



Ramsey/Washington Waste Processing Project

Presentation to Project Board
September 22, 2011

Table of Contents

➤ Introduction

- ❑ Overview
- ❑ Why MSW processing?
- ❑ Why MSW processing at Newport?
- ❑ Contract Extensions – Status Update
- ❑ Why an \$86/ton tip fee is required
- ❑ MPCA enforcement of MN state statute 473.848
- ❑ Summary

Table of Contents

- ❑ Introduction
- **Overview**
- ❑ Why MSW processing?
- ❑ Why MSW processing at Newport?
- ❑ Contract Extensions – Status Update
- ❑ Why an \$86/ton tip fee is required
- ❑ MPCA enforcement of MN state statute 473.848
- ❑ Summary



Newport RDF Processing Facility



RDF Burn Facilities



Red Wing

Wilmarth



Table of Contents

- ❑ Introduction
- ❑ Overview
- **Why MSW processing?**
- ❑ Why MSW processing at Newport?
- ❑ Contract Extensions – Status Update
- ❑ Why an \$86/ton tip fee is required
- ❑ MPCA enforcement of MN state statute 473.848
- ❑ Summary

Why MSW Processing?

- ❑ Reduces landfill usage
 - ❑ Extends limited airspace of existing landfills
 - ❑ WTE reduces greenhouse gas emissions by 60% vs landfilling.
- ❑ WTE more efficient at producing power compared to energy captured at a landfill by a factor of 10.

Table of Contents

- ❑ Introduction
- ❑ Overview
- ❑ Why MSW processing?
- **Why MSW processing at Newport?**
- ❑ Contract Extensions – Status Update
- ❑ Why an \$86/ton tip fee is required
- ❑ MPCA enforcement of MN state statute 473.848
- ❑ Summary

Why MSW Processing at Newport?

- ❑ During the last 25 years, the sponsors and operators of the Newport WTE facility have done a lot of things right, including significantly reducing public subsidies over the last 5 years.
- ❑ Newport facility has an additional estimated useful life of 25+ years
 - ❑ Replacement of the Newport facility would cost \$200 to \$300 million
 - ❑ Equivalent to debt service of \$47/ton to \$70/ton.
- ❑ Peerless record for performance and regulation compliance since 1987
 - ❑ 9 million tons of MSW have been processed
 - ❑ 7 million tons of landfill have been avoided
 - ❑ 500,000 tons of materials have been recycled
 - ❑ 500,000 MWh of base load power have been produced.
- ❑ RRT/Xcel facilities contribute \$40 to \$50 million each year to local economies.
- ❑ RRT/Xcel employs 100+ with over \$10 million in wages and benefits.

Newport Facility is an Incredibly Valuable Resource Compared to its Peer Group - Examples

- ❑ \$667 million WTE plant in the works in Palm Beach County, Florida
 - ❑ Estimated to be 2x the size of Newport. ⁽¹⁾
- ❑ Harrisburg WTE facility riddled with problems
 - ❑ \$200/ton tip fee (\$127/ton public subsidy?) ⁽²⁾
 - ❑ \$310 million in debt ⁽³⁾
 - ❑ Processed 236,016 tons in 2009. ⁽⁴⁾

Source: (1) – Waste and Recycling News, 7/25/11
(2)– The Patriot News, 3/10/11
(3) – Wall Street Journal, 6/12/11
(4) – Power Magazine, 12/1/09

Table of Contents

- ❑ Introduction
- ❑ Overview
- ❑ Why MSW processing?
- ❑ Why MSW processing at Newport?
- **Contract Extensions – Status Update**
- ❑ Why an \$86/ton tip fee is required
- ❑ MPCA enforcement of MN state statute 473.848
- ❑ Summary

Contract Extensions Update - Here's Where We Are

- Must be in place by June 2012
 - Xcel: 370,000 tons of RDF per year from Newport ✓
 - Union (IBEW): Extension of labor contract ✓
 - MPCA
 - Commissioner has stated that WTE is one of three priorities ✓
 - Processing required under state statute 473.848. ✓
 - Haulers: 420,000 tons of MSW at \$86/ton tip fee ?
 - Market will need to absorb \$28 tip fee differential
 - The haulers will be comparing costs to tip at the Newport facility versus going directly to the landfill.
 - Out of state landfills compete for tons.
 - Hauler incentives will likely be needed to secure tons for processing.

