NG Nordic Position on the Inclusion of Waste-to-Energy (WtE) in the EU ETS and the role of carbon removals and CCU

NG Nordic's key messages

1. **Include municipal Waste-to-Energy (WtE) in the EU ETS to drive decarbonisation and support recycling.**
2. **Exclude hazardous waste incineration from the ETS, as its primary function is safe destruction, not energy production.**
3. **Include landfilling and other recovery technologies (e.g., gasification, pyrolysis) in the ETS to ensure a level playing field.**
4. **Integrate carbon removals and both permanent and temporary CCU into the ETS, with clear crediting and compliance mechanisms.**
5. **Recognise CCU processes (e.g. plastics made from waste-derived CO_2) using waste-derived carbon as recycling under the Waste Framework Directive to boost recycling rates and investment.**

Context

The upcoming 2026 review of the EU Emissions Trading System (ETS) poses a critical risk of regulatory challenges if the distinction between Municipal Waste Incineration (MWI) and Hazardous Waste Incineration (HWI) is blurred. While the review legitimately targets MWI to correct recycling distortions, any move to indiscriminately include HWI would ignore a fundamental operational reality.

Unlike municipal facilities, **hazardous waste incineration is driven by the need to destroy pollutants, ensuring compliance with the IED's strict safety and temperature rules, rather than by market-driven energy production.** Hazardous waste Incinerators operate at higher temperatures than municipal waste incinerators to safely destroy the most hazardous substances. Consequently, they serve a non-substitutable sanitary function; treating it as a standard energy producer and pricing its carbon risks creating incentives for unsafe dumping or illegal export, rather than genuine decarbonisation and removing harmful substances from the economy.

1. Include municipal Waste-to-Energy (WtE) in the EU ETS to drive decarbonisation and support recycling.

NG Nordic firmly advocates for the full inclusion of municipal Waste-to-Energy (WtE) installations in the EU Emissions Trading System (ETS). Incorporating WtE into the ETS will establish a clear financial incentive for operators to reduce emissions from residual waste treatment and to invest in Carbon Capture, Utilisation, and Storage (CCUS) technologies. By increasing the operational costs of WtE through carbon pricing, the ETS will make recycling a more attractive and competitive option, thereby supporting recyclers and reinforcing the EU waste hierarchy, which places recycling above energy recovery. This approach ensures that incineration is reserved exclusively for waste streams that cannot be recycled, maximising both environmental and economic benefits.

2. Exclude hazardous waste incineration from the ETS, as its primary function is safe destruction, not energy production.

Hazardous waste incineration should remain out of scope of the ETS Directive. Its main function is the safe destruction of harmful substances, not energy production. This treatment is often the only available method for certain waste streams and is vital for EU industrial competitiveness and the Circular economy. The EU Taxonomy Regulation and Environmental Delegated Regulation recognise the importance of hazardous waste incineration for pollution prevention and compliance with climate objectives, further supporting its exclusion from the ETS.

3. **Include landfilling and other energy recovery technologies (e.g., gasification, pyrolysis) in the ETS to ensure a level playing field.**

Landfilling of municipal waste and other energy recovery technologies, such as gasification and pyrolysis, should be included in the ETS alongside WtE. This ensures fair competition and comprehensive emissions coverage. The impact assessment for ETS revision must consider the entire waste management chain, including significant methane emissions from landfills. Inclusion of landfilling in the ETS is necessary to prevent cost-driven shifts towards landfilling and to support Member States in meeting landfill reduction targets.

4. **Integrate carbon removals and both permanent and temporary CCU into the ETS, with clear crediting and compliance mechanisms.**

The EU Emissions Trading System (ETS) should recognise and reward all forms of carbon removal, including both long-term and temporary solutions. This means that when carbon is captured and either stored permanently or used in products for a limited time, these efforts should count towards meeting ETS obligations. For every tonne of carbon dioxide that is verifiably removed from the atmosphere, operators should receive a corresponding allowance under the ETS. All removal activities that meet EU certification standards should be eligible.

In cases where captured carbon is used in products such as chemicals or plastics (rather than stored permanently), there should be a clear requirement for manufacturers to account for the eventual release of that carbon. This ensures a level playing field and fair competition among companies making carbon-based products, while still encouraging innovation in carbon capture and utilisation.

5. **Recognise CCU processes (e.g. plastics made from waste-derived CO_2) using waste-derived carbon as recycling under the Waste Framework Directive to boost recycling rates and investment.**

Allowing processes that convert waste-derived carbon into new products to count as recycling would directly boost recycling rates, especially for waste streams that cannot otherwise be recycled. This change would unlock investment in innovative carbon utilisation technologies, helping Europe meet its circular economy and climate goals. Importantly, this recognition should apply only when the carbon is actually used to create new materials—not when it is simply stored—ensuring that the environmental and economic benefits of recycling are fully realised. With clear EU-wide rules, up to 25% of Waste-to-Energy plant input or 65% of its carbon content could be recycled into valuable products through these processes, turning waste into a resource and supporting a more sustainable future.

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About NG Nordic:

NG Nordic is a leading provider of circular solutions and environmental services, tackling the urgent challenges of climate change and resource scarcity. Through reuse, collection, recycling, and depollution NG Nordic transforms waste into valuable resources and removes hazardous substances from circulation – scaling access to circular raw materials, decarbonize society and help protect natural ecosystems. With strong presence across the Nordics, and in Poland and the UK, NG Nordic is a vital part of the Nordic industrial infrastructure handling 4.4 million tons of waste annually through 90 facilities and sites.