European Water Regulators

2nd Workshop on the Economic Regulation of Municipal Waste

"Costs and Tariffs of Municipal Waste Services: The Case Study of Latvia"

11th December 2024 – 14:15-16:45

WASTE MANAGEMENT SYSTEM

Geographical size: 64,59 thousand km²
Population: 1,88 mil capita (in 2023)
Capital - Riga city (660 thousand capita)
36 municipalities and seven state cities

Municipal Waste (MW) management system

5 - waste management regions (WMR)
9 - waste management regional centers (publicly-owned)
20 - MW operators (publicly-owned -13, private - 6, and public private partnership-1)
10 - solid waste landfills
1 - hazardous landfill
6 – bio-waste dry fermentation plants
1 - cement plant (use SRF for production of cement)
1 - co-incineration plant (MWtE with biomass)
6 - producer responsibility systems (packaging & disposable dishes; paper, plastic, metal, glass, wood; textiles; used vehicles; environmentally hazardous products; products containing plastic; beverage deposit packaging (plastic, metal, glass)

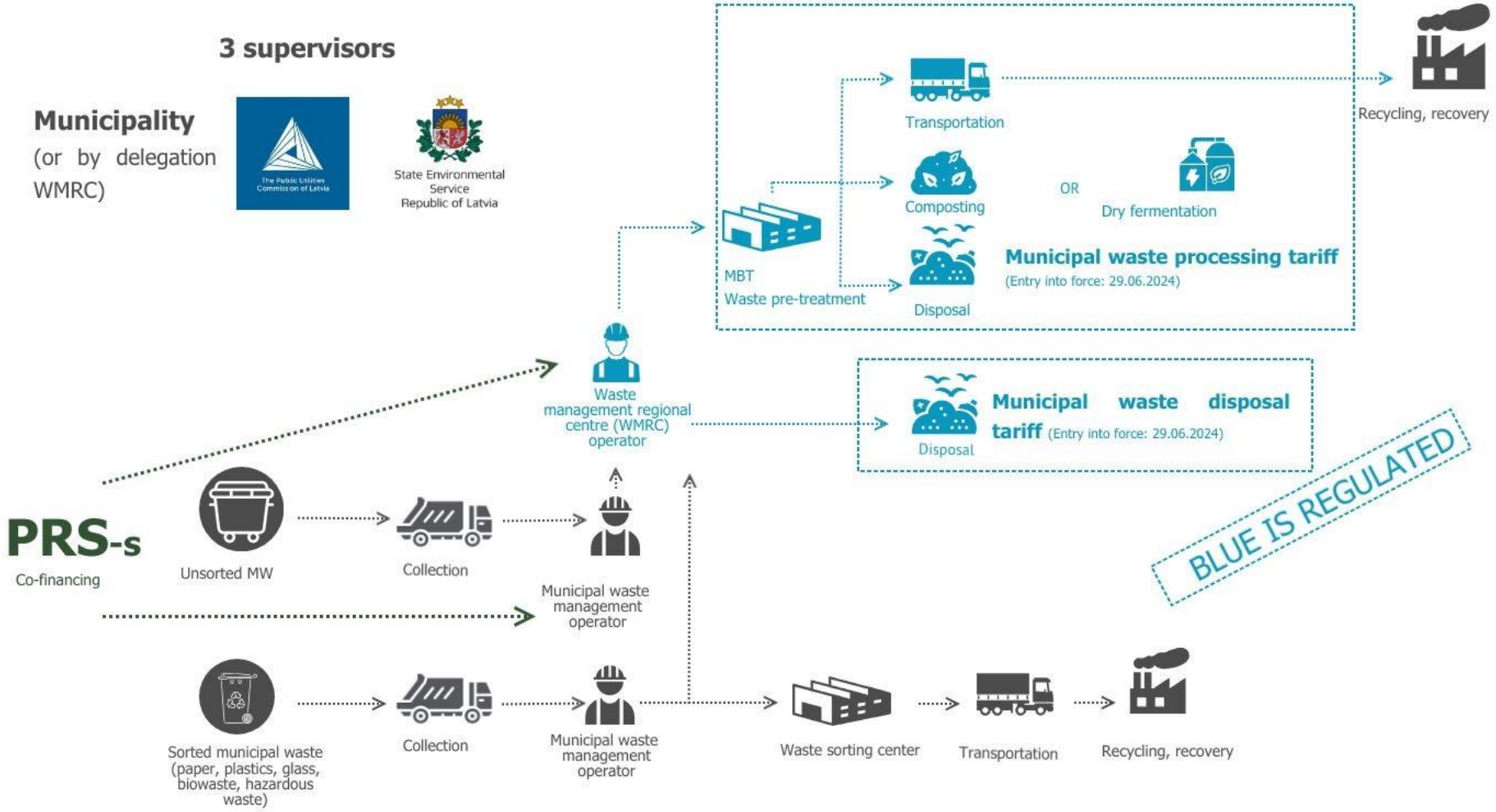
MW PRODUCER'S PAYMENTS

