



FEAD feedback for the public consultation on the Roadmap for the revision of the EU Energy Taxation Directive

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FEAD, the European Federation for private waste and resource management, supports the revision of the Energy Taxation Directive (ETD), as one of the instruments of the European Green Deal. A well-designed ETD should work together with the Circular Economy Action Plan (CEAP) and boost the circular economy in the Union. Waste management activities are at the crossroads of several key challenges; the revised ETD can help give the right response by making fossil fuel energy prices higher.

FEAD key messages are focused on three priorities:

- Acknowledging the positive role that waste recycling and material recovery activities have in avoiding CO₂ emissions in the manufacturing sector.
- Allowing for renewable energy from waste not to be taxed more than the non-renewable one, and certainly by avoiding double taxation of such energy solutions, also regarding ETS, and acknowledging waste heat as a virtuous waste energy.
- The application of the taxation should be done in a homogenous way in the whole EU economy, in order to avoid energy taxation variations between EU Member States and the numerous existing sectoral derogations.

The revision of the ETD should consider the following:

1) Pursuant to the ETD, any activities and use of materials with low-energy content should be positively treated in the EU market compared to those manufactured products with a much higher energy content. That would be the case with a revised ETD resulting in a higher taxation of the CO₂ content of primary energy. Glass, metal, plastic, and paper **recyclates** would gain competitiveness in the market, creating a higher demand for them. As a matter of fact, the carbon footprint of recycled PET is 90 % less than virgin one, for textiles it is 98%, for steel up to 85%,

aluminium 92%, paper 18%¹. Consequently, there would be a bigger market for secondary raw materials that would result in “green” jobs and growth.

2) **Solid Recovered Fuel (SRF)**: waste that cannot be recycled (residues of non-recyclable, non-hazardous municipal or industrial and commercial waste, such as paper, cardboard, wood, textiles, plastic, construction waste, shredding of vehicles, tyres, etc.) can be used to produce high-quality, standardised alternative fuels, while reducing the amount of landfilled waste. First, the fossil part of the SRF should be subject to a low taxation (or to a zero taxation when used in ETS-subject combustion installations) rate regarding its CO₂ content. This would reflect that SRF is a virtuous use of residues that would otherwise be lost if incinerated without energy recovery or landfilled. SRF allows to avoid the use of fossil fuels for the purposes of its users and avoids CO₂ emissions, and that should be reflected in the rate applicable to SRF. Second, the biomass-based SRF components should not be taxed at all. The resulting competitive advantage would compensate for SRF costs that render such fuels more expensive than oil-based ones. Avoiding double taxation of SRF and W-t-E (see below) solutions also under the ETS, should be ensured. SRF constitutes a crucial link in the recycling chain, by giving to residues an economic value. Recovering the energy content of waste is an essential complement of material recovery and the circular economy.

3) **Waste-to-Energy (W-t-E)**: R1 waste-to-energy installations allow to recover the energy content of bulky non-recyclable waste. Heat from W-t-E installations account for around 50% approximately (with slightly different percentages in each Member State), due to the organic waste share in municipal waste that ends up in R1 installations. It is consequently considered renewable energy (biomass) under the Directive on Renewable Energy 2019-2001. A revised ETD should, similarly to SRF, result in acknowledging the renewable energy status of biowaste as a fuel, and the positive role of W-t-E in avoiding the use of fossil fuels when producing heat/electricity.

4) **Waste heat recovery**: the new EU taxation rules on fossil fuels should promote the recovery of waste heat. Waste heat, also known as “excess heat”, is defined in the Renewable Energy Directive 2018/2001 (as “unavoidable heat or cold which is generated as by-product in industrial installations, which would be dissipated unused in air or water without access to a district heating or cooling system”) and can take the form of vapor, hot water, oil or hot air. While it is originally created as an undesired by-product of the operation of a piece of equipment or machinery, or by waste-to-energy plants, as well as by other industrial installations, it can be used to fill a desired purpose elsewhere. Waste heat can become subject to another process

¹ According to the Bureau of International Recycling (BIR).



to provide clean energy, or it can be used by other economic operators in their commercial or industrial activities, or even to cover domestic electricity demand of end-users. As the heat was initially produced with CO2 taxed primary energy sources (unless renewable, see below), there is no point in taxing it a second time as recovered waste heat (as is the case for the fossil part of waste in W-t-E and SRF). Generally, the EU is losing on energy efficiency by not taking advantage and promoting waste heat recovery, which would help avoid additional energy consumption while at the same time reduce GHG emissions.

5) **Biomass and waste:** the current article 16 of the ETD should not be reduced, in particular as regards biomass as defined in the Renewable Energy Directive 2019-2001 (“the biodegradable fraction of products, waste and residues from agriculture (including vegetal and animal substances), forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste”). Reducing massive landfilling should be accompanied by measures allowing to minimise its impact on the environment. Landfill biogas recovery allows to capture methane emissions from landfilling and produce heat or electricity. This should remain under the taxation rates of renewable energy.

FEAD, the European Federation for Waste Management and Environmental Services, represents the private waste and resource management industry across Europe. FEAD's members are national waste management associations covering 19 Member States, Norway and Serbia. FEAD's members represent about 3,000 companies with activities in all forms of waste management. Our companies have an approximate 60% share in the household waste market and handle more than 75% of industrial and commercial waste in Europe. Their combined annual turnover is approximately € 75 billion. These companies employ over 320,000 people who operate around 2,400 recycling and sorting centres, 1,100 composting sites, 260 waste-to-energy plants and 900 controlled landfills. They enable the transition to a circular economy by producing resources which can be re-injected in the economy and by supplying energy. Our companies add value through innovative and cost-efficient collection, sorting, and recycling of secondary raw materials. As a result, they play a crucial role in achieving the best economic and environmental outcomes.

