

## **Explanatory Memorandum to The Environmental Permitting (England and Wales) (Amendment) Regulations 2023.**

This Explanatory Memorandum has been prepared by the Climate Change Department and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

### **Minister's Declaration**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Environmental Permitting (England and Wales) (Amendment) Regulations 2023. I am satisfied that the benefits justify the likely costs.

**Julie James MS**  
**Minister for Climate Change**

28 June 2023

## PART 1

### Description

1. These Regulations amend Part 2 of Schedule 9 to the Environmental Permitting (England and Wales) Regulations 2016. That Part requires operators of Material Facilities (“MF”s”) to notify the regulator if they receive waste material of 1,000 tonnes or more. Operators must sample the waste entering and leaving the facility and record and report the information to the regulator. The amendments made by these Regulations enhance the data on the composition of packaging waste from MFs. This will be used to provide evidentiary support for Extended Producer Responsibility for packaging (pEPR) including the assessment of producer fees and payments to local authorities. The amendments made by these Regulations include the following:
  - definition of “Materials Facility” has been amended to include all sites that consolidate dry household recycled waste (or waste from other sources with similar composition to household recycled waste) into bulk quantities, whether as a first point of consolidation or following the first consolidation of bulk quantities transferred from other suppliers. MFs managing source segregated or single streams will also be in scope if they are consolidating waste from multiple suppliers or separating waste.
  - MF’s will have a longer list of materials to sample against. Along with the current target, non-target and non-recyclable materials the regulations will require material from the pEPR and Deposit Return Scheme (DRS) (excluding DRS glass) to be sampled and reported. The material that is identified in an input sample must, as a minimum, be separately identified by reference to a new set of material categories. These include glass, paper, cardboard, plastic film and flexibles, plastic bottles, plastic pots, tubs and trays, fibre-based composites, aluminium, and steel. A discretionary provision has been placed in the regulations to allow Natural Resources Wales (NRW) to request sampling of glass packaging for a given period following a 28-day notice.
  - The input sampling frequency is increased from 60kg every 125 tonnes to 60kg every 75 tonnes of input per supplier. Facilities managing source separated waste streams will also be required to sample at a frequency of 60kg every 75 tonnes of input per supplier.
  - MF’s must report to NRW all raw data from samples taken as well as supplier and destination information of the waste they manage.
  - Provisions for the regulator, NRW, to be able to share this data with the pEPR Scheme Administrator.

- The period during which records are required to be kept for information recorded after the coming into force of these Regulations is extended from four to seven years.

### **Matters of special interest to the Legislation, Justice and Constitution Committee**

2. Although technical in nature the regulations will expand the scope of facilities that currently have to comply with requirements set out in Part of Schedule 9 to the Environmental Permitting (England and Wales) Regulations 2016. Part 2 of Schedule 9 creates permit conditions on those (expanded) types of facility. Failing to comply with a permit condition is a criminal offence under regulation 38(2) of the Environmental Permitting (England and Wales) Regulations 2016. The Regulations will add further requirements that was previously permissible. This engages section 2(9)(d) of the Pollution Prevention and Control Act 1999 and therefore these Regulations will be made subject to the affirmative procedure.
3. The regulations are due to be made in October 2023. All MFs within scope will be required to comply with the Regulations by 1 October 2024 and report the first quarter's data to the regulator by 1 January 2025.
4. The Welsh Ministers have chosen to exercise their powers under the Pollution Prevention and Control Act 1999 compositely with the Secretary of State in the UK Government. This will ensure consistency in approach due to significant cross-border operational overlaps for businesses and regulators.
5. As the Regulations will be subject to UK Parliamentary scrutiny, it is not considered reasonably practicable for this instrument to be made or laid bilingually.

### **Legislative background**

6. These amendment regulations will be made using powers under section 2 of the Pollution Prevention and Control Act 1999. The powers were originally with the Secretary of State in relation to England and Wales. However, subsequently these functions of the Secretary of State, so far as exercisable in relation to Wales, were transferred to the National Assembly for Wales by virtue of article 3(1) of the National Assembly for Wales (Transfer of Functions) Order 2005 (S.I. 2005/1958). Functions of the National Assembly for Wales were transferred to the Welsh Ministers by paragraph 30 of Schedule 11 to the Government of Wales Act 2006 (c.32).