1. **The fee for unsorted municipal waste (WM) management** (EUR/m³) (except for municipal waste recovery) for the initial producer or holder of waste shall consist of:
- **the fee for the MW management approved in the decision of the local government** which includes all costs of the collection, transport, reloading, and sorting of unsorted and separately collected waste and other activities therewith specified in the laws and regulations that are taken before the waste recovery and that reduce the amount of waste to be disposed, fee for the storage and the establishment and maintenance of the infrastructure objects necessary for such activities, and also the difference between the costs of the management of the unsorted and separately collected biological waste and the fee specified in Section 39.1 of this Law (Waste Management Law);
- **the fee for unsorted MW processing according to the tariff approved by the Public Utilities Commission**.

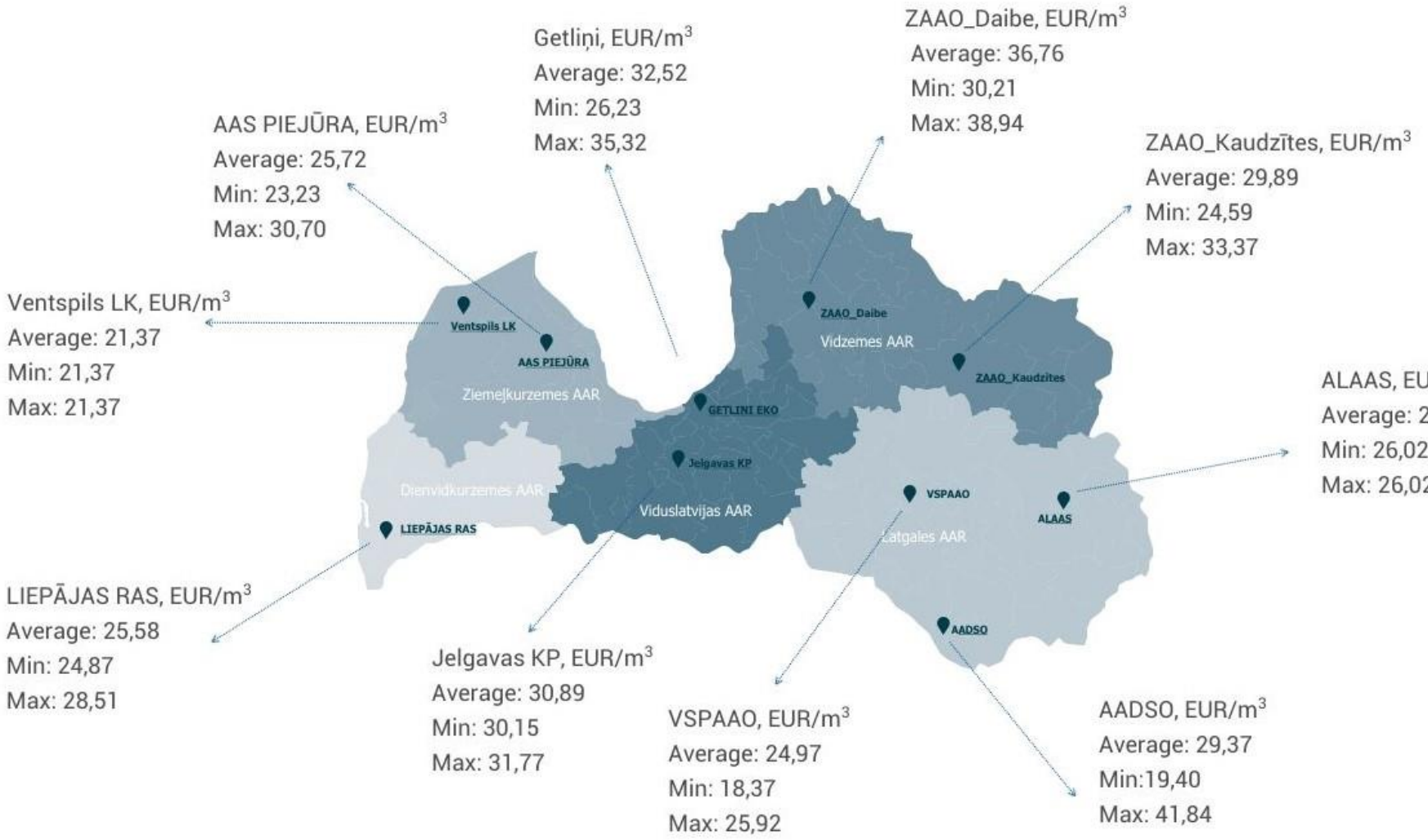
2. **The fee for biological waste management** approved in the decision of the local government (EUR/m³) (60% of the fee for unsorted MW costs).

