

MEMORANDUM

To: Mark Forrester
cc: Simon Lewis
From: Kerry Booth
Date: 6th September 2016
Subject: Mercia LTA Construction Progress Summary – September 2016

Organisation: Worcestershire County Council
Organisation: Worcestershire County Council
Our Ref: S1291-2300-0008KSB
No. of Pages: 2

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 the Owner's Engineer (OE) and Mercia (covering 1st – 31st July 2016).

2 PROJECT PROGRESS

The latest programme provided to the LTA for review shows that the facility should achieve Take Over by the contractual Take Over date of 28th February 2017. Current progress suggests this is achievable.

Civil work activities, including roads, drainage, gatehouse and weighbridge construction, firefighting system installation, administration building cladding and steelwork, tipping hall installation works, bunker and process building cladding and installation works, have continued in recent months. The critical path to Take Over goes through a number of civil work activities, including completion of the gatehouse and administrative block.

Installation of pipework is now substantially complete, with installation of instrumentation ongoing. Electrical works are still ongoing, with the latest programme provided for review showing electrical works will be complete before they are required for commissioning activities.

3 KEY PROJECT RISKS AND OBSERVATIONS

The Take Over date is directly related to the date for first waste deliveries. The cladding of the gatehouse has been delayed, and represents the greatest risk to delay in first waste deliveries.

Time pressure, especially with regards to the gatehouse and building services, gives the potential for quality or safety to be compromised. Construction and commissioning activities are being closely monitored on site to ensure that they are carried out safely and adhere to the quality procedures in place.

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.

Four additional Variation Orders were issued in June. To date forty-six Variation Orders have been issued. To date the net addition to the contract price is £740,173, which covers all Variation Orders. The largest component of the new Variation Orders related to the provision of additional strategic spares. There has been no extension of time for any Variation Orders issued to date.

5 HEALTH AND SAFETY

Health and safety standards have been maintained in recent months. There were two near misses involving dropped objects in July, one of which was considered particularly serious, and three issues involving vehicle collision. There is still room for improvement, and the owner's engineer will continue to monitor standards.

Six yellow cards and four red cards were issued in July. The yellow and red cards related to working at height or operation of mobile plant.

The number of site safety observation reports raised has remained steady, with the most common category of report concerning access and egress.

6 PLANNED ACTIVITIES NEXT PERIOD

The following activities are planned from August 2016:

- Completion of site wide civil engineering works, and continuation of civil works in the waste bunker, boiler hall, flue gas treatment hall, turbine hall, administrative building, weighbridges, gatehouse and fire water tank; and
- Completion of electrical works, minor works to close out snagging items and preparation for commissioning activities.

Yours sincerely
FICHTNER Consulting Engineers Limited



Kerry Booth
Associate Senior Consultant



Phin Eddy
Commercial Director