GLOUCESTERSHIRE COUNTY COUNCIL

RESIDUAL WASTE PROJECT

SCHEDULE 4: PAYMENT MECHANISM

CONTENTS

APPENDICES

1 DEFINITIONS

1.1 Capitalised words and phrases in this Schedule 4 are defined in Schedule 1 (Definitions). In addition the following further definitions are used in this Schedule 4:

Accept / Accepted	please refer to the definition as set out in the Contract
Active Landfill Tax	means the rate of Landfill Tax applicable to the disposal of material, other than a Qualifying Material, at the time the disposal is made;
Actual APC Residue Landfill Tonnage	means the amount calculated in accordance with paragraph 15.2.2 of this Schedule 4;
Actual Contract Waste Accepted but Not Processed	means the Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) that is sent to Landfill that has not been Treated by the Contractor;
Actual SCW Substitute Waste Shortfall Tonnage	means the amount calculated in accordance with paragraph 19.2 of this Schedule 4;
Actual Tonnage of Commissioning Waste	means the actual tonnage of Commissioning Waste Accepted in the relevant period;
Actual Tonnage of Contract Waste	means the actual tonnage of Contract Waste Accepted in any Contract Year;
Additional Mileage	means the mileage used in the calculation of Mileage Deductions as defined within Appendix 7 of Schedule 4;
Additional Waste	please refer to the definition as set out in the Contract;
Additional Waste Payment	means the amount calculated in accordance with paragraph 12.2.3 of this Schedule 4;
Adjusted Base Tonnage of Contract Waste	means the tonnage calculated in accordance with paragraph 14.4 of this Schedule 4;
Adjusted Tranche 2/3 SCW Tonnage	means the tonnage calculated in accordance with paragraph 14.5 of this Schedule 4;
Annual Reconciliation Payment	means the amount calculated in accordance with paragraph 13 of this Schedule 4;
Annual Tonnage Payment Reconciliation	means the adjustment calculated in accordance with paragraph 14 of this Schedule 4;
APC Diversion Performance Deduction Rate	means £33.08 (Indexed) per tonne;
APC Diversion Saving Bonus Rate	means the amount calculated in paragraph 16.3.2 of this Schedule 4;
APC Residue	means Air Pollution Control residue;

APC Residue Landfill Payment Reconciliation	means the amount calculated in accordance with paragraph 15.2.2 of this Schedule 4;
Authority	please refer to the definition as set out in the Contract;
Authority Purchaser Option	as defined in Schedule 33 (Power Offtake Arrangements) of the Contract;
Average Actual Third Party Waste Gate Fee	means the amount per tonne calculated in accordance with paragraph 22.6.1 of this Schedule 4;
Average Weekly Earnings (AWE)	means the Average Weekly Earnings as released monthly by the Office of National Statistics (or its successors);
Band one Full Indexation	means the indexation calculated in accordance with paragraph 25.2 of this Schedule 4;
Base Case	please refer to the definition as set out in the Contract;
Base Case Tonnage	please refer to the definition as set out in the Contract;
Base Date	means the cost base date of the relevant cash flows in the financial model;
Base Price Band	means the tonnage ranges set out in Appendix 1 of this Schedule 4;
Base Price per Tonne for Base Price Band one	means £189.33 (Indexed) per tonne
Base Price per Tonne for Base Price Band two	means £16.54 (Indexed) per tonne
Base Price per Tonne for Base Price Band three	means £62.92 (Indexed) per tonne
Base Tonnage	please refer to the definition as set out in the Contract;
Calculated Actual Tonnage Payment	means the amount calculated in accordance with paragraph 14.3.6 of this Schedule 4;
Calculated NNDR Payment	means the amount calculated in accordance with paragraph 18.2 of this Schedule 4;
Carbon Reduction Credit Adjustment	means the amount calculated in accordance with paragraph 24 of this Schedule 4;
Commercial Operations Date	means the date deemed in accordance with paragraph 2.3 of Annex 1 to Schedule 33 (Power Offtake Arrangements);
Commissioning Electrical Output	the amount calculated in accordance with paragraph 3.6 of this Schedule 4;
Commissioning Electricity Payment	the amount calculated in accordance with paragraph 3.6 of this Schedule 4;

Commissioning Electricity Price	the amount calculated in accordance with paragraph 3.6 of this Schedule 4;
Commissioning Non Acceptance Deduction Rate	means £11.03 (Indexed) per tonne;
Commissioning Payment	the amount calculated in accordance with paragraph 3 of this Schedule 4;
Commissioning Payment Rate	means £75.05 (Indexed) per tonne;
Commissioning Period	please refer to the definition as set out in the Contract;
Commissioning Plan	please refer to the definition as set out in the Contract;
Commissioning Waste	means Contract Waste delivered by the Authority in accordance with clause 21.2 (Testing and Commissioning) of the Contract and the Commissioning Plan and Accepted by the Contractor during the Commissioning Period;
Contingency Delivery Point	please refer to definition set out in Schedule 2 (Output Specification)
Contingency Plan	please refer to the definition as set out in the Contract;
Contract Waste	please refer to the definition as set out in the Contract;
Contract Waste Accepted but Not Processed Landfill Payment Reconciliation	means the amount calculated in paragraph 15.2.1 of this Schedule 4;
Contract Waste Accepted but Not Processed	means Contract Waste Accepted less Contract Waste Processed;
Contract Year	please refer to the definition as set out in the Contract;
Contractor	please refer to the definition as set out in the Contract;
CRC Energy Efficiency Scheme	the CRC Energy Efficiency Scheme as set out in the CRC Efficiency Scheme Order 2012;
Deduction Category	means the deduction categories as set out in Schedule 2 (Output Specification);
Default Points	please refer to the definition as set out in Schedule 2 (Output Specification);
Delivery Point	means the point of discharge of Contract Waste as defined within the relevant Method Statement;
Dispute Resolution Procedure	please refer to the definition as set out in the Contract;
Diversion Performance Deduction	means the amount calculated in accordance with paragraph 17 of this Schedule 4;

Diversion Performance Deduction Rate	means £11.03 (Indexed) per tonne;
Diversion Saving Bonus	means the amount calculated in accordance with paragraph 16 of this Schedule 4;
Diversion Saving Bonus Rate	means the amount calculated in paragraph 16.3.1 of this Schedule 4;
Electricity Benefits	means the amount as defined in Schedule 33 (Power Offtake Arrangements);
Electricity Commissioning Period	means the period between the Electricity Start Date and the Commercial Operations Date (as such term is defined in Schedule 33 (Power Offtake Arrangements))
Electrical Output	as defined in Schedule 33 (Power Offtake Arrangements) of the Contract;
Electricity Payments	means the amount calculated at paragraph 11 of this Schedule 4
Electricity Volume Guarantee Adjustment	means the amount calculated in accordance with paragraph 20 of this Schedule 4;
Excess Tranche 1 SCW	please refer to the definition as set out in clause 23.4.3.1 of the Contract;
Facility	please refer to the definition as set out in the Contract;
Fixed Proportion	means the proportion of the Base Price Band one Tonnage Payment which is not subject to Indexation which shall be 81.99%;
Forecast Annual Contract Waste	means the forecast annual tonnage of Contract Waste as detailed in Appendix 2 of this Schedule 4;
Forecast APC Residue Landfill Payment	means the amount calculated in accordance with paragraph 7.3.2 of this Schedule 4;
Forecast APC Residue Landfill Tonnage	means the amount calculated in accordance with paragraph 7.3.2 of this Schedule 4;
Forecast Contract Waste Accepted but Not Processed	means the amount calculated in accordance with paragraph 7.3.1 of this Schedule 4;
Forecast Contract Waste Accepted but Not Processed Landfill Payment	means the amount calculated in accordance with paragraph 7.3.1 of this Schedule 4;
Forecast Contract Waste Treated	means the forecast tonnage of Contract Waste to be processed through the Facility as calculated by the Contractor and shown in Appendix 2 of this Schedule 4;
Forecast IBA Landfill Payment	means the tonnage as calculated in accordance with paragraph 7.3.3 of this Schedule 4;

Forecast IBA Landfill Tonnage	means the amount calculated in accordance with paragraph 7.3.3 of this Schedule 4;
Forecast Landfill Payment	means the amount calculated in accordance with paragraph 7.3 of this Schedule 4;
Forecast Monthly Tonnage Payment	means the amount calculated in accordance with paragraph 6.3 of this Schedule 4;
Full Indexation	means the indexation calculated in accordance with paragraph 25.3 of this Schedule 4;
Guaranteed APC Residue Landfill Performance	means the percentage as set out in Appendix 3 of this Schedule 4;
Guaranteed APC Residue Landfill Tonnage	means the tonnage as calculated in accordance with paragraph 15.2.2 of this Schedule 4;
Guaranteed Diversion Rate	means the Contractor's guaranteed tonnage of Contract Waste to be diverted from Landfill, as set out in Appendix 3 of this Schedule 4;
Guaranteed Electricity Price	means the guaranteed price per MWh of Electrical Output in the relevant Contract Year, being £44.10 (Indexed) per MWh;
Guaranteed IBA Landfill Performance	means the percentage as set out in Appendix 3 of this Schedule 4;
Guaranteed IBA Landfill Tonnage	means the tonnage as calculated in accordance with paragraph 15.2.3 of this Schedule 4;
Guaranteed LECs Price	means the guaranteed LECs price per MWh of Electrical Output being £5.35 (Indexed) per MWh;
Guaranteed Power Price	means the amount calculated in accordance with paragraph 11.8.2 of this Schedule 4
Guaranteed Third Party Income	means the Third Party Income set out in the Base Case;
Guaranteed Unprocessed Landfill Performance	means the percentage as set out in Appendix 3 of this Schedule 4;
Guaranteed Unprocessed Landfill Tonnage	means the tonnage as calculated in accordance with paragraph 15.2.1 of this Schedule 4;
Haulage Rate	means £0.64 (Indexed) per tonne, per mile;
IBA	means Incinerator Bottom Ash;
IBA Diversion Performance Deduction Rate	means £ 11.03 (Indexed) per tonne;
IBA Diversion Saving Bonus Rate	means the amount calculated in paragraph 16.3.3 of this Schedule 4;

IBA Landfill Payment Reconciliation	means the tonnage calculated in paragraph 15.2.3 of this Schedule 4;
Inactive Landfill Tax	means the rate of Landfill Tax applicable to the disposal of Qualifying Material, at the time the disposal is made;
Index	means the relevant index/indices;
Indexation Date	means the 1 April 2015 and every subsequent anniversary of that date;
Indexation	means the indexation approach set out in accordance with paragraph 25 of this Schedule 4
Indexed	means subject to Indexation, in accordance with paragraph 25 of this Schedule 4;
Landfill	please refer to the definition as set out in the Contract;
Landfill Gate Fee for Contract Waste Accepted but Not Processed	means £ 41.35 (Indexed) per tonne and updated through the Market Testing Process as set out in the Contract
Landfill Gate Fee for APC Residue	means £ 71.67 (Indexed) per tonne and updated through the Market Testing Process as set out in the Contract
Landfill Gate Fee for IBA	means £ 5.51 (Indexed) per tonne and updated through the Market Testing Process as set out in the Contract
Landfill Payment	means the amount calculated in accordance with paragraph 7 of this Schedule 4;
Landfill Reconciliation Payment	means the amount calculated in accordance with paragraph 15 of this Schedule 4;
Landfill Tax	please refer to the definition as set out in the Contract;
LECs	please refer to the definition as set out in the Schedule 33 (Power Offtake Arrangements);
Maximum Base Price Band one tonnage	means the tonnage set out in Appendix 1 of this Schedule 4;
Maximum Base Price Band two tonnage	means the tonnage set out in Appendix 1 of this Schedule 4;
Maximum Base Price Band three tonnage	means the tonnage set out in Appendix 1 of this Schedule 4;
Maximum Tonnage	please refer to the definition as set out in the Contract;
Mileage Deduction	means the deduction calculated in accordance with paragraph 9 of this Schedule 4;
Month	please refer to the definition as set out in the Contract;

Monthly Unitary Charge Payment	means the Unitary Charge payment for a Month calculated in accordance with paragraph 5 of this Schedule 4;
Municipal Waste	please refer to the definition as set out in the Contract;
NNDR Payment or National Non-Domestic Rates Payment	means the amount calculated in accordance with paragraph 12.2.1 of this Schedule 4;
NNDR or National Non-Domestic Rates	please refer to the definition as set out in the Contract;
NNDR Rates Bill	means the NNDR paid by the Contractor in the previous Month;
NNDR Reconciliation Payment	means the amount calculated in accordance with paragraph 18 of this Schedule 4;
Non Acceptance Deduction	means the deduction calculated in accordance with paragraph 10 of this Schedule 4;
Non Acceptance Deduction Rate	means £5.51 (Indexed) per tonne;
Not Accepted	please refer to the definition of "Not Accepted" as set out in Schedule 1 of the Contract
Notional Electrical Output	means the MWh as calculated at Appendix 8 to this Schedule 4
Notional Offtake Payment	means the amount calculated in accordance with paragraph 11.8.2 of this Schedule 4;
Offtake Agreement	means as defined in Schedule 33
Offtaker	means as defined in Schedule 33
Offtake Payment	means any payment under an Offtake Agreement in respect of: (a) Electrical Output; (b) Electricity Benefits; and (c) any termination payment and any interest due on such amounts
Operational Day	every day from (and including) the Services Commencement Date until (and including) the Expiry Date or the Termination Date whichever is the earlier.
Other Components	means the amount calculated in accordance with paragraph 12 of this Schedule 4;
Other Sources	means the source of Third Party Income that does not arise from the sale of electricity, Products or Third Party Waste capacity;
Party	please refer to the definition as set out in the Contract;

Payment Mechanism	means as per this Schedule 4;
Performance Deductions	means the amount calculated in accordance with paragraph 8.4 of this Schedule 4;
Performance Deductions Cap	means the amount calculated in accordance with paragraph 8.5 of this Schedule 4;
Performance Standard Failure	please refer to the definition as set out in Schedule 2 Output Specification;
Processing/Treat	please refer to the definition of Treat as set out in the Contract;
Products	has the meaning given to it at Appendix 2 (Definitions) of Schedule 2 (Output Specification);
Qualifying Material	means a "qualifying material" as defined in the Landfill Tax (Qualifying Material) Order 1996 as modified or re-enacted from time to time;
Required Insurances	please refer to the definition as set out in the Contract;
RPIx	please refer to the definition as set out in the Contract;
SCW Shortfall	please refer to the definition as set out in the Contract;
SCW Substitute Waste	please refer to the definition as set out in the Contract;
SCW Substitute Waste Tonnage Payment	means the amount calculated in accordance with paragraph 19.4 of this Schedule 4;
Services	please refer to the definition as set out in the Contract;
Services Commencement Date	please refer to the definition as set out in the Contract;
Substitute Waste	please refer to the definition as set out in the Contract;
Substitute Waste and SCW Substitute Waste Income	means the amount calculated in accordance with paragraph 19.4 of this Schedule 4;
Substitute Waste and SCW Substitute Waste Shortfall Clawback Payment	means the amount calculated in accordance with paragraph 23 of this Schedule 4;
Substitute Waste and SCW Substitute Waste Shortfall Income	means the amount calculated in accordance with paragraph 19.4 of this Schedule 4;
Substitute Waste and SCW Shortfall Payment	means the amount calculated in accordance with paragraph 19 of this Schedule 4;
Substitute Waste and SCW Substitute Waste Tonnage Payment	means the amount calculated in accordance with paragraph 19.4 of this Schedule 4;

Substitute Waste Shortfall Tonnage	means the amount calculated in accordance with paragraph 19.2 of this Schedule 4;
Substitute Waste Tonnage Payment	means the amount calculated in accordance with paragraph 19.4 of this Schedule 4;
Supplementary Contract Waste	please refer to the definition as set out in the Contract;
Supplementary Contract Waste Adjustment	means the amount calculated in accordance with paragraph 6.6 of this Schedule 4;
Temporary Offtake Arrangements	means as defined in Schedule 33
Third Party Income	please refer to the definition as set out in the Contract;
Third Party Income Deduction	means the amount calculated in accordance with paragraph 21 of this Schedule 4;
Third Party Waste	please refer to the definition as set out in the Contract;
Third Party Waste Rebate Payment	means the amount calculated in accordance with paragraph 22 of this Schedule 4;
Tonnage Payment	means the amount calculated in accordance with paragraph 6 of this Schedule 4;
Tonnage Payment Adjustment	means the amount calculated in accordance with paragraph 6.4 of this Schedule 4;
Tonnage Payment Band one AWE Proportion	means the proportion of Base Price Band one subject to Average Weekly Earnings which shall be %
Tonnage Payment Band one Index	means the indexation calculated in accordance with paragraph 25.2 of this Schedule 4;
Tonnage Payment Band one RPIx Proportion	means the proportion of Base Price Band one subject to RPIx which shall be %;
Top Up Waste	please refer to the definition as set out in the Contract;
Total APC Residue Landfill Tonnage	means the total tonnage of APC Residue Landfilled in the relevant Contract Year;
Total IBA Landfill Tonnage	means the total tonnage of IBA Landfilled in the relevant Contract Year;
Total Landfill Tonnage	means the amount calculated in accordance with paragraph 16.3 of this Schedule 4;
Total Treated Tonnage	means the total tonnage of Contract Waste and Third Party Waste treated at the Facility in the relevant Contract Year;
Tranche 1 SCW	please refer to the definition as set out in the Contract;
Tranche 2 SCW	please refer to the definition as set out in the Contract;

Tranche 3 SCW	please refer to the definition as set out in the Contract;
Tripartite Agreement	means as defined in Schedule 33
Treat / Processing	please refer to the definition of Treat / Process as set out in the Contract;
Unacceptable Waste	please refer to Schedule 31 (Waste Acceptance Protocol);
Unacceptable Waste Payment	means the amount calculated in accordance with paragraph 12.2.2 of this Schedule 4;
Unitary Charge	means the payment calculated in accordance with paragraph 4 of this Schedule 4;
VAT	please refer to the definition as set out in the Contract;

2 INTERPRETATION

2.1 Unless otherwise provided, references in this Schedule to Clauses and Schedules shall be references to the relevant Clauses and Schedules in the Contract.

