Regulation as a Toolkit for Circular Economy

Presentation of the Network of EU Municipal Waste Regulators

Municipal Waste Regulation in Europe: paving the road to address upcoming challenges

Florence School of Regulation Webinar

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Today's Presentation

- Response to new challenges: Structural Changes in Waste Industry
- Why a Network of EU Municipal Waste Regulators
- How Regulation can support Circular Economy at Citizens' Benefit

Setting the Scene: Structural Change in Waste Industry

CHALLENGES

- New sorting obligations, increasing rates of recycling put forward by the EU legislation
- Shift towards a more “capital-intensive” industry
- Possibly, rising costs for customers due to large investment requirements
- More stringent constraints on public expenditure

RESPONSES

- Required investments in technologies underlines call for economies of scale
- More and more, municipalities are aggregated into larger “area authorities”
- A trend to centralization of decision making and regulation is observed throughout the EU
- Some Member States decided to establish a common regulatory framework for tariff setting mechanisms and quality-of-services criteria

New Actors: Independent, National Regulators

HUNGARY	HEA/MEKH (Energy and Public Utilities Authority), established in 1994 and progressively granted with powers in different domains, regulates electricity, gas, district heating, water and waste
ITALY	ARERA, established in 1995 to regulate electricity and gas utilities, has enlarged its activities to energy efficiency, water services and district heating. As from 2018, ARERA is responsible for municipal waste tariff and quality-of-service regulation
LATVIA	Public Utilities Commission, institutionally and functionally independent authority performing regulatory functions in the sectors of energy, electronic communications, postal services, water management, municipal waste management (landfill disposal)
LITHUANIA	National Energy Regulatory Council (VERT), previously National Commission for Energy Control and Prices, established in 1997, is in the process of being granted with regulatory powers in the domain of municipal waste
PORTUGAL & AZORES	ERSAR/ERSARA - The Waste and Water Regulatory Authorities of Portugal and the autonomous region of Azores respectively. Established in 1997, ERSAR and ERSARA oversee tariffs and quality of services for water and waste
ROMANIA	ANRSC (National Authority for Public Services Regulation), established in 2002, regulates waste, water, public lighting and transport. Oversees contracts and establishes criteria for tariff setting at local level

A Network of EU Municipal Waste Regulators

Different tasks ….

- **Centralized tariff setting, approval of tariffs established by local authorities, evidence-based cost assessment, service monitoring, contract enforcement, overseeing quality of service, disputes settling …**

… Shared principles

- **Independence, transparency in decision-making, stability of rules, cost-effective tariff setting, investment incentives, customer protection, equal access to high-quality services**

In June 2019, the seven founding members established a Network of EU Municipal Waste Regulators

The Network:

- **Exchanges views and experiences, identifies and disseminates best practices, researches national regulatory frameworks in a comparative perspective**
- **Is open to any agency with competencies in economics and quality of municipal waste at national level**
- **Promotes a debate on the importance of sound and consistent regulation in Circular Economy implementation**

How can Regulation contribute?

Whatever the institutional setup is, regulation is a key element to implement Circular Economy Objectives efficiently and effectively

Requirements	Regulatory Tools	Outcomes
Polluter pays principle	Cost reflectivity	• **Cost-reflective tariffs implement the "polluter pays" principle and allow for full recovery investment costs** • **Same rules for all stakeholders result in selecting the most effective service providers** • **Time-consistent rules mean investors' confidence and help technology shift to happen** • **For any chosen technology and service level, Circular Economy is delivered at minimum cost**
Higher investment requirements	Neutrality	
Shift to capital-intensive, technology-driven industry	Stability	
	Fair tariffs for **citizens**	
Governance, public involvement, private commitment	Quality of services	• **Transparency and quality standards mean stakeholder's confidence and support**

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Thank you for your attention

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