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ART OF THE DEAL: BUILDING WTE IN THE 21ST CENTURY

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ABSTRACT

The nation's first successful commercial waste-to-energy facility went on-line in 1975 and the industry has accumulated a three-decade long track record—operating safely, improving efficiencies, and meeting new, tougher environmental standards. The industry has matured and has learned from operating experience.

But as the industry faces a revival, have we also learned to improve on the art of the deal?

In the past, the standard lump sum RFP approach forced project sponsors and vendors into a type of Russian roulette—one-sided gamesmanship that opened one or both sides to unreasonable risk with willing partners in the construction and financial community.

On today's financial and financial risk playing field, though, Wheelabrator believes that the road to prosperity—for sponsor *and* vendor—is found in above-board open book negotiations. It's a process designed to reduce economic risk and provides a more realistic picture of the actual cost of the project once it's in the ground and operating.

Mark Schwartz, Senior Manager of Business Development for Wheelabrator Technologies, and Cal Disney, Vice President of Whiting-Turner, will review the pitfalls of the past and discuss how the process can be improved when all parties participate in the design, permitting and construction oversight of a facility. They will discuss how the process can lead to contracts with fixed costs, lower capital costs, minimal risks and a public private partnership that gets the most value for taxpayer dollars.

INTRODUCTION

In the past year, the waste-to-energy industry has seen more potential for the construction of new facilities than at anytime during the last decade. A number of counties, cities and authorities in North America have either expressed interest in developing facilities or have started the formal process of developing a new facility, from requesting expressions of interest to requests for proposals.

We believe renewed interest in the technology is based, in part, on its being "renewable"—recognized as such by the US EPA and at least 23 states and the District of Columbia. At the same time, waste-to-energy companies and Wheelabrator in particular, can now point to a three-decade long track record of experience. During what might be called the dawn of waste-to-energy in the US—the 80s and early 90s, cities and counties that developed projects pretty much took it on faith that waste-to-energy belonged in an integrated approach to solid waste management. Today, it's a tried and proven component that is second to none in its ability to take non-processable and non-recycled municipal solid waste and use it as fuel to generate clean, renewable energy.

The waste-to-energy moniker has come to define more than mass-burn or refuse-derived thermal destruction. Depending on the geographical location, it might also be used to define the process of recovering landfill gas. These projects are certainly viable in many area's where landfill space is available and the costs associated with hauling are economically advantageous.

But in many other locations, communities look to a Waste to Energy Power Plant to be centrally located within the particular jurisdiction and be integrated into the disposal regimen where these facilities play a crucial role. They include:

- Saving airspace in existing landfills by reducing the volume of waste that would typically go to the landfill by 90%, and 70% by weight.
- Releasing far less emissions than any other source of solid waste disposal and have a carbon negative