

## 1. FELLOWS ENVIRONMENTAL NEWS UPDATE – 28 MAY 2012

### 1.1 Schemes

### 1.2 Documents Released

#### Draft Energy Bill Published

A [draft version](#) of the Energy Bill 2012 has been released aiming to provide a legislative framework to deliver secure, affordable and low carbon energy to the UK. The Bill includes details of the Electricity Market Reform, one of the well-publicised tools to increase investment in generating capacity, as well as details of next-generation nuclear regulation and provisions to allow the sale of Government's Pipeline and Storage System (GPSS).

The Draft Bill has been warmly welcomed with introductions of FIT with Contracts for Differences, a more balanced renewables portfolio and Carbon Capture and Storage widely acknowledged as beneficial policy direction. DECC has organised for a committee to undertake a detailed inquiry to scrutinise the document, reporting back shortly after 17 July when Parliament rises for summer.

#### Landfill Tax Changes

A [brief](#) was released on 18 May describing two substantial changes which are to be made to the way that Landfill Tax is governed by HMRC. Tax must now be paid for any material deposited at the top of a landfill cell and an increased level of Tax must be paid for fines from recycling processes, grit and screenings.

The layer of material at the top of a landfill cell is known as the "top fluffy layer" and is used to add stability for the overlying clay cap liners. Traditionally, this approximate one metre layer has been categorised as engineering clay material and so hasn't been susceptible to Landfill Tax. However, HMRC has stated that this material should be liable to taxation because "the waste material is disposed with the intention of discarding it and the disposal does not constitute a use of that material".

With respect to fines, HMRC reduced the number of materials that qualified for the £2.50/t Landfill Tax rate in the Landfill Order 2011. The variable nature of inerts meant that it is impossible to determine the exact nature of the material and therefore, it no longer qualifies for the reduced rate. It will be charged at the full Landfill Tax rate of £64/t. "Fines" covers a range of materials from waste transfer stations and MRFs which have undergone some form of reuse, recycling or recovery process prior to disposal to landfill.

The raise in fines Landfill Tax follows the increased Landfill Tax rate for rocks and soils, which many would still class as inert material. The likely result from these tax changes is an increase in cost for skip hire due to the short fall in number of outlets for these materials.

It is also likely that recycling rates will be hit as fines can no longer be defined as recycled when used in the top fluffy layer of Landfill cells.

#### Update of the UK Plan for Shipments of Waste Regulations

DEFRA have updated the [UK Plan for Shipment of Wastes](#), which sits alongside the long-standing policy of self-sufficiency to dispose of waste. The Plan strictly limits when waste may be transported to or from the UK for disposal but now includes the allowance of contaminated river sediments, classified as non-hazardous, to be exported where quantities are so small that developing new infrastructure to manage the waste would be uneconomic.

Other statutory exceptions for export/import are: emergency situations requiring transportation of hazardous waste; trial runs to test disposal technologies where the technology does not exist in the source country; shipments of hazardous waste between Ireland and Northern Ireland; and shipments where the UK Government has concluded a bilateral agreement.



## WRAP Guide on Household Rigid Plastic Collections

To improve the current recycling rate of non-bottle, rigid plastics from households, WRAP has released [guidance](#) for local authorities collecting pots, trays and tubs, of which 90% are not recycled even though anecdotal evidence suggest their values lies at around £40/t. Householders have stated they are keen to recycle this 1m tonne stream and monitoring has shown that where collections are offered, yields of all recyclables improve.

The guidance shows how to collect and communicate with householders regarding the collections to ensure an understanding of the materials is widely held. To promote infrastructure to process the plastic stream, WRAP have set up the [Mixed Plastics Loan](#) which offers reprocessor substantial loans to get technologies up and running. It is vital that rigid plastics are not mixed with normal plastics or they will end up in a contaminant stream of an MRF and will be landfilled.

## Statement of Intent for Renewable Energy Project Business Rates

DCLG have released [confirmation](#) that the Local Government Finance Bill, currently before Parliament, provides for the Secretary of State to designate hereditaments for Renewable Energy Projects and disregard Business Rates Retention for the projects. This has been included as a follow-up to the Coalition agreement to allow communities that host Renewable Energy Projects to keep the additional business rates they generate. All Business Rate Retentions would be kept by the Local Authority as a way of promoting local Renewable Energy projects.

