



GOVERNMENT OF KERALA

Abstract

Local Self Government Department- Establishing 5 MW solid Waste-to-Energy(WtE) plants on Design, Build, Finance, Operate and Transfer (DBFOT) basis through Public-Private- Partnership (PPP) - Sanction accorded- Orders issued.

Local Self Government (DC) Department

GO(Ms) No.82/2018/LSGD

Dated, Thiruvananthapuram 11.06.2018

Read: 1. GO(Rt) No.3122/2017/LSGD dated 23/09/2017.

2. GO(Rt) No. 499/2018/LSGD dated 21.02.2018.

3. Minutes of the meeting convened by Hon'ble Chief Minister with concerned Ministers and Secretaries on 16.05.2018.

ORDER

Government have been continuously endeavouring to find comprehensive solutions to manage the hazardous implications from accumulation and unscientific disposal of waste and garbage in the State. Scientific management of waste by establishing comprehensive solid Waste-to-Energy (WtE) systems with minimal leachate is a solution to the problem of accumulated garbage/waste. Therefore, it is proposed to establish 5 MW solid Waste-to- Energy plants that would generate energy and reduce environmental and health hazards on Design, Build, Finance, Operate and Transfer (DBFOT) basis in Public-Private- Partnership (PPP) mode. With a view to coordinate further activities towards this end, a State Level Advisory Committee (SLAC) comprising the following members was constituted vide GO read as 1st paper above and reconstituted vide GO read as 2nd paper above:

Chief Secretary (Chairman)
Additional Chief Secretary (Industries)
Additional Chief Secretary (Revenue)
Additional Chief Secretary (Labour & Skills)
Agricultural Production Commissioner
Law Secretary
Principal Secretary (Finance)
Principal Secretary (LSGD)
Secretary (Information Technology)
Managing Director, KSIDC (Convener)

2. Multiple meetings were held to discuss the modalities involved in setting up modern WtE plants. As a result of the discussions, a process by which a competent and qualified Concessionaire is selected through a transparent tender procedure to set up WtE plants has evolved. The bidder offering the lowest levelized tariff for the power generated from the waste processed will be allowed to set up the plant on a site to be provided by the Government. Waste generated within a radial distance of around 25-35 kms of the plant will be collected and transported by the Concessionaire and treated there; hence there will have to be binding agreements among the Concessionaire and all the local bodies that lie in the hinterland of the plant. Kerala State Industrial

Development Corporation (KSIDC) is designated as the nodal agency to set up the WtE plants in collaboration with the Concessionaire and local bodies. While the Request for Proposal (RFP) will be floated by KSIDC and the contract with the Concessionaire executed by them, there will have to be an agreement between Government and KSIDC to compensate KSIDC for all the liabilities incurred by them on account of this operation.

3. KSIDC engaged M/s IRG Systems South Asia Pvt Ltd, based in Delhi, as Consultant for preparing RFP for selection of the Concessionaire. Feasibility reports on the land plots available with various Government departments in 8 districts were obtained from the Consultant. Reports of the District Collectors were also called for on the sites proposed by the Consultant. These reports were discussed in detail by the SLAC and the following 7 sites were found suitable for setting up WtE plants:

3.1. 6.07 hectares (15 acres) of land in the possession of Agriculture department (district agriculture farm and banana nursery) in Peringamala village of Trivandrum district.

3.2. 6.07 hectares (15 acres) of land in the possession of Thrissur Corporation at Lalur in Sy.No. 358, 359 and 361 of Aranattukara village in Thrissur district.

3.3. 6.07 hectares (15 acres) of land in the possession of Kerala State Electricity Board (KSEB) at Kanjikkode in Block 34, Re Sy No. 459,460, 449/1,2,3,4,5, 444/1,2,3,4,5, 461, 458/1 to 13, 448/1,2,3 & 473/1,2 of Puthussery Central village at Palakkad taluk in Palakkad district.

3.4. 5.12 hectares (12.67 acres) of land in the possession of Kozhikode Corporation at Njaliamparambu in Sy.No. 12/1A2 and 13 of Cheruvannur village in Kozhikode district.

3.5. 3.93 hectares (9.7 acres) of land in possession of Kannur Corporation at Chelora in Sy. Nos. 6/1A, 6/1B and 6/2 of Chelora village of Kannur district.

3.6. 2.85 hectares (7.05 acres) of land in the possession of Kollam Corporation at Kureepuzha in Sakthikulangara, Kollam West & Thrikkadavoor villages of Kollam district which is not covered under CRZ norms.

3.7. 4.04 hectares (10 acres) of land in the possession of KSIDC at Panakkad in Sy No. 204/1,2 of Panakkad village in Malappuram district.

4. Government have examined the matter in detail and hereby accord sanction for setting up 5 MW solid Waste-to-Energy (WtE) plants at the above 7 sites in Thiruvananthapuram, Thrissur, Palakkad, Kozhikode, Kannur, Kollam and Malappuram on Design, Build, Finance, Operate and Transfer (DBFOT) basis, in Public-Private- Partnership (PPP) mode as per the proposal at para 2 above. KSIDC is entrusted to float an RFP with the following broad terms and conditions, for the selection of a suitable Concessionaire to set up WtE plants in the above 7 sites:

4.1. The RFP may specify the role of the Concessionaire to include collection of waste, transportation to the site, weighment, segregation and processing thereof to produce electrical energy.

4.2 The payment to the Concessionaire for their services will be in terms of payment for the energy produced by the WtE plant. The bidder who offers the lowest energy tariff for the entire process that is outlined above will be selected

for the contract. The concession agreement will contain the time period, amount payable, interest payable, terms regarding protection of Concessionaire interest and so forth.

