

## **SCHEDULE 4 PAYMENT MECHANISM**

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**Part 1 - Commissioning Payment and Interim Service Payment**

- 1 The Commissioning Payment shall be payable during the Commissioning Period on a monthly basis and shall apply to the tonnages of Contract Waste accepted by the Contractor at the ITS Facility during the Commissioning Period ("**Commissioning Waste**").
- 2 The Interim Service Payment shall be payable to the Contractor in the Interim Service Period on each tonne of Interim Waste which is accepted by the Contractor as part of the Interim Service.
- 3 "**Interim Waste**", (which is Contract Waste not deemed to be Commissioning Waste) accepted by the Contractor at the Interim Service Facility during the Interim Service Period.
- 4 Commissioning Performance Deductions shall apply in respect of Commissioning Waste in accordance with Table 3A of Schedule 5 (Performance and Monitoring).
- 5 If Interim Service Performance Deductions apply pursuant to Clause 14 of the Contract they will apply in accordance with Table 3B of Schedule 5 (Performance and Monitoring) in respect of Interim Waste.
- 6 The Commissioning and Interim Service Payment for each Contract Month shall be payable in accordance with the following:

**Commissioning and Interim Service Payment**

- 7 Prior to the Service Commencement Date, the Commissioning and Interim Service Payment in a Contract Month ("**m**") shall be calculated in accordance with the following:

$$\mathbf{CISP_m = CP_{m-1} - CPD_{m-1} - MD_{m-1} + ISP_{m-1} - ISD_{m-1} - ISMD_{m-1} - CR_{m-1} - ISR_{m-1}}$$

where:

- $CISP_m$  = Commissioning and Interim Service Payment payable in Contract Month, m, where CISP is never less than zero (0).
- $CP_{m-1}$  = Commissioning Payment for a Contract Month, m-1, calculated in accordance with paragraph 8 of this Schedule 4 (Payment Mechanism).
- $CPD_{m-1}$  = Commissioning Performance Deductions for a Contract Month, m-1, if applicable during the Commissioning Period, calculated in accordance with Part 6 of this Schedule 4 (Payment Mechanism).

$MD_{m-1}$  = Mileage Deductions for a Contract Month, m-1, if applicable during the Commissioning Period, calculated in accordance with Part 8 of this Schedule 4 (Payment Mechanism).

$ISP_{m-1}$  = Interim Service Payment for a Contract Month, m-1, calculated in accordance with paragraph 9 below.

$ISD_{m-1}$  = Interim Service Performance Deductions for a Contract Month, m-1, if applicable during the Interim Service Period, calculated in accordance with Part 6 of this Schedule 4 (Payment Mechanism).

$ISMD_{m-1}$  = Interim Service Mileage Deductions for a Contract Month, m-1, if applicable during the Interim Service Period, calculated in accordance with paragraph 10 of this Schedule 4 (Payment Mechanism).

$CR_{m-1}$  = Ratchets for a Contract Month m-1, if applicable during the Commissioning Period, calculated in accordance with Part 6 of this Schedule 4 (Payment Mechanism) and capped in accordance with Appendix 1 of this Schedule 4 (Payment Mechanism).

$ISR_{m-1}$  = Ratchets for a Contract Month m-1, if applicable during the Interim Service Period, calculated in accordance with Part 6 of this Schedule 4 (Payment Mechanism) and capped in accordance with Appendix 1 of this Schedule 4 (Payment Mechanism).

8 Where:

$$CP_{m-1} = CT_{m-1} \times CPP$$

and

$CP_{m-1}$  = Commissioning Payment payable for a Contract Month, m-1.

$CT_{m-1}$  = The tonnage of Commissioning Waste accepted during the relevant Contract Month, m-1, of the Commissioning Period.

$CPP$  = Commissioning Payment Price of [REDACTED] per tonne (indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism)).

9 Where:

$$\mathbf{ISP}_{m-1} = (\mathbf{IST}_{m-1} \times \mathbf{ISF}) + \mathbf{PTPC}$$

and

$\mathbf{ISP}_{m-1}$  = Interim Service Payment payable for a Contract Month, m-1.

$\mathbf{IST}_{m-1}$  = The tonnage of Interim Waste accepted during the relevant Contract Month, m-1, of the Interim Service Period.

$\mathbf{ISF}$  = The Interim Service Fee of **[REDACTED]** per tonne, indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).

$\mathbf{PTPC}$  = Premium for third party costs relating to the acceptance of Performance Deductions in accordance with Clause 14.3 (Interim Service) of the Contract.

### **Interim Service Mileage Deductions**

10 Interim Service Mileage Deductions (ISMD) are payable on a monthly basis and calculated as follows:

$$\mathbf{ISMD}_{m-1} = \bullet \mathbf{ISMD}_x$$

and

$$\mathbf{ISMD}_x = (\mathbf{AM} \times \mathbf{HR})$$

where:

$\mathbf{ISMD}_{m-1}$  = The Interim Service Mileage Deduction payable in a Month, m-1.

$\mathbf{ISMD}_x$  = The Interim Service Mileage Deduction calculated for an individual journey.

$\mathbf{AM}$  = The additional diverted distance on a round trip basis (miles) to the relevant Interim Service Facility to the extent that the distance to such facility is greater than the distance which would have been travelled to the relevant Facility (in each case from the relevant collection point(s)) and is calculated in accordance with the following:

$$\mathbf{AM} = (\mathbf{MNIF} - \mathbf{MITS}) \times 2$$

where:

MNIF = Distance in miles from the centre of the collection round operations to the relevant Interim Service Facility.

MITS = Distance in miles from the centre of collection round operations to the relevant Facility.

and AM is always greater than zero (0).

HR = The Haulage Rate per mile applicable to the vehicle type in accordance with the rates in Table 6 in this Schedule 4 (Payment Mechanism).

## Part 2 - Unitary Charge, Monthly Unitary Charge and Indexation

### Unitary Charge

11 From the Service Commencement Date, the Unitary Charge for the provision of the Service in a Contract Year shall be calculated in accordance with the following:

$$UC = BTP + CLA - \bullet PD - \bullet R - RD - \bullet MD - TPRS + LTP + LTGSP + LGP + OA + TLS$$

where:

UC is never less than zero (0)

and if:

$$(\bullet PD + \bullet R + RD) > DCap$$

then:

$$(\bullet PD + \bullet R + RD) = DCap$$

and if

$$\bullet MD > MDCap$$

then:

$$\bullet MD = MDCap$$

DCap = An aggregate cap on the total Performance Deductions, Recycling Deductions and associated Ratchets (PD + RD + R) for a Contract Year as set at Appendix 1.

MDCap = An aggregate cap on the total Mileage Deductions for a Contract Year as set out at Appendix 1.

UC = Unitary Charge payable for the relevant Contract Year.

BTP = Base Tonnage Payment for the relevant Contract Year, calculated in accordance with Part 3 of this Schedule 4 (Payment Mechanism).

CLA = Community Liaison Adjustment for the relevant Contract Year, calculated in

accordance with Part 5 of this Schedule 4 (Payment Mechanism).

- PD = The sum of the monthly Performance Deductions incurred in a Contract Year, calculated in accordance with Part 6 of this Schedule 4 (Payment Mechanism).
- R = Ratchets for the relevant Contract Year, calculated in accordance with Part 6 of this Schedule 4 (Payment Mechanism) and capped in accordance with Appendix 1 of Schedule 4 (Payment Mechanism).
- RD = Recycling Deduction for the relevant Contract Year, calculated in accordance with Part 7 of this Schedule 4 (Payment Mechanism).
- MD = The sum of the monthly Mileage Deductions incurred in a Contract Year, calculated in accordance with Part 8 of this Schedule 4 (Payment Mechanism) and capped in accordance with Appendix 1 of Schedule 4 (Payment Mechanism).
- TPRS = Third Party Revenue Share for the relevant Contract Year, calculated in accordance with Part 9 of this Schedule 4 (Payment Mechanism).
- LTP = Landfill Tax Payment for the relevant Contract Year, calculated in accordance with Part 10 of this Schedule 4 (Payment Mechanism).
- LTGSP = Landfill Tax Gain Sharing Payment for the relevant Contract Year, calculated in accordance with Part 10 of this Schedule 4 (Payment Mechanism).
- LGP = Landfill Gatefee Payment for the relevant Contract Year, calculated in accordance with Part 11 of this Schedule 4 (Payment Mechanism).
- OA = Other Adjustments for the relevant Contract Year, calculated in accordance with Part 12 of this Schedule 4 (Payment Mechanism).
- TLS = The Transfer Loading Station Facility Payment for the relevant Contract Year, calculated in accordance with Part 13 of this Schedule 4 (Payment Mechanism).

**Table 1: Not Used**

## Monthly Unitary Charge

12 From the Service Commencement Date, the Monthly Unitary Charge for the provision of the Service in a Contract Month ("m") shall be calculated in accordance with the following:

$$\text{MUC} = \text{BTP}_m + \text{LTP}_m + \text{LGP}_m + \text{MA}_{m-2} + \text{RBTP}_{m-2} + \text{RLTP}_{m-2} + \text{RLGP}_{m-2} + \text{CLAm} - \text{RCLAm}_{m-2} + \text{OA} + \text{TLS}_m$$

where:

- MUC = Monthly Unitary Charge payable in a Contract Month, m.
- BTP<sub>m</sub> = Base Tonnage Payment for a Contract Month, m, calculated in accordance with paragraph 13 of this Schedule 4 (Payment Mechanism).
- LTP<sub>m</sub> = Landfill Tax Payment for a Contract Month, m, calculated in accordance with paragraph 16 of this Schedule 4 (Payment Mechanism).
- LGP<sub>m</sub> = Landfill Gatefee Payment for a Contract Month, m, calculated in accordance with paragraph 17 of this Schedule 4 (Payment Mechanism).
- MA<sub>m-2</sub> = Monthly Adjustments for a Contract Month, m-2, calculated in accordance with paragraph 21 of this Schedule 4 (Payment Mechanism).
- RBTP<sub>m-2</sub> = Reconciliation for Base Tonnage Payment for a Contract Month, m-1, calculated in accordance with paragraph 23 of this Schedule 4 (Payment Mechanism).
- RLTP<sub>m-2</sub> = Reconciliation for Landfill Tax Payment for a Contract Month, m,-1 calculated in accordance with paragraph 25 of this Schedule 4 (Payment Mechanism).
- RLGP<sub>m-2</sub> = Reconciliation for Landfill Gatefee Payment for a Contract Month, m-2, calculated in accordance with paragraph 27 of this Schedule 4 (Payment Mechanism).
- CLAm = Community Liaison Adjustment for a Contract Month, calculated in accordance with paragraph 19 of this Schedule 4 (Payment Mechanism).
- RCLAm<sub>m-2</sub> = Reconciliation of the CLAm Payments made during the Contract Year in accordance with paragraph 20 of this Schedule 4 (Payment Mechanism).

