

MEMORANDUM

To:	Mark Forrester	Organisation:	Worcestershire County Council
cc:	Simon Lewis	Organisation:	Worcestershire County Council
From:	Kerry Booth	Our Ref:	S1291-2300-0007KSB
Date:	13 th July 2016	No. of Pages:	2
Subject:	Mercia LTA Construction Progress Summary – July 2016		

1 INTRODUCTION

Mercia Waste Management Limited ("Mercia") is constructing the 200,000 tonnes/year, 18 MWe Mercia EnviRecover EfW Plant in Hartlebury, Worcestershire. Fichtner Consulting Engineers Ltd (Fichtner) has been appointed as lender's technical advisor (LTA) for the construction phase of the plant. This summary memo covers relevant activities and progress based on review of latest available reports from and Mercia (covering 1st – 31st May 2016).

2 PROJECT PROGRESS

The latest programme provided to the LTA for review shows a target Take Over date of 29th December 2016, which is nine weeks ahead of the contractual Take Over date of 28th February 2017. Current progress suggests this is optimistic. However, it is considered likely that Take Over will be achieved in advance of the contractual Take Over date.

Civil work activities, including erection of tipping hall steelwork and cladding, have continued in recent months. Delays in cladding have required extended working hours, and have led to plasterboard damage in areas where cladding was not completed. Damage has been noted in the observation list. The boiler/FGT hall is expected to be watertight by mid-July, but this has not been confirmed. Slow progress has affected installation of drainage and road construction, which will potentially cause delay to the first waste deliveries and Take Over.

Installation of the fire suppression and detection system is progressing well and building services installation has also commenced.

Erection of the water steam cycle pipework has been completed and pressure tested throughout the facility. Insulating of pipework is largely complete.

Electrical installation has been delayed, and is not expected to be completed before mid-July. The 66kV cable was energised on 3rd May 2016 and the 66/11kV transformer was energised on 11th May 2016. This satisfied the contractual requirement for Mercia to provide an energised grid connection.

3 KEY PROJECT RISKS AND OBSERVATIONS

Ongoing delays to the civil engineering works have delayed road construction, which has the potential to delay some commissioning activities.

The progress of electrical installation was delayed compared to the programme, and completion was not achieved by mid-May as previously anticipated. Additional manpower was employed to accelerate installation and prioritise systems required for commissioning. Quality of the cable installation is also a concern, with the number of quality observations increasing. Poor safety practices have also been observed. This area is being closely monitored by the owner's engineer.

4 FINANCIAL AND COMMERCIAL

The cumulative amount which has been certified to date is £103,359,568.68. The LTA has issued ten payment certificates to allow drawdown on the senior loan.

To date forty-two Variation Orders have been issued. To date the net reduction to the contract price is £55,405, which covers all Variation Orders. There has been no extension of time for any Variation Orders issued to date.

5 HEALTH AND SAFETY

Health and safety standards have improved steadily on site in recent months, with a focus on good housekeeping, which has had a positive impact on site cleanliness. However, there have been poor safety practices surrounding the electrical installation. There is still room for improvement, and the owner's engineer will continue to monitor standards.

Key performance indicators for April 2016 show that one minor injury was reported and two minor injuries were reported in May.

43 Site Safety Observation Reports (SSORs) were raised in May (of 1,504 to date), with the most common categories of report concerning scaffolding and mobile towers, safe access and egress, traffic management, personal protective equipment and housekeeping. Three yellow cards and one red card were issued in April, and twenty-four yellow cards and four red cards were issued in May. The increase in May was largely due to a new electrical installation subcontractor on site. This subcontractor's activities will continue to be closely monitored.

6 PLANNED ACTIVITIES NEXT PERIOD

The following activities are planned from May 2016:

- Detailed engineering of remaining packages (including several civil work packages and design review meetings);
- Continued work on civil packages including construction of access roads, drainage, tipping hall, waste bunker, boiler hall, admin building, weighbridges, firewater tank, and firewater pump house; and
- Continued work on process packages including boiler hall steelwork installation, continued installation of the FGT system, and closing out of turbine hall snags.

Yours sincerely
FICHTNER Consulting Engineers Limited



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Consultant



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