

08 February 2019

Kingsgate (Floor 3)
Wellington Road North
Stockport
SK4 1LW

Our reference: S1694-0020-0874MSS

Tel: +44 (0)161 476 0032
Fax: +44 (0)161 474 0618

Mr Jim Haywood
Mercia Waste Management
The Marina
Kings Road
Evesham
WR11 3XZ

Ref: Performance of the EnviRecover EfW Plant

Dear Jim,

In response to your request for an update on the operational performance of the EnviRecover energy from waste (EfW) plant, we are pleased to provide this brief overview.

Following completion of construction by Hitachi Zosen Inova (HZI), the plant was taken over on 3rd March 2017 and is now operated by Severn Waste Services (SWS) on behalf of Mercia Waste Management (Mercia). In accordance with the engineering, procurement and construction (EPC) Contract, following successful completion of the Reliability and Performance Tests, the Acceptance Certificate was issued on 2nd August 2017 and the Availability Test subsequently commenced at 00:00 on 3rd August 2017.

The first year of the Availability Test was completed on 3rd August 2018. The Availability for the Plant during the first completed year was 93.1% in terms of thermal input and 89.2% in terms of electrical export, compared to guarantees of 90.6% and 88.1% respectively.

Availability during September and October 2018 was low due to the planned outage. The annual availability guarantee takes account of an annual outage and therefore the figures are not adjusted. Since the outage availability in November, December and January has been very good.

There are still two "Minor Items" remaining from construction, which are still to be addressed by HZI. These relate to the access control system for the personnel lift and the air handling system for the administration building. Payments are being withheld against these works, and as such Milestone 43d will not be certified for payment until SWS has advised that these items have been completed to their satisfaction.

SWS has raised a number of Defects since Take Over. The Contract defines a Defect as being any part of the Works which is considered to be "*defective or not in accordance with the Contract (normal wear and tear excepted)*". To date none of the Defects raised have had any long-term effects on the ability of the plant to process waste or generate power. The Defect Liability Period will expire on 3rd March 2019 after which new Defects cannot be raised. However, HZI will still be required under the Contract to close any Defects that remain open at on 3rd March 2019.



Certificate Number 2291
ISO 9001
ISO 14001
OHSAS 18001

08/02/19 Page 2 of 2

In conclusion, the EnviRecover EfW plant continues to operate in line with its performance and availability targets. Therefore, we cannot currently foresee any performance issues with the plant that are likely to affect Mercia's ability to honour their loan repayment obligations.

Yours sincerely

FICHTNER Consulting Engineers Limited

Mark Shatwell

Project Manager under the EPC Contract