26 November 2020, Brussels

FEAD feedback on the EC Roadmap upon updating the EU Emissions Trading System (ETS) (Directive 2003/87/EC)

FEAD, the European Waste Management Association, represents the private waste and resource management industry across Europe. Private waste management companies operate in 60% of municipal waste markets in Europe, and in 75% of industrial and commercial waste.

Waste management causes a significant reduction of CO_2 emissions **by producing secondary raw materials** used in manufacturing that helps to **minimise resource consumption,** and by **utilising the energy content of residual, non-recyclable waste** to produce heat/electricity. Waste-to-energy processes avoid the use of fossil fuels and thus significant CO2 emissions.

T**he entire waste management chain avoids emissions in much larger quantities than it produces**. A more ambitious regulatory framework to boost recycling and recovery, as proposed by the EU Green Deal, would foster a positive contribution by this sector and help deliver the decarbonisation of the European Union and create a more circular economy.

As far as CO_2 emissions are concerned, it is crucial **to address the waste management sector as a whole,** and to privilege the most efficient regulatory instruments to address untapped potential. Consequently, the EU legislator should consider the following:

1. The waste management sector is a small emitter, accounting for less than 3.5% of the economy.

2. There is no competition nor level playing field with any competitor covered by the ETS.

3. The ETS should prioritise large emissions caused by the **material and energy content of products/energy processes**. It should reflect the CO_2 content of products that incorporate recyclates (with weaker CO_2 content, reduced environmental impact and energy consumption) and products that originate from virgin materials (with higher CO_2 content, reduced consumption of natural resources, and reduced environmental impact). That would, by the same token, help put recyclate-based products on the same competitiveness level as virgin-material based products, particularly if an EU Carbon Border Adjustment Mechanism is adopted.

Currently, half of the greenhouse emissions result from resource extraction and processing[1]. Strong recycling policies leading to significant savings in resources and energy, while avoiding CO_2 emissions can make a significant difference along a product value chain. Favouring recycled materials over raw materials is the best way to do this. As a matter of fact, the carbon footprint of

[1] European Commission (2019). "Communication on the European Green Deal", p.22.

recycled PET is 90 % less than the virgin one, for textiles it is 98%, for steal up to 85%, aluminium 92%, paper 18%[2].

The waste management sector should strive to reach the climate targets by continuing to use the Effort Sharing Regulation (ESR), along with strengthening activities to reduce CO2 and methane emissions.

As regards to **Waste-to-Energy**, one of the specific questions addressed by this consultation, the following remarks can be made:

1) **Waste-to-Energy (R1) must not be encompassed by the EU ETS** and remain under the Effort Sharing Regulation (ESR). With national regulatory or fiscal measures scaling up waste treatments up the hierarchy, this means there is more selective collection and incentives for recycling, more national taxation policies on activities such as incineration and landfills based on waste prevention and waste management plans etc.

   In 2018, waste incineration accounted for 1,2% of the total EU emissions [3], the CO2 mitigation it represents, if any, is not worth the effort and cost of extending ETS to this activity.

   As ESR will also see an increase of its CO_2 target, waste incineration will also be covered by additional national requirements and policies.

   The GHG mitigation potential of integrating waste incineration into the EU ETS would be marginal, compared to the effort and cost.

2) **Waste-to-Energy (R1) installations offer the safest environmental solution for non-recyclable, recoverable residual waste, while recovering their energy content.** Measures for boosting the recycling markets and measures for ensuring an environmentally sound treatment of residual waste after recycling go hand in hand.

   Waste-to-Energy/R1 installations **save on more CO2 than they emit[4]**. They substitute waste for fossil fuels for heating/cooling and electricity. They provide heating and cooling to district networks which are a crucial infrastructure for decarbonising the heating sector, particularly in central and eastern Europe. Half of municipal waste going into R1 installations is biodegradable waste and has the status of renewable energy (definition of biomass under the article 2.9 of the Renewable Energy Directive). Likewise, the European Commission has also recognised the potential and need for energy recovery from waste.[5]

[2] According to the Bureau of International Recycling (BIR).

[3] European Environment Agency: "Annual European Union greenhouse gas inventory 1990–2018 and inventory report 2020 - Submission to the UNFCCC Secretariat" (May 2020).

[4] https://www.cewep.eu/wp-content/uploads/2019/05/Peer-Review_waste-treatment-need-in-2035.pdf

[5] https://ec.europa.eu/environment/waste/waste-to-energy.pdf

3) **Putting W-to-E under the scope of the ETS will have no effect on the direct emissions of incinerators**. They depend on the carbon content of waste and not on the treatment process. The inclusion of W-to-E will not result in less emissions from these installations and will not help to comply with a higher linear factor to be expected for the yearly rate of emission reduction. **Only upstream actions on the CO2 content of products, and consequently on resulting waste, will influence emissions from incineration.**

   It would only result in making W-to-E more expensive, with a "double taxation" on the same driver (tonnages) if W-to-E is also subject to the revised Energy Taxation Directive. **Making the treatment of their residues more expensive will have adverse effects on recyclers,** and on the waste hierarchy.

4) We need and we call for strong eco-design policies. They are an effective instrument for waste prevention and to facilitate recycling. But strengthened eco-design rules will not, on a predictable or reasonable horizon, significantly reduce the tonnages of non-recyclable residual waste to be treated. **More quality in recycling will mean more non-recyclable residues in the coming years** and not a reduction in tonnages needing to undergo energy recovery.

5) Putting the Waste-to-Energy sector in the ETS **would have no impact on the carbon price**, as it brings no significant emissions in the CO_2 market. **A higher carbon price** signal is clearly needed for recycling activities but including the W-to-E sector in the ETS will have **no impact regarding this objective**.

6) There are still several EU member states that are far from having a genuinely integrated waste management approach and are likely to miss the ambitious targets set at the European level.

   There is a need for new capacities and visibility for related investments in accordance with the waste treatment hierarchy. This means that all recyclable and/or recoverable waste should be directed to state-of-the-art sorting, recycling or WtE R1 facilities to avoid less desirable treatment options at the bottom of the hierarchy. In that regard, countries heavily relying on landfilling should take actions to invest in greater steps (recycling, energy recovery) and/or prevent the loss of valuable material and energy, thereby having a positive impact in terms of GHG emissions.

   Heavily penalising the costs related to W-to-E facilities by putting them under the scope of ETS, in addition to possible further taxation, would compromise this objective.

The whole waste management sector should be addressed in a single piece of legislation, the ESR, and the W-to-E sector should not be separately covered by the ETS.

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