3. **The participation fees of Producer Responsibility Systems** (PRS) (EUR/unit)- with the price of products.

REGULATED WASTE MANAGEMENT SERVICE



THE FEE FOR UNSORTED MW MANAGEMENT (EUR/m³ excl. VAT)



One inhabitant produces unsorted MW

1 – 2 m³/year

The share of the fee for unsorted MW processing according to the tariff into the fee for unsorted MW management:

33 – 59%

THE TARIFFS IN FORCE FOR UNSORTED MW PROCESSING

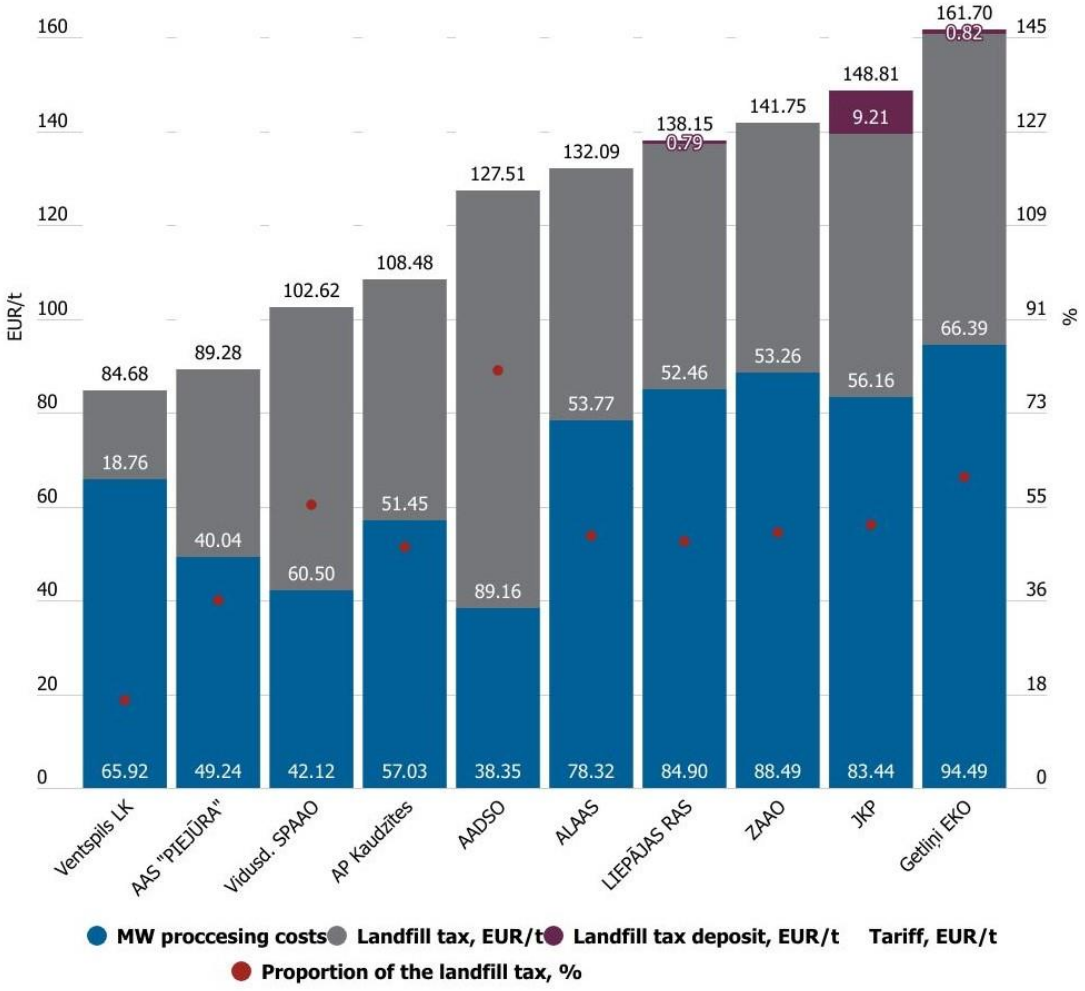
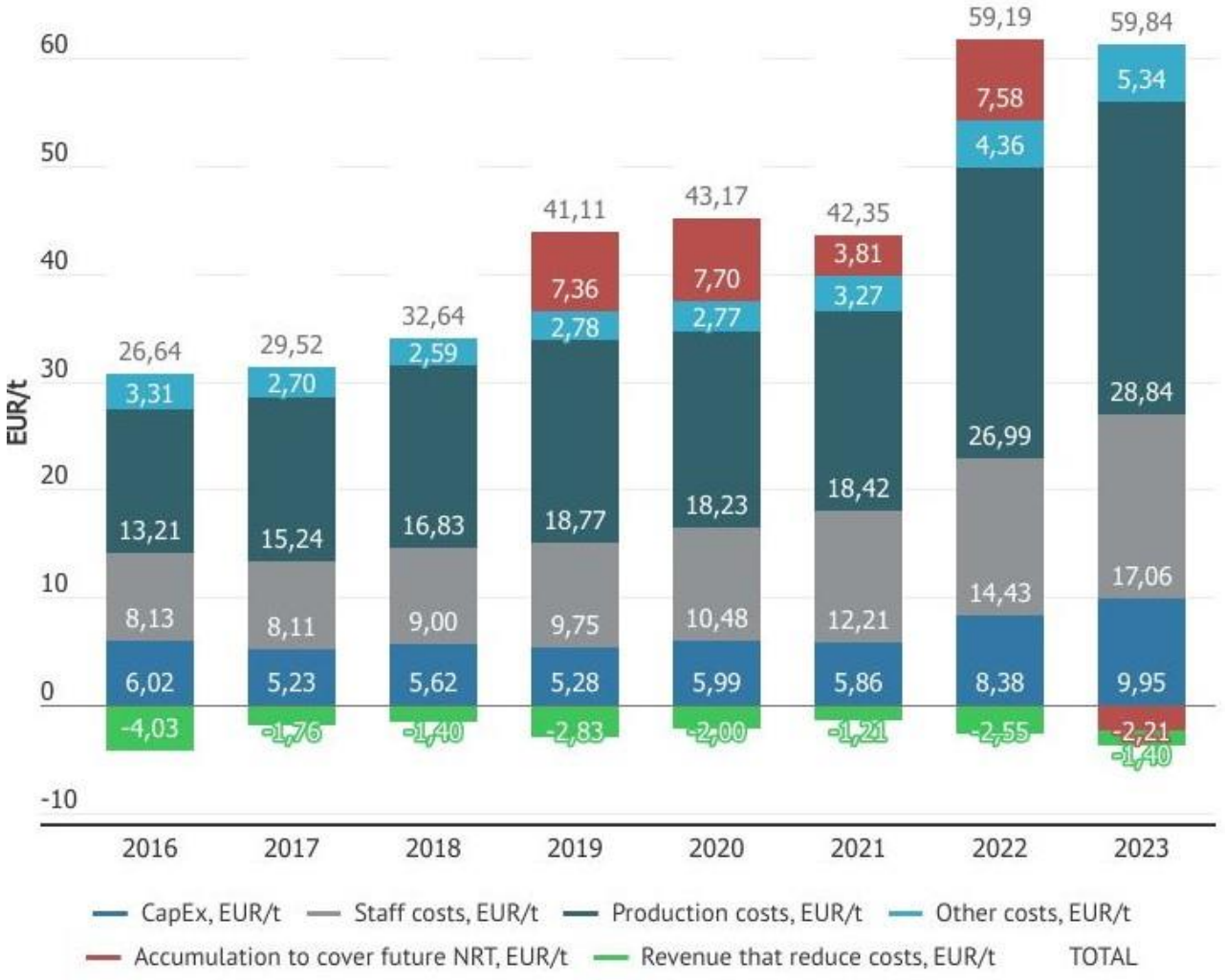


