



Emissions Trading Scheme

The impact of proposed extension to include
emissions from burning waste

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2024 - apse

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24-57 APSE Environmental sustainability and carbon reduction in local authority Soft FM Survey

24-56 Mpox: guidance for environmental cleaning and decontamination in non-healthcare settings

24-55 Simpler recycling collections and tougher regulation to reform waste system - policy update

24-54 Autumn Budget 2024 analysis

24-53 Scottish Housing Regulator Annual Return on the Scottish Housing Charter consultation - APSE response

24-52 Consultation on the White Paper on securing a path towards Adequate Housing, including Fa Rents and Affordability

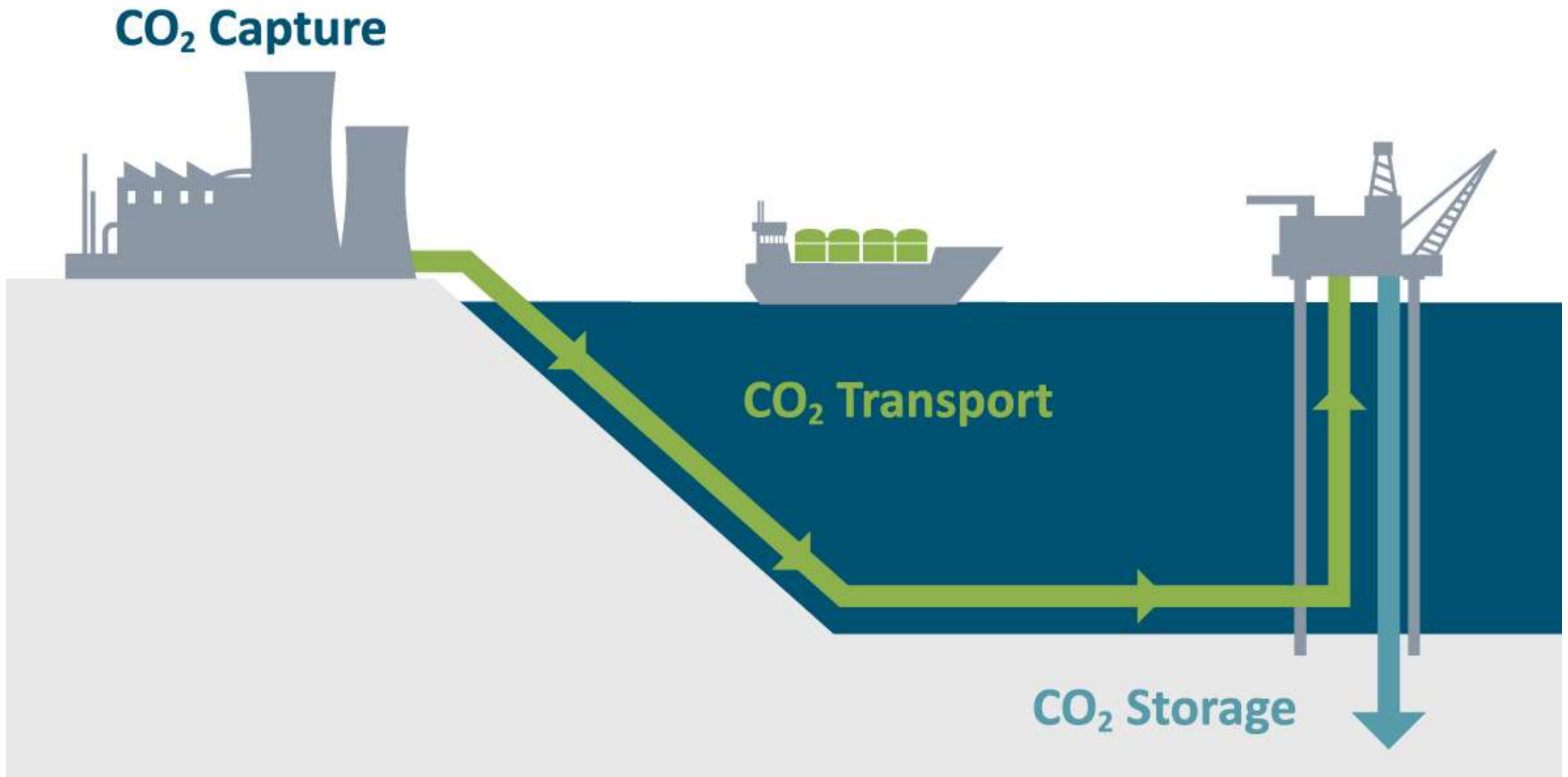
24-51 Annual Return on the Scottish Social Housing Charter (Scottish Housing Regulator Consultation)

24-50 Emissions Trading Scheme - Issues for local authorities



What is ETS and why waste?

- A maximum cap set on carbon emissions allowed from burning fossil fuels for energy and aviation
- Individual allowances are allocated to producers and then reduced each year, incentivising decarbonisation
- Producers can cut their emissions and sell their surplus allowance, or buy spare allowances at market rates
- Inclusion of fossil carbon emissions from thermal treatment of waste from 2028
- UK wide



What is the impact?

- Likely range of costs is from £270m to £1,160m per year, starting in 2028 and rising as the cap is reduced
- Equivalent to £45 to £77 per tonne (source: Tolvik)
- Likely knock-on effect on Landfill Tax, to ensure it doesn't become cheaper option, could rise to £175/tonne.
- Some costs will be offset by Extended Producer Responsibility and new burdens funding
- Only 'fossil fuel' carbon in scope, biogenic carbon is exempted



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What should we do?

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1. Plan

- Add this to your corporate risk register
- Show impact in your medium term financial strategy
- Ensure your Section 151 Officer understands the issue as well as you do
- Make members aware of the urgent need to increase recycling and reduce residual waste



2. Engage with your suppliers

- ‘Legal change’ clauses in contracts are harder to apply than you think
- EfW operators may face financial distress and need certainty/support
- Financial mechanisms are likely to be complicated, the consultation explores options for cost pass-through calculations
- Successful negotiation will only come from openness and integrity by all parties



3. Support your suppliers to decarbonise

- The objective is to cut carbon emissions from burning waste, not to minimise compliance costs
- Operators will be trying to access funding, so work with them to support this

4. Review and improve your collection arrangements

- Cut residual waste capacity through smaller bins and if allowed, less frequent collections
- Optimise recycling provision – target plastics, textiles
- There is no indication that cutting biogenic waste to EfW will contribute to compliance
- In two-tier areas, share the capital burden
- Packaging EPR calculations will take into account plastic recycling performance



5. Enhance communications activities

- Target recycling messages to focus on plastics, electricals, textiles
- Focus efforts directly onto householders at the point of using their bins, making recycling the default choice
- Understand and apply best practice in behaviour change



6. Invest in advanced IT systems

- Data is your friend, use it to learn about who recycles, who contaminates etc
- Householder communications are most effective when in-cab systems are directly linked to your contact centre and website
- Go digital, go mobile



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Conclusions



- This is going to be expensive, deliberately so
- Compliance by paying the penalty is not as good as stopping the carbon pollution, you have scope to act
- Active engagement with plant operators is the only way to optimise outcomes
- This is a flawed system as it does not make the polluter pay and does not achieve aims of the waste hierarchy, but it's here to stay

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