OA = Other Adjustments as set out in Part 12 of this Schedule 4 (Payment Mechanism).  
as applicable.

TLS<sub>m</sub> = TLS Facility Monthly Payment as set out in paragraph 18 of this Schedule 4  
(Payment Mechanism).

### **Base Tonnage Payment for a Contract Month**

13 The Base Tonnage Payment for a Contract Month, m, shall be calculated in accordance with the following:

$$\mathbf{BTP_m = BTPF \times n/N - \bullet (BTP_m \text{ previously invoiced in the Contract Year})}$$

where:

BTP<sub>m</sub> = Base Tonnage Payment for a Contract Month, m.

BTPF = Base Tonnage Payment Forecast for a Contract Year calculated in accordance with paragraphs 14 and 15 of this Schedule 4 (Payment Mechanism).

n = The number of Contract Months which have passed from the beginning of the Contract Year up to and including the relevant Contract Month, m, for which the payment is being determined. The value of n shall be between one (1) and twelve (12) depending upon the relevant Contract Month in the Contract Year, for example in Contract Month April, n = 1.

N = The number of Contract Months in the Contract Year which shall equal twelve (12) save in the Contract Year in which Service Commencement occurs it shall be the number of Contract Months from the Service Commencement Date until the following March (pro-rata for any part of a Contract Month) (inclusive) and in the Final Contract Year it shall be the number of Contract Months from 1 April until the Expiry Date (inclusive), or the Termination Date, if earlier.

### **Base Tonnage Payment Forecast and Contract Waste Forecast for a Contract Year**

- 14 The Contractor shall prepare an initial Base Tonnage Payment Forecast and Contract Waste Forecast for the Contract Year and submit it to the Councils no later than three (3) Months before the start of the Contract Year.
- 15 The Contractor shall update the Base Tonnage Payment Forecast and Contract Waste Forecast at the start of each Contract Month in the relevant Contract Year to reflect actual volumes of Contract Waste accepted by the Contractor in the previous Contract Months of that Contract Year. The updated version shall reflect all relevant information reasonably available to the Contractor and will be submitted with the Monthly Service Report and Monthly Invoice for the relevant Contract Month.

**Landfill Tax Payment for a Contract Month, m**

- 16 The Landfill Tax Payment for a Contract Month, m, shall be calculated in accordance with the following:

$$\mathbf{LTP_m = (ALTR_m \times (100\% - MDT_{BDR}) \times CWF_{BDR} \times n/N) - \bullet (LTP_m \text{ previously invoiced in the Contract Year})}$$

where:

LTP<sub>m</sub> = Landfill Tax Payment for Contract Month, m.

ALTR<sub>m</sub> = The prevailing Active Landfill Tax Rate in Contract Month, m. To the extent that the Active Landfill Tax Rate changes during the Contract Year, the change in rate shall only apply from the relevant Contract Month in which the change became effective.

MDT<sub>BDR</sub> = MSW to Landfill Diversion % for the relevant Contract Year as set out in Appendix 3 of this Schedule 4 (Payment Mechanism).

CWF<sub>BDR</sub> = The lower of the Contract Waste Forecast for the relevant Contract Year calculated in accordance with paragraphs 14 and 15 of this Schedule 4 (Payment Mechanism) and two hundred and sixty five thousand (265,000) tonnes (or the pro-rata equivalent in the event that there are not twelve (12) Contract Months in a Contract Year).

n = The number of Contract Months which have passed from the beginning of the Contract Year up to and including the relevant Contract Month, m, for which the payment is being determined. The value of n shall be between one (1) and twelve

(12) depending upon the relevant Contract Month in the Contract Year, for example in Contract Month April,  $n = 1$ .

$N$  = The number of Contract Months in the Contract Year which shall equal twelve (12) save in the Contract Year in which Service Commencement occurs it shall be the number of Contract Months from the Service Commencement Date until the following 31 March (pro-rata for any part of a Contract Month) (inclusive) and in the Final Contract Year it shall be the number of Contract Months from 1 April until Expiry Date (inclusive), or the Termination Date, if earlier.

### **Landfill Gatefee Payment for a Contract Month, $m$**

17 The Landfill Gatefee Payment for a Contract Month,  $m$ , shall be calculated in accordance with the following:

$$\mathbf{LGP}_m = (\mathbf{IALGR}_m \times (\mathbf{100\%} - \mathbf{MDT}_{\mathbf{BDR}}) \times \mathbf{CWF}_{\mathbf{BDR}} \times \mathbf{n/N}) - \bullet (\mathbf{LGP}_m \text{ previously invoiced in the Contract Year})$$

where:

$LGP_{m-1}$  = Landfill Gatefee Payment for Contract Month,  $m-1$ .

$IALGR_{m-1}$  = The All Inclusive Active Landfill Gatefee Rate as defined in Part 11 of Schedule 4 (Payment Mechanism) in Contract Month,  $m-1$ .

$MDT_{\mathbf{BDR}}$  = MSW to Landfill Diversion % for the relevant Contract Year as set out in Appendix 3 of this Schedule 4 (Payment Mechanism).

$CWF_{\mathbf{BDR}}$  = The lower of the Contract Waste Forecast for the relevant Contract Year calculated in accordance with paragraphs 14 and 15 of this Schedule 4 (Payment Mechanism) and two hundred and sixty five thousand (265,000) tonnes (or the pro-rata equivalent in the event that there are not twelve (12) Contract Months in a Contract Year).

$n$  = The number of Contract Months which have passed from the beginning of the Contract Year up to and including the relevant Contract Month,  $m$ , for which the payment is being determined. The value of  $n$  shall be between one (1) and twelve (12) depending upon the relevant Contract Month in the Contract Year,

for example in Contract Month April,  $n = 1$ .

N = The number of Contract Months in the Contract Year which shall equal twelve (12) save in the Contract Year in which Service Commencement occurs it shall be the number of Contract Months from the Service Commencement Date until the following 31 March (pro rata for any part of a Contract Month) (inclusive) and in the Final Contract Year it shall be the number of Contract Months from April until the Expiry Date, or Termination Date, if earlier.

### **TLS Facility Monthly Payment**

18 The TLS Facility Monthly Payment for a Contract Month,  $m$  shall be calculated in accordance with the following:

$$\text{TLS}_m = \text{FMC} + (\text{TST}_{m-1} \times \text{VTC}_{m-1})$$

where:

$\text{TLS}_m$  = TLS Facility Monthly Payment for a Contract Month,  $m$ .

FMC = Fixed Monthly Charge of [REDACTED] (save in the Contract Year in which Service Commencement occurs when it shall be [REDACTED]) indexed in accordance with Table 2 in this Schedule 4 (Payment Mechanism).

TST = Tonnage of Contract Waste transported through the TLS Facility to the ITS Facility (or to any Contingency Delivery Point) during the relevant Contract Month.

VTC = Variable Tonnage Charge of [REDACTED] per tonne indexed in accordance with Table 2 in this Schedule 4 (Payment Mechanism).

### **Community Liaison Adjustment Monthly Payment**

19 The Community Liaison Adjustment Monthly Payment for a Contract Month,  $m$ , shall be calculated in accordance with the following:

$$\text{CLA}_m = \text{CLA}/12$$

$CLA_m$  = Community Liaison Adjustment Monthly Payment for a Contract Month, m.

CLA = Community Liaison Adjustment calculated in accordance with Part 5 of this Schedule 4 (Payment Mechanism).

### **Community Liaison Adjustment Reconciliation**

20 The value of the Community Liaison Adjustment Reconciliation payable, RCLA, will be reconciled each Month and shall reflect the agreed, actual Service performed during the Contract Month m-2 in accordance with the following:

$$RCLA = CLA_m - CLAA_{m-2}$$

where:

RCLA = Community Liaison Adjustment Reconciliation.

$CLA_m$  = Community Liaison Adjustment Monthly Payment for Month, m, calculated in accordance with paragraph 19 of this Schedule 4 (Payment Mechanism).

CLAA = Actual Community Liaison Adjustment payable in respect of the actual Service performed during the Contract Month.

RCLA may be positive or negative.

### **Monthly Adjustments**

21 Monthly Adjustments for Contract Month, m, shall be calculated in accordance with the following:

$$MA_m = - PD_{m-2} - R_{m-2} - RD - MD_{m-2} - TPRS + LTGSP$$

where:

$MA_m$  = Monthly Adjustments for Contract Month, m.

$PD_{m-2}$  = Performance Deductions for the Contract Month, m-2, if applicable, calculated in accordance with Part 6 of this Schedule 4 (Payment Mechanism). In the event that the cumulative total of Performance Deductions, Ratchets and Recycling

Deduction invoiced in preceding Contract Months of a Contract Year has exceeded the Deductions Cap, as set out in Appendix 1 of this Schedule 4 (Payment Mechanism), or reaches such cap in the relevant Contract Month, then Performance Deductions shall cease to apply for the remainder of that Contract Year.

$R_{m-2}$  = Ratchets for the Contract Month, m-2, if applicable, calculated in accordance with Part 6 of this Schedule 4 (Payment Mechanism). In the event that the cumulative total of Ratchets invoiced in preceding Contract Months of a Contract Year exceed the Ratchets Cap, as set out in Appendix 1 of this Schedule 4 (Payment Mechanism), or in the event that the cumulative total of Performance Deductions, Ratchets and Recycling Deduction invoiced in preceding Contract Months of a Contract Year has exceeded the Deductions Cap, or reaches such cap in the relevant Contract Month, then Ratchets shall cease to apply for the remainder of that Contract Year.

RD = Recycling Deductions, to be made as soon as practicable but in any event within three (3) Contract Months following the final Contract Month in the previous Contract Year, calculated in accordance with Part 7 of this Schedule 4 (Payment Mechanism).

This is a single annual deduction, to apply in one (1) Contract Month only for each Contract Year, and in all other Contract Months will be zero (0). Recycling Deductions are subject to the Deductions Cap, as set out in Appendix 1 of this Schedule 4 (Payment Mechanism).

$MD_{m-2}$  = Mileage Deductions for a Contract Month, m-2, if applicable, calculated in accordance with Part 8 of this Schedule 4 (Payment Mechanism). In the event that the cumulative total of Mileage Deductions invoiced in preceding Contract Months of a Contract Year has exceeded the Mileage Deductions Cap, as set out in Appendix 1 of this Schedule 4 (Payment Mechanism), or reaches such cap in the relevant Contract Month, then Mileage Deductions shall cease to apply for the remainder of that Contract Year.

TPRS = Third Party Revenue Share, to be made as soon as practicable but in any event within three (3) Contract Months following the final Contract Month in the previous Contract Year, calculated in accordance with Part 9 of this Schedule 4

(Payment Mechanism).

