

Fortum Recycling & Waste

Public affair priorities

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FORTUM RECYCLING & WASTE

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As part of Fortum corporation, our Recycling & Waste business area leads the change towards a low-emission energy system and the optimal use of resources. Our goal is to support our customers' businesses by conserving natural resources and promoting a circular economy. We work together with our customers to build smart and sustainable solutions to ensure the circulation of valuable materials and the removal of harmful substances from the material cycle. Fortum Recycling & Waste employs approximately 650 employees in about 30 offices and treatment centers in Finland, Sweden, Denmark and Norway.

Megatrends like climate change, urbanisation, population growth and limited natural resources are shaping the world. They are pushing us to maximise the efficient use of resources. Reliable waste management and resource efficiency are fundamental in a society based on sustainable practices for a cleaner world.

Our aim is to promote the transition towards a more extensive circular economy. For us, a successful circular economy means that materials are recycled as much as possible and hazardous substances are removed from circulation. Our circular economy approach receives, processes and reuses customer waste for material recycling and energy production.

Policy objectives should aim to ensure a clean circular economy model and a stronger market for high-quality recycled raw materials. Ultimately, Fortum's aim is for as much of the waste stream as possible to be recycled, recovered or reused. Waste that is unsuitable for recycling or reuse is incinerated in waste-to-energy plants or in dedicated plants for hazardous waste. This reduces the use of virgin fuels in electricity and heat production.

Implementation of the EU framework to facilitate sustainable investment to support circular economy

Fortum calls for the European Commission to assess the upcoming delegated acts based on EU Taxonomy Regulation to ensure technology-neutrality and compliance with the existing EU sectorial legislation.

We are convinced that transforming the European economy into a climate-neutral economy requires an approach that relies on a complementarity of energy technologies, ranging from all renewable sources, nuclear, energy storage, and clean gases to carbon-negative technologies. We believe that the EU decarbonization process should be founded on a market-based and climate-oriented policy, following strong carbon pricing, competition amongst climate-neutral technologies and a well-calibrated CO₂ threshold.

The same approach should be taken with the future delegated acts on other environmental objectives in the taxonomy, including the transition to a circular economy and pollution prevention and control. The role of Waste-to-Energy in taxonomy should be carefully assessed. Waste-to-Energy has many environmental benefits, as it diverts waste from landfilling, avoids the use of fossil fuels and decontaminates material cycles.

International waste shipments

Fortum calls for stronger enforcement and improvements to the EU Waste Shipment Regulation (WSR).

The WSR should not create unnecessary obstacles for the transition to a circular economy in the EU. Rather it should facilitate the transports of waste for recovery and enable the use of waste as a secondary raw material, while maintaining a high level of environmental protection. The possible measures to achieve this within the framework of the WSR include:

- Address waste leakage from the EU
- Enforce EU legislation adequately and equally regarding waste shipments
- Recognize the importance of decontamination of material cycles in the WSR
- Introduce an EU-wide harmonised electronic system for waste shipment procedures

The export of waste to third countries outside the EU shall be subject to equally high environmental and human health protection requirements and controls as waste transports within the EU. If this cannot be ensured, no export shall be supported or allowed. Focusing on illegal shipments and treatments is a very important aspect in strengthening the enforcement of the WSR. At the same time, enforcement of the WSR-specified time limits for transmissions, acknowledgements and consents/objections by competent authorities for legal transports is also necessary.

Enforcement & monitoring

Predictable and uniform permitting, monitoring and interpretation by the competent authorities are key factors in creating a level-playing-field in the waste management and recycling markets. This topic is relevant on both EU & national level.

On a national level in Finland, the terms set by the competent authorities in the environmental permit process vary greatly based on the region and authority. Again, the EIA and environmental permit processes in Finland, including the appeal processes, are many times extremely lengthy and even unpredictable. The current situation can even have a negative impact towards investment decisions by companies.

Fortum suggests that more resources should be allocated to competent authorities to hasten the process. Mandatory time limits for the environmental permit process could also be introduced.