7. These Regulations are being made under the affirmative resolution procedure.

### **Purpose and intended effect of the legislation.**

8. An objective of Extended Producer Responsibility for Packaging (pEPR) is to ensure packaging producers are made responsible for the full cost of managing the packaging they place on the market. To deliver pEPR, enhanced data on packaging waste collected, bulked, and sorted by material facilities is required. This enhanced data on packaging waste collected and managed by material facilities will underpin the tonnage and quality related payment mechanisms that will be used within the pEPR system. It will also support the monitoring of meeting recycling targets.
9. The enhanced data collected under these regulations may be shared by NRW to the pEPR Scheme Administrator (once established) for use in the delivery of their pEPR functions.
10. Part 2 of Schedule 9 to the Environmental Permitting (England and Wales) Regulations 2016 currently outlines the sampling and reporting requirements placed on permitted material recovery facilities. The current data collected by MFs under the 2016 Regulations is not comprehensive enough for pEPR requirements, as they do not capture all necessary facilities, such as first points of waste consolidation (those that undertake the first weighing and consolidation of waste such as transfer or bulking stations), nor the packaging proportions and composition moving through the waste system.
11. Instead of requiring a separate material facility sampling protocol for the analysis of packaging waste, the existing Part 2 of Schedule 9, is widened in scope and enhanced to capture information on the packaging waste received, sorted and/or bulked, to support pEPR data requirements. This will reduce the sampling and reporting burden on those facilities currently in scope to only undertake one sampling regime instead of two similar ones.
12. The overall purpose of amending Part 2 of Schedule 9 is to increase the granularity of waste data reported by MFs to drive recyclate quality improvements, including enhanced data on the packaging tonnages and composition to support pEPR. This will be achieved by:
  - Enhanced sampling and reporting at material facilities managing waste to obtain better data on packaging waste composition and quality to support pEPR.
  - Broadening the scope of material facilities obligated to sample and report to include points of consolidation and those managing source

segregated waste streams. This will help to capture as much waste as possible travelling through the system and understand the composition and quality of individual suppliers' waste.

- Increasing the sampling categories that are to be sampled to include the distinction of packaging versus non-packaging along with increased material sampling categories.
- Including provisions for the regulators to be able to share this data with the pEPR scheme administrator.

13. Revised guidance for material facilities on their sampling and reporting requirements will be published in advance of these regulations coming into force in October 2024. A draft of the revised guidance will be published on Gov.uk.

14. Defra and the Welsh Government, alongside the relevant regulators, the Environment Agency and Natural Resources Wales, will continue to engage with key stakeholders to increase awareness of the new sampling and reporting requirements ahead of the regulations coming into force.

## **Consultation**

15. In March 2021, the Welsh Government consulted jointly with the other UK Governments on an Extended Producer Responsibility scheme for packaging. The 10-week consultation set out the importance of collating and reporting packaging data from Local Authorities (LAs) and Material Facilities (transfer stations, bulking stations, and sorting facilities) (MFs) that receive and handle packaging waste, for pEPR purposes including for calculating payments. It was proposed that MFs that were first points of consolidation of waste should report on the packaging collected, managed, and recycled. These consultation proposals received strong support.

16. The joint Government response to the pEPR consultation agreed that:

- First Points of Consolidation and other MFs that receive either mixed dry recyclate and / or source separated recyclate for consolidation and/or sorting will be brought within the scope of the amended regulations.
- The current de minimis threshold for sampling every 1000 tonnes of input will be retained.
- The list of input material categories which must be sampled and reported against will be amended to align with those set out in the consultation. This will mean the inclusion of separate material categories for paper, cardboard, plastic film and flexibles, plastic

bottles, plastic pots, tubs and trays, food and beverage cartons and other fibre-based composites, aluminium, steel and Deposit Return Scheme materials.

- A separate methodology for assessment of glass will be considered, to address health and safety concerns related to distinguishing packaging and DRS glass from other glass.
- The input sampling frequency will increase from 60 kg every 125 tonnes to 60 kg every 75 tonnes. Output sampling frequencies will remain the same.
- Depending on the waste streams received and processes undertaken (consolidation and/or sorting) at a MF, input and output sampling requirements will differ. Output sampling will not be required to be undertaken by MFs who do not undertake sorting processes, and only consolidate the waste received.
- MFs that are currently within the scope of the existing regulations will be required to meet the new requirements within 6 months of the regulations coming into force, with all MFs required to meet the regulations within 12 months of the regulations coming into force. However, since the publication of the Government response to the consultation this has been amended, the regulations are due to be made in the Senedd in October 2023 and all MFs within scope will be required to meet the regulations by October 2024.

