

**THE BIDSTON METHANE JOINT VENTURE**  
**WDA/14/21**

**Recommendation**

That:

1. Members agree to the termination of the Bidston Methane Limited joint venture between the Authority and Infinis Energy Limited on the terms set out in paragraph 3 below.

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**BIDSTON METHANE JOINT VENTURE****WDA/14/21****Report of the Treasurer****1. Purpose of the Report**

- 1.1 Members are asked for their agreement to terminate the Bidston Methane Limited joint venture between the Authority and Infinis Energy Limited.

**2. Background**

- 2.1 The Authority is part of the joint venture company Bidston Methane Ltd with Infinis Energy Limited (Infinis); with Authority Members sitting on the board of Bidston Methane Ltd.
- 2.2 Bidston Methane Limited (the JV) commenced trading on 7<sup>th</sup> November 1986, initially with Merseyside County Council and National Smokeless Fuels Limited (and subsequently Merseyside Waste Disposal Authority and Infinis) with the purpose of extracting landfill gas from both Bidston Moss and Billinge Hill Quarry closed landfill sites. The gas was used to make electricity via gas fuelled engines; the electricity was 'sold' to the National Grid, and the Joint Venture returned income from the sale of that energy for many years.
- 2.3 Infinis, who manage the joint venture operations, have advised that in recent years, as would be expected as waste decays, the level of landfill gas being generated has depleted to such an extent that energy production is no longer viable. It has moved from substantial profit to loss over time (as one would expect) and has reached the end of its useful life as a gas field and therefore the company is no longer required. Consequently, Infinis have requested the termination of the JV.

**3. Termination of the Joint Venture**

- 3.1 The Authority and Infinis have reached an outline agreement, and Infinis have prepared a suite of legal documents to the satisfaction of the Authority. These documents include the reconciliation figures and the distribution of assets between Infinis and the Authority.

### 3.2 Reconciliation figures

Infinis have indicated that the costs to terminate the joint venture, which includes decommissioning costs and management fees, will amount to:	A	£255,204.00
The Authority is liable to contribute towards this a sum of:	B	£122,951.00
Infinis are to waiver the Authority's contribution towards the management fees amounting to a sum of:	C	£73,558.00
Leaving the Authority with a settlement figure of (B-C):	D	£49,393.00
In turn, Infinis will incur the balance of (A-D):	E	£205,811.00

### 3.3 Distribution of assets

- Infinis will retain the company and its standing losses, while also retaining the gas engine and generator from Bidston Moss, along with ancillary equipment. The flare compound which is situated at the Bidston Moss closed landfill site will be fully decommissioned.
- The Authority will be no longer be part of Bidston Methane Ltd and will be free of any ongoing financial contributions. The Authority will retain the gas field apparatus at Bidston Moss and Billinge Hill Quarry, while retaining the gas flare and compound at Billinge Hill Quarry.

### 3.4 Going forward, landfill gas management will be conducted by the Authority in house.

- Bidston Moss will turn to passive gas control via biological methane oxidation as proposed in the Authority's Climate Action Plan - Closed landfill management - Gas control.
- Billinge Hill Quarry will retain a small gas flare suitable to prevent any landfill gas migration from the site.

## 4. **Risk Implications**

- 4.1 As there are no longer any financial returns from the JV, a decision not to terminate the JV will result in company losses continuing to grow, and cost

to the Authority increasing, with the Authority meeting the ongoing management fees of the JV.

- 4.2 With a decision to terminate the JV, the Authority's cost will be capped at the reconciliation figure of £49,939, with much reduced ongoing management costs.

## **5. HR Implications**

- 5.1 None. It is considered that the Authority's existing resources, along with support from its appointed mechanical engineering service provider, are sufficient to undertake the proposed gas field management.

## **6. Environmental Implications**

- 6.1 Bidston Moss. As reported in the Authority's Climate Action Plan - Closed landfill management - Gas Control update. Investigations have found that biological methane oxidation is taking place, and surface emission are at a level not likely to pose a threat to the environment, human health, or the flora and fauna found on the site.
- 6.2 With this change of approach to gas field management, there is a potential reduction of 210tes CO<sub>2</sub>e/annum.
- The current operations for managing landfill gas at Bidston Moss using a flare to burn off landfill gas results in the production of 397.21tes CO<sub>2</sub>e/annum; whereas
  - the Authority's proposed management via more natural biological methane oxidation will result in the production of an estimated 187.51 tes CO<sub>2</sub>e/annum.
- 6.3 Billinge Hill Quarry will remain as existing, with no change to its current environmental impact, other than de minimis reduction in electricity consumption due to the operation of a smaller gas flare.

## **7. Financial Implications**

- 7.1 It is estimated that with the retention of the JV, the costs to the Authority for the gas field management at both Bidston Moss and Billinge Hill Quarry would amount to £100k per annum.
- 7.2 By comparison, it is estimated that with the termination of the JV, the costs to the Authority to undertake gas field management in house, (by adopting

passive biological methane oxidation at Bidston Moss, and with a small flare at Billinge Hill Quarry), would amount to £25k per annum; for which there is budgetary provision.

- 7.3 There would also be the requirement for the Authority to make a one-off payment of £49,939 towards the cost of terminating the JV.

## **8. Legal Implications**

8.1 The suite of legal documents has been prepared by Infinis and reviewed by the Authority's officers and the Authority's legal advisors Weightmans; who have confirmed that the documents have been duly formed and are correct under English law, and that the reconciliation and distribution of assets is fair to both the Authority and Infinis.

8.2 In order to move forward, should the Authority approve the termination of the Joint Venture, those Members of the Authority who are appointed to the Bidston Methane Ltd Board will be asked to vote on the matter at a Board meeting of the company. Thereafter the Authority will sever ties with, and no longer require Members to serve, on the BML Board.

## **9. Conclusion**

- 9.1 It is requested that Members agree to the termination of the Bidston Methane Joint Venture partnership.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.