

Public Private Partnership in Conversion of Waste to Energy

Gajendra Haldea

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Thiruvananthapuram

Context

- Rapid urbanization leading to increased MSW; breeding ground for diseases
- Less than 5% of MSW is processed; rest is dumped in open land fills
- Segregation, transportation, processing and disposal pose challenges
- ULBs lack the financial and institutional capacity necessary for integrated management of MSW
- Sustainable framework for PPP yet to be evolved

Why PPP in SWM?

- PPP needed to attract the required investment, reduce costs and improve efficiencies
- Transfer the commercial risks to the private sector
- Ensure a hygienic and efficient system for collection, transportation and processing of MSW
- Reduce poisonous emissions
- Minimise landfill waste
- Generate electricity from waste

Some issues in on-going PPP projects

Hyderabad

- ULB bears the risk of collection & delivery of 75% of MSW without any tipping fee; Distance 55 km
- Uncertainty regarding power tariffs
- Plant shut down due to malfunctioning of equipment

Kanpur

- Projected quantum of MSW not available
- Lack of payment security from ULB; no power to enforce collection of charges from households

Some issues in on-going PPP projects(*contd.*)

Okhla

- Low power tariffs; financially unsustainable
- Emissions have been an issue

Pune

- ULB bears the risk of collection and delivery of MSW; supplying 300 MT against 560 MT
- Inadequate payment security; risk of default by ULB
- Power tariff not pre-determined or assured

Issues in PPP

- **Feasibility study** to determine the locations, outcomes, estimated capital cost and cash flows; assess the quantity and quality of MSW
- **Technology** choice would affect capital costs
- Allocation of the **costs and risks** associated with collection, segregation and transportation of MSW
- Collection of **charges** from households; methodology and enforcement; risk of non-collection
- Treatment of existing ULB **employees**

Issues in PPP *(Contd.)*

- Extent of capital **subsidy** and operational support
- Extent of recurring financial **burden on ULB**
- **Payment security** and creditworthiness of ULB
- Determination of **power tariff**
- **Bankability** of the project; State Guarantees
- Dispute Resolution Mechanism
- **Standardised/ model** bidding documents

Thank You