

Biffa Press Release

10/01/2009

Biffa plans future as energy-from-waste firm

Andre Horbach, landfill operator Biffa's new chief executive, tells ENDS about the changing direction of the company under its new private equity owners.

Biffa is to transform itself from a landfill operator and waste collection business into an energy-from-waste firm, with plans to build several anaerobic digesters, incinerators and gasification plants.

Biffa is one of the UK's largest landfill operators with 30 landfill sites and 74 million cubic metres of consented void. It handles over 10 million tonnes of waste a year from over 70,000 commercial customers and approximately 1 million households through 17 local authority contracts. In 2007/08, it had revenues of £776m.

In April 2008 it was bought by a consortium led by private equity firms Montagu and Global Infrastructure Partners for £1.7 billion.

In June, the new owners appointed a new chief executive, Andre Horbach, previously of Indian wind energy firm Suzlon Energy. Several new appointments to Biffa's management team followed. Several prominent employees also left, including Peter Jones, then director of external relations.

"The UK is going through a massive reorganisation of its waste processing infrastructure over the next five years. The majority of waste has been going to landfill but EU legislation and taxation is driving change," Mr Horbach said.

As a result, waste firms are investing in alternative treatment technologies. For Biffa, the most noticeable change is its new-found interest in incineration - a market where the company has not previously been a player. It operates no mass-burn incinerators and does not have any in planning - an anomaly among major UK waste firms. Veolia operates six; Sita, four. Viridor, another firm traditionally associated with landfill, has three planned.

"We have not been the first mover in some of these technologies", Mr Horbach said. "To some extent this is a disadvantage, but it is also an advantage because we didn't make a mistake in technology choices."

Most advanced appears to be Biffa's plans to build a nationwide network of anaerobic digestion plants - a technology that is set to boom due to pressure on local authorities and supermarkets to get biodegradable waste out of landfill. Mr Horbach said the company was "in the process" of submitting planning applications for four or five plants at sites it already owns. It is in the final stages of selecting a technology provider.

Biffa also has plans for new mass-burn incineration plants, although it was "difficult to say" how many, he said. It is in the final stages of choosing the locations and selecting a technology provider, but has not yet submitted any planning applications.

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The company is also considering waste gasification, but is waiting to see how the emerging technology develops over the next couple of years. Biffa supplies waste to a recently commissioned gasification plant run by Energos on the Isle of Wight.

Biffa already has the capacity to generate 115 megawatts of electricity from landfill gas. Some of its landfills will run out of space in the next couple of years. Biffa has no plans to sell any, he added.

On recycling, the company is planning to set up several large-scale materials recycling facilities (MRFs) each capable of processing 200,000 tonnes per year, despite recent falls in the market for recycled materials. Biffa already has 25 smaller MRFs.

Mr Horbach said he hoped to see the first new alternative waste management facilities being built by the end of 2010.

In the short-term, the company is restructuring its waste collection business by centralising the organisational work currently done at each of its 63 depots. Biffa has also set up two new call centres to handle customer relations and invested in a new IT system.

Biffa currently employs some 5,000 staff. Mr Horbach said there will be some job losses in the short term, but this would be more than offset by the creation of new positions, such as 70 new jobs in its call centres.

In response to rumours that Biffa may terminate its membership of trade body the Environmental Services Association (ESA), Mr Horbach said: "That's not the case - we will stay within the ESA". However, he added that Biffa wants the ESA to improve its effectiveness in representing the industry.

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