2.2 Unless otherwise provided, references to parts, paragraphs, tables and appendices shall be references to parts, paragraphs, tables and appendices in this Schedule.

2.3 The Parties agree that without prejudice to the express provisions of the Contract, this Schedule shall form the sole basis of payment by the Authority to the Contractor.

2.4 VAT properly chargeable on any component of the Unitary Charge shall be payable as set out in Clause 49 of the Contract.

2.5 Where the symbol $\sum$ is used in formulae it shall have the meaning 'sum of'. For example $\sum_{y=1}^{4} T_y$ means the sum of Tonnage Payments ('T') in Contract Years 1 to 4.

2.6 'm' shall relate to Months.

2.7 'y' shall relate to Contract Years.

2.8 'n' shall relate to Current Contract Year

2.9 This Schedule 4 (Payment Mechanism) shall be read in conjunction with the Contract and the Output Specification.

3 COMMISSIONING PAYMENT ("C_M")

3.1 The Authority shall deliver and the Contractor shall Accept Commissioning Waste during the Commissioning Period in accordance with clause 21.2 (Testing and Commissioning) of the Contract and the Commissioning Plan.

3.2 The Contractor shall be responsible for all costs and expenses associated with the Processing and disposal of the Commissioning Waste including the disposal or sale of all Products.

3.3 The Commissioning Payment will constitute the only payment made by the Authority to the Contractor prior to the Services Commencement Date in accordance with Clause 45 of the Contract.

3.4 Calculation of the Commissioning Payment ("C_m")

The Commissioning Payment shall be paid to the Contractor in the relevant Month 'm' based on the forecast Commissioning Waste to be Accepted in such Month 'm' (as set out in Works Delivery Plan 4 (Commissioning)) adjusted where the Actual Tonnage of Commissioning Waste (excluding any Unacceptable Waste Accepted) Accepted in the previous Month was different to the forecast Commissioning Waste to be Accepted by the Contractor in the previous Month, calculated in accordance with the following formula:

$$C_m = \left(\left(CWA_{fm} \times C_{PRm}\right) + \left(CAWA_{m-1} - CWA_{fm-1}\right) \times C_{PRm-1}\right) + CUWP_{m-1} - N_{Cm-1} + CE_{m-1}$$

where:

C_m	=	the Commissioning Payment in the relevant Month 'm'
CWA_{fm}	=	the forecast tonnage of Commissioning Waste Accepted in the relevant Month 'm'
$CAWA_{m-1}$	=	the Actual Tonnage of Commissioning Waste (excluding any Unacceptable Waste Accepted) Accepted in the prior Month 'm-1'
CWA_{fm-1}	=	the forecast tonnage of Commissioning Waste Accepted in the prior Month 'm-1'
C_{PRm}	=	the Commissioning Payment Rate in the relevant Month 'm'
C_{PRm-1}	=	the Commissioning Payment Rate in the prior Month 'm-1'
$CUWP_{m-1}$	=	the Commissioning Unacceptable Waste Payment in the prior Month 'm-1' during the Commissioning Period as calculated in accordance with paragraph 3.4.1 of this Schedule 4
N_{cm-1}	=	the Non Acceptance Deduction in the prior Month 'm-1' during the Commissioning Period calculated in accordance with paragraph 3.5.3 of this Schedule 4
CE_{m-1}		the Commissioning Electricity Payment in the prior Month 'm-1' calculated in accordance with paragraph 3.6 of this Schedule 4

Where C_m is calculated to be a negative amount then the Contractor will pay the Authority such amount in accordance with the provisions of clause 45.5.2 of the Contract.

3.4.1 Commissioning Unacceptable Waste Payment ("$CUWP_{m-1}$")

The Commissioning Unacceptable Waste Payment shall be calculated in accordance

with the following formula:

$$CUWP_{m-1} = \sum_{i=1}^{i} V_{FRim-1}$$

where:

$CUWP_{m-1}$ = the Commissioning Unacceptable Waste Payment in the prior Month 'm-1' during the Commissioning Period

$\sum_{i=1}^{i} V_{FRim-1}$ = the sum of the calculated cost of all Unacceptable Waste items 'i' processed in the prior Month 'm-1' during the Commissioning Period categorised as being a fixed rate item, as listed in Appendix 6, the relevant cost of each Unacceptable Waste item to be calculated as follows:

$$V_{FRim-1} = (U_{FRi}m-1 \times P_{FRi})$$

U_{Frim-1} = the number of units as applicable of the relevant Unacceptable Waste item "V_{FR}" managed in the prior Month 'm-1' during the Commissioning Period

P_{Fri} = the rate per tonne per Unacceptable Waste item "V_{FR}", as set out in Appendix 6

For the avoidance of doubt, any Third Party Income derived from Unacceptable Waste will be shared between the Contractor and Authority in accordance with paragraph 21.7 of this Schedule 4.

3.5 Non Acceptance Deductions during the Commissioning Period ("N_{Cm-1}")

3.5.1 During the Commissioning Period the Authority shall be entitled to make Non Acceptance Deductions in accordance with this paragraph 3.5.1 of this Schedule 4 when the Contractor does Not Accept Commissioning Waste.

3.5.2 The Non Acceptance Deduction during the Commissioning Period will be calculated in accordance with paragraph 3.5.3 below. The Commissioning Payment shall not be payable in respect of the Commissioning Waste that is Not Accepted by the Contractor.

3.5.3 Calculation of the Non Acceptance Deduction during the Commissioning Period ("N_{Cm-1}")

During the Commissioning Period the Non Acceptance Deduction shall be calculated in accordance with the following formula:

$$N_{Cm-1} = NA_{Cm-1} \times NADR_{Cm-1}$$

where:

N_{Cm-1} = the Non Acceptance Deduction during the Commissioning Period in the prior Month 'm-1'

NA_{Cm-1} = the tonnage of Commissioning Waste Not Accepted in the prior Month 'm-1'

$NADR_{Cm-1}$ = the Commissioning Non Acceptance Deduction Rate in the prior Month 'm-1'

3.6 Commissioning Electricity Payment

3.6.1 This paragraph 3.6 applies during the Electricity Commissioning Period.

3.6.2 The Commissioning Electricity Payment shall be calculated in accordance with the following formula:

$$CE_{M-1} = (CEO_{m-1} \times CEP_{m-1}) + EB_{m-1} + \sum_{SP=1}^{P} (CNEO_{SP} \times CNEP_{SP})$$

where:

CE_{m-1}	=	the Commissioning Electricity Payment in the prior Month 'm-1'
CEO_{m-1}	=	the Commissioning Electrical Output which will be the MWh of Electrical Output in the prior Month 'm-1'
CEP_{m-1}	=	the Commissioning Electricity Price in the prior Month 'm-1'. This will be the price for the Electrical Output in the relevant Offtake Agreement for the Electricity Commissioning Period.
EB_{m-1}	=	the Electricity Benefits in the prior Month m-1 as set out and / or determined in the relevant Offtake Agreement for the Electricity Commissioning Period.
$CNEO_{SP}$	=	the MWh of Notional Electrical Output for each relevant Settlement Period in the prior Month 'm-1'
$CNEP_{SP}$	=	in respect of the Notional Electrical Output in each relevant Settlement Period in the prior Month 'm-1', 95% of the applicable System Sell Price
P	=	the number of Settlement Periods in which Notional Electrical Output was calculated in the prior Month 'm-1'
Settlement Period		has the meaning given to that term in the BSC
BSC		means as defined in Schedule 33 (Power Offtake Arrangements)
System Sell Price		means, in respect of any Settlement Period, the system sell price (as determined in accordance with the BSC) for that Settlement Period

3.7 From the Services Commencement Date, the Commissioning Payment will cease to be payable subject to a final payment (either to the Contractor by the Authority or to the Authority by the Contractor) to reconcile the Commissioning Payment in the final Month prior to the Services Commencement Date for the Actual Tonnage of Commissioning Waste (excluding any Unacceptable Waste Accepted), Unacceptable Waste Accepted in that Month and the Commissioning Electricity Payment and to levy any Deductions where Commissioning Waste is Not Accepted in such Month. This payment will be made at the same time as the Monthly Unitary Charge Payment in the first Month following the Services Commencement Date.

4 UNITARY CHARGE ("UC")

4.1 The Authority shall pay the Contractor for the provision of the Services from the Services Commencement Date in accordance with the terms of Clause 45 (Invoicing and Payment) of the Contract. The Unitary Charge calculates the total cost of the Services, subject to the provisions of this Schedule 4, in each Contract Year.

4.2 Calculation of the Unitary Charge ("UC")

The Unitary Charge shall be calculated in accordance with the following formula:

$$UC = \sum_{m=1}^{12} UC_m + ARP$$

where:

UC = the Unitary Charge in the relevant Contract Year, which cannot be less than zero (0)

$\sum_{m=1}^{12} UC_m$ = the sum of the Monthly Unitary Charge Payments calculated and accrued in the relevant Contract Year in accordance with paragraph 5 of this Schedule 4

ARP = the Annual Reconciliation Payment in the relevant Contract Year calculated in accordance with paragraph 13 of this Schedule 4 (when relevant)

5 THE MONTHLY UNITARY CHARGE PAYMENT ("UC_m")

5.1 The Monthly Unitary Charge Payment shall be calculated in accordance with the following formula:

$$UC_m = T_m + L_m - P_{m-2} - M_{m-2} - N_{m-2} + E_{m-1} + OC_{m-1}$$

where:

UC_m	=	the Monthly Unitary Charge Payment in the relevant Month 'm'
T_m	=	the Tonnage Payment in respect of the relevant Month 'm' calculated in accordance with paragraph 6 of this Schedule 4
L_m	=	the Landfill Payment in respect of the relevant Month 'm' calculated in accordance with paragraph 7 of this Schedule 4
P_{m-2}	=	the Performance Deductions in respect of the relevant Month 'm-2' calculated in accordance with paragraph 8 of this Schedule 4
M_{m-2}	=	the Mileage Deduction in respect of the relevant Month 'm-2' calculated in accordance with paragraph 9 of this Schedule 4
N_{m-2}	=	the Non Acceptance Deduction in respect of the relevant Month 'm-2' calculated in accordance with paragraph 10 of this Schedule 4
E_{m-1}	=	the Electricity Payment in respect of the prior Month 'm-1' calculated in accordance with paragraph 11 of this Schedule 4
OC_{m-1}	=	the Other Components in respect of the prior Month 'm-1' calculated in accordance with paragraph 12 of this Schedule 4

6 TONNAGE PAYMENT ("T_m")

6.1 Tonnage Payment

The Tonnage Payment shall be calculated in accordance with this paragraph 6 to this Schedule 4, following the Services Commencement Date.

6.2 Calculation of the Tonnage Payment ("T_m")

The Tonnage Payment shall be calculated in accordance with the following formula:

$$T_m = FTP_m + TPA_{m-2}$$

where:

T_m	=	the Tonnage Payment in Month 'm'
FTP_m	=	the Forecast Monthly Tonnage Payment in respect of the relevant Month 'm', calculated in accordance with paragraph 6.3 of this Schedule 4
TPA_{m-2}	=	the Tonnage Payment Adjustment in respect of Month 'm-2', calculated in accordance with paragraph 6.4 of this Schedule 4

6.3 Calculation of the Forecast Monthly Tonnage Payment ("FTP_m")

The Forecast Monthly Tonnage Payment represents the amount payable to the Contractor for the Services provided in the relevant Month based on the Forecast Annual Contract Waste (pro-rated accordingly) and shall be calculated in accordance with the following formula:

$$FTP_m = ((FTB_1 \times BP_1) + (FTB_2 \times BP_2) + (FTB_3 \times BP_3)) \times (d \div d_y)$$

where:

FTP_m	=	the Forecast Monthly Tonnage Payment in the relevant Month 'm'
FTB_1	=	the Forecast Annual Contract Waste falling into Base Price Band one in the relevant Contract Year as shown in Appendix 2
BP_1	=	the Base Price per Tonne for Base Price Band one,
FTB_2	=	the Forecast Annual Contract Waste falling into Base Price Band two in the relevant Contract Year as shown in Appendix 2
BP_2	=	the Base Price per Tonne for Base Price Band two,
FTB_3	=	the Forecast Annual Contract Waste falling into Base Price Band three in the relevant Contract Year as shown in Appendix 2
BP_3	=	the Base Price per Tonne for Base Price Band three
d	=	the number of Operational Days in the relevant Month
d_y	=	the number of Operational Days in the relevant Contract Year 'y'

6.4 Tonnage Payment Adjustment ("TPA_{m-2}")

6.4.1 The Tonnage Payment Adjustment adjusts the payments made to the Contractor to reflect any variations in the Actual Tonnage of Contract Waste Accepted (excluding Unacceptable Contract Waste Accepted) by the Contractor from the Forecast Annual Contract Waste in the same period.

6.4.2 The Tonnage Payment Adjustment may be positive or negative and will take into account the Forecast Monthly Tonnage Payments made during the relevant period calculated in accordance with paragraph 6.3 (Forecast Monthly Tonnage Payment (FTP_m)) of this Schedule 4.

6.4.3 The Tonnage Payment Adjustment relating to Month 'm' shall be paid in Month 'm+2', with the exception of the last three Months in the relevant Contract Year which will be reconciled through the Annual Tonnage Payment Reconciliation (paragraph 14 of this Schedule 4).

6.4.4 The Tonnage Payment Adjustment shall be calculated on a cumulative basis in each Contract Year up to and including Month 'm-2'.

6.4.5 Apportionment of Contract Waste to Base Price bands

6.4.6 The Actual Tonnage of Contract Waste (excluding Unacceptable Waste Accepted)in the relevant Contract Year up to and including Month 'm-2' shall be apportioned first to Base Price Band one up to the Maximum Base Price Band one tonnage pro-rated for the number of Operational Days in the relevant Contract Year up to and including Month 'm-2'.

6.4.7 Any Actual Tonnage of Contract Waste (excluding Unacceptable Waste Accepted) in the relevant Contract Year up to and including Month 'm-2' then remaining shall be apportioned second to Base Price Band three up to the total tonnage of Tranche 2 SCW and Tranche 3 SCW which has been notified to be delivered in the relevant Contract Year up to and including Month 'm-2' pursuant to clauses 23.4.5.6, 23.4.6.2 and 23.4.8.2 of the Contract.

6.4.8 Any Actual Tonnage of Contract Waste (excluding Unacceptable Waste Accepted) in the relevant Contract Year up to and including Month 'm-2' then remaining shall be apportioned third to Base Price Band two up to the Maximum Base Price Band two tonnage, as set out in Appendix 1, pro-rated for the number of Operational Days in the relevant Contract Year up to and including Month 'm-2'.

6.4.9 Any Actual Tonnage of Contract Waste (excluding Unacceptable Waste Accepted) in the relevant Contract Year up to and including Month 'm-2' then remaining that is not Additional Waste shall be apportioned fourth to Base Price Band three.

6.5 Calculation of the Tonnage Payment Adjustment ("TPA_{m-2}")

The Tonnage Payment Adjustment shall be calculated in accordance with the following formula:

$$TPA_{m-2} = (MTB_{1d} \times BP_1) + (ATB_2 \times BP_2) + (ATB_3 \times BP_3) - SCWA_{m-2} - \sum_{m=1}^{m-2} FTP_m - \sum_{m=1}^{m-3} TPA_m$$

where:

TPA_{m-2} = the Tonnage Payment Adjustment in respect of Month 'm-2'

MTB_{1d} = the Maximum Base Price Band one tonnage, as set out in Appendix 1, pro-rated for the number of Operational Days in the relevant Contract Year up to and including Month 'm-2' calculated as:

$$MTB_{1d} = MTB_1 \times \left(\sum_{a=1}^{a} d_a \div d_y \right)$$

MTB_1	=	Maximum Base Price Band one tonnage
$\sum_{a=1}^{a} d_a$	=	the sum of the number of Operational Days in each Month up to and including Month 'm-2' in the relevant Contract Year
d_y	=	the number of Operational Days in the relevant Contract Year 'y'
BP_1	=	the Base Price per Tonne for Base Price Band one
ATB_2	=	the Actual Tonnage of Contract Waste (excluding Unacceptable Waste Accepted) falling within Base Price Band two in the relevant Contract Year up to and including Month 'm-2', as determined in clause 6.4.8 of this Schedule 4
BP_2	=	the Base Price per Tonne for Base Price Band two
ATB_3	=	the notified Tonnage of Tranche 2 SCW and Tranche 3 SCW in the relevant Contract Year up to and including Month 'm-2', pursuant to clauses 23.4.5.6, 23.4.6.2 and 23.4.8.2 of the Project Agreement; plus the Actual Tonnage of Contract Waste falling within Base Price Band three in the relevant Contract Year up to and including Month 'm-2', as determined in clause 6.4.9 of this Schedule 4
BP_3	=	the Base Price per Tonne for Base Price Band three
$SCWA_{m-2}$	=	Supplementary Contract Waste Adjustment in the relevant Month 'm-2', as calculated in paragraph 6.6 of this Schedule 4
$\sum_{m=1}^{m-2} FTP_m$	=	the Forecast Monthly Tonnage Payments for the relevant Contract Year up to and including Month 'm-2', as calculated in paragraph 6.3 of this Schedule 4
$\sum_{m=1}^{m-3} TPA_m$	=	the sum of the Tonnage Payment Adjustments for the relevant Contract Year up to (and including) Month 'm-3'

6.5.1 Payment in respect of Contract Waste delivered by the Authority to the Contractor in excess of the Maximum Tonnage (Additional Waste) is calculated in accordance with paragraph 12.2.3 of this Schedule 4.

