

Impact of the German
**Fuel Emissions
Trading Act**
on
**Thermal Waste
Treatment**

What is the *German Fuel Emissions Trading Act* (Brennstoffemissionshandelsgesetz – BEHG)?

The BEHG has been setting prices in Germany, for national emissions certificates for trading fuels since 2021. It regulates that companies which produce or circulate fossil fuels, or use them to generate heat, need to purchase certificates for the total amount of CO₂ emissions generated from the combustion for these fuels. By putting a price on CO₂, it aims to create an incentive to reduce greenhouse gas emissions and encourage the use of more climate-friendly alternatives. Due to a legislative amendment in autumn 2022, the scope of the BEHG has been extended to include other energy sources, including non-recyclable waste mixtures that are safely disposed of via thermal waste treatment plants used to produce energy.

Amendment to the BEHG

An amendment to the BEHG comes into force on **1 January 2024**.

From this day onwards, CO₂ emissions from thermal waste treatment must also be priced.

How does *the pricing work*?



The prices for certificates are set as fixed prices within the BEHG for the next years:

35 euro per tonne of CO₂ in 2024, 45 euro per tonne of CO₂ in 2025, and a price range of 55 to 65 euro per tonne of CO₂ in 2026 for the transition to market prices. National market prices will apply starting 2027. The BEHG is expected to be replaced by the European Emissions Trading Scheme (EU ETS) in 2028.



Only CO₂ from fossil components of the waste mixtures will be priced, not “biogenic” CO₂ from organic waste. Therefore, the number of certificates required depends on the composition of the waste.



Standard emission factors have been set for the most common waste codes and are used to calculate the number of certificates required. These factors are listed in the German Emissions Reporting Act (Emissionsberichterstattungsverordnung – EBeV 2030). Flat rates for the biogenic content of certain waste codes are specified and deducted from the total emissions.

The following is a *rough rule of thumb*:



The higher the biogenic content of the waste mixture, the lower the CO₂ price.



The higher the fossil content* of the waste mixture, the higher the CO₂ price.

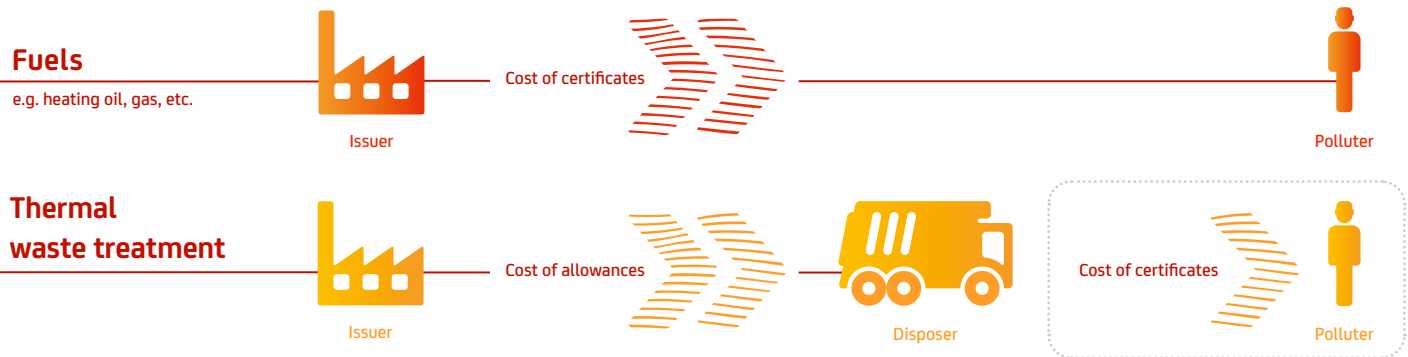


* The largest share of fossil CO₂ emissions in thermal waste treatment comes from recycling plastics.

What does the *BEHG amendment change?*

The BEHG aims to introduce an effective price code based on CO₂ intensity. It is intended to create an incentive for reducing fossil fuel emissions, such as those from gas and heating oil. In this context, the “polluter pays” principle applies. For fuels such as natural gas and heating oil, the transparent calculation and allocation of costs occur in a manner fair to the polluter throughout the supply chain to the end user.

According to the BEHG, we, as the operators of thermal waste treatment plants, are obliged to pay the emission costs incurred to the legislator. The costs we incur are then included in the disposal companies' service charges. This process is carried out in a transparent and traceable manner at all times by using the waste codes and the associated standard emission factors. In this way, the corresponding amount of CO₂ and the resulting costs are allocated to each waste delivery according to the originator.



What does *EEW do beyond that?*

EEW Energy from Waste recovers approximately 5 million tonnes of residual waste per year at its sites in Germany, Luxembourg, and the Netherlands. Since thermal waste treatment comes after the stages of market placement or prevention, reuse, and recycling in the value chain, it is not possible for operators like EEW to influence the amount and composition of residual waste. Thus, we need effective policies to prevent waste and strengthen the circular economy, as well as promote a change in consumer behaviour.

Nevertheless, in order to make our contribution to a closed circular economy, we have begun to proactively implement measures to reduce fossil emissions and use CO₂ as a valuable raw material of the future. Furthermore, we aim to generate negative emissions by reducing biogenic CO₂. In addition, we are checking the feasibility of pre-sorting systems at our sites. For this purpose, we are investigating the possibility of carbon capture, usage and storage (CCU and CCS), which could allow us to further close the loop and contribute to a climate-neutral economy.



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