

KTI ENERGY LIMITED

Regeneration • Electricity • Transport



29 September 2010

Robert Ranger
Case Officer
Infrastructure Planning Commission
Temple Quay House
Temple Quay
Bristol BS1 6PN

16 Titan Court
Laporte Way, Luton
Bedfordshire LU4 8EF
Tel: 01582 725067
Fax: 01582 482688

IPC

30 SEP 2010

REF:

Dear Mr Ranger,

Unex Site, Thames Road, Silvertown, London

Thank you for your letter of 16 September acknowledging receipt of information concerning the proposed 90MWe renewable CHP station. I read your e-mail of 27 August with interest and provided copies to LB of Newham, LDA and LTGDC for their information. I also read recent newsletter from your Chairman on the future of the IPC.

Speaking plainly, my company was entirely happy with the performance of the Consents Team at DTI, later Berr and now Decc. Under the Electricity Act 1989, every new generation station over 50MWe net electricity capacity has to be placed before the Energy Secretary for consent. When I visited Bristol last May it was to find planning officers without equivalent experience. Furthermore, it appeared the developer is now required to engage in public consultation significantly more onerous and costly than previously. My company objects to the IPC wasting our valuable financial resources which previously the Energy Secretary did not expect.

I make clear to the IPC that the proposed construction of the London Thames Gateway Heat Network is led by the London Development Agency ably assisted by consultants Arup. Public announcement of the scope and scale of district heating network was made at Arup's headquarters in London on 15 October 2009.

I also make clear to the IPC that the proposed formation of the Lower Lea Valley Low Carbon Economic Area is led by the London Thames Gateway Development Corporation also ably assisted by Arup. Public announcement of the scope and scale of the LCEA, embracing the London Boroughs of Newham, Tower Hamlets and Hackney, was made at Stratford Circus on 15 April 2010.

Responding to the evident need for extensive new renewable electricity and heat generation within the Lower Lea Valley, my company used its wide knowledge of this area of London to identify the riparian Unex site as the best available for the duty. I met the Ballymore team on 9 November 2009 to explain its proposed change of use from industrial to residential was unacceptable.

Following receipt of letter from Peter Andrews of LTGDC which criticised a bare renewable CHP station, we innovatively cloaked it with a high-rise building. On the west

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Robert Ranger
Infrastructure Planning Commission
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side of the Unex site exists an 18 storey residential apartment block. On the east side exist taller Tate & Lyle Silvertown sugar works. We accordingly deduced the cloaking building should be around 60m high appropriate within the Royal Docks.

We accordingly present to the IPC a commercial/residential building containing within its fabric no more than a large boiler house and barge docking area. An effective planning strategy should not highlight their presence. They should be presented as essential infrastructural components of the Lower Lea Valley Low Carbon Economic Area and London Thames Gateway Heat Network. In other words, without the 90MWe renewable CHP station, LTGDC, LDA and Arup could be find it difficult to persuade the Business Secretary to recognise the Lower Lea Valley achieving low carbon status.

My letter dated 27 September to Ballymore is attached for information. The three principal questions asked are as follows:-

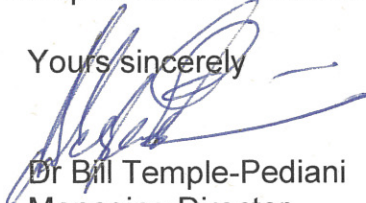
- i) will Ballymore agree to share the Unex industrial site with KTI Energy Limited?
- ii) does Ballymore possess the technical competence to design and build the high-rise cloaking building?
- iii) how does London Borough of Newham intend to work with the IPC to consent the high-rise building cloaking the CHP station and barge docking area?

My opinion is that LTGDC, LDA and Arup having commenced the process of public consultation on meeting London's energy demand, consultation on the 90MWe renewable CHP station on the Unex site should continue to be led by them. They arranged public meetings on 15 October 2009 and 15 April 2010. It therefore appears right and proper that they continue public meetings at which new renewable generation capacity planned within the Lower Lea Valley is properly debated in coherent fashion.

The IPC should recognise LTGDC, LDA and Arup are our unofficial "client" organisations to which we offer, in our candid opinion, the best possible renewable energy project to serve the Lower Lea Valley. However, should for some reason they find the project does not comply with the London Mayor's 2,000MWe renewable energy strategy, we would unhesitatingly withdraw.

Kindly review the planning procedure proposed by my company to provide comprehensive advice to share with copyees, nominated EPC contractor and investors.

Yours sincerely


Dr Bill Temple-Pediani
Managing Director
KTI Energy Limited

c.c Chris Gascoigne, LB of Newham
Peter Andrews, LTGDC
Peter North, LDA

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27 September 2010

Martin McAtamney
Senior Development Manager
Ballymore Group
Pointe North
3 Greenwich View Place
London E14 9NN

16 Titan Court
Laporte Way, Luton
Bedfordshire LU4 8EF
Tel: 01582 725067
Fax: 01582 482688

Dear Martin,

Unex Site, Thames Street, Silvertown

You will recall my letter of 28 July 2010 suggested KTI Energy Limited and Ballymore Group might share the Unex site. You ignored the letter to submit a planning application to London Borough of Newham for a change of site use from industrial to residential. You will not be surprised to find we strongly object.

The proposed disposition of 90MWe renewable CHP station, entirely contained within the fabric of a high-rise cloaking building, is already placed before London Borough of Newham and Infrastructure Planning Commission. The attached schematic shows a barge docking area by which waste biomass fuel from a variety of London sources will be delivered by water. The scheme, in our opinion, is the best possible to serve the Lower Lea Valley with green electricity and heat.

