

Future UK Residual Waste Infrastructure Capacity and its Feedstock



Background:

In 2013, the Department for the Environment, Food and Rural Affairs (Defra) announced that it expected “to have sufficient infrastructure in England to enable the UK to meet the EU target of reducing waste sent to landfill”. In 2014, Defra further announced that it “will be stepping back in areas where businesses are better placed to act” and does “not have the capacity to take forward new policy work in areas such as... proactive energy from waste policy development”. Since then, Government has continued to take a “hands off” approach to capacity planning. Yet whilst recycling targets increase and residual waste volumes fall there is uncertainty about how waste will be dealt with into the future. The use of landfill is declining as legislative pressure and declining availability shift focus to other disposal routes. Energy from waste (EfW) capacity is growing, but to the potential detriment of circularity and sustainability. The Government's emergent policy is highly dependent upon assumptions made by modellers and economists about social trends in coming years.

Long-term residual waste infrastructure contracts are invariably privately funded, capital intensive and often demand guaranteed minimum material supply levels from feedstock suppliers. Potential infrastructure over-capacity poses a risk to latent recyclable material, including paper, in residual waste streams. Future capacity growth is based upon competing stakeholder estimates of market development. There is no consensus, and no one generally agreed projection of market development. This is a recipe for a market “free for all” and resultant overcapacity, with the potential risk that once facilities are built they will need to be fed for a number of decades.

A series of reports by the consultancy Eunomia most recently updated in July 2017, has tracked the situation and strongly argues that by 2021 the UK could have reached a point where capacity to dispose of residual waste exceeds the supply of available material.¹ In light of a post Covid economic downturn this may

prove prophetic. However, a report published by the Environmental Services Agency in November 2017 compared estimates from a number of analyses of waste treatment capacity and concluded that this was not likely, and that there was greater risk that there would be a shortfall in UK.² Accurate data and estimates for the amount of waste that will be generated is key, and this report highlighted that estimates ranged from under capacity of 10.4mt to overcapacity of 9.5mt.

In answer to a Parliamentary question in May 2019 Therese Coffey, then Under Secretary of State at Defra said “...our assessment is that additional residual waste energy capacity above that already planned by 2020 should not be needed if we achieve our recycling targets.”³ Uncertainty abounds, and is exacerbated by changes to export arrangements as the UK exits the EU and by the recent imposition of local taxes on RDF by some European importing countries.

The threat for the Paper Industry and secondary fibre markets is that, given overcapacity in Energy from Waste plants in Mainland Europe (Holland, Sweden and Germany), excess capacity growth in the UK will result in gate-fee competition for material. Since it is better to run capital intensive equipment at a loss than not at all, it seems likely that waste materials that might otherwise be recovered and recycled will instead be incinerated or otherwise treated. This possibility is exacerbated by current trends which suggest that energy recovery is currently highly profitable whilst recovery and recycling is less so.

CPI Position:

The current lacuna in UK Government policy on residual waste treatment capacity provides no incentive to recycle or up-cycle, or to optimise the potential of secondary resources either for the good of the economy or the planet, as required by the EC Circular Economy package or the Government's own Waste and Resources Strategy. CPI calls

on the Government to engage with this issue and acknowledge the risk to secondary commodities and the waste hierarchy if there is over-investment in waste treatment facilities. CPI acknowledges that thermal waste treatment technologies can provide a solution for the disposal of (genuinely) residual waste and that Government departments are under severe and increasing budgetary constraint.

However, as a minimum CPI believes the Government should;

- Undertake a comprehensive, risk-based analysis of projected waste arisings, taking opinion from interested stakeholders to reach a consensual view of future volume development out to at least 2030.
- Analyse existing and “approved” waste treatment facilities recording capacity and location
- Examine and take into account current export flows and existing European capacity, bearing in mind that over 20% of waste going into the European EfW industry is already UK derived.
- Create a national strategy for EfW and other waste treatment capacity development with capacity limits based upon regional requirements and taking into account the impact of recycling targets in reducing overall waste volumes.
- Set clear limits on the maximum allowable content of recyclable materials in Refuse Derived Fuels (RDF).
- Endorse a commitment and strict adherence to the waste hierarchy.
- Consider imposing an incineration tax equivalent to landfill tax to drive recycle out of residual waste.

Further Information

For further information on this issue please contact Simon Weston, Director of Raw Materials, on 01793 889605 or email sweston@paper.org.uk.

Confederation of Paper Industries

- The Confederation of Paper Industries (CPI) is the leading trade association representing the UK’s Paper-based Industries, comprising recovered paper merchants, paper and board manufacturers and converters, corrugated packaging producers, and makers of soft tissue papers.
- CPI represents an industry with an aggregate annual turnover of £12 billion, 62,000 employees, which supports a further 100,000 jobs in the wider economy.
- For facts on the UK’s Paper-based Industries please visit: www.paper.org.uk.

¹Residual Waste Infrastructure Review (RWIR) published July 2017 ,Issue 12 published by Eunomia

²UK Residual Waste Market: 2030 market Review written By Tolvik Consulting, published by ESA November 2017

³Hansard, HC Deb 09 May 2019 | Vol 659 cc643-4