Foto: ZAAO

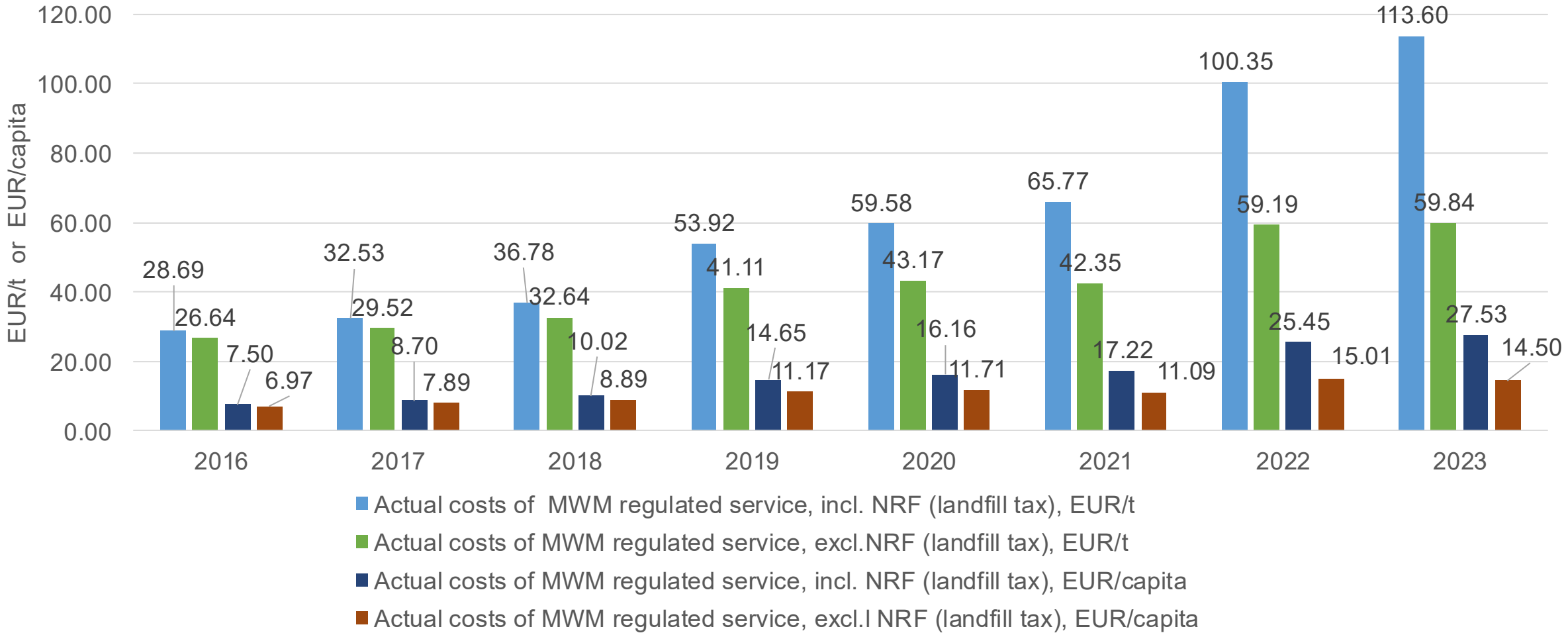
TOTAL COSTS OF THE REGULATED WASTE MANAGEMENT SERVICE (excl. landfill tax for waste disposal)