Sometimes the lack of (uniform) implementation/enforcement of EU legislation can even hamper the functioning of the internal market. Inadequate and unequal enforcement of EU legislation in some Member States is evident for example regarding international waste shipments. Companies in the business of waste imports/exports can gain an unfair competitive advantage based on their location, as the interpretation of the EU WSR varies within the Member States. For example, the same waste can be categorized as hazardous or non-hazardous in different Member States.

Fortum suggests that the European Commission should address this issue during the ongoing revisions of the relevant sectoral legislation, such as the WSR and the Battery Directive.

Including Waste-to-Energy into the EU's emissions trading system

The inclusion of the waste incineration sector into the EU's Emission Trading System (ETS) should be considered in the long run. GHG emissions from landfilling should be considered in the EU's waste legislation. The whole value chain of fossil materials and waste production should be subject to similar steering mechanisms.

It is important that an inclusion into the ETS happens in a way that technology suppliers and markets are given due time to adapt and adjust. Parallel policy instruments on a national level, such as waste incineration taxation, should be avoided.

The inclusion of this sector could create incentives to reduce emissions e.g. in waste incineration plants equipped with CCS or CCU technologies. A waste incineration plant capturing the CO₂ and utilising it to produce e.g. plastics (molecular level recycling), should be excluded from the obligation to surrender allowances, in analogy with permanent geological storage of CO₂.

This exemption should be applicable only for processes that use waste materials, e.g. plastics, and reform them into new plastics and thus avoid the need for virgin fossil feedstock to be used in petrochemical applications.

The captured and permanently stored CO₂ originating from the biogenic part of waste should be subject to free allocation, because it is effectively removing carbon dioxide from the atmosphere.

Regulating the emissions from Waste-to-Energy

Overcapacity of waste incineration, for both hazardous and non-hazardous waste, should be avoided on EU and national level.

The current trend e.g. in Finland is that more and more waste incineration capacity is being planned and built.

While waste incineration is needed, overcapacity does not contribute to a successful circular economy, as there is an incentive to incinerate recyclable materials. Policy instruments should always favor investments, which increase the recycling and reuse of wastes.

The Finnish government is investigating the possibility to pass a new act on a Waste Incineration Tax based on CO₂ and energy emissions.

Fortum believes that such national legislation would only fragment the internal market, while the fiscal and environmental effects would be modest at best. Instead, Fortum suggests the government to consider a waste incineration Green Deal – a coregulatory solution, where the government and key industry stakeholders would agree to reduce the environmental impact of waste incineration.

Fortum also sees that a more suitable solution, also securing a level-playing-field in the internal market instead of a national tax, would be the inclusion of waste incineration into the ETS.

The Swedish government aims to investigate the waste incineration tax & the waste tax and propose changes to promote non-toxic cycles and recycling

The Swedish government will review the waste tax and the waste incineration tax acts. The review aims to analyze if it is appropriate to introduce further exemptions to the waste tax and the waste incineration tax, and analyze the effect on non-toxic cycles and material recycling.

Fortum finds that there is legal uncertainty in the waste incineration tax act, which needs to be addressed. The review includes both taxes, which gives a perfect opportunity to promote non-toxic cycles and recycling through the new legislation.

Case Denmark: Taxing hazardous waste incineration (HWI) has no environmental basis

There are ongoing political discussions in Denmark that a new tax should be introduced for CO₂ emissions from non-ETS activities, such as waste treatment activities, with the similar amount as the cost of CO₂ allowances for the ETS activities. This could mean that also hazardous waste incineration would be taxed as well.

Fortum wants to emphasize that environmentally sound treatment of hazardous wastes and decontamination of waste streams is a prerequisite for toxic-free environment and the subsequent high quality recycling. In many cases high-temperature incineration is the best and only method to dispose of unwanted toxic components. Secondly, imposing a purely Danish tax for HWI in Denmark could deteriorate the competitiveness of Danish hazardous waste operators, if the competitors in the internal market would not have to bear such costs.

Fortum believes it is important to ensure that the decisions taken on a national level will not compromise the well-function hazardous waste management in Denmark. If anything, such decisions should be taken at the EU level.

