Public consultation on Sustainable finance

EU classification system for green investments

Introduction and presentation

There are twenty three waste management companies in Portugal mainland, plus the waste management companies in the Autonomous Regions of Madeira and Azores. All these companies have integrated waste management systems, meaning that each one runs a variety of technologies, including sorting and recycling, mechanical and biological treatment facilities, composting, anaerobic digestion, waste to energy and landfill, in order to achieve the best waste management result in their area. Fourteen of these companies are fully owned by the municipalities they serve; these companies are associated in ESGRA, one of the signatory Associations of this document (see description further down in this document). Four of these companies have waste to energy facilities in their integrated waste management system; these are associated under AVALER (see description further down in this document).

ESGRA and AVALER, representing companies that manage the large majority of municipal waste in Portugal, would like to express their position regarding the Taxonomy for sustainable activities in EU, and specifically regarding the role of waste to energy in municipal waste management sector, since this will be an issue for which decisions have to be taken in the future.

ESGRA and AVALER would like to thank the Commission for this public consultation and for the opportunity it represents, for two Associations, that together represent the large majority of the municipal waste treatment sector in Portugal, to express their opinion, based on more than two decades of field experience of the companies they represent.

Our position regarding the "taxonomy"

Waste to energy (incineration with efficient energy recovery) is an essential component of the Circular Economy. Waste to energy avoids that non-recyclable waste, that still has an energy value, is sent in landfills, thus avoiding the emissions of greenhouse gases, recovering the energy from non-recyclable waste and recovering, from its bottom ash, metals for recycling and inert materials, usable in civil works.

The past experience from EU countries shows clearly that countries with the highest share of recycling of municipal and similar waste, always have a waste to energy capacity between 35% and 40% of municipal waste production which, together with the recycling of 55 to 65% of the waste, allows these countries to reduce the waste sent to landfill to a minimum[1].

Unfortunately not all EU countries have this treatment capacity and some remain very dependent on landfill. It is the case of Portugal, as well as most of the Southern and Eastern European countries.

Furthermore, the present Covid19 crises clearly shows that regions, countries and the EU as a whole, need to have additional capacity of waste treatment in order to ensure safe and hygienic waste management in all circumstances, in our society. And it is today very obvious that this additional capacity can only be given by waste to energy, if landfill is to be avoided as requested by EU Circular Economy objectives.

[1] See for instance: https://www.cewep.eu/wp-content/uploads/2020/01/CEWEP-Municipal-waste-treatment-2018.pdf

Portugal, in order to apply EU directives (for instance EU landfill directive), in the last decade, invested significantly in installations for mechanical and biological treatment of its municipal waste, which in 2018 was the main destination of the countries' municipal waste (35% of the total in 2018), followed by direct landfill (33% of the total)[2].

However, since only a minor part of the municipal waste entering MBT/MT is actually recovered, the rest going to landfill, the overall share of waste sent to landfill remains permanently high in the country: 58,3% in 2018 and always above 50%. This situation is similar in most Southern and Eastern European countries, some countries have a slight smaller dependence on landfill, others a far greater. This is structural problem of municipal waste management in Portugal and other countries, that cannot be overcome simply by assuming an increase in recycling.

Portugal is deeply committed to a sustainable waste management relying in waste minimization and recycling, but the limits of this strategy have to be acknowledge.

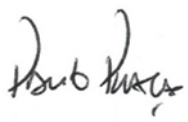
Furthermore, Portugal is peripherical country, therefore the possibility of exporting non-recyclable waste to Northern and Central Europe waste to energy plants is not an option, given not only the significant financial cost, but also a heavy environmental impact. This is the reason why the EU Waste Framework Directive establishes the *proximity principle*, concerning waste treatment, that highlights the need to treat wastes in reasonable proximity to their point of generation, avoiding environmental and health impact of waste transport. In our view, this has to be respected.

The same applies to the *principle of self-sufficiency*, according to which, Members States shall takes the necessary and adequate measures in order to establish an integrated and adequate network of waste management, and assure that the treatment operations must take place in appropriate facilities using the appropriate technologies and methods, to ensure a high level of protection of the environment and public health, preferably in the national territory and in compliance with proximity criteria.

Therefore it is fundamental that Portugal, as well as other EU countries, develop their waste to energy capacity, in order to have their own treatment capacity for non-recyclable municipal and similar waste.

Consequently, in full respect to the waste hierarchy established in the Waste Framework Directive, and with full commitment to the waste management targets of the Circular Economy, we stress the importance of the development of reasonable and realistic waste to energy capacity, for the sustainability of the waste management sector in Portugal. We urge the Commission that taxonomy for sustainable activities take that fact into consideration by clearly acknowledging that waste to energy, when dully justified in accordance with the waste hierarchy, and bearing in mind the proximity and self-sufficiency EU principles is an activity that contributes to sustainability and the circular economy, by converting into energy waste that can't be recycled with quality, and thus avoiding landfill.

For ESGRA,



Paulo Praça (President of the Board)

For AVALER,

Aires Pereira (President of the Board)

[2] See: https://apambiente.pt/index.php?ref=16&subref=84&sub2ref=933&sub3ref=936

The signatory associations

ESGRA - Association for the Management of Urban Waste.

ESGRA is a private non-profit association founded in 2009, whose mission is to promote the interests of its members in the scope of waste management and treatment, as well as its strategic development and in the field of research of resources that preserve and enhance the country as a territory of socio-economic and environmental development.

ESGRA currently represents 16 entities, 14 of which are Urban Waste Management Systems, in the Mainland and in the Autonomous Regions of the Azores and Madeira - an area of 41 312 Km2 (44% of the National Total) and a population of 4 169 Million inhabitants (40%), corresponding to 1 980 023 tons of waste per year (42%), produced in the Municipalities that constitute the area of intervention of its Associates.

ESGRA is a member of the Municipal Waste Europe (MWE), which is the European umbrella association representing public responsibility for waste. The members are national public waste associations and similar national or regional associations. They are committed to sustainable waste management that minimises the impact of waste on the environment and promotes resource efficiency, taking into account local conditions.

AVALER - Associação de Entidades de Valorização Energética de Resíduos Sólidos Urbanos.

AVALER is the association of the companies, public and private, that run integrated waste management systems in Portugal, including waste to energy facilities. Integrated waste management systems means that the companies manage sorting plants and preparation for recycling, composting plants, anaerobic digestion plants, waste to energy plants and landfills in an integrated system.

AVALER is associated at CEWEP- Confederation of Waste to Energy Plants.

AVALER associated companies are *Valorsu*l, responsible for the treatment and valorization of urban waste produced in 19 Municipalities of Greater Lisbon and the Western Region; *LIPOR*, responsible for the management, recovery and treatment of Urban Waste produced in eight municipalities in Greater Porto, *ARM - Águas e Resíduos da Madeira*, responsible for waste management in the Autonomous Region da Madeira and *TERAMB* - Municipal Company for Environmental Management and Valorization of Terceira Island, which manages the waste in Terceira Island, in the Autonomous Region of the Azores. Together, these 4 companies manage more than 3 million tons of municipal and similar waste, representing about 60% of the country's municipal waste.