6.6 Supplementary Contract Waste Adjustment ("$SCWA_{m-2}$")

6.6.1 An adjustment in relation to any Tranche 1 SCW delivered by the Authority in the relevant Contract Year up to and including Month 'm-2' shall be calculated to claw back the difference between the Indexed Base Price per Tonne of Base Price Band two and Indexed Base Price Band three in respect of the first 5,000 tonnes per annum of Tranche 1 SCW, pro-rated for the number of days in the relevant Contract Year up to and including Month 'm-2', less any Excess Tranche 1 SCW delivered in the same period.

6.6.2 The Supplementary Contract Waste Adjustment shall be calculated on the tonnage of Tranche 1 SCW Accepted by the Contractor on a cumulative basis up to and including Month (m-2) in the relevant Contract Year, following the Services Commencement Date, in accordance with clause 23.4.1 of the Contract.

6.6.3 Calculation of the Supplementary Contract Waste Adjustment

The Supplementary Contract Waste Adjustment shall be calculated in accordance with the following formula:

$$SCWA_{m-2} = (\max(SCW_{B1}, 0) \times BP2_{SCW})$$

where:

$SCWA_{m-2}$ = the Supplementary Contract Waste Adjustment in the relevant Month 'm-2'

SCW_{B1} = the lower of;

(i)

$$5{,}000 \text{ tonnes} \times \left(\sum_{a=1}^{a} d_a \div d_y\right) - \sum_{m=1}^{m-2} SCW_{ETm}$$

and

(ii)

$$\sum_{m=1}^{m-2} SCW_{T1m} - \sum_{m=1}^{m-2} SCW_{ETm}$$

where:

$\sum_{a=1}^{a} d_a$ = the sum of the number of Operational Days in each Month up to and including Month 'm-2' in the relevant Contract Year

d_y = the number of days in the relevant Contract Year 'y'

$\sum_{m=1}^{m-2} SCW_{ETm}$ = the total tonnage of Supplementary Contract Waste falling within Excess Tranche 1 SCW in the relevant Contract Year up to and including Month 'm-2'

$\sum_{m=1}^{m-2} SCW_{T1m}$ = the total tonnage of Supplementary Contract Waste falling within Tranche 1 SCW processed in the relevant Contract Year up to and including Month 'm-2'

$BP2_{SCW}$ = the difference between Band two Base Price Per Tonne and Band three Base Price per Tonne, calculated as:

$$BP2_{SCW} = BP_3 - BP_2$$

BP_3 = the Base Price per Tonne for Base Price Band three

BP_2 = the Base Price per Tonne for Base Price Band two

6.7 Rebasing the Forecast Monthly Tonnage Payment

The Forecast Annual Contract Waste for the relevant Contract Year shall be jointly reviewed by the Authority and the Contractor two Months before the end of the prior Contract Year. Where the Actual Tonnage of Contract Waste Accepted (excluding Unacceptable Contract Waste Accepted) in the preceding twelve Months deviates from the total forecast Contract Waste in the same preceding twelve Month period by more than 10% the Authority or the Contractor may request that the Forecast Annual

Contract Waste tonnage is rebased to reflect the deviation from the total Forecast Annual Contract Waste in the prior Contract Year which must be a 12 Month period.

Appendix 2 will be updated to reflect the rebased Forecast Annual Contract Waste with the rebased tonnage allocated across the Base Price bands in order of priority (Band 1 followed by Band 2, followed by Band 3) in accordance with the banding structure and limits as set out in Appendix 1. The rebasing cannot make the Forecast Annual Contract Waste lower than the Base Tonnage. The rebased Forecast Annual Contract Waste tonnage will then be used in the calculation of the Forecast Monthly Tonnage Payment from the start of the following Contract Year and in all future Forecast Monthly Tonnage Payment calculations, until the Expiry Date or the next application of this paragraph 6.7.

Where the Forecast Annual Contract Waste is rebased in accordance with this paragraph 6.7, the Landfill Payment, as calculated in paragraph 7 of this Schedule 4 will also be calculated using the rebased tonnage, pursuant to paragraph 7.4 of this Schedule 4.

7 LANDFILL PAYMENT ("L_m")

7.1 The Contractor shall be paid the Landfill Payment for the relevant Month, from the Services Commencement Date.

7.2 Calculation of the Landfill Payment ("L_m")

The Landfill Payment shall be calculated in accordance with the following formula:

$$L_m = FLP \times \left(\sum_{a=1}^{a} d_a \div d_y \right) - \sum_{m=1}^{m-1} L_m$$

where:

L_m = the Landfill Payment in Month 'm'

FLP = the Forecast Landfill Payment in the relevant Contract Year, calculated in accordance with paragraph 7.3 of this Schedule 4

$\sum_{a=1}^{a} d_a$ = the sum of the number of Operational Days in each Month up to and including the current Month in the relevant Contract Year

d_y = the number of Operational Days in the relevant Contract Year 'y'

$\sum_{m=1}^{m-1} L_m$ = the sum of the Monthly Landfill Payments paid in each Month up to and including the previous Month in the relevant Contract Year

7.3 Calculation of the Forecast Landfill Payment ("FLP")

The Forecast Landfill Payment shall be calculated in accordance with the following formula:

$$FLP = ANP_{LP} + APC_{LP} + IBA_{LP}$$

where:

FLP = the Forecast Landfill Payment in the relevant Contract Year

ANP_{LP} = the Forecast Contract Waste Accepted but Not Processed Landfill Payment in the relevant Contract Year, calculated in accordance with paragraph 7.3.1 of this Schedule 4

APC_{LP} = the Forecast APC Residue Landfill Payment in the relevant Contract Year, calculated in accordance with paragraph 7.3.2 of this Schedule 4

IBA_{LP} = the Forecast IBA Landfill Payment in the relevant Contract Year, calculated in accordance with paragraph 7.3.3 of this Schedule 4

7.3.1 Calculation of the Forecast Contract Waste Accepted but Not Processed Landfill Payment ("ANP_{LP}")

The Forecast Contract Waste Accepted but Not Processed Landfill Payment shall be calculated in accordance with the following formula:

$$ANP_{LP} = ANP \times (LT_R + LGF_{ANP})$$

where:

ANP_{LP} = the Forecast Contract Waste Accepted but Not Processed Landfill Payment in the relevant Contract Year

ANP = the Forecast Contract Waste Accepted but Not Processed in respect of the relevant Contract Year, calculated as:

$$ANP = FAC \times GUL_P$$

FAC = the Forecast Annual Contract Waste in the relevant Contract Year, as shown in Appendix 2

GUL_P = the Guaranteed Unprocessed Landfill Performance as shown in Appendix 3

LT_R = the prevailing rate of Active Landfill Tax levied in respect of Contract Waste Accepted but Not Processed in the relevant Contract Year

LGF_{ANP} = the Landfill Gate Fee for Contract Waste Accepted but Not Processed per tonne

7.3.2 Calculation of the Forecast APC Residue Landfill Payment ("APC_{LP}")

The Forecast APC Residue Landfill Payment shall be calculated in accordance with the following formula:

$$APC_{LP} = APCT \times (LT_{APC} + LGF_{APC})$$

where:

APC_{LP} = the Forecast APC Residue Landfill Payment in the relevant Contract Year

APCT = the Forecast APC Residue Landfill Tonnage in the relevant Contract Year, calculated as:

$$APCT = FT \times GAPC_P$$

FT = the Forecast Contract Waste Treated in the relevant Contract Year, as shown in Appendix 2

$GAPC_P$ = the Guaranteed APC Residue Landfill Performance as shown in Appendix 3

LT_{APC} = the prevailing rate of Active Landfill Tax levied in respect of APC Residue in the relevant Contract Year

LGF_{APC} = the Landfill Gate Fee for APC Residue per tonne

7.3.3 Calculation of the Forecast IBA Landfill Payment ("IBA_{LP}")

The Forecast IBA Landfill Payment shall be calculated in accordance with the following formula:

$$IBA_{LP} = IBA \times (LT_{IBA} + LGF_{IBA})$$

where:

IBA_{LP} = the Forecast IBA Landfill Payment in the relevant Contract Year

IBA = the Forecast IBA Landfill Tonnage in the relevant Contract Year, calculated as:

$$IBA = FT \times GIBA_P$$

FT = the Forecast Contract Waste Treated in the relevant Contract Year, as shown in Appendix 2

$GIBA_P$ = the Guaranteed IBA Landfill Performance as shown in Appendix 3

LT_{IBA} = the prevailing rate of Inactive Landfill Tax levied in respect of IBA in the relevant Contract Year

LGF_{IBA} = the Landfill Gate Fee for IBA per tonne

7.4 Rebasing the Forecast Landfill Payment

In all Contract Years following the Services Commencement Date the Forecast Landfill Payment will be calculated based on the Forecast Annual Contract Waste set out in Appendix 2.

Where the Forecast Annual Contract Waste is rebased pursuant to paragraph 6.7, Appendix 2 will be updated and the Forecast Landfill Payment will be calculated based on this rebased tonnage of Contract Waste, specifically, the calculation of Forecast Contract Waste Accepted but Not Processed and Forecast Contract Waste Treated.

8 PERFORMANCE DEDUCTIONS ("P_{m-2}")

8.1 With effect from the Services Commencement Date, the Authority shall, subject to the provisions of Schedule 2 (Output Specification) be entitled to make Performance Deductions in accordance with this paragraph 8 of Schedule 4, in respect of each Month.

8.2 Performance Deductions are subject to a cap, such that the Performance Deductions levied by the Authority in each relevant Contract Year shall not exceed the Performance Deductions Cap, calculated in accordance with paragraph 8.5. Where the cumulative value of Performance Deductions exceeds the Performance Deductions Cap in the relevant Contract Year ($P > DC_n$), thereafter P shall equal zero (0). Default Points will however continue to accrue. In each Month, the total Performance Deductions in the Contract Year to date will be compared to the Performance Deduction Cap to ensure that the Performance Deduction Cap has been properly applied and, that no Performance Deductions have been deducted for the relevant Contract Year that would exceed the Performance Deduction Cap in the relevant Contract Year.

8.3 The Performance Deductions shall be deducted from the Monthly Unitary Charge Payment in the second Month following the Month in which the Deductions are incurred pursuant to Schedule 2 (Output Specification). The Performance Deduction in the first and second Month of each Contract Year will therefore be in respect of the penultimate and last Month of the previous Contract Year respectively. These Deductions will, for the avoidance of doubt, count towards the Contract Year in respect of the event which led to the Deductions occurring rather than the Contract Year in which they are levied.

8.4 Calculation of the Performance Deductions ("P_{m-2}")

Performance Deductions for each Month shall be calculated in accordance with the following formula:

$$P_{m-2} = \sum_{n=1}^{n} (PSF_{nm-2} \times PDF_{nm-2})$$

where:

P_{m-2} = the Performance Deduction in the relevant Month 'm-2'

PSF_{nm-2} = the number of Performance Standard Failures in Deduction Category 'n' in the relevant Month 'm-2'

PDF_{nm-2} = the Performance Deduction per Performance Standard Failure in Deduction Category 'n' in the relevant Month 'm-2' in accordance with Appendix 5

8.5 Calculation of the Performance Deductions Cap ("DC")

The Performance Deductions Cap in any specific Contract Year shall be calculated in accordance with the following formula:

$$DC_y = 5\% \text{ x } (FTP_y + FLP)$$

where:

DC_y = the Performance Deductions Cap for each relevant Contract Year 'y'

FTP_y = $\sum_{m=1}^{12} FTP_m$

$\sum_{m=1}^{12} FTP_m$ = the sum of the Forecast Monthly Tonnage Payments in the relevant Contract Year, calculated in accordance with paragraph 6.3 of this Schedule 4

FLP = the sum of the Forecast Landfill Payment for the relevant Contract Year as calculated in accordance with paragraph 7.3 of this Schedule 4

8.6 For the avoidance of doubt Performance Deductions will only be levied once for each event which led to a Performance Standard Failure.

9 MILEAGE DEDUCTION ("M_{m-2}")

9.1 The Mileage Deduction is intended to compensate the Authority for additional haulage costs incurred in the event that the Contractor implements the Contingency Plans in accordance with clause 22.3 (Principal Obligations) and the Authority has to deliver Contract Waste to the Contingency Delivery Point.

9.2 The Mileage Deduction shall be deducted from the Monthly Unitary Charge Payment in the second Month following the Month for which the deduction is calculated.

9.3 Calculation of the Mileage Deduction ("M_{m-2}")

The Mileage Deduction shall be calculated in accordance with the following formula:

$$M_{m-2} = \sum_{b=1}^{b} (TA_{bm-2} \times AM_b) \times HR_{m-2}$$

where:

M_{m-2} = the Mileage Deduction in the relevant Month 'm-2'

$\sum_{b=1}^{b}$ = the sum for each contingency delivery point 'b' in the relevant Month 'm-2'

TA_{bm-2} = the tonnage of Contract Waste Accepted at Contingency Delivery Point 'b' in the relevant Month 'm-2'

AM_b = the Additional Mileage, if any, between the Delivery Point and the Contingency Delivery Point 'b' as set out in Appendix 7

HR_{m-2} = the relevant Haulage Rate in the relevant Month 'm-2'

9.4 For the avoidance of doubt, the Authority will be compensated for the positive difference between the mileage to the Delivery Point and the Contingency Delivery Point.

9.5 The Mileage Deduction in the first and second Month of each Contract Year will therefore be in respect of the penultimate and last Month of the previous Contract Year respectively. These Deductions will, for the avoidance of doubt, count towards the Contract Year in respect of the event which led to the Deductions occurring rather than the Contract Year in which they are levied.

10 NON ACCEPTANCE DEDUCTION ("N_{m-2}")

10.1 With effect from the Services Commencement Date, the Authority shall be entitled to make Non Acceptance Deductions in accordance with this paragraph 10 of this Schedule 4 in each Month when the Contractor does Not Accept Contract Waste.

10.2 The Tonnage Payment shall not be payable and the Mileage Deduction shall not be levied in respect of the Contract Waste that is Not Accepted by the Contractor

10.3 The Non Acceptance Deduction shall be deducted from the Monthly Unitary Charge Payment in the second Month following the Contract Month for which the deduction is calculated.

10.4 Calculation of Non Acceptance Deduction ("N_{m-2}")

10.4.1 The Non Acceptance Deduction shall be calculated in accordance with the following formula:

$$N_{m-2} = NA_{m-2} \times NADR_{m-2}$$

where:

N_{m-2} = the Non Acceptance Deduction in the relevant Month 'm-2'

NA_{m-2} = the tonnage of Contract Waste Not Accepted in the relevant Month 'm-2'

$NADR_{m-2}$ = the Non Acceptance Deduction Rate in the relevant Month 'm-2'

10.5 For the avoidance of doubt, all relevant Performance Deductions that apply to the Unitary Charge shall continue during a period of Non-Acceptance. For the avoidance of doubt, this means that both Performance Deductions (subject to the Performance Deductions Cap) and Non-Acceptance Deductions can be levied at the same time.

10.6 Non Acceptance Deductions in the first and second Month of each Contract Year will therefore be in respect of the penultimate and last Month of the previous Contract Year respectively. These Deductions will, for the avoidance of doubt, count towards the Contract Year in respect of the event which led to the Deductions occurring rather than the Contract Year in which they are levied.

11 ELECTRICITY PAYMENT ("E_{m-1}")

11.1 This paragraph applies from the Commercial Operations Date.

11.2 The Electricity Payment ensures that the Authority pays the Contractor the Guaranteed Power Price for the Electrical Output and/or the Notional Electrical Output, as the case may be in each Month.

11.3 The Electricity Payment will be calculated as follows:

11.3.1 Where the Authority Purchaser Option applies then in accordance with paragraph 11.6

11.3.2 Where there is a Tripartite Agreement and/or Temporary Offtake Arrangement in force and in place then in accordance with paragraph 11.7.

11.3.3 Where there is no Offtake Agreement in force and in place and/or the Electrical Output cannot be exported to the Distribution System (as defined in Schedule 33) then in accordance with paragraph 11.8.

11.4 Not used.

11.5 The Parties acknowledge that it is no longer possible for the Contractor to secure LEC Accreditation and all obligations in this regard shall from the Restatement Date cease to apply. The Authority shall from the Commercial Operations Date pay the Contractor 50% of the Guaranteed LECs Price.

