

# Response ID ANON-XQFF-QT7S-4

Submitted on 2015-09-18 13:24:54.928131

## Terms and Conditions

### 1 Terms and Conditions

Yes

## Introduction

### 2 Contact Information

Mrs

(please specify):

**Forename:**

Jenny

**Surname:**

Grant

**Organisation (if applicable):**

Renewable Energy Association

**E-mail address:**

jenny@r-e-a.net

**Phone Number:**

07796430168

**Postal Address:**

25 Eccleston Place,  
Victoria,  
London,  
SW1W 9NF

### 3 Confidentiality (permissions)

I am responding on behalf of a group or organisation (please complete (b) and (c) below)

Yes

Yes, make my response and name available, but not my address

Yes

Yes

## Your Response

### 4 What are your views on the proposed charging scheme?

**Suggested Modifications:**

REA Organics Recycling Group broadly supports the principles of the proposals. We support a risk based approach with sites that require greater input from SEPA paying greater fees and compliance being taken into account.

Overall the consultation was difficult to interpret and calculate what fees are actually going to be without having sites individual log in details. As a trade association it was difficult to alert our members to potential increases in annual fees as it was not clear what these would be. We feel the complexity of the consultation may have put some operators off responding as they were simply unclear on what the impact on them may be. We have also had some feedback from members that they did not receive notice directly from SEPA about the consultation.

However we have some suggestions from the feedback we have received from our members. The emissions charge is a substantial additional charge that seems to apply for composting and Anaerobic Digestion sites processing more than 15,000 tonnes per year and we think the threshold limit should be increased or changes made to the emissions charge for waste when related to tonnages to make the emission charges more graded or banded rather than a large increase at the threshold limit.

As an example: For a sites currently accepting less than 25,000 tonnes under a waste management licence, the annual fee is £3420 and under the new

proposals it seems that this is now an activity charge of £4119 with an additional emissions charge for sites processing over 15,000 tonnes of something from £6110 to make a total annual fee from £10229, nearly a 300% increase. This is clearly not sustainable for the majority of operators. This charge is likely to encourage operators who process just over 15,000 tonnes per year, to restrict their site to processing a maximum of 15,000 tonnes a year to avoid falling into the emissions charge bracket. This will result in reduced recycling figures for local authorities, smaller sites being unsustainable and material that could be recycled ending up in other treatment or disposal options further down the waste hierarchy. We also feel there is a lack of justification for this given the risk of emissions from a site processing 16,000 tonnes is not significantly higher than a site processing 14,500 tonnes. The calculation of how the emissions charge is calculated from the emissions score is not clear and the threshold limit does not reflect the additional work that is likely to be needed by SEPA.

The issue outlined above seem to in no way support the promotion principle of treating waste as close to the source as possible and avoiding unnecessary transportation of waste. Small to medium sites will find it very difficult to be commercially viable with the proposed fees and they are likely to encourage development of larger sites to treat waste more centrally.

We note that the current annual charges collected by SEPA account for 98% full cost recovery. Whilst we accept that application fees are not currently at full cost recovery and changes are needed, we feel that proposed increase in the annual fees for the organics recycling industry are not justified.

In assessing the financial impact of the scheme, we note that the recycling and treatment sector has one of the largest increases in average charge (up 65%). Given the positive environmental impact of the majority of recycling operations this seems to be unjust.

**technical issues:**

We support the principles behind the calculation of the activity charge in attempting to calculate the regulatory effort both in terms of direct regulation and regulatory support. This seems a fair way of calculating the actual costs incurred of regulating a site. However we cannot understand the adjustment factors that have been included to bring the predicted income in line with the income previously generated. This seems to make the exercise of calculating the actual costs redundant.

For organics recycling sites moving from a tiered charging scheme where sites operating under a waste management licence that are accepting lower tonnages pay less than a site accepting higher tonnages to a scheme where there is a flat charge for composting (that can only go up), is not acceptable.

The commercial viability of many of our members is likely to be impacted by these proposals. Budgetary restrictions on local authorities over a number of years has meant that gates fees for composting and AD have not increased whilst operating costs (fuel, staffing costs, costs around achieving PAS100/110 etc) have gone up. Whilst markets for compost and digestates produced by these sites are improving, the vast majority of compost and digestate is used in agriculture and this remains a low value market with compost currently achieving between -£5 and £6 per tonne. (ASORI 2013). In general sites are managing to stay in business but are not turning massive profits.

We support the introduction of compliance charges as this promotes good practice across the industry but we would like to see the option for top performing sites to reduce their annual fees rather than just poor performing sites seeing an increase. This would seem a fair and logical step as sites that are performing well and complying with all their licence or permit conditions are likely to require less visits from SEPA staff and therefore cost less for SEPA to regulate. We urge SEPA to consider a reduction in fees for compliant sites.

Whilst we do support the proposal for compliance charges, i.e. poor compliance will incur higher costs, we are interested to hear from SEPA on how this will relate to the proposed new enforcement scheme. We support and actively encourage our members to operate best practice at their sites and do not condone any breaches but acknowledge that these can happen. Any site who breaches a condition of their licence or permit is likely to risk incurring a fine under the new enforcement scheme, and also then fall in a non-compliance bracket in the charging scheme, and ultimately end up paying twice for the breach. This may be over the top in some cases and we would like to know more about the relationship between enforcement and the compliance assessment.

**phase-in:**

From the information we have received from members, the 5 year phasing in period seems acceptable.

**exemptions & reductions:**

We are concerned about the change on the discounts on multiple activities. Some sites may have more than one activity on the same licensed site and previously only the most expensive activity was charged. The proposal is for all activities will be charged, with a 10% discount on the fee for the second and subsequent chargeable activities. This could mean a big increase in fees for small operators who carry out a number of different small-scale activities on a single site (e.g. a compost site co-located with a transfer station and CA site may get hit for 3 sets of fees when formerly there was only 1). We would encourage SEPA to offer some site specific exemptions where greater savings in regulatory effort are possible, or to enable the decision to be taken at a local level in discussion with the operator.

**Additional comments:**

The Organics Recycling Group (ORG) of the Renewable Energy Association (REA) is pleased to submit this response to the SEPA in response to their consultation on their charging scheme. The ORG have circulated and highlighted this consultation to our members in an attempt to gather their views on the proposals. We submit these comments based on feedback from some of our members along with our experience of working with the organics recycling industry across Scotland for 13 years.

The REA is a not-for-profit industry association that represents a wide variety of organisations, including organic resource management companies, project developers, fuel and power suppliers, investors, equipment producers and service providers. The ORG is one of the twelve sector groups within the REA and represents a wide range of operators who manage composting, anaerobic and aerobic digestion facilities, mechanical and biological treatment and in-vessel composting facilities within the UK handling a wide range of biodegradable feedstocks. Members range in size from major multinationals to sole traders. There are around 700 member companies of the REA, making it the largest renewable energy trade association in the UK.