

EU ETS proposal recognises the need for a tailored transition for Waste-to-Energy

ESWET welcomes a delayed and gradual integration while calling for the transition period to deliver the conditions necessary for effective decarbonisation¹.

Brussels, 17 July 2026 - **ESWET, the European Suppliers of Waste-to-Energy Technology**, welcomes today's proposal by the European Commission to revise the EU Emissions Trading System (EU ETS), including a delayed and gradual integration of the Waste-to-Energy (WtE) sector. By combining a later start date with a phased introduction of carbon pricing, the proposal recognises that decarbonising residual waste treatment requires a realistic transition reflecting the sector's unique role in Europe's waste management system. As an **essential public service**, WtE must be decarbonised without weakening the environmental, energy, and circular economy services it already provides.

The transition period should become a preparation period

The proposed delayed and gradual integration should not simply postpone carbon pricing. It should provide the time needed to establish the technical, financial, and regulatory conditions required for successful decarbonisation.

The years before the sector enters the EU ETS should be used to accelerate the deployment of Carbon Capture, Utilisation and Storage (CCUS), which receives a clear signal from the Commission as a key decarbonisation pathway for the sector, develop CO₂ transport and storage infrastructure, improve investment certainty, and unlock investments in low-carbon technologies. ESWET therefore welcomes the Commission's proposal to support operators and local authorities during this transition, as well as the continued free allocation for eligible district heating installations, which preserve the contribution of WtE to affordable and secure district heating.

At the same time, ETS auction revenues and continued investment in infrastructure higher up the waste hierarchy, including WtE, will be essential to divert residual waste from the persistently high levels of landfilling still observed in many Member States. After all, decarbonisation and circularity should advance together!

The effectiveness of the EU ETS depends on recognising the realities of the waste value chain

Unlike most sectors covered by the EU ETS, WtE facilities do not determine the carbon content of the waste they receive. Fossil CO₂ emissions largely originate from non-recyclable plastics and other fossil-based products placed on the market well before they become waste. As the final step of the value chain, WtE operators have only limited influence over these emissions.

For this reason, ESWET has consistently called for a tailored approach that better aligns climate policy with waste policy. While measuring emissions at WtE facilities remains

¹ The scientifically correct term would be defossilisation.

appropriate, the financial responsibility for fossil carbon should increasingly reflect the Polluter Pays Principle throughout the value chain, creating stronger incentives for product design, recycled content, and material substitution.

Protecting the waste hierarchy remains essential

The proposed delayed and gradual integration should serve as a preparatory phase during which the necessary safeguards are put in place to ensure that carbon pricing does not unintentionally encourage environmentally harmful outcomes.

Europe continues to face significant challenges in reducing landfilling. Sending residual waste back to landfill would increase methane emissions, undermine decades of progress in implementing the waste hierarchy, and jeopardise investments in recycling and material recovery infrastructure. Likewise, increasing treatment costs without adequate safeguards could result in waste leakage to countries with lower environmental standards or even illegal waste management routes.

Recent scientific evidence has further demonstrated that landfill methane emissions remain substantially underestimated over the long term. In this context, **ESWET welcomes the Commission's proposal to introduce monitoring of methane emissions from landfills**. Better data will help improve the understanding of landfill methane emissions and support more effective climate and waste policies. **ESWET also looks forward to the reinforcing measures under the forthcoming Circular Economy Act**, which should further accelerate landfill diversion and strengthen Europe's circular economy.

A framework that aligns climate and circular economy objectives

The revision of the EU ETS represents one element of a much broader transformation of Europe's waste management sector. As discussions continue on the Circular Economy Act, industrial decarbonisation, and carbon management, it will be essential to ensure that these policy initiatives work together.

Dr. Siegfried Scholz, President of ESWET, comments:

"The Commission has recognised that introducing the Waste-to-Energy sector into the EU ETS requires more than a carbon price. The proposed gradual transition, together with support for investment, carbon capture, support for district heating, and closer alignment with the Circular Economy Act, provides a strong basis for reducing emissions while continuing to deliver safe waste treatment with low emissions, energy recovery, and valuable secondary raw materials. The challenge now is to preserve this balanced approach throughout the legislative process."

The Commission's proposal establishes a balanced basis for the legislative discussions ahead. As the European Parliament and the Council begin their negotiations, it will be important to preserve the key elements that make this transition both environmentally effective and practically achievable.

ESWET calls now on the co-legislators to preserve and strengthen the Commission's balanced approach by:

- Maintaining the proposed delayed and gradual integration of the Waste-to-Energy sector into the EU ETS, while safeguarding the waste hierarchy, preventing unintended waste leakage to landfill or exports, and ensuring coherence with broader EU waste and circular economy legislation;
- Preserving the proposed investment framework, including support for operators and local authorities, measures facilitating CCUS deployment, and continued free allocation for eligible district heating installations;
- Ensuring full coherence with the forthcoming Circular Economy Act and maintaining the proposed measures to reduce landfilling and improve methane monitoring, while simultaneously strengthening the application of the Polluter Pays Principle across the product value chain;
- Using the transition period to accelerate CO₂ transport and storage infrastructure, provide long-term investment certainty, and support the deployment of low-carbon technologies across the sector.

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About ESWET

ESWET, the European Suppliers of Waste-to-Energy Technology, represents the manufacturers that have built and supplied more than 95% of the Waste-to-Energy plants in operation across Europe. ESWET promotes technologies that safely treat non-recyclable residual waste while recovering energy and valuable secondary raw materials, contributing to Europe's circular economy, energy security and climate objectives.

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