11.6 Authority Purchaser Option

11.6.1 The Electricity Payment shall be calculated as follows (on a per MWh of Electrical Output basis):

$$E_{m-1} = GPP \times AEO_{m-1}$$

Where:

E_{m-1} = the Electricity Payment in the prior Month 'm-1'

GPP = the Guaranteed Power Price calculated as:

$$GPP = EP_G + (LEC_G \times 50\%)$$

EP_G = the Guaranteed Electricity Price

LEC_G the Guaranteed LECs Price

AEO_{m-1} = the actual MWh of Electrical Output in the prior Month 'm-1'

11.7 Tripartite Agreement and/or Temporary Offtake Arrangement in force and in place

11.7.1 The Electricity Payment shall be calculated on the MWh of Electrical Output in the previous Month as follows:

$$E_{m-1} = (GPP \times AEO_{m-1})$$

E_{m-1} = the Electricity Payment in the prior Month 'm-1'

GPP = the Guaranteed Power Price calculated as:

$$GPP = EP_G + (LEC_G \times 50\%)$$

EP_G = the Guaranteed Electricity Price

LEC_G the Guaranteed LECs Price

AEO_{m-1} = the actual MWh of Electrical Output in the prior Month 'm-1'

11.8 No Offtake Agreement in force and in place and the Electrical Output cannot be exported

11.8.1 Following the Commercial Operations Date, for each Payment Period or part thereof during which either:

11.8.1.1 there is no Offtake Agreement in force and in place (other than where the Offtake Agreement has been terminated due to the Wilful Default of the Contractor or the Contractor has failed to execute an Offtake Agreement in accordance with Schedule 33 (Power Offtake Arrangements)), except where the Contractor is not required to enter into such Offtake Agreement in accordance with the provisions of Schedule 33 or the Contractor's entry into an Offtake Agreement is delayed or prevented by an Offtaker; or

11.8.1.2 any act or omission of the Offtaker or the Authority (as applicable), other than due to any act or omission of the Contractor, has resulted in the Contractor being unable to supply the Electrical Output (and, accordingly, to Transfer the LECs),

the Authority shall pay the Notional Offtake Payment to the Contractor, which is the Electricity Payment as calculated in paragraph 11.8.2 below.

11.8.2 The Electricity Payment shall be calculated on the MWh of Notional Electrical Output in the previous Month as follows:

$$E_{m-1} = GPP \times NEO_{m-1}$$

Where:

E_{m-1} = the Electricity Payment in the prior Month 'm-1'

GPP = the Guaranteed Power Price calculated as:

$$GPP = EP_G + (LEC_G \times 50\%)$$

EP_G = the Guaranteed Electricity Price

LEC_G the Guaranteed LECs Price

NEO_{m-1} = the MWh of Notional Electrical Output in the prior Month 'm-1' as calculated in Appendix 8

12 OTHER COMPONENTS ("OC_{m-1}")

12.1 The Authority shall pay to the Contractor each Month the Other Components in the Month immediately following the Month in which such costs have been paid by the Contractor.

12.2 Calculation of Other Components ("OC_{m-1}")

Other Components shall be calculated in accordance with the following formula:

$$OC_{m-1} = NNDR_{m-1} + UWP_{m-1} + IP + AWP_{m-1}$$

where:

OC_{m-1} = the Other Components in the prior Month 'm-1'

$NNDR_{m-1}$ = the National Non-Domestic Rates Payment in the prior Month 'm-1', calculated in accordance with paragraph 12.2.1 of this Schedule 4

UWP_{m-1} = the Unacceptable Waste Payment in the prior Month'm-1', calculated in accordance with paragraph 12.2.2 of this Schedule 4

IP = the changes in Required Insurances premia calculated in accordance with paragraph 3.1 Schedule 10 Part 5 of the Contract as follows:

a) The amount of any one-off lump-sum payment(s) that the Authority is required to make to the Contractor equal to 85% of an Exceptional Cost in accordance with paragraph 3.1, Part 5 of Schedule 10 (Required Insurances) in which case "IP" shall be a positive number, and /or

b) The amount of any one-off lump-sum payments that the Contractor is required to make to the Authority equal to 85% of an Exceptional Cost Saving in accordance with paragraph 3.2, Part 5 of Schedule 10 (Required Insurances) in which case "IP" shall be a negative number.

AWP_{m-1} = the Additional Waste Payment in the prior Month 'm-1', calculated in accordance with paragraph 12.2.3 of this Schedule 4

Other Component payments in the first Month of each Contract Year will therefore be in respect of the last Month of the previous Contract Year. These payments will, for the avoidance of doubt, count towards the Contract Year in respect of the event which caused these payments to be made rather than the Contract Year in which they are paid.

12.2.1 National Non-Domestic Rates Payment ("$NNDR_{m-1}$")

The Monthly National Non-Domestic Rates Payment shall be calculated in accordance with the following formula:

$$NNDR_{m-1} = RB_{m-1} \times (FAC \div MT)$$

where:

$NNDR_{m-1}$ = the National Non-Domestic Rates Payment in the prior Month 'm-

1'

RB_{m-1} = the NNDR Rates Bill in the prior Month 'm-1'

FAC = the Forecast Annual Contract Waste in the relevant Contract Year, as shown in Appendix 2

MT = the Maximum Tonnage

12.2.2 Unacceptable Waste Payment ("UWP_{m-1}")

The Unacceptable Waste Payment shall be calculated in accordance with the following formula:

$$UWP_{m-1} = \sum_{i=1}^{i} V_{FRim-1}$$

where:

UWP_{m-1} = the Unacceptable Waste Payment in the prior Month 'm-1'

$\sum_{i=1}^{i} V_{FRim-1}$ = the sum of the calculated cost of all Unacceptable Waste items 'i' processed in the prior Month 'm-1' categorised as being a fixed rate item, as listed in Appendix 6, the relevant cost of each Unacceptable Waste item to be calculated as follows:

$$V_{FRim-1} = (U_{FRim-1} \times P_{FRi})$$

U_{FRIm-1} = the number of units as applicable of the relevant Unacceptable Waste item "V_{FR}" managed in the prior Month 'm-1'

P_{FRI} = the rate per unit per Unacceptable Waste item "V_{FR}", as set out in Appendix 6

For the avoidance of doubt, any Third Party Income derived from Unacceptable Waste will be shared between the Contractor and Authority in accordance with paragraph 21.7 of this Schedule 4.

12.2.3 Additional Waste Payment ("AWP_{m-1}")

The Additional Waste Payment shall be calculated on the tonnage of Additional Waste Accepted by the Contractor in the prior Month 'm-1', following the Services Commencement Date at the price agreed between the Contractor and Authority, in accordance with clause 23.5 of the Contract.

13 ANNUAL RECONCILIATION PAYMENT ("ARP")

13.1 The Annual Reconciliation Payment shall be calculated in accordance with the following formula:

$$ARP = ATR + LRP + DSB - DPD + NNDR_R + SSWP + EV - TPD - TPW_R - SWCP - CRCA$$

where:

ARP	=	the Annual Reconciliation Payment in the relevant Contract Year, calculated in accordance with paragraph 13 of this Schedule 4
ATR	=	the Annual Tonnage Payment Reconciliation in the relevant Contract Year, calculated in accordance with paragraph 14 of this Schedule 4
LRP	=	the Landfill Reconciliation Payment in the relevant Contract Year, calculated in accordance with paragraph 15 of this Schedule 4
DSB	=	the Diversion Saving Bonus in the relevant Contract Year, calculated in accordance with paragraph 16 of this Schedule 4
DPD	=	the Diversion Performance Deduction in the relevant Contract Year, calculated in accordance with paragraph 17 of this Schedule 4
$NNDR_R$	=	the NNDR Reconciliation Payment in the relevant Contract Year, calculated in accordance with paragraph 18 of this Schedule 4
SSWP	=	the Substitute Waste and SCW Substitute Waste Shortfall Payment in the relevant Contract Year, calculated in accordance with paragraph 19 of this Schedule 4
EV	=	the Electricity Volume Guarantee Adjustment in the relevant Contract Year, calculated in accordance with paragraph 20 of this Schedule 4
TPD	=	the Third Party Income Deduction in the relevant Contract Year, calculated in accordance with paragraph 21 of this Schedule 4
TPW_R	=	the Third Party Waste Rebate payment in the relevant Contract Year, calculated in accordance with paragraph **22** of this Schedule 4
SWCP	=	the Substitute Waste and SCW Substitute Waste Shortfall Clawback Payment in the relevant Contract Year, calculated in accordance with paragraph 23 of this Schedule 4
CRCA	=	the Carbon Reduction Credit Adjustment in the relevant Contract Year, calculated in accordance with paragraph 24 of this Schedule 4

13.2 The Annual Reconciliation Payment shall be paid in accordance with the provisions of clause 45 of the Project Agreement.

14 ANNUAL TONNAGE PAYMENT RECONCILIATION ("ATR")

14.1 The Annual Tonnage Payment Reconciliation adjusts the payments made to the Contractor to reflect any variations in the Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) in the relevant Contract Year from the tonnages for which payments have been made as part of the Monthly Tonnage Payment.

14.2 In the event that the Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) in the relevant Contract Year is lower than the Base Tonnage for the relevant Contract Year the Contractor will receive payment in respect of the Base Tonnage.

14.3 Calculation of the Annual Tonnage Payment Reconciliation ("ATR")

The Annual Tonnage Payment Reconciliation for Contract Waste for each Contract Year shall be calculated as follows:

$$ATR = ATP_y - T_y$$

where:

ATR = the Annual Tonnage Payment Reconciliation in the relevant Contract Year

ATP_y = the Calculated Actual Tonnage Payment in the relevant Contract Year 'y', calculated in accordance with paragraph 14.3.1 of this Schedule 4

T_y = $\sum_{m=1}^{12} T_m$

$\sum_{m=1}^{12} T_m$ = the sum of the Tonnage Payments in the relevant Contract Year, calculated in accordance with paragraph 6 of this Schedule 4

14.3.1 Apportionment of Contract Waste to Base Price bands

14.3.2 The Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) in the relevant Contract Year shall be apportioned first to Base Price Band one up to the Adjusted Base Tonnage of Contract Waste.

14.3.3 Any Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) in the relevant Contract Year then remaining shall be apportioned second to Base Price Band three up to the Adjusted Tranche 2/3 SCW Tonnage, as calculated in paragraph 14.5.3 of this Schedule 4 in the relevant Contract Year.

14.3.4 Any Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) in the relevant Contract Year then remaining shall be apportioned third to Base Price Band two up to the Maximum Base Price Band two tonnage, as set out in Appendix 1.

14.3.5 Any Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) in the relevant Contract Year then remaining that is not Additional Waste shall be apportioned fourth to Base Price Band three.

14.3.6 Calculation of the Calculated Actual Tonnage Payment ("ATPy")

The Calculated Actual Tonnage Payment shall be calculated in accordance with the

following formula:

$$ATPy = (ABT_y \times BP_1) + (ATB_{2y} \times BP_2) + (ATB_{3y} \times BP_3) - SCWA_y$$

where:

ATP_y = the Calculated Actual Tonnage Payment in the relevant Contract Year 'y'

ABT_y = the Adjusted Base Tonnage of Contract Waste in the relevant Contract Year 'y' as calculated in accordance with paragraph 14.4.4 of this Schedule 4

BP_1 = the relevant Base Price per Tonne for Base Price Band one,

ATB_{2y} = the Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) falling within Base Price Band two in the relevant Contract Year 'y', as determined in clause 14.3.4 of this Schedule 4

BP_2 = the relevant Base Price per Tonne for Base Price Band two

ATB_{3y} = the Adjusted Tranche 2/3 SCW Tonnage in the relevant Contract Year 'y'as determined in clause 14.5 of this Schedule 4; plus

the Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) falling within Base Price Band three in the relevant Contract Year 'y', as determined in clause 14.3.5 of this Schedule 4

$SCWA_y$ = Supplementary Contract Waste Adjustment in the relevant Contract Year 'y', as calculated in paragraph 14.6.2

BP_3 = the relevant Base Price per Tonne for Base Price Band three

14.4 Adjusted Base Tonnage of Contract Waste

14.4.1 In the event that any Contract Waste is Not Accepted by the Contractor then in the first instance the Forecast Annual Contract Waste falling into Base Price Band one (the Base Tonnage) shall be reduced on a tonne for tonne basis by any Contract Waste Not Accepted by the Contractor in the relevant Contract Year.

14.4.2 Where the Authority has issued a Substitute Waste Notice and the Contractor has failed to use reasonable endeavours to source Substitute Waste in relation to a shortfall in Contract Waste below the Base Tonnage, in accordance with clause 25.2.4 of the Contract, then the Base Tonnage of Contract Waste will be reduced by the number of tonnes of Substitute Waste that has not been sourced due to the failure to use reasonable endeavours.

14.4.3 Where the Contractor has used reasonable endeavours to source Substitute Waste where the Authority has not met its Base Tonnage obligation, in accordance with clause 25.2.4 of the Contract, then the Authority will be obliged to pay the Tonnage Payment as if it had delivered the Base Tonnage of Contract Waste regardless of the quantity of Substitute Waste that the Contractor has been able to source subject to the provisions of 14.4.1. A reconciliation of the gate fees earned by the Contractor in respect of Substitute Waste and the Tonnage Payment paid by the Authority in respect of the Base Tonnage is calculated in paragraph 19 of this Schedule 4.

14.4.4 Calculation of the Adjusted Base Tonnage of Contract Waste ("ABT_y")

The Adjusted Base Tonnage of Contract Waste for each Contract Year shall be calculated in accordance with the following formula:

$$ABT_y = MBT_1 - NA_y - SW_y$$

where:

ABT_y = the Adjusted Base Tonnage of Contract Waste in the relevant Contract Year 'y'

MBT_1 = the Maximum Base Price Band one tonnage in the relevant Contract Year as set out in Appendix 1

NA_y = the tonnage of Contract Waste Not Accepted by the Contractor in the relevant Contract Year 'y'

SW = where the Contractor has failed to use reasonable endeavours to source Substitute Waste the number of tonnes of Substitute Waste that has not been sourced due to the failure to use reasonable endeavours

For the avoidance of doubt, the Tonnage Payment is still paid in instances where Substitute Waste is sourced subject to the provisions of this paragraph.

14.5 Adjusted Tranche 2/3 SCW Tonnage

14.5.1 Where the Contractor has failed to use reasonable endeavours to source SCW Substitute Waste, then the total tonnage of Tranche 2 SCW and Tranche 3 SCW which has been notified to be delivered in the relevant Contract Year pursuant to clauses 23.4.5.6, 23.4.6.2 and 23.4.8.2 of the Contract will be reduced by the number of tonnes of SCW Substitute Waste that has not been sourced due to the failure to use reasonable endeavours.

14.5.2 Where the Contractor has used reasonable endeavours to source SCW Substitute Waste where there is a SCW Shortfall, in accordance with clause 23.4.9. of the Contract, then the Authority will be obliged to pay the Tonnage Payment as if it had delivered the Tranche 2 SCW and Tranche 3 SCW regardless of the quantity of SCW Substitute Waste that the Contractor has been able to source. A reconciliation of the gate fees earned by the Contractor in respect of SCW Substitute Waste and the Tonnage Payment paid by the Authority in respect of the SCW Shortfall is calculated in paragraph 19 of this Schedule 4.

14.5.3 Calculation of the Adjusted Tranche 2/3 SCW Tonnage ("ASCW")

The Adjusted Tranche 2/3 SCW Tonnage for each Contract Year shall be calculated in accordance with the following formula:

$$ASCW = SCWN - SCW$$

where:

ASCW = The Adjusted Tranche 2/3 SCW Tonnage in the relevant Contract Year

SCWN = the total tonnage of Tranche 2 SCW and Tranche 3 SCW which has been notified to be delivered in the relevant Contract Year pursuant to Clauses 23.4.5.6, 23.4.6.2 and 23.4.8.2

SCW = where the Contractor has failed to use reasonable endeavours to source Supplementary Contract Waste the number of tonnes of Supplementary Contract Waste that has not been sourced due to the failure to use reasonable endeavours

For the avoidance of doubt, the Tonnage Payment is still paid in instances where Supplementary Contract Waste is sourced.

14.6 Supplementary Contract Waste Adjustment ("$SCWA_y$")

14.6.1 The Supplementary Contract Waste Adjustment reconciles the adjustments made during the Contract Year in respect of the first 5,000 tonnes of Tranche 1 SCW for the relevant Contract Year. This adjustment claws back the difference between the Base Price Band 2 and Base Price Band 3 price per tonne in respect of the first 5,000 tonnes of Tranche 1 SCW in the year less any Excess Tranche 1 SCW.

14.6.2 Calculation of the Supplementary Contract Waste Reconciliation

The Supplementary Contract Waste Reconciliation shall be calculated in accordance with the following formula:

$$SCWA_y = (\max(SCW_{B1y}, 0) \times BP2_{SCW})$$

where:

$SCWA_y$ = the Supplementary Contract Waste Adjustment in the relevant Contract Year 'y'

SCW_{B1y} = the lower of;

(i) 5,000 tonnes – SCW_{ETy}

and

(ii) $SCW_{T1y} – SCW_{ETy}$

where:

SCW_{ETy} = the total tonnage of Supplementary Contract Waste falling within Excess Tranche 1 SCW Processed in the relevant Contract Year 'y'

SCW_{T1y} = the total tonnage of Supplementary Contract Waste falling within Tranche 1 SCW Processed in the relevant Contract Year 'y'

$BP2_{SCW}$ = the difference between Band two Base Price Per Tonne and Band three Base Price per Tonne, calculated as:

$$BP2_{SCW} = BP_3 - BP_2$$

BP_3 = the Base Price per Tonne for Base Price Band three

BP_2 = the Base Price per Tonne for Base Price Band two

15 LANDFILL RECONCILIATION PAYMENT ("LRP")

15.1 The objective of the Landfill Reconciliation Payment is to reconcile the forecast cost of Landfill to the actual costs incurred in the Contract Year. The Landfill Reconciliation Payment may be calculated as a positive amount (resulting in a payment to the Contractor) or a negative amount (resulting in a reimbursement to the Authority by the Contractor). Any additional costs paid by the Authority will only be up to the Guaranteed Unprocessed Landfill Performance, Guaranteed APC Residue Landfill Performance and Guaranteed IBA Landfill Performance.

