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European Water Regulators

Preparing the Waste Regulators' Contribution to the Circular Economy Act

Waste Task Force Meeting

26 June 2025

Online

Proposed Agenda

- Contributing to the CEA: Why and How
- Regulators' message and views
- Commission's key points: Issues at stake
- Picking up interesting points, and adding new ones
- The Way ahead

Contributing to the CEA, Why and How

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Outcome of the Rome meeting

- Municipal Waste Regulators acknowledged as reliable stakeholders
- Call to participate in the decision-making process, either formally and informally
- More than a consultation: benchmarking, peer review, technical assistance

How to keep dialogue alive and effective

- Individual and collective participation in the forthcoming CEA consultation (technicalities to be discussed, proposal by President Eiró
- Positions, advice and ideas to be possibly anticipated
- Sending a PP “before, during or after” the consultation depends on timing

High expectations, focused contribution

- Commission called to focus on the “seven points” previewed
- Dealing with these points recommended, but not binding
- Only rule: fact-based, precise, data-oriented advice

Rome Meeting: Messages Delivered

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Key role for Regulators …

- Policy objectives are given, but "how" they are achieved matters. Regulators make it their mission to achieve them at the lowest cost to the community
- Cost minimisation and efficiency-driven rules are at stake in current and future MW developments: Circular Economy requires a more capital-intensive industry
- Municipal Waste sector is too complex to expect all stakeholder to converge towards the environmental objectives: a rational governance model is needed
- Independent entities help avoiding conflicts of interest and make the ownership neutral

In the following Action Fields

- Economic rationality
- Transparency
- Integration
- Governance

Action Fields: Economic rationality

"Efficiency first"	❑ Whenever possible, promoting the progressive reduction of the cost of recycling through incentive for efficiency (minimum cost for any given level of quality) ❑ Work under way in the "regulated part of the chain"
Flexibility	❑ MSs display different situations when it comes to circularity and waste management: one-size-fits-all targets may not be working ❑ National target adjustment: by overcoming trade barriers, global EU target of MW recycling can be achieved by recycling in more efficient Countries/regions
Incentives vs. "command and control"	❑ Promoting tools to let citizens and operators take advantage of circularity' economic benefits (example: value/profit sharing in favor of municipalities and operators able to increase the recyclability of sorted materials)

Action Fields: Transparency

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Awareness of consumers/citizens	❑ Making it clear to stakeholders the effect on final prices of EPR contribution adjustments In the evaluation of the efficiency of EPRs or comparable systems
Assessment of EPRs efficiency	❑ Need for clear, published and comparable financial/technical figures In the functioning of the integrated market for recyclated/recyclables: auction mechanisms, prices and technical quality published and comparable (also regulated?)
Markets for SRM and recyclable materials	❑ Market functioning: auction mechanisms, prices and technical quality to be published and comparable (room for regulation?) ❑ Standardization: pushing for common rules for EOW (downstream dimension) and for the quality of collections and materials (upstream)

Action Fields: Integration

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Materials production, use and recycling

- More energy from biowaste requires a consistent regulatory framework
- Spreading the use of secondary raw materials calls for cost control and efficiency-driven regulation in the municipal waste management chain
- Support the efficient use of resources through a cross-sectoral approach, favour the largest and rational access of the economy to byproducts of waste management

Regulatory approach

- Share «good practice» and regulatory principles in public services like waste and water, taking into account differences and commonalities (although waste is often described as not being a network-based sector, the integration of the chain aimed to reach the circular economy builds on virtual and physical network of services, plants and technologies)

Market of recycled and recyclable materials

- The mostly local dimension of MPS markets hampers efficient outcomes
- Need for integrated, possibly digitized, interconnected markets, both for secondary raw materials and, where possible, for recyclable waste

Action Fields: Governance

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Accountable institutions to support circular economy

- Fragmentation, the predominantly local nature of waste management and the widespread coincidence between public ownership, customer and operators hinder the pursuit of objectives and do not promote responsibility
- An effective distribution of tasks and objectives and clarity in roles are key factors in successfully promoting municipal waste management policies

