

The Marketplace for PRNs

Q2 PRN Report *Continued from Page 4*

tonnes (1%) oversupplied in Q1. In Q2, Glass Other failed to meet its Quarterly Obligation once again and was 16,254 tonnes (12%) undersupplied. Glass Remelt exceeded its quarterly obligation in Q2 by 39,903 tonnes (16%). This will help us to understand why this oversupply position in Glass Remelt, even where it is meeting its Glass % split (65% for Glass Remelt, 35% for Glass Other), is putting downward pressure on the price more towards Glass Other prices. [Please see **Figure 2** below]

If we combine the two quarters for Glass Other, there is an 11,212 tonnes undersupply and so far this year, 48% of the Glass Other annual target has been met. When combining Q1 and Q2, Glass Remelt is 43,188 tonnes oversupplied and so far Remelt has met 54% of its annual target. If we take both Glass notes and look at where they are in comparison to the overall Glass obligation at this point in the year, we see that Glass (Remelt and Other) is only 2% oversupplied (31,976 tonnes).

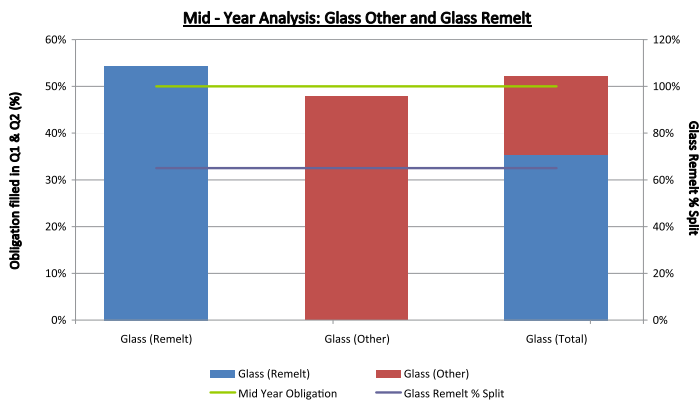


Figure 2. Mid-Year Analysis; Glass Remelt and Glass Other.

Aluminium

Following the release of the Q1 figures, we saw that Aluminium was 1,027 tonnes (6%) undersupplied. The Q2 figures demonstrated that Aluminium had exceeded the quarterly obligation by 345

tonnes (2%), but this was not enough to make up the shortfall seen in Q1. The two quarters combined gives a total of 33,624 tonnes. At this point in the year, Aluminium is still 736 tonnes undersupplied and 49% of the annual target has been met. It's possible that it is for this reason Aluminium prices have more or less continued to hold since the release of the supply figures.

Wood

Wood was 46,537 tonnes (80%) oversupplied in Q1 and 46,291 tonnes oversupplied (80%) in Q2. The two quarters combined gives a total of 208,894 tonnes and at this point in the year Wood has met 90% of its annual obligation. Despite overall Wood availability in the PRN market falling year on year, (369,877 tonnes in 2011, 290,229 tonnes in 2012 and 213,347 tonnes in 2013) there has still been good supply available in the market this year with trading prices remaining soft.

Paper

Paper was 219,568 tonnes (35%) oversupplied following the release of the Q1 figures. In Q2, Paper was 218,703 tonnes (34%) oversupplied. With large supply volume being offered across the markets and contributing towards General Recycling, prices have continued to trade at 85p. The two quarters combined gives a total of 1,708,579 tonnes and at this point in the year 67% of the annual Paper obligation has been met.

General (Total) Recycling and Overall Recovery

The General (Total) Recycling for Q2 was 1,727,344 tonnes and met 27% of the Business Obligation. PRNs available to meet the total general recycling obligation are in those materials which are in surplus to their obligation. When looking back to **Figure 1**, we can see that the two main materials contributing towards this obligation are Paper and Wood.

Overall Recovery for Q2 is 1,873,557 tonnes and exceeded the Business Obligation by 27%. When looking at Q1 and Q2 for both General (Total) Recycling and Overall Recovery, only 51% of the obligation has been met at this mid-year stage for each.

My academic year out... *By Tom Rickerby*



It seems like only yesterday that I was sitting at my desk at t2e but for the past 12 months I swapped PRN trading for full time academic study. Returning to University as a mature(ish) student, 10 years after I last paid off my library fines was both a daunting and exciting prospect. In hindsight, it has been one of the most enlightening, inspiring and

rewarding experiences of my career so far.

The Carbon Management MSc programme at Edinburgh University is only in its 6th year and is a collaboration between the School of Geosciences and the Business School. It is based out of the newly renovated, award winning Edinburgh Centre for Carbon Innovation – a hub for low carbon businesses and academia. The result is a course that felt contemporary, engaging and highly relevant. The content touched on a broad range of topics including climate change science, mitigation and adaptation, carbon economics and markets, international and domestic climate change policy, carbon accounting and reporting,

sustainable development and renewable energy. The program attracts distinguished and influential guest speakers from the likes of the UN Intergovernmental Panel on Climate Change and business leaders at Diageo and SSE. I was also fortunate enough to work on collaborative projects with The Carbon Trust and the Scottish 2020 Climate Group.

Above all, the experience has opened my eyes to the immense challenges that climate change poses to business and society. Significant emissions cuts are required to stabilise atmospheric CO2 levels and to avoid potentially catastrophic climate change. This threat is real, the science is unequivocal and it is happening in our lifetime. In a world that is addicted to increased consumption, cheap travel and fossil fuel use and where economic and social development are directly linked to higher emissions, it will be fascinating to see how these challenges are overcome. The UK alone has set legally binding targets to reduce emissions by 80% by 2050. I look forward to dedicating my career to help achieve this goal. I would like to take this opportunity to thank my sponsors, Angus and my wife, for their support over the past year.