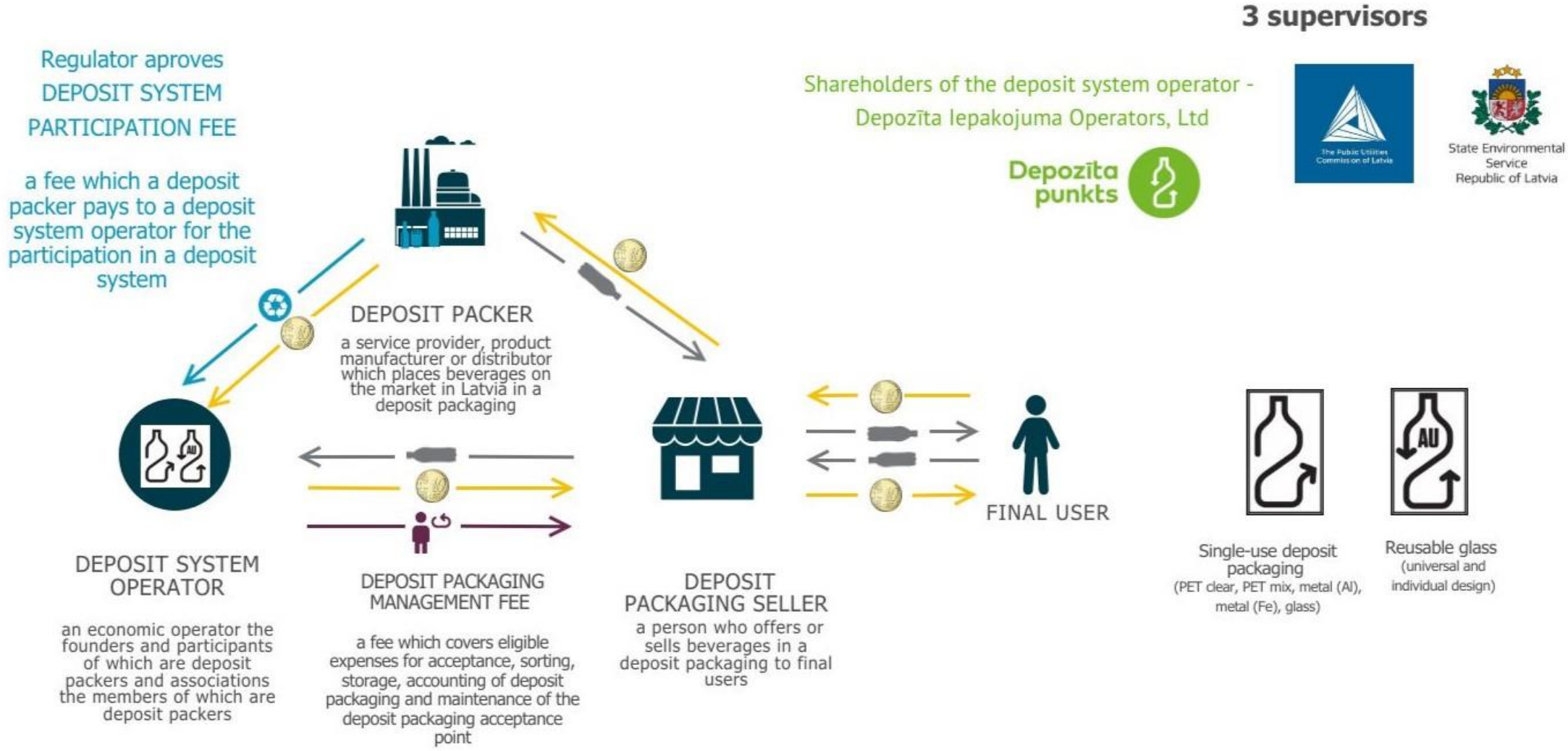
NATURAL RESOURCE TAX (NRF) FOR WASTE DISPOSAL/ LANDFILL TAX

AMOUNT OF UNSORTED MW (only 200301 mixed municipal waste)

