

## **Amendments to environmental permitting guidance on waste incineration (small waste oil burners)**

**Department for Environment, Food and Rural Affairs**

**RPC rating: fit for purpose**

The IA is now fit for purpose as a result of the Department's response to the RPC's initial review. As initially submitted, the impact assessment was not fit for purpose.

### **Description of proposal**

The proposal is intended to reduce the emission of harmful pollutants through banning the burning of waste oil as a fuel in heaters. This will require businesses, such as garages, to invest in alternative heaters and purchase alternative fuel. The proposal will support the UK in meeting the obligations of the Industrial Emissions Directive.

### **Impacts of proposal**

Based on evidence from industry experts, there are currently 15,000 oil burners in use, each consuming around 5,000 litres of oil per year. These will be able to continue to burn non-waste oil but, as this is more expensive than alternative fuels, the Department assumes that all oil burners will be replaced with alternative heaters at the end of their lifespan. As the Department assumes the lifespan of an oil burner is 10 years, all are expected to be replaced during the appraisal period.

Alternative heaters currently cost nearly £500 more than a replacement oil burner, resulting in a present value cost of £6 million over the appraisal period. The purchase of alternative fuel is estimated, based on current consumption per burner, to cost nearly £1,800 each year. On this basis, alternative fuel is expected to cost business £258 million over the appraisal period. As the expected costs are particularly sensitive to fuel price projections, the IA presents a range of cost scenarios and sensitivity analysis, both of which were tested through consultation.

Businesses currently burning waste oil will offset some of these costs through the sale of oil to recyclers. This is expected to generate around £29 million over the appraisal period.

The RPC is able to validate the estimated equivalent annual net cost to business (EANCB) of £27.3 million, and that the proposal does not go beyond EU requirements.

## Quality of submission

Following the RPC's initial review, the IA now provides further information on why the proposal does not go beyond the EU requirements following the change from the Waste Incineration Directive to the Industrial Emissions Directive. The amended IA now provides sufficient justification for the proposal being treated as a non-qualifying regulatory provision as not going beyond the EU requirements. The previous lack of clarity regarding this point meant the IA was not fit for purpose. The IA now also treats more clearly as direct the offsetting benefits of selling waste oil that will be unable to be burned after the implementation date.

## Small and micro business assessment

As a proposal of EU origin, a small and micro business assessment is not required. However, the Department has provided a detailed assessment of the extent to which smaller businesses will be covered by the proposal. The affected sector is predominantly made up of smaller businesses with 99% of businesses in the "*wholesale and retail trade and repair of motor vehicles and motorcycles sector*" likely to be small, micro or sole traders. While this definition includes some businesses that are unlikely to be affected by the proposal the Department's assessment is that the difference in proportions will not be significant enough to enable an exemption to the proposal without significantly undermining the achievement of the policy objectives. The Department's proposed implementation date is intended to provide sufficient time for smaller businesses to use any stocks of waste oil.

## Initial departmental assessment

Classification	Non-qualifying regulatory provision (EU)
Equivalent annual net cost to business (EANCB)	£27.3 million
Business net present value	- £235 million
Societal net present value	- £75 million

## RPC assessment

Classification	Non-qualifying regulatory provision (EU)
EANCB – RPC validated	£27.3 million

Opinion: Final stage IA  
Origin: European  
RPC reference number: RPC-3135(2)-DEFRA  
Date of implementation: April 2016

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Small and micro business assessment	Not required (European origin)
RPC rating (as initially submitted)	Red (not fit for purpose)



**Michael Gibbons CBE, Chairman**