This is a single annual deduction, to apply in one (1) Contract Month only for each Contract Year, and in all other Contract Months will be zero (0).

**LTGSP** = Landfill Tax Gain Sharing Payment, to be made as soon as practicable but in any event within three (3) Contract Months following the final Contract Month in the previous Contract Year, calculated in accordance with Part 10 of this Schedule 4 (Payment Mechanism).

This is a single annual adjustment, to apply in one (1) Contract Month only for each Contract Year, and in all other Contract Months will be zero (0).

### **Reconciliation of the Base Tonnage Payment for a Contract Year**

22 The Contractor shall calculate the final Base Tonnage Payment for each Contract Year during the Service Period no later than three (3) Months after the end of such Contract Year, which shall reflect the agreed actual figures for such Contract Year. The difference between the final Base Tonnage Payment and the sum of the monthly Base Tonnage Payments for that relevant Contract Year shall be added to or, where calculated as negative, subtracted from the next Monthly Invoice and in any event, only once per Contract Year.

23 The reconciliation of the Base Tonnage Payment shall be calculated in accordance with the following:

$$\mathbf{RBTP = BTP - BTP_p}$$

where:

**RBTP** = Annual reconciliation for the Base Tonnage Payment for the relevant Contract Year.

**BTP** = Base Tonnage Payment for the relevant Contract Year, calculated in accordance with Part 3 of this Schedule 4 (Payment Mechanism).

**BTP<sub>p</sub>** = The value of the Base Tonnage Payment which has already been invoiced (as **BTP<sub>m</sub>**) to the Contractor in respect of previous Contract Months for the relevant Contract Year, as calculated in accordance with paragraph 13 of this Schedule 4 (Payment Mechanism).

### **Reconciliation of the Landfill Tax Payment for a Contract Year**

- 24 The Contractor shall calculate the final Landfill Tax Payment for each Contract Year during the Service Period no later than three (3) Months after the end of such Contract Year, which shall reflect the agreed actual figures for such Contract Year. The difference between the final Landfill Tax Payment and the sum of the monthly Landfill Tax Payments for that relevant Contract Year shall be added to or, where calculated as negative, subtracted from the next Monthly Invoice.
- 25 The reconciliation of the Landfill Tax Payment shall be calculated in accordance with the following:

$$\mathbf{RLTP_m = LTP - LTP_p}$$

where:

$RLTP_m$  = Annual Reconciliation of Landfill Tax Payment for the relevant Contract Year.

$LTP$  = Landfill Tax Payment for the relevant Contract Year calculated in accordance with Part 10 of this Schedule 4 (Payment Mechanism).

$LTP_p$  = The value of the Landfill Tax Payment which has already been invoiced (as  $LTP_m$ ) to the Contractor in respect of previous Contract Months for the relevant Contract Year, calculated in accordance with paragraph 16 of this Schedule 4 (Payment Mechanism).

### **Reconciliation of the Landfill Gatefee Payment for a Contract Year**

- 26 The Contractor shall calculate the final Landfill Gatefee Payment for each Contract Year during the Service Period no later than three (3) Months after the end of such Contract Year, which shall reflect the agreed actual figures for such Contract Year. The difference between the final Landfill Gatefee Payment and the sum of the monthly Landfill Gatefee Payments for that relevant Contract Year shall be added to or, where calculated as negative, subtracted from the next monthly invoice.
- 27 The reconciliation of the Landfill Gatefee Payment shall be calculated in accordance with the following:

$$RLGP_m = LGP - LGP_p$$

where:

$RLGP_m$  = Annual reconciliation of Landfill Gatefee Payment for the relevant Contract Year.

$LGP$  = Landfill Gatefee Payment for the relevant Contract Year calculated in accordance with Part 11 of this Schedule 4 (Payment Mechanism).

$LGP_p$  = The value of the Landfill Gatefee Payment which has already been included within the Monthly Unitary Charge calculations (as  $LGP_m$ ) as being payable to the Contractor in respect of previous Contract Months for the relevant Contract Year, calculated in accordance with paragraph 17 of this Schedule 4 (Payment Mechanism).

### Indexation

28 Components of the Unitary Charge shall be subject to indexation in accordance with Table 2 in this Schedule 4 (Payment Mechanism).

**Table 2: Indexation of Components of Unitary Charge**

<b>Component of Unitary Charge</b>	<b>Indexation</b>
Commissioning Payment Price	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
Interim Service Fee	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
Base Tonnage Payment Price Band 1	BTPI(1) <sub>y</sub> being the Base Tonnage Payment Band 1 Index, calculated in accordance with paragraph 29 of this Schedule 4 (Payment Mechanism) where FP(1) is [ ]%.
Base Tonnage Payment Price Band 2	BTPI(2) <sub>y</sub> being the Base Tonnage Payment Band 2 Index, calculated in accordance with paragraph 29 of this Schedule 4 (Payment Mechanism) where FP(2) is [REDACTED]%.

Component of Unitary Charge	Indexation
Base Tonnage Payment Price Band 3	BTPI(3) <sub>y</sub> being the Base Tonnage Payment Band 3 Index, calculated in accordance with paragraph 29 of this Schedule 4 (Payment Mechanism) where FP(3) is [REDACTED]%.
Community Liaison Adjustment	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
Performance Deduction	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
Recycling Deduction	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
Mileage Deduction	MIF <sub>y</sub> calculated in accordance with paragraph 30.1 and paragraph 30.2 of this Schedule 4 (Payment Mechanism).
BEP <sub>y</sub>	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
Landfill Gatefee (LGF)	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism) and it is acknowledged that LGF will be adjusted from time to time in accordance with Clause 60 (Market Testing) of the Contract following the first Market Testing Date and such adjusted amount will be indexed by reference to FIF <sub>y</sub> unless otherwise agreed through the Market Testing process.
Landfill Haulage Rate (LHR)	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism) and it is acknowledged that LHR will be adjusted from time to time in accordance with Clause 60 (Market Testing) of the Contract following the first Market Testing Date and such adjusted amount will be indexed by reference to FIF <sub>y</sub> unless otherwise

<b>Component of Unitary Charge</b>	<b>Indexation</b>
	agreed through the Market Testing process.
SRF Electricity Price Share threshold	EIF <sub>y</sub> calculated in accordance with paragraph 30.3 of this Schedule 4 (Payment Mechanism).
Caps as set out in Appendix 1	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
TLS Facility Monthly Payment (FMC and VTC) and Transfer Loading Station Facility Payment (FAC and VTC)	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
Turnaround Time Deductions - Refuse Collection Vehicles	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).
Turnaround Time Deduction – Non-Refuse Collection Vehicles	FIF <sub>y</sub> calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).

#### **Calculation of Base Tonnage Payment Index**

29 The Base Tonnage Payment Index shall be calculated in accordance with the following:

$$\mathbf{BTPI(n)_y = (FIF_y \times (100\% - FP(n))) + FP(n)}$$

where:

BTPI(n)<sub>y</sub> = Base Tonnage Payment Index for Contract Year, y, for Base Tonnage Payment Price Band 'n'.

FIF<sub>y</sub> = Full Indexation Factor for Contract Year, y, calculated in accordance with paragraph 30 of this Schedule 4 (Payment Mechanism).

FP(n) = Fixed proportion of the Base Tonnage Payment Index for Base Tonnage Payment Price Band 'n' in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).

#### **Calculation of Full Indexation Factor**

30 The Full Indexation Factor for the Contract Year shall represent the movement in RPIX over the period since the index base date and shall be calculated in accordance with the following:

$$FIF_y = \frac{RPIX_y}{RPIX_b}$$

where:

$FIF_y$  = Full Indexation Factor for Contract Year, y.

$RPIX_y$  = The value published for RPIX for the January immediately preceding Contract Year, y.

$RPIX_b$  = The value published for RPIX for January 2011 being 228.2.

#### Calculation of Mileage Indexation Factor

30.1 The Mileage Indexation Factor for the Contract Year for journeys where the value of AM in paragraph 53 below is less than or equal to twenty five (25) miles shall represent a weighted average movement in a labour index and a fuel index over the period since the index base date and shall be calculated in accordance with the following:

$$MIF_y = \left( \frac{LAB_y}{LAB_b} \times 50\% \right) + \left( \frac{DERV_y}{DERV_b} \times 50\% \right)$$

where:

$MIF_y$  = Mileage Indexation Factor for Contract Year, y.

$LAB_y$  = The value published for the Building Costing Information Service 70/1 Labour and Supervision in Civil Engineering index for the January immediately preceding Contract Year, y.

$LAB_b$  = The value published for the Building Costing Information Service 70/1 Labour and Supervision in Civil Engineering index for January 2011 being 1,869.

$DERV_y$  = The value published for the Building Costing Information Service 70/8 Derv Fuel index for the January immediately preceding Contract Year, y.

DERV<sub>b</sub> = The value published for the Building Costing Information Service 70/8 Derv Fuel index for January 2011 being 2,342.

30.2 The Mileage Indexation Factor for the Contract Year for journeys where the value of AM in paragraph 53 below is greater than twenty five (25) miles and (an) additional vehicle(s) has (have) been hired shall represent a weighted average movement in RPIX, a labour index and a fuel index over the period since the index base date and shall be calculated in accordance with the following:

$$MIF_y = \left(\frac{LAB_y}{LAB_b} \times 46\%\right) + \left(\frac{DERV_y}{DERV_b} \times 14\%\right) + \left(\frac{RPIX_y}{RPIX_b} \times 40\%\right)$$

where:

MIF<sub>y</sub> = Mileage Indexation Factor for Contract Year, y.

LAB<sub>y</sub> = The value published for the Building Costing Information Service 70/1 Labour and Supervision in Civil Engineering index for the January immediately preceding Contract Year, y.

LAB<sub>b</sub> = The value published for the Building Costing Information Service 70/1 Labour and Supervision in Civil Engineering index for January 2011 being 1,869.

DERV<sub>y</sub> = The value published for the Building Costing Information Service 70/8 Derv Fuel index for the January immediately preceding Contract Year, y.

DERV<sub>b</sub> = The value published for the Building Costing Information Service 70/8 Derv Fuel index for January 2011 being 2,342.

RPIX<sub>y</sub> = The value published for RPIX for the January immediately preceding Contract Year, y.

RPIX<sub>b</sub> = The value published for RPIX for January 2011 being 228.2.

### Calculation of Electricity Indexation Factor

30.3 The Electricity Indexation Factor for the Contract Year shall represent the movement in RPIX over the period since the index base date and shall be calculated in accordance with the following:

$$EIF_y = \frac{RPIX_{mid_y}}{RPIX_b}$$

where:

$EIF_y$  = Electricity Indexation Factor for Contract Year, y.

$RPIX_{mid_y}$  = The value published for RPIX for the July falling within Contract Year, y.

