

Evidence

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Reasons for trends in English refuse derived fuel exports since 2010

Project summary

A new report from the Environment Agency discusses what factors were behind the sudden emergence and growth of exports of refuse derived fuel (RDF) from England. The market went from zero in June 2010 to just over 215,000 tonnes in January 2015. The majority of these exports were to the Netherlands, with Germany and Sweden starting to increase in importance from mid to late 2013.

For this report, RDF is defined as material that is produced from waste, has undergone some sort of treatment process, and is intended for use as a fuel.

Evidence from industry contacts, as well as a basic quantitative analysis of the English RDF export market, provided an explanation for the trend in exports of RDF from England since 2010. Some of the available data cover the whole of the UK, while some cover only England. However, as at least 80–85% of total UK RDF comes from England, the report treats all the datasets as if they cover just England.

The report tries to understand what caused the trend in RDF exports from England since 2010. Four aspects of this trend required explanation.

- Why did exports begin in July 2010 and not before?
- Why has the overall trend been one of rapid growth?
- Why do exports appear to be levelling off?
- What might be causing the short-term fluctuations in exports from month to month?

The market began in June 2010 after a regulatory decision by the Environment Agency based on the UK Plan for Shipments of Waste, which allowed the export of RDF. The market grew rapidly due to a greater demand for energy from waste (EfW) capacity than currently exists in the England. This demand was caused by material being shifted from landfill by the landfill tax and landfill diversion targets, and the lower cost of some continental European EfW facilities. It made it economic to produce RDF and export it to continental Europe (especially the Netherlands, Sweden and Germany) provided these routes cost less than disposal in English landfills.

The landfill tax has therefore been a key driver in diverting waste from landfill and consequently for the RDF export market. This is shown by the high correlation between export levels and landfill tax rates, with continental EfW facilities setting their gate fees at a level designed to undercut most UK landfill disposal routes.

The apparent levelling off of the market may be because RDF export routes are becoming as expensive as English landfills. No clear reason for the monthly fluctuations in the market was found. The effect of exchange rate changes appears to be too small to have a major influence on market decisions during price negotiations.

This understanding of how the RDF export market developed will help the Environment Agency and Defra devise an outline of where the market might go in the future so as to inform future approaches to regulation of this waste stream.

This summary relates to information from the following project:

Title: Reasons for trends in English refuse derived fuel exports since 2010

July 2015

Internal Status: Released to all regions

External Status: Publicly available

Project manager: Matt Georges, Evidence Directorate

This project was funded by the Environment Agency's Evidence Directorate, which provides scientific knowledge, tools and techniques to enable us to protect and manage the environment as effectively as possible.

E: enquiries@environment-agency.gov.uk.

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