**Steering group**

Veolia, enfinium, Evero, severn trent, foresight. KEW tech, consultants and academics

**Heat networks**

consultation closed beginning of this year, EfW plants would be prioritised as a heat source if they fall under a HNZ. They can object to joining with good reason to do so.

**UK ETS**

incorporating incineration and combustion of waste and other energy recovery from waste including waste-to-fuel and other advanced waste treatment activities so ACT ATT included. Fossil emission only.

MRV only period from 2026 for full inclusion from 2028.

Consultation just closed

Also looked at how to provide heat network connection incentives for EfW under the ETS.

**EfW GGRs – will be included as biogenic content**

**Within our response, the REA:**

* Supports the inclusion of waste to energy into the UK ETS acknowledging the need for protections for more nascent technologies.
* Calls for greater clarity regarding treatment of assets using biowaste as a feedstock under the ETS, including waste wood and anaerobic digestion plants.
* Supports the removal of the 20MW exclusion threshold in favour of an emissions output approach.
* Advocates for the exclusion of hazardous waste from the scheme.
* Supports a mandatory MRV-only period for the sector between 2026-2028, suggesting lighter touch penalties during this time.
* Calls for an upward adjustment of the cap to better reflect EfW activities to be  captured in the expansion.
* Opposes the potential incorporation of landfill into the UK ETS, with landfill tax to remain the primary lever for avoiding diversion back down the waste hierarchy.
* Advocates for a variable tax on RDF export reflecting carbon price differentials.
* Supports the use of a subtraction of ETS allowances to incentivise heat offtake for heat networks.

You can [**read our response here**](https://www.r-e-a.net/wp-content/uploads/2024/08/REA-response-to-UK-ETS-Expansion-Waste-consultation.pdf).

**Waste ICC**

Hard to abate industry, revenue support offered.

They comprise revenue support funded by the Industrial Decarbonisation and Hydrogen Revenue Support (IDHRS) scheme and, potentially, capital co-funding/

The contracts themselves are either generic, ICC contracts, or ones specific for waste management projects (Waste ICC contract).

continue to develop further the detailed structures and mechanisms of the Track-1 expansion and Track-2 ICC and Waste ICC business models in 2024, with the aim of having core components of the business models in place ahead of the start of meaningful negotiations with the first projects selected for Track-1 expansion negotiations

**bioegenic emissions** - The introduction of an applicable carbon market reference price for track 1X and Track 2 will require the ICC Contract to identify and account for fossil and biogenic CO₂ being captured. This is because certain biogenic CO₂ emissions under the UK ETS are zero rated and therefore have no associated carbon price

**Biogenic content cap -** Since track 1, the GGR business model has been introduced, which is designed to attract investments in projects that deliver net negative emissions as a primary service. The Waste ICC is targeted at waste management facilities where adding CCUS would contribute to residual waste sector decarbonisation, where fossil and biogenic waste is mixed.

As such, DESNZ is considering addition of contractual provisions to the Waste ICC to disincentivise consistent use of a feedstock composition producing 90% biogenic CO2 or above.