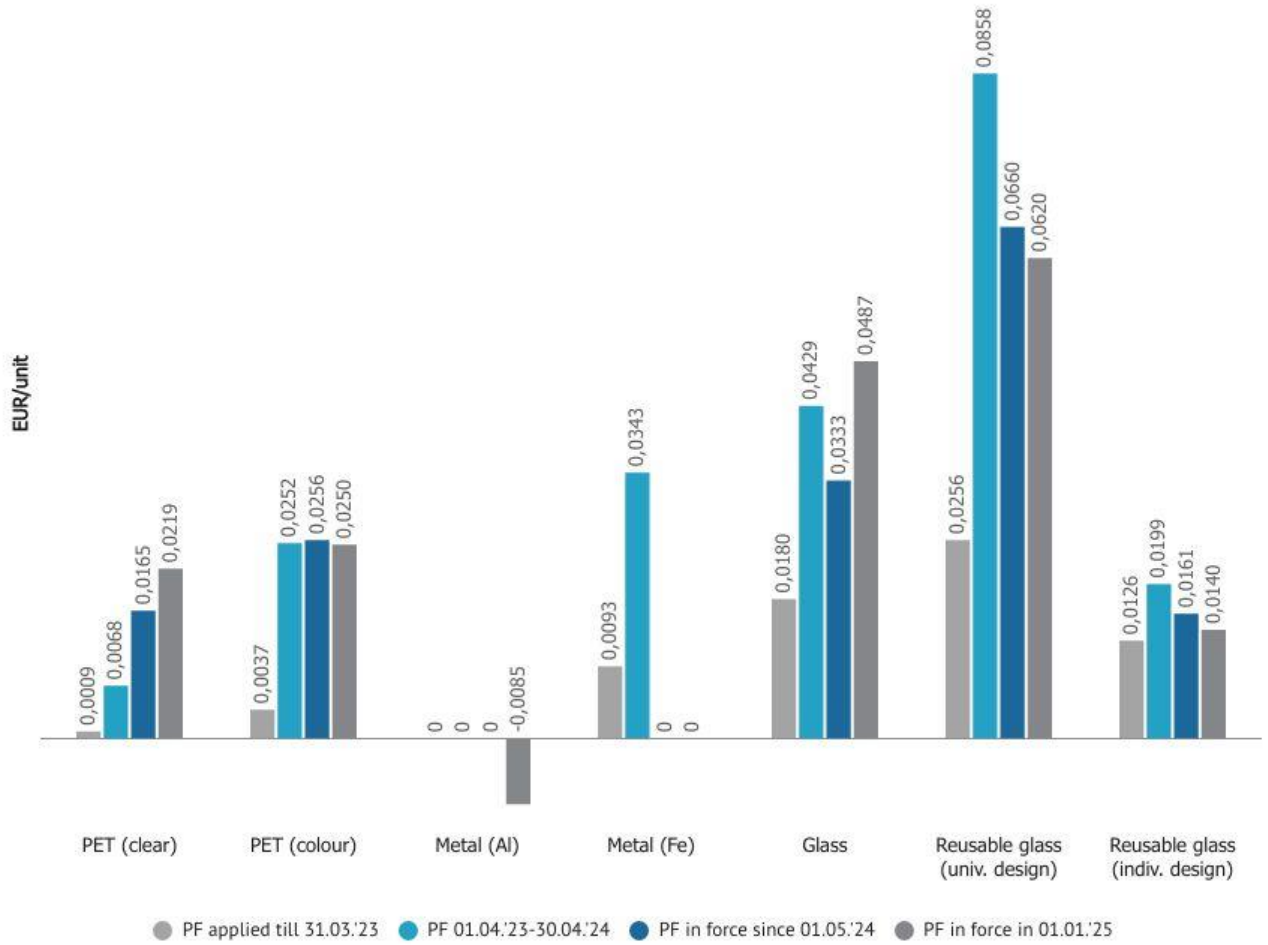
ACTUAL COSTS OF MWM REGULATED SERVICE, 2016-2023



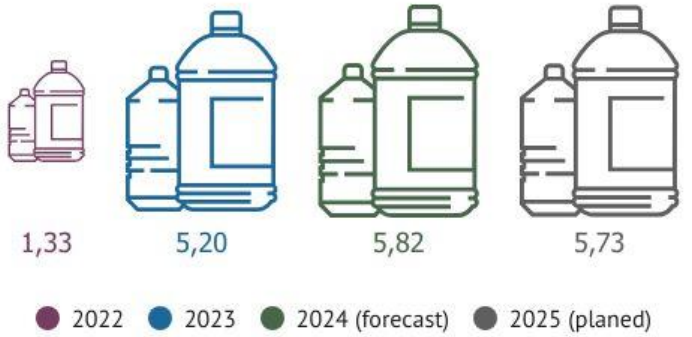
REGULATION OF THE DEPOSIT SYSTEM



DEPOSIT PACKAGING PARTICIPATION FEES (PF), EUR/unit

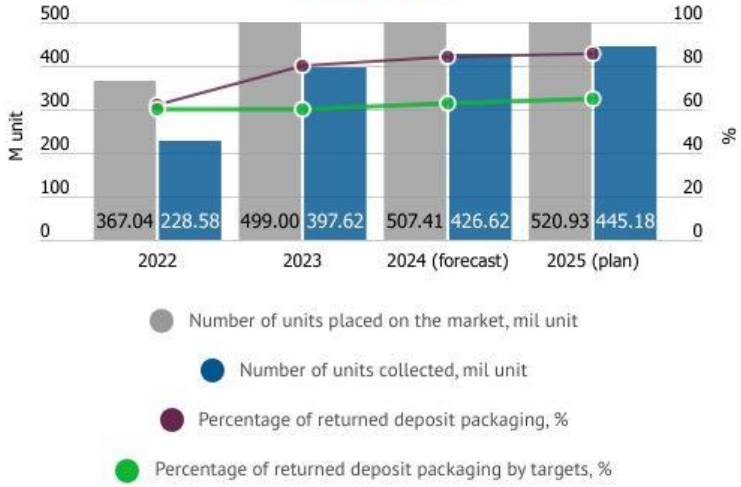


COSTS FOR DEPOSIT SYSTEM*, EUR/capita



*Data source: deposit system operator based on the incomes from the deposit system PF

