This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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waste thermal treatment

Municipal Waste Thermal Treatment Plant, Pozna?, Poland

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On this page: *A case study on Municipal Waste Thermal Treatment Plant, Pozna?, Poland. Find more at the Municipal Public-Private Partnership Framework - Project Summaries section for brief summaries of around 100 projects from around the world, examples of successes and challenges, as well as innovative ideas on solutions, or visit the Guidelines on Innovative Revenues for Infrastructure section.*

Project Summary:

Background

In response to new European Union (EU) regulations on waste management, the City of Pozna?, Poland started planning the construction of a mixed municipal waste-to-energy power plant, referred to as an energy for waste “EfW” project. The project would be the first PPP in this sector in Poland.

Project Structure

In 2010, after lengthy stakeholder and community consultations, the City decided to develop EfW through a PPP due to its lack of experience in developing this type of project and the City’s related interest in having a seasoned partner manage the operation of the plant. The private partner, Sita Zielona Energia, was selected through a competitive dialogue process that spanned November 2011 to July 2012. The contract obliged the private partner to design, finance, construct, manage, and maintain the EfW’s facilities.

The PPP agreement was signed on 13 April 2013 by Sita Zielona Energia and the City. Sita Zielona is a Special Purpose Vehicle (SPV) formed by SITA Polska (50 percent stake) and Marguerite Waste Polska (50 percent stake). SITA Polska is a subsidiary of Suez Environment, a global leader in environmental solutions, and Marguerite Waste Polska belongs to the European investment fund Marguerite. The contract included a construction term of 43 months and an operation period of 25 years, extending from completion of construction. Construction, maintenance, operation, and availability risk were allocated to the private sector, and the City assumed demand risk.

The waste-to-energy plant is in the northern part of Poznan, close to the main heat and power plant of the city, which is the main recipient of the energy produced by the facility. The project’s capital investment cost was estimated at PLN 725 million (USD 192 million). The project is funded in part by a EUR 84 million (USD 96 million) subsidy from the EU Cohesion Fund, with the remainder financed by equity contributed by SITA Zielona Energia and a non-recourse loan provided by a consortium of three commercial banks.

The City pays the private partner based on its estimated operation costs, disaggregated into fixed and variable costs; debt service requirements, in the form of principal installments and financing costs; and the planned profit of the private partner. The payment amount is computed from a settlement of accounts submitted by the Private Partner to the City, which is due each month. The amount payable by the City is then reduced by revenues generated by the private partner through the sale of electric and thermal energy and certificates.

Lessons Learned

The waste-to-energy plant officially started operations in 2017, producing both electrical power and heat. At present, 30 percent of the City's domestic electricity consumption is generated by the new facility. Also, the plant has reduced the City's expenses for treating urban solid waste by 20 percent, resulting in estimated annual cost savings of EUR 34 million (USD 38 million).[1]

Footnote 1: Source(s): http://www.centrumppp. pl/templates/ images/crido_odpady. pdf accessed 7 February 2019

http://www.academia. edu/25410148/ PUBLIC_PRIVATE_ PARTNERSHIP_CASE_ OF_POLAND accessed 7 February 2019

https://www.suez. com/en/our-offering/ Success-stories/Ourreferences/ Poznanenergy- from-waste accessed 7 February 2019

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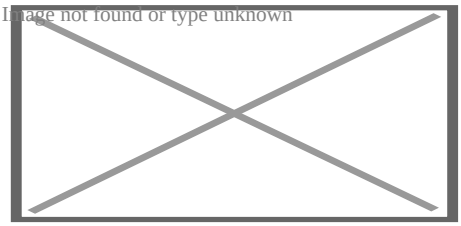

The Guidelines on Innovative Revenues for Infrastructure (IRI) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are

meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.

To find more, visit the Innovative Revenues for Infrastructure section and the Content Outline, or Download the Full Report. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.

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