Effective governance as a key success factor

- Result-driven policies require third-party, equidistant and accountable entities that measure performances and brings the system on the way towards efficient outcomes
- National economic regulators are ready to fulfil potential new tasks and eventually play stronger roles under the CEA - need to be acknowledged to effective

Regulatory approach, in practice

- Adoption of the regulatory principles of efficiency, minimum quality criteria and protection of the customer/consumer/citizen
- Just an example: in addition to the eligible costs to be covered by EPRs, introduce recycling cost monitoring and incentives for supply chain efficiency

The Upcoming CEA: Issues at Stake

Seven key points under scrutiny

- Functioning of the markets (alignment of definitions, system of cross-border incentives)
- EPR (eco-modulation and increase in producers' contributions, digitization, governance, possible mandatory extension to other sectors, "enforcement")
- End of Waste (no more sub-national criteria, mutual recognition, acceleration of the definition process)
- Reduction in the use of landfills (national cap-and-trade?)
- Overall efficiency of the waste management system (quality of separate collection, elimination of exceptions to the separate collection of certain waste, "advanced separation" techniques)
- Public procurement (more recycled materials in the public sector's purchases)
- Promotion of recycled and "bio-based" raw materials

What's next

- The Commission invites regulators to participate, together and individually, in the formal consultation that will be launched before the summer.
- The Commission's work plan provides for the adoption of the Circular Economy Act by 2026 (Regulation)

1. Market-driven Circular Economy

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Concerns, starting points

- Supply-Demand unbalance in secondary raw materials market, both in quantity and quality
- Fragmentation of the Single Market for SMR and recyclable waste, alongside with differences in incentives
- Double market failure: SMR prices seemingly unable to reflect environmental value of saving virgin material – asymmetric information hampers smooth functioning of a potential internal market
- Difficult monitoring: unaccounted waste streams and "leakages" of secondary raw materials

Potential proposals

- Agree on setting up "Regional Hubs", as a first step towards and integrated EU Market. Yet, Hubs' size not based on MS border – Rather, design optimal, flexible areas by material
- Market integration proposed not only for SMR but also, whenever possible, for recyclable waste. This could be coupled with the proposal to extend packaging waste cross-border exchange criteria to all recyclable municipal waste
- Promote rationality: to make price signals effective, allow the greatest number of interested entities to accede national markets (integration)
- Promote transparency: prices and quantity published (regional hubs OK, but prices and exchange repository at EU level)

2. EPR

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Concerns, starting points

- Harmonization of rules applicable to PROs – including Eco modulation of fees
- Digitalisation - "One step shop" digital platform to facilitates access to EPR schemes
- Potential for introduction of new EPR schemes (plastics in agriculture, tires, mattresses and furniture ….

Potential proposals

- OK for harmonization goals; yet we see room for much more ambition!
- Digitalisation as a basis for market integration (one stop shop platform just as a first step ..)
- OK for new streams (built-in batteries ….) but consider setting EPR schemes rather by material than by product type. This may bring economies of scale, as well as more scope for reflecting the environmental value
- Economic rationality: extend fees modulation rule to a measure of efficiency (increase in fees should be claimed only if EPR schemes lower administrative costs, for example)
- Transparency: minimum harmonized rules for accounting (economic and technical results to be published and comparable)
- Market integration: digitalisation might help to building an exchange platform, so that any interested EU undertaking can participate in any EPR, and buy/sell SMR

3. EOW

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Concerns, starting points

- To foster Single Market by reducing administrative costs and enabling economies of scale.
- Sub-national criteria no longer allowed
- Mutual recognition of national criteria, possibility setting up an EU-wide coordination
- Speed up processes for establishing EU-wide criteria (study by JRC, but only 5 developed so far

Potential proposals

- Criteria typically under governments' responsibility, hard to see an active role for regulators
- We can help on governance, by giving value to the experience regulators made decades ago in energy domain
- At the dawn of the internal market for electricity, technical (as well al "political") issues like interconnection criteria and capacity were delegated to mixed entities led by the Commission, but made up by Member States, energy companies and regulators. This governance model brought to the current institutional role of the network operators
- We can propose to set up an institutional framework based on "mixed expertise" (regulators, representatives of MSs, industry associations) and bound by strict rules as for discussion methodology and delivery timing. Whereas these entities do not deliver, the Commission takes decisions, based on evidence collected by entities (delegated powers)