17. The consultation documents, summary of responses and next steps can be accessed at: [Extended producer responsibility for packaging | GOV.WALES](#)

## **PART 2 – REGULATORY IMPACT ASSESSMENT**

An impact assessment on expanding the scope of material facilities (MFs) for data sampling to support packaging Extended Producer Responsibility (pEPR) was an integral part of the impact assessment for the consultation on reforming the UK packaging producer responsibility system. The full Impact Assessment for that consultation is available here: [Extended Producer Responsibility for Packaging - Defra - Citizen Space](#).

The Environmental Permitting (England and Wales) Regulations 2016 currently places a duty on permitted MF's that receive more than 1,000 tonnes per year of a mix of two or more recyclable streams (paper/card, glass, metals and plastic) for separation. In Wales, permitted operators have to self-assess if they meet the criteria and if they do, they need to notify Natural Resources Wales (NRW) and then carry out input and output sampling and report this on a quarterly basis. MFs meeting the criteria are referred to as 'notifying MF's' and there are currently 14 notified facilities in Wales. Notifying MF's submit their sampling data as additional fields on their quarterly waste returns.

Extended Producer Responsibility for packaging will introduce a payment mechanism where producers placing packaging on the UK market will pay the net costs for the management of their packaging when it becomes waste. This will include the collection and sorting of household packaging managed by LAs. In order to establish these costs, additional sampling will be needed to identify the amount of packaging managed by LAs at facilities that undertake the first consolidation of suppliers waste and/or sort waste into specified output materials.

The UK Government and the devolved administrations are expanding the MF requirements to include first points of consolidation (which include transfer and bulking facilities) and to increase the sampling requirements to cover packaging

materials. The change in the scope of the regulations could result in an increase of notifying facilities to around 44<sup>1</sup> in Wales.

## **Options**

Two options have been considered for implementing these proposals: Non-legislative/voluntary option or legislative options to increase the sampling requirements to cover packaging materials.

### **Non-Legislative Option:**

Non-legislative options or voluntary are not viable to fulfil the pEPR policy objectives. Enforcement needs to be underpinned by legislation and powers to enable the regulators to enforce permit conditions on material facilities. Failing to comply with a permit condition is a criminal offence under Environmental Permitting legislation.

**Legislative Option (Option 1):** To expand the MF requirements to cover first points of consolidation (which include transfer and bulking facilities) and to increase the sampling requirements to increase the data granularity and cover packaging materials composition.

The following section is based on the Defra EPR Full Impact Assessment (FIA) but has been adapted to present a best estimate of the likely costs in Wales. Full details about the evidence and assumptions used can be found on pages 49-53 of the Defra IA.

## **Material Facilities**

Material facilities such as transfer or bulking stations are often the first destination of packaging collected for recycling from households and businesses. Here recyclate is bulked and/or sorted to be sent to another material facility or to a recycler. Additional requirements to support pEPR will be placed on these facilities to provide sampling and compositional data of the packaging materials they receive and sort. This will lead to increased costs for material facilities. To cover these costs, in scope facilities may increase the

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<sup>1</sup> NRW estimate that 23 facilities will almost certainly be obligated with an additional 21 requiring further scrutiny before being included / excluded.



fees they charge for their services. These costs would therefore accrue to local authorities and businesses delivering materials for recycling.

### **Costs to Material Facilities**

For pEPR to be implemented, appropriate data on the flow of packaging through the waste system needs to be collected. Data is needed for the calculation and setting of targets, fees, and payments, as well as monitoring compliance of the scheme.

For pEPR purposes, any material in scope will be required to sample input material, and where the facility is undertaking a sorting process into target material streams, output sampling will be required. A material facility will be considered in scope if it receives packaging waste from multiple waste collectors or suppliers, and undertakes the first weighing, consolidation/bulking and/or sorting of the packaging waste before sending onto another material facility, reprocessor or to export. Material facilities will be mandated to undertake sampling and compositional analysis and report this data to the regulator.

