

Due to be operational by December 2007, the plant, in Dagenham, will transform the recycling of polyethylene terephthalate (PET) in the UK. It will turn millions of water, soft drinks and cosmetics bottles, which might otherwise be exported for recycling or sent to landfill, back into new food packaging each year. It will use patented technology developed by South Carolina-based United Resource Recovery Corporation to sort, granulate and super clean the recycled plastic bottles, producing a high quality raw material that has been tested extensively and is widely used in food applications in both the US and Europe.

Marks & Spencer has already committed to sending plastic waste from its London stores to the new plant for recycling. It is also encouraging its suppliers to source recycled PET from the plant to make M&S packaging.

### **New Fund to Encourage Innovation in the East of England**

A new £1.5 million Proof of Concept fund has been launched to develop the East of

England's role as an innovation powerhouse.

The Proof of Concept fund, administered by the East of England Development Agency, will help entrepreneurs research the commercial viability of their ideas. It will allocate between £5,000 and £40,000 per project, to a maximum of 75% of project cost over four seasonal rounds. The deadline for the first round closes on 20 April, with awards scheduled to be announced on 22 June. Last year, the pilot project of this fund helped 50 local firms.

Launching the fund, trade and industry secretary Alistair Darling also announced a new £1.15 million Cambridge-based collaboration to research ways to improve hydrogen fuel cells, which can be used in 'greener' vehicles.

### **EU Agrees Renewable Target**

European Union leaders have agreed to a binding target on the use of renewable energy, such as wind and solar power.

The EU plan involves a 10% minimum target on the use of bio-fuels in transport by 2020; a commitment to increase use of solar, wind and hydroelectric power; and a possible ban on traditional light bulbs - with filaments - in offices, street lights and private homes by the end of the decade.

European Commission President Jose Manuel Barroso said Europe was now able to lead the way on climate change.

In another key measure, EU leaders said they would cut carbon dioxide emissions by 20% across the EU from 1990 levels by 2020. However, the details of precisely how each country will meet its share of the target has yet to be agreed.

### **Drax Goes Greener**

Britain's biggest single source of carbon emissions, the Drax coal-fired power station in Selby, North Yorkshire, has announced plans to increase its use of biofuels over the next two years.

Bosses at the plant say the plan is to burn 10% biomass crops by 2009 and around £67million will be invested to cope with the increase. The move should save three million tonnes of CO<sub>2</sub> a year - the equivalent of 700 wind turbines.

### **Lean, Green Air-con**

The Government is funding a project to develop air-conditioning systems that use less energy, are more cost effective and more environmentally friendly.

The £800,000, two-year project, called New Environmental Control System Technology, will be carried out by a consortium led by Honeywell Aerospace. The air-conditioning systems will be for use on planes, trains and in buildings.

A reduction of just 10% in the fuel burn for the average 25-year life of modern air-conditioning installations would reduce emissions of carbon dioxide by 14.4 mega tonnes.

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## **EnviroDaq Company News**

**More Wind in Clipper's Sales**

Clipper Windpower is to supply 60 units (or 150 MW) of its 2.5 MW Liberty wind turbines to US-based Edison Mission Group, for delivery in 2008.

To be delivered via two separate contracts, the sales are a mix of 19 firm orders and 41 contingent orders, subject to the availability of Clipper wind turbines committed to others via contract options.

Based in California, Edison Mission Group manages the competitive power generation business of Edison International, an electric power generator and distributor with assets totaling more than \$36 billion.

### **Greenhouse Gets Off To Good Start**

Molectra, the pioneering tyre-recycling plant in Queensland, Australia, has begun pilot operations on time and on budget.

The maiden investment of Jersey-based environmental technology investment company The Greenhouse Fund, Molectra recycles tyres to produce high-grade crumb rubber, oil and carbon. The primary objectives of the pilot trial are to establish the scalability and the continuous commercial viability of the technology.

Greenhouse invested £750,000 for a 32% holding in Molectra in March 2006 to finance the development of the pilot plant.

### **New Plant for Novera**

Renewable energy company Novera has received planning approval to build a 24 MW wind farm on a former RAF airfield near Bridlington, in the East Riding of Yorkshire.

Novera expects to start construction of the £26.5 million wind farm at Lissett later this year, with commercial operation commencing during the second half of 2008.

When fully operational, the Lissett wind farm will generate enough renewable electricity for approximately 13,000 homes, equivalent to 10% of the households in the East Riding, saving an estimated 61,000 tonnes of carbon dioxide emissions each year.

Novera has a 131 MW renewable energy portfolio spanning small hydro, onshore wind and landfill gas. In late 2006, the company received permission to build a 10 MW sustainable waste-to-energy plant in East London.

### **Ocean Power Secures US\$1.2m From Scottish Executive**

Ocean Power Technologies Limited (OPT) has been awarded US\$1.2 million (£641,000) by the Scottish Executive.

The grant, under the Scottish Minister's Wave and Tidal Energy Support Scheme, was awarded for the construction, installation and in-ocean demonstration of OPT's latest 150kW PowerBuoy design, the PB150.