### 1.3 Waste and Recycling News

#### EU Landfill Phase-out Agreement

The European Parliament voted (24 May) in support of proposals from the recent "Report on a Resource-efficient Europe" to phase-out the use of landfill and significantly restrict the amount of recyclable and compostable waste being sent for energy recovery via incineration. No dates have been specified for member states to stop using landfill but it has been suggested that dates will be arranged country-by-country dependent on the ease of compliance.

At the EP Strasbourg Plenary session, agreements were put in place for proposals for the phase-out of landfill to be made by the end of 2014 and for the 2020 recycling targets to be revised. The UK will launch a consultation on banning certain materials from landfill in the near future.

#### Response to Landfill Tax Changes

24<sup>th</sup> May saw a protest from Skip Hire Companies who blocked the streets around Parliament by parking a large number of skips on the roads. This represented the general displeasure of the skip industry at the 2000% increase of sending trammel and screen fines to landfill. A letter has been sent to Caroline Spellman and Eric Pickles (Environment Secretary and Communities Secretary respectively) requesting a 6-month suspension be put in place to allow a proper consultation period to take place before the move which is seen by many to threaten to put waste firms out of business.

On the other hand, SITA has thanked HMRC for clearing up a grey area of the legislation which a substantial number of waste management companies have knowingly exploited prior to this recent clarification. The Landfill Order was released in 2011 and this issue has been known to contain uncertainty since then. Companies have actually been allowed to get away with the incorrectly low levels of tax and regulation for approximately one year longer than they should have.

#### Waste Paper Price Drop

Waste paper merchants are experiencing a drop in demand and prices for the majority of waste paper streams. Mid-grades such as office and printer material have suffered most whilst newspaper waste has remained relatively unchanged.

The increase in UK shipping container rates (from ~\$600 earlier this year to ~\$1700 now) could be one main cause as countries which the UK typically exports to, such as China and India, have increased their importation from USA. Export prices are down to £90-95/t whereas domestic waste paper prices are down to the mid £80s /t when they would ideally by approximately £10/t higher.



## Recycled Plastic Value Drop

The high cost of containers to the Far East is also having an effect on the price for recycled plastics with some grades having seen reductions in value of up to £20/t. Lower quality film and bottle grades have been particularly affected and PET demand has dropped due to the gradual improvements in Chinese recycling infrastructure. Additionally, because of the high amount of material available domestically, quality has started to slip which will lead to domestic price-drops.

## 2011 Waste Sector Acquisitions Hit Record High

Pinsent Masons report that last year saw a record number of merger and acquisition deals in the waste industry despite a 15% fall in waste arisings. Strong overseas investment and a high number of WEEE and Paper recycling company acquisitions are the two main drivers. The acquisitions were mostly made by corporates hoping to expand their portfolio and control future feedstocks. A number of landfill companies are looking to add value to their waste streams by diversifying. The increase arose despite low investor confidence because of funding uncertainties and incentive inconsistencies.

## Scotland Trade Waste Fall

SEPA released [Waste Data Digest 12](#) showing that Trade waste production in Scotland is falling at a faster rate than Household waste. The 5-year monitoring shows that for 2006-10, waste collected by local authorities reduced by 9%, now standing at 3.14m tonnes. Commercial Waste dropped by 110,000t whilst Household fell by 181,000t. However, in terms of percentages, the Commercial Trade waste fell 29% whilst Household collections only fell by 6%. The report also showed that the amount of waste recycled by authorities rose by 21% to 133,000t and waste composted rose 27% to 95,000t.

## Packaging Recovery Notes (PRN) Demand

2012 producer obligation [figures](#) released by the EA show demand for PRNs has remained relatively unchanged from 2011, with producers being obliged to purchase 6.9m tonnes of packaging recycling evidence. Forming a key part of the Producer Responsibility Obligations (Packaging Waste) Regulations 2007, PRNs provide evidence that packaging waste material has been made into new products. PRNs are issued by accredited re-processors when they have recovered and recycled a tonne of packaging material, thus proving that the packagers have used their waste material responsibly.

## Bin Fines Cut

On Wednesday 30 May, fines for presenting household waste and recycling will be cut to more appropriate levels. Section 46 of the Environmental Protection Act 1990 has been amended, lowering the penalties available to LAs from criminal offences to civil sanctions. This will be implemented by Spring 2013 but as an interim measure, Defra are reducing the fines associated with overfilled bins and incorrectly presented waste by around 40%, with the unspecified default charge being reduced to £60.