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Q2 PRN Report – Reprocessing and Exporting Figures *By Kirsty Anderson*



On Tuesday 22nd July the initial Q2 Reprocessing and Exporting figures were published which revealed some good news for the materials where shortfalls had been reported in Q1. All materials in Q2 exceeded their quarterly obligation, with previous shortfalls from Q1 made up in Plastic and Steel. Total Recovery production including general recycling for Q2 is 1,873,557 tonnes, which is +7% against a quarter of the Total Recovery annual obligation (quarterly obligation).

Review of Q2 Supply Figures

Table 1 Shows the initial published Q2 figures and how these compare to the quarterly obligation. **Figure 1** illustrates the proportion of obligation which has been met so far this year from Q1 and Q2. The red line marks the mid-year obligation, 50% of the total obligation for each material, which gives an indication of these materials that are undersupplied at this stage in the compliance year. As can be seen, the materials that are significantly oversupplied are Paper and Wood, which fill the General Recycling Obligation.

Material	Q2 Supply 2014 (Tonnes)	25% of Obligation 2014 (Tonnes)	Difference	% Difference
Paper	853,857	635,154	218,703	34%
Glass (Other)	150,442	134,188	16,254	12%
Glass (Remelt)	289,109	249,206	39,903	16%
Glass (Total)	439,551	383,394	56,157	15%
Aluminium	17,453	17,108	345	2%
Steel	103,655	87,651	16,004	18%
Plastic	208,504	195,197	13,307	7%
Wood	104,324	58,033	46,291	80%
Overall Total Recycling	1,727,344	1,621,736	105,608	7%
Overall Recovery	1,873,557	1,753,671	119,886	7%

Table 1.

Confirmed Quarter 2 Supply Figures against the Quarterly Obligation.

Mid - Year Analysis

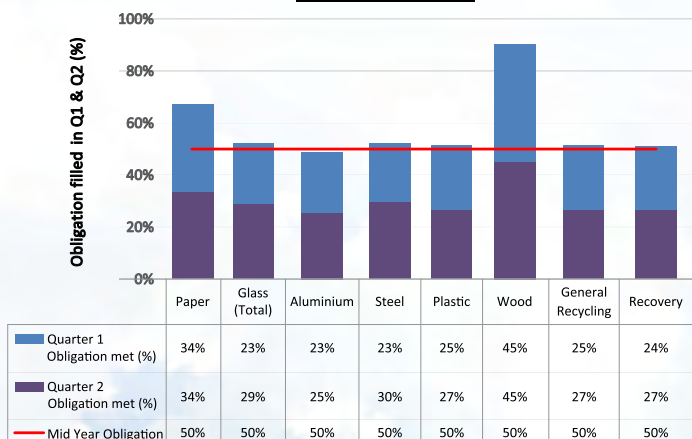


Figure 1. Mid-Year Analysis. (Excluding Carry-In)

Steel, Plastic and Glass (Remelt and Other) have dominated PRN

discussions this year and have received the greatest interest in the market. Plastic, Steel, Aluminium and Glass Other all saw a shortfall in supply in the initial Q1 figures released earlier this year. Once the Q2 figures were released, the shortfalls in Plastic and Steel were made up but Glass Other and Aluminium are still undersupplied.

Table 2 illustrates the amount of obligation filled in Q1 and Q2 for each material against 50% of the Obligation and displays the over/undersupply position for each material.

Material	50% of Obligation (Tonnes)	Q1 & Q2 Supply (Tonnes)	Difference showing over/undersupply	% Difference
Paper	1,270,308	1,708,579	438,271	35%
Glass (Other)	268,376	257,164	-11,212	-4%
Glass (Remelt)	498,412	541,600	43,188	9%
Glass (Total)	766,788	798,764	31,976	4%
Aluminium	34,360	33,624	-736	-2%
Steel	175,302	182,567	7,265	4%
Plastic	390,394	400,321	9,927	3%
Wood	116,066	208,894	92,828	80%
Total Recycling	3,243,472	3,332,659	89,187	3%
Overall Recovery	3,507,343	3,588,442	81,099	2%

Table 2.

2014 Obligation against Q1 and Q2 to show Current Under/Oversupply.

Steel

After the 11% shortfall in Steel reported following the release of the Q1 supply figures, Steel exceeded the Q2 quarterly obligation by 16,004 tonnes (18%). The two quarters combined give a total of 182,567 tonnes. At this point in the year Steel has met 52% of its annual target. It is understood that the undersupply seen in Q1 was mainly due to a downturn in domestic supply. 43,364 tonnes reprocessed in Q1 compared with 65,151 tonnes in Q2. Once these figures were released, it demonstrated the shortfall had been made up and Steel was 7,265 tonnes oversupplied. Prices initially softened and then held largely due to being only 2% oversupplied when looking at the Steel annual obligation mid-way through the year.

Plastic

When the initial Q1 supply figures were released, Plastic had a reported supply figure of 201,040 tonnes suggesting that the quarterly obligation had been met and there was a surplus. The Agency then released a revised set of figures for Q1 showing Plastic was actually undersupplied by 3,380 tonnes (2%). When the Q2 figures were released, initially an excess in supply of over 30,000 tonnes was seen. This was quickly revised to show Plastic had still exceeded its quarterly obligation, but by 13,307 tonnes (7%). The two quarters combined gives a total of 400,321 tonnes. At this point in the year Plastic has made up the shortfall from Q1 and is carrying a surplus of 9,927 tonnes. This is only 51% of the annual obligation for 2014 which may explain why, at the end of July, Plastic prices held.

Glass

Glass Other was 27,466 tonnes (20%) undersupplied following the release of the Q1 figures. In contrast, Glass Remelt was 3,285

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