$RPIX_b$  = The value published for RPIX for January 2011 being 228.2.

### Part 3 - Base Tonnage Payment

#### Calculation of the Base Tonnage Payment

- 31 The Base Tonnage Payment shall be payable from the Service Commencement Date and shall apply to all tonnages of Contract Waste accepted by the Contractor in accordance with the Waste Acceptance Protocol at a Facility or a Contingent Delivery Point in the relevant Contract Year.
- 32 The Base Tonnage Payment for the relevant Contract Year shall be calculated in accordance with the following:

$$\mathbf{BTP = (BT_1 \times BP_1) + (BT_2 \times BP_2) + (BT_3 \times BP_3)}$$

where:

- BTP** = Base Tonnage Payment payable for the relevant Contract Year.
- BT<sub>1</sub>** = The Guaranteed Minimum Tonnage as adjusted by Clause 38.10 (Substitute Waste) of the Contract if applicable.
- BT<sub>2</sub>** = The tonnage of Contract Waste accepted between the minimum tonnage threshold and maximum tonnage threshold of Base Tonnage Payment Price Band 2 in the relevant Contract Year as set out in Table 3 in this Schedule 4 (Payment Mechanism).
- BT<sub>3</sub>** = The tonnage of Contract Waste accepted between the minimum tonnage threshold and maximum tonnage threshold of Base Tonnage Payment Price Band 3 in the relevant Contract Year as set out in Table 3 in Part 3 of this Schedule 4 (Payment Mechanism).
- BP<sub>1</sub>** = Base Tonnage Payment Price per tonne for Base Tonnage Payment Price Band 1 as set out in Table 3 in Part 3 of this Schedule 4 (Payment Mechanism).
- BP<sub>2</sub>** = Base Tonnage Payment Price per tonne for Base Tonnage Payment Price Band 2 as set out in Table 3 in Part 3 of this Schedule 4 (Payment Mechanism).
- BP<sub>3</sub>** = Base Tonnage Payment Price per tonne for Base Tonnage Payment Price Band 3 as set out in Table 3 in Part 3 of this Schedule 4 (Payment Mechanism).

**Table 3: Base Tonnage Payment Price per Base Tonnage Payment Price Band**

Base Tonnage Payment Price Band (n)	Tonnage in a Contract Year		Base Tonnage Payment Price per tonne indexed in accordance with Table 2 in Part 2 of Schedule 4 (Payment Mechanism)
	Minimum tonnage threshold	Maximum tonnage threshold	
1	0	180,000	£[ ]
2	180,001	265,000	£[ ]
3	265,001	280,000	£[REDACTED]

**Part 4 - Not Used**

33 NOT USED

34 NOT USED

## **Part 5 - Community Liaison Adjustment**

### **Calculation of the Community Liaison Adjustment**

- 35 The Community Liaison Adjustment (CLA) shall be payable as part of the Monthly Unitary Charge for performing the Service in accordance with Schedule 36 (Communications Strategy). The value of the CLA is [REDACTED] (save in the Contract Year in which Service Commencement occurs when it shall be [REDACTED]) indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).
- 36 The level of the CLA is based on the level of services set out in Schedule 36 (Communications Strategy). The amount of the CLA may vary each Contract Year as agreed between the Parties as part of the annual review of the Community Liaison Plan in accordance with paragraphs 6.1 and 7.1 of Schedule 36 (Communications Strategy).

## Part 6 - Performance Deductions and Ratchets

### Calculation of Performance Deductions

- 37 Performance Deductions shall be calculated by reference to the Service Deduction Category as set out in Schedule 5 (Performance and Monitoring) and are subject to Appendix 1 of this Schedule 4 (Payment Mechanism).
- 38 From the Service Commencement Date, Performance Deductions shall apply in accordance with Table 3 in Schedule 5 (Performance and Monitoring).
- 39 During the Commissioning Period, Commissioning Performance Deductions shall apply in accordance with Table 3A of Schedule 5 (Performance and Monitoring).
- 40 During the Interim Service Period, Interim Service Performance Deductions shall apply (where applicable under Clause 14.3 of the Contract) in respect of Interim Waste in accordance with Table 3B of Schedule 5 (Performance and Monitoring).
- 41 Subject to the provisions of paragraph 42 (Ratchets) of this Schedule 4 (Payment Mechanism), Performance Deductions shall be calculated on a monthly basis in accordance with the following:

$$PD_m = \bullet (PSF_n \times PDF_n)$$

where:

$PD_m$  = Performance Deductions for a Month.

$PSF_n$  = The number of Performance Standard Failures in Service Deduction Category 'n'.

$PDF_n$  = The Performance Deduction per Performance Standard Failure in Service Deduction Category 'n' in accordance with Table 4 in this paragraph 41 of Schedule 4 (Payment Mechanism).

**Table 4: Performance Deductions (including Commissioning Performance Deductions and Interim Service Performance Deductions)**

Service Deduction Category 'n'	Performance Deduction
A	[REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).

Service Deduction Category 'n'	Performance Deduction
B	[REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).
C	[REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).
D	[REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).
E	[REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).
Turnaround Time Deductions - Refuse Collection Vehicles	<p>§ [REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism) for times of over 15 minutes and up to 20 minutes.</p> <p>§ [REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism) for times of over 20 minutes and up to 25 minutes.</p> <p>§ [REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism) for times of over 25 minutes and up to 30 minutes.</p> <p>§ [REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism) for times of over 30 minutes.</p> <p>§ Daily Turnaround Times deductions are capped in accordance with Appendix 1 of this Schedule 4 (Payment Mechanism).</p>
Turnaround Time Deduction – Non Refuse Collection Vehicles	<p>§ [REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism) for times of over 25 minutes and up to 30 minutes.</p> <p>§ [REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism) for</p>

Service Deduction Category 'n'	Performance Deduction
	<p>times of over 30 minutes and up to 35 minutes.</p> <p>§ [REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism) for times of over 35 minutes and up to 40 minutes.</p> <p>§ [REDACTED] indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism) for times of over 40 minutes.</p> <p>§ Daily Turnaround Times deductions are capped in accordance with Appendix 1 of this Schedule 4 (Payment Mechanism).</p>

### Ratchets

42 If in any Contract Year a Performance Deduction is made by the Councils in relation to the same type of Performance Deduction identified by "R" in Schedule 5 (Performance and Monitoring) a Ratchet shall apply and shall be calculated on a monthly basis in accordance with the following:

$$R_m = R_{NCWm} + R_{NOHm} + R_{AEUm} + R_{ECm} + R_{CPm} + R_{PMRm} + R_{HSm}$$

where:

$R_m$  = Ratchets for the relevant Contract Month.

$R_{NCWm}$  = Ratchet for Non-Conforming Waste, calculated in accordance with paragraph 43 of this Schedule 4 (Payment Mechanism) for the relevant Contract Month.

$R_{NOHm}$  = Ratchet for Normal Opening Hours, calculated in accordance with paragraph 44 of this Schedule 4 (Payment Mechanism) for the relevant Contract Month.

$R_{AEUm}$  = Ratchet for Authorised End User, calculated in accordance with paragraph 45 of this Schedule 4 (Payment Mechanism) for the relevant Contract Month.

$R_{ECm}$  = Ratchet for External Communications, calculated in accordance with paragraph 46 of this Schedule 4 (Payment Mechanism) for the relevant Contract Month.

$R_{CPm}$  = Ratchet for Complaints Procedure, calculated in accordance with paragraph 47 of this Schedule 4 (Payment Mechanism) for the relevant Contract Month.

$R_{PMRm}$  = Ratchet for Monthly Service Report, calculated in accordance with paragraph 48 of this Schedule 4 (Payment Mechanism) for the relevant Contract Month.

$R_{HSm}$  = Ratchet for Health and Safety, calculated in accordance with paragraph 49 of this Schedule 4 (Payment Mechanism) for the relevant Contract Month.

**Where  $R_{NCWm}$ ,  $R_{AEUm}$ ,  $R_{CPm}$ ,  $R_{PMRm}$  and  $R_{HSm}$  = zero prior to Service Commencement.**

### **Ratchet for Non-Conforming Waste**

43 The Ratchet for Non-Conforming Waste accruing in any Contract Month for a failure to achieve Performance Standard 6.1 on more than one (1) incident, shall be calculated in accordance with the following:

$$R_{NCWm} = R_{NCW} - \sum R_{NCWm}(\text{previously invoiced in the Contract Year})$$

where:

$R_{NCWm}$  = Ratchet for Non-Conforming Waste for a Contract Month.

$R_{NCW}$  = Ratchet for Non-Conforming Waste for a Contract Year = • ((PDNCW<sub>1</sub> x 1) + (PDNCW<sub>2</sub> x 2) + ..... + (PDNCW<sub>i</sub> x i)).

where:

PDNCW<sub>i</sub> = Performance Deduction for the i<sup>th</sup> incident greater than one (1) of not achieving Performance Standard 6.1, measured over the same Contract Year, calculated in accordance with Table 4 in Part 6 of this Schedule 4 (Payment Mechanism).

i = The number of incidents greater than one (1) incident at a Facility, measured over the Contract Year, where the Contractor has failed to achieve Performance Standard 6.1 at that Facility, in accordance with Schedule 5 (Performance and Monitoring).

### **Ratchet for Normal Opening Hours**

44 The Ratchet for Normal Opening Hours accruing in any Contract Month for each incident of failing to achieve Performance Standard 6.3, shall be calculated in accordance with the following:

$$R_{NOHm} = R_{NOH} - \sum R_{NOHm} \text{ (previously invoiced in the Contract Year)}$$

where:

$R_{NOHm}$  = Ratchets for Normal Opening Hours for a Contract Month.

$R_{NOH}$  = Ratchet for Normal Opening Hours for a Contract Year = • ((PDNOH<sub>1</sub> x 1) + (PDNOH<sub>2</sub> x 2) + ..... + (PDNOH<sub>i</sub> x i)).

where:

PD<sub>NOH</sub> = Performance Deduction for not achieving Performance Standards 6.3 or 6.4, measured over the same Contract Year, calculated in accordance with Table 4 in Part 6 of this Schedule 4 (Payment Mechanism).

i = The number of Days greater than one (1) Day at a Facility, measured over the Contract Year, in which the Facility is not open at any time during Normal Opening Hours for that Facility.

#### **Ratchet for Authorised End User**

45 The Ratchet for Authorised End User accruing in any Contract Month for a failure to achieve Performance Standard 11.2 on more than one (1) incident, shall be calculated in accordance with the following:

$$R_{AEUm} = R_{AEU} - \sum R_{AEUm} \text{ (previously invoiced in the Contract Year)}$$

where:

$R_{AEUm}$  = Ratchets for Authorised End Users for a Contract Month.