TOTAL MANAGED QUANTITY OF THE DEPOSIT PACKAGING



MW PRODUCER'S ACTUAL COSTS IN 2023

Parameter	Amount, tons	Actual costs, mil EUR	Costs, EUR/capita	Costs, EUR/ton	Parameter	Data source
Number of inhabitants (in 2023), mil capita					1,88	Central Statistical Bureau
Incomes for one household person EUR/year					8 943	Central Statistical Bureau
The fee for the MW management approved in the decision of the local government (incl. unsorted MW and separate collected MW)	1 581 879	?	?	?		Latvian Environment, Geology and Meteorology Centre, amount of tons
The fee for unsorted MW processing according to the tariff, incl. NRF (landfill tax) for waste disposal	456 262	51,83	27,53	113,60		Regulator
The fee for biological waste management approved in the decision of the local government	54 846	?	?	?		Latvian Environment, Geology and Meteorology Centre, amount of tons
PRS packaging	235 000					State Environmental Service
PRS environmental hazardous goods	39 000					State Environmental Service
PRS used electronics and devices	39 000					State Environmental Service
PRS used vehicles, unit	21 000	18,50	9,82	78,72		State Environmental Service
PRS beverage packaging	27 000	9,80	5,20	362,96		Regulator/Deposit system operator
TOTAL			42,56	555,29		
Waste management sustainability indicator, %			**0,48%**			

WAREG

European Water Regulators

The Public Utilities Commission of Latvia

THE STRUCTURE OF THE COSTS IN THE TARIFF (7 SLIDE)

1. Capital expenditures (CapEx)
1. Depreciation of Fixed Assets and the Write-off of the Value of Intangible Investments
6. Credit interest payments and capital reimbursement, incl. costs related to the financial guarantee or equal guarantee by the landfill operator

2. Staff costs

4. Other costs3.2.Costs for control and protection of the environmental condition during the operation of the landfill;
3.3.Costs for management and transferring of hazardous waste segregated from solid waste 3.4.Costs for financing of public education measures in the relevant waste management region
3.5.Costs for research and development activities 3.6.Costs for closure and recultivation of a landfill and costs related to the monitoring and maintenance of the closed landfill
3.7.Costs of administration which are not included in other cost items
3.8.Fee payments
3.9.Other costs
5.Tax payments

* Decision No. 1/5 of the Board of the PUC. Adopted 16 February 2017. End of validity: 29.06.2024.Methodology for the Calculation of Solid Waste Disposal Service Tariff

3. Production costs
3.1. Operating, repair and maintenance costs of vehicles, equipment, mechanisms and structures, and also costs for materials for ensuring solid waste disposal service (including lease) for the following processes: 3.1.1. costs for mechanical biological pre-treatment of solid waste for disposal 3.1.1.1. costs for mechanical pre-treatment of solid waste 3.1.1.2. costs for biological treatment of waste (composting, anaerobic digestion, transportation to treatment facility, etc.) 3.1.1.3. costs for preparation of waste for further regeneration after mechanical processing (preparation for processing, transfer for processing, etc.) 3.1.2. costs for acceptance of solid waste at transfer stations and for transportation to the landfill 3.1.3. costs for provision of solid waste disposal 3.1.3.1. costs for transportation and placing of inert waste to the landfill cell, levelling, compacting, forming daily cover and slopes, building roads for the landfill cell, maintenance thereof and other costs not included in the other technological processes 3.1.3.2. costs for collection and utilisation of landfill gases 3.1.3.3. costs for management of landfill leachate and other wastewater 3.1.4. costs for maintenance of objects of the landfill infrastructure other than included in other cost items.

5. Revenue in accordance with Paragraphs 11 of the Methodology

6. Accumulation to cover future landfill tax (only for biocell operators)