

Hopes of energy from waste scheme fading

One North East firm has sidestepped a potentially damaging fallout from the collapse of a £600m energy scheme - but hopes the Teesside development will be revived are receding. PETER McCUSKER reports



► Air Products' Tees Valley renewable energy facilities. The company has now totally withdrawn from the energy from waste business

THERE was widespread joy when US industrial gases giant Air Products announced it would be investing £300m on a revolutionary way of producing electricity from waste on Teesside.

The following year, 2012, it unveiled plans to invest the same amount in a second plant, also in Billingham, with the combined operations able to produce 100MW of electricity; enough to power 50,000 homes as well as creating hundreds of jobs.

One North East company, Impetus Waste Management, was crucial to Air Products' plans after agreeing to source and supply Refuse Derived Fuel (RDF) to the TV1 and TV2 plants at Billingham Reach.

Billingham-based Impetus, arguably one of the North's largest waste management companies, invested over £10m in a new waste transfer station on land adjoining the Air Products development site. This new facility now employs 100 people and has the capability of handling 640,000 tonnes of waste a year.

As Impetus completed its facility - the largest of its kind in Europe - it became apparent that, over the fence, the Air Products development was not progressing as planned.

And earlier this month, almost a year since it was due to open, Air Products threw in the towel saying it was withdrawing totally from the Energy from Waste (EfW) business.

Seifi Ghasemi, Air Products' chairman, president and chief executive, said: "We pushed very hard to make this new EfW technology work and I would like to thank the team who worked so diligently. We appreciate the hard work of our employees and contractors at the site, and certainly understand their disappointment in this decision. We are also disappointed with the outcome."

However concerns that Air Products' retreat would have a knock-on

impact for Impetus have receded after it said it had secured new markets for its RDF.

Impetus, which employs almost 160 people and has annual revenues of £44m, released the following statement to Journal Energy: "The decision by Air Products is regrettable, but the decision will not have any negative impact on Impetus. Impetus owns the largest commercial waste transfer station in Europe, which was originally the intended manufacturer of RDF for TV1 and TV2.

"Last year, Impetus took the difficult decision to reorient its business strategy and operations away from Air Products to alternative RDF off-takers in anticipation of Air Products' decision.

"Whilst this has been a challenging transition Impetus has now fully replaced the anticipated Air Products' RDF volumes and has emerged stronger from this process."

On announcing its withdrawal from the market Air Products said it would be looking for a buyer, but this now seems unlikely, at least in the short to medium term.

Last week it emerged that proposals for similar plant - using the same plasma gasification technology - have been put on hold as the Government assesses the fallout from Air Products' decision.

The Department for Communities and Local Government said it was delaying a decision on Peel Environmental's materials recovery and waste gasification plant in Bilsthorpe, Nottinghamshire. This is

being run in conjunction with EfW firm Waste2Tricity, which also had a small role in the Air Products' Teesside project.

John Hall, managing director at Waste2tricity, told Journal Energy: "We remain committed to delivering the Bilsthorpe Energy Centre. Our partner Peel has received a letter from the Secretary of State Greg Clark, requesting comments on a recent decision by a third party organisation to exit the waste sector and plan to respond within the time frame provided."

While plasma gasification technology is proven for plants producing up to 10MW of electricity, the Teesside facility was the first attempt to build at an 'industrial scale', which would have involved handling thousand of tonnes of waste every day.

A plasma gasification process deploys high-temperature electric arc furnaces to heat waste in presence of oxygen creating a syngas which can be used for generating electricity, or as a chemical feedstock.

The first sign things were not going to plan for Air Products was

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Impetus statement

in November last year when 700 workers were pulled off construction of the partially-built TV2 project after a serious, but undisclosed engineering problem was found to affect TV1. The firm warned at the time that both would need a redesign.

However Air Products' board has decided that this would take too much time and money and it will now concentrate on its core industrial gases business.

The technology deployed by Air Products came from Canadian Firm AlterNRG and has been used successfully on a number of projects in Asia.

AlterNRG has not responded to a request for a statement on the situation, however an Air Products spokesperson told Journal Energy this week: "Right now our focus remains on working to optimise the cash value of our investments; We won't speculate on the future."

Meanwhile, Impetus chairman Cameron Savage said: "We are sorry to see Air Products exit these projects, which have had such a positive impact on jobs and the local community.

"However, the steps we have been able to take in recent months mean that we are no longer exposed to Air Products and are well positioned to grow our business. We therefore expect no negative impact on jobs or revenues at Impetus. We wish Air Products the best of luck with the potential sale."

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