15.2 Calculation of the Landfill Reconciliation Payment ("LRP")

The Landfill Reconciliation Payment shall be calculated in accordance with the following formula:

$$LRP = ANP_R + APC_R + IBA_R$$

where:

LRP = the Landfill Reconciliation Payment in the relevant Contract Year

ANP_R = the Contract Waste Accepted but Not Processed Landfill Payment Reconciliation in the relevant Contract Year, calculated in accordance with paragraph 15.2.1 of this Schedule 4

APC_R = the APC Residue Landfill Payment Reconciliation in the relevant Contract Year, calculated in accordance with paragraph 15.2.2 of this Schedule 4

IBA_R = the IBA Landfill Payment Reconciliation in the relevant Contract Year, calculated in accordance with paragraph 15.2.3 of this Schedule 4

15.2.1 Calculation of Contract Waste Accepted but Not Processed Landfill Payment Reconciliation ("ANP_R")

The Contract Waste Accepted but Not Processed Landfill Payment Reconciliation shall be calculated in accordance with the following formula:

$$ANP_R = (L_R - ANP) \times (LGF_{ANP} + LT_R)$$

where:

ANP_R = the Contract Waste Accepted but Not Processed Landfill Payment Reconciliation in the relevant Contract Year

L_R = the lesser of AANP and GUL

AANP = the Actual Contract Waste Accepted but Not Processed in the relevant Contract Year

GUL = the Guaranteed Unprocessed Landfill Tonnage in the relevant Contract Year, calculated as:

$$GUL = AAT \times GUL_P$$

AAT = the Actual Tonnage of Contract Waste Accepted (excluding any Unacceptable Waste Accepted) in the relevant Contract Year

GUL_P = the Guaranteed Unprocessed Landfill Performance as shown in Appendix 3

ANP = the Forecast Contract Waste Accepted but Not Processed in the relevant Contract Year, as calculated in accordance with paragraph 7.3.1 of this Schedule 4

LGF_{ANP} = the Landfill Gate Fee for Contract Waste Accepted but Not Processed

LT_R = the prevailing rate of Active Landfill Tax levied in respect of Contract Waste Accepted but Not Processed in the relevant Contract Year

15.2.2 Calculation of APC Residue Landfill Payment Reconciliation ("APC_R")

The APC Residue Landfill Payment Reconciliation shall be calculated in accordance with the following formula:

$$APC_R = (LR_{APC} - APCT) \times (LGF_{APC} + LT_{APC})$$

where:

APC_R = the APC Residue Landfill Payment Reconciliation in the relevant Contract Year

LR_{APC} = the lesser of AAPC and GAPC

AAPC = the Actual APC Residue Landfill Tonnage in the relevant Contract Year calculated as:

$$AAPC = TAPC \times (CWT \div TT)$$

TAPC = the Total APC Residue Landfill Tonnage in the relevant Contract Year

CWT = the Contract Waste Treated in the relevant Contract Year

TT = the Total Treated Tonnage in the relevant Contract Year

GAPC = the Guaranteed APC Residue Landfill Tonnage in the relevant Contract Year, calculated as:

$$GAPC = CWT \times GAPC_P$$

$GAPC_P$ = Guaranteed APC Residue Landfill Performance as shown in Appendix 3

APCT = the Forecast APC Residue Landfill Tonnage in the relevant Contract Year, as calculated in accordance with paragraph 7.3.2 of this Schedule 4

LGF_{APC} = the Landfill Gate Fee for APC Residue per tonne

LT_{APC} = the prevailing rate of Active Landfill Tax levied in respect of APC Residue in the relevant Contract Year

15.2.3 Calculation of IBA Landfill Payment Reconciliation ("IBA_R")

The IBA Landfill Payment Reconciliation shall be calculated in accordance with the following formula:

$$IBA_R = (LR_{IBA} - IBA) \times (LGF_{IBA} + LT_{IBA})$$

where:

IBA_R = the IBA Landfill Payment Reconciliation in the relevant Contract Year

LR_{IBA} = the lesser of AIBA and GIBA

AIBA = the Actual IBA Landfill Tonnage in the relevant Contract Year calculated as:

$$AIBA = TIBA \times (CWT \div TT)$$

TIBA = the Total IBA Landfill Tonnage in the relevant Contract Year

CWT = the Contract Waste Treated in the relevant Contract Year

TT = the Total Treated Tonnage in the relevant Contract Year

GIBA = the Guaranteed IBA Landfill Tonnage in the relevant Contract Year, calculated as:

$$GIBA = CWT \times GIBA_P$$

$GIBA_P$ = the Guaranteed IBA Landfill Performance as shown in Appendix 3

IBA = the Forecast IBA Landfill Tonnage in the relevant Contract Year, as calculated in accordance with paragraph 7.3.3 of this Schedule 4

LGF_{IBA} = the Landfill Gate Fee for IBA per tonne

LT_{IBA} = the prevailing rate of Inactive Landfill Tax levied in respect of IBA in the relevant Contract Year

15.3 A positive amount represents an amount payable from the Authority to the Contractor.

15.4 Conversely, a negative amount represents the amount to be paid from the Contractor to the Authority.

16 DIVERSION SAVING BONUS ("DSB")

16.1 In any Contract Year, where the Contractor exceeds its Guaranteed Unprocessed Landfill Performance, Guaranteed APC Residue Landfill Performance or Guaranteed IBA Landfill Performance, the Authority will pay to the Contractor a Diversion Saving Bonus as follows:

(i) Where the Contractor exceeds its overall Guaranteed Diversion Rate, it will receive 50% of the Landfill cost saving in respect of the specific diversion element(s) in which over-performance occurred (i.e. unprocessed waste, APC residues and IBA residues).

(ii) Where the Contractor has not exceeded the overall Guaranteed Diversion Rate, it will receive 25% of the Authority's Landfill cost saving in respect of those diversion elements where over-performance was achieved.

16.2 Calculation of the Diversion Saving Bonus ("DSB")

16.3 The Diversion Saving Bonus shall be calculated in accordance with the following formulae:

where: $TLT \leq AAT \times GD_P$, **then:**

$$DSB = (50\% \times DSB_U) + (50\% \times DSB_{APC}) + (50\% \times DSU_{IBA})$$

where: $TLT > AAT \times GD_P$, **then:**

$$DSB = (25\% \times DSB_U) + (25\% \times DSB_{APC}) + (25\% \times DSU_{IBA})$$

where:

DSB = the Diversion Saving Bonus in the relevant Contract Year

TLT = the Total Landfill Tonnage in the relevant Contract Year, calculated as:

$$TLT = AANP + AAPC + AIBA$$

AANP = the Actual Contract Waste Accepted but Not Processed in the relevant Contract Year

AAPC = the Actual APC Residue Landfill Tonnage in the relevant Contract Year as calculated in accordance with paragraph 15.2.2 of this Schedule 4

AIBA = the Actual IBA Landfill Tonnage in the relevant Contract Year as calculated in accordance with paragraph 15.2.3 of this Schedule 4

AAT = the Actual Tonnage of Contract Waste Accepted (excluding any Unacceptable Waste Accepted) in the relevant Contract Year

GD_P = the Guaranteed Diversion Rate (%) as set in Appendix 3

DSB_U = the Diversion Saving Bonus in respect of Contract Waste Accepted but Not Processed in the relevant Contract Year

DSB_{APC} = the Diversion Saving Bonus in respect of APC Residue in the relevant Contract Year

DSB_{IBA} = the Diversion Saving Bonus in respect of IBA in the relevant Contract Year

16.3.1 Calculation of Diversion Saving Bonus in respect of Contract Waste Accepted but Not Processed ("DSB_U")

The Diversion Saving Bonus in respect of Contract Waste Accepted but Not Processed shall be calculated in accordance with the following formulae:

$$DSB_U = DS_U \times DSR_U$$

where:

DSB_U = the Diversion Saving Bonus in respect of Contract Waste Accepted but Not Processed in the relevant Contract Year

DS_U = max (0, ((AAT x GUL_P) – AANP))

AAT = the Actual Tonnage of Contract Waste Accepted (excluding any Unacceptable Waste Accepted) in the relevant Contract Year

GUL_P = the Guaranteed Unprocessed Landfill Performance as shown in Appendix 3

AANP = the Actual Contract Waste Accepted but Not Processed in the relevant Contract Year as calculated in paragraph 15.2.1

DSR_u = the Diversion Saving Bonus Rate in respect of Contract Waste Accepted but Not Processed in the relevant Contract Year, calculated as:

$$DSR_U = LT_R + LGF_{ANP}$$

LT_R = the prevailing rate of Active Landfill Tax applied to Contract Waste Not Accepted levied in the relevant Contract Year

LGF_{ANP} = the Landfill Gate Fee for Contract Waste Accepted but Not Processed

16.3.2 Calculation of Diversion Saving Bonus in respect of APC Residue ("DSB_{APC}")

The Diversion Saving Bonus in respect of APC Residue shall be calculated in accordance with the following formulae:

$$DSB_{APC} = DS_{APC} \times DSR_{APC}$$

where:

DSB_{APC} = the Diversion Saving Bonus in respect of APC Residue in the relevant Contract Year

DS_{APC} = max (0, ((CWT x $GAPC_P$) – AAPC))

CWT = the Contract Waste Treated in the relevant Contract Year

$GAPC_P$ = the Guaranteed APC Residue Landfill Performance as shown in Appendix 3

AAPC = the Actual APC Residue Landfill Tonnage in the relevant Contract Year, as calculated in accordance with paragraph 15.2.2 of this Schedule 4

DSR_{APC} = the APC Diversion Saving Bonus Rate in the relevant Contract Year, calculated as:

$$DSR_{APC} = LT_{APC} + LGF_{APC}$$

LT_{APC} = the prevailing rate of Active Landfill Tax applied to APC Residues levied in the relevant Contract Year

LGF_{APC} = the Landfill Gate Fee for APC Residue per tonne

16.3.3 Calculation of Diversion Saving Bonus in respect of IBA ("DSB_{IBA}")

The Diversion Saving Bonus in respect of IBA shall be calculated in accordance with the following formulae:

$$DSB_{IBA} = DS_{IBA} \times DSR_{IBA}$$

where:

DSB_{IBA} = the Diversion Saving Bonus in respect of IBA in the relevant Contract Year

DS_{IBA} = max (0, ((CWT x $GIBA_P$) – AIBA))

CWT = the Contract Waste Treated in the relevant Contract Year

$GIBA_P$ = the Guaranteed IBA Landfill Performance as shown in Appendix 3

AIBA = the Actual IBA Landfill Tonnage in the relevant Contract Year, as calculated in accordance with paragraph 15.2.3 of this Schedule 4

DSR_{IBA} = the IBA Diversion Saving Bonus Rate in the relevant Contract Year, calculated as:

$$DSR_{IBA} = LT_{IBA} + LGF_{IBA}$$

LT_{IBA} = the prevailing rate of Inactive Landfill Tax levied in the relevant Contract Year

LGF_{IBA} = the Landfill Gate Fee for IBA per tonne

16.3.4 For the avoidance of doubt, the Diversion Saving Bonus will be paid to the Contractor if any of DSB_U and DSB_{APC} and DSB_{IBA} are calculated to be greater than zero (0).

17 DIVERSION PERFORMANCE DEDUCTION ("DPD")

17.1 Where the Contractor fails to achieve any of the Guaranteed Unprocessed Landfill Performance, Guaranteed APC Residue Landfill Performance or Guaranteed IBA Landfill Performance, the Contractor will be liable to the Diversion Performance Deduction.

17.2 Calculation of the Diversion Performance Deduction ("DPD")

17.2.1 The Diversion Performance Deduction shall be calculated in accordance with the following formula:

$$DPD = DPD_U + DPD_{APC} + DPD_{IBA}$$

where:

DPD	=	the Diversion Performance Deduction in the relevant Contract Year
DPD_U	=	the Diversion Performance Deduction in respect of Contract Waste Accepted but Not Processed in the relevant Contract Year, calculated in accordance with paragraph 17.2.2 of this Schedule 4
DPD_{APC}	=	the Diversion Performance Deduction in respect of APC Residue in the relevant Contract Year, calculated in accordance with paragraph 17.2.3 of this Schedule 4
DPD_{IBA}	=	the Diversion Performance Deduction in respect of IBA in the relevant Contract Year, calculated in accordance with paragraph 17.2.4 of this Schedule 4

17.2.2 Calculation of Diversion Performance Deduction in respect of Contract Waste Accepted but Not Processed ("DPD_U")

The Diversion Performance Deduction in respect of Contract Waste Accepted but Not Processed shall be calculated in accordance with the following formula:

$$DPD_U = DP_U \times DPR_U$$

where:

DPD_U	=	the Diversion Performance Deduction in respect of Contract Waste Accepted but Not Processed in the relevant Contract Year
DP_U	=	max(0, AANP – (AAT x GUL_P))
AANP	=	the Actual Contract Waste Accepted but Not Processed in the relevant Contract Year
AAT	=	the Actual Tonnage of Contract Waste Accepted (excluding any Unacceptable Waste Accepted) in the relevant Contract Year
GUL_P	=	the Guaranteed Unprocessed Landfill Performance as shown in Appendix 3
DPR_u	=	the Diversion Performance Deduction Rate

17.2.3 Calculation of Diversion Performance Deduction in respect of APC Residue ("DPD_{APC}")

The Diversion Performance Deduction in respect of APC Residue shall be calculated in accordance with the following formula:

$$DPD_{APC} = DP_{APC} \times DPR_{APC}$$

where:

DPD_{APC}	=	the Diversion Performance Deduction in respect of APC Residue in the relevant Contract Year
DP_{APC}	=	max(0, AAPC – (CWT x $GAPC_P$))
AAPC	=	the Actual APC Residue Landfill Tonnage in the relevant Contract Year, as calculated in accordance with paragraph 15.2.2 of this Schedule 4
CWT	=	the Contract Waste Treated in the relevant Contract Year
$GAPC_P$	=	the Guaranteed APC Residue Landfill Performance as shown in Appendix 3
DPR_{APC}	=	the APC Diversion Performance Deduction Rate

17.2.4 Calculation of Diversion Performance Deduction in respect of IBA ("DPD_{IBA}")

The Diversion Performance Deduction in respect of IBA shall be calculated in accordance with the following formula:

$$DPD_{IBA} = DP_{IBA} \times DPR_{IBA}$$

where:

DPD_{IBA}	=	the Diversion Performance Deduction in respect of IBA in the relevant Contract Year
DP_{IBA}	=	max (0, AIBA – (CWT x $GIBA_P$))
AIBA	=	the Actual IBA Landfill Tonnage in the relevant Contract Year, as calculated in accordance with paragraph 15.2.3 of this Schedule 4
CWT	=	the Contract Waste Treated in the relevant Contract Year
$GIBA_P$	=	the Guaranteed IBA Landfill Performance as shown in Appendix 3
DPR_{IBA}	=	the IBA Diversion Performance Deduction Rate

In the event that DPD_U, DPD_{APC}, or DPD_{IBA} for any Contract Year is calculated as a negative number, then the value of DPD_U, DPD_{APC}, or DPD_{IBA} shall be deemed to be zero (0).

18 NNDR RECONCILIATION PAYMENT ("$NNDR_R$")

18.1 The purpose of the NNDR Reconciliation Payment is to adjust the payments made to the Contractor for the relevant Contract Year to reflect the Authority share of the NNDR Rates Bill based on the Actual Tonnage of Contract Waste.

