

HOW SHOULD THE GOVERNMENT SUPPORT UK ENERGY CONSUMERS?

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**Options for Energy Buyers
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BRITISH PLASTICS FEDERATION

- Founded 1933
- Over 400 Member Sites
- Membership from: raw materials and additive producers; processors; distributors; machinery and recyclers
- Our members account for 80% of UK sales turnover and employees
- We have 18 Business Groups

UK PLASTICS INDUSTRY

- Material Processed – 4.8 million tonnes
- Processing sales turnover - £13.6bn
- Value of direct exports - £3.6bn
- People employed – 190,000
- Total number of firms – over 5000

THE MARKET FOR PLASTICS

UK per capita plastics consumption 78kgs

Consumption by market:

Packaging	38%
Construction	22%
Transport	7%
Furnishings	7%
Electrical/Electronic	6%
Medical	2%
Others	18%

ENERGY OUTLOOK

WINTER 2006-7

- Forecast: wet and mild winter
- Ofgem, “Great uncertainty about gas imports this winter.”
- A year ago the average increase was +58% on gas and +56% on electricity
- Average increase now 20% for plastics industry
- Whole of Europe knows of UK supply problems
- Risk of speculation on prices

BPF RECENT ACTION

- 16/5 meeting with Energy Minister Malcolm Wicks
- 3/7 letter to EU Competition Commissioner on liberalisation and CCL
- 10/7 Lobby of MPs
- In July contact with No 10 and Bank of England
- September launch of BPF Bulk Energy purchase scheme through Inenco

GOVERNMENT 'ENERGY CHALLENGE' REVIEW

Published 11th July, White Paper early next year

BPF Response:

- Welcome need for supply diversity, nuclear, renewables, energy from waste
- Planning regime must be reformed
- Need an action plan and timetable
- Liberalise European energy markets
- Welcome encouragement of home energy saving. Plastic insulation, double glazing has a role.

WORDS FROM GOVERNMENT

“Generating energy from waste has benefits for the security of energy supply, since we ‘make’ our own waste and can therefore reduce our dependence on foreign fuel suppliers.”

(Review of England’s Waste Strategy Defra Feb 2006)

ENERGY FROM WASTE

- UK with a 60 million population has only 21 EfW facilities
- Environmentally conscious Denmark has 32 EfW facilities for a 5 million population
- The UK's past legacy of cheap and abundant energy and landfill is ending
- With rising landfill costs EfW is a bankable proposition
- Used plastics, which cannot be recycled are an energy resource, with a higher calorific content than coal

BENEFITS OF ENERGY FROM WASTE

- The annual amount of energy generated from incineration in W. Europe is equivalent to the electricity demand of Switzerland
- Energy from W. Europe MSW already contributes 3% of EU electricity production from renewable energy sources
- Just 10% of pre-sorted EU municipal waste would cover 5% of EU energy needs, saving up to 14 million tonnes of oil a year
- In Europe increased EfW has not curbed increased Recycling. It has diverted waste from landfill where methane has 20 times the impact on global warming than CO₂

EFW ENERGY EFFICIENCY

- In a survey of 97 European EfW plants, 87 reached a recovery efficiency rate of + 50%
- The above conforms with the RI formula for energy efficiency, proposed by the Commission
- The RI formula not only takes into account the efficiency of the plant, but also its efficiency in supplying customers
- It is best to have the consumer for the heat close to the plant

Aarhus North



AARHUS, DENMARK

- This EfW/CHP plant processes 240,000 tonnes of waste and generates 19mw of electricity per annum
- It services the 300,000 inhabitants of Aarhus with district heating and energy
- Being CHP the plant has 85% efficiency and does not need to have coolers for steam condensation
- School and community groups are encouraged to visit

PICOW FARM, CHESHIRE

- Ineos Chlor proposes to build an EfW/CHP plant to burn SRF from domestic refuse
- 20% of Ineos's Runcorn energy needs could be provided by CHP
- Local authorities will benefit in disposing of unrecyclable waste
- Planning application to be submitted to DTI later this year

CLIMATE CHANGE LEVY

BPF view since 1999

- Unfair – CCA's reward pollution risk, energy intensity and failure to retain home market
- Harms competitiveness with other materials and countries
- Proposed suspending CCL for duration of energy crisis
- Withdraw and replace with voluntary agreements on energy reduction
- At minimum, widen CCA criteria to include plastics industry

PLANNING REGIME MUST BE REFORMED

- It took 15 years of planning inquiries before the Belvedere, Kent EfW plant was approved
- Local authorities in the South East recently rejected the plan to build the UK's fourth LNG terminal
- Sizewell B took 73 months to secure planning permission
- In the Government's 'Energy Challenge' they committed to 'introducing fundamental change to the planning system for major energy projects.'
- The shadow of Buncefield affects public opinion on storage.

SUMMARY

The Plastics industry needs:

- Security of supply, lower more predictable prices
- Government leadership on more Energy from Waste provision
- More nuclear power and renewables
- Withdrawal of the discredited Climate Change Levy
- Faster planning approval for Energy production and storage, and waste facilities
- A properly functioning European energy market