The PB150 is the latest in OPT's PowerBuoy product offering. Once fully demonstrated, OPT intends to deploy the PB150 in a number of projects currently under development, including Spain, Southwest England, France and the USA.

OPT is the wholly-owned subsidiary of New Jersey-based Ocean Power Technologies Inc.

### **Ocean Power Gets Going in Oregon**

In another coup for Ocean Power Technologies, it has signed an agreement with Pacific Northwest Generating Cooperative to jointly develop the Reedsport OPT Wave Park in Reedsport, Oregon.

The Reedsport project will see OPT install an initial 2 MW PowerBuoy system 2.5 miles off the coast of Oregon, where it has a preliminary permit from the Federal Energy Regulatory Commission for up to 50 MW of capacity.

PNGC Power is an Oregon-based electric power cooperative serving 15 distribution cooperatives with service territory in seven states. In addition to helping fund the Reedsport project, PNGC Power plans to purchase the 2 MW energy output from OPT.

### **Double Whammy for TEG Group**

TEG Group, the green technology company which converts organic wastes into natural organic fertiliser, is on course to become the exclusive supplier of In-Vessel Composting (IVC) to Europe's largest waste management contract.

TEG has agreed to supply all the IVC capacity for the Viridor-Laing consortium, the preferred bidder for the £300 million Greater Manchester Waste PFI contract.

Once the consortium confirms the PFI contract, expected to be in July 2007, TEG is expected to build four plants between 2007 to 2010. The plants will process green waste and kitchen waste from households in the Greater Manchester region. Their combined capacity will be 180,000 tonnes per annum, producing 125,000 tonnes of compost product. The total value of the contract to TEG could be up to £35 million over three years.

Just a week after confirming the tie-up with Viridor-Laing, construction was also completed on TEG's £920,000 Silo Cage composting plant in Swansea. The plant, operating under TEG management since November 2006, was handed over to the City and County of Swansea on 5 February 2007.

As in Manchester, the plant at Swansea is designed to process mixed garden and kitchen waste and has been processing these materials since household collections began in November 2006.

*For all the EnviroDaq company news visit [www.EnviroDaq.com](http://www.EnviroDaq.com) and view the news archive*

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## **EnviroDaq Company Case Studies**

*The following case studies of companies in the EnviroDaq index were penned by the companies themselves and have not been edited by the EnviroDaq editor. We therefore accept no liability for the accuracy of the information contained within them and they should not be used as a prospectus for investment purposes.*

**Company:** ReEnergy Group plc

### **Business overview**

ReEnergy Group plc is a UK registered company listed on London's AIM market. We offer technologically advanced and potentially market leading solutions, including autoclaves for the steam treatment of Municipal Solid Waste (MSW), a patented technique for producing calorific Refuse Derived Fuels (RDF), versatile Reverse Osmosis desalination plants, and a Thermal Recovery Unit. ReEnergy Group's businesses serve

both public authorities and the private sector.

### **Technology for treating MSW**

We use a proven US technology called Fibrecycle to recover recyclable materials and produce a re-usable organic fibre. A typical plant can receive approximately 100,000 tonnes per annum of waste for processing. The process sanitises the waste using a steam autoclave and then mechanically separates and recovers metals, plastics and aggregates for recycling. The end product, a bio-stabilised organic fibre, can be converted into value-added products, such as compost, fibre board building products, or further processed into a biomass fuel.

### **Technology for producing RDF**

We intend to use Pirelli Ambiente's technologies under license to produce a high-grade RDF produced from the dry fraction of MSW with the addition of other high-grade waste streams. RDF is a substitute for coal in industrial facilities such as thermoelectric power plants and cement kilns. The market for high-grade RDF in the UK is significant.

### **Management**

Roger Hewitt, Executive Chairman, is a leading figure in the waste management sector, with extensive involvement at corporate, professional and government levels. He is also a director of the Chartered Institution of Waste Management, and Deputy Chairman of the OTI ESAG committee on the export of UK environmental technology.

Paul Craven, Chief Operating Officer, has extensive experience in financial management, in addition to strong commercial and strategic development skills that come from a career in the global power industry. Paul has had profit and loss responsibility for divisions within blue chip power companies and considerable high-level experience in strategic planning, power station asset management and optimisation.

For further information please contact:

Max Herbert  
ReEnergy Group plc  
211 Piccadilly  
London  
W1J 9HF  
Tel: +44 (0) 20 7432 0340  
Fax: +44 (0) 20 7432 0343  
[info@reenergygroup.com](mailto:info@reenergygroup.com)

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## **Contact EnviroDaq**

EnviroDaq has been developed by the UK Centre for Economic and Environmental Development (UK CEED), a charitable foundation, and the Centre for Sustainable Engineering (CSEng), a not-for-profit company. The aim is for the index to become an authoritative benchmark for performance in the environmental industries and to attract recognition for, and investment activity in the sector. Please get in touch if you wish to give feedback on our newsletter or submit relevant news or case studies. For more information on EnviroDaq visit [www.envirodaq.com](http://www.envirodaq.com) or contact Gareth Jones ([g.jones@ukceed.org](mailto:g.jones@ukceed.org); Tel: 01733 311644)

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## About Envirodaq

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