18.2 Calculation of the NNDR Reconciliation Payment ("$NNDR_R$")

The NNDR Reconciliation Payment shall be calculated in accordance with the following formula:

$$NNDR_R = NNDR_{CALC} - \sum_{m=1}^{12} NNDR_m$$

where:

$NNDR_R$ = the NNDR Reconciliation Payment in the relevant Contract Year

$NNDR_{CALC}$ = the Calculated NNDR Payment in the relevant Contract Year, calculated as:

$$NNDR_{CALC} = RB \times (NNDR_{RT} \div MT)$$

RB = the NNDR Rates Bill in the relevant Contract Year

$NNDR_{RT}$ = the tonnage of waste to calculate the Authority share of actual NNDR payment calculated as the higher of:

a) $AT_Y + ASCW - SCW_{t2} - SCW_{t3}$; and

b) ABT + ASCW

AT_Y = the Actual Tonnage of Contract Waste in the relevant Contract Year 'y'

ASCW = the Adjusted Tranche 2/3 SCW Tonnage in the relevant Contract Year as calculated in accordance with paragraph 14.5.3 of this Schedule 4

SCW_{t2} = the Tranche 2 SCW Tonnage Accepted in the relevant Contract Year in accordance with Clause 14.3.3 of this Schedule 4

SCW_{t3} = the Tranche 3 SCW Tonnage Accepted in the relevant Contract Year in accordance with Clause 14.3.3 of the this Schedule 4

ABT = the Adjusted Base Tonnage in the relevant Contract Year as calculated in accordance with paragraph 14.4.4 of this Schedule 4

MT = the Maximum Tonnage

$\sum_{m=1}^{12} NNDR_m$ = the sum of the National Non-Domestic Rates paid by the Authority in the relevant Contract Year calculated and paid in accordance with paragraph 12.2.1 of this Schedule 4

19 SUBSTITUTE WASTE AND SCW SUBSTITUTE WASTE SHORTFALL PAYMENT ("SSWP")

19.1 Calculation of the Substitute Waste and SCW Substitute Waste Shortfall Payment ("SSWP")

Where, in a relevant Contract Year, the Authority fails to deliver the Base Tonnage of Contract Waste and/or there is a SCW Shortfall tonnage recorded then the Substitute Waste and SCW Substitute Waste Shortfall Payment will be calculated in accordance with the following formula:

$$SSWP = SW_{PRO} + SW_{ELEC} - SSWI$$

where:

SSWP = the Substitute Waste and SCW Substitute Waste Shortfall Payment in the relevant Contract Year

SW_{PRO} = the amount (in pounds) of lost Third Party Income, in the relevant Contract Year, relating to the sale of Products, in respect of Contract Waste and Substitute Waste together being less than the Adjusted Base Tonnage of Contract Waste and/or in respect of a SCW Substitute Waste Shortfall, calculated in accordance with paragraph 19.2 of this Schedule 4

SW_{ELEC} = the amount (in pounds) of lost Third Party Income, in the relevant Contract Year, relating to the sale of electricity, in respect of Contract Waste and Substitute Waste together being less than the Adjusted Base Tonnage of Contract Waste and/or in respect of a SCW Substitute Waste Shortfall, calculated in accordance with paragraph 19.3 of this Schedule 4

SSWI = the Substitute Waste and SCW Shortfall Substitute Waste Income in the relevant Contract Year as calculated in accordance with paragraph 19.4 of this Schedule 4

For the avoidance of doubt, Substitute Waste Tonnages shall be allocated against the Adjusted Base Tonnage of Contract Waste before Tranche 2 and 3 Supplementary Contract Waste shortfalls.

19.2 Calculation of the Substitute Waste and SCW Substitute Waste Shortfall Payment relating to the sale of Products ("SW_{PRO}")

The Substitute Waste and SCW Substitute Waste Shortfall Payment relating to the sale of Products shall be calculated in accordance with the following formula:

$$SW_{PRO} = ((SWS + SCWS) \div TT) \times PRO$$

where:

SW_{PRO} = the amount (in pounds) of lost Third Party Income, in the relevant Contract Year, relating to the sale of Products, in respect of Contract Waste and Substitute Waste together being less than the Adjusted Base Tonnage of Contract Waste and/or in respect of a SCW Substitute Waste Shortfall

SWS = the Substitute Waste Shortfall Tonnage in the relevant Contract Year calculated as:

$$SWS = max(0, ABT_y - AAT - SWT)$$

ABT_y = the Adjusted Base Tonnage of Contract Waste in the relevant Contract Year 'y' as calculated in accordance with paragraph 14.4.4 of this Schedule 4

AAT = the Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) in the relevant Contract Year

SWT = the tonnage of Substitute Waste received by the Contractor for the relevant Contract Year

SCWS = the Actual SCW Substitute Waste Shortfall Tonnage in the relevant Contract Year, calculated as:

SCWS = ASCW - SCW_{t2} – SCW_{t3}- SCWT

ASCW = the Adjusted Tranche 2/3 SCW tonnage in the relevant Contract Year as calculated in accordance with paragraph 14.5.3 of this Schedule 4

SCW_{t2} = the Tranche 2 SCW Tonnage Accepted in the relevant Contract Year in accordance with paragraph 14.3.3 of this Schedule 4

SCW_{t3} = the Tranche 3 SCW Tonnage Accepted in the relevant Contract Year in accordance with paragraph 14.3.3 of this Schedule 4

SCWT = the tonnage of SCW Substitute Waste received by the Contractor for the relevant Contract Year

TT = the Total Treated Tonnage in the relevant Contract Year

PRO = the actual amount (in pounds) of revenue received by the Contractor from the sale of Products in the relevant Contract Year

19.3 Calculation of the Substitute Waste and SCW Substitute Waste Shortfall Payment relating to the sale of electricity ("SW_{ELEC}")

The Substitute Waste and SCW Shortfall Payment relating to the sale of electricity shall be calculated in accordance with the following formula:

$$SW_{ELEC} = ((SWS + SCWS) \div TT) \times (AEO_y + NEO_y) \times EP_G$$

where:

SW_{ELEC} = the amount (in pounds) of lost Third Party Income, in the relevant Contract Year, relating to the sale of electricity, in respect of Contract Waste and Substitute Waste together being less than the Adjusted Base Tonnage of Contract Waste and/or in respect of a SCW Substitute Waste Shortfall

SWS = the Substitute Waste Shortfall tonnage in the relevant Contract Year calculated in accordance with paragraph 19.2 of this Schedule 4

SCWS = the Actual SCW Shortfall Tonnage in the relevant Contract Year as calculated in accordance with paragraph 19.2 of this Schedule 4

TT = the Total Treated Tonnage in the relevant Contract Year

AEO_y = the actual Electrical Output exported in the relevant Contract Year 'y'

NEO_y = the MWh of Notional Electrical Output in the relevant Contract Year 'y'

EP_G = the Guaranteed Electricity Price

19.4 Calculation of the Substitute Waste and SCW Substitute Waste Shortfall Income ("SSWI")

The Substitute Waste and SCW Substitute Waste Shortfall Income shall be calculated in accordance with the following formula:

SSWI = the lower of:

SWI and SCWI

where:

SSWI = the Substitute Waste and SCW Substitute Waste Shortfall Income in the relevant Contract Year

SWI = the Substitute Waste and SCW Substitute Waste Income received by the Contractor in the relevant Contract Year calculated as:

$$\mathbf{SWI = SW_{TPI} + SCW_{TPI}}$$

SW_{TPI} = the Third Party Income in relation to gate fees received in respect of Substitute Waste handled by the Contractor in the relevant Contract Year

SCW_{TPI} = the Third Party Income in relation to gate fees received from SCW Substitute Waste handled by the Contractor in the relevant Contract Year

SCWI = the Substitute Waste and SCW Substitute Waste Tonnage Payment received by the Contractor in the relevant Contract Year calculated as:

SCWI = SWTP + SCWTP

SWTP = the Substitute Waste Tonnage Payments in the relevant Contract Year, being the amount of the sum of the Tonnage Payments received by the Contractor for tonnages which the Authority failed to deliver within the Base Tonnage calculated as:

$$\boxed{\mathbf{SWTP = SWT \times BP_1}}$$

SWT = the tonnage of Substitute Waste received by the Contractor for the relevant Contract Year

BP_1 = the Base Price per Tonne for Base Price Band one

BP_3 = the Base Price per Tonne for Base Price Band three

SCWTP = the SCW Substitute Waste Tonnage Payment in the relevant Contract Year, being the amount of the sum of the Tonnage Payments received by the Contractor for tonnages of Tranche 2 SCW and Tranche 3 SCW Contract Waste which the Authority failed to deliver under the provisions of clause 23.4.8 of the Contract, calculated as:

$$\mathbf{SCWTP = SCWT \times BP_3}$$

SCWT = the tonnage of SCW Substitute Waste handled by the Contractor for the relevant Contract Year

20 ELECTRICITY VOLUME GUARANTEE ADJUSTMENT ("EV")

20.1 This paragraph applies from the Commercial Operations Date.

20.2 The Electricity Volume Guarantee Adjustment calculates the payment to be made to the Contractor in respect of paying actual market price for electricity output where the actual MWh of Electrical Output in respect of the relevant Contract Year is greater than the Guaranteed MWh of Electrical Output in respect of the relevant Contract Year.

20.3 Subject to paragraph 20.4, the Contractor shall only be entitled to payment in respect of LECS actually Transferred to the Authority, and such payments shall be recovered in the event that any LEC is subsequently revoked following a Transfer (as defined in Schedule 33) as a result of the Contractor's breach of any applicable Legislation, Guidance or Schedule 33 and such LEC is not subsequently replaced by the Contractor pursuant to Annex 1 of Schedule 33 or the Offtake Agreement.

20.4 In the event that LECs are no longer applicable to the Facility due to a Change in Law, the Contractor shall still be entitled to the Guaranteed LECs Price.

20.4.1 Calculation of the Electricity Volume Guarantee Adjustment ("EV")

The Electricity Volume Guarantee Adjustment shall be calculated in accordance with the following formula:

Where:

$$AEO_y + NEO_y > GEO_y$$

Then:

$$EV = (NEO_y + AEO_y - GEO_y) \times ((OP_y / AEO_y) - GPP)$$

Where:

EV	=	the Electricity Volume Guarantee Adjustment in the relevant Contract Year
GEO_y	=	the Guaranteed MWh of Electrical Output in the relevant Contract Year 'y', as set out in Appendix 5 of this Schedule 4
AEO_y	=	the actual Electrical Output exported in the relevant Contract Year 'y'
NEO_y	=	the MWh of Notional Electrical Output in the relevant Contract Year 'y'
GPP	=	the Guaranteed Power Price per MWh of Electrical Output as calculated in accordance with paragraph 11.8.1 of this Schedule 4
OP_y	=	the total payment for the Electrical Output in the Relevant Contract Year 'y' as set out and/or determined in the relevant Offtake Agreement(s)

21 THIRD PARTY INCOME DEDUCTION ("TPD")

21.1 The Third Party Income Deduction allows any additional Third Party Income (for the categories of Third Party Income set out at 21.2) received by the Contractor over and above the Guaranteed Third Party Income to be shared with the Authority net of any Substitute Waste and SCW Shortfall Clawback Payments calculated in paragraph 23.1 of this Schedule 4.

21.2 The Third Party Income Deduction applies to:

i) income derived from the sale of Products (with the exception of IBA and recyclates) in accordance with paragraph 21.4 of this Schedule 4;

ii) income derived from the handling, receipt and Processing of Third Party Waste in relation to gate fees, in accordance with paragraph 21.5 of this Schedule 4;

iii) income derived from the handling, receipt and Processing of Substitute Waste and SCW Substitute Waste in accordance with paragraph 21.6 of this Schedule 4; and

iv) Third Party Income derived from Other Sources in accordance with paragraph 21.7 of this Schedule 4.

21.3 Calculation of the Third Party Income Deduction ("TPD")

21.3.1 The Third Party Income Deduction for each Contract Year shall be calculated in accordance with the following formula:

$$TPD = \left(TPI_{yn} - \sum_{y=1}^{n} SWCP_y \right) \times 50\% - \sum_{y=1}^{n-1} TPDy$$

where:

TPD = the Third Party Income Deduction for the relevant Contract Year

TPI_{yn} = the net excess Third Party Income received by the Contractor during the period from the Services Commencement Date up to and including the relevant Contract Year 'y', calculated as:

$$TPI_{yn} = \left(TPI_{PROy} + TDI_{TPWy} + TPI_{SWy} + TPI_{OTHy} \right)$$

TPI_{PROy} = the variance between guaranteed and actual Third Party Income received by the Contractor in relation to income derived from the sale of Products (with the exception of IBA and recyclates) during the period from the Services Commencement Date up to and including the relevant Contract Year 'y' as calculated in accordance with paragraph 21.4 of this Schedule 4

TPI_{TPWy} = the variance between guaranteed and actual Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band three (excluding Third Party Waste secured by the Contractor in relation to a SCW Substitute Waste Shortfall) handled by the Contractor during the period from the Services Commencement Date up to and including the relevant Contract Year 'y' as calculated in accordance with paragraph 21.5 of this Schedule 4

TPI_{SWy} = the variance between the Tonnage Payment received by the Contractor and actual Third Party Income received by the Contractor in relation to Substitute Waste and SCW Substitute Waste gate fees

handled by the Contractor during the period from the Services Commencement Date up to and including the relevant Contract Year 'y' as calculated in accordance with paragraph 21.6 of this Schedule 4

TPI_{OTHy} = the amount of Third Party Income received by the Contractor in relation to income derived from Other Sources during the period from the Services Commencement Date up to and including the relevant Contract Year 'y' as calculated in accordance with paragraph 21.7.1 of this Schedule 4

$\sum_{y=1}^{n} SWCP_y$ = the sum of Substitute Waste and SCW Substitute Waste Shortfall Clawback Payments received by the Authority from the Contractor during the period from the Services Commencement Date up to and including the current Contract Year 'n', as calculated in accordance with paragraph 23 of this Schedule 4

$\sum_{y=1}^{n-1} TPD_y$ = the cumulative amount of Third Party Income Deductions received by the Authority from the Contractor during the period from the Services Commencement Date up to and including the previous Contract Year 'n-1'

21.3.2 In the event that either $\boxed{TPI_{yn}}$ or $\boxed{\sum_{y=1}^{n-1} TPD_y}$ for any Contract Year is calculated as a negative number, then the value of TPI_y or TPD shall be deemed to be zero (0).

21.4 Third Party Income from Products ("TPI_{PROn}")

21.4.1

The excess Third Party Income received by the Contractor in relation to income derived from the sale of Products (with the exception of IBA and recyclates) shall be calculated in accordance with the following formula:

$$\boxed{TPI_{PROy}=(AR_{PRO} - GR_{PRO}) + TPI_{PROy-1}}$$

where:

TPI_{PROy} the variance between guaranteed and actual Third Party Income received by the Contractor in relation to income derived from the sale of Products (other than IBA and recyclates) during the relevant Contract Year 'y'

AR_{PRO} = the actual revenue (in pounds) received by the Contractor from the sale of Products (other than IBA and recyclates) in the relevant Contract Year

GR_{PRO} = the amount (in pounds) of Guaranteed Third Party Income from the sale of Products (other than IBA and recyclates) in the relevant Contract Year as set out in Appendix 4 of this Schedule 4

TPI_{PROy-1} = the cumulative variance between guaranteed and actual Third Party Income received by the Contractor in relation to income derived from the sale of Products (other than IBA and recyclates) during the period from the Services Commencement Date up to and including the prior Contract Year 'y-1'

If TPI_{PRO} is calculated for any Contract Year to be a negative number pursuant to this paragraph 21.4 of this Schedule 4, then TPI_{PRO} for such Contract Year shall be deemed to be zero (0).

In any Contract Year the Contractor shall be entitled to retain any and all excess Third Party Income derived from the sale of IBA and recyclates.

21.5 Third Party Income from Third Party Waste ("TPI_{TPWy}")

21.5.1 The excess Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band three handled by the Contractor during the relevant Contract Year shall be calculated in accordance with the following formula:

$$TPI_{TPWy} = (AR_{TPW} - GR_{TPW}) + TPI_{TPWy-1}$$

where:

TPI_{TPWy} = the variance between guaranteed and actual Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band three (excluding Third Party Waste secured by the Contractor in relation to a SCW Substitute Waste Shortfall) handled by the Contractor during the period from the Services Commencement Date up to and including the relevant Contract Year 'y'

AR_{TPW} = the actual amount (in pounds) of Third Party Income received by the Contractor in relation to gate fees received by the Contractor derived from Third Party Waste (excluding gate fees in relation to Third Party Waste secured by the Contractor in relation to a SCW Substitute Waste Shortfall) falling into Base Price Band three handled by the Contractor in the relevant Contract Year

GR_{TPW} = the amount (in pounds) of Guaranteed Third Party Income from Third Party Waste gate fees to be handled by the Contractor in the relevant Contract Year as set out in Appendix 4 of this Schedule 4

TPI_{TPWy-1} = the cumulative variance between guaranteed and actual Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band three (excluding gate fees in relation to Third Party Waste secured by the Contractor in relation to a SCW Substitute Waste Shortfall) handled by the Contractor during the period from the Services Commencement Date up to and including the previous Contract Year 'y-1'

21.5.2 If TPI_{TPW} is calculated for any Contract Year to be a negative number pursuant to this paragraph 21.5 of this Schedule 4 then for the purposes of calculating TPI_y as set out in paragraph 21.3.1 of this Schedule 4, TPI_{TPW} for such Contract Year shall be deemed to be zero (0).

21.5.3 For the avoidance of doubt, all gate fees derived from Third Party Waste shall be deemed to fall into Base Price Band three, unless the actual tonnage of Third Party Waste in the relevant Contract Year exceeds the Maximum Tonnage less the Forecast Annual Contract Waste in the relevant Contract Year. Where this occurs, gate fees derived from Third Party Waste in the relevant Contract Year shall be allocated firstly into Base Price Band three, then Base Price Band two, by applying the gate fee(s) achieved by the Contractor for Third Party Waste in descending order.

