

Industrial Pretreatment Partnership and Incentive Program (IPPIP) Draft

Description:

Metropolitan Council Environmental Services (MCES) is proposing a new program that will provide a partnership and incentive to help high-strength wastewater producers develop pretreatment equipment (e.g. anaerobic digestion facilities) on their industrial sites. The incentive provides: i) Metropolitan Council financing (at low AAA rated public financing rates) and ii) possible forgiveness of up to 30% of annual debt service payments. The applicant must agree to place and manage the pretreatment equipment on their site and in addition to the remaining debt service also be responsible for all other costs including but not limited to: site and feedstock costs, permitting, operations, maintenance and associated risks. In addition, at the end of the agreement term, the applicant agrees to pay a nominal cost and take ownership of the equipment, regardless of its condition.

Applicant must:

- 1) be an industry that holds an MCES industrial waste permit;
- 2) apply for a site currently connected to the regional wastewater system;
- 3) have paid strength charges to MCES for discharge from the applicable site in each of the past three years;
- 4) own the site in fee title where the facility is proposed to be built;
- 5) have real or personal property value at the site equal or in excess of the amount of financing requested;
- 6) describe in detail the proposed preprocessing technology to be implemented, and certify that it is primarily for wastewater strength reduction;
- 7) detail the capital costs requested to be financed;
- 8) state the concentration of TSS and/or COD before and after the pretreatment, and show evidence sufficient to MCES of the expected reduction in concentration;
- 9) include an energy recovery or conservation component, and provide information thereon;
- 10) demonstrate an organizational commitment to proceed (signed by an officer of the company), within a reasonable period of time, if this application is accepted, and include a proposal bond;
- 11) be willing to sign a contract with standard terms, including but not limited to:
 - i. providing indemnification and insurance to Council specifications;
 - ii. assuming all financial, design, build, and operational responsibility for the facility and its feedstock(s) and product(s);
 - iii. allowing Council staff reasonable access to the equipment and any data reasonably necessary for contract compliance verification;

- iv. acknowledging that any energy rebates from utilities, and renewable energy credits and other green attributes for the on-site operation or at MCES plants belong to MCES;
- v. providing for payment of between 70% and 100% of annual debt service payments to MCES based on measured strength concentrations compared to targeted amounts;
- vi. committing to pay all remaining debt service payments if operation is discontinued or payments become materially late (applicant may also be subject to NOV and revocation of permit);
- vii. Agreeing to a potential assessment against the real property per M.S. 473.517 subd 10c.

Process:

In the fall, MCES will solicit applications from interested parties for participation in this program during the following year.

Projects' technical applications will be analyzed by MCES or its agents over about a 6 week period. Applicants can expect to get questions to further clarify their proposals.

MCES will also determine an estimated public and private benefit for each responsible application, and will reduce the potential 30% (debt service waiver) incentive as needed to make sure that expected public benefit of the project in present value is at least equal to the expected private value of the waived debt service.

If all responsible projects cannot fit within MCES' budget for the program (waiver of up to 30% of debt service), a competitive ranking will be done. Projects will be ranked and low ranked projects will not be offered funds. Rankings will be based on the amount of strength (in pounds) expected to be achieved per dollar of MCES incentive payment.

Selected projects and the proposed incentive will be notified before the end of the proposal year.