Plastics

Introducing measures on a EU & national level to increase the demand for secondary plastic raw materials is of utmost importance to reach the ambitious recycling targets. The future legal framework must ensure that the uptake of recycled content in plastic products and packaging is increased in the short-term to support the required growth of the European recycling industry. Mandatory requirements on recycled plastic content in plastic packaging and products should be introduced on an EU level.

One effective way to incentivize the use of recyclates and to support recycling would be the introduction of modulated payments of extended producer responsibility for packaging. In practice, this would mean that the more there is recycled content in the packaging, the cheaper it would be for the producer to recycle. On the other hand, the harder the package is to recycle, the more the recycling would cost to the producer. Green Deals and voluntary initiatives alongside the legal framework could also support this transition.

In case of a possible plastic tax, the actions should be targeted to those waste producers that do not source separately their wastes, thus hindering the recycling process from the early stage. The new funds should also be used to support the crucial investments on high quality recycling facilities by the EU.



Batteries

The Commission's proposal for a regulation concerning batteries and waste batteries is a key legal instrument in accelerating the growth of battery recycling and reuse in the EU. For the final adopted regulation especially, the following aspects need to be taken into consideration:

The Commission is proposing ambitious targets for recycled content in industrial batteries and Electric Vehicle Batteries (EVB). This is a key measure to increase the demand of recycled raw materials and speed up investments in battery recycling, and the level of ambition should be maintained during the legislative procedure.

High collection rates of EVBs and industrial batteries must be secured. There should be a clear requirement for both the producers and the Member States that all such waste batteries need to be collected for recycling or repurposing.

Implementation & enforcement is crucial. The EU should take measures to prevent used batteries from leaking out from the EU by setting up an effective control mechanism for the exports of used batteries in order to secure the future supply of critical raw materials.

Requirements for producers to share information and give access to battery management systems to support recycling and repurposing is included in the Commission's proposal. This is an important step to facilitate recycling, repurposing and the reuse of batteries, but equally important for safety and protective measures in waste treatment. For effective second life use of EVBs and industrial batteries, access to the management system is crucial.

The compatibility of the new battery regulation with the existing EU legislation, especially with Waste Shipment Regulation and Waste Framework Directive (including the List of Waste) is important. Waste leakage as well as uniform monitoring and enforcement within the union must be addressed and secured.



Ash, slag & metals

Including dangerous wastes in the scope of the Finnish Waste Tax Act

Hazardous wastes are currently excluded from the scope of the Waste Tax Act. In some cases, such as with APC Wastes, there is no incentive to innovate or invest in new technologies to recycle hazardous wastes, as landfilling remains the cheapest option.

Fortum considers that all hazardous wastes should be in the scope of the Waste Tax Act. This would support Finland's transition to a circular economy.

The mixing ban should be taken fully into account both in landfilling and in other waste treatment

Under the Finnish Waste Act (based on the EU Waste Framework Directive), it is not allowed to mix hazardous waste, either with other categories of hazardous waste or with other waste, substances or materials. The mixing ban is also included in the Decree on Landfills, which states that it is not allowed to dilute or mix waste to other waste or materials. Regarding the above, the practice in Finland is that many (hazardous) wastes such as various ashes are stabilized/diluted for landfilling. This does not support the transition to a circular economy.

Fortum considers that a mixing ban should be better taken into account by the authorities. Clearer criteria could be developed, for example in the guidelines by the Ministry of Environment.

Trade secrets must be secured in the reporting of metals separated from slag

According to the Commission implementing decision EU 2019/1004 based on the Waste Framework Directive, metals separated and recycled after incineration of municipal waste (from bottom ash) can be reported as recycled. This is currently being implemented in Finland.

During the implementation, it should be noted that the output of metals separated from slag is a trade secret and must remain confidential. The slag treatment market in Finland is concentrated and sharing the volume information with competitors would lead to negative effects of competition.

Fortum suggests that the company treating the slag would have the obligation to report the separated metals directly to the authorities. Giving the reporting obligation of all separated and recycled metals to the incineration plant could lead to unwanted consequences as described above.