Instead of having a separate EPR sampling regime placed on material facilities, to reduce the sampling and reporting burden on material facilities the current Material Facility regulations are amended to require MFs to sample and report on both input and output material. For pEPR purposes, when additional facilities come into the scope of these regulations (for example where a material facility includes facilities that manage source separated waste streams), input sampling categories will change and sampling rates will increase from 60kg per 125t to 60kg per 75t. This is crucial as this data will be key for determining evidence of packaging collected and managed and will be used to support the calculation of pEPR payments to local authorities. It is acknowledged that this will increase the number of businesses facing a cost, as well as increasing the level of cost to each business.

As with the current regulations, the de minimis is retained such that sites that handle waste below a 1,000t per year will be excluded. To identify the number of sites in Wales likely to be affected by the Regulations, Natural Resources

Wales have reviewed the data from all waste returns for all Welsh permitted sites that reported receiving waste in the 2021 calendar year.

- All sites that reported being a Household Waste Recycling Centre, Incinerator and Landfill were removed from the dataset (sites deemed not caught by the amended regulations).
- All sites that reported receiving 'household-like' waste on their inputs and/or outputs were kept on the list (including EWC (European Waste Catalogue) Chapters 15 and 20 (separate and mixed fractions). EWC Chapter 19, (separate fractions) were also retained to help determine if any separation activities were potentially being undertaken of mixed inputs at the site).
- All sites that were notified Material Facilities in 2022 were automatically recorded as 'yes' for the amended regulations.
- The data inputs were assessed for the remaining sites to determine those that appeared to be caught.

From this activity NRW estimate that 23 facilities will almost certainly be obligated with an additional 21 requiring further scrutiny before being included / excluded. It is therefore estimated that between 23 and 44 sites in Wales may be affected by the Regulations.

### **One off capital costs**

Waite Resource Management and WRAP conducted a costs survey<sup>2</sup>. This survey asked MFs, that are expected to be in scope, to provide details on costs to meet the current regulations and to estimate additional costs to meet the amended input sampling methodology which included additional material categories (based on the suggested list in the 2021 consultation) and a higher sampling frequency for packaging of 60kg every 25t (as proposed in the consultation). Costs were split into operational and capital costs. Capital costs covered a range of items, including weighing scales, sampling tables, sorting

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<sup>2</sup> Estimated Costings and Facility Numbers for EPR Manual Sampling (WRAP/Waite Resource Management Ltd) 2021 Unpublished

conveyor and portable buildings. 33 businesses were contacted, with 12 providing a response. The responses covered both LA and private operated facilities as well as different sized facilities, ranging from 1,500t to 160,000t per year. Survey responses were used as the basis to estimate costs in the Defra IA.

There is no reason to believe unit costs in Wales will be materially different to the costs presented in the Defra IA for the UK as a whole. As such, the same unit values have been applied here. Due to the uncertainty in the analysis, low, central and high-cost estimates have been calculated. The following sections focus on the central estimates, but the low and high estimates are presented in Annex I.

Capital costs in the baseline scenario have a central estimate of £0.13 per tonne of throughput. The higher sampling frequency required under these Regulations is expected to increase capital costs, with stakeholders indicating additional items such as weighing scales, sampling tables, sorting conveyors and portable buildings will be required. It is estimated a newly obligated site would need a total of £0.38 per tonne capital spend (£0.30 and £0.45 per tonne were used as sensitivity).

Overall, the average site in Wales would need to spend almost £10,000 on capital<sup>3</sup>. This leads to a total cost of around £435,000. This represents an additional cost (relative to the baseline) of £382,000.

**Table 1: Capital costs to MFs, £**

	2024
Baseline	£53,000
Option 1	£435,000
Additional Costs	£382,000

### Ongoing operational cost

<sup>3</sup> £8,000 in the low scenario and £12,000 in the high

The same survey data was used to analyse the operational (largely staff) costs required under the updated sampling regulations.

Overall, the central estimate for ongoing operating costs is £1.09 per tonne (within a range of £0.60 to £1.22 per tonne). Under the central estimate, the average operational cost per site in Wales is around £28k per year, which leads to aggregate costs of around £1,247,000.