The cloaking building in essence will consist of twin hollow towers, each around 18 storeys high, constructed around a central courtyard. The towers will be supported on foundations which also serve the boiler/turbine house, barge docking area and pollution control equipment with stack. In the case of the Unex site, we propose sinking the entire CHP station some 15 m below ground level.

The IPC will likely consent the renewable CHP station clearly in the national interest. But, as discussed with London Borough of Newham, the IPC will deduce the high-rise cloaking building is "additional development". In which case we could have the IPC consenting everything below the horizontal red line, shown on the attached schematic and London Borough of Newham consenting everything above.

We must not overly load central portions of roof over the CHP station. But I suspect it might be possible for them to bear the weight of car parking and shopping precinct. We then propose the high-rise towers are designed to accommodate offices and workshops and, if deemed desirable, an amount of residential accommodation.

The IPC will likely grant order for compulsory purchase of the Unex site to build the renewable CHP station. The question, to which I believe the public planning sector will welcome an answer, is whether Ballymore possesses the technical competence to design and build the twin towers above the horizontal red line?

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Martin McAtamney
Ballymore Group
27 September 2010

If your answer is yes, then we have two grounds upon which to continue negotiations, as follows:-

- i) We will ask our nominated EPC contractor to design foundations to the renewable CHP station capable of additionally supporting the twin towers; and
- ii) We will consider working with Ballymore on other renewable CHP stations which my company develops also with twin towers proposed above.

Yours sincerely



Dr Bill Temple-Pediani
Managing Director
KTI Energy Limited

c.c Chris Gascoigne, LB of Newham
Peter Andrews, LTGDC
Peter North, LDA

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29 September 2010

Peter North
Project Leader
London Development Agency
Palestra
197 Blackfriars Road
London SE1 8AA

16 Titan Court
Laporte Way, Luton
Bedfordshire LU4 8EF
Tel: 01582 725067
Fax: 01582 482688

Dear Peter,

Lower Lea Valley - Project Economics

Yesterday I attended a meeting held by Kent County Council for delegates to debate its Minerals & Waste Development Framework. I never fail to be astonished at the public sector's ignorance of project economics.

I learned both the Allington (WRG) and Cranbrook (Viridor/Grundon) EfW projects charge £80 per tonne to dispose C&I waste. With the proposed 90MWe renewable CHP station on the Unex site expected to generate as much as half its capacity from non-household waste, a public sector continuing to allow waste contractors to "rip off" local business to dispose its waste is wholly unacceptable.

As a chartered engineer, I learned many moons ago not to waste time designing and manufacturing any product until one is sure one can sell it. In the case of the proposed 90MWe renewable CHP station, there is no point troubling the IPC for planning consent if i) no contractor is prepared to manufacture and deliver waste biomass fuel at the lowest possible gate fee, ii) no organisation within the Lower Lea Valley is prepared to buy green heat at its retail market price and iii) no organisation within the Lower Lea Valley is prepared to buy green electricity at its recognised retail market price.

There is no way contractors bidding the NLWA contract will be able to compete with us on price. Tim Judson, at the NLWA conference in April, advised around £50 per tonne is the order of gate fee expected for delivered SRF manufactured from household waste. I am looking to half that sum charged by the CHP station on the Unex site. As licensed electricity supplier we expect to sell electricity at its retail market price. Should LDA achieve for us "good quality" CHP status, we would additionally receive 1 ROC per MWh for that fraction of electricity generated from the biomass content of SRF. Hence, around £25 per tonne gate fee is a thoroughly realistic target at which to aim.

It is time we received confirmation of commitment from LDA to market green electricity alongside green heat and advise us a competitive rate per MWh for both electricity and heat. LDA has direct access to quantifying the retail electric rate from London Borough of Newham which I expect will wish to purchase green electricity on behalf of its civic offices, affordable housing, leisure centres and so on. LDA also has direct access to London Boroughs of Tower Hamlets and Hackney for comparison.

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Peter North
London Development Agency
29 September 2010

The responsibility must rest on the shoulders of LDA to give priority to buying green heat from the 90MWe renewable CHP station to maintain its "good quality" CHP status. Unless LDA confirms willingness, we could not guarantee ROCs will be earned causing increase of gate fee to be charged for waste biomass fuel.

Last year I proposed grant from London Waste & Recycling Board to financially support a stand-alone 240,000 t/a non-household waste processing facility treating such feedstock yielding 200,000 t/a SRF, RDF, waste woodchip and rubber chip as fuel. Our current thinking is such waste is probably more cheaply processed by a plurality of contractors using mobile equipment. With screens and magnets, the cost to them should be no more than £20 per tonne to produce fuel to our specification. Unfortunately, I have as yet been unable to secure from the public sector recommended logistics for such fuel delivery to our CHP station by water.

Our finding is that as much of 55% of total non-household waste arising is suitable for conversion to fuel. However, charging £80 per tonne for its disposal in incinerators is exorbitant. With cost of barge transport, my target is nearer £40 per tonne delivered.

Until the public sector makes positive contribution to the economics and logistics of waste biomass fuel manufacture and delivery from non-household feedstock, we are unable to prepare an accurate proforma for project financing. Should LDA not possess in-house qualification, a specialist energy and logistics consultant will need to be hired. I am advised Peter Jones, formerly of Biffa, might be at your disposal.

Yours sincerely



Dr Bill Temple-Pediani
Managing Director
KTI Energy Limited

c.c Robert Ranger, IPC
Peter Andrews, LTGDC
Chris Gascoigne, LB of Newham