

**The Highland Council**  
**City of Inverness Area Committee**

**3 March 2016**

Agenda Item	<b>8</b>
Report No	<b>CIA/ 10/16</b>

**Inverness Common Good Fund**  
**Longman Waste Site - Biogas Electricity Generator**

**Report by Director of Development and Infrastructure**

**Summary**

Carbon CLEVER Highlands has the target of a carbon neutral Inverness in a low carbon Highlands by 2025. The Council aims to lead on and develop excellent working relationships with a number of key stakeholders, potential partners, communities, playing a key role in planning decisions and the development of the region, and can demonstrate good progress in reducing its own carbon emissions.

This paper is to seek approval to install a Biogas generator on the Longman land fill site that will utilise the currently flared gas to generate electricity. The project will generate an income of £9.6k/year for the first 4 years and £20.3k/year thereafter. A lease length of 10 years is proposed in the first instance generating revenue of £160.2k over this period.

**1. Background**

- 1.1 The Longman former landfill site is an area located adjacent to the A9 on the approach to Inverness and comprises 117 hectares of reclaimed land made up of the managed landfill. This is one of a suite of renewable installations which could be developed on the site that would provide clean and renewable electricity to supply the grid, adjacent buildings, transport and provide some income.
- 1.2 The Longman site land fill site has been closed for 11 years. The Council has in place a network of 60 underground gas collection plastic pipes which are maintained and in working order and Gas is currently flared off. The Council has a statutory duty to extract and manage the methane gas that is generated by the degrading of the waste on the site. The proposal would be to use the existing infrastructure for the gas collection to fuel a generator unit that would generate electricity from the waste gas. The site has planning permission, and we would need to notify SEPA in the form of a change to our site working plan. From discussion with SEPA it is understood that this would not pose a significant issue.
- 1.3 The existing capacity of the site to generate gas is limited to a 10-year period due to the mature nature of the site, and any installation would be built around

this expectation.

## 2. Proposal

- 2.1 In May 2015 A proposal was made by NewEnCo Limited to install at the Longman waste site, a 50KW gas engine to generate electricity from the gas that is currently being flared off. The electricity will be fed into the national grid. The project will generate an income of £9.6k/annum, rising to £20.3k/annum after 4 years. A lease of ten years has been proposed, generating revenue of £160.2k over this period.
- 2.2 This proposal would remove all significant risk associated with the project for the Council as NewEnCo Limited would own, install and maintain the generator. The proposed size of the size of the 50KW gas engine would be compatible with existing distribution network.

It is recommended that a leasing option be pursued as this will minimise the council's risk exposure. Council ownership of 50KW is assessed as being a less attractive option as this would generate less income in the initial years and in subsequent years there would be an issue about declining gas supply.

### Highland Council Ownership

	2016	2017	2018	2019	2020
<b>Income</b>	53718	53718	53718	53718	53718
<b>Operating cost</b>	15120	15120	15120	15120	15120
<b>Finance Cost</b>	36230	36230	36230	36230	36230
<b>Net Income</b>	2368	2368	2368	2368	2368

## 3. Offer

- 3.1 Lease proposal:

	2016	2017	2018	2019	2020
<b>Income</b>	9600	9600	9600	9600	20343
<b>Cost</b>	0	0	0	0	0
<b>Net Income</b>	9600	9600	9600	9600	20343

Note: the income after year 4 is assuming an electricity price of 4.5p/KWh.

- 3.2 Major conditions:

The company will have the exclusive rights to the use of the land fill gas for generation of electricity over the ten year lease period.

The Highland Council will continue to operate and maintain the gas collection

system and gas flare at its cost.

- 3.3 Any loss of income associated with the gas collection system not working would be at the NewEnCo risk.

#### **4. Implications**

##### 4.1 Resource

The project has limited resource implications, as the work will be carried out by NewEnCo Limited. Heads of Terms will require to be agreed. An initial draft set has been received and currently there do not appear to be any significant issues. The Longman Landfill Site is held on the Inverness Common good account and delegated powers are sought to allow the Director of Development and Infrastructure to agree lease terms which would include reference to District Valuer. The interests of the Inverness Common Good Fund will require to be recognised and it is proposed, subject to approval from the District Valuer of the appropriate apportionment, that income is divided between the Council and Common Good Fund.

##### 4.2 Carbon Clever

The project meets with climate change/Carbon Clever as electricity is to be generated from gas that is being currently flared to the atmosphere.

##### 4.3 Risk

The risks have been minimised from the project by the leasing route. NewEnCo Limited has just successfully completed the first installation of a 50KW device near Lancaster. There are no Gaelic and rural implications.

##### 4.4 Gaelic, Rural, and Legal

There are no Gaelic, rural or legal implications arising from this report.

#### **Recommendation**

Members are invited to agree:

- in principle, to the installation of a gas engine on the Longman Landfill site to generate electricity from gas currently flared; and
- to delegate authority to the Director of Development and Infrastructure to agree the Head of Terms, and to act as detailed in paragraph 4.1 above, if the development is taken forward on site by NewEnCo Limited.

Designation: Director of Development and Infrastructure

Date: 15 February 2016

Author: Eric Dodd, Renewable Engineer