21.6 Third Party Income from Substitute Waste and SCW Substitute Waste ("TPI_{SW}")

21.6.1 The excess Third Party Income received by the Contractor in relation to income derived from Substitute Waste and SCW Substitute Waste gate fees handled by the Contractor in any Contract Year shall be calculated in accordance with the following formula:

$$TPI_{SWy} = (SWI - SSWI) + TPI_{SWy-1}$$

where:

TPI_{SWy} = the variance between the Tonnage Payment received by the Contractor in respect of Substitute Waste and SCW Substitute Waste and the actual Third Party Income received by the Contractor in relation to Substitute Waste and SCW Substitute Waste gate fees handled by the Contractor during the period from the Services Commencement Date up to and including the relevant Contract Year 'y'

SWI = the Substitute Waste and SCW Substitute Waste Income received by the Contractor in the relevant Contract Year

SSWI = the Substitute Waste and SCW Substitute Waste Shortfall Income received by the Contractor in the relevant Contract Year as calculated in accordance with paragraph 19.4 of this Schedule 4

TPI_{SWy-1} = the cumulative variance between the Tonnage Payment received by the Contractor in respect of Substitute Waste and SCW Substitute Waste and the actual Third Party Income received by the Contractor in relation to Substitute Waste and SCW Substitute Waste gate fees handled by the Contractor during the period from the Services Commencement Date up to and including the previous Contract Year 'y-1'

21.7 Third Party Income from Other Sources ("TPI_{OTHy}")

21.7.1 The Third Party Income received by the Contractor in relation to income derived from Other Sources in any Contract Year shall be calculated in accordance with the following formula:

$$TPI_{OTHy} = AT_{OTH} + AT_{OTHy-1}$$

where:

TPI_{OTHy} = the amount of Third Party Income received by the Contractor in relation to income derived from Other Sources during the relevant Contract Year 'y'

AT_{OTH} = the actual amount (in pounds) of Third Party Income received by the Contractor derived from Other Sources in the relevant Contract Year

AT_{OTHy-1} = the cumulative amount (in pounds) of Third Party Income received by the Contractor derived from Other Sources during the period from the Services Commencement Date up to and including the previous Contract Year 'y-1'

22 THIRD PARTY WASTE REBATE PAYMENT ("TPW_R")

22.1 The Third Party Waste Rebate Payment shares income derived from Third Party Waste falling into Base Price Band two being treated at the Facility in each Contract Year. The Third Party Waste Rebate Payment will therefore be a Deduction from the Unitary Charge.

22.2 The Third Party Waste Rebate Payment applies where the Actual Tonnage of Contract Waste (excluding any Unacceptable Waste Accepted) falling into Base Price Band two in the relevant Contract Year is less than the Forecast Annual Contract Waste falling into Base Price Band two. The allocation of this Third Party Waste will be undertaken in accordance with paragraph 21.5.3. Otherwise the Third Party Waste Rebate Payment shall be assumed to be zero (0).

22.3 The Third Party Waste Rebate Payment mechanism shall be applied as follows:

i. Of the average gate fees derived from Third Party Waste falling into band two, the Base Price per Tonne for Base Price Band two (BP_2) equivalent is retained by the Contractor to restore it to Base Case income where the Authority has not delivered the Forecast Annual Contract Waste;

ii. The amount between BP_2 and the rate guaranteed in the financial model by the Contractor for Third Party Waste is shared 70%:30% in the Authority's favour;

iii. Income in excess of that generated by the rate guaranteed in the financial model by the Contractor for Third Party Waste is shared 50%:50% between the Authority and Contractor.

22.4 Where the actual cumulative income derived from Third Party Waste falling into Base Price Band three is below the forecast cumulative income derived from Third Party Waste falling into Base Price Band three, the cumulative revenue shortfall shall be deducted from the total gate fees derived from Third Party Waste falling into Base Price Band two, before the mechanism set out in paragraph 22.6.2.2 is applied, as per the calculation set out in paragraph 22.6.2.3 below.

22.5 Where the actual income derived from Third Party Waste gate fees falling into Base Price Band three is greater than the Guaranteed Third Party Income in respect of such gate fees, the excess income will continue to be shared between the Authority and Contractor on the basis set out in paragraph 21 (Third Party Income Deduction) of this Schedule 4.

22.6 Calculation of the Third Party Waste Rebate Payment ("TPW_R")

22.6.1 The Third Party Waste Rebate Payment shall be calculated based on the Average Actual Third Party Waste Gate Fee (AGF_{TPW}) in the relevant Contract Year. The Average Actual Third Party Waste Gate Fee shall be calculated as follows:

$$\boxed{AGF_{TPW} = AR_{TPW} \div TAT_{TPW}}$$

where:

AGF_{TPW} = the Average Actual Third Party Waste Gate Fee for Third Party Waste received by the Contractor falling into Base Price Band two in the relevant Contract Year

AR_{TPW} = the actual amount (in pounds) of Third Party Income received by the Contractor in relation to gate fees received by the Contactor derived from Third Party Waste falling into Base Price Band two handed by the Contractor in the relevant Contract Year

TAT_{TPW} = the actual tonnage of Third Party Waste falling into Base Price Band two received and handled by the Contractor in the relevant Contract Year. The allocation of this Third Party Waste will be undertaken in accordance with paragraph 21.5.3

22.6.2 The Third Party Waste Rebate Payment shall be calculated as follows:

22.6.2.1 Where the Average Actual Third Party Waste Gate Fee in the relevant Contract Year is less than or equal to the Band two Base Price per Tonne, the Third Party Waste Rebate Payment (TPW_R) shall be equal to zero (0).

22.6.2.2 Where the Average Actual Third Party Waste Gate Fee in the relevant Contract Year is greater than the Band two Base Price per Tonne then TPW_R shall be calculated as follows:

$$TPW_R = \max\left(0, \left(\left(TPW_{BNy} + \min\left(0, TPI_{TPWy}\right)\right) \times 70\% + TPW_{BAy} \times 50\% - \sum_{y=1}^{n-1} TPW_{Ry}\right)\right)$$

where:

TPW_R = the Third Party Waste Rebate Payment in the relevant Contract Year

TPW_{BNy} = the tonnage of Third Party Waste falling into Base Price Band two received by the Contractor, multiplied in each Contract Year by the relevant difference between the Base Price per tonne BP2 and the lower of the Average Actual Third Party Waste Gate fee and the rate guaranteed in the financial model by the Contractor for Third Party Waste, measured on a cumulative basis for the period from the Services Commencement Date up to and including the relevant Contract Year 'y' by applying the relevant rates for the each Contract Year to the relevant tonnage for the same Contract Year.

TPI_{TPWy} = the variance between guaranteed and actual Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band three (excluding Third Party Waste secured by the Contractor in relation to a SCW Shortfall) handled by the Contractor during the period from the Services Commencement Date up to and including the relevant Contract Year 'y', as calculated in accordance with paragraph 21.5.1 of this Schedule 4

TPW_{BAy} = the tonnage of Third Party Waste falling into Base Price Band two received by the Contractor, multiplied in each Contract Year by the relevant difference between the rate guaranteed in the financial model by the Contractor for Third Party Waste and the Average Actual Third Party Waste Gate fee, measured on a cumulative basis for the period from the Services Commencement Date up to and including the relevant Contract Year 'y' by applying the relevant rates for the each Contract Year to the relevant tonnage for the same Contract Year.

$\sum_{y=1}^{n-1} TPW_{Ry}$ = the cumulative amount of Third Party Waste Rebate Payments received by the Authority during the period from the Services Commencement Date up to and including the previous Contract Year, calculated in accordance with paragraph 22.6.2.2 of this Schedule 4

22.6.2.3 The cumulative variance in the Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on BP_2 versus the rate guaranteed in the financial model by the Contractor for Third Party Waste shall be calculated as follows:

$$TPW_{BNy} = AT_{BNy} + \sum_{y=1}^{n-1} AT_{BNy}$$

where:

TPW_{BNy} = the cumulative variance between Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on BP_2 and Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on the rate guaranteed in the financial model by the Contractor for Third Party Waste during the period from the Services Commencement up to and including the relevant Contract Year 'y'

AT_{BNy} = the variance between Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on BP_2 and Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on the rate guaranteed in the financial model by the Contractor for Third Party Waste in the relevant Contract Year 'y' calculated as:

$$AT_{BN} = (\min(AGT_{TPW}, GGT_{TPW}) - BP_2) \times AT_{TPW}$$

AGT_{TPW} = the Average Actual Third Party Waste Gate Fee achieved for Third Party Waste falling into Base Price Band two in the relevant Contract Year

GGT_{TPW} = the rate for Third Party Waste guaranteed by the Contractor, as set out in Appendix 4

BP_2 = the Base Price per Tonne for Base Price Band two

AT_{TPW} = the actual tonnage of Third Party Waste falling into Base Price Band two in the relevant Contract Year. The allocation of this Third Party Waste will be undertaken in accordance with paragraph 21.5.3

$\sum_{y=1}^{n-1} AT_{BNy}$ = the cumulative variance between Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on BP_2, and Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on the rate guaranteed in the financial model by the Contractor for Third Party Waste during the period from the Services Commencement Date up to and including the prior Contract Year 'n-1'

22.6.2.4 The cumulative variance in Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band

two based on the Average Actual Third Party Waste Gate Fee over and above the rate guaranteed in the financial model by the Contractor for Third Party Waste shall be calculated as follows:

$$TPW_{BAy} = AT_{BA} + \sum_{y=1}^{n-1} AT_{BAy}$$

where:

TPW_{BAy} = the cumulative Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on the Average Actual Third Party Waste Gate fee, over and above Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two based on the rate guaranteed in the financial model by the Contractor for Third Party Waste during the period from the Services Commencement Date up to and including the relevant Contract Year 'y'

AT_{BA} = the Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two above the rate guaranteed in the financial model by the Contractor for Third Party Waste in the relevant Contract Year calculated as:

$$AT_{BA} = (\max(0, (AGT_{TPW} - GGT_{TPW}))) \times AT_{TPW}$$

AGT_{TPW} = the Average Actual Gate Fee achieved for Third Party Waste falling into Base Price Band two in the relevant Contract Year

GGT_{TPW} = the rate for Third Party Waste guaranteed by the Contractor, as set out in Appendix 4

AT_{TPW} = the actual tonnage of Third Party Waste falling into Base Price Band two in the relevant Contract Year. The allocation of this Third Party Waste will be undertaken in accordance with paragraph 21.5.3

$\sum_{y=1}^{n-1} AT_{BAy}$ = the cumulative Third Party Income received by the Contractor in relation to gate fees derived from Third Party Waste falling into Base Price Band two above the rate guaranteed in the financial model by the Contractor for Third Party Waste during the period from the Services Commencement Date up to and including the prior Contract Year 'n-1'

23 SUBSTITUTE WASTE AND SCW SUBSTITUTE WASTE SHORTFALL CLAWBACK PAYMENT ("SWCP")

23.1 Where the Authority has made, over the course of the current and four prior Contract Years, Substitute Waste and SCW Substitute Waste Shortfall Payments to the Contractor, the Authority shall be entitled to receive excess Third Party Income received by the Contractor (for the categories of Third Party Income set out at 21.2) prior to the sharing of such revenues with the Contractor in accordance with paragraph 21 (Third Party Income Deduction) to this Schedule 4. The Substitute Waste and SCW Substitute Waste Shortfall Clawback Payment (SWCP) will be calculated in accordance with the following formula:

SWCP = the lower of:

$$\left(\sum_{y=n-4}^{n} \mathrm{TPI}_{yn} - \sum_{y=n-4}^{n-1} SWCP - \sum_{y=n-4}^{n-1} \mathrm{TPD}_{y}\right) \times 40\%$$

and

$$\mathrm{Max}\left(\sum_{y=n-4}^{n} \mathrm{SCWI}_{y} + \sum_{y=n-4}^{n} \mathrm{SSWP}_{y} - \sum_{y=n-4}^{n1} \mathrm{TPD}_{y} - \sum_{y=n-4}^{n-1} \mathrm{SWCP}_{y}, 0\right)$$

where:

SWCP = the Substitute Waste and SCW Substitute Shortfall Clawback Payment in the relevant Contract Year 'y'

$\sum_{y=n-4}^{n} \mathrm{TPI}_{yn}$ = the net excess Third Party Income (for the categories of Third Party Income set out at 21.2) received by the Contractor in the current and four prior Contract Year as calculated in accordance with paragraph 21.3 of this Schedule 4

$\sum_{y=n-4}^{n-1} \mathrm{SWCP}$ = The Substitute Waste and SCW Substitute Waste Shortfall Clawback Payment for the prior four Contract Years as calculated in accordance with paragraph 23.1 of this Schedule 4

$\sum_{y=n-4}^{n-1} \mathrm{TPD}_{y}$ = the sum of Third Party Income Deductions for the prior four Contract Years as calculated in accordance with paragraph 21.3 of this Schedule 4

$\sum_{y=n-4}^{n} \mathrm{SCWI}_{y}$ = the sum of Substitute Waste and SCW Substitute Waste Tonnage Payments in the current and four prior Contract Years as calculated in accordance with paragraph 19.4 of this Schedule 4

$\sum_{y=n-4}^{n} \mathrm{SSWP}_{y}$ = the sum of Substitute Waste and SCW Substitute Waste Shortfall Payments in the current and four prior Contract Years as calculated in accordance with paragraph 19.1 of this Schedule 4

$\sum_{y=n-4}^{n-1} \mathrm{SWCP}_{y}$ = the sum of Substitute Waste and SCW Substitute Waste Shortfall Clawback Payments in the four prior Contract Years

23.2 In the event that SWCP for any Contract Year is calculated as a negative number, the value of SWCP shall be deemed to be zero (0).

24 CARBON REDUCTION CREDIT ADJUSTMENT ("CRCA")

The Authority shall be responsible for and shall reimburse in full the Contractor for all Direct Losses incurred by the Contractor in compliance with the CRC Order in so far as it relates to the Facility.

25 INDEXATION PROVISIONS

25.1 Components of the Unitary Charge shall be subject to Indexation, as follows:

Component of the Unitary Charge	Index to be used
Commissioning Payment	
• Commissioning Payment Rate	• Full Indexation
• Commissioning Non Acceptance Deduction Rate	• Full Indexation
Tonnage Payment	
• Base Price Band one	• Tonnage Payment Band one Index
• Base Price Band two	• Full Indexation
• Base Price Band three	• Full Indexation
Landfill Payment (excluding Landfill Tax)	
• Landfill Gate Fee for Contract Waste Accepted but Not Processed	• Full Indexation
• Landfill Gate Fee for APC Residue	• Full Indexation
• Landfill Gate Fee for IBA	• Full Indexation
Performance Deductions	
• Performance Deduction	• Full Indexation
Mileage Deductions	
• Haulage Rate	• Full Indexation
Non Acceptance Deductions	
• Non Acceptance Deduction Rate	• Full Indexation
Electricity Payment	
• Guaranteed Electricity Price	• Full Indexation
• Guaranteed LECs price	• Full Indexation
Other Components	
• NNDR Payment	• n/a
• Unacceptable Waste Payment (pass through)	• n/a
• Unacceptable Waste Payment (fixed rate)	• Full Indexation
• Insurance	• n/a
• Additional Waste Payments	• n/a
Diversion Performance Deduction	
• Diversion Performance Deduction Diversion Performance Deduction Rate	Full Indexation
• APC Diversion Performance Deduction Rate	Full Indexation

Component of the Unitary Charge	Index to be used
• IBA Diversion Performance Deduction Rate	Full Indexation
Carbon Reduction Credit Adjustment	n/a

25.2 Calculation of the Indexation to be applied to Base Price Band One ("I_1")

The Tonnage Payment Band one Index shall be calculated in accordance with the following formula:

$$I_1 = (I_{FB1} \times (1 - FP) + FP)$$

where:

I_1 = the Tonnage Payment Band one Index for the relevant Contract Year

I_{FB1} = the Band one Full Indexation for the relevant Contract Year, where

$$I_{FB1} = \left(\left(RPIx_y \div RPIx_{base}\right) \times TP_{RPIx}\right) + \left(\left(AWE_n \div AWE_{base}\right) \times TP_{AWE}\right)$$

$RPIx_y$ = means for each Contract Year starting 1 April the value published for RPIx for the January immediately preceding Contract Year 'y'

$RPIx_{base}$ = the value published for RPIx at 1 January 2015 which shall be the cost base date of the revenues at the Base Date

TP_{RPIx} = the Tonnage Payment Band one RPIx Proportion

AWE_y = means for each Contract Year starting 1 April the value published for the Average Weekly Earnings for the January immediately preceding Contract Year 'y'

AWE_{base} = the value published for the Average Weekly Earnings at 1 January 2015 which shall be the cost base date of the revenues at the Base Date

TP_{AWE} = the Tonnage Payment Band one AWE Proportion

FP = the Fixed Proportion of the Tonnage Payment Base Price Band one

25.2.1 The Tonnage Payment Band one Index should be applied from the relevant Indexation Date.

25.3 Calculation of the Full Indexation ("I_2")

25.3.1 The Full Indexation factor for the Contract Year n represents the increase or decrease in the RPIx index since the Base Date and shall be calculated as follows:

$$I_2 = RPIx_y \div RPIx_{base}$$

where:

I_2 = the RPIx Indexation for the relevant Contract Year

$RPIx_y$ = means for each Contract Year starting 1 April the value published for RPIx for the January immediately preceding Contract Year 'y'

$RPIx_{base}$ = the value published for RPIx at 1 January 2015 which shall be the cost base date of the revenues in the Base Date

25.3.2 The Full Indexation factor should be applied from the relevant Indexation Date.

25.4 Changes to Indices Affecting any Indexation Factor

25.4.1 If there is a material change in the nature or basis of any Index, or if any Index is discontinued, the Parties shall seek to agree upon an alternative to that Index which as closely replicates the relevant Index as is possible, and such consequential changes shall be made to the calculations provided for in this paragraph 25 as are necessary to ensure that all payments to be made pursuant to this Contract shall be the same as if such change had not occurred. Any dispute regarding changes to the Index and/or calculations may be referred by either Party to the Dispute Resolution Procedure.

