

# UK Fridge recycling

The current position is that there are 14 approved fridge plants within the UK operated by 10 companies. Of these 96% + of the UK volume is processed by 6 companies (EMR, Sims, Viridor, AO recycling, Gap recycling & Environcom).

These plants can be separated into 3 categories,

- Plants designed and built around 2002 in response to the ODS regs
- Plants commissioned from 2008 - 2012 in response to the WEEE regs
- Plants built in 2017-2019.

Currently given the present economics these plants need to run at 90% capacity to generate cash. With the introduction of 2 new fridge plants post 2017, two existing operators have seen significant reductions in volumes. No doubt impacting their profitability also resulting in lower market prices. It costs much the same to process 100 fridges and hour as it does 50 but the resulting revenue gained is half. So many operators naively believe volume is more critical than revenue quality.

Scrap fridges are expensive to move, a trailer can carry a maximum of 7 tonnes with averages around 5 tonne per fully loaded trailer to give acceptable load / unload times and H&S issues. (Approx. between 105 to 140 fridges). Therefore operational site geography is significant.

Since 2015 the value of the recyclates extracted by the fridge plants does not cover the cost of this process and gates fees have been charged. With the dramatic and sudden falls in commodity prices the inability of the recyclers to charge retrospectively and the PCS's almost forced to source the lowest price fridge recycling, it is a very high risk and low return business employing huge assets. The only creditable reason to invest in a fridge plant is if you have access to sufficient volumes of fridges requiring recycling i.e. a retailer with a bring-back scheme or a large WEEE PCS.

By Aug 2022 the new BAT regulations will apply. It is the view of most of the operators that pre 2017 plants will require substantial expensive modifications to comply (if CENELEC standards are adopted) and with pre 2008 plants this may not be possible. The pre 2008 plants effected currently have 41.5% of the overall UK capacity and whilst the current position is that the UK has an excess processing capacity of 30%, this will be reduced to a negative, if they cease operating.

54% of the capacity is controlled by companies that are owned by large corporates whose main business concentrates on other forms of waste. This has been seen as an advantage giving stability to a business environment that is totally transactional in structure yet hugely investment geared. However it is a double edged sword because these companies do not see their fridge plants as important to their business and may very well decide that reinvestment is now no longer part of their strategy.

Sims recently sold its European WEEE business to Remondis (except the UK part) and for both Sims and EMR, fridge recycling represents less than 2% of their UK turnover. Viridor

put its WEEE business up for sale in 2019, the detailed figures suggested to me a loss making business although Viridor claimed otherwise but if not it, begs the question why sell it?

Post the Covid-19 shut down in particular two corporate businesses will be concentrating on recovery of their core business activities. Reinvestment in their loss making WEEE activity of which their fridge plants were commissioned in 2002 may very well not occur.

### **08-10-20**

As an update to the above sent to Defra at the beginning of the Covid-19 outbreak I can report that after a minor fire at the Viridor St Helens fridge plant the Viridor Board decided that it wasn't willing to pay for repairs to the plant and it was shut down with immediate effect. The plant represented about 13% of the total potential UK fridge plant capacity, and the best guess is in 2019 actually processed 8% to 10%. It demonstrates the fact that the big operators are no insurance against sudden changes in capacity caused by closures in fact they are the opposite.

With an approximate 2 year lead time between deciding to build a new plant and getting it running due to manufacturing constraints and EA permit permission ludicrously long lead times if another two plant close there is no quick fix. To give some idea of numbers there are circa 2,750,000 fridges recycled each year in the UK, all deemed hazardous e-waste and requiring to be stored on permitted premises only.

But what I think the committee should be concerned with is not the potential fridge mountain nor will the fact householders be faced with been unable to dispose of their defunct fridges but the reason why this situation could occur.

It is symptomatic of the systems inherent failure to take the next steps to a proper environmental regime. The Weee regulations were a good start to getting us to tackle the e-waste problems that were mounting up but as with all new systems it needs a serious overhaul and not some tinkering about with. I suggest it is like owning a ford model t, it was way better than walking or owning a horse but in every way now we would consider it unacceptable method of travel and no amount of tinkering will produce an acceptable outcome what we need is an upgrade to a modern car. With ewaste the fastest growing waste stream we need to act now to ensure this under resourced juvenile industry matures into a World and best in class one.

To do that it needs to be able to invest which needs contractual arrangements not transactional. It needs to be able to charge the correct amount and the polluter needs to pay. But equally the polluter needs to be able to decide and influence what product they invest in and its impact on the environment and to their pockets be that to reuse or recycle.

Fundamentally the polluter is the consumer not the producer and they should pay directly and not indirectly as happens now. The system needs a watchdog and a level playing field across the whole of the UK & Europe.

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