



The Rt Hon George Eustice MP
Secretary of State
Department for Environment, Food and Rural Affairs
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14th October 2021

Dear Minister,

Call for delay to ending the entitlement to use red diesel for the waste sector

I am writing to ask you to delay the removal of the entitlement to use red diesel for the waste sector by one year and to offer support for waste sector vehicles that are zero emission. The waste sector also needs to be included as an eligible end-user in the Red Diesel Replacement competition, an oversight there seems no explanation for. Since the consultation on ending eligibility in autumn 2020 circumstances have changed and there are a number of other pressures on the sector.

The organics recycling sector alone treats 14 million tonnes of feedstocks (including food and garden waste) every year through composting and anaerobic digestion. The HGV driver shortage is having a significant impact on the sector. This is two-fold with the sector facing significant increasing costs to retain drivers and struggling to retain enough drivers to service all their contracts. In addition to this, the struggle that Local Authorities are having to retain drivers is impacting on their waste and recycling collections. Local Authorities are being forced to prioritise collections and some have suspended their food and garden waste collections. The knock-on effect of this is a reduction in the volumes of materials arriving at sites for treatment and a financial impact with the loss in revenue from gate fees.

Whilst we strongly support the transition to sustainable and renewable fuels, we have serious concerns about the short term impact the removal of the entitlement to use red diesel will have on sites' operational costs, at time when many are already financially stretched.

In many cases for composting (and some Anaerobic Digestion) operations machinery running on alternative fuels is not currently available. Shredders and screeners are commonly used on composting sites, and there are no suitable alternatives to diesel powered machines on the market. Even if the equipment could be obtained, often these sites do not have the suitable grid connection for electrically-powered operations. We

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know that manufacturers are working on alternatives, but in most cases these are not market ready.

Given the lack of alternatives, there will be significant impact on the removal of the entitlement to use red diesel. Our members report figures of between £1.20-2.70 per tonne increase in their operational costs in switching to fully taxed diesel. In many cases, this is their current profit margin. The range depends on the size of the site and type of operation, with smaller sites looking like they will be most impacted. Whilst some on-site efficiencies are likely to be made, in reality there will be a cost impact for almost all sites who currently use red diesel. It is unlikely there will be a net benefit in the revenue raised. In most cases the increase in costs will have to be passed back to the waste producer, i.e. Local Authorities.

Introducing direct support for new zero carbon vehicles in the off-road sector, such as waste management – a sector that has been overlooked for Government support and incentives to switch to cleaner vehicles, therefore leading to no alternatives to conventional vehicles – will enable the switch away from diesel to be made permanently. The CCC has recommended action on vehicles in manufacturing, construction¹ and for agriculture² and we believe that the waste sector needs the same intervention to drive investment into red diesel replacements. Without this, change is unlikely to happen at the pace needed to achieve Net Zero by 2050.

We would welcome the opportunity to meet with you to discuss this further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N. M. Skorupska', written in a cursive style.

Dr Nina M Skorupska CBE FEI
Chief Executive, REA

¹ <https://www.theccc.org.uk/wp-content/uploads/2020/12/Sector-summary-Manufacturing-and-construction.pdf>

² <https://www.theccc.org.uk/wp-content/uploads/2020/12/Sector-summary-Agriculture-land-use-land-use-change-forestry.pdf>