Again, as some sites are already sampling under current regulations, we have estimated the baseline costs. The central estimate for the baseline cost is £0.36 per tonne (within a range of £0.20 and £0.41 per tonne). Under the central estimate, the aggregate baseline operational costs are £146,000 per year. The additional cost as a result of these regulations is therefore £1,101,000 per year.

**Table 2: Ongoing operating costs to MFs, per year, £**

Baseline	£146,000		
Option 1	£1,247,000		
Additional	£1,101,000		

### **Regulator costs**

Under the current regulations, in scope MRFs must pay a fee of £2,240<sup>4</sup> to the regulator to cover monitoring and enforcement costs. The fee under the new regulations will be set by regulators on a cost-recovery basis. Regulators have indicated that there are some economies of scale when it comes to these costs and the new fee charge may therefore be lower. The Defra IA presented three scenarios: the high scenario in which the fee per MF is as it is currently, the central in which the fee is reduced by 20% and the low in which the fee is reduced by 50%. In the central estimates, the fee paid by MFs in Wales is estimated to be £79,000 per year, an increase of £47,000 per year on the baseline.

<sup>4</sup> In England: <https://www.gov.uk/government/publications/materials-facilities-how-to-report-on-mixed-waste-sampling>

**Table 2: MF Regulator costs, per year, £**

	<b>Baseline</b>	<b>Option 1</b>	<b>Net Costs</b>
<b>Central</b>	£31,000	£79,000	£47,000

### **Familiarisation costs**

It is anticipated that sites will need to spend time familiarising themselves with the Regulations. This is especially true for those sites that are not currently required to provide the regulator with sampling data. It is assumed each site will spend 10-20 hours familiarising themselves with the requirements and training staff. Legal input is expected to be required as part of the familiarisation and so the cost estimates are based on the median gross hourly wage of a worker in the legal/accounting sector (£19.03). An uplift of 22% has been applied to account for non-labour staff costs. In Wales, familiarisation cost is estimated to be £15,000. This cost is expected to be incurred in 2024.

**Table 3: Familiarisation costs to MFs, £**

	<b>2024</b>
<b>Central</b>	£15,000

### **Summary of costs**

**Table 4: Total Additional MF costs (net of baseline), £**

	<b>2024</b>	<b>2027</b>	<b>2033</b>
Capital costs	382,000	-	-
Operational costs	1,101,000	1,101,000	1,101,000
Familiarisation costs	15,000		
Regulator costs	47,000	47,000	47,000
<b>Total costs</b>	<b>1,546,000</b>	<b>1,148,000</b>	<b>1,148,000</b>

Table 4 summarises the additional (net of baseline) costs for the central scenario. Overall additional costs to MF businesses can largely be explained by the increased number of sites expected to be in scope, as well as the increased sampling required under the new regulations. When considering the total costs to the industry on a per site basis, assuming annualised capital costs<sup>5</sup>, the average annual increase in costs per MF site is around £18-31k. This works out as an additional £0.70 to £1.20 per tonnage input on average. In WRAP's latest gate fee report<sup>6</sup>, they estimate that the median MRF gate fee<sup>7</sup> reported by LAs in 2019/20 was £43-£53 per tonne. Assuming MFs pass the full cost of these additional sampling requirements onto customers, the average MRF gate fee would be expected to increase by 1.5%- 2.3%.

Under the Regulations, MFs will be able to use visual detection technology (instead of manual sampling), provided they can demonstrate to regulators that the minimum sampling requirements are still met. Such an approach is likely to incur higher initial capital costs but lower ongoing operating costs due to the lower staff numbers required.

## **Benefits**

As set out above, the aim of Extended Producer Responsibility for Packaging (pEPR) is to ensure packaging producers are made responsible for the full cost of managing the packaging they place on the market.

For the system to operate efficiently, enhanced data on packaging waste collected, bulked, and sorted by material facilities needs to be provided. The data collected by these material facilities on the composition of waste will be used to calculate the pEPR producer fees and local authority payments. It will also support the monitoring and achievement of recycling targets and other pEPR outcomes.