## 1.4 Energy News

### EfW to Trial Electricity Market Reform?

Gaynor Hartnell, chief executive of the Renewable Energy Association, has proposed that EfW could test out the Electricity Market Reforms set out in the Draft Energy Bill, released on 22 May, which aim to improve investor confidence by providing greater certainty of energy supply by allowing generators to bid to provide back-up electricity supplies. Hartnell has suggested that the cheapest technologies, which can survive without ROCs, should offer themselves to undergo trial periods as back-up electricity suppliers. This is only aimed as a short term option with offshore wind and larger scale renewables acting as back-up suppliers from 2014 when the Energy Bill comes into existence.

### Incineration at Largest EfW plant in UK

Cory Environmental's Riverside Resource Recovery plant in Bexley, now has three incineration lines working in the same building. The largest EfW facility in the UK can process 585,000t of waste and produce 72MW of electricity with these three incinerators working in tandem whilst saving 100,000 road transport movements/yr by accepting 50 % of its waste from barges on the River Thames.



## Nuclear Plant Delays

EDF has delayed the awarding of a £1.2b civil engineering contract for a nuclear plant in Hinkley Point, Somerset which was expected last week (21-16 May). The two contractors in the running do not expect to hear a decision until 2013. This follows the delay in major site-preparation earthworks and means the plant may not be up and running until 2021, 4 years later than initially planned.

The UK want 16GW of new nuclear capacity to replace the reactors that are due to reach their end-of-life in the near future. E.On, SSE and RWE have all recently pulled out of new nuclear projects, leaving EDF almost entirely responsible for the new nuclear programme. This does not bode well as EDF, 83% French Government-owned, has reportedly been spooked by the election of Francois Hollande as French President due to his stance as a nuclear-sceptic.

## Solar FiT Reductions

Government has announced plans to cut the solar FiT rate on 1 August rather than the 1 July as originally planned. Domestic solar installations will receive 16p/kWh of electricity produced after the cut compared to 21p/kWh which they currently receive. The rates are to be reviewed (and likely reduced) every three months with pauses only if the markets slow down. The new plans are aimed at providing certainty for investors and minimise any potential large shocks in subsidy reduction.

## Solar Powered Keyboards

Gadgets such as iPods and mobile phones are one step closer to being classed as zero-carbon following the launch of solar cell-powered keyboards from IT hardware firm, Logitech. The device will be available to buy almost immediately for use with the popular iPad2 and 3. The portable keyboard can generate electricity even from indoor light to “trickle charge” the device’s battery to power the keyboard and Bluetooth connection without need for further battery recharging. The device could, in time, be ready for use with all devices following these commercial trials with popular technologies.

## Vestas Offshore Wind Turbine Factory

Swale Borough Council Committee has approved plans put forward by Vestas to build a new 70-acre wind turbine construction facility in Kent. The factory approval comes just one year after the Danish company acquired exclusive rights to the land and will be created with a view to producing the Vesta’s 7MW offshore turbine which is designed for use in for Round 3 wind farms in deeper water. Plans will only move forward if Vestas receive enough orders and promising signals from Government.

## 1.5 Vehicle News

## 1.6 Other News

### WRG Rebrand as FCC Environment

Waste Recycling Group, traditionally a municipal waste landfill company, has rebranded itself as FCC Environment as a way of strengthening its presence in the renewables sector. The rebrand follows the integration between WRG and Fosca Services who are both owned by FCC, an environment services and energy group. FCC Environment are currently building a new EfW facility.

### London Major’s Office Shake-up

Following his election success, Boris Johnson has replaced his Environmental Advisor, Kulveer Ranger, with Matthew Pencharz to help drive recycling and sustainable waste management in the capital. A further change sees James Cleverly leave his role as chair of the London Waste and Recycling Board (LWaRB), the organisation which distributes funding to waste projects in the capital.

### Daily Mail Attack Anaerobic Digestion

The Daily Mail has published an article stating that the 46 nationwide AD facilities combine to produce barely enough power for one town despite the focus on “slop buckets” from the Government. They conclude that “It is clear that all schemes for collecting separate food waste defy common sense”. The Chief Executive of WRAP, Dr Liz Goodwin, has since jumped to the defence of AD.