Table of Contents

- ❑ Introduction
- ❑ Overview
- ❑ Why MSW processing?
- ❑ Why MSW processing at Newport?
- ❑ Contract Extensions – Status Update
- **Why an \$86/ton tip fee is required**
- ❑ MPCA enforcement of MN state statute 473.848
- ❑ Summary



Why is an \$86/ton tip fee required?

	2007	2008	2009	2010	2011	2012	2013
Tip Fee	\$ 55	\$ 55	\$ 59	\$ 64	\$ 68	\$ 72	\$ 86
County Subsidy	40	40	33	20	15	10	-
Total Tip Fee to RRT	95	95	92	84	83	82	86
Less: Debt Service	(6)	(6)	-	-	-	-	-
Net Tip Fee to RRT	\$ 89	\$ 89	\$ 92	\$ 84	\$ 83	\$ 82	\$ 86 (b)
2007 Tip Fee Adj for CPI and Fuel Increases (a)	\$ 89	\$ 92	\$ 92	\$ 94	\$ 97	\$ 100	(est) \$ 102 (est)
Hauler Subsidy	12	12	12	12	14	14	
Total County Subsidy	\$ 52	\$ 52	\$ 45	\$ 32	\$ 29	\$ 24	
Net Cost to Hauler(c)	\$ 43	\$ 43	\$ 47	\$ 52	\$ 54	\$ 58	

(a) Midwest Diesel Fuel Cost per Gallon \$ 2.86 \$ 3.76 \$ 2.43 \$ 2.96 \$ 3.79 \$ 3.90 (est) \$ 4.02 (est)

(b) \$86/ton is a 15% reduction in the 2007 tip fee as adjusted for increases in the CPI and fuel.

(c) Normally slightly less or equal to landfill cost.

Why \$86/ton versus \$102/ton?

- Waste to Energy efficiencies realized through higher yields of RDF:

2005-2010 Yields - Actual

	2005	2006	2007	2008	2009	2010
RDF	76.6%	69.4%	75.3%	75.9%	83.0%	83.2%
Metals	3.7%	3.6%	3.7%	3.6%	3.6%	3.5%
Residue (Glass and Grit) to Landfill	10.2%	13.0%	9.6%	8.9%	5.3%	4.0%
Bulky Waste Residue to Landfill	8.4%	12.0%	12.3%	12.8%	9.6%	9.3%
Shrinkage	1.1%	2.0%	-0.9%	-1.2%	-1.5%	0.0%
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- Overall reductions in costs

Newport Costs Include:

Significant Transportation costs to the Xcel plants in Red Wing and Mankato.

Significant Burn Fee to Xcel (whereas GRE is able to internalize its “burn fee”).

Table of Contents

- ❑ Introduction
- ❑ Overview
- ❑ Why MSW processing?
- ❑ Why MSW processing at Newport?
- ❑ Contract Extensions – Status Update
- ❑ Why an \$86/ton tip fee is required
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- ❑ Summary

MPCA Enforcement of Minn Stat. 473.848

Minn Stat 473.848(a): For the purposes of implementing the waste management policies in Section 115A.02 and metropolitan area goals related to landfill abatement established under this chapter, a person may not dispose of unprocessed mixed municipal solid waste generated in the metropolitan area at a waste disposal facility unless:

- (1) the waste has been certified as unprocessable by a county; or
- (2) the waste has been transferred to the disposal facility from a resource recovery facility.

Table of Contents

- ❑ Introduction
- ❑ Overview
- ❑ Why MSW processing?
- ❑ Why MSW processing at Newport?
- ❑ Contract Extensions – Status Update
- ❑ Why an \$86/ton tip fee is required
- ❑ MPCA enforcement of MN state statute 473.848
- **Summary**

Summary

- Xcel
- RRT
- Labor
- MPCA
- Haulers
- County support – community

It will take a concerted effort by all parties to assure WTE energy processing at Newport continues post 2012.

We're All in This Together



Source: Reader's Digest, October 2011