

Credential Environmental Seeks Level Playing Field



The tyre recycling sector faces a number of challenges, from building a market for its output, through to competing with illegal operations: The latter impacts upon the former. Any business needs to be able to see a return on investment, without a return on investment there is no point in establishing a business operation. So, if a business is to invest a six figure sum, or more, establishing a business and meet all its legal obligations, it is a little galling to find the chap along the road doing exactly the same thing has initiated his business by applying for an exemption from waste management site licensing because he has told the Environment Agency (EA) that he is operating at a low volume, but has then exceeded the limits on capacity but still operates under his exemption.

Nick Wyatt, Director of Credential Environmental Ltd., told Tyre and Rubber Recycling, "I don't understand why some businesses should be allowed to carry on and not be regulated. We are all for light touch regulation or very rigorous regulation, but the playing field needs to be even, we all need to play by the same set of rules." Nick Wyatt and co-Director Andy Hinton bought Credential Environmental Ltd in a deal that saw the firm being rationalised into a core business, that of tyre collection and the supply of tyre derived fuel (TDF). The company now only handles car tyres at a rate of between 50-60,000 tonnes per annum at two sites, one at Selby and the other at Wednesbury. 40 per cent of the feedstock comes

from Credential's own collection service, and 60 per cent from third parties.

Employing 45 staff at the two sites, and retaining a small head office at Newton Aycliffe the company, with a 4.5 million turnover, has one guiding aim, that of being the lowest cost high quality producer of TDF.

Nick says, "We set out with the idea of buying a very high volume, low unit cost, shredder and feeding as many tyres through it as we could, that, in theory should have given us a robust position in the market. However, the BMH technology was unreliable and throughput and reliability was not what we anticipated. After a lengthy and successful legal battle with the equipment supplier that resulted in BMH having to remove their machine and fully compensate Credential, we swapped to Columbus McKinnon equipment. We had a CM shredder at Selby and we also had a spare CM plant which we upgraded and recommissioned at Wednesbury. The Selby plant is being upgraded in July and these two sets of equipment give us comfortably 30,000 tonnes capacity each and we are still one of the lowest cost providers of TDF in the market."

When Tyre and Rubber Recycling spoke to Nick at the Tyre Recovery Association (TRA) conference, the issue of exports was a matter of some concern as the volume of exports had risen from virtually zero to around 50 per cent in about six months. However, as Peter Taylor, Chairman of the TRA, predicted, the issue may be resolving itself, at least

temporarily. Nick commented, "We have seen a move away from exports from certain areas in the market. There is currently a shortage of containers, and shipping costs have increased, so the economics of shipping halfway around the world have come into play. We are now receiving bales of tyres, previously set for export, which can no longer be exported. So, the issue is perhaps resolving itself. "However, there

are two levels here, there are those who export legitimately and comply with the law in every respect and they are fair competition, and we can compete with that level of practice. However, there are those who break the rules and can operate at low cost and no-one can compete with them. There is an imbalance and the EA need to look at dealing with these operators. They may well be operating outside the law in the UK, and they will almost certainly not be checking the end destination.

"We are legally obliged to dispose of tyres, anywhere in the world where it is legal, in line with the environmental guidelines laid out by the EU. That includes BAT, and standards that are equivalent to those required in the EU. It does not include creating huge stockpiles or onward shipment to countries where direct export is illegal as we believe has happened.

"People exporting refuse derived fuel (RDF) have to pay for an EA officer to check the suitability of the final destination of the RDF. Yet, the EA seems to have no interest in making the same requirement of people exporting tyres."

At the recent UTWG meeting the EA produced a list of recent prosecutions. All of these escalated from illegal activity at exempt sites and yet the EA seem to have no appetite to address this – EA officers I have spoken to say that as exempt sites pay no licence fees there is no money to fund inspections of them! "Then there is the length of time it takes the EA to take action, they often know about these sites, but their process of

enforcement is protracted, it can take years before anything is done, and then often only because there is a fire or some other incident that forces the issue. Yet they are keen to enforce the slightest breach at a licensed site."

There is however a positive aspect to the increase in exports and that is the fact that tyres are developing a real value. This was something that was mentioned at the 2011 ETRA conference, where German processors were saying that the demand for ELT was such that they expected tyres to have a positive value within five years. This was denied at the time by UK spokesmen but here, today, thanks to the advent of the export market, gate fees have dropped and tyres are close to actually having a value.

Nick Wyatt says the cement kilns have always had a strong hold on the market and they have always threatened to pull out of the TDF market, but even if TDF actually costs them to use, it still offers big cost advantages over fossil fuels. "If the gate fee drops to zero, or tyres have a value there will still be a cost to collect, and efficient collectors will always get their costs back and make a small profit, and the processors of TDF will similarly always take their profit, so in many ways it actually makes no real impact on the TDF market. The value just moves from one end of the chain to the other. Where it may make a difference is in the crumb market, which has a more international aspect and where crumb processors will be competing with controlled markets such as in France, Spain or Italy where they are supported by a centrally managed gate fee.

"Credential is getting a lower gate fee but a better value at the back end so we don't see lower gate fees as an issue."

Asked if tighter regulation would help address the issue, Nick was sanguine about the subject. "I'm not concerned about the level of legislation but the rules have to be the same for everyone. However, I compete with exempt sites and they are not meeting the same standards, and that is not right. These exempt sites are, as I have suggested, the main source of most illegal operations but if those sites were regulated to EU standards the issues would resolve themselves. But, whilst there is an illicit market there will always be damage done to legitimate businesses and it is time for DEFRA and the EA to act."