

# PRESS RELEASE

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## ESA sets out strategy for successful application of Emissions Trading Scheme to energy recovery

The Environmental Services Association has today (Thursday 14 September 2023) published a report setting out its strategy for the successful application of the Emissions Trading Scheme (ETS) to energy recovery operations – which ESA members believe will maximise the opportunities for successful implementation leading to improved decarbonisation impacts, while avoiding unintended consequences that could see waste materials fall down the waste hierarchy.

While the ESA supports the inclusion of energy recovery in the Emissions Trading Scheme, which will contribute to sectoral decarbonisation, many across the recycling and waste management value chain – including the ESA - have raised concerns about the potential for unintended consequences that could see waste material return to landfill, be exported elsewhere or fall into the hands of waste criminals.

The ESA has been working with its members, through a new ETS Working Group, to develop an approach to the application of the Emissions Trading Scheme (ETS) to EfW facilities that is pragmatic, feasible and equitable, and mitigates the risk of unintended consequences. Government is expected to consult industry stakeholders over the ETS later this year and the ESA's ETS strategy will inform its response to this consultation.

The strategy document, entitled *A sustainable transition into the Emissions Trading Scheme*, sets out five priority areas for success. These priority areas include developing a deliverable timetable; avoiding unintended consequences; developing clear and practical implementation mechanisms; ensuring sustainable economic impacts and incentivising investment in both recycling and carbon capture infrastructure.

**ESA Energy and Climate Change policy advisor, Charlotte Rule, said:** “Carbon pricing can provide a powerful incentive for net zero investment and support delivery against ambitious recycling targets but it is essential this intervention is applied with the utmost care to avoid any perverse outcomes - most importantly to prevent waste moving down the waste hierarchy to landfill. The reforms also need to complement the implementation of key packaging and recycling policies to drive up recycling rates.

**Chair of the ETS working group, Chris Jonas, said:** “A managed transition for ETS will deliver the most effective results and developing a phased approach to implementation, led by key pre-conditions rather than dates, will ensure compliance, reduce unintended consequences, and increase investment in green circular technologies.”

The ETS strategy document, *A sustainable transition into the Emissions Trading Scheme*, will be available to view and download on the publications page of the ESA website from Thursday 14<sup>th</sup> September 2023.

At the Resources and Waste Management Expo (RWM is part of the Environmental Services and Solutions expo at Birmingham NEC) Chris Jonas and Stuart Hayward-Higham will be presenting an overview of the ESA's ETS strategy in a session entitled *Policy in the Age of Intervention*, which takes place at 11.00 on the *Keynote Theatre* stage today (Thursday 14<sup>th</sup> September).

## ENDS

Notes to editors:

- A. The report, *A sustainable transition into the Emissions Trading Scheme*, sets out the following priorities for the successful application of the ETS to energy recovery:
- 1. Deliverable timetable:** The delivery timeline must be feasible and align with essential related policies to reduce waste and carbon leakage. This will facilitate investment in decarbonation infrastructure and, as far as possible, should align with EU carbon leakage mitigation and emissions trading schemes.
  - 2. Avoid unintended consequences:** It is essential that inclusion of energy recovery in the ETS does not see waste moved down the waste hierarchy to landfill, offshore, or fall into the hands of waste criminals.
  - 3. Clear & practical implementation:** A practical mechanism must be in place to ensure energy recovery operators can fairly pass-through ETS costs to waste producers. The measurement of plant carbon emissions and feedstock contribution to plant emissions are different so a new mechanism is required to ensure reconciliation and alignment between plant-measured emissions and feedstock estimated emissions. This will ensure standardised and fair allocation of costs to waste producers and should be supported by clear regulations for all relevant participants in the supply chain.
  - 4. Sustainable economic impacts:** Ensuring waste producers pay their share of ETS costs will protect the waste hierarchy. A phased transitional approach will avoid undue complexity and ensure all supply chains understand how to meet their obligations.
  - 5. Incentivising investment:** If a transitional approach is taken, the application of the ETS will maintain the waste hierarchy and deliver net zero investment, which will include state-of-the art recycling and carbon capture infrastructure. This approach must be designed to facilitate the implementation of regulations for cost pass-through, a landfill ban, the control of RDF exports, and the enforcement of waste crime.
- B. The **Environmental Services Association (ESA)** is the trade association representing the UK's recycling and waste management industry. Our members are directly transforming the way the UK's waste is managed in pursuit of a circular economy and are leading the sector in an effort to decarbonise recycling and waste management operations. The ESA works with stakeholders across all levels of government, as well as with regulators and the public, in pursuit of a more circular economy for the United Kingdom. You can find out more about us and our members in our **Annual report** for 2022.
- C. A copy of the report is appended to this release for editorial information only but is under embargo until Thursday 14<sup>th</sup> September 2023. The ESA would be grateful if you could please refrain from re-distributing the full report – instead linking to the source report on the ESA website as appropriate.

For further details please visit [www.esauk.org](http://www.esauk.org)

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