From: Keith Panter
To: Water2020
Subject: Water 2020: Regulatory framework Consultation on wholesale markets -- Sludge
Date: 02 February 2016 10:31:06

Dear Sirs

I am an independent consultant with 40 years' experience in Sludge management – 23 years in the regulated utilities and predecessor in the UK, and 17 years as an international consultant in sludge management.

I should declare my interest in Cambi thermal Hydrolysis which I introduced into the UK in 1998 and now accounts for about 25% of all sludge processed in the UK. I continue to develop these projects in AMP 6 to a point where 30% of UK sludge will be hydrolysed at sludge centres.

As part of my role in developing this technology and other technologies (including lime pasteurisation and sludge disintegration)in the UK I have been able to work closely with all the Water Utilities on their sludge strategy

I attended the CIWEM event on January 20th where Alison Ferguson spoke.

What was said at the conference by a number of delegates is that the water industry as a whole is just completing a paradigm shift in strategy to sludge centre based advanced digestion/CHP/agricultural recycling as the BPEO and BATNEEC approach . SW water who are late to the game said that even with their unfavourable geography this approach is 80% of the cost of what they are now doing.

So this exercise is probably 20 years too late. I was an advocate then.

There are two areas where the wholesale approach might work:

1. Trading across boundaries where geography encourages shared sludge centre facilities or use/upgrade of existing sludge centres e.g. Five Fords Wrexham (DCWW) + Ellesmere Port (UU) – both access the main north Wales road. However these are current AMP projects and to date OFWAT's approach has not encouraged this sharing. SWW have no possibility to share with Wessex and I cannot see much else – maybe a little sharing between Thames and Southern . And anyway there is no reason for this not to happen now if OFWAT would loosen rules slightly. By the end of AMP6 the Water Cos' will have their sludge centres in place. Scottish Water will do this fairly soon to by rationalising the PFIs they have.
2. The other opportunity is for some innovative low cost technology to come into play. For instance Thames Water/Yorkshire Water approach to pyrolysis/gasification. However this will only become cost effective if the agricultural market is lost and currently the trend is on the other direction with incinerators shutting down and agricultural recycling expanding. In fact the wholesale approach could have a negative effect by forcing the Water Cos to go for the cheapest option with no regard to strategical robustness of alternative outlet for sludge that would lead to a distress purchase situation (Mainly German technology) should the agricultural market yield to consumer pressure competition

The reality is that the UK has much lower cost sludge management than most of mainland Europe and does it in a more rational and sustainable way.

I can see no advantage in the wholesale approach as the optimisation is nearly complete on current strategy and if there is a need for a volte face on strategy one or two of the Water Cos are keeping place marker R&D and innovation going through the current regulated approach.

I can only see that this will add a lot of administration burden that will actually increase Water Cos' and OFWAT's costs and put pressure on reducing security to compensate.

OFWAT should do all they can by working with DEFRA to guard the industry from the composting lobby that would argue that biosolids are some form of waste tainted by mixed industrial input. This has already happened in Italy. So I regard WRAP and PAS 110 with some suspicion. Harmonised and sensible legislation is still a wish for co-digestion.

I will retire before all this would come into play so I say all of this from a position of neutrality and one of great experience.

Regards

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