$R_{AEU}$  = Ratchet for Authorised End User for a Contract Year = • ((PDAEU<sub>1</sub> x 1) + (PDAEU<sub>2</sub> x 2) + ..... + (PDAEU<sub>i</sub> x i)).

where:

$PDAEU_i$  = Performance Deduction for the  $i^{th}$  incident greater than one (1) for not achieving Performance Standard 11.2, measured over the same Contract Year, calculated in accordance with Table 4 in Part 6 of this Schedule 4 (Payment Mechanism).

$i$  = The number of incidents greater than one (1), measured over the same Contract Year, where the Contractor has failed to achieve Performance Standard 11.2 in accordance with Schedule 5 (Performance and Monitoring).

### **Ratchet for External Communications**

46 The Ratchet for External Communications accruing in any Contract Month for a failure to achieve Performance Standard 13.1 on more than one (1) incident, shall be calculated in accordance with the following:

$$R_{ECm} = R_{EC} - \sum R_{ECm}(\text{previously invoiced in the Contract Year})$$

where:

$R_{ECm}$  = Ratchets for External Communications for a Contract Month.

$R_{EC}$  = Ratchet for External Communications for a Contract Year = • (( $PDEC_1 \times 1$ ) + ( $PDEC_2 \times 2$ ) + ..... + ( $PDEC_i \times i$ )).

where:

$PDEC_i$  = Performance Deduction for the  $i^{th}$  incident greater than one (1), measured over the same Contract Year, for not achieving Performance Standard 13.1, calculated in accordance with Table 4 in Part 6 of this Schedule 4 (Payment Mechanism).

$i$  = The number of incidents greater than one (1), measured over the same Contract Year, where the Contractor has failed to achieve Performance Standard 13.1 in accordance with Schedule 5 (Performance and Monitoring).

### **Ratchet for Complaints Procedure**

47 The Ratchet for Complaints Procedure accruing in any Contract Month for a failure to achieve Performance Standard 14.2 on more than one (1) incident, shall be calculated in accordance with the following:

$$\mathbf{R_{CPm} = R_{CP} - \sum R_{CPm}(\text{previously invoiced in the Contract Year})}$$

where:

$R_{CPm}$  = Ratchets for Complaints Procedure for a Contract Month.

$R_{CP}$  = Ratchet for Complaints Procedure for a Contract Year = • ((PDCP<sub>1</sub> x 1) + (PDCP<sub>2</sub> x 2) + ..... + (PDCP<sub>i</sub> x i)).

where:

PDCP<sub>i</sub> = Performance Deduction for the i<sup>th</sup> incident greater than one (1), measured over the same Contract Year, of not achieving Performance Standard 14.2, calculated in accordance with Table 4 in Part 6 of this Schedule 4 (Payment Mechanism).

i = The number of incidents greater than one (1), measured over the same Contract Year, where the Contractor has failed to achieve Performance Standard 14.2 in accordance with Schedule 5 (Performance and Monitoring).

### **Ratchet for Monthly Service Report**

48 The Ratchet for Monthly Service Report accruing in any Contract Month for a failure to achieve Performance Standard 15.8 on more than one (1) incident, shall be calculated in accordance with the following:

$$\mathbf{R_{PMRm} = R_{PMR} - \sum R_{PMRm}(\text{previously invoiced in the Contract Year})}$$

where:

$R_{PMRm}$  = Ratchets for Monthly Service Report for a Contract Month.

$R_{PMR}$  = Ratchet for Monthly Service Report for a Contract Year = • ((PDPMR<sub>1</sub> x 1) + (PDPMR<sub>2</sub> x 2) + ..... + (PDPMR<sub>i</sub> x i)).

where:

$PDPMR_i$  = Performance Deduction for the  $i^{th}$  incident greater than one (1), measured over the same Contract Year, for not achieving Performance Standard 15.8, calculated in accordance with Table 4 in Part 6 of this Schedule 4 (Payment Mechanism).

$i$  = The number of incidents greater than one (1), measured over the same Contract Year where the Contractor has failed to achieve Performance Standard 15.8 in accordance with Schedule 5 (Performance and Monitoring).

### **Ratchet for Health and Safety**

49 The Ratchet for Health and Safety accruing in any Contract Month for a failure to achieve Performance Standard 22.2 on more than one (1) incident, shall be calculated in accordance with the following:

$$R_{HSm} = R_{HS} - \sum R_{HSm}(\text{previously invoiced in the Contract Year})$$

where:

$R_{HSm}$  = Ratchets for Health and Safety for a Contract Year.

$R_{HS}$  = Ratchet for Health and Safety for a Contract Year = • ((PDHS<sub>1</sub> x 1) + (PDHS<sub>2</sub> x 2) + ..... + (PDHS<sub>i</sub> x i)).

where:

$PDHS_i$  = Performance Deduction for the  $i^{th}$  incident greater than one (1), measured over the same Contract Year, for not achieving Performance Standard 22.2, calculated in accordance with Table 4 in Part 6 of this Schedule 4 (Payment Mechanism).

$i$  = The number of incidents greater than one (1), measured across the same Contract Year, where the Contractor has failed to achieve Performance Standard 22.2, in accordance with Schedule 5 (Performance and Monitoring).

## Part 7 - Recycling Deductions

### Calculation of the Recycling Deduction

- 50 In each relevant Contract Year where the Contractor achieves or exceeds the Recycling and Composting Target in that Contract Year, as set out in paragraph 2.1 of Schedule 1 (Output Specification) then the Recycling Deduction shall equal zero (0) for that Contract Year.
- 51 Where the Contractor fails to achieve the Recycling and Composting Target,  $R_{BDR}$  in a Contract Year, as set out in paragraph 2.1 of Schedule 1 (Output Specification), then the Recycling Deduction for a Contract Year shall be calculated (subject to Appendix 1 of this Schedule 4 (Payment Mechanism)) in accordance with the following:

RD = RDR x RDT, where:

RDR = [REDACTED] per tonne indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).

RDT = The number of tonnes by which the Recycling and Composting Target was not achieved.

### Table 5: Not Used

## Part 8 - Mileage Deductions

### Calculation of Mileage Deduction

52 A Mileage Deduction shall apply where, during the Commissioning Period in respect of Commissioning Waste or from the Service Commencement Date in respect of Contract Waste which, in each case, the Contractor has not rejected in accordance with its rights under the Waste Acceptance Protocol, the Contractor is unable to accept such waste at the relevant Facility and the Councils' collection vehicles are diverted to a Contingency Delivery Point in accordance with the Contingency Plan.

53 Mileage Deductions shall be payable on a monthly basis (subject to Appendix 1 of this Schedule 4 (Payment Mechanism)) in accordance with the following:

$$\mathbf{MD_m = \bullet MD_x}$$

and

$$\mathbf{MD_x = (AM \times HR)}$$

Where:

$MD_m$  = The Mileage Deduction payable in a Month.

$MD_x$  = The Mileage Deduction calculated for an individual journey.

$AM$  = The additional diverted distance on a round trip basis (miles) to the Contingency Delivery Point over and above the normal distance that would have been travelled if the relevant Facility had been available to accept the delivery and is calculated in accordance with the following:

$$AM = (MCDP - MDP) \times 2$$

where:

$MCDP$  = Distance in miles from the centre of the collection round operations to the Contingency Delivery Point.

$MDP$  = Distance in miles from the centre of the collection round operations to the

relevant Facility.

and AM is always greater than zero (0).

HR = The Haulage Rate per mile applicable to the vehicle type in accordance with the rates in Table 6 below.

**Table 6: Haulage Rates for Mileage Deduction**

Vehicle type	Individual journey type	
	All individual journeys save for those included in the last column of this Table 6	Individual journeys where the value of AM is over twenty five (25) miles and the Councils have had to hire (an) additional vehicle(s)
	£/mile indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism)	£/mile indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism)
32 tonne RoRo vehicles	[REDACTED]	[REDACTED]
32 tonne Refuse Collection Vehicles	[REDACTED]	[REDACTED]
3.5 tonne tipper (street cleansing)	[REDACTED]	[REDACTED]

## Part 9 - Third Party Revenue Share

### Calculation of Third Party Revenue Share

54 The Third Party Revenue Share shall be calculated in accordance with paragraph 54.1 below save following the ROC Accreditation Date when the Third Party Revenue Share shall be calculated in accordance with paragraph 54.2.

54.1 The Third Party Revenue Share shall be calculated in each Contract Year from Service Commencement until the ROC Accreditation Date in accordance with the following:

$$\mathbf{TPRS}_y = \text{the higher of zero (0) and } (50\% \times (\mathbf{AP}_y - \mathbf{TP}_y)) - \mathbf{TPRS}_{y-1}$$

where:

$\mathbf{TPRS}_y$  = The Third Party Revenue Share in Contract Year, y.

$\mathbf{AP}_y$  = The cumulative Third Party Revenue, excluding any SRF Offtake Upside Sharing pursuant to paragraphs 59 and 60 of this Schedule 4 (Payment Mechanism), actually received up to and including Contract Year, y.

$\mathbf{TP}_y$  = The cumulative Guaranteed Third Party Revenue shown in the Base Case (and set out in Appendix 2 to this Schedule 4 (Payment Mechanism) up to and including Contract Year, y.

$\mathbf{TPRS}_{y-1}$  = The aggregate TPRS, excluding any Third Party Revenue relating to CHP, passed to the Councils up to and including the Contract Year prior to Contract Year, y.

54.2 The Third Party Revenue Share shall be calculated in each Contract Year from the ROC Accreditation Date in accordance with the following:

$$\mathbf{TPRS}_y = \mathbf{RPG}_y + \mathbf{RPLM}_y + \mathbf{TPRG}_y + \mathbf{TPRUU}_y$$

where:

$\mathbf{TPRS}_y$  = The Third Party Revenue Share in Contract Year, y.

$\mathbf{RPG}_y$  = The ROC Price Gain in Contract Year, y, as calculated in accordance with paragraph 54.2.1 of this Schedule 4 (Payment Mechanism).

RPLM<sub>y</sub> = The ROC Price Loss Management in Contract Year, y, as calculated in accordance with paragraph 54.2.2 of this Schedule 4 (Payment Mechanism).

TPRG<sub>y</sub> = The Third Party Revenue Gain in Contract Year, y, as calculated in accordance with paragraph 54.2.3 of this Schedule 4 (Payment Mechanism).

TPRUU<sub>y</sub> = The Third Party Revenue Upside Used in Contract Year, y, as calculated in accordance with paragraph 54.2.4 of this Schedule 4 (Payment Mechanism).

$$54.2.1 \quad \text{RPG}_y = \bullet \text{RPUD}_y - \bullet \text{RPUU}_y + \bullet \text{TPRUU}_y - \bullet \text{RPG}_{y-1}$$

and  $\text{RPG}_y$  shall never be less than zero (0)

where:

•  $\text{RPUD}_y$  = The aggregate value of RPUD for each Contract Year following the ROC Accreditation Date up to and including Contract Year, y.

