

Emissions trading scheme (ETS) update:

Delay to the expansion of UK ETS to waste

For all UK local authorities

Introduction and background

The UK Emissions Trading Scheme (ETS) is a market-based mechanism that was intended to reduce greenhouse gas emissions by adding a cost to burning fossil fuels, and was originally set to include carbon emissions from waste incineration within its scope, from 2028.

A government consultation took place in 2024, and the UK ETS Authority initially intended for the waste sector to be included in the UK ETS from 2028, with a voluntary monitoring period currently underway since 1 January 2026. The scope would include waste incinerators and energy from waste facilities, and would focus on 'fossil-fuel based carbon' incineration only, so not 'biogenic' carbon e.g., food waste or paper and card, etc.

The impact and cost on local authorities are expected to be significant, with the cost borne by EfW operators and therefore disposal authorities (which would be expected to be passed on to collection authorities). This has been modelled, and various estimates including by the LGA estimated an impact on councils of £367-747 million per year, with some offset from EPR funding.

For more information and background information on the ETS Policy, and APSE's initial response to the policy, [please read our comprehensive briefing, authored by David Robertson, APSE Associate.](#)

Update

On 26 August 2026, the UK ETS authority announced that the expansion of the UK ETS to waste incineration **will not take place in 2028** as originally intended. We await an updated timescale for the policy, which is to be set out in due course.

The full government statement is as follows: -

'In the 2024 UK ETS Expansion to Waste Consultation, the UK ETS Authority set out an intention to expand the UK ETS to waste incineration from 1 January 2028.

We are aware that a lack of certainty regarding expansion of the UK ETS to waste incineration is undermining the ability of local authorities and industry to plan and budget for the future.

We can confirm that expansion of the UK ETS to waste incineration will not take place in

2028 as originally intended.

A new timeline will be set out in due course, along with full details on final policy design, with sufficient time for the waste sector to implement.

As set out in the interim response to the UK ETS expansion to waste consultation published in July 2025, the EU Emissions Trading System will apply in Northern Ireland (NI) under the terms of Article 9 and Annex 4 to the Windsor Framework (formerly the Northern Ireland Protocol) in respect of energy from waste installations.'

APSE Comment

APSE welcomes the proposed delay to the ETS expansion to include waste. Whilst we agree on the need to reduce emissions, and the need to maximise recycling before incineration and landfill in respect of the waste hierarchy, the additional costs that were expected to be incurred by local authorities were significant.

The initial 2028 date was a short timescale to consider the effects on budgets, many of which are being set already, years in advance. There was a lot of uncertainty around the policy, not least coming at a time of significant changes in other policies, from Simpler Recycling, food waste collections, deposit return scheme, extended producer responsibility and of course local government reorganization and ongoing funding pressures.

Throughout 2026, APSE joined DEFRA, DESNZ and other local government organisations including LARAC and WRAP at in-person meetings with local authority officers across the UK as part of the 'Change Network', focusing on the ETS policy and effects on local authorities and different affected waste streams. It was felt that there is significant concern with uncertainty about the costs, at a time of already increased strain on local authority budgets, which are already being set for the period. The cost burden was unwelcome at the same time, as other competing priorities for councils, such as social care, SEND funding, housing, and temporary accommodation costs.

Many of the materials that would come within scope of ETS, such as flexible plastics ([now not required to be collected as part of Simpler Recycling until 2030](#)), textiles, absorbent hygiene products, and WEEE, are difficult to recycle and remove from the residual waste stream, making energy from waste the only viable option currently, other than landfill. Whilst interventions (such as reducing frequency of residual waste collections) and behaviour change would go some way to alleviate the cost, the impact is unclear, especially when local authorities are not responsible for the production of these materials.

APSE encourages local authorities to keep abreast of any further changes and will update members as soon as the updated timescale has been announced by DESNZ.

APSE works closely with DESNZ, such as on the annual APSE Big Energy Summit, and we hope to continue to work with DESNZ and DEFRA as the policy evolves, representing member authorities' views and updating them on any further developments.

It should also be noted that due to the Windsor Framework/Northern Ireland Protocol, with the ETS being an EU Trading System, that Northern Ireland is expected to continue to align with the EU ETS which would include waste incineration.

In July, the European Commission's review proposed a phased approach for municipal waste incineration to be incorporated into the EU ETS scheme starting from 2031 (for 25% of verified emissions) up to 100% from 2034 onwards¹.

It is not clear at the time of writing whether the EU has formally approved the proposal, and if the UK ETS is expected to align with the EU's proposed timescale going forward.

Local authorities are encouraged to attend APSE network meetings and events to keep up to date with sector policy updates and good practice.

Bonni Jee
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¹ [Questions and answers on the EU Emissions Trading System \(EU ETS\) review](#)

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