25.4.2 If any error or mistake shall occur in the publication for the figures for the relevant Index which have been used at any time in any calculation pursuant to this Schedule which is subsequently duly acknowledged and corrected by the Office of National Statistics or the relevant body with responsibility for the publication of such Index, the calculations in which the incorrect figures were used for the adjustments of any part of the Monthly Unitary Charge Payment shall be recalculated using the correct figures. Any dispute regarding the recalculations pursuant to this paragraph 25 may be referred at the request by either Party to the Dispute Resolution Procedure. Any overpayment or underpayment by either Party to the other which has occurred as a result of the incorrect figures shall be paid or repaid by the Party to the other within 7 (seven) Business Days of the recalculation being agreed or calculated (as the case may be).

26 PAYMENTS

26.1 The Contractor will receive payment in accordance with Clause 45 (Invoicing and Payment) of the Contract.

Appendix 1: Maximum Price Band Tonnages by Price Band

Contract Year	Contract Year (Y/E 31 March)	Maximum Base Price Band one tonnage (MTB_1) (Tonnes)	Maximum Base Price Band two tonnage (MTB_2) (Tonnes)	Maximum Base Price Band three tonnage (MTB_3) (Tonnes)	Base Case Tonnage (sum of MTB_1 and MTB_2)
1	2020	72,885	17,839		90,724
2	2021	108,000	23,367		131,367
3	2022	108,000	21,225		129,225
4	2023	108,000	20,642		128,642
5	2024	108,000	22,749		130,749
6	2025	108,000	24,141		132,141
7	2026	108,000	20,952		128,952
8	2027	108,000	23,068		131,068
9	2028	108,000	20,529		128,529
10	2029	108,000	19,816		127,816
11	2030	108,000	19,770		127,770
12	2031	108,000	22,328		130,328
13	2032	108,000	24,941		132,941
14	2033	108,000	27,610		135,610
15	2034	108,000	30,336		138,336
16	2035	108,000	33,121		141,121
17	2036	108,000	35,965		143,965
18	2037	108,000	38,871		146,871
19	2038	108,000	41,839		149,839
20	2039	108,000	44,870		152,870
21	2040	108,000	47,967		155,967
22	2041	108,000	51,130		159,130
23	2042	108,000	15,000		159,130

Contract Year	Contract Year (Y/E 31 March)	Maximum Base Price Band one tonnage (MTB_1) (Tonnes)	Maximum Base Price Band two tonnage (MTB_2) (Tonnes)	Maximum Base Price Band three tonnage (MTB_3) (Tonnes)	Base Case Tonnage (sum of MTB_1 and MTB_2)
24	2043	108,000	51,130		159,130
25	2044	108,000	51,130		159,130
26	2045	35,211	16,670		51,881

Note 1: Please note that Years 1 and 26 are part years

Appendix 2 Forecast Annual Contract Waste Tonnages

Appendix 2 to be updated in accordance with paragraph 6.7 of this Schedule 4

Contract Year	Contract Year (Y/E 31 March)	Forecast Annual Contract Waste falling into Base Price Band one (FTB_1) (Tonnes)	Forecast Annual Contract Waste falling into Base Price Band two (FTB_2) (Tonnes)	Forecast Annual Contract Waste falling into Base Price Band three (FTB_3) (Tonnes)	Forecast Annual Contract Waste (sum of (FTB_1), (FTB_2) and (FTB_3) (FAC) (Tonnes)	Forecast Contract Waste Treated (Tonnes) (FT) (FAC x (1-GUL_P)
1	2020	72,885	17,839	-	90,724	89,636
2	2021	108,000	23,367	0	131,367	129,791
3	2022	108,000	21,225	0	129,225	127,674
4	2023	108,000	20,642	0	128,642	127,098
5	2024	108,000	22,749	0	130,749	129,180
6	2025	108,000	24,141	0	132,141	130,951
7	2026	108,000	20,952	0	128,952	127,792
8	2027	108,000	23,068	0	131,068	129,495
9	2028	108,000	20,529	0	128,529	126,987
10	2029	108,000	19,816	0	127,816	126,665
11	2030	108,000	19,770	0	127,770	126,236

Contract Year	Contract Year (Y/E 31 March)	Forecast Annual Contract Waste falling into Base Price Band one (FTB_1) (Tonnes)	Forecast Annual Contract Waste falling into Base Price Band two (FTB_2) (Tonnes)	Forecast Annual Contract Waste falling into Base Price Band three (FTB_3) (Tonnes)	Forecast Annual Contract Waste (sum of (FTB_1), (FTB_2) and (FTB_3) (FAC) (Tonnes)	Forecast Contract Waste Treated (Tonnes) (FT) (FAC x (1-GUL_P)
12	2031	108,000	22,328	0	130,328	129,155
13	2032	108,000	24,941	0	132,941	131,744
14	2033	108,000	27,610	0	135,610	134,389
15	2034	108,000	30,336	0	138,336	136,676
16	2035	108,000	33,121	0	141,121	139,427
17	2036	108,000	35,965	0	143,965	142,238
18	2037	108,000	38,871	0	146,871	145,108
19	2038	108,000	41,839	0	149,839	147,591
20	2039	108,000	44,870	0	152,870	150,577
21	2040	108,000	47,967	0	155,967	153,627
22	2041	108,000	51,130	0	159,130	156,743
23	2042	108,000	51,130	0	159,130	156,425
24	2043	108,000	51,130	0	159,130	156,425
25	2044	108,000	51,130	0	159,130	156,425

Contract Year	Contract Year (Y/E 31 March)	Forecast Annual Contract Waste falling into Base Price Band one (FTB_1) (Tonnes)	Forecast Annual Contract Waste falling into Base Price Band two (FTB_2) (Tonnes)	Forecast Annual Contract Waste falling into Base Price Band three (FTB_3) (Tonnes)	Forecast Annual Contract Waste (sum of (FTB_1), (FTB_2) and (FTB_3) (FAC) (Tonnes)	Forecast Contract Waste Treated (Tonnes) (FT) ($FAC \times (1-GUL_P)$)
26	2045	35,211	16,670	-	51,881	50,895

Appendix 3

Table of Tonnages and Performances

Contract Waste tonnage for a Full Contract Year (to be pro-rated for a partial year)		**GDp Guaranteed Diversion Rate**	**GULp Guaranteed Unprocessed Landfill Performance %**	**GAPCp Guaranteed APC Landfill Performance (as a % of Contract Waste Treated)**	**GIBAp Guaranteed IBA Landfill Performance (as a % of Contract Waste Treated)**	**BMW diversion rate %**
from 108,000	to 129.999	93.7%	0.9%	2.7%	2.8%	97.4%
from 130.000	to 139.999	93.3%	1.2%	2.7%	2.9%	97.1%
from 140.000	to 149.999	93.0%	1.5%	2.7%	2.9%	96.8%
from 150.000	to 159.999	92.8%	1.7%	2.7%	2.9%	96.6%
from 160.000	to 169.999	92.6%	1.9%	2.7%	2.9%	96.4%
from 170.000	to 179.999	92.4%	2.1%	2.7%	2.9%	96.2%
from 180.000	to 185.000	92.2%	2.2%	2.7%	2.9%	96.1%

Appendix 4

Third Party Income

Contract Year	Contract Year (Y/E 31 March)	GEO_y Guaranteed MWh of Electrical Output Exported in each Contract Year (MWh)	GR_{PRO} Guaranteed Third Party Income from the sale of Products (£)	GGT_{TPW} Guaranteed gate fee in respect of Third Party Waste (£/tonne)	GR_{TPW} Guaranteed Third Party Income from Third Party Waste (£)
1	2020	78,414			
2	2021	116,680			
3	2022	116,680			
4	2023	116,680			
5	2024	116,680			
6	2025	116,680			
7	2026	116,680			
8	2027	116,680			
9	2028	116,680			
10	2029	116,680			
11	2030	116,680			

Contract Year	Contract Year (Y/E 31 March)	GEO_y Guaranteed MWh of Electrical Output Exported in each Contract Year (MWh)	GR_{PRO} Guaranteed Third Party Income from the sale of Products (£)	GGT_{TPW} Guaranteed gate fee in respect of Third Party Waste (£/tonne)	GR_{TPW} Guaranteed Third Party Income from Third Party Waste (£)
12	2031	116,680			
13	2032	116,680			
14	2033	116,680			
15	2034	116,680			
16	2035	116,680			
17	2036	116,680			
18	2037	116,680			
19	2038	116,680			
20	2039	116,680			
21	2040	116,680			
22	2041	116,680			
23	2042	116,680			
24	2043	116,680			
25	2044	116,680			

Contract Year	**Contract Year (Y/E 31 March)**	**GEO_y Guaranteed MWh of Electrical Output Exported in each Contract Year (MWh)**	**GR_{PRO} Guaranteed Third Party Income from the sale of Products (£)**	**GGT_{TPW} Guaranteed gate fee in respect of Third Party Waste (£/tonne)**	**GR_{TPW} Guaranteed Third Party Income from Third Party Waste (£)**
26	2045	38,041			

Appendix 5

Performance Deduction per Performance Standard Failure

Performance Deduction Category	Performance Deduction Per Performance Standard Failure (PDF_n) (£)
A	£3,308
B	£2,205
C	£1,103
D	£551

Note: For each Performance Standard Failure that exists for more than three (3) months, then the Default Points and Performance Deduction shall be doubled for all repeat occurrences from such point onward until such Performance Standard Failure is deemed rectified by the Authority. A Contract Default Notice will also be issued if the Contractor fails to rectify a Category A Performance Standard within six (6) months from the Performance Standard Failure being issued.

Appendix 6 - Unacceptable Waste items

Unacceptable Waste Type	Cost / Income	Rate per unit per Unacceptable Waste Item (P_{Fri})
Heavy metal or stones	C	Heavy metal: £11.03 per tonne+ transport Stones £4.41+VAT+Landfill tax at the prevailing rate + Transport: £93.72 per trip for a six yard skip; £126.79 for a rollonoff container assuming landfill disposal
Inerts material	C	£4.41+VAT+Landfill tax at the prevailing rate + Transport: £93.72 per trip for a six yard skip; £126.79 for a rollonoff container assuming landfill disposal
Clinical Waste	C	£1.10 per kg + transport
Radioactive Waste	C	£2.21 per kg-+ transport
Explosives	C	Unable to quote-
Asbestos	C	£165.38 per tonne + transport
Hazardous Waste	C	£2.21 per kg + transport
Liquid Waste	C	£2.21 per kg + transport
Drummed Waste	C	£2.21 per kg + transport
Batteries	C	£3.31 per kg + transport
Tyres	C	£0.22 per kg + transport
Plasterboard	C	£99.23 per tonne + transport
Fire Extinguishers	C	£16.54.00 per item + transport

Unacceptable Waste Type	Cost / Income	Rate per unit per Unacceptable Waste Item (P_{Fri})
Gas Bottles	C	£16.54.00 per item + transport
Concentrations of PVC	TBC	£93.72 per tonne + £93.72 per trip for a six yard skip;£126.79 for a roll on/off container assuming landfill disposal. Recycling options may exist at lower cost depending on material
Waste Electrical or Electronic Equipment	C	£93.72 per tonne + transport
Animal Carcasses, human waste, and animal remains	C	£1,323.05 per tonne + transport
Human remains	C	£1,323.05 per tonne + transport
Slaughter house waste, cadavers, carcasses	C	£1,323.05 per tonne + transport
Bone meal	C	£1,323.05 per tonne + transport
Fine dusty material	C	£93.72 per tonne + £93.72 per trip for a six yard skip;£126.79 for a roll on/off container, assuming disposal at Wingmoor Landfill
Industrial / Sewage sludges	C	£93.72 per tonne + £93.72 per trip for a six yard skip; £126.79 for a roll on/off container, assuming disposal at Wingmoor Landfill

Note 1: For those items not specifically indicated transport and administration fee should be taken into consideration as part of the total fee.

- Administration fee of £44.10 per load for consignment note / documentation costs

Note 2: C: cost, I: income

Note 3: As set out in clause 34.1 of the Project Agreement, the pricing in this schedule will be Market Tested. This will be undertaken no later than 12

Months before Actual Service Commencement and at the specified intervals throughout the Contract Period.

Appendix 7

Contingency Delivery Point Mileage Schedule

Contingency Point	Additional Mileage (miles)
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Appendix 8

Calculation of Notional Electrical Output in a relevant Month

The Contractor proposes to use the following formula in order to estimate the gross power output when necessary in accordance to the situation described in paragraph 11 of Schedule 33:

NEO_m = Power Output Estimation / 1,000

Where:

NEO_m	=	the MWh of Notional Electrical Output in Month 'm'
Power Output Estimation	=	the power output estimation measured in Kwh calculated as follows: **Gross Power Estimation (measured in Kwh) – Self-Consumption (measured in Kwh)**

Where **Gross Power Estimation** and **Self-Consumption** are calculated in accordance with A9.1 and A9.2 respectively below:

A9.1 GROSS POWER OUTPUT ESTIMATION

$$Gross\ Power\ Output\ Estimation = [(hi\text{-}h1)*q1+(hi-h2)*q2+(hi\text{-}he)*q3]*\eta g*\eta t$$

Where:

hi: enthalpy at the turbine inlet. Obtained as conditions of the steam flow bypassed and corrected to include pressure drop until turbine inlet and steam flow required for other purposes (sailing steam, etc...).

h1: enthalpy at the first turbine bleeds. Obtained by means of the expansion curve and operational conditions appropriately adjusted to relevant conditions.

h2: enthalpy at the second turbine bleeds. Obtained by means of the expansion curve and operational conditions appropriately adjusted to relevant conditions.

he: enthalpy at the turbine outlet. Obtained by means of the expansion curve and operational conditions appropriately adjusted to relevant conditions. The expansion curve will be determined with input from suppliers when design is finalised. An example of expansion curve is included in the following page.

q1: Steam flow extracted in the first bleed

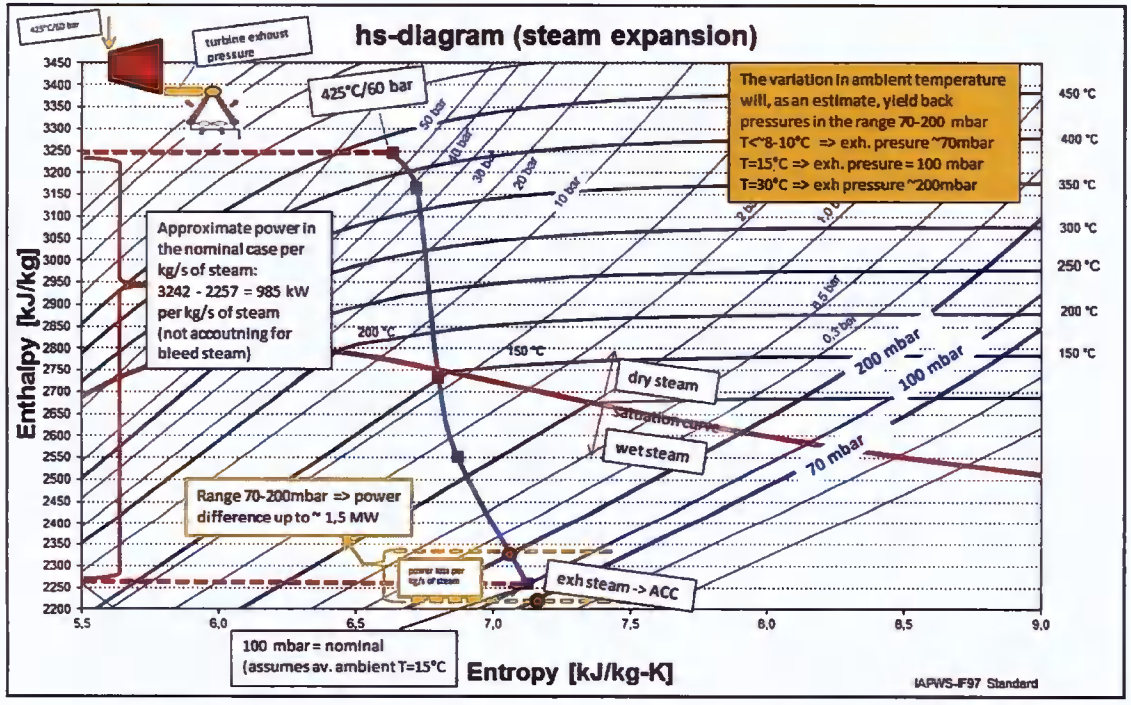
q2: Steam flow extracted in the second bleed

q3: Steam flow at the turbine outlet

η_g : Generator efficiency (including gear unit)

η_t : Transformer efficiency

Note: Enthalpy depends on pressure and temperature of the steam



This is the indicative expansion curve for Gloucestershire project. It shows that ambient conditions affect the gross power output.

A9.2 SELF-CONSUMPTION

Self Consumption will be estimated in two different ways depending on the information available:

1) If the Contractor has historical data on self-consumption power of the Facility, this data will be used to estimate the power that would be self-consumed during the period of time that the Facility has not been exporting power to the grid. This estimation will be based on the average power consumption per steam flow over the previous year as follows:

Self-Consumption (kw) = Steam flow(t/h) * Power consumption per unit of steam flow (kw/t/h)

Note: It must be considered that if any new equipment or service has been included in the Facility then, that could lead to a variation on power consumption ratio.

2) If the Contractor has not historical data then, the power that the Facility would consume, if it is working in normal operation mode, will be estimated in the following way.

The Contractor will use as basis the power consumed working in "island mode" and the Contractor will correct that value to consider the different load in specific equipments. This is due to a different loading on the equipment if the plant is working in the normal operation mode.