•  $\text{RPUU}_y$  = The aggregate value of RPUU for each Contract Year following the ROC Accreditation Date up to and including Contract Year, y.

•  $\text{TPRUU}_y$  = The aggregate value of TPRUU for each Contract Year following the ROC Accreditation Date up to and including Contract Year, y.

•  $\text{RPG}_{y-1}$  = The aggregate value of RPG for each Contract Year following the ROC Accreditation Date up to and including the Contract Year prior to Contract Year, y.

$\text{RPUD}_y$  = The ROC Price Upside/(Downside) in Contract Year, y, as calculated in accordance with paragraph 54.2.5 of this Schedule 4 (Payment Mechanism).

$\text{RPUU}_y$  = The ROC Price Upside Used in Contract Year, y, as calculated in accordance with paragraph 54.2.6 of this Schedule 4 (Payment Mechanism).

$$54.2.2 \quad \text{RPLM}_y = \text{RPUD}_y - \text{RPUU}_y - \text{RPG}_y$$

$$54.2.3 \quad \text{TPRG}_y = (\bullet \text{ATPR}_y - \bullet \text{GTPR}_y - \bullet \text{TPRUU}_y + \bullet \text{RPUU}_y - (\bullet \text{TPRG}_{y-1} \times 2))/2$$

and  $\text{TPRG}_y$  shall never be less than zero (0)

where:

•  $\text{ATPR}_y$  = The aggregate value of ATPR for each Contract Year following the ROC Accreditation Date up to and including Contract Year, y.

•  $GTPR_y$  = The aggregate value of GTPR for each Contract Year following the ROC Accreditation Date up to and including Contract Year, y.

•  $TPRG_{y-1}$  = The aggregate value of TPRG for each Contract Year following the ROC Accreditation Date up to and including the Contract Year prior to Contract Year, y.

$ATPR_y$  = The Actual Third Party Revenue as calculated in accordance with paragraph 54.2.7 of this Schedule 4 (Payment Mechanism).

$GTPR_y$  = The Guaranteed Third Party Revenue shown in the Base Case and set out in Appendix 2 to this Schedule 4 (Payment Mechanism) in Contract Year, y.

54.2.4  $TPRUU_y$  is the Third Party Revenue Upside Used in Contract Year, y, calculated as follows:

(a) If  $TPRUA_y$  is less than or equal to zero (0) then  $TPRUU_y$  shall equal zero (0).

(b) If  $RPUA_y$  is greater than or equal to zero (0) then  $TPRUU_y$  shall equal zero (0).

(c) Otherwise  $TPRUU_y$  shall equal the lower of:

(i) zero (0) –  $RPUA_y$ , and

(ii)  $TPRUA_y$

where:

$TPRUA_y$  = The Third Party Revenue Upside Available in Contract Year, y, as calculated in accordance with paragraph 54.2.8 of this Schedule 4 (Payment Mechanism).

$RPUA_y$  = The ROC Price Upside Available in Contract Year, y, as calculated in accordance with paragraph 54.2.9 of this Schedule 4 (Payment Mechanism).

54.2.5  $RPUD_y$  is the ROC Price Upside/(Downside) in Contract Year, y, which shall be calculated in accordance with the formula below:

$$(AEP_y - BEP_y) \times LBAV_y$$

where:

$AEP_y$  = The average actual revenue per MWh for the Contractor and/or the Operating Sub-Contractor associated with the production of energy by the AD Facility in Contract Year, y, including revenue generated in relation to ROCs; provided that where accreditation of the AD Facility pursuant to the Renewables Obligation Scheme is or has been withdrawn then the actual revenue per MWh for the Contractor and/or the Operating Sub-Contractor generated in relation to ROCs associated with the production of energy by the AD Facility during the period in Contract Year, y, that such withdrawal persists shall be deemed to be equal to  $BEP_y$ .

$BEP_y$  = **[REDACTED]** indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).

$LBAV_y$  = The lower of:

- i. three thousand nine hundred (3,900); and
- ii. the actual number of MWh of energy produced by the AD Facility in Contract Year, y.

54.2.6  $RPUU_y$  is the ROC Price Upside Used in Contract Year, y, calculated as follows:

- (a) If  $RPUA_y$  is less than or equal to zero (0) then  $RPUU_y$  shall equal zero (0).
- (b) If  $TPRUA_y$  is greater than or equal to zero (0) then  $RPUU_y$  shall equal zero (0).
- (c) Otherwise  $RPUU_y$  shall equal the lower of:
  - (i)  $RPUA_y$ ; and
  - (ii) Zero (0) -  $TPRUA_y$ .

54.2.7  $ATPR_y$  equals the Third Party Revenue, excluding any SRF Offtake Upside Sharing pursuant to paragraphs 59 and 60 of this Schedule 4 (Payment Mechanism), for Contract Year, y, save that the actual revenue for the Contractor and/or the Operating Sub-Contractor associated with the production of energy by the AD Facility which forms part of the Third Party Revenue shall be calculated as follows:

$$(LBAV_y \times BEP_y) + (VU_y \times AEP_y)$$

where:

$VU_y$  = The greater of:

- i. the actual number of MWh of energy produced by the AD Facility in Contract Year, y, less three thousand nine hundred (3,900); and
- ii. zero (0)

$$54.2.8 \quad TPRUA_y = \bullet \text{ ATPR}_y - \bullet \text{ GTPR}_y - \bullet \text{ TPRUU}_{y-1} + \bullet \text{ RPUU}_{y-1} - (\bullet \text{ TPRG}_{y-1} \times 2)$$

where:

- $TPRUU_{y-1}$  = The aggregate value of TPRUU for each Contract Year following the ROC Accreditation Date up to and including the Contract Year prior to Contract Year, y.
- $RPUU_{y-1}$  = The aggregate value of RPUU for each Contract Year following the ROC Accreditation Date up to and including the Contract Year prior to Contract Year, y.

$$54.2.9 \quad RPUA_y = \bullet \text{ RPUD}_y - \bullet \text{ RPUU}_{y-1} + \bullet \text{ TPRUU}_{y-1} - \bullet \text{ RPG}_{y-1}$$

54.3 Where the ROC Accreditation Date falls other than on the first day of a Contract Year, the Third Party Revenue Share for the Contract Year in which the ROC Accreditation Date falls ( $TPRS_y$ ) shall be determined as the sum of:

54.3.1 an amount calculated in accordance with paragraph 54.1 above in respect of the period from the start of the Contract Year in question until the day immediately preceding the ROC Accreditation Date (and all references in paragraph 54.1 to "Contract Year, y" shall be references to this period); and

54.3.2 an amount calculated in accordance with paragraph 54.2 above in respect of the period from the ROC Accreditation Date until the end of the Contract Year in question (and all references in paragraph 54.2 above to "Contract Year, y" shall be references to this period).

54.4 Further detail to help outline the principles of paragraph 54.2 above is provided in Appendix 4. For the avoidance of doubt where any inconsistency is found between paragraph 54.2 above and Appendix 4, paragraph 54.2 above will take precedence.

## Part 10 - Landfill Tax Payment and Landfill Tax Sharing Payment

### Calculation of the Landfill Tax Payment

55 The Landfill Tax Payment shall be calculated for the relevant Contract Year in accordance with the following:

$$\text{LTP} = \text{ALTR} \times \text{UT}$$

where:

LTP = The Landfill Tax Payment for the relevant Contract Year.

ALTR = The prevailing Active Landfill Tax Rate for the relevant Contract Year.

UT = The lower of AMT and MDT.

AMT = The aggregate of:

55.1 the total tonnage of the Councils' MSW which has been processed through the ITS Facility but not the AD Facility and is subsequently disposed of to Active Landfill in the relevant Contract Year, and

55.2 the greater of:

55.2.1 zero (0), and

55.2.2 the total tonnage of the Councils' MSW which falls within limb (c) of Contract Waste which has not been processed through the ITS Facility and is consequently sent to be disposed of to Active Landfill in the relevant Contract Year, less (to the extent it is greater than zero (0)) the amount by which total Contract Waste exceeds two hundred and sixty five thousand (265,000) tonnes and such excess is disposed of to Active Landfill in the relevant Contract Year.

MDT = The total tonnage of the Councils' MSW that would have been disposed of to Landfill in the relevant Contract Year had the Contractor met the MSW to Landfill

Diversion % for the Councils for the relevant Contract Year as set out in Appendix 3, being calculated as  $((100\% - \text{MSW to Landfill Diversion \% for the Councils}) \times \text{the lower of Contract Waste accepted by the Contractor in the relevant Contract Year and two hundred and sixty five thousand (265,000 tonnes) (or the pro-rata equivalent in the event that there are not twelve (12) Contract Months in a Contract Year)})$ .

### **Calculation of the Landfill Tax Gain Sharing Payment**

56 The Landfill Tax Sharing Payment shall be calculated for a Contract Year in accordance with the following:

$$\text{LTGSP} = \text{LTS} \times 50\%$$

where:

LTGSP = The Landfill Tax Gain Sharing Payment for a Contract Year.

LTS = The higher of zero (0) and  $((\text{MDT} - \text{AMT}) \times \text{ALTR})$ .

## Part 11 - Landfill Gatefee Payment

### Calculation of Landfill Gatefee Payment

57 The Landfill Gatefee Payment for a Contract Year shall be calculated in accordance with the following:

$$\text{LGP} = \text{IALGR} \times \text{UT}$$

where:

LGP = Landfill Gatefee Payment for a Contract Year.

IALGR = The All Inclusive Active Landfill Gatefee Rate for a Contract Year which shall be calculated in accordance with the following formula:

$$\text{LGF} + (\text{LHR} \times \text{LSM})$$

where:

LGF = The Landfill Gatefee (which means the charge to Landfill a tonne of Contract Waste at a Landfill site excluding Landfill Tax) being [REDACTED] indexed in accordance with Table 2 in Schedule 4 (Payment Mechanism) and as adjusted pursuant to Clause 60 (Market Testing) following the first Market Testing Date.

LHR = The Landfill Haulage Rate (which means the per mile cost of hauling a tonne of Contract Waste to a Landfill site), for each mile in excess of 50 miles (round trip) indexed in accordance with Table 2 in Schedule 4 (Payment Mechanism) being zero (0) until 1 August 2018 and as adjusted pursuant to Clause 60 (Market Testing) of the Contract following the first Market Testing Date.

LSM = The Landfill Site Mileage, for each mile in excess of fifty (50) miles (round trip) in respect of the Landfill site which has been selected pursuant to Clause 60 (Market Testing) of the Contract.

