



## MF Case 24: Chongqing, China Tongxing Waste Incineration Project

### Project Introduction:

Chongqing Tongxing waste incineration project is the first city public infrastructure project which uses the project financing model of BOT in China. The SPV company, Chongqing Tongxing Waste to Energy Co.Ltd was established to construct a waste incineration power plant with the daily garbage disposal capacity of 1200 tons. On March 28th, 2005, Tongxing waste incineration power plant formally put into operation. The total cost of the project was 315 million yuan. The registered capital of the project company was 101 million yuan (35 million yuan from China National Environmental Protection Group, 25 million from Sanfeng Environment, 15 million from Beijing Paul Investment Group and 15 million from Yuanda Group). The project company got 100 million yuan (31.7%) from national debt funds. And it also got a loan of 203 million yuan (64.4%) from China construction bank Chongqing branch.

### Funding Sources:

Chongqing municipal government pay garbage disposal fees (69.9 yuan/ton) to franchise company on a quarterly basis. The project company also signed the power purchase agreement with Chongqing Electric Power Company. Under the item of the agreement, Chongqing Electric Power Corp buy power at the grid purchase price (0.365 yuan/ kilowatt hour). And for every kilowatt hour of power, the government pay a subsidy of 0.25 yuan.

### Relevance of the cases:

The source of funding for this project consists of three parts: first, waste disposal fees; second, income from the sale of electricity; third, financial subsidies to new energy sources. If only have waste disposal fees, the benefit return cannot afford the repayment. In order to increase incomes, some garbage disposal projects also adopt a circular economy model to process some rubbish into building materials.

## Tongxing Waste incineration project



Source: <http://www.cseg.cn/html/qxzqs/ljfdc/13/08/48.html>

### References

Yanli Wang. An application study of BOT model to urban life garbage disposal field [D]. Dongbei University of Finance and Economics, 2013.

### Credentials

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