

WASTE & EU ETS

The undersigning European waste management associations **fully support the reduction of Greenhouse Gases in the waste sector**. Integrating Waste-to-Energy (WtE) into the EU Emissions Trading System in its current form, however, would create unintended environmental and economic impacts without delivering the expected climate or circularity gains.¹

To ensure the ETS can effectively contribute to a climate-neutral waste system, substantial adjustments are essential. The sector stands ready to work with policymakers to develop a tailored, future-proof framework that enables a successful transition to climate neutrality.

WHAT CAN BE DONE?

1. Carbon pricing in waste management needs to go together with measures to ensure the EU waste goals and the Circular Economy Act will be realised

Landfill reduction first

Despite several efforts to reduce landfilling over the past decades, landfill rates in many Member States remain persistently high, resulting in significant methane emissions². Diverting recoverable waste from landfills to higher levels of the waste hierarchy, such as recycling and WtE, will substantially reduce methane emissions, save primary raw materials and deliver greater CO₂-equivalent savings than carbon capture technologies or carbon pricing alone.

Carbon pricing for WtE may result in more waste going to landfills (waste leakage) because WtE and Recycling would become more expensive.

2. CCUS is a concrete vision and part of the ultimate solution, but there is no business case yet for the WtE sector³

The development of CCS and CCU in the WtE sector is still at an early stage. While the potential for carbon use and long-term carbon storage is significant – and may ultimately contribute to negative emissions – progress is currently hindered by the absence of CO₂ transport and storage infrastructure, high upfront costs, a lack of effective financial support and robust regulatory framework. The current EU Taxonomy framework further increases investment uncertainty, limiting the sector's ability to scale up these technologies.

Further limitations of CCUS are the space occupancy of carbon capture units and their significant energy consumption, which lowers the delivery of energy from WtE plants.

3. Apply the Polluter - Pays Principle where it works

WtE plants are not the origin of the fossil carbon contained in waste; rather they represent the final treatment option for **non-recyclable plastics** and other fossil carbon containing materials, which are a growing global challenge. Responsibility for the climate impacts

¹ [CEWEP FULL Working Paper | Waste & EU ETS – Part I&II](#)

² [Methane Emissions from Europe's landfills | Prognos and ifeu, 2026](#)

³ [10+1 things to know about CCUS and Waste-to-Energy, Waste Management Word, ISWA, 2024](#)

associated with the **thermal treatment of virgin, fossil-based, non-recyclable materials** should therefore be shared with producers.

This could be achieved by further developing **Extended Producer Responsibility (EPR)** schemes covering the treatment of residual waste containing fossil carbon.

While fossil CO₂ emissions from waste could continue to be measured and reported at WtE facilities (**downstream**), the financial obligation under the EU ETS should be shared upstream to actors with decision-making power over product design and material inputs, including manufacturers and virgin fossil fuel suppliers (**upstream**).

This would create incentives to **reduce virgin fossil-based content** in products while also **helping EU recyclers**, struggling today with low-priced virgin plastics flooding the EU market.

4. Foresee a future where carbon is made circular as a resource and where waste is valorised via material and energy recovery.

IS THE CURRENT EU ETS THE RIGHT TOOL?

1. Waste is not a fuel

The fossil CO₂ that is emitted by WtE plants is directly determined by the composition of the incoming waste stream. These fossil CO₂ emissions mainly originate from virgin, fossil-based carbon contained in non-recyclable plastics that come as part of the residual waste streams delivered to the plant.

Safe and hygienic treatment of residual waste that cannot be prevented or recycled must remain the priority.

2. Perverse environmental effects

The EU ETS would make legally compliant waste management more expensive for municipalities and businesses, **hampering EU's competitiveness**. Especially recyclers are reliant on WtE facilities for treating the rejects from recycling processes. CEWEP calculates that the EU ETS would cost around € 4 billion under the CO₂ price of 100 EUR/tonne.

Introducing carbon pricing for WtE without a clear operational pathway risks diverting waste towards less clean and less sustainable treatment options, including:

- **Exports** to non-EU countries with lower climate, environmental and social standards
- **Illegal routes** favouring the infiltration of criminal activities
- **More landfilling** of recoverable waste, undermining higher-value treatment options and the competitiveness of facilities higher up the waste hierarchy. **Putting WtE under the EU ETS before the EU landfill diversion targets (2035/2040) are achieved would damage the waste market**, incl. high-quality secondary raw materials recycling from WtE bottom ash, needed for closed loops in a circular economy.
- WtE provides a **local, affordable and competitive source of energy**. Imposing the ETS risks an increased reliance on imported fossil fuels, including gas. Such a measure

would also undermine the development of district heating networks and waste heat recovery for industrial needs, colliding with the “*energy efficiency first*” principle.

- 3. There is no empirical evidence that the inclusion of WtE has a direct correlation with increasing recycling and separate collection rates.**
- 4. The EU ETS may lead to WtE plants to limit waste acceptance, i.e. “blacklist” certain waste streams, especially those containing plastic waste.**

Where would those non-recyclable waste streams go? The non-recyclable waste streams do not disappear, and need to be treated, otherwise they pose a significant problem to the environment and public health.

WtE plants play a hygienic role by removing harmful substances from the circular economy and enabling high-quality recycling.

KEY POLICY ACTION:

- ▷ ***Align carbon pricing with waste policy in order to avoid carbon/waste leakage to less environmentally friendly treatment***
- ▷ ***Align carbon accounting (downstream) with shared financial responsibility with the producers (upstream)***
- ▷ ***Create a tailored framework that ensures carbon pricing truly drives climate-neutrality in the waste sector***

KEEPING IN MIND THAT:

- ▶ **Apart from ensuring a safe management of residual waste, WtE strategically contributes to Europe’s autarky by:**
 - ✓ **providing local and competitive energy for Europe’s industry and citizens**
 - ✓ **delivering precious and critical raw materials recycled from its bottom ash**
- ▶ **Making Europe less vulnerable to outside supplies**

Co-signed by:



CONFEDERATION OF EUROPEAN
WASTE-TO-ENERGY PLANTS

CEWEP is the umbrella association of the operators of Waste-to-Energy (incineration with energy recovery) plants, representing about 434 plants from 24 countries.

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EUROPEAN SUPPLIERS OF WASTE-TO-ENERGY TECHNOLOGY

ESWET is a European association representing manufacturers in the field of Waste-to-Energy Technology. ESWET member companies have built and supplied over 95% of the Waste-to-Energy plants in operation in Europe.

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