UT = The lower of AMT and MDT where:

AMT = The aggregate of:

57.1 the total tonnage of the Councils' MSW which has been processed through the ITS Facility but not the AD Facility and is

subsequently disposed of to Active Landfill in the relevant Contract Year, and

57.2 the greater of:

57.2.1 zero (0), and

57.2.2 the total tonnage of the Councils' MSW which falls within limb (c) of Contract Waste which has not been processed through the ITS Facility and is sent to be disposed of to Active Landfill in the relevant Contract Year, less (to the extent it is greater than zero (0)) the amount by which total Contract Waste exceeds 265,000 tonnes and such excess is disposed of to Active Landfill in the relevant Contract Year.

MDT = The total tonnage of the Councils' MSW that would have been disposed of to Landfill in the relevant Contract Year had the Contractor met the MSW to Landfill Diversion % for the Councils for the relevant Contract Year as set out in Appendix 3, being calculated as  $((100\% - \text{MSW to Landfill Diversion \% for the Councils}) \times \text{the lower of Contract Waste accepted by the Contractor in the relevant Contract Year and two hundred and sixty five thousand (265,000) tonnes})$  (or the pro-rata equivalent in the event that there are not twelve (12) Contract Months in a Contract Year).

**Table 7: Not Used**

## Part 12 - Other Adjustments

### Calculation of Other Adjustments

58 The Other Adjustments for the relevant Contract Year shall be calculated in accordance with the following:

$$\text{OA} = \text{AA} + \text{NNDR} + \text{RFAA} - \text{SRFO} + \text{TUPE} + \text{other elements as set out in Table 8 below}$$

where:

OA = Other Adjustments for a Contract Year.

AA = Agreed Abatement for a Contract Year, calculated in accordance with Schedule 32 (Change Protocol).

RFAA = Retention Fund Account Adjustment for a Contract Year, calculated in accordance with Clause 94.1.8 of the Contract.

NNDR = Reimbursement to the Contractor of NNDR for the Facilities for the relevant Contract Year.

SRFO = SRF Offtake Upside Sharing as set out in paragraphs 59, 60 and 61 below for the relevant Contract Year.

TUPE = TUPE Payment as set out in paragraph 62 below for the relevant Contract Year.

**Table 8 - Other Adjustments for Part 12 of the Payment Mechanism**

Nature of Payment	Covers	Rate
Non-Conforming Waste and waste in excess of the maximum tonnage threshold for Base Tonnage Payment Price Band 3 as set out in Table 3 in Part 3 of this Schedule 4 (Payment Mechanism)	Rejected material received which cannot go through the process and which is quarantined and disposed of.	Actual cost of disposal including transport + 10% charge.
SRF offtake adjustment	Adjustments to capital	the adjustment agreed or

<b>Nature of Payment</b>	<b>Covers</b>	<b>Rate</b>
payment	expenditure and gate fee payable to the SRF Offtaker following any Qualifying Change in Law	determined in respect of any Qualifying Change in Law affecting the Ferrybridge Facility or the SRF Offtaker, 100% indexed by RPIX.
Excess Costs above Appeal Contingency (ITSAD)	Payments relating to Clause 20.7 of the Contract.	As calculated pursuant to Clause 20.7 (Excess Costs above the Appeal Contingency (ITSAD)).
Refinancing Gain share	Payments relating to Clause 59 of the Contract.	As agreed and calculated pursuant to Clause 59 (Refinancing)
Insurance premium risk sharing payment	Payments relating to Schedule 17B of the Contract	As calculated pursuant to Schedule 17B
Non-Contract Waste	Deliveries to Facilities of Non-Contract Waste to the extent not paid for by the Councils (or an individual Council) through other arrangements with the Contractor or Sub-Contractors or any subsidiary of such parties	Actual cost of disposal including transport + 10%
Miscellaneous Payments	Any obligations to make payments or discharge financial liabilities arising under the Contract not covered explicitly within schedule 4	

### **Calculation of the SRF Offtake Upside Sharing**

59 The SRF Offtake Upside Sharing for the relevant Contract Year during the Supply Period shall be calculated in accordance with the following:

$$\mathbf{SRFO} = \mathbf{SRFEP} + \mathbf{SRFER}$$

where:

**SRFO** = The SRF Offtake Upside Sharing for the relevant Contract Year.

**SRFEP** = The SRF Electricity Price Share as calculated in paragraph 60 below.

**SRFER** = The SRF Heat (ROCs) Share as calculated in paragraph 61 below.

### Calculation of the SRF Electricity Price Share

60 This formula shares, on a fifty fifty (50:50) basis, any upside over and above an electricity price of **[REDACTED]** (indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism)) taking into account the average of the three (3) preceding Contract Years. The payment will be made on a lump sum basis within three (3) months following publication of the actual indices for the relevant Contract Year during the Supply Period except for Contract Years 1 and 2 of the Supply Period where the payment will form part of the Contract Year 3 of the Supply Period adjustment. The payment is calculated in accordance with:

$$\mathbf{SRFEP} = ((\mathbf{E}_{y-2} - \mathbf{[REDACTED]} \times \mathbf{EIF}_{y-2})) + (\mathbf{E}_{y-1} - \mathbf{[REDACTED]} \times \mathbf{EIF}_{y-1})) + (\mathbf{E}_y - \mathbf{[REDACTED]} \times \mathbf{EIF}_y)) / 3 \times \mathbf{TSRF}_y \times \mathbf{50\%}$$

where **SRFEPs** is never less than zero (0) and:

**SRFEP** = The SRF Electricity Price Share for the relevant Contract Year.

**E<sub>y</sub>, E<sub>y-1</sub>, E<sub>y-2</sub>** = Wholesale electricity price for Contract Year, y, and the two (2) immediately preceding years, y-1 and y-2, (£/MWh) based on the average of the twelve (12) historical monthly ICIS Heren UK Power Index figures that occurred in Contract Year y, y-1 and y-2, i.e. from April to March inclusive.

**EIF<sub>y</sub>, EIF<sub>y-1</sub>, EIF<sub>y-2</sub>** = Electricity Indexation Factor for Contract Year, y, and the two (2) immediately preceding Contract Years, y-1 and y-2, calculated in accordance with paragraph 30.3 of this Schedule 4 (Payment Mechanism).

**TSRF<sub>y</sub>** = Tonnage of SRF accepted at the SRF Offtake Facility from the ITS Facility or any Contingency Delivery Point, as appropriate, for

Contract Year, y, save in respect of SRFEP for Contract Year 3 of the Supply Period where it shall be the total tonnage of SRF accepted at the SRF Offtake Facility from the ITS Facility or any Contingency Delivery Point, as appropriate, for Contract Years 1, 2 and 3 of the Supply Period.

### Calculation of the SRF Heat (ROCs) Share

61 ROCs attributable to the output of the SRF Offtake Facility, excluding the value of that output, will be shared on a fifty fifty (50:50) basis based on CHP ROCs generated as a result of any heat offtake consumer qualifying for support under the CHPQA (Quality Assurance for Heat and Power programme carried out on behalf of the Department of Energy and Climate Change) or successor scheme.

The payment will be made on a lump sum basis within three (3) Months following the end of the Contract Year.

The payment is calculated in accordance with:

$$\mathbf{SRFER} = \mathbf{ROC}_y \times \mathbf{ROCV}_y \times (\mathbf{BIObdr}_y / \mathbf{BIOfbmf}_y) \times (\mathbf{TSRF}_y / \mathbf{FBT}_y) \times \mathbf{50\%}$$

where:

**SRFER** = The SRF Heat (ROCs) Share for the relevant Contract Year of the Supply Period.

**ROC<sub>y</sub>** = Number of ROCs generated in Contract Year, y, from the SRF Offtake Facility calculated as per CHPQA using the Quality Index by DEFRA and taking into account heat output, heat efficiency, hours of operating and biomass content.

**ROCV<sub>y</sub>** = Actual value per ROC obtained in Contract Year, y (published value).

**BIObdr<sub>y</sub>** = % measured value (or value otherwise agreed by both parties to be used as an equivalent measure) of Biomass in SRF delivered in accordance with the SRF Offtake Contract to the SRF Offtake Facility from the ITS Facility or any Contingency Delivery Point, as appropriate, for Contract Year, y.

**BIOfbmf<sub>y</sub>** = % measured value of Biomass in total SRF Offtake Facility Fuel Mix for Contract Year, y.

**TSRF<sub>y</sub>** = Tonnage of SRF compliant with the specification as incorporated within the SRF Offtake Contract delivered to the SRF Offtake Facility from the ITS Facility or any Contingency Delivery Point, as appropriate, for Contract Year, y.

**FBT<sub>y</sub>** = Total tonnage of fuel feedstock input to the SRF Offtake Facility for Contract Year, y.

### Calculation of the TUPE Payment

62 The TUPE Payment for the relevant Contract Year shall be calculated in accordance with the following:

$$\mathbf{TUPE = TUPEa + TUPEpm}$$

where:

$$\mathbf{TUPEa = TUPEa_B + TUPEa_{BDR}}$$

$$\mathbf{TUPEpm = TUPEpm_B + TUPEpm_{BDR}}$$

**TUPE** = TUPE Payment for the relevant Contract Year.

**TUPEa** = TUPE Payment (annual) to be paid once in the first Monthly Unitary Charge following the Service Commencement Date.

**TUPEpm** = TUPE Payment (per Month) to be paid in equal instalments in each Contract Month in each Contract Year beginning with the Contract Year in which Service Commencement occurs.

**TUPEa<sub>B</sub>** = The part of TUPEa which relates solely to any costs of terminating the employment of staff at the TLS Facility and whose employment costs are (at the time immediately preceding the commencement of this Contract) borne either directly as employees, or indirectly (through direct contractual arrangements that may give rise to TUPE obligations) by Barnsley Metropolitan Borough Council. The value is subject to adjustment as the Unitary Charge may be adjusted in accordance with Clause 74 but as at the date of this Contract is [REDACTED].

**TUPE<sub>aBDR</sub>** = Any costs in relation to TUPE<sub>a</sub> that shall be payable jointly by all the Councils in relation to any costs of terminating the employment of transferring staff other than those directly acknowledged to be TUPE<sub>aB</sub> costs. The value is subject to adjustment as the Unitary Charge may be adjusted in accordance with Clause 74 but as at the date of this Contract is [REDACTED].

**TUPE<sub>pmB</sub>** = The part of TUPE<sub>pm</sub> which relates solely to any on-going costs of employment of staff at the TLS Facility and whose employment costs are (at the time immediately preceding the commencement of this Contract) borne either directly as employees, or indirectly through direct contractual arrangements that may give rise to TUPE obligations, by Barnsley Metropolitan Borough Council. The value is subject to adjustment as the Unitary Charge may be adjusted in accordance with Clause 74 but as at the date of this Contract is [REDACTED].