4. Reduction of Landfilling

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Concerns, starting points

- To foster Single Market by reducing administrative costs and enabling economies of scale.
- Sub-national criteria no longer allowed
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Potential proposals

- Cap-and-trade consistent with Economic Rationality criteria, but why limiting it to the MS level?
- Indeed, a cap-and-trade system can be conceived at EU level if we skip focusing on landfills
- If we rather take a “circularity portfolio” than landfilling rates as a basis for cap-and-trade systems, we might allow Member States to trade their treatment technology mix.
- So, MSs experiencing difficulties in reaching their recycling objectives, can ask available MSs and/or EU entities to recycle needed share of municipal waste. This entails freeing the MW trade, as it is currently allowed for packaging waste
- Governance Action Field: we also propose that regulators (where they exist) provide for incentives to reduce landfilling by tariffs design

5. Overall efficiency of the waste system

Concerns, starting points

- Check and reduce derogations for separate collection (art 10.3 WFD)
- Improve sorting quality, harmonize compositional surveys;
- Consider advanced sorting facilities, coordinate mixed waste sorting with objectives to reduce landfilling and incineration

Potential proposals

- This is by far the most interesting issue for regulators' contribution, also the one with a significant potential for circular economy efficiency
- Economic rationality: promote efficiency and transparency in those parts of the chain that are regulated by public service principles
- Just as an example: price-cap methods, benchmarking, incentives to better sorting – everything can help to reduce the municipal waste management cost ("efficiency first")
- Although not covered by regulation stricto sensu, EPRs comply with public service criteria. So, why not extending to EPR schemes regulatory principles (cost-reducing mechanisms)
- Governance: no need for compulsory institution of regulatory authorities. Promote regulatory principles, including transparency obligations and unbundled accounting
- ……..

6. Circular-driven Procurement

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Concerns, starting points

- Mandatory criteria for public procurement of circular goods, services and works to stimulate EU demand, also based on existing best practices
- Support EU recycling chain
- Include construction, textiles, vehicles, paper and medical equipment – plus others to be identified by the impact assessment

Potential proposals

- Regulators not particularly involved, unless we wish to give advice based on our existing procurement rules, as well as best practices adopted by us
- Obs.: this is clearly stemming out by the “demand approach”(sustain demand of recycled goods by imposing minimum content requirements and by asking enhanced efforts to the public sector)
- We can hardly comment on this approach. Nevertheless, we would like to see the parallel development of a “supply side approach”, rather focused on leading the industry on a path of cost-reducing and economy-enhancing activities.
- Increasing demand in presence of inelastic supply can result in price increases only …. We propose to involve regulators in the impact assessment activities, also in collaboration with JRC

7. More recycled and bio-based products in the economy

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Concerns, starting points

- Increase recycled content targets to stimulate demand
- Develop bio-based material content targets to support decarbonisation
- Act in line with the Clean Industrial Deal Communication

Potential proposals

- "Demand side approach" already discussed above
- Economic Rationality: bio-based content targets should be carefully assessed in terms of availability of alternative choices. Whereas producing energy by biowaste proves more efficient, it should not be discouraged for it "takes raw material away" from bio-based products
- Integration: biowaste collection and management should be seen as part of a rational choice model. Incentives for biowaste collection and use need to be consistent with the overall environmental and energy policies
- Integration, in a broader sense: regulated public services are different, but commonalities are many and interesting. Regulators have been learning to apply common criteria to different domains
- Cross-seeding and contamination in energy, water and waste regulation proved fruitful

Next Steps

- Draft position paper by the end of June
- Next TF Meeting: Mid July
- Wrap-up of ideas, proposals, suggestions
- Sending PP to the Commission? (with and without the Consultation)
- Participation in the forthcoming formal consultation (by Aug-Sep)
- New bilateral meeting to further detail TF's proposals (by Oct-Nov)
- Workshop/Conference: Circular Economy as seen by Regulators (Winter 2025)

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Thank you for your attention

Please do not hesitate to contact me for further information
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