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Our Reference: NBBU/IV/46/11

Alan Hartridge
Planning Services
Department for Development and Regeneration
Plymouth City Council
Civic Centre
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2 September 2011

**Energy from Waste Combined Heat & Power Facility – Devonport
Planning Application: 11/00750**

Dear Mr Hartridge

The purpose of this letter is to confirm Babcock's full support for the planned energy from waste plant to be built by MVV within the Naval Base.

As you will probably be aware, Babcock either owns or leases a large part of the Naval Base and is the RN's main support contractor at Devonport. In that role, Babcock is a major user of energy in its own right as well as supplying operational (both RN and other NATO) vessels that use the Naval Base with electricity supplies when they are tied up alongside.

Once the EfW plant is operating, we will be able to receive all our electricity needs from the plant instead of having to buy it from the 'Grid'. In addition we will be able to import steam from the plant for use in our extensive distributed steam heating system. This latter benefit will turn the EfW plant into a CHP system with significantly increased operating efficiency. At present energy prices, our agreement with MVV will offer us a discount of approximately 20% against market prices over the 25 year term of our contract, (note: this has the potential to rise to nearer to 30% if energy prices continue to follow their current trend).

We will also benefit from reductions in the wear and tear on our boiler systems as they will only be required for occasional back-up use.

Our total annual energy cost, including for that which we on-supply to the MoD is over £12m and it was on the basis of the major benefits that would accrue to the Base that the MoD underwrote the 25 year term.

It is also important to recognise that the benefits the EfW plant at Devonport will bring go beyond the straight financial saving, they include:

- Long Term Commitment – the MoD are making a long term commitment to Devonport Naval Base. Collectively Babcock and the MoD directly provide high



quality employment for more than 5,000 people with several thousand more employed as sub-contractors and suppliers within the Plymouth travel to work.

- A stable outlook for Devonport with the potential for growth. – The plant offers an incentive for MoD to increase the level of activity at Devonport to take advantage of the attractive and stable energy prices.
- A reduction in the discharge of CO₂ as a result of Babcock not having to burn gas in its boilers to generate heat. – Our boilers discharge approximately 18,000 tonnes of carbon in the form of CO₂ per annum whilst our electricity consumption is equivalent to a further 80,000 tonnes. When the plant is in operation the net annual reduction in this discharge will be nearly 50,000 tonnes.
- A 'greener' solution for the disposal of waste – HMNB generates a significant amount of waste; when the plant is operational that waste will be disposed of on-site rather than having to be trucked to a disposal site. This is a two-fold benefit, a sustainable long-term solution to waste disposal allied to a reduction in vehicle activity to deliver the waste off-site

All of the above explains why Babcock view this as one of the most important current initiatives at the Naval Base and why we are so strongly supportive of it. We would not want to see it delayed or cancelled as a result of planning issues.

Yours sincerely

A handwritten signature in blue ink, appearing to read "I. Vincent", with a long horizontal stroke extending to the right.

Ian Vincent
Business Development Manager - Marine and Technology Division

CC. P.Carey, MVV