**TUPE<sub>pmBDR</sub>** = Any costs in relation to TUPE<sub>pm</sub> that shall be payable jointly by all the Councils in relation to any on-going costs of employment other than those directly acknowledged to be TUPE<sub>aB</sub> costs. The value is subject to adjustment as the Unitary Charge may be adjusted in accordance with Clause 74 but as at the date of this Contract is [REDACTED].

### **Part 13 - Transfer Loading Station Facility Payment**

63 The Transfer Loading Station Facility Payment for a Contract Year will be made in respect of the TLS Facility in accordance with:

$$\text{TLS} = \text{FAC} + (\text{TST} \times \text{VTC})$$

where:

**TLS** = The Transfer Loading Station Facility Payment.

**FAC** = Fixed Annual Charge of [REDACTED] (save in the Contract Year in which Service Commencement occurs when it shall be [REDACTED]) indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).

**TST** = Tonnage of Contract Waste transported through the TLS Facility to the ITS Facility in a Contract Year.

VTC = Variable Tonnage Charge of **[REDACTED]** per tonne and is indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).

**APPENDIX 1 - Caps**

Deductions Cap (DCap)	=	<b>[REDACTED]</b> which represents the overall cap for the cumulative amount of Performance Deductions, Recycling Deductions and Ratchets in the relevant Contract Year and is indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).
Mileage Deductions Cap (MDCap)	=	<b>[REDACTED]</b> which represents the Mileage Deduction Cap for the relevant Contract Year and is indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).
Ratchets cap	=	<b>[REDACTED]</b> which represents the cap on Ratchets for the relevant Contract Year and is indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).
Vehicle Turnaround Time Deductions cap	=	<b>[REDACTED]</b> per Day which represents the daily cap of Performance Deductions for vehicle Turnaround Times and is indexed in accordance with Table 2 in Part 2 of this Schedule 4 (Payment Mechanism).

**APPENDIX 2 - Guaranteed Third Party Revenue**

<b>Contract Year</b>	<b>Guaranteed Third Party Revenue</b>
2015/2016	[REDACTED]
2016/2017	[REDACTED]
2017/2018	[REDACTED]
2018/2019	[REDACTED]
2019/2020	[REDACTED]
2020/2021	[REDACTED]
2021/2022	[REDACTED]
2022/2023	[REDACTED]
2023/2024	[REDACTED]
2024/2025	[REDACTED]
2025/2026	[REDACTED]
2026/2027	[REDACTED]
2027/2028	[REDACTED]
2028/2029	[REDACTED]
2029/2030	[REDACTED]
2030/2031	[REDACTED]
2031/2032	[REDACTED]
2032/2033	[REDACTED]
2033/2034	[REDACTED]
2034/2035	[REDACTED]
2035/2036	[REDACTED]
2036/2037	[REDACTED]
2037/2038	[REDACTED]
2038/2039	[REDACTED]
2039/2040	[REDACTED]
2040/2041	[REDACTED]

**APPENDIX 3 - MSW to Landfill Diversion %**

<b>Contract Year</b>	<b>MSW to Landfill Diversion %</b>
2015/2016	[REDACTED]
2016/2017	[REDACTED]
2017/2018	[REDACTED]
2018/2019	[REDACTED]
2019/2020	[REDACTED]
2020/2021	[REDACTED]
2021/2022	[REDACTED]
2022/2023	[REDACTED]
2023/2024	[REDACTED]
2024/2025	[REDACTED]
2025/2026	[REDACTED]
2026/2027	[REDACTED]
2027/2028	[REDACTED]
2028/2029	[REDACTED]
2029/2030	[REDACTED]
2030/2031	[REDACTED]
2031/2032	[REDACTED]
2032/2033	[REDACTED]
2033/2034	[REDACTED]
2034/2035	[REDACTED]
2035/2036	[REDACTED]
2036/2037	[REDACTED]
2037/2038	[REDACTED]
2038/2039	[REDACTED]
2039/2040	[REDACTED]
2040/2041	[REDACTED]

**APPENDIX 4 - Third Party Revenue Share from the ROC Accreditation Date**

The table below is intended to help provide some practical examples on the operation of paragraph 54.2 but it does not take precedence over such paragraph. It should also be noted that paragraph 54.2 operates on a cumulative basis sharing risk and reward across Contract Years. Such cumulative nature of the calculation is not taken into account in this Appendix. Where defined terms are used the meaning is set out in the main body of the Contract, the main body of this Schedule 4 (Payment Mechanism) or as listed below:

**"Actual AD MWh"** means the actual number of MWh of energy produced by the AD Facility;

**"TPI (AD)"** means Third Party Revenue in relation to energy production at the AD Facility; and

**"TPI (General)"** means Third Party Revenue excluding any SRF Offtake Upside Sharing pursuant to paragraphs 59 and 60 of this Schedule 4 (Payment Mechanism) and excluding TPI (AD).

Scenario for Contract Year	Consequence for Contract Year
<p>AEP<sub>y</sub> is greater than BEP<sub>y</sub> Actual AD MWh equals three thousand nine hundred (3,900)</p>	<p>1 The amount by which actual TPI (AD) is above Base Case TPI (AD) is passed one hundred per cent (100%) to the Councils once the Contractor is made whole for losses suffered where the levels of actual TPI (General) are below Base Case TPI (General).</p> <p>2 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally between the Contractor and the Councils.</p> <p>3 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one hundred per cent (100%) by the Contractor to the extent not offset in (1) above.</p>
<p>AEP<sub>y</sub> is greater than BEP<sub>y</sub> Actual AD MWh is less than three thousand nine hundred (3,900)</p>	<p>1 To the extent actual TPI (AD) is above Base Case TPI (AD) the surplus is passed one hundred per cent (100%) to the Councils once the Contractor is made whole for losses suffered where the levels of actual TPI (General) are below Base Case TPI (General).</p>

Scenario for Contract Year	Consequence for Contract Year
	<p>2 To the extent actual TPI (AD) is less than Base Case TPI (AD) the loss is suffered by the Contractor to the extent such deficit cannot be offset by surplus where the levels of actual TPI (General) are above Base Case TPI (General).</p> <p>3 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally between the Contractor and the Councils to the extent not used in (2) above.</p> <p>4 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one hundred per cent (100%) by the Contractor to the extent not offset in (1) above.</p>
<p><math>AEP_y</math> is greater than <math>BEP_y</math> Actual AD MWh is greater than three thousand nine hundred (3,900)</p>	<p>1 The amount by which Actual AD MWh is greater than three thousand nine hundred (3,900) is multiplied by <math>AEP_y</math>. The resultant value is shared equally between the Contractor and the Councils, once the Contractor is made whole for losses suffered where the levels of actual TPI (General) are below Base Case TPI (General).</p> <p>2 The amount by which <math>AEP_y</math> is greater than <math>BEP_y</math> is multiplied by three thousand nine hundred (3,900) and the resultant value is passed one hundred per cent (100%) to the Councils once the Contractor is made whole for losses suffered where the levels of actual TPI (General) are below Base Case TPI (General) and to the extent such losses are not offset in (1) above.</p> <p>3 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally between the Contractor and the Councils.</p> <p>4 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one</p>

Scenario for Contract Year	Consequence for Contract Year
	hundred per cent (100%) by the Contractor to the extent not offset in (1) and (2) above.
<p>AEP<sub>y</sub> is less than BEP<sub>y</sub> Actual AD MWh equals three thousand nine hundred (3,900)</p>	<p>1 The amount by which actual TPI (AD) is below Base Case TPI (AD) is paid one hundred per cent (100%) by the Councils to the extent such deficit cannot be offset by surplus where the levels of actual TPI (General) are above Base Case TPI (General).</p> <p>2 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally between the Contractor and the Councils to the extent not used in (1) above.</p> <p>3 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one hundred per cent (100%) by the Contractor.</p>
<p>AEP<sub>y</sub> is less than BEP<sub>y</sub> Actual AD MWh is less than three thousand nine hundred (3,900)</p>	<p>1 The amount by which AEP<sub>y</sub> is less than BEP<sub>y</sub> is multiplied by Actual AD MWh. The resultant value is paid one hundred per cent 100% by the Councils to the extent such deficit cannot be offset by surplus where the levels of actual TPI (General) are above Base Case TPI (General).</p> <p>2 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally between the Contractor and the Councils to the extent not used in (1) above.</p> <p>3 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one hundred per cent 100% by the Contractor.</p>
<p>AEP<sub>y</sub> is less than BEP<sub>y</sub> Actual AD MWh is greater than three thousand nine hundred</p>	<p>1 To the extent actual TPI (AD) is less than Base Case TPI (AD) the loss is paid one hundred per cent (100%) by the Councils to the extent such deficit cannot be offset</p>

Scenario for Contract Year	Consequence for Contract Year
(3,900)	<p>by surplus where the levels of actual TPI (General) are above Base Case TPI (General).</p> <p>2 To the extent actual TPI (AD) is above Base Case TPI (AD) the surplus is shared equally between the Contractor and the Councils once the Contractor is made whole for losses suffered where the levels of actual TPI (General) are below Base Case TPI (General).</p> <p>3 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally between the Contractor and the Councils to the extent not used in (1) above.</p> <p>4 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one hundred per cent (100%) by the Contractor to the extent not offset in (2) above.</p>
<p>AEP<sub>y</sub> is equal to BEP<sub>y</sub>  Actual AD MWh equals three thousand nine hundred (3,900)</p>	<p>1 No surplus or loss to deal with in relation to TPI (AD).</p> <p>2 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally between the Contractor and the Councils.</p> <p>3 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one hundred per cent (100%) by the Contractor.</p>
<p>AEP<sub>y</sub> is equal to BEP<sub>y</sub>  Actual AD MWh is greater than three thousand nine hundred (3,900)</p>	<p>1 The amount by which actual TPI (AD) is above Base Case TPI (AD) is shared equally between the Contractor and the Councils once the Contractor is made whole for losses suffered where the levels of actual TPI (General) are below Base Case TPI (General).</p> <p>2 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally</p>

Scenario for Contract Year	Consequence for Contract Year
	<p>between the Contractor and the Councils.</p> <p>3 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one hundred per cent (100%) by the Contractor to the extent not offset in (1) above.</p>
<p>AEP<sub>y</sub> is equal to BEP<sub>y</sub>  Actual AD MWh is less than three thousand nine hundred (3,900)</p>	<p>1 The amount by which levels of actual TPI (AD) are less than Base Case TPI (AD) is one hundred per cent (100%) suffered by the Contractor to the extent such deficit cannot be offset by surplus where the levels of actual TPI (General) are above Base Case TPI (General).</p> <p>2 Any amount by which the levels of actual TPI (General) are above Base Case TPI (General) is shared equally between the Contractor and the Councils to the extent not used in (1) above.</p> <p>3 Any amount by which the levels of actual TPI (General) are below Base Case TPI (General) is suffered one hundred per cent (100%) by the Contractor.</p>