Increased recycling of packaging materials produces secondary materials for use in manufacturing (e.g. new packaging). This reduces the GHGs emissions associated with raw material extraction, packaging manufacturing and waste management. Recycling packaging materials is generally less carbon-intensive

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<sup>5</sup> Over 10 years

<sup>6</sup> <https://wrap.org.uk/sites/default/files/2021-01/Gate-Fees-Report-2019-20.pdf>

<sup>7</sup> The fee charged by MRFs for waste they take as inputs

than other packaging waste treatment options. Society will therefore gain through reduced carbon emissions. The Defra IA values the avoided greenhouse gas emissions from diverting waste from landfill and incineration to recycling through the UK scheme to be £440m. Further benefits are expected to accrue from the sale of additional recyclates and from a reduction in the cost of dealing with residual waste.

These regulations are made to enhance the data on the composition of waste from Material Facilities (MFs) that is used to provide evidentiary support for Extended Producer Responsibility for packaging and increase the accuracy of producer payments and subsequent fees. Consequently, an integrated impact assessment has not been conducted specifically for material facilities as the policy is an integral component of the wider pEPR policy and are mostly technical in nature. Furthermore, the numbers of permitted sites affected in Wales is small. An integrated impact assessment has been made for the pEPR and can be accessed here:

[Extended Producer Responsibility for Packaging: integrated impact assessment](#)  
[| GOV.WALES](#)

## Competition Assessment

The Competition test	
Question	Answer Yes/No
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

### Questions 1, 2 & 3

Welsh operators falling within the scope of the Environmental Permitting (England and Wales) Regulations 2016 are managed by a private company or a local authority and are within stated market share parameters.

### Question 4, 5, 6 & 7

The regulations apply to all material facilities receiving 1000 tonnes or more, all operators are required to routinely measure, record and report to the same regulations.

As explained in the Defra IA (pages 97-98), to avoid placing a potentially disproportionate cost on smaller sites, the current de minimis excluding sites



below 1,000 tonnes of input will be retained. This will then be reviewed in 2026/27 as part of a wider initial review of EPR.

#### Question 8

New technologies are developed over time to improve processes but these are not developed at a rapid rate.

#### Question 9

The intended purpose of the Regulations is to improve the input and output materials managed by materials facilities. Suppliers to materials facilities will have the ability to assess the performance of the material facility enabling them to make more informed choice on which operators to use.

The new pEPR regulations will impose new costs on material facilities as they will be required to undertake enhanced sampling and compositional analysis as well as meet familiarisation costs and regulator costs. These additional costs increase the cost of entry to the sector and may reduce the number of competitors. However operational costs can be passed on to those using the facility through gate fees. Some MFs are required to submit sampling and compositional data under the current MF regulations and as such they have something of an incumbents' advantage as it is anticipated that they have already made the capital and operational investments necessary to comply with the new requirements. It should be noted however that, as discussed in the cost benefit analysis section, these requirements are only expected to increase costs by around 1.5-2.5%.

Increased operational costs related to sampling are also expected to be lower for larger material facilities, due to economies of scale, and a negative correlation between cost per tonne and site size has been found. As such, smaller facilities are at a greater risk of being unable to compete as effectively in this market due to the new requirements necessary for pEPR. In light of this, the current de minimis exemption is being retained to protect the smallest firms so they should remain in the market as an important competitive constraint.

#### **Post implementation review**

The regulations implementing the wider pEPR reforms, of which these amendments form a part, include a requirement for a four nation review. It is proposed that the first review report must be published before 31 December 2028, subsequent review reports must be published at intervals not exceeding five years.

## ANNEX I: COST ESTIMATES FOR WALES

As explained above, due to the uncertainty in the analysis, 'low', 'central' and 'high' cost estimates were included in the Defra IA. This Annex presents those costs for Wales (baseline costs have not been deducted). All costs have been rounded to the nearest £1,000.

### Capital Costs

**Table A1: Capital costs to MFs, £**

	2024
Low	£343,000
Central	£435,000
High	£515,000

### Ongoing Operating Costs

**Table A2: Ongoing operating costs to MFs, £**

	Per year
Low	£686,000
Central	£1,247,000
High	£1,396,000

### Regulator Costs

**Table A3: Regulator costs to MFs, £**

	Per year
Low	£49,000
Central	£79,000
High	£99,000

### Familiarisation Costs

**Table A4: Familiarisation costs to MFs, £**

	2024
Low	£10,000
Central	£15,000
High	£20,000

