



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	North Foreshore Plot 1 Site Disposal
Date:	21 March 2014
Reporting Officer:	Gerry Millar Director of Property & Projects
Contact Officer:	Susan Quail North Foreshore Project Manager

1	Relevant Background Information
1.1	Members gave approval on the 18 th November 2011 to release a Marketing Prospectus for the disposal (by way of lease) of a site up to 1.5 acres at the North Foreshore for Anaerobic Digester renewable energy use.
1.2	Members will be aware that the Council has previously agreed that the North Foreshore should be developed for waste management, environmental businesses and recreational uses. The environmental business proposal comprises the development of an environmental resource park to create an innovative “Green Technology Business Cluster” for Belfast. This would have the benefit of diversifying the economy to encourage investment and job creation.
1.3	The North Foreshore Members Steering Group was briefed on the 25 February about the proposed development of the proposed environmental resource park, and were provided with an update on the progress being made to encourage private sector development interest.
1.4	The development of a cleantech environmental resource park at the North Foreshore is included within the Investment Programme 2012 – 2015. The Members will also be aware that the Council has submitted a £8 million European Regional Development Fund Application to develop the infrastructure for this environmental resource park. Invest NI and DETI are currently assessing the application, and the Council expects a decision in April 2014.
1.5	The disposal of the site for potential anaerobic digester cleantech renewable energy facility would enable the development of a sustainable renewable energy hub. It would create a unique selling point for the development of a cleantech environmental technology cluster. In particular, the availability of renewable electricity would be attractive to potential cleantech companies locating in the environmental resource park. A renewable energy hub at the North Foreshore would demonstrate Council's

1.6	<p>leadership in promoting the development of the cleantech environmental technology sector to build the City's resilience in an era of growing energy insecurity, increasing energy cost and fuel poverty. The NI Executive is promoting the development of anaerobic digester facilities to generate renewable energy to reduce our dependence on imported fossil fuels and to improve our security of energy supply. It would also help contribute to the NI Executives' renewable energy target of 40% by 2020.</p> <p>The disposal of a site for a commercial anaerobic digester renewable energy facility will form part of the renewable energy hub being created at the North Foreshore.</p>
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2	Key Issues
2.1	<p>The Council identified and agreed a potential development opportunity, to release up to 1.5 acres to the market. The Marketing Prospectus was advertised in the local papers, the council website and in the European Official Journal in December 2011. Developers were invited to submit development proposals to acquire up 1.5 acres for a commercial anaerobic digester renewable energy facility. Developers were requested to offer an unconditional financial bid for the easement fee based on the amount of renewable electricity and heat produced. The closing date for the Development Submissions was the 13 February 2012.</p>
2.2	<p>The Marketing Prospectus stated that an independent due diligence exercise would be undertaken to assess the Development Submissions to determine the commercial viability of the project. The Council commissioned KPMG in March 2012 to undertake an independent evaluation of the submissions to test the financial capacity of the companies and their ability to secure the funding for the development of the site. The following assessment criteria which was outlined in the Marketing Prospectus was used to assess the development submissions:</p> <ol style="list-style-type: none"> I. Financial offer for the electricity cable and heat pipe easement fees. II. Company background, financial viability of the project and the financial capability of the operator to fund, deliver, and operate the facility. III. Experience of the Developer and project Development Team to deliver and operate similar AD renewable energy facilities. IV. Quality of the design proposal and the socio economic benefits. V. Delivery of the project within a reasonable timescale.
2.3	<p>Following this assessment it is recommended that the Council should enter into a Site Options Agreement with B9 Organics International Ltd, with the site options agreement containing appropriate terms and conditions requiring B9 to commit to an unconditional financial bid for the easement fee and site rent upon signing of the Agreement and a further precondition that requires confirmation of funding.</p>
2.4	<p>B9 Organic International Ltd is a local renewable energy company based in Larne. B9 Organic International Ltd is proposing to develop a commercial anaerobic digester facility that would process commercial organic waste to produce biogas to power up to 1Mw of renewable electricity and heat. This could be sufficient to power up to 1,000 homes. It will also contribute towards the 40% renewable energy target established by the NI Executive. Anaerobic Digestion (AD) is a cleantech technology that is a modern and clean facility that processes organic waste in the absence of oxygen, producing a biogas that can be used to generate electricity and heat. The AD operation takes place in an enclosed building under slight negative pressure and sealed containers to contain the odour. B9 Organic International Ltd has indicated that they will invest £5 million</p>

	raised from private equity investors, via the Enterprise Investment Scheme designed to promote new business development.
2.5	B9 Organic International Ltd is proposing to create a number of permanent full time jobs, and there will also be additional construction jobs created by the project.
2.6	The NI Executive is promoting the development of AD facilities to generate renewable energy to reduce our dependence on imported fossil fuels and to improve our security of energy supply. The Executive has imposed targets that 40% of our energy production is to come from renewable sources by 2020. Currently, NI is producing c12% of its energy from renewable sources. It is worth highlighting that in 2009 the Council's landfill gas electricity generation power plant at the North Foreshore was producing 5mw which accounted for 1% of the 12% renewable target established by the Executive for 2012.
2.7	In addition, the NI Executive has also established targets to divert waste away from landfill and has established a recycling target of 60% by 2020. The B9 Organic International Ltd AD proposal will help to divert commercial organic waste away from landfill and contribute towards the 60% recycling target.

3	Resource Implications
3.1	<p><u>Financial</u></p> <p>The Council will receive a financial return for the site based on a ground rental (reviewable every 5 years) and a further return based on the amount of electricity generated from the facility and on the amount of any heat exported from the facility. The return from electricity and heat is based on an agreed (unconditional) price per mw hour. The total return will be dependent upon the amount of electricity and heat generated but setting aside any potential return from the export of heat (which is less certain given that there are currently no end users on this site), the estimated return to the Council is circa £77,500 per annum based on a 1mw AD renewable energy facility.</p> <p>In order to enable development and comply with planning and NIEA requirements and for the protection of human health, the site will however require capping works (including an active gas abstraction system) to be undertaken. A report on the capping works as contained in the capital programme, was previously brought to the SP & R Committee in November 2012. It is worth noting however that in the absence of site development the Council will still have to provide a basic capping system.</p> <p>The development of this facility is an important element of the sustainable energy hub, and will encourage other developers in the cleantech and renewable sectors to locate at the North Foreshore.</p> <p>The proposed investment by B9 Organic International Ltd is £5 million. In addition to job creation for the City, this facility will also add to the City's rate base.</p> <p><u>Assets</u></p>
3.2	The development of this site represents an important regeneration opportunity for Belfast and has the potential to create significant economic, social and environmental benefits.

	The development of this facility is important in firmly positioning the North Foreshore Environmental Resource Park as a cleantech business cluster and would help improve Belfast attractiveness as a competitive location for the renewable energy and cleantech sector.
3.3	<u>Human Resources</u> Staff resource, primarily from Property & Projects Estates Unit and Legal Services.
4	Equality and Good Relations Screening
4.1	A screening form is not necessary because there is no equality or good relation issues

5	Recommendations
5.1	It is recommended that Members give approval to enter into negotiations to complete a Site Options Agreement and draft Lease with B9 Organic International Ltd, for the disposal of a site at the North Foreshore for a commercial AD renewable energy facility, as detailed above and subject to detailed terms to be agreed by the Estates Manager and Legal Services.

6	Decision Tracking

7	Key to Abbreviations
	DETI - Department for Trade Enterprise and Investment NIEA – Northern Ireland Environmental Agency AD – Anaerobic Digester

8	Documents Attached