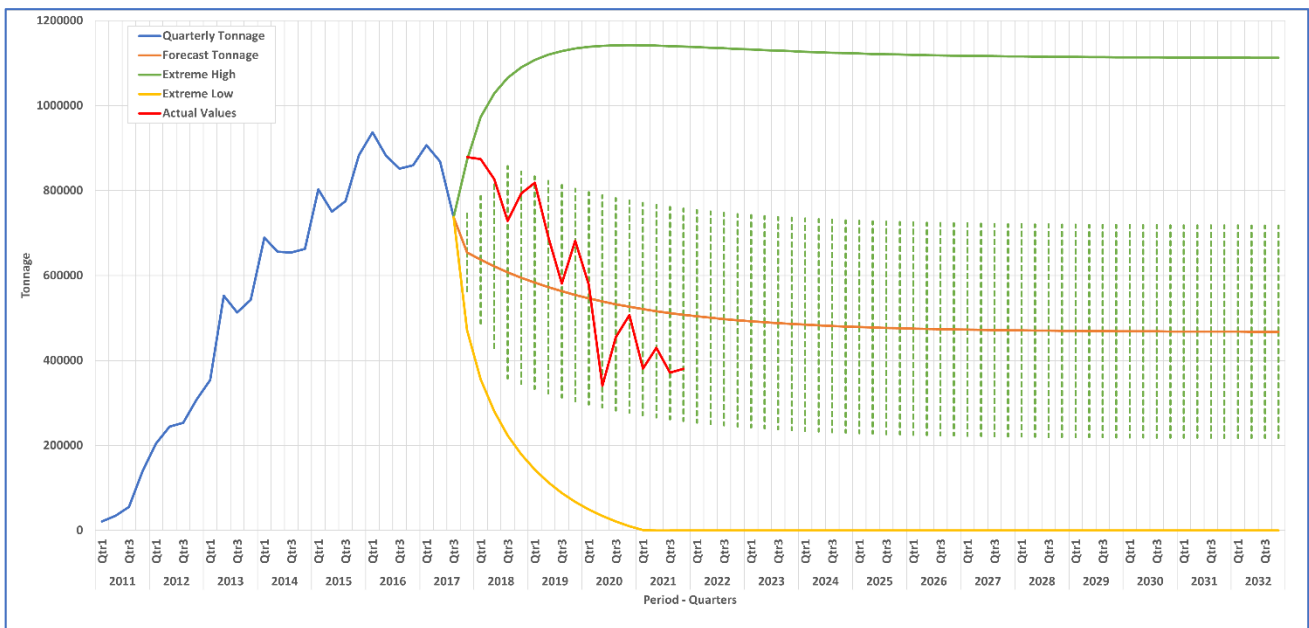


Will RDF and SRF Exports Continue?

Back in 2015, we produced a piece for CIWM (http://monksleigh.com/articles/img/ciwm_dec_15_rdf.pdf) outlining the growth in the export market for RDF and SRF. This commentary suggested that the market would slow and reduce as new EFW capacity came on board. At the annual RDF Conference in November 2017, we highlighted that the downward trend had begun, forecasting a long-term export at around 1.7mtpa and potentially at a lower range of around 1.2mtpa out to 2032.



We haven't published data or commented as Monksleigh on these trends since, having focused the data reporting via WikiWaste (https://wikiwaste.org.uk/Waste_Derived_Fuel) and sharing some data on LinkedIn.

The overarching pattern for export from England up to the year end 2021 is, however, striking - as shown in the graph below:



The drivers of change have led to export figures at the lower end of our predictions back in 2017, however three of the key drivers that have led to this position could not have been predicted by any commentators at the time, these include:

- The incineration tax introduced in the EU, especially in the Netherlands where it has essentially led to capacity being switched off.
- The implementation of Brexit and the increased cost and complexity of export that has resulted.
- The reduction in tonnage generated during the pandemic in 2020.

So, in the light of this, what might the future now hold?

SRF

When it comes to SRF, the English export market grew steadily to 2018 before stabilising ([https://wikiwaste.org.uk/Solid Recovered Fuel](https://wikiwaste.org.uk/Solid_Recovered_Fuel)) and this coincided with increasing SRF to cement kilns in the UK as well, as summarised in WikiWaste ([https://wikiwaste.org.uk/Cement Kilns](https://wikiwaste.org.uk/Cement_Kilns)).

The likelihood is that, with the pressure on cement companies to reduce CO2 emissions and power costs, further demand will continue and potentially grow – with some players backing the production of SRF pellets to allow more material to be used within the cement manufacturing process. Our view is that the c.800kt in 2021 of SRF for export and use in the ‘onshore’ cement kilns will increase, although, ultimately, there will be a limit to the ability to ‘cream off’ the higher calorific value material from residual waste into SRF.

RDF

The predictions for RDF are inevitably going to be more influenced by the demand in the UK from new infrastructure and the ongoing demand for RDF in Scandinavian companies where the economics of heat and power use will almost certainly create an ongoing forward demand.

The trend will, however, be influenced as more of these fuels will increasingly require the removal of plastics as the main driver of measured CO2 emissions in EFW.

Policy Question

In the case of both of the above, though, there are several key policy issues in consultation that could change any predictions markedly. They include:

- **Consistency in Collection/DRS/Plastics Tax/EPR** which all have the potential to reduce the amount of residual waste in the long term and its fundamental composition.
- **Environment Act** residual waste targets to halve 2019 levels by 2042, which under the current consultation would impact cement kiln and export options.
- **EU ETS for EFW** (leading to greater manipulation of fuels and CCS implementation) and/or an incineration tax in the UK which could increase cost and drive more tonnage offshore.

In Conclusion?

At Monksleigh we believe that the overarching trend will be similar to that experienced for waste wood – namely, a continued reduction in exports, until the levels reached make economic sense and balance UK short term supply/demand. However, the implementation of current policy consultations has the potential to distort the market radically. It could significantly reduce the tonnage for export in the future by including the export tonnage in the calculation of the target/metric, which, when combined with reduced residual waste overall, could see all RDF and SRF consumed onshore, with little or no export. An unintended consequence might also be the importation of RDF and SRF to fulfil UK capacity in EFW, cement kilns, and Waste to Fuel Plants. Wherever you sit in the supply chain, we would suggest responding to the [consultation on the Environment Act targets](#) by the end of June to highlight your concerns.