

Sterecycle aims to bring steam power to valleys

News analysis

The start-up seeks a second round of funding for a Cardiff autoclave plant, writes **Michael Kavanagh**

Waste management start-up Sterecycle is to raise £50m in a second round of funding aimed at financing the construction of a "steam cleaning" plant to deal with rubbish disposal across south Wales.

The company, which is operating an autoclave plant in Rotherham in South Yorkshire, has lodged a planning application to operate a plant in the Trowbridge area of Cardiff. The facility could handle up to 200,000 of "black bag" waste for Cardiff and neighbouring councils, covering Caerphilly, the Vale of Glamorgan, Monmouthshire and Newport.

The company, founded by Duncan Grierson in 2003, is in competition with a controversial proposal for a waste incinerator in the nearby district of Splott, backed by Viridor, one of the UK's waste management companies. The project is being examined by local councillors but has sparked opposition from residents and environmental campaigners.

Mr Grierson is confident he can win approval for the

Sterecycle proposal, which is aimed at tackling the growing cost of dealing with municipal waste and the shortage of landfill sites.

But he insists that the £50m fundraising will proceed regardless of the outcome of the Cardiff scheme as he seeks to roll out further sites for his steam-powered autoclaves.

Sterecycle raised £23m in its first round of private equity funding which saw Goldman Sachs commit £15m, along with funds from Fidelity, Impax Environmental and Ailsa3 Ventures.

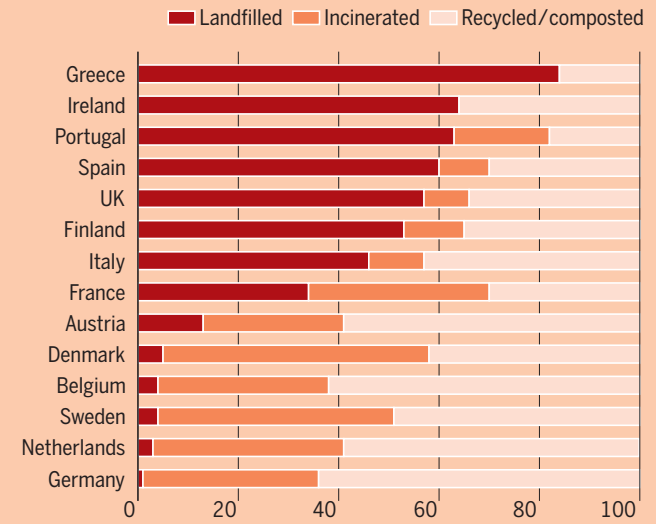
The company, which saw its first site begin operations at a former British Steel plant last August, won planning permission in January to double its capacity from handling 100,000 to 200,000 tonnes a year of waste in contracts with Rotherham, Barnsley and Doncaster councils.

"We have a number of other projects in the pipeline," said Mr Grierson, a former private equity executive who, with family support, set up a landfill business before attending university.

The £50m fundraising, handled by UBS, could fund up to five further recycling centres capable of handling 1.5m tonnes of commercial and domestic waste a year – equivalent to the annual waste produced by a city of 3m people, according to the company.

Municipal waste management in Europe

% of total waste



Source: Eurostat

Steaming ahead with waste savings

The use of steam, or "autoclaving", in the waste sector has previously been relatively small-scale and limited to sterilising medical waste, **writes Michael Kavanagh.**

Sterecycle's clean waste treatment process "steam sterilises" the unsorted waste at low temperatures in rotating 40ft sealed vessels called autoclaves, using a combination of steam and pressure, treating 25 tonnes of waste in each batch.

The waste is then sorted using a series of recycling processes such as size screening, magnetic separation and infra-red.

The process is able to

sterilise and recycle the steam-cleaned metals and plastics, as well as convert the waste food and paper into a high-quality organic fibre that can be burnt or used as a soil enhancer for land remediation.

The planned expansion comes as local authorities are under pressure to reduce landfill use or face the threat of heavy financial penalties.

Currently, more than half of domestic rubbish is dumped in landfill sites.

The recent UK budget means that landfill tax will increase to £72 a tonne by 2013.

The company suggests it can divert 70 per cent of waste away from landfill at a cheaper cost to incineration.