4.3. The Government may ensure, through policy directives, that all power produced in the plant is purchased by Kerala State Electricity Board (KSEB) at the rate fixed by the Kerala State Electricity Regulatory Commission (KSERC).

4.4. It is possible that the amount quoted by the lowest bidder may exceed the rate fixed by the KSERC. This differential amount shall be paid by the KSIDC to the Concessionaire and the same shall be reimbursed to KSIDC by the participating local bodies, and in case they fail to do so, by the State Government.

4.5. Government will keep KSIDC indemnified with such budgetary support so as to ensure that the operations done on behalf of Government do not inflict any liability on KSIDC. Adequate budgetary allocation shall be made in the Plan head of Local Self Government Department-the grant for local bodies, for this purpose each year.

4.6. The RFP will seek offers from bidders or consortium of bidders who have experience in designing and developing and /or operating at least a 1 MW WtE plant for minimum period of one year.

4.7. The net worth of the bidder shall be at least Rs.25 crores.

4.8. If the bidder is a single specified entity, the stipulated criteria shall be fulfilled by the bidder either by itself individually, or as a member of a consortium/ Special Purpose Vehicle (SPV) wherein its share of ownership is not less than 26% held directly or through its affiliate, parent or subsidiary.

4.9. The Concessionaire may be permitted to disinvest up to 49% of his/her stakes after 5th anniversary of date of commencement of commercial operation of the plant (COD). A minimum of 51% of his/her stakes shall be held by the bidder till the 10th anniversary, after which further divestment/ disinvestment will be allowed.

4.10. Concessionaire may attempt to maximise their revenue through resource recovery from the collected waste. To this end they shall segregate the waste collected and utilize for resource recovery through reprocessing facilities directly or indirectly within the allotted site. Such activities shall be at the risk and cost of the bidder and they may retain all the income from such activities.

4.11. Construction and Demolition (C&D) waste: There will not be any express ban on collecting C&D waste in the RFP document.

4.12. 10-15 acres of land may be offered on lease for 27 years, including two years for project planning and implementation, on nominal terms.

4.13. The Concessionaire may be permitted to mortgage the leasehold rights on the land for the concession period for raising finance to establish and operate the plant.

4.14. The RFP may not specify that bidders will quote any particular process; instead it will only specify that the process deployed shall be compliant with pollution control standards for air, water and land as per Central Pollution Control Board (CPCB) & State Pollution Control Board (SPCB) rules and norms. The RFP will specify that the process deployed shall not give out leachate beyond a specified level, and that the leachate shall be treated as per CPCB standards. Similarly, it will state that the residual waste from the process that may be used for landfill shall not exceed 10% and the bidder shall try to bring down this percentage to zero.

4.15. The participating local bodies shall sign an undertaking with KSIDC agreeing to make available a minimum amount of solid waste for collection by the Concessionaire from their respective jurisdictions for the concession period, and pay penalty at the rate of Rs.1500/- per tonne, if there is a shortfall of more than 10% from the monthly average of committed quantity.

4.16. The qualification norms for opening of financial bid shall be as under:

4.16.1. Number of years that the bidder has experience in successfully operating WtE plants above the eligibility norms.

4.16.2. Number of WtE projects above the eligibility norms implemented during the past five years.

4.16.3. Energy produced in units in the last financial year from the WtE projects implemented by the bidder

4.17. The dispute resolution mechanism shall be mediation and arbitration. Only courts in Kerala shall have jurisdiction.

4.18. The RFP should specify that it will be the responsibility of the Concessionaire to ensure that the WtE plant is compliant with all laws of the land at all times.

5. Sanction is also accorded to the Municipal Corporations of Thrissur, Kozhikode, Kannur and Kollam to lease the lands in their possession, as mentioned at para 3 above for establishing 5MW solid Waste-to-Energy (WtE) plants on DBFOT basis in Public-Private- Partnership (PPP) mode, through KSIDC and to permit KSIDC to sublease the lands to the Concessionaire for 27 years, with permission to mortgage the leasehold rights on the lands for raising funds for this project only.

6. Sanction is also accorded to the Agriculture department and Kerala State Electricity Board Ltd to transfer fifteen (15) acres of land from the lands currently in their possession at Peringamala in Thiruvananthapuram district and Kanjikode in Palakkad district, respectively, as mentioned at para 3 above, to the Industries Department for

granting it on lease to KSIDC for subleasing to the Concessionaire for 27 years, with permission to mortgage the leasehold rights on the land for raising funds for this project only.

7. Sanction is further accorded to KSIDC to lease out 10 acres of land in its possession at Panakkad in Malappuram district, as mentioned at para 3 above, to the Concessionaire for 27 years, with permission to mortgage the leasehold rights on the land for raising funds for this project only.

(By Order of the Governor)
Tom Jose
Additional Chief Secretary

To

The District Collectors:
 Thiruvananthapuram/Kollam/Thrissur/Palakkad/Kozhikode/Kannur/Malappuram
 The Chairman, Kerala State Electricity Board Limited.
 The Principal Accountant General (Audit)/(A&E), Kerala.
 The Managing Director, KSIDC.
 The Director of Urban Affairs.
 The Director, Agriculture Department.
 The General Administration (SC) department
 The Power Department.
 The Industries Department.
 The Agriculture Department.
 The Revenue Department.
 The Labour and Skills Department.
 The Information Officer, I&PRD (Web & New Media)
 ✓ The Executive Director, Information Kerala Mission.
 Stock File / Office Copy.

Forwarded/By Order

[Handwritten Signature]
 Section Officer